

# MINUTES

## North Dakota Public Employees Retirement System

Thursday, May 17, 2007  
ND Association of Counties, Bismarck  
BCBS, 4510 13<sup>th</sup> Ave SW, Fargo  
8:30 A.M.

Members Present: Ms. Joan Ehrhardt  
Mr. Ron Leingang  
Mr. Howard Sage

Via Conference Call: Ms. Rosey Sand

Members Absent: Ms. Arvy Smith  
Chairman Jon Strinden  
Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, Executive Director NDPERS  
Ms. Kim Humann, NDPERS  
Ms. Kathy Allen, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Mr. Aaron Webb, Attorney General's Office  
Ms. Gisele Thorson, NDPEA  
Mr. Dave Peske, ND Medical Association  
Ms. Onalee Sellheim, BCBSND  
Mr. Larry Brooks, BCBSND  
Mr. Kevin Schoenborn, BCBSND  
Mr. Tom Tupa, AFPE/INDSEA

Via Conference Call: Mr. Gary Dauenhauer, BCBSND

Acting Chairman Sage called the meeting to order 8:30 a.m.

### MINUTES

Acting Chairman Sage called for any questions or comments regarding the minutes of the April 19, 2007 and May 1, 2007 meetings.

**MR. LEINGANG MOVED APPROVAL OF THE APRIL 19, 2007 AND MAY 1, 2007 NDPERS BOARD MINUTES. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt  
**Nays:** None

**MOTION PASSED**

## **GROUP INSURANCE**

### **Summary Plan Document (SPD) Revisions Matrix**

Included with the Board materials was a matrix that outlined the benefit rewrites proposed by Blue Cross Blue Shield (BCBS) for the summary plan description for active employees. It referenced the page and section where the change is located as well as comments related to the reason for the rewrite and a description of the change. Staff reviewed the proposed revisions and recommended approval to incorporate them in the updated SPD for the 2007-2009 biennium.

**MS. SAND MOVED TO ADOPT THE CHANGES TO THE SPD. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

### **Heart of America Contract**

Included with the Board materials was the provider contract for Heart of America Health Plan for the period July 1, 2007 through June 30, 2008. At the January meeting, the Board approved Heart of America to continue offering its plan to members in the Rugby service area. This contract was referred to Mr. Webb, legal counsel, for his review. Ms. Allen distributed a copy of the contract which shows the changes recommended by Mr. Webb. Staff recommended approval of the Heart of America contract for the July 1, 2007 through June 30, 2008 contract period.

**MR. LEINGANG MOVED TO APPROVE THE HEART OF AMERICA CONTRACT FOR THE JULY 1, 2007 THROUGH JUNE 30, 2008. MS. SAND SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

### **PPO Update**

Ms. Allen conveyed PERS staff requested the annual update from BCBS regarding the activity relative to additions to the PPO network. BCBS indicated for 2006, 1,037 professional pins were issued and 20 facilities and 9 institutions were added to the PERS directory.

### **Minimum Participation Requirements**

Ms. Allen indicated BCBS completed its annual compliance review of the participating employers for the 2006 calendar year. All participating groups responded and there were no employers found to be out of compliance with the minimum participation and contribution requirements.

### **Group Life Plan Renewal Options**

Effective July 1, 2005 Prudential was awarded the bid for the group life insurance plan and provided PERS with a three year rate guarantee. Pursuant to the bid process, the contract was for a 6 year period subject to 2 year renewal intervals. At this time staff would normally require the carrier to provide a renewal for the next two-year period; however, as a result of Prudential's

proposal, staff is requesting guidance on how to proceed at this time. The following are the options identified by staff and discussed with Prudential:

- 1) Retain the current renewal for July 1, 2008 and request a subsequent 3-year renewal.
- 2) Retain current renewal of July 1, 2008 after which time PERS could renew for a 2 year and 1 year period.
- 3) Request a renewal for a 2-year period at this time.

Based on discussions with Prudential, the active group experience is within the bid projections; the retiree group experience is exceeding the projections. Therefore, opening up the contract for renewal at this time may have an adverse effect on the retiree rates. This could also be true for subsequent renewal periods for a one or two year period. Staff recommended approval of option number one. Discussion followed.

**MS. EHRHARDT MOVED APPROVAL TO RETAIN THE CURRENT RENEWAL FOR JULY 1, 2008 AND REQUEST A SUBSEQUENT 3-YEAR RENEWAL. MS. SAND SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

**Employee Assistance Program**

Mr. Reinhardt conveyed there were four responses to the EAP Request for Proposal (RFP). The four were: St. Alexius, Medcenter One, The Village, and Deer Oaks. These were the same four providers that responded in 2005. PERS staff reviewed the RFP proposals and found that all four again met the minimum qualifications. Included with the Board materials was the summary matrix from each of the four RFP responses. Each state agency will select a single vendor for the 2007-2009 biennium. Staff recommended approving the four EAP vendors as agency choices for the 2007-2009 biennium.

**MR. LEINGANG MOVED TO APPROVE STAFF'S RECOMMENDATION. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

**Surplus/Affordability Update**

The March 2007 surplus projection and affordability analysis for the NDPERS group medical plan were included with the Board materials.

**Quarterly Health Graphs**

The quarterly health utilizations graphs for the fourth quarter of 2006 were included with the Board materials.

### **Legislation**

Mr. Collins provided an overview of the legislation which was considered at the legislative session relating to the PERS Group Insurance program. Mr. Collins discussed HB 1433 and the requirement that it be funded from available PERS funds or a premium increase. He highlighted the fiscal note on the bill was \$900,000. Mr. Collins indicated that at this time PERS is estimating it will be able to fund this from available resources. Discussion followed.

### **Wellness**

#### **Employer Renewal Update**

PERS staff has been working with the participating employers regarding the renewal of the Employer Based Wellness Program to determine which employers will qualify for the 1% health insurance premium discount. Included with the Board materials was the schedule that was followed during the renewal process. Ms. Fricke provided an update on participation numbers in the wellness program.

#### **Go Red Project**

During the past year, PERS has partnered with the American Heart Association and their Go Red Project in North Dakota. Through this partnership, PERS has been able to offer those employers participating in the wellness program the opportunity to relay to their employees information and programs offered through the American Heart Association. PERS has also been able to offer special services funded through the Go Red ND project to three of the wellness employers. The three employers that are participating in these special services are: North Dakota State University, Workforce Safety & Insurance and Morton County. Ms. Joan Enderle, Director of the Go Red project, gave a presentation on the project and services that are being provided to the PERS employers through this partnership.

#### **Pilot Program**

Included with the Board materials was a detailed proposal for the third and final year of the North Dakota Worksite Health Promotion pilot program. This amount has been budgeted as part of the premiums for the biennium and is the completion of the effort the Board approved two years ago. Staff requested approval to move forward and complete the third year and complete the program.

**MR. LEINGANG MOVED APPROVAL TO FUND THE THIRD YEAR OF THE WELLNESS PILOT PROGRAM. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

#### **Coordination of Programs**

Over the past several months, staff has been working on the coordination of the Employer Based Wellness Program and the Wellness Benefit Funding Program. The Employer Based Wellness Program is the 1% premium discount that applies to employers who have submitted an approved wellness application outlining the wellness activities that they are going to promote on an annual basis. The Wellness Benefit Funding Program provides dollars as funding assistance to employers to promote wellness activities for their employees. Through previous Board action, in order to apply for funding assistance through the wellness benefit program, an employer must be an approved wellness employer who is receiving the 1% premium discount. Staff recommended

that for the upcoming fiscal year 2007-2008, any funding applications submitted on behalf of an employer would need to be signed by the agency's wellness coordinator. Staff also recommended that the funding application demonstrate the direct correlation between the request for funding dollars and the wellness activities that were approved to receive the 1% premium discount. If approved by the Board, staff would discuss these procedural changes at the Payroll Conference on June 13 and would send separate notice to the designated wellness coordinators. Discussion followed.

**MS. SAND MOVED APPROVAL OF STAFF'S RECOMMENDATION. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt  
**Nays:** None

**MOTION PASSED**

**IPOD**

Ms. Fricke indicated during the month of March, PERS conducted a promotion through the wellness program in order to encourage employees and their eligible dependents age 18 or over to complete the health risk assessment survey available on the Health Dialog website. The incentive to participate was an opportunity to win an iPod. The iPod was donated by BCBS. Information was posted on the PERS website and also sent to the wellness coordinators weekly throughout the month of March. During the month of March, a total of 1,216 eligible employers and dependents completed the health risk assessment survey. PERS staff performed the random drawing of the iPod winner and the winner has been contacted. PERS staff plans to run a similar promotion later this year as there is an additional iPod available that was donated for this purpose by BCBS.

**RETIREMENT**

**Disability Consulting Contract**

Ms. Allen indicated the contract with Mid Dakota Clinic for disability consulting services expires June 30, 2007. Mid Dakota Clinic has indicated they wish to continue to perform these services for NDPERS at the rate they are currently charging for the July 1, 2007 through June 30, 2008 contract period. Ms. Allen conveyed staff was satisfied with the services provided by the Mid Dakota staff. A copy of the clinic's acceptance was included with the Board materials. Staff recommended renewing the disability consulting contract for the period July 1, 2007 through June 30, 2008 at the rate of \$160 per hour.

**MR. LEINGANG MOVED TO APPROVE RENEWAL OF THE DISABILITY CONSULTING CONTRACT WITH MID DAKOTA CLINIC FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008 AT THE RATE OF \$160 PER HOUR. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt  
**Nays:** None

**MOTION PASSED**

### **Legislation**

Mr. Collins provided an overview of the legislation which was considered at the legislative session relating to the PERS Retirement plans. Discussion followed.

### **LASR PROJECT**

#### **Update**

A copy of the monthly status report was included with the Board materials. Progress continues to be made on the project and staff is currently engaged in contract negotiations with Sagitec. Staff anticipates remaining on schedule and as of this date, this phase of the project is coming in under budget.

#### **Contract**

At the April meeting the Board approved moving to the final stages of the RFP process for the LASR project which is the contract negotiations with Sagitec. Due to the nature of the material involved, it has been suggested that PERS retain additional assistance in the legal review of the contract by retaining a law firm that specializes in this area and has assisted with other public projects. Included with the Board materials was a letter from the law firm outlining their proposed services.

### **MISCELLANEOUS**

#### **2006 and 2007 Business Plans**

Included with the Board materials were the agency business plans for 2006 and 2007. The 2006 plan was provided for information and gave an update on the activities for that year. The 2007 plan was provided to give the Board a perspective of the activities for the upcoming year and to see if the Board had any items they wished to add. Mr. Sage requested that this item be placed on the agenda for the June meeting to allow Board members additional time to review these documents.

#### **PERS Payroll Conference**

Biennially PERS provides a day long conference for our participating employers. The purpose of this meeting is to discuss changes that may be occurring in each of the programs and to highlight administrative process/changes. This year the meeting is on June 13 at the Heritage Center. The conference will be webcast by the Health Department and will be available on the PERS web site for later viewing by those who could not attend. Included with the Board materials was the proposed agenda for the conference.

#### **Board Election Update**

Ms. Allen provided an update on the nominees for the vacancy on the PERS Board and the schedule for the election process.

#### **State Investment Board (SIB) Agenda**

SIB agenda for the May 18, 2007 and minutes from the March 16, 2007 meeting were distributed at the Board meeting.

**Other**

Mr. Collins indicated Ms. Ehrhardt attended the first part of the International Foundation Certificate of Achievement on Public Pension Policy (CAPP) program last July and would like to attend the second part of the program this year. Staff requested Board approval for Ms. Ehrhardt to attend the program.

**MR. LEINGANG MOVED APPROVAL FOR MS. EHRHARDT TO ATTEND THE SECOND PART OF THE CAPP PROGRAM. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Mr. Leingang, Mr. Sage, Ms. Sand, and Ms. Ehrhardt

**Nays:** None

**MOTION PASSED**

Mr. Collins conveyed the Health Department will be extending a grant to NDPERS for continuation of the Smoking Cessation program for the next two years. Ms. Allen will be working with the Health Department and BCBS to get the continuation of the contract in place.

Acting Chairman Sage called for any other business or comments. Hearing none, the meeting adjourned at 10:25 a.m.

Prepared by,

Kim Humann  
Administrative Assistant