

# MINUTES

North Dakota Public Employees Retirement System  
ND Association of Counties, Bismarck  
BCBS, 4510 13<sup>th</sup> Ave SW, Fargo  
Thursday, May 21, 2009  
8:30 A.M.

Members Present: Ms. Joan Ehrhardt  
Mr. Levi Erdmann  
Mr. Mike Sandal  
Ms. Arvy Smith  
Mr. Thomas Trenbeath

Via Videoconference: Chairman Jon Strinden

Members Absent: Mr. Ron Leingang

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Kim Humann, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Anne Bahr, LR Wechsler  
Mr. Aaron Webb, Attorney Generals Office  
Ms. Onalee Sellheim, BCBSND  
Mr. Kevin Schoenborn, BCBSND  
Mr. Stuart Savelkow, NDPEA

Via Videoconference: Dr. Nancy Vogeltanz-Holm, UND  
Mr. Jayme Steig, Frontier Pharmacy Services

Via Conference Call: Mr. Bill Robinson, Gallagher Benefit Services

Chairman Strinden called the meeting to order at 8:30 a.m.

## **MINUTES**

Chairman Strinden called for any questions or comments regarding the minutes of the April 16, 2009 Board meeting.

**MS. SMITH MOVED APPROVAL OF THE APRIL 16, 2009 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.**

## **ADMINISTRATION**

### **PERSLink Update**

Ms. Anne Bahr, LR Wechsler, provided an update on the status of the PERSLink project and gave a brief overview of Sagitec's technical quality assurance process they follow when developing systems. Ms. Schiermeister reviewed the budget status for the PERSLink project as of 03/31/2009.

## **GROUP INSURANCE**

### **Gallagher Benefit Services**

The agreement with Gallagher Benefit Services (GBS), the group insurance consultant, expires June 30, 2009. They have one more year under the current bid arrangement where the Board can continue the agreement subject to agreement on the rates and that their work efforts meet expectations. Included with the board materials was GBS rates for the upcoming year. Mr. Collins indicated that the work efforts by GBS during the last year have met all expectations. Staff recommended continuing the relationship with GBS for the next year with no increase in rates.

**MS. EHRHARDT MOVED TO CONTINUE THE RELATIONSHIP WITH GBS FOR THE NEXT YEAR. MS. SMITH SECONDED THE MOTION.**

**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

**MOTION PASSED**

### **Secondary Coverage Eligibility**

Mr. Collins conveyed part of the program design and incentive for participation in the Diabetes Program is that a participating member can have their copayments paid by the plan. The process is for the North Dakota Pharmacy Services Corporation (NDPSC) to prepare a list of eligible reimbursements and send them in for approval and then a vendor they have contracted with makes the payment to the member, Mr. Collins indicated a question had arisen concerning the participation of members who NDPERS pays secondary coverage (that is their primary coverage is another plan). Should these members be eligible to have the copayment they have incurred on the secondary coverage paid for participating in the program. If the Board elects to authorize this, the NDPSC has outlined the process to accomplish this payment. Discussion followed.

**MR. TRENBEATH MOVED TO APPROVE PAYING THE COPAYMENT FOR MEMBERS WHO PARTICIPATE IN THE DIABETES PROGRAM WHEN NDPERS PAYS SECONDARY. MR. SANDAL SECONDED THE MOTION.**

**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

**MOTION PASSED**

### **Wellness Program Update**

Dr. Nancy Vogeltanz-Holm presented the final report relating to the ND Worksite Health Promotion Program along with the Aggregate Report for Year 3. The ND Worksite Health Promotion Program (HPP) was a pilot program conducted in 2006-2008 that provided 2.5 years of active health promotion services and evaluation of program effectiveness for ND state employees from four agency worksites. The purpose of the program was to develop and implement an evidence based worksite health promotion program that would potentially improve state employees' health, health behaviors, work productivity, work satisfaction, and decrease healthcare costs. The program was sponsored by NDPERS and designed, implemented, and evaluated by health professionals at the University of North Dakota School of Medicine and Health Sciences, Center for Health Promotion and Prevention Research. A copy of the report is available in the PERS office. The Board had questions and discussed this report. Mr. Collins conveyed staff review this information and identify the best practices and lessons learned. Mr. Sandal suggested summarizing this report and sharing the information with the state agencies wellness committee coordinators.

### **ND Pharmacy Services Corporation Contract**

Included with the board materials was a proposal from the North Dakota Pharmacy Services Corporation (NDPSC) relating to implementation of the provisions of HB 1433 for the 2009-2011 biennium. At the last board meeting an update was given on the first year. During the upcoming biennium a report will be done by UND, the consultant, on the value of this effort. Staff recommended moving forward with the project based upon the proposal submitted. The Board discussed this issue. By general consensus, the Board deferred action on this matter until next month. Additional information was requested on the Administrative Fee amount in the cost proposal and the fees for reimbursements which was not included in the cost proposal.

### **Single Plus Dependent (SPD) Rate**

Mr. Collins indicated last year staff received a request from a political subdivision to consider adding a single plus dependent (SPD) rate. With the finalization of the rate structure at the March meeting and pursuant to the Board's action last summer to investigate this suggestion staff did a survey of participating political subdivisions showing how adding a single plus dependent rate would affect the existing rates. A copy of the survey results was included in the board materials. Based upon the results of this survey, staff recommended not changing the existing method of adding a single plus dependent rate.

### **Employee Assistance Program (EAP) Proposals**

Mr. Reinhardt indicated 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 and 2007. 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. Staff recommended approving the four EAP vendors as agency choices for the 2009-2011 biennium. Discussion followed.

**MR. SANDAL MOVED TO APPROVE THE FOUR EAP VENDORS AS PROPOSED FOR THE 2009-2011 BIENNIUM. MS. EHRHARDT SECONDED THE MOTION.**

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**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

## **MOTION PASSED**

### **BCBS Letter**

Included with the board materials was the final letter to BCBS which was mailed on April 21, 2009 to Mr. Huckle, Mr. Dennis Elbert, Chair, as well as the Board of Directors.

### **Member Bill Audit Program**

Mr. Collins indicated staff had not reviewed the Member Bill Audit Program with the Board in several years. This program has been a part of the health plan for over ten years. Staff shared this information with the program so the Board could determine if it should continue the program for 2009-2011. The program is described in the SPD as:

#### **5.2 MEMBER BILL AUDIT**

Upon receiving notice of a claims payment from BCBSND, the Member is encouraged to audit their medical bills and notify BCBSND of any services which are improperly billed or services that the Member did not receive. If, upon audit of a bill an error of \$40 or more is found, the Member will receive a minimum payment of \$20 or 50% of the resulting savings for paid Covered Services up to a maximum payment of \$500.

To obtain payment through the Member Bill Audit Program, the Subscriber must complete a Member Bill Audit Refund Request Form. Forms are available from Blue Cross Blue Shield of North Dakota's NDPERS Service Unit.

This program does not apply when the NDPERS Benefit Plan is the secondary payor on a claim.

Included in the board materials were statistics on the program. Mr. Collins pointed out if the Board determined not to continue the program there would not be any savings on administrative costs. Staff recommended continuing the Member Bill Audit program for the 2009-2011 biennium.

**MR. TRENBEATH MOVED TO CONTINUE THE MEMBER BILL AUDIT PROGRAM. MR. SANDAL SECONDED THE MOTION.**

**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

## **MOTION PASSED**

### **Disability Consultant Contract**

Ms. Allen indicated the contract with Mid Dakota Clinic for disability consulting services expires June 30, 2009. Mid Dakota Clinic has indicated they wish to continue to perform these services for NDPERS at the rate of \$200 per hour for the July 1, 2009 through June 30, 2010 contract period. Ms. Allen conveyed staff was satisfied with the services provided by the Mid Dakota staff. A copy of the clinic's proposal was included with the board materials. Staff recommended

renewing the disability consulting contract for the period July 1, 2009 through June 30, 2010 at the rate of \$200 per hour.

**MS. EHRHARDT MOVED APPROVAL OF STAFF'S RECOMMENDATION OF RENEWING THE DISABILITY CONSULTING CONTRACT WITH MID DAKOTA CLINIC. MS. SMITH SECONDED THE MOTION.**

**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

**MOTION PASSED**

**Dental Plan Renewal**

The group dental contract with CIGNA expires on December 31, 2009. The contract has been in effect since January 1, 2007. Last year the Board accepted CIGNA's renewal proposal for a 9% premium increase for 2009 subject to a not to exceed cap of 18% for 2010. NDPERS in conjunction with Gallagher Benefit Services, requested a renewal proposal from CIGNA for January 1, 2010. CIGNA's initial rate proposal was for a 9% across the board increase in dental premiums. In CIGNA's original proposal they also provided some options for consideration which would result in a reduction of this increase. One of these options was a 1% reduction based on a suggested administrative change regarding the billing lines of structure. Staff reviewed this administrative change and determined that this can be accommodated without an adverse effect to the plan participants or the current administrative procedures. As a result, CIGNA revised its original proposal by 1% for the administrative change and further has proposed an additional 1% decrease from its original proposed renewal. This will result in a 2% decrease to their initial proposal or a 7% across the board increase in premium rates. Included with the board materials was the revised renewal projection and rate summary based on the new terms. Staff recommended to accept CIGNA's renewal proposal for an across the board increase in premiums of 7% effective January 1, 2010.

**MR. SANDAL MOVED TO RENEW THE DENTAL CONTRACT WITH CIGNA FOR ONE YEAR. MS. EHRHARDT SECONDED THE MOTION.**

**Ayes:** Ms. Ehrhardt, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Leingang

**MOTION PASSED**

**Surplus/Affordability Update**

Mr. Reinhardt presented the April 2009 surplus projection and affordability analysis for the NDPERS group medical.

**RETIREMENT**

### **New Federal Tax Withholding Tables**

Due to the American Recovery and Reinvestment Act (ARRA) signed into law in February 2009, the Internal Revenue Service issued new tax withholding tables effective April 1, 2009 that are to be used to calculate the federal income tax withholding for pension payments. NDPERS was required to adjust its system to incorporate the new tax withholding tables effective with the April 1 payment. The federal government received a lot of comments about the change since it raised the possibility of retirees not having enough withheld and potentially being exposed to penalties as well. Mr. Collins conveyed it was recently announced by our national organization that the IRS was considering allowing retirement plans to again use the old table or keep the new table. Mr. Collins indicated since staff had already announced this change and had retirees take action based upon this announcement it was staff's plan not to revert back to the old table if that is allowed by the IRS. Staff will continue to include information in the pension checks that are mailed out, retiree newsletter, quarterly retiree statements and PERS web site on this change this year.

### **MISCELLANEOUS**

#### **Legislative Update**

Included with the board materials was a summary of actions on proposed legislation relating to PERS.

#### **Board Election Update**

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

#### **Update on Request for Proposal**

Included with the board materials was the Request for Proposals for the Experience Study and Retiree Health Valuation (Other Post Employment Benefits).

#### **SIB Agenda**

The State Investment Board agenda was included with the board materials.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:45 a.m.

Prepared by,

Kim Humann