

# MINUTES

## North Dakota Public Employees Retirement System

Thursday, November 15, 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  
Mr. Mike Sandal  
Ms. Arvy Smith  
Mr. Thomas Trenbeath

Member Absent: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharmain Dschaak, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Mr. Aaron Webb, Attorney Generals Office  
Mr. Kevin Schoenborn, BCBSND  
Ms. Onalee Sellheim, BCBSND  
Mr. David Peske, ND Medical Association

Via Conference Call: Mr. Larry Brooks, BCBSND  
Mr. Steve Lindemann, BCBSND  
Dr. Jon Rice, BCBSND  
Mr. Rob Schering, BCBSND  
Mr. Brad Bartle, BCBSND  
Ms. Shamayne Gerlach, BCBSND  
Mr. Bill Robinson, Gallagher Benefit Services  
Mr. Tom Skurat, Gallagher Benefit Services

Chairman Strinden was absent and Mr. Sage chaired the meeting. Mr. Sage called the meeting to order at 8:35 a.m.

## **MINUTES**

Mr. Sage called for any questions or comments regarding the minutes of the October 18, 2007 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE OCTOBER 18, 2007 NDPERS BOARD MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.**

## **GROUP INSURANCE**

### **GASB 45 REPORT**

Mr. Bill Gallagher and Mr. Tom Skurat, Gallagher Benefit Services, reviewed with the Board the Actuarial Valuation of Retiree Health Plans as of July 1, 2007, prepared October 1, 2007. Also reviewed with the Board was the Government Accounting Standards Board (GASB) Statement No. 43. This reporting standard establishes uniform accounting and financial reporting standards for plans such as the NDPERS retiree health insurance credit plan which were implemented for the fiscal year ending June 30, 2007.

### **MINUTE CLINIC YEAR 1 UPDATE**

Mr. Steve Lindemann, BCBSND, reviewed with the Board the effectiveness of the minute clinic concept during 2007. The Board previously approved waiving discount for the Meritcare Minute Clinic which is located in Hornbachers grocery store in south Fargo. Claims were processed on site (real time). Patients seem to be satisfied with this clinic concept, it is convenient, quick and easy. Average cost per visit is approximately 50% less. Mr. Lindemann asked the Board to consider support of this clinic during the next year. The Board requested that the customer satisfaction survey should include a utilization question so more specific data can be gathered for future consideration.

**MR. LEINGANG MOVED TO CONTINUE THE MINUTE CLINIC AT THE HORNBACHER'S LOCATION IN FARGO FOR ONE YEAR (2008) WITH A REPORT BACK TO THE BOARD. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Ehrhardt, Mr. Leingang, Mr. Sage, Ms. Smith, Mr. Trenbeath, and Mr. Sandal.

**Nays:** None

**Absent:** Chairman Strinden

## **MOTION PASSED**

### **MEMBER SERVICES SURVEY**

Ms. Onalee Sellheim, BCBSND, reviewed with the Board the Member Services Survey report of February 2007. Overall member satisfaction increased since February 2006. The Board had questions of BCBSND staff.

### **MEDICAL MANAGEMENT REPORTS**

Ms. Shamayne Gerlach and Dr. Jon Rice, BCBSND, reviewed with the Board the 2003-2007 outcomes of the NDPERS tobacco cessation program and the 2005 and 2006 Utilization Analysis reports for NDPERS active members and retiree members. The NDPERS tobacco cessation program has been positive in terms of helping members remain tobacco free. Ms. Gerlach and Dr Rice reviewed the 2005 – 2006 utilization analysis for PERS active members and retiree members.

### **HEALTH TRENDS**

Mr. Reinhardt reviewed with the Board implications of various medical trend rates on the state health insurance premium and planning projections for 2009-11. Mr. Don Schott, BCBSND, presented information to the Board relating to the key drivers of health care cost. The major contributing factors to health care costs are cost shifting, aging population, technology, and leveraging of cost share (deductibles/coinsurance/copayments). Mr. Rob Scherring presented information on PERS trend rates which are running at approximately 11%.

### **UND REQUEST**

Mr. Collins indicated UND is proposing a pilot study on various health support interventions at its worksite wellness center with the goal to learn more about health coaching and how it affects physical activity and nutrition, overall health and health care costs. BCBS will assist with the study in covering 66% of the cost of the study as well as provide group aggregate information back to the UND researchers. Support has been requested of NDPERS to cover one third of the cost at \$4,875.

**MR. TRENBEATH MOVED TO APPROVE NDPERS PARTICIPATION IN THE UND PILOT WORKSITE WELLNESS STUDY IN THE AMOUNT OF \$4,875. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Ehrhardt, Mr. Leingang, Mr. Sage, Ms. Smith, Mr. Trenbeath, and Mr. Sandal.

**Nays:** None

**Absent:** Chairman Strinden

### **MOTION PASSED**

### **SURPLUS/AFFORDABILITY UPDATE**

Mr. Reinhardt presented the September surplus projection and affordability analysis for the NDPERS group medical plan.

### **QUARTERLY GRAPHS**

Mr. Reinhardt reviewed the quarterly health graphs for the period January 2006 through June 2007 with the Board. The graphs show the trends for total membership in the health insurance plan, which includes active employees, active dependents, retired employees,

and retired dependents. The overall NDPERS health plan is running approximately 7.5% annual trend.

### **PRESCRIPTION DRUGS UPDATE**

Mr. Reinhardt reviewed with the Board the NDPERS health plan cost sharing for prescription drugs, the top ten prescription drugs, and the top five mail order prescription drugs for the 2007-09 biennium. Mr. Reinhardt did report that the plan would have saved approximately \$240,000 if all \$4 qualifying generic drugs were filled at Wal Mart stores.

### **DEFERRED COMPENSATION**

Mr. Collins shared with the Board the 2007-08 Investment Options Summary which contains all the products being offered to NDPERS 457 plan participants. This information is available on the NDPERS website and an email sent to all employers asking them to notify employees that the updated information is available.

### **MISCELLANEOUS**

#### **2008 NDPERS BOARD MEETING DATES**

Mr. Sage stated the Board was provided with the 2008 meeting dates and to mark their calendars. This information will be filed with the ND Secretary of State.

#### **BOARD PLANNING MEETING**

Mr. Collins indicated that the Board planning meeting is scheduled for December 3 and we will begin at 9:30 a.m. Ms. Smith will be unable to attend.

The State Investment Board agenda and approved minutes were shared with the Board.

### **RETIREMENT**

#### **MEMBER APPEAL**

Mr. Collins highlighted with the Board the administrative rules at 71-02-04-10 and 71-02-04-12 relating to overpayments and member appeals on erroneous payments and presented detailed information to the Board relating to a retirement appeal (#2007-001R). The Board discussed the information with questions of staff.

**AFTER DISCUSSION, MR. TRENBEATH MOVED TO DENY THE APPEAL OF OVERPAYMENT. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Ms. Ehrhardt, Mr. Leingang, Mr. Sage, Ms. Smith, Mr. Trenbeath, and Mr. Sandal.

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

Mr. Sage informed the Board his last meeting will be in December as he is leaving state employment.

Mr. Sage called for any other business or comments. Hearing none, the meeting adjourned at 10:55 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the Board