

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, April 21, 2016

8:30 A.M.

- Members Present: Senator Dick Dever  
Ms. Casey Goodhouse  
Mr. Mike Sandal  
Ms. Arvy Smith  
Ms. Yvonne Smith  
Mr. Thomas Trenbeath  
Ms. Kim Wassim
- Via Videoconference: Representative Pamela Anderson  
Chairman Jon Strinden
- Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Mary Jo Steffes, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Aime Miller, NDPERS  
Ms. Lindsay Schaf, NDPERS  
Ms. Jan Murtha, Attorney General's Office  
Mr. Michael Klepatz, Sanford Health Plan  
Mr. Jeff Sandene, Sanford Health Plan  
Mr. Kirk Zimmer, Sanford Health Plan  
Ms. Katie Nermoe, Sanford Health Plan  
Mr. Kevin Schoenborn, BCBSND  
Mr. Mike Schwab, ND Pharmacists Association  
Ms. Nichole Moore, ND Pharmacists Association  
Ms. Briana Fluhrer, ND Pharmacists Association  
Ms. Carmen Toman, Nationwide  
Mr. Levi Lathen, Nationwide  
Mr. Steve Ebert, Nationwide
- Via Videoconference: Mr. Don Schott, Sanford Health Plan  
Mr. Steve Boening, Chairman of the Board, ND Pharmacists Association

Chairman Strinden called the meeting to order at 8:35 a.m.

Chairman Strinden called for any questions or comments regarding the minutes of the March 17, 2016 Board meeting.

**REPRESENTATIVE ANDERSON MOVED APPROVAL OF THE MARCH 17, 2016 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

**RETIREMENT CONSULTANT INTERVIEWS**

Mr. Collins reported that the Board will hear presentations from three firms on their retirement consultant proposals. Pursuant to NDCC 44-04-19.2(6), the Board can sequester the competitors from the public meeting in order to hear presentations relating to each proposal.

**MR. TRENBEATH MOVED THAT THE BOARD SEQUESTER COMPETITORS PURSUANT TO NDCC 44-04-19.2(6) TO HEAR PRESENTATIONS FROM EACH PROPOSER. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Yvonne Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

**Absent:** Ms. Arvy Smith

**MOTION PASSED**

All members named above were in attendance for the sequestered session (electronically recorded) which began at 8:35 a.m.

Representatives from Aon, Gabriel Roeder Smith & Company and Segal Consulting presented information relating to their proposals to the Board. The Board had questions of each presenter which were discussed.

The Board returned to open session at 10:15 a.m.

Mr. Collins reviewed information with the Board and discussed the proposals. Ms. Murtha further reviewed contractual issues. She verified with Risk Management and should the Board decide as a matter of policy, it would be legally permissible for the Board to agree to a limitation of liability as proposed by the firms based upon the type of services and software provided. Mr. Collins indicated that the Board has never been presented with a request for a limitation of liability and has never approved such. Mr. Collins further explained that the limitation of liability is becoming standard in this industry. The Board discussed.

**MS. WASSIM MOVED TO AWARD THE BID FIRST TO AON, SECOND TO GABRIEL ROEDER SMITH BASED ON THE SUCCESSFUL NEGOTIATION OF A CONTRACT. THE MOTION WAS SECONDED BY MR. TRENBEATH.**

The Board further discussed and clarified the motion.

**Ayes:** Ms. Arvy Smith, Senator Dever, Mr. Trenbeath, Ms. Yvonne Smith, Ms. Wassim, and Chairman Strinden

**Nays:** Ms. Goodhouse, Representative Anderson, and Mr. Sandal

### **MOTION PASSED**

Ms. Murtha further indicated that the limitation of liability provision is technically permissible. It would be a deviation from the current contract terms and is a matter of Board policy. The limitation of liability would not limit direct damages that are caused by their negligence or overt wrong doing. It limits indirect, incidental, punitive or exemplary damages. Deloitte Consulting has a similar provision in their contract.

**MR. TRENBEATH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.1(9) AND 44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

### **MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:00 a.m.

The Board returned to open session at 11:15 a.m.

Ms. Murtha indicated that instructions have been provided to staff and counsel with regard on how to proceed.

### **RETIREMENT**

#### **BCI Employer Contribution**

Ms. Schiermeister reviewed the contribution rates by employer group with the Board. She reported that over the years the contribution rate for the Bureau of Criminal Investigation (BCI) group employer contribution was set at 10.31% which is higher than the other employer contribution rates for the law enforcement plans which is currently at 9.81%. The employee contribution rate is set by statute; however, the employer contribution rate

is set by the Board. The provision to reduce the employee contribution rate from 6.0% to 5.5% is included in the PERS technical bill. Staff recommended setting the BCI employer contribution to 9.81% to bring it in line with the other plans. Segal reviewed and determined that reducing the rate will have no material impact on the plan's funded status. The Board discussed.

**REPRESENTATIVE ANDERSON MOVED THAT THE EMPLOYER CONTRIBUTION RATE FOR BCI BE CHANGED FROM 10.31% TO 9.81% EFFECTIVE JULY 1, 2016. THE MOTION WAS SECONDED BY MS. YVONNE SMITH.**

**Ayes:** Mr. Sandal, Mr. Trenbeath, Senator Dever, Ms. Goodhouse, Ms. Wassim, Ms. Arvy Smith, Representative Anderson, Ms. Yvonne Smith, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

**Unclaimed Benefits**

Ms. Steffes reported to the Board that PERS has unclaimed retirement benefits due to uncashed checks. She reviewed various scenarios with the Board and indicated that PERS has the option of publishing names of members with uncashed benefits in the newsletter. Also, with the website revision, Ms. Steffes indicated that staff would prefer to be more proactive in trying to reach members or beneficiaries with unclaimed benefits and recommended developing an unclaimed benefits database feature. It would be developed so that members/beneficiaries initiate a confidential search of unclaimed benefit records. The Board discussed with staff.

**MS. YVONNE SMITH MOVED APPROVAL OF PUBLISHING NAMES OF MISSING PERSONS WITH UNCLAIMED RETIREMENT BENEFITS IN THE PERS NEWSLETTER AND TO CREATE AN UNCLAIMED RETIREMENT BENEFITS DATABASE FEATURE ON THE PERS WEBSITE AS A RESOURCE FOR MEMBERS/BENEFICIARIES WITH UNCLAIMED BENEFITS. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Wassim, Ms. Yvonne Smith, Representative Anderson, Ms. Arvy Smith, and Chairman Strinden

**Nays:** Senator Dever and Mr. Trenbeath

**MOTION PASSED**

**GROUP INSURANCE**

**Quarterly Executive Summary**

Mr. Klepatz, Sanford Health Plan (SHP), reported on the executive summary which covers the period October 15 through December 15, 2015. Mr. Klepatz reviewed the

annual membership summary, membership trend, PMPM summary, fitness center reimbursement, health assessment, paid claims per contract, and performance standards and guarantees.

Mr. Wynstra, SHP, presented information relating to claims analysis, membership and utilization, high dollar cases and prescription drug information.

Ms. Nermoe, SHP, presented information relating to the Dakota Wellness Program and tobacco cessation program.

In response to Board questions, Mr. Wynstra and Mr. Sandene, SHP, discussed the contract efforts and trend data with the Board.

### **Other Post Employment Benefits Request for Proposal**

Mr. Reinhardt reported that this effort is required in order to satisfy the GASB statement 45 for fiscal years ending June 30, 2016 and June 30, 2017. The OPEB RFP was issued February 17 and two proposals were received – one from Cavanaugh and one from Nyhart. Mr. Reinhardt summarized staff review of the two proposals.

### **MR. TRENBEATH MOVED TO AWARD THE OPEB VALUATION CONTRACT TO NYHART. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

### **MOTION PASSED**

### **Deloitte Contract**

Mr. Collins indicated that staff is seeking approval of the contract with Deloitte for group insurance consulting services. It will be effective January 1, 2016 as the end of their current contract was December 31, 2015. Ms. Murtha reported that Deloitte is requesting the same terms and conditions as the prior contract which did contain a limitation of liability based on their software used to provide the services rendered that they believe is unique and proprietary. Ms. Murtha indicated that it was legally permissible for the Board to approve a contract that included a limitation of liability. Mr. Collins indicated that there is a difference between liability incurred on a health insurance contract versus a retirement contract which contains longer term projections.

### **REPRESENTATIVE ANDERSON MOVED APPROVAL OF THE DELOITTE CONTRACT FOR THE PERIOD JANUARY 1, 2016 THROUGH JUNE 30, 2018. THE MOTION WAS SECONDED BY MS. WASSIM.**

The Board discussed the motion and concurred that they should determine, for future contracts, what the risk tolerance is in general.

**Ayes:** Ms. Wassim, Ms. Yvonne Smith, Ms. Arvy Smith, Ms. Goodhouse, Representative Anderson

**Nays:** Mr. Trenbeath, Mr. Sandal, Senator Dever, Chairman Strinden

## **MOTION PASSED**

### **Health Insurance Renewal**

#### **General**

Mr. Collins reported that the health insurance renewal process is beginning and issues will need to be anticipated for review before a final decision in mid-September. The statute mandates how the renewals will need to be handled which is similar to how PERS has done renewals in the past. Mr. Collins further reviewed the statute and timelines with the Board. He also explained that with the last bid relating to the self-insurance and pharmacy benefit manager, PERS contracted with Linda Cahn to provide guidance. The Board discussed.

**MR. SANDAL MOVED APPROVAL OF THE GROUP HEALTH INSURANCE RENEWAL METHODOLOGY AND REQUESTED STAFF OBTAIN A WRITTEN PROPOSAL FROM LINDA CAHN, PHARMACY BENEFIT CONSULTANTS, TO PROVIDE PHARMACY BENEFIT MANAGER CONSULTANT SERVICES FOR REVIEW. THE MOTION WAS SECONDED BY MS. ARVY SMITH.**

The Board discussed the motion to clarify the renewal methodology recommended by staff.

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Trenbeath and Chairman Strinden

**Nays:** Ms. Wassim

## **MOTION PASSED**

### **Survey**

Mr. Collins indicated that relating to reviewing the carrier's performance measures and in order to obtain a member perspective on how the plan is responding to needs, we are proposing that Sanford Health Plan conduct a survey of the members. The survey will contain general questions on claims processing, plan satisfaction and client services satisfaction. Mr. Collins shared a draft of the survey with the Board. Mr. Klepatz, SHP, indicated that the plan would be to distribute approximately 4,500 surveys to those members who called the SHP call center within the past 6 months. The goal would be to obtain 380 to 600 completed surveys. He further explained that SHP plans to conduct these surveys into the future and will analyze data off the survey results. The Board had

questions and discussed the survey document. The Board directed Sanford Health Plan to send the survey to a broader cross section of the membership and review at the May meeting.

### **Operational Review**

Mr. Collins indicated that those areas we need to review are the carrier's performance measures, payment accuracy, claims processing time, member service center metrics, wellness or other special program participation levels. Mr. Collins reviewed various options for conducting an operational review of Sanford Health Plan. The Board discussed and concurred that PERS request Deloitte to submit a bid to conduct an operational review and to explore audit options with Sanford Health Plan in an effort to reduce cost. Mr. Collins will discuss with Deloitte and request they provide an update to the Board at a later meeting.

### **Health Update**

Staff provided the Board with a written update. There were no further questions.

### **Tobacco Cessation Program**

Staff provided the Board with a written update. There were no further questions.

## **MISCELLANEOUS**

### **Board Planning**

This agenda item was held over to the next Board meeting.

### **Website Enhancements and Enrollment Technology**

This agenda item was held over to the next Board meeting.

### **Mobile App Update**

Staff provided the Board with a written update. There were no further questions.

### **Website Update**

Staff provided the Board with a written update. There were no further questions.

### **Member Surveys (Flexcomp and Deferred Compensation)**

Staff provided the Board with a written update. There were no further questions.

### **Executive Director Annual Review**

Chairman Strinden indicated that in the past the Board appointed a committee to coordinate the annual review. Last year Mr. Sandal, Ms. Arvy Smith and Chairman Strinden comprised the committee and made a salary recommendation at the June meeting. Mr. Sandal and Ms. Arvy Smith volunteered to be on the committee.

**MR. TRENBEATH MOVED APPROVAL OF THE COMMITTEE COMPRISED OF CHAIRMAN STRINDEN, MR. SANDAL, AND MS. ARVY SMITH. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Mr. Sandal, Mr. Trenbeath, Ms. Wassim, Representative Anderson, Ms. Yvonne Smith, Ms. Arvy Smith, Senator Dever, Ms. Goodhouse and Chairman Strinden

**Nays:** None

**MOTION PASSED**

**Audit Committee Minutes and Charter Activity Review**

Staff provided the Board with a written update. There were no further questions.

**Quarterly Consultant Fees**

Staff provided the Board with a written update. There were no further questions.

**APPEALS**

**Deferred Compensation Hardship Appeal #303**

Ms. Allen indicated that the member was present at the meeting and was requesting a hardship withdrawal in the amount of \$6,421.39 related to outstanding dental expenses.

**MS. ARVY SMITH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(1) AND 54-52-26 TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Representative Anderson, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

**Nays:** None

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 1:15 p.m.

The Board returned to open session at 1:40 p.m.

**MR. TRENBEATH MOVED TO DENY THE APPEAL BASED ON IRS GUIDELINES AND THE FACTS OF THE CASE NOT PRESENTING CLEAR EVIDENCE THAT THERE IS A SEVERE FINANCIAL EMERGENCY. THE MOTION WAS SECONDED BY MR. SANDAL.**

**Ayes:** Ms. Yvonne Smith, Mr. Trenbeath, Mr. Sandal, Senator Dever, Representative Anderson, Ms. Goodhouse, Ms. Arvy Smith, Ms. Wassim, and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

**Health Insurance Appeal #325**

Ms. Allen indicated member was appealing PERS action regarding the cancellation of the subscriber's medical and Part D PDP coverage. She reviewed the details of the appeal with the Board. The Board discussed the appeal.

**MR. TRENBEATH MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

The Board discussed the motion.

**Ayes:** Ms. Wassim, Mr. Trenbeath, Ms. Yvonne Smith, Ms. Arvy Smith, Mr. Sandal, Ms. Goodhouse, Senator Dever, Representative Anderson and Chairman Strinden  
**Nays:** None

**MOTION PASSED**

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 2:10 p.m.

Prepared by,

Cheryl Stockert  
Assistant to the Board