

# MINUTES

## North Dakota Public Employees Retirement System

Attorney General's Office Conference Room

Thursday, December 4, 2014

1:00 p.m.

Members Present: Ms. Casey Goodhouse  
Mr. Mike Sandal  
Ms. Arvy Smith  
Ms. Yvonne Smith  
Mr. Thomas Trenbeath  
Ms. Kim Wassim

Member Absent: Chairman Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. MaryJo Steffes, NDPERS  
Ms. Jan Murtha, Attorney General's Office

Via Conference Call: Mr. Josh Johnson, Deloitte

Mr. Sandal called the meeting to order at 1:00 p.m. and called for acceptance of the modified agenda.

**MS. A. SMITH MOVED APPROVAL OF THE MODIFIED AGENDA. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE.**

### Legislation

Mr. Collins indicated that he was seeking Board direction on submitting the retirement recovery bill to the legislature. The Governor did include the 1% employer increase in his executive budget for 2015-2017. The Board verified that this bill does include retirement benefit changes. The Board discussed the bill and the importance of getting the retirement plans back to funded status.

**MR. TRENBEATH MOVED TO SUBMIT THE RETIREMENT BILL TO THE LEGISLATURE. THE MOTION WAS SECONDED BY MS. WASSIM.**

The Board discussed.

**Ayes:** Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, and Ms. Wassim

**Nays:** Ms. Goodhouse and Mr. Sandal

**Absent:** Chairman Strinden

## **MOTION PASSED**

### **Pharmacy Benefit Manager**

Mr. Collins reported that the goal is to have a review of the PBM's by the December 18 Board meeting. In order to facilitate that, Ms. Cahn, from Pharmacy Benefit Consultants who PERS is contracted with, indicated it would take her two weeks to do the PBM contract for PERS and then another two weeks for the PBM's to review and comment. Mr. Collins reported that he authorized her to move forward with developing a contract as long as it did not exceed the \$10,000 contracting authority. Mr. Collins was seeking Board approval for the next phase for a contract with Ms. Cahn, not to exceed \$30,000 or \$35,000, and to submit the draft PBM contract to the providers that submitted proposals in order to obtain comments and determine what they would be prepared to contractually agree to. The Board discussed.

**MS. WASSIM MOVED APPROVAL TO CONTRACT WITH MS. CAHN AT A NOT TO EXCEED AMOUNT OF \$30,000, HAVE LEGAL COUNSEL REVIEW THE DRAFT PBM CONTRACT AND SUBMIT TO THE PBM'S AND FULLY INSURED BIDDERS. THE MOTION WAS SECONDED BY MS. A. SMITH.**

The Board discussed.

**Ayes:** Mr. Trenbeath, Ms. Wassim, Ms. A. Smith, Mr. Sandal, Ms. Goodhouse, and Ms. Y. Smith

**Nays:** None

**Absent:** Chairman Strinden

## **MOTION PASSED**

### **Health Bid**

Mr. Collins reviewed the health plan decision process timelines with the Board. He explained that at the December 18 Board meeting Deloitte will review detailed information with the Board relating to the health plan bid. On January 5 BCBS and Sanford will be invited for staff and Board interviews. By the January 15 Board meeting we would focus on the PBM's and a final decision on fully insured vs self insured and vendors. Mr. Collins reported that the Governor's executive budget included funding health insurance at 18% for the biennium. The statute indicates that if we self insure, we have to award the contract before March 1. Mr. Collins indicated it would be necessary to go into executive session to discuss rate information.

**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 OR PROVIDE NEGOTIATING INSTRUCTIONS TO ITS ATTORNEY OR OTHER NEGOTIATOR. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. A. Smith, Ms. Y. Smith, Mr. Trenbeath, and Ms. Wassim

**Nays:** None

**Absent:** Ms. Y. Smith

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 1:30 p.m.

The Board reconvened and returned to open session at 2:09 p.m. and concurred on moving forward with the health plan timelines.

**Medicare Part D Contract**

Ms. Murtha reviewed the proposed calendar year 2015 Medicare Part D contract suggested changes with the Board. Ms. Murtha referred to section 6.7 and indicated it is efficient to reference the general state law provisions and the provisions of the Administrative Services Agreement as opposed to restating them in the contract. She indicated BCBS views the contracts as distinct and separate. Mr. Collins indicated that the format of the Part D contract is prescribed by federal CMS. There have been issues with administering the Part D program, especially in the initial years. Staff has been working with BCBS on reconciling since 2010 and views unlike BCBS views that these are subject to the close provision in the BCBS contract and our policies. The Board discussed.

**MR. TRENBEATH MOVED THAT LEGAL COUNSEL WORK WITH PERS AND BCBSND STAFF TO ENTER INTO THE MEDICARE PART D CONTRACT WITH EITHER THE TERMS AS PRESENTED OR BY INCORPORATING MORE SPECIFIC STATE CONTRACT TERMS INTO THE CONTRACT.**

**Ayes:** Ms. Y. Smith, Mr. Sandal, Ms. A. Smith, Mr. Trenbeath, Ms. Goodhouse, Ms. Wassim

**Nays:** None

**Absent:** Chairman Strinden

**TIAA-CREF**

Mr. Collins updated the Board, indicating that PERS has been assigned an interim Relationship Manager, Julie Kalvelage. The remainder of the TIAA-CREF service team remains in place.

The meeting adjourned at 2:25 p.m.

Prepared by,

Cheryl Stockert  
Assistant to the Board