

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave S, Fargo

Thursday, July 17, 2014

8:30 A.M.

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

Via Videoconference: Chairman Strinden

Member Absent: Ms. Arvy Smith

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

Via Teleconference: Mr. Patrick Pechacek, Deloitte

Via Videoconference: Ms. Onalee Sellheim, BCBSND
Ms. Jodi Crouse, BCBSND
Ms. Sonja Nyhof, BCBSND
Ms. Stacy Duncan, BCBSND
Mr. Michael Carlson, BCBSND

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 June 19, 2014 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE JUNE 19, 2014 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MR. TRENBEATH. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the July 2, 2014 special Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE JULY 2, 2014 NDPERS SPECIAL BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM. THE MINUTES WERE APPROVED.

PRESENTATION

Ms. Jan Murtha presented information to the Board relating to the fiduciary responsibilities and Board member liability. She gave specific references to state law and administrative rules. Fiduciary responsibilities include the duties of loyalty, impartiality, prudence, administration, skill, delegation, and the prudent investor rule. Ms. Murtha reviewed the Board member liability provisions. The Board had questions and discussed this information.

GROUP INSURANCE

Colorectal Cancer Screening Survey

Mr. Collins reported that Mr. Carlson, BCBSND, and Mr. Tran, ND Department of Health, will report on the collaborative survey between NDPERS, NDDoH, and BCBSND relating to barriers to colorectal cancer screenings. Mr. Carlson and Mr. Tran reviewed the survey with the Board. They explained one of the reasons for this study is that colorectal cancer has some of the highest rates of diagnosis and death among all cancers, there is an opportunity to study a unique population in which everyone is insured with the same coverage, and the ability to affect change through recommending policy and systems changes within the NDPERS system. They reviewed colorectal cancer statistics and a comparison of screening rates throughout the United States. Survey results indicated that cost was the number one factor in deterring members from having a colorectal cancer screening. The Board had questions and discussed insurance coverage issues relating to colonoscopies as well as treatment costs for colon cancer. The Board thanked Mr. Carlson and Mr. Tran for a very informative presentation.

Self-Insured Request for Proposal

Mr. Collins indicated that Mr. Pechacek from Deloitte was available by phone for any questions. Mr. Collins reported to the Board that staff is working on the bid for the group health insurance plan on a self insured basis. He shared the initial draft of the self insured bid that was developed by Deloitte with the Board. He reported that the fully insured bid was issued and is available on the PERS website. Mr. Collins indicated that the self insured bid is in the process of being reviewed by staff. He noted that the dates will have to be readjusted to allow about eight weeks for the proposal to be out in the market. Mr. Collins noted that the self insured product can be established only if it is determined by

the Board that it is less costly with equivalent contract benefits (as defined in the ND Century Code). Under self insurance, there are also specific reserve requirements. He explained we would have to set the claim level, set the reserves, and obtain stop loss coverage. Mr. Collins indicated this will be discussed in further detail at a later Board meeting.

Superior Vision Renewal

Ms. Allen reported that at the July meeting, the Board requested staff to counter the proposal with Superior Vision to determine if they would lock in the rates for three years instead of two years. Superior Vision agreed to lock in the rates for the period January 1, 2015 through December 31, 2017.

MR. SANDAL MOVED APPROVAL OF THE SUPERIOR VISION RENEWAL. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Mr. Sandal, Ms. Y. Smith, Mr. Trenbeath, Ms. Goodhouse, Ms. Wassim, and Chairman Strinden

Nays: None

Absent: Ms. A. Smith

MOTION PASSED

ACA Update

Mr. Collins reported that PERS held the Affordable Care Act forum on July 10, with approximately 150 in attendance. He indicated this was a good first step, but that continuing efforts must be undertaken in this area.

BCBS Reviews

Mr. Collins reported that one of the questions that came up at a previous Board meeting related to the reviews that BCBS does. He shared information with the Board on specific external and internal reviews that BCBS has in place.

BCBS Call Center Update

Mr. Collins reported this was a follow-up to the last meeting relating to the BCBS member satisfaction report where the calls resolved were at 90%. The question related to the 10% of unresolved calls. BCBS staff explained calls remain unresolved for several reasons which may include member could be waiting for something to be done or member had a complaint which still stands.

RETIREMENT

GASB Update

Mr. Collins indicated that the GASB working group met on June 26 with about 35 individuals representing political subdivisions, auditors or other organizations in attendance. The next meeting is the statewide forum in November.

Investment Returns

Mr. Collins reported that the rate of return for the PERS plan was 15.8%, Job Service at 13.4% and retiree health at 16.2%. The Board discussed how these returns have affected the long term projections for the plans.

MISCELLANEOUS

Board Committee Assignments

Chairman Strinden indicated that with two new members on the Board, there are openings on the Investment Committee and the Benefits Committee. Ms. Y. Smith volunteered to be on the Investment Committee and Ms. Goodhouse volunteered to be on the Benefits Committee. All other committees remain the same.

MS. WASSIM MOVED APPROVAL OF MS. YVONNE SMITH ON THE INVESTMENT COMMITTEE AND MS. GOODHOUSE ON THE BENEFITS COMMITTEE. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Mr. Trenbeath, Ms. Wassim, Ms. Y. Smith, Mr. Sandal, Ms. Goodhouse, and Chairman Strinden

Nays: None

Absent: Ms. A. Smith

MOTION PASSED

PERSLink Member Self Service Statistics

Mr. Collins reported to the Board that the PERSLink member self service registrations continue to increase and are currently at over 17,000.

HARDSHIPS/APPEALS

Deferred Compensation Hardship Case #191

Ms. Allen presented detailed information to the Board relating to a deferred compensation hardship withdrawal request in the amount of \$7,900 to cover expenses incurred due to a decrease in monthly income. The Board discussed this financial hardship request.

MR. SANDAL MOVED TO DENY THE HARDSHIP REQUEST BECAUSE DOCUMENTATION WAS NOT COMPLETE. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Wassim, Ms. Goodhouse, Mr. Sandal, Ms. Y. Smith, Mr. Trenbeath, and Chairman Strinden

Nays: None

Absent: Ms. A. Smith

MOTION PASSED

Mr. Collins indicated that the September regular Board meeting has been changed from September 18 to September 19. The reason is that the Legislative Employee Benefits Committee will be meeting on September 18. Mr. Collins also noted that Gallagher Benefits will be at our Board meeting to present their actuarial review findings.

Mr. Sandal indicated that he had an opportunity to attend two sessions of the Affordable Care Act presentations by PERS and BCBS staff. He wanted to offer his appreciation for what he believed was a job very well done and wanted to congratulate the staff of both PERS and BCBS.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:10 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board