

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, March 19, 2015

8:30 A.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. Sharon Schiermeister, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Steffes, NDPERS
Ms. Jan Murtha, Attorney General's Office
Mr. Mike Schwab, ND Pharmacists Association
Ms. Shelby Monson, ND Pharmacists Association
Dr. Wendy Brown, ND Pharmacy Service Corporation

Via Videoconference: Mr. Kevin Schoenborn, BCBSND
Ms. Jodi Crouse, BCBSND
Ms. Stacy Duncan, BCBSND
Ms. Onalee Sellheim, BCBSND
Ms. Sonja Nyhof, BCBSND
Ms. Jacinta Riedinger, BCBSND
Mr. Brent Solseng, BCBSND
Mr. Michael Carlson, BCBSND

Mr. Sandal was acting Chairman and called the meeting to order at 8:30 a.m.

Mr. Sandal called for any changes to the Agenda. Mr. Collins reported that the Audit Report will be rescheduled for the April meeting.

MS. WASSIM MOVED ACCEPTANCE OF THE AGENDA AS MODIFIED. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE.

MINUTES

Mr. Sandal called for any questions or comments regarding the minutes of the February 13, 2015 Board meeting.

MS. A. SMITH MOVED APPROVAL OF THE FEBRUARY 13, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

Mr. Sandal called for any questions or comments regarding the minutes of the February 18, 2015 Board meeting.

MS. A. SMITH MOVED APPROVAL OF THE FEBRUARY 18, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

Mr. Sandal called for any questions or comments regarding the minutes of the February 19, 2015 Board meeting.

MS. Y. SMITH MOVED APPROVAL OF THE FEBRUARY 19, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

Mr. Sandal called for any questions or comments regarding the minutes of the March 3, 2015 Board meeting. The Board requested modification of the second paragraph of page 3, first sentence.

MS. A. SMITH MOVED APPROVAL OF THE MARCH 3, 2015 NDPERS BOARD MEETING MINUTES AS MODIFIED. THE MOTION WAS SECONDED BY MR. TRENBEATH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

RETIREMENT

Audit Report

This agenda item was held over until the April Board meeting.

Request for Proposal for Retirement Consulting Services

Mr. Collins indicated that at the last meeting the Board awarded the experience study to Segal. He noted that it would be difficult for a new actuary to do the 2015 valuation when the existing vendor was doing the experience review and was requesting authorization to approach Segal to extend for one more year. He explained this additional year would allow us to integrate the experience study findings into the next valuation. The Board discussed and concurred that staff obtain a price quote from Segal on this effort for one more year and report back at the April meeting.

ETF Implementation

Mr. Reinhardt reported that the Board had previously approved adding exchange traded funds (ETF's) to the mutual fund window for the defined contribution 401(a) plan and the 457 Companion Plan. TIAA-CREF completed this as of January 31, 2015. Mr. Reinhardt referred the Board to the sample mailing notice that will be sent to the plan participants.

4th Quarter Investment Report

Mr. Reinhardt reviewed the 4th quarter 2014 investment report for the 401(a) and 457 Companion Plan with the Board. Assets in the 401(a) plan increased to \$34.1 million as of December 31, 2014. Assets in the 457 Companion Plan increased to \$67.3 million as of December 31, 2014.

Retiree Health Insurance Credit (RHIC) Implementation

Ms. Schiermeister indicated that at the December meeting several administrative issues were presented for the Board's consideration. The Board delayed taking action on how to handle de minimus RHIC benefits until a vendor was selected. The Board has selected ASIFlex as the vendor to process the RHIC reimbursements and they will charge a fee of \$1.75 per member per month to administer the program. Ms. Schiermeister explained that there are members who accrue RHIC benefits that are less than this monthly fee. It was discussed with ASIFlex on how to handle these situations. One recommendation is to set up accounts for all members who are eligible for the RHIC, regardless of amount. Those with contributions less than \$10.00 per month and no claim activity, at year end ASIFlex would refund one-half of the fees back to NDPERS.

The Board discussed this with legal counsel and had questions of staff.

MR. TRENBEATH MOVED THAT ACCOUNTS WILL BE SET UP FOR ALL ELIGIBLE MEMBERS IN THE RHIC PROGRAM AND FOR THOSE ACCOUNTS EARNING LESS THAN \$10.00 PER MONTH, ASIFLEX WILL REFUND ONE-HALF OF THE FEES BACK TO PERS AT YEAR END. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Chairman Strinden

MOTION PASSED

GROUP INSURANCE

BCBS Annual Executive Summary

Mr. Schoenborn, BCBSND, indicated that staff will walk through the report with the Board.

Ms. Crouse reviewed the information on the dashboard which included trend analysis, paid per member per month, Healthy Blue participation, number of unique employers by year participating in member education, financial/trend analysis, comparison of actual to expected claims for actives and Medicare retirees, membership and health utilization summary, high dollar cases for actives and early retirees.

Mr. Schoenborn reviewed the wellness program activity with the Board including information on HealthyBlue, health club credit activity, member engagement, and an update from the NDPERS wellness specialist. He also reviewed the performance standards and guarantees through December 31, 2014 as well as completed and ongoing activities.

The Board had questions relating to the information in the executive summary report.

Diabetes Management Program Renewal

Mr. Collins indicated that Dr. Wendy Brown would review the About the Patient diabetes management program with the Board and the Board will need to determine if the program will be approved for the 2015-2017 biennium.

Dr. Brown, ND Pharmacy Service Corporation, presented the 2014 Collaborative Drug Therapy Program Annual Report to the Board. She explained that this program is an opt-in program and newly eligible patients are sent a letter explaining the program as well as a wellness enrollment form. Patients can choose one of 45 community pharmacy locations for face-to-face program participation. She reviewed other information including demographics, pharmacist interventions, patient satisfaction results, and the proposed level of service for the next biennium July 1, 2015 through June 30, 2017. Dr. Brown also reviewed with the Board ideas for future marketing in an effort to increase enrollment in this diabetes management program. The Board had questions relating to the program.

MS. Y. SMITH MOVED APPROVAL TO CONTINUE THE ABOUT THE PATIENT PROGRAM FOR THE NEXT BIENNIUM JULY 1, 2015 THROUGH JUNE 30, 2017. THE MOTION WAS SECONDED BY MS. A. SMITH.

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

Nays: None

Absent: Chairman Strinden

MOTION PASSED

BCBS Claims Audit

Mr. Reinhardt reviewed the 2014 BCBS claims review findings with the Board. A sample of 100 claims were audited and it was noted the 2014 audit resulted in a similar number of errors as last year, but more than in prior years. The Board had questions relating to the claims audit.

EAP Request for Proposal 2015-2017

Mr. Reinhardt shared the draft Employee Assistance Program RFP with the Board and was seeking approval to move forward. This RFP is issued every two years and is effective July 1 of each new biennium. There are currently four active EAP contracts: Deer Oaks, Live Well Solutions, St. Alexius, and The Village. The employers have the option to choose their EAP for their agency. The Board discussed and had questions of staff. The Board concurred that staff should move forward with issuing the EAP RFP for the 2015-2017 biennium.

Medicare Part D

Ms. Fricke reviewed the Medicare Part D Prescription Drug Plan (PDP) issues relating to the low income subsidy, and enrollment and disenrollment effective dates. She explained that relating to the late enrollment penalties (LEP), the Center for Medicare and Medicaid Services (CMS) determines what a participant is assessed if they did not enroll in a PDP when first eligible. These monthly penalties are ongoing unless the member successfully appeals to CMS to have the penalty removed. At this time there is no functionality built into the PERSLink business system to bill the members for these additional amounts and track the repayment of the underpayments.

MR. TRENBEATH MOVED TO WAIVE COLLECTION OF THE UNDERPAYMENTS UNTIL THE CURRENT PERSLINK BUSINESS SYSTEM CAN BE MODIFIED TO BILL AND ACCOUNT FOR THE UNDERPAYMENTS. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Ms. Fricke explained that relating to billing for the Medicare Blue Rx premiums, PERS can have TMG (PDP vendor) bill the members directly. It was confirmed that Express Scripts (new vendor with Sanford Health Plan effective January 1, 2016) will bill the members directly. Staff recommends that the members be billed directly through the vendor and continue to work on a system to unbundle this product to bill separately.

MS. Y. SMITH MOVED THAT THE VENDORS BILL MEMBERS DIRECTLY FOR THE MEDICARE BLUE RX PREMIUMS. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Chairman Strinden

MOTION PASSED

Ms. Fricke reported to the Board that staff had previously indicated the Board may want to consider whether PERS should continue to offer the PDP. Open enrollment for the PDP product occurs each October through early December for coverage effective January 1. If the PDP is not offered through PERS, members would shop for a product that best meets their needs and would not face any lapse of coverage issues. Ms. Fricke indicated that PERS convene the Retiree Advisory Committee to discuss this issue and obtain their observations that will be shared with the Board. The Board concurred that staff will convene the Retiree Advisory Committee and report findings to the Board.

Sanford Health Plan Update

Ms. Knudsen presented an update to the Board relating to the implementation efforts to the Sanford Health Plan which is effective July 1, 2015.

Ms. Fricke reviewed the proposed transition plan relating to the employee wellness incentive and health club credit program with the Board. They discussed and had questions of staff and BCBS staff.

Ms. Knudsen also reported there was a cyberattack on Premera Blue Cross out of Washington state and Alaska. Mr. Schoenborn shared the press release relating to this situation with the Board. Affected members will receive a letter from Premera giving them the details.

The Board thanked staff for all efforts relating to this transition.

MISCELLANEOUS

Budget Considerations

Ms. Schiermeister reviewed work efforts associated with several projects occurring at PERS. She explained there is need for additional temporary staffing and office space. Another area relates to the compensation necessary for the staff that is being asked to take on increased work and responsibility as a result of these initiatives. She reported that at the May 22, 2014 Board meeting it was approved to allocate \$200,000 for the PERSLink Employer Self Service project effort. Ms. Schiermeister reported that the full \$200,000 will not be needed. She was asking for appropriation authority from the

contingency line item to the salary and/or operating line items to provide spending authority for the additional resource requirements. The Board discussed and concurred that staff move forward with the issues laid out and report to the Board the specific amount of the line item transfer that is necessary.

Legislative Update

Mr. Collins updated the Board on current legislation. The technical bill has passed through the Senate and is waiting to be signed by the Governor. House Bill 1080 had a hearing, and PERS testimony presented suggested amending the bill back to its original form. No action has been taken on the bill. ND United included an amendment that would add the provision to allow the defined contribution enrollees an opportunity to switch back to the defined benefit plan. This had been a separate house bill and it was defeated. The Board had questions and discussed. House Bill 1475 was introduced and neutral testimony was given to the committee, indicating that the Board had not had the opportunity for review the bill. Representative Keiser distributed proposed amendments. No action was taken by the committee at this time.

Consultant Fees

The consultant fees for the quarter ending December 2014 was shared with the Board.

Audit Committee Minutes November 19, 2014

The November 19, 2014 PERS Audit Committee minutes were shared with the Board.

Audit Committee Charter Activity Review

The calendar year 2014 Audit Committee Charter activities was shared with the Board. It was reported that PERS has been assigned a new audit firm, CliftonLarsonAllen LLP. They will begin audit work in June.

Mr. Sandal called for any other business or comments. Hearing none, the meeting adjourned at 11:45 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board