

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave S, Fargo

Thursday, March 20, 2014

8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Howard Sage
Mr. Mike Sandal
Ms. Arvy Smith
Ms. Kim Wassim
Mr. Thomas Trenbeath

Via Videoconference: Chairman Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, 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
Mr. Kevin Schoenborn, BCBSND
Ms. Jodi Crouse, BCBSND
Mr. Michael Carlson, BCBSND
Mr. Michael Potts, BCBSND
Ms. Stacy Duncan, BCBSND
Mr. Mike Schwab, ND Pharmacy Service Corporation
Dr. Wendy Brown, About the Patient
Ms. Michelle Klose

Via Videoconference: Ms. Onalee Sellheim, BCBSND
Mr. Jim Wynstra, BCBSND
Mr. Judd Wagner, BCBSND
Ms. Emily Erickson, BCBSND
Ms. Kim Persoon, BCBSND
Ms. Rebecca Nichol, BCBSND
Mr. Brad Bartle, BCBSND
Ms. Kimberly Wright, ADP
Mr. John Erxleben, ADP

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the February 20, 2014 Board meeting.

MR. SAGE MOVED APPROVAL OF THE FEBRUARY 20, 2014 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.

FLEX COMP

ADP Response and Plan of Action to Member Survey

Mr. Collins introduced ADP staff. Ms. Wright and Mr. Erleben were in attendance via videoconference to present information. Ms. Wright reported that Mr. Erleben has taken another position within ADP and Ms. Carwile will be the manager of the NDPERS team. Ms. Wright reviewed their action plan with the Board: 1) ADP claims filing process. ADP response was that all current participants were invited to attend live webinars to address their concerns. 2) Auto-reimbursement and debit card options. ADP response was that they developed a custom Reimbursement Option Flyer which is included in the debit card welcome kit. 3) Debit card substantiation. Ms. Wright explained that the debit card can be a great tool for participants, and it can be challenging if participants do not understand the substantiation process for card swipes that cannot be auto-approved. ADP response was they developed a custom Reimbursement Option Flyer which was included in the debit card welcome kit, posted to the ADP participant website, the NDPERS website, and provided to all employers for distribution to all employees. It was noted that ADP auto-approved 97% of NDPERS card transactions. The NDPERS logo was added to the ADP debit card. 4) Mobile app features were discussed in detail during the annual enrollment webinars. Participants were informed where they could locate the mobile app user guide on the ADP website. An interactive training module relating to spending account technology will be conducted in June 2014. 5) Customer service responses. ADP service team has met with all internal partners to better educate them on the NDPERS culture and plan details. ADP service leadership will continue to re-educate their front-end associates to ensure best in class service.

Ms. Wright indicated that she believes some of the negative perceptions will continue to improve with the rollout of the 2014 communication and education campaign during annual enrollment. They will conduct a debit card webinar, a technology webinar and in August will do a flexcomp overview webinar.

Ms. Wright reviewed the NDPERS call center experience, planned participant webinars and training modules, planned employee communications and the 2013 statistical review which included the performance guarantees. Mr. Erleben reviewed the client command

center platform. The Board had questions relating to call center communication and how ADP communicates with NDPERS members regarding the account balances. The Board thanked ADP for their responsiveness to member concerns.

BCBS Annual Review

Mr. Schoenborn began the review of the summary report with the Board. He indicated that the dashboard included general information and will be reviewed in further detail.

Mr. Wynstra, BCBSND, reviewed financial information including the annual trend, year to date incurred claims per contract and claims trend. The average annual claims increase is 6.2%.

Ms. Crouse, BCBSND, reviewed the following with the Board: membership and demographics, total payments, paid per member per month and allowed amount, 2012 allowed amount by product, outpatient emergency room utilization, high dollar cases for actives, early retirees, and Medicare retirees, and 2013 provider discounts.

Mr. Solseng, BCBSND, reviewed the pharmacy management program with the Board including information relating to: quarterly prescription drug spending, paid per member per month and total paid amounts, monthly utilization, monthly claims costs, research on national trends, and the PrimeSpecialty Pharmacy campaign. Mr. Solseng reported that by year 2018 more than 50% of all drug spend will be specialty and the Board discussed PrimeSpecialty with Mr. Solseng in detail. Currently PrimeSpecialty is a voluntary program.

Mr. Carlson, BCBSND, reviewed with the Board information relating to Well by Design which utilizes data in health management strategies and assists in interpreting the health of the population. Other information reviewed included health improvement programs, newborn information, cancer screening measures, top ten diseases, top acute conditions, MediQHome findings, and AccordantCare,

Ms. Duncan, BCBSND, presented wellness program information to the Board which included Health Club Credit, HealthyBlue program results and the 2014 focus areas (excite, engage and empower). Initiatives include promoting mobile app functionality, promoting devices, Wellness Star of the Month, Lt. Governor's Award, National Walk at Lunch Day, targeted messaging, and guided tutorials.

Mr. Schoenborn, BCBSND, reviewed the performance standards and guarantees with the Board. Future considerations include telehealth, gamification, specialty pharmacy, cost sharing adjustments allowed within a grandfathered plan (office visit copay, emergency room copay, and prescription copay and coinsurance maximum).

The Board discussed this report with BCBS staff and questions were answered.

About the Patient Diabetes Update

Dr. Wendy Brown updated the Board on the About the Patient program for the period July 2013 through March 2014. She reviewed demographic information, interventions, and the patient satisfaction with the program.

Healthy Blue

Ms. Allen indicated a member expressed concern regarding the waiver language contained in the 2014 Authorization for Release of Information for the Wellness Programs.

MR. TRENBEATH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 54-52.1-11, 54-52-26, AND 44-04-19.2(1) TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

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

MR. TRENBEATH MOVED THAT THE BOARD RECESS FOR 10 MINUTES. THE MOTION WAS SECONDED BY MR. SAGE.

Ayes: Ms. Ehrhardt, Mr. Sage, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

Nays: None

MOTION PASSED

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

Mr. Carlson and Ms. Nichol from BCBS further explained the specifics regarding the Authorization for Release for the Wellness Programs. The language in this Release has been in place since 2013 and was updated in 2014. Mr. Carlson explained that BCBSND has a HIPAA business associate agreement with PureWellness and Ms. Nichol explained that much of the language in this authorization is required by the HIPAA privacy rules. The member expressed concerns regarding personal information that is sent to other vendors. The Board also had concerns regarding the language regarding re-disclosure of member information. After discussion with BCBSND on the language in the Release, the

Board directed staff to work with BCBS on updating the language in this Authorization, with the goal to protect confidential member information.

Mr. Collins indicated that there will be a need for a special Board meeting in April and that many of the agenda items from today's meeting will need to be held over for discussion at that meeting.

RETIREMENT

Retirement Legislation

Mr. Sandal requested that the Board reconsider the action on the retirement bill taken at the last meeting. He had concerns the Board was going beyond what they should be doing as fiduciaries. He was hoping the Board would reconsider their decision.

MR. SANDAL MOVED THAT THE BOARD RECONSIDER THEIR PRIOR DECISION IN REGARDS TO THE PROPOSED BILL FOR THE MAIN RETIREMENT PLAN. THE MOTION WAS SECONDED BY MR. TRENBEATH.

The Board discussed the motion, clarifying the fact that the motion to reconsider is for the purpose of re-debating the issue.

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

Nays: Mr. Sage

MOTION PASSED

The Board engaged in a detailed discussion relating to the motion that was made at the previous meeting relating to the retirement legislation which was (taken from the March 14, 2014 special Board meeting minutes):

“MS. WASSIM MOVED TO SUBMIT ONE BILL THAT INCLUDES IMPLEMENTING THE FOURTH YEAR OF THE RECOVERY PLAN FOR ALL EMPLOYEES (A ONE PERCENT EMPLOYEE AND ONE PERCENT EMPLOYER CONTRIBUTION), AND FOR NEW EMPLOYEES, IMPLEMENT CHANGES IN THE RETIREMENT BENEFITS TO INCLUDE: 1) CHANGING THE EARLY RETIREMENT REDUCTION FROM 6% PER YEAR TO 8% PER YEAR, 2) CHANGING THE FINAL AVERAGE SALARY FROM THE HIGH THREE YEARS TO THE HIGH FIVE YEARS, AND 3) CHANGING THE RULE OF 85 TO 90 WITH A MINIMUM AGE OF 60. THE MOTION WAS SECONDED BY MR. SANDAL.”

The Board discussed the fact that at the last meeting they debated the issue of increasing funding, that the retirement plan be tiered for new employees, and the last option was to do nothing and wait to see what legislation is developed in other legislative committees.

The action of the Board was to implement the fourth year of the recovery plan and to change retirement benefits for new employees. Mr. Sandal indicated that the basis for his request to reconsider was that this legislation might not be in the best interest of the PERS members and suggested that the Board not introduce legislation this session relating to the main retirement plan.

Mr. Collins further clarified that passage of the fourth year of the recovery would result in the market value of assets at 100% funded in year 2035, at actuarial value it will be five to eight years less than that. If just retirement benefit plan changes were made (two tiers) it would be 100% funded in 2051 with additional contributions in 2040, and to do nothing it would be year 2076 at market and actuarial would be 2080.

The Board continued discussion and concluded that to do nothing would not be in the best interest of the plan and its members. The Board took a vote to determine if the action taken on retirement legislation at the March 14, 2014 Board meeting would remain unchanged (yes vote means support of the motion made at the previous Board meeting).

Ayes: Ms. Smith, Ms. Wassim, Ms. Ehrhardt, Mr. Sage, and Chairman Strinden

Nays: Mr. Sandal and Mr. Trenbeath

MOTION PASSED AND THE PROPOSED LEGISLATION AS APPROVED AT THE LAST MEETING REMAINED WITH NO CHANGES.

Health Consultant

Mr. Collins indicated that it was decided to go out to bid on the health consultant to do the group health plan bid (draft request for proposal included in the Board materials). The RFP asks for development of a fully insured and self insured RFP on a fixed fee basis. The analysis of those RFP's will be on a fee for service basis. The timeline was reviewed which indicated that the bids are due in late July. The Board will need to make a decision on the fully insured in September and if self insured, by December.

MR. SAGE MOVED APPROVAL OF THE GROUP HEALTH PLAN ACTUARIAL AND CONSULTING SERVICES REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Mr. Trenbeath, Mr. Sandal, Ms. Ehrhardt, Mr. Sage, Ms. Smith, Ms. Wassim, and Chairman Strinden

Nays: None

MOTION PASSED

OPEB Valuation

Mr. Collins reviewed the results of the OPEB valuation bid with the Board. Five proposals were received. Mr. Collins reported that staff had a conference call with L & E and with Nyhart in follow-up to questions. A conference call was not conducted with Van Iwaarden

as they had done this effort for NDPERS in the past. Mr. Collins noted that Nyhart was the lowest cost proposal. Mr. Collins reported that staff was comfortable with the top three rated proposers. The Board had questions of staff relating to this bid.

MR. TRENBEATH MOVED APPROVAL OF NYHART TO CONDUCT THE OPEB (RETIREE HEALTH PLAN) VALUATION. THE MOTION WAS SECONDED BY MR. SAGE.

Ayes: Ms. Smith, Ms. Wassim, Mr. Sage, Ms. Ehrhardt, Mr. Sandal, Mr. Trenbeath, and Chairman Strinden

Nays: None

MOTION PASSED

Mr. Collins indicated that a special NDPERS Board meeting will be scheduled to discuss an information request that is coming from Legislative Council. The following agenda items were held over: Plan Placement, Life Insurance Renewal, Sanford Heart of America, Political Subdivision Participation, Job Service Retirement Plan Update, Job Service Retirement Plan, 2013 Annual Report, Audit Committee, Board Election, Personnel Policies, and Appeals.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:10 p.m.

Prepared by,

Cheryl Stockert
Assistant to the Board