

MINUTES

**North Dakota Public Employees Retirement System
Thursday, November 18, 2004
ND Department of Health, Northbrook Mall, Bismarck
BCBS, 4510 13th Ave SW, Fargo**

Members Present:

Mr. David Gunkel
Mr. Howard Sage
Mr. Ron Leingang
Ms. Arvy Smith

**Via Video Conference:
Fargo**

Chairman Jon Strinden
Ms. Rosey Sand

Others Present:

Mr. Scott Miller, Attorney General's Office
Mr. Sparb Collins, Executive Director NDPERS
Ms. Denise Curfman, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Cheryle Masset-Martz, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rhonda Peterson, BCBS
Mr. Larry Brooks, BCBS – Fargo
Mr. Tom Tupa, SEA/AFPE
Mr. Howard Snortland, AFPE
Ms. Chris Runge, NDPEA AFT
Mr. Dennis Ziner, NDPEA AFT
Mr. David Peske, ND Medical Assoc.
Ms. Tami Wahl, AFPE/INDSEA
Mr. Bill Kalanek, AFPE/INDSEA
Mr. Weldee Baetsch, Former Board Trustee
Ms. Patricia Hill, NDPHA & NDPSC
Mr. Chris Conradi, GRS
Mr. Flick Fonia, GRS
Mr. Scott Hughes R.PH, Community Care RX
Mr. David Olig R.PH, ND Pharmacy Assoc.
Mr. Tony Welder R.PH, ND Pharmacy Assoc.
Ms. Patty Kumbera, Outcomes Pharmaceutical Health Care
Mr. Curtis McGarvey R.PH, ND Pharmacy Assoc.
Mr. Bob Tueithime, ND Pharmacy, Dickinson, ND
Mr. Spencer Clairmont R.Ph., ND Pharmacy Assoc.
Mr. Dennis Johnson R.Ph., ND Pharmacy Assoc.

Chairman Strinden called the meeting to order at 8:30 AM.

Minutes

Chairman Strinden called for any questions or comments regarding the NDPERS Board minutes for October 21, 2004.

Ms. Tabor moved approval of the October 21, 2004, NDPERS Board minutes. Mr. Sage seconds.

Actuarial Audit (Board Action Requested)

Mr. Collins indicated that included in the board materials was the information from GRS that the Board requested at the last meeting. Mr. Collins noted the savings from doing a reduced scope audit are \$8,500 (\$58,000 - \$49,500).

Mr. Chris Conradi and Mr. Flick Fornia, from GRS appeared before the board to answer questions.

Mr. Gunkel moved approval for GRS to do a full audit. Mr. Leingang seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, Smith and Chairman Strinden.

Nays:

Absent:

PASSED

Pharmacy (Informational)

Mr. Collins indicated that at a previous meeting the Board heard from BCBS and Prime Therapeutics on an alternative pharmacy network in North Dakota that has lower script filling fees and a lower AWP. The savings to PERS for changing networks could be \$500,000 to \$1,000,000 per year. Those savings would all occur due to a reduction in the amount that is paid to pharmacies for their services. Mr. Collins also indicated that several meeting ago the Board heard from the Pharmacy Association on their thoughts to such a change. At that time they share some thoughts on such a change. The Board requested at that time to have them return with additional ideas on other alternatives that may provide efficiencies and cost savings to the plan.

Ms. Patricia Hill, ND Pharmacy Association, along with Mr. Tony Welder R.PH, Mr. David Olig R.PH, local Pharmacists, Mr. Scott Hughes R.PH, Community Care RX, and Ms. Patty Kumbera, CEO of Outcomes Pharmaceutical Health Care, appeared before the Board to present an alternative.

71-02-03-08 Review (Board Action Requested)

Mr. Collins indicated that PERS received a letter from a participating employer concerning the consistency of PERS Administrative Rule with the Century Code. The letter was included in the board materials. Mr. Collins indicated that the purpose in enacting the provision was that the sick leave purchase is highly subsidized by the retirement plan. The concern is that without a limit, an employer could adopt a highly liberal sick leave accrual policy (for example 20 or more hours per month) as a benefit for their employees, which would require substantial subsidies from the retirement plan.

Mr. Mike Sandal, Director of Human Resources, Supreme Court, appeared before the Board requesting the rule be modified from eight hours to twelve hours and indicated the rule may not be consistent with the statute.

After discussion it was suggested that PERS seek an opinion from our attorney on whether or not the rule is consistent with statute. If it is determined not to be consistent then the limit would

not apply and staff should bring a new proposal forward for the boards consideration as part of the legislative package for 2007.

Mr. Gunkel moved approval for staff to request a review of this from Mr. Scott Miller, Legal Council, Attorney Generals Office. Ms. Tabor seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, Smith and Chairman Strinden.

Nays:

Absent:

PASSED

Medicare Rx (Board Action Requested)

Mr. Collins indicated that at the previous meeting the Board approved hiring GBS to help with the Medicare Rx implementation effort. Staff is proposing that the next step would be to form a retiree subcommittee to review the issue and develop recommendations. Staff has suggested the following Members for the committee:

PERS retiree representative - Ron Leingang
AFPE representatives (2)
NDPEA representatives (2)
NDEA representative (1)
TIAA/CREF representative (1) as appointed by Higher Education
TFFR representative (1)

Mr. Collins indicated that the following goals would be:

- To appoint this committee by the beginning of December.
- The next step would be a presentation by GBS providing background on the new law.
- With this background the committee would begin its work and be asked to report back its findings to the board at its February or March meeting. The task for the committee would be to define the alternatives for implementation of the Medicare Rx, identify the advantages and disadvantages of each and develop a recommendation.

Ms. Sand moved approval of staffs suggested committee. Ms. Tabor seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, Smith and Chairman Strinden.

Nays:

Absent:

PASSED

PPO Agreement (Board Action Requested)

Mr. Collins indicated that at the September meeting Mr. Steve Webster from BCBS appeared before the board on the change in the PPO Agreements. Mr. Webster reviewed with the Board that BCBS is in the process of updating all their provider contracts. As part of this effort they would like PERS to consider a different method for the PPO and EPO contracting. Included in the board materials was the new format that would be used instead of PERS signing each provider agreement.

Mr. Collins indicated that the Board deferred action on this until the renewal was approved. The renewal was completed at the October board meeting. BCBS is looking for the boards' decision on the new method for the PPO and EPO contracting.

Ms. Tabor moved approval on the new method for the PPO and EPO contracting. Mr. Gunkel seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, Smith and Chairman Strinden.

Nays:

Absent:

PASSED

2002 NDPERS Inpatient Comparison (Informational)

Mr. Reinhardt indicated that the 2002 comparison of NDPERS inpatient claims with the Nation Hospital Discharge Survey was included in the board materials. Mr. Reinhardt indicated that overall, NDPERS has about 67.9% of the 2002 national average inpatient hospital episodes.

Quarterly Health Graphs (Informational)

Mr. Reinhardt provided the board an overview of the quarterly health graphs for the 2nd quarter of 2004. The report was included in the board materials.

Deferred Comp Provider Training Compliance (Board Action Required)

Ms. Allen indicated that since the board materials were sent out, all providers have satisfied the training requirements specified in the NDPERS administrative contract. And no board action is necessary.

Proposed Legislation (Board Action Required)

Mr. Collins indicated that the Legislative Employee Benefits Committee met on October 26 and took actions on the proposed legislation. All of the bills got a favorable recommendation except proposed bill #55 relating to the retiree health credit. The reason for the unfavorable recommendation was the requested increase in contributions from 1% to 1.45%. Another bill was submitted to the committee concerning PERS and a members ability to return to work after retiring. Staff has referred this bill to Segal for an actuarial and technical review and will discuss it further at the December meeting.

Mr. Collins indicated that Staffs recommendation is that the board approve submitting all the PERS proposed bills to the Legislative Council (50052, 50053, 50054, 50055 & 50056) for consideration by the upcoming legislative session. Staff is suggesting that the Health Credit bill also be included with the proposed legislation for next session because staff has also requested that the Governor fund the increase in his recommended budget. If he does include this in his recommendation it would provide a lot of support for the bill and respond to the concerns of the Employee Benefits Committee. If the bill is not submitted a situation could arise where the Governor included it in his budget but there would not be a bill before the next session to enact the change.

Ms. Tabor moved approval submitting all bills. Mr. Sage seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, and Chairman Strinden.

Nays:

Absent: Smith

PASSED

NDPERS Personnel Policy Manual (Board Action Requested)

Ms. Allen indicated that a revision to the Personnel Policy Manual needs to be made as a result of a review of the risk management policy regarding computer access and security. The first paragraph outlines a policy already in place. The second paragraph was added to address computer access for employees on who take a leave of absence. This policy will be a new subsection under section 2 of the manual:

2.12 Computer Access – It is NDPERS policy that all new employees must read and sign an acknowledgement that they understand and agree to the provisions governing computer access prior to access being granted. These guidelines are referenced in subsections 2.6, 2.7, 2.8, 2.10 and 2.11 of this section.

If you are on an approved leave of absence (LOA) that exceeds thirty (30) days, system access will be terminated unless otherwise authorized by your supervisor if it is determined that continued access should be allowed based on a business related reason. For those occurrences in which access is terminated, upon return from the LOA the employee will be required to sign a new acknowledgement.

Ms. Sand moved approval of revisions. Mr. Gunkel seconds.

Ayes: Leingang, Gunkel, Sand, Sage, Tabor, and Chairman Strinden.

Nays:

Absent: Smith

PASSED

Chairman Strinden called for any additional items.

Mr. Gunkel requested a special board meeting to review and compare the different programs presented over the last several months on Pharmacy and Disease Management. Ms. Tabor conquered with this request. Mr. Collins indicated that staff will solicit the board via e-mail for dates in December.

Chairman Strinden called for discussion, hearing none the meeting adjourned at 11:30 AM.

Respectfully Submitted

Denise A. Curfman

*Denise A. Curfman
Secretary, NDPERS Board*