

MINUTES

North Dakota Public Employees Retirement System
Friday, October 1, 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. Rhonda Peterson, BCBS – Fargo
Mr. Larry Brooks, BCBS – Fargo
Mr. Tom Tupa, SEA/AFPE
Mr. Howard Snortland, AFPE

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

Insurance Department Presentation (Informational)

Mr. Collins indicated that at the last meeting the board decided to invite the Insurance Department to come to a special meeting of the Board and provide an overview of health insurance in North Dakota. Mr. Michael L. Fix, Director of Life & Health Division and Actuary, from the ND Insurance Department appeared before the board to provide them with an overview of regulation, risk retention, reserves, level of surplus and RBC issues relating to health plans in North Dakota.

BCBS Bid (Board Action Requested)

Mr. Collins indicated that at the last meeting the Board discussed the BCBS bid and the answers they gave to the questions posed. Those questions and answers were included in the board materials. The single most important issue at this time is the interest on the funds that BCBS holds during the biennium. Up until the renewal six years ago PERS use to get interest. With the renewal at that time PERS gave up the interest to get a reduction in premium because the bid came in higher than expected. At that same time they were increasing their retention from .5% to 1.5%. They reduced that to 1% for us giving up interest and in return they reduced the premium.

Mr. Collins provided the board with a presentation on fully insured/self insured. Mr. Bill Robinson of GBS appeared before the board via video conference to review the following options:

- Accepting the fully insured bid
- Self Insurance
 - With stop loss coverage
 - Without stop loss coverage

The Board discussed the advantages and disadvantages of those options.

It was noted in the evaluation that there is little difference between fully insured and self funded with stop loss. However the evaluation did indicate that the business case for continuing the fully insured arrangement was diminished when compared to self funded without stop loss. The major reason for this diminished case is that PERS does not get interest on its account. For PERS to consider such an arrangement the Century Code would need to be changed thus requiring legislative approval.

Mr. Collins indicated that staffs recommendation at this point would be to prepare an amendment to allow PERS to self fund without stop loss for consideration at the October 21st board meeting. Staff also recommended inviting BCBS to the October 21st Board meeting to provide comments on its proposal for the boards consideration.

Mr. Gunkel moved approval of staffs recommendations. Mr. Sage seconds.

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

Nays:

Absent: Tabor

PASSED

Life RFP (Board Action Requested)

Mr. Collins indicated that included in the board materials was the Life RFP. Mr. Bill Robinson of GBS appeared before the board via video conference to review the RFP and to answer questions. Ms. Allen handed out modifications to the RFP relating to certain definitions.

Mr. Leingang moved approval of the RFP with the modification. Ms. Smith seconds.

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

Nays:

Absent: Tabor

PASSED

Chairman Strinden called for discussion, hearing none the meeting adjourned at 9:30 AM.

Respectfully Submitted

Denise A. Curfman

*Denise A. Curfman
Secretary, NDPERS Board*