

MINUTES

North Dakota Public Employees Retirement System

Attorney General's Office Conference Room

Tuesday, October 11, 2016

8:30 A.M.

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

Via Teleconference: Chairman Jon Strinden

Member Absent: Representative Pamela Anderson

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Mary Jo Steffes, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Jan Murtha, Attorney General's Office
Ms. Sharon Schwartzbauer, ND University System
Ms. Nancy Kopp, ND Optometric Association

Via Teleconference: Mr. Michael Klepatz, Sanford Health Plan
Ms. Katie Nermoe, Sanford Health Plan
Mr. Lance Weiss, Gabriel Roeder Smith
Ms. Amy Williams, Gabriel Roeder Smith

Chairman Strinden called the meeting to order at 8:32 a.m.

Taxability of Wellness Benefit

Mr. Collins indicated that the Board had previously discussed the issue of the taxability of the \$250 wellness program benefit. Since the last meeting, staff has reviewed this with Sanford. Wellness benefit options were developed, with pros and cons to most options noted. Mr. Collins reported that after a thorough review of considerations and options, a suggested plan of action would be to suspend the \$250 wellness incentive benefit

effective January 1, 2017, obtain ideas from the members and wellness coordinators and develop a replacement program to be in place by July 1, 2017. The Board reviewed the options with staff and discussed their concerns and ideas, noting that the wellness program is very important to members. The Board encouraged staff to explore options that reduce the tax implications with the goal of continuing to provide the wellness benefit to members. The Board also directed staff to look at ways the program could be maintained by further examining the tax reporting challenges and possible remedies.

MS. WASSIM MOVED TO TEMPORARILY SUSPEND THE \$250 WELLNESS INCENTIVE AND HEALTH CLUB CREDIT REIMBURSEMENT EFFECTIVE JANUARY 1, 2017 WITH THE GOAL OF EVALUATING AND DEVELOPING OPTIONS FOR THE PROGRAM FOR IMPLEMENTATION BY JULY 1, 2017. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Ms. Wassim, and Chairman Strinden

Nays: Mr. Trenbeath

Absent: Representative Anderson

MOTION PASSED

Mr. Collins indicated that communication will be sent to all members relating to the wellness program changes.

Highway Patrol Validation Results

Ms. Schiermeister reported that during the process of transitioning to the new actuary, the results of the 2015 valuations were replicated by Gabriel Roeder Smith (GRS). All plans were reviewed with the Board except for the Highway Patrol plan. The initial results of the Highway Patrol plan review were not as close as expected and further analysis was therefore conducted. GRS determined the method Segal used for applying the Section 415 limits are different that GRS uses. Consequently, using the GRS method increases the employer contribution rate by 6% of pay. Mr. Collins reported that he will review the valuation results with the Highway Patrol leadership.

Dental/Vision Open Enrollment

Ms. Fricke reported that with the portability of the retiree health insurance credit (RHIC) benefit, staff has heard from a limited number of retirees that are not able to use the benefit because they do not have out-of-pocket health or prescription drug coverage premiums from other sources. It has also been observed by some of those retirees that they did not enroll in the PERS dental or vision plans upon retirement or did not enroll during other qualifying events available to them. Retirees also indicated that the credit they are unable to use presently they would use if they could enroll in the PERS dental or vision plans. In recognition of this concern, staff has identified the option of a one time enrollment election for retirees to apply for dental/vision coverage through PERS.

Ms. Murtha indicated she reviewed the administrative rules and there are concerns with how this special enrollment would be applied. The rules identify the qualifying events that allow a retiree to enroll in an insurance plan. Ms. Murtha continues to review with a colleague to determine if the rule sets the limit or there is flexibility beyond that.

The Board discussed this option and directed staff to continue to develop it for further consideration by the Board at a future meeting.

Sanford Health Plan Implementation

Mr. Collins updated the Board on the implementation. He indicated staff will continue to finish the work on the request for proposal that was started last summer. He summarized that as of this date, we have completed the health plan renewal, have forwarded onto the Governor's Office and advised our members/participating employers. Mr. Collins developed talking points relating to the renewal. The Board had suggestions and concurred.

The meeting adjourned at 10:00 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board