

MINUTES

North Dakota Public Employees Retirement System
ND Association of Counties, 1661 Capitol Way, Bismarck
Tuesday, February 11, 2020
8:30 A.M.

Members Present: Chairman Mark Dosch
Representative Jason Dockter
Senator John Grabinger
Ms. Casey Goodhouse
Mr. Adam Miller
Ms. Kim Wassim
Ms. Mylynn Tufte
Ms. Yvonne Smith
Mr. Troy Seibel

Others Present: Mr. Scott Miller, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Mr. Steve Webster, SHP
Mr. Jim Wynstra, SHP
Mr. Danny Weiss, SHP
Ms. Kelly Kettlewell, OptumRx
Mr. Christopher Ciano, OptumRx
Mr. James Roberson, OptumRx

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

Chairman Dosch called for any questions or comments regarding the minutes of the January 14, 2020 meeting.

SENATOR GRABINGER MOVED APPROVAL OF THE JANUARY 14, 2020 MEETING MINUTES. THE MOTION WAS SECONDED BY MS. SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

Sanford Health Plan Member Executive Summary Quarter 3

Members of the Sanford Health Plan (SHP) were in attendance to present the 2019 Quarter 3 Executive Summary.

Mr. Steve Webster began the presentation with highlights of annual membership data and trends, fitness center reimbursement, health assessment, and online wellness activities. Membership for 2019 was stable overall but there was a slight net decline due to two groups leaving and one group joining the health plan.

Mr. Jim Wynstra provided a "back to basics" overview for the benefit of new board members. He reviewed claims analysis information and provided comparisons from Quarter 3 of 2018 to Quarter 3 of 2019 for the Actives, Early Retirees and Medicare Retiree groups, and noted that the overall trend is good, and the Health Plan is where it should be. In discussing claims, Mr. Wynstra mentioned that roughly 20 percent of claims going out of state are necessary, citing Mayo Clinic as an example. In comparing total paid high dollar claimants from the periods July 2017 to June 2018, and July 2018 to June 2019, the number of Active members in this category (an amount over \$100,000 per member), dipped from 295 to 283. He noted that large claims take longer to pay because of the audit time involved.

Mr. Danny Weiss provided an overview of high dollar pharmaceutical cases and the highest paid diagnosis groups. Oncology continues to trend as the largest claims. SHP strives to make sure members are receiving the most effective treatment as quickly as possible. Mr. Weiss indicated there are five high-cost gene therapies coming this year which would be very concerning to a self-insured plan. He discussed a new drug that has a \$2.2 million price tag for a one-dose gene therapy. This is the highest cost in the nation and has already been used on an NDPERS plan member.

Mr. Webster shared information about the Dakota Wellness Programs and member participation in fitness center reimbursement, health assessments, online wellness activities and lifestyle medicine programs such as Exercise is Medicine, Diabetes Prevention Program and Omada Health (a new virtual diabetes prevention program). Sanford Health Plan offered a webinar on how to use the Wellness Program, and of the 900 members registered, 600 members participated. This marks the highest level of participation.

Mr. Webster concluded the Executive Summary presentation with an overview of performance standards and guarantees. The measurements of two health outcomes, breast cancer screening rates and cervical cancer screening rates, continue to be the most challenging in reaching the performance standards.

Discussion followed.

OptumRx Annual Update

Representatives from OptumRx outlined the Pharmacy Benefit Manager (PBM) services provided through Sanford Health Plan.

Kelly Kettlewell, SVP, Client Management, gave an introduction of OptumRx's pharmacy care services, discussing the number of prescriptions processed, total pharmacy dollars spent, pharmacy members served, and annual investments made to technology and innovation. She provided insight into their relationship with Sanford Health Plan, helping to grow while containing costs, managing challenges and support to membership, and

OptumRx's ability to bring ideas from other plans on what was successful in driving member engagement.

Mr. Chris Ciano, Vice President, Clinical Consulting, discussed their custom formulary expertise and capabilities, and the collaboration and partnership they have with Sanford Health Plan. He called attention to their unique systems capabilities and management tools and spoke about the benefits of a pharmacist clinical coder who evaluates and optimizes plan benefit designs according to client intent.

James Roberson, Senior Director, Client Management, provided an overview of PreCheckMyScript (PCMS) to make the health system work better for everyone by empowering prescribers at the point of prescription, most beneficial to those utilizing independent and stand-alone systems. He noted that 40 percent of members walk away without filling their prescriptions. Mr. Roberson compared key differences between PCMS and standard ePrescribing and stated that with PCMS, the process of filling a script is more efficient and informed, saving time and money while improving the customer experience.

Representatives from OptumRx concluded their presentation with an Executive Summary covering clinical strategies and initiatives, current clinical programs, current cost/formulary management, and rebate transparency. Discussion followed.

THE BOARD TOOK A SHORT BREAK FROM 10:12 A.M. TO 10:23 A.M.

GROUP INSURANCE

Insurance Updates

Ms. Rebecca Fricke reported on the results of the flu vaccination clinics held last fall. She also provided annual enrollment numbers including information about elective insurance plans and supplemental savings.

Health Plan RFP Timeline

Mr. Bryan Reinhardt shared a proposed timeline for the Health Plan Request for Proposal process.

Implications of HB 1374 on Medicare Part D Plan

Ms. Rebecca Fricke provided an update related to House Bill 1374 and language in subsection 3. She reported that following the renewal with Express Scripts Incorporated (ESI) for the 2020 plan year, staff requested ESI review the changes made to NDCC 54-52.1-04.16 to determine the potential impact of language in subsection 3 which did not exempt the Medicare Part D plan.

To comply with the transparency language in HB 1374, ESI is willing to provide aggregate values for rebates and manufacturer administrative fees (MAF) but has asked for confirmation of agreement to the definitions of rebates and manufacturer administrative

fees. ESI interprets the following terms 1) “rebates” mean retrospective formulary rebates that are paid to ESI pursuant to the terms of a formulary rebate contract negotiated independently by ESI and directly attributable to the utilization of certain Covered Drugs by Members, and 2) “manufacturer administrative fees” means those administrative fees paid by manufacturers to ESI pursuant to a contract between ESI and the manufacturer in connection with ESI’s administering, invoicing, allocating and collecting the Rebates under the Rebate program. Further, ESI has agreed to supply the rebate and manufacturer administrative fees information in an annual aggregated fashion with no charge.

Staff sought the guidance of Deloitte Consulting and the North Dakota Insurance Department (NDID) concerning ESI’s statement that they did not feel the provisions of subsection 3 applied to our contract since our actual contract is with Medco Containment Life Insurance Company (MCLIC) and not directly with ESI for our Part D services. Ms. Fricke shared information staff had received from Deloitte and NDID.

Discussion followed.

MR. SEIBEL MOVED TO ACCEPT THE PROPOSAL FROM EXPRESS SCRIPTS INC. (ESI) TO PROVIDE, AT NO ADDITIONAL CHARGE, AGGREGATE DATA RELATED TO REBATES AND MANUFACTURER ADMINISTRATIVE FEES IN AN ATTEMPT TO COMPLY WITH THE INTENT OF THE REQUIREMENT OF TRANSPARENCY IN NDCC 54-52.1-04.16(3) AS NDPERS CONTRACTS WITH MEDCO CONTAINMENT LIFE INSURANCE COMPANY (MCLIC) AND NOT DIRECTLY WITH ESI FOR PART D SERVICES. FURTHER, TO ACCEPT THE DEFINITIONS AS ESI HAS PROVIDED RELATIVE TO THE TERMS ‘REBATES’ AND ‘MANUFACTURER ADMINISTRATIVE FEE’. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Ms. Tufte, Ms. Smith and Chairman Dosch.

Nays: None

Absent: None

MOTION PASSED

RETIREMENT

Provider Fiduciary Language Amendment Update

Mr. Scott Miller reviewed discussion from the October 2019 meeting when the Board approved a fiduciary responsibilities amendment to be added to all non-Companion Plan NDPERS 457 Deferred Compensation provider contracts. The amendment was sent to each provider company with the deadline of January 31, 2020 to execute the amendment. Mr. Miller provided a summary of the responses and non-responses from the providers. Legal counsel suggested that further consideration of terminating any contracts be tabled

until the March meeting to allow time to confer with colleagues from the Office of Attorney General regarding the initial contract from 1998, a first amendment from 2001, and a second amendment in 2005. Discussion followed.

Legal counsel indicated Representative Dockter disclosed a conflict of interest regarding this topic when he stated he is a 457 Deferred Compensation advisor with Mass Mutual. Ms. Hicks advised the Board there needs to be a disclosure of the conflict of interest and a vote on whether Representative Dockter be allowed to continue in the discussion of this topic or if he be allowed to recuse himself from discussion and a vote on this matter. Representative Dockter requested that he be allowed to recuse himself. Ms. Hicks indicated that the Rule of Necessity does not govern here today as there is a quorum of board members present without his vote.

SENATOR GRABINGER MOVED TO ALLOW REPRESENTATIVE DOCKTER TO RECUSE HIMSELF FROM DISCUSSION AND VOTING. THE MOTION WAS SECONDED BY MR. SEIBEL.

Ayes: Ms. Goodhouse, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Mr. Seibel, Ms. Tufte, Ms. Smith and Chairman Dosch.

Nays: None

Absent: Representative Dockter

MOTION PASSED

IT WAS THE CONSENSUS OF THE BOARD TO DELAY FURTHER DISCUSSION UNTIL THE APRIL MEETING TO ALLOW STAFF AND LEGAL COUNSEL AMPLE TIME TO FURTHER RESEARCH OPTIONS.

Actuarial Experience Study

Mr. Scott Miller informed that board that a set fee for actuarial services was not included in the contract with GRS Consulting. Mr. Miller provided background about pricing from the previous consultant and experience study. GRS Consulting has proposed a fixed fee of \$55,000 to prepare the study. Discussion followed.

MS. SMITH MOVED TO APPROVE THE PROPOSAL OF A FIXED-FEE OF \$55,000 FROM GRS CONSULTING AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN AN AMENDMENT TO THE CURRENT CONTRACT. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Ms. Wassim, Senator Grabinger, Mr. Adam Miller, Representative Dockter, Mr. Seibel, Ms. Tufte, Ms. Smith and Chairman Dosch.

Nays: None

Absent: None

MOTION PASSED

Retirement Tier Membership Date

Mr. Scott Miller reported that in the process of programming the new retirement tier into the PERSLink pension administration system, it was questioned whether a person's beginning employment date, or their membership date, is the basis for membership in the new 2020 tier. The concern lies with the lack of definition of the terms "enrolled" and "member" in NDCC §54-01(11) and the effect of differing payroll cycles. Discussion followed.

IT WAS THE CONSENSUS OF THE BOARD TO DELAY FURTHER DISCUSSION UNTIL THE MARCH MEETING TO ALLOW STAFF AND LEGAL COUNSEL TO DO FURTHER RESEARCH.

MISCELLANEOUS

Proposed Legislation

At the February meeting, the Board approved moving forward with four bill drafts: technical corrections bill; penalty bill; HB 1374 exemption for the Part D plan; and the deferred compensation administrative expenses bill. Mr. Scott Miller reported that Highway Patrol is expected to meet next week and will advise PERS what they would like to pursue for a funding bill. The Board continued their discussion from the last meeting about options for contribution increases to the Main Plan and Judges Plan. Discussion followed.

Mr. Miller stated that the outside federal tax specialists, Ice Miller, advised staff that the new age at which required minimum distributions must begin (age 72), went into effect on January 1, 2020, and that we should introduce legislation to make those changes. In response, Mr. Miller revised the Technical Corrections bill and forwarded to revised draft to the Attorney General's Office for legal review. Discussion followed.

THE BOARD DIRECTED STAFF TO PREPARE FOUR CONTRIBUTION INCREASE BILL DRAFTS FOR CONSIDERATION AT THE MARCH MEETING.

Executive Director Performance Review and Compensation Committee

Mr. Scott Miller discussed the process of conducting the annual evaluation of the performance of the Executive Director. Mr. Miller indicated it may be necessary to begin the process earlier than in past years in order to determine how much of the performance increase pool of money is available for distribution to staff. The other proposed change is the addition of a staff evaluation of the Executive Director. Chairman Dosch called for volunteers to serve on the Executive Director Performance Review and Compensation Committee. The Chairman appointed Ms. Wassim, Ms. Goodhouse and Representative Dockter to the Committee. Ms. Lund will coordinate the distribution of the performance

document to the full board and schedule a meeting of the committee to discuss the results of the evaluation with Mr. Miller according with the timeline presented.

Chairman Mark Dosch informed the Board of his decision to resign from the NDPERS Board effective February 15, 2020. Mr. Scott Miller presented Chairman Dosch with an engraved plaque in recognition of dedicated service to the Board and to the membership of NDPERS. Board members took a few minutes to express their appreciation to Chairman Dosch.

Operational Update

Mr. Derrick Hohbein presented a comprehensive update of work done and progress made on projects since his last report at the June 2019 meeting. The report included goals identified by staff and initiatives they plan to work towards. The detailed list was included in the February board book. Mr. Hohbein spoke about the importance of celebrating successes and achievements and less focus on negatives and shortfalls.

Mr. Troy Siebel presided over the remainder of the Board Meeting.

Member Experience Annual Report

Ms. Aime Miller gave an overview of feedback received from members during 2019. She explained that feedback previously was solicited using printed cards mailed to the members. Over the past year the process was changed to an electronic method of soliciting feedback based on 'contact tickets' that met certain criteria. This has resulted in a great increase in responses. After analyzing the comments, the majority stated they had a positive experience with NDPERS, and none offered suggestions for improvement. As in previous years, long on-hold and call back times continues to be an area for improvement. Discussion followed.

After completing all agenda items, Mr. Seibel called for any other business or comments. Hearing none the meeting was adjourned at 12:33 p.m.

Prepared by,

Jan Lund