

MINUTES

**North Dakota Public Employees Retirement System
ND Association of Counties – 1661 Capitol Way, Bismarck
Tuesday, February 12, 2019
8:30 A.M.**

Members Present: Chairman Mark Dosch
Senator Dick Dever
Ms. Casey Goodhouse
Mr. Adam Miller
Ms. Kim Wassim
Mr. Dirk Wilke
Ms. Yvonne Smith
Mr. Troy Seibel

Via Phone: Representative Anderson

Others Present: Mr. Scott Miller, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Jan Lund, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Anderson, NDPERS
Ms. Aime Miller, NDPERS
Ms. Darby Henke, NDPERS
Mr. Anders Odegaard, Office of Attorney General
Mr. Kirk Zimmer, SHP
Mr. Steve Webster, SHP
Mr. Mike Klepatz, SHP
Mr. Danny Weiss, SHP
Mr. Jim Wynstra, SHP
Ms. Katie Nermoe, SHP
Ms. Whitney Kuch, SHP
Ms. Angela Oberg, SHP
Ms. Lisa Carlson, SHP
Mr. Sean Cleary, Office of the Governor
Ms. Denise Van Keulen, OptumRx
Mr. Joshn Van Ginkel, OptumRx
Mr. Mike Schwab, NDPhA
Mr. Jesse Rue, NDPSC
Mr. Kevin Schoenborn, BCBS

Chairman Dosch called the meeting to order at 8:30 a.m.

Chairman Dosch called for any questions or comments regarding the minutes of the January 8, 2019 Regular meeting and the January 24, 2019 Special meeting.

MS. SMITH MOVED APPROVAL OF THE MINUTES FOR THE JANUARY 8, 2019, MEETING AND THE JANUARY 24, 2019, SPECIAL MEETING. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

Sanford Health Plan Executive Summary Quarter 3

Sanford Health Plan distributed copies of the Executive Summary (was also included in the board materials).

Mr. Steve Webster reviewed summaries of annual membership data and trends, fitness center reimbursement, health assessment and online wellness activities.

Mr. Jim Wynstra reviewed claims analysis information for the first three quarters of 2018 for Actives, Early Retirees and Medicare Retirees groups. He pointed out that 2018 Quarter 3 claims for the actives group is a sound comparison to Q3 2017. Mr. Wynstra also summarized total claims paid in-state versus out-of-state and provided comments on high-dollar cases over \$100,000 per member for Actives and Early Retirees.

Mr. Danny Weiss provided detailed information about high dollar pharmaceutical cases, the highest paid diagnosis groups, and information about generic utilization and specialty drug utilization rates. Mr. Weiss discussed new methods and cutting-edge technology in the treatment of cancer. He gave the example of immunotherapy cancer therapy which is a very effective and exciting, but also very expensive, DNA technology, at a cost of \$400,000 per treatment.

Mr. Weiss noted that the generic utilization rate is stable and provided comments on specialty trends and the change made to migrate cancer oral therapy from medical to a pharmacy benefit.

Ms. Katie Nermoe provided an overview of wellness activity for 2018 and indicated that information about the Governor's Wellness Initiative will be included in the Executive Summary for Quarter 4. Ms. Nermoe summarized results of Wellness Coordinator "Recharge" Events held August 1-16 in Fargo, Grand Forks, Dickinson, Bismarck and Minot. She concluded her presentation with information on the successful Tobacco Cessation Program.

Mr. Webster closed the Executive Summary presentation with a review of Member Management and Sanford Health Plan Performance Standards and Guarantees for 2017-2019. Two measures, Breast Cancer Screening Rates and Cervical Cancer Screening Rates, fell below goal. To address this, Sanford Health Plan has planned a targeted mailing campaign to a specific age category who meet certain criteria.

Discussion followed.

GROUP INSURANCE

SHP Pharmacy Benefit Manager (PBM) Transition Update

Ms. Denise Van Keulen and Mr. Josh Van Ginkel, OptumRx, were at the meeting to discuss questions and concerns with the PBM transition. Mr. Van Ginkel provided information relative to contracts with the pharmacies and the efforts by OptumRx in working to create an adequate network that meets state requirements. Mr. Van Ginkel discussed network engagement and responsiveness to pharmacy concerns. Since January 1st, OptumRx has had over 700 interactions with North Dakota Pharmacies. Of those interactions, only 65 were related to reimbursement, and those questions centered around the amount of reimbursement, confusion about what applies, and requests for copies of their contracts. Two-thirds of inquiries were from rural pharmacies. OptumRx stated they have daily strategy calls with Sanford Health Plan officials and that all inquiries from the first three weeks of the year have been closed. Normal response time to inquiries from pharmacies is 5 days; that has been shortened to 24 hours to reply to pharmacy inquiries with a confirmation of receipt at a minimum.

Discussion followed.

THE BOARD TOOK A BRIEF BREAK FROM 10:05 TO 10:21.

Mr. Scott Miller indicated this agenda item has been noticed as Executive Session for discussion between a governing body and its attorney should the Board wish to discuss the matter in closed session.

MR. SEIBEL MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1 FOR DISCUSSION BETWEEN A GOVERNING BODY AND ITS ATTORNEY IN INSTANCES IN WHICH THE GOVERNING BODY SEEKS OR RECEIVES THE ATTORNEY'S ADVICE. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Nays: None

Absent: Representative Anderson

MOTION PASSED

All trustees and some PERS staff named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:23 a.m.

The Board returned to open session at 10:40 a.m.

SHP Wellness Portal Change

NDPERS was notified by Sanford Health Plan of their intent to transition the online wellness portal from Novu to StayWell effective July 1, 2019. Ms. Fricke shared staff concern with the start of the new platform midyear and the potential for member disruption. Ms. Fricke cited past incidents of member disruptions with the online wellness portal. SHP is not able to extend the contract with Novu because the portal would no longer be accredited. SHP and StayWell provided NDPERS staff with a demo of the new portal. The StayWell portal does have features that staff believes our members will find beneficial. These include the ability to retro-enter activities, live access to wellness coaches, more comprehensive device synchronization, and a tracker showing the amount of their \$250 wellness benefit they have left to earn. In addition, it appears there may be some additional functionality that may be able to be used for reporting onsite wellness vouchers that will be explored further. These enhancements may help mitigate any concerns with member disruption in a mid-year change.

Discussion followed.

Employee Assistance Program (EAP) Request for Proposal (RFP)

Mr. Reinhardt informed the Board that the Employee Assistance Program is up for renewal for 2019-2021. Currently, there are four active EAP contracts: St. Alexius Employee Assistance Program, The Village Business Institute EAP, Live Well Solutions, and Deer Oaks. Each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees.

The final EAP RFP will be brought back for final approval at the March Board Meeting.

Discussion followed.

RETIREMENT

Disability Contract Renewal/Rebid

Ms. Anderson provided information about the disability consulting contract with Mid Dakota Clinic that will expire at the end of the biennium. Mid Dakota Clinic has indicated they wish to continue to perform these services for NDPERS at the rate of \$200 an hour for the July 1, 2019 through June 30, 2021 contract period. This is the eleventh year with no increase requested by Mid Dakota Clinic. Ms. Anderson stated that staff is satisfied with the service provided by Mid Dakota Clinic and recommends renewing the contract.

MR. SEIBEL MOVED TO APPROVE THE CONTRACT WITH MID DAKOTA CLINIC FOR THE DISABILITY CONSULTING CONTRACT FOR THE PERIOD OF JULY 1, 2019 THROUGH JUNE 30, 2021, AT AN HOURLY RATE OF \$200. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Mr. Seibel, Senator Dever, Ms. Wassim, Mr. Adam Miller, Mr. Wilke, Representative Anderson, Ms. Smith and Chairman Dosch.

Nays: None

Absent: None

MOTION PASSED

MISCELLANEOUS

Legislative Update

Mr. Scott Miller provided an update on the status of several bills filed with the Legislative assembly that would directly affect NDPERS if passed.

Mr. Miller pointed out a development with HB 1419, which had proposed to close the Defined Benefit plan for all employees and require new state employees to go into the Defined Contribution plan. After the initial hearing on the bill, the House Government and Veterans Affairs Committee adopted an amendment removing all portions of the bill other than the requirement of the consideration by Legislative Management of a study of various alternative retirement plans and was passed out of committee.

For more information on the bills and links to testimony presented, the Board was invited to visit the NDPERS website: <https://ndpers.nd.gov/legislation-update>.

Discussion followed.

MR. SEIBEL MOVED THAT STAFF TAKE A NEUTRAL POSITION ON HB 1419. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Goodhouse, Mr. Seibel, Representative Anderson, Mr. Adam Miller, Senator Dever, Mr. Wilke, Ms. Smith and Chairman Dosch.

Nays: Ms. Wassim

Absent: None

MOTION PASSED

Board Election

Ms. Aime Miller informed the Board that the term of Board members Yvonne Smith (retiree elected) and Casey Goodhouse (active elected) will expire on June 30, 2019. She shared the 2019 election schedule developed in compliance with election rules. The NDPERS Board must appoint a committee of three from its membership, one of whom must be designated as chair to oversee the election process.

REPRESENTATIVE ANDERSON MOVED TO APPOINT MS. WASSIM, MR. ADAM MILLER AND MR. SEIBEL TO SERVE ON THE ELECTION SUBCOMMITTEE AND MR. ADAM MILLER TO SERVE AS CHAIR. THE MOTION WAS SECONDED BY SENATOR DEVER.

Ayes: Ms. Goodhouse, Mr. Seibel, Representative Anderson, Mr. Adam Miller, Ms. Wassim, Senator Dever, Mr. Wilke, Ms. Smith and Chairman Dosch.

Nays: None

Absent: None

MOTION PASSED

Customer Experience Report 2018

Ms. Schiermeister recapped results of customer satisfaction surveys for 2018 and mentioned the change made in the 4th quarter to move to electronic customer experience surveys. Average ratings for the past 4 years show overall satisfaction with our customer service. There has been a slight decline in our ratings the past two years which we feel is reflective of reaching our capacity to provide the exceptional level of customer service our members have come to expect. The volume of members requesting services has increased due to the Voluntary Separation Incentive Program (VSIP) offered in 2017 and 2018, the change in retirement benefit option factors in 2017, and the change in service purchase methodology in 2017-18.

Discussion followed.

Administrative Rules Update

Ms. Schiermeister reported that the proposed rule changes regarding clarification of withdrawal liability calculations for an employer discontinuing participation in the retirement plan and retiree health insurance credit is on track. The proposed rules are on the March 14, 2019, agenda for the meeting of the Administrative Rules Committee. Providing there are no holds placed on them by the Committee, the new administrative rules will become effective April 1, 2019.

Code of Ethical Responsibility

In follow-up to the Fiduciary Responsibilities presentation at the December Board Meeting, Mr. Scott Miller presented a Code of Ethical Responsibility document for the Board's review and consideration in acknowledging and signing on an annual basis.

Discussion followed.

MS. SMITH MOVED APPROVAL OF THE CODE OF ETHICAL RESPONSIBILITY DOCUMENT, AND A JULY TIMEFRAME FOR ANNUAL CONSIDERATION. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Representative Anderson

MOTION PASSED

Board Planning Meeting Discussion

Mr. Scott Miller led discussion regarding a NDPERS Board strategic planning retreat to talk about operational issues, programmatic issues, future legislative objectives, and any other topics the Board would like to consider. A November timeframe was discussed; staff will explore dates and venues and report back.

Chairman Dosch called for any other business or comments. Hearing none the meeting was adjourned at 11:47 a.m.

Prepared by,

Jan Lund
Assistant to the Board