

MINUTES

**North Dakota Public Employees Retirement System
Conference Room – 400 East Broadway Avenue, Bismarck
Thursday, January 25, 2019
12:00 P.M.**

Members Present by phone: Chairman Mark Dosch
Senator Dick Dever
Representative Pamela Anderson
Ms. Casey Goodhouse
Mr. Adam Miller
Ms. Kim Wassim
Ms. Mylynn Tufte
Ms. Yvonne Smith
Mr. Troy Seibel
Mr. Steve Webster, SHP
Mr. Bryan Reinhardt, NDPERS

Others Present: Mr. Scott Miller, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Jan Lund, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Anderson, NDPERS
Ms. Aime Miller, NDPERS
Mr. Mike Klepatz, SHP
Mr. Danny Weiss, SHP
Ms. Lisa Carlson, SHP

Chairman Dosch called the Special Meeting to order at 12:00 p.m.

LEGISLATION

Senate Bill 2045

Mr. Scott Miller reviewed Senate Bill 2045 - technical corrections amendment. The amendment allows employers to make contributions to the NDPERS section 457 deferred compensation plan and allows members who have already received employer contributions to leave those contributions in the 457 plan for their retirement. PERS staff testified in favor of this bill and amendment.

Senate Bill No. 2226

This is the Governor's proposal to create a third health insurance option to go with our current grandfathered plan and our HDHP plan. The third option would be a non-grandfathered plan for which the State would pay the full family premium and employees would have the option to buy-up to the grandfathered plan, which is currently \$28 a month higher. The non-grandfathered plan has additional benefits, but higher deductibles and out-of-pocket maximums, it also provides a \$500/year incentive for people to choose the HDHP. Discussion followed.

MS. TUFTE MOVED APPROVAL FOR PERS STAFF TO PROVIDE TESTIMONY IN SUPPORT OF SB 2226. THE MOTION FAILED DUE TO LACK OF A SECOND.

MS. WASSIM MOVED APPROVAL FOR PERS STAFF TO REMAIN NEUTRAL ON SB 2226. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: None

MOTION PASSED

Senate Bill 2227

This bill combines the effect of SBs 2046 (RHIC Elimination), 2047 (Benefit Multiplier Change) and 2048 (4th Year of Recovery Plan, Additional Contributions) and provides for a one-time, \$265 million deposit into the DB plan. Discussion followed.

REPRESENTATIVE ANDERSON MOVED APPROVAL FOR PERS STAFF TO TESTIFY IN SUPPORT OF SB 2227. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: None

MOTION PASSED

Senate Bill 2233

This legislation would mandate that health insurance policies provide coverage for infertility treatment. The NDPERS group health plan currently covers infertility treatments, but SB 2233 expands that coverage and reduces member cost share. Section 3 of SB 2233 states that this mandate is not subject to NDCC section 54-03-28, which requires all health insurance mandates to be first applicable to NDPERS for a biennium and requires NDPERS to report on the effect of the mandate. Thus, there is no NDPERS report. SHP reports a premium increase of 0.1% due to the change. Discussion followed.

MR. SEIBEL MOVED APPROVAL FOR PERS STAFF TO REMAIN NEUTRAL ON SB2226. THE MOTION WAS SECONDED BY REPRESENTATIVE ANDERSON.

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

Nays: Chairman Dosch

Absent: None

MOTION PASSED

House Bill 1374

This bill requires the Department of Human Services (DHS) to open their Pharmacy Benefit Manager (PBM) program to several entities and requires NDPERS to use the DHS PBM, eliminating a PBM search from the general requirement that we contract for these services through a competitive bid process. Discussion followed.

SENATOR DEVER MOVED APPROVAL FOR PERS STAFF TO OPPOSE HB 1374. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: None

MOTION PASSED

House Bill 1419

This bill transfers \$20 million/year from the Strategic Investment and Improvements Fund (SIIF) into the NDPERS fund until it is 100% funded and closes the defined benefit (DB) plan to new state and political subdivision employees after December 31, 2024. All new state employees go into the defined contribution (DC) plan. The DC plan does not currently allow political subdivision employees, and this bill did not change that. It would not apply to judges, national guard or a public safety members. The change for political subdivisions was in error and may result in an amendment to keep the DB plan open for them. The bill also allows current state DB plan members to elect to transfer into the DC plan and DC members vest 100% in the employer contribution after one year - currently they vest 25% per year over four years. Mr. Miller provided administrative notes and notes from the consultant. Discussion followed.

SENATOR DEVER MOVED APPROVAL FOR PERS STAFF TO OPPOSE HB 1419. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Senator Dever and Representative Anderson

MOTION PASSED

House Bill 1469

This bill prohibits a pharmacy benefit manager (PBM) from imposing a step therapy protocol for patients with metastatic cancer. Sanford Health Plan (SHP) indicates there is no actuarial impact for the NDPERS plan since we do not require step therapy for oncology

drugs. ESI, the PBM for our Medicare Part D plan, does use step therapy, but advised us this will not have an impact. Discussion followed.

MR. SEIBEL MOVED APPROVAL FOR PERS STAFF TO REMAIN NEUTRAL ON HB 1469. THE MOTION WAS SECONDED BY REPRESENTATIVE ANDERSON.

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

Nays: None

Absent: Senator Dever and Representative Anderson

MOTION PASSED

House Bill 1500

This bill restructures the State Board of Higher Education and certain provisions referenced NDPERS statutes. This has no impact on NDPERS.

House Bill 1509

This bill requires a paid family medical leave program to allow an eligible employee to maintain their existing benefits while taking leave. The paid family medical leave fund is created in the Workforce Safety and Insurance Fund, which administers the program and makes the payments. We do not believe the bill has an impact on NDPERS.

House Bill 1106

House Bill 1106 requires the Insurance Department to assess health insurers that are writing group health benefit plans in the state. That would include any insurer providing health insurance to the state through the uniform group insurance program that NDPERS administers. Insurers providing health insurance to the state through the uniform group insurance program would potentially pass that assessment on to us through premium increases. SHP confirmed it would have increased our premiums by 1-1.5%. PERS brought this to the Insurance Department's attention, and the House IBL Committee, in which we testified in a neutral position pending the Board's input. The Bill was amended to exempt a health insurance plan through our uniform group insurance program. Discussion followed.

MR. SEIBEL MOVED APPROVAL FOR PERS STAFF TO REMAIN NEUTRAL ON HB 1469. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Senator Dever and Representative Anderson

MOTION PASSED

House Bill 1499

The Employee Benefits Programs Committee heard this bill over the interim. It proposes to limit the jurisdiction of that Committee. They still must take jurisdiction over bills submitted by non-legislative entities, but Legislators and legislative initiatives that would affect a PERS system would no longer have to go through the Committee's vetting process. That creates a significant risk, including actuarial, tax qualification, administrative, and unfunded mandate risks. Mr. Scott Miller recommended that the Board take an opposed position on this bill, given the very significant risks to the plans were this bill to pass. Discussion followed.

MS. SMITH MOVED APPROVAL FOR PERS STAFF TO OPPOSE HB 1499. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Senator Dever and Representative Anderson

MOTION PASSED

Chairman Dosch called for any other business or comments. Hearing none the meeting was adjourned at 1:10 p.m.

Prepared by,

Jan Lund
Assistant to the Board