

MINUTES

**North Dakota Public Employees Retirement System
ND Association of Counties, 1661 Capitol Way, Bismarck
Tuesday, March 10, 2020
8:30 A.M.**

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

Members Via Phone: Ms. Yvonne Smith

Members Absent: Chairperson Rindy

Others Present: Mr. Scott Miller, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Mr. Steve Webster, SHP
Mr. Danny Weiss, SHP
Ms. Anita Spencer, ASIFlex
Ms. Brianna Hendrickson, ESI
Mr. Harris Zeyae, ESI
Mr. Chris Auberger, ESI
Mr. David Hunter, RIO

Troy Seibel called the meeting to order at 8:32 a.m.

Mr. Seibel called for any questions or comments regarding the minutes of the February 11, 2020 meeting.

MS. WASSIM MOVED APPROVAL OF THE FEBRUARY 11, 2020 MEETING MINUTES. THE MOTION WAS SECONDED BY MS. TUFTE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

ASIFlex

Anita Spencer, Account Manager for ASIFlex, presented an annual update regarding the Retiree Health Insurance Credit (RHIC) program and the Flexible Spending Account (FSA) administrative services. ASIFlex has been the third-party administrator for RHIC since July 2015. RHIC reimburses retirees for insurance premiums including Medicare Part B, Medicare supplements, Medicare Part D, Dental, Vision and Long-Term Care. ASIFlex is migrating from a fiscal year to a calendar year to align with Medicare billing.

This change will be beneficial to retirees. Retirees may submit claims through the mail or electronically on the website by logging into their account with reimbursement received in three days or less by direct deposit or by check. Ms. Spencer stated that 91 percent of reimbursements are received through direct deposit and over twelve thousand retirees had submitted over seventy-four thousand claims from July 1, 2019 through February 20, 2020. Utilization of the RHIC benefit increases each year.

The NDPERS FlexComp Plan for Actives includes pre-tax medical flexible spending account for copays, deductibles, coinsurance, medical, dental, vision care and over-the-counter health care products and pre-tax dependent care flexible spending accounts for work-related dependent care expenses. Ms. Spencer reviewed ASIFlex card utilization. Flex spending cards account for more than seventy-six percent of payment methods for eligible medical expenses.

Ms. Spencer concluded the presentation with a summary of the 229 responses received from a customer experience survey that was emailed to 2,576 of the 2019 FSA participants.

Express Scripts Incorporated (ESI).

Ms. Brianna Hendrickson, Senior Account Executive, Mr. Harris Zeyae, Senior Clinical Account Executive, and Mr. Chris Auberger, Senior Director in Public Sector Division presented the 2019 Annual Report for the NDPERS Medicare Part D Plan. The information shared was centered around ESI's mission of making pharmacy simple, affordable and predictable.

Representatives from ESI provided information about current gene therapy utilization and genetic drugs in the pipeline. Bleeding disorders and oncology were identified as possible areas that would impact the NDPERS over-65 population. Using an individualized approach, some costs are covered under medical and some under the pharmacy benefit. ESI continues to closely monitor oncology and hematology and NDPERS member utilization—it is a great benefit but at a high cost. Ms. Hendrickson reviewed and compared 2018 to 2019 top line performance metrics. She mentioned that due to the social distancing guidelines related to COVID-19, the rate of retail 90-day fill utilization is expected to shift to home delivery. ESI reports a very satisfactory NDPERS generic fill utilization rate that is slightly above book of business rate of prescription fills.

ESI representatives provided an update on the Advanced Opioid Management Program. The Centers for Disease Control and Prevention's Morbidity and Mortality Weekly Report states that with a ten-day supply of opioids, one in five will become long-term users, and it impacts all people regardless of age, gender, or occupation. They discussed the overall magnitude of the crisis of more overdoses are caused by prescription drugs than illegal drugs and it is estimated that two million people are addicted and abusing opioids. They described ESI's three-prong approach to opioid management as working with the pharmacy to decrease dosage and alerts to multiple prescribers; providing educational

materials to patients and disposal bags to prevent stealing, selling, or sharing; and working with physicians with point of care alerts and prescriber education. ESI noted that the gender distribution of opioids is more women than men are filling opioid prescriptions.

ESI concluded the presentation by discussing areas they are working on such as enhancing physician access to information as well as member access to information; real-time information for diabetes; e-prescribing hub partnership, digital tools and data shared across many platforms—for example “Hey Alexa, open my app”.

GROUP INSURANCE

Sanford Health Plan Updates

Ms. Rebecca Fricke reported that TIAA has transitioned to holding virtual meetings with members instead of face to face due to concern for the Coronavirus.

Mr. Steve Webster provided an update to the implementation of the virtual ID card phone application. The rollout was planned for first quarter but the target has been delayed as a result of internal business decisions. As the project is rescoped, the timeline has been revised and they expect to launch the application before the end of 2020. The virtual card will provide pharmacy information and display the ID card as well as give information about the plan contract. Providers will be able to scan the new ID card to get the member's health plan information. Discussion followed.

Mr. Webster outlined key details of the 2020 member experience survey that staff and SHP are preparing. He discussed survey goals, survey targets and sampling, distribution and response collection, survey questions and proposed timelines. The survey will be a random sample of 7,500 members age 18 years and older and will include questions about benefit utilization and satisfaction, demographics, and call center feedback. SHP will present results to the board in late summer. Discussion followed.

Mr. Danny Weiss provided a brief update on the Coronavirus as it relates to health plan coverage. He stated there is serious concern with vulnerable aged members and those with lung issues. The Federal government is covering the cost of the screening to prevent any cost barriers. SHP isn't aware of any other health plan that has been charged for the cost of tests. It was noted that there will not be a vaccine in time to make a difference. SHP is closely monitoring the situation and emphasized the need to follow CDC recommended guidelines, to use common sense regarding hoarding and to prepare for the possibility of quarantines. Should a member seek treatment for the virus, the cost will be covered like any other medical condition. Discussion followed.

The Board asked SHP to provide information regarding telemedicine as a covered benefit, options available for use, and a plan for communication with providers. Staff will followup.

2019 Employee Assistance Program (EAP) Utilization Report

Mr. Bryan Reinhardt presented the 2019 EAP utilization report. The data is self-reported, and the overall utilization rate is nearly seven percent. NextGen EAP (eni) is a new provider with only six months of data to report. Mr. Reinhardt noted that the per member fee has not been increased in several years and may influence the amount of education that the EAP providers have been offering.

Group Health Plan Request for Proposal (RFP) Update

Mr. Reinhardt recapped a discussion between staff and the health consultant, Deloitte regarding the development of the Request for Proposal in preparation for the health plan bid. Mr. Scott Miller presented a breakdown of the different bids that staff will be seeking.

Decision points discussed were:

Insurance -- Bundled: Fully insured medical and pharmacy (carve-in pharmacy); Self-insured medical and pharmacy (carve-in pharmacy), with and without stop-loss coverage. Unbundled: Fully insured medical only; Self-insured medical only, with and without stop-loss coverage; Self-insured pharmacy only (carve-out); and, fully insured pharmacy only (carve-out).

Stop-loss coverage -- Bundled medical and pharmacy stop-loss; Medical stop-loss only.

The Board also discussed the level of service to expect from a self-insurance carrier including staffing needs and expertise required for claims processing and appeals.

Mr. Miller discussed the possibility that the requirements of HB 1374 may result in very few or quite possibly no bids for pharmacy services, whether fully or self-insured. Mr. Miller suggested that the RFP include a request for parallel bids for both transparent pharmacy benefit manager (PBM) as required by HB 1374, and spread PBM services which would not comply with HB 1374.

With the rapid advancement of genetic therapy, and its associated high cost, there is concern for the risk associated with not having stop-loss insurance.

Discussion followed.

MS. GOODHOUSE MOVED TO APPROVE THE BID STRUCTURE AS OUTLINED IN THE BOARD MEMO, AND TO APPROVE THE SERVICES REQUESTED OF A SELF-INSURED CARRIER, ALONG WITH PARALLEL BIDS FOR TRANSPARENT AND SPREAD PHARMACY BENEFIT MANAGER SERVICES. THE MOTION WAS SECONDED BY MS. TUFTE.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

THE BOARD TOOK A SHORT BREAK FROM 10:18 A.M. TO 10:30 A.M.

RETIREMENT

Investment Report Quarter 4

Mr. Reinhardt presented the 4th quarter 2019 investment report for the 401(a) and 457 Companion Plans. The report reflected a stable number of participants in the two plans and an increase in assets as of the end of 2019. The increase in the number of active participants in the 457 Companion Plan is assumed to be a result of retirement preparation messaging in the open enrollment process. He summarized discussion from the Investment Subcommittee meeting regarding the performance of several funds and the recommendation of the committee.

Mr. David Hunter provided a mini market update and indicated that the fund is diversified and positioned to perform well with long term investing; and pointed out that over the years there have been more positive than negative years. He drew a comparison to 1987 when there was a 20 percent correction, but the year ended alright.

REPRESENTATIVE DOCKTER MOVED TO ACCEPT THE INVESTMENT SUBCOMMITTEE'S RECOMMENDATION TO CLOSE THE PIMCO TOTAL RETURN BOND FUND-PTRAX AND REPLACE IT WITH THE BAIR CORE PLUS BOND FUND-BCOSX. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

Investment Consultant Discussion

Mr. Scott Miller recapped discussion and action taken at the August Investment Subcommittee meeting to recommend going out to bid for an investment consultant for the Defined Contribution and 457 Companion Plans. At the August 2019 meeting the Board had discussed the recommendation but tabled the topic to obtain additional information. Mr. Miller reiterated that TIAA cannot be relied upon for information on investments that are TIAA products and there is a valid need for independent oversight of investments. Staff also recommends going out to bid for an investment consultant. Mr. David Hunter provided additional information about the benefit versus the cost of an

investment consultant. If the board chooses to go out to bid, the RFP will be brought to the board for final approval.

MS. WASSIM MOVED APPROVAL TO ISSUE A REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTANT SERVICES. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

Retiree Health Insurance Credit Contract Amendment

In January a contract extension with the third-party administrator was approved to allow for a transition from a fiscal year plan to a calendar year plan for the RHIC. Ms. Fricke presented the contract amendment for the board's approval.

SENATOR GRABINGER MOVED TO APPROVE THE CONTRACT AMENDMENT FOR RETIREE HEALTH INSURANCE CREDIT PLAN FOR THE JULY 1, 2021 THROUGH DECEMBER 31, 2021, CONTRACT PERIOD AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE CONTRACT AMENDMENT. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

Retirement Tier Membership Date

Ms. MaryJo Anderson reported on work done to define terms of "first enrolled" for future clarification and consistency in statute and the determination of the number of employees impacted. Ms. Anderson outlined the definition for the purposes of permanent and temporary employees. It was previously reported that potentially 70 members would be affected but now staff have identified only one member in each tier that would have their tier membership changed due to the proposed definition of "first enrolled." Discussion followed.

SENATOR GRABINGER MOVED TO ADOPT THE LANGUAGE DEFINING 'FIRST ENROLLED' FOR FUTURE CLARIFICATION AND CONSISTENCY OF TIER

MEMBERSHIP ENROLLMENT AS REPORTED BY THE EMPLOYER. THE MOTION WAS SECONDED BY MS. TUFTE.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

MISCELLANEOUS

Audit Committee Chair Position

Mr. Miller reported the resignation of Chairman Mark Dosch created a vacancy on the Audit Committee. It was recommended that board action be delayed until the April board meeting when the newly appointed board chair will be in attendance.

REPRESENTATIVE DOCKTER MOVED TO TABLE THIS AGENDA ITEM TO THE APRIL MEETING. THE MOTION WAS SECONDED BY MR. ADAM MILLER.

It was determined that a motion to table discussion was not necessary. Representative Dockter withdrew the motion, Mr. Miller withdrew the second.

The topic will be brought to the April meeting when the new Board Chair is in attendance.

Audit Committee Minutes and Matrix

The November 13, 2019 Audit Committee minutes and Charter Matrix were provided as information only.

Business System Upgrade

Mr. Derrick Hohbein provided an overview of the Model-View-View-Model (MVVM) business system upgrade to Member Self Service and Employer Self Service platforms. The upgrade allows users to view the application on devices of different screen sizes by making the portals scalable with faster screen loads and screen customization capabilities for employers. He discussed the use of contingency funds in order to continue the work effort. Implementing the Line of Business (LOB) upgrade at this time will result in a significant savings in cost and staff time to conduct necessary testing.

The second upgrade discussed is a Communication Engine that would provide the functionality to create, maintain, and publish communication going to external stakeholders.

The Office of Management and Budget stated the contingency fund was established because NDPERS is a special fund agency and it gives the Board the flexibility to

accommodate unforeseen situations or projects and is an amount the Legislative Assembly has approved. Further, OMB indicated these projects are in line with the purpose of the contingency fund.

Staff is seeking approval to transfer \$148,000 from the contingency fund to the operating expense line to pay for the upgrade to the Line of Business. If the agency continues to trend on budget, staff will bring back the Communication Engine upgrade for discussion later.

If the board approves the transfer of contingency funds, the Line of Business Statement of Work contract will be brought to the April meeting for approval.

Discussion followed.

MS. SMITH MOVED TO APPROVE THE TRANSFER OF \$148,000 IN CONTINGENCY FUNDS TO UPGRADE THE LINE OF BUSINESS PLATFORM TO MVVM. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

Proposed Legislation

Mr. Scott Miller recapped discussion from the February meeting regarding four bill drafts for funding options that were approved for submission to the Legislative Employee Benefits Programs Committee by the April 1 deadline. The Highway Patrol proposed three bill drafts. The first proposal is a one-time cash infusion of approximately \$8 million to get the Highway Patrol Fund to fully funded in 30 years. The second bill discussed is an employer contribution increase of 2% on January 1, 2022 and another increase of 2% on January 1, 2023. The third is a funding bill for a 0.75% increase for both the employer and the employee, plus authority to make employer and employee contributions for vacant positions.

Discussion followed.

REPRESENTATIVE DOCKTER MOVED TO REJECT A PROPOSAL FROM HIGHWAY PATROL TO PURSUE A FUNDING BILL FOR A ONE-TIME CASH INFUSION OF APPROXIMATELY \$8 MILLION TO GET THE HIGHWAY PATROL FUND TO FULLY-FUNDED IN 30 YEARS; AND TO REJECT A PROPOSAL FROM HIGHWAY PATROL TO PURSUE A FUNDING BILL FOR A 0.75% INCREASE FOR BOTH THE EMPLOYER AND THE EMPLOYEE PLUS AUTHORITY TO MAKE EMPLOYER AND

EMPLOYEE CONTRIBUTIONS FOR VACANT POSITIONS. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

MS. WASSIM MOVED APPROVAL TO SUBMIT THE FOLLOWING NINE BILL DRAFTS TO THE EMPLOYEE BENEFIT PROGRAMS COMMITTEE BY THE APRIL 1ST DEADLINE: 1) INCREASE EMPLOYER CONTRIBUTION TO ACTUARIALLY DETERMINED CONTRIBUTION (ADC) RATE; 2) EMPLOYER CONTRIBUTION INCREASE OF 2.0% TO GET TO A 30-YEAR FULLY FUNDED RATE; 3) EMPLOYER CONTRIBUTION INCREASE OF 1.95%; 4) 1% EMPLOYEE AND 1% EMPLOYER CONTRIBUTION INCREASE; 5) DEFERRED COMPENSATION ADMINISTRATIVE EXPENSES PAYMENT; 6) PROPOSED EXEMPTION FROM THE HB 1374 REQUIREMENTS FOR PART D PLAN; 7) PROPOSED PENALTY PROVISIONS FOR EMPLOYERS; 8) TECHNICAL CORRECTIONS BILL; 9) HIGHWAY PATROL 2% INCREASE ON JANUARY 1, 2022 AND ANOTHER INCREASE OF 2% ON JANUARY 1, 2023. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

August Board Meeting Date

Mr. Scott Miller stated that the date of the August Board Meeting conflicts with the National Association of State Retirement Administrators (NASRA) annual conference. He suggested the date of the Board Meeting be changed to either August 4 or August 18. Discussion followed.

MS. WASSIM MOVED TO APPROVAL TO CHANGE THE DATE OF THE AUGUST BOARD MEETING TO AUGUST 18TH. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

MEMBER

Hardship Withdrawal Case #603

MS. WASSIM MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.2, §44-04-19.2(1) AND §54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. TUFTE.

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

Nays: None

Absent: Chairperson Rindy

MOTION PASSED

All members named above and PERS staff were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:10 p.m.

The Board returned to open session at 12:21 p.m.

REPRESENTATIVE DOCKTER MOVED TO DENY THE MEMBER'S REQUEST FOR A HARDSHIP WITHDRAWAL FROM THE MEMBER'S 457 DEFERRED COMPENSATION ACCOUNT. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: Senator Grabinger

Absent: Chairperson Rindy

MOTION PASSED

Mr. Seibel called for any other business or comments. Hearing none the meeting was adjourned at 12:25 p.m.

Prepared by,

Jan Lund