

NDPERS RETIREE BENEFITS COMMITTEE

May 15, 2018

MINUTES

* - Present

BOARD MEMBERS: *Yvonne Smith

STAFF: *Bryan Reinhardt, *Rebecca Fricke, *MaryJo Anderson,
*Sharon Schiermeister

Guests: *David Zimmerman – ND Insurance Department

Interest Groups:

Membership Representatives: *Dave Zentner, *Weldee Baetsch, *Bill Lardy, *Ron Leingang,
*Deb Knudsen, *Curt Zimmerman, *DeNae Kautzmann

ND Capitol Peace Garden Room

Minutes

10:00 – Sharon started the meeting and thanked everyone for coming. The presentation started with the health plan. In 2020, plans that cover the Medicare Part-B deductible will not be allowed for new retirees. This will include the NDPERS plan which is a Plan – F lookalike. NDPERS will need to plan for this. Planning for January 1, 2020 will come quickly. Maybe a Plan – G which is the same as a Plan – F except for the Medicare Part-B deductible. Sanford health noted a 10%-11% reduction in premiums for their Plan-G benefits. If NDPERS does nothing, new retirees would need to go to the market for coverage. The group felt this needs to be done. Discussion followed that a Plan-G might even be better than the current Plan-F if there is a reduction in premiums of 10% and the deductible is only \$183. NDPERS will need to look if any legislation will be required to offer this or change the plan. The group favored a G-Plan and full conversion of the current plan should be explored. There will be a Plan-G HDHP, but the group didn't feel this needed to be looked at immediately as the \$2,000+ deductible appears high.

The presentation moved to the Medicare Part-D plan. Early projections from Express Scripts Inc. (ESI) indicate that no increase in premium would be needed for 2019. Different plan designs were modeled, but the change in benefits didn't lower the premiums much. The group did not think any of the changes were worth further consideration. What if Sanford switched PBMs? The current contract with ESI for the retiree EGWP plan is between NDPERS and ESI. The group discussed the NDPERS renewal and RFP process. The committee felt it couldn't hurt to go out to bid. The timing for the upcoming year would be tight. If Sanford switched, it would start soon. Since the Federal subsidy is not known until late summer, NDPERS would not get the final rates from ESI until late August. The group further discussed the topic and felt it would still be good to see what other TPAs would have to offer.

10:50 – The presentation turned to keeping the retiree medical and RX coverage bundled or should the NDPERS Board consider unbundling it. The NDPERS requirement to have both under the plan is confusing to members. We know there are cheaper plans available and the best choice is typically an individual decision. Both Sanford and ESI noted no immediate rate increase for unbundling. If NDPERS did unbundle, they could still offer a plan or completely get out of the RX coverage. The committee discussed the Part-D enrollment and many retiree do not analyze their coverage each year. The group felt NDPERS should continue to offer coverage and if unbundling were to be looked at, the 2020 plan year would make sense to go along with the overall plan changes discussed earlier. Dave Zimmerman from the state insurance office noted that the Medicare.GOV site is good, but would still, hopefully, get better.

Staff noted that the NDPERS plan is not on this web site, so members can't compare it to the other plans available. We might be able to have the carrier do something, but it is unlikely the government site would allow it to be compared with the market plans, since it is only available to NDPERS members. The group thought it would be OK for the NDPERS Board to look into unbundling.

11:30 – Sharon continued to go through the presentation and gave an update on other plans. The NDPERS proposed legislation includes several bills that address the retirement funding.

- 4th year recovery plan additional contributions
- Reduce the multiplier for new hires (increase back when 100% funded)
- Discontinue RHIC for new hires and move contributions to the retirement plan

All of these would help the funded status trend move upward. A combination of these would help the funded status reach 100% faster.

Other legislation includes allowing RHIC for other insurance instead of only NDPERS Dental & Vision and miscellaneous administration changes. The new NDPERS director is scheduled to start in two weeks.

11:55 – Adjourn