

MINUTES

**North Dakota Public Employees Retirement System
VIA TELECONFERENCE
Tuesday, August 18, 2020
8:30 A.M.**

Members Via Phone: Chairperson Rindy
Representative Jason Dockter
Senator John Grabinger
Ms. Casey Goodhouse
Mr. Adam Miller
Ms. Kim Wassim
Mr. Dirk Wilke
Mr. Troy Seibel
Ms. Yvonne Smith

Others Via Phone: Mr. Scott Miller, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. MaryJo Anderson, NDPERS
Mr. Steve Webster, SHP
Mr. Jim Wynstra, SHP
Mr. Danny Weiss, SHP
Mr. Josh Johnson, Deloitte Consulting
Mr. Drew Rasmussen, Deloitte Consulting
Ms. Brianna Hendrickson, Express Scripts Inc.
Mr. Harris Zeyae, Express Scripts Inc.

Chairperson Mona Rindy called the meeting to order at 8:50 A.M. The meeting was held by teleconference; roll call was taken and a quorum was present. The start of the meeting was delayed due to technical difficulties with the conference call bridge.

Chairperson Rindy called for any questions or comments regarding the minutes of the July 14 meeting.

MS. WASSIM MOVED APPROVAL OF THE JULY 14, 2020, MEETING MINUTES. THE MOTION WAS SECONDED BY MR. WILKE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

Sanford Health Plan Member Executive Summary Quarter 1

Members of the Sanford Health Plan (SHP) were in attendance by phone to present the 2020 Quarter 1 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. A comparison of 2019 Quarter 1 to 2020 Quarter 1 reflects membership stabilization for both active and political subs; retirees showed a slow uptick.

Mr. Jim Wynstra reviewed claims analysis information and provided comparisons from Quarter 1 of 2019 to Quarter 1 of 2020 for the Actives, Early Retirees and Medicare Retiree groups, and noted that the overall trend is good. Mr. Wynstra stated projections for Quarter 2 to be potentially even or negative trends and utilization impacted by COVID-19. He noted the seasonality of claims being the lowest in Q1 and claims the highest in Q4. Medicare is opposite seasonality in comparing Q4 2019 to Q1 2020.

In discussing claims, Mr. Wynstra mentioned that roughly 20 to 25 percent of claims are out of state -- Mayo Clinic and Children's Hospital as examples. In comparing total paid high dollar claimants from the periods of April 2018-March 2019 to April 2019-March 2020, the number of Active members in this category (an amount over \$100,000 per member), increased slightly. He noted that a small number of members make up 30 percent of claims.

Mr. Danny Weiss provided an overview of high dollar pharmaceutical cases and the highest paid diagnosis groups. Oncology and cardiovascular health consistently trend as the largest claims. He discussed generic and brand pricing and stated that the generic utilization rate continues to perform very well and is holding steady.

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. Mr. Webster said it is common for numbers to be low in the first quarter until participants have completed their health survey. Fitness center requirements were lowered from 12 visits to 6 visits per month in response to gyms and fitness centers closed due to COVID-19. An early look into Quarter 2 indicates that fitness center reimbursement is making headway. Health center reimbursement is a performance goal that will likely be missed at the end of 2020. An additional 228 participants need to complete a health assessment in order to reach the goal. Online wellness activities projections for Quarter 2 will see a lower participation rate due to COVID-19. Ms. Fricke informed the Board that Sanford Health Plan Wellness staff was quick to react to COVID-19 and transition from onsite activities to offering online and virtual participation in wellness activities.

Mr. Webster concluded the Executive Summary presentation with update on the effectiveness of the Tobacco Cession program. There was an increase of 45 members, the survey results were successful, as was the gift card incentives. He also reviewed the Performance Standards and Guarantees. The measurements of two health outcomes, breast cancer screening rates and cervical cancer screening rates, continue to fall below the performance standards.

Discussion followed.

GROUP INSURANCE

Health Plan Request for Proposal Update

Mr. Bryan Reinhardt updated the Board on the status of the Health Plan Request for Proposal that was released on June 1. Mr. Reinhardt reported that everything is on track with the published timeline and bids were received by the deadline on Wednesday, July 15. Deloitte Consulting attended the meeting via phone to discuss the proposals received.

MS. WASSIM MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) AND §44-04-19.2 TO DISCUSS NEGOTIATING STRATEGY OR PROVIDE NEGOTIATING INSTRUCTIONS TO ITS ATTORNEY OR OTHER NEGOTIATOR. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: None

MOTION PASSED

All members named above, attorney Dean DePountis, Drew Rasmussen and Josh Johnson from Deloitte Consulting and NDPERS staff Scott Miller, Bryan Reinhardt, Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 9:47 A.M.

The Closed Session ended at 10:28 A.M.

THE BOARD TOOK A BRIEF BREAK FROM 10:28 A.M. TO 10:39 A.M.

The Meeting resumed at 10:39. Roll call was taken, and a quorum was present.

Vision Insurance Plan Contract Amendment

Ms. Fricke reviewed discussion from the June Board meeting when the frame allowance was increased from \$75 to \$100 for the Vision Plan effective January 1, 2021. The contract amendment has been drafted by legal staff and approved by Superior Vision.

Discussion followed.

MS. WASSIM MOVED TO APPROVE THE CONTRACT AMENDMENT FOR THE NDPERS GROUP VISION INSURANCE PLAN TO INCREASE THE FRAME ALLOWANCE TO \$100 EFFECTIVE JANUARY 1, 2021. THE MOTION WAS SECONDED BY SENATOR GRABINGER.

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

Nays: None

Absent: None

MOTION PASSED

Medicare Part D Renewal/Request For Proposal

Express Scripts Inc. (ESI) submitted its final renewal premium. The premium for the same plan design formulary and network is at an increase of 3.8 percent over the current premium. It was noted that ESI had reduced the premium from 2018 to 2019 and added opioid management and maintained the same premium for the 2020 plan year. Deloitte Consulting has reviewed the increase and indicated that the 3.8% increase appears reasonable.

ESI proposed to offer an additional product to the 2021 plan called RationalMed. Ms. Brianna Hendrickson and Mr. Harris Zeyae from Express Scripts Inc. were in attendance by phone to provide an overview of the clinical program, RationalMed. “Express Scripts developed a safety solution designed to initiate changes to improve patient health and correct errors in care to lower both medical and prescription drug costs. RationalMed integrates medical, pharmacy, and laboratory data to create a patient-specific integrated profile. This profile contains comprehensive data used to analyze and detect therapy-related safety and health risks. With more than 600 carriers representing 18.8 million covered lives, RationalMed affects thousands of changes in care each week – changes that help improve patient safety and correct important errors in care to lower both medical and prescription drug costs. Rigorously interrogating the data and providing retrospective analysis to deliver potentially lifesaving alerts to physicians—ultimately providing NDPERS with improvements in Total Healthcare Value.” If implemented, overall cost savings will be recognized in preventing adverse events and hospitalizations.

The proposed final premium with the RationalMed product included is an additional increase of 3.5%.

Should the Board choose to not renew with ESI, staff will need to prepare a Request For Proposal for the Medicare Part D Plan.

Discussion followed.

MS. WASSIM MOVED TO APPROVE THE RENEWAL WITH EXPRESS SCRIPTS INC. FOR THE MEDICARE PART D PLAN FOR THE 2021 PLAN YEAR UNDER THE CURRENT PLAN DESIGN WITH RATIONALMED ADDED AT AN INCREASE IN PREMIUM OF 3.5%. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: None

MOTION PASSED

Active Health Care Report

Mr. Reinhardt went over the 2019 NDPERS Actives Health Care Analysis. The report is an analysis of health plan claims broken down by hospital, physician/clinic and prescription drug

utilization. It also includes data specific to employee, spouse and children claim types. There was a decrease in enrollment from 2018 to 2019 as a result of political subdivision groups leaving the plan. An agency-specific report is developed for the 44 employer groups who have over 100 employees and distributed to agency leadership.

Sanford Health Plan (SHP) Contract Amendment

Mr. Scott Miller explained that in the course of reviewing the current SHP contract, it was discovered that at the time the agreement was re-written for the current biennium, legal counsel had neglected to incorporate into the current agreement the deletion of the loss-sharing provisions that had been in the 2015-2017 agreement, but taken out of the 2017-2019 agreement. SHP agrees that it was an oversight in the drafting of the current agreement. Attorneys for SHP and NDPERS worked on an amendment to the current agreement to correct the error. The proposed amendment was presented to the board for approval.

MS. SMITH MOVED TO APPROVE THE PROPOSED AMENDMENT TO THE CONTRACT WITH SANFORD HEALTH PLAN. THE MOTION WAS SECONDED BY MR. WILKE.

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

Nays: None

Absent: None

MOTION PASSED

RETIREMENT

Deferred Compensation Election Default Amount

Ms. MaryJo Anderson reviewed the active choice enrollment option that was added to the Member Self Service application during annual enrollment last year for the 457 deferred compensation plan. The marketing approach was to incentivize members to enroll or increase their supplemental savings. Ms. Anderson shared information about a recent article regarding retirement plan digital communications. The article discusses allowing participant digital one-click solutions to enroll participants in the plan (but not cash out). NDPERS staff discussed options for incorporating some of these features into the NDPERS 457 plan enrollment processes to promote increased contributions from participants. One feature of interest is to increase the default contribution amount. The current default amount is \$25 (in statute), staff is recommending increasing the minimum suggested contribution amount to \$50. The member would have the option to elect a smaller contribution during annual enrollment.

Staff is also recommending including a PEP vesting calculator on the website. The calculator would allow the participant to enter a monthly estimated gross salary and tabulate the maximum vesting amount the member would be eligible for. It's possible the features could

be ready for implementation during the 2020 annual enrollment should the Board choose to move forward with the proposed changes.

Discussion followed.

MS. SMITH MOVED TO SUPPORT INCREASING THE 457 PLAN DEFAULT CONTRIBUTION AMOUNT SELECTION AND PEP VESTING CALCULATOR TO BE INCORPORATED INTO THE 457 DEFERRED COMPENSATION PLAN ENROLLMENT PROCESS. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Ms. Goodhouse, Mr. Adam Miller, Ms. Smith, and Chairperson Rindy.

Nays: Representative Dockter, Ms. Wassim, Senator Grabinger, Mr. Seibel, and Mr. Wilke.

Absent: None

MOTION FAILED

MISCELLANEOUS

Board Self-Evaluation

Nine Trustees responded anonymously to the Chief Audit Officer who tabulated the results. Mr. Scott Miller reviewed the results of the self-evaluation with the Board. The Board felt the information was very useful as a self-assessment tool.

Board Code of Ethical Responsibility

The Code is signed by the Trustees each year following the annual fiduciary responsibility education presentation. The form was distributed to Board members for signature and submission to Jan Lund.

Contracts Under \$10,000

Mr. Scott Miller provided a report of contracts under \$10,000 that were recently signed by the Executive Director. The list will be shared on a monthly basis when contracts meet this criteria.

Chairperson Rindy called for any other business or comments. Hearing none the meeting was adjourned at 12:37 A.M.

Prepared by,

Jan Lund
Assistant to the Board