

MINUTES

**North Dakota Public Employees Retirement System
VIA TELECONFERENCE
Tuesday, June 8, 2021
8:30 A.M.**

Members Via Phone: Chairperson Mona Rindy
Senator Tim Mathern
Representative Jason Dockter
Mr. Adam Miller
Ms. Casey Goodhouse
Ms. Kim Wassim
Mr. Troy Seibel
Ms. Yvonne Smith

Members Absent: Mr. Dirk Wilke

Others Via Phone: Mr. Scott Miller, NDPERS
Mr. Derrick Hohbein, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Bryan Reinhardt, NDPERS
Mr. Hank Kim, NCPERS
Ms. Bridget Early, NPPC
Mr. Steve Webster, SHP

Chairperson Mona Rindy called the meeting to order at 8:30 A.M. The meeting was held by teleconference; roll call was taken, and a quorum was present.

Chairperson Rindy called for any questions or comments regarding the minutes of the May 11, 2021 meeting.

SENATOR MATHERN MOVED TO APPROVE THE MINUTES OF THE MAY 11, 2021 BOARD MEETING. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

National Conference on Public Employee Retirement Systems (NCPERS)

Hank Kim provided a presentation on NCPERS' survey result mechanism. NDPERS is one of many who participate in the annual survey. Participants have access to the survey dashboard and can filter information by respondent size, entity, or whether they have a DC or DB plan, or both. There were 138 respondents in the 2020 NCPERS Public Retirement Systems Study, and of the 2020 study respondents, 31 percent were state with 92% having a Defined Benefit Plan. He shared information about overall trends in plan changes, retirement benefits, business practices, communication, and oversight practices. He also discussed investment returns and investment asset allocation. Mr. Kim stated that the average funding level is 75.1 percent, up from 72.4 percent in 2019; he noted that funds whose members are eligible for Social Security, tended to have higher funded levels. He concluded his presentation discussing sources of revenue and contribution rates.

National Public Pension Coalition (NPPC)

Bridget Early reported on legislative trends nationally and consequences of defined benefit plan closure. She shared views on pensions and retirement plans as an effective tool for recruiting and retaining employees. She discussed the trend of retirement savings stagnation resulting in more Americans remaining in the workforce past age 65. Ms. Early shared data about the economic impact of North Dakota pensions relative to retiree spending, the number of jobs and wages supported by retirees spending from public pensions, and the federal, state, and local taxes generated by retiree benefits and spending in North Dakota. Her presentation included an overview of the millennial employees that highlighted student loan debt, delayed entry to the housing market, effects of the recession, and the pandemic.

RETIREMENT

1st Quarter Investment Report

Mr. Bryan Reinhardt reviewed the 1st Quarter investment report for the 401(a) and 457 Companion Plans. The two plans combined have 8,718 participants and \$193.2 million in assets. He noted that fund returns for the first quarter were generally positives for equities. For the first time, Callan gave a market overview and investment performance report to the Investment Subcommittee. There were no recommendations from the Investment Subcommittee.

Retiree Health Insurance Credit (RHIC) Administration Request for Proposal (RFP) Update

Mr. Reinhardt reported that two vendors submitted proposals by the May 31st deadline. Staff will be reviewing the proposals and an analysis will be presented at the July Board Meeting.

GROUP INSURANCE

Medicare Part D (EGWP) Request for Proposal (RFP) Update

Mr. Reinhardt reported that proposals were received from 6 vendors by the May 21st deadline. The Part-D plan is also known as the Employer Group Wavier Plan (EGWP). PERS staff will be working with Deloitte Consulting on the analysis of the proposals received and report back at the July Board Meeting.

Health Insurance Plan Administrative Services Agreement Amendment and Exhibits

Ms. Rebecca Fricke discussed a modification to the Administrative Services Agreement (ASA) with Sanford Health Plan (SHP). SHP has requested a change to the hours of operation for Management and Pharmacy Benefit Services. Sanford representatives report that the low volume of calls received after 5:00 p.m. does not warrant the 5:30 p.m. availability in the ASA.

Ms. Fricke reviewed several exhibits in the ASA that staff has been working on. The exhibits discussed were Exhibit A: Certificate of Insurance (COI) and Summary of Benefits & Coverage (SBC) Updates, Exhibit B - Performance Guarantees, Exhibit C – Rates, Exhibit D – Settlement, Exhibit E – About the Patient Coordination, Exhibit G – Wellness Program, Exhibit H – Business Associate Agreement, Exhibit I – Health Savings Account (HSA) Administration Agreement. Discussion followed.

MS. WASSIM MOVED APPROVAL OF THE HEALTH INSURANCE PLAN ADMINISTRATIVE SERVICES AGREEMENT AMENDMENT AND EXHIBITS A, C, D, E, G,

H, AND I, AND ALSO INCLUDE EXHIBIT B PERFORMANCE GUARANTEES AND APPROVAL TO MODIFY THE EXISTING GUARANTEES THAT WERE AGREED UPON IN THE REQUEST FOR PROPOSAL RESPONSE. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Goodhouse, Ms. Wassim, Senator Mathern, Mr. Adam Miller, Mr. Seibel, Ms. Smith, and Chairperson Rindy

Nays: None

Absent: Representative Dockter and Mr. Wilke

MOTION PASSED

Performance Guarantee Analysis

Ms. Fricke recapped discussion from the May meeting when SHP provided an update regarding the 2019-21 Performance Guarantees. She provided further detail about the guarantees that SHP feels they will not obtain due to COVID-19.

The Board had approved an exemption to SHP Performance Guarantees during the first biennium that Sanford Health Plan administered the Group Health Insurance Plan. Deloitte was consulted at the time and concurred with SHP. Deloitte was asked to review the recent request from SHP. Deloitte Consulting is aware of a similar situation where the State of Minnesota exempted a suite of claims-based guarantees. While the guarantees are not the same type, it shows willingness to exempt performance guarantees. Discussion followed.

MS. WASSIM MOVED TO APPROVE AN EXEMPTION TO THE PERFORMANCE GUARANTEES FOR FITNESS CENTER, BREAST CANCER SCREENING, AND CERVICAL CANCER SCREENING FOR THE SANFORD HEALTH PLAN FOR THE 2019-2021 BIENNIUM. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Ms. Goodhouse, Ms. Wassim, Senator Mathern, Mr. Adam Miller, Mr. Seibel, Ms. Smith, and Chairperson Rindy

Nays: None

Absent: Representative Dockter and Mr. Wilke

MOTION PASSED

Sanford Health Plan Updates

SHP is changing the vendor that administers the Health Savings Account for members who participate in the High Deductible Health Plan. Effective July 1, 2021, the new vendor will be WEX.

Beginning July 1, 2021, SHP will be offering a digital self-management program for individuals with Type I and Type II Diabetes to NDPERS members. SHP will be at the July meeting to explain how it fits in with the other diabetes management resources and the About the Patient Diabetes Management program.

During the pandemic, all virtual care services were paid at 100% with zero cost share for the member. Effective June 15, 2021, non-COVID related virtual care services will be subject to cost sharing amounts.

Tobacco Cessation Program

The Department of Health notified SHP that the grant money that funds the NDPERS Tobacco Cessation Program was not appropriated by the 67th Legislative Assembly and will not be available after June 30, 2021. NDPERS staff and SHP have been discussing options and costs for a similar program. Senator Mathern suggested approaching the Department of Health about continuing to fund the program. Discussion followed.

MS. WASSIM MOVED TO HAVE SENATOR MATHERN REQUEST FUNDING FROM THE DEPARTMENT OF HEALTH TO CONTINUE THE TOBACCO CESSATION PROGRAM AND TO PROVIDE A REPORT TO THE BOARD AT THE JULY MEETING. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Mr. Wilke

MOTION PASSED

Ms. Wassim left the meeting at 11:00 A.M.

Value Based Care Arrangement

Sanford Health Plan (SHP) has received requests from healthcare systems who participate in the Value Base Care Arrangement, for modifications to the settlement calculations with the current risk models. The Value Base Care Arrangement was implemented July 1, 2019, and there are currently six healthcare systems participating.

Mr. Steve Webster gave a summary of the 50/50 Upside/Downside Risk Share model. He said healthcare systems argue that since the targets are largely based on historical costs, continually high performing healthcare systems have a greater challenge of achieving savings in future periods. He also reviewed the Progressive Upside Potential with No Downside Risk model.

Mr. Scott Miller offered two recommendations. Mr. Don Schott who oversees the Value Based Care Arrangement was not able to attend the meeting to provide additional information; the Board felt it didn't have enough information to decide.

MS. SMITH MOVED TO DEFER CONSIDERATION OF THE RECOMMENDATION UNTIL A LATER DATE. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

MS. SMITH WITHDREW THE MOTION.

The topic will be brought back to the July meeting.

The Board took a short break at 11:21 A.M. The Meeting resumed at 11:35 A.M., a quorum was present.

MISCELLANEOUS

Website and YouTube Update

Ms. Aime Miller updated the Board on the transition to the state website platform. The user experience has been simplified. There are now dedicated pages for Employer Self Service (ESS) and Member Self Service (MSS), and functionality was added to *Contact Us*.

Ms. Miller reported that a YouTube channel was implemented to accommodate large video files such as recordings from the Financial Essentials Workshop (FEW) and the Pre-Retirement Education Program (PREP) seminars.

Sagitec Maintenance Contract

Mr. Derrick Hohbein presented the agreement with Sagitec Solutions, LLC for licensing fees and application development services for the 2021-23 biennium. The agreement also includes one-time additional funding for a developer for NDPERS which was appropriated but does not include the Business Process Management upgrade. A statement of work will be presented to the Board as staff become aware of the timeline for the upgrade to begin. Mr. Hohbein shared a three-year comparison of fees to highlight the licensing fee reduction between the last two biennia. Staff has a unique relationship with the developers at Sagitec and are very satisfied with their work.

MS. SMITH MOVED TO APPROVE THE MAINTENANCE AND SUPPORT AGREEMENT WITH SAGITEC SOLUTIONS LLC FOR THE 2021-23 BIENNIUM AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE AGREEMENT. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

Presort Contract

Mr. Derrick Hohbein presented the agreement with Presort Plus, LLC for courier and mail services for the 2021-23 biennium. This is a routine contract but because of the dollar amount it is brought before the Board for approval.

MS. GOODHOUSE MOVED TO APPROVE THE COURIER AND MAIL SERVICES AGREEMENT WITH PRESORT PLUS LLC FOR THE 2021-23 BIENNIUM AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE AGREEMENT. THE MOTION WAS SECONDED BY SENATOR MATHERN.

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

Nays: None

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

Employer Reporting Penalty Guidelines

The 67th Legislative Assembly passed House Bill 1041, which expanded the list of statutory violations for which NDPERS can assess a penalty against a governmental unit. The bill sought to address errors by political subdivisions regarding retirement contributions and failure to pay insurance premiums by the due date. It is not the intent of the penalties to be a funding source for the Plans, rather it shifts the burden back to the employer.

Mr. Hohbein reviewed a proposed policy regarding late insurance premiums and incorrect retirement contributions. Staff will work with the employer for two months on an identified issue. If the employer continuously has reporting/payment errors for three months, staff will be allowed to assess a penalty against the organization for noncompliance. The penalty will be initiated by staff and approved by either the Accounting Supervisor or the Chief Operating/Financial Officer before it becomes official.

SENATOR MATHERN MOVED TO APPROVE THE EMPLOYER REPORTING GUIDELINES POLICY. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

Office Relocation Update

Mr. Derrick Hohbein shared a table summarizing activities and associated costs of moving-related expenses. The information included a breakdown of cost quotes versus actual cost, and the status of the expenses. He presented estimates for the cost of IT equipment needed in the visitor meeting rooms, hoteling area and equipment to support staff who continue to work from home, moveable plexiglass barriers and privacy film for the visitor meeting rooms. At the May meeting the Board approved \$20,000 for other essential costs. To date, no funds have been committed towards the \$20,000; Derrick noted that the cost of the surplus furniture and fixtures from Commerce has not been determined. Discussion continued.

MS. GOODHOUSE MOVED TO APPROVE THE \$1,200 COST PROPOSAL TO ADD PRIVACY FILM TO THE VISITOR MEETING ROOMS, COST TO PURCHASE PLEXIGLASS BARRIERS FOR THE VISITOR MEETING ROOMS, AND THE COST OF \$11,741.94 FOR IT EQUIPMENT. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

Office Reopening

Mr. Scott Miller presented a tentative timeline of moving-related activities during the months of June and July. He also outlined the plan for staff to return to the office, to begin the hoteling rotation, and to begin conducting virtual sessions for a couple of weeks from the visitor offices to become comfortable with the setup. Mr. Miller shared information about how in-person visits and walk-ins without an appointment will be managed when the office re-opens to the public.

Virtual Board Meetings

Mr. Scott Miller summarized the options discussed at the May meeting to return to in-person monthly Board Meetings. Considering the timing of the office relocation in July, staff recommends having the July meeting held virtual by Teams and begin holding in-person meeting beginning with the August meeting. Discussion continued.

MR. SEIBEL MOVED TO BEGIN IN-PERSON BOARD MEETINGS IN JULY AT A LOCATION TO BE DETERMINED. THE MOTION WAS SECONDED BY REPRESENTATIVE DOCKTER.

Ayes: Representative Dockter, Mr. Adam Miller, and Mr. Seibel

Nays: Ms. Goodhouse, Senator Mathern, Ms. Smith, and Chairperson Rindy

Absent: Mr. Wilke and Ms. Wassim

MOTION FAILED

MS. SMITH MOVED TO BEGIN IN-PERSON BOARD MEETINGS EFFECTIVE WITH THE AUGUST MEETING. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

Ayes: Representative Dockter, Mr. Adam Miller, Ms. Goodhouse, Senator Mathern, Ms. Smith, and Chairperson Rindy

Nays: Mr. Seibel

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

Contracts Under \$10,000

Mr. Scott Miller shared information about two routine contracts under \$10,000 that he has signed since the last Board Meeting.

Board self-evaluation

The Board discussed the benefits and the frequency to conduct another Board Self-Evaluation.

BY CONSENSUS, THE BOARD WILL MOVE FORWARD WITH CONDUCTING A SELF-EVALUATION EVERY OTHER YEAR UNLESS A DIFFERENT DECISION IS MADE LATER.

MEMBER

Insurance Appeal Case # 681

This agenda item was noticed for Executive Session.

MS. SMITH MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C §44-04-19.2 AND §44-04-19.2 (1) AND/OR §54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION FOR MEMBER APPEAL CASE 681. THE MOTION WAS SECONDED BY SENATOR MATHERN.

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

Nays: None

Absent: Ms. Wassim and Mr. Wilke

MOTION PASSED

All members named above, attorney Dean DePountis, NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, Lindsay Schaf, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:40 P.M. The member was present via phone.

The meeting returned to Open Session at 12:55 P.M.

MR. ADAM MILLER MOVED TO AFFIRM THE DECISION TO DENY THE MEMBER'S REQUEST TO APPEAL THE DENIAL OF THE INSURANCE BENEFIT CASE #681. THE MOTION WAS SECONDED BY MR. SEIBEL.

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

Nays: None

Absent: Mr. Wilke and Ms. Wassim

MOTION PASSED

REPRESENTATIVE DOCKTER LEFT THE MEETING AT 1:03 P.M.

Health Plan Member Coverage Discussion

This agenda item was noticed for Executive Session.

MS. GOODHOUSE MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C §44-04-19.2 AND §44-04-19.2 (1) TO DISCUSS CONFIDENTIAL RECORDS. THE MOTION WAS SECONDED BY MR. SEIBEL.

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

Nays: None

Absent: Ms. Wassim, Representative Dockter, Senator Mathern, and Mr. Wilke

MOTION PASSED

All members named above, attorney Dean DePountis, Steve Webster (SHP), NDPERS staff members Scott Miller, Rebecca Fricke, Derrick Hohbein, Bryan Reinhardt, Lindsay Schaf, and Jan Lund were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 1:04 P.M.

The meeting returned to Open Session at 1:25 P.M. No Board Action was taken.

Chairperson Rindy called for any other business or comments. Hearing none, the meeting was adjourned at 1:27 P.M. The July meeting will be virtual and held by Microsoft Teams, the August meeting will be held in person.

Prepared by,

Jan Lund
Assistant to the Board