

A regular meeting of the Michigan Public School Employees Retirement System Board was held at the General Office Building, 7150 Harris Drive, Conference Room A, Dimondale, Michigan, on Thursday, October 25, 2007. The following members, staff and observers participated:

Members Present: Lenore Croudy, Community College Trustee  
 Michael Flanagan, Superintendent of Public Instruction  
 William Lawson, Retired Finance/Operations Member and as  
 a representative of the largest retiree organization  
 Edwin Martinson, Reporting Unit Board of Control Member  
 Richard Montcalm, Finance/Operations Member,  
 Non-superintendent  
 John Olekszyk, Retiree Member  
 Diana Osborn, Non-Certified Support Member  
 Martha Pichla, Active Classroom Teacher Member

Staff Present: Phil Stoddard, Executive Secretary  
 Terry Rideout, Recording Secretary

Others Present: Marie Wilkerson, Ernest Dear, Bonnie Carpenter, Richard Weaver, Don Kekeyser, Joe Curtin, Robert Arthur, and Iris Arthur, Johann Ingold, Waltrant Ingold, of the Michigan Association of Retired School Personnel; Chuck Agerstrand, Richard Hosking, John Winn, and Earl Hagstrom of the Michigan Education Association-Retired; Janet Ketchum of the Retirement Coordinating Council; Steve Lenar of Michigan School Business Officials; Mary Ellen Caldwell of Central Michigan University; Henry Pichla; Jeanette Hassan of Eastern Michigan University; Richard Schaper of Western Michigan University; Barbara Murphy, Larry Ketschum, and John Clancy of Blue Cross Blue Shield of Michigan; Ben Louagie and Hu Zhi of Gabriel Roeder Smith & Co.; Diana Ford of Thomson Healthcare; Richard Williams of Williams & Company; Suzanne Dillman of the Attorney General's Office; Kerrie Vanden Bosch, Laurie Hill, Kathy Tober, Adrienne Johnson, and Aaron Usher of the Office of Retirement Services.

### Call to Order

Chair Diana Osborn called the meeting to order at 10:30 a.m.

### **Excusing of Absent Members**

Martha Pichla moved, Edwin Martinson supported, to excuse the absences of Ivy Bailey, Jeff Hoffman, and Marc Whitefield. The motion carried unanimously.

### **Approval of Agenda**

Richard Montcalm moved, Lenore Croudy supported, to approve the agenda as presented. The motion carried unanimously.

### **Approval of Minutes**

Lenore Croudy moved, Martha Pichla supported, to approve the minutes of the September 13, 2007, meeting as presented. The motion carried unanimously.

### **Administrative Hearings**

#### Proposal for Decision–Docket 2007-AH024

The Board considered the case materials. Edwin Martinson moved, Richard Montcalm supported, that the Board adopt as its own the recommendation of the Presiding Officer in the July 12, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for non-duty disability retirement benefits. The motion carried unanimously.

#### Proposal for Decision–Docket 2007-1086

The Board considered the case materials. Richard Montcalm moved, Edwin Martinson supported, that the Board adopt as its own the recommendation of the Presiding Officer in the July 23, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law except for the changes requested by Respondent, and deny Petitioner's request for non-duty disability retirement benefits, using the form of the decision and order offered by Respondent. The motion carried unanimously.

#### Proposal for Decision–Docket 2007-AH038

The Board considered the case materials. Richard Montcalm moved, Edwin Martinson supported, that the Board adopt as its own the recommendation of the

Presiding Officer in the August 23, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law except for the change requested by Respondent, and deny Petitioner's request to change from the Basic Plan to the Member Investment Plan. The motion carried unanimously.

Proposal for Decision–Docket 2007-AH020

The Board considered the case materials. Richard Montcalm moved, Edwin Martinson supported, that the Board adopt as its own the recommendation of the Presiding Officer in the July 19, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law, except for the changes requested by Respondent, and deny Petitioner's request that she be considered eligible for retirement benefits, using the form of decision and order offered by Respondent. The motion carried unanimously.

Proposal for Decision–Docket 2007-AH023

The Board considered the case materials. Edwin Martinson moved, Richard Montcalm supported, that the Board adopt as its own the recommendation of the Presiding Officer in the July 25, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law except for the changes requested by Respondent, and deny Petitioner's request for duty disability retirement benefits, using the form of decision and order offered by Respondent. The motion carried unanimously.

**Standing Reports – Committee Reports**

Legislative Report–Kerrie Vanden Bosch of the Office of Retirement Services provided an update to the Board on recently passed legislation impacting the Retirement System.

Health Insurance Reports

- A. Hu Zhi from Gabriel Roeder Smith & Co. presented the Annual Health and Pension Financial Report and the Health Care Rating Report for 2008 to Board members and answered questions.
- B. Diana Ford from Thomson Healthcare presented the Healthcare Management Report and answered questions.

- C. Barbara Murphy from Blue Cross Blue Shield of Michigan (BCBSM) and Ben Louagie of Gabriel Roeder Smith & Co., provided information on the 2008/2009 health care initiatives and answered questions.

John Olekszyk inquired whether the Therapeutic Interchange Program was directed at physicians or patients? Barbara Murphy responded that this program is directed at the physicians since they are the individuals prescribing the drugs. BCBSM will work with physicians to identify lower cost prescriptions that are medically necessary that could alternatively be prescribed.

John Olekszyk asked how members would access the expanded Care Management Program. Barbara Murphy stated that BCBSM is in the process of identifying those Medicare members who would benefit from this program, and eventually the hope is that the retiree groups will assist BCBSM in getting the important information about this program to members.

John Olekszyk requested confirmation that Physical Therapists for non-Medicare members would be included under the Preferred Provider Organization. Barbara Murphy confirmed that most large hospital programs are already in the program and therefore, the focus would be on getting individual providers into the program.

### **Board Comments**

William Lawson stated that a recent retiree who is receiving a substantial pension had immediately returned to work in their previous job, but as a contract employee resulting in no contributions forthcoming to the retirement system. Mr. Lawson suggested that the Board request new legislation aimed at eliminating this situation where a member retires and returns to work in the same job as contract employee, which he sees as an abuse of the System. Chair Diana Osborn referred this suggestion to the Legislative Committee.

William Lawson commented that he was aware that Medicare Advantage was under political attack by various groups including AARP and suggested that the Board might be wise to endorse Medicare Advantage as it applies to MPSERS through Blue Cross/Blue Shield. Chair Diana Osborn referred this suggestion to the Health Insurance Committee.

John Olekszyk questioned whether the MEDCO contract was up for review soon. Phil Stoddard explained that the System has a contract with BCBSM for health services which includes pharmacy services. BCBSM contracts with MEDCO to provide mail-order service. The System's contract with BSBSM expires at end of 2008.

John Olekszyk inquired as to how Independent Medical Advisors (IMAs) are contracted. Phil Stoddard explained that staff at Disability Determination Services, the service that the federal government uses in making Social Security disability determinations, reviews the vast majority of disability cases. In those instances when a separate IMA evaluation is needed, the System contracts with a company who assigns a specialist to the case.

Diana Osborn commented that despite all that has been happening lately in State government that ORS continues to focus on providing excellent customer service.

### **Public Comments**

Comments were received from Charles Agerstrand, Earl Hagstrom, Ernest Dear and Steve Lenar.

### **Executive Secretary Comments**

Phil Stoddard pointed out that member statements were on their way and had been released in record time this year. Phil expressed thanks to ORS staff and also to the employers for getting reports to ORS sooner. Also, for the first time a brief annual newsletter was included with each statement.

### **Adjournment**

Edwin Martinson moved, Martha Pichla supported, to adjourn the meeting at 12:26 pm. The motion carried unanimously.

OFFICIAL MINUTES

*Diana B. O'Brien*  
Chair

*Phyllis J. [unclear]*  
Executive Secretary