

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, July 26, 2007. The following members, staff and observers participated:

Members Present: Gary Allen, Active Superintendent Member
 William Lawson, Retired Finance/Operations Member and as
 a representative of the largest retiree organization
 Edwin Martinson, Reporting Unit Board of Control Member
 John Olekszyk, Retiree member
 Diana Osborn, Non-Certified Support Member
 Martha Pichla, Active Classroom Teacher Member

Via Conference

Phone: Ivy Bailey, Active Classroom Teacher Member
 Jeff Hoffman, General Public Member, Actuarial Experience

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

Others Present: Bonnie Carpenter, Donald Miller, Marie Wilkerson, Ernest Dear, Michael Gardner, Joe Curtin, Chuck Abshagen, Don DeKeyser, Robert Arthur, and Iris Arthur of the Michigan Association of Retired School Personnel; Paul Aviews of the Detroit Association of Retired School Personnel; Earl Hagstrom of the Michigan Education Association-Retired; Janet Ketchum of the Retirement Coordinating Council; Jewel Gines, Detroit Federation of Teachers; Ellen Hoekstra of Capitol Services Inc.; Mary Ellen Caldwell of Central Michigan University; Henry Pichla; Nancy Spence; Richard Spence; Barbara Murphy, Branko Bojicic, and Mary Kay Cutler of Blue Cross Blue Shield of Michigan; Lisa Eggert of Delta Dental; Barbara Aikman of the Vision Services Plan; Ben Louagie of Gabriel Roeder Smith & Co.; Richard Williams of Williams & Company; Jon Braeutigam of the Department of Treasury, Bureau of Investments; Tom Schimpf of the Attorney General's Office; Laurie Hill, Kathy Tober, and Matt Torok 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, Gary Allen supported, to excuse the absences of Lenore Croudy, Michael Flanagan, Richard Montcalm, and Marc Whitefield. The motion carried unanimously.

Approval of Agenda

Gary Allen moved, Martha Pichla supported, to approve the agenda as presented. The motion carried unanimously.

Board Elections

Executive Secretary Phil Stoddard asked the Nominating Committee for nominations for the Office of Chair. Edwin Martinson, on behalf of the Committee, nominated Diana Osborn for the Office of Chair. Mr. Stoddard asked if there were other nominations from the floor. Being there were no additional nominations, a ballot was cast for Diana Osborn for the Office of Chair and approved unanimously.

Chair Diana Osborn asked the Nominating Committee for nominations for the Office of Vice Chair. Edwin Martinson, on behalf of the Committee, nominated Richard Montcalm for the Office of Vice Chair. Chair Osborn requested any other nominations from the floor. Being there were no additional nominations a ballot was cast for Richard Montcalm for the Office of Vice Chair and approved unanimously.

Approval of Minutes

John Olekszyk moved, Edwin Martinson supported, to approve the minutes of the June 14, 2007, meeting as presented. The motion carried unanimously.

Administrative Hearings

Proposal for Decision–Docket 2007-AH022

The Board considered the case materials. Edwin Martinson moved, Gary Allen supported, that the Board adopt as its own the recommendation of the Presiding Officer in the May 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 to name his domestic partner or his sister as his retirement beneficiary, using the form of decision and order offered by Respondent. The motion carried with Martha Pichla opposing.

Proposal for Decision--Docket 2006-AH064

The Board considered the case materials. Gary Allen moved, Edwin Martinson supported, that the Board adopt as its own the recommendation of the Presiding Officer in the May 4, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for duty disability retirement benefits. The motion carried with Martha Pichla opposing.

Proposal for Decision--Docket 2006-AH083

The Board considered the case materials. Edwin Martinson moved, Ivy Bailey supported, that the Board adopt as its own the recommendation of the Presiding Officer in the May 3, 2007 PFD, as amended, including the proposed Findings of Fact and Conclusions of Law and deny Petitioner's request for an extension of time under MCL38.1386 to file an application for non-duty disability retirement benefits. The motion carried unanimously.

New Business

Diana Osborn read a resolution honoring former Board member, Jeremy Hughes. Gary Allen moved, Martha Pichla supported, that the resolution be adopted. The motion carried unanimously.

Special Reports

Annual Investment Report—Jon Braeutigam, Acting Director of the Bureau of Investments in the Department of Treasury, provided the annual investment report and responded to questions.

2006 Managed Prescription Drug Plan Report—Mary Kay Cutler of Blue Cross/Blue Shield of Michigan provided the report and responded to questions.

William Lawson clarified with Ms. Cutler, that 99% of the plan members had utilized the drug benefit at least once in 2006.

John Olekszyk suggested that with the lower cost of generic drugs, more could be done to highlight the use of generic cholesterol lowering drugs. Phil Stoddard responded that an article on this topic could be included in a future issue of the *Best of Health* newsletter.

ORS Webinar Project and Payroll Advisory Team - Laurie Hill of the Office of Retirement Services gave a brief presentation and received positive comments from Board members.

Standing Reports – Committee Reports

Barbara Murphy from Blue Cross Blue Shield of Michigan (BCBSM) provided an update on Medicare Advantage and answered questions. Ms. Murphy indicated that the vast majority of issues with providers in Florida had been resolved.

William Lawson stated that a member whose insurance coverage was terminated because she failed to submit a mandatory insurance verification form had contacted him. Upon returning from Europe, the member contacted the Office of Retirement Services, submitted the form and was told it would take weeks to reinstate insurance coverage. Mr. Lawson felt this was unreasonable.

William Lawson voiced his concern on another issue regarding the rejection of some chiropractic claims for members on Medicare. Mr. Lawson acknowledged that Ms. Murphy and Mr. Bojicic are now working to resolve this issue, but he felt BCBSM should be censured for failing to discover this problem earlier. In response, Ms. Murphy stated that the reason BCBSM didn't discover the problem sooner was due to a faulty diagnostic report that did not show an increase in chiropractic claim rejections.

Ivy Bailey thanked BCBSM for resolving several member issues. She received two phone calls from members who had previously sent letters to her and they were very pleased with the help they received.

In response to a question about the current legislation in Congress, that requests Medicare Advantage Plans be removed from the Medicare Act, Ms. Murphy stated that BCBSM is working with the retirement system and lobbyists in Washington D.C. to make sure legislators understand the importance of private fee for service to Michigan public school retirees and Michigan schools to fund retiree health care.

Board Comments

William Lawson announced that Board member Lenore Croudy was the winner of the Governor's Michigan Service Commission Award for 2006, presented to her by the First Gentleman at the Fox Theater in Detroit. Congratulations Lenore!

Diana Osborn congratulated Gary Allen on his pending retirement. Gary expressed his appreciation to Office of Retirement Services staff and fellow Board members for their support and for the opportunity to serve on the Board.

Public Comments

Comments were received from Ernest Dear, and Nancy Spence.

Adjournment

Gary Allen moved, Edwin Martinson supported, to adjourn the meeting at 12:32 p.m. The motion carried unanimously.

OFFICIAL MINUTES


Chair


Executive Secretary