

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**  
ND Association of Counties  
1661 Capitol Way  
**Fargo Location:**  
Sanford Health Plan  
1749 38<sup>th</sup> Street South

**August 17, 2017**

**Time: 8:30 AM**

### **I. MINUTES**

- A. June 22, 2017
- B. July 20, 2017

### **II. PRESENTATIONS**

- A. Sanford Quarterly Report – Quarter 1

### **III. RETIREMENT**

- A. Highway Patrol Indexing – Kathy (Board Action)
- B. Actuarial Assumptions – Sharon (Board Action)

### **IV. GROUP INSURANCE**

- A. Dental and Vision Enrollment Policy - Kathy (Information)
- B. Applied Behavioral Analysis -- Sparb (Board Action)
- C. Sanford Reserve – Sparb (Information)
- D. About the Patient – Sparb (Board Action)
- E. EAP Update – Bryan (Information)
- F. Performance Guarantees – Kathy (Board Action)
- G. BCBS 2015-2017 Settlement – Sparb (Information)

### **V. MISCELLANEOUS**

- A. Personnel Policy Update – Kathy/Derrick (Board Action)
- B. Proposed Administrative Rule Revision – Sharon (Information)
- C. Quarterly Consultant Fees – Derrick (Information)
- D. Executive Director Evaluation – Sparb (Information)
- E. Board Planning Meeting Items – Sparb (Board Action)

### **VI. Retirement Appeal**

- A. Retirement Appeal Case #452\* Executive Session – MaryJo (Board Action)

\*Executive Session pursuant to NDCC §44-04-19.2(1) and/or §54-52-26 to discuss confidential records or confidential member information.

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board

**FROM:** Sparb

**DATE:** August 17, 2017

**SUBJECT:** Sanford Quarterly Report

Attached is the quarterly report from Sanford. They will be at the meeting to review the report and answer any questions you may have.





# NDPERS Executive Summary

Quarter 1 | 2017

Presented August 2017



**SANFORD**  
HEALTH PLAN



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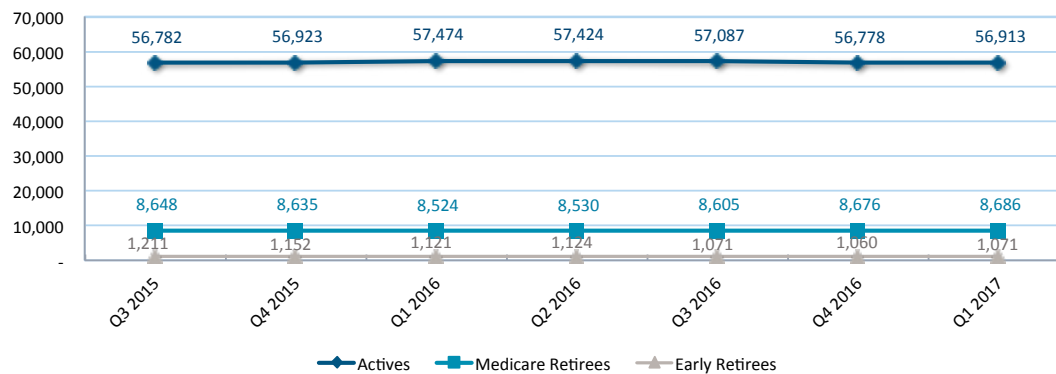
## ANNUAL MEMBERSHIP SUMMARY

Summary

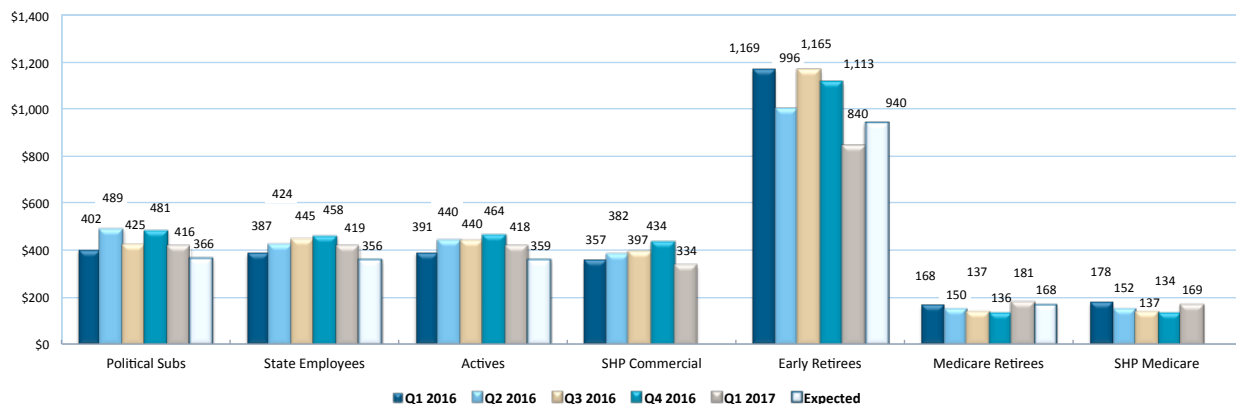
MEMBERSHIP COMPARISON								PERCENT CHANGE
	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q1 17/Q1 16
Actives	56,782	56,923	57,474	57,424	57,087	56,778	56,913	-1.0%
Early Retirees	1,211	1,152	1,121	1,124	1,071	1,060	1,071	-4.5%
Medicare Retirees	8,648	8,635	8,524	8,530	8,605	8,676	8,686	1.9%

## MEMBERSHIP TREND

Quarterly Changes in Membership Trend



## PMPM SUMMARY

Per Member Per Month Quarterly Average  
Jan 2016 - March 2017

\*Incurred between January 1, 2016 and March 31, 2017 and paid through May 31, 2017.  
Includes IBNR for January 2016 through March 2017, as of May 31, 2017.

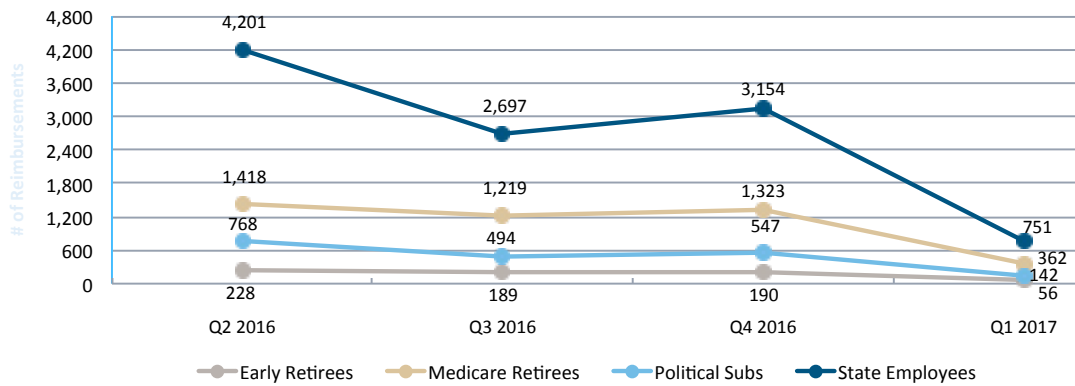
\*\*Historically, 98% of claims will be accounted for within 90 days of the effective date.

\*Medicare Retirees PMPM excludes prescription drug coverage (Medicare Part D).

## Summary

## FITNESS CENTER REIMBURSEMENT

Total Number of Fitness Center Reimbursements

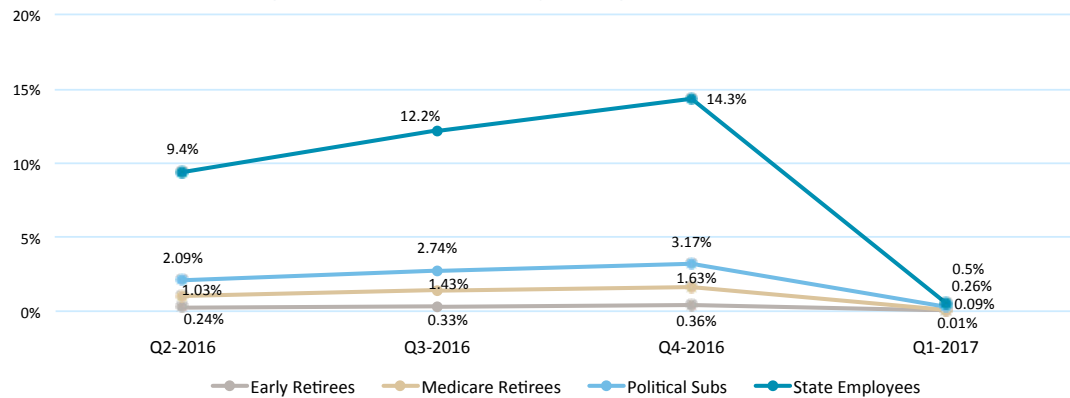


\*Activity decline is the result of the wellness program suspension effective January 1 through May 31, 2017.

\*Gym reimbursements in Q1 reflect unpaid 2016 gym activity. Gyms had until February 8, 2017 to submit 2016 gym activity.

## HEALTH ASSESSMENT

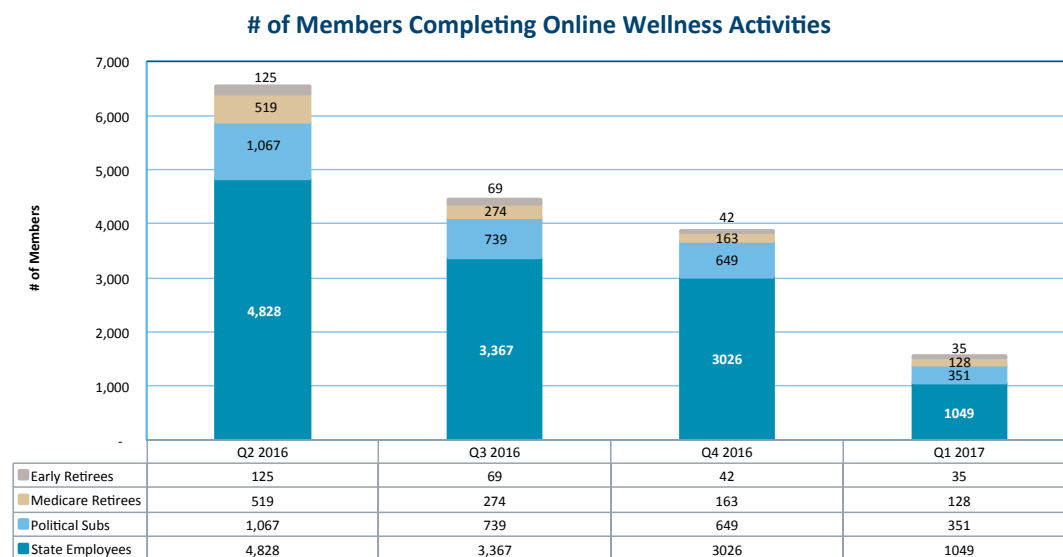
% of Eligible Members Completing a Health Assessment



\*Activity decline is the result of the wellness program suspension effective January 1 through May 31, 2017.

## ONLINE WELLNESS ACTIVITIES

Summary



\*Activity decline is the result of the wellness program suspension effective January 1 through May 31, 2017.

Sanford Health Plan – NDPERS EGWP			
Description	1H16	1H17	Change
Avg Members per Month	8,526	8,696	2.0%
Number of Unique Patients	8,069	8,278	2.6%
Pct Members Utilizing Benefit	94.6%	95.2%	0.6
Total Days	6,098,596	6,384,389	4.7%
Total Adjusted Rx's	223,255	233,940	4.8%
Average Member Age	74.8	75.0	0.3%
Nbr Adjusted Rx's PMPM	4.36	4.48	2.7%
Generic Fill Rate	89.6%	91.3%	1.7
Home Delivery Utilization	1.0%	1.2%	0.2
Member Cost %	23.3%	21.3%	-1.9
Specialty Percent of Plan Cost	26.5%	31.2%	4.8
Formulary Compliance Rate	98.8%	99.0%	0.2

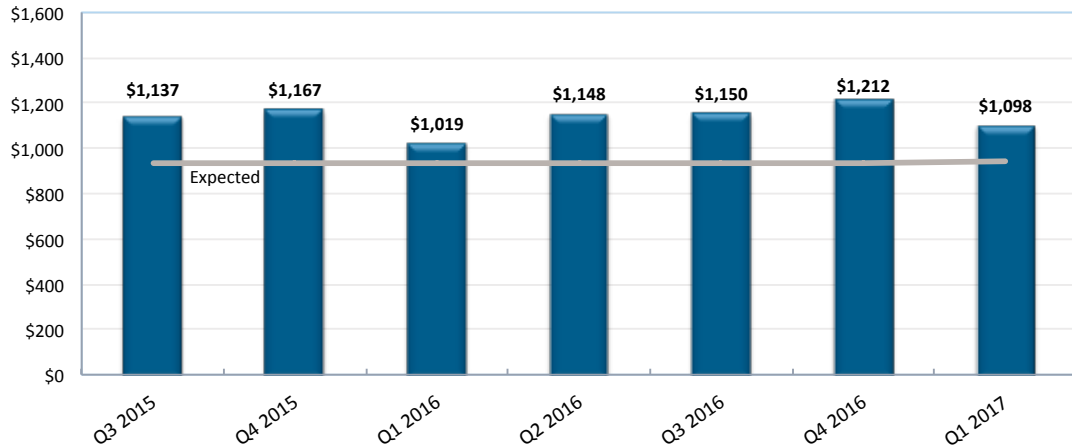
\*This data was prepared by Express Scripts Inc. (ESI)

Claims  
Analysis

## PAID CLAIMS PER CONTRACT PER MONTH

## AVERAGE QUARTERLY INCURRED CLAIMS PER CONTRACT

## Actives



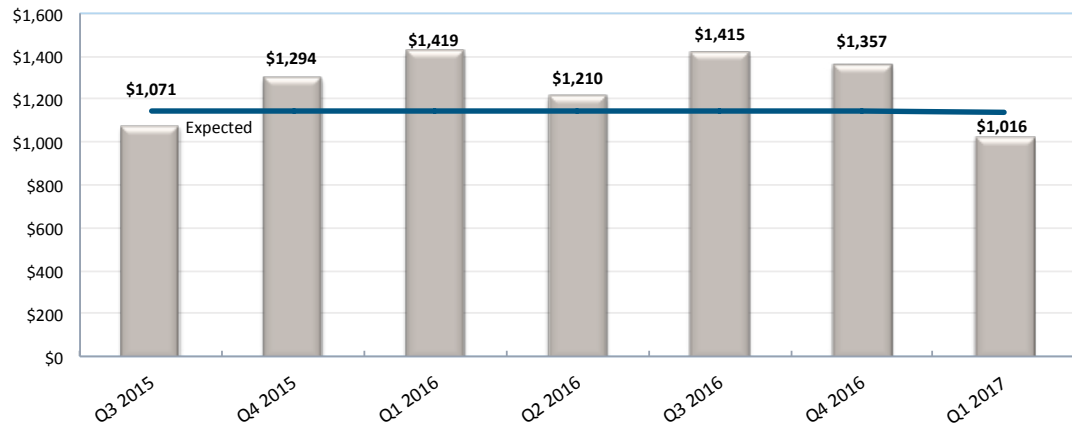
\*Incurred between July 1, 2015 and March 31, 2017 and paid through May 31, 2017. Includes IBNR for July 2015 through March 2017 as of May 31, 2017.

\*Historically, 98% of claims will be accounted for within 90 days of the effective date.

\*NDPERS Active contracts have approximately 2.62 members per contract.

## AVERAGE QUARTERLY INCURRED CLAIMS PER CONTRACT

## Early Retirees



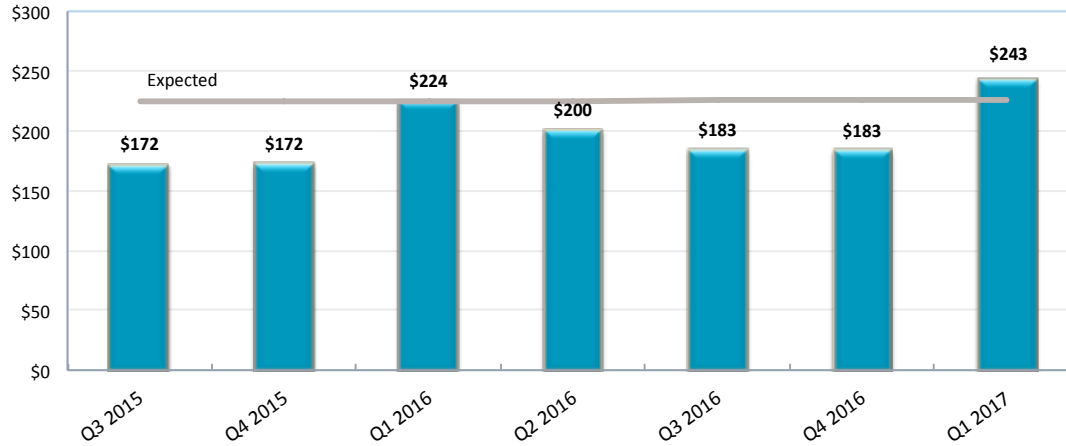
\*Incurred between July 1, 2015 and March 31, 2017 and paid through May 31, 2017. Includes IBNR for July 2015 through March 2017 as of May 31, 2017.

\*Historically, 98% of claims will be accounted for within 90 days of the effective date.

\*NDPERS Early Retirees contracts have approximately 1.22 members per contract.



## PAID CLAIMS PER CONTRACT PER MONTH

Claims  
AnalysisAVERAGE QUARTERLY INCURRED CLAIMS PER CONTRACT  
Medicare Retirees

\*Incurred between July 1, 2015 and March 31, 2017 and paid through May 31, 2017. Includes IBNR for July 2015 through March 2017 as of May 31, 2017.

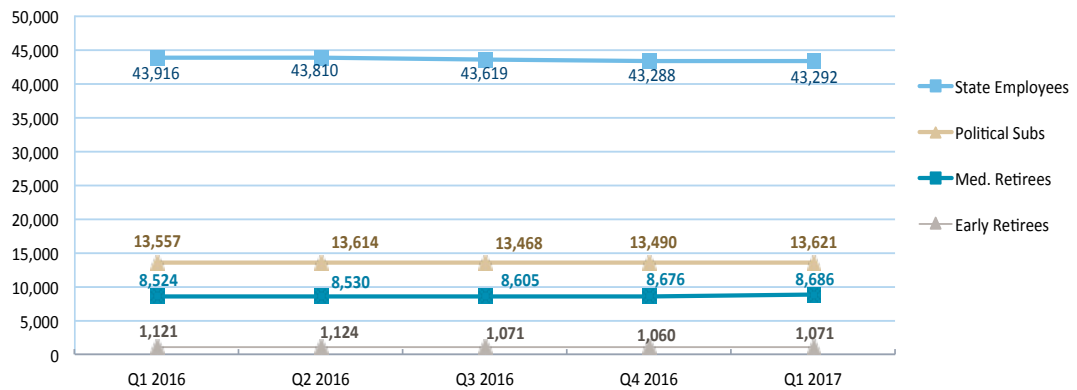
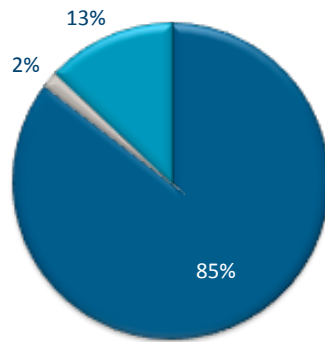
\*Historically, 98% of claims will be accounted for within 90 days of the effective date.

\*NDPERS Medicare Retirees contracts have approximately 1.34 members per contract.

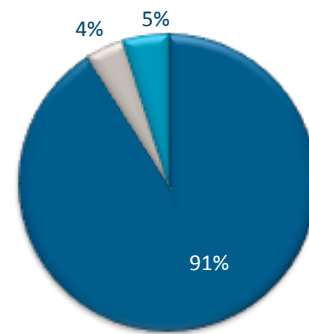
Membership  
& Utilization

## MEMBERSHIP PERCENTAGE

Quarterly Membership Trend

Membership by  
Percentage

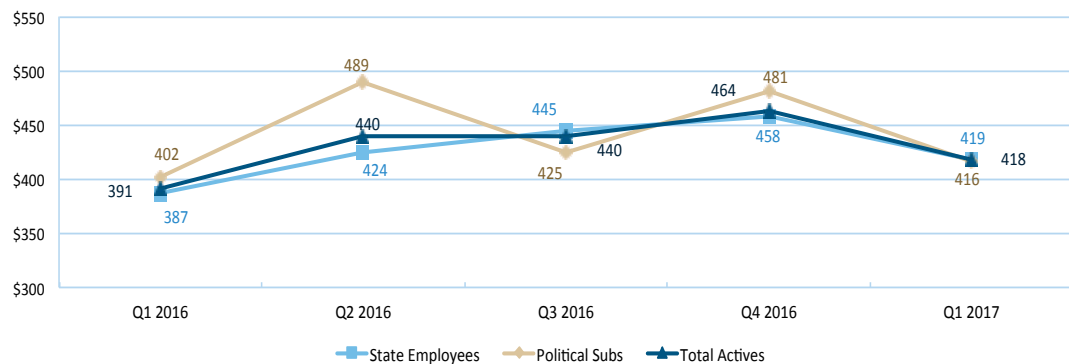
■ Actives ■ Early Retirees ■ Medicare Retirees

Percentage of  
Total Incurred Claims

■ Actives ■ Early Retirees ■ Med. Retirees

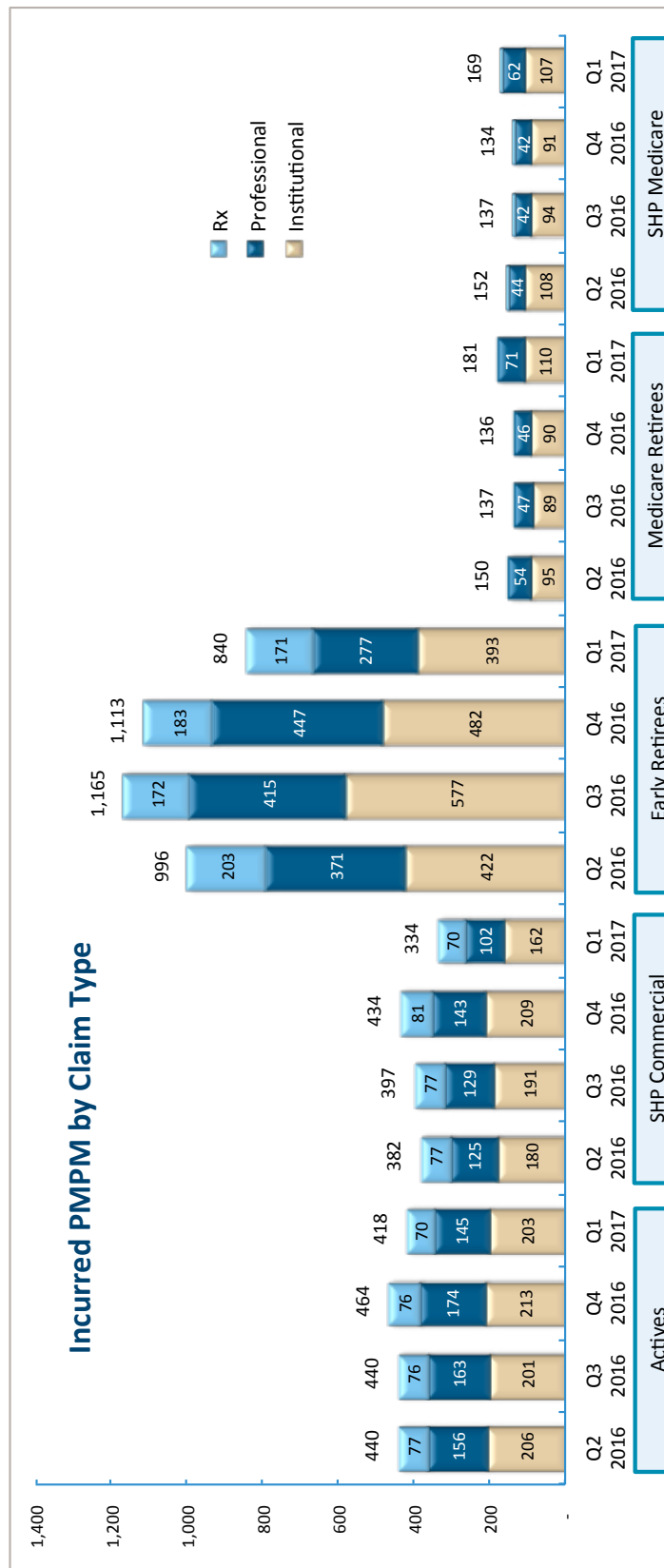
## PAID PMPM TREND BY QUARTER

Paid PMPM Trend by Quarter



\*Incurred between January 1, 2016 and March 31, 2017 and paid through May 31, 2017.  
Includes IBNR for January 2016 through March 2017 as of May 31, 2017.

## PMPM BY CLAIM TYPE

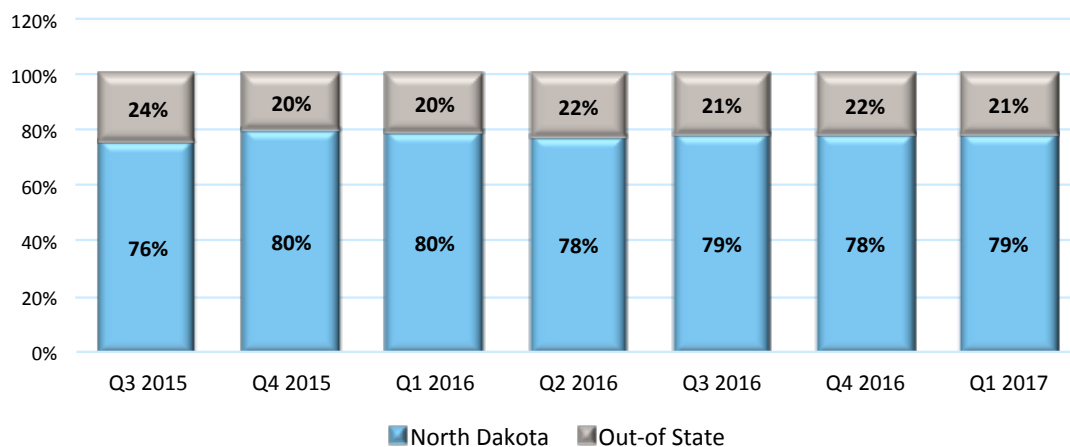
Membership  
& Utilization

\*Incurred between April 1, 2016 and March 31, 2017 and paid through May 31, 2017. Includes IBNR for April 2016 through March 2017 as of May 31, 2017.

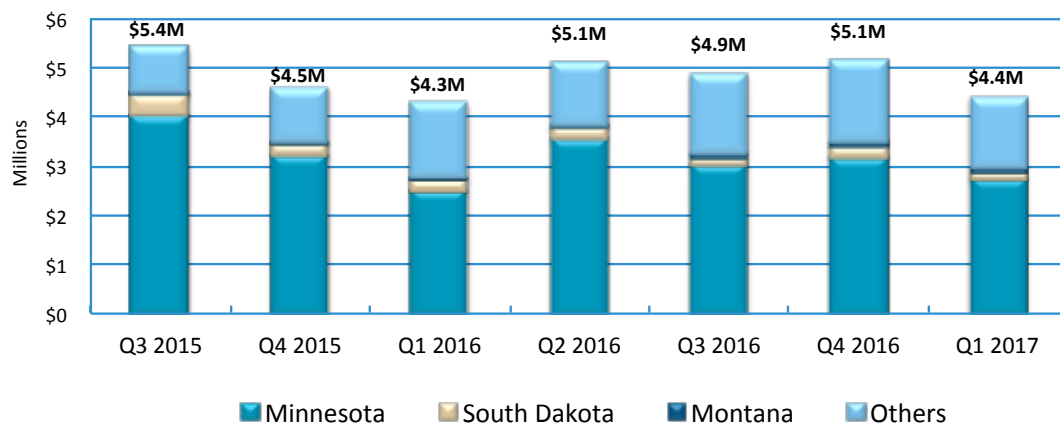
## Membership & Utilization

## PAID CLAIMS BY STATE

### % of Total Claims Paid - ND vs. Out-of-State



### Avg. Quarterly Medical Spend by State for Out of State Services



\*Paid Claims by State charts include both active and retiree membership.

## MEMBER RISK PROFILE &amp; UTILIZATION

Membership  
& Utilization

	NDPERS	SHP BoB
Average Age	35.11	33.65
% Male (Current)	49.17	44.74
Average Risk Score	1.25	1.11
Average Care Gap Index	1.31	1.04
Inpatient Days Per 1000	287	274
Total Admissions Per 1000	64	71
ER Visits Per 1000	219	165
Total Office Visits Per 1000	4,295	4,014
Pharmacy Scripts Per 1000	8,532	9,280

\*Incurred between April 1, 2016 and March 31, 2017 and paid through May 31, 2017.

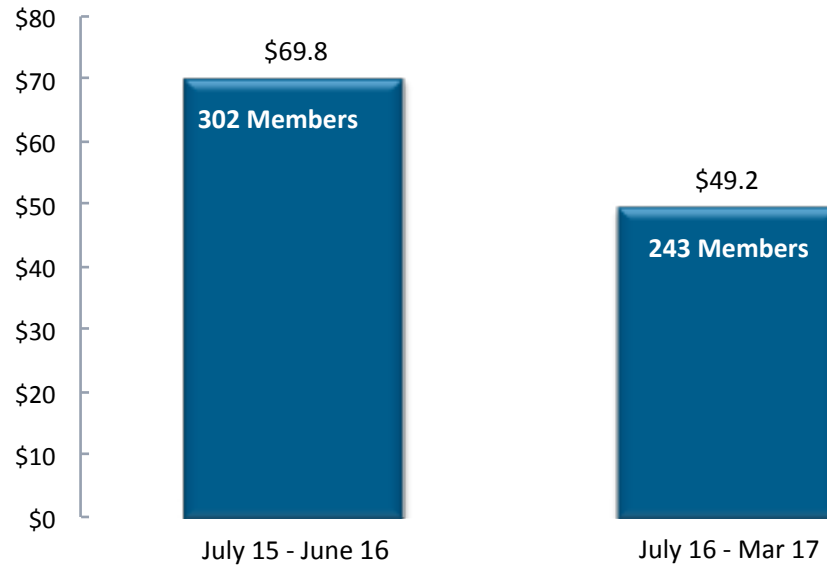
\*All data was normalized using Verisk's methodologies and algorithms.

\*NDPERS includes Political Subdivisions, Early (Pre-Medicare) Retirees and State Employees.

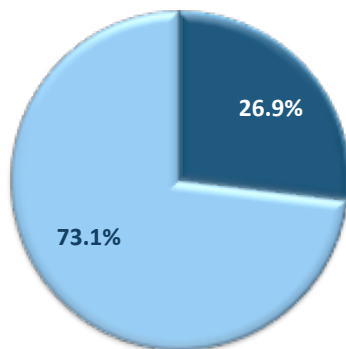


High Dollar  
Cases

## ACTIVES

Total Paid for High Dollar Claimants  
(over \$100,000/member) - ActivesHigh Claimant Actives as  
% of Total Payments  
July 2016 - Mar 2017

Avg. Paid/Case	\$202,303
% of Total Payments	26.9%

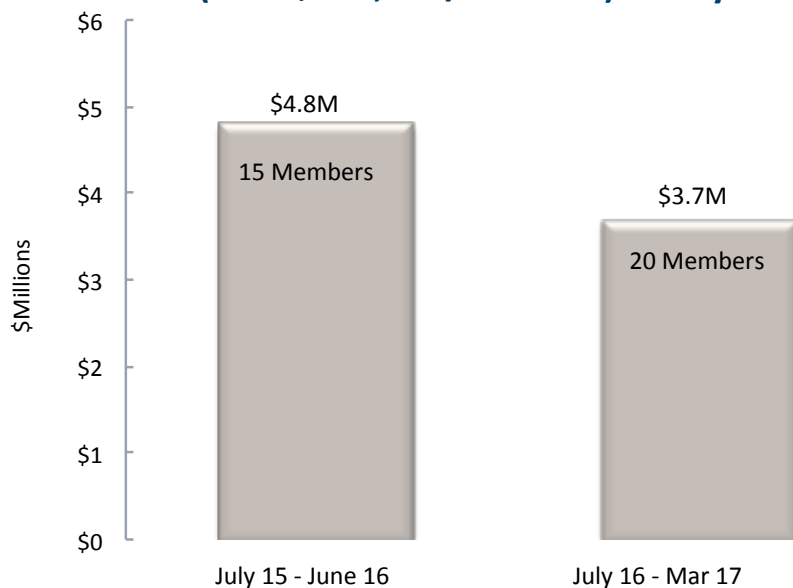


■ High Dollar Pay    ■ All Other Members

## EARLY RETIREES

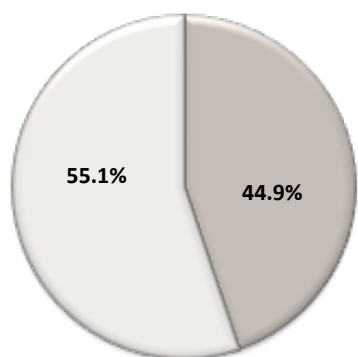
High Dollar  
Cases

### Total Paid for High Dollar Claimants (over \$100,000/member) - Early Retirees



### High Claimant Early Retirees as % of Total Payments July 2016 - Mar 2017

Avg. Paid/Case	\$183,999
% of Total Payments	44.9%



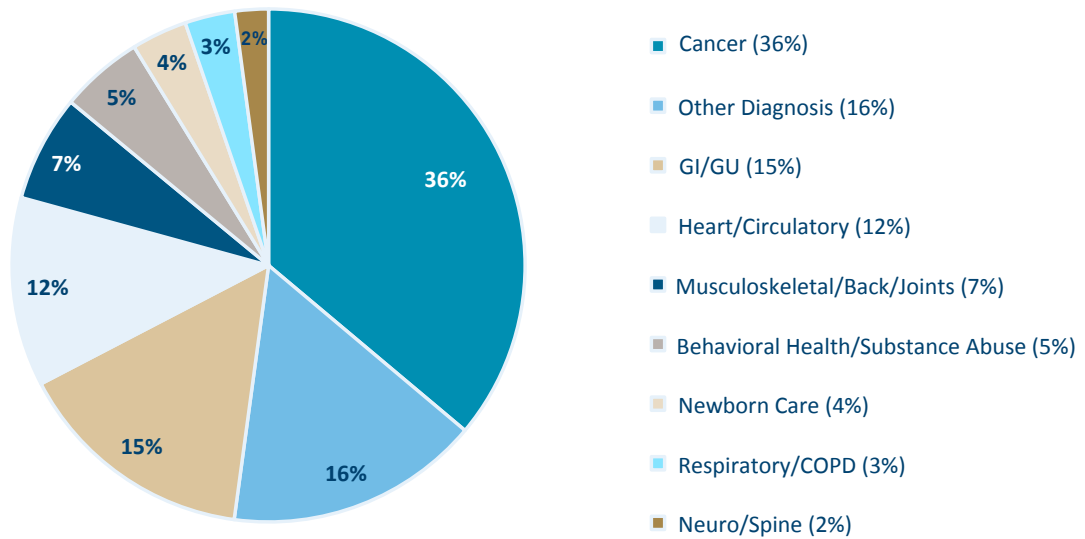
■ High Dollar Pay    ■ All Other Members

High Dollar  
Cases

## PRIMARY DIAGNOSIS

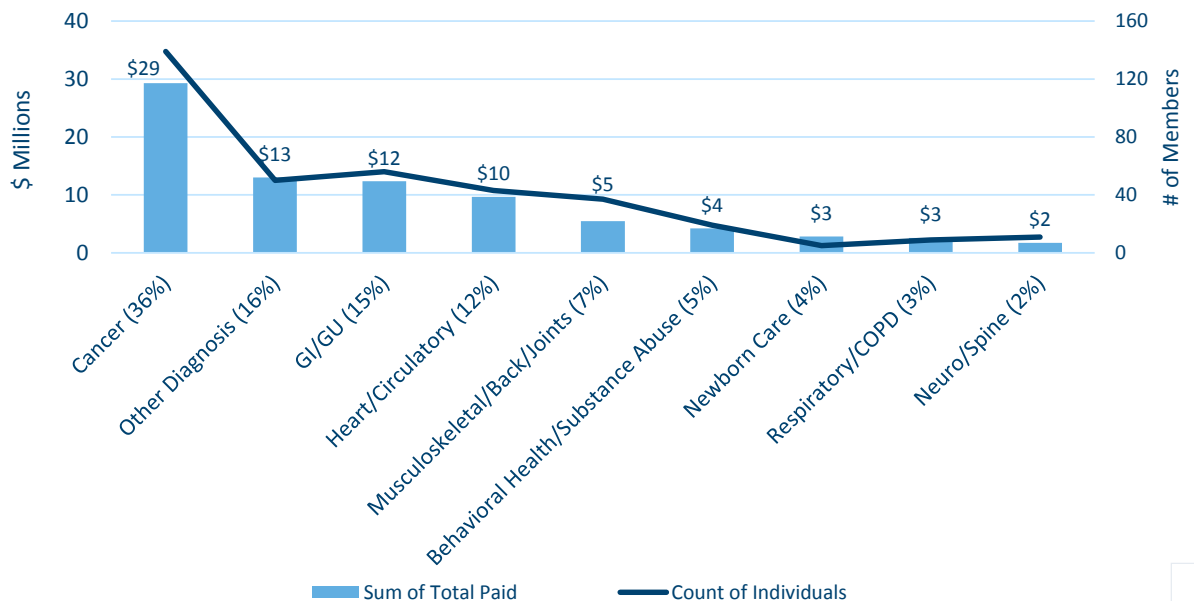
## Highest Paid Diagnosis Group

Apr 2016 - Mar 2017



## Highest Paid Diagnosis Group w/ Member Count

Apr 2016 - Mar 2017

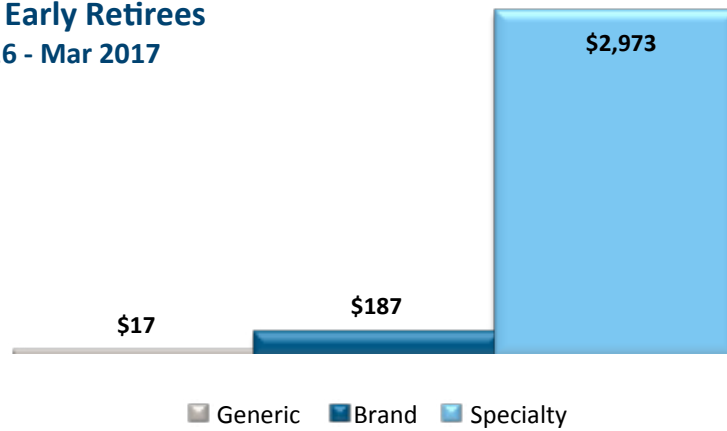


\*High dollar cases consist of claims with a total over \$100,000.

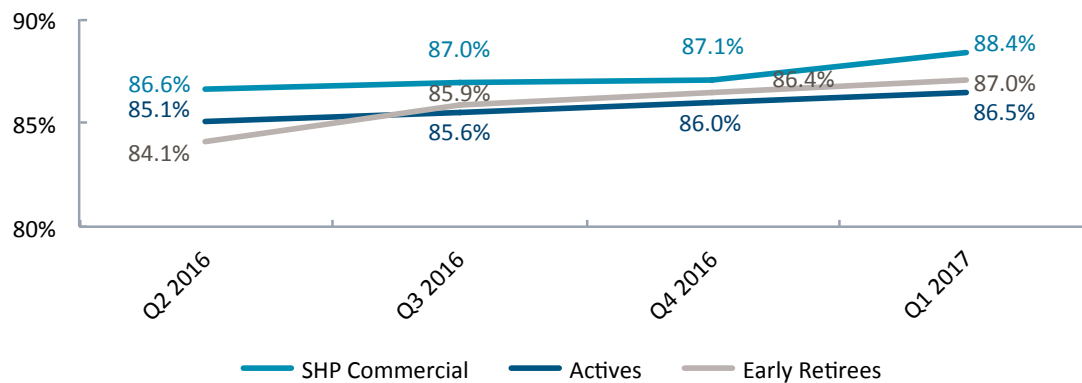
## GENERIC UTILIZATION

Prescription  
Drugs

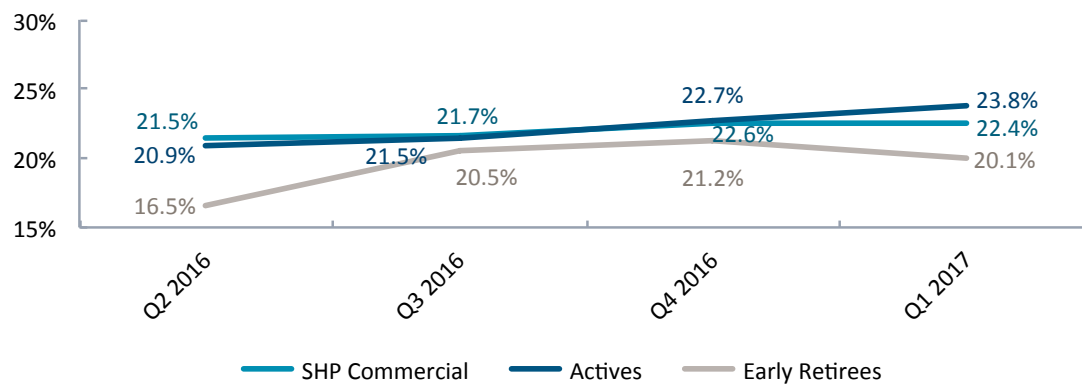
**Average Paid/Rx**  
**Actives & Early Retirees**  
Apr 2016 - Mar 2017



**Generic Utilization Rate**  
**# of Rx Claims**



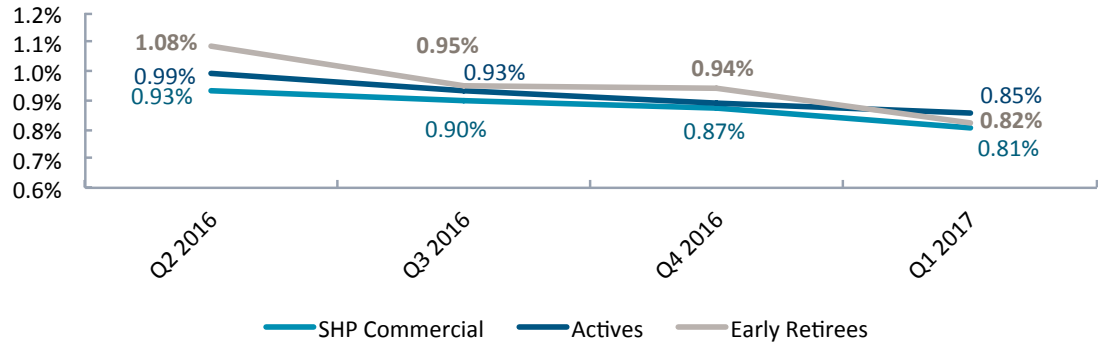
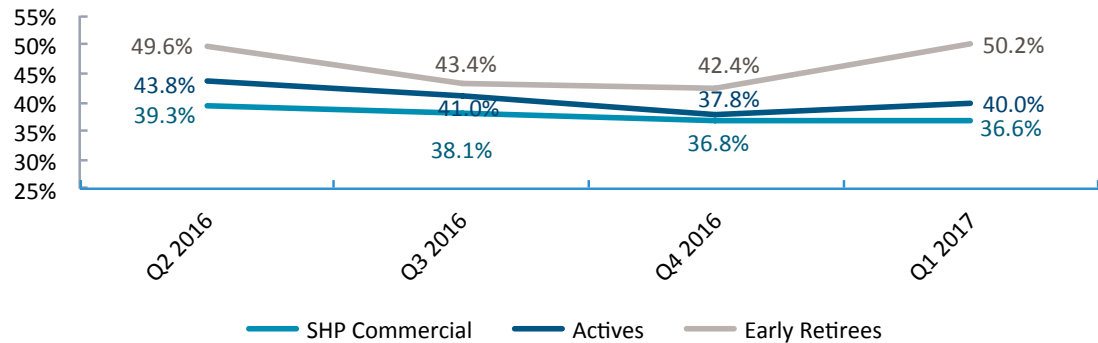
**Generic Utilization Rate**  
**\$ of Rx Claims**



\*Incurred between April 1, 2016 and March 31, 2017 and paid through May 31, 2017.

Prescription  
Drugs

## SPECIALTY PHARMACY

Specialty Utilization Rate  
# of Rx ClaimsSpecialty Utilization Rate  
\$ of Rx Claims

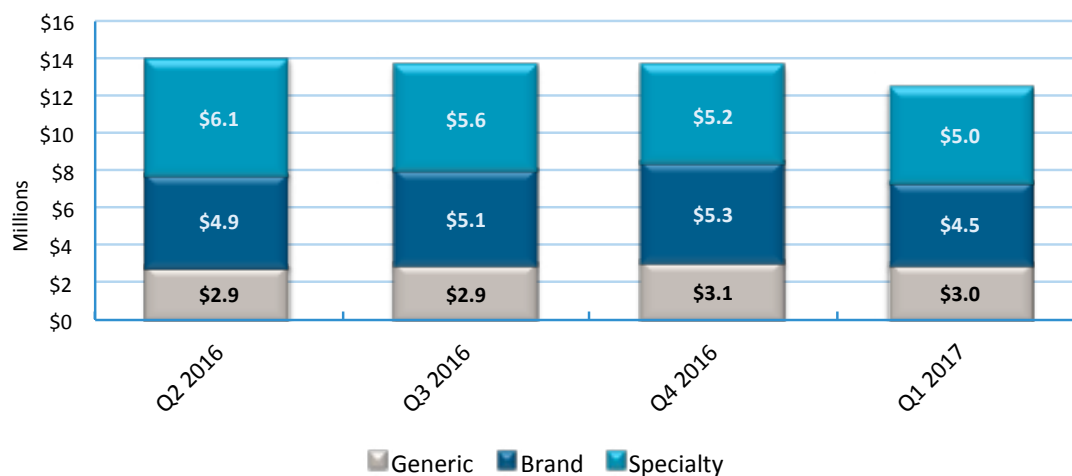
\*Incurred between April 1, 2016 and March 31, 2017 and paid through May 31, 2017.



## PHARMACY

Prescription  
Drugs

Quarterly Drug Spending by Drug Category



\*Incurred between April 1, 2016 and March 31, 2017 and paid through May 31, 2017.

## Dakota Wellness Program

# MONTHLY WELLNESS THEMES

Monthly themes keep the wellness program fresh throughout the year and keeps members engaged in their individual wellness pursuit. Newsletters, e-blasts and worksite posters are used to introduce themes.

**Dakota Wellness Program**



**TAKE STOCK IN YOU THIS NEW YEAR**

If your New Year's goals are usually tossed aside by January 31, you deserve a better approach. What need does meeting your goal help fulfill? Know your needs, enjoy the change process and 2017 can be your year to shine!

 <b>Certainty</b> The perception of safety & security	 <b>Growth</b> Stretching our limits toward improvement
 <b>Variety</b> New and exciting experiences	 <b>Love &amp; Connection</b> Part of an accepting group
 <b>Significance</b> A sense of importance and meaning	 <b>Contribution</b> Serving, protecting and giving to a cause larger than ourselves

**Ask yourself:**

- Which two needs drive much of what I do every day?
- How will the process of working toward my goal help meet my top two needs?

**Wellness Activities**

**Monthly Book Club:** *The Three Marriages: Reimagining Work, Self and Relationship* by David Whyte

**SANFORD HEALTH PLAN**

SDWP-1825 1/16

**Dakota Wellness Program**



**ESTABLISH HEALTHY EATING IN KIDS**

Research shows that children build food acceptance through repeated tastings and sensory experiences. Try these tips to make trying new foods a positive experience.

 <b>Schedule</b>	Set a specific schedule for meals and snacks. This gives structure to the day and your child will know what to expect. If your child declines to eat, explain that they will be able to eat again in "x" amount of time.
 <b>Proportion</b>	Focus meals on proportion, variety and moderation. Help your child judge their fullness by asking them, "Are you hungry, or are you full?"
 <b>Adventure</b>	Let your child play detective and analyze new food. Have a conversation by using prompt questions that ask about the size, shape, color, texture and look of the food.

**SANFORD HEALTH PLAN**

SDWP-1882 2/17

**Dakota Wellness Program**



**HOW IS YOUR HEALTH? LOOK INSIDE YOUR MOUTH**

According to the Academy of General Dentistry, new research shows that the health of your mouth mirrors the condition of your body as a whole. Without proper oral hygiene, bacteria can reach levels that may lead to oral infections that can lead to intestinal failure, irritable bowel syndrome and other digestive disorders.

The American Dental Association provides these recommendations to help reduce your risk of oral complications:

 <b>Brush twice a day</b> for at least two minutes, using fluoridated toothpaste.	 <b>Avoid cigarettes and smokeless tobacco</b> , which are known to contribute to gum disease and oral cancer.
 <b>Floss daily</b> to remove plaque from places your toothbrush can't reach.	 <b>Visit the dentist regularly</b> for cleanings and exams. This is one of the most effective ways to detect the early signs of gum disease.
 <b>Eat a healthy diet</b> to provide the nutrients necessary (vitamins A and C, in particular) to prevent gum disease.	

**SANFORD HEALTH PLAN**

SDWP-1886 1/17

## TOP 10 ONLINE WELLNESS ACTIVITIES

These are the top 10 online Novu activities that were selected and completed by NDPERS members.

Dakota  
Wellness  
Program

#1



**NUTRITION**

#6



**STRENGTH**

#2



**CARDIO**

#7



**STRESS**

#3



**BALANCE & MOBILITY**

#8



**YOGA & RELAXATION**

#4



**SLEEP HEALTH**

#9



**PURPOSE**

#5



**HEALTHY WEIGHT**

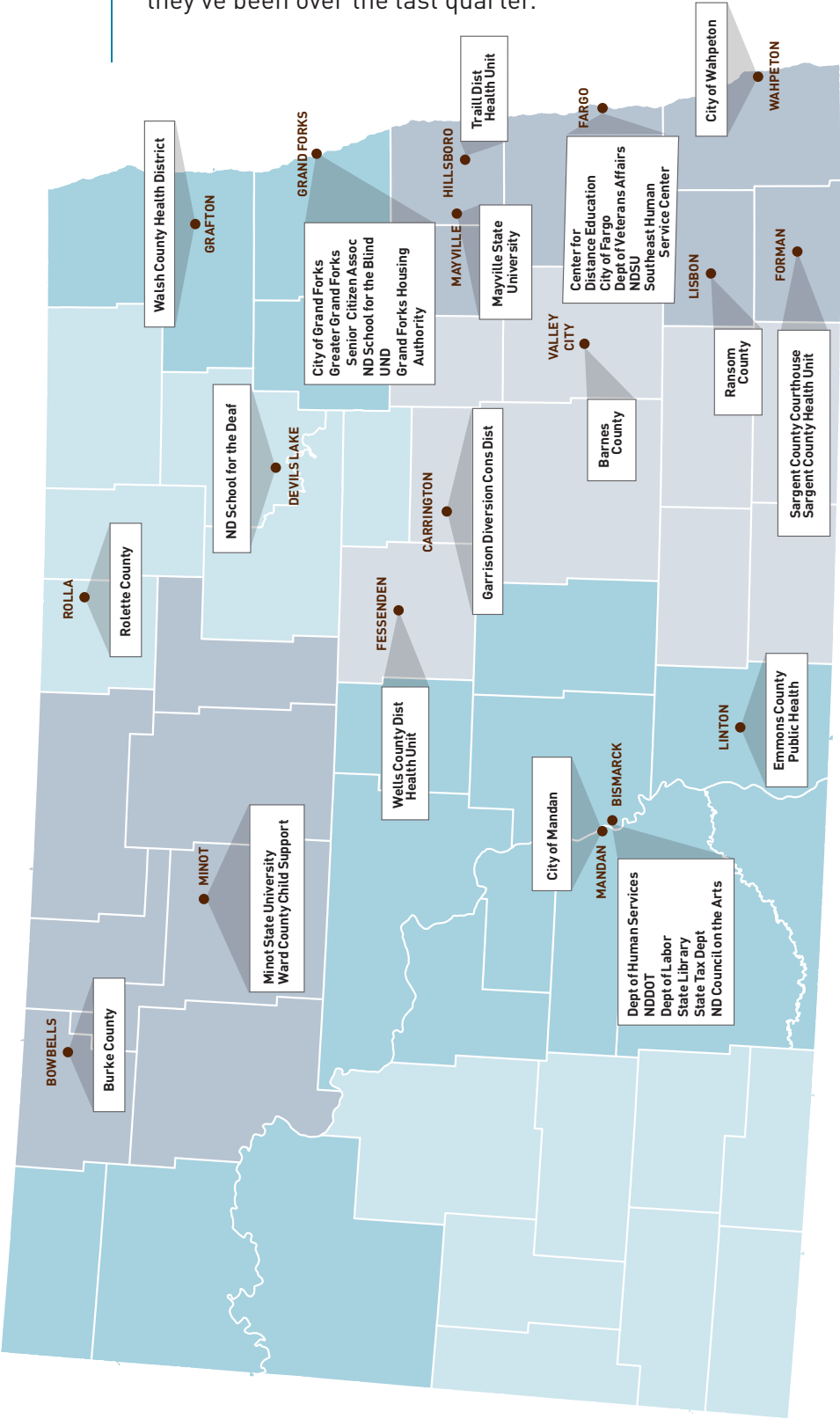
#10



**DAILY HYDRATION  
CHALLENGE**

EVENT ATTENDANCE BY AGENCY

The Sanford Health Plan NDPERS wellness team engages members both offline and online. Wellness educators travel across the state to support agency wellness coordinators and provide worksite education and activities. This map shows where they've been over the last quarter.



TOTAL NUMBER OF  
AGENCIES VISITED  
(UNDUPLICATED)  
**34**

Wellness Coordinator  
1:1 Meetings  
Yoga Class  
Biggest Loser  
Challenge  
Leading for Wellness

PRESENTATIONS/EVENTS:  
Paint Your Plate  
Stick to Your Resolutions  
Mindful Eating  
Sitting Disease  
Organize My Life  
NOVU  
Make It Happen  
No Gym No Problem  
Overcoming Stress  
Health Fair

TOTAL MEMBER  
ATTENDANCE  
THIS QUARTER:  
**626**

## LEADING FOR WELLNESS

### Dakota Wellness Program

In the first quarter of 2017, the Dakota Wellness Program focused on agency leader wellness training and offered two-hour Leading for Wellness sessions in Bismarck, Minot, Fargo and Grand Forks with over 100 agency leaders attending.

Leading for Wellness recognizes organizational culture can serve as an accelerator or barrier to employee well-being. This leadership development training reveals how supervisors, managers, directors and executives can use employee engagement to drive wellness. The following survey responses were collected after the training sessions.

1. **As a result of the Leading for Wellness presentation, I am more knowledgeable about the connection between employee engagement and employee well-being, with career well-being as the primary driver of overall well-being.** 97% of Participants Agreed or Strongly Agreed
2. **As a leader, I am now more aware of how I can change organizational culture by influencing the six dimensions of well-being with my employees.** 92% of Participants Agreed or Strongly Agreed
3. **I will apply the leadership competencies I learned in the presentation to increase the well-being of my employees.** 90% of Participants Agreed or Strongly Agreed
4. **Which technique(s) resonated the most with you, and which ones do you plan to focus on first?** (responses unduplicated)
  - Physical, social, emotional and career well-being
  - Finding out what creates stress for our employees and addressing it
  - Improved sleep
  - Career well-being: strengths, autonomy, positive feedback
  - Stress in the workplace
  - Community well-being
  - Acknowledging achievements and good work of employees
  - Employee engagement
  - Getting more department heads on board with the dimensions of well-being
5. **Additional Comments:** (responses unduplicated)
  - Loved this training! Very insightful. Related a lot to the speaker's examples and discussion.
  - Excellent two hours spent. Well done!
  - Great session! A lot of new information, enjoyed the presentation and examples.
  - Thanks! Worth my time!
  - Really liked the piece on positive reinforcement.
  - Great ideas. I'm anxious to implement them. Thank you!
  - I am not the administrator of our department. Our management sees the need, but does not realize how important wellness is and is "too busy" to assist in any program we try to complete.
  - We will try to restart the in-office concession stand with healthy options.
  - I will apply to the extent my CEO permits.



Performance  
Standards &  
Guarantees

MEASURE	GOAL	OUTCOME REPORTING DATES	OUTCOME
<b>COST MANAGEMENT:</b>			
Health Risk Assessment	10%	Dec. 31, 2015	17.9%
<b>HEALTH OUTCOMES:</b>			
Medical Home Enrollment	30%	July 1, 2016	36.5%
Breast Cancer Screening Rates	80%	June 30, 2017	–
Cervical Cancer Screening Rates	85%	June 30, 2017	–
Colorectal Cancer Screening Rates	60%	June 30, 2017	–
<b>PROVIDER NETWORK/CONTRACTING:</b>			
NDPERS PPO network - in-state hospitals, MDs and DOs that participate in the Company's Par Network.	Hospital = 85% MDs & DOs = 85%	Dec. 31, 2015	Hospital = 94% MDs & DOs = 87%
Minimum provider discount from in-network providers	30% for Non-Medicare contracts	June 30, 2017	–
Claims Financial Accuracy	99%	June 30, 2017	–
Claims Payment Incidence Accuracy	97%	June 30, 2017	–
Claim Timeliness	99%	June 30, 2017	–
Average Speed of Answer	45 seconds	June 30, 2017	–
Call Abandoned Rate	7% or less	June 30, 2017	–
<b>ANCILLARY ITEMS:</b>			
The interest rate utilized currently is based on the US Treasury Notes quoted by the Wall Street Journal	verification	June 30, 2017	–
Rx rebates passed-through to NDPERS	100%	June 30, 2017	–
<b>HRA WELLNESS SCORE:</b>			
HRA Wellness Score	5% point increase	Dec. 31, 2016	N/A
bWell Participation	10%	Dec. 31, 2015	10.8%
Health Club Credit	Goal = 1,950	July 1, 2016	1,879



**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • PO Box 1657  
Bismarck, North Dakota 58502-1657

Sparb Collins  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**DATE:** August 17, 2017  
**TO:** NDPERS Board  
**FROM:** Kathy  
**SUBJECT:** Final Average Salary Indexing for Highway Patrol

North Dakota Century Code 39-03.1-11(5) provides:

*.....The final average salary used for calculating deferred vested retirement benefits must be increased annually, from the later of the date of termination of employment or July 1, 1991, until the date the contributor begins to receive retirement benefits from the fund, at a rate as determined by the board not to exceed a rate that would be approximately equal to annual salary increases provided state employees pursuant to action by the legislative assembly.*

As provided in statute, it is necessary for the NDPERS Board to set a rate to be used in establishing the index factor for deferred members of the Highway Patrol. Currently there are 22 members in the system in a deferred status.

It has been PERS policy to solicit input and a recommendation from the Highway Patrol leadership. The last legislative assembly provided no increase in the agencies' budgets for the first year of the 2017-19 biennium. The North Dakota Highway Patrol leadership is recommending that deferred members in its system receive no increase to their final average salary (FAS). A copy of its recommendation is included for your information.

The current assumption for indexing of deferred members as reported in the Gabriel Roeder & Smith (GRS) July 1, 2016 actuarial report is 4%. Therefore, no increase will result in an actuarial gain to the plan as confirmed by our consultant.

In the past, the board has generally approved an indexing percentage, as recommended by the Highway Patrol leadership, that is the same or slightly lower than the salary increases granted to state employees.

**Board Action Requested:**

Accept or reject the Highway Patrol Administration's recommendation



# North Dakota Highway Patrol



Colonel Michael T. Gerhart, Jr., Superintendent  
State Capitol, 600 E Boulevard Ave. Dept. 504  
Bismarck, ND 58505-0240  
Telephone: 701-328-2455

Doug Burgum  
Governor  
State of North Dakota

**Highway Patrol attachment**

July 25, 2017

Ms. Kathy Allen  
North Dakota Public Employees Retirement System  
P.O. Box 1657  
Bismarck, ND 58502-1657

Dear Kathy:

We recommend that the members of the North Dakota Highway Patrol Retirement System who participate in the Deferred Vested Benefit provision have their final average salary indexed by 0 percent July 1, 2017.

Sincerely,

MICHAEL T. GERHART, JR.  
Colonel, NDHP  
Superintendent

mtg/blc



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

---

FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** NDPERS Board

**FROM:** Sharon Schiermeister

**DATE:** August 14, 2017

**SUBJECT:** Actuarial Assumptions

We have started working with GRS on the 2017 actuarial valuations and are confirming the actuarial assumptions to be used.

At the April 27, 2017 meeting, the Board took the following action relating to various economic assumptions:

**MS. SMITH MOVED APPROVAL TO ACCEPT STAFF AND GRS RECOMMENDATION OF THE FOLLOWING ACTUARIAL ASSUMPTIONS: REDUCING THE RATE FOR PRICE INFLATION FROM 3.5% TO 2.5%; REDUCING THE PAYROLL GROWTH ASSUMPTION FROM 4.5% TO 3.75% FOR THE MAIN AND LAW ENFORCEMENT PLANS AND FROM 4% TO 3.25% FOR JUDGES. IN ADDITION TO CHANGE THE ASSET VALUATION METHOD FROM THE CURRENT METHOD TO A METHOD WHICH SMOOTHS TOTAL INVESTMENT GAINS OR LOSSES OVER A FIVE YEAR PERIOD. IN ADDITION FOR THE FOLLOWING ASSUMPTIONS FOR THE ACTUARIAL FACTORS PROJECT WILL BE USED: AN AVERAGE 5% SALARY INCREASE AND A UNISEX BLEND WITH A 50/50 BLEND OF MALE AND FEMALE RATES. MS. GOODHOUSE SECONDED THE MOTION.**

**Ayes:** Ms. Goodhouse, Ms. Yvonne Smith, Mr. Seibel, Ms. Wassim, and Chairman Strinden.

**Nays:** None

**Absent:** Mr. Sandal, Ms. Tufte, Representative Anderson and Senator Dever

**MOTION PASSED**

GRS has asked us to confirm the following, in follow-up to the changes that were approved at the April meeting:

1. The change in price inflation to 2.50% is for all plans (PERS, Highway Patrol, RHIC, Job Service)
2. The change in asset valuation method is for all plans (PERS, Highway Patrol, RHIC, Job Service)
3. Payroll growth assumption used in calculating the amortization of the unfunded liability contribution for the actuarial contribution rate
  - a. 3.75% for PERS (3.25% for Judges)
  - b. 3.75% for Highway Patrol
  - c. 3.75% for RHIC
  - d. NA for Job Service
4. COLA assumption
  - a. 2.50% for Job Service (the same as the price inflation assumption)
5. Benefit indexing assumption for inactives in Highway Patrol
  - a. This assumption had been 4.0%. Given the change in the inflation assumption, GRS recommends an assumption of 3.00%.
6. Increase in Internal Revenue Code Section 415 limits (for purposes of calculating benefits for Highway Patrol)
  - a. 2.50% (the same as the price inflation)

In reviewing the motion it would be helpful to clarify for the record the following:

1. For items 1-3, specifically identify the plans the assumption changes apply to.
2. For items 4-6, specifically acknowledge the effect the change in assumptions have to those items linked to price inflation.

**Board Action Requested:**

Provide clarification on assumptions to be used for the July 1, 2017 actuarial valuation.





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Executive Director  
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1-800-803-7377

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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** August 17, 2017

**SUBJECT:** Dental and Vision Enrollment Rules

Currently, we do not have a policy with regard to the voluntary dental and vision plans that prohibits participants from dropping coverage if they are not pre-taxing the premium through the Section 125 FlexComp plan. This can contribute to adverse selection wherein employees enroll when major services are needed and then drop coverage upon completion of the treatment.

NDPERS staff has reviewed our past claims experience with regard to enrollment and dis-enrollment which indicates that this pattern is occurring. Even though the instances of this practice are not excessive, staff is proposing that the Board consider implementing a policy to mitigate this liability to the plans and have a consistent enrollment policy for all members. This could be accomplished by implementing a policy whereby enrollment in the dental or vision plans is for a 12-month period and that coverage may only be dropped subject to a qualifying event. This policy would address adverse selection issues and be consistent with individuals that pretax the premium and are not allowed to drop coverage during the calendar year. This policy would be communicated and implemented during the annual enrollment this year and be effective for new hires effective January 1, 2018.

## **Board Action Requested**

Determine whether or not to adopt a policy to prohibit dropping coverage during the calendar year without a qualifying event for the dental and vision plans when premium is paid on an after-tax basis.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Sparb

**DATE:** August 17, 2017

**SUBJECT:** Applied Behavioral Analysis

During this last session HB 1434 was submitted. The proposed bill would have:

*Created a new section to chapter 26.1-36 and a new section to chapter 54-52.1 of the North Dakota Century Code, containing health insurance coverage mandates for autism-related services. The bill would also have provided a statement of legislative intent and require the insurance commissioner to provide a report to the legislative management every other year*

Very compelling and extensive testimony was given concerning the need for the above coverage. PERS and Deloitte were involved when the bill was reviewed by the Legislative Employee Benefits Committee. As part of the Deloitte review they noted:

*Currently, 45 states mandate coverage of autism treatment. The most significant class of treatments covered by all states with mandates in place are behavioral health treatments, which are referred to as applied behavioral analysis (ABA). Most states include age and/or dollar limits or visit limits for mandated ABA benefits. Deloitte reviewed ABA provisions for state mandates passed since 2013 as cited by Autism Speaks. We weren't able to summarize all visit and dollar limits prior to the deadline for this memo, however, the proposed \$50,000 limit in this bill was toward the high end of those state limits that we saw. As mentioned above, all require coverage of ABA, the one exception was MN, which also called for several other intensive therapies to be covered as well as ABA. Only Washington had a higher age limit for coverage than proposed in this bill. Sample ABA age limits are as follows:*

- *Ohio – 14 years of age and younger*

- *Oklahoma – 9 years of age and younger (or 6 years of coverage if not diagnosed by age 3)*
- *North Carolina – 23 years of age and younger*
- *Hawaii – 13 years of age and younger*
- *Georgia – 6 years of age and younger*
- *Mississippi – 8 years of age and younger*
- *South Dakota – 18 years of age and younger (decreasing annual limits at ages 6 and 13)*
- *Maryland – 18 years of age and younger*
- *Nebraska – 20 years of age and younger*
- *Washington – no age limits*
- *Utah – 18 years of age and younger (annual limits cut in half at age 9)*
- *Oregon – 9 years of age and younger*
- *Minnesota – 18 years of age and younger – ABA, EIBI, developmental, IEIBT, IBI*

Ultimately the bill did not pass. My perception was that most legislators agreed with the need for this coverage and that it appeared the reason it didn't pass was a consensus that the best way for this coverage to be provided would be through the insurance companies designing and offering the coverage rather than as a result of legislation. Both BCBS and Sanford indicated that is what they intended to do if the bill did not pass.

Recently I received the following from Steve Webster at Sanford:

*While this bill did not pass, SHP is moving in the direction to provide coverage in ND to large group, non-grandfathered plans, effective 1.1.18. This email is seeking your input on whether PERS would consider adding such a benefit on 1.1.18, understanding the legislature has just approved the 17-19 budget.*

The cost for adding this coverage to the PERS plan for this biennium would need to be funded through reserves since rates have already been set. The estimated cost per month would be about \$28,000 per month. Adding this starting in November of this year would mean it would in the plan for about 20 months so the total cost would be about \$550,000 for the biennium.

### **Staff Recommendation**

Add the coverage to the PERS plan effective November 2017.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Sparb

**DATE:** August 17, 2017

**SUBJECT:** Sanford Reserves

Pursuant to our renewal discussions with Sanford I received the following email on July 3, 2017:

*Sparb,*

*This email is to provide confirmation that Sanford Corporate Finance transferred \$8.5M to SHP today. With this cash infusion, Sanford Health Plan's RBC is at 300%.*

*Please let me know if you have any questions. Enjoy the 4<sup>th</sup>!*

*Steve Webster  
Account Executive  
Sanford Health Plan*

I wanted to notify you that this has been completed.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Sparb

**DATE:** August 17, 2017

**SUBJECT:** About the Patient Program

Attached (attachment #1) please find a memo from Sanford concerning the About the Patient Program. In that memo they discuss what has occurred with the program this last biennium. As you may recall this last biennium we changed the process for enrollment and payment with the change over to Sanford. We used a different process with BCBS that was not as user friendly as the one proposed by Sanford. However, while the one with Sanford has been more user friendly you will note in the attached its limitations as it relates to accuracy.

Staff, Sanford, and the North Dakota Pharmacy Association are recommending that we return to our historical process for this program. Attachment #2 discusses the proposed process going forward and contrasts it with the process used in 2015-2017. We did not have issues in the historical process and therefore, we are confident with the integrity of this process going forward.

As you will note this program is offered pursuant to the following legislative requirement:

**54-52.1-17. Uniform group insurance program - Collaborative drug therapy program - Funding.**

1. The board shall establish a collaborative drug therapy program that is to be available to individuals in the medical and hospital benefits coverage group. The purpose of

the collaborative drug therapy program is to improve the health of individuals with diabetes and to manage health care expenditures.

2. The board shall involve physicians, pharmacists, and certified diabetes educators to coordinate health care for covered individuals with diabetes in order to improve health outcomes and reduce spending on diabetes care. Under the program, pharmacists and certified diabetes educators may be reimbursed for providing face-to-face collaborative drug therapy services to covered individuals with diabetes. To encourage enrollment in the plan, the board shall provide incentives to covered individuals who have diabetes which may include waived or reduced copayment for diabetes treatment drugs and supplies.
3. The North Dakota pharmacists association or a specified delegate shall implement a formalized diabetes management program with the approval of the prescriptive practices committee established in section 43-15-31.4, which must serve to standardize diabetes care and improve patient outcomes. This program must facilitate enrollment procedures, provide standards of diabetes care, enable consistent documentation of clinical and economic outcomes, and structure an outcomes reporting system.
4. The board shall fund the program from any available funds in the uniform group insurance program and if necessary the fund may add up to a two dollar per month charge on the policy premium for medical and hospital benefits coverage. A state agency shall pay any additional premium from the agency's existing appropriation.

Pursuant to the above, we established the PERS diabetes disease management program modeled on the Asheville program with North Dakota pharmacists. This program has been a part of the PERS plan for the last several bienniums.

The following is the estimated plan costs for the 2017-2019 biennium.

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## Level of Service July 2017-June 2019

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Diabetes		July 2017-June 2019
Direct Program Cost		0.00
Provider Visits		\$132,000
Patient Incentives		\$197,000
Subtotal		\$329,000

Administration Costs		0.00
Subtotal		\$20,000.00

Marketing Costs		0.00
Direct to consumer mailings		\$5,000.00
In-pharmacy marketing		
Subtotal		\$5,000.00

Biennial Expenses		\$354,000
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Funding for this program comes from the PERS reserves.

### Staff Recommendation:

1. Use the proposed new administrative process (essentially the one use previously used and as outlined in attachment #2)
2. Approve the program going forward based upon the above budget to be funded from reserves.

# About the Patient Attachment 1

## HEALTH

North Dakota Century Code outlines a medication therapy management program known as “About the Patient” (Program). This program pays pharmacies to provide additional clinical assistance to NDPERS members who have diabetes. The pharmacies are paid a consultative fee. In addition, the program intends for a portion of the member’s cost share to be bypassed as incentive to participate.

The intent of the Program was to bypass the copay for Program medications, and copay and coinsurance for glucometer test strips. All documentation from NDPERS referred only to waive “copay” for medication, with no mention of waiving coinsurance (except for test strips).

During implementation, Sanford Health Plan (SHP) mistakenly assumed the Program absorbed all member cost share, including coinsurance for medications. This resulted in appropriate member cost-share offset for glucometer test strips, but excessive member coinsurance offsets for medications.

Since Express Scripts cannot break out the copay from coinsurance, for this program, the administration of this Program will revert to the manual process performed for years prior to Sanford Health Plan. In that process, the member will pay full cost share at the point of sale, then, the Pharmacy Association will reimburse the member’s copay portions (and coinsurance portion for test strip) on a quarterly basis.

Express Scripts, Inc. has reconstructed the claims experience for this program. This modeling depicts that through May 2017, the program has allowed an additional \$434,000 in member coinsurance offset than desired. Provided the investigation and evaluation, that number will expand for 2 more months at ~\$30k/month to total approximately \$500,000.

Presently the \$434,000 amount is reflected as Plan paid amounts in the NDPERS financial reports. With the necessary Board action taken to activate the legacy program model effective September 1, approximately \$500,000 will be absorbed as losses relative to premium collected against Plan paid. While there is opportunity for SHP to recoup said dollar amounts by reprocessing affected claims, we believe this action will cause significant member abrasion and negatively impact future enrollment into a program aimed to improve the health and wellbeing of NDPERS members.





# Memorandum

The purpose of this memo is to outline how the *About the Patient Program* is presently administered and a go-forward plan.

## Current State:

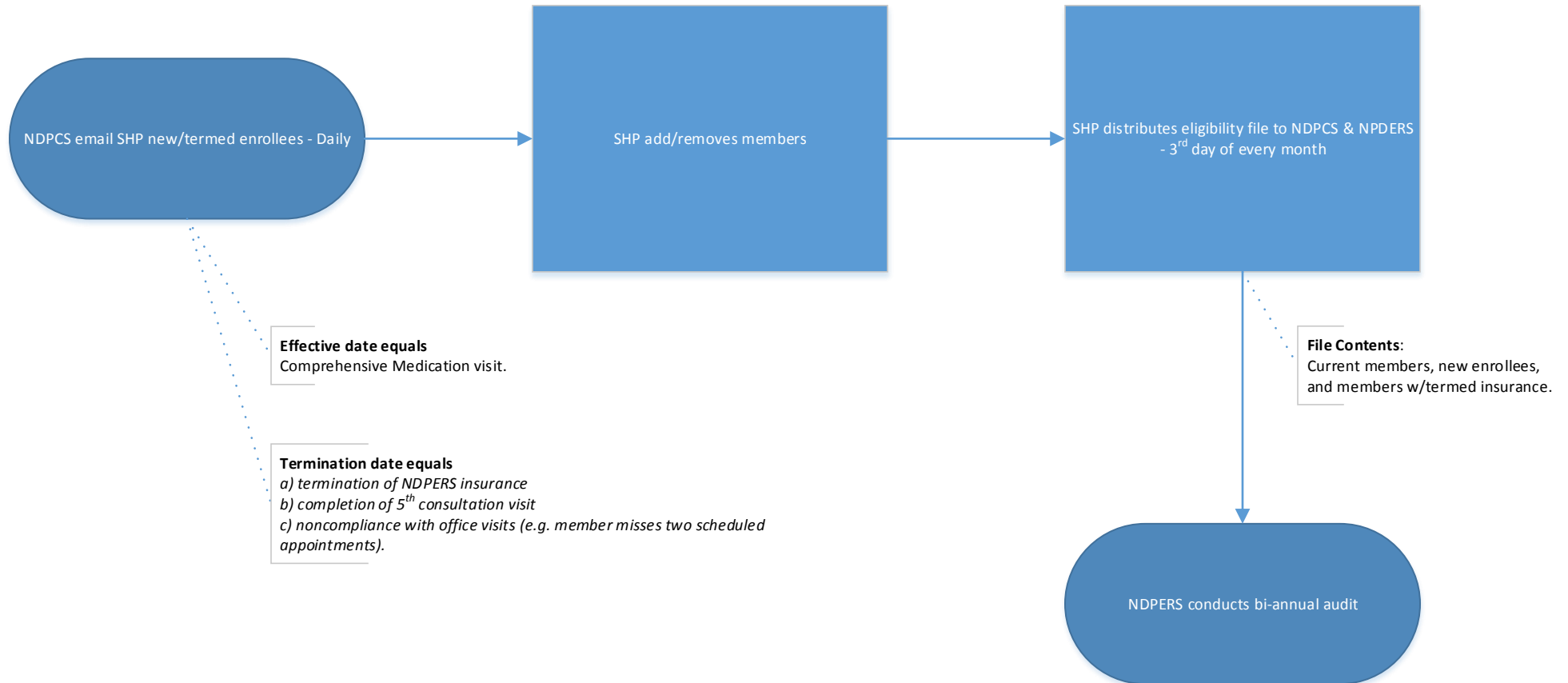
- ❖ Program suspended as of July 1<sup>st</sup> for new enrollees. Current members enrolled in the program will continue to receive benefits as normal.
- ❖ 2 Year Program:
  - Year 1 of biennium: Three education visits with Pharmacist.
    - 1 Comprehensive Medication Review visit (99605 @ \$400.00); 2 follow-up visits -Targeted Medication Review (99606 @ \$80.00). Collectively reimbursed @ \$560.00.
  - Year 2 of biennium: Two education visits with Pharmacist
    - 1 Comprehensive Medication Review visit (99605 @ \$200.00); 1 follow-up visit -Targeted Medication Review (99606 @ \$80.00). Collectively reimbursed @ \$280.00.
  - Rx Copays, and Coinsurance (diabetic test strips only) are waived at point of sale.
- ❖ ND Pharmacy Service Corp. (NDPSC) communicates members enrolled or termed in the program to Sanford Health Plan (SHP) via phone/secure electronic communication. In turn, SHP distributes the Program eligibility file the 3<sup>rd</sup> of every month to NDPSC and PERS. The file contains current members, new enrollees, and members who have termed their NDPERS insurance.
- ❖ SHP supplies to NDPERS the Copay Waiver Report on a monthly basis, which includes a monthly amount of copay waived, total plan cost, total prescriptions per month and total unique member count.
- ❖ NDPERS reviews & approves payment to NDPSC for Pharmacy visits\* on a quarterly basis. In turn, SHP reviews, makes payment and supplies NDPERS with payment made.
- ❖ NDPERS performs bi-annual audits of NDPSC and SHP enrollment and payment records.

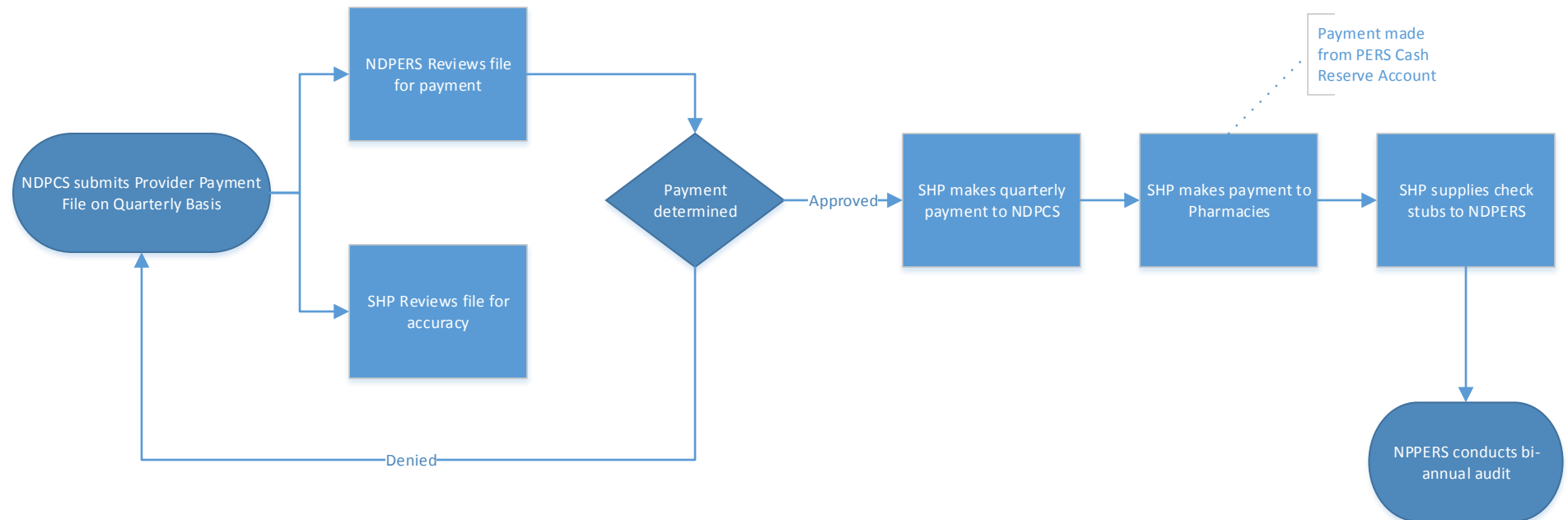
## Future State:

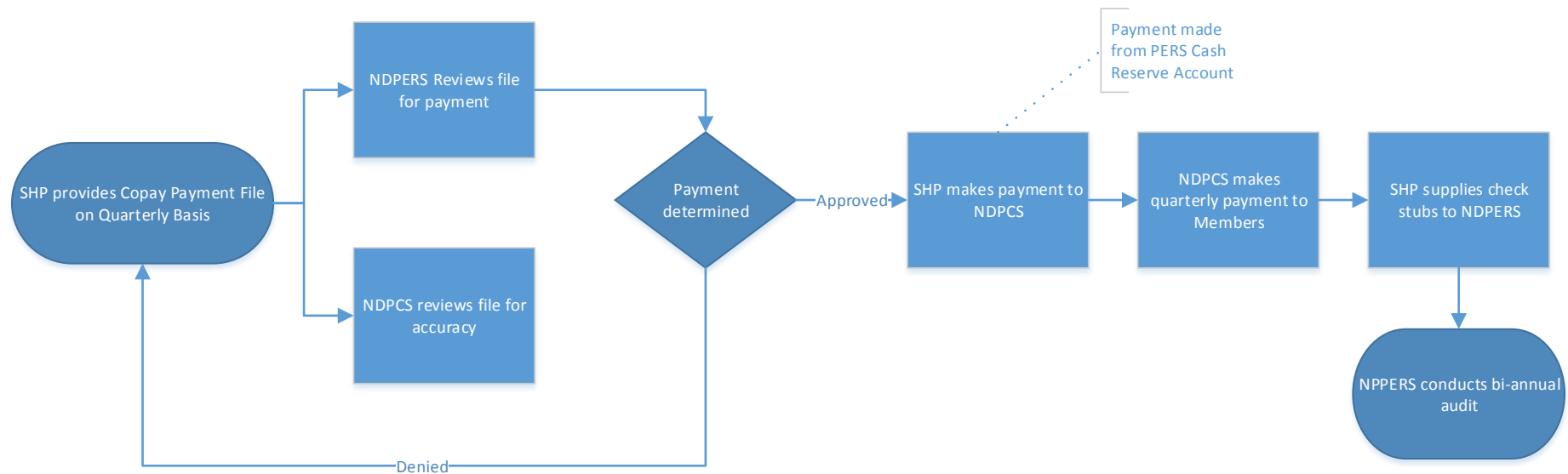
- ❖ 2 Year Program:
  - Year 1 of biennium: Three office visits with Pharmacist.
    - 1 Comprehensive Medication Review visit (99605 @ \$400.00); 2 follow-up visits -Targeted Medication Review (99606 @ \$80.00). Collectively reimbursed @ \$560.00.
  - Year 2 of biennium: Two education visits with Pharmacist
    - 1 Comprehensive Medication Review visit (99605 @ \$200.00); 1 follow-up visit -Targeted Medication Review (99606 @ \$80.00). Collectively reimbursed @ \$280.00.
- ❖ *Rx Copays, and Coinsurance (diabetic test strips only) will be reimbursed directly to the member after point of sale on a quarterly basis.*

- ❖ *ND Pharmacy Service Corp. (NDPSC) communicates members enrolled or termed in the program to Sanford Health Plan (SHP) via secure electronic communication (only). Membership is effective equal to the Comprehensive Medication review visit. Enrolled members are terminated upon a) termination of NDPERS insurance b) member completes their 5 visits or c) noncompliance with office visits as determined by NDPSC (member misses two scheduled appointments for example).*
- ❖ SHP distributes the Program eligibility file the 3<sup>rd</sup> of every month to NDPSC and NDPERS. The file contains current members, new enrollees, and members who have termed their NDPERS insurance.
- ❖ SHP supplies to NDPERS the Copay Waiver Report on a monthly basis, which includes a monthly amount of copays paid by the members enrolled in the program, total plan cost, total prescriptions per month and total unique member count.
- ❖ SHP supplies a separate copay file to NDPERS and NDPSC which contains the amounts paid by members enrolled in the program and other fields as agreed upon by NDPERS. After approval by NDPERS, SHP will send a copay payment file to NDPSC. NDPSC will then directly reimburse the members enrolled in the program for the copays they paid on a monthly or quarterly basis.
- ❖ NDPERS reviews & approves payment to NDPSC for Pharmacy visits on a quarterly basis. In turn, SHP reviews, makes payment and supplies NDPERS with payment made.
- ❖ NDPERS performs bi-annual audits of NDPSC and SHP enrollment and payment records.

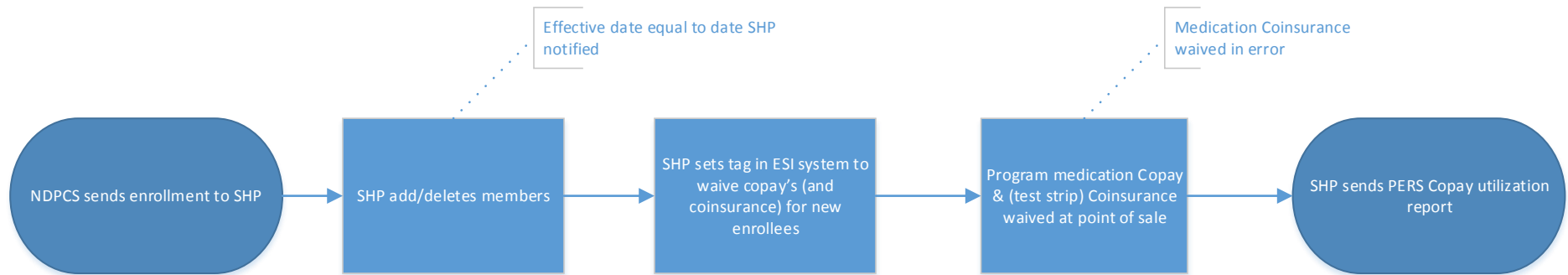
## About the Patient Attachment 2a



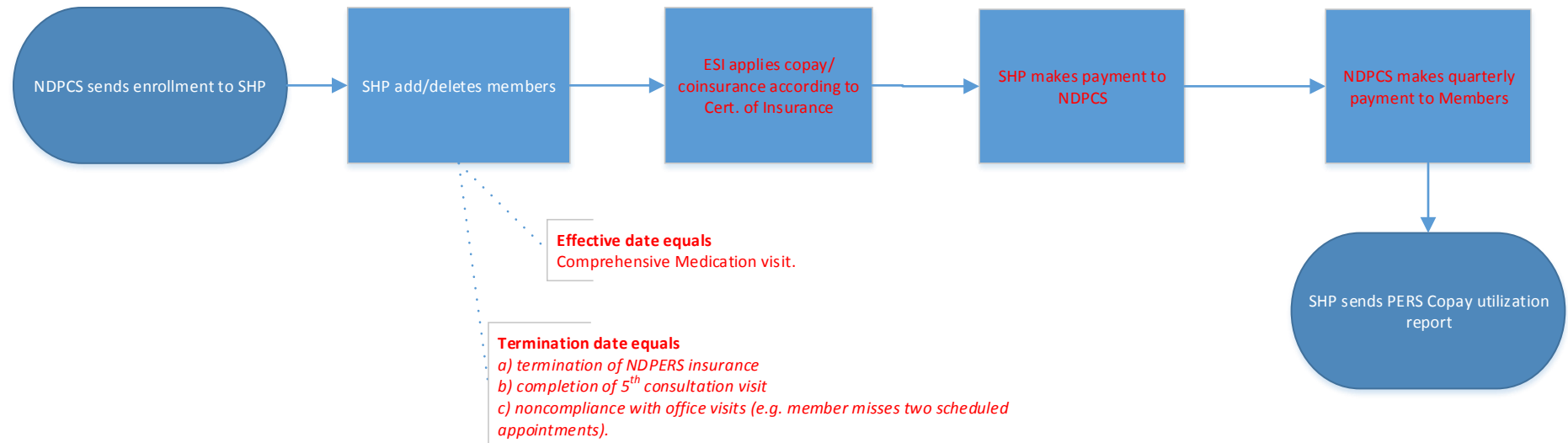


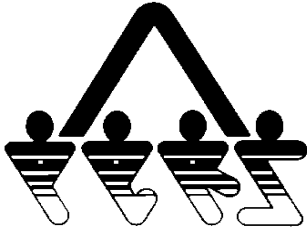


## CURRENT STATE



## FUTURE STATE





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Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

---

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# Memorandum

**TO:** PERS Board

**FROM:** Sparb & Bryan

**DATE:** August 17, 2017

**SUBJECT:** Employee Assistance Program (EAP) Update

There were four responses to the NDPERS EAP Request for Proposal (RFP) issued on April 1. The four were our existing vendors: St. Alexius, The Village, Deer Oaks, and Live Well Solutions. The vendors were all approved at the May NDPERS Board meeting. Staff sent out the EAP information to the providers and agencies after that meeting. The NDPERS web site was updated with the 2017 EAP information. The vendors set up information booths and presented their programs at the June 21 NDPERS Payroll Conference. The deadline for agencies switching providers was June 23.

There were three agencies that switched their EAP provider. The changes were:

Tax Department	St. A's to The Village
Plumbing Board	St. A's to Live Well Solutions
Department of Commerce	St. A's to Deer Oaks

If you have any questions, we will be available at the NDPERS Board meeting.



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---

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# Memorandum

**TO: NDPERS Board**

**FROM: Kathy**

**DATE: August 15, 2017**

**SUBJECT: Performance Guarantees**

At its June meeting, the Board approved the second amendment to the Administrative Services Agreement with Sanford Health Plan (SHP) with the exception of the performance guarantees in Exhibit B which were still under negotiation. Staff has worked with SHP to define and finalize the performance guarantees which are included as Attachment 1. We are providing the guarantees as negotiated and highlighting the following changes from the previous biennium:

1. We have replaced the lump sum forfeiture amount for criteria related to the Health Risk Assessment (HRA), Fitness Center Reimbursement, and Wellness Redemption Center. They are now based on an increasing forfeiture value tied to a decreasing performance percent to allow for flexibility with regard to the amount of forfeiture. Also, the voucher cap for completion of the HRA is being raised from 6,000 to 12,000 points or from \$60 to \$120.
2. We have added three new performance guarantee criteria:
  - Increase participation in the Tobacco Cessation Program.
  - Increase participation in the Healthy Pregnancy Program.
  - Timeliness of payment for the About the Patient Program (diabetes).

With regard to the Healthy Pregnancy Program, please note that the performance criteria is contingent on SHP having the ability to direct-market the program to any NDPERS member identified as being pregnant.

Staff recommends approval of the performance guarantees.

**Board Action Requested.**

Approve or provide staff direction with regard to the performance guarantees.



# **Attachment 1**

## **Exhibit B**

# **Health Plan Performance Guarantees**

**2017-2019 Biennium**

Criteria	Value of Forfeiture
<b>Health Risk Assessment:</b> By June 30, 2019, at least 15% of eligible NDPERS members will have completed a Health Risk Assessment. This includes raising the voucher cap to 12,000.	14.99 - 12.01% = \$2,500 12 - 10.01% = \$5,000 10% or less = \$10,000
<b>Worksite Interventions:</b> By June 30, 2019, at least 70% of participating employer-based wellness program agencies will have implemented a worksite intervention (i.e. wellness consultation, fruit program, break room assessment, wellness training, screening/prevention event, walking program, etc.).	\$15,000
<b>Tobacco Cessation:</b> By June 30, 2019, Tobacco Cessation Program grant dollar distribution will grow by at least 5% compared to the last biennium.	\$5,000
<b>Fitness Center Reimbursement:</b> By Dec. 31, 2018, at least 3.8% of eligible members will receive the fitness center reimbursement in at least one month during the 2018 calendar year.	3.8 - 2.9% = \$2,500 2.8 - 1.9% = \$5,000 1.8% or less = \$10,000
<b>Wellness Redemption Center (online and worksite activity only):</b>  By Dec. 31, 2018, \$550,000 will be paid out in the wellness redemption center for the 2018 calendar year. This includes raising the voucher cap to 12,000.  By Dec. 31, 2018, 6% of eligible members will have processed a redemption for wellness activity during the 2018 calendar year. This includes raising the voucher cap to 12,000.	\$549,999 - 400,001 = \$2,500 \$400,000 - 250,001 = \$5,000 \$250,000 or less = \$7,500  5.99 - 4.01% = \$2,500 4 - 2.1% = \$5,000 2% or less = \$7,500
By June 30, 2019, NDPERS member participation in the Healthy Pregnancy program will increase 5% over the total volume of participants during July 1, 2015-June 30, 2017. SHP shall have the ability to directly market the program to any NDPERS member identified as being pregnant.	\$15,000
HEDIS-like measures breast cancer screening rates will be at least 80%	\$15,000
HEDIS-like measures cervical cancer screening rates will be at least 85%	\$15,000
HEDIS-like measures colorectal cancer screening rates will be at least 60%	\$15,000
SHP shall maintain an NDPERS PPO network consisting of 92% or more of the in-state hospitals, actively practicing MD's and DO's.	\$75,000
SHP guarantees NDPERS a minimum provider discount from in-network providers (1- (Allowed/Billed Charge) = 30% or greater for NDPERS professional and institutional claims for Non-Medicare contracts.	\$125,000
Claims Financial Accuracy will be 99% or greater, each year of the biennium, equal to \$12,500 per year.	\$25,000
Claims Payment incidence Accuracy will be 97% or greater, each year of the biennium, equal to \$12,500 per year.	\$25,000

Claim Timeliness – clean claims processing within 30 calendar days will be 99% or greater, each year of the biennium, equal to \$12,500 per year.	\$25,000
Average Speed of Answer will be 35 seconds or less, each year of the biennium, equal to \$10,000 per year.	\$20,000
Call Abandonment rate will be 5% or less, each year of the biennium, equal to \$10,000 per year.	\$20,000
The interest rate utilized currently is based on the US Treasury Notes quoted by the Wall Street Journal.	\$50,000
100% of Rx rebates will be passed-through to NDPERS	\$10,000
Make payment to NDPSC for the About the Patient program within 5 business days upon receiving approval from NDPERS of the payment amount.	\$10,000
<b>Grand Total</b>	<b>\$500,000</b>

Forfeiture values are over the entire biennium and forfeitures will be paid within 30 days of failure to meet standard.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Sparb

**DATE:** August 17, 2017

**SUBJECT:** BCBS Final Accounting for 2013-15

Attached please find the final accounting from BCBS for the 2013-15 biennium. During the final close out BCBS discovered:

There was a reporting problem from Prime that caused BCBSND to underbill Pharmacy claims to its employer groups that were reported and billed through the alternate finance system. This includes PERS.

Amounts paid by BCBSND to the Pharmacy were correct and amounts paid by the member were correct.

Prime reported amounts paid by BCBSND as a member paid coinsurance when the member was responsible only for a copay. This caused BCBSND to underbill pharmacy claim amounts to PERS because a portion of the claim was incorrectly reported by Prime to BCBSND as a coinsurance amount paid by the member.

When this error was discovered, Prime ran reports identifying which claims were reported incorrectly for PERS. See Prime data tab. These claims were linked to claims history in our data warehouse which incorrectly reports a portion of the claim as coinsurance paid by the member. The qry\_109\_FinalFinal tab shows the original amount reported as paid by BCBSND plus a portion of the claim identified as CNA\_NONcovered that was actually paid by BCBSND and not the member. The sum of these amounts was deducted from what Prime identified as the actual amount paid by BCBSND to pharmacies to determine the amount under billed to NDPERS for pharmacy claims incurred 7/1/2013 - 6/30/2015.

As you will note in paragraph 2 of the letter from Mr. Breuer this will result in a net payable to NDPERS of \$1,890,702.83

	<u>As of June 30, 2016</u>
Earned Premium Income	\$547,287,124.76
Interest Earned on Cash Flow	368,891.92
Interest Earned June 2017 on Cash Flow	7,052.39
Less Claims Incurred and Paid during the biennium	
Claims Paid (negative)	(520,798,298.40)
Claims Refunded (positive)	11,869,329.27
Pharmacy Rebate (positive)	9,620,897.52
Pharmacy Claims paid, but not reported/billed to NDPERS (negative)	(1,347,443.13)
Less Estimated Claims Incurred and Unpaid	-
Less Administrative Expense (\$36.18 / \$67.06 per contract per month)	(41,744,856.08)
Less 50% of First \$3.0 Million Excess	(1,500,000.00)
<b>Initial 7/13-6/15 Biennium Settlement Payable to PERS</b>	<b><u>\$3,762,698.25</u></b>
 <b>ACA FEES COLLECTED DURING THE BIENNIUM</b>	
Estimated ACA Fees billed through contract premiums	
(\$21.54 * 541,442 Active contracts only)	\$11,662,660.68
 <b>ACA FEES PAID BY BCBSND FOR PERS BUSINESS</b>	
TRANSITIONAL REINSURANCE	5,285,704.00
PCORI	232,722.00
HIT	11,606,629.00
Total Fees paid by BCBSND for PERS business	17,125,055.00
 <b>Initial 7/13-6/15 ACA Fee Settlement Due from PERS</b>	<b><u>(\$5,462,394.32)</u></b>
 <b>Total Net BCBSND Payable/(Receivable) from NDPERS for 7/13-6/15 Biennium</b>	<b><u>(\$1,699,696.07)</u></b>
Amount received from NDPERS for initial 12 month settlement on 7/13-6/15 Biennium	503,993.24
<b>Final amount due to BCBSND for 24 month settlement on 7/13-6/15 Biennium</b>	<b><u>(\$1,195,702.83)</u></b>



July 24, 2017

Sparb Collins, Executive Director  
 North Dakota Public Employees Retirement System  
 400 East Broadway Avenue, Suite 505  
 PO Box 1657  
 Bismarck, ND 58502-1657

Dear Mr. Collins:

I am writing in regards to the final accounting summary for the biennium ended June 30, 2015. This includes experience from July 1, 2013 through June 30, 2015 with claims paid through June 30, 2017. The final balance due to Blue Cross Blue Shield of North Dakota (BCBSND) as of June 30, 2017, is \$1,195,702.83 for the biennium ended June 30, 2015. The balance has changed since previously reported due to a reporting problem from Prime Therapeutics Inc. that caused BCBSND to underbill the North Dakota Public Employees Retirement System (NDPERS) and others. The underbilling totaled \$1,347,442.13 for the biennium ended June 30, 2015.

The balance owed referenced above will be applied against the biennium deposit for NDPERS of \$3,086,156.35, resulting in a net payable to NDPERS of \$1,890,702.83. Enclosed is a copy of the final accounting summary.

If you have any questions regarding the initial accounting summary please don't hesitate to contact me at 701-282-1106, [Dave.Breuer@bcbsnd.com](mailto:Dave.Breuer@bcbsnd.com) or Dan LeClair at 701-282-1030, [Dan.LeClair@bcbsnd.com](mailto:Dan.LeClair@bcbsnd.com).

Sincerely,

Dave Breuer  
 CFO  
 Blue Cross Blue Shield of ND

Enclosure

Cc: Tony Piscione, Director Actuarial Reporting & Forecast BCBSND  
 Kevin Schoenborn, Manager Consulting Services BCBSND  
 Dan LeClair, Director Financial Reporting/Risk Management BCBSND  
 Sharon Schiermeister, COO/Accounting & IT Manager NDPERS

4510 13<sup>th</sup> Avenue South, Fargo, North Dakota 58121

*This information is available to individuals with disabilities in alternate formats, free of charge, by calling Member Services at 1-800-342-4718 (toll-free) or through the North Dakota Relay at 1-800-366-6888 or 711.*

*Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association*



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** August 17, 2017

**SUBJECT:** Personnel Policy Manual Updates

On July 1, 2017, PERS implemented the new PeopleSoft Time and Labor module. As a result, we have revised Chapter 5, Pay Policy and Chapter 6, Payroll Recording as follows:

- Chapter 5: Revised language to address overtime and compensatory time accrual and clarify policy regarding options for payment.
- Chapter 6: Revised to conform to the new time sheet reporting through PeopleSoft. Removed repetitive language already addressed in Chapter 5.

Chapter 9, Sick Leave, has been updated to incorporate statutory changes and to revise language related to the use of sick leave. Following is a summary of the changes:

- Added #4 to include definition of eligible family member.
- Revised #4b to remove 12 weeks and incorporate statutory change to allow use of 480 hours of an employee's accrued sick leave hours to care for eligible family members.
- Updated #5 to clarify use of sick leave for birth or placement of a child.

Copies of the above referenced revised sections are included as attachment 1.

Staff recommends approval of the proposed changes to Chapters 5, 6, and 9.

**Board Action Requested**

## CHAPTER 5

### PAY POLICY

- 5.1 Pay periods are once a month on the first day of the month for the prior month's hours. If the first falls on a Saturday, Sunday, or a holiday, you will be paid on the next business day. Part-time/temporary employees are paid on the tenth day of the month.
- 5.2 Under guidelines established by the Fair Labor Standards Act (FLSA), each position is classified as exempt or non-exempt subject to the requirements of this Act. Your supervisor will advise you of your status.
- 5.3 Exempt employees occupy positions which are not subject to coverage by the FLSA. There is no additional compensation paid for hours worked in excess of 40 in a week.
- 5.4 Non-Exempt employees occupy positions which are covered by the FLSA. Employees must be given either monetary overtime compensation or compensatory time. Hours reported as annual leave, sick leave, or other paid leave time such as holidays unless the holiday is worked, are not considered actual hours worked for purposes of computing overtime or compensatory time. All hours that will exceed 40 hours in a week, must be approved in advance by your supervisor.
1. Overtime compensation must be paid at a rate not to exceed time and one-half for each overtime hour when the hours actually worked exceed forty (40) in a designated work week.
  2. Compensatory time must accrue at a rate not to exceed time and one-half for each overtime hour when the hours actually worked exceed forty (40) in a designated work week. You may accrue up to 42 hours of compensatory time. Time in excess of 42 hours will be paid by payroll. Accrued compensatory time is recorded and calculated on a monthly basis. Upon separation from employment, you will be paid for all compensatory time accrued but not taken.
  3. If paid leave hours in a week plus actual hours worked exceed 40, you have the option to be paid straight time or accrue compensatory time on an hour for hour basis for the additional time worked.
- 5.5 A six-month probationary increase, subject to the guidelines in Chapter 3, will be effective on the date coincident with your date of hire.
- 5.6 A reclassification adjustment, as a result of a position being reallocated to a different classification that is in a different pay grade, will be effective the first day of the month following date of approval by the Human Resource Management Services division. A salary increase, if appropriate, may not exceed 5% of the new grade minimum.

## CHAPTER 6



## PAYROLL RECORDING

- 6.1 If you occupy a non-exempt position, you are required to complete a Time Sheet each week for hours worked and leave taken. If you occupy an exempt position, you are not required to complete a Time Sheet for hours worked each week; however, you are required to submit a request for any leave taken.
- 6.2 Reduced Work Week - If you are a regular employee but on a reduced work week schedule you are eligible for holiday pay. The hours you will be paid for a holiday will be prorated as follows:

	<u>Prorated Hours Paid for Holiday*</u>
Full-time (40 hours/week)	8
7/8 time (35 hours/week)	7
4/5 time (32 hours/week)	6
3/5 time (24 hours/week)	5
1/2 time (20 hours/week)	4

\*Fractions are rounded to nearest whole number.

The following policy will apply for payroll recording:

1. If a holiday falls on a day you are scheduled to work, your hours for a week may be less than if there was no holiday. For example, you work eight hours a day Monday through Thursday (4/5 time or 32 hours a week). If a holiday falls on a Monday, you will be paid for six hours whereas if you had worked, you would be paid for eight hours. If you wish to make up the two hours, you have the option of either taking two hours of annual leave or working an additional two hours during that same week. You should inform your supervisor as soon as reasonably possible if you wish to use either of these two options.
2. If the holiday falls on a day you are not scheduled to work - using Friday from the above example - you will be paid six hours for the holiday. As this will result in 38 hours reported for the week instead of the scheduled 32 hours, you will be required to take six hours off during the week in order to adjust the hours paid for that week to 32. In this situation, your supervisor has the discretion to authorize the additional hours contingent on the workload requirements of your department.

SICK LEAVE  
NDCC 54-06-14

9.3 Sick leave may be used for the following occurrences:

1. The employee is ill or injured and is unable to work.
2. The employee has an appointment for the diagnosis or treatment of a medically related condition.
3. The employee wishes to attend to the needs of the employee's eligible family members who are ill or to assist them in obtaining other services related to their health or well-being. (*NDAC 4-07-13-07*)
4. "Eligible family member" means the employee's spouse, parent (natural, adoptive, foster, or stepparent), child (natural, adoptive, foster, or stepchild), or any other family member who is financially or legally dependent upon the employee or who resides with the employee for the purpose of the employee providing care to the family member.
  - a. Sick leave used for these purposes may not exceed eighty hours per calendar year.
  - b. The employee may in any 12-month period, take up to an additional four hundred eighty hours of the employee's accrued sick leave to care for the employee's child, spouse, or parent with a serious health condition. The employer may require the employee to provide written verification of the serious health condition by a health care provider.
5. The employee may take, during the first six months following birth or placement of a child, up to six weeks of accrued sick leave for the employee's newborn child or to care for a child placed with the employee for adoption or placed with the employee as a precondition to adoption. (*NDCC 54-06-14.5*)
6. The employee may use sick leave for seeking or assisting the employee's spouse, parent, child, or sibling in obtaining services for the following situations relating to domestic violence, a sex offense, stalking, or terrorizing (*NDCC 54-06-14.6*):
  - a. Seek legal or law enforcement assistance.
  - b. Seek treatment by a health care provider for physical or mental injuries of employee or immediate family member.
  - c. Obtain or assist an immediate family member in obtaining services from a domestic violence shelter, rape crisis center, or other social service program.
  - d. Obtain or assist an immediate family member in obtaining mental health counseling.
  - e. Participate in safety planning, temporary or permanent relocation or take other actions to increase the safety of the employee or employee's family members.

At the discretion of the employee's supervisor, the sick leave hours may be limited to forty hours per calendar year.

7. The employee is participating in an employee assistance program.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Sharon Schiermeister

**DATE:** August 17, 2017

**SUBJECT:** **Administrative Rules**

PERS has begun the process of drafting our administrative rules. The first effort is to identify areas of proposed rulemaking. Attachment 1 is a matrix showing areas identified by staff. Attachment 2 is a draft of the proposed rules prepared by Jan Murtha.

The matrix does not include rule changes for Return to Work. These rules will be included if updates are needed based upon the Board's decision how to handle multiple retirements, which will be discussed at the September Board meeting.

The matrix also does not include any rule changes for Board Elections. Staff is looking for direction from the Board on the election rules regarding petition signatures. Currently, a petition from an active member who wishes to run for the Board must include signatures of at least 100 active eligible voters and a petition for a retiree member must have at least 25 signatures from persons receiving a retirement allowance. Does the Board wish to keep this signature requirement?

We are asking you to review and identify any additional areas we should be considering. Once this is complete Jan will draft the remaining proposed rules for your consideration at the September 21 meeting. At that time we will be seeking your approval to distribute the rules for comment.

Following is the schedule:

### **2017 Proposed Administrative Rule Revision/Addition/Deletion Schedule**

August 9	Draft of all revisions, deletions, additions to rules to allow for regulatory analysis if needed.
August 17	Initial review at August Board Meeting
September 21	Final Board approval of proposed rules
October 2 (week of)	Post copy of proposed rules on NDPERS website, notify all employer groups that rules are on website, send formal notice and materials to legislative council,
October 2	Notify NDNA of upcoming notice and verify timing of printed notice.
End of October	Notice has been printed in all required newspapers and notice sent to any pertinent legislator with proposed rule changes.
November 6(week of)	Hearing held and comment period opened.
November 20(week of)	Comment period closed.
December 21 or January 2018	Final Board review of comments no later than January Board meeting.
January 2018	Send to Attorney General's office for review.
February 2018	Send up to Legislative Council with AG's review.
April 1 2018	New rules take effect, provided there are no holds placed on them by the committee.

Attachment

Summary of Proposed Rule Changes (2017-19)

Section	Suggested Rule Change	Reason for Change
<p><b>71-02-01-01. Definitions.</b>  As used in North Dakota Century Code chapter 54-52 and this article:  1. "Accumulated contributions" means the total of all of the following:  a. The employee account fund balance accumulated under the prior plan as of June 30, 1977.  b. The vested portion of the employee's "vesting fund" accumulated under the prior plan as of June 30, 1977.  c. The member's mandatory contributions made after July 1, 1977.  d. The member's vested employer contributions made after January 1, 2000, pursuant to North Dakota Century Code section 54-52-11.1.  e. The interest on the sums determined under subdivisions a, b, c, and d, compounded annually at the rate of five percent from July 1, 1977, to June 30, 1981, six percent from July 1, 1981, through June 30, 1986, and one-half of one percent less than the actuarial interest assumption from July 1, 1986, to the member's termination of employment or retirement.  f. The sum of any employee purchase or repurchase payments.</p> <p><b>History:</b> Amended effective September 1, 1982; November 1, 1990; September 1, 1991; January 1, 1992; September 1, 1992; June 1, 1993; July 1, 1994; June 1, 1996; July 1, 2000; April 1, 2002; May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2014; April 1, 2016.  <b>General Authority:</b> NDCC 54-52-04  <b>Law Implemented:</b> NDCC 54-52</p>	<p>Add wording to indicate that interest accrues until funds are withdrawn or member retires</p> <p>Add definition of "Board"</p>	<p>Administrative clarification</p>
<p><b>71-02-02-01. Membership - General rule.</b>  When an eligible employee becomes a member of the public employees retirement system, the following requirements apply:  1. A temporary employee must submit a completed participation agreement within six months of the date of hire as a temporary employee or within six months of a change in status from a permanent to temporary position. If no application is made and filed with the office, an irrevocable waiver of participation will occur for as long as the employee is in temporary status.  2. Contributions for temporary employees must be submitted no later than the sixth working day of the month for the previous month's salary.  3. Delinquent payments of over thirty days, for reasons other than leave of absence or seasonal employment, will result in termination of eligibility to participate as a temporary member.  4. Upon taking a refund, future participation as a temporary member is waived.  5. A member may not participate as both a permanent and a temporary member. Permanent employment has precedence.</p>	<p>Clarify that a member can not contribute concurrently as a permanent and temporary member within any given month</p>	<p>Administrative clarification</p>

Section	Suggested Rule Change	Reason for Change
<p>6. Elected officials of participating counties and elected state officials, at their individual option, must enroll or waive participation in writing within six months of taking office or beginning a new term. If no application is made and filed with the office, an irrevocable waiver of participation will occur until the official makes application within six months from the start of a new term.</p> <p><b>History:</b> Amended effective September 1, 1982; November 1, 1990; September 1, 1992; June 1, 1996; July 1, 1998; May 1, 2004; July 1, 2006; April 1, 2016.</p> <p><b>General Authority:</b> NDCC 54-52-04</p> <p><b>Law Implemented:</b> NDCC 54-52-01, 54-52-02.9, 54-52-05</p>		
<p><b>71-02-03-06. Conversion of sick leave.</b></p> <p>To convert unused sick leave to service credit, the member must notify the office, in writing, of the amount of unused sick leave to be converted and the member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member terminates employment. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer. One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The employer and employee contributions rates used to calculate the cost must be the rate of the retirement program of the member at termination.</p> <p>1. Aftertax payments may be accepted from the member as early as six months prior to termination if the following requirements are met:</p> <p>a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.</p> <p>b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.</p> <p>c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of that date. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the</p>	<p>Change definition of termination of employment to recognize that a change in employment status that results in the member no longer being eligible to accrue sick leave hours is eligible for conversion of sick leave.</p> <p>Establish the deadline for submitting an application as the end of the month in which the member is no longer eligible to accrue sick leave and establish a process for exceptions.</p>	<p>Administrative clarification</p>

Section	Suggested Rule Change	Reason for Change
<p>fifteenth of the month following the month of the member's date of termination.</p> <p>2. The member's record must be updated with the additional service credit once payment is made in full and the member has terminated employment.</p> <p>3. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to termination if the following requirements are met:</p> <p>a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.</p> <p>b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date of termination, is on file with the public employees retirement system. This certification must also include a certification by the employer of the projected salaries to be reported to the public employees retirement system during the final months of employment.</p> <p>c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer and the member's final average salary as of that date. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the termination date will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.</p> <p>d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month of the member's date of termination.</p> <p>e. The retiree health credit portion must be paid as a personal aftertax payment.</p> <p>4. The member's record must be updated with the additional service credit once payment is made and the member has terminated employment.</p> <p><b>History:</b> Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2008.</p> <p><b>General Authority:</b> NDCC 54-52-04</p> <p><b>Law Implemented:</b> NDCC 54-52-27</p>		
<p><b>71-02-04-03. Payment date - Retirement benefits.</b></p> <p>Except for retirement options provided in section 71-02-04-02, a member's retirement benefit shall commence on the first day of the month which follows the member's eligibility for the benefit and which is at least thirty days after the date on which the member filed an application with the office. Notwithstanding any other provision in this article, benefits must begin no later than April first of the calendar year after the calendar year in which the member retires or attains the age of seventy and one-half years, whichever is later. If the member is employed but ineligible for active participation in the retirement plan, the member's benefits must begin no later than April first of the calendar year after</p>	<p>Include language that benefits can be direct deposited.</p> <p>Provide the ability to suspend a members benefit payments if 2 consecutive checks remain uncashed until member contacts the office to make alternate payment arrangements.</p>	<p>Statutory: HB 1023 which provides the Board authority to make payments in the most cost-effective manner</p>

Section	Suggested Rule Change	Reason for Change
<p>the calendar year in which the member attains the age of seventy and one-half years. In the absence of a retirement application, benefits shall be paid based on a single life, or normal retirement for judges, payment option. Benefits must be sent to the member's last-known address. If the benefit checks are returned with no forwarding information, the benefits will remain in the fund, and will be distributed in a lump sum retroactive to the required beginning date upon location of the member.</p> <p><b>History:</b> Amended effective November 1, 1990; July 1, 1994; July 1, 2000; July 1, 2010.</p> <p><b>General Authority:</b> NDCC 54-52-04, 54-52-17</p> <p><b>Law Implemented:</b> NDCC 54-52-17</p>		
<p><b>71-02-05-06. Determination of disability - Procedures.</b></p> <p><b>1. Application.</b></p> <p>a. If the member is unable or unwilling to file a public employees retirement system application for disability retirement, the member's legal representative may file the member's disability application.</p> <p>b. For the main system and the national guard and law enforcement system, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to be engaged in any gainful occupation for which the person is, or could become, reasonably fitted by education, training, or experience. For the judges' retirement plan, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to mentally or physically fulfill the duties and responsibilities of being a judge. A judge who is determined to be disabled pursuant to subdivision a of subsection 3 of North Dakota Century Code section 27-23-03 shall file an application documenting this determination and the effective date of the disability.</p> <p>c. The application must be filed with the public employees retirement system and may not be filed earlier than one hundred twenty days before the expected termination date.</p> <p><b>2. Medical consultant.</b></p> <p>a. The board may retain a medical consultant to evaluate and make recommendations on disability retirement applications.</p>	<p>Add language for recertification to allow proof of ongoing SSA disability benefit award in lieu of a review by the medical consultant.</p> <p>Set a timeframe for receiving the application for recertification, and clarification of when benefits will be suspended and reinstated.</p>	<p>Administrative Clarification</p>



Section	Suggested Rule Change	Reason for Change
<p>b. The medical consultant shall review all medical information provided by the applicant.</p> <p>c. The medical consultant is responsible to determine eligibility for disability benefits for applicants not approved for social security disability benefits or for judges not approved pursuant to subsection 3 of North Dakota Century Code section 27-23-03 and shall advise the executive director of the decision in writing. Applicants who become eligible for disability benefits under the Social Security Act and who meet the requirements of subdivision h of subsection 3 of North Dakota Century Code section 54-52-17 are eligible for benefits under subdivision e of subsection 4 of North Dakota Century Code section 54-52-17 without submitting further medical information to the medical adviser, but are subject to recertification requirements specified in this chapter. The social security disability award must provide proof that the member's disability was determined during the member's period of eligible employment. In determining eligibility for judges not approved pursuant to the above, the medical director shall work with a review committee composed of one supreme court judge and a district court judge to review the proposed application. In order for the application to be approved, it must have the concurrence of the medical director and at least one judge. The executive director shall appoint two judges to serve on the review committee.</p> <p><b>3. Medical examination.</b></p> <p>a. The applicant for disability retirement shall provide the medical examination reports as requested by the medical consultant.</p> <p>b. The member is liable for any costs incurred by the member in undergoing medical examinations and completing and submitting the necessary medical examination reports, medical reports, and hospital reports necessary for initial determination of eligibility for benefits.</p> <p>c. If determined to be eligible for disability benefits, the member must be reimbursed for the cost of medical examinations specifically requested by the medical adviser and the executive director.</p> <p><b>4. Appeal.</b></p> <p>a. If the applicant has terminated employment, the public employees retirement system shall notify the applicant in writing of the decision. If the applicant is determined not to be eligible for disability benefits, the public employees retirement system shall advise the applicant of the appeal procedure. If the applicant is determined eligible for disability benefits, benefits must be paid pursuant to subsection 5.</p> <p>b. If the applicant has not terminated employment, the applicant must be provided with a preliminary notification of the decision in writing. The preliminary notification remains in effect for a period not to exceed two hundred seventy days. If an applicant does not terminate employment within two hundred seventy days of the date of termination provided on the disability</p>		

Section	Suggested Rule Change	Reason for Change
<p>application, the application must be considered to be vacated but the applicant may reapply as provided in subsection 1.</p> <p>c. The applicant may appeal an adverse determination to the board by providing a written notice of appeal within thirty days of the date that the public employees retirement system mailed the decision.</p> <p>d. The board shall consider all appeals at regularly scheduled board meetings. The applicant must be notified of the time and date of the meeting and may attend and be represented by legal counsel. The executive director shall provide to the board for its consideration a case history brief that includes membership history, medical examination summary, and the plan administrator's conclusions and recommendations. The board shall make the determination for eligibility at the meeting unless additional evidence or information is needed. The discussion concerning disability applications must be confidential and closed to the general public.</p> <p>e. If the initial board decision is adverse to the applicant after exhausting the administrative procedure under subdivisions a and b, the applicant may file a request for a formal hearing to be conducted under North Dakota Century Code chapter 28-32. The request for a formal hearing must be filed within thirty days after notice of the initial decision has been mailed or delivered. If an appeal is not filed within the thirty-day period, the initial decision of the board is final. If a request for a formal hearing is timely filed, notice of the hearing must be served at least thirty days prior to the date set for the hearing. The board shall request appointment of an administrative law judge from the office of administrative hearings to conduct the hearing and make recommended findings of fact, conclusions of law, and order. The board shall either accept the administrative law judge's recommended findings of fact, conclusions of law, and order or adopt its own findings of fact, conclusions of law, and order. The applicant may under North Dakota Century Code section 28-32-15 appeal the final decision resulting from this procedure to the district court.</p> <p><b>5. Payment of annuity.</b> If awarded, the disability annuity is payable on, or retroactive to, the first day of the month following the member's termination from covered employment minus any early retirement benefits that have been paid.</p> <p><b>6. Redetermination and recertification.</b></p> <p>a. A disabled annuitant's eligibility must be recertified eighteen months after the date the first check is issued and thereafter as specified by the medical consultant. The executive director may waive the necessity for a recertification, based on the recommendation of the medical consultant.</p> <p>b. The public employees retirement system will send a recertification form and request for a statement of annual earnings by certified mail with return receipt to the disabled annuitant to be completed and sent back to the office. If completed recertification has not been received by the recertification date set</p>		

Section	Suggested Rule Change	Reason for Change
<p>in the recertification request, benefits will be suspended effective the first of the month following that date. Benefits will be reinstated the first of the month following recertification by the medical consultant. The regular accrued disability benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to the first day of the month benefits were suspended, unless otherwise approved by the North Dakota public employees retirement system board.</p> <p>c. The medical consultant may require the disabled annuitant to be reexamined by a doctor. The submission of medical reports by the annuitant, and the review of those reports by the board's medical consultant, may satisfy the reexamination requirement. Upon recertification, the disabled annuitant must be reimbursed for the cost of the required reexamination if deemed necessary by the medical consultant and the executive director.</p> <p>d. The medical consultant will make the recertification decision. The executive director may require additional recertifications, if the facts warrant this action. The decision may be appealed to the board within ninety days of receiving the written recertification decision.</p> <p>e. Benefit payments must be suspended immediately upon notice received from the medical consultant that the annuitant does not meet recertification requirements. The executive director shall notify the annuitant of the suspension of benefits by certified mail and shall reinstate benefits back to date of suspension if the annuitant is subsequently found to meet recertification requirements.</p> <p>f. If it is determined that the disability annuitant was not eligible for benefits during any time period when benefits were provided, the executive director may do all things necessary to recover the erroneously paid benefits.</p> <p><b>History:</b> Effective January 1, 1992; amended effective July 1, 1994; June 1, 1996; April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2016.</p> <p><b>General Authority:</b> NDCC 54-52-04, 54-52-17</p> <p><b>Law Implemented:</b> NDCC 54-52-17, 54-52-26</p>		
<p><b>71-02-06-01. Conditions for return.</b></p> <p>1. The accumulated contributions of a member who terminates permanent employment:</p> <p>a. Before accumulating three years of service credit and whose account balance is less than one thousand dollars shall be automatically refunded unless the member elects to remain in an inactive status.</p> <p>b. After accumulating three years of service credit shall be refunded upon application filed with the executive director.</p> <p>c. The termination date for purposes of processing an application for refund or rollover must be the last date for which a member receives salary except for a member who is on an approved leave of absence. For members who are paid salary in any month following actual separation from employment if the salary</p>	<p>Enrollment applications to participate in the retirement plan are no longer required in NDAC 71-02-02-01. Statute requires mandatory participation, therefore, if an employer reports that an employee is eligible, NDPERS enrolls them in the plan without the application. Therefore, contributions are no longer returned if an enrollment application is not received from an eligible member.</p>	<p>Statutory: NDCC 54-52-05 requires mandatory participation</p>

Section	Suggested Rule Change	Reason for Change
<p>is received after the normal processing date, the termination date for purposes of processing the application must be the same date as the date that the last paycheck was issued as salary.</p> <p>2. Retirement contributions must be returned if a membership enrollment application form has not been filed with the office. Contributions will be returned until proper membership enrollment forms have been filed.</p> <p><b>History:</b> Amended effective November 1, 1990; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; July 1, 2010.</p> <p><b>General Authority:</b> NDCC 54-52-04</p> <p><b>Law Implemented:</b> NDCC 54-52-06, 54-52-17</p>		
<p><b>71-02-06-04. Adjustment for bonuses, profit sharing, and contributions paid in a month other than month earned.</b></p> <p>Adjustments for the following must be made for all members:</p> <p>1. Participating employers shall report bonuses or profit-sharing amounts paid when remitting the contribution associated with the bonus. Recruitment and retention bonuses under North Dakota Century Code section 54-06-31 are not eligible for consideration as salary and no contributions associated with those types of bonuses shall be submitted.</p> <p>2. Bonuses or profit-sharing amounts paid by a participating employer other than pursuant to North Dakota Century Code section 54-06-31 will be retroactively prorated equal to the actual compensation paid over the term of the intended bonus or profit-sharing period. Bonuses or profit-sharing amounts may not be submitted to the public employees retirement system for future months.</p> <p>3. Upon receiving notice, contributions received in a month other than the month earned will be assigned to the appropriate month.</p> <p><b>History:</b> Effective June 1, 1993; amended effective June 1, 1996; July 1, 1998; July 1, 2000; April 1, 2002; April 1, 2008.</p> <p><b>General Authority:</b> NDCC 54-52-04</p> <p><b>Law Implemented:</b> NDCC 54-52-05, 54-52-06</p>	<p>Provides clarification that bonuses are prorated over the prior twelve month period.</p>	<p>Statutory: 54-52-01(23) provides that bonuses are annualized pursuant to rules</p>
<p><b>71-02-11-04. Payment.</b></p> <p>The cost for purchase of eligible military service in the North Dakota public employees retirement system and the North Dakota highway patrolmen's retirement system is as follows:</p> <p>1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 1, 2, or 3 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes. To prevent any delay in issuing the employee's first retirement check, purchase must be completed at least thirty days prior to retirement date.</p>	<p>Add language so interest calculation is consistent with the interest calculation for delinquent contributions as defined in NDCC 54-52-06.</p>	<p>Administrative clarification</p>

Section	Suggested Rule Change	Reason for Change
<p>2. The employer cost will be assessed to the member's most recent participating employer. Upon being billed by the North Dakota public employees retirement system, the participating employer will have thirty days in which to make payment in full. If, after sixty days, the employer has not made payment in full, a civil penalty on fifty dollars will be assessed, and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due.</p> <p>History: Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2012; .</p> <p>General Authority: NDCC 54-52-04</p> <p>Law Implemented: NDCC 54-52-06, 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262</p>		
<p><b>71-03-03-05. Special enrollment for certain qualifying events.</b></p> <p>An eligible employee, retiree, or surviving spouse who elects to take a periodic distribution from the defined contribution retirement plan or a monthly retirement benefit from the North Dakota public employees retirement system, North Dakota highway patrolmen's retirement system, the retirement system established by job service North Dakota, the teachers' fund for retirement, or teachers' insurance and annuity association of America - college retirement equities fund, or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan and provide verification of distribution are eligible for coverage with the health, dental, vision, or prescription drug insurance program.</p> <p>1. The employee, retiree, or surviving spouse must submit application for coverage within thirty-one days from one of the following qualifying events:</p> <ul style="list-style-type: none"> <li>a. The month in which the eligible employee or retiree turns age sixty-five or becomes eligible for medicare.</li> <li>b. The month in which the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for medicare.</li> <li>c. The month in which the eligible employee terminates employment.</li> <li>d. The month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems outlined above.</li> <li>e. The month in which an eligible employee or retiree who is covered through a spouse's plan becomes ineligible for the spouse's plan due to divorce, death, loss of employment, reduction in hours or other events which may cause loss of coverage as</li> </ul>	<p>Clarify that the effective date of coverage for the qualifying event in 1a and 1b is the month in which the member or spouse becomes eligible for Medicare.</p>	<p>Administrative Clarification</p>

Section	Suggested Rule Change	Reason for Change
<p>determined by the board.</p> <p>f. The month in which the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.</p> <p>2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred. If an application is not submitted within thirty-one days of a qualifying event, the eligible individual must be considered to have waived coverage and may not be enrolled unless the individual meets the criteria of another qualifying event. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.</p> <p>3. Other individuals eligible for the health, dental, vision, or prescription drug insurance plan include a surviving spouse who is not receiving a qualified monthly retirement benefit from one of the eligible retirement systems outlined above, but who was a covered dependent on the eligible retiree's health, dental, vision, or prescription drug insurance plan at the time of the eligible retiree's death, if there is no lapse in coverage.</p> <p>4. Individuals not eligible for the health, dental, vision, or prescription drug insurance plan include:</p> <p>a. A former employee who received a refund of the employee's retirement account, including individuals in the defined contribution plan who take a cash withdrawal of the employee's account, roll their account into another qualified plan, or use the moneys in their account to purchase an annuity.</p> <p>b. A nonspouse beneficiary (eligible for Consolidated Omnibus Budget Reconciliation Act).</p> <p>c. A deferred retiree or surviving spouse between the time in which the retiree or surviving spouse's eligibility for the Consolidated Omnibus Budget Reconciliation Act (if eligible) ends and the month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems.</p> <p>d. A formerly deferred retiree who received a refund of the retiree's retirement account.</p> <p>e. A surviving spouse of a nonvested employee eligible for the Consolidated Omnibus Budget Reconciliation Act.</p> <p>f. A surviving spouse of a former employee who received a refund of the employee's retirement account.</p> <p>g. A former participating member of the defined contribution retirement</p>		

Section	Suggested Rule Change	Reason for Change
<p>program who would not qualify for one of the retirement dates set forth in subsection 3 of North Dakota Century Code section 54-52-17 if that employee was a member of the defined benefit retirement plan, unless eligible under the Consolidated Omnibus Budget Reconciliation Act, and then only for the required duration of eligibility under the Act.</p> <p>h. For the purposes of the medical and prescription drug plan, employees who first retire after July 1, 2015, and are not eligible for medicare upon their retirement and completion of any period of eligibility under the Consolidated Omnibus Budget Reconciliation Act, until such time as they or their spouse become eligible for medicare.</p> <p><b>History:</b> Effective October 1, 1986; amended effective November 1, 1990; July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; April 1, 2012; April 1, 2016.</p> <p><b>General Authority:</b> NDCC 54-52.1-08</p> <p><b>Law Implemented:</b> NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.</p>		
<p><b>71-03-05-02. Retiree billing.</b></p> <p>Retirees receiving a monthly retirement benefit from the board in a sufficient amount to pay premium will have the total monthly premium deducted from their benefit check. Retirees not paying a premium from their benefit check will receive a monthly billing.</p> <p><b>History:</b> Effective October 1, 1986; amended effective November 1, 1990; April 1, 2008.</p> <p><b>General Authority:</b> NDCC 54-52.1-08</p> <p><b>Law Implemented:</b> NDCC 54-52.1-03</p>	Remove requirement for monthly billings.	Statutory: HB 1023 which allows the Board to collect payments in the most cost effective manner and also provides a statement of legislative intent to discontinue the distribution of paper materials where feasible.

Section 71-02-01-01 is amended as follows:

**71-02-01-01. Definitions.**

As used in North Dakota Century Code chapter 54-52 and this article:

1. "Accumulated contributions" means the total of all of the following:
  - a. The employee account fund balance accumulated under the prior plan as of June 30, 1977.
  - b. The vested portion of the employee's "vesting fund" accumulated under the prior plan as of June 30, 1977.
  - c. The member's mandatory contributions made after July 1, 1977.
  - d. The member's vested employer contributions made after January 1, 2000, pursuant to North Dakota Century Code section 54-52-11.1.
  - e. The interest on the sums determined under subdivisions a, b, c, and d, compounded annually at the rate of five percent from July 1, 1977, to June 30, 1981, six percent from July 1, 1981, through June 30, 1986, and one-half of one percent less than the actuarial interest assumption from July 1, 1986, to the member's ~~termination of employment~~withdrawal from the plan or retirement.
  - f. The sum of any employee purchase or repurchase payments.
2. "Actuarial equivalent" means a benefit calculated to be of equal value to the benefit otherwise payable when computed on the basis of assumptions and methods adopted for this purpose by the board in a way that precludes employer discretion pursuant to Internal Revenue Code section 401(a)(25). Such assumptions and methods adopted by the board, and any table of adjustment factors established in accordance with the assumptions and methods, shall be incorporated herein by reference.
3. "Alternative retirement system" means the teachers' fund for retirement, the highway patrolmen's retirement system, and the teachers' insurance and annuity association of America.
4. "Beneficiary" means any person in receipt of a benefit provided by this plan or any person designated by a participating member to receive benefits.
5. "Board" means the board of trustees for the public employees retirement system.
6. "Bonus" means cash compensation for services performed in addition to base salary excluding commission and shift differentials. Bonus does not include lump sum payments of sick leave provided under North Dakota Century Code section 54-06-14 or lump sum payments of annual leave or vacation pay.
- ~~67~~. "Claim" means the right to receive a monthly retirement allowance, the receiving of a retirement allowance, or the receiving of a disability benefit.
- ~~78~~. "Continuously employed" means any period of employment uninterrupted by voluntary or involuntary termination or discharge. A member who has taken a leave of absence approved by the member's employer, not to exceed a year unless approved by the executive director, and returns to employment shall be regarded as continuously employed for the period.
- ~~89~~. "Contribution" means the payment into the fund as a percentage of the salary of a member.
- ~~910~~. "Correctional officer" means a person who has completed a correctional officer course approved or certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in North Dakota Century Code chapter 12-44.1.
- ~~4011~~. "County judge" means a judge who was elected pursuant to North Dakota Century Code section 27-07.1-01 or an individual holding the position of county



judge, county justice, or judge of county court prior to the general election in 1982, who meets all the eligibility requirements established under North Dakota Century Code chapter 54-52.

- ~~44~~12. "Interruption of employment" is when an individual is inducted (enlists or is ordered or called to active duty into the armed forces of the United States) and leaves an employment position with a state agency or political subdivision, other than a temporary position. The individual must have left employment to enter active duty and must make application in accordance with the Uniformed Services Employment and Reemployment Rights Act.
- ~~42~~13. "Leave of absence" means the period of time up to one year for which an individual may be absent from covered employment without being terminated. At the executive director's discretion, the leave of absence may be extended not to exceed two years, or indefinitely if the leave of absence is due to interruption of employment.
- ~~43~~14. "Medical consultant" means a person or committee appointed by the board of the North Dakota public employees retirement system to evaluate medical information submitted in relation to disability applications, recertifications, and rehabilitation programs or other such duties as assigned by the board.
- ~~44~~15. "Normal retirement age", except for members of the national guard and law enforcement, means age sixty-five unless otherwise provided. For members of the national guard and law enforcement, normal retirement age means age fifty-five, unless otherwise provided.
- ~~45~~16. "Office" means the administrative office of the public employees retirement system.
- ~~46~~17. "Participating employer" means an employer who contributes to the North Dakota public employees retirement system. For confidentiality purposes, "participating employer" means the person or group of persons with the ultimate authority over personnel decisions within the agency or political subdivision with which the member is employed or the person's or group's official designee.
- ~~47~~18. "Pay status" means a member is receiving a retirement allowance from the fund.
- ~~48~~19. "Permanent and total disability" for members of the main retirement system and the national guard/law enforcement retirement plan means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months. For members of the judge's retirement plan, "permanent and total disability" is determined pursuant to subdivision e of subsection 3 of section 54-52-17 of the North Dakota Century Code.
- ~~49~~20. "Plan administrator" means the executive director of the North Dakota public employees retirement system or such other person or committee as may be appointed by the board of the North Dakota public employees retirement system from time to time.
- ~~20~~21. "Plan year" means the twelve consecutive months commencing July first of the calendar year and ending June thirtieth of the subsequent calendar year.
- ~~24~~22. "Prior plan" means the state employees' retirement system which existed from July 1, 1966, to June 30, 1977.
- ~~22~~23. "Regularly funded" means a legislatively authorized full-time equivalent (FTE) position for state agencies. For all governmental units other than state agencies, regularly funded means a similar designation by the unit's governing board which is created through the regular budgeting process and receives traditional employee benefits such as sick leave and annual leave.

- ~~23~~24. "Retiree" means an individual receiving a monthly retirement allowance pursuant to chapter 54-52.
- ~~24~~25. "Retirement allowance" means a reoccurring, periodic benefit from an eligible employer-sponsored retirement plan as approved by the board.
- ~~25~~26. "Service credit" means increments of time to be used in the calculation of retirement benefits. Service credit may be earned as stated in section 71-02-03-01 or may be purchased or repurchased according to section 71-02-03-02.1.
- ~~26~~27. "Substantial gainful activity" is to be based upon the totality of the circumstances including consideration of an individual's training, education, and experience; an individual's potential for earning at least seventy percent of the individual's predisability earnings; and other items deemed significant on a case-by-case basis. Eligibility is based on an individual's employability and not actual employment status.
- ~~27~~28. "Termination of employment" for the purposes of determination for eligibility for benefit payments means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence or if reemployed by any covered employer prior to receiving a lump sum distribution of the member's account balance does not constitute termination of employment.
- ~~28~~29. "Termination of participation" means termination of eligibility to participate in the retirement plan.

**History:** Amended effective September 1, 1982; November 1, 1990; September 1, 1991; January 1, 1992; September 1, 1992; June 1, 1993; July 1, 1994; June 1, 1996; July 1, 2000; April 1, 2002; May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2014; April 1, 2016;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52

Section 71-02-02-01 is amended as follows:

**71-02-02-01. Membership - General rule.**

When an eligible employee becomes a member of the public employees retirement system, the following requirements apply:

1. A temporary employee must submit a completed participation agreement within six months of the date of hire as a temporary employee or within six months of a change in status from a permanent to temporary position. If no application is made and filed with the office, an irrevocable waiver of participation will occur for as long as the employee is in temporary status.
2. Contributions for temporary employees must be submitted no later than the sixth working day of the month for the previous month's salary.
3. Delinquent payments of over thirty days, for reasons other than leave of absence or seasonal employment, will result in termination of eligibility to participate as a temporary member.
4. Upon taking a refund, future participation as a temporary member is waived.
5. A member may not ~~participate~~ contribute concurrently to the plan within any given month as both a permanent and a temporary member. Permanent employment has precedence.
6. Elected officials of participating counties and elected state officials, at their individual option, must enroll or waive participation in writing within six months of taking office or beginning a new term. If no application is made and filed with the office, an irrevocable waiver of participation will occur until the official makes application within six months from the start of a new term.

**History:** Amended effective September 1, 1982; November 1, 1990; September 1, 1992; June 1, 1996; July 1, 1998; May 1, 2004; July 1, 2006; April 1, 2016; \_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-01, 54-52-02.9, 54-52-05

Section 71-02-03-06 is amended as follows:

**71-02-03-06. Conversion of sick leave.**

To convert unused sick leave to service credit, the member must ~~notify~~submit an application to the office, in writing, no later than the end of the month in which the member is no longer eligible to accrue ~~the amount of unused sick leave hours, unless otherwise approved by the executive director, to be converted and the~~ The member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member ~~terminates employment~~is no longer eligible to accrue sick leave hours. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer. One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The employer and employee contributions rates used to calculate the cost must be the rate of the retirement program of the member at termination.

1. Aftertax payments may be accepted from the member as early as six months prior to ~~termination~~when the member is no longer eligible to accrue sick leave hours, if the following requirements are met:
  - a. A notice of ~~termination or application for monthly benefits form is on file with~~employment change has been provided to the public employees retirement system.
  - b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.
  - c. ~~At termination, the~~The sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of that date. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the fifteenth of the month following the month ~~of the member's date of termination~~the member is no longer eligible to accrue sick leave hours.
2. The member's record must be updated with the additional service credit once payment is made in full ~~and the member has terminated employment~~.
3. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to ~~termination~~when the member is no longer eligible to accrue sick leave hours, if the following requirements are met:
  - a. A notice of ~~termination or application for monthly benefits form is on file with~~employment change has been provided to the public employees retirement system.
  - b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date ~~of termination~~the member is no longer eligible to accrue sick leave hours, is on file with the public employees retirement system. This certification must also include a certification by the employer

- of the projected salaries to be reported to the public employees retirement system during the final months of employment.
- c. ~~At termination, the~~The sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer and the member's final average salary as of ~~that~~the date the member is no longer eligible to accrue sick leave hours. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the ~~termination date~~the member is no longer eligible to accrue sick leave hours will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.
  - d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month ~~of the member's date of termination~~member is no longer eligible to accrue sick leave hours.
  - e. The retiree health credit portion must be paid as a personal aftertax payment.
4. The member's record must be updated with the additional service credit once payment is made ~~and the member has terminated employment~~in full.

**History:** Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2008;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-27

Section 71-02-04-03 is amended as follows:

**71-02-04-03. Payment date - Retirement benefits.**

Except for retirement options provided in section 71-02-04-02, a member's retirement benefit shall commence on the first day of the month which follows the member's eligibility for the benefit and which is at least thirty days after the date on which the member filed an application with the office. Notwithstanding any other provision in this article, benefits must begin no later than April first of the calendar year after the calendar year in which the member retires or attains the age of seventy and one-half years, whichever is later. If the member is employed but ineligible for active participation in the retirement plan, the member's benefits must begin no later than April first of the calendar year after the calendar year in which the member attains the age of seventy and one-half years. In the absence of a retirement application, benefits shall be paid based on a single life, or normal retirement for judges, payment option. Benefits must be directly deposited into a financial account identified by the member or sent to the member's last-known address. If the benefit checks are returned with no forwarding information, the benefits will remain in the fund, and will be distributed in a lump sum retroactive to the required beginning date upon location of the member. If two consecutive checks issued remain uncashed, future payments will be suspended until the member makes payment arrangements with the Office.

**History:** Amended effective November 1, 1990; July 1, 1994; July 1, 2000; July 1, 2010;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04, 54-52-17

**Law Implemented:** NDCC 54-52-17

Section 71-02-05-06 is amended as follows:

**71-02-05-06. Determination of disability - Procedures.**

**1. Application.**

- a. If the member is unable or unwilling to file a public employees retirement system application for disability retirement, the member's legal representative may file the member's disability application.
- b. For the main system and the national guard and law enforcement system, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to be engaged in any gainful occupation for which the person is, or could become, reasonably fitted by education, training, or experience. For the judges' retirement plan, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to mentally or physically fulfill the duties and responsibilities of being a judge. A judge who is determined to be disabled pursuant to subdivision a of subsection 3 of North Dakota Century Code section 27-23-03 shall file an application documenting this determination and the effective date of the disability.
- c. The application must be filed with the public employees retirement system and may not be filed earlier than one hundred twenty days before the expected termination date.

**2. Medical consultant.**

- a. The board may retain a medical consultant to evaluate and make recommendations on disability retirement applications.
- b. The medical consultant shall review all medical information provided by the applicant.
- c. The medical consultant is responsible to determine eligibility for disability benefits for applicants not approved for social security disability benefits or for judges not approved pursuant to subsection 3 of North Dakota Century Code section 27-23-03 and shall advise the executive director of the decision in writing. Applicants who become eligible for disability benefits under the Social Security Act and who meet the requirements of subdivision h of subsection 3 of North Dakota Century Code section 54-52-17 are eligible for benefits under subdivision e of subsection 4 of North Dakota Century Code section 54-52-17 without submitting further medical information to the medical adviser, but are subject to recertification requirements specified in this chapter. The social security disability award must provide proof that the member's disability was determined during the member's period of eligible employment. In determining eligibility for judges not approved pursuant to the above, the medical director shall work with a review committee composed of one supreme court judge and a district court judge to review the proposed application. In order for the application to be approved, it must have the concurrence of the medical director and at least one judge. The executive director shall appoint two judges to serve on the review committee.

**3. Medical examination.**

- a. The applicant for disability retirement shall provide the medical examination reports as requested by the medical consultant.

- b. The member is liable for any costs incurred by the member in undergoing medical examinations and completing and submitting the necessary medical examination reports, medical reports, and hospital reports necessary for initial determination of eligibility for benefits.
- c. If determined to be eligible for disability benefits, the member must be reimbursed for the cost of medical examinations specifically requested by the medical adviser and the executive director.

4. **Appeal.**

- a. If the applicant has terminated employment, the public employees retirement system shall notify the applicant in writing of the decision. If the applicant is determined not to be eligible for disability benefits, the public employees retirement system shall advise the applicant of the appeal procedure. If the applicant is determined eligible for disability benefits, benefits must be paid pursuant to subsection 5.
- b. If the applicant has not terminated employment, the applicant must be provided with a preliminary notification of the decision in writing. The preliminary notification remains in effect for a period not to exceed two hundred seventy days. If an applicant does not terminate employment within two hundred seventy days of the date of termination provided on the disability application, the application must be considered to be vacated but the applicant may reapply as provided in subsection 1.
- c. The applicant may appeal an adverse determination to the board by providing a written notice of appeal within thirty days of the date that the public employees retirement system mailed the decision.
- d. The board shall consider all appeals at regularly scheduled board meetings. The applicant must be notified of the time and date of the meeting and may attend and be represented by legal counsel. The executive director shall provide to the board for its consideration a case history brief that includes membership history, medical examination summary, and the plan administrator's conclusions and recommendations. The board shall make the determination for eligibility at the meeting unless additional evidence or information is needed. The discussion concerning disability applications must be confidential and closed to the general public.
- e. If the initial board decision is adverse to the applicant after exhausting the administrative procedure under subdivisions a and b, the applicant may file a request for a formal hearing to be conducted under North Dakota Century Code chapter 28-32. The request for a formal hearing must be filed within thirty days after notice of the initial decision has been mailed or delivered. If an appeal is not filed within the thirty-day period, the initial decision of the board is final. If a request for a formal hearing is timely filed, notice of the hearing must be served at least thirty days prior to the date set for the hearing. The board shall request appointment of an administrative law judge from the office of administrative hearings to conduct the hearing and make recommended findings of fact, conclusions of law, and order. The board shall either accept the administrative law judge's recommended findings of fact, conclusions of law, and order or adopt its own findings of fact, conclusions of law, and order. The applicant may under North Dakota Century Code section 28-32-15 appeal the final decision resulting from this procedure to the district court.



5. **Payment of annuity.** If awarded, the disability annuity is payable on, or retroactive to, the first day of the month following the member's termination from covered employment minus any early retirement benefits that have been paid.
6. **Redetermination and recertification.**
  - a. A disabled annuitant's eligibility must be recertified eighteen months after the date the first check is issued and thereafter as specified by the medical consultant unless proof of receipt of ongoing social security disability benefits is received. The executive director may waive the necessity for a recertification, based on the recommendation of the medical consultant or upon proof of receipt of ongoing social security disability benefits.
  - b. The public employees retirement system will send a recertification ~~form~~application and request for a statement of annual earnings by certified mail with return receipt to the disabled annuitant to be completed and sent back to the office. If completed recertification application has not been received by the recertification date set in the recertification request, benefits will be suspended effective the first of the month following that date. If the recertification application is not received within six months of the recertification date set in the recertification request unless an alternative date has been approved by the executive director, the member will no longer be eligible to receive disability benefits. Benefits suspended within six months of the recertification date set in the recertification request will be reinstated the first of the month following recertification by the medical consultant, or upon proof of receipt of ongoing social security disability benefits, unless an alternative date has been approved by the executive director. The regular accrued disability benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to the first day of the month benefits were suspended, unless otherwise approved by ~~the North Dakota public employees retirement system board~~Board.
  - c. The medical consultant may require the disabled annuitant to be reexamined by a doctor. The submission of medical reports by the annuitant, and the review of those reports by the board's medical consultant, may satisfy the reexamination requirement. Upon recertification, the disabled annuitant must be reimbursed for the cost of the required reexamination if deemed necessary by the medical consultant and the executive director.
  - d. When the member has not provided proof of receipt of ongoing social security disability benefits,~~The the~~ medical consultant will make the recertification decision. The executive director may require additional recertifications, if the facts warrant this action. The decision may be appealed to the board within ninety days of receiving the written recertification decision.
  - e. Benefit payments must be suspended immediately upon notice received from the medical consultant that the annuitant does not meet recertification requirements. The executive director shall notify the annuitant of the suspension of benefits by certified mail and shall reinstate benefits back to date of suspension if the annuitant is subsequently found to meet recertification requirements.
  - f. If it is determined that the disability annuitant was not eligible for benefits during any time period when benefits were provided, the executive

director may do all things necessary to recover the erroneously paid benefits.

**History:** Effective January 1, 1992; amended effective July 1, 1994; June 1, 1996; April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2016;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04, 54-52-17

**Law Implemented:** NDCC 54-52-17, 54-52-26

Section 71-02-06-01 is amended as follows:

**71-02-06-01. Conditions for return.**

1. The accumulated contributions of a member who terminates permanent employment:
  - a. Before accumulating three years of service credit and whose account balance is less than one thousand dollars shall be automatically refunded unless the member elects to remain in an inactive status.
  - b. After accumulating three years of service credit shall be refunded upon application filed with the executive director.
  - c. The termination date for purposes of processing an application for refund or rollover must be the last date for which a member receives salary except for a member who is on an approved leave of absence. For members who are paid salary in any month following actual separation from employment if the salary is received after the normal processing date, the termination date for purposes of processing the application must be the same date as the date that the last paycheck was issued as salary.
2. ~~Retirement contributions must be returned if a membership enrollment application form has not been filed with the office. Contributions will be returned until proper membership enrollment forms have been filed.~~

**History:** Amended effective November 1, 1990; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; July 1, 2010;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-06, 54-52-17

Section 71-02-06-04 is amended as follows:

**71-02-06-04. Adjustment for bonuses, profit sharing, and contributions paid in a month other than month earned.**

Adjustments for the following must be made for all members:

1. Participating employers shall report bonuses or profit-sharing amounts paid when remitting the contribution associated with the bonus. Recruitment and retention bonuses under North Dakota Century Code section 54-06-31 are not eligible for consideration as salary and no contributions associated with those types of bonuses shall be submitted.
2. Bonuses or profit-sharing amounts paid by a participating employer other than pursuant to North Dakota Century Code section 54-06-31 will be retroactively prorated ~~equal to the actual compensation paid over the term of the intended bonus or profit-sharing~~ applicable prior twelve month period. Bonuses or profit-sharing amounts may not be submitted to the public employees retirement system for future months.
3. Upon receiving notice, of contributions received in a month other than the month earned, the Office will be assigned assign contributions to the appropriate month.

**History:** Effective June 1, 1993; amended effective June 1, 1996; July 1, 1998; July 1, 2000; April 1, 2002; April 1, 2008;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-05, 54-52-06

Section 71-02-11-04 is amended as follows:

**71-02-11-04. Payment.**

The cost for purchase of eligible military service in the North Dakota public employees retirement system and the North Dakota highway patrolmen's retirement system is as follows:

1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 1, 2, or 3 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes. To prevent any delay in issuing the employee's first retirement check, purchase must be completed at least thirty days prior to retirement date.
2. The employer cost will be assessed to the member's most recent participating employer. Upon being billed by the North Dakota public employees retirement system, the participating employer will have thirty days in which to make payment in full. If, after sixty days, the employer has not made payment in full, a civil penalty on fifty dollars will be assessed, and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date they became due, penalty and interest to be paid on delinquent contributions may be waived.

**History:** Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2012;\_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-06, 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262

Section 71-03-03-05 is amended as follows:

**71-03-03-05. Special enrollment for certain qualifying events.**

An eligible employee, retiree, or surviving spouse who elects to take a periodic distribution from the defined contribution retirement plan or a monthly retirement benefit from the North Dakota public employees retirement system, North Dakota highway patrolmen's retirement system, the retirement system established by job service North Dakota, the teachers' fund for retirement, or teachers' insurance and annuity association of America - college retirement equities fund, or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan and provide verification of distribution are eligible for coverage with the health, dental, vision, or prescription drug insurance program.

1. The employee, retiree, or surviving spouse must submit application for coverage within thirty-one days from one of the following qualifying events:
  - a. The month in which the eligible employee or retiree turns age sixty-five or becomes eligible for medicare.
  - b. The month in which the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for medicare.
  - c. The month in which the eligible employee terminates employment.
  - d. The month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems outlined above.
  - e. The month in which an eligible employee or retiree who is covered through a spouse's plan becomes ineligible for the spouse's plan due to divorce, death, loss of employment, reduction in hours or other events which may cause loss of coverage as determined by the board.
  - f. The month in which the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.
2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred or under subdivision a or b of subsection 1 may become effective the month in which eligibility for medicare occurs. If an application is not submitted within thirty-one days of a qualifying event, the eligible individual must be considered to have waived coverage and may not be enrolled unless the individual meets the criteria of another qualifying event. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.
3. Other individuals eligible for the health, dental, vision, or prescription drug insurance plan include a surviving spouse who is not receiving a qualified monthly retirement benefit from one of the eligible retirement systems outlined above, but who was a covered dependent on the eligible retiree's health, dental, vision, or prescription drug insurance plan at the time of the eligible retiree's death, if there is no lapse in coverage.
4. Individuals not eligible for the health, dental, vision, or prescription drug insurance plan include:
  - a. A former employee who received a refund of the employee's retirement account, including individuals in the defined contribution plan who take a cash withdrawal of the employee's account, roll their account into another qualified plan, or use the moneys in their account to purchase an annuity.
  - b. A nonspouse beneficiary (eligible for Consolidated Omnibus Budget Reconciliation Act).

- c. A deferred retiree or surviving spouse between the time in which the retiree or surviving spouse's eligibility for the Consolidated Omnibus Budget Reconciliation Act (if eligible) ends and the month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems.
- d. A formerly deferred retiree who received a refund of the retiree's retirement account.
- e. A surviving spouse of a nonvested employee eligible for the Consolidated Omnibus Budget Reconciliation Act.
- f. A surviving spouse of a former employee who received a refund of the employee's retirement account.
- g. A former participating member of the defined contribution retirement program who would not qualify for one of the retirement dates set forth in subsection 3 of North Dakota Century Code section 54-52-17 if that employee was a member of the defined benefit retirement plan, unless eligible under the Consolidated Omnibus Budget Reconciliation Act, and then only for the required duration of eligibility under the Act.
- h. For the purposes of the medical and prescription drug plan, employees who first retire after July 1, 2015, and are not eligible for medicare upon their retirement and completion of any period of eligibility under the Consolidated Omnibus Budget Reconciliation Act, until such time as they or their spouse become eligible for medicare.

**History:** Effective October 1, 1986; amended effective November 1, 1990; July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; April 1, 2012; April 1, 2016;\_\_\_\_\_.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

Section 71-03-05-02 is amended as follows:

**71-03-05-02. Retiree billing.**

Retirees receiving a monthly retirement benefit from the board in a sufficient amount to pay premium will have the total monthly premium deducted from their benefit check. ~~Retirees not paying a premium from their benefit check will receive a monthly billing.~~

**History:** Effective October 1, 1986; amended effective November 1, 1990; April 1, 2008;\_\_\_\_\_.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-03





**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** PERS Board

**FROM:** Derrick Hohbein, CPA

**DATE:** August 1, 2017

**SUBJECT:** Consultant Fees for the Quarter Ended June 2017

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended June 2017

Attachment

**North Dakota Public Employees Retirement System**  
**Consulting/Investment/Administrative Fees**  
**For the Quarter ended June 30, 2017**

	Program/Project	Fee Type	Apr-17	May-17	Jun-17	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
<b>Actuary/Consulting Fees:</b>							
Buck Consulting	General Consulting				12,390	12,390	\$ 23,600
Mid Dakota Clinic	Retirement Disability	Time charges	950		750	1,700	\$ 7,800
Ice Miller	Legal fees Employee benefit matters		4,335			4,335	\$ 10,336
Callan & Associates	Travel Expenses					-	\$ 3,234
Deloitte	Consulting		27,455	9,869	1,913	39,237	\$ 116,319
The Segal Company	Retirement (DB)	Fixed Fee				-	\$ 18,625
The Segal Company	Retirement (DB)	Time charges		7,159		7,159	\$ 64,226
The Segal Company	Ret Health Credit	Fixed Fee				-	\$ 3,425
The Segal Company	Job Service	Fixed Fee				-	\$ 4,875
The Segal Company	Def comp	time charges				-	\$ 811
The Segal Company	GSAB 67 disclosures	Time charges				-	\$ 47,274
						64,820	\$ 300,525
Gabriel Roeder Smith & Company	Retirement	Fixed Fee				-	\$ 45,500
Gabriel Roeder Smith & Company	RHIC	Fixed Fee				-	\$ 8,400
Gabriel Roeder Smith & Company	GASB 67/68	Fixed Fee				-	\$ 35,000
Gabriel Roeder Smith & Company	Retirement	Time Charges	3,565	26,943	8,878	39,385	\$ 48,410
Gabriel Roeder Smith & Company	Legislative Work	Time Charges		3,634		3,634	\$ 14,581
Gabriel Roeder Smith & Company	Group Insurance	Time Charges		7,230	2,700	9,930	\$ 9,930
Gabriel Roeder Smith & Company	RHIC	Time Charges		2,850		2,850	\$ 2,850
Gabriel Roeder Smith & Company	Deferred Comp	Time Charges		2,920	943	3,863	\$ 13,263
Gabriel Roeder Smith & Company	Job Service	Time Charges			620	620	\$ 620
Gabriel Roeder Smith & Company	Flexcomp	Time Charges		1,460		1,460	\$ 1,460
<b>Audit Fees:</b>							
Clifton Larson Allen	Annual Audit Fee		20,000			20,000	\$ 107,500
<b>Website Redesign</b>							
MABU	Website Redesign	Time Charges				-	\$ 56,272
<b>Legal Fees:</b>							
ND Attorney General	Administrative	Time charges	9,520	5,477	3,242	18,239	\$ 63,245
<b>Investment Fees:</b>							
SIB - Investment Fees	Retirement (DB)	% Allocation	408,691	510,297	717,547	1,636,535	\$ 5,754,235
SIB - Investment Fees	Ret Health Credit	% Allocation	970	946	81,490	83,406	\$ 324,911
SIB - Investment Fees	Insurance	% Allocation	24,031	14,655	372	39,058	\$ 115,977
SIB - Administrative Fees	Retirement (DB)	% Allocation	39,555	23,764	30,259	93,578	\$ 342,974
						1,852,577	\$ 6,538,097
<b>Administrative Fee:</b>							
Sanford Health Plan	Health Plan	Fixed fee	1,842,027	1,837,520	1,834,638	5,514,184	\$ 22,124,612



**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

---

FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board

**FROM:** Review Committee

**DATE:** August 17, 2017

**SUBJECT:** Executive Director Review

Attached please find a summary of the review for the Executive Director.

# NDPERS Executive Director For the Year: 2016 Completed in 2017

## Attachment 1

There are nine major evaluation categories. When evaluating, rate each using the following categories (indicate a rating of 1, 2, or 3 in each evaluation category):

1. DOES NOT MEET EXPECTATIONS: Executive Director is not performing acceptably and expectations are not being met. Goals for improvement must be set and performance review date established (3-6 months).
2. MEETS EXPECTATIONS: Executive Director is performing acceptably and is meeting all standards and expectations.
3. EXCEEDS EXPECTATIONS: Executive Director is performing beyond and exceeds the established standards and expectations

CJE – Critical Job Element	Expectation	Rating	Comments
Category 1 Board Meetings	1. Agenda items are prepared with supporting information. 2. Board materials are distributed at least 3 days before the meeting. 3. Appropriate information is provided to Board either orally/verbally to aid the Board in arriving at a decision. 4. Board material identifies items, which need “Board Action”, and makes a staff recommendation where appropriate. 5. Education is provided at Board meetings in order that Board may adequately perform their policy setting role.	2	
		2	
		2	
		3	
		2	
		2	
		3	
		2.3	average rating category 1
Category 2 Board Relations	1. The Director is responsive to Board requests. 2. The Director is adaptable to Board direction on PERS policy and able to work with the board as a team member. 3. The Director keeps Board members aware of current issues and when appropriate provides information to Board members between board meetings. 4. The Director provides timely and accurate problem identification to the Board as well as providing solutions and options for the Boards consideration.	2	
		3	
		3	
		3	
		3	
		3	
		2	
		2.7	average rating category 2
Category 3 Operations	1. <b>Accurate Records</b> 1.1 Maintain appropriate, accurate and accessible data for individual members and benefit recipients. 1.2 Accurate accounting records and a system of internal controls is maintained to result in an annual, unqualified opinion by the System’s auditor. 1.3 An application to GFOA for the Certificate of Achievement for Excellence in Financial Reporting is submitted annually. 1.4 The Public Pension Coordinating Council’s Award of Excellence is submitted biennially. 2. <b>Biennial Budget</b> 2.1 Biennial budget is prepared pursuant to OMB guidelines and submitted pursuant to guidelines established by the Governor. <del>2.2 Board is provided opportunity to review the budget before it is</del>	2	
		2	
		3	
		3	
		3	
		2	
		2	
		2.4	average rating category 3
Category 4 Investment Programs	1. <b>Maintain board approved Investment Objectives and Policies for:</b> 1.1 The defined benefit plan 1.2 The defined contribution plan 1.3 The deferred compensation plan	2	
		2	
		2	

	<b>2. Performance</b> 2.1 Produce and report investment return information for the defined contribution plan and the PERS Companion Plan. 2.2 Accurate yearly reports are given to the Board concerning the defined benefit plan and its progress and compliance with the investment policies. 2.3 Advice and recommendations are given to the board on investment	3	
		3	
		2	
		3	
		<b>2.4</b>	average rating category 4
<b>Category 5 Benefit Program Operations</b>	<b>1. Actuarial Management</b> 1.1 Provide accurate member, retiree and asset data necessary for the Actuary to perform the annual actuarial valuation for the four PERS defined benefit plans. 1.2 Provide accurate member and retiree data for the actuary to perform biennial premiums estimates for the group insurance plans. 1.3 Maintain knowledge of actuarial methods, the current status of the actuarial makeup of the various retirement and group insurance plans and the impact of benefit enhancements to the contribution rates. 1.4 Provide actuarial information to the Board, Legislature, employers, members and retirees so they have sufficient background to make knowledgeable decisions.	2	
		2	
		2	
		3	
		3	
		3	
		3	
		<b>2.6</b>	average rating category 5
<b>Category 6 Public Relations</b>	1. Publish a newsletter at least semiannually. 2. Provide informational programs to employers, members, retirees, and public groups. 3. Represent the System with appropriate affiliate organizations and functions. 4. Maintain availability to the news media.	2	
		2	
		2	
		3	
		2	
		2	
		2	
		<b>2.1</b>	average rating category 6
<b>Category 7 Legislative Relations</b>	1. Develop Legislative proposals in concert with the Board and its advisory committee. 2. Present requests for legislative changes to the Legislature. 3. Make the Boards position known to members, employers and the legislature. 4. Keep the Legislature, through the Interim Committee informed regarding the financial, legislative and administrative status of the system. 5. Develop adequate rapport with Legislators so that the legislative body as a whole has a sense of credibility with the positions taken by the Board on behalf of the System.	3	
		2	
		3	
		3	
		3	
		3	
		3	
		<b>2.9</b>	average rating category 7
<b>Category 8 Professional and Personal Development</b>	1. Maintain membership and involvement in professional organizations. 2. Maintain professional certifications. 3. Be dependable. 4. Exhibit stability/reaction to pressure. 5. Have strong leadership skills.	3	
		2	
		2	
		3	
		3	
		2	
		3	

		2.6	average rating category 8
Category 9 General	1. Follow safety procedures.	2	
	2. Adhere to all laws, rules, policies, procedures and professional ethics.	2	
	3. Work as part of a team.	2	
	4. Use courtesy and respect in all interactions.	3	
	5. Maintain a well-organized work area and a business like appearance.	2	
	6. Foster good working relations by being responsive to requests.	2	
	7. Maintain confidentiality policy.	3	
		2.3	average rating category 9
		2.6	OVERALL AVERAGE Categories 1-9



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Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

---

FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board  
**FROM:** Sparb  
**DATE:** August 17, 2017  
**SUBJECT:** Board Planning Items

Attached is summary of the items we reviewed at the Board Planning Meeting in July. Please review and let me know if we captured all the items you wanted to consider in the next year or so. If not let me know so we can add them to the list. As we discussed the purpose of this list is to help guide staff in its work for the next 18 months so we are prepared and ready to meet all our critical dates going forward and have done the necessary preliminary work for your consideration. We recognize that this list is fluid and additions/subtractions will occur over the course of this planning cycle but it does help for us all to get an initial understanding to start.

**Board Planning Meeting  
Attachment 1**

2017 Planning Meeting	Items to consider	Timeline	Board Committee	Action Plan
<b>Legislative Efforts</b>	Discuss adding back Pre-Medicare with PERS Active member committee and Retiree committee.	August – January	PERS Benefits Committee	<ul style="list-style-type: none"> <li>• Prepare information on how this could be accomplished</li> <li>• Discuss with the Benefits Committee</li> <li>• Compile information and report back to PERS Board no later than Jan 18</li> </ul>
	PERS staff shall regularly report to the board activities of interim committees including: <ul style="list-style-type: none"> <li>• Health Care Reform</li> <li>• Employee Benefits Committee</li> </ul>	Ongoing	PERS Board	<ul style="list-style-type: none"> <li>• Staff will provide regular reports to the board</li> <li>• Board will directions to staff on thoughts to share with Legislative committees</li> </ul>
	Main plan ·Contributions ·Benefits	August – January	PERS Benefits Committee	<ul style="list-style-type: none"> <li>• Prepare options for returning the plan back to 100% (contribution increases, benefit reductions, etc)</li> <li>• Discuss with Benefits Committee</li> <li>• Compile information and report back to the PERS Board no later that Jan 18</li> </ul>
	Health Premium provision	August – January	PERS Benefits Committee	<ul style="list-style-type: none"> <li>• Develop a concept for levels of premium contributions based upon plan design</li> <li>• Review with PERS Benefits Committee</li> <li>• Compile information and report back to PERS Board no later than Jan 18</li> </ul>
	EAP funding	August – January	PERS Board	<ul style="list-style-type: none"> <li>• Consider increase in premiums in 2019-21 budget</li> <li>• Include in Executive budget request</li> <li>• Prepare RFP in spring of 2019</li> </ul>
	Judges Retirement Plan	August – January	PERS Board	<ul style="list-style-type: none"> <li>• Review with Judges the Plan funding status</li> <li>• Seek thoughts from them on how to move forward with the plan <ul style="list-style-type: none"> <li>○ No change</li> <li>○ Reduce contributions to plan <ul style="list-style-type: none"> <li>▪ Employer</li> <li>▪ Employee</li> </ul> </li> <li>○ Change Benefits</li> </ul> </li> </ul>
	Law Enforcement/BCI Retirement Plan:	August – January	PERS Board	<ul style="list-style-type: none"> <li>• Following up with BCI to get their thoughts concerning further legislation in 2019 (contribution levels)</li> <li>• Compile information and report back to PERS Board no later than Jan 18</li> </ul>
	Final Average Salary	August – January	PERS Benefits Committee	<ul style="list-style-type: none"> <li>• Consider changing method for calculating final average salary: <ul style="list-style-type: none"> <li>○ From average of high 36 months of last 180</li> <li>○ To an alternative method of aggregation of FAS</li> </ul> </li> <li>• Compile information and report back to the PERS Board no later than Dec, 2017</li> </ul>
	DC Plan – Opening to non state entities	Aug to Jan	PERS Bd	Review if DC plan should be open to non state entities



2017 Planning Meeting	Items to consider	Timeline	Board committee	Action Steps
<b>Program Planning &amp; Implementation</b>	RHIC – participation assumption	August - July	PERS Board	Examine participation assumption and determine if it should be changed for the 2018 valuation
	Part D coverage – Plan design	August - August	Retiree Committee	Maintain Existing Part D coverage—review again in 2018 <ul style="list-style-type: none"> <li>• Remain bundled but review and again in 2018</li> <li>• Move forward with Renewal with ESI</li> </ul>
	DC Plan - Annuities	August – August	Investment Committee	Adding annuities to our line up of funds for both the 401(a) and 457 plans <ul style="list-style-type: none"> <li>• Compile the adv &amp; disadvantage of such an addition and report back to the board no later than Jan 2018</li> <li>• If board approves develop plan &amp; implement it by summer of 2018</li> </ul>
	EAP	Dec 2017	PERS Board	Add reporting of EAP utilization to the PERS Bd on a semi-annual basis
	Fiduciary Responsibility	Jan 2018	PERS Board	Ask our attorney to research this question and report back to the board <ul style="list-style-type: none"> <li>• Explore fiduciary responsibility for Retirement Plan</li> <li>• What are implications/actions for a fiduciary of not funding the program</li> </ul>
	FlexComp	On going	PERS Board	
	Health Plan Design: ·Consider adding a managed care (EPO)	March 2018	PERS Board	<ul style="list-style-type: none"> <li>• Develop a report for PERS board of implications of adding an EPO</li> <li>• If approved develop and implementation plan &amp; timeline</li> </ul>
	Specialty programs	Ongoing	PERS Board	<ul style="list-style-type: none"> <li>• Study specialty drug programs, pricing and growth ( Oct 2018)</li> <li>• Develop new operating plan for “About the Patient” (fall 2017)</li> <li>• Monitor change from Accordant (include in Quart. Rep)</li> <li>• Examine other steps for managing care (Jan 2018)</li> <li>• Examine the “Medical Home” model to determine if this should still be a part of plan going forward. (Jan 2018)</li> <li>• Review Mental Health efforts ( Feb 2018)</li> </ul>
	Wellness	Ongoing	PERS Board	Review and determine if: <ul style="list-style-type: none"> <li>• We should consider approaching the new administration about activities</li> <li>• Review wellness study being done &amp; determine if changes should occur</li> </ul>

2017 Planning Meeting	Items to consider	Timeline	Board committee	Action Steps
<b>Administrative Actions</b>	Expectations Setting process for the health plan:	Sept 2017 for letter Ongoing for reporting	PERS board	<ul style="list-style-type: none"> <li>A letter should be sent Sanford discussing the board expectations</li> <li>Staff should meet with Sanford to review the letter</li> <li>It should also indicate these will be considered as part of the next renewal.</li> <li>Ask for a board update on these around the first of the year</li> </ul>
	Expectations Setting process for the 457 plan:	Sept 2017 for letter Ongoing for reporting	PERS board	<ul style="list-style-type: none"> <li>A letter should be sent TIAA discussing the board expectations</li> <li>Staff should meet with TIAA to review the letter</li> <li>It should also indicate these will be considered as part of the next renewal.</li> <li>Ask for a board update on these around the first of the year</li> </ul>
	Expectations Setting process for the Flex plan:	Sept 2017 for letter Ongoing for reporting	PERS board	<ul style="list-style-type: none"> <li>A letter should be sent to WageWorks discussing the board expectations</li> <li>Staff should meet with Wage Works to review the letter</li> <li>It should also indicate these will be considered as part of the next renewal.</li> <li>Ask for a board update on these around the first of the year</li> </ul>
	New administration	Ongoing	PERS Board	Work with new Governor and staff concerning retirement & health care programs, PERS programs and Wellness.
	FlexComp	Ongoing	PERS Board	<ul style="list-style-type: none"> <li>Monitor transition</li> <li>Have quarterly updates to the board on <ul style="list-style-type: none"> <li>Communication plan</li> <li>Efforts to increase enrollment</li> </ul> </li> <li>·Explore in more detail increase “% of claims processed correctly”</li> <li>·Ask them for assistance in annual open enrollment to increase participation</li> <li>Go to bid in 2018 or extend</li> </ul>
	Dental Plan – do bid	October – June 18	PERS Board	<b>October, 2017</b> Begin work on dental RFP. <b>January, 2018</b> Submit dental RFP to PERS Board for approval. <b>February, 2018</b> Issue dental RFP <b>April, 2018</b> Receive and begin evaluation of dental RFP's. <b>May, 2018</b> Submit dental evaluation to NDPERS Board. <b>June, 2018</b> Interview and select dental vendor. The consultant should plan to attend this NDPERS meeting.
	FlexComp – do bid	February – Dec 18	PERS Board	<b>Feb 2018</b> issue Flex RFP (keep in market 4 weeks) <b>March 2018</b> RFP's Due <b>August 2018</b> NDPERS Board Selects Vendor

2017 Planning Meeting	Items to consider	Timeline	Board committee	Action Steps
				<b>December 31, 2018</b> new contract effective date
	Health Plan vendor - Renew or bid	January – August/September	PERS Board	<b>Jan – August</b> – Prepare RFP's in case the decision is to go to bid <b>July/August</b> - Do the renewal estimate <b>August/September</b> –Receive and consider the proposed renewal and other information required in NDCC 54-52.1-05. <b>September</b> – If the renewal is not approved we need to go to bid immediately with the following timeline <b>Sept</b> – issue RFP <b>Nov</b> – receive RFP's <b>Dec/Jan/Feb</b> – review RFP's <b>February</b> – award the plan for the 2019-21 biennium
	Reducing mailing and paper processes (benefits adm, Bd elections, e		PERS Board	Developing a plan of action to present policies relating to electronic payments and electronic communications for Board consideration