

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
Sanford Health Plan
1749 38th Street South

July 10, 2018

Time: 8:30 AM

I. MINUTES

- A. June 21, 2018 minutes

II. PRESENTATIONS

- A. (45 minutes) TIAA Plan Update

III. RETIREMENT

- A. TIAA Member Survey – MaryJo (Board Action)
- B. Job Service Return Actuarial Assumption - Bryan (Board Action)
- C. 457 Companion Plan - Plan Document – MaryJo (Board Action)
- D. Highway Patrol Indexing – MaryJo (Board Action)

IV. GROUP INSURANCE

- A. Sanford PBM Change – Scott (Information)
- B. Medicare Part D RFP – Scott (Board Action)
- C. Dental Plan Vendor – Scott (Board Action) *Executive Session
- D. Pre-Tax HSA Payroll Deductions – Rebecca & Derrick (Board Action)
- E. Sanford Contract Exhibit I – Rebecca (Board Action)
- F. Mental Health Benefits Overview – Scott & Rebecca (Information)
- G. Wellness Update – Rebecca (Information)
- H. 2017 SHP Claims Review Follow-up – Bryan (Information)
- I. Retiree Dental & Vision Special Enrollment Update – Rebecca (Information)

V. MISCELLANEOUS

- A. Budget – Derrick & Sharon (Board Action)
- B. Legislative Committee Update – Sharon (Information)
- C. Quarterly Consultant Fee – Derrick (Information)

VI. MEMBER

- A. Retirement Appeal Case #515 – MaryJo (Board Action) **Executive Session

*Executive Session pursuant to NDCC § 44-04-19.1(9) and § 44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator. (Motion is necessary)

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



NDPERS Board Meeting

July 10, 2018

Presented by; Paul Krajcir & Aaron Knode



BUILT TO PERFORM.

CREATED TO SERVE.

Plan Statistics



457(b) – Companion Plan (thru 5/31 of each year)



	2015	2016	2017	2018	YOY % +/-
Assets Under Management	\$73,398,716	\$76,995,958	\$97,017,616	\$112,450,120	16%
Contributions	\$ 7,601,837	\$8,711,520	\$9,989,269	\$11,038,432	11%
Avg. Contribution	\$1,714	\$1,780	\$1,938	\$2,026	5%
Avg. Account Balance	\$12,651	\$11,707	\$13,544	\$14,559	7%
Enrollments	1,000	1,004	707	805	14%
Active members	4,435	4,894	5,154	5,449	6%
Total members	5,802	6,577	7,163	7,724	8%
Average Age	46.6	45.8	45.2	44.6	-4% (over 4 years)

2018 Expanded Education Program



Employee Engagement



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Expanded Education Program overview



NDPERS 2018 Communications Calendar

	Kicking off the year		Retirement readiness		Estate planning		Lifetime income		Protection		Year-end tax tips	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Early Engagement												
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Foundations, Webinars												
New year's checklist	✓											
Diversification			✓									
Estate planning					✓							
Income in retirement								✓				
Savings, Income & Peer									✓			
Webinar promo		✓		✓			✓			✓		✓
Gaming – Square Up Your Savings, Financial IQ challenge												
											✓	
Stay Smart for Life												
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
National toolkits												
										NRSW		

Gaming: Financial IQ Challenge



Interactive Financial IQ Challenge

- Worked with NDPERS on promotion with email and banners
- Five-question quizzes refreshed daily, with 10 custom NDPERS questions
- For every day that an employee completed the quiz, they were entered in to a sweepstakes to win one of four \$50 gift cards. Winners received their gift cards in January, 2018.
- Strong results from the FIQ:
 - 9.16% average employee participation (733 entrants)
 - An average of 5.5 quizzes taken per employee
 - 303 employees completed all 10 available quizzes
 - Increased participation in webinars or advice!



TIAA and NDPERS are preparing to conduct another online game, the Square Up Your Savings challenge, later this year.

Employee Engagement



2017 NDPERS 1:1 Meetings

Site / Meeting Location	Total	Activity Type	Total
Meetings Held at other Locations	126	RAFV Advice Services	120
Capital	100	Invest Education w/Non Adv. tool	76
Job Service	96	Enrollment Mtg. w/Non Adv. tool	66
Walk-In	23	Retire Readiness w/Non Adv. tool	47
Department of Transportation	19	Investment Education	46
McLean County	10	Advice Services Mtg.	34
NDPERS Office	10	Service/Follow Up Discussion	30
Northeast Human Services Center	8	Retirement Readiness	24
Bowman County Courthouse	7	Enrollment Mtg.	20
Human Service Center	7	Grand Total	463
Information Technology Department	7		
Bank of North Dakota	7		
Workforce Safety and Insurance	6		
Life Skills & Training Center	6	No. of Unique Employees	410
NDDOT Grand Forks	6		
James River Correctional Center	5		
Stark County Courthouse	4		
Lake Region Human Service Center	4		
Walsh County Courthouse	3		
Youth Correctional Center	3		
District Court - Clerk of Courts	2		
City of Rugby	2		
Job Services - Fargo	2		
Grand Total	463		

2017 NDPERS - Employees with Multiple Meetings

No. of Additional Meetings	Total
Meeting Type	
Advice Services Mtg.	8
Enrollment Mtg.	5
Invest Education w/Non Adv. tool	11
Investment Education	4
RAFV Advice Services	19
Retire Readiness w/Non Adv. tool	6
Grand Total	53

2017 NDPERS 1:1 Appointments Analysis

Meetings – 463 total, 53 meetings were duplicative, i.e. 11%

Individuals – 410 unique individuals, 40 people had multiple mtngs, i.e. 10%

Take Rate – 75% - 78% of appointments offered are filled, which is average
City of Fort Worth reported 72% & State of RI had 86%

2018 Plans – During Denise's medical leave, offer 10-12 days of onsite per quarter. Supplement this with 10-12 days of virtual counseling. Add more days based on demand. Denise's expected return is October 2018

2017 - NDPERS Meeting Type by Age Range






Activity Type	Age Range						Grand Total
	23 to 34	35 to 44	45 to 54	55 to 64	65 to 70	71 to 76	
RAFV Advice Services	19	31	28	28	1		107
Invest Education w/Non Adv. tool	17	19	17	13			66
Enrollment Mtg. w/Non Adv. tool	16	12	17	15	2		62
Retire Readiness w/Non Adv. tool		4	11	22	8		45
Investment Education	10	7	6	15	2	2	42
Advice Services Mtg.	3	6	7	12	3		31
Retirement Readiness		4	1	10	7	1	23
Service/Follow Up Discussion	3	2	2	5	6	1	19
Enrollment Mtg.	2	1	1	10	1		15
Grand Total	70	86	90	130	30	4	410

Communication and Education

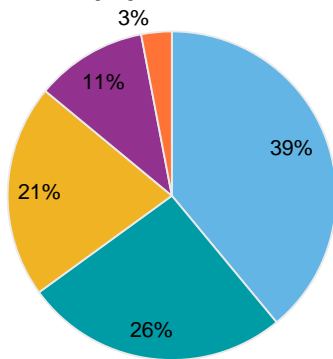


NDPERS Segmentation Profiles



Life stage	    				
	Dollar Stretcher	Life Builder	Accumulator	Transitioner	Established
# of participants	2,115	1,373	1,123	611	149
Average total assets ¹	\$5,695	\$13,110	\$35,758	\$66,975	\$53,896
Benchmark population ²	20%	24%	35%	15%	7%
% of total population	39%	26%	21%	11%	3%

Segment as a % of total population

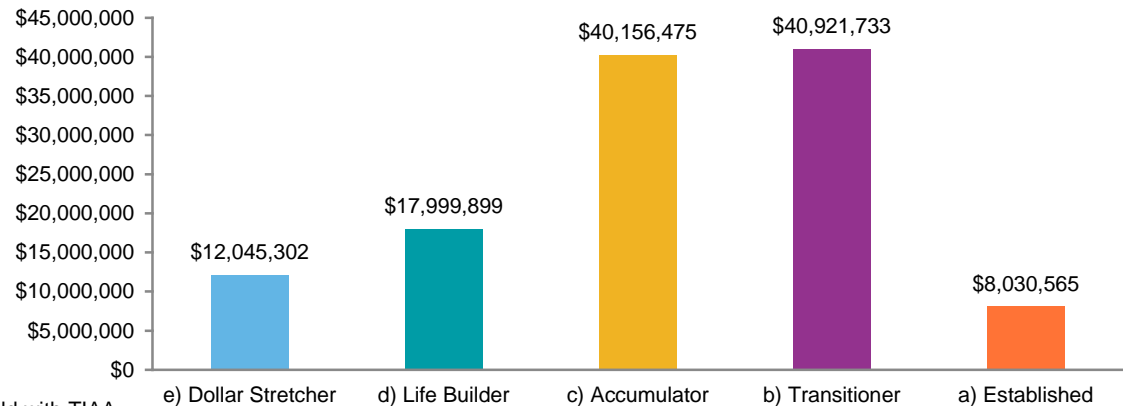


All data as of 3/31/2018.

1. Average total assets is inclusive of all participant assets held with TIAA.

2. Benchmark population numbers are derived from Institutions within the Institutional Sector "Other NFP" and Assets Between \$100M and \$500M.

Total participant assets by segment



Plan stats by segment (rolling 12 months ending Q1 2018)



Life stage		Dollar Stretcher	Life Builder	Accumulator	Transitioner	Established
	Count	2,115	1,373	1,123	611	149
Communications	Financial Foundations Campaigns	418	277	204	113	24
	Onboarding Early Engagement Program	379	139	104	35	5
	Off boarding Stay Smart® for Life Program	304	83	73	207	114
	Supplemental Campaigns	0	0	0	0	0
Engagement	# secure web ID	727	697	631	396	76
	Secure web logins	485	480	446	294	60
	Inbound phone calls	86	71	68	45	21
Actions	In-person advice	55	42	53	48	12
	Online advice	48	47	48	27	6
	Increased contributions	603	508	420	199	43
	Started employee contributions	421	184	130	48	8
	Reallocated/rebalanced	313	130	100	40	8
	Consolidations	13	24	22	9	2
	Updated beneficiary	382	197	155	72	18
	New enrollments	379	155	114	41	5
Outcomes	Average assets	\$5,695	\$13,110	\$35,758	\$66,975	\$53,896
	Average assets (Benchmark peers)	\$11,296	\$31,088	\$130,836	\$307,746	\$471,064

All data as of 3/31/2018. Average assets is inclusive of all participant assets held with TIAA. Benchmark population numbers are derived from Institutions within the Institutional Sector "Other NFP" and Assets Between \$100M and \$500M.

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Plan stats by total population (rolling 12 months ending Q1 2018)

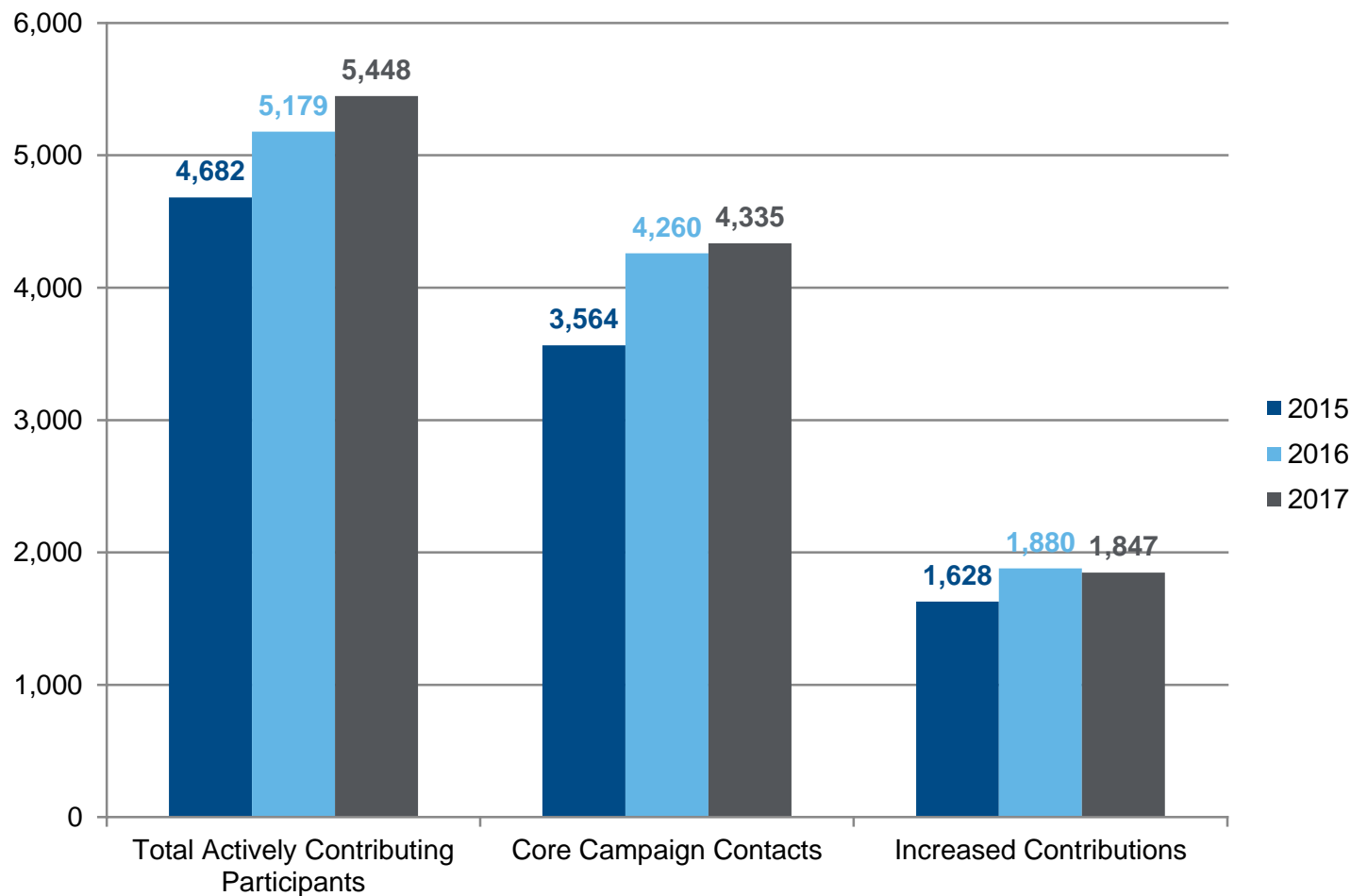


		Q1 2017	Q1 2018	% change		Benchmark	Difference compared to benchmark
	Count	5,106	5,371	▲	5.2%	361	▲ 1387.8 %
Communications	Financial Foundations Campaigns	84.3%	19.3%	▼	-65.0%	80.7%	▼ -61.4%
	Onboarding Early Engagement Program	13.0%	12.3%	▼	-0.6%	7.6%	▲ 4.7%
	Off boarding Stay Smart® for Life Program	4.0%	14.5%	▲	10.6%	16.5%	▼ -1.9%
	Supplemental Campaigns	0.0%	0.0%		0.0%	4.7%	▼ -4.7%
Engagement	# secure web ID	41.1%	47.0%	▲	5.9%	76.5%	▼ -29.5%
	Secure web logins	27.3%	32.9%	▲	5.6%	58.0%	▼ -25.1%
	Inbound phone calls	3.7%	5.4%	▲	1.7%	14.2%	▼ -8.8%
Actions	In-person advice	2.9%	3.9%	▲	1.0%	10.6%	▼ -6.7%
	Online advice	2.9%	3.3%	▲	0.4%	6.6%	▼ -3.3%
	Increased contributions	36.2%	33.0%	▼	-3.1%	32.6%	▲ 0.4%
	Started employee contributions	15.9%	14.7%	▼	-1.1%	8.3%	▲ 6.5%
	Reallocated/rebalanced	11.9%	11.0%	▼	-0.9%	16.7%	▼ -5.7%
	Consolidations	2.1%	1.3%	▼	-0.8%	1.8%	▼ -0.5%
	Updated beneficiary	6.2%	15.3%	▲	9.2%	17.5%	▼ -2.2%
	New enrollments	1.2%	12.9%	▲	11.7%	10.1%	▲ 2.8%
Outcomes	Average assets	\$20,473	\$22,185	▲	8.4%	\$194,457	▼ -88.6%

All data as of 3/31/2018. Average assets is inclusive of all participant assets held with TIAA. Benchmark population numbers are derived from Institutions within the Institutional Sector "Other NFP" and Assets Between \$100M and \$500M.

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Communication Engagement Comparison



Performance Standards



Performance Standards Reporting – Q1 2018



North Dakota Public Employees Retirement System Service Agreement 1st Quarter 2018					
Standard/Service	Service/Quantifier Standard	Percent Completed within Standard	Plan Penalties	SLA Met	Penalties this Quarter
Quality standard for number of seconds on hold while call transfers to CSR	80% of calls answered within 30 seconds	82.6%	\$300 per quarter	Yes	\$0.00
Abandonment Rate	3%	No abandoned calls	\$300 per quarter	Yes	\$0.00
Individual/Administrator Web Availability	99% (excluding regularly scheduled maintenance)	99.9%	\$300 per quarter	Yes	\$0.00
VRS Availability	99% (excluding regularly scheduled maintenance)	100.0%	\$300 per quarter	Yes	\$0.00
National Call Center Availability	Call center is available 100% of scheduled hours	100.0%	\$300 per quarter	Yes	\$0.00
Contribution Remittances	Same business day as receipt of funds as of 4:00 PM ET or earlier market close; assumes prior receipt of payroll data in good order.	100.0%	Provide economic equivalent of investment experience from appropriate trade date through actual processing date.	Yes	\$0.00
Termination distributions, lump sum payments, in-service distributions and Purchase Credits	99% processed within 5 business days after receipt of approved request received within good order.	99.0%	\$350 per quarter	Yes	\$0.00
Fund to Fund Transfers	99% processed within the same business day the request is received within good order by 4:00p.m. ET or earlier market close.	100.0%	\$350 per quarter	Yes	\$0.00
Transfers between plans	99% of requests to transfer between like registered plans under the Employer are processed within 3 business days of the request being received in good order by 4:00p.m. ET or earlier market close.	No requests	\$350 per quarter	N/A	\$0.00

Performance Standards Reporting – Q1 2018



North Dakota Public Employees Retirement System Service Agreement 1st Quarter 2018 (Continued)

Standard/Service	Service/Quantifier Standard	Percent Completed within Standard	Plan Penalties	SLA Met	Penalties this Quarter
Beneficiary Service (Survivor Benefits Payments)	98% of claims processed within 3 business days of receipt of approved request received in good order.	100.0%	\$300 per quarter	Yes	\$0.00
QDRO Processing	90% of transactions processed within 15 business days of request received in good order.	No requests	\$300 per quarter	N/A	\$0.00
Issue Resolution - Time to Resolve w/member	95% of verbal customer issues closed within 5 business days. Next, 98% of verbal customer issues closed within 10 business days. 90% of written customer issues closed within 18 business days.	Verbal 5 day- N/A Verbal 10 day-N/A Written 18 day-100%	\$350 per quarter	Yes	\$0.00
Issue Resolution - Time to Resolve w/NDPERS	NDPERS issues raised by the plans sponsor will be resolved within the agreed upon timeframe. Items will be reviewed and action plan will be implemented.	100.0%	\$300 per quarter	Yes	\$0.00
Administrative Reporting - Timeliness	Reporting for the preceding quarter is available on the Plan Sponsor website within 3 business days after the end of the reporting period. Monthly Reporting Package – these reports will be available 15 days after month end, 90% of the time. Due to peak volume, the January/July reporting package will be available within 30 days after month end and the full year's June reporting package will be available within 45 days after month end.	100.0%	\$300 per quarter	Yes	\$0.00

Performance Standards Reporting – Q1 2018



North Dakota Public Employees Retirement System Service Agreement 1st Quarter 2018 (Continued)

Standard/Service	Service/Quantifier Standard	Percent Completed within Standard	Plan Penalties	SLA Met	Penalties this Quarter
Investment Review and Plan Review	Reporting will be delivered within an agreed upon schedule.	100.0%	\$300 per quarter	Yes	\$0.00
Benefit Election Confirms - Timeliness	99% of Welcome Confirmations mailed within 2 business days of contract issuance (paper). 99% of Financial Confirmations mailed within 1 business day of transaction posting (paper). 99% of Financial Confirmations available within 1 business day of transaction posting (online).	100.0%	\$300 per quarter	Yes	\$0.00
Participant Statement - Timeliness	99% mailed within 5 business days after end of quarter (paper). 99% available within 5 business days after end of quarter (online).	100.0%	\$300 per quarter	Yes	\$0.00
Participant Satisfaction	85% satisfaction rating (7 or higher on a 10 point scale)	Reviewed annually in Q4	\$1,200 annually	N/A	\$0.00
Plan Sponsor Satisfaction	85% satisfaction rating (7 or higher on a 10 point scale)	Reviewed annually in Q4	\$1,200 annually	N/A	\$0.00
Implementation Timeliness	TIAA-CREF warrants that services will be implemented on the agreed upon date and will include a financial penalty. The implementation is guaranteed contingent upon the plan sponsor meeting prerequisites to the implementation of the service as outlined in a detailed transition plan.	100.0%	\$350 per quarter	Yes	\$0.00

North Dakota Public Employees Retirement System Service Agreement 1st Quarter 2018 (Continued)

Standard/Service	Service/Quantifier Standard	Percent Completed within Standard	Plan Penalties	SLA Met	Penalties this Quarter
Individual and Group Meetings	<p>Delivered within the agreed upon schedule and number of days</p> <p>The composite score from 5 client survey questions must produce the result that at least 86% of responding attendees rate the Financial Consultant they met with as "Excellent" or "Very Good" on the following characteristics:</p> <ul style="list-style-type: none"> • Providing quality Advice • Understanding your needs and goals • Having the expertise required to handle your financial needs • Anticipating additional financial issues and bringing them to your attention; and • Whether the client Agreed or Strongly Agreed that "The Consultant put your interests first." 	94.2%	\$300 per quarter	Yes	\$0.00


Questions?


Appendix



Appendix – Sample flyer for Online Live Webinars







You can attend live webinars to help boost your financial know-how



Miss a seminar?
You can register for
upcoming titles at
[TIAA.org/webinars](https://www.tiaa.org/webinars).

All live webinar times
are (ET).

- Spending
- Saving
- Planning
- Investing
- Living

January

- **SPECIAL TOPIC:** Estate planning basics 1/9, 12-1 p.m.
- **The Starting Line:** Why and how retirement saving should begin now 1/9, 3-4 p.m.
- **SPECIAL TOPIC:** Responsible Investing (RI) 1/10, 12-1 p.m.
- **Tomorrow in Focus:** Saving for your ideal retirement 1/10, 3-4 p.m.
- **SPECIAL TOPIC:** Quarterly economic and market update 1/11, 12-1 p.m.
- **Halfway There:** A retirement checkpoint 1/11, 3-4 p.m.

February

- **SPECIAL TOPIC:** Social Security basics 2/13, 12-1 p.m.
- **SPECIAL TOPIC:** All About IRAs 2/13, 3-4 p.m.
- **SPECIAL TOPIC:** Demystifying Life Insurance 2/14, 12-1 p.m.
- **Charting Your Course:** A financial guide for women 2/14, 3-4 p.m.
- **SPECIAL TOPIC:** The 411 on 529 plans 2/15, 12-1 p.m.
- **Inside Money:** Managing income and debt 2/15, 3-4 p.m.
- **SPECIAL TOPIC:** Help protect you, your family, and your money 2/27, 12-1 p.m.

March

- **SPECIAL TOPIC:** Retirement Plans—know the rules 3/13, 12-1 p.m.
- **Paying Yourself:** Income options in retirement 3/13, 3-4 p.m.
- **SPECIAL TOPIC:** Dismantling myths about annuities 3/14, 12-1 p.m.
- **Gaining Insight:** Navigating debt consolidation & understanding the mortgage process 3/14, 3-4 p.m.
- **Healthy Numbers:** Integrating healthcare into your retirement plan 3/15, 12-1 p.m.
- **Start to Finish:** The early career woman's guide to financial wisdom 3/15, 3-4 p.m.

Build the future you envision: Investing fundamentals

Investing can seem complicated. There're technical terms like *compounding* and *dollar cost averaging*—and all the options, such as stocks, bonds and even real estate. Not sure where to turn?

Investing 101 is a great place to start. Check out this section of [TIAA.org](https://www.tiaa.org) to learn the lingo in plain English, get the basics and find out some interesting pointers. For instance, as you click around, you can learn:

- 5 mistakes even smart investors make
- What to do—and what not to do—in shaky markets
- About different products, like mutual funds, IRAs and annuities

It's never too early or too late

The NDPERS 457 Deferred Compensation offered through TIAA offers a range of investment options and other tools and resources to help you pursue your financial well-being. Consider how you may begin building the future you envision today. Check out [TIAA.org/ndpers](https://www.tiaa.org/ndpers) to learn more.

Financial tools you can use

Answers to many common personal finance questions could be at your fingertips—from creating a household budget or assessing your investments, to retirement planning, saving for college, managing debt and more.

The NDPERS 457 Deferred Compensation provider offers tools and calculators you can use anytime. You supply your information and the tools do the rest.

Your plan for retirement

For instance, saving for a lifetime can seem overwhelming. TIAA offers several retirement planning tools to help you pursue your future financial well-being in manageable steps and at key milestones along the way, including:

- **Retirement Advisor:** Complete four steps and you'll have a customized retirement action plan with savings and investment recommendations.
- **Retirement Goal Evaluator:** Find out how much of your current income you'll need to replace to live the retirement you envision.
- **Early Withdrawal Calculator:** If you're thinking of taking an early withdrawal from your retirement account, understand tax consequences, penalties and potential lost asset growth first.

Why guess?

Check out the [Retirement calculators & financial tools](#) page on [TIAA.org](#) for insights into retirement, life insurance, mortgages and more. To learn more about the NDPERS 457 Deferred Compensation Plan, go to [TIAA.org/ndpers](#).

Balancing today with tomorrow: Retirement planning basics

No matter how old you are or how much you earn, managing your financial well-being today while saving for the future can be a challenge. But there are steps you can take to pursue your definition of retirement success.

Start by visiting our 457 Deferred Compensation provider at TIAA.org/ndpers and their [Retirement Planning Basics](#) page to learn about:

- Why contributions may matter. Saving even just a little bit, on a regular basis, can potentially make a big difference over time.
- How a voluntary deferred compensation plan can add value to your retirement savings strategy.
- Ways to invest. There are lots of different options to explore. Your contributions may also provide tax benefits.

You don't have to go it alone

TIAA offers other tools and resources to help you pursue your financial well-being. Check out TIAA.org/ndpers to learn more.

Appendix – Dollar Stretcher over 55 Life Builder under 35



150 x 50 COBRAND LOGO
bottom aligned right

[Can't see this email? View it in a browser](#)

Top 4 ways to start the year off right

The new year is a great time to help ensure your retirement plan is on track. What you do now could make a big difference down the road.

EDUCATION & ADVICE

1

Find out how much more you can save

Use our take-home-pay calculator to find out how saving more may affect your paycheck—it may be less than you think because of potential tax benefits.

GO TO CALCULATOR

<https://www.tiaa.org/public/paycheckcalc>

Appendix – Dollar Stretcher over 55 Life Builder under 35



YOUR CONTRIBUTIONS

2

Increase contributions (even a little)

When it comes to saving, even a small increase now may add up later. Try shifting spending priorities to find a little more for your future.

SAVE MORE

[TIAA.org/microsite]

YOUR ACCOUNT

3

Update your beneficiaries

Naming your beneficiaries puts you in charge of what happens to your retirement account.

UPDATE NOW

YOUR INVESTMENTS

4

Review your investments

Log in to your account so you can check your progress and manage your investments.

LOG IN



150 x 50 COBRAND LOGO

bottom aligned right

[Can't see this email? View it in a browser](#)

Top 4 ways to start the year off right

The new year is a great time to help ensure your retirement plan is on track. What you do now could make a big difference down the road.

EDUCATION & ADVICE

1

Talk to a financial consultant

A TIAA financial consultant can review your retirement finances and help you with a plan for moving closer to your goals.

Or get education and advice online with [Retirement Advisor](#).

SCHEDULE A CALL

YOUR CONTRIBUTIONS

2

Increase contributions (even a little)

When it comes to saving, even a small increase now may add up later. Try shifting spending priorities to find a little more for your future.

SAVE MORE

[TIAA.org/microsite]

YOUR ACCOUNT

3

Update your beneficiaries

Naming your beneficiaries puts you in charge of what happens to your retirement account.

UPDATE NOW

YOUR INVESTMENTS

4

Review your investments

Log in to your account so you can check your progress and manage your investments.

LOG IN



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

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board
FROM: MaryJo Anderson
DATE: July 10, 2018
SUBJECT: TIAA Survey

As part of our 457 Companion Plan and 401(a) Defined Contribution (DC) Plan provider performance measures, NDPERS periodically obtains information from membership regarding perspective and overall satisfaction with services provided. Similar surveys for the 457 Companion Plan and DC Plan were completed in 2013 and 2016.

Previously this survey was mailed to NDPERS membership. This year NDPERS has slightly modified and simplified the survey to be delivered in an email format. Attached is a draft of the proposed 2018 survey, along with the 2013 and 2016 survey formats for comparison.

If you have any questions, comments, or suggestions, we will be available at the Board meeting.

Board Action Requested

Review and approve the 2018 457 Companion Plan and 401(a) Defined Contribution Plan Survey for distribution.

NDPERS/TIAA

457 Deferred Compensation Survey - **CONTENT DRAFT*****

Goal: Access satisfaction levels within 457 Deferred Compensation plan participants

Yes/No questions

1. Are you satisfied with the investment funds available?
2. Are you satisfied with the availability of plan information?
3. How have you interacted with TIAA?
 - By Phone
 - In Person
 - By Email
 - via Website
 - Other

Rating scale questions

- Strongly disagree
 - Disagree
 - Slightly disagree
 - Slightly agree
 - Agree
 - Strongly Agree
 - Not applicable
4. I am satisfied with the overall services provided by TIAA.
 5. I understand how PEP works with my contribution to increase my pension plan account balance.
 6. I am satisfied with the investment education and advice given by TIAA.
 7. I am satisfied with the web services and quarterly statements provided by TIAA.
 8. I am satisfied with the availability of counselors and advisors from TIAA.
 9. I am confident I will have enough money to retire.
 10. I am interested in having my contributions automatically increased each year.
 11. I would be interested in contributing a percentage of my salary instead of a set dollar amount.
 12. I would be interested in having a ROTH option in the Companion Plan.

Demographical questions (optional)

13. Gender
 - Female
 - Male
14. Age
 - Under Age 35
 - Age 35 – 44
 - Age 45 – 54
 - Age 55 – 64
 - Over age 65

NDPERS/TIAA

457 Deferred Compensation Survey - **CONTENT DRAFT*****

Goal: Access satisfaction levels within 457 Deferred Compensation plan participants

15. Use the space below to briefly explain your satisfaction with the NDPERS Companion Plan administered by TIAA.

A large, empty rectangular box with a thin blue border, intended for the respondent to provide their answer to question 15.

50 Responses - 9% Response Rate

NDPERS 457 Deferred Compensation Companion Plan Survey (2013)

1. Are you satisfied with the investment funds available?	84% Yes 12% No
2. Are you satisfied with the availability of plan information?	88% Yes 6% No
3. Are you confident that you are on the right track for retirement?	72% Yes 24% No
4. Have you ever met with a TIAA-CREF investment advisor?	32% Yes 64% No
5. Do you use an investment advisor or financial planner (other than TIAA-CREF) to help you with your investment decisions?	40% Yes 58% No

							Percent%	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree
6. I am satisfied with the decision to change providers to TIAA-CREF.							4	0	4	16	62	10	
7. I am satisfied with the investment education and advice given by TIAA-CREF.							2	8	16	18	50	4	
8. I am satisfied with the web services and quarterly statements provided by TIAA-CREF.							2	2	8	16	64	6	
9. I am satisfied with the availability of counselors and advisors from TIAA-CREF.							4	12	12	16	48	4	
10. I am satisfied with the availability of the brokerage window for investing in other mutual funds.							2	6	2	38	36	4	
11. I would recommend TIAA-CREF to other employees.							2	4	2	32	46	10	
12. I am satisfied with the service provided by the NDPERS office.							2	6	6	28	46	10	
13. I find selecting my own investments and asset allocation confusing.							8	24	6	22	32	6	
14. I understand how the PEP provisions affect my retirement account.							8	18	24	20	26	4	
15. I am confident my deferred compensation retirement savings will grow over time.							2	2	4	38	44	10	
16. Years of Service with the state		17. Age at last birthday			18. Marital Status								
____13.0____ Years		____51.2____ Years			32% Single		66% Married						
19. Please circle your current monthly salary range? 8%-<\$2,000 42%-\$2,000-\$3,999 30%-\$4,000-\$5,999 14%- \$6,000+													

THANK YOU!

Please return this survey in the postage-paid envelope by: November 18, 2013

NDPERS 457 Deferred Compensation Companion Plan Survey (157 responses 10.5%)

1. Are you satisfied with the investment funds available?	91% Yes 9% No
2. Are you satisfied with the availability of plan information?	88% Yes 12% No
3. Are you confident that you are on the right track for retirement?	68% Yes 32% No
4. Have you ever met with a TIAA investment advisor?	43% Yes 57% No
5. Do you use an investment advisor or financial planner (other than TIAA) to help you with your investment decisions?	32% Yes 68% No

	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/S
6. I understand how PEP works with my contribution to increase my pension plan account balance.	6	13	10	22	32	17	1
7. I am satisfied with the investment education and advice given by TIAA.	5	7	8	32	38	8	3
8. I am satisfied with the web services and quarterly statements provided by TIAA.	3	6	6	17	49	15	3
9. I am satisfied with the availability of counselors and advisors from TIAA.	5	6	11	21	41	13	3
10. I am satisfied with the brokerage window for investing in other mutual funds & ETFs.	4	6	13	30	34	4	8
11. I would recommend TIAA to other employees.	3	5	9	22	46	13	3
12. I am satisfied with the service provided by the NDPERS office.	4	6	6	23	43	15	2
13. I find selecting my own investments and asset allocation confusing.	6	10	11	21	32	18	2
14. I am confident I will have enough money to retire.	8	12	16	31	26	5	1
15. I am confident my retirement savings will grow over time.	4	7	13	35	32	8	1
16. I am interested in having my contributions automatically increased each year.	13	15	13	25	23	9	2
17. I would be interested in contributing a percentage of my salary instead of a set dollar amount.	12	18	13	25	18	11	3

18. Years of Service with the state	19. Age at last birthday	20. Marital Status
Average 13.5 Years	Average 48.0 Years	28% Single 72% Married
21. Please circle your current monthly salary range? 4% <\$2,000 36% \$2,000-\$3,999 39% \$4,000-\$5,999 22% \$6,000+		
22. What is your monthly deferred compensation contribution? 16% \$25 22% \$26-\$100 40% \$101-\$500 21% \$501+		

Additional Comments?

THANK YOU!

Please return this survey in the postage-paid envelope by: July 15, 2016



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

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board

FROM: Bryan Reinhardt

DATE: July 10, 2018

SUBJECT: Job Service Plan Return Assumption

The Job Service retirement plan has about 200 retirees and only 8 active contributing members with total assets of \$97.3 million at market value (July 2017). Market value of assets as of December 31, 2017 were \$97.8 million. As this plan continues to mature, the NDPERS Board has worked to de-risk the asset allocation. SEI is the fund manager for the Job Service assets.

At the June NDPERS Board meeting a new 20/80 equities/fixed income asset allocation was approved. Because the Board approved the new asset allocation, GRS advises lowering the return assumption. Attachment 1 is the recommendation from GRS to lower the Job Service return assumption from 5.70 to 4.75%. Attachment 2 is the updated JS Investment Policy.

Board Action Requested:

Approve the updated Job Service Investment Policy (Portfolio B 20/80 Asset Allocation and 4.75 return assumption).

Attachment 1



Mon 3/5/2018 1:07 PM

Lance.Weiss@grsconsulting.com

RE: SEI Presentation for 2/15 Meeting

To Reinhardt, Bryan T.

Cc Amy.Williams@grsconsulting.com; Schiermeister, Sharon L.; C3008@grsconsulting.com

You replied to this message on 3/21/2018 9:44 AM.

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Hi Bryan.

Although it is not completely compatible, the GASB Report for Job Service as of June 30, 2017 (Page D-2) shows that a one percent reduction in the Single Discount Rate from 5.70% to 4.70% reduces the net pension asset from \$33,635,942 to \$27,182,597, which is equivalent to reducing the funded ratio from 152.86 to 138.79%.

Therefore for funding purposes, we think it is safe to say that, based on an investment return assumption of 4.75%, and the market value of assets, the funded ratio as of July 1, 2017 for the Retirement Plan for Employees of Job Service North Dakota will be above 130%.

Regards,

Lance



Lance J. Weiss, EA, MAAA, FCA

Senior Consultant/Team Leader

120 North LaSalle Street | Suite 1350 | Chicago, IL 60602-3495

Phone: 312.456.9800 | Direct: 312.368.6784 | Cell: 847.217.8454

lance.weiss@grsconsulting.com

The above communication shall not be construed to provide tax advice, legal advice or investment advice.

Good afternoon Bryan.

In accordance with your request, we have modeled the revised asset Portfolio A (30% equity/70% fixed income) and asset Portfolio B (20% equity/80% fixed income) as described in the SEI Client Portfolio Management Fourth Quarter 2017 report) applicable to the Retirement Plan for Employees of Job Service North Dakota.

Based on our analysis, we recommend an investment return assumption of 5.0% in the event Portfolio A is chosen and an investment return assumption of 4.75% in the event Portfolio B is chosen.

Please note that the Retirement Plan for Employees of Job Service North Dakota was frozen to new members as of October 1, 1980. The plan, as of July 1, 2017, had a total of eight active members, 199 benefit recipients and one deferred vested participant entitled to a future benefit. All eight active members are eligible for retirement (normal, optional or early) as of July 1, 2017. Because of these demographics, we believe that more weight should be given to the shorter term expected returns rather than the equilibrium expected returns.

Based on the current investment return assumption of 5.70%, and the market value of assets, the funded ratio as of July 1, 2017 for the Retirement Plan for Employees of Job Service North Dakota was 152.4%. We estimate that, even with an investment return assumption of 4.75%, the Retirement Plan for Employees of Job Service North Dakota will still be well over 100% funded.

Please call us with any questions.

Regards,

Lance



Lance J. Weiss, EA, MAAA, FCA

Senior Consultant/Team Leader

120 North LaSalle Street | Suite 1350 | Chicago, IL 60602-3495

Phone: 312.456.9800 | Direct: 312.368.6784 | Cell: 847.217.8454

RETIREMENT PLAN FOR EMPLOYEES OF JOB SERVICE NORTH DAKOTA

INVESTMENT POLICY STATEMENT

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The Retirement Plan for the Employees of Job Service North Dakota (Plan) is a defined benefit retirement plan for the eligible employees hired before October 1, 1980. There have been no new entrants to the plan since October 1, 1980. The plan provides retirement benefits, disability benefits and survivor benefits consistent with the written Plan document. Until October 1, 1993, annuities were purchased from the Travelers for retirees, since that date retiree benefits are paid from Plan assets. Annual cost of living adjustments for all Plan pensioners including annuitants with the Travelers are paid from Plan assets. The NDPERS Board (the Board) is the Plan Administrator and administers the Plan in accord with Chapter 52-11 of the North Dakota Century Code.

Job Service North Dakota as the employer contributes 4% of the active participant's salary as a contribution 'on behalf of the employee' and the active participants pay 3% of their salary into Plan assets.

Each year the Plan has an actuarial valuation performed. The current actuarial assumed rate of return on assets is ~~5.70~~4.75%.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

3. DELEGATION OF AUTHORITY

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
 - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
 - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
 - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

4. INVESTMENT GOALS

The investment objectives of the Plan have been established by the Plan's Administrator upon consideration of its strategic objectives and a comprehensive review of current and projected financial requirements.

Objective #1: To maintain a level of surplus sufficient to eliminate the need for future contributions;

Objective #2: To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price index (CPI), by 3.0 or more percentage points per year (based on current actuarial assumptions of 5.7% return and 2.5% inflation), over a complete market cycle; and

Objective #3: As a secondary objective, to maximize the Plan's surplus to increase future benefit payments.

5. INVESTMENT PERFORMANCE OBJECTIVE

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a) The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.

- b) The annual standard deviation of total returns for the Fund should not materially exceed that of the policy portfolio by more than 15%.
- c) Over 5-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation by more than 15%.

6. ASSET ALLOCATION

The NDPERS Board as plan Administrator establishes the asset allocation of the Fund, with input from consultants and SIB staff. The current asset allocation is based upon the asset/liability study completed by SEI Consultants in 2017. That study provided an appraisal of current cash flow projections and estimates of the investment returns likely to be achieved by the various asset classes.

In recognition of the Plan's objectives, projected financial status, and capital market expectations, the following asset allocation options were deemed appropriate for the Fund:

Domestic Equity – ~~186~~%
 Global Equity - ~~1214~~%
 U.S. High Yield Bonds - 3%
 Emerging Markets Debt - 3%
 Core Fixed Income - ~~2326~~%
 Limited Duration Fixed Income - ~~2226~~%
 Diversified Short Term Fixed Income - 12%
 Short Term Corporate Fixed Income - ~~710~~ %

Rebalancing of the Fund to this target allocation will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- c. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- d. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

- e. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

~~Sharon Schiermeister~~Scott Miller
~~Interim~~ Plan Administrator and Trustee
Retirement Plan for Employees of
Job Service North Dakota

David Hunter
Executive Director
North Dakota Retirement and Investment Office

Date: _____

Date: _____



**North Dakota
Public Employees Retirement System**
400 East Broadway, Suite 505 • Box 1657
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Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board

FROM: MaryJo Anderson

DATE: July 10, 2018

SUBJECT: 457 Companion Plan - Plan Document Amendment

At the February 2018 meeting, the Board approved TIAA's option for distribution of terminated 457 Companion Plan accounts with balances less than \$1,000, which required modification to the plan document language to make this a standard process at member termination. The plan document amendment was drafted by Groom Law and is attached for your review and approval.

NDPERS will confirm the terminated members that TIAA has identified as having a small account balance. Then, TIAA will provide notification to participants, allowing either the opportunity to roll the money to an IRA or a new employer retirement plan without incurring a taxable event. If no action is taken, a check will be sent directly to the participant.

There are approximately 1,280 terminated members in the 457 Companion Plan with an account balance less than \$1,000. This one-time process will be scheduled for Fall 2018 and will apply to all future terminating members.

Board Action Requested:

Accept or reject the 457 Companion Plan amendment for document revision

DRAFT
June 7, 2018

**Amendment to the
North Dakota Section 457 Companion Plan and Trust**

WHEREAS, the North Dakota Section 457 Companion Plan and Trust (the “Plan”) was established by the North Dakota Public Employees Retirement System Board (the “Board”); and

WHEREAS, pursuant to Section 11.1 of the Plan, the Board may amend the Plan; and

WHEREAS, the Board has determined that an amendment to the Plan is required to permit the mandatory distribution of certain small account balances under the Plan.

NOW THEREFORE, BE IT RESOLVED, that the following amendments to the Plan are adopted effective as of [DATE]:

1. Section 5.1(d) is amended to replace the reference to “Section 5.5” with a reference “Section 5.5(a)”.
2. Section 5.1 is amended to add a new Section 5.1(e) after Section 5.1(d) to read, in its entirety, as follows:
 - (e) The Participant has a Severance from Employment and is subject to the mandatory distribution of his Account Balance under Section 5.5(b).
3. Section 5.5 is amended, to read in its entirety, as follows:

5.5 Distribution of Small Account Balances.

- (a) Upon proper written request to the Administrator, a Participant may elect to receive a distribution of his or her total Account Balance in a lump sum if the Account Balance does not exceed \$5,000 (or the dollar limit under Code section 411(a)(11), if greater) without regard to amounts attributable to rollover contributions under Section 7.1, no Deferrals have been made for the Participant during the two-year period immediately prior to the date of distribution, and the Participant has not previously received a distribution of his or her Account Balance under this Section 5.5.
- (b) Notwithstanding any other provision of the Plan, in the event a Participant has a Severance from Employment with an Account Balance that does not exceed \$1,000, including amounts attributable to rollover contributions under Section 7.1, the following small account balance automatic distribution rules will apply:
 - (1) Subject to any procedures adopted by the Administrator, including but limited to any advance notice of the application of the provisions of this Section 5.5(b) as may be prescribed by the

Administrator, if the Participant shall not have elected, in accordance with Sections 5.2(b) and 5.6 and related procedures, to have such Account Balance paid directly to an Eligible Retirement Plan (as defined in Section 5.6(b)) specified by the Participant in a direct rollover or otherwise distributed from the Plan, then the Administrator will distribute such benefit in a lump sum, without the written consent of the Participant.

- (2) The provisions of this Section 5.5(b) shall apply to any Account Balance of a Participant who has had a Severance from Employment prior to the effective date of this Section 5.5(b).

IN WITNESS WHEREOF, this instrument has been executed by a duly authorized individual on _____, 2018.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM BOARD

By: _____
[NAME]
[TITLE]



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

Scott Miller
Executive Director
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1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board

FROM: MaryJo Anderson

DATE: July 10, 2018

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 23 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 session provided no increases for the agencies' budgets for 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, 2017 actuarial report is 3%. 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

RECEIVED

JUN 08 2018

ND PERS

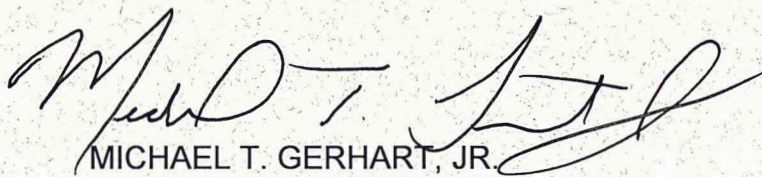
June 5, 2018

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

Dear Ms. Anderson:

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, 2018.

Sincerely,


MICHAEL T. GERHART, JR.
Colonel, NDHP
Superintendent

mtg/blc



**North Dakota
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Memorandum

TO: NDPERS Board

FROM: Scott Miller

DATE: July 10, 2018

SUBJECT: Sanford PBM Change

As you are aware, the Sanford Health Plan advised us on June 27, 2018 that they are changing their Pharmacy Benefits Manager (PBM) from Express Scripts, Inc. to OptumRX, effective January 1, 2019. I have attached the letter notifying us of the change. This item is on the agenda for information and discussion purposes.

Sanford Health Plan
PO Box 91110
Sioux Falls, SD 57109-1110
(605) 328-6868
Toll-Free: (877) 305-5463
Fax: (605) 328-6811
sanfordhealthplan.com



June 27, 2018

Scott Miller, Executive Director
North Dakota Public Employees Retirement System
400 East Broadway Avenue, Suite 505
PO Box 1657
Bismarck, ND 58502-1657
Via email: scottmiller@nd.gov

Dear Mr. Miller,

We are pleased to inform NDPERS that Sanford Health Plan is changing its Pharmacy Benefit Manager (PBM) from Express Scripts, Inc. to OptumRx. This change will be effective January 1, 2019. OptumRx is a nationally renowned PBM helping clients and over 65 million members to achieve better health outcomes and lower overall costs through innovative prescription drug benefit services, including network claims processing, clinical programs, formulary management and specialty pharmacy care.

Sanford Health Plan began the RFP process for a new pharmacy benefit manager in the fall of 2017. As part of that process, we hired Axia Strategies, a benefit consultant that specializes in PBM auditing and contracting. We evaluated and scored five BPM bidders. It is important to note that during our bidder reviews we factored PBM contract definitions into the evaluation to acknowledge the central value of transparency. Additionally, our PBM selection process recognized the important role our local pharmacists serve in caring for our members, offering them reimbursement that balances sustainability with affordability to the premium payers. In contracting with a new PBM, Sanford Health Plan placed priorities on the following key deliverables:

- Increased transparency with our definitions and terms of the contract;
- Improved pricing to deliver industry leading savings opportunities to our members and clients; and
- Improved performance guarantees and collaboration expectations with our new Pharmacy Benefit Manager.

This new PBM arrangement with OptumRx will have a positive affect not only on NDPERS, but it will also impact North Dakota Medicaid Expansion, all of Sanford Health Plan's commercial employer group plans and individual plans in all states as well as Sanford Health's own employee benefit plan.

Through the transition process, Sanford Health Plan will take utmost care to ensure a seamless transition for your NDPERS members. We have a very detailed implementation and member communication plan. In performing our due diligence in this process, we have already assessed the OptumRx network of pharmacies in North Dakota. There are five pharmacies that are not contracted: one does not accept any insurance (a compound pharmacy), and the remaining four are being approached by OptumRx with the goal of including them as a network provider by January 1, 2019 to ensure continued member access to North Dakota pharmacies.

We will be sharing this change with the Health Care Reform Committee at the June 28th hearing, but we wanted the PERS board to be among the first to know. We appreciate the dialogue the PERS board has had on this topic of PBMs and contract transparency. We will continue to provide the Board with updates throughout our transition to a new PBM.

Respectfully,

A handwritten signature in black ink, appearing to read "Kirk J. Zimmer". The signature is written in a cursive, flowing style.

Kirk Zimmer, President



**North Dakota
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Memorandum

TO: NDPERS Board

FROM: Scott Miller and Rebecca Fricke

DATE: July 10, 2018

SUBJECT: Medicare Part D Plan

At today's meeting we will continue discussion of the Medicare Part D – Prescription Drug Plan (PDP) for 2019. As you are aware, Sanford recently announced it will be changing Pharmacy Benefit Managers (PBM) starting in 2019. This will impact the health plan for our active members and non-medicare retirees.

The question for which staff seeks your direction is: Should we continue to use ESI for our Part D program by renewing with them or should we go out to bid?

In addressing this question this memo will go over: 1) some history on the program; 2) our existing arrangement with ESI; 3) our options; and, 4) other considerations. As many of you know, this task is always compressed into a short time frame since the final information from the federal government is not available until late summer and the Center for Medicaid & Medicare Services (CMS) requires that notice of a change be sent to members prior to the the Part D marketplace open enrollment starting October 15

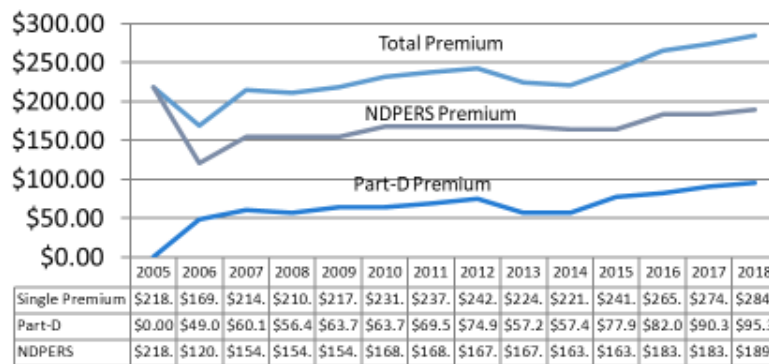
First, let me start by giving you some history on this program:

- Historically, PERS has offered a Medicare Supplement Plan that included drug coverage. This was the case before Part D was created by the federal government. Our coverage was bundled, which meant it included medical and Rx and in electing this coverage, the member took both.
- When Part D was enacted, BCBS developed a product for us that captured the Part D Subsidy and retained our existing plan of benefits for Rx. They contracted with

their PBM (Prime Therapeutics) to provide the Part D Rx coverage. We continued to offer our plan as bundled only.

- The Part D plan premiums run on a calendar year basis instead of a biennial basis like the other parts of the medical health plan.
- The following table provides a history of our Medicare Part D premiums:

Medicare Single Premium



(17)

- With the change to Sanford from BCBS our proposal anticipated the need to change the Medicare Part D – prescription drug plan and requested this in our RFP. Sanford proposed using ESI for the Part D plan (which was the same PBM they proposed to use for our Non-Part D Rx program). Sanford’s proposal also anticipated a change in the way we contracted for this service. With BCBS this service was provided by BCBS to us as part of our overall contract and BCBS separately contracted for the PBM services for the Part D program. Sanford’s method changed this methodology by having PERS contract directly and separately with the PBM to provide the Part D service instead of having this service as part of our overall contract with Sanford. Sanford agreed to provide to us technical assistance with the Part D plan.

Second, is to review our existing contract for Part D services:

- Our existing contract is with Medco Containment Life Insurance Company, which is the contracting unit for ESI

- The existing contract was approved by the board in 2015 for a January 1, 2016 plan year effective date.
- Our existing contract allows the board to either renew or provide notification not to renew which would then require a bid process (development of an RFP, issuing it, reviewing it, and awarding a new contract). These provisions can be found in section 8.1 of our contract with ESI, which talks about the term of the contract:
 - *8.1 Term. The initial term of this Agreement (the "Initial Term") shall commence on the Execution Date, and coverage of EGWP Enrollees under the EGWP Benefit shall begin as of January 1, 2016 (the "Effective Date"). Unless earlier terminated as provided herein, the Initial Term shall continue until December 31, 2016. Thereafter, Client may renew this Agreement upon satisfactory completion of the Initial Term for successive one (1) year renewal terms with the same terms and conditions as set forth herein. MCLIC may decline to renew the Agreement for successive one (1) year terms by providing Client notice of its intent not to renew the Agreement in writing at least ninety (90) days prior to the expiration of the then current term.*

MCLIC shall provide written notice to Client of any annual adjustment to the "per member per month" fee by the August fifteenth (15th) prior to the commencement of any one (1) year renewal term hereunder. Client shall provide notice of intent to renew this Agreement to MCLIC at least sixty (60) days prior to the expiration of the then current term, so long as Client does not have an annual open enrollment. Should Client change to an annual open enrollment, Client shall provide notice of intent to renew this Agreement to MCLIC at least ninety (90) days prior to the expiration of the then current term. Both parties acknowledge that nothing in this Agreement prevents Client from engaging in a competitive selection process and to accept a bid from another vendor through a competitive selection process for a subsequent contract term for the services provided hereunder. This Agreement may be terminated earlier during the Initial Term or any renewal terms pursuant to Section 8.2 below

- In both 2016 and 2017, the board agreed to renew with ESI. Following is the most recent addendum to the contract that was approved:

*Whereas, the Section 8.1 and Section 9.5 of the Agreement executed between the parties permit Client to renew the Agreement for the term of January 1, 2018 through December 31, 2018; and
Whereas, the Client expressed its intent to renew the Agreement by executing Document attached hereto as Exhibit A and dated September 8, 2017; now,
Therefore, the parties in consideration of the mutual agreements and undertakings set forth in the Agreement hereby agree as follows:*

- *That the Agreement between the parties executed on December 30, 2015 shall continue to be effective for the term of January 1, 2018 through December 31, 2018; and,*
- *That in the event a conflict exists between the terms of the Agreement and the terms of Exhibit A to this Addendum, Exhibit A shall control;*

Third, our options.

- A. Based upon the above review, PERS has the opportunity to renew;
- B. Based upon the above review, PERS has the opportunity to go bid.

If we proceed with the renewal:

- Our preliminary indications from ESI are that the proposed renewal would be no increase in premiums. This may vary slightly once CMS releases its subsidy information, but if there is an increase, it is anticipated to be minimal
- Sanford is in the process of changing the PBM for our active group, so if we renew with ESI we would no longer have the same PBM for both our active group and our retired group since we now contract for Part D coverage separately
- Our retirees would not have a change of PBM to deal with this year
- Even if we go forward with the renewal process the possibility exists that it could be unacceptable and PERS would need to go to bid; however, that RFP process would be forced to occur in a very compressed time period in September
- From staff's perspective, ESI has been a good business partner to work with

Overall, members seem satisfied with ESI as we do not hear much from members about plan dissatisfaction, the costs of their medications or claims processing. If we decide to go to bid:

- We could start the bid process in July which would allow us more time to get the RFP to market, to review the proposals and, if a change occurs, more time to plan implementation
- It could be a very competitive time for carriers to seek our business and, therefore, from staff's perspective, we may be able to get a better pricing on the product
- We may be able to address some of the concerns that has arisen by ND pharmacies on the 30 vs. 90 fill reimbursement provision

Fourth, other considerations:

- The PERS Retiree committee reviewed this topic at its meeting in May and indicated that if the PERS Board felt it was advantageous to go out to bid, they were fine with this. However, they also felt that the projected no increase by ESI was positive and had concerns on what would happen if we went to bid and rates came in higher.
- Staff does note that at this time, there are 2 areas that add a level of uncertainty related to the Part D plan, which are:
 - NDPERS Budget: at the June meeting, the Board directed staff to move forward in preparing a budget that eliminated the Part D plan as a program offered by NDPERS. This would be effective January 1, 2020. Staff are concerned about member disruption if the carrier were changed for January 1, 2019 and then the plan were discontinued January 1, 2020.
 - Unbundling the Part D plan from the health plan: Also discussed at the June meeting was the recommendation of the Retiree Subcommittee that NDPERS

consider unbundling the Part D plan from the health plan so that a retiree could enroll in either product and not be required to carry both to have coverage with NDPERS. The committee recommended a January 1, 2020 implementation date for this also to ensure adequate communication could be provided. This is a topic that staff will be bringing back to the Board for consideration. However, staff do feel that given communications will be required as part of this process if approved by the Board, it would be an appropriate time to communicate a potential Part D vendor change for the same date. This will eliminate member confusion also on why we are changing vendors one year, and then the next year changing the eligibility for participation in the plan and allowing them to get coverage on the marketplace.

- Staff has developed a proposed bid document should you decide to go to bid, which is Attachment 1 to this memo

Board Action Requested:

1. Determine if the PERS Part D product should be bid this year
2. If the answer to #1 is "Yes", then approve the draft RFP that is attached. (In making such approval please note staff is still working on the final wording of the RFP therefor such approval would be for the overall approach to the bid as proposed in the RFP)



Request for Proposal

Fully Insured Prescription Drug Employer Group Waiver Plan (EGWP)

July 2018

Contents

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I. Proposed Timetable

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify Vendors of changes to the proposed timeline.

Activity	Date/Time (All Times in CDT)
RFP Published	July 12, 2018
Questions Due	July 23 by 5:00 PM
Question Answers Posted	July 27, 2018
Proposals Due	August 8, 2018
Selection of Vendor	No later than Sept 14, 2018
Contract Effective Date	January 1, 2019

II. Delivery of Proposals

Instructions

All proposals should be submitted simply and economically providing a direct, concise delineation of the vendor's proposal and qualifications adhering to the proposal format guidelines outlined below.

- Proposals should be typed or printed on 8.5" x 11" paper.
- All proposals must include the transmittal letter/statement which includes the following:
 - An acknowledgement of receipt of the EGWP Drug Plan RFP specifications.
 - This letter must include the title and signature of a Duly Authorized Officer of the company.
- All proposals must include a table of contents and appropriate page number references.
- All pages of proposals must have consecutive page numbers.
- Responses to questions must include a restatement of the question (number and text) with the response immediately following.
- Appendices and other supplemental information provided with your proposal must be clearly identified.
- Cost proposal must be submitted in a separate, sealed envelope and clearly marked, "Cost Proposal". Cost Proposal Exhibits will be all-inclusive.
- NDPERS will not be billed any additional amounts for services, including commissions or brokerage fees.
- North Dakota insurance law 54-52.1-10 (Exemption From State Premium Tax) provides that "All premiums, consideration for annuities, policy fees, and

membership fees collected under this chapter are exempt from the tax payable pursuant to section 26.1-03-17". Thus, Offeror's responses should not reflect any amounts for premium taxes.

- Any and all deviations must be clearly noted and submitted under separate cover. If you do not identify and explain deviations, your proposal will be deemed a certification that you will comply in every respect with the requirements and contractual language set forth in this RFP.

Proposal Format and Contact Information

Proposals should be submitted in two parts, with the cost proposal and deviations separate from the qualitative proposal (Qualitative to NDPERS, Everything to Deloitte, see below). Late proposals will not be considered unless approved by the NDPERS board. Proposals will be sent to two parties, as described below:

Qualitative proposal should include your response to the questionnaire (Section X) and responses to Appendix B (red-lined), Appendix D, and Appendix E.

Cost proposal and deviations should include Appendix F, Appendix G, and other documentation supporting your bid financials and deviations. All other required appendices and proposal content should be included in the qualitative proposal.

Vendors are required to submit one (1) unbound original and ten (10) paper copies of the **qualitative proposals** along with one (1) electronic copy (CD or flash drive) of the qualitative proposal to:

Bryan Reinhardt
Research & Planning
North Dakota PERS
400 East Broadway
Suite 505
Bismarck, ND 58501

A full electronic copy of the **qualitative proposal**, **cost proposal**, and **deviations** must be emailed to Deloitte Consulting. Alternatively, the electronic proposal files can be saved to CD or flash drive and shipped. All appendices provided in Microsoft Word or Excel with the RFP must be provided along with your proposal in Word or Excel.

Josh Johnson
Senior Manager
Deloitte Consulting LLP
50 South 6th Street
Suite 2800
Minneapolis, MN 55402
jkjohnson@deloitte.com

PLEASE NOTE: As indicated above, cost proposals and deviations should only be submitted to Deloitte Consulting.

From the date of issuance until the announcement of the finalist, Vendors should only contact the Deloitte RFP coordinator, Josh Johnson. All correspondence and questions must be submitted in writing via e-mail to Deloitte Consulting in

accordance with the timeline set forth in this RFP. NDPERS personnel are not authorized to discuss this RFP with vendor; doing so may result in disqualification. Vendors may continue to communicate with NDPERS staff regarding other relevant business matters.

III. Objective of RFP

North Dakota Public Employees Retirement System – Strategic Objectives

The North Dakota Public Employees Retirement System (NDPERS) covers in excess of 63,000 lives including 8,825 Medicare members on Part-D. NDPERS has retained Deloitte Consulting LLP (“Deloitte Consulting”) to assist with the RFP process. NDPERS is issuing this RFP with the intention of finding a PBM partner that:

- Controls pharmacy cost for members and NDPERS
- Deliver PBM services at aggressive prices commensurate with our covered lives
- Provide exceptional service, from both a member and NDPERS’s experience
- Champions transparency (and other innovations) in contracting
- Brings innovation to the PBM services provided by NDPERS
- Seamlessly integrates with their medical plans, and analytical partners
- Adheres to Centers for Medicare & Medicaid Services (CMS) regulations for administration of EGWP products

Potential Partnership Considerations

NDPERS is interested in exploring the potential value creation from combining the respective strengths of NDPERS and a world-class pharmacy partner. Our goal is to explore a partner’s role in managing the following functions for our EGWP members:

- Specialty drug management and contracting
- Formulary Management
- Clinical programs development and administration
- Customer Service (members and providers)
- Pharmacy claims processing
- Reporting
- Data Analytics
- Network Management
- Rebate processing and contracting
- Adherence to CMS requirements

This request for proposal is intended to provide NDPERS with the necessary information to assess your capabilities and strategic fit. To the extent that you see opportunities to add value that we have not explicitly identified in the RFP, please provide additional information.

We thank you for your engagement in the process and look forward to reviewing your thoughtful responses to our request for proposal.

If any of the requirements listed in the following section indicate performance services not included in your standard fees, please specifically indicate in the pricing section what additional charges would apply.

Transparent/Traditional PBM

NDPERS is interested in evaluating fully insured financial proposals with components commonly apparent in transparent arrangements. Transparency for purposes of this proposal is one that will provide NDPERS with the following audit opportunities. NDPERS will give preference to transparent proposals pursuant to the North Dakota Century Code. Please identify in your cover letter if you will provide this to NDPERS.

- **PBM Audits.** In Section 54-52.1-04.15 of the NDCC it states:
 1. If the prescription drug coverage component of a health insurance benefits coverage contract received in response to a request for bids under section 54-52.1-04 utilizes the services of a pharmacy benefits manager, either contracted directly with a pharmacy benefits manager or indirectly through the health insurer, in addition to the factors set forth under section 54-52.1-04 the board shall consider and give preference to an insurer's contract that:
 - a. Provides the board or the board's auditor with a copy of the insurer's current contract with the pharmacy benefits management company which controls the prescriptions drug coverage offered as part of the health insurance benefits coverage, and if the contract is revised or a new contract is entered, requires the insurer to provide the board with the revision or new contract within thirty days of the change.
 - b. Provides the board with monthly claims data and information on all programs being implemented or modified, including prior authorization, step therapy, mandatory use of generic drugs, or quantity limits.
 - c. Describes the extent to which the board may customize the benefit plan design, including copayments, coinsurance, deductibles, and out-of-pocket limits; the drugs that are covered; the formulary; and the member programs implemented.
 - d. Describes the audit rights of the board.
 2. The board may conduct annual audits to the extent permitted under the contract terms agreed to under subsection 1. The audits must include:
 - a. A review of a complete set of electronic prescription coverage claims data reflecting all submitted claims, including information fields identified by the board.
 - b. A review of a list of all programs that have been implemented or modified during the audit period under subsection 1, and in connection with each program the auditor shall report on the cost, the cost savings or avoidance, member disruption, the process for and number of overrides or approvals and disapprovals, and clinical outcomes.
 - c. Recommendations for proposed changes to the prescription drug benefit programs to decrease costs and improve plan beneficiaries' health care treatment.
 3. Information provided to the board under the contract provisions required under this section are confidential; however, the board may disclose the information to retained experts and the information retains its confidential status in the possession of these experts.

NDPERS has provided in Appendix B a proposed contract for this work effort which provides for the above. NDPERS proposes to use this contract as a starting point for discussions with bidders. Please review the attached and redline this contract with any changes you would propose as part of the terms of your proposal. Include the marked-up contract as an appendix to your proposal. Firms offering this contract may be eligible for

the preference provided in this section. Firms that substantially alter this contract or essentially offer a new contract will not be eligible for this preference.

Contract Term and Renewals

The term of this contract is one year, January 1 through December 31, 2019. The NDPERS Board intends that the successful bidder will have the opportunity to renew this contract 5 additional times. The NDPERS Board will consider the following when determining whether to renew for subsequent plan years:

1. Satisfactory renewal price
2. Whether vendor performance has met the board's expectations, and
3. Any other information the board chooses to consider

The above are outlined in more detail NDCC 54-52.1-05. The renewal process will begin in May when the carrier will submit an estimated renewal to the board. The process will continue in August when the carrier will submit a formal renewal proposal. The NDPERS Board will decide to renew or go to bid no later than the end of September.

IV. Overview of the NDPERS Program

NDPERS

North Dakota Public Employees Retirement System (NDPERS) is a separate agency created under North Dakota state statute, and while subject to state budgetary controls and procedures, as are all state agencies, is not a state agency subject to direct executive control. NDPERS is managed by a Board comprised of nine members:

- Chairman – appointed by the Governor
- Member – appointed by the Attorney General
- Member – elected by retirees
- Members (3) – elected by active employees
- Legislators (2) – appointed by Legislative management
- State Health Officer or Designee

PROGRAMS

To review the benefit programs administered by NDPERS visit the NDPERS web site at:

<http://www.nd.gov/ndpers/>

V. Current EGWP Benefit

The following table provides a summary of the current (2018) NDPERS EGWP benefit, including cost-sharing information. This plan provides coverage across all stages of an individual's benefit.

Initial Coverage stage	Member will pay the following until the total yearly drug costs (what member and the plan pay) reach \$3,750. Please note that member can get up to a 90-day supply either at a retail network pharmacy or through home delivery:		
	Tier	Retail Three-Month (90-day) Supply	Home Delivery Three-Month (90-day) Supply
	Tier 1: Generic Drugs	\$5 copayment plus 15% coinsurance	\$5 copayment plus 15% coinsurance
	Tier 2: Preferred Brand Drugs	\$15 copayment plus 25% coinsurance	\$15 copayment plus 25% coinsurance
	Tier 3: Non-Preferred Brand Drugs	\$25 copayment plus 50% coinsurance	\$25 copayment plus 50% coinsurance
	If the member fills a prescription for a one-month (31-day) supply at a retail network pharmacy, they will pay the same copayment amount that a member would for a three-month supply. If the member's doctor prescribes less than a full month's supply of certain drugs, the member will pay a daily cost-sharing rate based on the actual number of days of the drug that they receive. The member may receive up to a 90-day supply of certain maintenance drugs (medications taken on a long-term basis) by mail through our home delivery service. There is no charge for standard shipping. Not all drugs are available at a 90-day supply, and not all retail pharmacies offer a 90-day supply.		
Coverage Gap stage	Under the plan, the member reaches the Coverage Gap stage once the total yearly drug costs reach \$3,750. During this stage, the cost-sharing amounts for generic and brand-name drugs will remain the same until the yearly out-of-pocket drug costs reach \$5,000.		
Catastrophic Coverage stage	After the member's yearly out-of-pocket drug costs (what the member and others pay on their behalf, including manufacturer discounts but excluding payments made by the member's Medicare prescription drug plan) reach \$5,000, the member will pay the greater of 5% coinsurance or: <ul style="list-style-type: none">• a \$3.35 copayment for covered generic drugs (including brand drugs treated as generics)• a \$8.35 copayment for all other covered drugs.		

For complete details on the plan, please review the Benefits Overview at <https://ndpers.nd.gov/retired-members/insurance-plan/group-health-plan/dakota-retiree-plan-medicare/>

Please note that the bid must reflect CMS benefit design requirements for 2019.

VI. Services

Refer to Appendix D for details about current services the current EGWP provider is administering.

VII. Eligibility

Retirees or surviving spouses who are age 65 or entitled to Medicare and are receiving a retirement benefit from the Public Employees Retirement System, the Highway Patrolmen's Retirement System, the Teachers' Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF), the Job Service Retirement System, Judges' Retirement System, the Teachers' Fund for Retirement (TFFR), or from a participating political subdivision are eligible to receive benefits. The NDPERS supplemental medical plan and prescription drug plan (EGWP) are bundled products. Thus a retiree electing to enroll with NDPERS must participate in both the NDPERS supplemental plan (Dakota Retiree Plan) and the NDPERS EGWP plan.

If the retiree elects to enroll, their Medicare eligible spouse is also eligible to enroll for coverage within the same timeframe, as long as the retiree provides coverage for the spouse on their medical supplemental plan. NDPERS does not conduct an annual open enrollment.

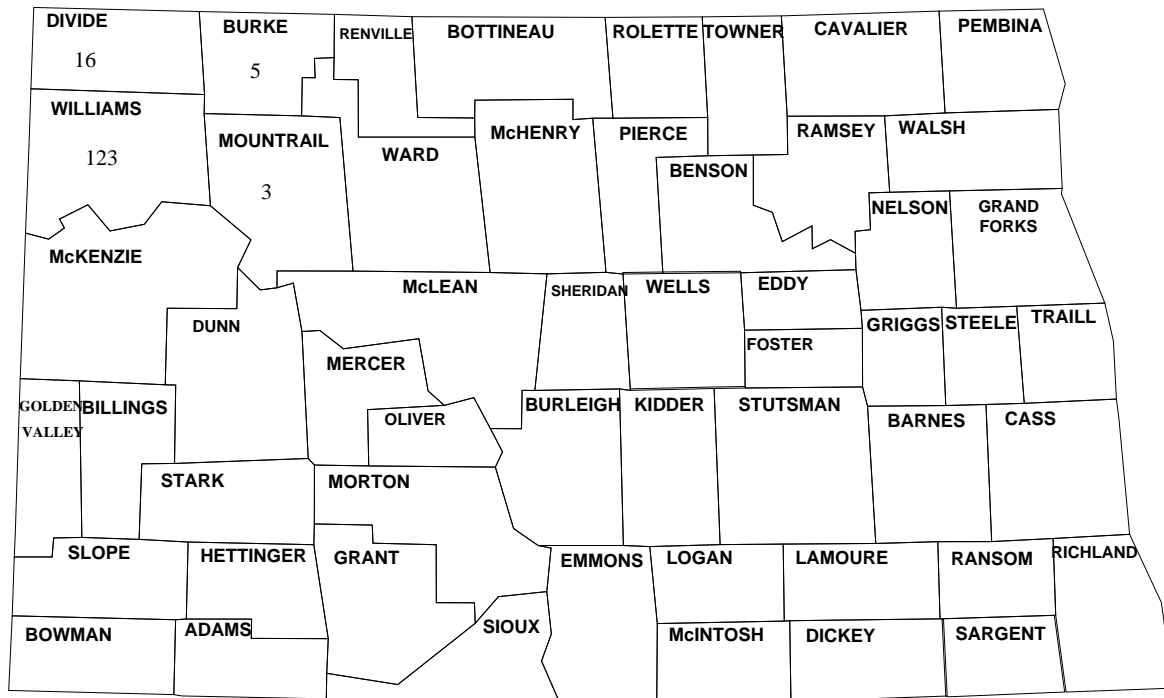
Application for coverage must be submitted within 31 days of Medicare entitlement or an NDPERS approved qualifying event. The retiree and/or spouse must have both Medicare A & B in order to be eligible for coverage. The NDPERS qualifying events are:

- Date of retirement, defined as either:
 - The last day of active employment if member does not defer his/her retirement benefit or take a lump-sum refund of his/her retirement account, or
 - Date of first retirement check if member deferred his/her retirement benefit.
- Member's 65th birthday or eligibility for Medicare;
- Member's spouse or eligible dependent's 65th birthday or eligibility for Medicare;
- The loss of coverage in a health plan sponsored or provided by member's employer or member's spouse's employer, if covered through spouse's employer group plan. This includes loss of coverage due to the death of, or divorce from a spouse as well as completion of COBRA continuation coverage.
- Marriage
- Birth, adoption, or appointment of children for legal guardianship.

If a member or surviving spouse does not enroll within 31 days of any one of the above qualifying events, or does not meet one of the above qualifying events, he/she will have forfeited his/her rights to enroll in the Plan in the future.

Eligibility to receive benefits under the Benefit Plan is initially determined by the Plan Administrator and is subject to CMS requirements. NDPERS has the ultimate decision making authority regarding eligibility to receive benefits.

VIII. Geographic Distribution of the Population



IX. Confidentiality

Summary/checklist of specific items identified as trade secret.

All materials submitted in response to this RFP will become property of NDPERS and, upon receipt by NDPERS, are subject to the North Dakota public records law. If the Responder submits information in response to this RFP that it believes to be confidential financial, commercial, proprietary or trade secret information, the Responder must:

- a. Clearly mark in the body of the proposal each provision that respondent believes to be confidential. Merely marking the entire page as confidential is not sufficient, and will not be recognized as an assertion of confidential information.
- b. Complete the table provided in Appendix E, using the format provided, identifying the specific information that the responder asserts is confidential, the page and section number(s), and the reason the responder believes the information is confidential, including a specific citation to the North Dakota Public Records Law. Only confidential or propriety information on this table will be considered confidential by NDPERS. All other information not on this table

will be considered an open record by NDPERS.

- c. Attest whether the information sought to be protected has ever been previously publicly disclosed.
- d. Indicate the response has been reviewed by the responder's legal counsel and is so attested.

Responder is put on notice that, except for information that is determined by NDPERS to be confidential or otherwise exempt from the North Dakota public records law, NDPERS must disclose to the public upon request any records it receives from Responder. If NDPERS receives a request for information that Responder has requested be kept confidential, NDPERS will review the information submitted by Responder and may also contact Responder for additional input regarding the nature of those records. However, NDPERS will be solely responsible for making the ultimate determination of whether the materials submitted are open or exempt. All information that has not been clearly identified by Responder as being confidential pursuant to this section and which NDPERS has not determined constitutes confidential or exempt information under the North Dakota public records law will be disclosed as an open record. NDPERS will not consider the bid cost information submitted by the Responder to be confidential under any circumstances.

X. Questionnaire

Instructions: Your responses to the questionnaire must be formatted using the following table of contents using the same sequence (please note page numbers shall be sequential beginning with #1 and going forward to the end of the following sections):

Section	Title
1	Organization General Information
2	Account Management
3	Member Interface Services
4	EGWP Operations
5	Managed Care Protocols
6	Mail Order
7	Implementation
8	Geo-Access
9	Financial
10	Services to be Performed
11	Confidential/Proprietary Information
12	Contract

1. Organization General Information

1.1 Provide a brief description of your organization, including your company history, organizational structure, services provided, location of headquarters, and length of time you have been in business. Describe any significant historical or future organizational developments (acquisitions, mergers, change in subcontracted vendors, etc.).

1.2 Include a description of your organization's major short term strategic initiatives and your long term strategic business plan. Specifically address cost containment efforts, providing specific examples of how you have made changes that resulted in savings for your clients.

1.3 Describe how your organization differentiates itself from your competitors. Specifically, what makes your organization the best partner for NDPERS?

1.4 What portion of your organization's business is devoted to prescription drug plan management?

1.5 How many prescription drug plan clients does your organization do business with, fully insured vs self-funded?

1.6 How many prescription drug plan clients contract as a "transparent/pass through" model and how many clients contract as a "spread/traditional" model?

1.7 How many members are serviced in prescription drug plans that your organization manages?

1.8 How many EGWP plans does your organization manage?

1.9 How many members participate in the EGWP plans that you service?

1.10 Identify all services that are currently outsourced or subcontracted, the name of the vendor/partner, and length of the relationship and the nature of the long term partnership (e.g. are the contracts expected to expire during the course of this contract?). Describe how you ensure quality customer service and timely and effective issue resolution.

1.11 Organizations responding to this RFP must be able to substantiate their financial stability. Provide a copy of your audited financial statement or other financial information. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. Other sufficient information may include a written statement from a financial institution confirming the creditworthiness and financial stability of the organization.

1.12 What ratings have you received from the following third party rating organizations?

Rating Organization	Rating	Date of Last Accreditation / Rating
A.M. Best		

Standard & Poor's		
Moody's		
NCQA (by product)		
JCAHO		
URAC		
American HealthCare Commission		

1.13 What was the CMS star rating for your proposed plan/program for 2016, 2017 and 2018?

1.14 Provide a copy of any State or Federal regulatory audit performed within the last two years.

1.15 Please confirm that your organization has a successful SSAE18 and that you will provide a copy to NDPERS on an annual basis.

1.16 Indicate whether your company has ever been or is currently a party to litigation regarding a prescription drug plan contract or agreement, or data security breach. If so, provide details of the litigation or action. Failure to disclose this may constitute grounds for rejection of any proposal or termination of any contract.

1.14 Please supply your data security policies & procedures. What is your 3-year history of data loss or breach? Do you have insurance to cover a breach or loss?

1.15 Describe your recruitment process. Do you conduct reference, background, credit, etc. checks?

1.16 State whether the vendor, its officers, agents or employees, who are expected to perform services under the NDPERS contract, have been disciplined, admonished, warned, or had a license, registration, charter, certification, or any similar authorization to do business suspended or revoked for any reason

1.17 Are any of the services you are proposing to provide to NDPERS contracted outside the U.S.A? Describe any business you do outside the U.S.A. and the financial impact, if any, of requiring those services to be provided within the U.S.A.

1.18 Are your contracts with suppliers relating to NDPERS available for review?

1.19 Are there any major system enhancements or conversions planned or being considered within the next 24 months?

1.20 Describe your business continuity and disaster recovery plans

1.21 As discussed above in Section VII the NDPERS Part D plan product is "bundled" with its medical "supplement" plan. The board is considering unbundling the product and offering the Part D plan and the supplement independently beginning in 2020. Please discuss your perspective on this including but not limited to:

1.21.1 Do you think this would increase the possibility for adverse selection in the future?

1.21.2 Do you think this would affect the way you would price the premiums in future renewals?

1.21.3 Do have any direct experience with clients that have addressed this issue and if so what was the outcome of those discussions and why?

2. Account Management

2.1 Provide an overview of how the NDPERS relationship will be managed, both strategically and on a day-to-day basis. Include an organizational chart. NDPERS will give preference to vendors who are willing to assign a dedicated account management team and provide access to senior leadership. Designate the names, titles, location, telephone numbers, and email addresses for the representatives listed below. For the account service individuals listed (b, c, d, and e below), provide brief biographical information, such as years of service with your company, experience as it relates to this proposal, and the number of clients for which they perform similar services:

2.1.1 The key individual representing your company during the proposal process;

2.1.2 The key individuals on your proposed implementation team;

2.1.3 The key individual assigned to overall contract management;

2.1.4 The key dedicated individual or team members responsible for day-to-day account management and service;

2.1.5 The key individual responsible for provider contracting;

2.1.6 The key individual responsible for provider relations if different than letter e. above.

2.1.7 Medical and/or pharmacy director assigned to NDPERS (as applicable)

2.2 If desired, can NDPERS update and maintain eligibility and check employee claim status online? Are there any special charges for access to and use of these tools? Please provide a sample ID and link to your site so NDPERS can review your system.

2.3 Confirm your ability to accept a weekly enrollment file from NDPERS. What is the timeframe that the file will be processed and information updated on your business system?

2.4 Do you provide a weekly discrepancy report once enrollment file is processed? Provide sample.

2.5 Please describe how you handle manual eligibility updates and the turn-around/timing of such updates.

2.6 Describe the monthly billing and premium payment cycle.

2.7 Describe or provide samples of standard reports around cost and utilization for the plan and its customers.

2.8 Please provide the frequency of the reporting.

2.9 Do you offer predictive modeling for benefit design, formulary and utilization management planning with capability to predict the financial and member impact, i.e.,

“what if” scenario modeling?

2.10 Identify three Medicare product clients that would serve as references for your organization's services and include their contact information including name, title, phone number, and email. Preferred responses include: 1) Other state retirement systems 2) Public entities 3) Employers with more than 5,000 covered lives.

2.11 Please identify three clients who have terminated their Medicare prescription drug plan services contract with your organization during the last two years as well as their contact information.

3. Member Interface Services

3.1 Where is the primary customer service center located that would provide services to the NDPERS membership?

3.2 What are the secondary and if necessary tertiary call centers that provide the service once the primary service center is non-operating?

3.3 Are any of the service centers located outside the continental United States? If so, where are they? Would NDPERS members be serviced by these locations?

3.4 What is the protocol associated with telephone calls being routed to secondary telephone service centers?

3.5 What are the operating hours of the primary customer service centers?

3.6 Provide the hours of operation for your pharmacy enrollment and coverage team.

3.7 Are the telephone systems teleprompt or voice activated with regards to responses by members?

3.8 What is the protocol for reaching a customer service representative?

3.9 What is necessary to opt out of recording?

3.10 What is the average wait time to talk to a live person? Peak and Non-peak hours?

3.11 How are the telephone calls serviced/routed for after-hours customer service calls (after normal business hours)? Warm transfer?

3.12 Do you provide a direct contact to NDPERS for referring member issues for resolution?

3.13 How would your call center assist requests for members or potential members who are comparing the NDPERS EGWP and need specific information on drug coverage prior to the new plan year starting or being enrolled in the plan?

3.14 Within service centers is there a TTY service available?

3.15 Are multi-lingual services available?

- 3.16 Please explain the services center personnel training that is provided to accommodate individuals who have age related deficiencies in perception and sensory limitations.
- 3.17 How do you monitor customer service representatives for compliance and behavior? Are calls recorded and are communications documented for later review if requested?
- 3.18 Are your customer service screens and documentation notes integrated with service screens and documentation notes? Are they also integrated with any web-based customer service screen access that NDPERS may have? Please describe.
- 3.19 Does your customer service inquiry system allow representatives to record comments so other customer service representatives can view previous notes to assist members?
- 3.20 Please describe the process associated with members who want to file a complaint about the behavior of a customer service representative --- include how the complaint is made, resolved and reported to NDPERS?
- 3.21 Provide information on the operational metrics given to the client related to customer services and how often these are provided.
- 3.22 Does your organization have online support, where a member can chat online with a customer service representative, or email a question to your organization?
- 3.23 Do you provide single sign on access to link to third parties?
- 3.24 Does your website provide NDPERS – Client specific plan information?
- 3.25 Does your website offer a pharmacy locator? Does the site offer information on retail stores that are open 24 hours per day? What additional information does your site provide?
- 3.26 Can members see their prescription drug history on your website? Are less costly formulary alternatives recommended when reviewing drug history?
- 3.27 Describe the web-enabled pricing comparison tools available to your members. Is the information tailored to specific benefits of each client? For example, if a member has no co-pay obligation, it will not message that there is a lower cost alternative for the member.
- 3.28 Please provide a graphic of the primary screens provided through such portal?
- 3.29 Is the portal opening screen customizable to the customer?
- 3.30 How long is the turnaround for your organization on expedited appeals? Use 2017 data.
- 3.31 How long is the turnaround for non-expedited appeal procedures?
- 3.32 How many expedited appeals are successful for the member?

- 3.33 How many non-expedited appeals are successful for the member?
- 3.34 What are the most common reasons for a member to have a successful appeal?
- 3.35 Are ID cards the sole means of determining member eligibility? If not, please describe.
- 3.36 What is the dollar threshold for which a claim can be processed (e.g., can you process claims that exceed \$10,000 without a workaround)?
- 3.37 Describe your coordination of benefits (COB) program (Paper & Electronic claims).
- 3.38 What procedures are in place to collect and utilize COB information retrieved from members, or other sources?
- 3.39 Describe your COB process for secondary claims processing/payment.
- 3.40 Does your system adjudicate COB claims automatically, real time?

4. EGWP Operations

- 4.1 Does your organization administer your own payment dispute decision (PDD), if not how is this managed?
- 4.2 Does your organization report payment dispute events (PDE) to CMS directly or is there a separate reporting system organization that is subcontracted?
- 4.3 How often do you file the PDE with CMS?
- 4.4 What safety measures are employed to determine accuracy of PDE submissions (e.g., PDE Audits)
- 4.5 Does your system provide for NDPERS to review member OOP and True OOP reports for members?
- 4.6 How are Medicare Part B drugs managed through your system?
- 4.7 Describe your handling of members who are eligible for the low income premium subsidy available under Medicare Part D, specifically:
 - 4.7.1 How are the members identified, and how are they informed of their enhanced benefits?
 - 4.7.2 How are these members reported to the plan sponsor?
- 4.8 Describe your pharmacy network program.
- 4.9 Confirm that your pharmacy network program meets the requirements established by CMS.
- 4.10 Do you offer contracting terms to all providers that meet CMS minimum terms?

- 4.11 Does your Medicare plan conform to a CMS approved Medicare Compliance plan? How is compliance monitored on an ongoing basis? Please describe your remediation process associated with areas of non-compliance.
- 4.12 Do you operate under an ERISA type appeal procedure when administering governmental plans?
- 4.13 Do your internal policies and procedures conform to CMS part D requirements?
- 4.14 Do you provide contractual auditing requirements that conform to the HHS standard?
- 4.15 Do you have established procedures to detect and prevent Fraud, Waste and Abuse (FWA) and ensure claims are paid accurately? Please outline such procedures and how you implement and monitor FWA in the plan operation.
- 4.16 Do you provide enrollment to CMS for PDPs or MAPDs?
- 4.17 Do you report quarterly rebates consistent with CMS standards?
- 4.18 Do you provide toll free access for member to provide information to providers about the Medicare pharmacy benefit provided herein? Where is it staffed? What are its hours?
- 4.19 What files would you require from the legacy EGWP carrier in order to transition the plan to your organization?
- 4.20 Describe your ability to provide and maintain a CMS compliant formulary program for NDPERS.
- 4.21 Describe the support that you give the client during CMS audits.
- 4.22 Describe how you would allow compounded prescriptions to process and what NDCs and pricing are applied. What controls and flexibility do you have to control abnormally priced compound claims?
- 4.23 How frequently is your proposed formulary reviewed for Medicare plans?
- 4.24 Describe your process in adopting CMS mandated changes in reporting requirements pertaining to coverage determination.
- 4.25 Please describe your Part D disenrollment process for both voluntary and involuntary disenrollments.
- 4.26 Please describe the Part D enrollment process under your PDP: Are there differences for members who "aged in" to Medicare while enrolled in your plan, and members who are Medicare-eligible when they first enroll in your plan?
- 4.27 Please confirm that you will manage all CMS required member communications
- 4.28 Please confirm your network offering meets CMS requirements, describe any modifications to your network in North Dakota that will need to be made to meet requirements.

4.29 Discuss your reimbursement policy for pharmacies in filling prescriptions on a 30-day basis vs a 90-day basis?

4.30 Describe your 90-day retail network in North Dakota (i.e. number and percent of state pharmacies in your 90-day network, if you will expand this network should you be selected by NDPERS, etc.)

5. Managed Care Protocols

5.1 Do you have a Medication Therapy Management (MTM) program that is approved by CMS?

5.2 Is MTM included as a standard service offering to all of your Medicare clients? If not what is the additional cost?

5.3 Please provide sample copies of your Medication Therapy Management programs.

5.4 Please provide a description of your quantity limits programs?

5.5 Under your early refill program do you have flexibility to manage the drugs doses provided on a dynamic basis (i.e. taking into account the member has on hand)?

5.6 Please describe the medications that are managed through your prior approval programs.

5.7 How does the appeals process for prior approval denials work?

5.8 Please describe your expedited appeals process?

5.9 Describe your clinical programs for managing high cost, high risk populations including but not limited to:

- 5.9.1 Cystic Fibrosis
- 5.9.2 Cholesterol
- 5.9.3 Diabetes
- 5.9.4 Growth Deficiency
- 5.9.5 Hemophilia
- 5.9.6 Hepatitis
- 5.9.7 HIV
- 5.9.8 Inflammatory conditions (e.g. Rheumatoid arthritis)
- 5.9.9 Medical reconciliation post discharge
- 5.9.10 Multiple Scleroses
- 5.9.11 Oncology
- 5.9.12 Pulmonary Conditions

6. Mail Order

6.1 Is the mail service owned or subcontracted?

6.2 Where are the centers located that will service NDPERS?

6.3 What are the operating hours of the mail centers?

- 6.4 What is protocol if mail center does not have a drug in stock?
- 6.5 Does your mail order operation have error tracking capabilities and reporting on a client specific basis?
- 6.6 Will postage increases be charged to NDPERS?
- 6.7 Does your mail service pharmacy perform any interventions that are not performed in retail or are the interventions the same?
- 6.8 Confirm you offer expedited delivery of mail order prescriptions.
- 6.9 Please provide the name of your primary expedited shipping vendor.

7. Implementation

- 7.1 Can you provide a CMS compliant transition for NDPERS given the expected contract start date of January 1, 2019?
- 7.2 Please provide a Gantt chart of the implementation process to ensure a January 1, 2019 start date. Proposers must outline in detail the specific activities and tasks necessary to implement the NDPERS program. Be specific with regard to the following:
 - 7.2.1 Amount of total time needed to effectively implement the program including benefit testing, etc.
 - 7.2.2 Activities/tasks and corresponding timing (Detailed Timeline)
 - 7.2.3 Responsible parties and amount of time dedicated to implementation, broken out by vendor, current vendor and NDPERS staff
 - 7.2.4 Any transition activities required with incumbent carriers, including data transfers and providing members adequate notice regarding current care or treatment plans at least 60 days prior to a change
 - 7.2.5 Length of time implementation team lead and members will be available to NDPERS
- 7.3 How much lead time is necessary for you to guarantee that ID cards will be received by members prior to the plan year effective date of January 1, 2019?
- 7.4 What is your member communication plan that you use for accounts? Provide a sample of similar communications used when transitioning an EGWP client from another carrier.
- 7.5 Is training provided to NDPERS staff on EGWP administration and compliance?
- 7.6 Provide the data layouts that your organization would need for the various inputs during install.

8. Geo-Access

- 8.1 Please identify all member locations where your organization is unable to provide access within 10 miles for both a 30 day and 90 day network.

9. Financial

There are no commissions to be paid under this arrangement to any intermediary. Failure to comply with this provision will disqualify any potential proposer.

9.1 Confirm your submission includes the fully-insured cost proposal Appendix F in Excel format

9.2 What has been the annual trend rate for EGWP programs that you manage for 2015, 2016, and 2017?

9.3 Please provide a list of proposed performance guarantees

10. Services to be Performed

10.1 Respondent must confirm each of the services in Appendix D and note any deviations for each service identified.

11. Confidential/Proprietary Information

Respondent must complete the form in Appendix E relating to any information they believe is confidential/Proprietary information.

12. Contract

Respondent must provide in this section the proposed contract for the work effort pursuant to the direction in “III Objectives of RFP – Transparent/Traditional PBM”.

IV. GROUP INSURANCE

C. Dental Plan Vendor *Executive Session

Board material will be sent out under separate cover



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke & Derrick Hohbein

DATE: July 10, 2018

SUBJECT: Pre-Tax HSA Payroll Deductions

At the May 2017 board meeting, the board directed staff to move forward with developing an action plan for implementing the pre-tax employee contribution option into a health savings account (HSA) for the 2019 plan year for the members enrolled in the high-deductible health plan (HDHP). Since that meeting, staff has conducted an analysis on how to administer this process and what enhancements will need to be done on our PERSLink business system.

Through this analysis, we have identified these action steps:

- Higher Ed campuses, the Garrison Diversion and district health units will each need to update their Section 125 Cafeteria Plan documents to allow the pre-taxing of HSA contributions prior to the option being implemented
- The State and Higher Ed PeopleSoft payroll system will need to be configured to allow for pre-tax HSA contributions, proper W-2 reporting and annual limit monitoring. This may need to be outsourced as PERS staff does not have this expertise.
- There are a number of small state agencies, Garrison Diversion and district health units that are on their own payroll system and not PeopleSoft. An assessment will need to be made as to whether these employers are willing and have the capability to set up the pre-tax HSA contributions and associated tax reporting and annual limit monitoring.

- The PERSLink business system will need to be enhanced to allow NDPERS to capture the pretax HSA enrollment information and pass it along to employers to be set up through their payroll systems
- The PERSLink business system will need to be enhanced to validate the contributions received from the employer before sending the funds to the carrier
- NDPERS will need to establish a process to centralize the collection of the pre-tax HSA contributions
- NDPERS will need to establish a process to ensure no HSA contributions from the employee are made to the member's account if the member was enrolled in flex medical spending the prior year and has not exhausted their flex account
- Higher Ed employees will need to enroll through MSS, and cannot use paper forms previously used by each individual campus

As you can see, implementation of this option will require both system and administrative changes. It will also require additional staff time on an ongoing basis to process enrollments, collect and reconcile contributions, and monitor compliance.

Looking ahead to the end of this year, we have identified the following work efforts:

- Framework upgrade on the business system (in progress)
- Bank of North Dakota transition to Central Payroll (effective 10/1/18)
- PeopleSoft upgrade (in progress)
- Development of a PERSLink to PeopleSoft outbound file to eliminate data entry for our employers and a redesign of the benefit enrollment report which notifies employers of enrollment changes
- Possible dental carrier change
- Possible Part D carrier change
- Possible FlexComp carrier change

If the decision is made to implement the pre-tax HSA payroll deduction option effective January 1, 2019, it will be necessary for us to delay the development of the PERSLink to PeopleSoft interface, as each of these projects are fairly significant system enhancements.

Staff recommends delaying the implementation of the pre-tax HSA payroll deduction option until July 1, 2019. Currently, there are 310 members enrolled in the HDHP plan, who have the ability to make post-tax contributions to their

HSA and subsequently treat it on their tax returns as if it were made on a pre-tax basis. Staff did get clarification, and we have the flexibility to implement the pre-tax payroll deduction option starting 7/1/2019 if the Board desires.

Board Action Requested:

Determine an implementation date for the pre-tax HSA contribution option



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: July 10, 2018

SUBJECT: **Sanford Contract Exhibit I for Diabetes Prevention Program Pilot**

At the December 2017 Board meeting, approval was given for three Diabetes Prevention Program (DPP) cohorts to be offered as a pilot in the Bismarck/Mandan area. The following is the board action:

MS. WASSIM MOVED APPROVAL TO OFFER THE DIABETES PREVENTION PILOT PROGRAM OFFERED BY THE NORTH DAKOTA DEPARTMENT OF HEALTH WITH THE FULL COST OF \$13,500 TO BE PAID FROM RESERVES, ASKING PARTICIPANTS TO PAY THE \$50 PARTICIPANT FEE AT THE ONSET AND TO REIMBURSE PARTICIPANTS THE \$50 FEE WHEN PROGRAM IS COMPLETED AND THEY HAVE MET THEIR GOALS, AND TO LIMIT THE PILOT PROGRAM TO THE BISMARCK MANDAN AREA BECAUSE OF LOGISTICS. MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Goodhouse, Ms. Smith, Mr. Seibel, Ms. Wassim, Representative Anderson, Senator Dever, Mr. Miller, Ms. Tufte and Chairman Dosch.

Nays: None

Absent: None

MOTION PASSED

In order for the cost of the DPP pilot to be paid from the reserves, an additional exhibit to the NDPERS contract with Sanford Health Plan (SHP) is necessary. Exhibit I, which is Attachment 1, has been prepared and reviewed by legal from SHP and NDPERS. At this time, we are seeking approval of the Board to add this exhibit to the NDPERS contract with SHP.

Board Action Requested:

Approve Exhibit I for authorizing the process and payment from reserves for the DPP pilot as an addition to the NDPERS contract with Sanford Health Plan.

Exhibit I
Diabetes Prevention Program (DPP)
NDPERS Pilot Program
2017-2019 Biennium

DPP PILOT PROGRAM TERMS

WHEREAS, the state of North Dakota, acting through NDPERS, is to sponsor a DPP Pilot Program based upon its responsibilities surrounding management of the group health plan and sponsorship of health initiatives that improve the health and well-being of its members and contain health care costs; and

WHEREAS, because SHP is contracted with NDPERS to provide health care benefits to NDPERS Members, NDPERS has determined that SHP's sole obligation in the administration of the DPP Pilot Program is to make payment to Providers in accordance to Section IV.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and SHP agree to the following.

I. TERM.

The terms relating to the program shall begin on January 1, 2018, and shall extend to June 30, 2019.

II. SCOPE OF PROGRAM.

The Diabetes Prevention Program ('DPP'), recognized by the CDC, was developed to prevent type 2 diabetes. It is designed for people who have prediabetes or are at risk for type 2 diabetes, but who do not already have diabetes.

The NDPERS DPP Pilot Program ('Program') as outlined herein shall be made available to active NDPERS members residing within the Bismarck/Mandan area. The Program shall be offered on two separate occasions, January 1st – February 28th, 2018 and April 1st – May 31, 2018. Each occasion shall consist of 16 core and 3 post-core sessions and include three Cohorts made up of fifteen to eighteen Participants per Cohort.

III. BENEFITS AVAILABLE.

The Program consists of 16 core and 6 post-core educational sessions performed by a trained Lifestyle Coach to assist Participants change certain aspects of their lifestyle, including - eating healthier, reducing stress, and increasing physical activity. The program also includes group support from others with shared goals and struggles.

IV. FUNDING.

The parties acknowledge, understand and agree that funding for the benefits and services of the Program shall be taken from the NDPERS Programs Cash Reserve Account maintained by SHP on behalf of NDPERS. NDPERS is solely responsible for the funding of said Cash Reserve Account.

Program related activities will be reimbursed to qualified DPP Providers ('Providers') approved by NDPERS. Providers will be eligible for a total payment of \$250, broken into two separate payments of \$150 and \$100, per Participant, for the completion of both phases of the Pilot Program. Payment of each phase will be made according to the following schedule:

- 1) Phase I: DPP Providers will receive \$150.00 per DPP Participant ('Participant') approved by NDPERS and having met the following criteria:
 - o Informed Consent form signed by a Participant
 - o Participant attendance to 9 of 16 core sessions
- 2) Phase II: P Providers will receive \$100.00 per DPP Participant ('Participant') approved by NDPERS and having met the following criteria:
 - a. Successful completion of Phase I
 - b. Participant attendance to 3 post-core sessions
 - c. Participant achieved and maintained a 5% weight loss from the start of a Program occasion.

Participants terminating employment during the Program occasion are financially responsible for any remaining Cohort sessions.

The parties acknowledge, understand and agree that Sanford Health Plan shall not collect administration fees or payment of any kind related to the Program, therefore, is not subject to the final accounting provisions contained in Sections 7.2, 7.3 and 7.4 of the Administrative Service Agreement.

V. REPORTING

Providers shall send attendance forms to NDPERS to approve NDPERS members as Participants. Providers shall complete a spreadsheet approved by NDPERS that includes de-identified Cohort data including: Participants weight, physical activity minutes per week and attendance records.



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Memorandum

TO: NDPERS Board

FROM: Scott Miller and Rebecca Fricke

DATE: July 10, 2018

SUBJECT: Mental Health Benefits

At the Board planning meeting last July, one topic that was discussed related to coverage for mental health benefits. We asked Sanford to provide a summary of the mental health benefits that are provided as part of the NDPERS health plan, as well as what is being provided for their commercial plans. Those materials are provided in Attachment 1. Those materials were also provided to you at the May Board meeting, the discussion on which was postponed for a later meeting.

NDPERS staff have also discussed the issue of mental health and depression with the Sanford wellness team to determine opportunities to build member education as part of the Dakota Wellness Program. In addition, staff shared with the wellness team information on the Right Direction website, which Board member Kim Riedlinger Wassim had shared, and requested that it be reviewed as a possible resource for the wellness coordinators. The Right Direction website offers posters and employee communication resources. After reviewing the site, Sanford's wellness team has and will be providing the following related to this topic:

- We had empathy and compassion features in the April materials for members and the Wellness Coordinator webinar featured signs and

symptoms of emotional or mental health concerns, as well as the “The Right Direction” website as well as the NDPERS EAP options.

- Developing resiliency, lowering stress is coming up in July.
- For a mental health-specific article in September we will be featuring NAMI and suicide warning signs. During that month we will mention “The Right Direction” website in the newsletter.

In addition, permanent state agency employees have access to the Employee Assistance Program (EAP). Each EAP vendor is required to provide mental health, depression and other related counseling by certified professionals to eligible employees and their dependents. The EAP vendors are also required to have a toll-free number and 24-hour crisis hot line. Participants are able to receive individual in-person or telephone sessions related to an issue that they or a family member may be experiencing.

Although the NDPERS EAP is not available to political sub-divisions, these employers have the ability to contract with EAP vendors on their own to provide these services.

Representatives from Sanford and NDPERS staff will be at the Board meeting to answer any questions you may have.

	NDPERS (Grandfathered & Non-Grandfathered)	Commercial Market - Large Group
Cost Sharing	In compliance with the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA), the financial requirements and treatment limitations that apply to the Plan's mental health and/or substance use disorder benefits are no more restrictive than the predominant financial requirements or treatment limitations that apply to substantially all medical/surgical benefits. In addition, mental health and substance use disorder benefits are not subject to separate cost sharing requirements or treatment limitations	
Defined Services	Mental Health and Substance Abuse Health Care Services are provided for disorders specified in the Diagnostic and Statistical Manual of Mental Disorders (DSM), the American Society of Addiction Medicine Criteria (ASAM Criteria), and the International Classification of Diseases (ICD), current editions. Also referred to as behavioral health, psychiatric, chemical dependency, substance abuse, and/or addiction services.	
Coverage Spectrum	<p>Coverage for mental health conditions which current prevailing medical consensus affirms substantially impairs perception, cognitive function, judgment, and/or emotional stability, and limits the life activities of the person with the condition(s). Includes, but is not limited to, the following conditions:</p> <ul style="list-style-type: none"> • schizophrenia; • schizoaffective disorders; • bipolar disorder; • major depressive disorders (single episode and/or recurrent); • obsessive-compulsive disorders; • attention-deficit/hyperactivity disorder; • autism spectrum disorders; • eating disorders; • post-traumatic stress disorders (acute, chronic, or with delayed onset); • and anxiety disorders that cause significant impairment of function. 	
Outpatient Professional services, including therapy by Providers such as psychiatrists, psychologists, clinical social workers, or other qualified mental health professionals	<input checked="" type="checkbox"/> First 5 visits of treatment of any calendar year will be covered at 100% (no charge).	<input checked="" type="checkbox"/> First 5 visits of treatment of any calendar year will be covered at 100% (no charge).
Inpatient services, including Hospitalizations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Medication management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Diagnostic tests	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Electroconvulsive therapy (ECT)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Partial Hospitalization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Intensive Outpatient Programs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gender Identity Disorder including hormone therapy, non-surgical, medically necessary treatment, mental/ behavioral services, and laboratory testing to monitor the safety of continuous hormone therapy.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Convalescent care	<input type="checkbox"/>	<input type="checkbox"/>
Marriage or bereavement counseling; pastoral counseling; financial or legal counseling; and custodial care counseling	<input type="checkbox"/>	<input type="checkbox"/>
Educational or non-medical services provided under the Individuals with Disabilities Education Act (IDEA)	<input type="checkbox"/>	<input type="checkbox"/>
Services related to environmental change	<input type="checkbox"/>	<input type="checkbox"/>
Behavioral therapy, modification, or training	<input type="checkbox"/>	<input type="checkbox"/>
Milieu therapy	<input type="checkbox"/>	<input type="checkbox"/>
Sensitivity training	<input type="checkbox"/>	<input type="checkbox"/>
Educational or non-medical services for learning disabilities and/or behavioral problems, including those educational or non-medical services provided under the Individuals with Disabilities Education Act (IDEA)	<input type="checkbox"/>	<input type="checkbox"/>
Applied Behavioral Analysis (ABA)	<input type="checkbox"/>	<input checked="" type="checkbox"/> Annual Maximum Benefits: 0-6: \$36,000 7-13: \$25,000 14-16: \$12,500



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: July 10, 2018

SUBJECT: **Wellness Updates**

NDPERS staff and the Sanford wellness team wanted to provide you with two brief updates related to the wellness program.

Annual Wellness Renewal:

NDPERS staff has completed the renewal of the Employer Based Wellness Program for the plan year July 1, 2018 to June 30, 2019. This renewal determines those employers that will qualify for the 1% health insurance premium discount during the plan year. Employers are given the opportunity to combine efforts with another NDPERS employer in order to qualify.

At this time, there are a total of 189 out of 244 employers electing to participate in the wellness program. This is an employer participation rate of 77%. However, approximately 97% of employees covered on the insurance plan are working for employers that are offering wellness programs and activities to their employees.

The break-down of the participating employers is as follows:

- 106 state agencies, universities and district health units
- 35 counties
- 14 schools
- 17 cities
- 17 political subdivisions

Dakota Wellness Program:

Staff worked with the Sanford wellness team on the annual Walk @ Work Day, which was held on May 31st. The Sanford wellness team organized the event at the Capitol and provided resources to coordinators around the state that also wanted to host walks. At the Capitol event, Governor Burgum gave a brief talk prior to leading 80 participants on a short walk on the Capitol grounds. Participants were treated to an impromptu tour of the new Governor's residence, which was not planned, but appreciated by attendees. In addition, walks were hosted at 38 other worksites across the state with 366 attendees. The first 300 registered attendees received Walk @ Work Day t-shirts provided by Sanford. In addition, worksites could enter pictures of their events and were eligible for a drawing of a fruit basket provided by Sanford.

Walk @ Work Day was also used as the promotional launch for Get Moving Month, which was throughout the month of June. During June, the Sanford wellness team hosted weekly yoga sessions at the Capitol, conducted Get Moving @ Work webinars with 71 attendees and had 40 members register for exercise consultations. In addition, 97 new members signed up for the Get Out & Move Challenge on Novu.

This item is informational only and does not require any action by the board. Staff will be available to answer any questions that you may have.



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Memorandum

TO: NDPER Board

FROM: Bryan Reinhart

DATE: July 10, 2018

SUBJECT: 2017 Sanford Claims Review Follow-up

This is a follow-up to claims audit information presented at the May NDPERS Board meeting. Specifically, it provides action taken by Sanford on the audit findings. Each year we conduct an audit to check the accuracy of the health plan claims processing. On March 1st-2nd, I was at the Sanford corporate office in Fargo to review a sample of 100 NDPERS claims. Note that this is not a random sample of all claims, but a select sample from specific areas that we felt needed to be looked at. I focused on claims incurred in the year 2017.

The findings are detailed below:

Review Errors/Findings:

A claim for a Hepatitis-C test with a Z11.59 diagnosis (Encounter for screening for other viral diseases) was processed at 100%. It should have gone to the \$200 wellness screening benefit. A routine syphilis screening (common with infertility treatments) did not go to the \$200 wellness screening benefit. Sanford will review the screening codes allowed for the \$200 wellness benefit and update them based on the current CDC recommendations.

Mon 3/12/2018 3:44 PM
Griffin, Jan <Janice.Griffin@SanfordHealth.org>
FW: PERS Audit results
To: Reinhart, Bryan T.
You forwarded this message on 3/12/2018 4:00 PM.

Tue 6/26/2018 10:34 AM
Griffin, Jan <Janice.Griffin@SanfordHealth.org>
RE: PERS Audit results
To: Reinhart, Bryan T.

CAUTION: This email originated from an outside source

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Bryan we have examined the screenings that were not pointing to the \$200 Wellness Benefit. We have submitted a request for these to be added to that benefit.

TB Testing
Risk for Falls
Depression Screening
HPV Testing
Hep C Screening
Hep D Screening

Yes I can - it is complete

Jan Griffin
Director of Claims
Sanford Health Plan
605-328-6870

From: Reinhart, Bryan T. <breinhar@nd.gov>
Sent: Tuesday, June 26, 2018 10:07 AM
To: Griffin, Jan <Janice.Griffin@SanfordHealth.org>
Subject: [EXTERNAL] RE: PERS Audit results

Hi Jan,
Can you confirm that this update is done?
Thanks,
Bryan T. Reinhart

A WSI claim with an emergency room visit was paid by WSI, but the professional component was paid by the health plan. We looked at a few more examples with an episode of care involving WSI and found other examples where services were paid by the NDPERS plan. Sanford will be doing an audit of all NDPERS members flagged for WSI benefit coordination. This was an audit finding last year and appears to still be an issue. NDPERS will add this to our health plan monthly meeting agenda and have Sanford report on progress.

 Mon 3/12/2018 3:44 PM
Griffin, Jan <Janice.Griffin@SanfordHealth.org>
FW: PERS Audit results
To: Reinhardt, Bryan T.
You forwarded this message on 3/12/2018 4:00 PM.

We have also had a meeting with Optum and they are in the process of changing their procedure to research all claims related to a particular work comp event and send us advice to deny all claims.
I will let you know as soon as that is in place.

Jan Griffin
Claims Director
Sanford Health Plan



 Tue 6/12/2018 3:16 PM
Griffin, Jan <Janice.Griffin@SanfordHealth.org>
FW: Update
To: Reinhardt, Bryan T.; Webster, Steve

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Bryan this is the e'mail we received from Optum regarding the work comp change. It was effective 04/11/18. The change was to update pay advice due to a deny for any work comp or med pay situation where Optum has confirmed that the third party has accepted liability and is making payment on the claims.

Do you need something directly from Optum or will this suffice?

From: Mahlik, Sara <sara.mahlik@optum.com>
Sent: Monday, April 23, 2018 3:47 PM
To: Griffin, Jan <Janice.Griffin@SanfordHealth.org>; Taylor, Justin <Justin.Taylor@SanfordHealth.org>
Subject: [EXTERNAL] RE: Update

Hi Jan,

Apologize for the delay. We have gone live with the process as of 4/11 to update pay advice to a deny for any work comp or med pay situation where we have confirmed that the third party has accept liability and is making payment on the claims. We do have a few examples of claims that went from a pay to deny status. Would you be able to confirm that the information was received and adjusted accordingly?

22492314 – sent to Sanford on 4/19
22435160 – sent to Sanford on 4/19
22501373 – sent to Sanford on 4/13
22515622 – sent to Sanford on 4/13
22427208 – sent to Sanford on 4/20
22455287 – sent to Sanford on 4/20

Thank you!

Sara Mahlik | Optum
Client Services Associate Account Manager
3100 AMS Blvd, Green Bay, WI 54313
Email: sara.mahlik@optum.com
Phone: (920) 661-6904
Fax: (866) 373-1097

The COI wording for Physical Therapy, Occupational Therapy, and Speech Therapy should be modified. For the PPO Plan, “\$25 Copayment Amount per visit, then 80% of allowed Charge” should be changed to “\$25 Copayment Amount per Office visit / Evaluation or \$20 Copayment Amount per visit, then 80% of allowed Charge”. A similar change should be made for the Basic plan wording.

NDPERS will adjust the COI wording with the next printing.

The following items were informational:

Under the \$200 preventative screening benefit a cholesterol test or lipid panel goes to the benefit if there was a "High Cholesterol" diagnosis (E78.5 Hyperlipidemia) and no other diagnosis. In a similar situation, the 83036 A1c test for someone with a diagnosis of "250.0 Diabetes" is not going to the \$200 preventative screening benefit without a 'routine' screening diagnosis. This is also true for other diagnostic tests. With NDPERS direction, Sanford is willing to do this.

One thing we noticed is a fairly large difference in reimbursement for flu shot vaccinations. Some of this may be the vaccine administered and some might be the contracted rates. I would recommend looking at this when setting up annual flu shot clinics.

If an EGWP Medicare Part-D claim has a prescribed fill less than the 31 days, the copayment is prorated based on the pill count.

PSA tests have a special processing definition in the COI. Deductible is waived and coinsurance applies. In a routine screening, this would be less out-of-pocket for members if the benefit went toward their \$200 wellness screening benefit (assuming it was not already met).

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



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Scott Miller
Executive Director
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1-800-803-7377

Fax: (701) 328-3920 Email ndpers-info@nd.gov Website <https://ndpers.nd.gov>

Memorandum

TO: NDPERS Board

FROM: Rebecca

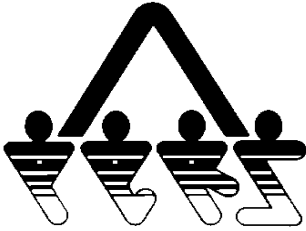
DATE: July 10, 2018

SUBJECT: Retiree Special Enrollment for Dental & Vision Plans

At the February 2017 Board meeting, approval was given for staff to offer a special enrollment into the NDPERS dental and vision plans for retirees receiving a monthly retirement benefit prior to July 1, 2015, when the retiree health insurance credit became portable. Staff presented at the September 2017 Board meeting details on the special enrollment window and the communication plan (Attachment 1).

The special enrollment window was available from November 1, 2017 through April 30, 2018. Information was provided as outlined in Attachment 1. At this time, staff would like to provide the following update on enrollment as part of this special opportunity. There were 165 new retiree enrollments in the dental plan and 144 new retiree enrollments in the vision plan.

This item is informational only and does not require board action. Staff will be available to answer any questions that you may have.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: September 21, 2017

SUBJECT: Dental/Vision Plans – Retiree Special Enrollment

At the February 23, 2017 Board meeting, staff reviewed an issue regarding the portability of the RHIC benefit. Specifically, NDPERS has heard from a limited number of retirees that they are unable to benefit from this portability as they do not have out-of-pocket health or prescription drug premiums for plans in which they are enrolled. At the meeting, the Board approved allowing a special enrollment window for retirees that began receiving a benefit prior to July 1, 2015 and also requested that staff modify the NDCC to allow the RHIC to be used for reimbursement of any dental or vision plan premium, not just NDPERS plans when the next opportunity for law updates occurs.

Since this meeting, the Legislature has provided NDPERS with direction regarding decreasing printing and mailing expenses as a means to reduce the NDPERS budget. Therefore, NDPERS staff has reviewed this direction in consideration of how to administer a retiree special enrollment yet avoid the expense of a targeted printed mailing.

NDPERS staff intends to move forward with a special enrollment opportunity by allowing any NDPERS retiree who began receiving a benefit prior to July 1, 2015 and who requests enrollment into the dental and/or vision plans to prospectively enroll upon completion of the necessary forms. This enrollment opportunity will begin November 1, 2017 and will continue for a six month period ending April 30, 2018. In addition, NDPERS will propose legislation during the next session to allow the RHIC to be used for reimbursement of any dental or vision plan premium. By having a longer enrollment period, NDPERS staff is hoping to allow an opportunity for the communication to be provided in a number of required upcoming mailings to avoid appeals from individuals asserting they did not receive notification and who may request special consideration to enroll outside the window period.

NDPERS plans to communicate the opportunity as follows:

- 1) Prepare marketing pieces for the NDPERS website and Facebook page to announce the special enrollment opportunity to include eligibility requirements and actions needed to enroll in the dental and/or vision plans.
- 2) Notify individuals by email and/or telephone who specifically inquired about enrollment. .
- 3) Provide an insert to ASI Flex to distribute with their quarterly RHIC statement. This will allow a more targeted communication while still avoiding the expense of a direct mailing by NDPERS. ASI Flex is currently investigating this option on our behalf.
- 4) Have handouts available for the NDPERS counselors and member service unit to distribute to visitors to the office.
- 5) Include information in future mailings if NDPERS staff determines the appropriate audience will be reached (1099R, retiree annual statements, etc.).

In addition, staff discussed how to limit enrollment and disenrollment during the special enrollment opportunity. Staff determined that if this were to occur, the retiree would only be allowed to re-enroll if they met one of the required qualifying events. This is consistent with the enrollment requirements for the group health plan. These qualifying events include Medicare eligibility of either the member or spouse, loss of other dental and/or vision coverage, marriage or birth or adoption of a child.

This item is informational only and does not require any action by the Board. Staff will be available to answer any questions that you may have.



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Memorandum

TO: NDPERS Board

FROM: Sharon Schiermeister & Derrick Hohbein

DATE: July 10, 2018

SUBJECT: Budget

The request by the Governor was for NDPERS to develop a 90% budget and decrease FTE by 1. The budget being presented to you today takes that recommendation into consideration and is for \$8,332,551, which equals the base budget calculation provided by OMB.

Budget Request

2017-19 appropriation	\$ 9,258,390
Cost to continue adjustments	-
Remove one-time funding	-
Base Budget calculated by OMB	\$ 9,258,390
Decrease for 2019-21	<u>(925,839)</u>
2019-21 Budget Request	\$ 8,332,551

This budget incorporates the discontinuation of the following:

- Mobile App
- Funding for a full time temporary position
- Funding for an intern position

This request also reduces 2 FTE by discontinuing Medicare Part D effective 1/1/2020, and discontinues the ability for employees to make contributions to deferred compensation providers outside of the NDPERS Companion Plan effective 7/1/2019. It includes funding for temporary call center staff to help assist with the Medicare Part D transition and to field concerned calls in regards to the deferred compensation providers.

This request incorporates operational savings in the form of reduced rent, reduced licensing fees on our business system, and a reduction in printing and postage as a result of not having board elections during the 2019-2021 biennium. These savings are offset by inflationary increases by the cost of support on our business system, increases in the Statewide Cost Allocation Program (SWCAP), and incorporates leasing a new scanner for imaging incoming member documents.

Optional Budget Requests

At the May Board Meeting, we discussed the optional packages for an IT assessment, a business system framework upgrade to MVVM, as well as the cost of adding 2 FTE in the event we were to award a self-funded insurance contract. We have included additional optional requests for your consideration, including reinstating the mobile app, adding an appropriation for temporary staff to offer flexibility on helping meet business needs, adding back in Medicare Part D and adding back in the deferred comp providers.

Following is the cost information relating to the optional packages:

Initiative	FTE	Cost	% Increase/ (Decrease) Over Base Budget
Restore Services – Additional Deferred Comp Providers & Medicare Part D	2.0	\$ 346,523	4.2%
MVVM Upgrade for MSS & ESS	-	\$ 190,000	2.3%
Self-Funding Health Insurance	2.0	\$ 436,677	5.2%
Temporary Staff	-	\$ 181,062	2.2%
Mobile App	-	\$ 71,280	0.9%
IT Assessment	-	\$ 40,000	0.5%
TOTAL	2.0	\$ 1,265,542	15.2%

Board Action Requested:

1. Approve the 2019-21 base budget request to be submitted to OMB.
2. Determine what optional initiatives should be included in the agency's 2019-21 budget request and assign a priority.



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Memorandum

TO: NDPERS Board

FROM: Sharon Schiermeister

DATE: July 10, 2018

SUBJECT: Legislative Committee Update

The Health Care Reform Review Committee met on June 28, 2018. Attached are the meeting agenda, NDPERS testimony and proposed bill drafts that the Committee is working on. The next meeting is scheduled for August 22, 2018.

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Tentative Agenda

HEALTH CARE REFORM REVIEW COMMITTEE

Thursday, June 28, 2018

Brynhild Haugland Room, State Capitol
Bismarck, North Dakota

- 9:00 a.m. Call to order
Roll call
Consideration of the minutes of the May 9, 2018, meeting
Comments by Chairman
- 9:05 a.m. Presentations regarding managed care for drug benefits coverage:
- [Introduction to pharmacy benefit managers](#) (PBM), Ms. Melodie Shrader, Senior Director, State Affairs, and Mr. Peter Harty, Consultant, Pharmaceutical Care Management Association
 - Overview of the regulatory environment, Ms. Shrader and Mr. Harty
 - Overview of the request for proposal process and pricing mechanism, Ms. Shrader and Mr. Harty
 - [PBM clinical tools](#), Ms. LuGina Mendez-Harper, Government Affairs Principal, Prime Therapeutics
 - PBM value proposition, Ms. Shrader and Mr. Harty
- Committee discussion and directives
- 11:00 a.m. [Presentation](#) by Mr. Brendan Joyce, Administer, Pharmacy Services, Medical Services Division, Department of Human Services, regarding fee for service and managed care organization pharmacy benefit coverage for Medicaid
Committee discussion and directives
- 11:35 a.m. Comments by Mr. Mike Schwab, Executive Vice President, North Dakota Pharmacists Association, regarding pharmacy benefit coverage
[Comments](#) by interested persons
Committee discussion and directives
- 11:45 a.m. [Presentation](#) by Mr. Dave Molmen, Chief Executive Officer, Altru Health System, representing tertiary hospitals in the state, and Ms. Cristal Thomas Gary, Principal, Leavitt Partners, regarding the activities of the tertiary hospitals relating to options to providing managed care for the state's Medicaid population
Committee discussion and directives
- 12:15 p.m. Luncheon recess
- 1:00 p.m. Presentations by representatives of the Mandan, Hidatsa, and Arikara (MHA) Nation and the Spirit Lake Nation regarding the experience of providing health services in Indian country through a managed care model
Committee discussion and directives
- 1:40 p.m. Presentations by representatives of the MHA Nation, Spirit Lake Nation, Standing Rock Sioux Tribe, and Turtle Mountain Band of Chippewa regarding the status of care coordination agreements for the provision of Medicaid in Indian country
Committee discussion and directives

- 3:00 p.m. [Comments](#) by Ms. Maggie D. Anderson, Division Director, Medical Services Division, Department of Human Services, regarding the status of care coordination agreements for the provision of Medicaid in Indian country
- Comments by interested persons
- Committee discussion and directives
- 3:10 p.m. [Presentation](#) by Mr. Bruce Murry, Executive Director, North Dakota Association of Community Providers, regarding managed care services provided by community providers
- Comments by interested persons
- Committee discussion and directives
- 3:35 p.m. [Presentation](#) by Ms. Joyal Meyer, Program Administrator, and Ms. Tammie Johnson, Program Administrator, Special Health Services Section, State Department of Health, regarding the status of and proposals for the newborn screening program and metabolic foods program
- Committee discussion and directives
- 3:55 p.m. Committee review of a [bill draft](#) to clarify the authority of the Insurance Commissioner to regulate a Public Employees Retirement System self-insurance plan for health benefits and receipt of [comments](#) regarding the bill draft from Ms. Sharon Schiermeister, Chief Operating Officer, Public Employees Retirement System, and Mr. Jeff Ubben, Deputy Commissioner, Insurance Department
- Comments by interested persons
- Committee discussion and directives
- 4:25 p.m. Presentation by Mr. Jon Godfread, Insurance Commissioner, providing an update on the federal Affordable Care Act and a status report on activities of the Insurance Department
- Comments by interested persons
- Committee discussion and directives
- 5:00 p.m. Adjourn

Committee Members

Representatives: George J. Keiser (Chairman), Rick C. Becker, Bill Devlin, Gretchen Dobervich, Kathy Hogan, Jim Kasper, Mike Lefor, Karen M. Rohr, Robin Weisz

Senators: Dick Dever, Jerry Klein, Karen K. Krebsbach, Oley Larsen, Judy Lee, Carolyn C. Nelson, Nicole Poolman

Staff Contact: Jennifer S. N. Clark, Counsel

Testimony of NDPERS on Bill Drafts 148 and 149

Mr. Chairman, members of the committee, my name is Sharon Schiermeister, Chief Operating Officer at the North Dakota Public Employees Retirement System (PERS). Today I would like to offer the PERS staffs comments on bill drafts 148 and 149 relating to the PERS health plan.

Bill Draft 148

This bill draft relates to PERS being self-insured and the authority of the Insurance Commissioner over the plan. My comments are in two broad categories. First are some Technical Comments and suggestions relating to the bill. Second are several Policy Considerations that PERS will need to look to the ND statutes for guidance.

Technical Comments

1. Proposed change in applicability of MEWA rules

At the last meeting, PERS shared some concerns with the committee about the applicability of the existing MEWA rules to PERS (see attachment #1). PERS staff has no concerns with clarifying the Insurance Commissioner's authority to regulate the PERS plan, only that the existing MEWA rules, while appropriate for non-governmental plans, are not directly applicable to government plans such as PERS. We propose:

- removing the language on Page 1, Lines 15, 16 & 17 that references regulation of MEWAs
- removing the language on Page 6, Lines 3, 4, & 5 as MEWA administrative rules come from 26.1-01-07.4

- Adding implementation authority for the Insurance Commissioner to utilize the emergency rule making process when establishing the initial rules for the PERS self-insured plan

It would be the intent that the Insurance Commissioner would adopt new rules that relate specifically to the PERS MEWA pursuant to authority granted in 26.1-36.6-04.

2. Proposed clarification to statutory requirements to insure the Insurance Commissioners authority over a self-insured PERS plan in the same manner as the fully insured plan

At the last meeting, we also discussed how the Insurance Commissioner statutes will apply to a PERS self-insured plan (see attachment #2). Today, those statutes apply to the PERS fully insured plan through our vendor. Under a self-insured plan these would not apply to our plan. To have these apply to the self-insured plan statutory wording is required and was suggested in the bill draft however it does not replicate the fully insured approach. To accomplish the goal of having an approach similar to the existing we would suggest some additional wording. Conceptually we would offer an approach to have these provisions apply to the PERS self-insured plan which would involve two steps.

- a. For the provisions listed in 26.1-36.6-03 which include benefits that must be provided in the self-insurance plan have a specific provision that these must be provided in any PERS self-insured plan.
- b. For the policy or administrative requirements that must be followed, we would suggest clarifying this section by making the appropriate provisions apply to the PERS vendor or vendors under a self-insured plan the same way they apply to the PERS vendor under a fully insured plan.

Policy Considerations

The following table identifies areas where the legislature should consider policy provisions relating to the operation of the PERS plan as a self-insured plan. The table also includes options which PERS has identified for your consideration and a PERS staff suggestion (note this has not gone through our legal review process, technical/actuarial review process or been reviewed by the PERS Board).

	Policy	Consideration	Options
1	Overlapping Jurisdictions	Should unanticipated conflicts arise between Insurance Dept Statutes/rules and PERS Statutes/rules resulting in PERS being unable to comply with Insurance Dept Statutes/rules, it would be helpful to have a legislatively adopted method to resolve this when the legislature is not in session	<p>Option #1 To add the following wording to the PERS statute: <i>“The administration of the PERS plan shall be guided first by Chapter 54.52.1 and second by Title 26.1”</i> This would also address the concerns in the previous testimony relating to statutory deadlines/processes (see attachment #3)</p> <p>Option #2 Add language similar to the retirement plan concerning conflicts between state law and federal law which would be adding the following to the PERS statute. <i>“If the board determines that any section of this chapter 54-52.1 does not comply with Title 26.1 of the NDCC, the board shall adopt appropriate terminology with respect to that section as will comply with that Title, subject to the approval of the employee benefits programs committee. Any plan modifications made by the board pursuant to this section are effective until the effective date of any measure enacted by the legislative assembly providing the necessary amendments to this chapter to ensure compliance with the federal statutes or rules.</i></p> <p>PERS Staff Suggestion: Option #1</p>
2	Section 5 – PERS Stop Loss	The bill changes the requirement that PERS must have individual stop loss coverage, to being optional. MEWA rules have stop loss requirements. Not having stop loss will save the cost of the coverage but increase	<p>Option #1 - If the State is concerned with risk, maintain the requirement</p> <p>Option #2 - If the State is willing to assume this risk, the cost of this coverage could be eliminated from the self-insured plan by making it optional</p> <p>PERS Staff Suggestion: Option #2 if the State can develop a method to insure adequate reserves or cash flow</p>

	Policy	Consideration	Options
		the risk to the state for large claims.	
3	Section 6 - PERS Reserve Requirement	The bill changes the reserve requirement minimum amount from one and one-half months to two months. This change will require PERS to increase its minimum reserve requirement from approx. \$40.5 million to \$52 million. The effect of increasing this requirement will increase the threshold to select self-insurance pursuant to 54-52.1-04.2 (2).	<p>Option #1 - Increase the minimum reserve amount Option #2 – Keep the minimum reserve amount at level currently set in PERS statute</p> <p>PERS Staff Suggestion: Option #2 . Increasing the minimum reserve requirement would make it more difficult to meet the threshold for PERS to self-insure, therefore we would suggest maintaining the existing requirement</p>
4	Section 6 - PERS Reserve Development And Maintenance	The bill requires that PERS have the minimum reserve requirement, discussed above, on day one of the plan. Presently the PERS statute allows the board to develop these reserves over time as part of the premium so all employees will proportionally contribute to the development. Also, a mechanism needs to be established to maintain the reserve minimum balance if it should fall below. Consideration should also be given to authorizing a line of credit from the Bank	<p>PERS may not be able to establish a self-insured plan pursuant to State law unless a method is adopted by the legislature providing a method for development of the required funding. Two options for this would be:</p> <p>Option #1 – Require reserves to be established at the start of the self-insured plan. This would require the bill to include a mechanism to automatically establish such reserve on Day 1 of the plan. Such wording could be <u>“Upon the establishment of a self-insured plan under NDCC 54-52.1, the Office of Management and Budget shall transfer from the General Fund (or other fund to be determined - such as legacy or budget stabilization) to the Contingency Reserve Fund in NDCC 54-52.1-04.3 an amount equal to the minimum reserve amount required. If PERS reserves fall below the minimum required, the Office of Management and Budget shall transfer from the General Fund (or other fund to be determined) to the Contingency Reserve Fund in NDCC 54-52.1-04.3 an amount needed to continue to meet the minimum reserve requirements. These funds are hereby appropriated by the legislature to this fund.”</u> The disadvantage of this approach is the general fund supports about 35% of our premium payments, not 100%. Consequently, if the State funded the entire reserve it would need to appropriate 100% of that as an up-front payment from the general fund which would put a disproportionate share on a</p>

	Policy	Consideration	Options
		of North Dakota for cash flow purposes.	<p>minority funding source for the establishment of the reserve fund.</p> <p>Option #2 - Maintain the existing requirement to allow reserves to be established within sixty months. Pursuant to this method the board would not need to have the funds immediately but could develop the funds over time as part of the premium. This method would have all the funding sources equally contribute to the development of the reserve fund. In addition, maintenance of the reserves would need to be addressed. Similar wording as Option #1 could be included: <u>“If PERS reserves fall below the minimum required, the Office of Management and Budget shall transfer from the General Fund (or other fund to be determined such as legacy or budget stabilization) to the Contingency Reserve Fund in NDCC 54-52.1-04.3 an amount needed to continue to meet the minimum reserve requirements. These funds are hereby appropriated by the legislature to this fund.”</u></p> <p>Also, to deal with cash flow issues relating to claims payment that could occur while developing reserves or maintaining reserves pursuant to this option it would be beneficial to have a “line of credit provision” for financing short term claims payment while the reserves are developing or being maintained if necessary. Such a provision could be similar to that offered in HB 1436 last session. Please note that unlike the suggestion in HB 1436, this is not suggested to replace reserves but to provide short term financing for claims payment. This could be worded as follows “The Bank of North Dakota shall extend to the board a line of credit not to exceed fifty million dollars at an annual rate not to exceed three percent for a two - year term or four percent for a five - year term. The board shall repay the line of credit from health insurance premium revenue or from other funds, as appropriated by the legislative assembly.”</p> <p>PERS Staff Suggestion: Option #2. Requiring the reserves to be established at the start of the plan could make it more difficult to meet the threshold for PERS to self-insure and would not allow for reserves to be developed proportionately from all funding sources, therefore we would suggest maintaining the existing requirement. Establishing a mechanism and funding source for meeting reserve requirements, in addition to providing for a line of credit, should provide the necessary finances to operate a self-insured plan</p>

Bill Draft 149

PERS staff has reviewed the proposed changes in bill draft 149 and has no comments.

Mr. Chairman, members of the committee thank you for providing me this opportunity to share our perspective and suggestions.

Attachment #1

PERS Staff Notes concerning the bill relating to self insurance

Section	Provision	Observations
<i>Proposed bill draft</i>		
<i>Insurance Commissioner Admin. Rules Requirements for Multiple Employer Plans</i>		
45-06-14-01	Definitions	No comment
45-06-14-02	Purpose	No comment
45-06-14-03	Scope	No comment
45-06-14-04	By laws	The legislature sets in NDCC 54-52.1 these provisions. Also, the board has administrative rules that must go through the adoption procedure set by the legislature. Possible our statute and rules could be deemed to meet this section.
45-06-14-05	Board	This is set in NDCC 54-52.1. PERS could not the requirements of this section since the legislature directly establishes the board structure & duties.
45-06-14-06	Application	The legislature has directly established the PERS plan in NDCC 54-52.1 and the plan has been in operation since. Possible the legislation action could be deemed the approval and the basis for issuing a certificate. Due to statutory timelines, the legislative approval process it would not be possible for PERS to go through this process with sufficient time to make changes if required.
45-06-14-07	Ending Self funding	<ul style="list-style-type: none"> Termination provision – no comment Revocation – determination under this section may require legislative action and therefor the board may not be able to respond until after having had the opportunity for the legislature to address this issue. This may need to be deemed a timely response for purposes of this section Deterioration of the financial integrity could not be addressed without legislative action. It may be beneficial to

Section	Provision	Observations
		<p>establish a procedure for PERS to responds during the interim which could be modeled after Section 4 HB 1436 that provided a line of credit from the Bank of North Dakota.</p> <ul style="list-style-type: none"> If the plan losses its certificate it will require PERS to bid again as a fully insured plan which could take some 6 months to a year. If the fully insured bids are higher than the amount appropriated the board may not be able to award a contract. Here again it would be helpful for the legislature to approve a plan to deal with this in the interim.
45-06-14-08	Service company	<ul style="list-style-type: none"> The PERS existing business process may have to be altered to comply with this section. Our service provider does not do the billing and collection of premiums and assessments for all the general administration.
	Financial administrator	<ul style="list-style-type: none"> By statute PERS uses the RIO. Clarification that they would be an acceptable entity may be helpful. This section also references for accounting services which are not presently contracted but internally at PERS with the auditing being done by the State Auditor.
45-06-14-09	Availability	<ul style="list-style-type: none"> The PERS board does not have the authority to establish eligibility it is done in statute by the legislature in NDCC 54-52.1-03.1.
	Joining	<ul style="list-style-type: none"> These procedures are set in ND statute (NDCC 54-52.1-03.1 or rules. Also, PERS would not have the authority to establish an assessment process since it would require legislative appropriation for our state employers.
	Withdrawal	<ul style="list-style-type: none"> This is also set in statute at NDCC 54-52.1-03.1
	Expulsion	<ul style="list-style-type: none"> PERS does not have the authority in state law to expel its participating employers.
	Runoff	<ul style="list-style-type: none"> Under present law PERS does not have the authority to deny an employer the opportunity to withdraw. Also for PERS the end of self-insurance would mean the plan would be moving back to fully

Section	Provision	Observations
		insured. These members would then be required to move to the fully insured plan.
45-06-14-10	Coverage	<ul style="list-style-type: none"> No comment
	Uniform underwriting	<ul style="list-style-type: none"> This is set in NDCC for our active and retired members. It does vary from each group.
	Continuing responsibility	<ul style="list-style-type: none"> When PERS went from self funding to fully insured last time this responsibility was assumed by the new carrier. Any ongoing responsibility may be subject to legislative concurrence and funding
45-06-14-11	Minimum annual premium	<ul style="list-style-type: none"> No comment
	Monitoring premium volume	<ul style="list-style-type: none"> No comment
	Surplus or stop loss advancement	<ul style="list-style-type: none"> A mechanism needs to be established so PERS could establish sufficient funding to meet this requirement. If not PERS may not be able to select self funding. Options would be: <ul style="list-style-type: none"> Set up a mechanism that would provide that OMB would transfer the necessary funds to PERS as required by the Insurance Department. Set up a loan process from the BND and indicate in statute that this would be deemed sufficient to meet the Insurance requirements. Retain the exiting statutory method that allows this to be developed over time. If it would need to be appropriated up front the legislature may only be able to get such appropriation from the general fund. Presently the general fund only supports about 25% of or premium payments. There the dilemma is that an up-front payment may put a disproportionate share on a minority funding source for the plan

Section	Provision	Observations
	Deposit premium	<ul style="list-style-type: none"> PERS may not have the authority to apply this requirement for our participating employers/ members. PERS would need to work with the Insurance Department to get an exception or get additional authority from the Legislature.
	Premium payment	<ul style="list-style-type: none"> PERS has in place business processes to meet this requirement
	Dividend procedure	<ul style="list-style-type: none"> No comment
45-06-14-12	Reserves	<ul style="list-style-type: none"> See comments on Line 25
45-06-14-13	Stop loss – purchase	<ul style="list-style-type: none"> No comment
	Required stop loss	<ul style="list-style-type: none"> This section requires stop loss coverage. The requirement for individual stop loss was removed from the PERS statute.
	Return of liability	<ul style="list-style-type: none"> No comment
45-06-14-15	Financial Integrity - fidelity bond	<ul style="list-style-type: none"> PERS presently does not have this coverage, Risk Management handles this area
	Integrity of assets	<ul style="list-style-type: none"> No comment
	Sources & uses	<ul style="list-style-type: none"> No comment
	Separate accounts	<ul style="list-style-type: none"> No comment
	Investments	<ul style="list-style-type: none"> PERS health funds are presently with RIO
	Monitoring Financial condition	<ul style="list-style-type: none"> PERS presently does not have these all these powers including but not limited to: <ul style="list-style-type: none"> Expulsion powers assessments
45-06-14-16	Reporting – financial statements	<ul style="list-style-type: none"> No comment
	Quarterly report	<ul style="list-style-type: none"> No comment
	Extraordinary audits	<ul style="list-style-type: none"> PERS has an annual audit done by the State Auditor It the Commissioner requires PERS to hire other outside experts our ability to comply will be limited to available funds. Also, consideration should be given to adding this to the continuing appropriation of the agency so we are able to comply with such a request.
	Penalty	<ul style="list-style-type: none"> No comments
45-06-14-17	Trade Practices	<ul style="list-style-type: none"> Not sure if this applicable to PERS
45-06-14-18	Disclosure	<ul style="list-style-type: none"> No comment
45-06-14-19	Sanctions	<ul style="list-style-type: none"> If PERS certificate was revoked and the plan had to close the legislature guidance should be provided in statute what steps

Section	Provision	Observations
		PERS should take and the necessary authority.

Attachment #2

PERS Staff Notes concerning the bill relating to self insurance

Section	Provision	Observations
<i>Proposed bill draft</i>		
<i>Insurance Commissioner Statutory Requirements</i>		
26.1-36-03		How do these provisions apply to the PERS retiree plan and Part D plan? This may need to be clarified.
26.1-36-03.1		PERS health plan benefits are not finalized until after the end of session since changes in funding may require changes in plan design which can be the last part of April. The new benefits become effective July 1. This section would require PERS to have it available before the Plan would become effective. The timeline from the end of session to the new plan could be as short as 10 Weeks. If this was to be delivered by mail it could narrow this further. Depending on the changes in the final part of the legislative session it may be difficult to meet this timeline. Consideration should be given to allowing a later timeline for PERS if self-insured, especially during the initial changeover.
26.1-36-05		Presently a part of PERS plan
26.1-36-06		No comment
26.1-36-06.1		No comment
26.1-36-07	Coverage for newborns and adopted children	Already a part of the PERS plan, no fiscal effect
26.1-36-08	Substance abuse	Already a part of the PERS plan, no fiscal effect
26.1-36-08.1	Substance abuse alternative	Already a part of the PERS plan, no fiscal effect
26.1-36-09	Mental disorder coverage	Already a part of the PERS plan, no fiscal effect
26.1-36-09.5	Nurse Practitioner	Already a part of the PERS plan, no fiscal effect
26.1-36-09.6	PSA	Already a part of the PERS plan, no fiscal effect
26.1-36-09.8	Postdelivery Coverage	Already a part of the PERS plan, no fiscal effect
26.1-36-09.10	Hospital Emergency Services	Already a part of the PERS plan, no fiscal effect

Section	Provision	Observations
26.1-36-09.11	Breast Reconstruction Surgery	Already a part of the PERS plan, no fiscal effect
26.1-36-09.12	Medical services related to suicide	Already a part of the PERS plan, no fiscal effect
26.1-36-10	COB	Clarify with Sanford this would not require any change to the PERS plan
26.1-36-11	Right to doctor or Hospital services	No comment
26.1-36-12	Department of Human Service	No comment
26.1-36-12.2	Pharmacy Benefits	No comment
26.1-36-12.4	Confidentiality	<p>PERS has confidentiality provisions in 54-52.1-11 and 12. These provisions seem to complement each other and this change would not override or change the PERS statute.</p> <ul style="list-style-type: none"> • PERS extends to payroll information at the agency • PERS insures that information from the PERS and the carrier can be exchanged for purposes of administration.
26.1-36-12.6	Ambulance services	Presently a part of PERS Plan
26.1-36-13 & 14	Simplification Standards	Would this now apply to PERS enrollment forms, etc.?
26.1-36-1-17	Application for accident and health policy	This section presently applies to PERS through Sanford.
26.1-36-18	Notice under accident and health policy	This section presently applies to PERS through Sanford.
26.1-36-19	Age limit in accident and health policy	This section presently applies to PERS through Sanford.
26.1-36-20	Juvenile's accident and health coverage	This section presently applies to PERS through Sanford.
26.1-36-21	Prisoner's health coverage to continue	This section presently applies to PERS through Sanford.
26.1-36-22	Group health for dependents	No comment
26.1-36-23	COBRA	PERS administer the COBRA requirements
26.1-36-23.1	Former Spouse and dependent	No comment
26.1-36-38	Rulemaking authority	No comment
26.1-36-39	Effect of policy not conforming to chapter	No comment
26.1-36-38	Rulemaking authority	No comment
26.1-36-39	Effect of policy not conforming to chapter	No comment
26.1-36-41	Contract limitations	No comment

Section	Provision	Observations
26.1-36-43	Uniform Prescription drug card	PERS vendor already does this
26.1-36-44	Independent external review	This section presently applies to PERS through Sanford. If self funded PERS will need to add this to its plan provisions and retain the necessary assistance.
26.1-36-46	External Review	This section presently applies to PERS through Sanford. If self funded PERS will need to add this to its plan provisions and retain the necessary assistance.

Attachment #3

This last fall we reviewed with this committee the legislative direction that PERS must follow relating to bids. PERS may only select a self-insured option after going through a full bid process in order to comply with NDCC 54-52.1-04.2 which states: *Any self-insurance plan under this sectionmay be established only if it is determined by the board that an administrative services only or third-party administrator plan is less costly than the lowest bid submitted by a carrier for underwriting the plan with equivalent contract benefits.* The following is the legislative required timeline for such a bid that we reviewed with you this last fall:

7.Bid Timeline

- Solicitations must be made not later than ninety days before the expiration of an existing uniform group insurance contract (54-52.1-04 NDCC)
- All bids under this section are due no later than January first, and must be awarded no later than March first, preceding the end of each biennium. All bids under this section must be opened at a public meeting of the board. **(For self insurance)** (54-52.1-04.2 NDCC)
- Bids must be solicited by advertisement in a manner selected by the board that will provide reasonable notice to prospective bidders (54-52.1-04 NDCC)

The Insurance Department also has requirements relating to applying for a certificate of authority. Specifically, they require such application to be submitted 60 days in advance of the effective date. It would be in April when the session would be completed leaving us time to meet this

requirement but if issues were to arise, we may not have time to address those. For example, if the board did select self-funded, the reserving process in the PERS statute was changed as suggested and during the session sufficient funds were not appropriated to allow the Commissioner to approve the certificate, then PERS would not have time to do a new bid. Legislative direction and additional authority for the PERS Board to address situations such as this in this bill would be beneficial to ensure that we do not have a lapse in coverage for our members.

We would also note that during the interim, if issues arise that would require the Commissioner to provide guidance to PERS, we may not be able to respond timely since we may not have the legislative authority. Here again additional legislative authority for the PERS Board or additional guidance may be helpful in this area.

Health Care Reform Committee

Proposed Bill Draft 128

Policy Decisions

June 28, 2018

Policy #1 – Overlapping Jurisdictions

Consideration	PERS Comments	Insurance Dept. Comments
How to resolve unanticipated conflicts that arise between Insurance Dept. Statutes/rules and PERS Statutes/rules resulting in PERS being unable to comply	<p><u>Option #1</u> Add wording to the PERS statute that plan is guided first by Chapter 54.52.1, then Title 26.1.</p> <p><u>Option #2</u> Add language similar to the retirement plan concerning conflicts between state law and federal law.</p> <p>PERS Staff Suggestion: Option #1</p>	<p><u>Agree with Option #1, if it is changed so that the plan is guided first by Title 26.1.</u> We are concerned if Option #1 is chosen it could at times preempt the Insurance Department from meaningfully regulating the plan. It also does not establish a method for determining what is considered to be a true conflict between the statutes, which could lead to arbitrary determinations that a conflict exists with the end result being that the Insurance Department's laws are pre-empted.</p>

Policy #2 – Stop Loss Insurance

Consideration	PERS Comments	Insurance Dept. Comments
Should stop loss be required or be optional	<p><u>Option #1</u> - If the State is concerned with risk, maintain the requirement</p> <p><u>Option #2</u> - If the State is willing to assume this risk, the cost of this coverage could be eliminated from the self-insured plan by making it optional</p> <p>PERS Staff Suggestion: Option #2 if the State can develop a method to insure adequate reserves or cash flow</p>	<p><u>Agree – Option #2, so long as the bill includes a method to ensure adequate funding to meet required reserve levels.</u> The option suggested in #4 below would be one such example.</p>

Policy #3 – Reserve Requirement

Consideration	PERS Comments	Insurance Dept. Comments
Should minimum reserve requirement be one and one-half months or two months of claims	<u>Option #1</u> - Increase the minimum reserve amount <u>Option #2</u> – Keep the minimum reserve amount at level currently set in PERS statute PERS Staff Suggestion: Option #2	<u>Agree – Option #2.</u>

Policy #4 – Reserve Development and Maintenance

Consideration	PERS Comments	Insurance Dept. Comments
<p>Should reserves be established on day one of the plan or be established over a 60-month period</p> <p>What should the funding source be to establish the reserves</p> <p>What is the funding source to maintain reserve balance if reserves fall below the minimum required</p> <p>Should authorization for a line of credit be included for cash flow purposes</p>	<p><u>Option #1</u> – Require reserves to be established at the start of the self-funded plan. This would require the bill to include a mechanism to automatically establish such reserve on Day 1 of the plan; provide for maintenance of the minimum reserve balance; and establish a funding source</p> <p><u>Option #2</u> - Maintain the existing requirement to allow reserves to be established within sixty months; provide a mechanism for maintenance of minimum reserve balance and establish a funding source; provide for a line of credit with the Bank of North Dakota</p> <p>PERS Staff Suggestion: Option #2</p>	<p><u>Agree with Option #2 so long as a mechanism for meeting minimum reserve requirements is also placed in the bill.</u> The Insurance Department likes the funding mechanism suggested by PERS: <u>“If PERS reserves fall below the minimum required, the Office of Management and Budget shall transfer from the General Fund to the contingency reserve fund an amount needed to continue to meet the minimum reserve requirements. These funds are hereby appropriated by the Legislative Assembly to this fund.”</u></p> <p><u>We would prefer Option #1</u> if the Legislative Assembly does not include any such mechanism for meeting minimum reserves.</p>

19.0148.02000

Sixty-sixth
Legislative Assembly
of North Dakota

SECOND DRAFT:
Prepared by the Legislative Council staff for the
Health Care Reform Review Committee
June 2018

Introduced by

1 A BILL for an Act to create and enact chapter 26.1-36.6 of the North Dakota Century Code,
2 relating to public employees retirement system self-insurance plans for health benefits
3 coverage; to amend and reenact sections 26.1-07.1-01, 54-52.1-01, 54-52.1-04, 54-52.1-04.2,
4 and 54-52.1-04.3 of the North Dakota Century Code, relating to public employee uniform group
5 health benefits coverage; and to provide for implementation.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** Chapter 26.1-36.6 of the North Dakota Century Code is created and enacted
8 as follows:

9 **26.1-36.6-01. Definitions.**

10 As used in this chapter, "self-insurance plan" has the same meaning as provided under
11 section 54-52.1-01.

12 **26.1-36.6-02. Self-insurance plans - Regulation.**

13 The commissioner shall regulate the financial condition, integrity, and equitable
14 administration of a self-insurance plan established under chapter 54-52.1. All powers granted to
15 the commissioner to regulate insurance companies and insurers under title 26.1 apply to the
16 commissioner to regulate a self-insurance plan.

17 **26.1-36.6-03. Self-insurance plans - Requirements.**

18 1. The following policy provisions apply to a self-insurance plan and are subject to the
19 jurisdiction of the commissioner: 26.1-36-03, 26.1-36-03.1, 26.1-36-05, 26.1-36-10,
20 26.1-36-12, 26.1-36-12.4, 26.1-36-12.6, 26.1-36-13, 26.1-36-14, 26.1-36-17,
21 26.1-36-18, 26.1-36-19, 26.1-36-23, 26.1-36-29, 26.1-36-37.1, 26.1-36-38, 26.1-36-39,
22 26.1-36-41, 26.1-36-44, and 26.1-36-46.

23 2. The following health benefit provisions apply to a self-insurance plan and are subject
24 to the jurisdiction of the commissioner: 26.1-36-06, 26.1-36-06.1, 26.1-36-07,

1 26.1-36-08, 26.1-36-08.1, 26.1-36-09, 26.1-36-09.5, 26.1-36-09.6, 26.1-36-09.8,
2 26.1-36-09.10, 26.1-36-09.11, 26.1-36-09.12, 26.1-36-11, 26.1-36-12.2, 26.1-36-20,
3 26.1-36-21, 26.1-36-22, 26.1-36-23.1, and 26.1-36-43.

4 **26.1-36.6-04. Rules.**

5 The commissioner may adopt rules to administer this chapter.

6 **SECTION 2. AMENDMENT.** Section 26.1-07.1-01 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **26.1-07.1-01. Jurisdiction over providers of health care benefits.**

9 Notwithstanding any other provision of law, and except as provided ~~herein~~under this
10 section, any person ~~or other entity~~, other than an insurance company duly licensed in this or
11 another state which provides coverage in this state for medical, surgical, chiropractic, physical
12 therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric
13 expenses, whether such coverage is by direct payment, reimbursement, or otherwise, ~~must be~~is
14 presumed to be subject to the jurisdiction of the commissioner unless the person ~~or other entity~~
15 shows that while providing such services ~~if the person~~ is subject to the jurisdiction of another
16 agency of this state, any subdivisions thereof, or the federal government. A self-insurance plan
17 formed under chapter 54-52.1 is not subject to this section but is subject to the jurisdiction of the
18 commissioner under chapter 26.1-36.6.

19 **SECTION 3. AMENDMENT.** Section 54-52.1-01 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **54-52.1-01. Definitions.**

22 As used in this chapter, unless the context otherwise requires:

- 23 1. "Board" means the public employees retirement board.
- 24 2. "Carrier" means:
- 25 a. For the hospital benefits coverage, an insurance company authorized to do
- 26 business in the state, or a nonprofit hospital service association, or a prepaid
- 27 group practice hospital care plan authorized to do business in the state, or the
- 28 state if a self-insurance plan is used for providing hospital benefits coverage.
- 29 b. For the medical benefits coverage, an insurance company authorized to do
- 30 business in the state, or a nonprofit medical service association, or a prepaid

1 group practice medical care plan authorized to do business in the state, or the
2 state if a self-insurance plan is used for providing medical benefits coverage.

3 c. For the life insurance benefits coverage, an insurance company authorized to do
4 business in the state.

5 3. "Department, board, or agency" means the departments, boards, agencies, or
6 associations of this state, ~~and. The term~~ includes the state's charitable, penal, and
7 higher educational institutions; the Bank of North Dakota; the state mill and elevator
8 association; and counties, cities, district health units, and school districts.

9 4. "Eligible employee" means every permanent employee who is employed by a
10 governmental unit, as that term is defined in section 54-52-01. "Eligible employee"
11 includes members of the legislative assembly, judges of the supreme court, paid
12 members of state or political subdivision boards, commissions, or associations,
13 full-time employees of political subdivisions, elective state officers as defined by
14 ~~subsection 2 of~~ section 54-06-01, and disabled permanent employees who are
15 receiving compensation from the North Dakota workforce safety and insurance fund.
16 As used in this subsection, "permanent employee" means one whose services are not
17 limited in duration, who is filling an approved and regularly funded position in a
18 governmental unit, and who is employed at least seventeen and one-half hours per
19 week and at least five months each year or for those first employed after August 1,
20 2003, is employed at least twenty hours per week and at least twenty weeks each year
21 of employment. For purposes of sections 54-52.1-04.1, 54-52.1-04.7, 54-52.1-04.8,
22 and 54-52.1-11, "eligible employee" includes retired and terminated employees who
23 remain eligible to participate in the uniform group insurance program pursuant to
24 applicable state or federal law.

25 5. "Health insurance benefits coverage" means hospital benefits coverage or medical
26 benefits coverage, or both.

27 6. "Health maintenance organization" means an organization certified to establish and
28 operate a health maintenance organization in compliance with chapter 26.1-18.1.

29 ~~6-7.~~ "Hospital benefits coverage" means a plan ~~which~~ that either provides coverage for, or
30 pays, or reimburses expenses for hospital services incurred in accordance with the
31 uniform contract.

- 1 ~~7:8.~~ "Life insurance benefits coverage" means a plan ~~which~~that provides both term life
2 insurance and accidental death and dismemberment insurance in amounts determined
3 by the board, with a minimum of one thousand dollars provided for the term life
4 insurance portion of the coverage.
- 5 ~~8:9.~~ "Medical benefits coverage" means a plan ~~which~~that either provides coverage for, or
6 pays, or reimburses expenses for medical services in accordance with the uniform
7 contract.
- 8 ~~9:10.~~ "Member contribution" means the payment by the member into the retiree health
9 benefits fund pursuant to sections 54-52-02.9 and 54-52-17.4.
- 10 ~~40:11.~~ "Member's account balance" means the member's contributions plus interest at the
11 rate set by the board.
- 12 ~~12.~~ "Self-insurance health plan" means a plan of self-insurance providing health insurance
13 benefits coverage under sections 54-52.1-04.2 and 54-52.1-04.3.
- 14 ~~44:13.~~ "Temporary employee" means a governmental unit employee who is not filling an
15 approved and regularly funded position in an eligible governmental unit and whose
16 services may or may not be limited in duration.

17 **SECTION 4. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **54-52.1-04. Board to contract for insurance.**

- 20 ~~1.~~ The board shall receive bids for the providing of hospital benefits coverage, medical
21 benefits coverage, life insurance benefits coverage for a specified term, and employee
22 assistance program services; may receive bids separately for the prescription drug
23 coverage component of medical benefits coverage; and shall accept one or more bids
24 of and contract with the carriers that in the judgment of the board best serves the
25 interests of the state and ~~its~~the state's eligible employees. Solicitations must be made
26 not later than ninety days before the expiration of an existing uniform group insurance
27 contract. Bids must be solicited by advertisement in a manner selected by the board
28 that will provide reasonable notice to prospective bidders. In preparing bid proposals
29 and evaluating bids, the board may utilize the services of consultants on a contract
30 basis in order that the bids received may be uniformly compared and properly
31 evaluated. In determining which bid, if any, will best serve the interests of eligible

1 employees and the state, the board shall give adequate consideration to the following
2 factors:

3 1. ~~a.~~ The economy to be effected.

4 2. ~~b.~~ The ease of administration.

5 3. ~~c.~~ The adequacy of the coverages.

6 4. ~~d.~~ The financial position of the carrier, with special emphasis ~~as to its~~ on the
7 solvency of the carrier.

8 5. ~~e.~~ The reputation of the carrier and any other information ~~that is~~ available tending to
9 show past experience with the carrier in matters of claim settlement,
10 underwriting, and services.

11 2. The board may reject any or all bids and, ~~in the event it does so,~~ If the board rejects
12 all bids, the board shall again solicit bids as provided in this section. The

13 3. Under sections 54-52.1-04.1, 54-52.1-04.2, and 54-52.1-04.3 the board may contract
14 for health benefits coverage through a health maintenance organization or establish a
15 plan of self-insurance for providing health insurance benefits coverage only under an
16 administrative services only (ASO) contract or a third-party administrator (TPA)
17 contract plan.

18 **SECTION 5. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

21 1. The board may establish a self-insurance plan for providing:

22 a. Health insurance benefits coverage;

23 b. Health insurance benefits coverage excluding all or part of prescription drug
24 coverage; or

25 c. All or part of prescription drug coverage.

26 2. Any self-insurance plan under this section must be provided under an administrative
27 services only (ASO) contract or a third-party administrator (TPA) contract under the
28 uniform group insurance program, and may be established only if ~~it is determined by~~
29 the board that determines an administrative services only or third-party administrator
30 plan is less costly than the lowest bid submitted by a carrier for underwriting the plan
31 with equivalent contract benefits. Upon establishing a self-insurance plan, the board

1 shall solicit bids for an administrative services only or third-party administrator contract
2 only every other biennium, and the board is authorized to renegotiate an existing
3 administrative services only or third-party administrator contract during the interim. ~~In-~~
4 ~~addition, individual~~Individual stop-loss coverage insured by a carrier authorized to do
5 business in this state ~~must~~may be made part of any self-insured plan. All bids under
6 this section are due no later than January first, and must be awarded no later than
7 March first, preceding the end of each biennium. All bids under this section must be
8 opened at a public meeting of the board.

9 **SECTION 6. AMENDMENT.** Section 54-52.1-04.3 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **54-52.1-04.3. Contingency reserve fund - Continuing appropriation - Insurance**
12 **commissioner.**

13 The board shall establish under a self-insurance plan a contingency reserve fund to provide
14 for adverse fluctuations in future charges, claims, costs, or expenses of the uniform group
15 insurance program. The board shall determine the amount necessary to provide a balance in
16 the contingency reserve fund between ~~one and one-half~~two months and three months of claims
17 paid based on the average monthly claims paid during the twelve-month period immediately
18 preceding March first of each year. The board also shall determine the amount necessary to
19 provide an additional balance in the contingency reserve fund between one month and one and
20 one-half months for claims incurred but not yet reported. The board may arrange for the
21 services of an actuarial consultant to assist the board in making these determinations. Upon the
22 initial changeover from a contract for insurance pursuant to section 54-52.1-04 to a
23 self-insurance plan pursuant to section 54-52.1-04.2, the board must have a plan in place which
24 is reasonably calculated to meet the funding requirements of this chapter ~~within sixty months.~~
25 All moneys in the contingency reserve fund, not otherwise appropriated, are appropriated for
26 the payment of claims and other costs of the uniform group insurance program during periods of
27 adverse claims or cost fluctuations. A self-insurance plan must comply with section
28 26.1-36.6-03. The insurance commissioner shall ensure compliance with and enforce the
29 provisions of this section pursuant to chapter 26.1-36.6.

- 1 **SECTION 7. IMPLEMENTATION.** Notwithstanding contrary provisions in section 28-32-03,
- 2 the legislative assembly grants the insurance commissioner emergency rulemaking authority to
- 3 adopt the initial rules under section 26.1-36.6-04.

19.0149.01000

Sixty-sixth
Legislative Assembly
of North Dakota

FIRST DRAFT:
Prepared by the Legislative Council staff for the
Health Care Reform Review Committee
May 2018

Introduced by

1 A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.2, and 54-52.1-05 of
2 the North Dakota Century Code, relating to uniform group insurance for health benefits
3 coverage.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-04. Board to contract for insurance.**

8 1. The board shall receive bids for the providing of hospital benefits coverage, medical
9 benefits coverage, life insurance benefits coverage for a specified term, and employee
10 assistance program services; may receive bids separately for all or part of prescription
11 drug coverage; and shall accept one or more bids of and contract with the carriers ~~that~~
12 ~~in the judgment of the board~~ determines best ~~serve~~serve the interests of the state
13 and ~~its~~the state's eligible employees. Solicitations must be made not later than ninety
14 days before the expiration of an existing uniform group insurance contract. Bids must
15 be solicited by advertisement in a manner selected by the board ~~that~~which will provide
16 reasonable notice to prospective bidders. In preparing bid proposals and evaluating
17 bids, the board may utilize the services of consultants on a contract basis in order that
18 the bids received may be uniformly compared and properly evaluated. In determining
19 which bid, if any, will best serve the interests of eligible employees and the state, the
20 board shall give adequate consideration to the following factors:

- 21 1. a. The economy to be effected.
22 2. b. The ease of administration.
23 3. c. The adequacy of the coverages.

- 1 4. ~~d.~~ The financial position of the carrier, with special emphasis ~~as to its~~ on the
2 solvency of the carrier.
- 3 5. ~~e.~~ The reputation of the carrier and any other information ~~that is~~ available tending to
4 show past experience with the carrier in matters of claim settlement,
5 underwriting, and services.
- 6 2. The board may reject any or all bids ~~and, in the event it does so,~~ received under this
7 section. If the board rejects all bids received, the board shall again solicit bids as
8 provided in this section. The
- 9 3. Under section 54-52.1-04.1 or 54-52.1-04.2, the board may contract with a health
10 maintenance organization or establish a plan of self-insurance ~~for providing health-~~
11 ~~insurance to provide hospital, medical, or prescription drug benefits coverage only-~~
12 ~~under an administrative services only (ASO) contract or a third-party administrator-~~
13 ~~(TPA) contract.~~

NOTE: The amendments in this section are housekeeping in nature

14 **SECTION 2. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

- 17 1. ~~The board may establish~~ This section applies to a self-insurance plan for providing:
18 a. ~~Health insurance~~ hospital, medical, and prescription drug benefits coverage;
19 b. ~~Health insurance~~ hospital and medical benefits coverage, excluding all or part of
20 prescription drug benefits coverage; or
21 c. ~~All~~ all or part of prescription drug benefits coverage.
- 22 2. ~~Any~~ A self-insurance plan established by the board under this section must be provided
23 under an administrative services only (ASO) contract or a third-party administrator
24 (TPA) contract under the uniform group insurance program, and may be established
25 only if it ~~is determined by the board~~ determines that an administrative services only or
26 third-party administrator plan is ~~less costly than the lowest bid submitted by a carrier~~
27 ~~for underwriting the plan with equivalent contract benefits. Upon establishing a~~
28 ~~self-insurance plan, the board shall solicit bids for an administrative services only or~~
29 ~~third-party administrator contract only every other biennium, and the board is~~
30 ~~authorized to renegotiate an existing administrative services only or third-party~~
31 ~~administrator contract during the interim~~ best serves the interests of the state and the

1 state's eligible employees. In addition, individual stop-loss coverage insured by a
2 carrier authorized to do business in this state ~~must~~may be made part of any
3 self-insured plan. ~~All bids under this section are due no later than January first, and~~
4 ~~must be awarded no later than March first, preceding the end of each biennium. All~~
5 ~~bids under this section must be opened at a public meeting of the board.~~

NOTE: Replaces the requirement that self-insurance be less expensive than a fully insured plan with the requirement that self-insurance best serves the interests of the state and the eligible employees. Removes the bidding provisions so Public Employees Retirement System would rely on Sections 54-52.1-04 and 54-52.1-05 and be consistent with bidding and renewal requirements for all the other group insurance plans.

6 **SECTION 3. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-52.1-05. Provisions of contract - Term of contract.**

- 9 1. Each uniform group insurance contract entered by the board must be consistent with
10 the provisions of this chapter, must be signed for the state of North Dakota by the
11 chairman of the board, and must include the following:
- 12 a. As many optional coverages as deemed feasible and advantageous by the
13 board.
- 14 b. A detailed statement of benefits offered, including maximum limitations and
15 exclusions, and such other provisions as the board may deem necessary or
16 desirable.
- 17 2. The initial term or the renewal term of a fully insured uniform group insurance contract
18 through a contract for insurance, health maintenance organization, or self-insurance
19 plan for hospital benefits coverage, medical benefits coverage, or prescription drug
20 coverage may not exceed two years.
- 21 a. The board may renew a contract subject to this subsection without soliciting a bid
22 under section 54-52.1-04 if the board determines the carrier's performance under
23 the existing contract meets the board's expectations ~~and, the proposed premium~~
24 ~~renewal amount does not exceed the board's expectations, and renewal best~~
25 serves the interests of the state and the state's eligible employees.
- 26 b. In making a determination under this subsection, the board shall:

1 (1) Use the services of a consultant to concurrently and independently prepare
2 a renewal estimate the board shall consider in determining the
3 reasonableness of the proposed premium renewal amount.

4 (2) Review the carrier's performance measures, including payment accuracy,
5 claim processing time, member service center metrics, wellness or other
6 special program participation levels, and any other measures the board
7 determines relevant to making the determination and shall consider these
8 measures in determining the board's satisfaction with the carrier's
9 performance.

10 (3) Consider any additional information the board determines relevant to
11 making the determination.

12 c. ~~If the~~The board determines~~may determine~~ the carrier's performance under the
13 existing contract does not meet the board's expectations ~~or~~ the proposed
14 premium renewal amount exceeds the board's expectations, or renewal does not
15 best serve the interests of the state or the state's eligible employees and the
16 board ~~determines~~may therefore decide to solicit a bid under section 54-52.1-04,
17 ~~the board shall specify its reasons for the determination to solicit a bid.~~

NOTE: The goal here is to make clear this section applies to self-insurance plans and to remove the perceived renewal preference.



North Dakota
Public Employees Retirement System
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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: July 10, 2018

SUBJECT: Consultant Fees for the Quarter Ended June 2018

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended June 2018

Attachment

North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended June 30, 2018

	Program/Project	Fee Type	Apr-18	May-18	Jun-18	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
Actuary/Consulting Fees:							
Conduent	General Consulting		3,778	3,778	3,778	11,333	\$ 40,350
Mid Dakota Clinic	Retirement Disability	Time charges	1,400			1,400	\$ 7,500
Ice Miller	Legal fees Employee benefit matters					-	\$ 3,061
Deloitte	Consulting		6,120			6,120	\$ 21,114
Gabriel Roeder Smith & Company	Retirement	Fixed Fee				-	\$ 94,776
Gabriel Roeder Smith & Company	RHIC	Fixed Fee				-	\$ 12,400
Gabriel Roeder Smith & Company	GASB 67/68	Fixed Fee				-	\$ 36,000
Gabriel Roeder Smith & Company	GASB 74/75	Fixed Fee				-	\$ 7,500
Gabriel Roeder Smith & Company	Actuarial Factors Update	Fixed Fee				-	\$ 19,700
Gabriel Roeder Smith & Company	Service Purchase Table Update	Fixed Fee				-	\$ 3,750
Gabriel Roeder Smith & Company	Retirement	Time Charges	5,978		8,690	14,668	\$ 60,079
Gabriel Roeder Smith & Company	Legislative Work	Time Charges				-	\$ -
Gabriel Roeder Smith & Company	Group Insurance	Time Charges				-	\$ 2,100
Gabriel Roeder Smith & Company	RHIC	Time Charges		20,925		20,925	\$ 27,869
Gabriel Roeder Smith & Company	Deferred Comp	Time Charges				-	\$ 8,529
Gabriel Roeder Smith & Company	Job Service	Time Charges	1,008			1,008	\$ 1,008
Gabriel Roeder Smith & Company	Flexcomp	Time Charges				-	\$ -
Audit Fees:							
Clifton Larson Allen	Annual Audit Fee				23,500	23,500	\$ 129,850
Executive Director Search:							
EFL Associates	Director Search	Fixed Fee		17,246		17,246	\$ 66,000
EFL Associates	Director Search	Additional Expenses		1,195		1,195	\$ 12,149
Website Redesign							
MABU	Website Redesign	Time Charges				-	\$ 1,216
Legal Fees:							
ND Attorney General	Administrative	Time charges	7,808	4,872	5,931	18,610	\$ 46,319
Investment Fees:							
SIB - Investment Fees	Retirement (DB)	% Allocation	7,724	1,025,128	*	1,032,852	\$ 6,828,377
SIB - Investment Fees	Ret Health Credit	% Allocation	93,210	92,439	*	185,649	\$ 663,494
SIB - Investment Fees	Insurance	% Allocation	245	669	*	914	\$ 59,056
SIB - Administrative Fees	Retirement (DB)	% Allocation	21,643	66,178	*	87,821	\$ 423,480
						1,307,236	\$ 7,974,407
Administrative Fee:							
Sanford Health Plan	Health Plan	Fixed fee	2,155,424	2,155,974	*	4,311,398	\$ 24,187,665

VI. MEMBER

A. Retirement Appeal Case #515 **Executive Session

Board material will be sent out under separate cover