

# Overview of NDPERS

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# PERS BOARD

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- *SEVEN MEMBERS*

- *CHAIR - APPOINTED BY GOVERNOR*

- *THREE ELECTED BY ACTIVE MEMBERS*

- *ONE ELECTED BY RETIRED MEMBERS*

- *STATE HEALTH OFFICER*

- *ONE APPOINTED BY ATTORNEY GENERAL*

# PERS BOARD

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- |                        |                           |
|------------------------|---------------------------|
| □ <i>Jon Strinden</i>  | <i>Chair</i>              |
| □ <i>Levi Erdmann</i>  | <i>Elected - Actives</i>  |
| □ <i>Joan Ehrhardt</i> | <i>Elected - Actives</i>  |
| □ <i>Mike Sandal</i>   | <i>Elected - Actives</i>  |
| □ <i>Ron Leingang</i>  | <i>Elected - Retirees</i> |
| □ <i>Arvy Smith</i>    | <i>Health Officer</i>     |
| □ <i>Tom Trenbeath</i> | <i>Attorney General</i>   |



# PROGRAMS

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- *RETIREMENT*
- *GROUP INSURANCE*
- *FLEX COMP*
- *EMPLOYEE ASSISTANCE*

# RETIREMENT PROGRAMS



# RETIREMENT

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- *DEFINED BENEFIT PLANS – 5*
  - *Main*
  - *Judges*
  - *Natl. Guard*
  - *Law Enforcement*
  - *Highway Patrol*
  - *Job Service*
  - *OASIS*
- *DEFINED CONTRIBUTION PLANS – 2*
  - *457*
  - *401(a)*
- *RETIREE HEALTH CREDIT*
- *ADMINISTRATIVE SERVICES*
  - *PRIOR JUDGES*
  - *JOB SERVICE RETIREE HEALTH CREDIT*

# Retirement terms

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- **Actuarial Valuation** — annual evaluation done by the systems actuary which determines and compares the actuarial value of assets to the accrued liabilities and determines the actuarial required employer contribution
- **Actuarial value of assets** — is a method for valuing assets over a five year period which provides more stability for planning purposes.
- **Market value of assets** — the actual value of assets on a given day
- **Statutory Rate** — the employer and employee contribution set in the North Dakota Century Code
- **Actuarial Rate** — the employer contribution for the upcoming year as determined by the actuary based upon the annual valuation
- **Margin** — The difference between the statutory rate and the actuarial rate
  - $4.12 - 5.79 = -1.67$
  - $4.12 - 3.61 = .51$

# Retirement Equation

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□ Contributions + Investment = Benefits + Expenses

↓  
Economic

- Plan return
- Salary increases

↓  
Demographic

- Retirement rates
- Disabilities
- Mortality

- Experience Study
- Asset Liability Study



# KEY ASSUMPTION

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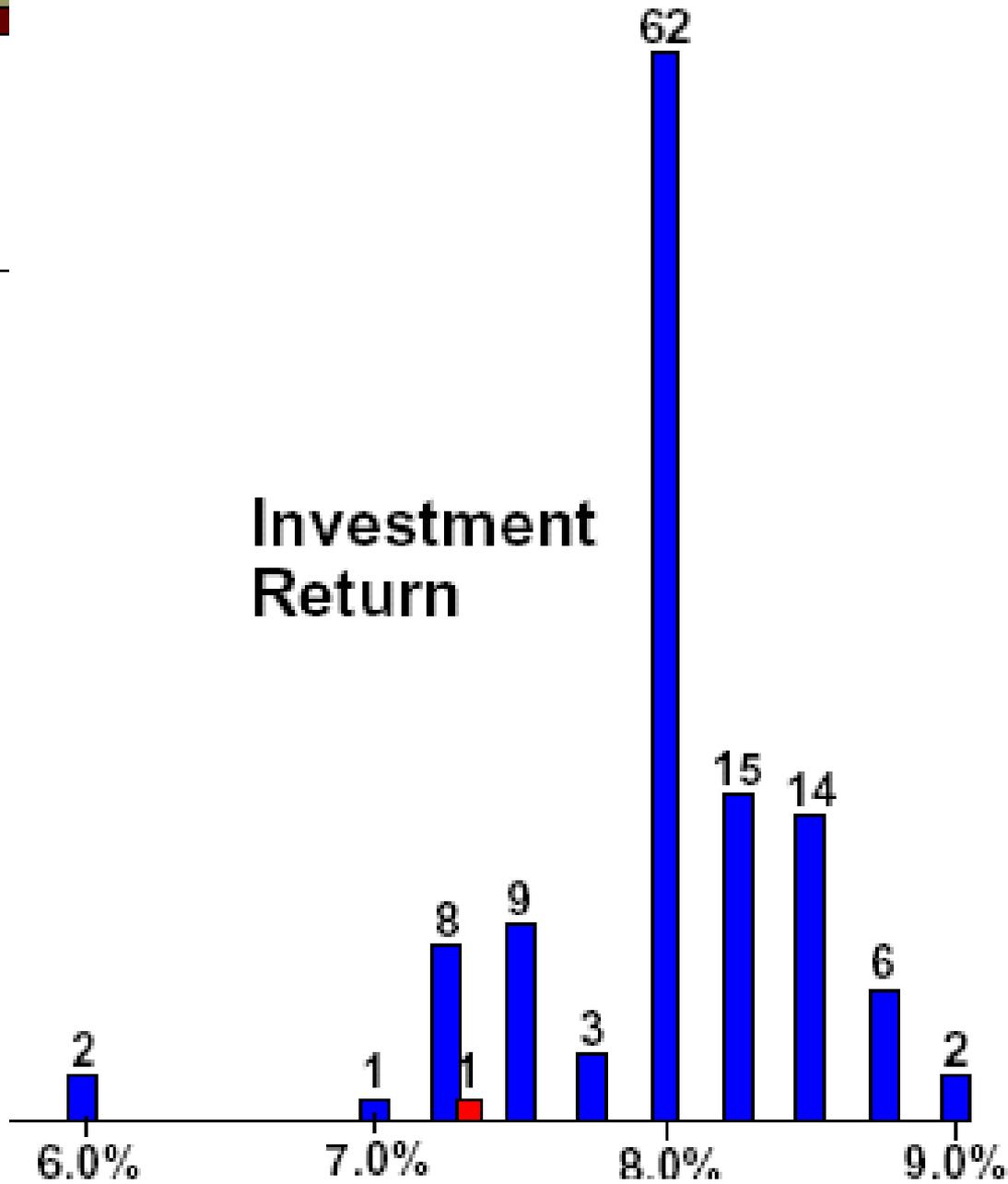
## □ INVESTMENT RETURN

Average return assumption for 127  
public plans is 8%

8%



# Investment Return



# NDPERS COMPARED TO OTHER STATE RETIREMENT PLANS

<b><i>Asset class</i></b>	<b><i>PERS</i></b>	<b><i>Average</i></b>
<b>Domestic Equities</b>	40	61
<b>International Equities</b>	15	
<b>Domestic Fixed Income</b>	29	27
<b>International Fixed Income</b>	5	2
<b>Real Estate</b>	5	4
<b>Alternatives</b>	5	4
<b>Other</b>	1	2

# NDPERS and RIO

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## □ NDPERS

- Investment Policies
- Asset Allocation
  - Major asset classes

## □ RIO

- Hire money managers
- Monitor money managers
- Refine the asset classes

### **SIB membership:** Lt Governor, Chair

3 PERS Bd members

3 TFFR Bd members

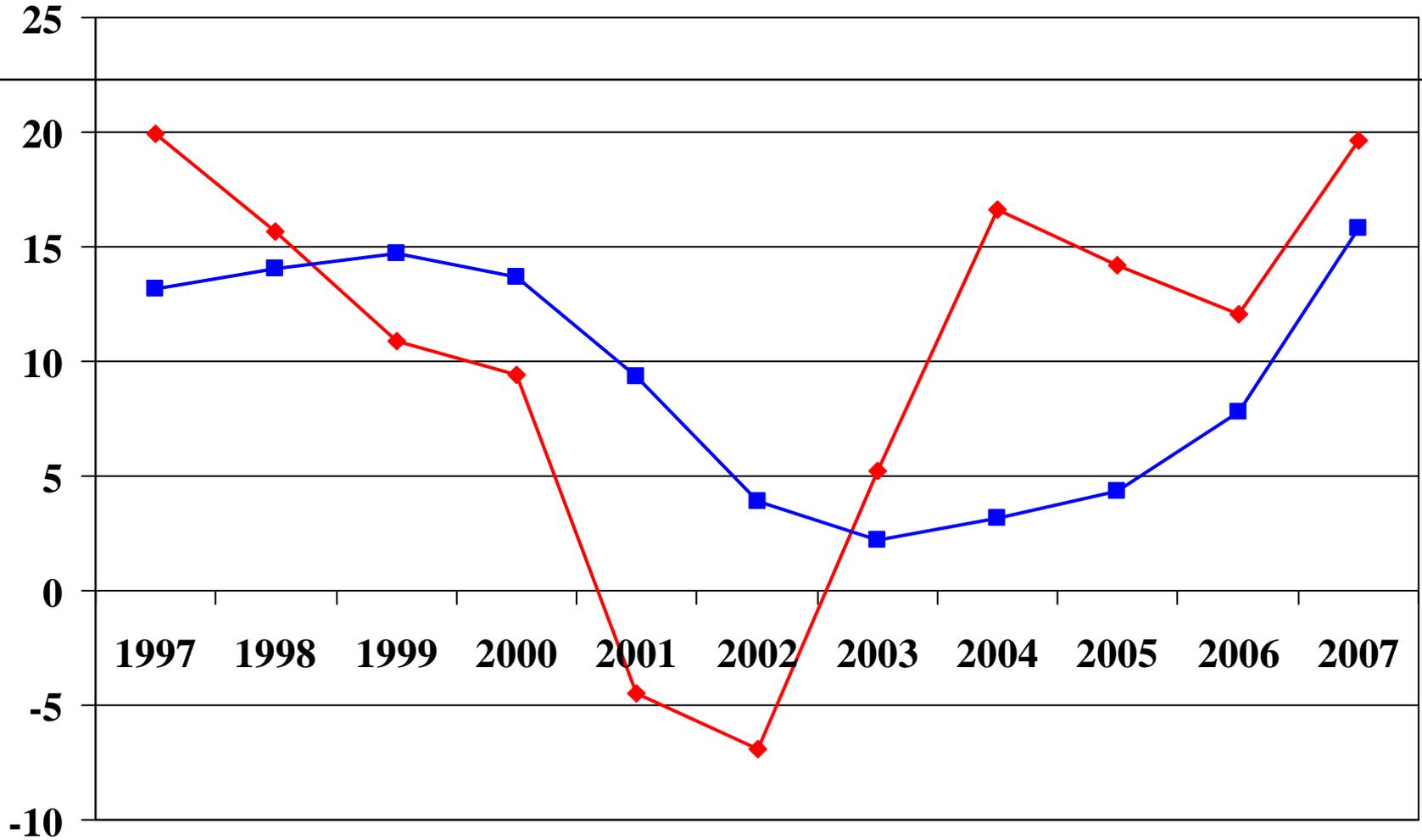
Gary Preszler

Kelly Schmidt (Treasurer)

Adam Hamm (Ins. Com.)

Sandy Blunt

# NDPERS Returns – (Year Ended 6/30)



◆ Market    ■ Actuarial



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**TOTAL  
CONTRIBUTIONS:  
\$794,681,000**

**TOTAL PAYMENTS:  
\$623,891,000**

**FUND BALANCE:  
\$1,878,925,000**

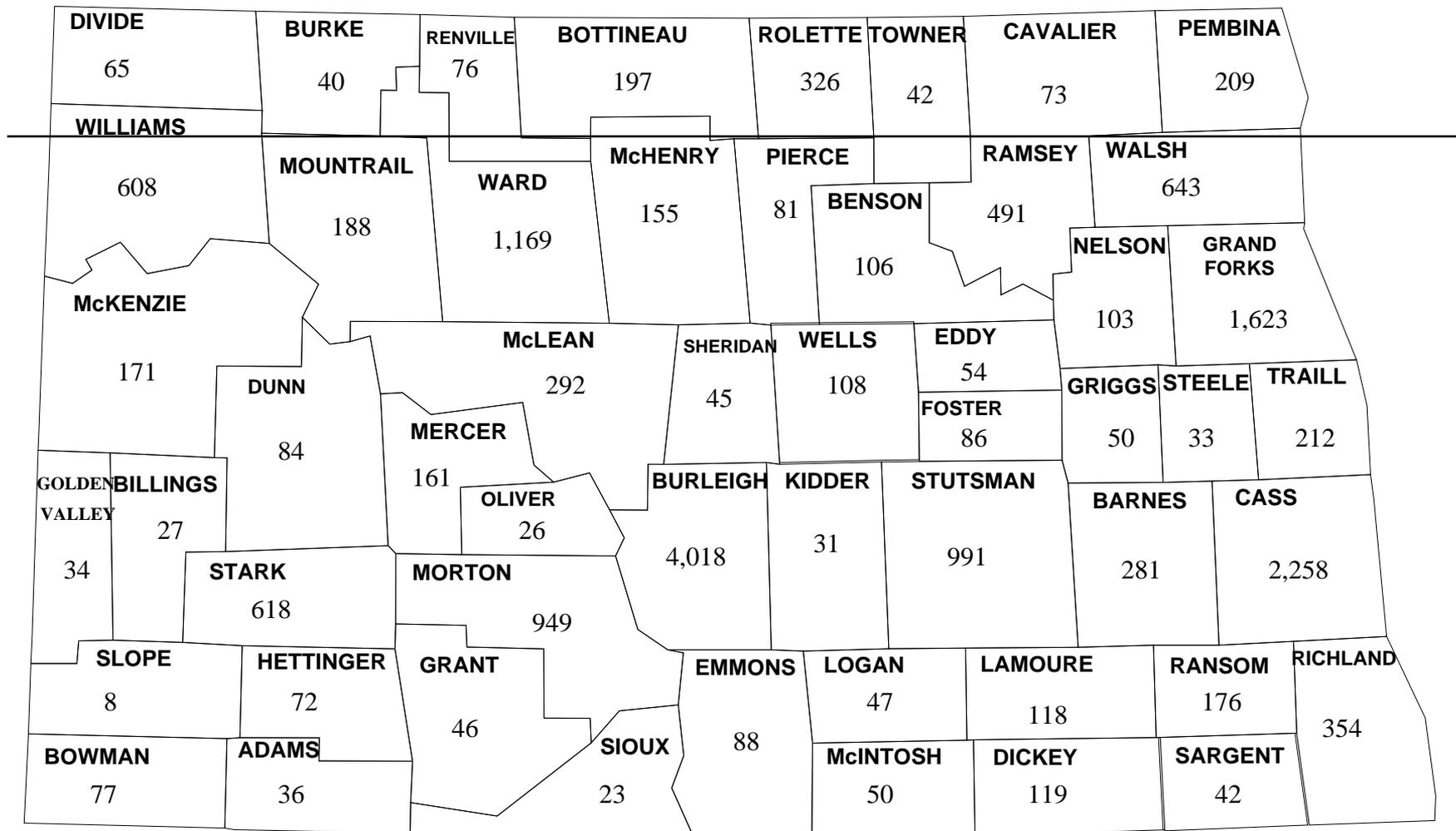
# BACKGROUND DATA

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RETIREMENT SYSTEM

# NDPERS Active Retirement Members

July 2007

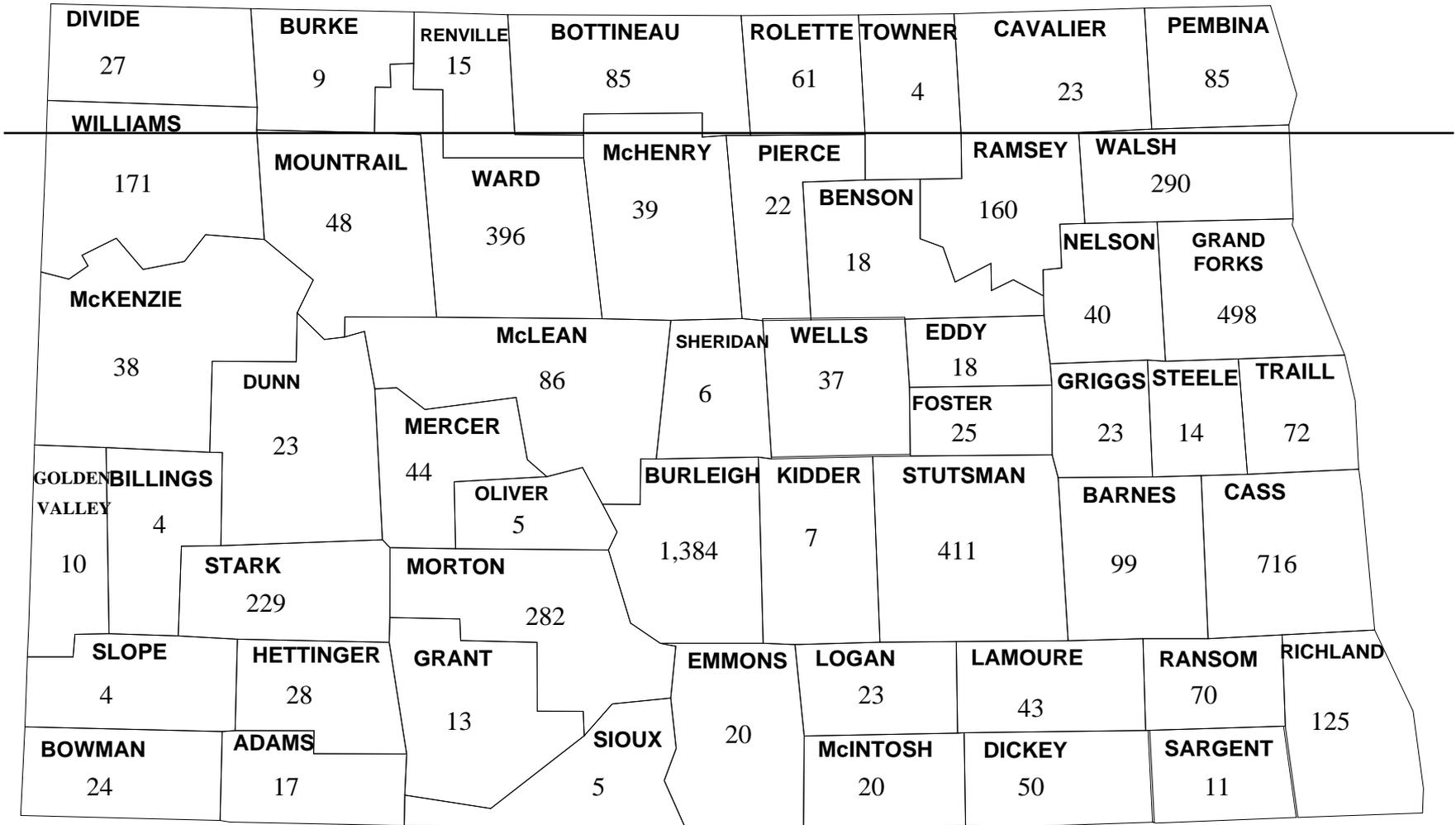


Out-of-State – 810

Total – 18,790

# NDPERS Retirees

January 2008

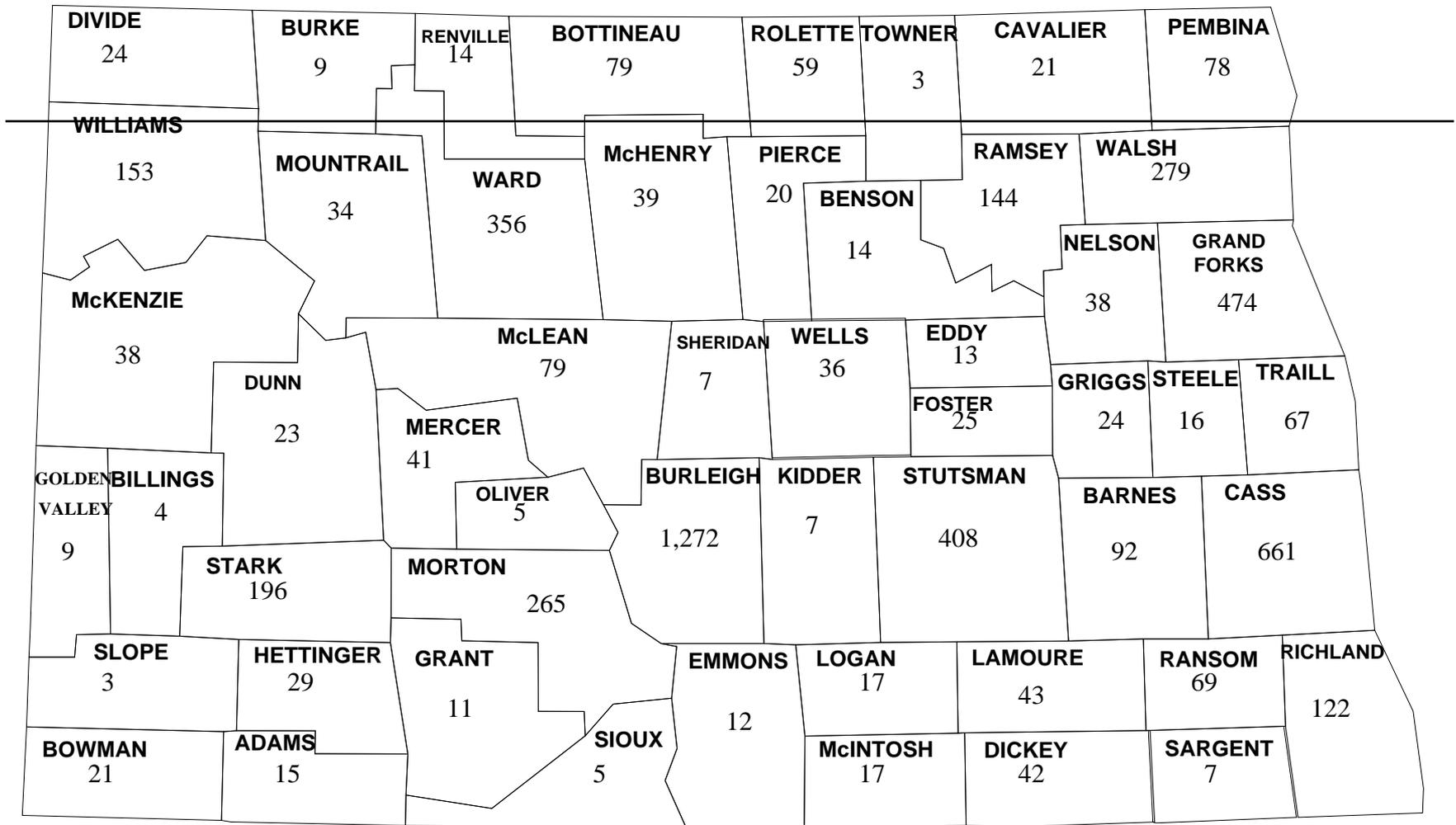


Out-of-State - 962

Total - 6,939

# NDPERS Main System Retirees

January 2007



Out-of-State - 873

Total - 6,412

# NDPERS Retirees

## Annual Benefits 2008

<b>DIVIDE</b>	<b>BURKE</b>	<b>RENVILLE</b>	<b>BOTTINEAU</b>	<b>ROLETTE</b>	<b>TOWNER</b>	<b>CAVALIER</b>	<b>PEMBINA</b>	
\$162,836	\$50,196	\$91,736	\$711,504	\$467,491	\$41,664	\$143,767	\$796,353	
<b>WILLIAMS</b>	<b>MOUNTRAIL</b>	<b>WARD</b>	<b>McHENRY</b>	<b>PIERCE</b>	<b>BENSON</b>	<b>RAMSEY</b>	<b>WALSH</b>	
\$1,730,776	\$494,864	\$4,380,663	\$235,906	\$201,793	\$150,457	\$1,605,314	\$2,662,263	
<b>McKENZIE</b>	<b>DUNN</b>	<b>McLEAN</b>	<b>SHERIDAN</b>	<b>WELLS</b>	<b>EDDY</b>	<b>NELSON</b>	<b>GRAND FORKS</b>	
\$354,919	\$135,534	\$828,271	\$48,958	\$312,784	\$122,091	\$301,468	\$5,155,528	
<b>GOLDEN VALLEY</b>	<b>BILLINGS</b>	<b>MERCER</b>	<b>BURLEIGH</b>	<b>KIDDER</b>	<b>STUTSMAN</b>	<b>GRIGGS</b>	<b>STEELE</b>	<b>TRAILL</b>
\$125,071	\$58,013	\$220,419	\$20,385,289	\$41,380	\$4,009,049	\$234,236	\$90,996	\$564,712
<b>OLIVER</b>	<b>STARK</b>	<b>MORTON</b>	<b>EMMONS</b>	<b>LOGAN</b>	<b>LAMOURE</b>	<b>BARNES</b>	<b>CASS</b>	
\$28,256	\$2,368,119	\$3,056,580	\$182,663	\$190,545	\$232,903	\$971,374	\$6,662,485	
<b>SLOPE</b>	<b>HETTINGER</b>	<b>GRANT</b>	<b>SIoux</b>	<b>McINTOSH</b>	<b>DICKEY</b>	<b>RANSOM</b>	<b>RICHLAND</b>	
\$15,328	\$184,609	\$118,180	\$49,828	\$145,791	\$333,749	\$362,238	\$982,426	
<b>BOWMAN</b>	<b>ADAMS</b>					<b>SARGENT</b>		
\$203,316	\$149,845					\$35,540		

Out-of-State - \$8,977,063

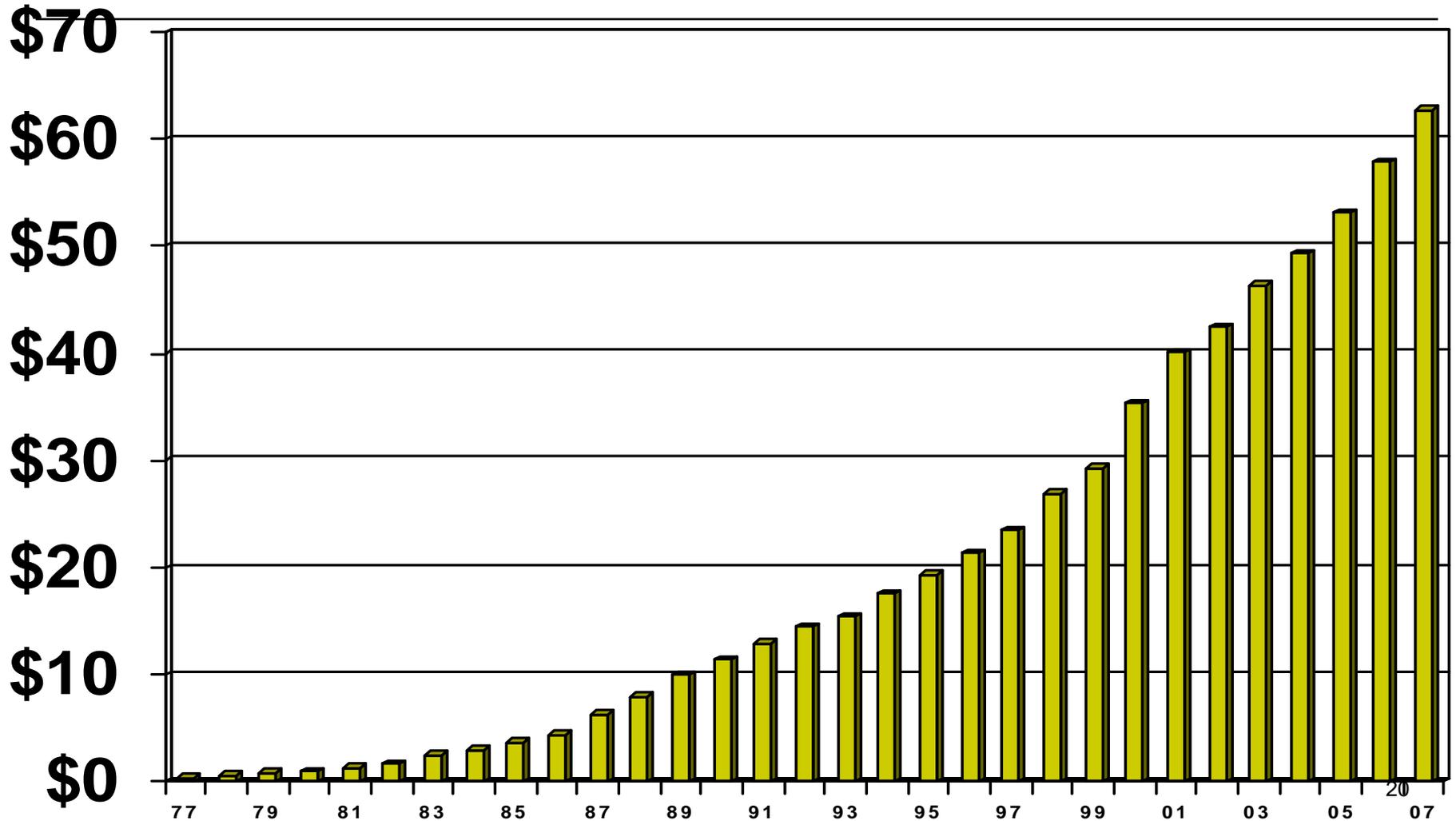
Total - \$72,336,527

# NDPERS Retiree Benefits

(Main, Judges, Guard, and Law Enforcement Systems)

Millions

Year Ended June 30

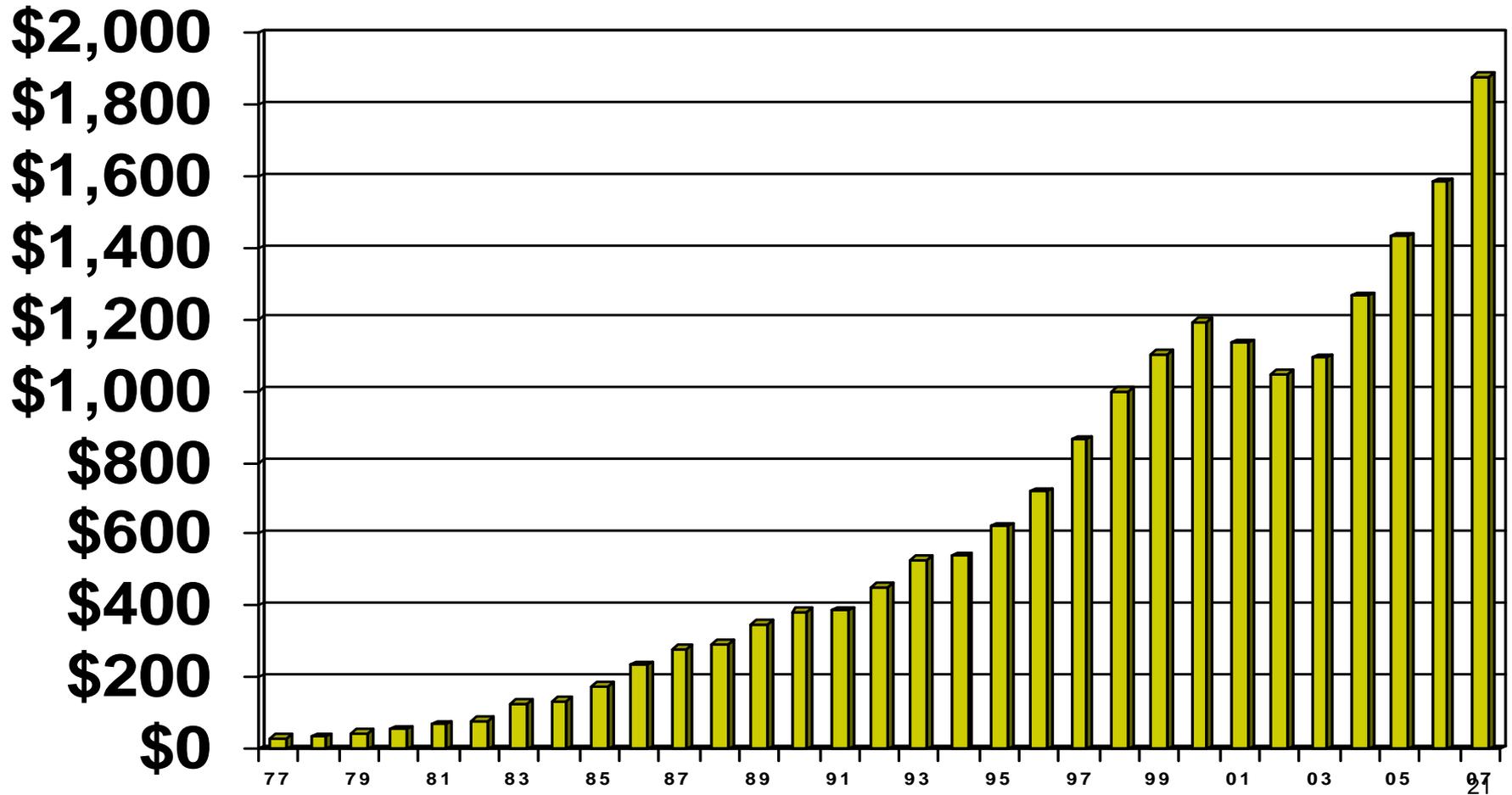


# NDPERS Retirement Systems Assets

(Main, Judges, Guard, and Law Enforcement Systems)

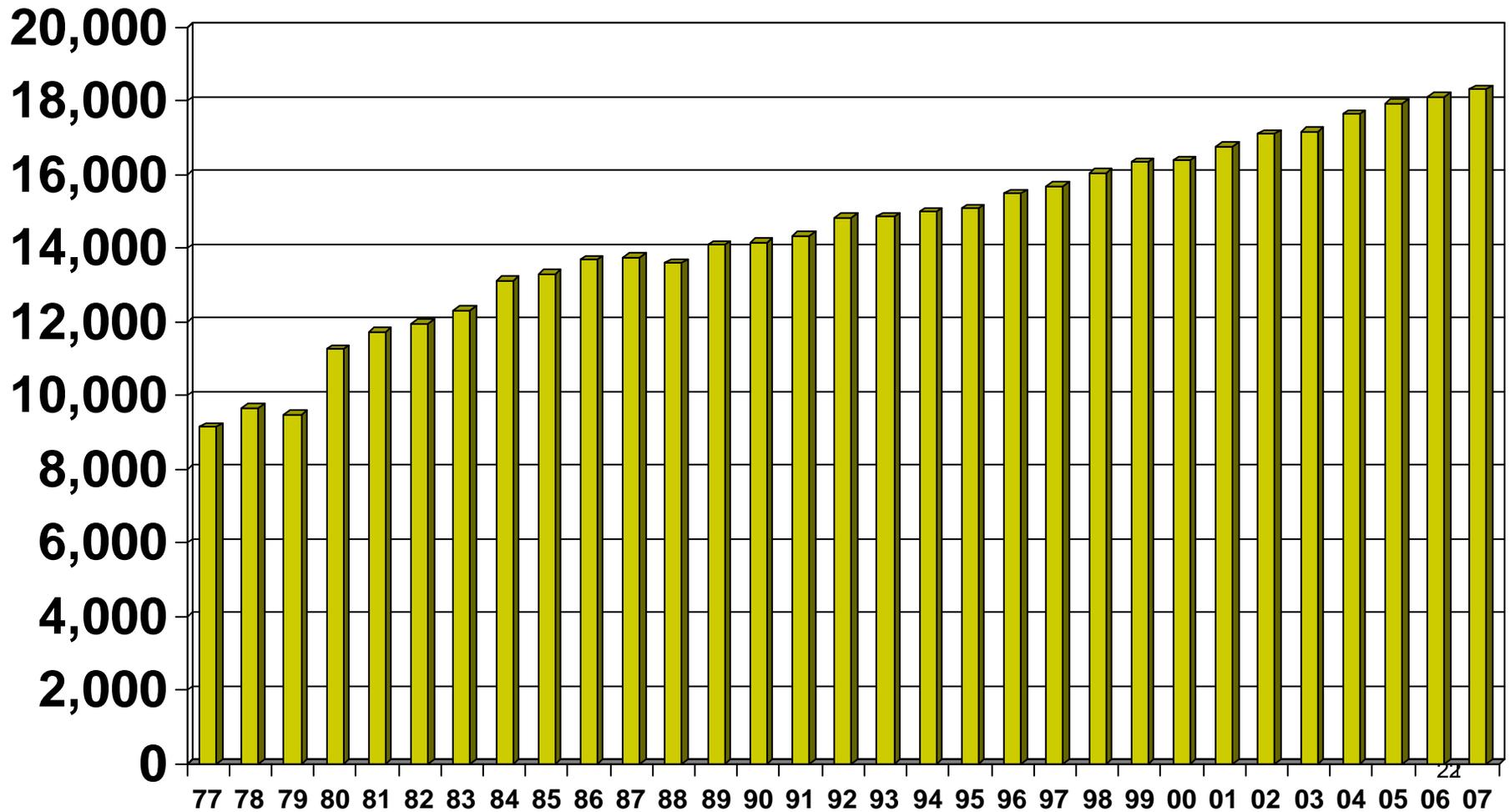
Millions

Market Value — Year Ended June 30



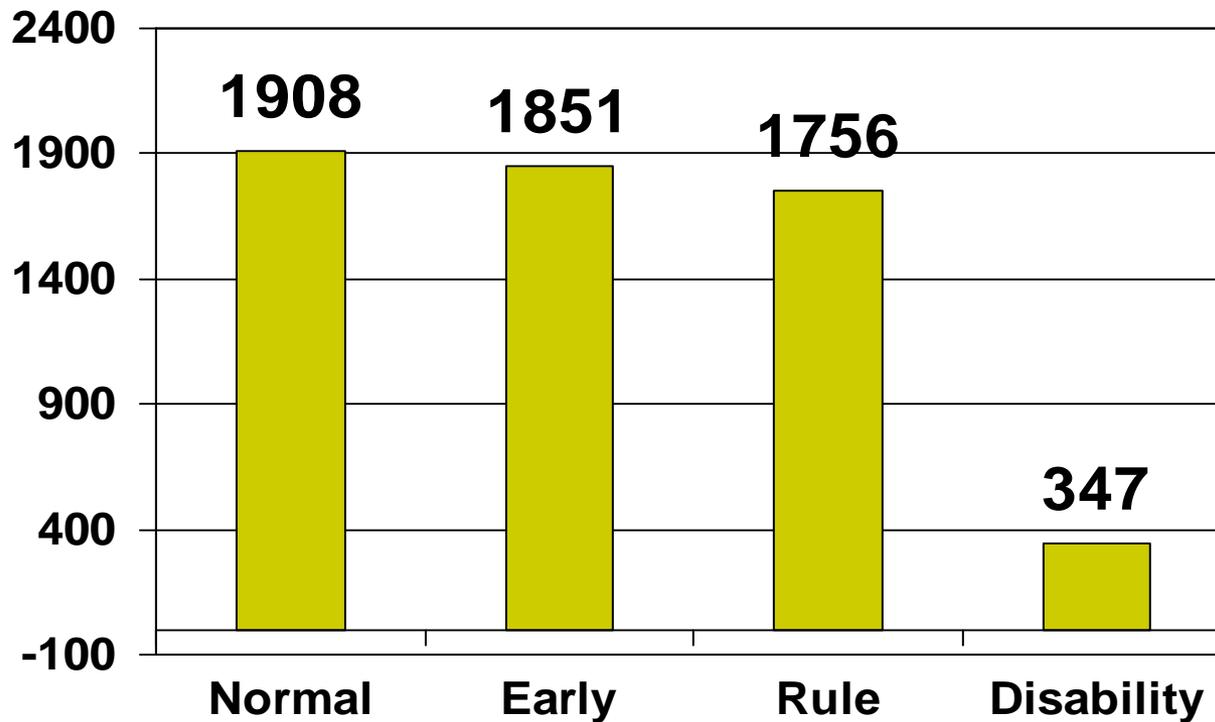
# NDPERS

## Main System Active Members



# NDPERS Pensions In Force

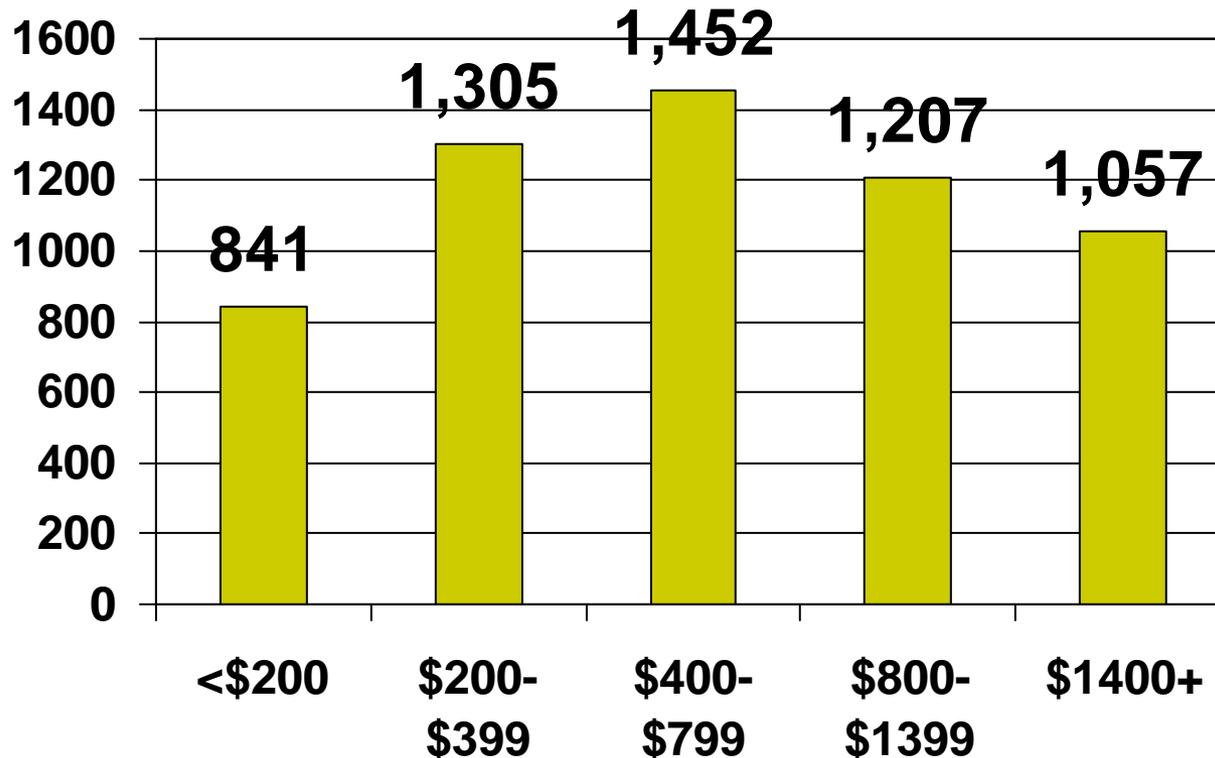
July 1, 2007



Main System, Judges, Guard, and Law Enforcement Plans

# NDPERS Pensions In Force

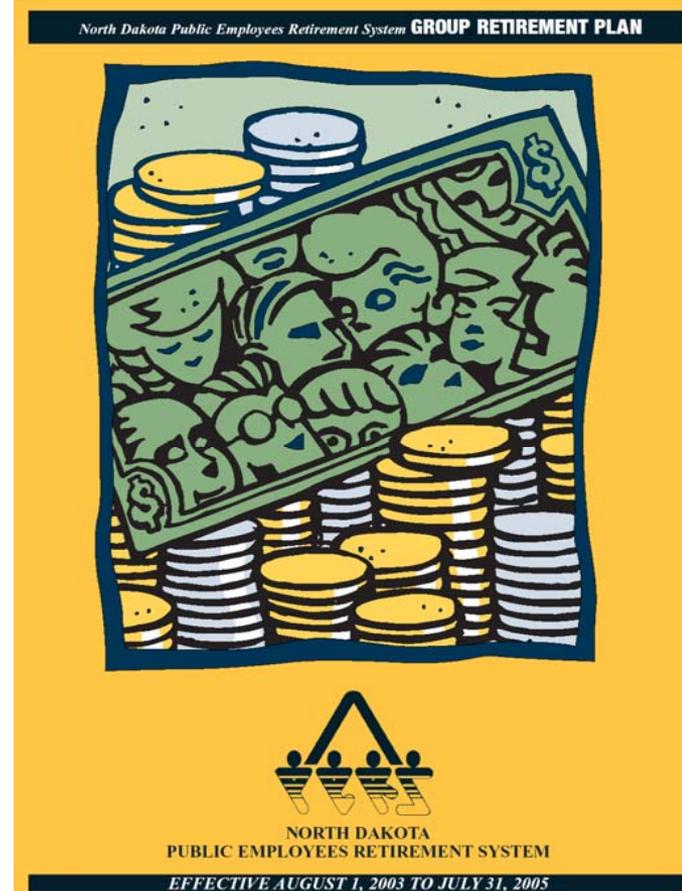
Monthly Benefit - July 1, 2007



Main System, Judges, Guard, and Law Enforcement Plans

# Retirement

## Main System





# RETIREMENT - MAIN

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## **Public Employees Retirement Plan**

Chapter 54-52, NDCC

Employer Contribution: 4.12%

Employee Contribution: 4.00%

Total Retirement Contributions: 8.12%

Vesting in Disability Benefit: 180 days

Vesting in Retirement Benefit: 36 months

Normal Retirement: Age 65 or Rule of 85

# Retirement – Main System

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## **Assets as of 06/30/2007:**

Market	\$1,837,958,873
Actuarial	\$1,470,367,098

## **Members:**

Active	18,299
Retired	5,823
Beneficiaries	645

# RETIREMENT - Main

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## Retirement Formula:

*Final Average Salary x 2% x Years of Credited Service*

## Example:

$$\$2000 \times 2\% \times 20 = \$800$$

# PERS – Hybrid plan

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- PEP – Portability Enhancement Provision
- PEP allows the member the option to vest in up to 4.00% of the employer contribution paid into the retirement pool of funds and have this vesting percentage credited to their member account.
- For every dollar you put in a Deferred Compensation plan, NDPERS will transfer one dollar from the retirement pool of funds to your member account balance.



# Contribution Rate

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- Has not increased since inception of plan, in 1989 was decreased by 1% for RHC program
- Is below average for public sector plans
- Effective rate is about 3.80% assuming:
  - 87% of retiree payments go to ND mailing addresses
  - Taxes generated are about \$1,000,000

**MAINTAIN PURCHASING POWER OF RETIREMENT BENEFITS BY PROVIDING COLA - AD HOC RETIREE ADJUSTMENTS**

<u>Date</u>	<u>Multiplier</u>	<u>Retiree Adjustment</u>	<u>1980 Retiree with \$500 Benefit</u>
7/77	1.04%	1.04%	\$500
7/83	1.20%	15.38%	\$577
7/85	1.30%	8.33%	\$625
7/87	1.50%	15.38%	\$721
7/89	1.65%	15.76%	\$835
7/91	1.69%	2.42%	\$855
8/93	1.725%	2.00%	\$872
1/94	1.74%	1.00%	\$881
8/97	1.77%	5.00%	\$925
8/99	1.89%	8.00%	\$999
8/01	2.00%	6.00%	\$1,059

In 2006 there was a 13<sup>th</sup> check equal to half the monthly payment.

In 2008 there may be a 13<sup>th</sup> check equal to  $\frac{3}{4}$  the monthly payment.



# North Dakota Public Employees Retirement System

*2007 Projections*

Brad Ramirez, FSA, MAAA, EA  
Consulting Actuary  
March, 2008

4027133v3

## North Dakota Main System Projected Margins (Market Return After FY 2008 Always 8%)

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	-1.80%	-1.68%	-1.75%	-1.97%	-2.56%
-6%	-1.71%	-1.50%	-1.48%	-1.61%	-2.11%
-4%	-1.63%	-1.32%	-1.20%	-1.25%	-1.66%
-2%	-1.54%	-1.14%	-0.93%	-0.89%	-1.22%
0%	-1.45%	-0.96%	-0.66%	-0.53%	-0.77%

Note: Projection reflects only investment return effects.  
Assumes constant normal cost rate of 8.67% for Main.  
The 2007 valuation margin is -1.96%.

# North Dakota Main System Projected Funded Ratio

## Market Value of Assets to the Actuarial Accrued Liability (Market Return After FY 2008 Always 8%)

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	99.51%	99.56%	99.60%	99.65%	99.69%
-6%	101.69%	101.77%	101.86%	101.95%	102.04%
-4%	103.87%	103.98%	104.11%	104.24%	104.39%
-2%	106.05%	106.20%	106.36%	106.54%	106.74%
0%	108.22%	108.41%	108.61%	108.84%	109.09%

Note: Projection reflects only investment return effects.  
The 2007 funded ratio is 116.7% at Market Value.

**North Dakota Main System  
Projected Funded Ratio  
Actuarial Value of Assets to the Actuarial Accrued Liability  
(Market Return After FY 2008 Always 8%)**

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	94.27%	94.96%	94.69%	93.69%	90.92%
-6%	94.70%	95.86%	96.03%	95.44%	93.07%
-4%	95.14%	96.76%	97.37%	97.19%	95.22%
-2%	95.57%	97.66%	98.71%	98.94%	97.36%
0%	96.01%	98.56%	100.04%	100.70%	99.51%

Note: Projection reflects only investment return effects.  
The 2007 funded ratio is 93.3% at Actuarial Value.

## North Dakota Main System Projected Margins (Market Return After FY 2008 Always 9.3%)

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	-1.80%	-1.63%	-1.60%	-1.66%	-2.04%
-6%	-1.71%	-1.45%	-1.32%	-1.29%	-1.58%
-4%	-1.63%	-1.27%	-1.05%	-0.92%	-1.12%
-2%	-1.54%	-1.09%	-0.77%	-0.56%	-0.66%
0%	-1.45%	-0.90%	-0.50%	-0.19%	-0.20%

Note: Projection reflects only investment return effects.  
Assumes constant normal cost rate of 8.67% for Main.  
The 2007 valuation margin is -1.96%.

**North Dakota Main System  
Projected Funded Ratio  
Market Value of Assets to the Actuarial Accrued Liability  
(Market Return After FY 2008 Always 9.3%)**

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	99.51%	100.77%	102.06%	103.39%	104.78%
-6%	101.69%	103.01%	104.36%	105.77%	107.25%
-4%	103.87%	105.25%	106.67%	108.16%	109.71%
-2%	106.05%	107.48%	108.98%	110.54%	112.18%
0%	108.22%	109.72%	111.29%	112.92%	114.64%

Note: Projection reflects only investment return effects.  
The 2007 funded ratio is 116.7% at Market Value.

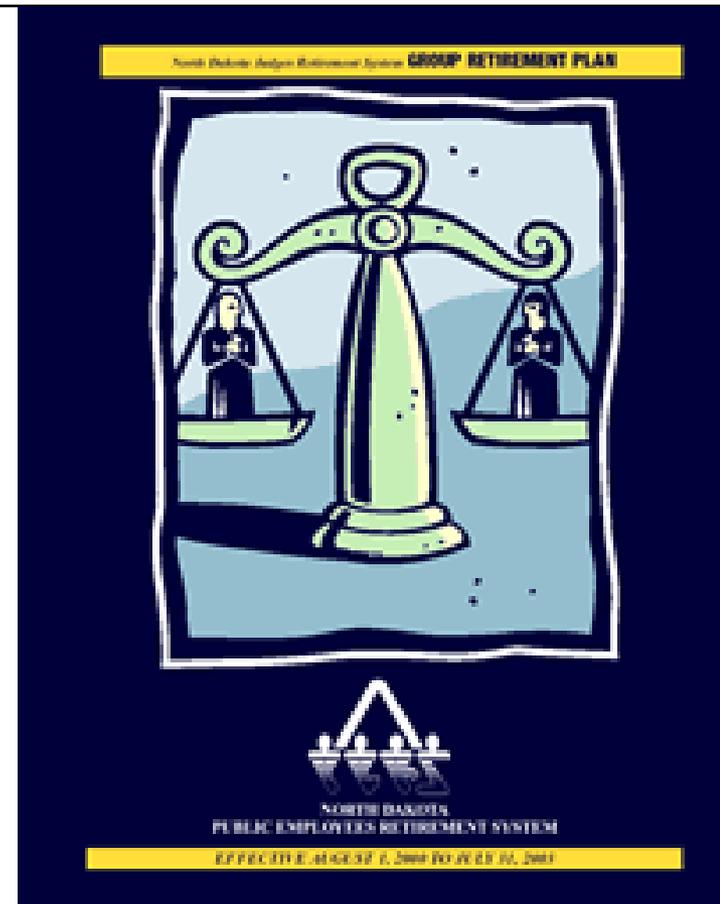
**North Dakota Main System  
Projected Funded Ratio  
Actuarial Value of Assets to the Actuarial Accrued Liability  
(Market Return After FY 2008 Always 9.3%)**

If Market Return for FY 2008 Is	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
-8%	94.27%	95.20%	95.44%	95.19%	93.43%
-6%	94.70%	96.11%	96.79%	96.98%	95.63%
-4%	95.14%	97.01%	98.15%	98.76%	97.83%
-2%	95.57%	97.92%	99.50%	100.55%	100.04%
0%	96.01%	98.83%	100.86%	102.33%	102.24%

Note: Projection reflects only investment return effects.  
The 2007 funded ratio is 93.3% at Actuarial Value.

# Retirement

## Judges System





# Retirement - Judges

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## **Public Employees Retirement Plan-Judge's**

Chapter 54-52, NDCC

Employer Contribution: 14.52%

Employee Contribution: 5.00%

Total Retirement Contributions: 19.52%

Vesting in Disability Benefit: 180 days

Vesting In Retirement Benefit: 60 months

Normal Retirement: Age 65 or Rule of 85

# RETIREMENT - JUDGES

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## Retirement Formula:

### First Ten Years:

*Final Average Salary x 3.5% x First 10 Years of Credited Service*

### Second Ten Years:

*Final Average Salary x 2.80% x Second 10 Years of Credited Service*

### Remaining Years:

*Final Average Salary x 1.25% x Remaining Years of Credited Service*

Example:  $\$6861 \times 3.50\% \times 10 = \$2401.35$

$\$6861 \times 2.80\% \times 10 = \$1921.08$

$\$6861 \times 1.25\% \times 5 = \underline{\$428.80} \ \$4751.23$

# RETIREMENT - JUDGES

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## **Assets as of 06/30/2006:**

Market \$33,487,664

Actuarial \$26,790,131

## **Members:**

Active            47

Retired           24

Beneficiaries   6

74

# Judges - 2006 to 2007

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Employer Cost Rate, 2007	9.31%
Statutory Rate, 2007	14.52%
Contribution Margin	<u>5.21%</u>
Employer Cost Rate, 2006	12.36%
Statutory Rate, 2006	14.52%
Contribution Margin	<u>2.16%</u>

# Judges - Funded Ratio

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<u>Year</u>	Actuarial Accrued Liabilities (millions)	Actuarial Value of Assets (millions)	<u>Funded Ratio</u>
1998	\$9	\$12	130%
1999	10	14	134%
2000	12	16	136%
2001	14	18	130%
2002	16	19	122%
2003	17	20	115%
2004	18	21	113%
2005	20	22	109%
2006	21	23	107%
2007	23	27	116%

# Retirement

National Guard  
and Law  
Enforcement  
Plans



# RETIREMENT - NATL. GRD.

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## Public Employees Retirement Plan

### National Guard

Chapter 54-52, NDCC

Employer Contribution: 6.50% of covered payroll

Employee Contribution: 4.00% of salary

Total Retirement Contribution: 10.50%

Vesting In Disability Benefit: 180 days

Vesting In Retirement Benefit: 36 months

Normal Retirement:

Age 55 with 3 years consecutive service

as Firefighter or Security Police Officer

# National Guard - 2006 to 2007

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Employer Cost Rate, 2007	3.53%
Statutory Rate, 2007	6.50%
Contribution Margin	<u>2.97%</u>

Employer Cost Rate, 2006	4.02%
Statutory Rate, 2006	6.50%
Contribution Margin	<u>2.48%</u>

# National Guard- Funded Ratio

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<u>Year</u>	<u>Actuarial Accrued Liabilities (millions)</u>	<u>Actuarial Value of Assets (millions)</u>	<u>Funded Ratio</u>
1998	\$1.34	\$1.51	113%
1999	1.61	1.81	112%
2000	0.85	1.16	135%
2001	1.02	1.27	125%
2002	0.94	1.31	139%
2003	1.05	1.32	126%
2004	1.15	1.38	120%
2005	1.36	1.46	108%
2006	1.56	1.58	101%
2007	1.73	1.89	109%

# Law Enforcement Plan

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- Employee Contribution
  - 4.00%
- Current Employer Groups
  - 8.31% Employer Contribution
    - Based on Normal Cost to provide more favorable retirement provisions, plus past service credit liability
- New Employer Groups
  - 6.43%
  - Contribution based on Normal Cost to provide more favorable retirement provisions and no past service credit liability

# New Law Enforcement Plan

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- Provides for an earlier normal retirement date – age 55
- Set up as two systems
  - With past service
  - Without past service

# New Law Enforcement Plan

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- Number of employer groups:
  - With 9
  - Without 1
  
- Number of members:
  - With 138
  - Without 28

# Eligibility

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## □ Peace Officers

- A public servant authorized by law or government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law.

## □ Correctional Officers

- A person who has completed a correctional officer course approved/certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in the North Dakota Century Code section 12-44.1.

# Law Enforcement without prior Main Service - 2006 to 2007

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Employer Cost Rate, 2007	8.50%
Statutory Rate, 2007	6.43%
Contribution Margin	<u>(2.07%)</u>
Employer Cost Rate, 2006	7.43%
Statutory Rate, 2006	6.43%
Contribution Margin	<u>(1.00)%</u>

# Law Enforcement with prior Main Service - 2006 to 2007

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Employer Cost Rate, 2007	12.07%
Statutory Rate, 2007	8.31%
Change in actuarial assumptions	<u>(3.76%)</u>
Employer Cost Rate, 2006	12.07%
Statutory Rate, 2006	8.31%
Contribution Margin	<u>(3.76)%</u>

# Law Enforcement with prior Main Service

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<u>Year</u>	<u>Actuarial Accrued Liabilities (millions)</u>	<u>Actuarial Value of Assets (millions)</u>	<u>Funded Ratio</u>
2004	\$2.43	\$2.11	87%
2005	6.40	2.62	41%
2006	7.00	3.1	44%
2007	9.28	3.97	43%

# Law Enforcement without prior Main Service

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<u>Year</u>	<u>Actuarial Accrued Liabilities</u>	<u>Actuarial Value of Assets</u>	<u>Funded Ratio</u>
2004	\$10,430	\$11,388	109%
2005	\$86,899	\$42,018	48%
2006	\$123,004	\$73,167	59%
2007	\$367,263	\$127,450	35%

# RETIREMENT

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## HIGHWAY PATROL RETIREMENT SYSTEM



# Retirement - Highway Patrol

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Chapter 39-03.1, NDCC

Employer Contribution: 16.7% of covered payroll

Employee Contribution: 10.3% of salary

Total Retirement Contribution: 27.0%

Vesting In Disability Benefit: 180 days

Vesting in Retirement Benefit: 120 months

Normal Retirement: Age 55 or Rule of 80

# Retirement - Highway Patrol

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## **Retirement Formula:**

### **First 25 Years:**

*Final Average Salary x 3.60% x First 25 Years*

### **Remaining Years:**

*Final Average Salary x 1.75% x Remaining Years*

**Example:**  $\$3000.92 \times 3.60\% \times 25 = \$2,700.83$

# Retirement - Highway Patrol

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## Assets as of 06/30/2007:

Market	\$60,209,892
Actuarial	\$48,167,914

## Members:

Active	133
Retired	81
Beneficiaries	20

# Highway Patrol Retirement System

## 2006 to 2007

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Employer Cost Rate, 2006	19.03%
Plan Experience	(3.99)%
Effect of maintaining 20-year amortization	(0.14)%
Contribution Shortfall	<u>0.18%</u>
Employer Cost Rate, 2007	15.08%
Statutory Rate, 2007	16.70%
Contribution Margin	1.62%

# Highway Patrol Retirement System - Funded Ratio

<u>Year</u>	<u>Actuarial Accrued Liabilities (millions)</u>	<u>Actuarial Value of Assets (millions)</u>	<u>Funded Ratio</u>
1997	27.5	24.9	90%
1998	28.9	28.1	97%
1999	32.2	32.0	99%
2000	34.0	35.9	105%
2001	38.1	38.8	102%
2002	40.5	39.5	97%
2003	42.4	39.6	93%
2004	44.5	40.0	90%
2005	46.3	40.7	88%
2006	49.1	42.8	87%
2007	51.5	48.2	94%

At Market – 105% Funded

# Retirement

---

## Job Service



# Retirement – Job Service

---

Employer Contribution: 0% of covered payroll

Employee Contribution: 7% of salary

Total Retirement Contribution: 0%

Vesting In Disability Benefit: 5 years

Vesting in Retirement Benefit: 5 years

Normal Retirement: Age 65

Age 62 with 5 years

Age 60 with 20 years

Age 55 with 30 years

# Retirement - Job Service

---

## Retirement Formula:

### **First 5 Years:**

*Final Average Salary x 1.50% x First 25 Years*

### **Next 5 Years:**

*Final Average Salary x 1.75% x next 5 Years*

### **Remaining Years**

*Final Average Salary x 2% x Remaining Years*

# Retirement – Job Service

---

## Assets as of 06/30/2006:

Market	\$94,687,307
Actuarial	\$75,749,846

## Members:

Active	40
Inactive	5
Retired	220

# Job Service - Funded Ratio

---

<u>Year</u>	<u>Present Value of Projected Benefits (millions)</u>	<u>Actuarial Value of Assets (millions)</u>	<u>Funded Ratio</u>
2000	\$57	\$71	125%
2001	59	71	121%
2002	60	68	113%
2003	61	66	109%
2004	62	68	109%
2005	63	69	109%
2006	70	71	101%
2007	76	71	107%

#143510.01640

# RETIREMENT

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## **Defined Contribution Plans**

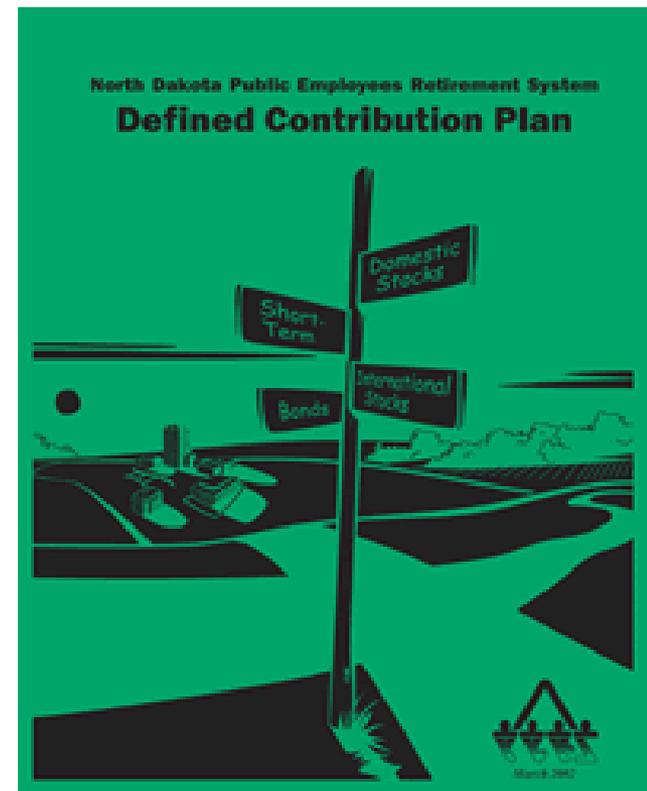
*457 plan*

*401(a) plan*

# DC Plans



Deferred Comp Plan



Defined Contribution Plan

# Deferred Comp Plan





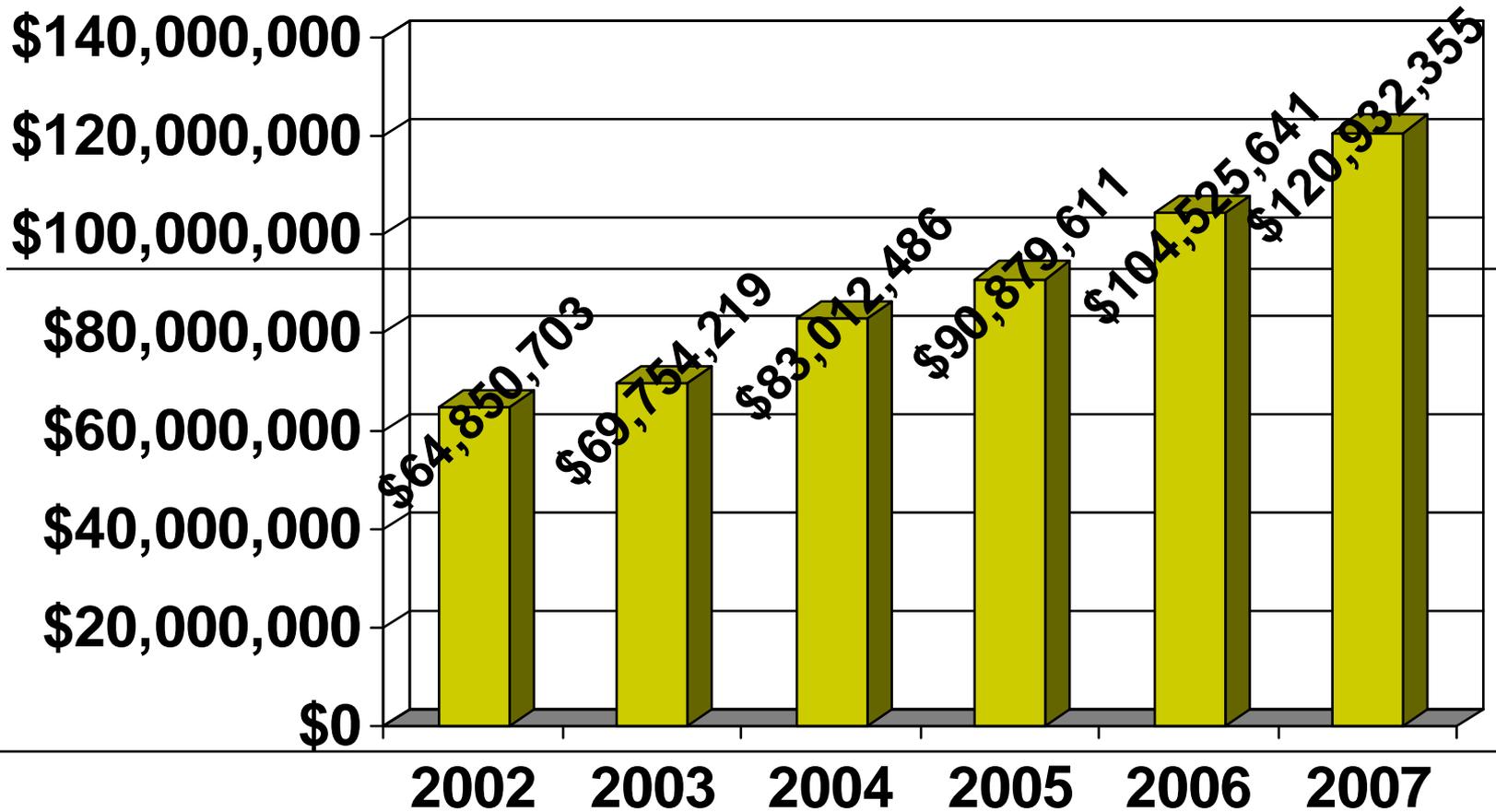
# DEFINED CONTRIBUTION PLAN - DEFERRED COMP PROGRAM

---

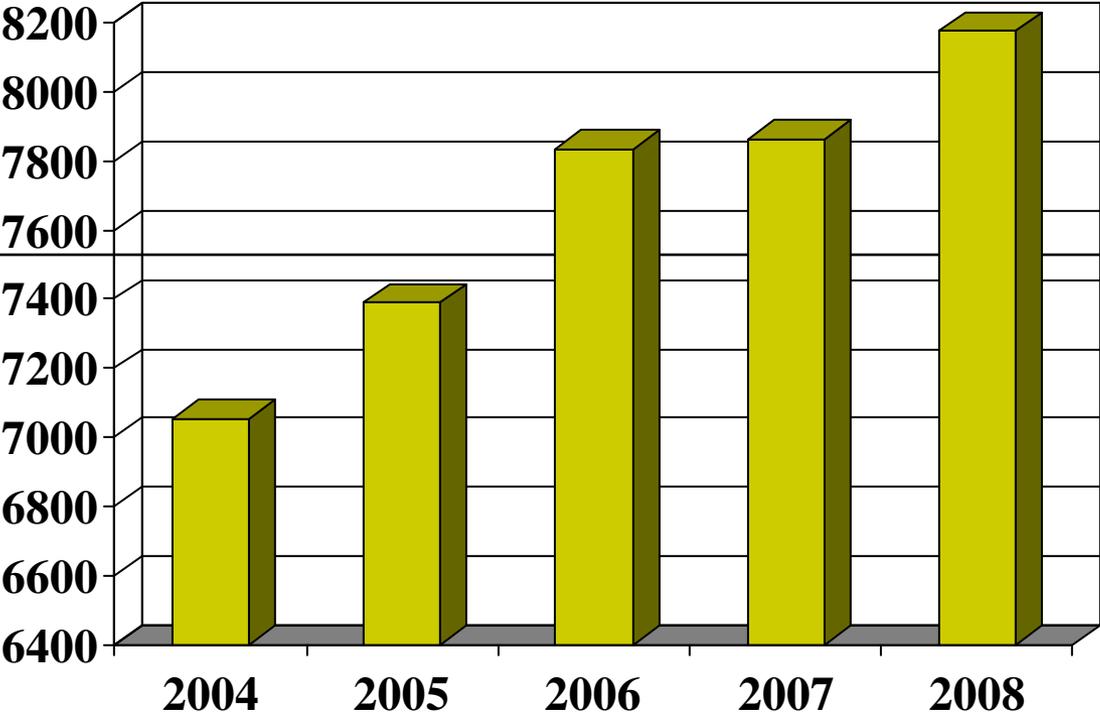
***The deferred compensation plan is a voluntary, supplemental retirement plan which allows a member to make pretax deductions from their salary with the intent to receive the deferred amount at a later date, such as retirement.***

# NDPERS 457 Plan Assets

Year Ended

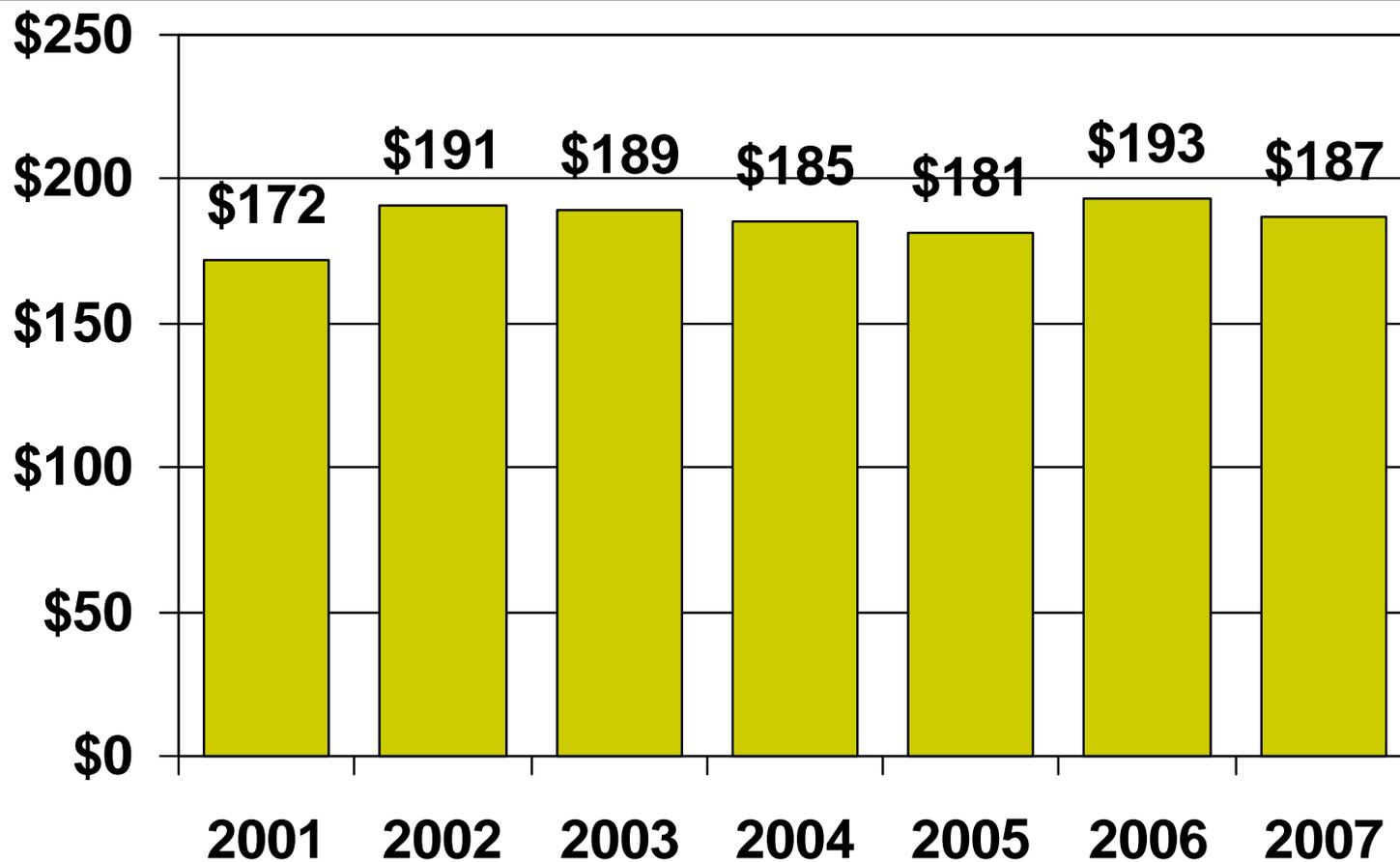


# NDPERS PEP/457 Plan Participation



# NDPERS 457 Plan

## Average Monthly Contribution



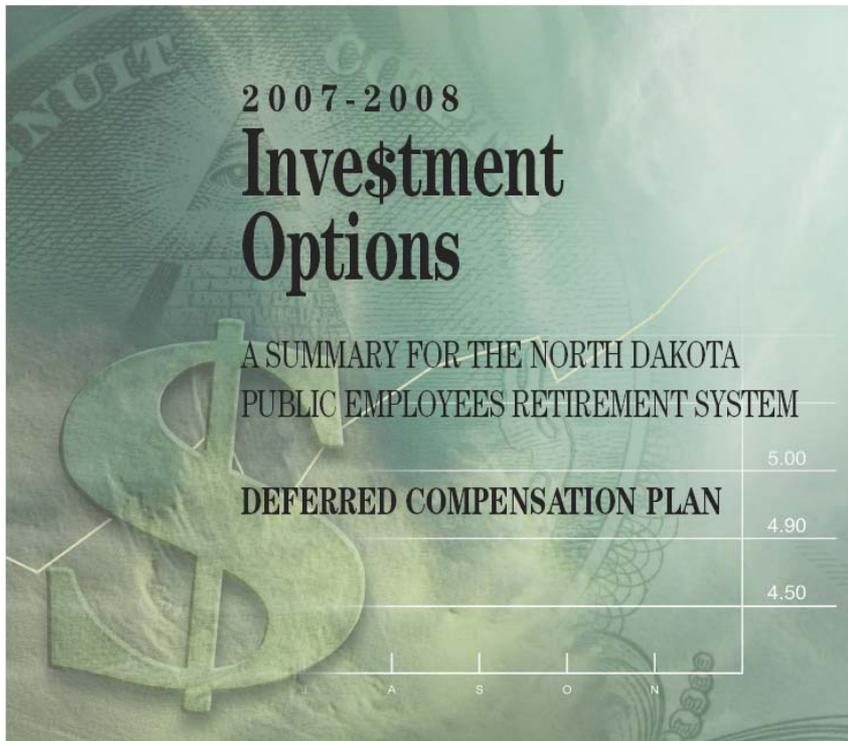


# DEFINED CONTRIBUTION PLAN - DEFERRED COMP PROGRAM

---

- ***11 ACTIVE PROVIDERS***
- ***250 INVESTMENT PRODUCTS***
- ***240 AGENTS***
- ***\$121 MILLION IN ASSETS***

# Investment Firms Offered



SECTION I	
Summary of Investment Options NDPERS Companion Plan .....	6
SECTION II	
Summary of Investment Options NDPERS Section 457 Deferred Compensation Plan	
Bank of North Dakota .....	9
AIG Valic .....	10
American Trust Center .....	12
AXA Equitable .....	14
Hartford Life Insurance Company .....	20
Jackson National Life .....	23
Nationwide Life Insurance .....	25
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Waddell & Reed Financial Services .....	35

# New PERS Companion Plan & DC Plan Provider

---



**NDPERS DEFERRED COMPENSATION COMPANION PLAN INVESTMENT OPTIONS**

For more information, call Fidelity at (800) 343-0860



Fund/Ticker Symbol	Type of Investment	Objective	Annual Expense	Other Fees (Y/N)	Return 6 Mos. Ended June 30, 2007	Net Historical Performance As of December 31, 2006			
						1 Year	3 Years	5 Years	10 Years
Managed Income Portfolio	Stable Value	Income	.55	N	2.12	4.08	3.97	4.30	5.09
PIMCO Total Return Fund - PTRAX	Mutual Fund	Bond	.68	Y	0.23	3.74	3.75	5.27	6.57
Fidelity Puritan - FPUX	Balanced	Bond/Stock	.62	N	5.88	14.78	9.50	8.12	8.74
Fidelity Equity-Income - FEQIX	Mutual Fund	Large Cap	.68	N	8.45	19.81	12.13	8.70	9.38
Fidelity Dividend Growth - FDGEX	Mutual Fund	Large Cap	.60	N	7.23	14.67	7.90	4.27	9.68
Spartan US Equity Index - FUSEX	Mutual Fund	Large Cap	.10	N	6.92	15.72	10.34	6.07	8.26
Fidelity Blue Chip Growth - FBGRX	Mutual Fund	Large Cap	.63	N	7.04	5.54	5.27	1.69	5.61
Fidelity Growth Company - FDGRX	Mutual Fund	Large Cap	.97	N	9.04	9.56	11.72	5.58	9.56
Goldman Sachs Mid Cap Value A - GCMAX	Mutual Fund	Mid Cap	1.17	N	9.60	15.61	17.68	14.55	N/A
Mutual Shares A - TESIX	Mutual Fund	Mid Cap	1.18	Y	9.31	17.98	13.77	10.54	11.10
Dreyfus Mid Cap Index - PESFX	Mutual Fund	Mid Cap	.50	Y	11.69	9.87	12.59	10.35	12.88
Spartan Extended Market Index - FSEMXX	Mutual Fund	Mid Cap	.10	Y	9.58	15.35	14.37	11.85	N/A
Fidelity Mid-Cap Stock - FMCSX	Mutual Fund	Mid Cap	.83	N	14.77	14.78	13.26	6.99	12.70
Allianz NEJ Small Cap Value Admin - P\ADX	Mutual Fund	Small Cap	1.11	N	11.46	18.73	17.37	16.50	13.43
Dreyfus Small Cap Stock Index - DISSX	Mutual Fund	Small Cap	.50	N	8.37	14.69	14.58	12.05	N/A
MSIF Small Company Growth Class B - MSSMX	Mutual Fund	Small Cap	1.26	Y	5.86	11.55	14.52	10.87	14.22
Fidelity Diversified International - FDIVX	Mutual Fund	Foreign	1.01	Y	11.10	22.52	19.78	17.27	13.16

**Other Fees:**  
 PIMCO Total Return OR Mutual Shares 2% if held less than 7 days  
 Spartan Extended Market .75% if held less than 90 days  
 Diversified International 1% if held less than 30 days  
 Fidelity Mid-Cap Stock Fund .75% if held less than 30 days

MSIF Small Company Growth Class B 2% if held less than 30 days

**Withdrawal Provisions:** None.

Note: Fund returns do not reflect the administration portion (\$30) of the annual expenses.

**NDPERS DEFERRED COMPENSATION COMPANION PLAN INVESTMENT OPTIONS**

For more information, call Fidelity at (800) 343-0860



Fund/Ticker Symbol	Type of Investment	Objective	Annual Expense	Other Fees (Y/N)	Return 6 Mos. Ended June 30, 2007	Net Historical Performance As of December 31, 2006			
						1 Year	3 Years	5 Years	10 Years
<b>Lifecycle/Lifestyle Funds</b>									
Fidelity Freedom Income - FFFAX	Mutual Fund	Life-Cycle	.55	N	3.31	6.37	4.67	4.19	5.83
Fidelity Freedom 2000 - FFFBX	Mutual Fund	Life-Cycle	.57	N	3.93	6.76	5.08	4.47	6.78
Fidelity Freedom 2005 - FFFVX	Mutual Fund	Life-Cycle	.68	N	5.69	9.23	7.28	N/A	N/A
Fidelity Freedom 2010 - FFFCX	Mutual Fund	Life-Cycle	.68	N	5.82	9.46	7.53	6.29	8.27
Fidelity Freedom 2015 - FFFVFX	Mutual Fund	Life-Cycle	.72	N	6.40	10.36	8.61	N/A	N/A
Fidelity Freedom 2020 - FFFDX	Mutual Fund	Life-Cycle	.76	N	7.36	11.61	9.63	7.26	8.75
Fidelity Freedom 2025 - FFFTWX	Mutual Fund	Life-Cycle	.78	N	7.69	11.84	9.97	N/A	N/A
Fidelity Freedom 2030 - FFFEX	Mutual Fund	Life-Cycle	.80	N	8.51	12.90	10.71	7.58	8.69
Fidelity Freedom 2035 - FFFTHX	Mutual Fund	Life-Cycle	.81	N	8.67	12.94	10.95	N/A	N/A
Fidelity Freedom 2040 - FFFFX	Mutual Fund	Life-Cycle	.82	N	8.89	13.49	11.27	7.74	N/A
Fidelity Freedom 2045 - FFFGX	Mutual Fund	Life-Cycle	.83	N	8.95	N/A	N/A	N/A	N/A
Fidelity Freedom 2050 - FFFHX	Mutual Fund	Life-Cycle	.84	N	9.22	N/A	N/A	N/A	N/A

**Other Fees:** None

**Withdrawal Provisions:** None.

Note that fund returns do not reflect the administration portion (\$30) of the annual expenses.

## NDPERS 401(a) Defined Contribution Plan & 457 Companion Plan - Fidelity

### INITIAL OFFERING:

Fidelity Equity-Income	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	<b>LARGE</b>
Mutual Shares A Goldman Sachs Mid Cap Value	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index	Fidelity Mid Cap Stock	<b>MEDIUM</b>
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	<b>SMALL</b>
<b>VALUE</b>	<b>BLEND</b>	<b>GROWTH</b>	

### BALANCED FUND:

Fidelity Puritan Fund

### INCOME FUNDS:

Fidelity Managed Income Portfolio

### BOND FUNDS:

PIMCO Total Return Bond Fund

### INTERNATIONAL FUNDS:

Fidelity Diversified International (Blend Bias)

### LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2000

Fidelity Freedom 2005

Fidelity Freedom 2010

Fidelity Freedom 2015

Fidelity Freedom 2020

Fidelity Freedom 2025

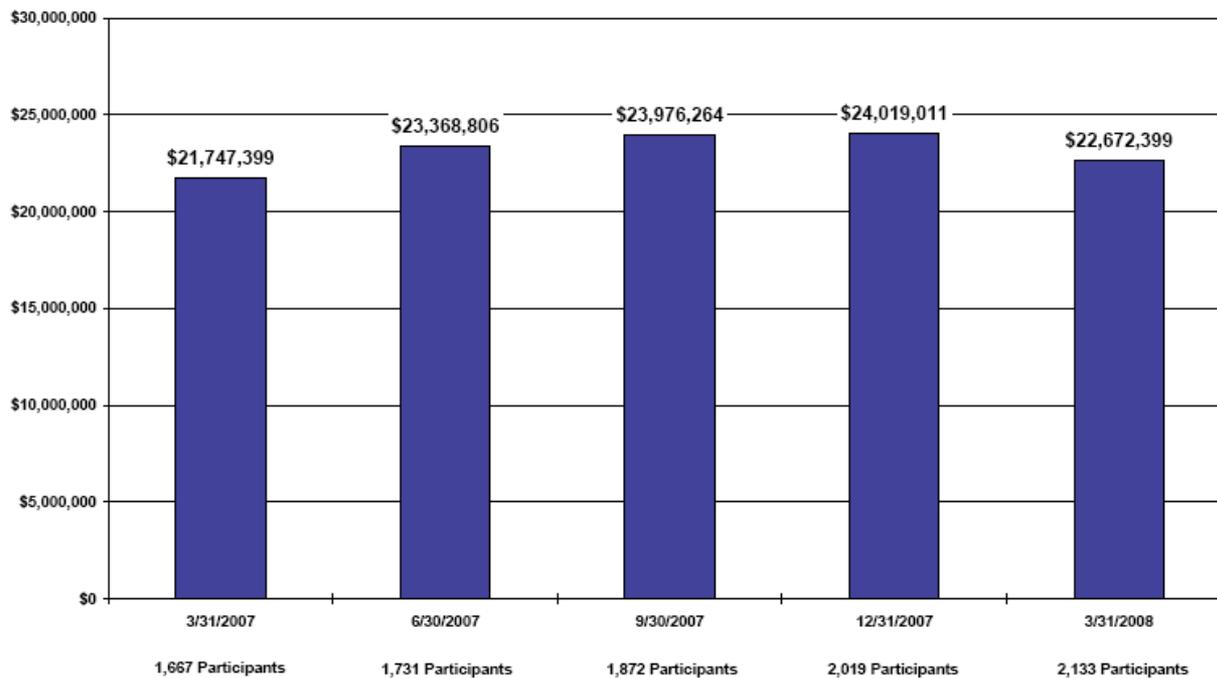
Fidelity Freedom 2030

Fidelity Freedom 2035

Fidelity Freedom 2040, 2045 & 2050

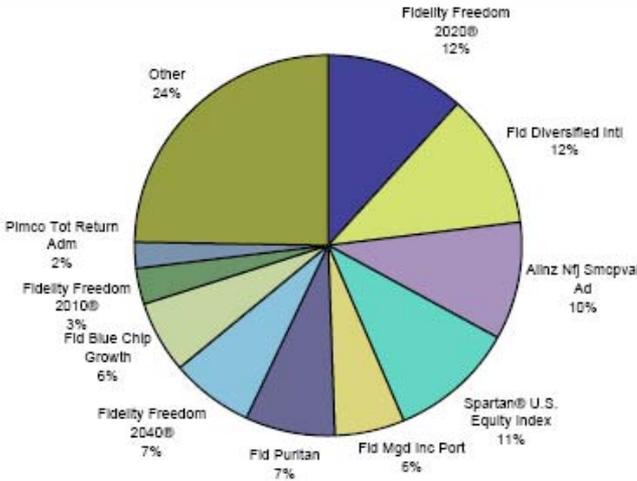
## 457 Companion Plan

### Plan Assets Under Management at Fidelity



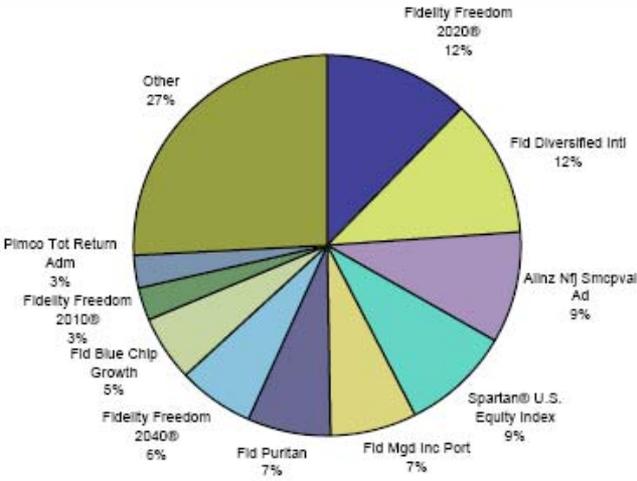
# Asset Allocation by Fund

as of 4/1/2007



Total Market Value: \$21,747,399

as of 3/31/2008

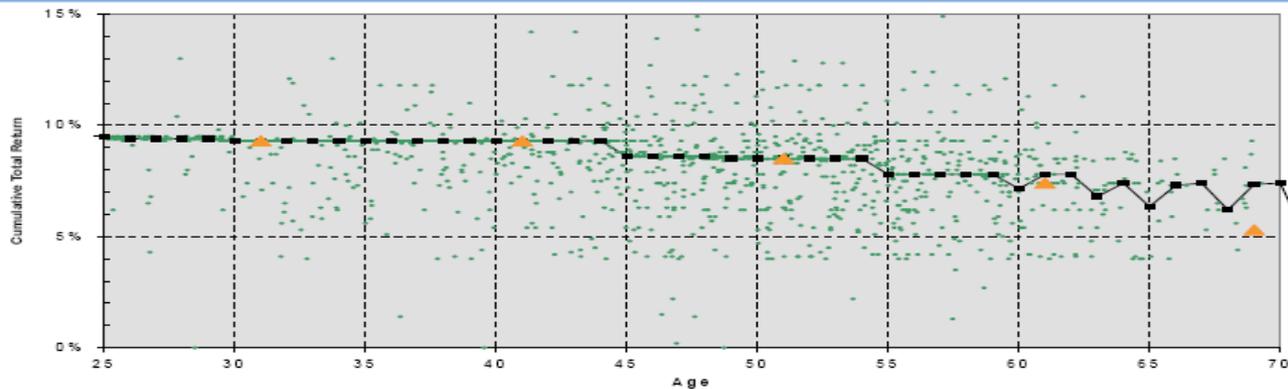


Total Market Value: \$22,672,399

■ Fidelity Freedom 2020®	■ Fid Diversified Intl	■ Allnz Nfj Smcpval Ad	■ Spartan® U.S. Equity Index
■ Fid Mgd Inc Port	■ Fid Puritan	■ Fidelity Freedom 2040®	■ Fid Blue Chip Growth
■ Fidelity Freedom 2010®	■ Pimco Tot Return Adm	■ Other	

# NDPERS 457 – Companion Plan Investment Patterns

## ▶ One-Year Cumulative Total Participant Returns (64579) as of 12/31/07



• One-Year Cumulative Total Return    — Median Return    ▲ Freedom Fund Return \*

Cumulative Total Return: 8.3%

Age Range	Percent In Age Range	* Appropriate Freedom Fund	Freedom Fund Cumulative Return	Percent of Participants Underperforming Freedom Fund
< 37.0	24%	Freedom 2040	9.3%	20%
37.0 - 47.0	25%	Freedom 2030	9.3%	53%
47.0 - 57.0	34%	Freedom 2020	8.6%	45%
57.0 - 67.0	15%	Freedom 2010	7.4%	38%
67.0 - 73.0	1%	Freedom 2000	5.3%	10%

"Cumulative Total Participant Returns" is a time-weighted formula that is calculated by subtracting beginning market value from ending market value and dividing by beginning market value for each sub-period. A new sub-period begins each time there is cash flow. The sub-period returns are then geometrically linked together to calculate the return for the entire period. A maximum of 5,000 participant return data points are shown on the chart above and participants who had returns in the top and bottom 2 1/4% of their plan are excluded from the chart, but included in the table on the left. The table to the left, providing a distribution of participants by age, includes the cumulative returns of all employees with balances in your plan for the entire period. Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Please see "Important Legal Information" slide for more details.

**Understanding investment performance:** As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit [www.401k.com](http://www.401k.com).

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North Dakota Public Employees Retirement System  
**Defined Contribution Plan**



# DEFINED CONTRIBUTION PLAN

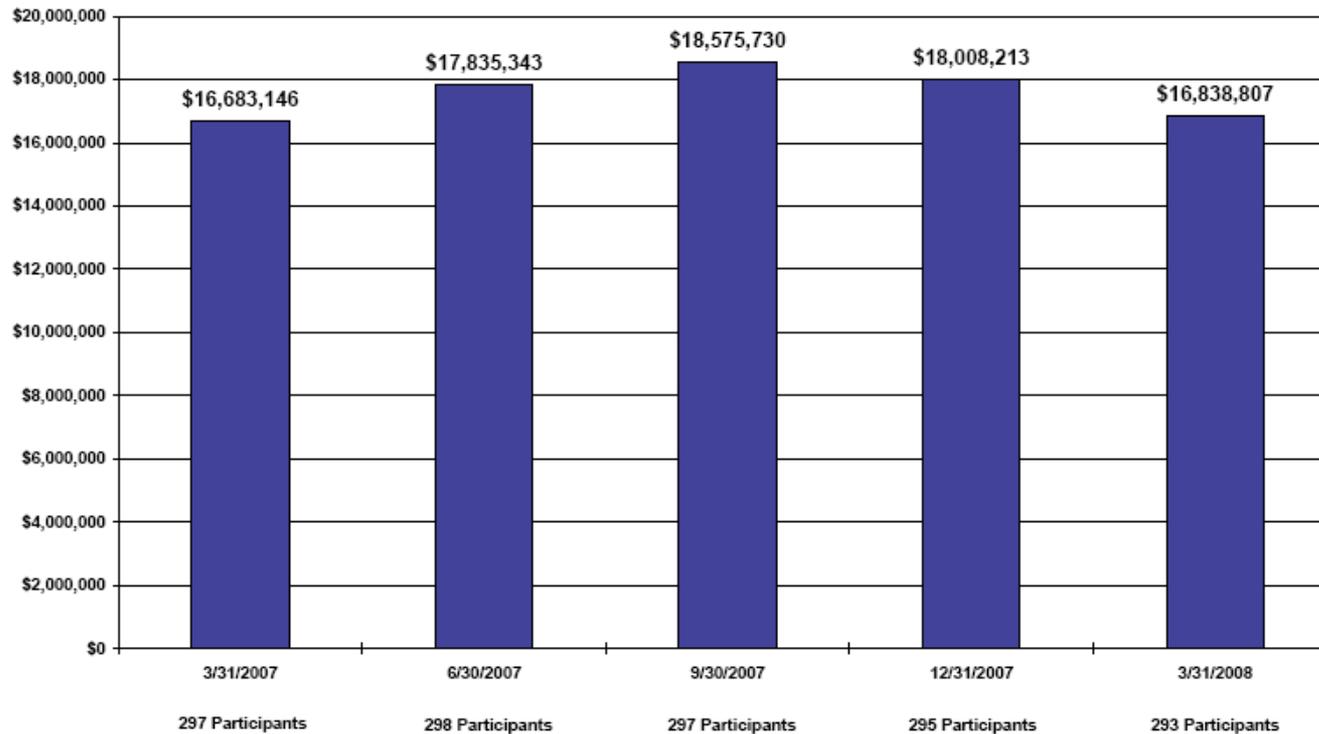


# DC Plan

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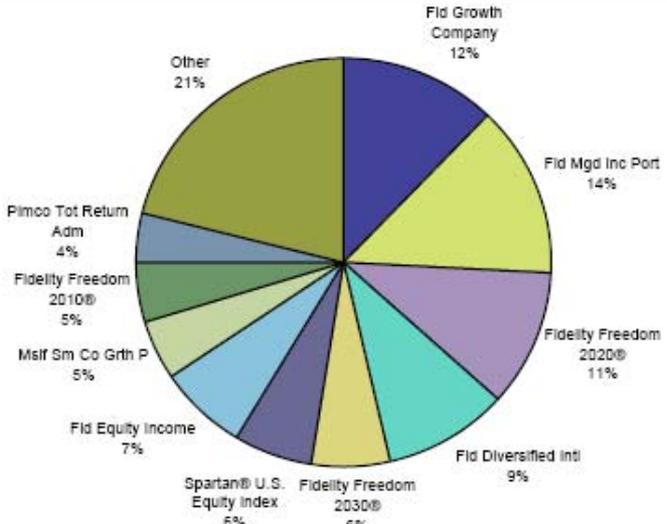
- Number of participants: 241
- Deferred 47
- Retired members: 5

## Plan Assets Under Management at Fidelity



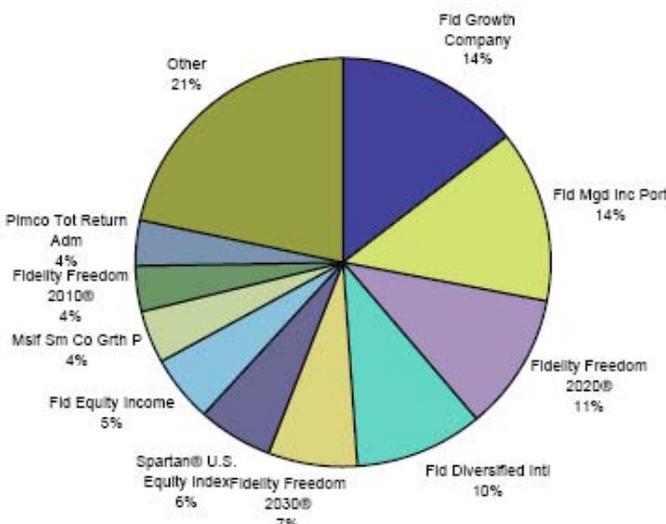
# Asset Allocation by Fund

as of 4/1/2007



Total Market Value: \$16,683,146

as of 3/31/2008

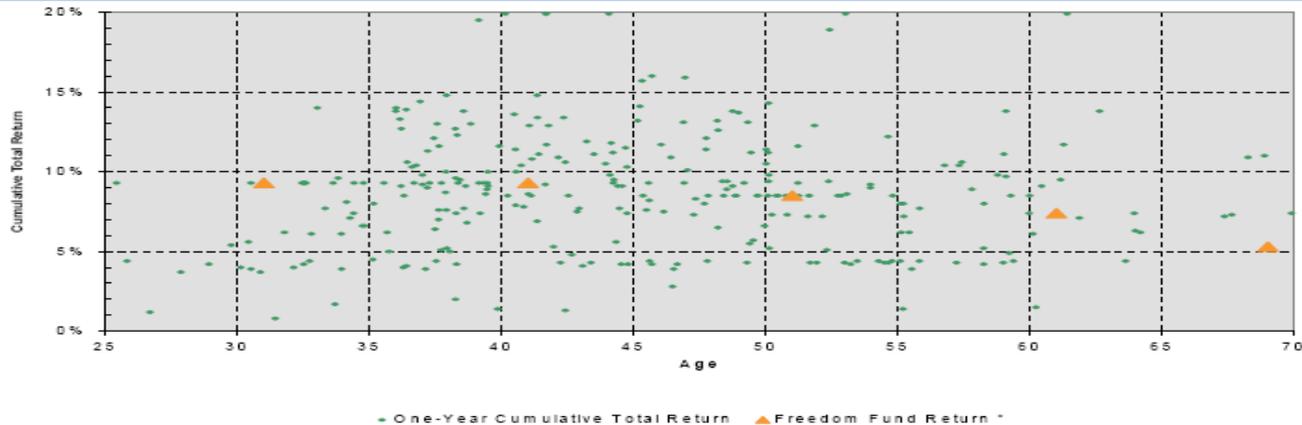


Total Market Value: \$16,838,807

■ Fid Growth Company	■ Fid Mgd Inc Port	■ Fidelity Freedom 2020®	■ Fid Diversified Intl
■ Fidelity Freedom 2030®	■ Spartan® U.S. Equity Index	■ Fid Equity Income	■ Msif Sm Co Grth P
■ Fidelity Freedom 2010®	■ Pimco Tot Return Adm	■ Other	

# NDPERS 401(a) – DC Plan

## ▶ One-Year Cumulative Total Participant Returns (57637) as of 12/31/07



Cumulative Total Return: 8.8%

Age Range	Percent In Age Range	* Appropriate Freedom Fund	Freedom Fund Cumulative Return	Percent of Participants Underperforming Freedom Fund
< 37.0	19%	Freedom 2040	9.3%	58%
37.0 - 47.0	40%	Freedom 2030	9.3%	49%
47.0 - 57.0	28%	Freedom 2020	8.6%	42%
57.0 - 67.0	10%	Freedom 2010	7.4%	41%
67.0 - 73.0	2%	Freedom 2000	5.3%	0%

"Cumulative Total Participant Returns" is a time-weighted formula that is calculated by subtracting beginning market value from ending market value and dividing by beginning market value for each sub-period. A new sub-period begins each time there is cash flow. The sub-period returns are then geometrically linked together to calculate the return for the entire period. A maximum of 5,000 participant return data points are shown on the chart above and participants who had returns in the top and bottom 2 1/2% of their plan are excluded from the chart, but included in the table on the left. The table to the left, providing a distribution of participants by age, includes the cumulative returns of all employees with balances in your plan for the entire period. Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Please see "Important Legal Information" slide for more details.

**Understanding investment performance:** As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit [www.401k.com](http://www.401k.com).  
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# RETIREE HEALTH

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## RETIREE HEALTH CREDIT PROGRAM



# **RETIREMENT - RETIREE HEALTH CREDIT PROGRAM**

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*Main System*

*Highway Patrol*

*National Guard*

*Judges*

*Defined Contribution*



# RETIREMENT - RETIREE HEALTH CREDIT PROGRAM

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## BENEFIT FORMULA:

*\$4.50 for each year of credited service*

Example:  $\$4.50 \times 25 = \$112.50$

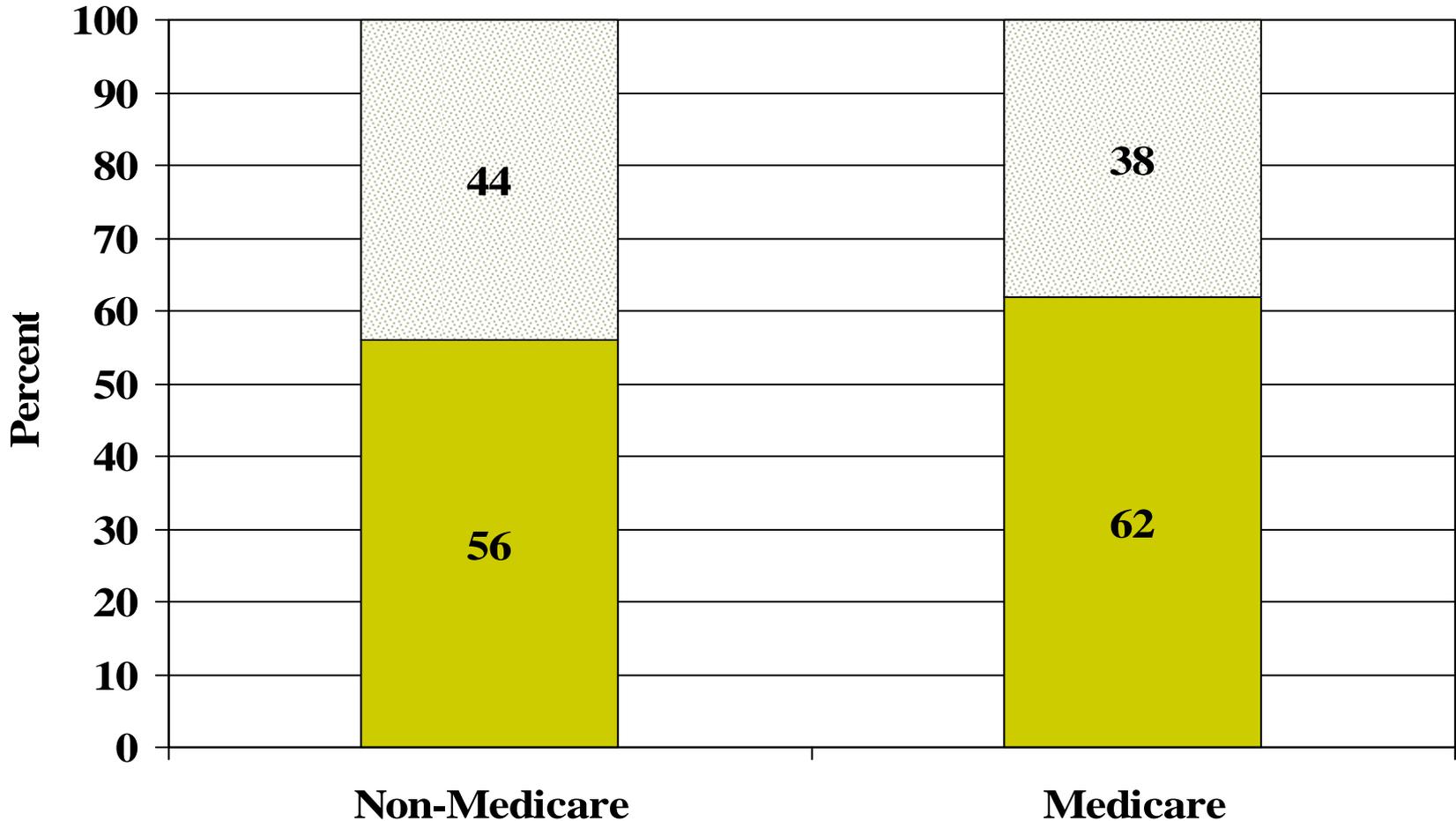
## CONTRIBUTION

1% of payroll

# NDPERS Retiree Health Credit

## July 2007 NDPERS Retirees

■ NDPERS Health Insurance    ▨ No NDPERS Health Insurance

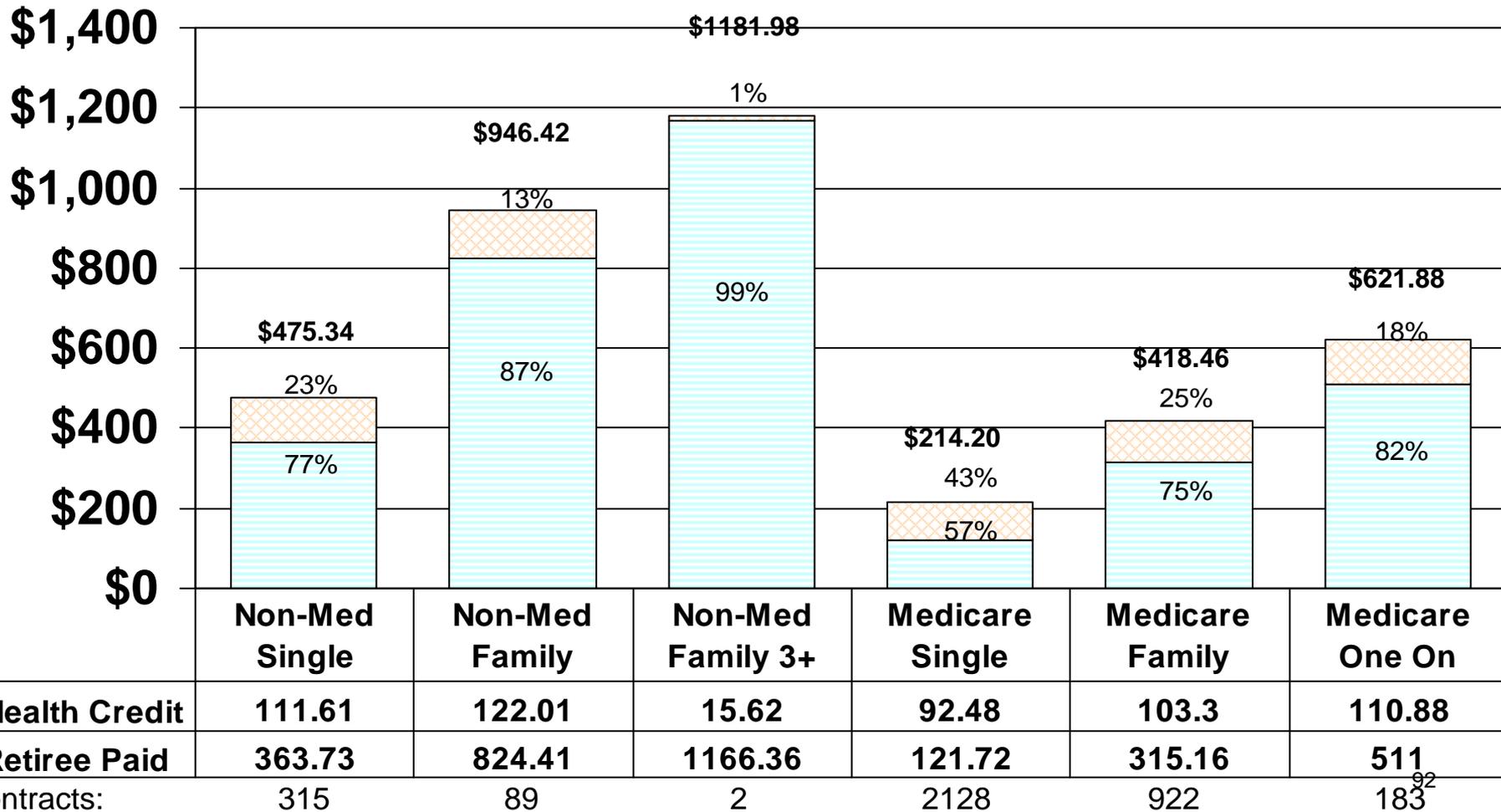


In total 61% of the NDPERS retirees take the NDPERS Retiree Health Credit.

# NDPERS Retiree Health Credit

2007 Average Premiums & Health Credit

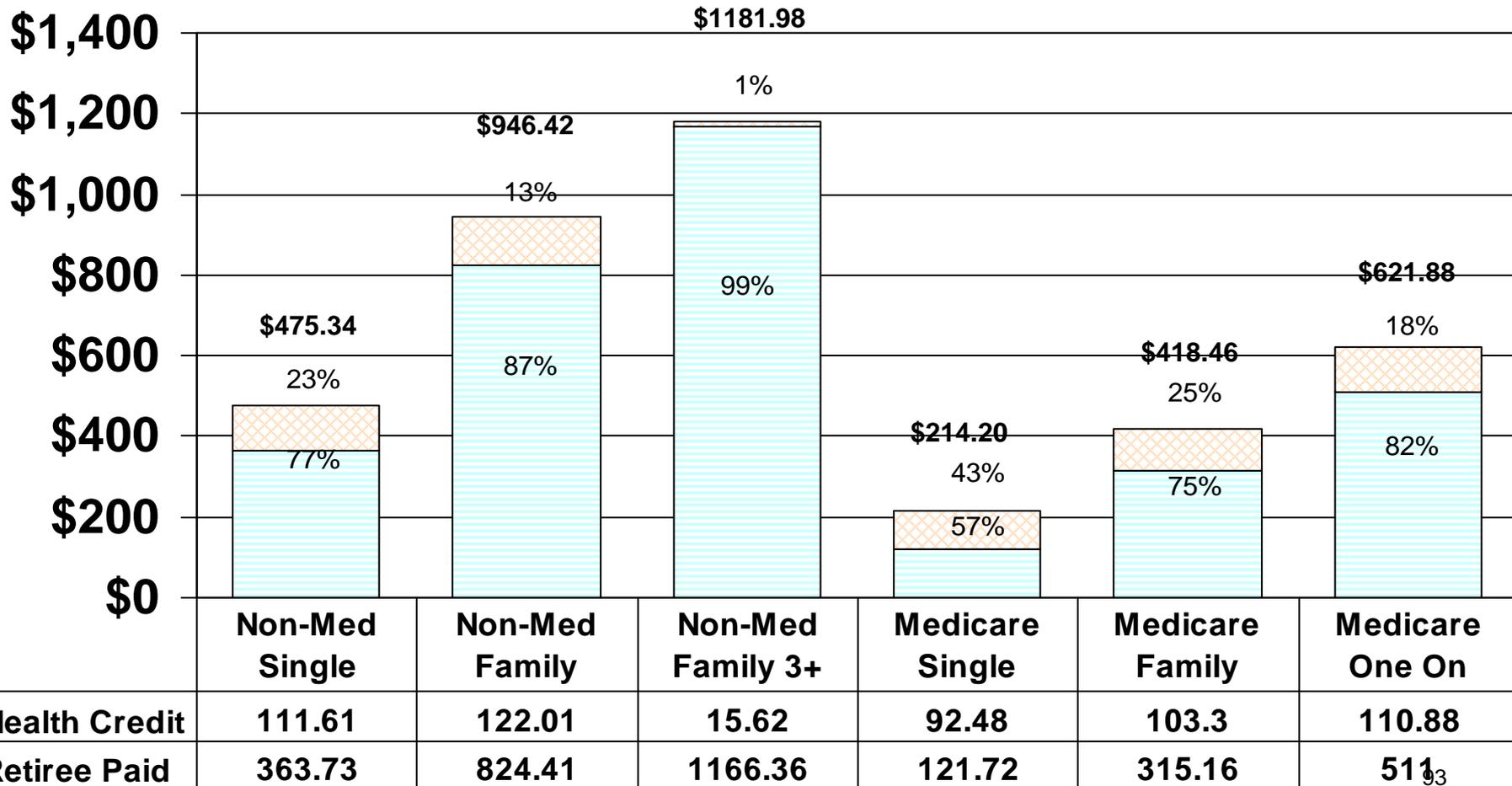
(Excludes COBRA Retirees)



# NDPERS Retiree Health Credit

2007 Average Premiums & Health Credit

(Excludes COBRA Retirees)



Contracts:

315

89

2

2128

922

183

## Retiree Health Credit Challenge – Support for retiree premiums

### NDPERS Retiree Health Credit History / Example

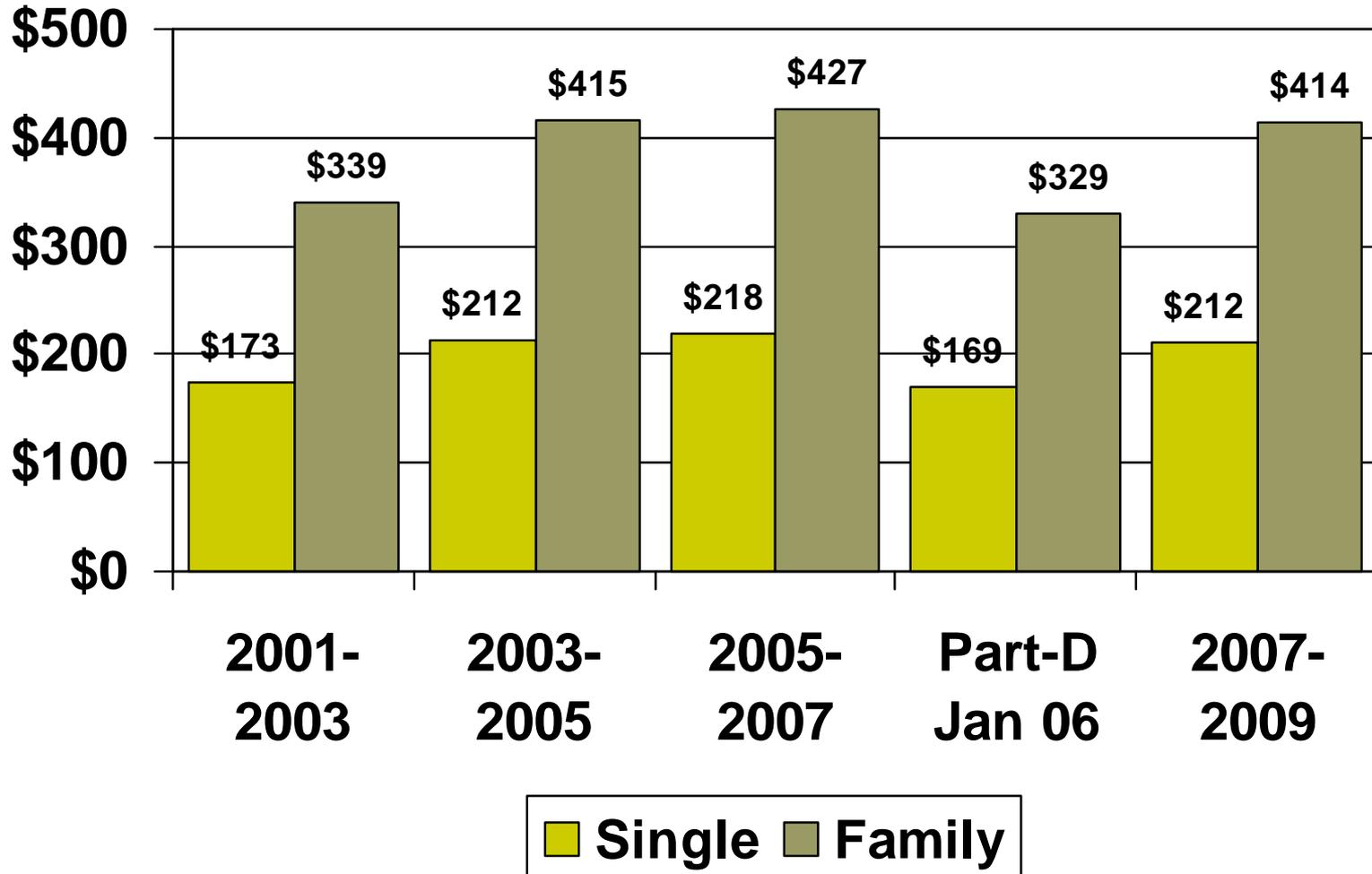
#### 20 Year Employee

Year	Credit	Credit with 20 Years of Service	NonMedicare Family Premium	%	Medicare Family Premium	%
1989	\$3.00	\$60.00	\$360.07	17%	\$190.50	31%
1991	\$4.00	\$80.00	\$321.00	25%	\$230.00	35%
1993	\$4.50	\$90.00	\$368.00	24%	\$230.00	39%
1995	\$4.50	\$90.00	\$390.00	23%	\$239.00	38%
1997	\$4.50	\$90.00	\$438.48	21%	\$264.98	34%
1999	\$4.50	\$90.00	\$500.38	18%	\$308.62	29%
2001	\$4.50	\$90.00	\$570.00	16%	\$339.30	27%
2003	\$4.50	\$90.00	\$702.47	13%	\$415.18	22%
2005	\$4.50	\$90.00	\$781.86	12%	\$427.24	21%
2006	\$4.50	\$90.00	\$781.86	12%	\$329.24	27%
2007	\$4.50	\$90.00	\$946.00	10%	\$418.28	22%
2008	\$4.50	\$90.00	\$946.00	10%	\$418.28	22%

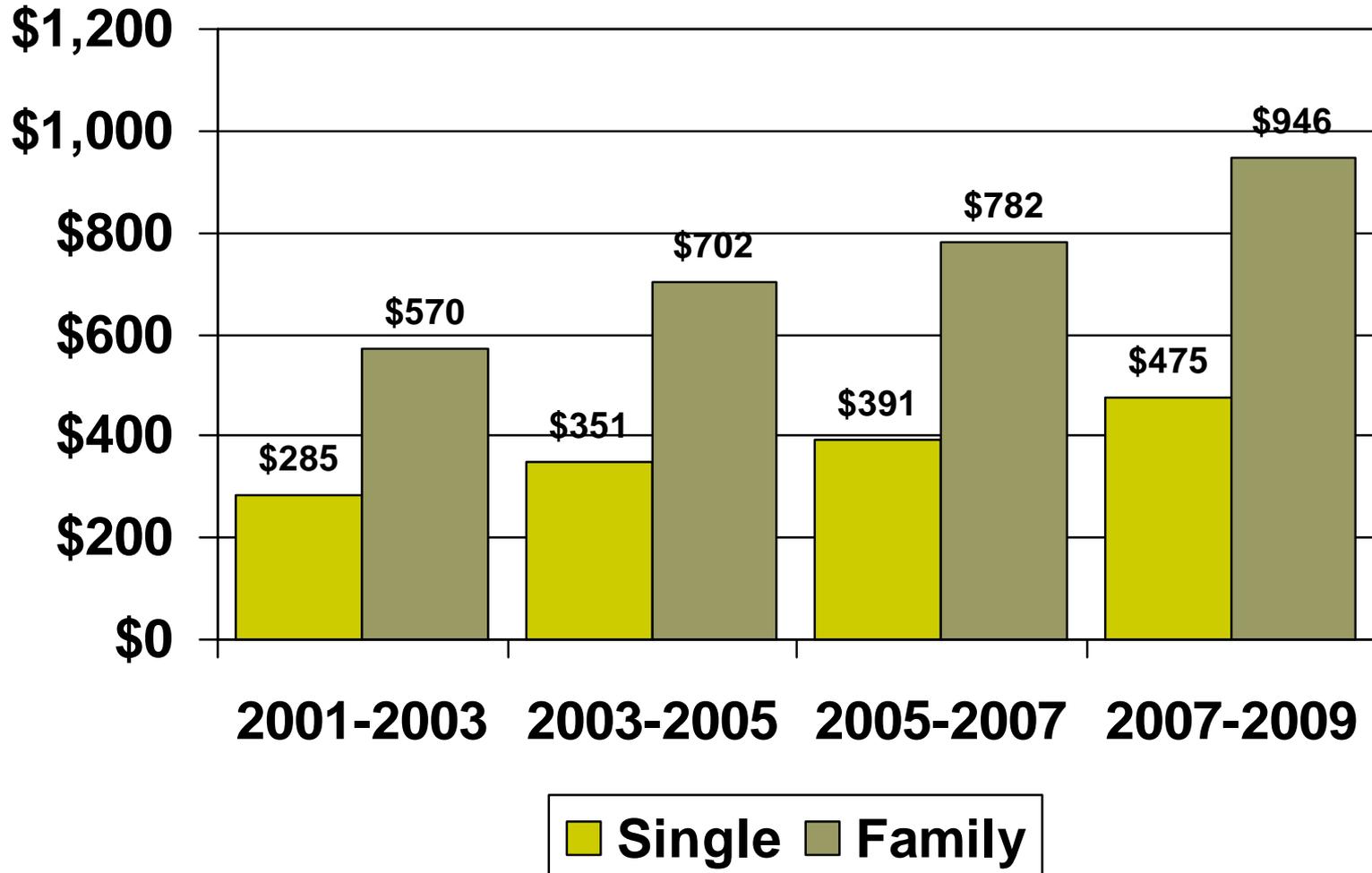
Year	Credit	Credit with 20 Years of Service	NonMedicare Family Premium	%	Medicare Family Premium	%
2009	\$4.50	\$90.00	\$1059.52	8%	\$468.47	19%
2011	\$4.50	\$90.00	\$1186.66	8%	\$524.69	17%
2013	\$4.50	\$90.00	\$1329.06	7%	\$587.65	15%
2015	\$4.50	\$90.00	\$1488.55	6%	\$658.17	14%
2017	\$4.50	\$90.00	\$1667.18	5%	\$737.15	12%
2019	\$4.50	\$90.00	\$1867.23	5%	\$825.61	11%

Future premiums assume a conservative 12% 2-year increase.

# NDPERS Medicare Premiums



# NDPERS Non-Medicare Premiums



**Impact on GASB Liability - Non-Medicare Premiums Set at 150% of the Active Rate Compared with Non-Medicare Premiums Set at 125% of the Active Rate**

	Prior Valuation (Non-Medicare Premium at 150% of Rate)	New Scenario (Non-Medicare Premium at 125% of Rate)	Expected Change	
			\$	%
<b>ACTUARIAL ACCRUED LIABILITY (AAL)</b>				
EXPLICIT SUBSIDY (RHC)	\$64,938,404	\$64,938,404	\$0	0%
IMPLICIT SUBSIDY	\$4,749,037	\$16,804,586	\$12,055,549	254%
<b>TOTAL</b>	<b>\$69,687,441</b>	<b>\$81,742,990</b>	<b>\$12,055,549</b>	<b>17%</b>

<b>UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>				
EXPLICIT SUBSIDY (RHC)	\$31,305,398	\$31,305,398	\$0	0%
IMPLICIT SUBSIDY	\$4,749,037	\$16,804,586	\$12,055,549	254%
<b>TOTAL</b>	<b>\$36,054,435</b>	<b>\$48,109,984</b>	<b>\$12,055,549</b>	<b>33%</b>

<b>ANNUAL REQUIRED CONTRIBUTION (ARC)</b>				
NORMAL COST	\$2,157,365	\$2,989,964	\$832,599	39%
INTEREST COST	\$211,897	\$289,424	\$77,527	37%
AMORTIZATION PAYMENT	\$1,374,254	\$1,833,764	\$459,510	33%
<b>TOTAL</b>	<b>\$3,743,516</b>	<b>\$5,113,152</b>	<b>\$1,369,636</b>	<b>37%</b>

# Proposed Retirement Legislation

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# LC 90111.01- Retirement - PERS

Proposals	Section
1. The PERS board is presently authorized to appoint 3 of its 4 elected members to the state investment board. This change would allow the board to appoint as one of its 3 members a nonelected PERS Board members such as the Board Chair who is appointed by the Governor, the Attorney General's appointment or the Health Officer or designee.	Section 1
2. Standardizing the language relating to purchase or prior service and years of service for the Highway Patrol with the PERS plan	Section 2
3. Allows members in the HP and PERS to purchase an additional 5 years of service credit in addition to the 5 years presently authorized except such purchase would not apply toward legibility for the rule of 85	Section 2 for the HP Section 9 for PERS
4. Authorize the pretax payment of employee contributions made by the HP members and Judges (6.3% for HP & 1% for Judges)	Section 3 for HP Section 7 for Judges
5. Presently law authorizes a member to designate their spouse as an alternate beneficiary if the member dies. This change would allow the member to designate someone other than their spouse as the beneficiary with the consent of the spouse	Section 4 for HP Section 8 for PERS
6. Present law allows a member to take a Joint and Survivor benefit. This proposed change would allow a member to choose a new J&S beneficiary if the existing beneficiary passes away.	Section 4 for HP Section 8 for PERS
7. Adds a graduated benefit option to the plan in addition to the existing options (J&S 50% and 100%, 10 year term certain & level SS benefit). Pursuant to this option a member could take an actuarial reduced benefit initially (like they do with the J&S benefit) so their benefit would increase at 1% or 2% over time. The benefit would be reduced	Section 4 for HP Section 8 for PERS

# LC – 90112 – Retirement -PERS

Proposals	Section
<p>1. Proposes to increase the employer contributions to the PERS and HP retirement plans to fund a 2% increase for retirees. The proposed increase is a one time two year only increase that would pay the increase in that time period instead of amortizing it over 20 years. The increase amount necessary has not been actuarially determined so the bill draft includes a 1.15% increase for PERS and a 5.3% for the HP. These numbers will change when the actuary report is completed Also contributions for the DC plan members are proposed to increase as well to maintain the equity between the two plans</p>	<p>Section 1 for the HP Section 4 for PERS Section 9 for PERS DC</p>
<p>2. The HP plan presently includes an automatic 50% joint and survivor benefit as part of its normal retirement benefit. This proposal would increase the J&amp;S benefit to 100%</p>	<p>Section 3</p>
<p>3. Proposes a 13<sup>th</sup> check for members of the PERS and HP retirement plans in January of 2010 if the following conditions are met:</p> <ul style="list-style-type: none"> <li>a. The check will be 50% if the return is greater than 8% and the funded status at market is at least 105%</li> <li>b. The check will be 75% if the return is greater than 9% and the funded status at market is at least 110%</li> <li>c. The check will be 100% if the return is greater than 10% and the funded status is at least 115%</li> <li>d. No 13<sup>th</sup> check will be paid if the return is less than 8% or the funded status is less then 105%</li> </ul>	<p>Section 3 for HP Section 8 for PERS</p>
<p>4. Authorizes a 2% increase for PERS and HP Retirees in January of 2011. For Judges it is based on margin and not increased</p>	<p>Section 3 for HP Section 7 for Judges</p>

# LC 90114.01 – Retiree Health

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<b>Proposals</b>	<b>Section</b>
1. Increases the employer contribution by .15% to fund the increase in benefits. The amount of the increase is based on the actuarial work from last session and is subject to change.	Section 1
2. Increases the health credit amount from \$4.50 to \$5. The increase in benefits would be effective August 1 unless an appropriation is added to the bill then it would be July 1, 2009.	Section 2



# LC 90118.01- Senator Lyson

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- Add state law enforcement/correctional officers to law enforcement plan

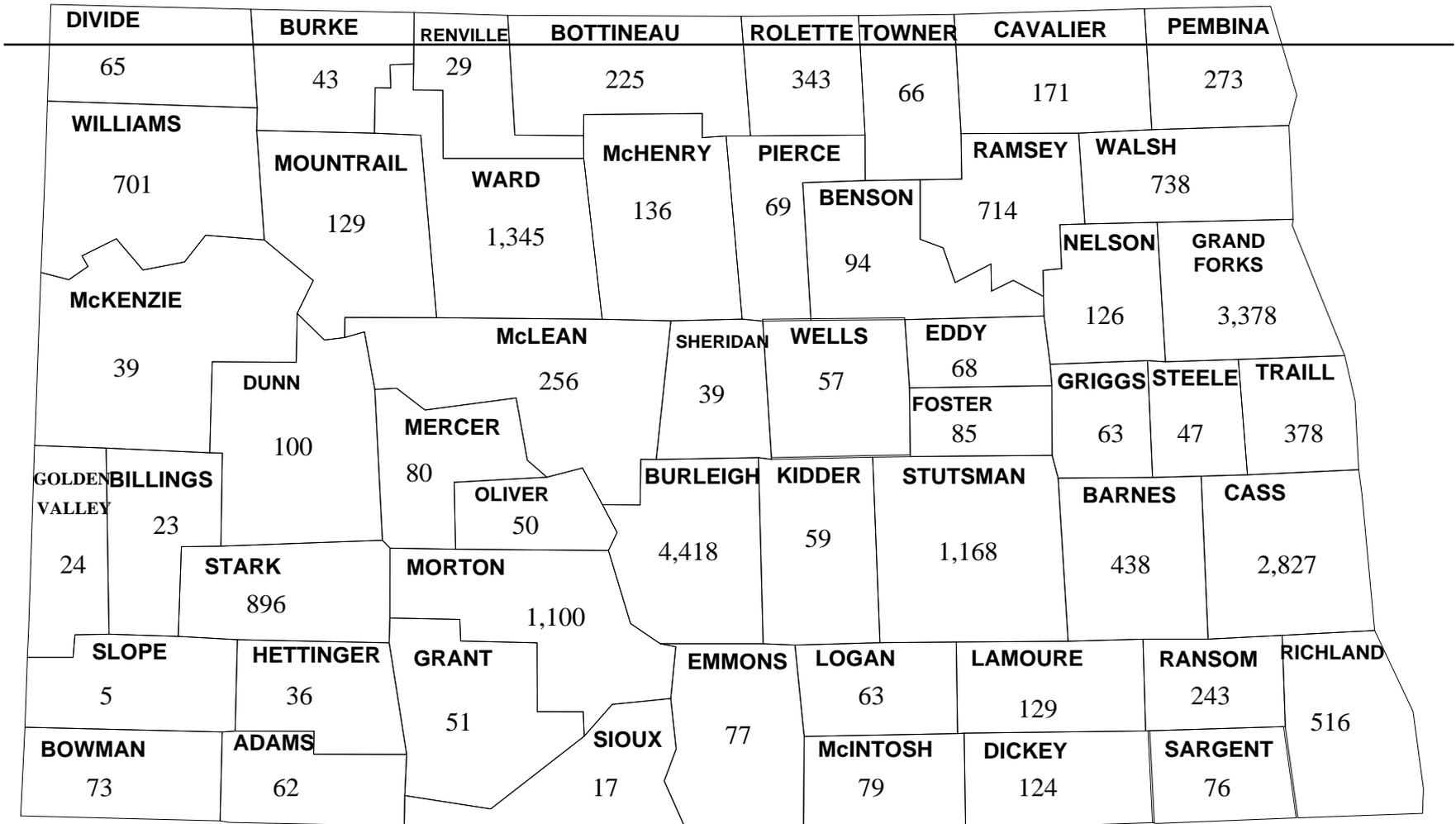
# HEALTH PLAN

## DAKOTA PLAN



# NDPERS State Health Contracts

June 2007

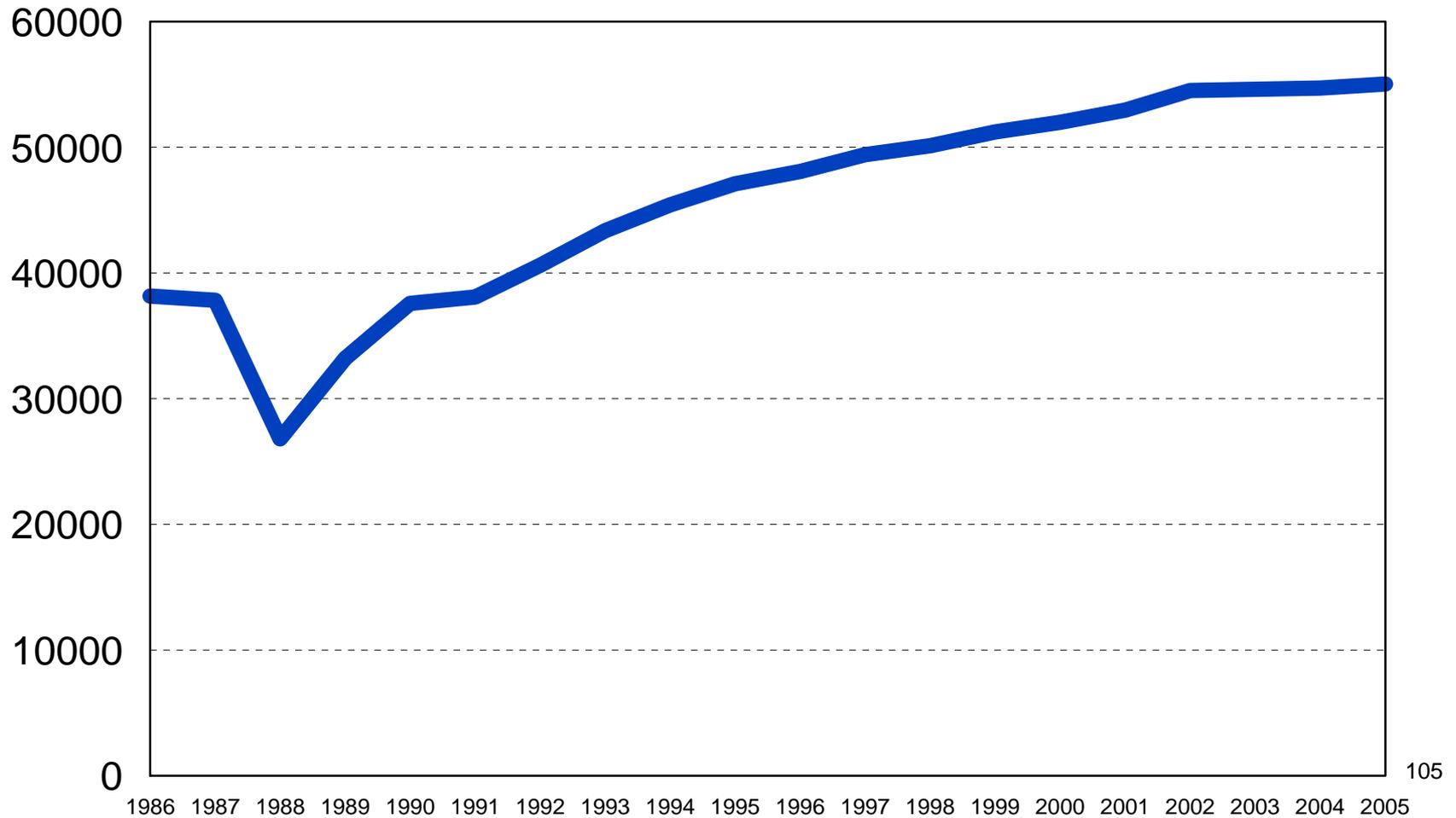


Out-of-State – 1,944

Total – 24,354

# NDPERS

## Health Plan Membership

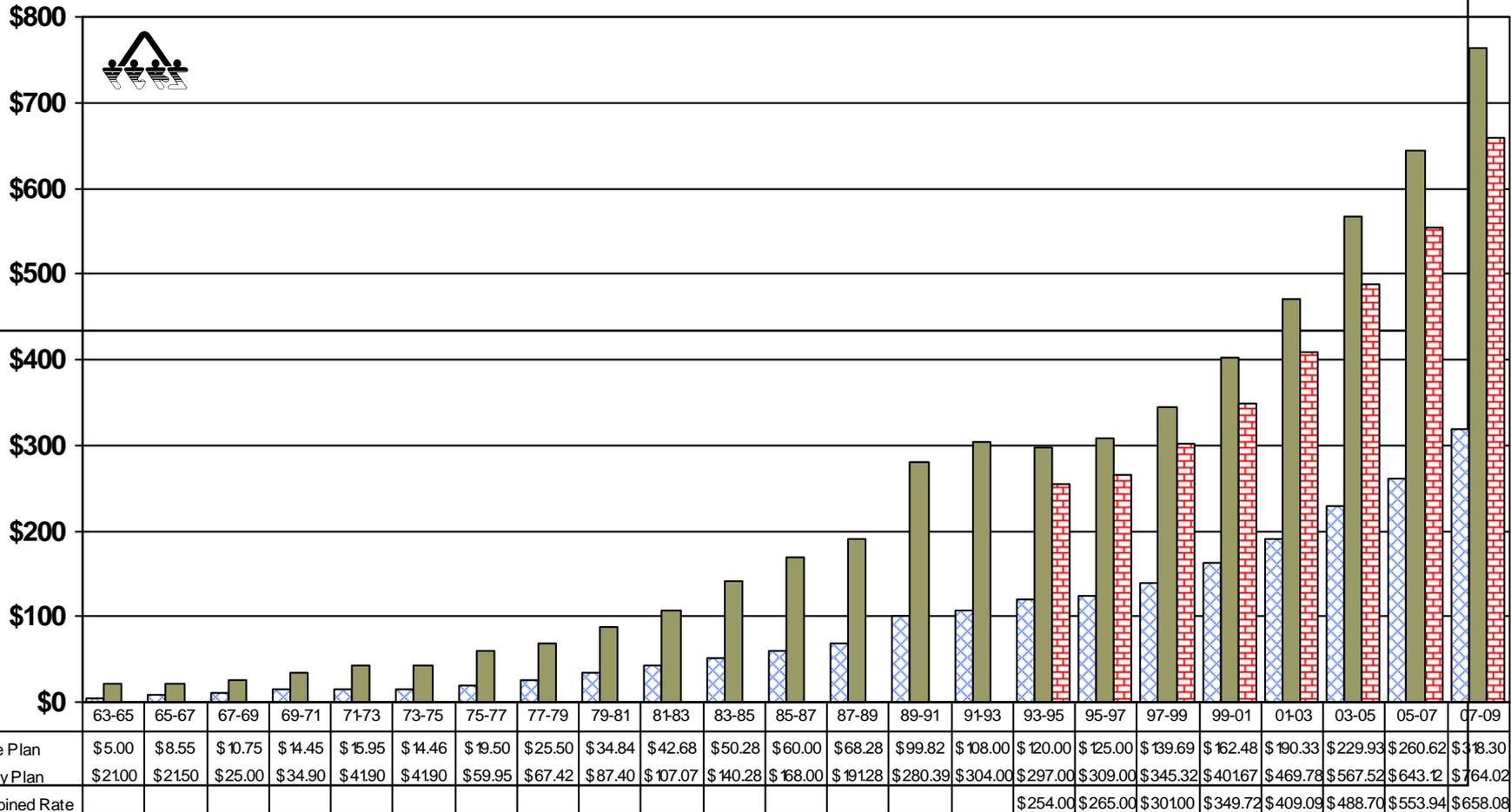


# Active State Billed Health Insurance Premium

**Single Plan**

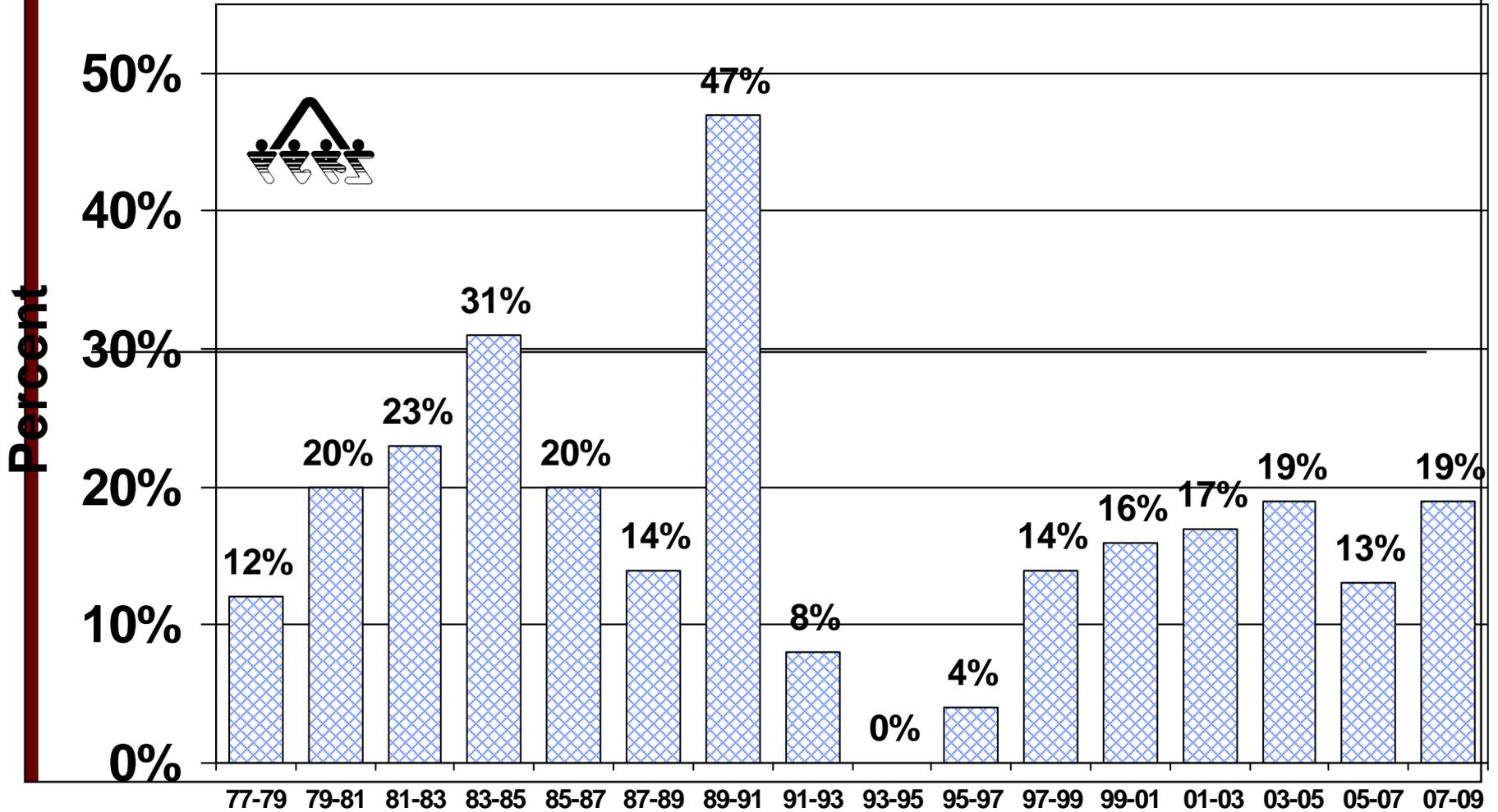
**Family Plan**

**Combined Rate**



# State Health Premium Percentage Increase

From Previous Biennium



## State of North Dakota Health Plan Appropriations (Excludes Higher Education)

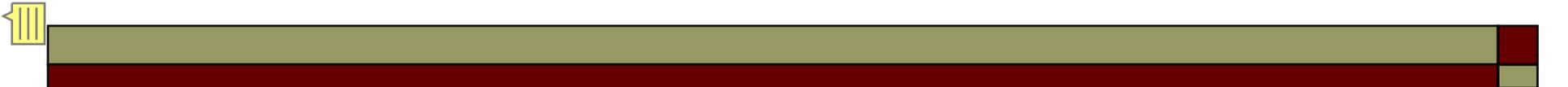
	Total Budget Appropriation	FTE	Health Premium	Health Plan Appropriation	% of Total Appropriations
1991-93	2,771,064,605	8,179	\$254.00	\$49,859,184	1.80%
1993-95	2,935,767,081	8,216	\$254.00	\$50,084,736	1.71%
1995-97	3,107,356,520	8,024	\$265.00	\$51,032,640	1.64%
1997-99	3,347,823,922	8,118	\$301.00	\$58,644,432	1.75%
1999-01	3,767,007,536	8,400	\$349.72	\$70,503,552	1.87%
2001-03	4,325,559,659	8,538	\$409.09	\$83,827,450	1.94%
2003-05	4,587,351,203	8,392	\$488.70	\$98,428,090	2.15%
2005-07	5,186,963,789	8,438	\$553.94	\$112,179,497	2.16%
2007-09*	5,733,501,838	8,675	\$658.08	\$137,012,256	2.39%

\* - Executive Recommendation

# 2007-2009 North Dakota State Health Plan:

2007-2009 North Dakota State Health Plan Design:

PLAN FEATURES	Existing Plan Design			Governor's Plan Design		
	Basic	PPO	EPO	Basic	PPO	EPO
Deductible for Non-Physician Services*	All	All	All	All	All	All
- Per Person	\$250	\$250	\$100	<b>\$400</b>	<b>\$400</b>	<b>\$200</b>
- Per Family	\$750	\$750	\$300	<b>\$1200</b>	<b>\$1200</b>	<b>\$600</b>
* Services billed by a physician or psychiatrist.	services	services	services	services	services	services
Copayment for Physician Office Visits	\$25	\$20	\$15	<b>\$30</b>	<b>\$25</b>	<b>\$20</b>
Copayment for Emergency Room Visits	\$50	\$50	\$50	\$50	\$50	\$50
Co-Insurance on covered services <b>EXCEPT</b> Physician Office Visits	75/25	80/20	85/15	75/25	80/20	85/15
Prescription Formulary Generic Drug						
- Copayment	\$5	\$5	\$5	\$5	\$5	\$5
- Co-Insurance	15%	15%	15%	15%	15%	15%
Prescription Formulary Brand-Name Drug						
- Copayment	\$15	\$15	\$15	<b>\$20</b>	<b>\$20</b>	<b>\$20</b>
- Co-Insurance	25%	25%	25%	25%	25%	25%
Prescription Non-Formulary Drug						
- Copayment	\$25	\$25	\$25	\$25	\$25	\$25
- Co-Insurance	50%	50%	50%	50%	50%	50%
Co-Insurance Maximum						
- Individual	\$1250	\$750	\$500	\$1250	\$750	\$500
- Family	\$2500	\$1500	\$1000	\$2500	\$1500	\$1000
Out of Pocket Maximums (Deductible & Coinsurance)*						
-Single	\$1500	\$1000	\$600	\$1650	\$1150	\$700
-Family	\$3250	\$2250	\$1300	\$3700	\$2700	\$1600
* - Copayments and Prescription Drugs are Additional						
Prescription Drug Coinsurance Maximum (Formulary Only)	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000
05-07 State Full Combined Premium	\$578.46					
Reserve option for all rates.	(\$24.52)					
05-07 State Combined Premium	\$553.94 (13.3%)					
07-09 State Full Combined Premium	\$681.00			\$658.08		
Increase	\$127.06 (22.9%)			\$104.14 (18.8%)		
Total Biennium State Increase (May 2006 13,833 contracts)	\$42,182,904			\$34,573,647		
Total Higher Ed State Increase (May 2006 6,455 contracts)	\$19,684,135			\$16,133,369		
Total Non-HE State Increase (May 2006 7,378 contracts)	\$22,498,769			\$18,440,278		
General Fund (46%)	\$10,349,435			\$8,482,528		
Other Funds (54%)	\$12,149,334			\$9,957,750		
Cost Shift To State Employees				\$4.06 Million		



# Cost Sharing

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- Is the dollar amount you are responsible for paying
- Three features:
  - Deductible
  - Coinsurance
  - Copayment



# Definitions

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- ❑ Deductible - specific dollar amount you are responsible to pay for services before your health plan begins to pay.
- ❑ Coinsurance - the percentage you pay for covered services after the deductible has been met.
- ❑ Copayment - the amount you pay each time you seek medical care.
- ❑ Total Out of Pocket Maximum – is the sum of your annual deductible and coinsurance maximum amounts.

# Deductible

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	PPO	EPO	Basic/Self Referral
Individual	\$400	\$200	\$400
Family	\$1200	\$600	\$1200

# Coinsurance Maximums

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	PPO 20%	EPO 15%	Basic/Self Referral 25%
Individual	\$750	\$500	\$1,250
Family	\$1,500	\$1,000	\$2,500

# Copayment Amounts

---

	PPO	EPO	Basic/Self Referral
Office Call (per visit)	\$25	\$20	\$30
Emergency Room Visit (per visit)	\$50	\$50	\$50

# Total Out-of-Pocket Maximum

**\*Includes deductible and coinsurance only**

---

	PPO	EPO	Basic/Self Referral
Individual	\$1,150	\$ 700	\$1,650
Family	\$2,700	\$1,600	\$3,700

# Prescription Drug Coverage for all Plans



- Formulary Generic
  - \$5 copayment + **15% coinsurance\***
- Formulary Brand Name
  - \$20 copayment + **25% coinsurance\***
- Nonformulary Generic/Brand
  - \$25 copayment + 50% coinsurance

\*\$1,000 Formulary coinsurance maximum per person per benefit period. After maximum met, only copayment applies.

NDPERS Active Health Insurance Out-Of-Pocket  
 July-June Fiscal Year ending:

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Active Contracts	16,565	17,253	17,632	17,573	17,889	18,114	18,303
Deductibles	\$2,307,596	\$1,789,727	\$1,967,859	\$5,765,933	\$5,079,511	\$4,845,677	\$5,080,986
Coinsurance	\$6,427,972	\$7,340,161	\$8,424,109	\$9,315,964	\$11,042,096	\$11,319,831	\$11,044,560
RX Sanctions	\$0	\$0	\$0	\$795,964	\$0	\$0	\$0
Copayments	\$5,188,715	\$8,445,132	\$8,768,553	\$7,456,340	\$7,532,759	\$7,520,171	\$7,533,643
Exceed Max	\$247,044	\$361,158	\$672,490	\$378,841	\$550,479	\$737,193	\$550,479
Exclusions	\$1,560,268	\$1,702,808	\$1,847,570	\$2,322,307	\$2,494,578	\$2,888,517	\$2,516,646
<b>TOTAL</b>	<b>\$15,731,595</b>	<b>\$19,638,986</b>	<b>\$21,680,581</b>	<b>\$26,035,349</b>	<b>\$26,699,423</b>	<b>\$27,311,389</b>	<b>\$26,726,314</b>
Per Contract	\$950	\$1,138	\$1,230	\$1,482	\$1,493	\$1,508	\$1,460

# Basic Health Equation

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**Units of service \* Cost per unit - Out of pocket / Number of Contracts = Premium**

- |                    |      |              |                        |           |
|--------------------|------|--------------|------------------------|-----------|
| •Wellness Programs | •PPO | •Deductibles | Adverse Selection      | Mix       |
| •Disease Mgt       | •EPO | •Coinsurance | •Minimum premiums      | •Employer |
| •Medical Review    |      | •Copayments  | •Minimum participation | •Employee |

$$\text{\$1,000,000(cost) / 166(contracts / 12(months)) = \$502 per Month}$$

# Members

## Basic Utilization Equation 2007

NDPERS PAID	% Members	% of			
		NDPERS Paid	Charges		
		Plan	Member*	Other**	
\$0	9.6%	0.0%	0%	21%	79%
\$1 - \$499	41.7%	3.3%	18%	15%	67%
\$500 - \$999	13.8%	3.9%	24%	15%	61%
\$1000 - \$2224	14.9%	8.9%	22%	11%	66%
\$2225+	20.0%	83.9%	45%	7%	48%

\* - Includes Deductibles, Coinsurance, and Copayments

\*\* - Includes Fee Schedule, UCR, Discounts, other payers, non-covered, etc.

20% of NDPERS members account for 84% of Health Plan medical expenses.  
 80% of NDPERS members account for 16% of Health Plan medical expenses.

10% of NDPERS members account for 71% of Health Plan medical expenses.  
 90% of NDPERS members account for 29% of Health Plan medical expenses.

# Contracts

## Basic Utilization Equation 2007

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NDPERS PAID	% Contracts	% of		% of Charges	
		NDPERS Paid	Plan	Contract*	Other**
\$0	3.2%	0.0%	0%	16%	84%
\$1 - \$999	32.2%	2.2%	13%	11%	76%
\$1000 - \$1999	16.6%	4.1%	17%	10%	73%
\$2000 - \$2999	10.4%	4.3%	21%	11%	68%
\$3000 - \$3999	7.2%	4.2%	24%	11%	65%
\$4000 - \$4999	4.8%	3.6%	27%	12%	61%
\$5000+	25.6%	81.6%	48%	7%	45%

\* - Includes Deductibles, Coinsurance, and Copayments

\*\* - Includes Fee Schedule, UCR, Discounts, other payers, non-covered, etc.

20% of NDPERS Contracts account for 76% of Health Plan medical expenses.

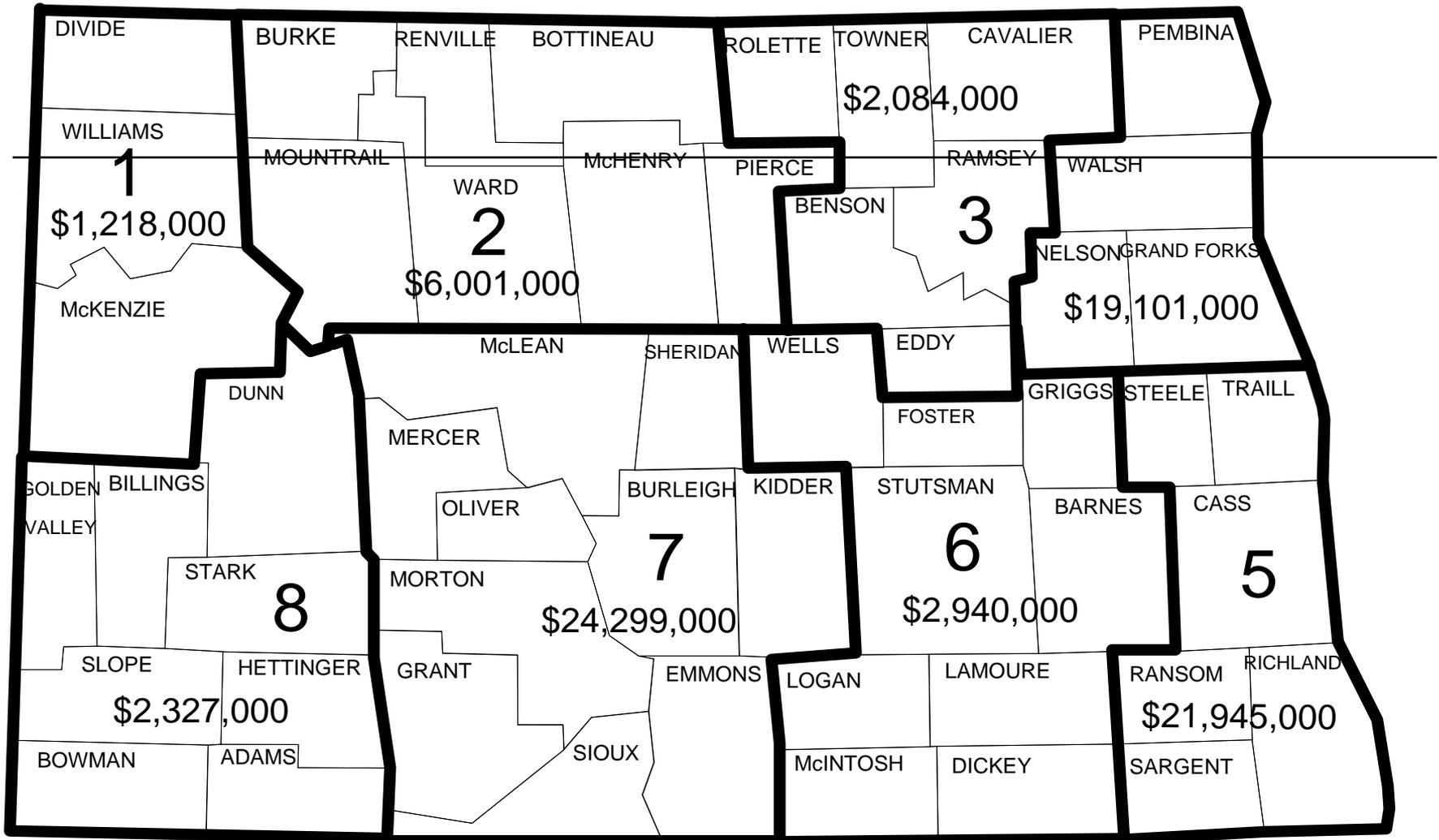
80% of NDPERS Contracts account for 24% of Health Plan medical expenses.

10% of NDPERS Contracts account for 61% of Health Plan medical expenses.

90% of NDPERS Contracts account for 39% of Health Plan medical expenses. 120

# NDPERS Health Plan Paid (Hospital & Clinic/Physician)\*

## By Region 7/04-6/05



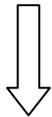
Out-Of-State = \$16,642,000

Total = \$96,556,000

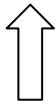
\* - Excludes Prescription Drug Pharmacy Claims

# Activities and Scope\*

- Newsletter Articles
- Posters
- Stuffers



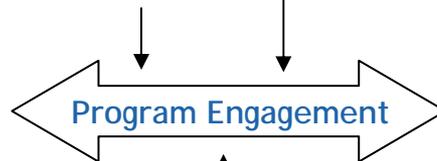
Eligible Members  
48,832



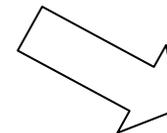
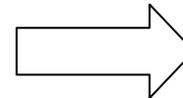
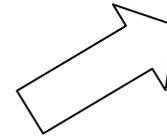
- General Mailings
  - Every eligible member

Educational Articles  
771 (13 mos.)

Video Tapes  
139 (13 mos.)



Referrals to/from  
BCBSND



Chronics 3,622; High Risk 532

- Targeted Mail - 2,998 pieces
- Outbound Calls - 523 calls

Preference Sensitive

- Targeted Mail - 3,788

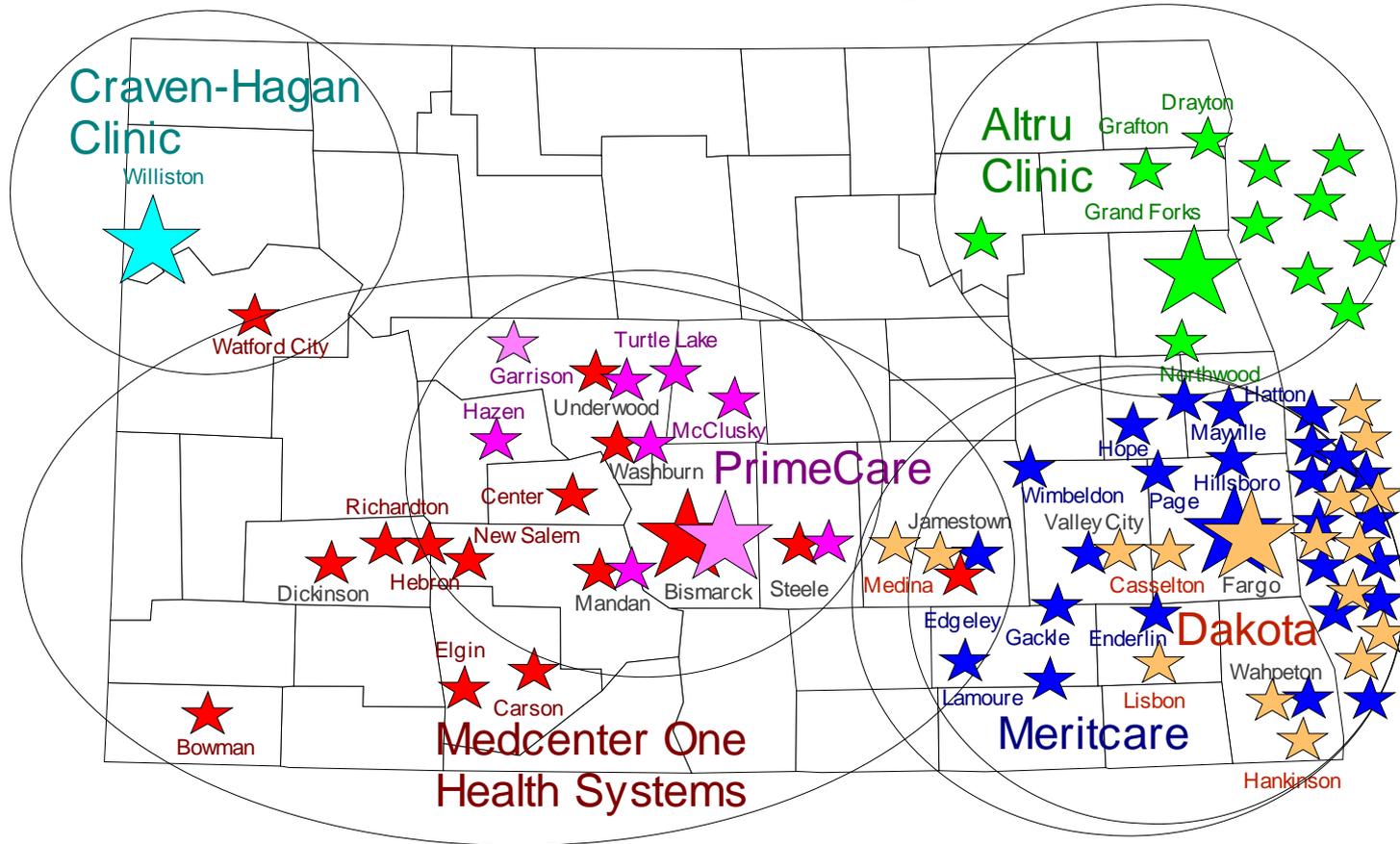
All Members

- Inbound Calls - 975
- Dialog Center - 966 users

\*Reflects activity through October, 2006.

# NDPERS EPO Areas

## Exclusive Provider Organizations



# North Dakota Century Code Direction

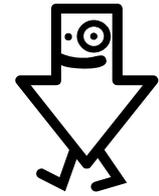
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**54-52.1-14. Wellness program.** The board shall develop an employer-based wellness program. The program must encourage employers to adopt a board-developed wellness program by either charging extra health insurance premium to nonparticipating employers or reducing premium for participating employers.



# Lower Wellness Rates

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## □ State

\$681.00 Full Rate

\$687.81 Wellness Rate

\$ 6.81

## □ Political Sub

1% less

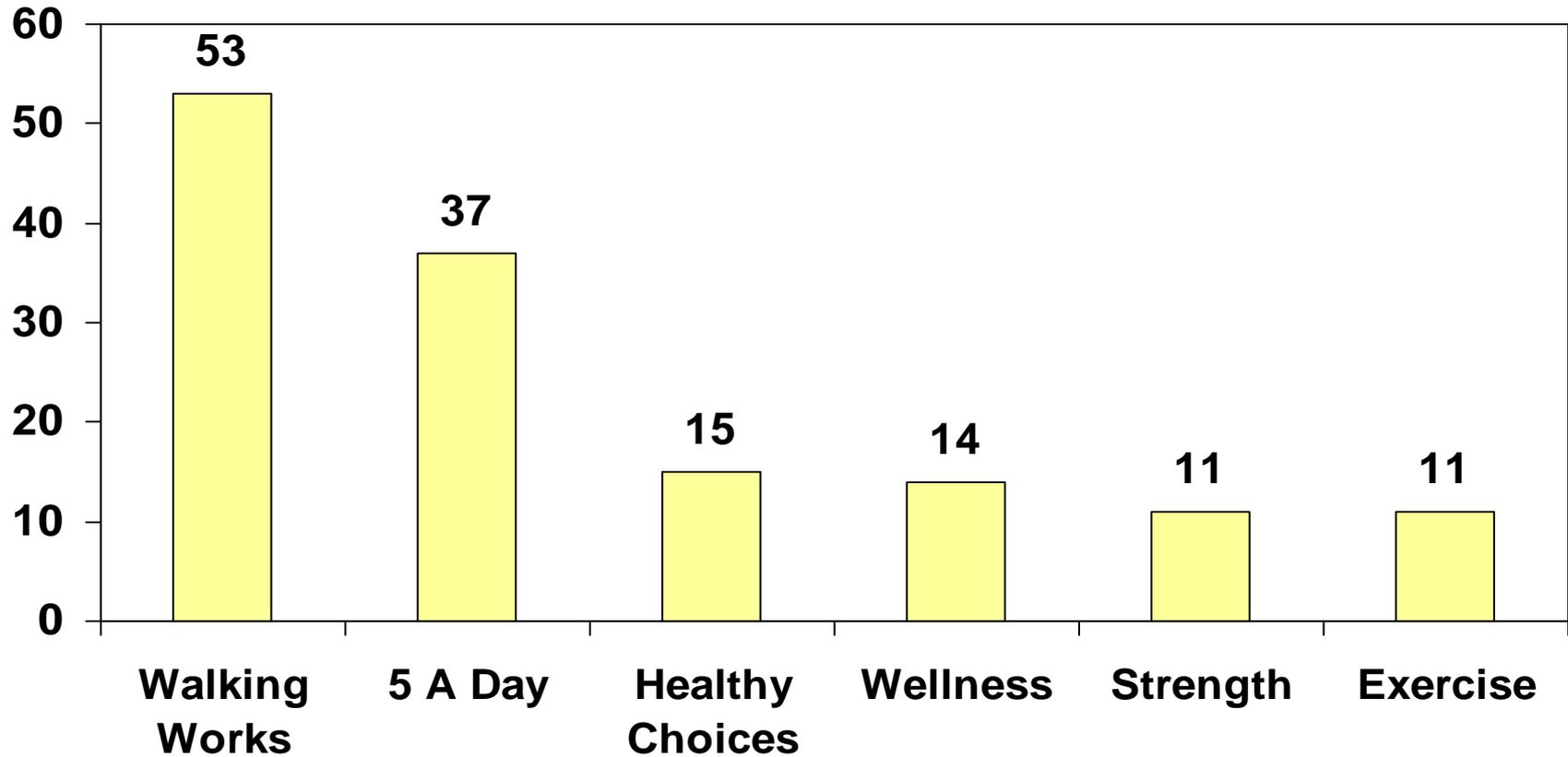
\$658.08 Full Rate

\$664.66 Wellness Rate

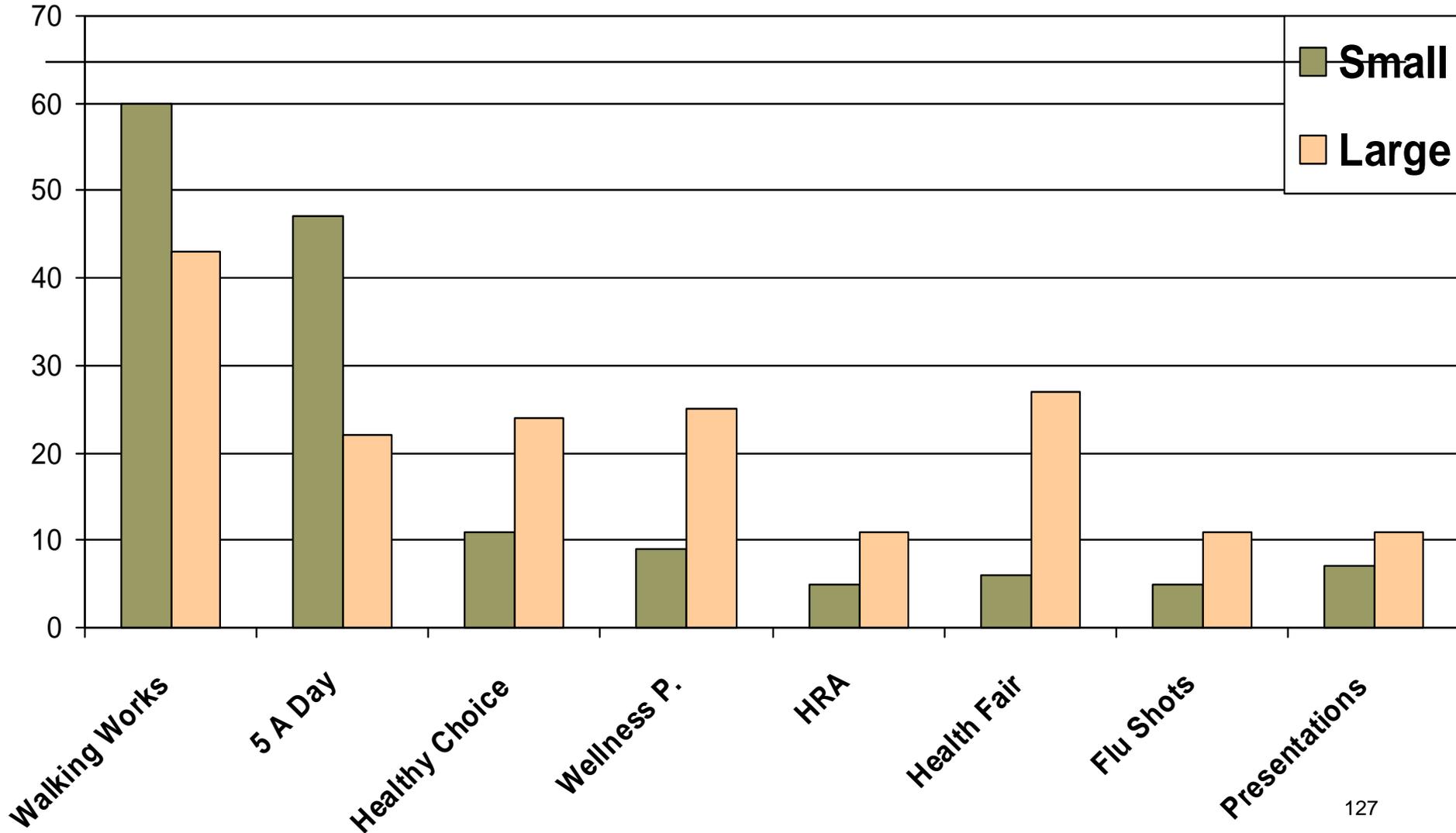
\$ 6.58

# Most Popular Programs

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# Small vs. Large



# Other Programs

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- ❑ Nutrition program (9%)
- ❑ Presentations (8%)
- ❑ HRA (7%)
- ❑ Stress Management (7%)
- ❑ Flu shots (7%)
- ❑ Take Care of Yourself (6%)
- ❑ Paper Newsletter (3%)
- ❑ Smoking Cessation (3%)
- ❑ Ergonomic Assessment (3%)
- ❑ Weight loss (3%)
- ❑ Wellness Education (2%)
- ❑ Wellness Website (2%)
- ❑ Wellness Discounts (1%)
- ❑ Prenatal plus (<1%)
- ❑ Water Works (<1%)
- ❑ Healthy Snack Café (<1%)
- ❑ Coping w/Change (<1%)
- ❑ Needs Assessment (<1%)
- ❑ Challenge (<1%)

# *Overview of the NDWHP Program*

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- 4 State agencies, 400 employees
- Both worksite-level & individual assistance
- 2 w/“high” and 2 w/“medium” interventions
- Outcomes incl. costs, health behavior, & satisfaction



# Renewal Process with BCBS

June	PERS reviews the work of the benefits committee and approves the plan designs and scope of benefits for the renewal.
July	BCBS and GBS concurrently and independently develop renewal rates for the 2007-2009 bienniums.
August	<ol style="list-style-type: none"><li>1. PERS, BCBS and GBS meet to review the renewal rates developed by both parties.</li><li>2. PERS Board reviews the renewal rates at a late August or early September meeting.</li></ol>
September	<ol style="list-style-type: none"><li>1. PERS Board decides to accept the final BCBS renewal rate or go to a general bid.</li><li>2. PERS Board submits to OMB the proposed rate for 2009-2011.</li></ol>

# Challenges

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# Active State Renewal Rate

NDPERS 2007- 2009 Allocation and 2009-2011 Projection	NDPERS 2009-2011 Planning Projections			
	7.5% Trend	10% Trend	12.5% Trend	15% Trend
1999-2001 buy down rate	\$349.72	\$349.72	\$349.72	\$349.72
2001-2003 reserve option rate	\$409.09	\$409.09	\$409.09	\$409.09
2003-2005 reserve option rate	\$488.70	\$488.70	\$488.70	\$488.70
2005-2007 reserve option rate	\$553.94	\$553.94	\$553.94	\$553.94
2007-2009 rate	\$658.08	\$658.08	\$658.08	\$658.08
2007-2009 % increase	18.8%	18.8%	18.8%	18.8%
Expected 2007-2009 BCBS rate	\$760.49	\$796.28	\$832.88	\$870.31
Expected available surplus in 2007-2009 (\$1 million)?	\$1.67	\$1.67	\$1.67	\$1.67
Expected 2009-2011 buy down rate	\$758.82	\$794.61	\$831.21	\$868.64
2009-2011 \$ increase	\$100.74	\$136.53	\$173.13	\$210.56
2009-2011 % increase	15.3%	20.7%	26.3%	32.0%
Total additional funds*	\$27,804,000	\$37,862,000	\$47,784,000	\$58,115,000
Total additional general funds**	\$16,683,000	\$22,609,000	\$28,670,000	\$34,869,000

\* - For biennium assuming 11,500 FTE's

\*\* - Assumed to be 60% of total funds

# Trend

---

- Trend is between 10%-12%
- Increase is substantial, however not inconsistent with other ND plans
- Is continuing to fund the same approach the best strategy?
- Would funding a new strategy at the same level be more effective?

# Wellness Plan Design

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## Programs/Scope of Coverage



All pricing information is estimates subject to final confirmation in the renewal.

# Objectives?

<b>Area</b>	<b>Objective</b>
<i>Scope of Coverage</i>	PERS should update the plan to invest more in preventive care and wellness
<i>Provider programs</i>	PERS should maintain provider programs that help the plan
<i>Employer Based Wellness</i>	PERS needs to take the wellness efforts to the next step which means more support for the employer effort and more encouragement for plan members
<i>Disease Management</i>	Disease management should continue in the plan but duplication should be minimized/illuminated
<i>Special Programs</i>	Special programs should be encouraged and members should be rewarded for participating
<i>BCBS programs</i>	New BCBS programs provide an opportunity to get members involved
<i>Premium</i>	Should be cost neutral to maintaining the existing plan

# #1 Wellness Concept - Providers

---

- EPO should be eliminated.
  - Providers are no longer willing to participate based upon original terms or modified terms.
  - EPO has been criticized since it is only available in certain areas
  - Loss will affect 40% of members
  - Savings will be 2% but should be reinvested in member benefits that benefit both the member and the plan

# #2 Wellness Concept – Disease Management

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- Health Dialog should be eliminated
  - Legislative NDPhA program will provide disease management for members with Diabetes. If successful can be extended
  - BCBS will be starting their program in Jan 2009
- Savings will be \$3.88 per active member contract
- Will lose HRA, general health coaching and web site
- Encourage BCBS to use proven methods in their program that relate to wellness as well as disease management.

# #3 Wellness Concept – Scope of Benefits

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□ Wellness coverage that should be added:

■ CDC immunizations	.78
■ Preventive Care	5.30
□ \$200 dollar @ 100% then ded & co-insurance	
■ Influenza @ 100%	.09
■ 7 Well Child care visits	.11
■ LRD visit	<u>.65</u>
	6.93

# #3 Wellness Concept – Scope of Benefits

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□ Other benefits:

- Circumcision .16
  - Chiro (1 copay per day) .22
- .38

# #4 Wellness Concept– Scope of Benefits

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- Standardize plan to BCBS in the following areas:

The following items would be a benefit decrease and produce a rate savings:

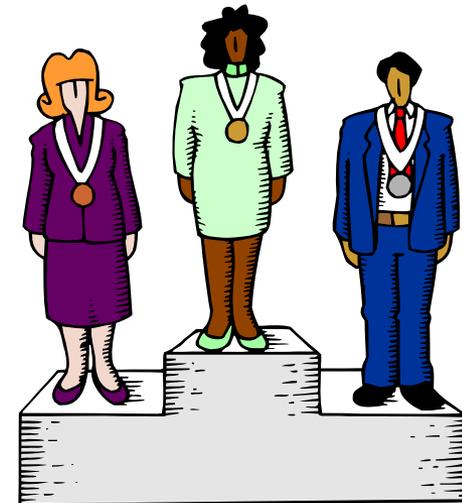
- 1.) change office visits for well child care from coinsurance to copay then 100% = **\$0.93 per contract per month reduction** (this assumes the Medicare benefits would remain at current benefits)
- 2.) change PT, OT, ST services from deductible then coinsurance to copay then coinsurance = **\$0.97 per contract per month reduction** (this assumes the Medicare benefits would remain at current benefits) (copays assumed are \$20 PPO in-area, \$25 PPO basic plan, \$15 EPO in-network, \$25 EPO self-referral)
- 3.) Maintenance Drugs apply two copays per prescription order or refill for a 35-100 day supply = **\$1.20 per contract per month reduction**

**Savings - \$3.10**

# #5 Wellness Concept – Plan Design

<b>Gold</b>	<i>\$100 Deductible</i>	<i>HRA and certain number of points i.e. 6%</i>
<b>Silver</b>	<i>\$200 Deductible</i>	<i>HRA and certain number of points i.e. 15%</i>
<b>Bronze</b>	<i>\$300 Deductible</i>	<i>HRA and certain number of points i.e. 30%</i>

Those not getting Gold, Silver or Bronze status get basic or PPO benefits



## #5 cont. Wellness Concept - BCBS

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- BCBS has started a new wellness program with Healthways called MyHealth Center. They offer a website, HRA, points systems, health resources, etc
- Cost to add is 72 cents per contract.

#5

Activity	Points	Rules	Affected by weekly maximum?	Notes
<b>INITIATION LEVEL</b>				
Initial enrollment	1200	Once per enrollee	No	
HRA completion	1200	Once per year	No	Only one bonus per year
Setting up a fitness plan	400	Once per year	No	
Setting up a nutrition plan	400	Once per year	No	
Setting up a stress management plan	400	Once per year	No	
<b>ACTIVITY LEVEL</b>				
Smoking cessation - Login into program	25	Per login (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Participate in community	25	Per message post in forums or club (Subject to weekly max of 125 pts.)	Yes	Unlimited message posts are possible, but only once per day will be rewarded.
Web login	25	Per login (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Ask a web coaching question	25	Per question asked (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Reporting on fitness plan	25	Restricted by plan, once per plan day (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Reporting on nutrition plan	25	Restricted by plan, once per plan day (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Reporting on stress management plan	25	Restricted by plan, once per plan day (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Health tracking - weight	25	Restricted by plan, once per plan day (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Health tracking - blood pressure	25	Weekly only (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points
Health tracking - cholesterol	25	Quarterly only (Subject to weekly max of 125 pts.)	Yes	Multiple visits per day are possible but only one would receive points

# How does this add up?

---

## □ Savings

■ EPO	\$13.16
■ UND	.25
■ Health Dialog	3.88
■ Benefit Stand.	3.10
■ WB	<u>.12</u>
	\$20.51

## □ Costs

■ My health ctr	\$ .72
■ Benefits	7.31
□ CDC Imm.	
□ \$200 ben.	
□ Influenza	
□ Well child	
□ LRD	
□ Cir.	
□ Chiro	
■ Plan Design	<u>\$12.48</u>
□ Gold, Silver, Bronze	
	\$20.51

## #6 Other considerations

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- From gains:

<b>Other Initiatives</b>	<b>Biennial Cost</b>
Fund health consultants for comprehensive programs	\$400,000
Fund program to screen all members in 4 years.	\$800,000

# Does it meet the objectives

Area	Objective	✓	
Scope of Coverage	PERS should update the plan to invest more in preventive care and wellness	✓	#3 & 4
Provider programs	PERS should maintain provider programs that help the plan.	✓	#1
Employer Based Wellness	PERS needs to take the wellness efforts to the next step which means more support for the employer effort and more encouragement for plan members	✓	#5 & 6
Disease Management	Disease management should continue in the plan but duplication should be minimized/eliminated	✓	#2
Special Programs	Special programs should be encouraged and members should be rewarded by participating	✓	#5
BCBS programs	New BCBS programs provide an opportunity to get members involved	✓	#5
Premiums	Cost neutral (see slide 15)	✓	#5

# Group Insurance Legislation

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# LC 90113.01 - PERS

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<b>Proposals</b>	<b>Section</b>
<p>1. State law presently sets the preMedicare rate as:</p> <ul style="list-style-type: none"><li>a. For single plans it is 150% of the state single rate</li><li>b. For family plans of 2 it is 2 times the single rate (set in a)</li><li>c. For family plans of 3 or more it is 2.5% times the single rate (set in a)</li></ul> <p>The proposed change in this section would change the 150% to 125% thereby reducing the preMedicare rates. This will increase the active rates and have an effect on the OPEB liability that will be determined in the actuarial review.</p>	Section 1
<p>2. Provides an expiration for the bill as July 1, 2011.</p>	Section 2

# LC 90114.01 - PERS

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<b>Proposals</b>	<b>Section</b>
1. Increases the employer contribution by .15% to fund the increase in benefits. The amount of the increase is based on the actuarial work from last session and is subject to change.	Section 1
2. Increases the health credit amount from \$4.50 to \$5. The increase in benefits would be effective August 1 unless an appropriation is added to the bill then it would be July 1, 2009.	Section 2

# LC 90033.03 – Senator Mathern

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- A BILL for an Act to provide for establishment of the healthy North Dakota health insurance plan; to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to subgroups under the uniform group health insurance plan; to provide an effective date; and to provide a continuing appropriation.

# LC 90084.01 – Senator O’Connell

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- A BILL for an Act to create and enact a new section to chapter 26.1-36 and a new section to chapter 54-52.1 of the North Dakota Century Code, relating to parity for health insurance coverage of prosthetics.



# LC 90124.01 – Rep Potter

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- A BILL for an Act to create and enact a new section to chapter 54-52.1 of the North Dakota Century Code, relating to public employees retirement system health insurance coverage of colorectal cancer screening; and to provide an expiration date.

# 90125.01 – Senator Mathern

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- A BILL for an Act to create and enact a new subsection to section 54-52-04, a new subsection to section 54-52.1-01, and five new sections to chapter 54-52.1 of the North Dakota Century Code, relating to the expansion of the uniform group insurance program to allow participation by permanent and temporary employees of private sector employers and by any other individual who is otherwise without health insurance coverage; to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to subgroups under the uniform group insurance program; to provide an appropriation; to provide a continuing appropriation; and to provide an effective date.

*NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT*



*VOLUNTARY DENTAL PLAN*

*Effective January 1, 2007*

# Dental Plan



# DENTAL PLAN

---

- ❑ Started in 1997
- ❑ Available to state employees and retirees.
- ❑ In 1998 plan design was changed to increase out of pocket expenses, premiums increased and rate structure changed
- ❑ Fully insured with Cigna

	<b>TOTAL FOR ALL OF NDPERS</b>	<b>TOTAL RETIREE</b>	<b>TOTAL ACTIVE EMPLOYEES</b>	<b>RETIREEES AS PER- CENTAGE OF PLAN</b>
EMPLOYEE ONLY	2,259	794	1,465	18.8
EMPLOYEE AND SPOUSE	878	299	579	7.1
EMPLOYEE AND CHILDREN	276	3	273	.1
EMPLOYEE AND FAMILY	809	13	796	.3
<b>TOTAL FOR ALL OF NDPERS</b>	4,222	1,109	3,113	26.3

# DENTAL RATES

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The following monthly premiums apply January 1, 2006 through December 31, 2006:

Level of Coverage	<u>Active Premium</u>	<u>COBRA Premium</u>
Individual Only	\$33.54	\$34.21
Individual & Spouse	\$64.58	\$65.88
Individual & Child(ren)	\$75.22	\$76.73
Family	\$106.30	\$108.43

The following monthly premiums apply January 1, 2007 through December 31, 2008:

Level of Coverage	<u>Active Premium</u>	<u>COBRA Premium</u>
Individual Only	\$32.20	\$33.85
Individual & Spouse	\$62.16	\$63.41
Individual & Child(ren)	\$72.16	\$73.61
Family	\$102.12	\$104.17

# DENTAL PLAN



CIGNA HealthCare

BENEFIT HIGHLIGHTS	
<b>Classes I, II, III Calendar Year Maximum</b>	\$1,000
<b>Class IV Lifetime Maximum</b>	\$1,500
<b>Calendar Year Deductible</b>	
Individual	\$50
Family Maximum	Not Applicable
<b>Class I</b>	
Preventive Care	No charge
<b>Class II</b>	
Basic Restorative	80% after plan deductible
<b>Class III</b>	
Major Restorative	50% after plan deductible
<b>Class IV</b>	
Orthodontia	50%, no plan deductible

# Dental Plan

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- Reliastar was first carrier
- Now with Cigna
  - Rate set for 2 years
  - 3rd year no more than 9% increase
- Completed renewal at June Bd Meeting
  - 9% for this year and no more than 18% for second year

# **GROUP INSURANCE PROGRAMS**

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**Life Insurance Plan**



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## Basic Life

If your employer is participating in the NDPERS Life Insurance Program, you will receive basic life insurance coverage in the amount of \$1,300. The premium is \$0.28 a month and is paid by your employer.

# Types of coverage

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- Supplemental Life
  - Pretax first \$50,000
- Dependent Life
  - \$2,000/\$5,000
- Spouse supplemental coverage
- AD&D coverage
- Accelerated life Benefit

# Amount of coverage – June 2007

<b>Basic</b>	<b>\$26,952,900</b>
<b>Supplemental</b>	<b>\$798,127,900</b>
<b>Dependent</b>	<b>\$24,102,000</b>
<b>Spouse</b>	<b>\$168,045,000</b>

# New Carrier

---

- ING since 1998
- Prudential is new carrier effective July 1, 2005
  - Prudential's price was about 10% lower overall.
- GASB –OPEB
  - Retiree rates were .28 cents for basic coverage
  - implicit subsidy
  - rates updated to eliminate subsidy

# **GROUP INSURANCE PROGRAMS**

---

**LONG TERM CARE**

# Long Term Care Insurance

## How Long Would Your Assets Last?\*



How quickly would your assets disappear without long term care insurance? Based on the average yearly cost of nursing home care,\* a portfolio of \$250,000 would be depleted in less than five years

\*"Most Americans Unprepared for Long-Term Care Costs." AARP News Release, December 20, 2001.

# LTC Plan

---

## LEVELS OF CARE

- Nursing Home/Long-term Care Facility  
\$3,000 monthly benefit
- Assisted Living Facility  
\$1,800 monthly benefit
- Professional Home Care  
\$50 daily benefit
- Total Home Care  
\$1,500 monthly benefit

## BENEFIT DURATION

### Lifetime Maximum\*

3 years, \$108,000

5 years, \$180,000

*\*Bank of dollars depletes as you receive benefits.*

### **Additional Plan Features:**

#### **Paid-up Features**

Protection for non-payment of premium.

- Coverage must be in force for 5 years.

#### **Inflation Protection**

Protects benefit from inflation.

- Increase equal to 5% of original benefit.



# Partnership Program

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- Board voted to have staff investigate option

# **GROUP INSURANCE PROGRAMS**

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## **VISION PLAN**

# Vision Plan

## SCHEDULE OF EYE CARE SERVICES

The following is a complete list of eye care services for which benefits are payable. No benefits are payable for a service which is not listed.

SERVICE	MAXIMUM COVERED EXPENSE
Vision Examination May consist of, but not limited to, the following: case history; external examination of the eye and adnexa; ophthalmoscopic examination; determination of refractive status; binocular balance testing; tonometry test for glaucoma, when indicated; gross visual fields, when indicated; color vision testing when indicated; summary finding; prescribing of lenses.	Up to \$ 40.00
Frame	Up to \$ 40.00
Lenses	
Single Vision	Up to \$ 35.00
Bifocal	Up to \$ 50.00
Trifocal	Up to \$ 65.00
No line bifocal or progressive power	Up to \$ 70.00
Lenticular	Up to \$ 70.00
Contact Lenses	Up to \$ 75.00

<input type="checkbox"/>	<b><u>Enrollment</u></b>	
<input type="checkbox"/>	<b>Retirees</b>	<b>474</b>
	<b>Retiree only</b>	<b>268</b>
	<b>Retiree + spouse</b>	<b>194</b>
	<b>Retiree + Child/children</b>	<b>5</b>
	<b>Retiree + Family</b>	<b>7</b>
<input type="checkbox"/>	<b>All</b>	<b>2504</b>
	<b>Employee Only</b>	<b>811</b>
	<b>Employee+spouse</b>	<b>569</b>
	<b>Employee + Children</b>	<b>270</b>
	<b>Employee + Family</b>	<b>854</b>



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***EMPLOYEE  
ASSISTANCE  
PROGRAM***

# EMPLOYEE ASSISTANCE PROGRAM

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*The EAP is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of treatment to employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems. This assistance is rendered for a specified number of visits and the EAP is responsible for recommending further referrals to clinical or supportive organizations and medical professionals if necessary. They also conduct educational seminars and provide informational brochures.*



# EMPLOYEE ASSISTANCE PROGRAM

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## ***CURRENT EAP PROVIDERS***

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*St. Alexius*

*Medcenter One*

*Village Family Services*

*Deer Oaks*



# Agency based selection process

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- ❑ PERS bids the services
- ❑ PERS certifies those meeting the minimum requirements
- ❑ Agencies select vendors from list



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# FLEX COMP PROGRAM



# FLEX COMP PROGRAM

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*The FlexComp Plan is administered in accordance with Internal Revenue Code Section 125. It is a voluntary benefit program that allows you to set aside a portion of your salary before state and federal taxes are deducted and have it credited to accounts from which you may draw Tax Free reimbursements to pay for eligible out-of-pocket medical and dependent care expenses. You may also have certain eligible payroll deducted insurance premiums deducted on a pre-tax basis. The Plan Year begins on January 1 and ends on December 31.*



# FLEX COMP PROGRAM

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## □ *THREE TYPES OF ACCOUNTS*

- *MEDICAL*

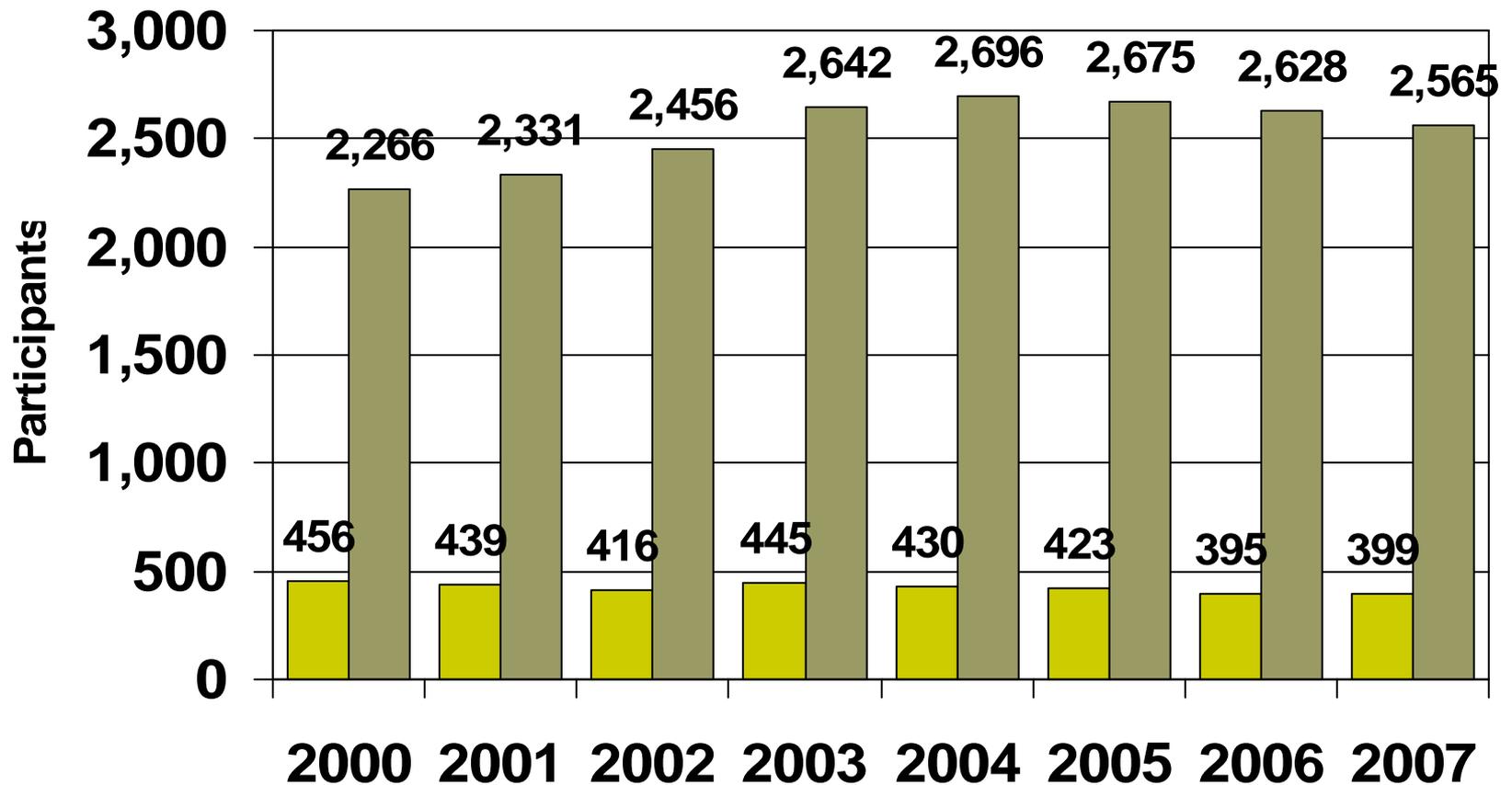
- *DEPENDENT CARE*

- *PREMIUM CONVERSION*

- *Use it or lose it*

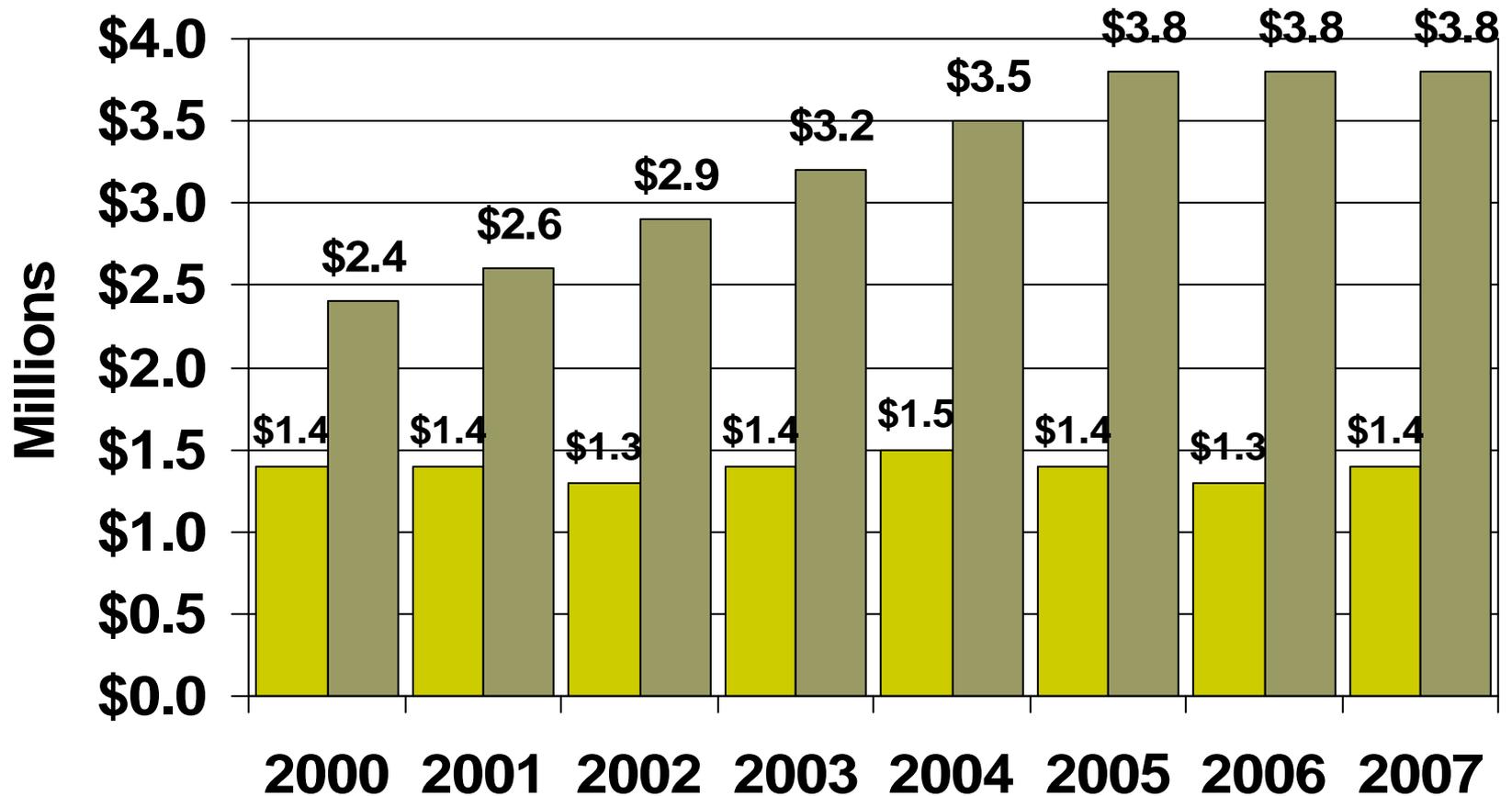
# NDPERS Flexcomp Participation

■ Dependent Care ■ Medical Spending



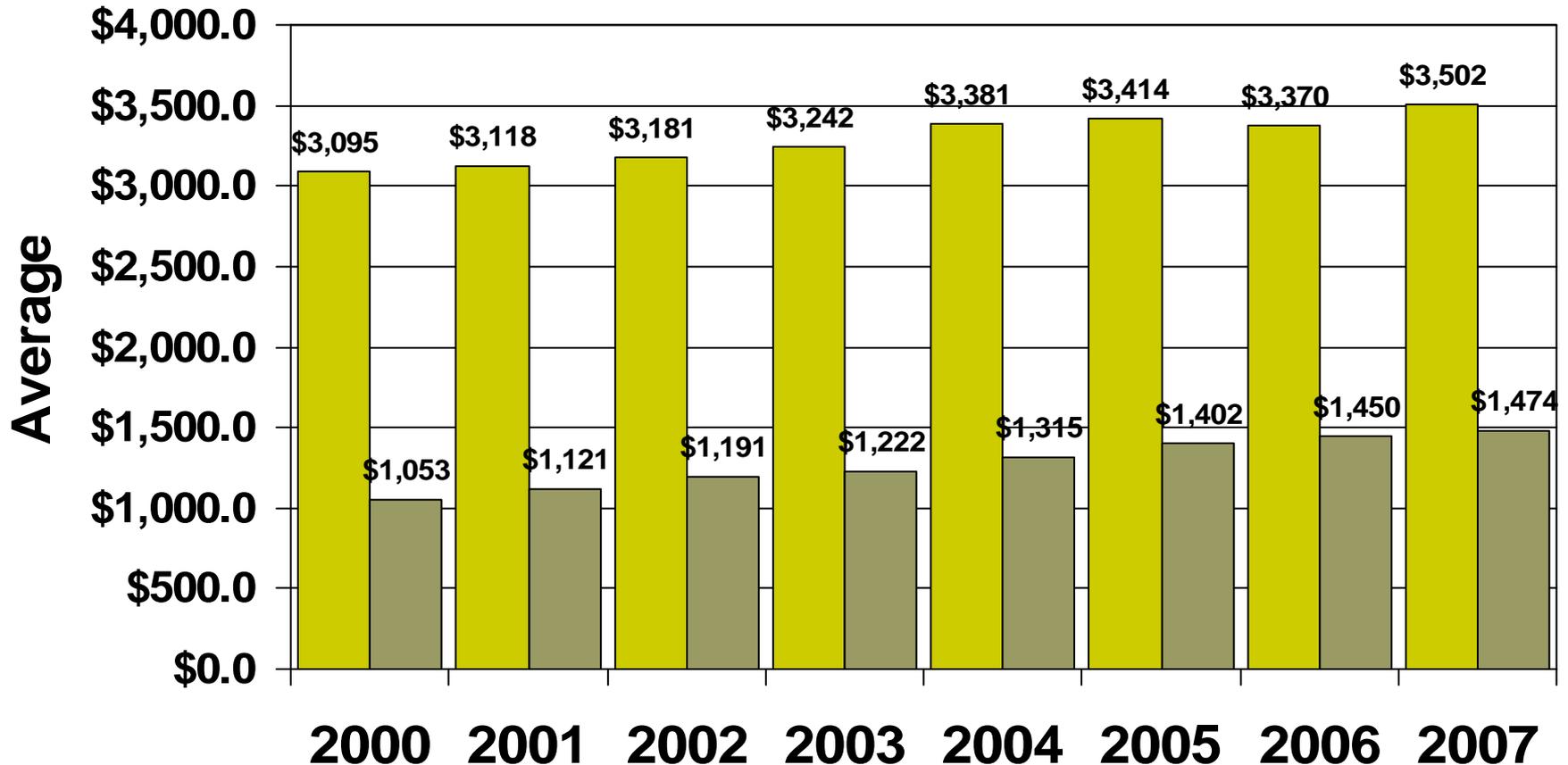
# NDPERS Flexcomp Participation

■ Dependent Care ■ Medical Spending



# NDPERS Flexcomp Participation

■ Dependent Care ■ Medical Spending





# North Dakota Public Employees Retirement System

- Sparb Collins**  
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- Contact NDPERS
- Forms & Publications
- Member Services**
- Active Members**
- Temporary/Part-Time Employees
- Retirees
- Employer Services**
- Program Administration
- Program Enrollment
- Consultant/Provider Services**
- Deferred Comp Providers
- Request for Proposals
- Online Services**
- Ligon
- Register for Ligon ID
- Online Services FAQ
- Secure File Transfer (ligon required)
- Other Information**
- Links
- Search
- Site Map
- Insurance Notices**
- NDPERS Privacy Policy
- Prescription Drug Creditable Coverage

## Welcome to the North Dakota Public Employees Retirement System (NDPERS) on the Web

2007 -2009 Health Benefit Plan Changes



Retirees

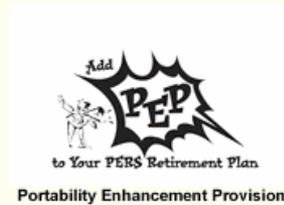
Active Members



NDPERS Employer Based Worksite Wellness Program



2006 Wellness Forum



Portability Enhancement Provision



NDPERS Election Results



www.nd.gov/ndpers



Pre-Retirement Education Webcast



Next NDPERS Board Meeting: August 16, 2007

- [agenda](#)
- [board materials](#)
- [Proposed Board Meeting Schedule](#)
- [Board Meeting Minutes](#)

Suggestions regarding our web site? [Tell us!](#)



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- Prescription Drug Creditable Coverage Notice

**PERS Board Reference Site**

North Dakota Century Code Statutes		North Dakota Administrative Code Statutes	
<a href="#">54-52</a>	Public Employees Retirement System	<a href="#">71-01</a>	General Administration
<a href="#">54-52.1</a>	Uniform Group Insurance Program	<a href="#">71-02</a>	Public Employees Retirement System
<a href="#">54-52.2</a>	Deferred Compensation Plan	<a href="#">71-03</a>	Uniform Group Insurance Program
<a href="#">54-52.3</a>	Pretax Benefits Program	<a href="#">71-04</a>	Deferred Compensation Plan
<a href="#">54-52.6</a>	Defined Contribution Plan	<a href="#">71-05</a>	Highway Patrol Retirement Plan
<a href="#">39-03.1</a>	Highway Patrol Retirement Plan	<a href="#">71-06</a>	Retiree Health Insurance Credit
<a href="#">52-11-01</a>	Job Service Retirement Plan	<a href="#">71-07</a>	Pretax Benefits Program
		<a href="#">71-08</a>	Defined Contribution Plan

Plan Documents	PERS Board Material	Legislative Employee Benefits Programs Committee
<a href="#">PERS Plan</a>	<a href="#">Board Member Contact Information*</a>	<a href="#">Committee Members</a>
<a href="#">Judges Plan</a>	<a href="#">PERS Office Organization Chart*</a>	<a href="#">Assigned Responsibilities</a>
<a href="#">National Guard Plan</a>	<a href="#">Meeting Schedule</a>	<a href="#">Meeting Minutes &amp; Agenda</a>
<a href="#">Highway Patrol Plan</a>	<a href="#">Meeting Minutes</a>	<a href="#">Memorandums</a>
<a href="#">Law Enforcement Plan</a>	<a href="#">Board Book</a>	<a href="#">Bill Drafts</a>
<a href="#">Defined Contribution Plan</a>	<a href="#">Ethics Policy</a>	
<a href="#">Deferred Compensation Plan</a>	<a href="#">Division of Responsibilities</a>	<b>Other Information</b>
<a href="#">Group Health Plan</a>	<a href="#">Board Committees</a>	<a href="#">NDPERS Employer Guide</a>
<a href="#">Group Life Plan</a>		<a href="#">Annual Report</a>
<a href="#">Group Dental Plan</a>		<a href="#">NDPERS Staff</a>
<a href="#">Group Vision Plan</a>		<a href="#">NDPERS System Replacement Project (LASR)</a>
<a href="#">Long Term Care Plan</a>		
<a href="#">Employee Assistance Program</a>		
<a href="#">Flex Comp Plan</a>		
<a href="#">Retiree Health Credit Program</a>		

Retirement and Investment Office	PERS Investment Office	Educational Opportunities
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# Administration

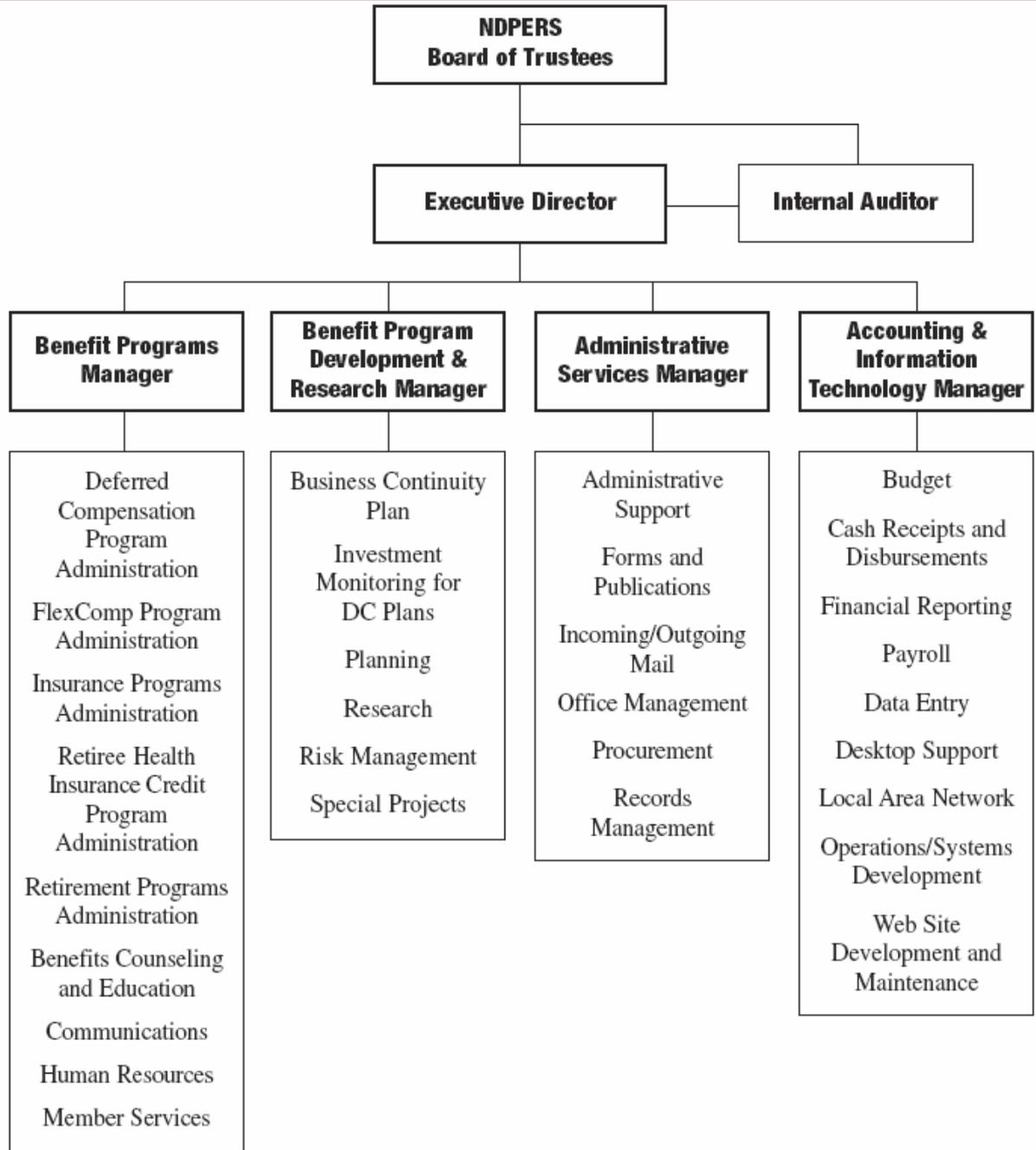
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# Update

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- ❑ Organization/Budget/Staffing
- ❑ Support System
- ❑ Consultants/vendors



# Budget/Staffing

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- PERS has an authorized FTE count of 33 staff
- Administrative Budget
  - 2007-09 appropriation \$15,273,290
  - Cost to continue FY 2009 4% salary increase 63,989
  - One-time cost – HB 1078 Career & Tech Ed (3,000)
  - One-time cost – PERSLink project (9,594,000)
  - 2009-11 budget request limit \$ 5,740,279
  - 2009-11 general fund request for OASIS 13,000
  - \$ 5,753,279

# Business System

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- Started
- 3 year project
- Project management
  - Sharon – Project Manager
  - Sharmain – Deputy Project Manger -Programs
  - Ron – Deputy Project Manager – IT
  - Bryan – Deputy Project Manager - Adms



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**Actuary:**

The Segal Company  
San Francisco, CA

**Auditor:**

Brady, Martz & Associates, P.C.  
Bismarck, ND

**Dental Insurance Carrier:**

CIGNA Healthcare  
Denver, CO

**Disability Consultant:**

Mid Dakota Clinic  
Bismarck, ND

**Employee Assistance Program Vendors:**

Medcenter One  
Bismarck, ND

St. Alexius/Heartview  
Bismarck, ND

Village Family Services  
Fargo, ND

**Health Insurance Carrier:**

Blue Cross Blue Shield of North Dakota  
Fargo, ND

**Insurance Consultant:**

Gallagher Benefit Services, Inc.  
Greenwood Village, CO

**Investment Services:**

North Dakota Retirement & Investment Office  
Bismarck, ND

**Legal Counsel:**

North Dakota Attorney General's Office  
Bismarck, ND

**Life Insurance Carrier:**

The Prudential Insurance Company of America  
Minneapolis, MN

**Long Term Care Insurance Carrier:**

UNUM  
Portland, ME

**Vision Insurance Carrier:**

Ameritas Life Insurance Corporation  
Lincoln, NE

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