



# PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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## Events & Mailings

### 2005-2006 Annual Statements

The 2005-2006 Annual Statement of Account for NDPERS active and deferred members will be mailed the first week of August.

An insert sheet called “Reading Your Annual Statement” will accompany each statement. This sheet navigates the reader through the annual statement and will address most general questions.

If any of your employees do not receive an annual statement by the middle of September, please check with the PERS office in case the statement was returned due to an incorrect address. Returned annual statements are sent to the member’s employer for distribution. Any name or address changes to employee records need to be sent to PERS in writing. A [Notice of Change SFN](#)

[10766](#) should be submitted to our office. Also, if an employee wants to update their beneficiary(ies), a [Designation of Beneficiary for the Group Retirement Plan SFN 2560](#) and/or [Life Insurance Designation of Beneficiary Change SFN 53855](#) should be completed.

If any of your employees misplace their annual statement, they may print a duplicate through [NDPERS Online Benefit Services](#).

### Annual Enrollment Season– 2007 Plan Year

This year’s Annual Enrollment Season has been scheduled for Monday, October 23 through Thursday, November 9<sup>th</sup>. Employees will be sent a postcard to their home mailing address on record informing them of their opportunity to enroll/change their benefits during the Annual Enrollment Season. They will be instructed to

access the Annual Enrollment information packet that will be available on the NDPERS website. The packet will contain information pertaining to the PERS flexcomp, health, life, dental, vision and long term care insurance plans along with links to access the enrollment forms from the PERS website.

### New “Use It or Lose It” Provisions for FlexComp Plan

Last year the Internal Revenue Service issued notice 2005-42 which authorizes employers to allow employees the opportunity to be reimbursed for expenses incurred in the current plan year out of unused contributions from the previous plan year. Referred to as the 2½ Month Rule, it allows claims incurred between January 1 and March 15 (grace period) of the new plan year to be reimbursed out of any account balance remaining from the previous plan year. This means that rather than “LOSE” the remaining balance, participants will have the option to “USE” it during the grace period. NDPERS has amended its FlexComp Plan Document to incorporate the “grace period” provisions effective for the 2006 plan year.

The “grace period” option is available to all employees participating in a medical spending reimbursement account and will work as follows:

*If a participant has a balance in their medical spending account after December 31, 2006, they will have the option to have eligible expenses incurred during the “grace period” from January 1, 2007 through March 15, 2007 reimbursed from that remaining balance.*

In addition to the above, the deadline to file medical and dependent care claims has been changed from March 31 to April 30 allowing participants an

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additional month to submit expenses incurred in 2006. Any unused amounts in a medical spending reimbursement account cannot be used for dependent care expenses or vice versa. Any amounts remaining in these accounts after April 30 are forfeited.

We will be updating the FlexComp Program Guide, FlexComp New Hire Enrollment form, and FlexComp Annual Enrollment form, FlexComp Change in Status form, FlexComp Continuation of Coverage in a Medical Spending Account (COBRA) form, FlexComp Reimbursement Voucher, and all kits to incorporate these new provisions. The October 2006 newsletter will have a complete listing of updated forms and publications.

## Important Updates

### **NDPERS Wellness Benefit Program**

The Wellness Benefit Program is available to employer groups that participate in the NDPERS group health plan and participate in the Employer Based Wellness Program. The Employer Based Wellness Program, which includes the premium discount program, encourages employers to commit to promoting wellness planning and programming at their work sites. The Wellness Benefit Program provides funding assistance to employers that develop and sponsor on-site wellness programs for their employees. Benefits are available to eligible employers once each fiscal year of the biennium. To apply for funding assistance, the employer must complete an application form. The application is evaluated by a committee comprised of a NDPERS staff member, a representative from the Health Department, and a representative from BCBS.

Funds are available for agency group programs and program related activities only. Individual memberships in diet programs, health, athletic or fitness clubs are not eligible for reimbursement. Also, the program will not fund the expense of incentive prizes or food. Employer's should fund these items through other means available based on their budget authority or you may consider an employee contribution to help offset these costs. In addition, funds cannot be used for the benefit of dependents, the general public, or in the case of a campus or school, for students.

Programs or program related activities will be reimbursed based on the following schedule:

- The first \$500 will be funded at 100%, or actual cost, whichever is less.
- Costs above the first \$500 will be funded at 75% to a maximum benefit amount of \$1,000.

As the above schedule indicates, you will be responsible for 25% of expenses that exceed the second \$500 of program expenses up to the \$1,000 benefit allowance.

More detailed [information](#) about this program as well as [application forms](#) are available on the PERS web site.

### **NDPERS Employer Based Wellness Program**

Rebecca Fricke has replaced Pam Binder as the NDPERS Wellness Coordinator for the Employer Based Wellness Program. Rebecca's phone number is (701) 328-3978. She can also be emailed at [rfricke@nd.gov](mailto:rfricke@nd.gov).

### **Deferred Compensation Payroll Deduction**

In order for NDPERS to accept deferred compensation contributions, the [North Dakota Section 457 Deferred Compensation Plan Participant Agreement for Salary Reduction Form \(SFN 3803\)](#) or the [Expedited 457 Deferred Compensation Plan & Portability Enhancement Provision \(PEP\) Enrollment Form \(SFN 54362\)](#) must be properly completed, signed by the employee and forwarded to NDPERS in the month prior to the pay period the deduction will be taken. NDPERS will authorize the deduction by signing and returning the form to the agency's deferred comp/payroll office administrator.

If a member wishes to suspend or change the deduction amount, the employee must complete a [Participant Agreement](#) form. Payroll **does not** have the authority under IRS regulations to change or suspend deductions without a [Participant Agreement](#) form approved and submitted to you by the PERS office.

If a member is leaving employment with one participating deferred compensation plan employer and begins employment with another participating employer within 31 days,

then a transfer of employment has occurred. Salary reductions for deferred compensation should continue to occur if the employee is transferring from one employer who participates in the PERS deferred compensation plan to another employer who participates in the PERS deferred compensation plan. The participant may provide the new payroll officer with a copy of the [Participant Agreement for Salary Reduction](#) form previously completed for the former employer to authorize continuation of the salary reduction.

The final deferred comp payroll deduction must be taken from the terminating employee's final regular compensation unless the employee has changed the deduction amount to zero by completing the Participant Agreement form within the designated time period.

### **Employer Guide – Health Insurance**

Included in the [Health Insurance section of the Employer Guide](#) is a matrix to assist you in the proper completion of the [NDPERS Group Health Application](#). The matrix was developed a few years ago and addresses the different scenarios in which an individual may be enrolling, adding/dropping dependents, or changing their coverage election. You are encouraged to utilize this tool. We think you will find it very helpful as you review the NDPERS Group Health Application for proper completion and documentation requirements. As you probably know, incomplete applications will be returned and may cause adjustments and late coverage for the member. We continue to invite your comments concerning the matrix so that we can make any improvements necessary. You may view the matrix at <http://www.nd.gov/ndpers/employers/docs/handbook/healthsec.pdf>

### **Group Insurance - Final Premium Payments Employer Responsibility**

Our office continues to get questions as to who is responsible for the final health premium payment. About three years ago NDPERS published this article, but once again we feel the need to remind employers that participate in the group health plan of the Administrative Rules pertaining to final payment of the health insurance premium for terminating employees. [Administrative Code section 71-03-04-01](#) pertaining to state agencies and [section 71-03-07-01](#) pertaining to

political subdivisions clarify that *an employee's coverage must end the month following the month after termination of employment. **This means the employer must remit premium payment for insurance coverage for the month following the month of termination in order to comply with this requirement. In addition, when an employee transfers from one participating employer to another, the new employer is responsible for submitting the premium for the first of the month following the month of employment. No exceptions.*** Even if the employee transfers in the middle of the month, thereby receiving a paycheck on the first of the month, following the transfer, the new employer is responsible for the premium(s). This includes deductions for health, life, EAP, dental, vision, and long-term care.

Please review your internal procedures to ensure you are administering this provision as set forth in the Code. If you have any questions, please contact Cheryl Masset at 701-328-3909 or toll free at 1-800-803-7377 or in the Fargo area at 701-282-1400.

### **Returning Reservists & PERS Retirement**

PERS has received a number of calls from employees returning from active military duty. The active duty may be covered under the Uniformed Services Employment and Re-employment Rights Act, (USERRA). To notify PERS of the return, a [Notice of Status or Employment Change SFN 53611](#) must be completed by the employee's employer. Additional information regarding how the leave of absence impacts the PERS retirement plan for these returning reservists is available under the NDPERS News section.

Legislation passed last session in HB 1069 amended the way the 4% employee contribution is paid into the Main System Defined Benefit, Highway Patrol and Defined Contribution Plans for returning reservists. Specifically the changes are:

1. For eligible veterans returning after the passage of the bill, the employer must pay the employee contribution for missed service for returning veterans in the same manner that the employer would have paid it had the veteran not been called into active duty.

2. For eligible veterans who returned to service since the passage of the Uniform Services Employment and Reemployment Rights Act, which became effective October 1, 1994, the employer must pay the employee contribution for that service in the same manner as outlined above in #1. An appropriation is provided in section 19 of HB 1069 for this purpose.
3. Provides that any past payments made by returning veterans that would qualify for employer payment since the passage of USERRA would be refunded to the employee and paid by the employer.

The above changed our statute which required the returning eligible veteran to pay the employee contribution of 4% for past service. The bill became effective as of July 1, 2005. The amendment requires that the veteran make application to the employer. To assist in the application process, PERS revised the [Purchase Agreement for USERRA Covered Military Active Duty SFN 17758](#) and posted it to the PERS website on July 1. This form is required so that the cost of the purchase can be determined.

Also, for those individuals who HAVE made payment to NDPERS for eligible service that are now eligible to receive a refund from the employer for the service under # 3 above, a new form has been created to assist in the verification process. A [Verification of Employee Contributions towards USERRA Active Military Duty SFN 54361](#) should be completed by the reservist and employer prior to submitting it to NDPERS. Upon receipt, NDPERS will verify the eligibility of the reservist to receive a refund by the employer and will document on the form the amount that the employer is required to pay based on this law change. A copy of the completed form will then be provided to both the reservist and the employer.

## **Revised Materials**

### **NDPERS On-line Kits Being Revised**

NDPERS currently has six [Kits](#) available on-line that employers should be distributing to their

employees. The six NDPERS kits were developed to assist both employers and employees in disseminating information regarding the benefits administered by NDPERS.

The kits are currently being updated due to premium changes and administrative rule changes. The revised kits will be posted to the NDPERS website by August 1, 2006. Please continue to use the current kits on the website until the revised kits are available.

## **Board Meeting Highlights**

Complete [meeting minutes](#) are available.

### **March 16, 2006**

- Reviewed proposed legislation recommended by the Employee Benefits Committee.
- Approved the amendment of the FlexComp Plan medical spending account provisions to allow for the extended grace period effective January 1, 2007.
- Were provided with a presentation regarding constitutionality of benefit changes.

### **April 4, 2006**

- Authorized NDPERS staff to proceed with a business system replacement project and to retain the L.R. Wechsler firm to assist in the project.

### **April 20, 2006**

- Discussed participation of district health units in NDPERS group health plan.
- Received an update regarding the employer based wellness discount program.
- Were provided with information regarding the BCBS annual report.

### **May 18, 2006**

- Approved the RFP for the Dental and Long-Term Care Insurances.
- Discussed the BCBS contract renewal process.
- Approved annual elections to by employers to participate in the employer based wellness discount program.

*Look forward to receiving via email your next edition of the [PERSONNEL Updates](#) @ October 15, 2006.*

*This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.*



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