

Perspectives

FOR RETIRED
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Board Members:

Jon Strinden
Chairman

Thomas Trenbeath

Attorney General Appointee

Arvy Smith

State Health Officer Designee

Members Elected:

Mike Sandal, Joan Ehrhardt,

Howard Sage, Levi Erdmann

Sparb Collins

Executive Director

Kathy M. Allen

Editor

EPO Discontinued July 1, 2009

The EPO program is no longer an option of the PERS group health plan effective July 1, 2009. The only coverage option is the PPO/Basic plan (formerly the EPO/PPO/Basic option).

The EPO program has been a part of the PERS plan since the mid 1990s. The foundation of this program was a contract between PERS/BCBSND and the participating provider networks. This contract transferred a portion of the financial risk of providing health care services to the

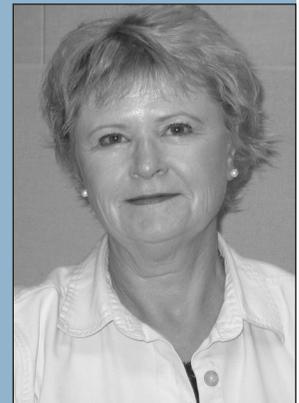
provider in exchange for our members selecting a specific network as their Exclusive Provider. If the provider network was able to meet the health care needs of its members for less than the plan payments, they could keep all or a portion of the difference. If the cost to the provider was higher than the plan's payments, then the provider paid all or a portion of the excess cost. Payments were based upon the methodology in the contract rather than the traditional method

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Elected to the Board

Joan Ehrhardt was re-elected by the active membership to a five-year term on the NDPERS Retirement Board. Her term is effective July 1, 2009 and ends June 30, 2014. Joan is employed with the Department of Human Services. The following is a recap of the election results:

	VOTES
Joan Ehrhardt	1,179
Invalid Ballots	7
Write-In Ballots	6
Total	1,192



The NDPERS Board and staff congratulate Joan on her re-election to the Board.

Howard Sage was elected by the retired membership to a five-year term on the NDPERS Retirement Board. His term is effective July 1, 2009 and ends June 30, 2014. The following is a recap of the election results:

	VOTES
Howard Sage	977
David Gunkel	692
Invalid	20
Total	1,689



The NDPERS Board and staff congratulate and welcome Howard as the new retiree representative on the Board.

CIGNA Dental Plan Renewed

At its May meeting, the NDPERS Board approved renewal of the group dental contract with CIGNA. The proposal is for a 9% across the board increase over the current premium rates. The rate increase will be effective January 1, 2010.

Ameritas Vision Plan Renewed

At its June meeting, the NDPERS Board approved renewal of the group vision contract with Ameritas. The proposal is for one year with no increase in the rates. Due to favorable plan experience they have proposed an increase to the annual eye exam benefit from \$40 to \$45. The new exam benefit will be effective January 1, 2010.

SPECIAL NOTICE: 2009 Income Tax Withholding for Pension Payments

Due to the American Recovery and Reinvestment Act (ARRA) signed into law on February 17, 2009, the Internal Revenue Service (IRS) issued new tax withholding tables effective April 1, 2009 that are to be used to calculate the federal income tax withholding for pension payments. In summary, the automatic withholding threshold was increased from \$1,600 to \$2,240 effective April 1, 2009. Under the revised wage withholding tables, no tax is to be withheld from monthly payments that are less than \$2,240, unless you request otherwise, because this is the monthly withholding threshold for a "married-and-three" taxpayer.

NDPERS was required to adjust its system to incorporate the new tax withholding tables effective with your April 1 payment. Therefore, the change in withholding occurred automatically and if you have a Form W-4P on file, the tax was applied in accordance with that form.

The result of this may be that you will receive a larger pension check for the remainder of the year. Therefore, at the end of the year not enough tax will be withheld to cover your 2009 tax bill, thereby requiring you to repay these taxes when you file your 2009 tax return (either as a smaller refund or a higher tax bill).

If you wish to adjust your withholding you must file a new W-4P with the PERS office. You may obtain the form from our web site at www.nd.gov/ndpers under Forms and Publications for the Defined Benefit Hybrid Retirement Plan or you may call the NDPERS office at 701-328-3900 or 1-800-803-7377. For additional assistance, get IRS Publication 919, "How Do I Adjust My Tax Withholding?" or visit the IRS website at 222.irs.gov and use the "Withholding Calculator." As with all tax matters, we also recommend that you discuss this issue with your personal tax advisor.

EPO Discontinued *Continued from page 1*

of payment for actual services performed. The objective of the program was to create a risk/reward relationship for the health care network that encouraged them to effectively manage the health care needs of its members and, in so doing, reduce the rate of increase in overall plan costs.

Two years ago, BCBSND was unable to renew EPO network provider contracts without removing the risk-sharing provision. Since this occurred after the 2007-2009 biennium, premium rates had already been accepted by the PERS Board; included in the Governor's budget; and in final consideration by the Legislature,

BCBSND agreed to continue the option without an adjustment in the premium rates for this biennium.

In the renewal for PERS 2009-2011 biennium, BCBSND indicated it would cost approximately 2% of overall premiums for us to maintain the EPO program for our members. This would require about \$7.2 million in premium payments for all our plan participants, with the state paying about 75% of that amount. Therefore, because of the additional cost to maintain the program, it will not be a part of the PERS plan for the 2009-2011 biennium.

New Dakota Retiree Plan

- The Dakota Retiree Plan benefit structure changed effective July 1, 2009. If you are currently on Medicare this change will affect you and how your claims are paid. In general, the new Dakota Retiree Plan mirrors the Supplemental Plan F benefit design with no variations. Therefore, if a service/treatment is not covered by Medicare, it will not be covered by the Dakota Retiree Plan. However, it is not a Qualified Supplemental Plan F product. Medicare also makes changes to benefits at the beginning of each calendar year. The previous retiree plan made changes on a fiscal year basis.

Overall, the new benefit structure is richer than the current plan; however, there are some services that are more limited. The following are some areas where benefits are richer than those of the current plan:

- Deductible and coinsurance payments will no longer apply. Under the previous plan you paid these out-of-pocket expenses.
- There will be no lifetime maximum. The current plan has a \$2 million lifetime cap.
- 18 visits will be allowed for cardiac rehab. The current plan allows 12.

The following are areas where benefits will be more limited:

- **Chiropractic Treatment:** The new plan will pay 20% of the Medicare-approved amount and the Part B deductible applies. The previous plan paid office visits/manipulations at 80%/75% and the deductible was waived and therapy was paid at 80%/75% and the deductible applied.
- **Skilled Nursing Facility:** No benefits are available beyond the 100 days eligible under Medicare. The previous plan allowed benefits after 100 days if medically appropriate, subject to deductible/coinsurance and lifetime maximum.

Providers

Providers not participating with Medicare may not be covered (non-PAR). However, they do have the option to accept Medicare assignment. A survey of North Dakota providers by BCBS indicated the following:

- Of 4,545 total providers, 96% or 4,353 are PAR with Medicare.
- Of 287 total chiropractors, 85% are PAR with Medicare.

BCBS mailed out benefit summaries and new ID cards in late June. If you have not received this information, please contact the NDPERS member service unit at BCBS at 800-223-1704 or 701-282-1400.

The Different Parts of Medicare

The different parts of Medicare help cover specific services if you meet certain conditions. Medicare has the following parts:

Medicare Part A (Hospital Insurance)
Helps cover inpatient care in hospitals

Helps cover skilled nursing facility, hospice, and home health care

Medicare Part B (Medical Insurance)
Helps cover doctors' services and outpatient care

Helps cover some preventive services to help maintain your health and to keep certain illnesses from getting worse

Medicare Part C (Medicare Advantage Plans) (like an HMO or PPO)

A health coverage choice run by private companies approved by Medicare

Includes Part A, Part B, and usually other coverage including prescription drugs

Medicare Part D (Medicare Prescription Drug Coverage)

Helps cover the cost of prescription drugs

May help lower your prescription drug costs and help protect against higher costs in the future

Health Insurance Credit to Increase

Senate Bill 2154 was passed by the legislature. This bill allows for an increase in the Retiree Health Insurance Credit from \$4.50 to \$5.00 per year of service credit effective July 1, 2009. In order to fund this benefit, the bill provided for an increase in the employer contribution of .14% which means it will increase from 5.12% to 5.26% of covered payroll.

For retirees participating in the Dakota or Dakota Retiree health plans, the increase will be effective with their July premium.

Reminders for Medicare Part D Prescription Drug Coverage

The following may be used as a temporary substitute for a drug plan membership card should you require services before you receive your ID card:

- An acknowledgement letter, or
- A confirmation letter, or
- A welcome letter, or
- An enrollment confirmation number received from the plan.

The following are some numbers that you may need if you are having any problems or concerns:

MedicareBlue Rx Customer Service:
1-877-838-3827

CMS (Centers for Medicaid and Medicare):
1-800-633-4227

North Dakota Insurance Department:
1-888-575-6611



Thank you Ron!

Ron Leingang's term as the elected retiree representative on the NDPERS Board concluded on June 30, 2009. Ron served on the Board in this capacity for five years. The PERS Board and staff extend their appreciation to Ron for his contribution and dedication during his term on the Board.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

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