

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**  
ND Association of Counties  
1661 Capitol Way  
**Fargo Location:**  
BCBS, 4510 13<sup>th</sup> Ave SW

**February 15, 2007**

**Time: 8:30 AM**

### **I. MINUTES**

- A. January 18, 2007
- B. February 1, 2007

### **II. GROUP INSURANCE**

- A. BCBS Rate Reprojection – BCBS (Information)
- B. Plan Design and Benefits – Sparb (Board Action)
- C. EPO Report – BCBS (Information)
- D. EPO Update – BCBS (Information)
- E. BCBS 2006 Claims Review – Bryan (Information)
- F. Surplus/Affordability Update – Bryan (Information)

### **III. FLEX COMP**

- A. 2007 Flexcomp Enrollment Update – Bryan (Information)

### **IV. RETIREMENT**

- A. Job Service – Sharmain (Board Action)

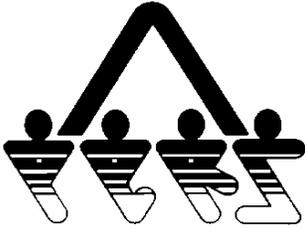
### **V. MISCELLANEOUS**

- A. Employee Assistance Program Request for Proposal – Bryan (Board Action)
- B. Legislative Update – Sparb (Information)
- C. SIB Agenda – (Information)

### **VI. LASR Update – Deb (Information)**

---

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



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

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

---

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

# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** February 7, 2007

**SUBJECT:** BCBS Rate Reprojection, EPO Report and EPO Update

Information relating to the above agenda items (II. A, C and D) will be presented at the Board meeting by representatives from BCBS.



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

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

---

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

# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** February 9, 2007

**SUBJECT:** PERS Plan Design and Benefits

At the board meeting we will receive an update on the premiums for 2007-2009 bienniums from BCBS. At that time we will know if the revised premium is lower than the one submitted last August and approved in the Executive Budget. I will be reporting this revised premium to the Appropriation Committee chairs immediately after crossover, February 21. If the premium is lower, I am asking for your direction on what the PERS board would suggest for using that gain. Three options come to mind:

- Return the premium gain to the state for reallocation to other programs.
- Suggest using the premium gain to offset the increases in deductibles and co-payments that will be occurring in 2007-2009.
- Suggest using the premium gain to update the plan design.

Please note that if the revised premium estimate is higher than the premium approved, we do not need to take any action. Pursuant to our agreement with BCBS, if the revised estimate is higher than the previous premium submitted in August then the August premium will be used for 2007-2009. If the estimate is lower, then the revised premium will be used for 2007-2009. At this point staff has not seen the revised estimate. However, in terms of background, in 2005 when we went through this process, the revised premium was \$5.20 lower and in 2003 the revised premium was \$4.70 lower.

## Return the premium gain to the state for reallocation to other programs

Pursuant to this option we would report our new premium to the legislature without a suggestion. If the board does not offer any suggestions the legislature may reallocate the gain to other efforts.

## Suggest using the premium gain to offset the increases in deductibles and co-payments that will be occurring in 2007-2009

As you know the executive budget did not fund the present plan design. The following shows the existing plan and the plan funded in the executive budget.

PLAN FEATURES	Current Plan Design			07-09 (Governors Budget)		
	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 EXCEPT 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

The arrows highlight the changes. If we do have a gain in premium we could suggest that it be allocated to reducing the change in the deductible or the co-payment for office calls or drugs. The following gives you an idea of the premium savings associated with each of the above changes:

*The value of the separate pieces is:*

*\$ 2.70 = value of increasing all Office Visits co pays by \$5*

*\$ 2.70 = value of increasing all RX Formulary Brand co pays by \$5*

*\$17.52 = value of increasing PPO deductible to \$400 single/\$1200 family, EPO deductible to \$200 single/\$600 family, Basic deductible to \$400 single/\$1200 family*

What this highlights is that if we had a gain in the premium of \$17 we could then suggest using it to offset the deductible change. Conversely if we had a gain of \$3 we could suggest using it to offset the change in the office visit co-pay or drug co-pay.

### **Suggest using the premium gain to update the plan design.**

The third option is to use any gain to update our plan design. Attached is a memo from Larry that highlights some of the differences between our plan design and the standard BCBS plan design. He also notes the cost of adding these plan design changes to our plan.

### **Board Action Requested**

Until the board meeting we will not know if we have a gain in the premium. However, if we do, I am requesting your guidance on any suggestions you would like me to pass along to the legislature as they consider how to proceed based upon the new information. As mentioned above, if the new premium is higher, then this agenda item is mute. If it is lower, this memo attempts to identify some of the options. We will review this in more detail at the board meeting and staff will provide its recommendation to you at that time as well.



**Memorandum**

**TO:** Sparb Collins, NDPERS

**FROM:** Larry Brooks, BCBSND

**DATE:** January 30, 2007

**SUBJECT: Benefit Variances**

Sparb, you had requested a list of variances, differences between the NDPERS health product and our standard products. Below is a list of those differences that represent a good start to aligning the PERS plan more closely with our standard products. There are more differences than these; however, those can be visited at a later date. These variances were considered the most important to our NDPERS Service Unit and our IS staffs.

1. Premium estimates are based on current benefit structure for 7-07 / 6-09 biennium.
2. All costs have been spread to all contracts.

Issue	PERS Benefit	Standard Benefit	Additional Monthly Cost
Occupational Therapy	PERS requires prior approval for OT after 90 <sup>th</sup> day.	Standard benefits do not allow after the 90 <sup>th</sup> day. No prior approval	No rate change Ease administration
Speech Therapy	PERS requires prior approval for ST at first visit	Standard benefits do not allow after the 90 <sup>th</sup> day. No prior approval	No rate change Ease administration
Oral Brush Biopsies	PERS does not cover Oral Brush Biopsies.	2001 Re-Write. Standard benefits cover these services.	No rate change
Routine circumcisions	NDPERS does not allow for routine circumcisions	Standard contracts pay for all circumcisions	\$.16 per contract
Rehabilitative and habilitative care	NDPERS did not take the 2001 Rewrite for Rehabilitative/Habilitative Therapy. NDPERS has	Standard contracts pay for services related to rehabilitative and	\$.30 per contract

	the exclusion for electronic speech aids, which is included in the benefit for Rehabilitative therapy/Habilitative Therapy. NDPERS does allow for electronic speech aids through Case Management under the Rehabilitative changes.	habilitative care	
Emergency Room services	NDPERS applies the copayment, deductible & coinsurance to the Institutional Emergency Room services.	Standard applies the copayment & coinsurance, but waives the deductible.	\$1.05 per contract
* Preventive Screening (other than well child)	NDPERS benefits include specific services and age groups. Also includes cost share differences.	Annual \$200 preventive max, mandated benefits (pap smear and office visit, mammograms and PSA and office visit) do not update maximum, preventive services after max met, apply cost share.	\$5.37 per contract
* Immunizations	NDPERS covers flu shots and immunizations for children up to age 18, subject to cost share.	Standard will cover (benefit re-write issue) services at 100%. These services not subject to preventive screening dollar maximum.	\$.19 per contract
* HPV immunizations for age 19-26	NDPERS currently does not cover immunizations for members over age 18 (except flu shot)	Standard covers CDC approved immunizations. Pay at 100%	\$.32 per contract (prior quote of \$.26 was to apply PERS benefits, cost share applies)
* Tetanus	NDPERS currently does not cover immunizations for members over age 18 (except flu shot)	Standard covers CDC approved immunizations. Pay at 100%	\$.18 per contract (prior quote of \$.15 was to apply PERS benefits,

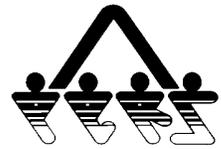
			apply cost share)
Well Child Visits	NDPERS covers 5 visits (apply coinsurance) for children age 0-12 months	Benefit re-write will be covering 7 visits for children	\$.11 per contract

The items above marked (\*) are a component of our 2007 Benefit Rewrite project. The emphasis with our changes is on prevention and wellness. To that end, we are changing our current \$200 preventive screening maximum (which does not cover preventive services once the maximum is met) to apply appropriate cost share after the \$200 maximum is met. At the same time, our immunization benefit is changing to pay all CDC approved services at 100% and paid amounts will not apply towards the preventive maximum. As currently is done today with the \$200 maximum, the mandated benefits of pap smear, mammograms and PSA testing are covered and do not apply to the annual payment maximum.

Other comments about the proposed preventive screening and immunizations:

- Would require some learning curve for members
- Over time, would reduce confusion and frustration for members
- Standard benefit, easier to administer
- Proposed benefits would apply to EPO and PPO members
  - For EPO members seeking treatment out of network, not covered

If you have any question, please let me know.



# Memo

To: NDPERS Board  
From: Bryan T. Reinhardt  
Date: 2/21/2006  
Re: 2006 BCBS Claims Review

---

Each year we conduct a claims review to check the accuracy of BCBS claims processing. In late January, I traveled to the BCBS corporate office in Fargo to review a sample of 100 NDPERS claims. A list of the claim specifications is attached. Note that this is not a random sample of all claims, but a select sample from specific areas that we felt needed to be looked at. I focused on claims incurred in the year 2006. BCBS did a good job of having everything ready for me and having staff available to answer my questions and explain the claims payment process. The BCBS claim selection process is attached.

## Review Findings:

A review claim did not have the deductible and coinsurance correctly applied.

A review claim with Workforce Safety was incorrectly paid.

Services performed by a Licensed Registered Dietitian were denied because Hyperlipidemia was listed as the 2<sup>nd</sup> diagnosis instead of the first (primary). (See Email response #1)

Coinsurance was applied to an RX claim when the maximum was already met. (See Email response #2)

A review claim with COB with Medicare paid more than it should have. (See Email response #3)

COB banking went away on 1/1/07, but when a member has COB their deductible and coinsurance maximums will still be credited. In one case this amount was more than the actual plan savings. (See questions to Larry Brooks #1)

Services performed by an LRD (and all allied providers) received an increase from 75% of the physician fee schedule to 85%. This is in addition to the fee schedule itself increasing. We were not made aware of this. (See questions to Larry Brooks #2)

Mammograms are processed so the first occurrence is treated as preventative (paid 100%) and the rest are treated as medical, regardless of the diagnosis codes. The other preventative screenings are not processed in this manner. All five of the PAP screenings and four out of five of the mammograms in the review were processed at 100%. All five Fecal Occult tests, two of the five cholesterol tests, three of the five Blood Sugar tests, and one of the five PSA tests were paid at 100%. These tests are not covered in full under the wellness benefit unless there is a 'routine' or 'preventative' diagnosis. Note that if there is a 'routine' diagnosis, other tests are not covered at all. If a member does go to a doctor for an annual physical or some other service that is 'not allowed', they do not receive the benefits of any BCBS or NDPERS fee schedule or discounts. This is true even if the provider is a PPO or EPO provider.

A general observation is that a lot of the claims resulted in no plan payment because the amount went toward the member's deductible and/or coinsurance. BCBS appears to have the current biennium's plan design changes in place and being properly applied.

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

NDPERS 2006 Audit of 1/2006 – present BCBS Claims Processing

1. Blue Cross PPO (5 claims)
2. Blue Shield PPO (5 claims)
3. Blue Shield EPO (5 claims)
4. Blue Shield Copayment (1 claim)
5. Blue Shield Chiropractic (5 claims)
6. Blue Cross COB (5 claims)
7. Blue Cross COB (2 with Medicare Member age 65+)
8. Blue Cross COB (2 with Medicare Member age <65)
9. Blue Cross COB (3 with Workers Compensation)
10. Blue Shield COB (5 claims)
11. Blue Shield COB (2 with Medicare)
12. Blue Shield COB (3 with Workers Compensation)
13. Blue Cross Supplemental Payments (1 claim)
14. Blue Cross Psych (3 claims)
15. Blue Shield Psych (3 claims)
16. Blue Cross CDU (3 claims)
17. Blue Shield CDU (3 claims)
18. Blue Shield PAP (5 claims)
19. Blue Shield Mammograms (5 claims)
20. Blue Shield EPO Fecal Occult Test (5 claims)
21. Blue Shield EPO Cholesterol Screening (5 claims)
22. Blue Shield EPO Blood Sugar Testing (5 claims)
23. Blue Shield EPO PSA Testing (5 claims)
24. Blue Shield Service performed by a LRD (3 claims)
25. Prescription Drug Formulary (3 claims)
26. Prescription Drug Non-Formulary (2 claims)
26. Blue Cross Ambulance (1 claim)
27. Blue Cross C-Sections (1 claim)
28. Blue Shield Physical Therapy (1 claim)
29. Blue Cross 'Denied Experimental' (3 claims)

Total 100 Claims

## **NDPERS Annual Claims Focus Review**

### **Claim Selection Process Overview**

A project is submitted to Information Services Department to have all NDPERS claims for the audit time period extracted. Tables are set up on an Access file, and the files are then linked to the tables.

Verification of the criteria necessary for each query is made to insure the claim samples are accurate. For example certain procedure codes, RNA's, Diagnosis Codes etc. are used in determining the types of claims needed for each desired category, such as BC Psych or BS Mammograms. Changes may be necessary if, for example, a new RNA code, or procedure code has been added or removed.

After all criteria has been verified, the queries are run. This determines the total number of claims within each query. Once this has been determined, claims are randomly selected.

Web site <http://www.randomizer.org> is used in randomly selecting the claim samples. We input how many claims are in each query, and the number of claims needed. It then gives us the number of the claim to be selected. For example, if there are 150 claims for a specific query, and we need 5, it may randomly select claim 7, 45, 101, 113, 147. Then going back into the corresponding Access table, we select the claims that match the selected random numbers. This is done for each query or sample.

**Reinhardt, Bryan T.**

---

**From:** Janell Nielson [Janell.Nielson@bcbsnd.com]  
**Sent:** Thursday, February 01, 2007 8:23 AM  
**To:** Reinhardt, Bryan T.  
**Cc:** Patrick Gulbranson; Shelly Stalpes; Michelle Bishoff; Larry Brooks  
**Subject:** Follow-up to questions regarding 2006 NDPERS Annual Claims Focus Review

Bryan,

The following are answers to questions you had during your review of the 2006 NDPERS claims:

1. Services performed by a LRD (Licensed Registered Dietitian) were denied as "Services provided by a licensed registered dietitian not covered". There were two diagnosis submitted on the claim. The prime diagnosis 790.21 (Impaired Fasting Glucose) and the secondary diagnosis of 272.4 (Hyperlipidemia Nec/Nos). According to the benefits the prime diagnosis (790.21) is not a diagnosis we allow for LRDs. However, the secondary diagnosis (272.4) is a diagnosis we allow for LRDs. Your questions was, "why were the services denied?" Based on further review the claim denied correctly. Our standard process for services provided by an LRD is to process based on the main diagnosis (prime reason) the member was being seen, unless there is a deviation listed. In this case and based on how the claim was submitted, there is no deviation listed, and the prime reason the member was seen was for "Impaired fasting glucose". Therefore, the service was denied.
2. Your question on the out-of-sample prescription claim applying \$15.00 to the RX Co-insurance Accumulator has been reviewed. PTI sent us a claim for diabetic supplies indicating the member was responsible for a \$15.00 copay. When our plan received the claim, the member's benefits indicated copayments are waived for diabetic supplies. This mistake had been identified on a report, and a check issued to the member for \$15.00. Because of how the claim was submitted the member's RX Co-insurance maximum was updated. This is an isolated incident. The \$15.00 has been backed out of the member's RX Co-insurance maximum.
- 3 Your question regarding the institutional claim where we paid more than what we would have as prime has been researched, and determined the claim paid incorrectly. We should have paid \$43.93 rather than \$55.98. This is an overpayment of \$12.05, and the claim will be reprocessed. This is a unique situation because our discounts were much higher than Medicare's discounts. This does not happen very often. In addition, the adjudicator processing instructions will be updated to better explain how to handle these types of situations in the future.

If you have any further questions or concerns, please let me know.

Thank you,  
Janell Nielson  
Quality Assurance Specialist  
(701)277-2465

Confidentiality Notice: This e-mail message is for sole use of intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, distribution, or copying is prohibited. If you are not the intended recipient, please contact the sender by replying to this e-mail and destroy/delete all copies of this e-mail message.

## Reinhardt, Bryan T.

---

**From:** Reinhardt, Bryan T.  
**Sent:** Thursday, February 01, 2007 2:46 PM  
**To:** 'Larry Brooks'  
**Cc:** 'Kevin Schoenborn'  
**Subject:** Audit Questions

Larry,

Could you get me a quick response to these two questions? I need to get the response by the 6<sup>th</sup> so I can get this finished and presented at the Feb Board meeting.

1. The COB Banking went away on 1/1/2007. BCBS still credits a member's maximums based on COB savings. For example RNA code 09-001-90 credit deductible & 09-002-90 credit coinsurance. Why didn't this go away with the COB banking?

Why isn't the amount credited compared with the COB savings? It is possible for the amount credited to a member's maximums to be higher than the actual savings. For example: \$100 bill with member's coinsurance had the plan been primary at \$20, that is what is credited to their coinsurance and plan would have paid \$80. Say with COB the other plan actually pays \$30 and the NDPERS plan pays the remaining \$70. The COB savings is \$10 since \$80-\$70 is \$10, but the member's coinsurance max is credited \$20 instead of \$10 meaning the plan might pay more on future claims if the member's maximum is met. In this example, doesn't it make sense that the member's coinsurance maximum be credited \$10 instead of \$20?

2. Service performed by an LRD was 75% of the physician payment schedule. This increased to 85% as of 1/1/06. Why?

If you have any questions, let me know.

Bryan T. Reinhardt  
Research Analyst / Benefits Planner  
NDPERS  
400 E Bdwy, Suite 505  
Box 1657  
Bismarck, ND 58502  
(701) 328-3919





**North Dakota  
Public Employees Retirement System**

400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

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

FAX: (701) 328-3920 • EMAIL: NDPERS-INFO@ND.GOV • www.nd.gov/ndpers

M E M O R A N D U M

**TO:** NDPERS BOARD  
SPARB COLLINS, NDPERS  
KATHY ALLEN, NDPERS

**FROM:** <sup>BTR</sup> BRYAN T. REINHARDT

**DATE:** February 2, 2006

**SUBJECT:** GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

Here is the December surplus projection and affordability analysis for the NDPERS group medical plan. The plan made it through the 2003-2005 biennium and is in the last half of the 2005-2007 period.

Net premium sent to BCBS in July 2005 was \$10,853,370. For comparison, net premium sent to BCBS in June 2005 was \$9,821,731. The NDPERS health plan ended up with 23,580 contracts in June, 2005. There were 22,947 contracts in June, 2003, and 21,792 in July 2001. There are now 24,176 contracts.

The projection for the 2003 - 2005 biennium shows an ending balance of \$15.67 million. The cash settlement back to NDPERS should be around \$1.4 million. The \$14.3 million deposit date for the 05-07 biennium was July 1, 2006. These amounts are at BCBS and receiving interest.

The projection for the 2005 - 2007 biennium shows a June 30, 2007 ending loss of \$1 million. The plan is fully insured against a loss, so the actual projection is zero. BCBS increased the IBNR estimate by \$1 million, so this was the main difference from the last report. Since we share 50/50 in the first \$3.0 million surplus with BCBS, future growth in this surplus will be difficult.

If you have any questions or you should need anymore information, please contact me.

# NDPERS - ESTIMATED SURPLUS PROJECTION: 2005-2007 BIENNIUM

December, 2006

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2005-2007 biennium. The estimate has been updated to include account activity through December, 2006.

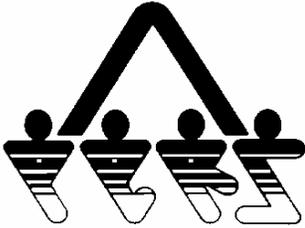
1) Preliminary Underwriting Gain for the 2005-2007 Biennium	(\$16,947,300)
2) Cash Balance Interest Accumulation	\$916,071
3) Estimated Underwriting Gain for the 2005-2007 Biennium	(\$16,031,229)
5) Refunds and Settlements	
07/01/05 Perform Rebate (Included as claim rebates)	\$424,842
10/04/05 Perform Rebate (Included as claim rebates)	\$430,343
12/01/05 Perform Rebate (Included as claim rebates)	\$8,716
01/01/06 Perform Rebate (Included as claim rebates)	\$332,766
02/24/06 Perform Rebate (Included as claim rebates)	\$387,919
03/01/06 Perform Rebate (Included as claim rebates)	\$15,236
05/26/06 Perform Rebate (Included as claim rebates)	\$280,399
08/31/06 Perform Rebate (Included as claim rebates)	\$288,072
11/30/06 Perform Rebate (Included as claim rebates)	\$266,417
12/30/06 Perform Rebate (Included as claim rebates)	\$23,228
04/01/07 Perform Rebate	\$275,000
 EPO Settlement Payments 7/05 - 6/06 (Included as rebates & paid)	 \$1,277,000
EPO Settlement Payments 7/06 - 6/07 (Included as rebates & paid)	\$0
6) Cash Reserve Account Balance	\$15,666,912
2003-2005 Settlement Cash Out:	(\$1,439,151)
Future Interest:	\$377,598
<b>Total</b>	<b>\$14,605,359</b>
7) Total Estimated Surplus Held by BCBS	(\$1,150,870)
8) BCBS Portion of Surplus (50% upto \$1,500,000)	\$0
9) PERS Portion of Surplus Held by BCBS	\$0
10) NDPERS Wellness Accounts	
My Health Connection	\$169,427
Employer Based Wellness	\$40,123
Wellness Benefit Program	\$27,491
SubTotal	\$237,041
<b>Total Adjusted for Usage</b>	<b>\$0</b>
11) Total Estimated Funds Available to PERS on June 30, 2007	\$0

NDPERS - Projected Underwritten Experience for the 2005-2007 Biennium

December, 2006

MONTH	NET PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$26.98/CON	NET PREMIUM	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS (1)	ESTIMATED GAIN / LOSS
Jul-05	\$11,491,070	(\$2,387)	\$11,488,683	\$637,699	\$10,850,984	\$10,908,067	\$0	\$10,908,067	(\$57,083)
Aug-05	\$11,486,984	\$0	\$11,486,984	\$635,676	\$10,851,308	\$10,781,949	\$0	\$10,781,949	\$69,359
Sep-05	\$11,592,130	\$0	\$11,592,130	\$641,396	\$10,950,735	\$9,691,408	\$0	\$9,691,408	\$1,259,327
Oct-05	\$11,564,639	(\$995)	\$11,563,644	\$640,748	\$10,922,896	\$10,048,505	\$0	\$10,048,505	\$874,391
Nov-05	\$11,565,139	\$1,417	\$11,566,556	\$640,478	\$10,926,078	\$11,340,678	\$0	\$11,340,678	(\$414,600)
Dec-05	\$11,575,731	\$7,675	\$11,583,406	\$640,829	\$10,942,577	\$11,772,477	\$0	\$11,772,477	(\$829,900)
Jan-06	\$11,053,969	\$332	\$11,054,300	\$644,606	\$10,409,694	\$9,972,780	\$0	\$9,972,780	\$436,914
Feb-06	\$11,053,628	\$0	\$11,053,628	\$645,308	\$10,408,320	\$9,665,588	\$0	\$9,665,588	\$742,732
Mar-06	\$11,049,994	(\$26,775)	\$11,023,218	\$645,146	\$10,378,073	\$12,187,796	\$0	\$12,187,796	(\$1,809,723)
Apr-06	\$11,066,004	(\$36,321)	\$11,029,683	\$645,820	\$10,383,862	\$10,949,068	\$0	\$10,949,068	(\$565,206)
May-06	\$11,064,390	\$3,501	\$11,067,891	\$646,198	\$10,421,693	\$11,052,739	\$104,000	\$11,156,739	(\$735,046)
Jun-06	\$11,076,821	\$0	\$11,076,821	\$647,385	\$10,429,436	\$11,922,920	\$159,000	\$12,081,920	(\$1,652,484)
Jul-06	\$11,056,557	\$0	\$11,056,557	\$646,495	\$10,410,063	\$10,182,598	\$258,000	\$10,440,598	(\$30,535)
Aug-06	\$11,052,995	\$0	\$11,052,995	\$646,414	\$10,406,581	\$11,004,243	\$564,000	\$11,568,243	(\$1,161,662)
Sep-06	\$11,153,014	\$0	\$11,153,014	\$650,785	\$10,502,229	\$9,693,711	\$785,000	\$10,478,711	\$23,518
Oct-06	\$11,116,487	\$6,351	\$11,122,838	\$650,515	\$10,472,323	\$10,113,195	\$1,749,000	\$11,862,195	(\$1,389,872)
Nov-06	\$11,146,017	(\$8,222)	\$11,137,795	\$652,916	\$10,484,879	\$8,882,764	\$3,680,000	\$12,562,764	(\$2,077,885)
Dec-06	\$11,130,343	(\$12,813)	\$11,117,530	\$651,972	\$10,465,558	\$3,256,892	\$9,201,000	\$12,457,892	(\$1,992,334)
Jan-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,560,477	(\$1,082,106)
Feb-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,636,780	(\$1,158,409)
Mar-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,713,082	(\$1,234,711)
Apr-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,789,385	(\$1,311,014)
May-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,865,687	(\$1,387,316)
Jun-07	\$11,130,343	\$0	\$11,130,343	\$651,972	\$10,478,371	\$0	\$0	\$11,941,990	(\$1,463,619)
BIENNIAL TOTAL	\$269,077,968	(\$68,238)	\$269,009,730	\$15,522,215	\$253,487,516	\$183,427,378	\$16,500,000	\$270,434,780	(\$16,947,264)

(1) Future Months are Estimated based on Projection from NDPERS.



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

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

---

FAX: (701) 328-3920 • EMAIL: [NDPERS@state.nd.us](mailto:NDPERS@state.nd.us) • [discovernd.com/NDPERS](http://discovernd.com/NDPERS)

# Memorandum

**TO: NDPERS Board**

**FROM: Bryan & Kathy**

**DATE: February 7, 2007**

**SUBJECT: FlexComp Annual Enrollment**

The annual open enrollment for the 2007 FlexComp plan year concluded on November 15, 2006. Included is an update of the number of participants that enrolled and the dollars deferred for the medical spending and dependent care plans along with the comparative statistics for the 2006 plan year.

## **Enrollment Highlights**

### **Dependent Care Accounts**

- Participation for 2007 is 4 more than in 2006. Total dollars pretaxed shows about a 5% increase over 2006.

### **Medical Spending Accounts**

- Participation for 2007 is 63 less than in 2006. Total dollars pretaxed decreased by approximately 1%.

We are available to answer any questions.

## 2007 NDPERS Flexcomp Program

---

Here is the Flexcomp Program enrollment for the 2007 plan year.  
The 2006 initial enrollment totals are included for comparison.

### Dependant Care:

#### 2006 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

N	Minimum	Maximum	Mean	Sum
395	\$168.00	\$5,000.00	\$3,370.59	\$1,331,383.47

#### 2007 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

N	Minimum	Maximum	Mean	Sum
399	\$240.00	\$5,000.00	\$3,502.09	\$1,397,334.64

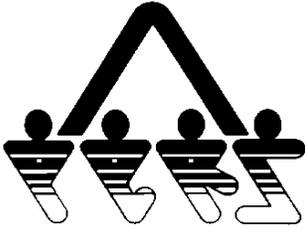
### Medical Spending:

#### 2006 PLAN YEAR INITIAL MEDICAL SPENDING

N	Minimum	Maximum	Mean	Sum
2628	\$120.00	\$6,000.00	\$1,450.18	\$3,811,083.44

#### 2007 PLAN YEAR INITIAL MEDICAL SPENDING

N	Minimum	Maximum	Mean	Sum
2565	\$20.04	\$6,000.00	\$1,473.84	\$3,780,393.06



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

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

---

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

# Memorandum

**TO:** PERS Board  
**FROM:** Sharmain  
**DATE:** February 7, 2007  
**SUBJECT:** Job Service Retirement Plan

Staff is proposing that the processing of Job Service Retirement Plan applications for retirement benefits be administered in the same manner as all other retirement plans administered by NDPERS. (See item #1)

This change would also ensure:

1. That a termination of employment has occurred in compliance with NDAC 71-02-01-01(27)
2. That a member's final salary and retirement credit have been reported to avoid potential over or under payment of benefits.

Both NDPERS' actuarial and legal consultants (Item #2) and Job Service (Item #3) have reviewed the proposal and applicable federal and state regulations.

### **Applicable State Statute, Rules, Policies, etc**

#### **N.D.C.C. Chapter 54-52-01(6)**

"Retirement" means the acceptance of a retirement allowance under this chapter upon either termination of employment or termination of participation in the retirement plan and meeting the normal retirement date.

#### **N.D.A.C. 71-02-01-01(27)**

"Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

Further clarification: "Termination of employment" - This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

**N.D.A.C. 71-02-04-03. Payment date - Retirement benefits.** Except for retirement options provided in section 71-02-04-02, a member's retirement benefit shall commence on the first day of the month which follows the member's eligibility for the benefit and which is at least thirty days after the date on which the member filed an application with the office.

**Staff Recommendations**

To adopt the proposed procedures and ensure that the Job Service retirement plan is administered in the same manner as other NDPERS retirement plans. We proposed that the procedure be effective March 1, 2007.

**Board Action Required**

Adopted or amend staff's proposed procedures.

## **ITEM #1**

### **Proposed Job Service Plan Benefit Payment Procedure**

To ensure administration of the Job Service Retirement Plan consistent with PERS administration of other state retirement plans, a change in policy and procedure as it pertains to eligibility and timely payment of Job Service Plan retirement benefits is proposed by staff.

Under rules adopted by the PERS board, eligibility to receive retirement benefits is defined within the N.D.C.C. and the N.D.A.C. and with regard to the IRS regulations as determined by PERS actuarial consultant and the attorney general counsel.

N.D.A.C. Section 72-02-01-01(24) defines "termination of employment" to mean "a severance of employment by not being on the payroll of a covered employer for a minimum of one month".

N.D.C.C. Chapter 54-52-01(5) defines "employer" to mean a "governmental unit". N.D.C.C. Chapter 54-52-01(7) defines "governmental unit" to mean "the state of North Dakota or a political subdivision thereof." Thus, for PERS retirement purposes, a member's employer is either the state of North Dakota or one of its individual political subdivisions. In order for a member to have terminated employment, the member must leave employment with the state or the political subdivision for which the member worked.

#### **The following clarification was proved by NDPERS' actuarial and legal consultants in April 2001.**

To be eligible for a distribution from the retirement plan, the two requirements that must be met are (1) the member must not be on the payroll of a covered employer, and (2) the duration of that absence must be at least one month.

The IRS has indicated that a plan must look at whether the member "continues to be employed by the employer maintaining the plan" in order to determine whether the member has severed employment in a manner consistent with plan qualification.

The second requirement is that the member must have been off the payroll for "one month." The term "month" is not further defined in PERS statutes or administrative rules. N.D.C.C. Chapter 1-01-33 does define "month" to mean a "calendar month," but does not define "calendar month."

The IRS Reg. Chapter 1.401-1(b)(i) defines the term "pension plan" as "A pension plan within the meaning of section 401(a) is a plan established and maintained by the employer primarily to provide systematically for the payment of definitely determinable benefits to his employees over a period of years, usually for life, after retirement." The regulation identifies specifically the requirement that a qualified retirement plan may not pay benefits before retirement or "severed employment."

As the IRS generally requires at least a thirty day absence from employment as the approved duration of time for separation from service, the thirty-one days PERS uses as the specific time period to define termination of employment is reasonable as stated in the opinion of the attorney general counsel.

#### **Procedures:**

To ensure that a true termination of employment has occurred, and to ensure that the final retirement plan contribution is received by PERS, staff is proposing the processing of Job Service

Retirement Plan application for retirement benefits be processed in a manner that mirrors the processing for all other retirement plans administered by PERS as follows:

**Eligibility for Retirement Benefit –**

To be eligible for benefits, a member must terminate employment. “Termination of employment” means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from the member’s final regular payroll payment to the date they begin actual employment (first day of work) with a NDPERS participating employer.

**Initial Payment:**

Applications for retirement benefits, disability retirement benefits or benefits of a surviving spouse of an active member must be filed at the NDPERS office at least 30 days before the commencement of benefits. A member’s benefit shall commence on the first day of the month which follows the member’s eligibility for the benefit and which is at least 30 days after the date on which the member or surviving spouse filed an application with the NDPERS office.

## **Item #2**

---

**From:** Webb, Aaron K.  
**Sent:** Wednesday, November 29, 2006 4:38 PM  
**To:** Collins, J. Sparb  
**Subject:** RE: Traveler's Contract

Sparb,

That is pretty much the same thing that we discussed in our meeting, however, I do not agree with the last sentence in the email. I believe that the contract does require an employee to retire or terminate employment in order to be entitled to benefits under normal retirement. Under the contract, a "Normal Retirement Benefit" is payable to a Participant retiring on his Normal Retirement Date. The contract also provides that the "Normal Retirement Date" means:

"...the date on which the retirement annuity accrued hereunder shall normally commence to a participant who shall have **retired from employment** with the employer..." (emphasis added)

Therefore, I believe under any of the retirement scenarios, an employee needs to "retire from employment with the employer" or "terminate employment with the employer" in order to begin collecting retirement benefits under the plan.

As we discussed on the phone, this does not answer the six million dollar question regarding the meaning of "retire" or "terminate employment" but it was something that I did not agree with when I read Mrs. Walker's email.

Aaron K. Webb  
Assistant Attorney General  
State Capitol  
600 E. Blvd. Ave. Dept 125  
Bismarck, ND 58505-0040  
701 328 3148  
701 328 2226 fax  
awebb@nd.gov

---

**From:** Collins, J. Sparb  
**Sent:** Wednesday, November 29, 2006 1:23 PM  
**To:** Webb, Aaron K.  
**Subject:** FW: Traveler's Contract

---

**From:** Walker, Melanie [mailto:mwalker@segalco.com]  
**Sent:** Wednesday, November 29, 2006 11:31 AM  
**To:** Allen, Kathy M.  
**Subject:** RE: Traveler's Contract

Kathy,

Per our discussion today, following are my comments on the Job Service contract with Travelers with respect to the issue of employees under the contract returning to covered employment while receiving retirement benefits.

I agree with your legal counsel's analysis that since the provision in the 1977 contract, which specifically prohibits receiving a retirement benefit upon returning to employment, has been eliminated from the most recent contract, there is nothing in the plan that specifically prohibits both receiving benefits under the contract and working in covered employment. That said, however, this does not necessarily mean that employees are permitted begin receiving retirement benefits without a bona fide termination of employment taking place. It does mean that retirees under the contract can likely "double dip" with both salary and retirement benefits once a bona fide termination of employment has taken place. This is not prohibited under applicable federal law.

The early retirement section of the most recent contract requires that employees "retire" in order to be eligible for early retirement benefits. Similarly, the deferred retirement section of the contract requirements that an employee "terminate employment" in order to be eligible for deferred retirement benefits prior to the normal retirement date. Neither of those terms is specifically defined in the contract terms. However, if those terms are interpreted and applied in a manner that is consistent with the federal law requirement that a bona fide termination of employment take place before retirement benefits commence, then there should not be an issue under federal law. That is, the language is okay (the terms retirement and termination of employment satisfy the federal requirements), so long as actual administration of the contract satisfies federal law.

There is no requirement under the contract that an employee retire or terminate employment in order to be eligible for normal retirement benefits, which is permissible under applicable federal law.

I hope this is helpful. Please let me know if you have questions.

Regards.

**Melanie Walker, JD**  
**Vice President and West Region Compliance Practice Leader**  
**SEGAL**  
6300 S. Syracuse Way, Suite 750 | Englewood, CO 80011  
( Tel 303.714.9942 |  Fax 303.714.9990  
. mwalker@segalco.com

---

**From:** Allen, Kathy M. [mailto:kallen@nd.gov]  
**Sent:** Tuesday, November 28, 2006 10:23 AM  
**To:** Walker, Melanie  
**Cc:** Collins, J. Sparb; Heck, Diane I.  
**Subject:** FW: Traveler's Contract

Melanie:

Attached is the contract for the Job Service plan which was set up through the Travelers. We have had an issue with regard to individuals that retire from this system and then return to work for Job Service. We have had our legal counsel, Aaron, review the contract and his analysis is included. Could you please review this issue with respect to any federal implications this policy may have with regard to administration of the plan? If you have any questions, please contact me.

Thanks,

Kathy

Sparb,

This memorandum is in response to an issue that you presented in a meeting taking place on Friday October 27, 2006. In that meeting we discussed the retirement plans of an employee who qualified under the old Job Service (Travelers Insurance) retirement plan. The question presented was whether an employee under the Travelers plan could become re-employed with Job Service while continuing to receive retirement benefits.

The Travelers plan has been changed many times since its creation in 1961. In 1977, the plan specifically provided for the situation where a retired employee, collecting retirement benefits, becomes re-employed by Job Service. The plan provided as follows:

“If a Retired Employee is re-employed by the Employer, his Retirement Benefit payments shall cease with the last payment due prior to his re-employment. Retirement Benefit payments shall again become payable on the first day of the month following subsequent termination of employment.”

Under the 1977 version of the Travelers plan, an employee would not be able to accept re-employment with Job Service while collecting retirement benefits under the plan. This rule would apply regardless of how long the employee had been out of employment.

In 1993, the contract was amended and restated in its entirety. This re-write completely changed the outcome. Specifically, the 1977 policy language, limiting the collection of retirement benefits upon re-employment, was removed. The policy is now silent as to whether an employee is entitled to collect their retirement benefits after returning to work for the employer.

Upon reviewing the entire 1993 policy, there is nothing to prevent an employee from collecting retirement benefits after re-employment. An employee who retires from employment under the plan is entitled to begin receiving retirement benefits immediately after retirement. In most cases, the retirement benefits become payable to participants on the “first day of the month coincident with or next following” the specified retirement dates. Once qualifying for benefits, it now appears that a retired employee could immediately become re-employed without losing existing retirement benefits under the plan.

If you need anything else, just let me know.

Aaron K. Webb  
Assistant Attorney General  
State Capitol  
600 E. Blvd. Ave. Dept 125  
Bismarck, ND 58505-0040  
701 328 3148  
701 328 2226 fax  
awebb@nd.gov

### **Item #3**

-----Original Message-----

From: Marquart, Sheila M.  
Sent: Wednesday, January 10, 2007 10:28 AM  
To: Collins, J. Sparb  
Subject: RE: Job Service Retirement Plan

Hi Sparb ~ I asked Maren, Mike Wilma and Mary Schwab to review your proposed language; and we all agree that it appears appropriate.

On another note, the minutes from the October 2006 PERS board meeting note that the assets of the JS Retirement Plan do not cover the entire obligation at 7%. Do we need to discuss that issue further? Maren's concerns are, 'do we need to consider a possible contingent liability?' and 'how do we handle that for financial reporting purposes?'

Please advise. Thank you!

Sheila

-----Original Message-----

From: Collins, J. Sparb  
Sent: Thursday, December 28, 2006 3:58 PM  
To: Vetter, Sheila M.  
Subject: RE: Job Service Retirement Plan

Hi Sheila

Thank you for the information. After review and discussion staff is considering a change to a payment method for Job Service retirees that would standardize it with that used for the Main, Judges, National Guard, Law Enforcement and Highway Patrol retirement plans. I have attached a draft of the information. I would appreciate your review and any thoughts you would like to share (this will not be going to the board Happy New Year).

sparb

-----Original Message-----

From: Vetter, Sheila M.  
Sent: Wednesday, December 06, 2006 1:27 PM  
To: Collins, J. Sparb  
Cc: Daley, Maren L.  
Subject: FW: Job Service Retirement Plan

Hi Sparb ~ Maren asked me to respond to your questions regarding the Job Service Retirement Plan. Attached is my response.

When this gets placed on the agenda for the PERS Board to consider, would you please let us know so that we have JSND representation at that meeting? It may be helpful in addressing some of the "past practice" issues.

If you have further questions, feel free to contact Maren or me.

**Job Service Response to NDPERS  
December 2006**

\* An active employee who while employed meets their retirement date. Could they withdraw from the retirement plan and begin drawing benefits without leaving employment? If so were they then enrolled in the PERS plan?

We did not allow employees to draw an annuity from the JS Plan without leaving regular-status employment from Job Service. They were allowed back as emergency or temporary-status, after retirement, and allowed to continue drawing their retirement annuity. (In 2005, under the direction of PERS staff, we began the practice of requiring retirees to be off the books entirely for 30 days before they could be re-employed.)

We have allowed employees (or counseled them accordingly), when requested, to cash out of the JS Plan and enlist into the PERS Plan without terminating employment with Job Service. \*\*

Although we cannot recollect it ever happening, our employees were counseled that if they retired and began withdrawing from the JS Plan, they would have to enroll into the PERS Plan if they were ever re-employed in regular-status position by Job Service.

We had a group of employees in the early 80s who were RIF'd and left their money in the JS Plan. They did not begin drawing annuities and they did not withdraw their money. Upon re-employment, they were allowed to continue contributing into the JS Plan. Those employees, who began drawing an annuity or cashed out, were required to enroll into the PERS Plan upon re-employment.

We did have a couple retirees who left Job Service, began withdrawing from the JS Plan and began working for another state agency as regular-status employees. It is our understanding that these employees were allowed to continue drawing an annuity from the JS Plan and were enrolled into the PERS Plan with their new employment.

\* An active employee who meets their retirement date, retirees by terminating employment, starts drawing benefits and then returns to employment with Job Service. Could these members continue to draw benefits if they subsequently returned to employment with Job Service or were their benefit suspended?

If the employee returned to emergency or temporary-status employment with Job Service, they were allowed to continue to draw their benefits from the JS Plan.

If the employee returned to regular-status employment with Job Service, they were informed that they would be allowed to continue to draw benefits under the JS Plan and would be required to enlist into the PERS Plan from that point forward. (We cannot recollect this ever actually occurring; however, we have counseled employees on this, as stated above.)

\* If they were able to continue to draw benefits when subsequently re-employed was their a minimum number of months they had to be away from employment in order to establish a valid retirement?

Beginning in 2005, under the direction of PERS staff, we required them to be off the books for 30 days before they could be re-employed into any status.

\* If they were able to return to employment with Job Service and continue to draw retirement benefits were they enrolled in the PERS plan upon re-employment?

We cannot recollect this ever happening, but our employees were counseled as such. However, if they left employment, did not draw an annuity and did not cash out, they were counseled that they would be allowed to re-enlist in the JS Plan, upon regular-status re-employment. \*\*

\*\* These two noted practices were allowed to a limited number of employees prior to the 1993 Plan re-write. It should be noted that these practices appear to conflict with the 1993 Plan (specifically Article IX). In addition, there are approximately 3 or 4 individuals who have left the JS Plan without drawing benefits or cashing out. --Their money still remains in The Plan and they may have been counseled that, upon re-employment with Job Service, they would be allowed to begin contributing to the JS Plan again.

Sheila  
Sheila M. Vetter  
Human Resources Manager  
Job Service North Dakota

-----Original Message-----

From: Daley, Maren L.  
Sent: Wednesday, November 29, 2006 11:13 AM  
To: Vetter, Sheila M.  
Subject: Fw: Job Service Retirement Plan

Can you prepare a draft of answers for Sparb that we can discuss then send to him?

Maren Daley, Executive Director  
Job Service North Dakota  
mdaley@nd.gov  
701 328 2836  
TTY 800 366 6888

-----Original Message-----

From: Collins, J. Sparb  
To: Daley, Maren L.  
Sent: Wed Nov 29 09:51:19 2006  
Subject: Job Service Retirement Plan

Hi Maren

I am writing to you to ask some questions about the Job Service Retirement Plan and the administrative process used in past years relating to several situations. Specifically what was the past practice of Job Service concerning the following?

When we started asking these questions here at PERS about the Job Service Retirement plan we asked our attorney to review the plan document. Attached for your information is his findings. As you will note the prior Job Service plan document specifically addressed this situation whereas the more recent one does not. Since it is not specifically addressed I would like to ask the PERS Board to develop a formal operating policy. Therefore if Job Service had any operating policies, practices or other procedures relating to its administration of situations such as this it would be very instructive to us in developing such a policy. I would appreciate any guidance you could provide. I hope all is well.

sparb



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

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

---

FAX: (701) 328-3920 • EMAIL: [NDPERS@state.nd.us](mailto:NDPERS@state.nd.us) • [discovernd.com/NDPERS](http://discovernd.com/NDPERS)

# Memorandum

**TO:** PERS Board

**FROM:** Sparb & Bryan

**DATE:** February 7, 2007

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

Attached is a revised RFP for the EAP renewal for 2007-2009. We issue the EAP RFP every two years. There are currently three active EAP contracts:

St. Alexius Employee Assistance Program  
Medcenter One Employee Assistance Program  
The Village Business Institute EAP

We plan to issue the RFP next month and have the process completed before the start of the new contract period (July 1, 2007).

If you have any comments, suggestions, or changes to the RFP or the EAP in general, we will be available at the NDPERS Board meeting.

# **REQUEST FOR PROPOSALS**

## **Enrollment in the State of North Dakota's Employee Assistance Program**

---

**Prepared by:**

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

---

## **I. BACKGROUND**

The 1995 Legislature authorized an Employee Assistance Program, or EAP, for employees of state agencies and higher education. This program allows employees to receive confidential assistance in many areas without accessing the health care system.

EAP coverage applies to approximately 90 agencies. These agencies have about 14,500 employees with about 25,000 dependents. Residence of these members is mainly in North Dakota and border cities. Eligibility for a dependent is Spouse or child living at home and under age 18 and/or attending school and under ages 26.

## **II. ADMINISTRATION**

The Public Employees Retirement System (PERS) administers the EAP. The PERS EAP is an agency-based program with each individual agency choosing a provider. PERS does all agency billing and provider payments. Enrollment, orientation, services and reporting is the responsibility of the Provider. Individual agency reports are supplied on at least an annual basis. Overall reporting on utilization shall be reported back to PERS on a quarterly basis. Reporting shall include but not be limited to Cases, Services, Treatments, Referrals, and Management Training.

## **III. EAP PROGRAM FORMAT, SOLICITATION PROCESS AND TIME FRAMES**

PERS has adopted a methodology for providing EAP services that is called an Agency Based Approach. Pursuant to this method each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach the PERS Board established a list of qualified vendors based upon this bid process and a renewal procedure for existing providers. EAP vendors that are able to successfully meet the minimum requirements are placed on a list of qualified vendors. Each agency is offered the list and allowed to select one vendor from that list to provide services to that agency. An agency may select multiple vendors for geographical reasons.

In recognition of the above, this solicitation process involves two steps. First each vendor must complete this RFP and be approved by the PERS Board. The approved vendors will be placed upon a list of qualified vendors that will be sent to each agency. Along with the list will be information on the vendor's EAP and pricing. Each agency will review the list of qualified vendors and select a vendor to provide services to that agency for the upcoming biennium. PERS will then finalize a contract with each of the selected vendors for services. The initial selection by PERS, to place a vendor on the list of qualified vendors, does not guarantee the vendor will be selected by any of the agencies. If not selected by any agency the vendor will not have a contract with PERS for service.

The estimated time frames for this solicitation process are as follows:

March, 2007	PERS will issue RFP
April 15, 2007	Proposals are due
May, 2007	PERS will select vendors
May, 2007	List of qualified vendors will be given to agencies
June 13, 2007	NDPERS Payroll Conference
June, 2007	Agencies select vendors
June, 2007	PERS enters into contract with selected vendors
July 1, 2007	EAP Contract Effective Date

#### **IV. SCOPE OF WORK**

PERS is seeking a vendor(s) to provide the following services:

##### **A. Member Orientation**

- 1) Conduct the member orientation of state employees in the EAP. This effort will consist of the following activities:
  - a) Preparation of appropriate informational material for distribution to all employers.
  - b) The vendor will print all materials.
  - c) The vendor shall agree to perform all presentations in a courteous, prudent and restrained manner without any pressure or harassment. The emphasis of all presentations and informational material shall be placed upon a factual representation of the features of the EAP.
  - d) The vendor may be required to attend and present information at the PERS Payroll Conference on June 13, 2007.
  - e) Participate in agency wellness and benefit fairs or meetings.
  - f) If the EAP vendor selected by the agency is not the vendor that provided services during the 2005-2007 biennium then the EAP vendor must:
    - I. Distribute informational material to all agency employees advising them of the change in vendors and supplying appropriate reference material.
    - II. Hold informational meeting for agency employees.

## **B. Minimum Services**

- 1) Confidential, voluntary, in-person short-term assessment and counseling sessions for employees and families experiencing life problems of any kind. The EAP will provide counseling for problems related, but not limited to: Stress, Family, Work, Grief, Tobacco, Alcohol & Drugs, Marriage & Divorce, Depression, Parent-Child Relationships, Child/Spouse Abuse, Aging, Eating Disorders, Financial, School, Gambling, and Mental Health. Proper referrals will be made if more extensive counseling is needed or further counseling is needed, and the number of personal counseling sessions is exhausted.
- 2) Intervention, assessment, referral, and ongoing consultation with supervisors or employees regarding problems in the work place.
- 3) Consultation and case management regarding challenging work site problems such as harassment, conflict resolution, violence, critical incidents, work performance and change.
- 4) Educational programs including training of State supervisory personnel on the use of EAP services and employee seminars.
- 5) Administrative services including employee communications.
- 6) The table in Section VII - 8 shows the minimum requirement for selected features of the EAP.
- 7) All services proposed, as part of the EAP must be available within the proposed geographic area.
- 8) Before March 1 of each year, the vendor will provide NDPERS an aggregate report of services provided to NDPERS members for the previous calendar year.

## **C. Consulting**

The vendor will be expected to serve as a consultant for the EAP to the PERS Board, Executive Director and PERS staff. In this capacity, the vendor may be expected to attend meetings to present findings and recommendations as required. The PERS Board meets on a monthly basis. The vendor should anticipate attending one of these meetings per biennium. The vendor must provide the following:

- 1) Information on proposed state and federal laws affecting the EAP.
- 2) General assistance to PERS regarding the administration of the EAP.

- 3) Advice in determining the eligibility and services of the EAP.
- 4) The effect of changes in law or administrative interpretations on the operations of the EAP.

## **V. PERS ACTIVITIES**

PERS will assist the vendor in the following:

- 1) Notify the vendor of any new agencies.
- 2) Include information on the EAP in our PERS newsletters.
- 3) Assist the vendor with establishing contacts with each of the agencies. The payroll/personnel staffs of these agencies will set up meetings with their employees.
- 4) Assign an individual to act as the project leader and be the primary contact within each agency.

## **VI. FEES**

PERS receives its funding for this program from the covered state agencies.

PERS is requesting each vendor bid this project on a fixed fee per active employee per month basis for enrollments (any changes beyond the fixed fee will not be allowed).

PERS will make payment to the vendor by multiplying the total monthly per employee fee by the number of employees in the agencies that chose the provider to contract for services.

Bids exceeding \$1.42 per contract (employee) per month will not meet the minimum qualification and be disqualified from further consideration.

## **VII. INFORMATION REQUESTS**

The proposal must contain, in a separate section, your organization's responses to the following requested information:

- 1) Provide a brief description of the size, structure and services provided by your organization, with special emphasis on past experience as an EAP provider.
- 2) Provide, in detail, your understanding of the services PERS is requesting; specifically addressing the scope of work in Section IV, timeframes for delivery and how you intend to staff the project.

- 3) The vendor should provide the following information:
- An organizational chart of the company which identifies its principal officers and staff members.
  - The qualifications of the vendor's staff members who will be associated with the contract (i.e., education levels and experience with EAP plans). Identify the relationship of staff to the vendor or project manager (i.e., full-time employee, part-time employee, etc.).
  - The day-to-day contact or project manager of the vendor's organization and the qualifications and authority of any such persons.
  - Describe the quality assurance guidelines or ongoing monitoring system you have in place for evaluating professional staff. Who is responsible for assuring high standards of care?
  - Locations the vendor currently maintains or plans to maintain. Offices and staff located in and outside of North Dakota. Any subcontractors for EAP services. Please explain.
  - Please explain how you will provide services in areas you do not have an office.
- 4) If some staff is not yet hired or there are plans for expansion, the vendor should provide detailed descriptions.
- 5) Experience and reliability of the vendor's organization is considered in the evaluation process. Therefore, the vendor is advised to submit any information, which documents successful and reliable experience in past performances; especially those performances related to the requirements of this RFP.
- 6) The vendor **MUST** specify the principle business of the vendor and when the vendor began working in this area.
- 7) Please discuss your capabilities to provide referral and evaluation services under the Omnibus Transportation Employee Testing Act of 1991. However, these services are not being requested as part of the EAP.
- 8) Please certify that no real or potential conflicts of interest are known. If there is a perceived conflict of interest, please include a statement proposing remedial actions that would be taken to eliminate it. No conflict of interest should exist which would prevent the provider from representing PERS with respect to this proposal. Each provider must disclose all potential conflicts of which he or she has knowledge or which may arise with respect to the representation of PERS on this proposal

including, without limitation, any circumstances which would create the appearance of a conflict of interest. PERS will disqualify potential provider if, in PERS' sole judgement, such conflict would preclude effective representation by that provider.

- 9) Complete the following table and questions with information on your proposed EAP. The provider shall show where they're proposed services meets or exceeds the minimum requirements in the following table.

<b>EAP Features</b>	<b>Minimum</b>	<b>Provider</b>
EAP Established	1 year	
Number of Annual Sessions Per Individual	6	
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	
Coverage	Family in Home & Out-of-House Dependents (STATUTE)	
Staffing	Licensed Social Workers	
Appointment Timing	Within 72 hours	
Emergency Appointments	Within 24 hours	
Weekend/Holiday Appointments	Emergency	
1-800 number	Minimum one line	
Phone Counseling	Minimum one staffed line	
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	
On-site Employee Orientation	1 per year (Smaller groups may be combined)	
On-site Seminars	None	
Off-site Seminars	None	
Management Training	Minimum Requirements: Stress, Conflict, Crisis	
Management Consulting	Available to all supervisory/management staff	
Additional/Specialty Services Available	@ Additional Cost	
Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	
Agency Reporting - Utilization	Quarterly with Annual to Date	

EAP Features	Minimum	Provider
Price	\$1.42 Maximum	
OTHER UNIQUE FEATURES		

Questions:

1. Indicate how long your organization has been in the EAP market.
2. Specify how long your organization has been in existence and whether it is a division of a parent company. Does it have an affiliation with other business entities? If so, explain the nature of these affiliations. Is it privately or publicly held?
3. Has your organization been through recent reorganization or name changes? If yes, briefly describe the nature of the reorganization and list past names of your organization.
4. Provide a summary of any and all claims, pending litigation and judgements that have been entered against your organization in the past five years that are directly related to its provision of an EAP.
5. For cases in which a plan member requires additional services beyond those available through the EAP, which are not covered by the state health plan, how do you recommend handling referrals so that members do not get the mistaken impression that these services are covered?
6. How are emergency and crisis situations handled? How do you recommend your organization be contacted in the case of emergency admissions? What is your response time?
7. For short-term counseling within the EAP, what number of sessions per individual do you recommend and why? Is this number a total per individual per year or per problem incident? Do you recommend a different number of sessions based upon incident treatment? Explain your answers.
8. Typically, what percent of cases do you resolve within the EAP through short-term counseling and what percent are referred outside the EAP?
9. If treatment outside the EAP is recommended, typically how many visits are made to an EAP counselor before outside referral is made?

10. Describe the range of counseling services available which you recommend be provided within the EAP. Will all services be offered to employees at all your locations?
11. Describe educational courses you would propose for supervisors on use of an EAP and other employee educational programs. Indicate frequency, topics and specify associated costs.
12. Describe the nature and scope of employee communications that are provided as part of your fee. Include a sample of all communication material you customarily prepare.
13. Are you able to customize written materials and communications? Is there an additional cost associated with customization?
14. Under the plan of benefits you indicate a certain number of sessions are available to each member. Please define what constitutes a session (i.e., duration or time).
15. Concerning the management training and consulting services that are part of the services proposed, please define the depth, scope and range of these services (number of sessions, hours of management consulting, etc.).
16. What services does your EAP provide relating to maintaining a drug free workplace and employee testing? To what extent are these services part of your proposal and, to the extent they are not, what is the cost for those additional services?

#### **VIII. SUBMISSION OF PROPOSAL**

- A) Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the provider and shall not be chargeable to PERS.
- B) The bidder shall sign the proposal. The signer must be a partner or principal of the firm. An unsigned proposal will be rejected.
- C) Address or deliver the RFP to:

Mr. Sparb Collins  
North Dakota Public Employees Retirement System  
400 E Broadway, Suite 505  
Bismarck, ND 58501  
(701) 328-3900

- D) Fifteen (10) copies of the proposal must be received at the above listed location by **5:00 p.m., on April 15, 2007.** The package the proposal is delivered in must be plainly marked "**PROPOSAL TO PROVIDE EAP SERVICES**".

A proposal shall be considered late and will be rejected if received at any time after the exact time specified for return of proposals.

- E) The policy of the PERS Board is to solicit proposals with bonafide intent to award a contract. This policy will not affect the right of the PERS Board to reject any or all proposals.
- F) The PERS Board may request representatives of your organization appear before them for interviewing purposes. Travel expenses and related costs will be the responsibility of the organization being interviewed.
- G) The PERS Board will award the contracts for service no later than June, 2007.
- H) In evaluating the proposals, price will not be the sole factor. The PERS Board may consider any factors it deems necessary and proper for best value, including but not limited to: price, quality of service, response to this request, experience, staffing and general reputation.
- I) The vendor must sign the attached contract and submit it with their proposal. If the PERS Board accepts the proposal, the contract will be signed and a copy will be returned.
- J) PERS reserves the right to make the decision exclusively based on whatever criteria the Board deems appropriate and will decide by June, 2007.

## AGREEMENT FOR SERVICES

This proposal is our, the Provider's, offer to provide services to the North Dakota Public Employees Retirement System (NDPERS) the client. If NDPERS accepts this offer by signing, the RFP requirements, this offer, and the proposal shall constitute the consulting services agreement.

In addition, the Provider, and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** We agree to provide the accepted services as specified in the proposal and the RFP. The terms and conditions of the RFP are hereby incorporated as part of the contract.
- 2) **TERM:** This agreement shall commence on July 1, 2007 and end on June 30, 2007.
- 3) **FEES:** NDPERS shall only pay pursuant to the terms in the proposal and RFP.
- 4) **BILLINGS:** The Provider shall receive monthly payment from NDPERS based on agencies enrolled and the number of active employees within those agencies. Payments shall be made at the (end/beginning) of the month of service.
- 5) **TERMINATION:** Either party may terminate this agreement with respect to tasks yet to be performed with thirty (30) days written notice mailed to the other party.
- 6) **EMPLOYMENT STATUS:** The Provider acknowledges that any services performed in connection with the Provider's duties and obligations, as created and provided for in this agreement, are performed in the capacity of an independent vendor. At no time during the performing of services as required by this contract will the Provider be considered an employee of the State of North Dakota.
- 7) **SUBCONTRACTS:** Sub-vendors to the Provider shall be considered agents of the Provider and agree to all accepted services as specified in the proposal and RFP.
- 8) **ACCESS TO RECORDS:** PERS agrees that all participation by its members and their dependents in programs hereunder are confidential. The Provider shall not disclose any individual employee or dependent information to the covered agency or its' representatives without the prior written consent of the employee or family member. The Provider will have exclusive control over the direction and guidance of the professionals rendering services under this agreement. The Provider agrees to keep confidential all PERS information obtained in the course of delivering services.
- 9) **OWNERSHIP OF WORK PRODUCT:** All work products of the Provider, including but not limited to, data, documents, drawings, estimates and actuarial calculations which are provided to NDPERS under this agreement are the exclusive property of NDPERS.

- 10) **APPLICABLE LAW:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.
- 11) **MERGER CLAUSE:** This agreement constitutes the entire agreement between the parties. No waiver, consent, modification or change of terms of this agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this agreement.
- 12) **INDEMNITY:** Provider shall comply with all applicable federal, state, and local laws, rules, and ordinances at all times in the performance of this agreement, and conduct its activities so as not to endanger any person or property. Provider agrees to indemnify and save and hold harmless NDPERS, its officers and employees from any and all claims of any nature, including claims of employees or agents of Provider, resulting from or arising out of the activities of the Provider or its agents, officers or employees under this agreement.

IN WITNESS WHEREOF, Provider and NDPERS have executed this agreement as of the date first written above.

**NORTH DAKOTA PUBLIC  
EMPLOYEES RETIREMENT SYSTEM**

**PROVIDER**

By: \_\_\_\_\_

By: \_\_\_\_\_

**WITNESS:**

**WITNESS:**

\_\_\_\_\_

\_\_\_\_\_



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

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

---

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

# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** February 9, 2007

**SUBJECT:** Legislation

Attached please find three attachments. The first one titled “2007 Legislative Session” provides an update on the bills relating to PERS and the actions to date. The second is from the LBTS system and shows the actions relating to each of these bills. The third is titled “Legislative Employee Benefits Committee”. This attachment gives you an overview of those bills relating to PERS that we submitted since the beginning of the session. The Legislative Employee Benefits Committee met on February 2 and reviewed these bills. The attached also shows that committee’s findings and recommendations on those bills.

**2007 Legislative Session  
North Dakota Public Employees Retirement System**

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
<b>HB1078</b>	PERS & SB Career & Tech. Education	The proposed legislation would permit current and future employees of the State board for career and technical education to irrevocably elect to transfer to and/or participate in the Public Employees Retirement System (PERS) Hybrid Plan and the Retiree Health Benefit Fund effective July 1, 2007. Employees of the State board for career and technical education currently may participate only in the Teachers' Fund for Retirement (TFFR). For current employees of the board who elect to transfer to the Hybrid Plan, the TFFR must transfer the greater of the actuarial equivalent of the employee's accrued benefit or the employee's account balance to the Hybrid Plan.	Passed in the House
<b>HB1179</b>	R. Price	As proposed, this bill would clarify that district health units and the Garrison Conservancy District participate in the uniform group insurance program under the same terms and conditions as state agencies. Therefore, they would pay medical premiums on a flat (composite) basis.	Passed in the House IBL 2-13-08 9:00 a.m.
<b>HB1244</b>	R. Kasper, Dosch, N. Johnson, Keiser, Ruby, S. Klein	A BILL for an Act to amend and reenact section 54-52.1-04 of the North Dakota Century Code, relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.	FAILED IN THE HOUSE
<b>HB1432</b>	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to health treatment management services for state employees and their families; and to provide a continuing appropriation	Committee Recommendation Do Pass with amendment adopted

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
			Rereferred to Appropriations
<b>HB1433</b>	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to diabetes treatment management services for state employees and their families; to amend and reenact section 54-52.1-04 of the NDCC, relating to PERS uniform group insurance program; and to provide an appropriation.	Committee Recommendation Do Pass with amendment adopted  Rereferred to Appropriations
<b>HB1486</b>	R. Skarphol, Klein, Wald, Grande	A Bill for an Act to amend and reenact subsection 5 of section 54-52.1-03 of the NDCC, relating to participation by members of the legislative assembly in the uniform group insurance program.	HGVA 2-8, 8:30 am
<b>HB1510</b>	R. Schneider Sen. Mathern	As proposed, this bill would expand the uniform group insurance program to allow participation by members of the ND National Guard in the medical and life insurance coverages. The member of the National Guard must be a "resident" of ND. Premiums will be paid directly by the individual and State coverage would be secondary to any military coverage available. Guard members called to active duty outside of ND do not lose eligibility. Finally, the bill authorizes the Board to allow licensed agents to sell the uniform health insurance coverage and receive commissions.	HGVA 2-2-07 8:00 a.m. Fort Union Room
<b>SB2022</b>		NDPERS Budget Bill	Passed in the Senate  Referred to House Appropriations

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
<b>SB2044</b>	PERS	The proposed legislation would allow the Board to provided for a one-time post-retirement payment equal to 75% of the member's, beneficiary's, disability retirees or prior service retirees current monthly benefit payment amount payable in January of either 2008 or 2009, if the trust fund's total annualized return on investments is at least 9.16% for the fiscal year ending June of 2007 or 2008, applicable to both the Hybrid Plan (except the Judges retirement plan) and the Highway Patrol Retirement System. This is a potential one-time payment in the biennium.	Passed in the Senate
<b>SB2045</b>	PERS	<p>As proposed, this broad-ranging bill addresses the following employee benefits issues:</p> <ul style="list-style-type: none"> <li>• Section 1 requires that employees' lump sum accrued sick leave payout and unused annual leave at termination be deposited into a trust (as established under Section 7).</li> <li>• Section 2 increases basic and AD&amp;D life insurance coverage to \$5,000 from the current \$1,000 benefit.</li> <li>• Section 3 creates a new subsection to the Century Code that creates separate coverage for "retired Medicare-eligible group prescription drug coverage" in response to the new federal Medicare Part D drug plan.</li> <li>• Section 4 revises the policy on how the retiree health care credit will be applied for married couples where both parties are eligible for the credit.</li> <li>• Section 5 changes the eligibility requirements for a "temporary employee" of political subdivisions to a minimum of twenty hours per week and at least twenty weeks per year.</li> <li>• Section 6 relates to Section 3 above and authorizes the Board to bid and contract for a separate Medicare retiree drug plan distinct from the active employees' plan.</li> </ul>	<p>Passed in the Senate</p> <p>Referred to GVA</p>

Bill Number	Sponsor	Summary	Hearing Date/Time Place Committee Action
		<ul style="list-style-type: none"> <li>Section 7 gives the Board the authority to establish a trust to maintain employer and employee funds resulting from Section 1 above to be used for future health care expenses.</li> </ul> <p>SEGAL: Section 4 of the proposed legislation would permit those members where both the member and spouse have credit in the Fund to combine credits towards monthly retiree premiums under the uniform group insurance program.</p>	
<b>SB2046</b>	TFFR	Relates to TFFR, incorporating federal law changes, employer contributions and service credit purchases, eligibility for and determination of benefits, vesting, early retirement, returning to teaching, and accepting a refund from the fund and to provide an appropriation.	S APPR 2-05-07 8:00 a.m.
<b>SB2047</b>	PERS	The proposed legislation would automatically enroll new employees after August 1, 2007 in the Deferred Compensation Program and defer \$25 per month into the Program into a default investment option selected by the Board, unless the new employee opts out of enrollment within 30 days of beginning employment.	Passed in the Senate  Referred to House GVA
<b>SB2048</b>	PERS	<p>The proposed legislation would make the following important changes:</p> <p>Applies the definition of final average salary under the Hybrid Plan and Highway Patrolmen's Retirement System, which is currently the highest salary for 36 months in the last 180 months of employment, to employees who <u>terminate employment</u> on or after August 1, 2010, rather than those employees who <u>retire</u> on or after July 1, 2009. Also, for employees who terminate employment between July 1, 2005 and August 1, 2010, final average salary would be the highest salary for 36 months for any period for which the Board has accurate salary records, but no longer than the last 180 months of employment;</p> <p>Updates federal compliance provisions of the Hybrid Plan and Highway</p>	Passed in the Senate  Referred to House GVA

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
		<p>Patrolmen's Retirement System;</p> <p>Provides record confidentiality rules under the Hybrid Plan and Highway Patrolmen's Retirement Plan to limit disclosure of information regarding employer service purchases to the minimum, necessary elements of data;</p> <p>Permits conversion of sick leave to retirement credit under the Hybrid Plan and Highway Patrolmen's Retirement System at any time, rather than within 60 days of termination only;</p> <p>Clarifies that employer service purchases on an actuarial equivalent basis under the Hybrid Plan must include contributions for both retirement and the Retiree Health Benefits Fund;</p> <p>Clarifies that temporary employees may not purchase any additional service credit, including repurchase of past service upon reemployment;</p> <p>Permits members who retire and commence receiving benefits after their normal retirement date under the Hybrid Plan or Highway Patrolmen's Retirement System to elect between a single lump sum payment equal to missed payments since normal retirement date or an increase in monthly retirement benefits that reflects the missed payments;</p> <p>Permits conversion of sick leave under the Defined Contribution Plan after four or more years of service, instead of after 25 or more years of service;</p> <p>Provides for automatic refund of member accounts under the Defined Contribution Plan if the vested account balance is less than \$1,000, instead of \$5,000.</p>	

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
<b>SB2050</b>	PERS	The proposed legislation would increase the required monthly contribution to the Retiree Health Benefit Fund from 1.00% of monthly salary to 1.15% of monthly salary and increase the monthly retiree health credit from \$4.50 per year of credited service to \$5.00 per year of credited service. There is also a corresponding contribution rate increase for non-teaching employees of the superintendent of public instruction with a higher contribution rate for a specified period that is intended to fund past service.	Passed in the Senate Referred to House GVA
<b>SB2051</b>	PERS	The proposed legislation would increase the employer contribution rate from 16.17% to 21.7% of salary for the Highway Patrolmen's Retirement System and from 4.12% to 5.12% of salary for the Hybrid Plan and Defined Contribution Plan. In addition, the proposed legislation would provide for an increase of 2% of monthly retirement benefits to retirees and their beneficiaries in both the Hybrid Plan and the Highway Patrolmen's Retirement System effective August 1, 2009.	Passed in the Senate  Referred to House GVA
<b>SB2116</b>	S. Krebsbach	The proposed legislation would permit a specified association of counties and their employees to participate in the Public Employees Retirement System (Hybrid Plan), the Retiree Health Benefit Fund and the Deferred Compensation Program.	WITHDRAWN FROM FURTHER CONSIDERATION
<b>SB2166</b>		A Bill for an Act to amend and reenact subsection 22 of section 54-52-01, subsection 3 of section 54-52-05, subsection 8 of section 54-52.6-01, and subsection 3 of 54-52.6-09 of the NDCC, relating to definition of wages and salaries and employer contributions of the ND mill and elevator association under PERS.	Do pass with amendments Rereferred to Appropriations SAPPR 2-7, 10:00 am

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Hearing Date/Time Place Committee Action</b>
<b>SB2252</b>	S. Mathern, Seymour, R. Price, Kerzman	A Bill for an Act to create and enact a new section to Chapter 54-52.1 of the NDCC, relating to public employees retirement system health insurance coverage of suicide-related medical services; to require a report regarding coverage of suicide-related medical services; and to provide an expiration date.	Passed in the Senate  Referred to House HUMSER
<b>SB2413</b>	S O'Connell, Dever, Krauter, Lyson, R. Kelsch, Martinson	A Bill for an Act to create and enact a new section to chapter 54-52 of the NDCC relating to participation by peace officers and correctional officers in the defined benefit retirement plan; and to amend and reenact subsections 3 and 11 of section 54-52-01, subsection 3 of section 54-52-05, and subsection 3 of section 54-52-17 of the NDCC, relating to participation by peace officers and correctional officers in the defined benefit retirement plan.	Rereferred to Senate Appropriations  SAPPR 2-9, 10:00 am

**SUBSCRIBERS' AREA**

Attachment 2

LBTS HOMEPAGE : SEARCH BILLS : MANAGE TRACKING LISTS : MANAGE REPORTS : MY ACCOUNT : LOGOUT : ONLINE HELP

**North Dakota Legislative Bill Tracking System****Reports for cstocker@nd.gov as of 02/09/07 08:20:38****Current Status Report****Tracking List: 1 - NDPERS Bill Tracking List 2007****HB 1078 Career and Technical Education to participate in NDPERS**

**Title:** Relating to participation by employees of the state board for career and technical education in the public employees retirement system; relating to participation by employees of the state board for career and technical education in the public employees retirement system; and to provide an appropriation.

**Sponsor(s):**

Government and Veterans Affairs Committee

<b>File Date</b>	<b>Chamber</b>	<b>Comm</b>	<b>Action</b>	<b>Journal Page</b>
01/03	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0041</a>
01/11	H		COMMITTEE HEARING 01/11 09:00 AM	
01/15	H		Reported back, do pass, placed on calendar y 013 n 000	<a href="#">HJ0136</a>
01/16	H		Second reading, passed, yeas 075 nays 017	<a href="#">HJ0162</a>
01/17	S		Received from House	<a href="#">SJ0117</a>

**HB 1179 District health units participation in the uniform group insurance program.**

**Title:** Relating to participation in the uniform group insurance program.

**Sponsor(s):**

Rep. Price, N. Johnson, Porter

Sen. Fischer, J. Lee, Lyson

<b>File Date</b>	<b>Chamber</b>	<b>Comm</b>	<b>Action</b>	<b>Journal Page</b>
01/04	H	HUMSER	Introduced, first reading, referred Human Services	<a href="#">HJ0060</a>
01/29	H		COMMITTEE HEARING 01/29 02:30 PM	
01/30	H		Reported back, do pass, placed on calendar y 009 n 000	<a href="#">HJ0303</a>
02/01	H		Second reading, passed, yeas 089 nays 000	<a href="#">HJ0343</a>
02/02	S		Received from House	<a href="#">SJ0285</a>
02/07	S	IBL	Introduced, first reading, referred Industry, Business and Labor	<a href="#">SJ0354</a>
02/13	S		COMMITTEE HEARING 02/13 09:00 AM	

**HB 1244 A BILL for an Act to amend and reenact section 54-52.1-04 of the North Dakota Century Code, relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.**

**Title:** Relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.

**Sponsor(s):**

Rep. Kasper, Dosch, N. Johnson, Keiser, Ruby  
Sen. Klein

File Date	Chamber	Comm	Action	Journal Page
01/08	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0078</a>
01/18	H		COMMITTEE HEARING 01/18 08:30 AM	
01/26	H		Reported back, do not pass, placed on calendar y 011 n 000	<a href="#">HJ0271</a>
01/29	H		Second reading, failed to pass, yeas 000 nays 091	<a href="#">HJ0283</a>

**HB 1432 Health treatment management services for state employees and families**

**Title:** Relating to health treatment management services for state employees and their families; and to provide a continuing appropriation.

**Sponsor(s):**

Rep. Price, Svedjan, Weisz  
Sen. Fischer, Holmberg, J. Lee

File Date	Chamber	Comm	Action	Journal Page
01/15	H	HUMSER	Introduced, first reading, referred Human Services	<a href="#">HJ0141</a>
01/30	H		COMMITTEE HEARING 01/30 09:00 AM	
02/02	H		Reported back amended, do pass, amendment poc y 011 n 000	<a href="#">HJ0394</a>
02/05	H		Amendment adopted	<a href="#">HJ0405</a>
02/05	H	APPR	Rereferred to Appropriations	<a href="#">HJ0405</a>

**HB 1433 Diabetes treatment management services for state employees and families**

**Title:** Relating to diabetes treatment management services for state employees and their families.

**Sponsor(s):**

Rep. Price, Svedjan, Weisz  
Sen. Fischer, Holmberg, J. Lee

File Date	Chamber	Comm	Action	Journal Page
01/15	H	HUMSER	Introduced, first reading, referred Human Services	<a href="#">HJ0141</a>
01/30	H		COMMITTEE HEARING 01/30 09:00 AM	
02/02	H		Reported back amended, do pass, amendment poc y 012 n 000	<a href="#">HJ0394</a>
02/05	H		Amendment adopted	<a href="#">HJ0405</a>
02/05	H	APPR	Rereferred to Appropriations	<a href="#">HJ0405</a>

**B 1486 Legislative Assembly members participating in the uniform group insurance program**

**Title:** Relating to participation by members of the legislative assembly in the uniform group insurance program.

**Sponsor(s):**

Rep. Skarphol, Klein, Wald, Grande

File Date	Chamber	Comm	Action	Journal Page
01/15	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>HJ0146</u>
02/08	H		COMMITTEE HEARING 02/08 08:30 AM	

**HB 1510 Expansion of uniform group insurance to national guard**

**Title:** Relating to expansion of the uniform group insurance program to allow participation by members of the North Dakota national guard; relating to subgroups under the uniform group insurance program; and to provide a continuing appropriation.

**Sponsor(s):**

Rep. Schneider

Sen. Mathern

File Date	Chamber	Comm	Action	Journal Page
01/15	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>HJ0148</u>
02/02	H		COMMITTEE HEARING 02/02 08:00 AM	

**SB 2022 PERS Budget**

**Title:** (At the request of the Governor) A BILL for an Act to provide an appropriation for defraying the expenses of various state retirement and investment agencies.

**Sponsor(s):**

Appropriations Committee

File Date	Chamber	Comm	Action	Journal Page
01/09	S	APPR	Introduced, first reading, referred Appropriations	<u>SJ0015</u>
01/22	S		COMMITTEE HEARING 01/22 09:30 AM	
01/31	S		Reported back, do pass, placed on calendar y 013 n 000.	<u>SJ0259</u>
02/01	S		Second reading, passed, yeas 045 nays 000	<u>SJ0265</u>
02/02	H		Received from Senate	<u>HJ0369</u>
02/06	H	APPR	Introduced, first reading, referred Appropriations	<u>HJ0468</u>

**SB 2044 Supplemental retiree benefit payments**

**Title:** Relating to supplemental retiree benefit payments under the public employees retirement system.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">SJ0018</a>
01/12	S		Reported back, do pass, placed on calendar y 006 n 000	<a href="#">SJ0078</a>
01/12	S		COMMITTEE HEARING 01/12 09:00 AM	
01/15	S		Second reading, passed, yeas 044 nays 001	<a href="#">SJ0083</a>
01/16	H		Received from Senate	<a href="#">HJ0166</a>
01/31	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0328</a>

**SB 2045 Prescription drug coverage; life insurance coverage; retiree health credit for married couples; sick leave to a trust; temporary employee;**

**Title:** Relating to prescription drug coverage under the uniform group insurance program; relating to minimum life insurance benefits coverage, the retiree health benefits fund, employer payment of a temporary employee's health insurance premium, temporary employee eligibility, and bids for prescription drug coverage under the uniform group insurance program.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">SJ0018</a>
01/11	S		COMMITTEE HEARING 01/11 09:30 AM	
01/12	S	APPR	Rereferred to Appropriations	<a href="#">SJ0078</a>
01/22	S		Reported back, do pass, placed on calendar y 013 n 000	<a href="#">SJ0154</a>
01/22	S		COMMITTEE HEARING 01/22 03:00 PM	
01/23	S		Second reading, passed, yeas 045 nays 000	<a href="#">SJ0170</a>
01/25	H		Received from Senate	<a href="#">HJ0248</a>
01/31	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0328</a>

**SB 2046 TFFR, incorporating federal law changes, etc.**

**Title:** Relating to definitions under the teachers' fund for retirement; relating to the incorporation of federal law changes, employer contributions and service credit purchases, eligibility for and determination of benefits, vesting, early retirement, returning to teaching, and accepting a refund from the fund under the teachers' fund for retirement; to provide for application; and to provide an appropriation.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">SJ0018</a>
01/18	S		COMMITTEE HEARING 01/18 09:45 AM	
01/26	S	APPR	Rereferred to Appropriations	<a href="#">SJ0209</a>
02/05	S		Reported back, do pass, placed on calendar y 010 n 003	<a href="#">SJ0310</a>
02/05	S		COMMITTEE HEARING 02/05 08:00 AM	
02/07	S		Second reading, passed, yeas 036 nays 011	<a href="#">SJ0338</a>
02/08	H		Received from Senate	<a href="#">HJ0500</a>

**SB 2047 Deferred comp program auto enrollment at \$25 per month**

**Title:** Relating to automatic enrollment of employees in the deferred compensation program under the public employees retirement system.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>SJ0018</u>
01/12	S		COMMITTEE HEARING 01/12 09:30 AM	
01/26	S		Reported back amended, do pass, amendment poc y 005 n 001	<u>SJ0209</u>
01/29	S		Amendment adopted, placed on calendar	<u>SJ0219</u>
01/30	S		Second reading, passed, yeas 046 nays 000	<u>SJ0242</u>
01/31	H		Received from Senate	<u>HJ0321</u>
02/01	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>HJ0355</u>

**SB 2048 Definition of final average salary; conversion of sick leave;**

**Title:** Relating to confidentiality of retirement records; relating to terms, final average salary calculations, payment of delayed retirement benefits, conversion of sick leave, temporary employee purchase of service credit, compliance with the Internal Revenue Code, employer service credit purchase, automatic refund of account balances, and vesting under the highway patrolmen's retirement and public employees retirement systems.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>SJ0018</u>
01/12	S		Reported back, do pass, placed on calendar y 006 n 000	<u>SJ0079</u>
01/12	S		COMMITTEE HEARING 01/12 10:00 AM	
01/15	S		Second reading, passed, yeas 045 nays 000	<u>SJ0084</u>
01/16	H		Received from Senate	<u>HJ0166</u>
01/31	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>HJ0328</u>

**SB 2050 Increase the required monthly contribution to the Retiree Health Benefit Fund from 1% of monthly salary to 1.15% of monthly salary and increase monthly retiree health credit from \$4.50 per year to \$5.00 per year**

**Title:** Relating to contributions and benefits under the retiree health benefits fund of the public employees retirement system.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<u>SJ0019</u>
01/11	S		COMMITTEE HEARING 01/11 10:00 AM	
01/15	S		Reported back amended, do pass, amendment poc y 006 n 000	<u>SJ0085</u>
01/16	S		Amendment adopted	<u>SJ0105</u>

01/16	S	APPR	Rereferred to Appropriations	<a href="#">SJ0105</a>
01/22	S		Reported back, do pass, placed on calendar y 013 n 000	<a href="#">SJ0155</a>
01/22	S		COMMITTEE HEARING 01/22 02:00 PM	
01/23	S		Second reading, passed, yeas 045 nays 000	<a href="#">SJ0170</a>
01/25	H		Received from Senate	<a href="#">HJ0248</a>
01/31	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0329</a>

**SB 2051 Increase the employer contribution rate from 16.17% to 21.7% for highway patrolment; 4.12% to 5.12% in the hybrid plan**

**Title:** Relating to employer contributions and increases to certain retirees' retirement payments under the public employees retirement system; and to provide an effective date.

**Sponsor(s):**

Government and Veterans Affairs Committee

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">SJ0019</a>
01/11	S		COMMITTEE HEARING 01/11 10:30 AM	
01/16	S	APPR	Rereferred to Appropriations	<a href="#">SJ0111</a>
01/22	S		COMMITTEE HEARING 01/22 02:30 PM	
01/26	S		Reported back, do pass, placed on calendar y 012 n 000	<a href="#">SJ0209</a>
01/30	S		Second reading, passed, yeas 046 nays 000	<a href="#">SJ0239</a>
01/31	H		Received from Senate	<a href="#">HJ0321</a>
02/01	H	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">HJ0356</a>

**SB 2116 Permit ND Association of Counties to participate in the hybrid plan, etc.**

**Title:** Relating to participation by an association of counties in the public employees retirement system, uniform group insurance program, and the deferred compensation program.

**Sponsor(s):**

Sen. Krebsbach

File Date	Chamber	Comm	Action	Journal Page
01/03	S	GVA	Introduced, first reading, referred Government and Veterans Affa	<a href="#">SJ0025</a>
01/12	S	GVA	Request return from committee	<a href="#">SJ0075</a>
01/12	S		Withdrawn from further consideration	<a href="#">SJ0075</a>

**SB 2166 Mill and elevator association**

**Title:** Relating to the definition of wages and salaries and employer contributions for employees of the North Dakota mill and elevator association under the public employees retirement system; to provide an appropriation; and to provide an effective date.

**Sponsor(s):**

Sen. Holmberg, Hacker, Heitkamp, Lindaas  
Rep. Dietrich, Owens

File Date	Chamber	Comm	Action	Journal Page
01/09	S	IBL	Introduced, first reading, referred Industry, Business and Labor	<u>SJ0054</u>
01/23	S		COMMITTEE HEARING 01/23 11:00 AM	
02/05	S		Reported back amended, do pass, amendment poc y 004 n 002	<u>SJ0310</u>
02/06	S	APPR	Rereferred to Appropriations	<u>SJ0321</u>
02/07	S		COMMITTEE HEARING 02/07 10:00 AM	

**SB 2189 State employee compensation**

**Title:** A BILL for an Act to provide an appropriation for state employee salary equity adjustments; to provide a statement of legislative intent regarding state employee compensation adjustments; and to provide a statement of legislative intent regarding state employee health insurance premiums.

**Sponsor(s):**

Sen. Nething, Dever, Robinson  
Rep. Delmore, Porter, Weiler

File Date	Chamber	Comm	Action	Journal Page
01/10	S	APPR	Introduced, first reading, referred Appropriations	<u>SJ0061</u>
01/15	S		COMMITTEE HEARING 01/15 09:00 AM	
01/19	S		Reported back, do pass, placed on calendar y 013 n 000	<u>SJ0144</u>
01/22	S		Amended on floor	<u>SJ0150</u>
01/22	S		Amendment failed	<u>SJ0150</u>
01/22	S		Second reading, passed, yeas 045 nays 000	<u>SJ0150</u>
01/22	H		Received from Senate	<u>HJ0207</u>
01/30	H	APPR	Introduced, first reading, referred Appropriations	<u>HJ0309</u>
02/01	H		COMMITTEE HEARING 02/01 02:15 PM	
02/02	H		Reported back, do pass, placed on calendar y 024 n 000	<u>HJ0399</u>
02/05	H		Second reading, passed, yeas 090 nays 000	<u>HJ0406</u>
02/06	S		Returned to Senate	<u>SJ0327</u>
02/06	S		Signed by President	<u>SJ0327</u>
02/06	H		Signed by Speaker	<u>HJ0459</u>
02/06	S		Sent to Governor	<u>SJ0327</u>
02/07	S		Signed by Governor 0207	<u>SJ0348</u>
02/07	S		Filed with Secretary of State 0207	

**SB 2246 Per diem rates for state employees**

**Title:** Relating to reimbursement of lodging expenses and allowances for meals for state and political subdivision officers and employees.

**Sponsor(s):**

Sen. Krebsbach, Heitkamp, Wardner  
Rep. Boehning, Glasheim, D. Johnson

File Date	Chamber	Comm	Action	Journal Page
01/15	S	POLSUB	Introduced, first reading, referred Political Subdivisions	<u>SJ0092</u>

01/25	S		COMMITTEE HEARING 01/25 03:00 PM	
02/02	S	APPR	Rereferred to Appropriations	<a href="#">SJ0291</a>
02/13	S		COMMITTEE HEARING 02/13 10:15 AM	

---

**SB 2252 Suicide related health insurance benefits**

**Title:** Relating to health insurance coverage for suicide-related medical services.

**Sponsor(s):**

Sen. Mathern, Seymour  
Rep. Price, Kerzman

File Date	Chamber	Comm	Action	Journal Page
01/15	S	HUMSER	Introduced, first reading, referred Human Services	<a href="#">SJ0093</a>
01/22	S		COMMITTEE HEARING 01/22 10:15 AM	
02/01	S		Reported back amended, do pass, amendment poc y 006 n 000	<a href="#">SJ0271</a>
02/02	S		Amendment adopted, placed on calendar	<a href="#">SJ0280</a>
02/02	S		Second reading, passed, yeas 044 nays 000	<a href="#">SJ0280</a>
02/05	H		Received from Senate	<a href="#">HJ0414</a>
02/06	H	HUMSER	Introduced, first reading, referred Human Services	<a href="#">HJ0469</a>

---

**SB 2413 Participation by peace officers and correctional officers in the defined benefit retirement plan**

**Title:** Relating to participation by peace officers and correctional officers in the defined benefit retirement plan; relating to participation by peace officers and correctional officers in the defined benefit retirement plan.

**Sponsor(s):**

Sen. O'Connell, Dever, Krauter, Lyson  
Rep. R. Kelsch, Martinson

File Date	Chamber	Comm	Action	Journal Page
01/22	S	POLSUB	Introduced, first reading, referred Political Subdivisions	<a href="#">SJ0163</a>
02/02	S	POLSUB	Request return from committee	<a href="#">SJ0280</a>
02/02	S	APPR	Rereferred to Appropriations	<a href="#">SJ0280</a>
02/09	S		COMMITTEE HEARING 02/09 10:00 AM	

---

ND STATE LEGISLATURE : NDUS : ROAD CONDITIONS : ND WEATHER

IT Infrastructure Services Information Technology Services © 2006 North Dakota State University

**2007 Legislative Employee Benefits Committee  
North Dakota Public Employees Retirement System**

<b>Bill Number</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Technical and Actuarial Comments</b>	<b>PERS Comments</b>
<b>HB1432</b> <i>Health</i>	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to health treatment management services for state employees and their families; and to provide a continuing appropriation	<ul style="list-style-type: none"> <li>• It gives NDPERS the authority to establish a collaborative drug therapy program for participants in its group health insurance plan to “improve the health of individuals.... and to manage health care expenditures”.</li> <li>• The program would involve physicians and pharmacists to coordinate the health care for individuals and allows pharmacists to be reimbursed for providing such services. Incentives may be used to encourage participation.</li> <li>• NDPERS may ask the ND Pharmacists Association to provide data to support the program.</li> <li>• NDPERS may “seek and accept private contributions, gifts and grants-in-aid” to finance the program.</li> </ul>	<p>It is our understanding the purpose of this bill is to set up a program for our members who suffer with asthma. There were 60,213 people covered on the NDPERS Health Plan sometime during 2005. Of these, 3,007 had some type of claim with an asthma diagnosis or for an asthma medication (5%). The age breakdown is as follows: &lt;18 = 663, 18-39 = 734, 40+ = 1610. This program would be a positive supplement to the Health Dialog program by providing support here in North Dakota.</p> <p style="text-align: center;"><b>FAVORABLE RECOMMENDATION</b></p>
<b>HB1433</b> <i>Health</i>	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to diabetes treatment management services for state employees and their families; to amend and reenact section 54-52.1-04 of the NDCC, relating to PERS uniform group insurance program; and to provide an appropriation.	<ul style="list-style-type: none"> <li>• Section 1 requires NDPERS to receive bids for collaborative drug therapy services in addition to its current employee benefit programs.</li> <li>• Section 2 requires NDPERS to establish a collaborative drug therapy program for individuals under the group medical plan to “improve the health of individuals with diabetes and to manage health care expenditures.” Further, this section indicates that under the program, “pharmacists may be reimbursed to providing...services to covered persons</li> </ul>	<p>This program would supplement the Health Dialog program by providing support here in North Dakota. There are approximately 3,200 individuals covered under the medical plan that had a medical claim with a diabetes diagnosis or a paid drug claim for insulin in 2006. Asheville, SC, implemented such a program and successfully</p>

Bill Number	Sponsor	Summary	Technical and Actuarial Comments	PERS Comments
			<p>with diabetes.” Incentives may be used to encourage participation. Finally, this section requires the North Dakota Pharmacists Association to work with NDPERS to develop outcomes and other data for the program.</p> <ul style="list-style-type: none"> <li>• Section 3 provides a state general fund appropriation of up to \$300,000 to NDPERS for the “purpose of implementing the collaborative drug therapy program.... for the biennium beginning July 1, 2007.”</li> <li>• The program consists of three components: payments to the pharmacist, incentives to the member and administrative cost. The pharmacy component would run about \$600 per case. The amount of incentives would be a policy decision, however greater incentive lead to more participation.</li> </ul>	<p>reduced the cost of this population. If this experience could be replicated with our population, this program would be beneficial to the PERS plan.</p> <p><b>FAVORABLE RECOMMENDATION</b></p>
<p><b>HB1486</b> <i>Health</i></p>	<p>R. Skarphol, Klein, Wald, Grande</p>	<p>A Bill for an Act to amend and reenact subsection 5 of section 54-52.1-03 of the NDCC, relating to participation by members of the legislative assembly in the uniform group insurance program.</p>	<p>The Bill changes the premium rates for current and some former members of the legislative assembly or their surviving spouses to “the state employee rate.” Former members of the legislative assembly whose services in the assembly terminated five years or more from the effective date of the Bill and their surviving spouses would continue to pay “the premiums in effect for the coverage provided directly to the board.” An amendment to this Bill has been subsequently proposed that indicated that it would “only be available to pre-Medicare contracts.</p>	<p>As presently written, this bill would increase the rate for legislative retirees who are on Medicare and reduce it for preMedicare retirees. This would occur since the Medicare rates are already lower than the state rate since PERS is a secondary payor on this group. It is our understanding that this proposal is only to decrease the preMedicare rate. This can be accomplished with the following change:</p> <p>AMENDMENTS TO HOUSE BILL NO. 1486</p>

Bill Number	Sponsor	Summary	Technical and Actuarial Comments	PERS Comments
				<p>Page 1, line 13, after “the” insert “<u>equivalent rate of a</u>”, replace “<u>rate</u>” with “<u>with single or family coverage, however, this rate will only be available to non-Medicare contracts.</u>”, and replace “<u>and former</u>” with “<u>Former</u>”</p> <p>Renumber accordingly</p> <p><b>FAVORABLE RECOMMENDATION</b></p>
<p><b>HB1510</b> <i>Health</i></p>	<p>R. Schneider Sen. Mathern</p>	<ul style="list-style-type: none"> <li>• Section 1: Confirms that NDPERS will continue to operate its group insurance program as a “governmental benefit plan.”</li> <li>• Section 2: Expands the participants eligible to participate in the NDPERS group insurance program to include “members of the North Dakota National Guard.”</li> <li>• Section 3: Indicates that a member of the ND National Guard who is a State resident “may elect to participate” in the insurance plan along with eligible dependents. Coverage under the NDPERS plan would be “secondary and supplemental to any military health benefits being provided.”</li> <li>• Section 4: Confirms that NDPERS may accept “grants, donations, legacies and devices for the purpose of implementing [the Bill].”</li> </ul>	<p>Generally the actuarial concerns with expanding eligibility is the possibility of adverse selection that can increase a plan's cost. A second concern with opening up a governmental plan is that it could lose that status if nongovernmental employers are allowed. The authority not to implement the bill unless it can be done in a manner that will not impact the plan.</p>	<p>As presently written this bill could expose PERS to adverse selection which could increase our costs.</p> <p><b>UNFAVORABLE RECOMMENDATION</b></p>
<p><b>SB2166</b> <i>Retirement</i></p>		<p>A Bill for an Act to amend and reenact subsection 22 of section 54-52-01,</p>	<p>The actuarial report from the consultant indicates the employer contribution rate</p>	<p>PERS needs to modify its business system to accept a</p>

Bill Number	Sponsor	Summary	Technical and Actuarial Comments	PERS Comments
		subsection 3 of section 54-52-05, subsection 8 of section 54-52.6-01, and subsection 3 of 54-52.6-09 of the NDCC, relating to definition of wages and salaries and employer contributions of the ND mill and elevator association under PERS.	for all employers would need to go up .04% to pay for this or alternatively the employer rate for the Mill would need to go up 3.06%.	higher contribution from the mill, different treatment of overtime contribution payments and annualizing the salary. It is estimated the business system changes will cost \$38,000. Also, PERS has requested an effective date on the bill of January 1 instead of July since the business system is in the process of being migrated off the mainframe and it may be difficult to get these changes completed.  <b>UNFAVORABLE RECOMMENDATION</b>
<b>SB2252</b> <i>Health</i>	S. Mathern, Seymour, R. Price, Kerzman	A Bill for an Act to create and enact a new section to Chapter 54-52.1 of the NDCC, relating to public employees retirement system health insurance coverage of suicide-related medical services; to require a report regarding coverage of suicide-related medical services; and to provide an expiration date.	This bill mandates health Insurance coverage of suicide related medical services. The PERS plan, which is covered by BCBS, does provide this coverage and has for many years.	If this bill is passed, it would ask PERS to conduct a study regarding the effect of the suicide related services coverage requirement on the system's health insurance programs, and information on the utilization and costs relating to the coverage. This bill also requires us to report our findings to the next legislative session. In reviewing this provision and discussing it with our carrier BCBS, we have concluded that it would be very difficult to develop the data for such a study. Specifically, the claims payment system is programmed to pay based on the primary diagnosis

Bill Number	Sponsor	Summary	Technical and Actuarial Comments	PERS Comments
				<p>submitted on the claim. Due to limitations of the diagnosis coding system, a diagnosis code for actual suicide attempt does not exist. Nearly all claims involving suicides will be submitted with the underlying reason (i.e. major depression) for the suicidal event as the primary medical or psychiatric diagnosis. While the medical condition may have been caused as a result of a suicide attempt, it would not be coded as such but rather based upon the condition presented. Consequently, we would not have data that could be drawn upon that specifically would allow for a meaningful study.</p> <p><b>DID NOT TAKE JURISDICTION</b></p>
<p><b>SB2413</b> <i>Retirement</i></p>	<p>S O'Connell, Dever, Krauter, Lyson, R. Kelsch, Martinson</p>	<p>A Bill for an Act to create and enact a new section to chapter 54-52 of the NDCC relating to participation by peace officers and correctional officers in the defined benefit retirement plan; and to amend and reenact subsections 3 and 11 of section 54-52-01, subsection 3 of section 54-52-05, and subsection 3 of section 54-52-17 of the NDCC, relating to participation by peace officers and correctional officers in the defined benefit retirement plan.</p>	<p>The proposed legislation would transfer peace officers and correctional officers employed by the State department of corrections and rehabilitation from participation in the Public Employees Retirement System (PERS) Hybrid Plan under the rules applicable to general State employees to participation under the rules applicable to peace officers and correctional officers of political subdivisions. The actuarial required rate with this group would be 7.41% .</p>	<p>This bill would add state correctional and peace officers to the PERS law enforcement plan. There are approximately 546 state correctional officers and peace officers that work for the state who would be transferred from the PERS main retirement plan to the PERS law enforcement plan. When we received the bill, we forwarded it to the Segal Company to do an actuarial analysis to determine the</p>

Bill Number	Sponsor	Summary	Technical and Actuarial Comments	PERS Comments
				<p>effect on this retirement plan. Segal indicates that if this legislation was to pass, the required employer contribution would be 7.41%, a drop from the 12.07% actuarial required contribution rate from the last report and from the 8.31% we are presently charging employers.</p> <p><b>UNFAVORABLE RECOMMENDATION</b></p>



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

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

---

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

# Memorandum

**TO:** PERS Board

**FROM:** Deb & Sparb

**DATE:** February 7, 2007

**SUBJECT:** LASR Project Update

Attached is the monthly update provided by LRWL for the month of January. Staff continues to review the materials submitted and remains on schedule and within budget. Also attached is the Quarterly Report that was submitted to ITD as required for large project oversight. Please let either of us know if you have further questions or comments, concerns, etc.



# L.R. Wechsler, Ltd.

## **North Dakota Public Employees Retirement System**

### Legacy Application System Review Project

Monthly Status Report – January 31, 2007

#### **Activities and tasks accomplished this reporting period**

- Procurement Activities
  - Prepared for proposal evaluation:
    - Updated evaluation spreadsheet.
    - Created checklist of minimum qualifications criteria.
    - Conducted high-level review of evaluation process.
    - Set and reviewed SME assignments for proposal evaluation process.
    - Developed presentation material for and conducted evaluation orientation sessions.
  - Opened proposals and completed Steps 1 and 2 of evaluation.
  - Attended the board meeting where decision was made to review only the one proposal received on time and to not open the proposal received on day following deadline.
  - Planned and scheduled activity through March and initiated effort on evaluation step 3.
  - Conducted proposal evaluation feedback sessions with ITD and SMEs and evaluation team.
  - Forwarded scoring criteria, clarification question template and reference check questionnaire.
  - Reviewed the technical proposal. Gathered feedback and questions from the LRWL.
  - Reviewed and consolidated list of NDPERS and LRWL proposal clarifying questions.
  - Participated in reference check calls.
  - Assisted NDPERS with finalizing the product demonstration scenarios.

#### **Activities planned for the next month**

- Procurement Activities
  - Continue with Step 4 of the evaluation process and the product demonstrations.
  - Receive feedback to proposal clarification questions. Discuss with NDPERS and incorporate in the evaluation.
  - Participate in reference check calls for ATI, Sagitec's back-file conversion vendor.
  - Setup and participate in site visits.

### **Problems Encountered this Period**

- The receipt and evaluation of single proposal has introduced some additional uncertainty (e.g., applicability of evaluation process, no basis for comparison against competing vendor's solutions, resolution of exceptions and assumption, etc.) in the process.

### **Reconciliation of Progress**

- None

### **Problems Anticipated Next Period**

- Determining whether NDPERS has an acceptable and viable solution proposal or whether the RFP needs to be reissued and whether additional funding needs to be sought.

# Project Status Report

## *Legacy Application System Review Project Phase 3*

<b>For period:</b>	<i>October 1, 2006 – December 31, 2006</i>
<b>Submitted by:</b>	<b>Sparb Collins, Project Sponsor</b>
<b>Green</b>	Strong probability the project will be delivered on time, within budget, and with acceptable quality.
<b>Yellow</b>	Good probability the project will be delivered on time, within budget, and with acceptable quality. Schedule, budget, resource, or scope changes may be needed.
<b>Red</b>	Probable that the project will NOT be delivered with acceptable quality without changes to schedule, budget, resources, and/or scope.

### EXECUTIVE SUMMARY

Status Item	Current Status	Prior Status	Summary
<b>Overall Project Status</b>	<b>Green</b>	<b>Green</b>	<i>As of the end of the fourth quarter, 2006, the LASR project is within budget, on schedule and within the quality parameters expected by NDPERS. The Steering committee continued to be active and met regularly during this period. The RFP was released on the procurement website on November 16<sup>th</sup> which was a week earlier than originally scheduled. A Bidders Conference held in Bismarck was well attended and subsequent amendments, clarifications, etc. to the RFP have been posted. We rate the current overall project status as "green".</i>
<b>Scope</b>	<b>Green</b>	<b>Green</b>	The project remains within the scope originally identified within the Project Charter submitted to ITD in July 2006. Although the deliverables related to the evaluation criteria and methodology were moved up within the timeline of the project, there has been no change in scope.  We rate the current overall project status as a "green".
<b>Schedule</b>	<b>Green</b>	<b>Green</b>	The Project remains on schedule. Key milestones include the final draft of the RFP as well as holding a bidders conference and drafting final responses to the questions generated through this process. The final RFP was delivered and was posted out to the Procurement Website on November 16 <sup>th</sup> when the preliminary timeline called for it to be posted by the end of November. This allowed us to move the proposed date of the bidders conference from December 27 <sup>th</sup> to December 13th. While the due date for the proposals remains the same, this gave the vendors more time, considering the holiday season.  Overall, we rate the current schedule status as green.
<b>Cost</b>	<b>Green</b>	<b>Green</b>	The project costs remain within the budget identified by NDPERS and is accumulating at an acceptable rate. (i.e. one commensurate with the activities and tasks conducted over this period.)  Overall, we would rate the cost status as a green.

<p><b>Project Risk</b></p>	<p><b>Green</b></p>	<p><b>Green/ Yellow</b></p>	<p>A noteworthy project risk that arose within the reporting period was the discovery of the potential for inadvertently disclosing confidential information when preparing to release sample material for the appendices of the RFP. This was discovered before the material was placed out on the procurement website and resulted in a delay in the release of a portion of the appendices by one and one half weeks. All documents were reviewed and cleansed of personal information prior to release.</p> <p>At the end of this reporting session, a staff person who was a lead SME for the health insurance portion of the project left employment with NDPERS. Arrangements have been made to cover the area previously addressed by this person. However, the solution is to have an existing staff person pick up those additional duties. This places more responsibility on fewer individuals and therefore, adds to the risk of limited project personnel resources that we have already identified in a previous report.</p> <p>Overall, the project risk is rated at green/yellow and objectives are being met.</p>
----------------------------	---------------------	---------------------------------	---

**Accomplishments:**  
Major accomplishments through the reporting period include producing a final draft of the RFP, defining the scope of functionality NDPERS wants to include. A Bidder's Conference was held with eight companies either attending in person or via teleconference. The RFP and any amendments, clarifications, etc were posted to the Procurement Website and were posted within established deadlines. Subject matter experts from the Office of Management & Budget Procurement Office, the Attorney General's Office, ITD and NDPERS staff were utilized, as well as NDPERS consultants from L. R. Wechsler, Ltd. to ensure appropriate guidelines were observed and followed. Status meetings were held regularly, generally every week. Weekly status notes and agendas were provided to the Steering Committee as well as a monthly status report for the NDPERS Board and updated monthly project plans.

**Expected Accomplishments:**  
Project activities planned for the next reporting period include receiving and evaluating proposals in response to the NDPERS RFP. Evaluations will be done using subject matter experts, broken down into teams to address specific parts of the proposals received. The time needed for this process will depend on the number of proposals received. After initial proposals are screened to ensure minimum requirements are met, NDPERS expects to review one proposal per week. After the written evaluation is completed, reference checks will be conducted. Product demonstrations will be conducted for the most highly ranked proposals followed by site visits. This constitutes the planned activities for this reporting period.

## RISK MANAGEMENT

Status Item	Current Status	Prior Status	Summary
Project Risk	Yellow	Green	<i>Risk of inadvertently releasing confidential information was discovered and a key staff person left employment with NDPERS.</i>
<b>Risk Management Log Summary</b>			
Risk #	Description	Response Plan	Owner
2006-2	Confidential, personal information was discovered on materials that were to be put out on the procurement website in an appendices to the RFP.	Discovery of this information resulted in each section being reviewed and cleansed prior to posting. Each manager affirmed that the documents had been reviewed and cleansed.	NDPERS Managers
2006-3	Key staff person in the health insurance area left employment with NDPERS	Critical duties were re-assigned to existing NDPERS staff member and other duties of lesser priority will be re-assigned as needed. The open position will be filled, as well as a temporary back-up.	Kathy Allen
<b>Comments:</b> Item 2006-2 resulted in a delay of a portion of the appendices being posted to the procurement website by 1 ½ weeks. No complaints were received and no personal information was disclosed. Item 2006-3 will require shifting workloads and training of new personal. Provided there are qualified personnel available to hire, the project is likely to remain on schedule.			
<b>Issues Log Summary</b>			
Issue #	Description	Required Action	Owner
	.		
<b>Comments:</b> No issues were identified during this time period.			

## SCOPE MANAGEMENT

Status Item	Current Status	Prior Status	Summary
Scope	green	green	<i>There were no changes to scope and all anticipated deliverables were accepted.</i>
<b>Change Control Log Summary</b>			
Change #	Description	Action Accept / Reject	Action Date
<b>Comments:</b> There were no changes in scope during this quarter.			
<b>Deliverable Acceptance Log Summary</b>			
Deliverable #	Deliverable Name	Action Accept / Reject	Action Date
	Final RFP	Accepted	
<b>Comments:</b> RFP, monthly status reports and project plan updates were delivered to Project Manager pursuant to the project plan agreed upon by NDPERS & L.R. Wechsler.			

## COST MANAGEMENT

<b>Status Item</b>	<b>Current Status</b>	<b>Prior Status</b>	<b>Summary: Project is currently within budget and is expected to remain so.</b>	
<b>Budget</b>	<b>Green</b>	<b>Green</b>		
<b>Project Budget</b>	<b>Revised Budget (if applicable)</b>		<b>Expenditures to Date</b>	<b>Estimated Cost at Completion</b>
\$590,326.00	\$0.00		\$235,815.18	\$590,326.00