

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
BCBS, 4510 13th Ave SW

March 19, 2015

Time: 8:30 AM

I. MINUTES

- A. February 13, 2015
- B. February 18, 2015
- C. February 19, 2015
- D. March 3, 2015

II. RETIREMENT

- A. Audit Report – Brady Martz
- B. Request for Proposal for Retirement Consulting Services – Sparb (Board Action)
- C. ETF Implementation – Bryan (Information)
- D. 4th Quarter Investment Report – Bryan (Information)
- E. RHIC Implementation – Sharon (Board Action)

III. GROUP INSURANCE

- A. BCBS Annual Executive Summary (Information)
- B. Diabetes Management Program Renewal – Sparb (Board Action)
- C. BCBS Claims Audit – Bryan (Information)
- D. EAP Request For Proposal 2015-2017 – Bryan (Board Action)
- E. Medicare Part D – Rebecca (Board Action)
- F. Sanford Health Plan Update – Sparb (Information)

IV. MISCELLANEOUS

- A. Budget Considerations – Sharon (Board Action)
- B. Legislative Update – Sparb (Information)
- C. Consultant Fees – Sharon (Information)
- D. Audit Committee Minutes November 19, 2014 – (Information)
- E. Audit Committee Charter Activity Review – 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
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Memorandum

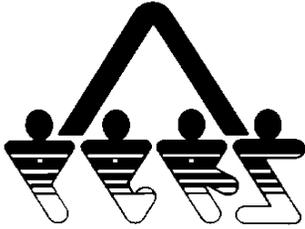
TO: NDPERS Board

FROM: Jamie

DATE: February 17, 2015

SUBJECT: 2014 Audit Report Presentation

Included is the 2014 audit report for the PERS agency. John Mongeon and his staff from Brady Martz & Associates will be at the Board meeting to review the report with you and answer any questions you may have.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 11, 2015
SUBJECT: Actuarial Consultant

At the March 14, 2014 meeting the Board made the following motion:

MR. SAGE MOVED TO RENEW WITH SEGAL FOR ONE YEAR (JULY 1, 2014 THROUGH JUNE 30, 2015) AND TO GO OUT TO BID THE NEXT YEAR. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Wassim, Ms. Smith, Mr. Sage, Ms. Ehrhardt, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

Nays: None

Staff is prepared to issue the RFP for this service, however, with the recent award of the experience study to Segal, it may be beneficial to retain them for one more year to integrate the findings of that study into the next valuation. If we were to change consultants at this time, Segal would be completing the Experience Study while we could be changing to a new firm that would have to integrate the new assumptions.

The following is a brief history:

1. This effort was last bid in 2003 with six contract with renewal every two years (2004-2010)
2. Extended in 2010 due to recovery planning & PERSLink efforts
3. Extended in 2011 due to recovery planning/DC efforts
4. Extended in 2012 to 2014 due to recovery efforts/DC planning and after reviewing the TFFR bid process.
5. Extended in 2014 to 2015 to provide continuity for DC planning.

Board Action:

1. Authorize staff to move forward and issue an RFP, or
2. Approach Segal about extending for one more year.



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Memorandum

TO: PERS Board

FROM: Sparb & Bryan

DATE: March 19, 2015

SUBJECT: Exchange Traded Funds (ETFs)

At a prior meeting the NDPERS Board approved adding ETFs to the mutual fund window for the DC 401(a) plan and the 457 Companion plan. TIAA-CREF completed this as of January 31, 2015. I tested this in a brokerage account and everything appeared to be working.

Attached is a mailing notice from TIAA-CREF that will be sent to the NDPERS plan participants.

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



<<Mail Date>>

<Date>

<First Name Last Name>

<Address1>

<Address2>

<City, State Zip>

Important notice about the 401(a) Defined Contribution Plan and the 457 Deferred Compensation Companion Plan

Dear <<Recipient Name>>,

As a participant in the NDPERS 401(a) Defined Contribution and/or 457(b) Deferred Compensation Companion Plan, you have the option to take part in the Self-Directed Brokerage Account. This option is beneficial for those participants who are interested in investing in funds outside of the core menu of 33 funds. Through a brokerage account, you can invest among thousands of mutual funds. As of January 31, 2015, you can now also invest in thousands of Exchange-Traded Funds (ETFs) as well.

With a brokerage account, be aware that additional fees and charges may apply, and some investments may not be suitable for all investors.

Highlights:

- Changes the TIAA-CREF self-directed brokerage account.

Details:

1. New availability of Exchange-Traded Funds (ETFs)

Participation in your employer's retirement plan offers a number of services and investment options. Among these services, your plan makes available to you Brokerage Services from TIAA-CREF, permitting you to open a TIAA-CREF brokerage account. Your Self-Directed Brokerage program is being enhanced and now you will be able to complete transactions in ETFs effective 01/31/2015.

ETFs are investment funds that are traded on stock exchanges. Much like stocks, they experience price changes throughout the day as they are bought and sold. ETFs can be comprised of assets such as stocks, commodities or bonds, and typically track an index, such as a stock index or bond index.

Commission and fee schedule for ETFs

The fees associated with trading ETFs are the same as for equities. The fee schedule is listed on the next page.

Mutual Funds	
No-transaction-fee (NTF) funds	<ul style="list-style-type: none"> ▪ Minimum initial investment for most funds: \$500. For subsequent investments, a minimum may apply. ▪ Short-term redemption fee: \$50 minimum for shares held less than three months (waived for shares transferred from another brokerage firm or financial institution) ▪ Dollar cost averaging transactions, no fee; minimum transaction \$100
Transaction-fee (TF) funds	<ul style="list-style-type: none"> ▪ Transaction-fee: \$35 per trade regardless of order size. ▪ Minimum initial and additional investments typically based on amount listed in the fund's prospectus. ▪ Dollar cost averaging transactions, no-fee; minimum transaction \$100 ▪ Exchanges: \$8 per trade regardless of order size.

You can review the entire Customer Account Agreement by going to tiaa-cref.org and navigating to the *Brokerage Services* page on the TIAA-CREF website (https://www.tiaa-cref.org/public/pdf/forms/SDA_Customer_Account_Agreement.pdf).

No action on your part is required at this time. However, if you have any questions please go to tiaa-cref.org or call 800 842-2252.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161 for current prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

If you open a brokerage account, you may be charged a commission on transactions and other account-related fees in accordance with the TIAA-CREF Commission and Fee Schedule. Please review the TIAA-CREF Brokerage Account Customer Agreement using the following link: www.tiaa-cref.org/public/pdf/forms/SDA_Customer_Account_Agreement.pdf. The Agreement contains important information about the brokerage account as well as the TIAA-CREF Commission and Fee Schedule. Other fees and expenses that apply to a continued investment in the funds are described in the fund's current prospectus. Please note: Advice is not provided on brokerage assets.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value. Investment products may be subject to market and other risk factors.

TIAA-CREF Individual & Institutional Services, LLC, Teachers Personal Investors Services, Inc., and Nuveen Securities, LLC, members FINRA and SIPC, distribute securities products.

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Memorandum

TO: PERS Board

FROM: Sharon Schiermeister

DATE: March 12, 2015

SUBJECT: Retiree Health Insurance Credit Portability Implementation

At the December meeting, several administrative items were presented for the Board's consideration relating to the Retiree Health Insurance Credit (RHIC) portability provisions. The Board delayed taking action on the following until a vendor was selected:

Deminimus RHIC benefits. Should the vendor establish a reimbursement account for every member who is eligible for the RHIC benefit, regardless of the amount of the monthly RHIC benefit?

Considerations:

- a) The RFP to select a vendor to process the RHIC reimbursements asks that the vendor provide a per member per month fee for providing this service. We are aware of some members accruing RHIC benefits that are less than a dollar/month (members automatically vest at age 65 regardless of years of service). We are expecting that the monthly fee to maintain a reimbursement account may be at least \$2/month.

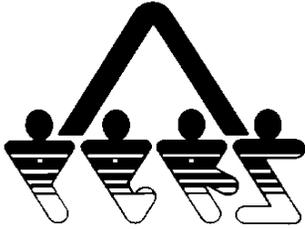
Policy decision: Should a reimbursement account be established automatically for RHIC benefits that are less than the monthly servicing fee?

In February, the Board selected ASIFlex as the vendor to process the RHIC reimbursements. Their fee is \$1.75 per member per month. We asked them to provide options for de minimis accounts and they provided the following response:

We would like to offer a different and mutually beneficial arrangement for the de minimis accounts. If agreeable with NDPERS, ASIFlex would offer a year-end credit for accounts that have had no activity. For example, accounts with RHIC contributions of less than \$10.00 per month with no claims filed would be eligible for a fee credit at year-end. The fee credit provided to NDPERS would be one-half of the year-to-date fees paid to ASIFlex. This arrangement would reduce the costs to NDPERS while also providing reasonable compensation to ASIFlex for the welcome letter and on-going account maintenance.

Staff Recommendation: Set up accounts for all members who are eligible for the RHIC, regardless of amount, with ASIFlex refunding one-half of the fee to NDPERS for accounts with monthly contributions of less than \$10.00 per month and no claim activity.

Board Action Requested: Determine whether or not reimbursement accounts should be set up with the vendor for all RHIC benefits, regardless of the dollar amount.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 11, 2015
SUBJECT: BCBS Quarterly Executive Summary

Staff from BCBS will be at the meeting to review the report with the Board.

NDPERS

Executive Summary

Q4-2014 | Presented March 2015

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Restricted and/or Confidential



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

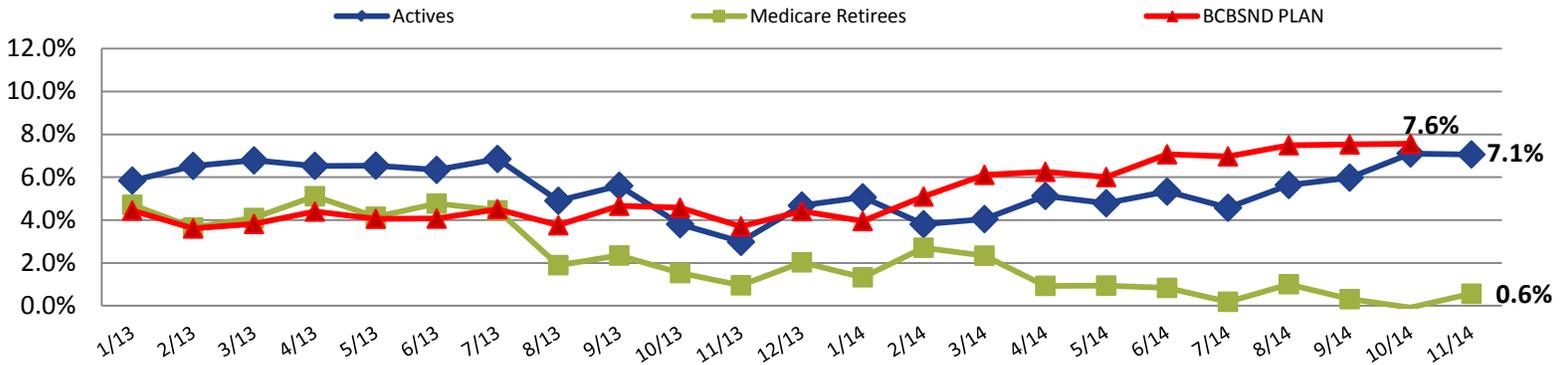


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Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association

Noridian Mutual Insurance Company

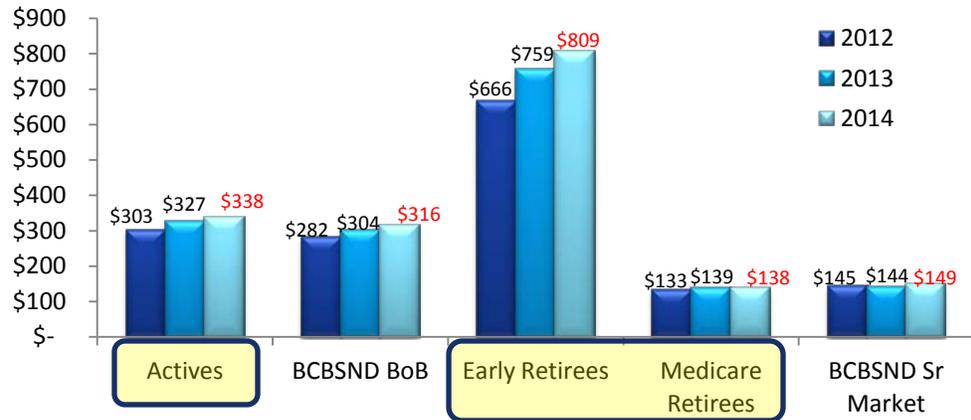
Trend Analysis - Twelve Month Moving Average



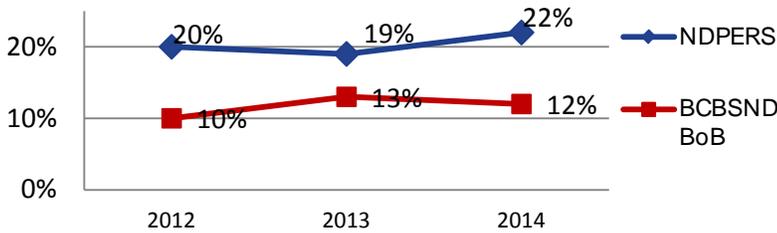
Membership Comparison

	CY 2013	2014
Actives	54,813	55,801
Early Retirees	1,242	1,193
Medicare Retirees	7,854	8,309

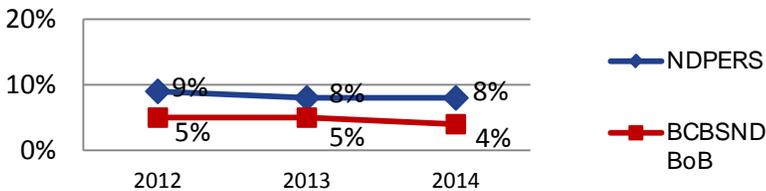
Paid Per Member Per Month



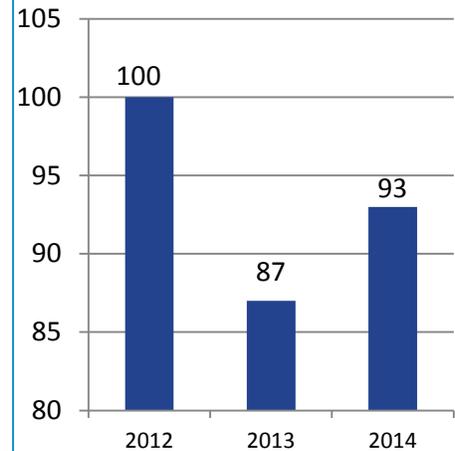
Healthy Blue Participation



Health Club Credit Participation



Number of Unique Employers by Year Participating in Member Education



Actives include Political Subs and State Employees

Quarters are cumulative since beginning of year

NDPERS Biennium Comparison Paid through January 31, 2015

	Premium	Admin Fee	PPACA Fees	Interest on Surplus	Estimated Incurred Claims	Gain (Loss)	Gain (Loss) as a % of Premium	Biennium Gain/Loss	% of Premium
July 09 - Nov 10	\$297,894	\$15,768	0	\$284	249,390	\$33,021	11.1%	\$38,094	9.0%
July 11 - Nov 12	\$331,399	\$17,641	0	\$81	305,762	\$8,077	2.4%	\$10,581	2.2%
July 13 - Nov 14	\$385,632	\$29,374	\$8,216	\$129	349,699	\$6,687	1.7%	N/A	N/A

Note: Reported in thousands

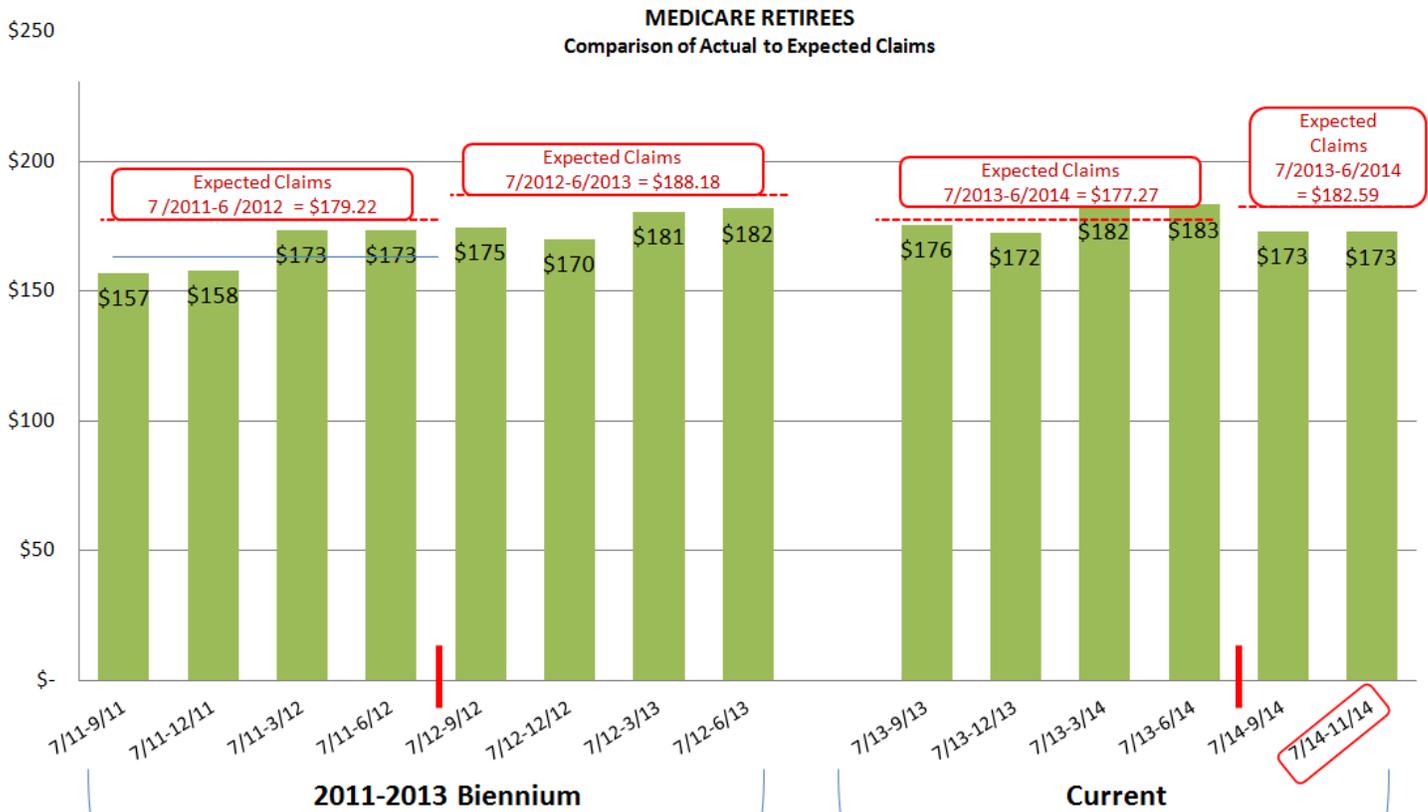
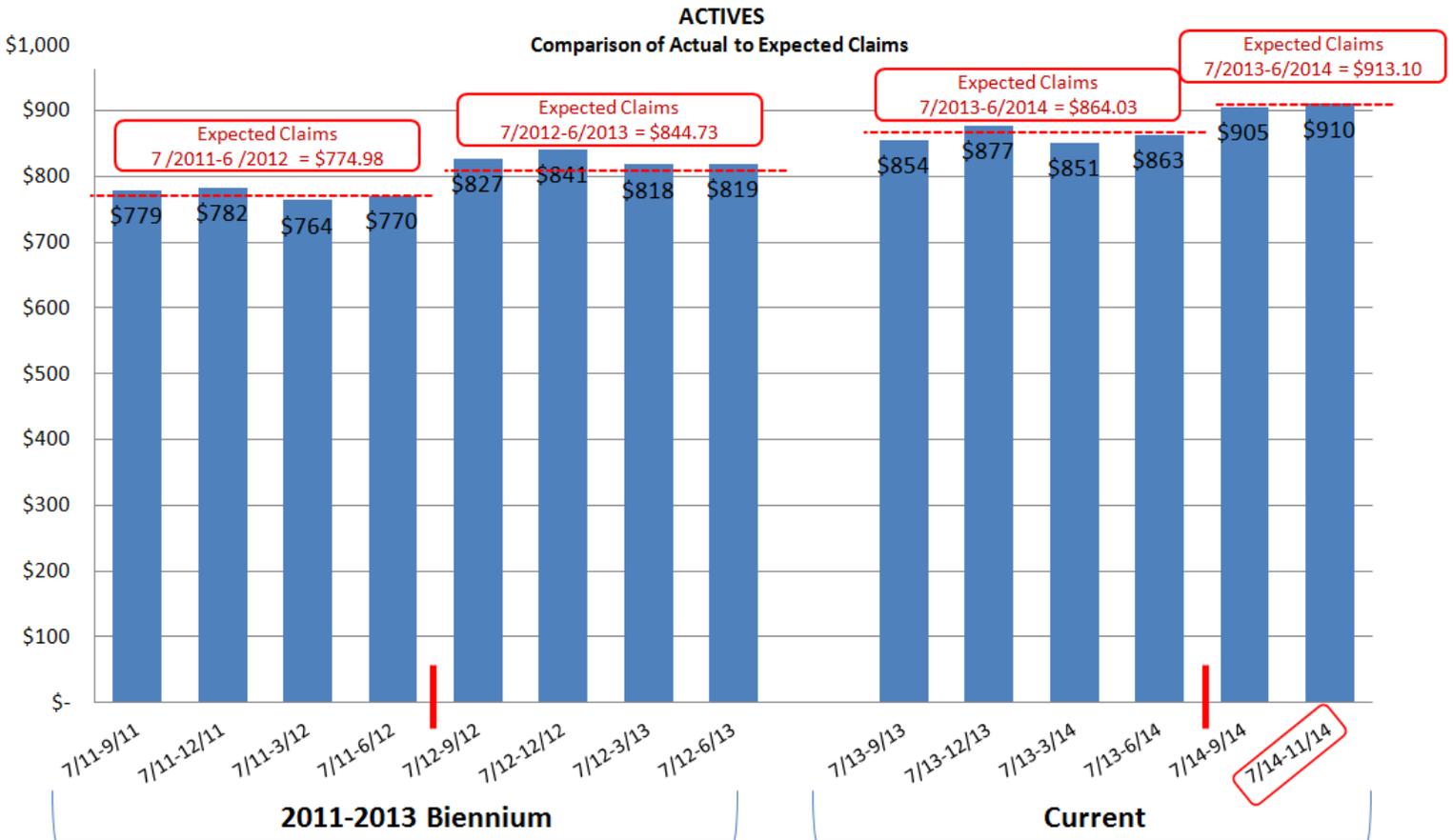
Biennium gain(losses) are prior to risk sharing. It is important to note that the biennium beginning with July 13 includes estimated claim reserves. Actual claims run out may vary from original reserve estimates.

It is expected that premiums will exceed claims in the first few months of the biennium. This is due to stable premium levels throughout the entire biennium and increasing claims during the biennium. At the mid-point of the biennium claims would be expected to be equal to premiums less admin fees and during the last months of the biennium, claims would be expected to exceed premiums.

NDPERS Quarterly Trend Analysis Paid through January 31, 2015

Incurred Month	Twelve Month Moving Average			
	Est. Incurred Claim/Contract		Annual Trend	
	Actives	Med Retirees	Actives	Med Retirees
1/13	745.21	248.64	5.8%	4.7%
2/13	785.05	170.01	6.5%	3.7%
3/13	787.78	186.05	6.8%	4.1%
4/13	804.57	191.37	6.5%	5.1%
5/13	839.03	189.48	6.5%	4.2%
6/13	824.03	174.34	6.3%	4.8%
7/13	886.41	179.40	6.9%	4.5%
8/13	869.39	168.56	4.9%	1.9%
9/13	807.75	178.96	5.6%	2.3%
10/13	873.88	190.60	3.8%	1.5%
11/13	860.21	153.96	3.0%	1.0%
12/13	961.53	163.23	4.7%	2.0%
1/14	793.58	240.12	5.1%	1.3%
2/14	750.39	184.56	3.8%	2.7%
3/14	855.46	182.20	4.0%	2.3%
4/14	934.77	186.15	5.1%	0.9%
5/14	858.06	193.79	4.8%	0.9%
6/14	902.82	176.94	5.3%	0.8%
7/14	918.38	178.07	4.6%	0.2%
8/14	903.01	161.83	5.6%	1.0%
9/14	894.57	179.03	6.0%	0.3%
10/14	963.02	189.11	7.1%	-0.1%
11/14	872.04	155.49	7.1%	0.6%

NDPERS Quarterly Trend Analysis Paid through September 30, 2014



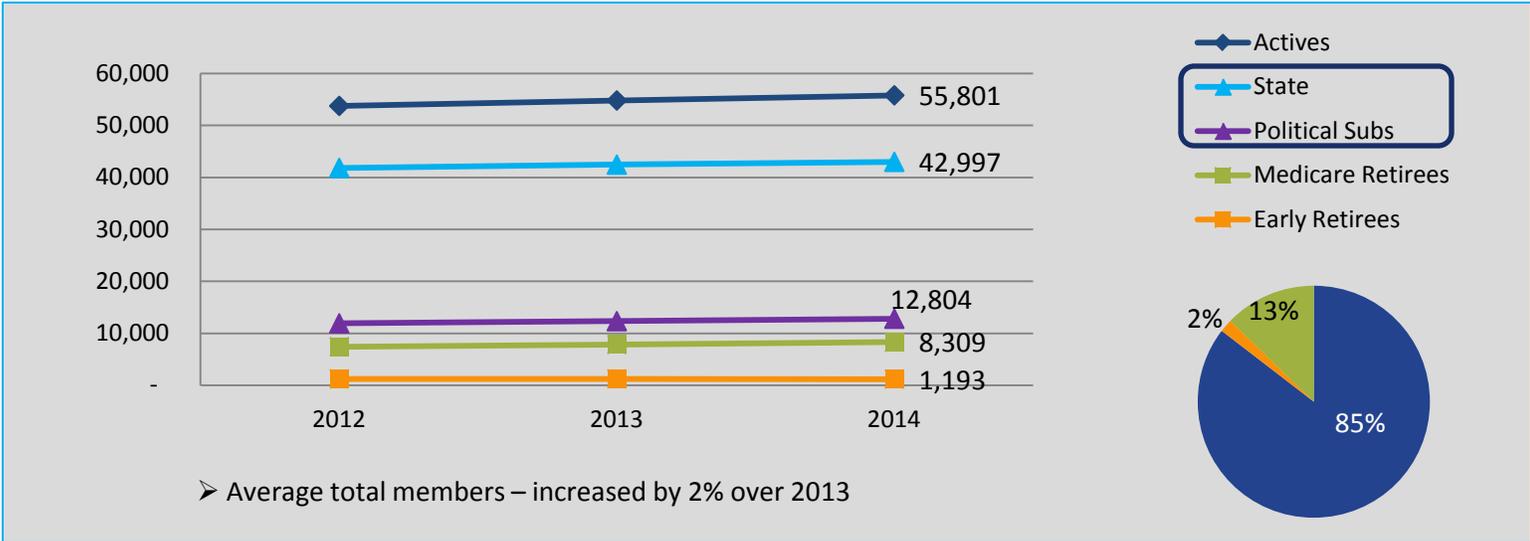
Membership & Health Utilization Summary

Paid each Calendar Year (Q1 through 3/31/2014)

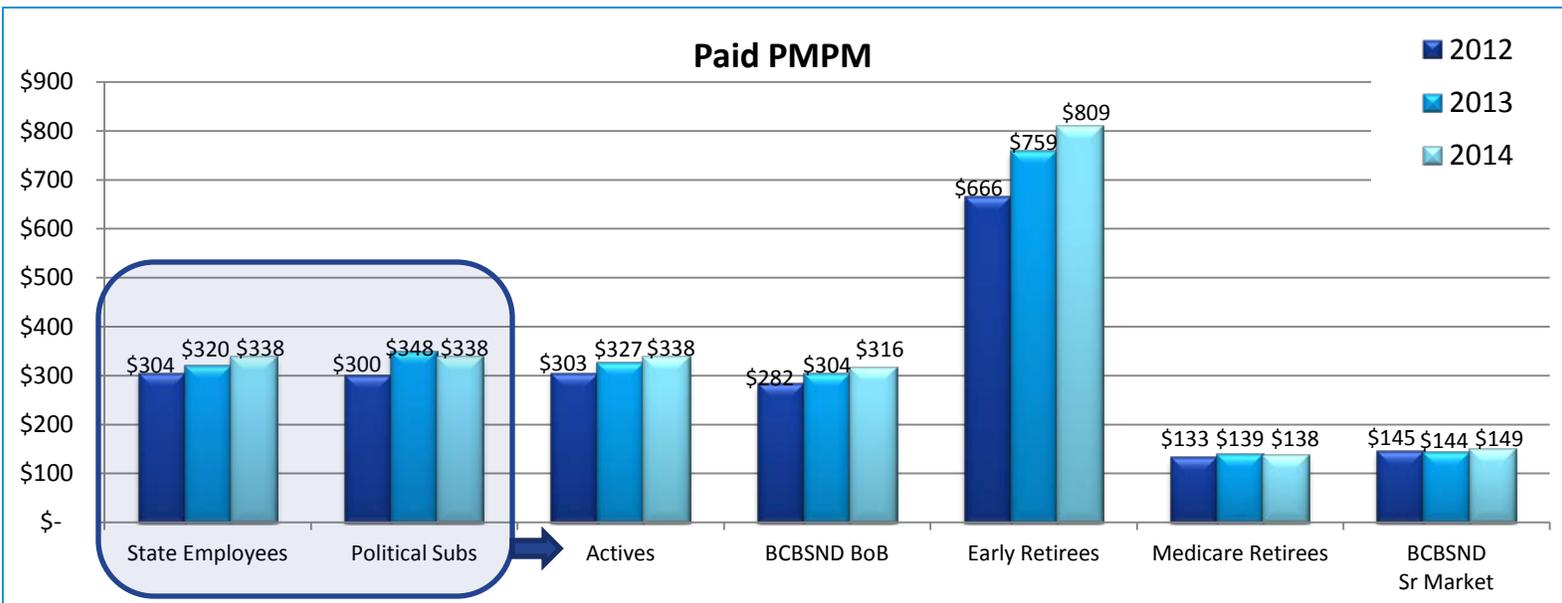
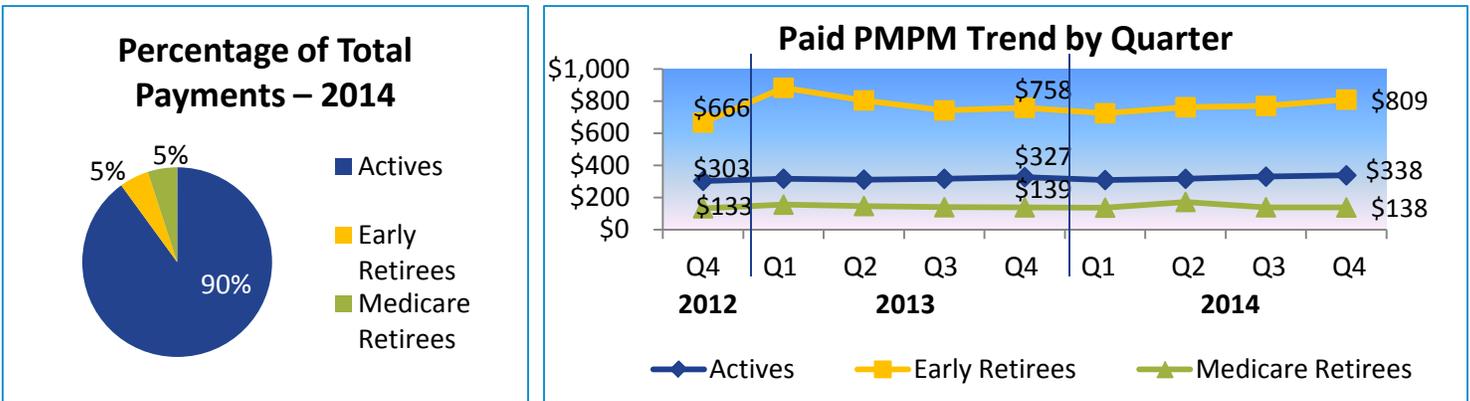


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Membership

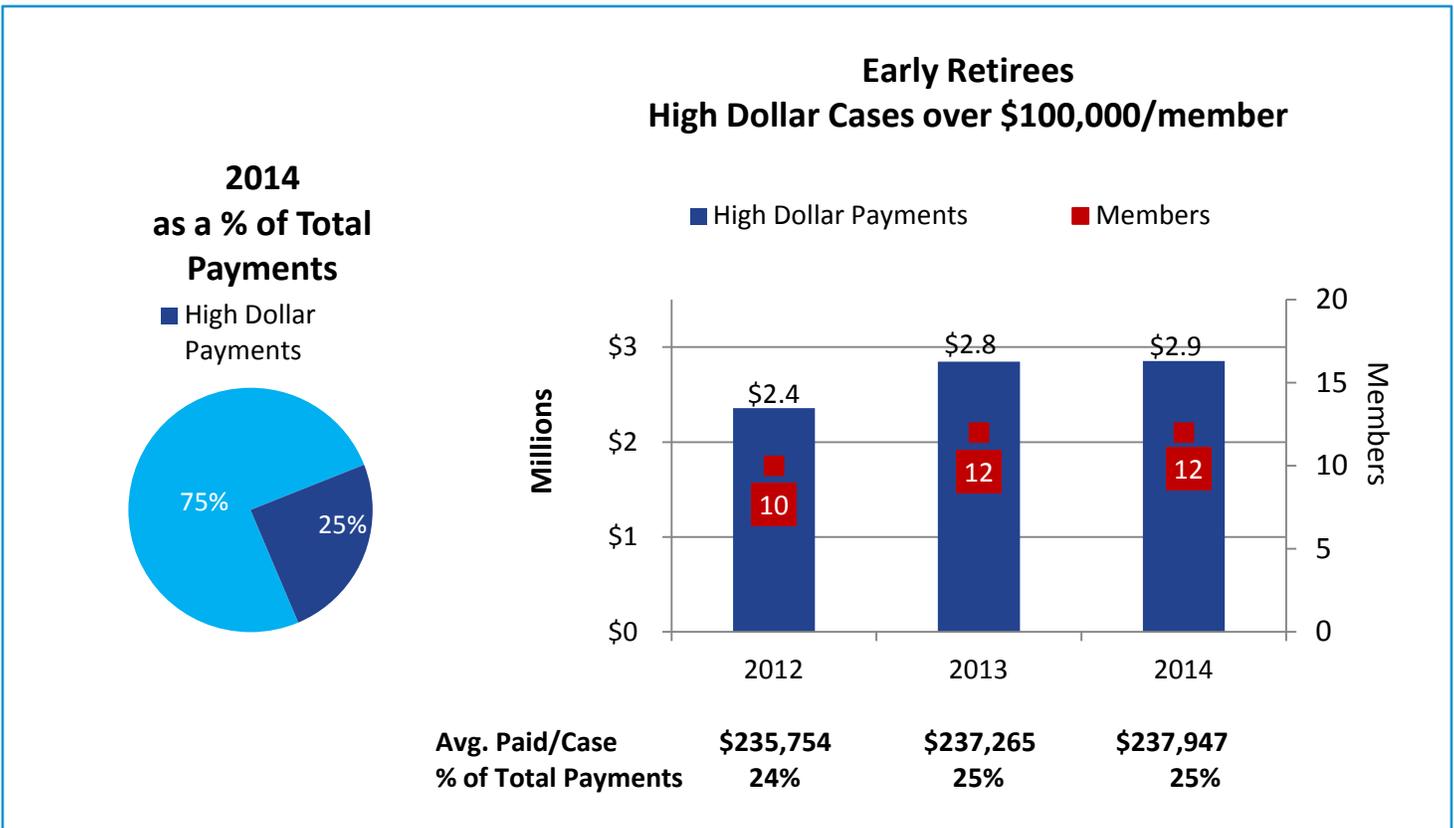
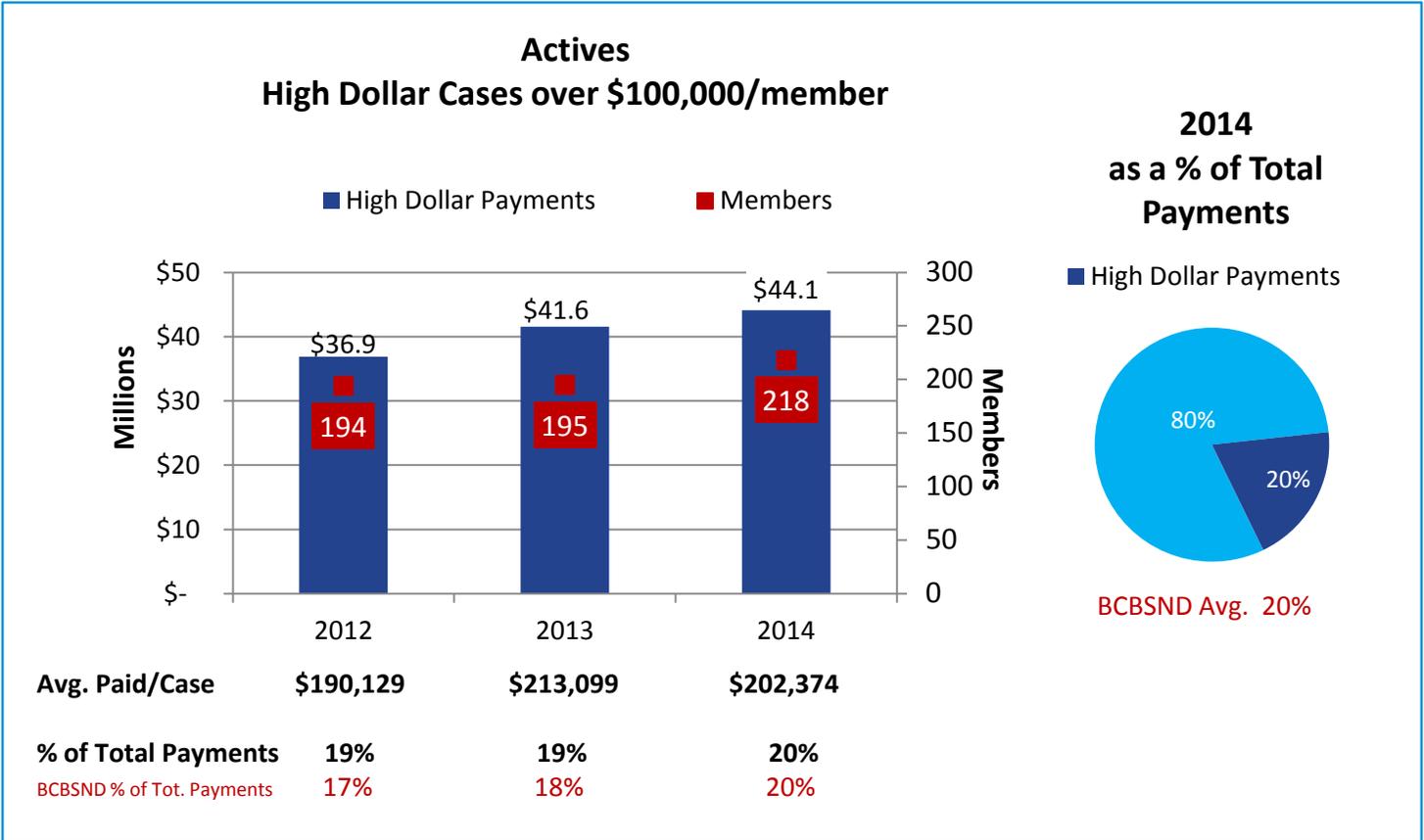


Claims Paid Per Member Per Month (PMPM)



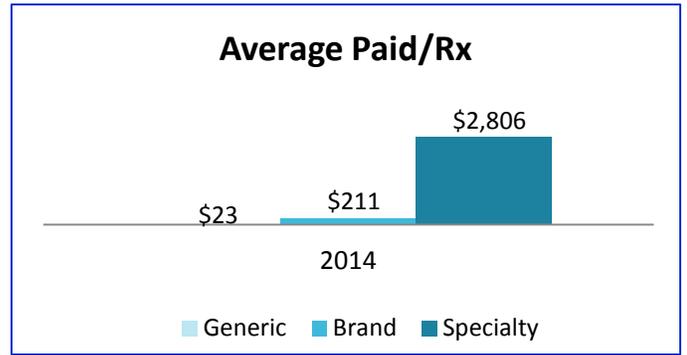
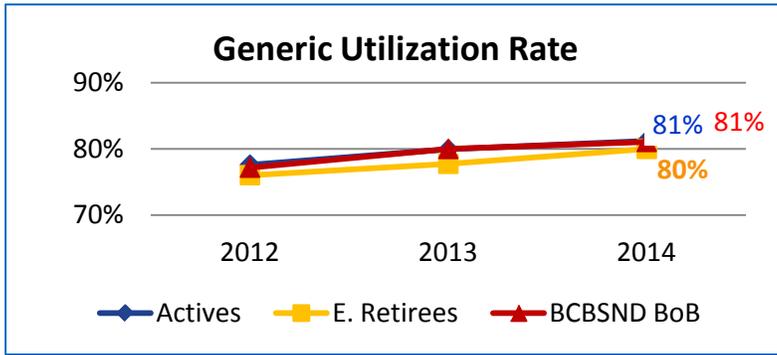
Actives include Political Subs and State Employees
 Quarters are cumulative to calendar year end
 BoB = Book of Business

High Dollar Cases

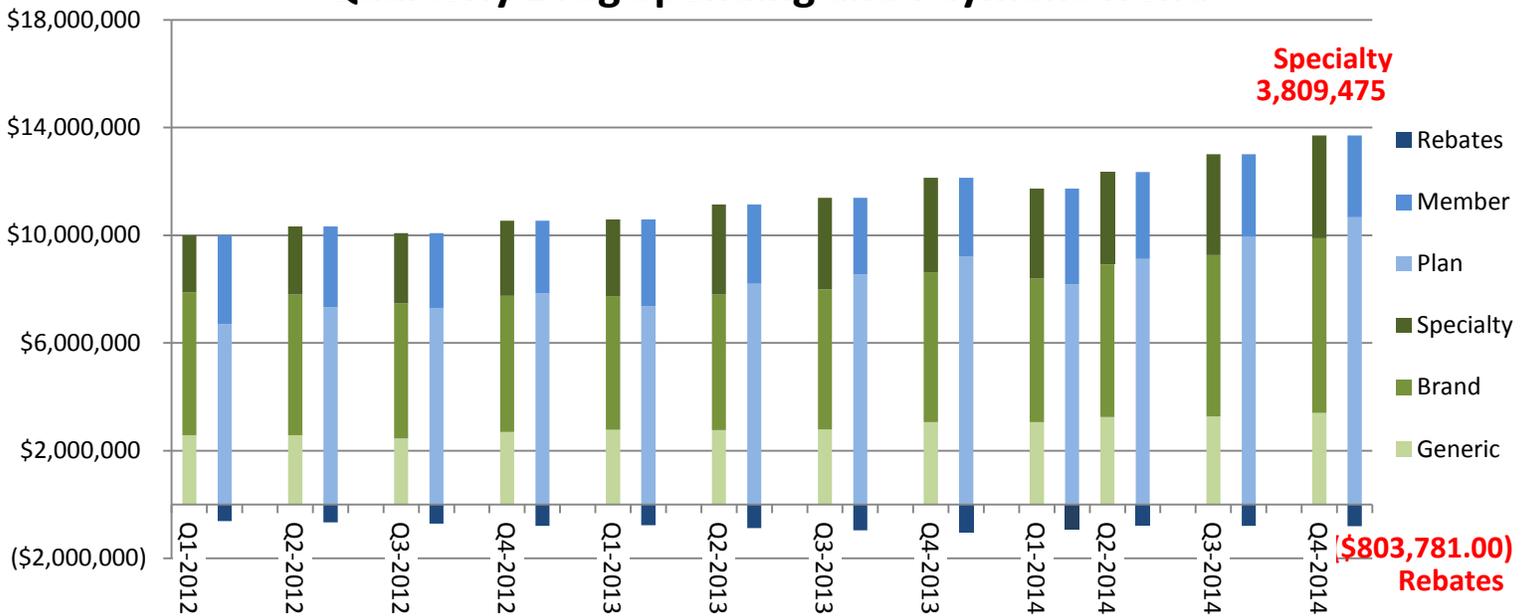




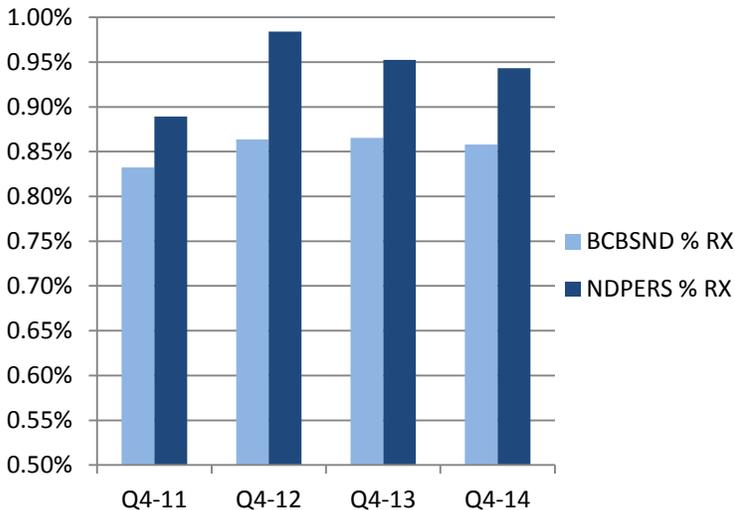
Prescription Drugs



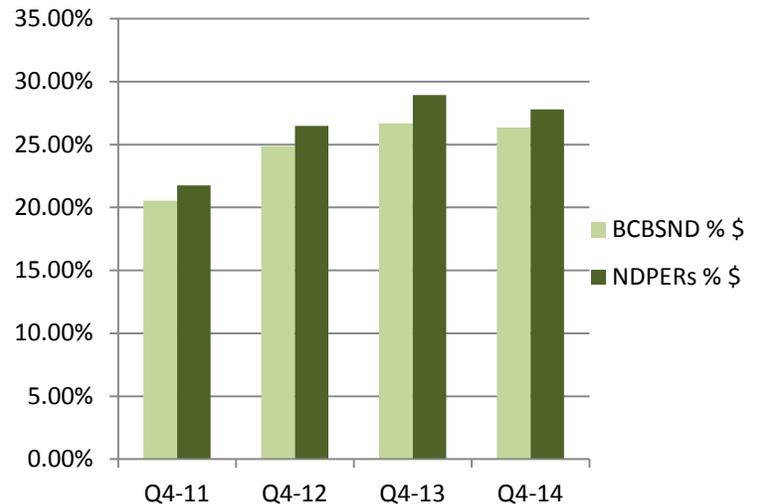
Quarterly Drug Spending and Payment Trend



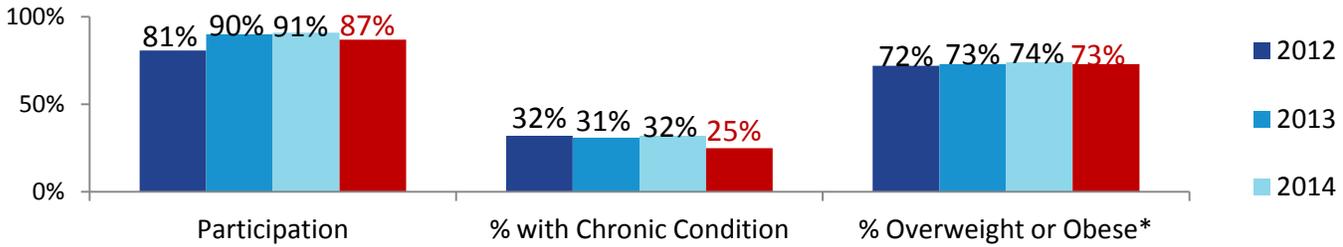
Specialty Claims



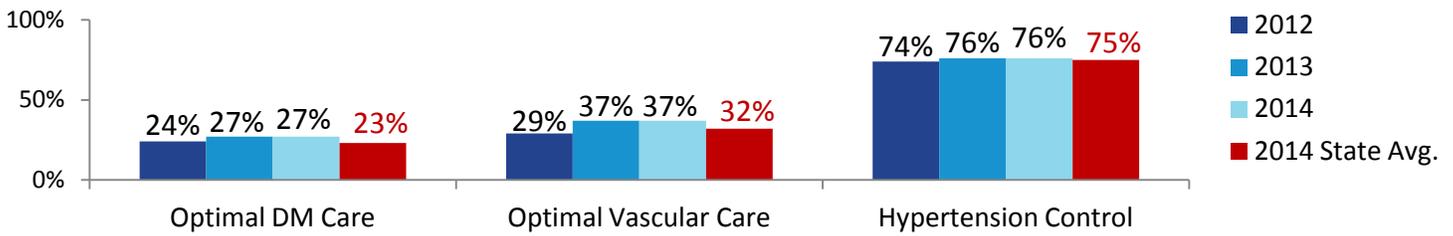
Specialty Dollars



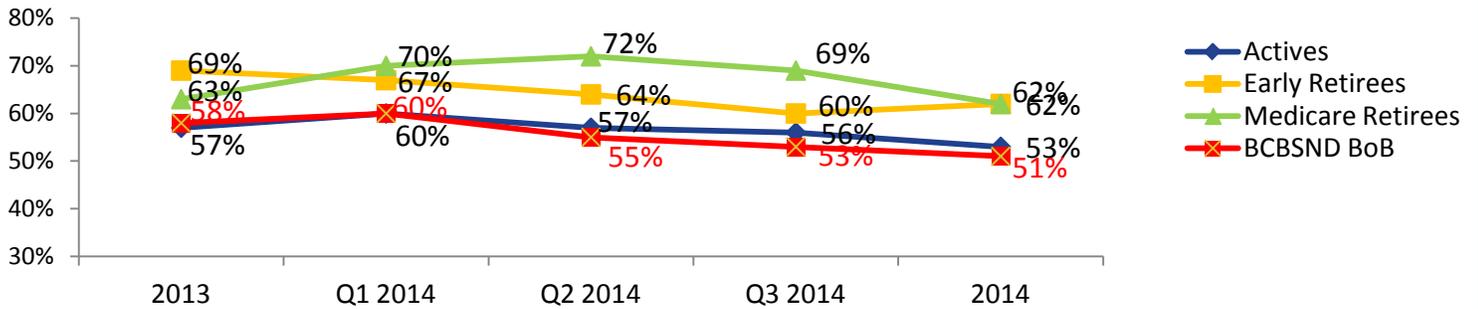
MediQHome Key Measures



MediQHome Outcome Measures



AccordantCare Participation – Rare and Complex Disease Management



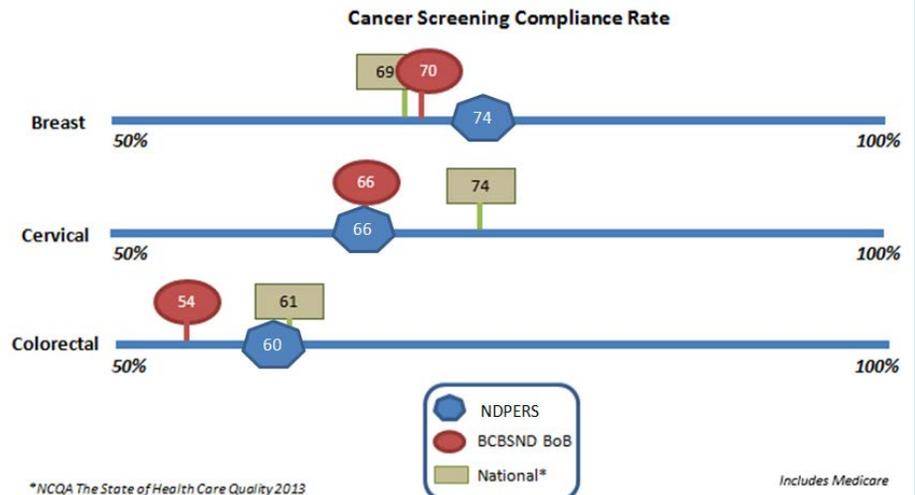
- 576 eligible, 314 participating (overall average participation 55%)
- Overall participation % is slightly lower than 2013
 - Due to small population of the retirees, addition or decline of a few members could change participation percentage significantly

Preventive Cancer Screenings

•NDPERS **breast** cancer screening compliance is higher than both National and BCBSND book of business (BoB)

•NDPERS **cervical** cancer screening compliance is lower than National avg. and the same as BCBSND BoB

•NDPERS **colorectal** cancer screening compliance is higher than both BCBSND BoB but just slightly lower than National average.

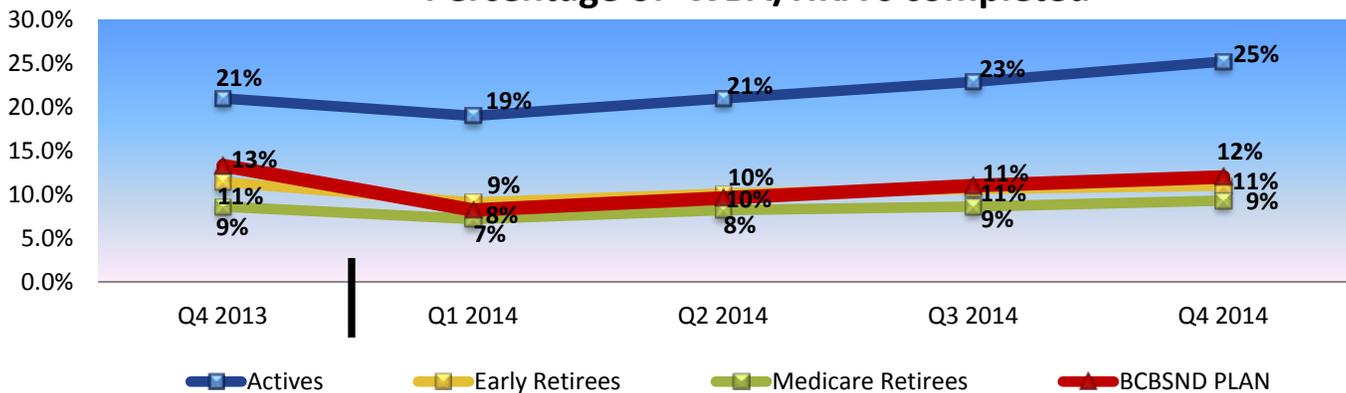


Through end of the year 2014, there was a total of 44,480 members eligible for the wellness programs, HealthyBlue and Health Club Credit. NDPERS member participation in both wellness programs is higher than the BCBSND Plan average.

HealthyBlue

- 22% (up 2% from Q3) of total eligible members have completed a Health Risk Assessment (9,734 members).
 - BCBSND Plan HRA completion rate was 12% (up 1% from Q3)
- Point redemption through Q4 2014 - \$\$722,906 in redeemed prizes

Percentage of WBA/HRA's completed



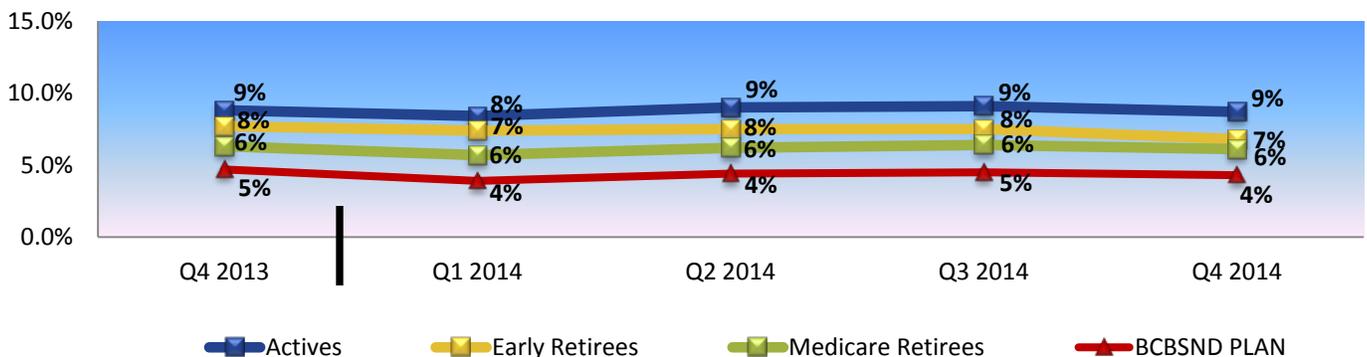
Q1 2014 begins over due to annual HRA completion requirement.

Quarters are cumulative to calendar year end

Health Club Credit

- 8% (1% decrease from Q3) participate in the Health Club Credit Program (3,635 members)
 - BCBSND Plan average is 4% (also down 1% from Q3)
- Members receiving credit 54% (same as Q3) - those participating in HCC exercise 12 or more days per month (1,950 members)
 - BCBSND Plan average is 53% (down from 54% Q3)
- Health club credits paid through Q4 2014 - \$483,525

HCC Member Participation



Quarters are cumulative to calendar year end



Member Engagement

Member Education Representatives introduce programs that provide employees with valuable information and engages them in their health care. Along with making more informed health care decisions, these programs include valuable life skills.

Presentations are available for the following programs:

- Take Care of Yourself
- Walking Works
- Strength Training
- Beat The Bug
- Summer Safety
- Stress Management
- Medication Education
- Tobacco Cessation
- Wellness Programs
(HealthyBlue/Health Club Credit)
- Nutrition Basics for a Healthier You
- CPR and First Aid Basics

2014 through Q4, 93 employer groups have held these educational programs and 39 employer groups have had a benefit overview meeting.

	Number of Employers	Member Education Programs & Benefit Overview	Q4 Member Attendance	Year End Member Attendance
Q4 2014	8	HealthyBlue /HCC	306	1,188
	24	Other	559	2,309
	8	Benefit Overview		

NDPERS Wellness Specialist

- ✓ Completed “Holiday Physical Activity Challenge” in December – approximately 800 NDPERS members participated in challenge
- ✓ Year-end HealthyBlue survey was posted in HealthyBlue – 99% users reported they were satisfied with their HealthyBlue experience
- ✓ Duncan’s Digest - Q4 topic was healthy holiday eating and staying active during the cold months. It had 218 views. Weekly consultant tips on HealthyBlue will replace “Duncan’s Digest” for 2015.
- ✓ Wellness Star ended December 2014; each month we recognized a nominated NDPERS member in the HealthyBlue image rotator. The nominee and nominator received HealthyBlue points for participating in the program.
- ✓ New Year New You - Weight Loss and Physical Activity Challenge
- ✓ Caught in the Act of Wellness replaced Wellness Star for 2015 – five members are randomly selected to receive recognition certificate and HealthyBlue points
- ✓ Lt. Governor’s Award survey was sent out to coordinators asking for feedback application process
- ✓ Targeted high blood pressure email campaign was sent out during the month of February
- ✓ Silver Sneaker survey was mailed to retirees – results were reported to board in February meeting



Measure	Goal	12/31/2014
Cost Management <i>(goal completion of 12/31/14)</i>		
HRA Completions	17%	22%
HRA Score	5% point increase in the 2013 NDPERS group aggregate HRA wellness score Goal = 55	60
HealthyBlue – incentives paid	10% increase over 2013 incentives paid Goal = \$581,798	\$722,906
Health Club Credit – members receiving credit	10% increase over 2013 members receiving credit Goal = 2,177	1950 (missed)
Health Outcomes:		
Members enrolled in a Medical Home	80%	91%
Breast Cancer Screening Rates*	80%	74%
Cervical Cancer Screening Rates*	85%	66%
Colorectal Cancer Screening Rates*	60%	60%
Operational Performance:		
Claims Financial Accuracy	99%	100%
Payment Incident Accuracy	97%	99%
Claim Timeliness	99%	100%
Average Speed of Answer (in seconds)	30 seconds or less	19
Call Abandonment Rate	5% or less	1%
Provider Network Management:		
NDPERS PPO network	92% (or more) participation	99.9%
Provider Discount (non-Medicare contracts)	30% or more	52%

Green – meeting goal

Red – below goal

*Cancer screening rate calculation changed to use data from Health Intelligence tool only

Completed

- Holiday Physical Activity Challenge
- HealthyBlue survey
- Duncan's Digest
- December Wellness Star
- Cervical Cancer Screening reminder postcards were sent
- Annual wellness coordinator survey was sent out – positive feedback received
- Silver Sneakers survey – reported results to NDPERS Board
- Lt. Governor's Award survey was sent to coordinators
- Targeted high blood pressure email campaign

Ongoing Activities

- There are currently 12 members in the Member Advocacy Program (MAP)
- Bi-monthly HealthyBlue Highlights
- Monthly NDPERS Wellness Coordinator calls and newsletters
- Did You Know targeted flyers sent monthly to target specific health topics
- Member Education hosting bimonthly HealthyBlue/Health Club Credit and mini benefits overview webinar
- New Year New You – weight loss and physical activity challenge
- Case Management proactive outreach to members/providers
- Specialty Pharmacy
 - NDPERS enrollment in Prime Specialty Pharmacy Care Management
 - Targeted mailings continue to identify new specialty users
- Accordant Care – continue to identify newly eligible members



**North Dakota
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Memorandum

TO: NDPER Board

FROM: Sparb & Bryan

DATE: March 19, 2015

SUBJECT: About the Patient

Here is the 2014 annual report from Dr. Wendy Brown for the About the Patient Program (Diabetes Management Program). The last page is the cost proposal to continue the program. The following page shows the actual/projected costs for the current and prior biennium.

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

Board Action Requested

Approve continuing the program for the 2015-2017 biennium.

About The Patient Diabetes Program Costs

Date Paid	2011 - 2015 NDPERS Provider Payments	Patient Copay Reimbursement	Administration	Initial July 2011 - June 2013 Biennium	Actual July 2011 - June 2013 Biennium
NDPERS Fiscal Year (July 1, 2011 - June 30, 2012)					
7/1/2011	\$720.00			Estimated Quarterly Fees: \$ 38,400	Quarterly Fees: \$ 18,000
7/25/2011	\$1,040.00			Estimated Copayments: \$ 29,000	Copayments: \$ 13,887
7/27/2011		\$2,818.81		Admin Fee: \$ 10,000	Admin Fee: \$ 10,000
8/29/2011	\$560.00		\$2,500.00	\$ 77,400	\$ 41,887
10/20/2011	\$560.00				
10/25/2011		\$2,135.72			
1/16/2012	\$480.00				
1/19/2012		\$1,096.73			
4/17/2012	\$1,920.00				
5/2/2012		\$833.05			
NDPERS Fiscal Year (July 1, 2012 - June 30, 2013) - switched to quarterly billing in 2012					
7/13/2012			\$2,500.00		
7/16/2012	\$1,600.00				
7/25/2012		\$999.86			
8/21/2012		\$77.40			
10/16/2012	\$2,800.00				
10/31/2012		\$1,344.29			
1/1/2013	\$3,840.00				
1/1/2013		\$1,944.57			
4/23/2013	\$3,360.00	\$2,546.40			
				Initial July 2013 - June 2015 Biennium	Latest Projection July 2013 - June 2015 Biennium
7/24/2013	\$3,440.00			Estimated Quarterly Fees: \$ 336,000	Estimated Quarterly Fees: \$ 84,330
7/29/2013		\$2,730.86		Estimated Copayments: \$ 120,000	Estimated Copayments: \$ 55,966
8/13/2013		\$177.99		Admin Fee: \$ 25,000	Admin Fee: \$ 25,000
9/26/2013			\$2,500.00	\$ 481,000	\$ 165,296
10/15/2013	\$3,840.00	\$2,578.28			
1/2/2014			\$15,000.00		
1/17/2014	\$6,000.00				
1/27/2014		\$2,766.85			
4/16/2014	\$30,320.00				
5/14/2014		\$6,894.66			
7/15/2014	\$14,560.00				
7/21/2014		\$10,590.03			
10/30/2014	\$4,960.00	\$10,595.80			
1/16/2015	\$4,650.00				
1/20/2015		\$10,540.58			
1/22/2015			\$10,000.00		
Projected:					
4/1/2015	\$10,000.00	\$6,000.00			
7/1/2015	\$10,000.00	\$6,000.00			
Projected 2013-2015	\$84,330.00	\$55,966.20	\$25,000.00		
Total:	\$165,296.20				



Collaborative Drug Therapy Program Annual Report

2014

About The Patient— 1641 Capital Way Bismarck, ND 58501
T: 1.888.326.4657 DD: 701.231.6685 E: wbrown@aboutthepatient.net

Executive Summary

The Uniform Group Insurance Program-Collaborative Drug Therapy Program in accordance with section 54-52.1-17 of the North Dakota Century code purpose is to improve the health of individuals with diabetes in order to manage health care expenditures through face-to-face collaborative drug therapy services by pharmacists and certified diabetes educators. For covered individuals waived or reduced co-payment for diabetes treatment drugs and supplies are provided as an incentive for program participation. The North Dakota Pharmacist Association or specified delegate currently About the Patient facilitates patient curriculum based on national standards for diabetes care, enrollment procedures, documentation of clinical encounters, and assess economic/clinical outcomes. Funding of program is through the uniform group insurance program and if necessary an additional charge on the policy premium for medical and hospital benefits coverage may be added up to two dollars per month.

The About The Patient Program has been administering the Diabetes Management Program since July of 2008. A cost analysis of the Diabetes Management Program was conducted by the Center for Health Promotion and Prevention Research, University of North Dakota School of Medicine and Health Sciences in November of 2010. Return on investment calculation demonstrated a \$71.14 pmpm health cost savings (\$2.34 saved for every \$1.00 spent for the program). Funding and program administration by About The Patient was extended for next biennium July 2013-June 2015.

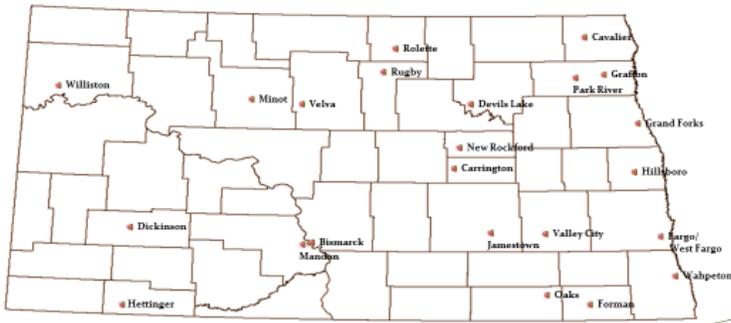
Targeted direct marketing via letter and postcards to all eligible beneficiaries occurred during the first three quarters of 2014 in order to increase awareness and enrollment in the program.

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Diabetes Management Program

The Diabetes Management Program is an opt-in program for North Dakota Public Employee Retirement System beneficiaries with diabetes. **On a monthly basis newly eligible patients are sent a letter explaining the program as well as a wellness enrollment form.** The wellness enrollment form allows patients to choose one of 45 community pharmacy locations across North Dakota for face-to-face program participation.

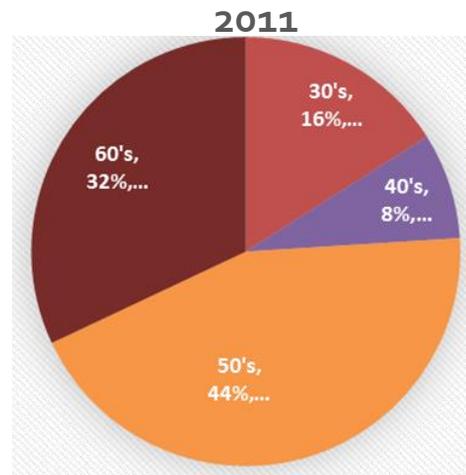
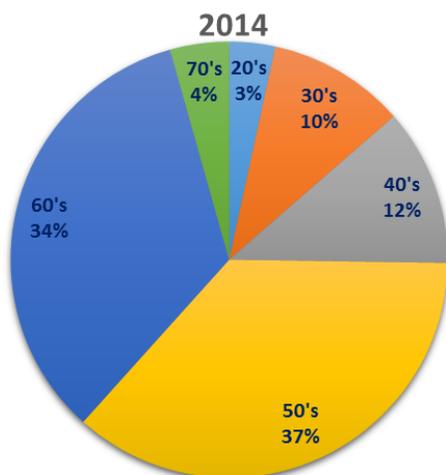


Patients are eligible for three visits within the first year and two visits per year thereafter. By actively partaking in the program patients receive reimbursement of co-pays on diabetes medications, ACE inhibitors and testing supplies on a quarterly basis. The patient curriculum is based on the seven self-care behaviors identified by the American Association of Diabetes Educators and principles of medication therapy management as outlined by the American Pharmacist Association. Patients are seen by a health professional, currently a community pharmacist, who has completed additional training in diabetes management outside of their terminal degree and must document continuing education in this area on an annual basis. All patient clinical encounters are documented and billed using the North Dakota Pharmacy Services Corporation electronic medical record software MTM Express™.

Program Analysis 2014

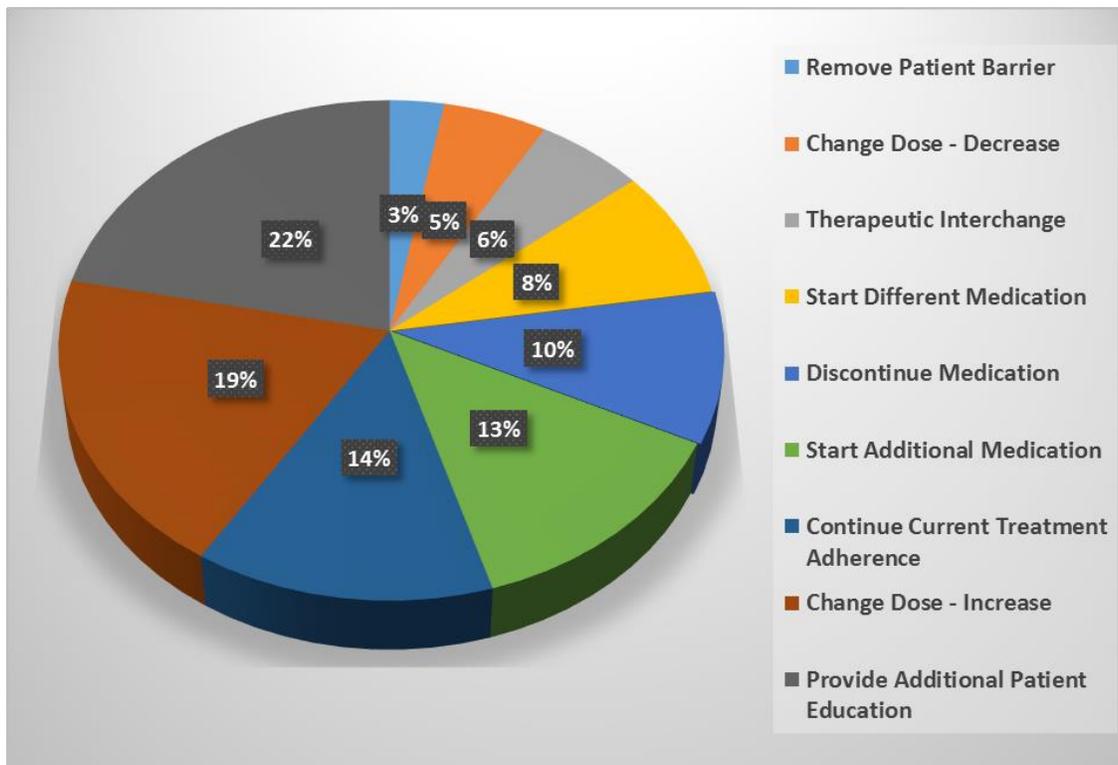
Demographics

Marketing efforts have increased enrollment. **The program currently has 207 active patients** with signed wellness agreements. Within the active patients population 57% are male. Overall program participation rate is 6%. **The trend with the current marketing strategy has increased participation among males and younger eligible patients.**



Pharmacist Interventions

In 2014 there were 419 interventions (2011-2013 biennium there were 155 interventions) made by the pharmacists in collaboration with the patient and their primary health provider in order to manage diabetes and prevent costly complications.



Of the additional education 33% was on proper injectable medication use. The majority of the recommendations for increasing medication was to optimize basal insulin requirements.

Average Hemoglobin A_{1c} = 7.4 with most common HA_{1c} = 7.2 (Range 4.7 to 12.5). Most common blood pressure reading 138/80 which falls within ADA recommend blood pressure goals for most patients with diabetes.

According to the American Diabetes's Association's annual update 2015 most patients with diabetes should be receiving a moderate statin. In 2014, within the current active participants in the Diabetes Program 29% are receiving Statin therapy. **Of those receiving Statins 64% are on a moderate to high dose.**

Patient Satisfaction with Program

Perception: Diabetes Awareness Survey (1=Strongly Disagree to 5=Strongly Agree) **2014**

1) Ask my pharmacist questions I may have about diabetes	4.1
2) Take my medications and administer injections as instructed	4.4
3) Check and record my blood glucose at least 2 times per day or as directed	4.2
4) Describe the long term complication of uncontrolled diabetes	4.1
5) Be motivated to keep up with my diabetes self-management	4.2
6) Voice concerns to my doctor about my diabetes	4.3
7) Keep my doctor appointments	4.6

Current active patients are motivated to work with their health providers. Maintain a high level of self-efficacy with a chronic disease.

Patient Satisfaction Survey (1=Strongly Disagree to 5=Strongly Agree) **2014** **7/2013-3/2014**

1.) Professional appearance of the provider	4.9	5.0
2.) Appearance of the meeting area	4.6	4.8
3.) System for scheduling your appointment	4.7	4.8
4.) The provider's interest in your health	4.8	4.9
5.) How well the provider helps you manage your medications	4.8	4.3
6.) How well the provider explains possible side effects	4.7	4.1
7.) The provider's efforts to solve problems that you have with your medications	4.7	4.3
8.) The responsibility that the provider assumes for your drug therapy	4.7	4.2
9.) Ability of the provider to answer your questions about your medications	4.8	4.4
10.) Ability of the provider to answer your questions about your health problems	4.7	4.4
11.) The provider's efforts to help you improve your health or stay healthy	4.8	4.9
12.) The program services overall	4.7	4.3
13.) Ability of the provider to see you at your scheduled time	4.8	4.8
14.) Courtesy and professionalism of the staff	4.9	5.0
15.) Follow-up after the appointment	4.7	4.8
16.) The educational materials provided	4.7	4.9

Patients continue to be highly satisfied with the diabetes management program. Over the course of this last year the program experienced co-workers of active patient call to inquire about the program.

Proposed Level of Service July 2015-June 2017

July 2015-June 2017	
Direct Program Cost	
Provider Visits	\$132,000.00
Patient Incentives	\$43,000.00
Subtotal	\$175,000.00

Administration Costs	
Subtotal	\$20,000.00

Marketing Costs	
Direct to consumer mailings	\$5000.00
In-pharmacy marketing	
Subtotal	\$5000.00

TOTAL Biennial Expenses	\$200,000.00
--------------------------------	---------------------

Expense estimates are for serving ~200 patients (~5% participation rate) over the next biennium. Each patient would be eligible to receive a Comprehensive Medication Review (CMR-\$400.00) and up to 2 Targeted Medication Reviews (TMR-\$80.00) the first year and one CMR (\$200.00) and one TMR (\$80.00) in for any subsequent years of participation in the program.

In-kind from NDPhA and NDSU: Telephone (maintaining toll free direct number for patients), office space, office supplies, Training/Credentialing/Certification of providers, patient curriculum, Clinical Coordinator, Data Analysis



Memo

To: NDPERS Board
From: Bryan T. Reinhardt
Date: 1/12/2014
Re: 2014 BCBS Claims Review

Each year we conduct an audit to check the accuracy of BCBS claims processing. On January 8-9th, I was at 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 2014. 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 2014 BCBS audit resulted in a similar number of errors as last year, but this is more than the prior years. These findings are detailed below:

Review Error Findings:

1. Coinsurance on a WSI COB claim was not applied resulting in a \$9.75 overpayment.
2. A claim was processed with the wrong Coordination Of Benefits code, the paid amount was zero, so there was no financial error.
3. A claim was coded as paid 100% by WSI, but the payment status was actually unknown and should have been put on hold and submitted to WSI.
4. A WSI claim was coded as paid 100%, when the actual portion was 50%. The result was zero paid when it should have been \$66.59 (\$3.33 discount, \$25 member copay, \$38.26 plan paid).
5. A member's accumulator for substance abuse visits was not properly increased. The maximum for 100% covered visits was already met, so there was no financial impact.
6. A wrong profile amount was denied resulting in a \$20.10 underpayment.

All five of the audit mammograms, PAP tests, Flu vaccinations, and HPV vaccine claims for Gardasil were paid 100% under the screening benefits. Four of the five cholesterol and fecal tests, three of the five blood sugar tests, and none of the five PSA tests, and were paid at 100% under the screening benefits. Note that the PSA tests are processed differently. The deductible is waived and coinsurance is applied.

One recent change at BCBS is that some of the large providers are having an adjustment to their fee schedule profile amounts. The adjustment is based on past quality of care. BCBS makes this adjustment factor based on the risk measures of the provider's patients and the care provided.

For example:

<u>Provider</u>	<u>Procedure</u>	<u>Fee Schedule</u>	<u>Profile Adjustment</u>	<u>Provider Profile</u>
A	XXXXXXX	\$100	99.00%	\$ 99.00
B	XXXXXXX	\$100	100.00%	\$100.00
C	XXXXXXX	\$100	102.40%	\$102.40
D	XXXXXXX	\$100	103.14%	\$103.14
E	XXXXXXX	\$100	103.26%	\$103.26

Note that the fee schedule is the same for all providers, but all providers are no longer paid the same. This could result in different amounts out-of-pocket for members for the same procedure by going to different providers.

The BCBS fee schedule increased 2.9% on January 1st for both institutional and professional. The provider incentives discussed above resulted in an average 2% increase. Note that some providers were adjusted below 100% and some above

There are a group of drugs called "Supplemental Drugs". These are mostly prescription cough & cold products and sexual dysfunction drugs like Viagra. These are not covered under the Part-D program, but are in our MedicareBlue Rx PDP. These drugs have a 25% coinsurance but no copayment.

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

NDPERS 2014 Audit of 1/2014 – present BCBS Claims Processing

1. Blue Shield Chiropractic (2 claims)
2. Blue Cross COB (1 claim)
3. Blue Cross COB (3 with Medicare Member age 65+)
4. Blue Cross COB (3 with Medicare Member age <65)
5. Blue Cross COB (5 with Workers Compensation)
6. Blue Shield COB (3 claims)
7. Blue Shield COB (2 with Medicare)
8. Blue Shield COB (5 with Workers Compensation)
9. Blue Cross Psych (2 claims)
10. Blue Shield Psych (2 claims)
11. Blue Cross CDU (2 claims)
12. Blue Shield CDU (2 claims)
13. Blue Shield PAP (5 claims) (No COB)
14. Blue Shield Mammograms (5 claims) (No COB)
15. Blue Shield Fecal Occult Test (5 claims) (No COB)
16. Blue Shield Cholesterol Screening (5 claims) (No COB)
17. Blue Shield Blood Sugar Testing (5 claims) (No COB)
18. Blue Shield PSA Testing (10 claims) (No COB)
19. Blue Shield Colonoscopy (5 claims) (No COB)
20. Prescription Drug Formulary (2 claims)
21. Prescription Drug Non-Formulary (2 claims)
22. Prescription Drug for “Gardasil” (HPV drug) (5 claims)
23. Prescription Drug for Flu Vaccine (5 claims) (No COB)
24. Prescription Drug Medicare Part-D claims (4 claims)
25. Blue Cross 'Denied Experimental' (1 claims)
26. Blue Shield Physical Therapy (2 claims) (No COB)
27. Claims for Durable Medical Equipment (2 claims)
28. Blue Shield from HDHP member (5 claims)

Total 100 Claims



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Memorandum

TO: PERS Board
FROM: Sparb & Bryan
DATE: March 19, 2015
SUBJECT: EAP RFP

Attached is the RFP for the EAP renewal for 2015-2017. We issue the EAP RFP every two years. There are currently four active EAP contracts:

St. Alexius Employee Assistance Program
The Village Business Institute EAP
Live Well Solutions
Deer Oaks

It is time for us to select our EAP vendors for 2015-2017. In this memo, we are seeking your review of the RFP and timeline.

RFP and Timeline

The following is the proposed timeline:

April 1	Issue RFP
April 29	Closing date
May 16	PERS Board Review & Vendor Selection
May 20	Send list of qualified EAP's to agencies to select
June 14	Agencies complete selection process
June 28	Contracts finalized

Process for Existing Vendors

The methodology that PERS has adopted for providing EAP services 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 establishes through the RFP process a list of qualified vendors. EAP vendors that are able to successfully meet the requirements in the RFP and provide the service at or below the specified price are placed on a list of qualified vendors. Each agency is offered the list and is allowed to select one vendor from that list to provide services for that agency.

Presently PERS has four vendors who are providing services to state agencies in North Dakota. These vendors are:

1. Deer Oaks
2. St. Alexius/Heartview
3. Village Family Services
4. Live Well Solutions

For the existing EAPs we are proposing that they be allowed to file a renewal instead of having to do an entirely new proposal. This renewal would indicate the price and an indication that all services offered in the original proposal still apply or specify any deviations. If they continue to be able to meet the minimum requirements, then we would continue to allow them to offer their services (please note minimums are page 9 of the RFP). Concerning the search for additional vendors, we suggest that we publicize and send out the attached RFP (as updated). This means that we would place ads in the major newspapers around the state and send RFP's to any other vendors that have expressed an interest. We would start the ads in April and close the process at the end of April. We will review the renewal bids and any new proposals with you in May. Notice would then be sent to agencies allowing them to select a vendor.

Board Action Requested

Approve the above process for soliciting EAP's.

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 (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 115 state agencies. These agencies have about 16,00250 employees with about 25,000 dependents. Residence of these members is mainly in North Dakota and border cities. Eligibility for a dependent is ~~spouse; and children (under age 26);~~ the same as the NDPERS Group Medical Plan.

ELIGIBLE DEPENDENT - a dependent of the Subscriber who qualifies for membership under this Benefit Plan in accordance with the requirements specified below:

- A. The Subscriber's spouse under a legally existing marriage between persons of the opposite sex.
- B. The Subscriber's or the Subscriber's living, covered spouse's children under the age of 26 years. Children are considered under age 26 until the end of the month in which the child becomes 26 years of age. The term child or children includes:
 - 1. Children physically placed with the Subscriber for adoption or whom the Subscriber or the Subscriber's living, covered spouse has legally adopted.
 - 2. Children living with the Subscriber for whom the Subscriber or the Subscriber's living, covered spouse has been appointed legal guardian by court order.⁵⁸

3. The Subscriber's grandchildren or those of the Subscriber's living, covered spouse if: (a) the parent of the grandchild is unmarried, (b) the parent of the grandchild is covered under this Benefit Plan and (c) both the parent and the grandchild are primarily dependent on the Subscriber for support. If a lapse in coverage occurs due to ineligibility of the parent under this Benefit Plan, the grandchild cannot be reenrolled unless the Subscriber has been appointed legal guardian.

4. Children for whom the Subscriber or the Subscriber's living, covered spouse are required by court order to provide health benefits.
5. Children beyond the age of 26 who are incapable of self support because of mental retardation or physical handicap that began before the child attained age 26 and who are primarily dependent on the Subscriber or the Subscriber's spouse for support. Coverage for such a disabled child will continue for as long as the child remains unmarried, disabled and the Subscriber's dependent for federal income tax purposes. The Subscriber may be asked periodically to provide evidence satisfactory to BCBSND of these disabilities.

II. ADMINISTRATION

The Public Employees Retirement System (NDPERS) administers the EAP. The NDPERS EAP is an agency-based program with each individual agency choosing an EAP vendor. NDPERS does all agency billing and Vendor payments. Enrollment, orientation, services and reporting is the responsibility of the vendor. Individual agency reports are supplied on at least an annual basis. Overall reporting on utilization shall be reported back to NDPERS 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

NDPERS 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 NDPERS Board establishes a list of qualified vendors based upon this bid process and a renewal procedure for existing Vendors. 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's employee base. An agency may select multiple vendors for geographical reasons.

In recognition of the above, this solicitation process involves two steps. First, each new vendor must complete this RFP and be approved by the NDPERS 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. Second, each agency will review the list of qualified vendors and select a vendor to provide services to that agency for the upcoming biennium. NDPERS will then finalize a contract with each of the selected vendors for services. The initial selection by NDPERS, 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 NDPERS for services.

|

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

April 1, 201 35	NDPERS will issue RFP
April 29, 201 35	Proposals are due
May 16, 201 35	NDPERS will select vendors
May 20, 201 53	List of qualified vendors will be given to agencies
June 1 28 , 201 53	NDPERS Payroll Conference
June 1 49 , 201 53	Agencies select vendors
June 28, 201 53	NDPERS enters into contract with selected vendors
July 1, 201 53	EAP Contract Effective Date

IV. SCOPE OF WORK

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

A. Member Orientation

- 1) The vendor shall conduct the member orientation for state employees in the EAP. This effort will consist of the following activities:
 - a) Prepare and print appropriate informational material for distribution to all employers.
 - b) Conduct 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.
 - c) Attend and present information at the NDPERS Payroll Conference, if requested.
 - d) Participate in NDPERS or agency wellness and benefit fairs or meetings.
- 2) If the EAP vendor selected by the agency is not the vendor that provided services during the 201~~13~~-201~~35~~ biennium, the EAP vendor must:
 - a) Distribute informational material to all agency employees advising them of the change in vendors and supplying appropriate reference material.
 - b) Hold an 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 - 9 shows the minimum requirements 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 agency and to the NDPERS Board, Executive Director, and NDPERS staff. In this capacity, the vendor may be expected to attend meetings to present findings and recommendations as required. The NDPERS 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 NDPERS 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. NDPERS ACTIVITIES

NDPERS will assist the vendor in the following:

- 1) Notify the vendor of any new agencies.
- 2) Include information on the EAP in our NDPERS 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

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

NDPERS 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).

NDPERS 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 Vendor to contract for services. NDPERS will provide each vendor with details of each monthly premium payment electronically in the HIPAA 820 file format.

Bids exceeding \$1.54 per contract (employee) per month will not meet the minimum qualification and will be disqualified from further consideration. Price per contract must be evenly divisible by two.

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 vendor.
- 2) Provide, in detail, your understanding of the services NDPERS 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 vendor from representing NDPERS with respect to this proposal. Each vendor must disclose all potential conflicts of which he or she has knowledge or which may arise with respect to the representation of NDPERS on this proposal including, without limitation, any circumstances which would create the appearance of a conflict of interest. NDPERS will disqualify a potential vendor if, in NDPERS' sole judgement, such conflict would preclude effective representation by that vendor.

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

EAP Features	Minimum	Vendor
EAP Established	1 year	
Number of Annual Sessions Per Individual	6	
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	
Coverage	<u>Employee and Eligible Dependents</u> <u>Spouse and Children (under age 26)</u>	
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, except as noted in IV, A, 1, c & d	
Off-site Seminars	None, except as noted in IV, A, 1, c & d	
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	
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	
Price	\$1.54 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 Vendor and shall not be chargeable to NDPERS.
- 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) Ten (10) copies of the proposal must be received at the above listed location by: **5:00 p.m. Central Time, on April 29, 2013**. The package the proposal is delivered in must be plainly marked "**PROPOSAL TO PROVIDE EAP SERVICES**". In addition to the ten copies, submit an electronic copy of the proposal.

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 NDPERS Board is to solicit proposals with bonafide intent to award a contract. This policy will not affect the right of the NDPERS Board to reject any or all proposals.
- F) The NDPERS 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 NDPERS Board will award the contracts for service no later than June, 201~~3~~5.
- H) In evaluating the proposals, price will not be the sole factor. The NDPERS 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 NDPERS Board accepts the proposal, the contract will be signed and a copy will be returned.
- J) NDPERS reserves the right to make the decision exclusively based on whatever criteria the Board deems appropriate and will decide by June, 2013.

ContractAGREEMENT FOR SERVICES

This Contract Agreement is our, the Vendor's, offer to provide services to the State of North Dakota acting through its Public Employees Retirement System (NDPERS) the client. If NDPERS accepts this offer by signing, the Request for Proposals for the Employee Assistance Program (hereinafter "RFP"), this Contract Agreement, and our proposal shall constitute the consulting services contract documents.

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

- 1) **SCOPE OF SERVICES:** We agree to provide the accepted services as specified in our proposal and the RFP. The terms and conditions of our proposal and the RFP are hereby incorporated as part of the contract documents.
- 2) **TERM:** This Contract agreement shall commence on July 1, 20135 and end on June 30, 20157. This Contract will not automatically renew.
- 3) **FEES:** NDPERS shall pay fees pursuant to the terms of the contract documents.
- 4) **BILLINGS:** The Vendor 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:**
 - a. Either party may terminate this contract agreement with respect to tasks yet to be performed with thirty (30) days written notice mailed to the other party.
 - b. Termination for lack of funding or authority. NDPERS by written notice of default to Vendor, may terminate the whole or any part of this contract, under any of the following conditions:
 - (1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
 - (2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
 - (3) If any license, permit, or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended, or not renewed.

—Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

- c. Termination for cause. NDPERS may terminate this contract effective upon delivery of written notice to Vendor, or any later date stated in the notice:

- (1) If Vendor fails to provide services required by this contract within the time specified or any extension agreed to by NDPERS; or
- (2) If Vendor fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of NDPERS provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

- 6) **EMPLOYMENT STATUS:** The Vendor acknowledges that any services performed in connection with the Vendor's duties and obligations, as created and provided for in this ~~contract agreement~~, are performed in the capacity of an independent contractor. At no time during the performing of services as required by this contract will the Vendor be considered an employee of the State of North Dakota for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. Vendor retains sole and absolute discretion in the manner and means of carrying out Vendor's activities and responsibilities under this contract, except to the extent specified in this contract.
- 7) **SUBCONTRACTS:** Vendor may not assign or otherwise transfer or delegate any right or duty without the express written consent of NDPERS. ~~Sub vendors to the Vendor shall be considered agents of the Vendor and agree to all accepted services as specified in the contract documents. Vendor may enter into subcontracts provided that any subcontract acknowledges the binding nature of this contract , including any attachments.~~ Vendor is solely responsible for the performance of any subcontractor. Vendor does not have authority to contract for or incur obligations on behalf of NDPERS.
- 8) **ACCESS TO RECORDS:** ~~Vendor shall not use or disclose any information it receives from NDPERS under this contract that NDPERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by NDPERS. NDPERS agrees~~ The parties agree that all participation by its members and their dependents in programs hereunder is confidential under North Dakota law. Vendor may request and ND PERS shall provide directly to Vendor upon such request, confidential information necessary for Vendor to provide the services described in the SCOPE OF SERVICE section. Vendor shall keep confidential all NDPERS information obtained in the course of delivering services. Failure of Vendor to maintain the confidentiality of such information may be considered a material breach of the contract and may constitute the basis for additional civil and criminal penalties under North Dakota law. The Vendor 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 Vendor will have exclusive control over the direction and guidance of the professionals rendering services under this ~~contract agreement~~. The Vendor agrees to keep confidential all NDPERS information obtained in the course of delivering services. ~~Vendor shall not use or disclose any information it receives from NDPERS under this contract that NDPERS has identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this~~

contract or as authorized in advance by NDPERS. Upon termination of this contract Agreement, for any reason, Vendor shall return or destroy all confidential information received from NDPERS, or created or received by Vendor on behalf of NDPERS. This provision applies to confidential information that may be in the possession of subcontractors or agents of Vendor. Vendor shall retain no copies of the confidential information. In the event that Vendor asserts that returning or destroying the confidential information is not feasible, Vendor shall provide to ND PERS notification of the conditions that make return or destruction infeasible. Upon explicit written contract agreement of NDPERS that return or destruction of confidential information is not feasible, Vendor shall extend the protections of this contract Agreement to that confidential information and limit further uses and disclosures of any such confidential information to those purposes that make the return or destruction infeasible, for so long as Vendor maintains the confidential information.

NDPERS shall not disclose any information it receives from Vendor that Vendor has identified as confidential and that NDPERS determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. ch. 44-04. The duty of NDPERS and Vendor to maintain confidentiality of information under this section continues beyond the term of this contract.

Vendor understands that, except for disclosures prohibited in this contract, NDPERS must disclose to the public upon request any records it receives from Vendor. Vendor further understands that any records that are obtained or generated by Vendor under this contract, except for records that are confidential under this contract, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. NDPERS retains ownership of all work product, equipment or materials created or purchased under this contract. Vendor agrees to contact NDPERS immediately upon receiving a request for information under the open records law and to comply with NDPERS'S instructions on how to respond to the request.

- 9) **OWNERSHIP OF WORK PRODUCT:** All work products of the Vendor, including but not limited to, data, documents, drawings, estimates and actuarial calculations which are provided to NDPERS pursuant to the contract documents are the exclusive property of NDPERS. Further, all work product, equipment or materials created or purchased under this contract belong to NDPERS and must be delivered to NDPERS at NDPERS'S request upon termination of this contract. Vendor agrees that all materials prepared under this contract are "works for hire" within the meaning of the copyright laws of the United States and assigns to NDPERS all rights and interests Vendor may have in the materials it prepares under this contract, including any right to derivative use of the material. Vendor shall execute all necessary documents to enable NDPERS to protect its rights under this section.
- 10) **APPLICABLE LAW AND VENUE:** This contract agreement shall be governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be brought in the District Court of Burleigh County, North Dakota.
- 11) **MERGER AND MODIFICATION:** This contract Agreement, our proposal, and the RFP constitute the entire contract agreement between the parties. In the event of any inconsistency or conflict among the documents making up this contract agreement, the

documents must control in this order of precedence: First – the terms of this contract Agreement, as may be amended, Second - the RFP, and Third – our proposal. No waiver, consent, modification or change of terms of the contract documents 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 within the contract documents regarding this contract agreement.

12) **INDEMNITY:**

Vendor agrees to defend, indemnify, and hold harmless NDPERS, its officers and employees (NDPERS), the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of NDPERS or its agents, but not against claims based on NDPERS's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct.

This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by Vendor to NDPERS under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for NDPERS is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08.

Vendor

_____also agrees to defend, indemnify, and hold NDPERS and State harmless for all costs, expenses and

attorneys' fees incurred if NDPERS or the State prevails in an action against Vendor in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this contract agreement.

13) **INSURANCE:** Vendor shall secure and keep in force during the term of this contract agreement,

and Vendor shall require all subcontractors, prior to commencement of a contract agreement between Vendor and the subcontractor, to secure and keep in force during the term of this contract agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) ~~2~~ Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 3) ~~3~~ Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.

- 4) Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
- 5) ~~5)~~ Professional errors and omissions with minimum limits of \$1,000,000 per occurrence and in the aggregate, ~~VendorContractor~~ shall continuously maintain such coverage during the contact period and for three years thereafter. In the event of a change or cancellation of coverage, ~~VendorContractor~~ shall purchase an extended reporting period to meet the time periods required in this section.
- 6) The insurance coverages listed above must meet the following additional requirements:
 - a. Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the ~~VendorContractor~~.
 - b. This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
 - c. The duty to defend, indemnify, and hold harmless the State under this ~~contractagreement~~ shall not be limited by the insurance required in this ~~contractagreement~~.
 - d. The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this ~~contractagreement~~ or by the contractual indemnity obligations of the ~~VendorContractor~~.

7) _____

The insurance required in this ~~contractagreement~~, through a policy or endorsement, shall include:

- a) "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
- b) a provision that ~~VendorContractor~~'s insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the ~~VendorContractor~~'s insurance and shall not contribute with it;
- c) cross liability/severability of interest for all policies and endorsements;

d) The legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;

e) The insolvency or bankruptcy of the insured ~~VendorContractor~~ shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured ~~VendorContractor~~ from meeting the retention limit under the policy.

-

- 7) The ~~VendorContractor~~ shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this ~~contractagreement~~. All endorsements shall be provided as soon as practicable.
- 8) Failure to provide insurance as required in this ~~contractagreement~~ is a material breach of contract entitling the State to terminate this ~~contractagreement~~ immediately.
- 8)9) VendorContractor shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements.

14) **SEVERABILITY:** If any term in this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

15) **NONDISCRIMINATION AND COMPLIANCE WITH LAWS**

Vendor agrees to comply with all laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. Vendor agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes and unemployment compensation and workers' compensation premiums. Vendor shall have and keep current at all times during the term of this contract all licenses and permits required by law.

16) **STATE AUDIT**

All records, regardless of physical form, and the accounting practices and procedures of Vendor relevant to this contract are subject to examination by the North Dakota State Auditor or the Auditor's designee. Vendor shall maintain all such records for at least three years following completion of this contract.

17) **FORCE MAJEURE**

Neither party shall be held responsible for delay or default caused by fire, riot, terrorism, acts of God or war if the event is beyond the party's reasonable control and the affected party gives notice to the other party immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

18) **NOTICE**

All notices or other communications required under this Contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

STATE

Name

Title

Address

City, State, Zip

VendorCONTRACTOR

Name

Title

Address

City, State, Zip

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

19) EFFECTIVENESS OF CONTRACT

This Contract is not effective until fully executed by both parties.

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

**NORTH DAKOTA PUBLIC
EMPLOYEES RETIREMENT SYSTEM**

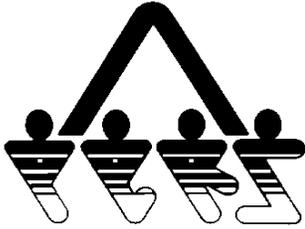
VENDOR

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 • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Rebecca
DATE: March 12, 2015
SUBJECT: Medicare Part D

At its February 19th meeting, the Board reviewed billing issues related to the MedicareBlue Rx Prescription Drug Plan (PDP). The issues involved discrepancies with the Low Income Subsidy (LIS) as well as discrepancies with enrollment and disenrollment effective dates. The board approved NDPERS reimbursing BCBS for the underpayments in premium that resulted from these issues in lieu of requesting repayment from the affected plan members.

At this time, staff would like to discuss with the Board the following information related to the PDP:

- 1) Late Enrollment Penalties (LEP) and additional discrepancies related to LIS and enrollment.
- 2) The administration of the product from July 1, 2015 through December 31, 2015 as it will remain with MedicareBlue Rx during this time.
- 3) The future administration of the product after January 1, 2016.

Regarding the LEP, these are penalties that the Center for Medicare and Medicaid Services (CMS) determines a participant is assessed if they did not enroll in a PDP when first eligible. CMS determines the amount of the penalty and when it should be applied. The amounts vary from member to member and do not appear to be based on any type of schedule or table. As far as we are aware, these are monthly penalties that are ongoing unless the member successfully appeals to CMS to have the penalty removed.

CMS provides details to MedicareBlue Rx identifying these participants and requires that the penalty be paid by MedicareBlue Rx. MedicareBlue Rx has been paying these penalties through BCBS who has recently provided the details to NDPERS. . At this time, there is a total of \$7,162.92 in outstanding penalties. Of this amount, \$2,393.32 is being reviewed by

BCBS to determine if the penalty is still required. The remaining \$4,769.60 are penalties that members have been assessed due to LEPs that should be reimbursed to BCBS.

NDPERS can attempt to recover the underpayments according to the administrative rules that we discussed at the February meeting; however, the same business system issues that we discussed previously apply. We don't currently have functionality built into PERSLink to bill the members for these additional amounts and track the subsequent repayment of the underpayment. .

Regarding Item # 2, the product will continue to be through MedicareBlue Rx through December 31, 2015 even after the medical plan transitions to Sanford Health Plan on July 1st. Therefore, staff has been exploring options for the billing of the PDP because our current policy is to bill the medical and PDP premiums as a bundled product. This will no longer be an option as of July 1st since the administration of the products will be between two different carriers. At this time, it appears we have the following options related to the billing:

- 1) Split the products on PERSLink and bill each premium separately. If this option is selected, programming will be required for our business system and also may be necessary on BCBS's system. In addition, programming will also be included to allow a billing process for the LEP, LIS and enrollment/disenrollment issues. Staff will research the potential cost to modify our system and will also obtain more information from BCBS on the interface prior to the meeting so it can be shared with the Board.
- 2) As of July 1st, the RHIC will be paid through a 3rd party vendor rather than deducted from premium by NDPERS. It appears there is an option to have MedicareBlue Rx bill the member directly. If this option is selected, members would be billed for their medical insurance through NDPERS and would receive a separate billing from MedicareBlue Rx for the PDP. A benefit of this option is that it does not appear to require programming on PERSLink. It would also address the ongoing collection of LEP from members as MedicareBlue Rx would include any LEPs in the monthly billing to impacted members. Staff will be obtaining additional information on this option from BCBS prior to the meeting so it can be shared with the Board.

Regarding the future administration of the PDP after 12/31/15, staff has asked Sanford Health Plan for information regarding options for the billing of the PDP once Express Scripts begins administration of the product on January 1, 2016. These options will be shared with the Board at the meeting as they were not available at the time of memo preparation.

In addition, staff has previously visited with the board regarding the future of the PDP as a product offered and administered by NDPERS. Specifically, the issues previously discussed which involve the billing and penalties, as well as the difficulty in administering the program within CMS compliance. Therefore, another option the Board may want to consider is whether NDPERS should continue to offer the PDP. With this option members could have medical insurance through NDPERS and PDP coverage would be purchased in the insurance marketplace. Open enrollment for PDP products occurs each October through early December with coverage effective January 1. Therefore, if the Board opted to

discontinue the product, members could shop for a product that best meets their needs during open enrollment and would not face any lapse of coverage issues.

At this time, staff is seeking Board direction regarding:

- 1) The ongoing underpayments due to LIS, LEPs, enrollment and disenrollment effective date issues and whether staff should attempt to recover these amounts from the member or waive the collection and direct staff to pay the amounts due to BCBS.

Staff recommendation: Waive the collection of these underpayments, based on previous precedent, until either the current PERSLink business system can be modified to properly bill and account for the payments or until the PDP billing is moved to MedicareBlue Rx.

- 2) Since the medical & PDP product must be unbundled for billing purposes, direct staff regarding which billing option staff should pursue.

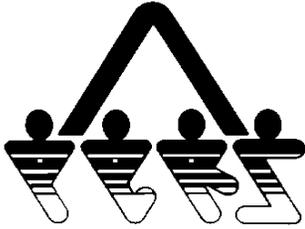
Staff recommendation: If MedicareBlue Rx can bill the member directly, we recommend that the billing be administered by the carrier. It would also be necessary that Express Scripts confirm they can administer the billing if the Board determines we will continue to offer the PDP as of January 1, 2016.

- 3) Determine if the PDP will continue to be offered through NDPERS as of January 1, 2016.

Staff recommendation: Begin a process to review this issue further. Specifically, staff recommends that we convene the Retiree Advisory Committee to discuss this issue further and report back to the board their observations.

Board Action Requested:

Determine how staff should proceed with the above items.



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

Memorandum

TO: PERS Board

FROM: Deb Knudsen

DATE: March 11, 2015

SUBJECT: Sanford Implementation Update

Since the March 3rd Board meeting, staff has continued to work with the Sanford Health team. Several things have been accomplished:

1. Summary Benefit Comparisons (SBC) have been finalized for the Grandfathered, Non-Grandfathered, HDHP and Retiree health plans.
2. An administrative agreement has been signed with Sanford.
3. Staff has started meeting with the BCBS transition team to facilitate the exit of the BCBS system. The PERS and BCBS teams will be meeting regularly to work through the transition.
4. Ongoing daily status calls were held between Sanford Member Services and NDPERS Benefits staff to address communication efforts and keep a watchful eye on phones, website and email inquiries and comments regarding the transition. Frequently asked questions were developed out of this process and posted to the NDPERS and Sanford websites.
5. The PERS transition team was formed and includes Sparb, Kathy, Sharon, Rebecca, Bryan and I. Other PERS staff members will be called upon as subject matter experts, as needed.
6. Internal transition issues for NDPERS are being identified and tracked.
7. PERS and Sanford IT staff have been meeting to define data file requirements.
8. A transition/project plan has been drafted by Sanford and provided to staff for review.
9. Both Sanford and NDPERS teams met on 3/11 to discuss the transition/project plan, establish key milestones and formalize expectations. A weekly implementation schedule has been established and several sub-groups identified who report at the weekly meetings. The areas broken out include:
 - a. Data file layouts and other data and reporting requirements.
 - b. Marketing/communication
 - c. Certificate of Insurance finalization

- d. Benefits Configuration/Claims Processing
 - e. Wellness
 - f. Pharmacy and Care Management
10. Staff continues to meet with Sanford to finalize the Certificate of Insurance pieces for each of the plans in #1 with an expected completion date of March 31, 2015.

Other areas that are currently moving forward for Sanford are securing office space in Bismarck, hiring efforts and the building of their systems. At this time, they do not have a Project Manager hired for the Implementation but have assigned us their Chief Integration Officer, Jeff Sandene to work with until that position is filled. Attached is the information related to their recruitment strategy that they provided at our meeting on March 11, 2015. They reported that they had received 40 applications so far and will be having multiple Job Fairs during the month of March also.

In addition to Jeff Sandene, Ruth Krystopolski, President, Lisa Carlson, Director of Planning and Regulation and Jason Huber, Director of Marketing were in attendance at the meeting and are still very involved with the implementation activities. Also in attendance were their Directors of IT, Utilization and Care Management and HR Manager. Our next meeting will be the afternoon of March 19th.

This is provided for your information and I will be at the Board meeting if you have any further questions or concerns or please feel free to call me.

NDPERS RECRUITMENT STRATEGY

Recruitment:

- Job Postings:
 - All non-executive positions to be posted in Fargo, Bismarck and Sioux Falls by or before *Tuesday, March 10, 2015*.
- Social Media: Facebook/LinkedIn/Twitter
- College Advertising: email, college alumni associations, career service departments, online career pages
- Job Fairs:
 - Multiple job fairs to be held between Fargo and Bismarck, with the first job fair occurring in Fargo on *March 17, 2015*.
- Target Market: Fargo, Grand Forks, Jamestown, Fergus Falls, Bismarck, Minot, Dickinson
- Targeted Employers: Aetna, Coventry, BCBS, Discovery Benefits, Noridian

Sign-on Bonus:

- Amount: \$1000 sign-on bonus
- New hires only: Does not apply to current employees seeking to transfer within Sanford.
- Eligible Departments: Claims and Member Services Department (managers excluded).

Referral Bonus:

- Amount: \$1000 Referral Bonus
- Eligibility: Open to all current Sanford employees who refer a new hire to a NDPERS positions.

Partnering with Resources:

- Onboarding: Partner with Sanford Employee Health to identify methods to streamline post-offer pre-employment screening and testing.
- Orientation: Coordinate new employee orientation with designated resource to the Health Plan employee orientation and training.



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Memorandum

TO: PERS Board
FROM: Sharon Schiermeister
DATE: March 12, 2015
SUBJECT: Budget Considerations

The agency has several initiatives that will be taking place between now and the end of the biennium. These include activities that normally occur at this time of the biennium, such as health insurance rate increases, employer wellness renewals and going out for bid for the EAP. In addition, we have several special projects this year that include: the transition of the health plan, implementing the RHIC portability provisions, discontinuing the pre-Medicare retiree insurance, transitioning to a new audit firm, implementing GASB 68 for our participating employers and working on the backlog of system refinements to the PERSLink system as approved by the Board last year.

Staff has reviewed the work effort associated with these activities and has identified the need for resources in the areas below. We are working on gathering cost information for each of these areas, which will be available at the Board meeting.

Staffing

Our call center continues to experience growth in the volume of members we are providing information to on the phone as well as helping people who stop by our office. Our benefit counselors are also experiencing growth in the number of members they are providing counseling services to and setting up to receive retirement benefits.

With the initiatives taking place now and over the next few months, we know that more members will be contacting our office. We also know that in May and June, we will be conducting several informational meetings around the State regarding the transition of the health plan and feel it is very important to have a representative from PERS at each of those meetings.

We are proposing that we add a temporary resource to our call center to help handle the increased call volume. We are also proposing that we add a temporary resource to be a presenter at the informational meetings. This will allow our benefits staff to remain in the office, to continue to provide counseling services to our members.

Office Space

We have become aware of office space on the 5th floor that has been vacated and is available to be leased. Our landlord has also indicated that they have another party interested in leasing the space,

but are giving us the first option as we are a long-term tenant. We know that if we bring on additional temporary staff, we do not have many options for workspace for them in our current office space. We also know that we will need to secure more office space if the legislature approves a new FTE for a Chief Financial Officer, which we requested and has been included in our appropriations bill that passed in the Senate. Staff is proposing that we secure additional office space currently open on the 5th floor.

Compensation

Several staff are being asked to take on increased work and responsibility as a result of the initiatives that are taking place concurrently in the next few months. We are proposing that the level of effort that is being required to successfully complete these initiatives be recognized as allowed through NDAC 4-07-02-16 or 4-07-02-21.

PERSLink

At the May 22, 2014 Board meeting, the following action was taken:

Mr. Collins indicated that Mr. Huggett from state Information Technology Department (ITD), who was the PERSLink business system oversight project manager, was at the meeting. Ms. Schiermeister reported that at the March meeting the Board was apprised of the challenges of the PERSLink business system. Staff was seeking approval to put additional resources to work on the system. Mr. Huggett stated that the PERSLink system is a major information technology investment and all systems have issues after deployment. He indicated that if the system is doing the job, then it is the right decision to invest in it. He further indicated that the PERS project is an example of a successful project that he references to others in the state. Ms. Schiermeister reviewed with the Board the specific efforts that need to be completed on the system.

MR. SAGE MOVED APPROVAL TO MOVE FORWARD WITH THE PERSLINK BUSINESS SYSTEM REFINEMENTS AFTER THE EMPLOYER SELF SERVICE REDESIGN IS COMPLETED AND TO ALLOCATE \$200,000 FOR THIS EFFORT. THE MOTION WAS SECONDED BY MS. SMITH.

The Board discussed the motion.

Ayes: Mr. Sandal, Mr. Trenbeath, Ms. Ehrhardt, Ms. Wassim, Ms. Smith, Mr. Sage, and Chairman Strinden

Nays: None

In February 2015, the Employer Self Service (ESS) re-design was completed and deployed to our employers. We had originally estimated that this would be completed by November 2014, at which time work would begin on the system refinement project. We are now only starting our work on the system refinements.

We are also currently defining the requirements for the RHIC portability, health plan vendor transition and Medicare Prescription Drug program transition to determine the level of effort to incorporate these changes into PERSLink. It is possible that we may need to allocate Sagitec resources from the system refinement project to work on these other initiatives to make sure they are operational by July 1.

As a result of delaying the start of our system refinement project and the possibility that we may need to move resources away from this project, we will not be expending the full \$200,000 for this effort in the current biennium. The funding for this project was to come from a line item transfer of \$200,000 from Contingency to Operating. We had also proposed contracting with Sagitec for this effort on a fee for service, with a not to exceed amount. Because of the competing priorities between now and the end of the biennium, it is difficult to estimate the amount of work that can be completed on this project during this time period. Therefore, we are working with Sagitec to develop a more flexible fee arrangement. Staff is proposing that the proposed line item transfer of \$200,000 for the system refinement project be allocated more broadly to address other resource requirements.

Staff Recommendation: Transfer appropriation authority from the Contingency line item to the Salary and/or Operating line items to provide spending authority for additional resource requirements.

Board Action Requested: Approve or deny line item transfer

MEMORANDUM

TO: NDPERS Board
FROM: Derrick Hohbein
DATE: March 2, 2015
SUBJECT: **Consultant Fees**

Attached is a report showing the consulting, investment and administrative fees paid during the quarter ended December 2014.

Attachment

**North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended December 31, 2014**

Program/Project	Fee Type	Oct-14	Nov-14	Dec-14	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date	
Actuary/Consulting Fees:							
Callan and Associates				5,000	5,000	5,000	
Deloitte Consulting	Fully insured RFP				-	5,000	
Deloitte Consulting	Self Insured RFP	300			300	300	
Deloitte Consulting	Hourly billings regular rates				-	12,315	
Deloitte Consulting	Hourly billings Composite rates				-	1,168	
Mid Dakota Clinic	Retirement Disability	Time charges	300	700	1,000	4,100	
Eide Bailly	GASB 68/67	Time charges			-	2,450	
Eide Bailly	Travel expenses				-	368	
Gallagher Benefit Services Inc	fixed fee	3,000			3,000	3,000	
Ice Miller	Legal fees ACA				-	-	
Ice Miller	Legal fees Employee benefit matters				-	-	
Linda Cahn	Project # 1						
Linda Cahn	Project # 2						
Linda Cahn	Project # 3						
The Segal Company	Retirement (DB)	Fixed Fee	18,025		18,025	35,775	
The Segal Company	Ret Health Credit	Fixed Fee	3,325		3,325	6,600	
The Segal Company	FlexComp	Fixed Fee			-	-	
The Segal Company	Job Service	Fixed Fee	4,800		4,800	9,550	
The Segal Company	QDRO/Compliance	Time charges	5,480		1,470	6,930	
The Segal Company	Legislation	Time charges	48,300	28,420	18,560	95,270	95,270
The Segal Company	Retirement (DC)	Time charges			-	-	
The Segal Company	Def comp	Time charges			1,050	1,050	1,050
The Segal Company	GSAB 67 disclosures	Time charges			32,340	32,340	50,470
The Segal Company	Health savings accounts	Time charges					
The Segal Company	115 TRUST				-	-	
The Segal Company	Consulting on ACA	Time charges	7,770		350	8,120	8,120
The Segal Company	Dental RFP				-	-	
The Segal Company	Travel Expenses	Actual			-	-	
		\$ 91,280	\$ 28,120	\$ 58,760	\$ 179,160	\$ 247,466	
Audit Fees:							
Brady Martz	Annual audit	Fixed Fee			-	25,000	Audit Fees:
Legal Fees:							
ND Attorney General	Administrative	Time charges	\$ 3,239	\$ 1,414	\$ 5,030	9,683	20,844 ND Attorney General
Cathoun Law Group	Administrative	Time charges	-	-	-	-	-
Investment Fees:							
SIB - Investment Fees	Retirement (DB)	% Allocation	88,169	699,712	\$ 895,939	1,663,820	6,585,662 SIB - Investment Fees
SIB - Investment Fees	Ret Health Credit	% Allocation	801	661	\$ 64,388	65,850	143,628 SIB - Investment Fees
SIB - Investment Fees	insurance	% Allocation	332	331	\$ 503	1,166	2,654 SIB - Investment Fees
SIB - Administrative Fees	Retirement (DB)	% Allocation	21,626	27,934	\$ 30,963	80,553	155,666 SIB - Administrative Fees
Administrative Fee:							
Blue Cross Blue Shield	Health Plan	Fixed fee	\$ 1,748,753	\$ 1,747,959	1,747,784	5,244,496	10,456,907 Blue Cross Blue Shield



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MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella *Jamie*

DATE: February 18, 2015

SUBJECT: November 19, 2014 PERS Audit Committee Minutes

Attached are the approved minutes from the November 19, 2014 meeting. Those who attended the meeting are available to answer any questions you may have.

The minutes may also be viewed on the NDPERS web site at www.nd.gov/ndpers.

The next audit committee meeting is tentatively scheduled for May 20, 2015 10:00 a.m., in the NDPERS Conference Room.

Attachment



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MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: September 2, 2014

SUBJECT: **November 19, 2014 Audit Committee Meeting**

In Attendance:

Jon Strinden
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
John Mongeon
Lance Rambousek

The meeting was called to order at 10:09 a.m.

I. August 20, 2014 and August 29, 2014 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – A summary of the internal audit staff time spent for the past quarter was included with the audit committee materials.
- B. Audit Recommendations Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. The Internal Audit recommendations were not added to this report for November due to time constraints. They will be incorporated into the report when the external audit findings are finalized. Both updates will be in the February materials.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. This report has three retirement and eleven health adjustments.

- D. Job Service Update – Internal Audit is currently working on verifying the 2014 COLA increases to ensure that all retirees get the correct COLA increase on December 1, 2014. Following that, it is anticipated that we will be making necessary corrections found during the year to benefits effective January 1, 2015 based on board recommendations at the November 2014 board meeting.
- E. Internal Audit Plan for 2015 – A year ago an audit plan was developed for the 2014-2015 calendar year. The board was given an update on the progress of the two year plan. Discussion followed.
- F. Risk Assessment COSO Presentation – Our annual risk assessment was conducted with staff this fall and our approach, after some discussion, will be as follows:
 - 1. Following each legislative session, which will be every odd year, meet separately with each manager/supervisor to go over in detail the risk assessment document and determine if there are any new risks to be concerned about due to legislative changes and add them to the risk assessment.
 - 2. Assess and incorporate high risk areas into the Internal Audit Plan for the next two calendar years.
 - 3. In the fall of the even year, have management review the risk assessment individually on their own and inform Internal Audit if there are any changes or concerns that should be considered by Internal Audit for the next calendar year audit plan.

III. Administrative

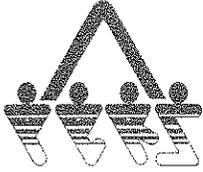
- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for February 18, 2015 at 10:00 a.m.
- B. Audit Committee Charter Revision Proposal – At the August 2014 audit committee meeting a proposed revised Audit Committee charter was provided for review, but it was deferred to a special teleconference call meeting at a later time. During that call the document was reviewed and a few changes were made. The Audit Committee approved the revised charter, which will go before the board for their approval to be effective January 1, 2015.

IV. Miscellaneous

- A. Brady Martz & Associates Meeting with the Audit Committee – On a regular basis, meet separately with the external financial statement audit firm to discuss any matters that the committee or auditors believe should be discussed privately (subject to open meeting laws). This meeting occurred at the beginning of the Audit Committee meeting.
- B. Brady Martz & Associates FYE 2014 Audit Report Presentation – John Mongeon and staff presented the FY 2014 audit report.

- C. Travel Expenditures Update – Travel expenditures incurred by the Board and/or Executive Director for out-of-state travel from August 1, 2014 through October 31, 2014 were brought to the board for their information.
- D. Risk Management Report – The Loss Control Committee will provide quarterly to the Audit Committee a copy of the Loss Control Committee's agenda from their last meeting as well as the approved minutes. Copies of the June 24, 2014 minutes and the agenda for the September 30, 2014 meeting were provided to the audit committee.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." A copy of the report showing the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended September 2014 were provided to the audit committee.
- F. Publications – The August/September 2014 publication of the Tone at the Top were provided to the Audit Committee for their perusal.
- G. Webinars and CPE's – Ms. Kinsella and Ms. McCabe have been participating in free Webinars that the Institute of Internal Auditors provides for their members. Each 1 hour webinar provides 1 hour of continuing professional education credits. The internal auditors have attended five webinars from August 1, 2014 through October 31, 2014. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 11:40 a.m.



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MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella

Jamie

DATE: February 26, 2015

SUBJECT: Audit Committee Charter Activity Review

The Audit Committee Charter states that it will "17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services."

To meet this requirement a matrix was developed to review activities for calendar year 2014 to ensure that the audit committee has met its responsibilities. The attached copy of this matrix was provided to the audit committee at their February meeting for review. This is for your information.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2014

J. Kinsella
 02/25/2015

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Status
1. The audit committee (AC) will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair.	The Board of Directors determines who will serve on the AC when they are assigning committees.	Indicate in AC meeting minutes whenever a new member is appointed.	Whenever there is a change in AC members.	No changes to the Audit Committee in 2014.
2. The Board should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.	Ascertain that at least one member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Indicate in AC meeting minutes which member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Whenever there is a change in board members.	No changes to the Audit Committee in 2014.
3. The AC will meet as often as it determines is appropriate, but not less frequently than quarterly.	Hold meetings at least once each quarter.	Prepare minutes that document decisions made and action steps following meetings and review for approval. Meeting minutes should be filed with the board of directors.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	Meeting minutes for 2/19/14, 5/21/14, 8/20/14, 8/29/14, and 11/19/14 were prepared and presented for approval at the next quarterly meeting. These minutes are made available on the NDPERS web site after approval. The approved minutes are reported to the board at the next board meeting.
4. All committee members are expected to attend each meeting, in person or via tele- or video-conference.	Accommodations should be made available to committee members to encourage attendance.	Note in the AC meeting minutes the members who were in attendance at the meeting.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	All AC members were in attendance at all meetings with the exception of the 2/19/14 meeting, however there was a quorum.
5. The committee periodically will hold individual meetings with management, the internal auditor and the external auditor.	Establish these sessions in conjunction with quarterly meetings or as necessary.	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	An individual meeting with the Internal Auditor was held 2/19/14. The AC met individually with the external auditors on 11/19/14.
6. The AC may invite any officer or employee of the agency, the external auditor, the agency's outside counsel, or others to attend meetings and provide	Establish these sessions in conjunction with quarterly meetings or as necessary	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	Deb Knudsen, Manager, Benefit Program Development and Research was invited and spoke at the August 2014 meeting, providing the committee an update on the Loss

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2014

J. Kinsella
 02/25/2015

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Status
pertinent information.				Control Committee activities.
7. Meeting agendas will be prepared by the Chief Audit Executive (CAE) and provided in advance to members, along with appropriate briefing materials.	The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials.	Prepare and provide meeting agenda, previous meeting minutes, and appropriate briefing materials to members in advance.	Quarterly, or more often if necessary	Meeting agendas were mailed to the AC on 2/12/14, 05/14/14, 8/13/14, and 11/12/14.
8. Minutes will be kept by a member of the AC or a person designated by the AC.	Designate the appropriate person to keep the minutes of meetings.	Prepare minutes documenting decisions made and future action steps and review for approval at the next meeting.	Quarterly, or following each meeting.	The Internal Audit Manager provides meeting minutes to the administrative assistant to prepare for the next quarterly meeting. These minutes were provided to the AC at the next quarterly meeting. See #3.
9. The AC will: <ul style="list-style-type: none"> • Obtain information and/or training to enhance the committee members' expertise in financial reporting standards and processes so that the committee may adequately oversee financial reporting. • Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements. • Review with management, the external auditors, and the internal auditors the results of the audit, including any difficulties encountered. • Review all significant adjustments proposed by the external financial statement auditor and by the internal 	<p>Provide information related to financial reporting standards and processes to the AC.</p> <p>Bring external auditors to explain new changes to accounting reporting and how they impact NDPERS.</p> <p>Invite the external auditors to present the financial statements upon completion of their audit.</p> <p>Review with management and AC any proposed significant adjustments.</p>	<p>Articles, publications, external auditors, speakers with information regarding changes to accounting rules.</p> <p>Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing.</p> <p>Submit reports of audit findings and their status at each AC meeting.</p> <p>Audited Financial Statements, including the Independent Auditor's Report, management</p>	Quarterly, or as they become available.	<p>Articles from the Institute of Internal Auditors are provided as they become available.</p> <p>External auditors discussed with the staff/AC significant accounting and reporting issues as they develop.</p> <p>External auditors provided the statement of management responsibility and reviewed with staff prior to commencement of audit.</p> <p>There were no legal matters relating to financial statements.</p> <p>Staff reviewed the annual statements for completeness, consistency of information and accounting principles.</p> <p>A system for interim financial</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2014

J. Kinsella
 02/25/2015

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Status
<p>auditor.</p> <ul style="list-style-type: none"> • Review all significant suggestions for improved financial reporting made by the external financial statement auditor and by the internal auditor. • Review with the General Counsel the status of legal matters that may have an effect on the financial statements. • Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles. • Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing <i>Standards</i>. • Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement. • Review the statement of management responsibility for and the assessment of the effectiveness of the internal control structure and procedures of the organization for financial reporting. Review the attestation on this management assertion by the financial statement auditor as 	<p>Review management letter with management and AC.</p> <p>Bring to the General Counsel's attention any legal matters that may have an effect on the financial statements. AC should ask of management if the annual financial statements are complete.</p> <p>Inquire of management and external auditors if there are any matters required to be communicated to the committee under GAAS. Inquire of management their system of developing interim financial information and if the internal or external auditors were involved.</p> <p>Ascertain that the external auditors provided the statement of management responsibility and review with them. Review key internal controls with the CAE, and understand how these controls will be tested during the year.</p>	<p>Discussion and Analysis, financial Statements, Required Supplementary Information, Supplementary Information, Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and Special Comments Requested by the Legislative Audit and Fiscal Review Committee.</p>		<p>information is not in place at this time.</p> <p>External auditors discussed with CAE and management the effectiveness of internal controls on 11/19/14.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2014

J. Kinsella
 02/25/2015

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Status
part of the financial statement audit engagement.				
<p>10. The AC will:</p> <ul style="list-style-type: none"> • Obtain information about, training in and an understanding of risk management in order to acquire the knowledge necessary to adequately oversee the risk management process. • Periodically review that the organization has a comprehensive policy on risk management. • Consider the effectiveness of the organization's risk management system, including risks of information technology systems. • Consider the risks of business relationships with significant vendors and consultants. • Review management's reports on management's self-assessment of risks and the mitigations of these risks. • Understand the scope of internal auditor's and external auditor's review of risk management over financial reporting. • Understand the scope of internal auditor's review of risk management over all other processes, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of any 	<p>Provide the AC members with information regarding risk management.</p> <p>Review risk management policy periodically.</p> <p>Create a portfolio that documents the material risks that the agency faces. Update as events occur. Review with management and the CAE periodically to make sure it is up-to-date.</p> <p>Provide AC a summary of results of self-assessment of risks, and how these risks are handled. Provide the AC information on how external and internal audit review risk management over financial reporting. Provide AC a summary of results of self-assessment of risks, and how these risks are handled.</p> <p>Provide the AC an explanation of other</p>	<p>Articles, publications, etc. relating to risk management.</p> <p>Current risk management policy and most recent information relating to risk management. Submit a risk report including mitigation strategies and quantifiable risks and insurance to cover such risks, e.g., loss of business.</p>	<p>Quarterly.</p> <p>As necessary.</p>	<p>Articles, publications, etc. relating to risk management are provided as they become available.</p> <p>It is required by Risk Management of OMB to have a Loss Control Committee. The Chairperson presented an overview of the committee at the August 2014 meeting. In addition, quarterly agendas and minutes of the Loss Control Committee were provided to the Audit Committee at each meeting.</p> <p>A risk assessment was facilitated and completed with management in November, however there were no changes to report to the AC.</p> <p>There was nothing to report.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2014

J. Kinsella
 02/25/2015

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Status
other external auditor's or consultant's review of risk management. <ul style="list-style-type: none"> • Hire outside experts and consultants in risk management as necessary subject to full board approval. 	external auditor's review of risk management. Develop a request for proposal if an outside expert is deemed necessary.			
11. The AC will: <ul style="list-style-type: none"> • Obtain information about, training in and an understanding of internal control in order to acquire the knowledge necessary to adequately oversee the internal control process. • Ensure that the organization has a comprehensive policy on internal control and compliance. • Review periodically the policy on ethics, code of conduct and fraud policy. • Consider the effectiveness of the organization's internal control system, including information technology security and control. • Consider any internal controls required because of business relationships with significant vendors and consultants. • Understand the scope of internal auditor's and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of 	Provide the AC members with information regarding internal control process. Review periodically the policy on internal controls, ethics, code of conduct and fraud. Review the reports of the internal audit team for all audits completed since the prior AC meeting. Review key internal controls with the CAE, and understand how these controls will be tested during the year. Review with the CAE the plans for audits of other elements of the control environment. Determine that all internal control weaknesses are	Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing.	Quarterly. Update on anything new, or any changes to the internal control system, at every meeting.	Information relating to internal control is provided as they become available. Internal periodic reviews on ethics, code of conduct and fraud have not been conducted consistently. These issues are addressed during the benefit programs, business processes, accounting functions and enterprise risk management assessments. Internal controls are reviewed as part of each audit project and/or special examinations. External auditors conduct a review of internal accounting controls annually. There have been no areas of concern as a result of these reviews.

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<p>internal auditor's review of internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.</p> <ul style="list-style-type: none"> • Review the role of the internal auditor's involvement in the corporate governance process, including corporate governance documentation and training. • Periodically review contracts with external service providers which should contain appropriate record-keeping and audit language. 	<p>quantified, reviewed, and addressed.</p> <p>Review these plans with the independent auditor to understand their scope with respect to key controls</p>			<p>Internal audit includes a review of internal controls as part of each audit, consulting project, and/or special examinations.</p> <p>At this time the role is to assist in the development of the enterprise risk management questionnaire. The results will be summarized into a report, and this will discuss corporate governance. The 2014-2015 Internal Audit Plan includes developing a process to review contracts.</p>
<p>12. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the role of internal audits so that the committee may adequately oversee the internal audit function. • Oversee the selection process for the Chief Audit Executive. • Assure and maintain, through the organizational structure of the organization and by other means, the independence of the internal audit process. • Review any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information • Review with management and 	<p>Review reports of all internal auditors from the preceding 12 months and planned for the upcoming six months along with the status of each planned audit.</p> <p>Hold special meetings as necessary to address appointment, reassignment, or dismissal of CAE.</p> <p>Discuss internal audit</p>	<p>Report on the status of all current internal audits and audits planned for the next quarter and/or year.</p> <p>Report to the full board on the performance of the CAE including the effectiveness of the internal audit function.</p>	<p>Review at each meeting.</p> <p>Conduct ongoing reviews, as changes can be made at any time during the year.</p>	<p>An updated quarterly status report is provided to the AC at each meeting.</p> <p>No change in internal auditors this period. No change in reporting structure this period. Structure is in accordance with best practices.</p> <p>No difficulties encountered.</p>

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<p>the Chief Audit Executive the charter, objectives, plans, activities, staffing, budget, qualifications, and organizational structure of the internal audit function.</p> <ul style="list-style-type: none"> • Receive and review all internal audit reports and management letters. • Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. • Receive periodic notices of advisory and consulting activities by internal auditors. • Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive. • Review the performance of the Chief Audit Executive periodically. • Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' <i>Standards for the Professional Practice of Internal Auditing</i>. 	<p>division's budget and staffing with CAE.</p> <p>Maintain workload project management worksheet, audit recommendation worksheets</p> <p>Review and discuss the findings for each audit completed since the prior meeting, and management's response to the report.</p> <p>Meet periodically with other members of executive management and the external auditors to discuss the performance of CAE.</p> <p>Discuss internal audit's compliance with IIA Standards, including the requirement for a peer review once every five years.</p>	<p>Internal Audit Activities Report Audit Recommendation Report</p> <p>Annual Internal Audit Report</p> <p>Performance evaluation worksheet</p> <p>Quality Assurance Review report</p>	<p>Quarterly</p> <p>Quarterly</p> <p>Annually</p> <p>As needed</p> <p>As needed</p> <p>Annually</p> <p>QAR every five years. Annual Internal Audit report</p>	<p>A revised Internal Audit Charter was approved by the Board 9/18/2008. No changes were made since.</p> <p>The Internal Audit Activities report is presented at each audit committee meeting.</p> <p>A report of all audit recommendations is provided to the AC quarterly, with a progress update for each audit. An annual report of the Internal Audit Division was presented in February 2014.</p> <p>A quarterly report of audit activities is provided to the AC, which includes advisory and consulting activities.</p> <p>A performance review was written by the Executive Director and approved by the AC in June 2014. Nothing is reported to the full board at this time.</p> <p>A Quality Assurance Review was not completed in 2014 to review the effectiveness of the internal audit function.</p>

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<ul style="list-style-type: none"> • On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately (subject to open meeting laws). • Designate the Chief Audit Executive as the lead coordinator for handling all matters related to audits, examinations, investigations or inquiries of the State Auditor and other appropriate State or Federal agencies. 	<p>Review the internal audit charter periodically. Assess the appropriateness of each point in the charter from past experience (since the last review). Assess the completeness of the charter against new best practices and new legal or regulatory requirement.</p> <p>The AC chair should be available if any unforeseen issues arise between meetings relating to the CAE.</p> <p>Discuss job satisfaction and other employment issues with the CAE.</p>	Internal Audit Charter	<p>Annually</p> <p>Periodically</p>	<p>IA charter was not reviewed in 2014.</p> <p>Private meeting with the Internal Audit Manager was held in February 2014.</p> <p>AC Chair is available at all times if needed.</p> <p>The Internal Audit Division is the primary contact for the external auditors, and coordinated all matters relating to the 2014 financial audits.</p>
<p>13. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the purpose of the financial statements audit and the role of external financial statement auditor so that the committee may adequately oversee the financial statement audit function. • Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. 	<p>Provide information and/or training.</p> <p>Meet with independent audit partner, the controller and CAE to discuss scope of the previous year's audit, and lessons learned. Later, discuss planned scope for audit of current</p>	Document the meeting in the AC meeting minutes.	<p>Meet with new audit firm at the beginning of a new contract to review the scope of the upcoming audit; discuss audit results, lessons learned and scope for current year at the exit conference.</p> <p>As requested</p>	<p>The contract is for the fiscal years ending June 2012 through June 2014; a meeting was not held because there was no change in the external audit firm.</p> <p>Nothing to review at this time.</p>

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<ul style="list-style-type: none"> • Review the performance of the external financial statement audit firm, and review the State Auditor's recommendation for the final approval on the request for proposal for, and the appointment, retention or discharge of the audit firm. Obtain input from the Chief Audit Executive, management and other parties as appropriate. • Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the organization, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm. Obtain information from the Chief Audit Executive and other sources as necessary. • Review the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements. 	<p>year.</p> <p>Provide input on the external audit performance to the State Auditor's Office.</p> <p>Provide input to the State Auditors Office on the request for proposal for the appointment of the next audit firm.</p> <p>Obtain from external audit firm and/or management any documentation of any activity or issues between the audit firm and organization if information should be provided to the AC.</p> <p>Review at the exit conference with management, and again with the AC.</p>		<p>Every three years</p>	<p>No comments were requested by the State Auditor's Office.</p> <p>Input was provided in November 2014 to the State Auditor's Office on the RFP for the 2015-2017 contract period.</p> <p>This was not an issue for 2014.</p> <p>External audit firm presented the financial statements and associated reports to the AC at the November 2014 meeting.</p>

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<ul style="list-style-type: none"> • Review all other reports and communications made by the external financial statement auditor. • Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. • On a regular basis, meet separately with the external financial statement audit firm to discuss any matters that the committee or auditors believe should be discussed privately (subject to open meeting laws). • Provide guidelines and mechanisms so that no member of the AC or organization staff shall improperly influence the auditors or the firm engaged to perform audit services. • Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided. 	<p>Review as needed.</p> <p>Provide a quarterly audit recommendation report to the AC.</p> <p>Provide opportunity at the time external auditors are at meeting to present audit report.</p> <p>Need to draft guidelines.</p> <p>Provide a quarterly report to the board of all external audit costs.</p>	<p>Audit recommendation report</p> <p>Annual audit report presentation</p> <p>External Audit costs report</p>	<p>Quarterly</p> <p>Annually</p> <p>Quarterly</p>	<p>Reports were reviewed at each AC meeting.</p> <p>The Audit Committee met with the External Auditors at the November 2014 audit committee meeting.</p> <p>Guidelines not needed at this time – State Auditor's Office selects external auditors.</p> <p>Quarterly reports are provided to the full board and to the AC.</p>
<p>14. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the role of the other external audit firm(s) so that the committee may 	<p>Provide the AC members with information regarding the role of the other external audit firm(s).</p> <p>Meet with independent</p>	<p>Document the meeting in the AC meeting minutes.</p>	<p>Provide information and training as needed.</p>	<p>Not applicable at this time as we have not had an "other" external audit firm in conjunction with the external audit firm.</p>

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<p>adequately oversee their function(s).</p> <ul style="list-style-type: none"> • Confirm coordination of efficient and effective audit activities between the internal and external auditors. • Review the performance of the other external audit firm(s), • Review the scope all services to be performed by the other external auditor. • Review the reports of the audits and/or agreed-upon-procedures. • Provide a forum for follow up of findings from the audit reports or agreed-upon-procedures. • Meet separately with the other external audit firm(s) on a regular basis to discuss any matters that the committee or staff of the audit firm(s) believes should be discussed • Review a report of all costs of and payments to other external audit firm(s). The listing should separately disclose the costs of any audit, other attest projects, agreed-upon-procedures and any non-audit services provided. 	<p>audit partner, the accounting manager and CAE to discuss scope of the previous year's audit, and lessons learned. Later, discuss planned scope for audit of current year.</p>			
<p>15. The AC will:</p> <ul style="list-style-type: none"> • Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any 	<p>Review the reports of compliance with laws and regulations.</p> <p>Discuss compliance issues and resolutions.</p>	<p>Record discussion and any action steps in the AC meeting minutes.</p>	<p>Review as necessary.</p>	<p>Compliance with laws and regulations are reviewed for each specific audit by both the external auditors and internal auditors. Any concerns will be brought before management, the AC and/or board as necessary.</p>

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<p>instances of noncompliance.</p> <ul style="list-style-type: none"> • Review the findings of any examinations by regulatory agencies, and any auditor observations, including investigations of misconduct and fraud. • Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to organization personnel, and for monitoring compliance therewith. • Obtain regular updates from management and organization legal counsel regarding compliance matters. • Monitor changes and proposed changes in laws, regulations and rules affecting the organization. 	<p>Require staff to sign off on ethics/code of conduct and fraud policy annually during their performance reviews.</p> <p>Report to AC as necessary.</p> <p>Report to AC as needed.</p>	<p>Review signed form stating the employee read the policies.</p> <p>Report to AC at meeting, if matters arise.</p> <p>Report to AC of changes in laws, regulations and rules.</p>	<p>Annually.</p> <p>As they occur.</p> <p>As they occur.</p>	<p>NDPERS' policy is to have staff review and sign off annually on ethics/code of conduct during their annual performance evaluations.</p> <p>During legislative years changes in laws, regulations and rules are monitored by management and reported to the board and to the Audit Committee. No changes in 2014.</p>
<p>16. The AC will:</p> <ul style="list-style-type: none"> • Institute and oversee special investigations as needed. • Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the AC. 	<p>Review procedures with CAE and the general counsel.</p> <p>Review all complaints that have been received and the status of resolution.</p> <p>Ensure proper steps are taken to investigate and resolve complaints timely.</p>	<p>Review an original of each complaint received, no matter the media used to submit. Discuss the status or resolution of each complaint.</p> <p>Review a cumulative list of complaints submitted to date to review for patterns or other observations.</p>	<p>Review at each meeting.</p>	<p>There were none during 2014.</p>
<p>17. The AC will:</p> <ul style="list-style-type: none"> • Regularly report to the Board of Directors about all committee activities, issues, and related recommendations. • Perform other activities related 	<p>Submit AC meeting minutes to the board after AC approval.</p>	<p>Submit AC meeting minutes after AC approval to the board for their next meeting.</p>	<p>Following each AC meeting provide the approved AC minutes to the Administrative Services Manager to</p>	<p>Copies of the AC minutes are provided to the board after the AC's approval of the minutes.</p>

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<p>to this charter as requested by the Board of Directors, and report to the Board</p> <ul style="list-style-type: none"> • Provide an open avenue of communication between internal audit, the external financial statement auditors, other external auditors, management and the Board of Directors. • Review any other reports that the organization issues that relates to AC responsibilities. • Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services. • Review and assess the adequacy of the committee charter periodically, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation. 	<p>Have at minimum annual meeting with internal auditor, external auditor, management, and Board of Directors to discuss issues.</p> <p>Utilize a matrix to determine if all responsibilities outlined in the charter are carried out.</p> <p>Review charter periodically. Assess the suitability of each point in the charter based on past experiences (since the last review). Evaluate completeness of the charter against best practices and legal or regulatory requirements. Revise charter as needed and obtain AC and Board approval for changes.</p>	<p>An AC Charter review matrix will be updated each year and presented to the AC to present a report to the Board for approval.</p> <p>Report to the board on the appropriateness of the AC charter and any revisions recommended.</p>	<p>include in the next board meeting materials.</p> <p>Annually.</p> <p>As needed.</p>	<p>An annual meeting was held with the Internal Audit Manager in 2/2014. The external auditors provided an overview of the financial statements during the March 2014 board meeting. The report was presented to the audit committee at the November 2014 meeting.</p> <p>An updated AC review matrix was provided to the AC at the February 2014 meeting.</p> <p>AC Charter was reviewed, updated, and approved by the board December 2014.</p>