

NDPERS BOARD MEETING

Agenda

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

November 27, 2013

Time: 8:30 AM

I. MINUTES

- A. October 31, 2013

II. FLEX COMP

- A. Flex Comp Survey, ADP Response, and Medical Spending Account Options – Kathy/ADP – (Information)
- B. Contract Update – Sparb (Information)

III. ANNUAL INVESTMENT REPORT – Darren Schulz, RIO

IV. GROUP INSURANCE

- A. BCBS Agreements – Sparb (Board Action)
- B. Life Insurance Coverage – Kathy (Board Action)
- C. Medicare PDP Contract – Kathy (Board Action)
- D. Flu Vaccination Update – Rebecca (Information)
- E. Retiree Wellness Fair Update – BCBSND (Information)

V. MISCELLANEOUS

- A. Administrative Rules Update – Deb (Board Action)
- B. News Article – Sparb (Information)
- C. 2014 Board Meeting Schedule – (Information)

VI. RETIREMENT

- A. Contribution Increases – Kathy (Information)
- B. Public Pension Coordinating Council – Deb (Information)
- C. Retirement Appeal – Kathy (Board Action)

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: Kathy

DATE: November 18, 2013

SUBJECT: FlexComp Survey & Medical Spending Account Options

This summer we conducted a survey of FlexComp plan participants regarding their satisfaction with the services provided by ADP. Staff shared the results of the survey at the August meeting. Included as Attachments 1 and 2 are memos relating to our FlexComp program and the new vendor ADP. ADP will be at the meeting to provide its response to the survey results.

ADP will also update the Board regarding the October 31, 2013 announcement issued by the Treasury Department and the Internal Revenue Service (IRS) regarding a modification to the “use-it-or-lose-it” rule applicable to health Flexible Spending Arrangements (FSAs). The new modification permits employers to amend their plans to allow employees to carry over up to \$500 for use during the next plan year.

Copies of ADPs presentation will be available at the meeting.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: August 14, 2013
SUBJECT: Flex Survey

Background

During the last several years we reviewed our flex comp program and noted an opportunity to potentially increase our services to our members with the goal of increasing their satisfaction with the program and making it easier for them to participate by adding additional options including the debit card, on-line claims submission, mobile applications and auto-adjudication. We also noted during our considerations that the total number of dollars deferred was decreasing as a result of the change in the federal law which reduced the maximum medical spending account election from \$6,000 to \$2,500. This meant that if we were to keep the total elections near the same as before the federal change, we needed to increase the number of smaller accounts participating in the program. As a result of antidotal information, we believed the reason the number of smaller dollar amount elections to participate was not higher was due to the paperwork involved in the existing claims payment process administered by PERS. As a result of this review, we decided to move forward with adding these additional services to increase the options for our members to use the program and to make it easier for them. As a result of this decision, we needed to outsource the claims payment function.

We bid out the service last year and had a very competitive process with about 10 vendors offering their services. The successful vendor was ADP. They began offering services to our members beginning January 1. Their contract ends December 31, 2014. From a staff perspective they have been a good firm to work with.

Recently we conducted a survey of our members to help us assess how we are doing in meeting our original goal of increasing member satisfaction and making it easier to use this program.

Survey Results

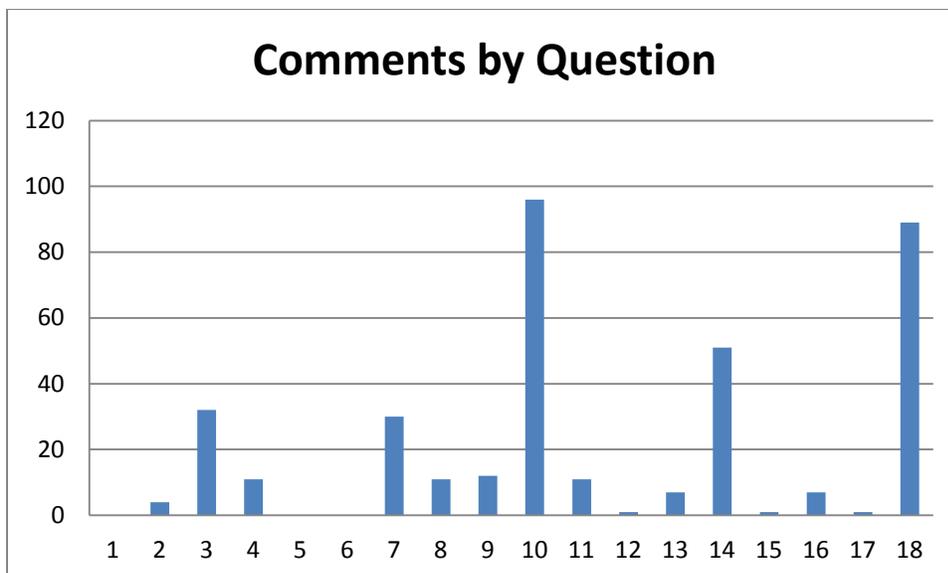
Attached are the flex comp survey results. The first page is what we shared with you at the last meeting. Added for this meeting is the comments we received on the survey. You will note that we have assigned the comments to the questions that they related to most closely.

We sent out approximately 2,700 surveys and received back 843 responses (approximately a 31% response rate). You will note the average age of the respondents is 50 years of age and they have about 17.8 years of service in the system. About 78% of them put over \$1,000 in their flex account. In addition:

1. 93% are in the medical account & 16% in dependent care account.
2. 89% are satisfied with the enrollment process.
3. 85% are satisfied with the information they received (please note on the attached we have 32 comments relating to the question most relate to providing better information about the new system, 3 comments relate to the PERS website being difficult to use).
4. 10% have not used the ADP claims processing yet. (We had 11 comments relating to this question).
5. 96% have been in the program in previous years (before ADP).
6. 90% said they will participate again next year.

Overall, the answers to the general question (1-6) are good. The members seem happy with the enrollment process and they plan to continue participation.

However, as we move to the responses on question 7-18 it becomes more difficult to assess. If we look at the total number of comments we received relating to the different questions, we find:



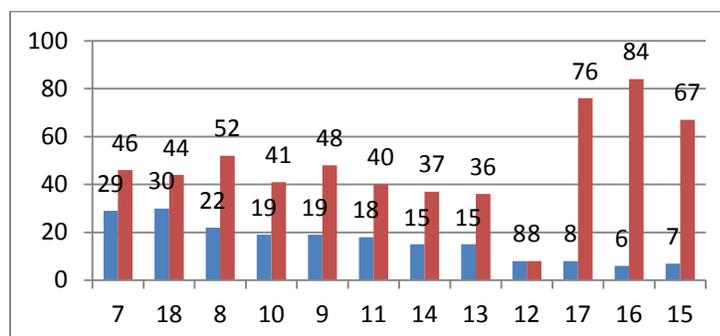
In addition, we find the following by doing an intensity analysis on the questions and sorting them by:

1. Ranking those who strongly were dissatisfied first.
2. Ranking second those who “disagreed” with being satisfied second.
3. Rank those who are very satisfied third.
4. Last ranking those are satisfied as fourth.

	Strongly Disagree	Disagree	Slightly disagree	Lightly agree	Agree	Strongly Agree	N/A
7. I am satisfied with the decision to change to ADP for Flexcomp claims processing.	17	12	9	11	30	16	5
18. I preferred the claims processing method before ADP.	14	16	9	8	11	33	9
8. I am satisfied with the claim submission options available from ADP.	13	9	9	12	33	19	6
10. I am satisfied with the Debit Card option available from ADP.	13	6	5	9	19	22	27
9. I am satisfied with the online Web Services available from ADP.	12	7	8	11	29	19	14
11. I am satisfied with the online claims submission option available from ADP.	11	7	7	10	24	16	25
14. I am satisfied with the customer service provided by ADP	10	5	6	10	21	16	32
13. I am satisfied with the Automatic Claim Reimbursement option available from ADP.	9	6	6	8	20	16	37
12. I am satisfied with the Mobile App option available from ADP.	6	2	2	3	5	3	79
17. I would recommend the NDPERS Flexcomp plan to other employees.	5	3	2	8	33	43	5
16. I plan to enroll in the Flexcomp plan next year.	5	1	1	4	29	55	5
15. I am satisfied with the Flexcomp service provided by the NDPERS office.	4	3	4	10	37	30	12

Concerning the above, the following observations can be a made:

1. If we look at the questions (7, 8, 9, 11 & 14) that have a high dissatisfaction or a high number of comments (8, 9, 10, 11 & 14) they all have satisfaction levels higher than the dissatisfaction levels (note the “slightly” responses are not tabulated in this count since we are only measuring those responses with a higher intensity). Question 18 is reversed where “Agree” is negative for ADP.



The labels across the bottom are the “question numbers”, the shorter line is the percentage that were very dissatisfied or dissatisfied and the taller line is those that were very satisfied or satisfied.

2. We received the most comments on question 10 which is “*I am satisfied with the Debit Card option available from ADP*”. You will note in reviewing the comments there is a lot of confusion on using the card. However, in the intensity analysis it ranked #4 with 19% indicating they are strongly dissatisfied or dissatisfied compared to 41% who are satisfied or strongly satisfied.
3. The second most comments were on question 18 which is “*I preferred the claims processing method before ADP*”. Of these responses, 17 were positive to ADP and approximately 56 said they liked it more when PERS processed the claims. The other comments were general. The most common reasons for people preferring it when PERS processed the claims was a feeling that it was not as confusing and the time it took to get the reimbursement was faster. It seems that most of the underlying frustration is the same as in number 1 above, that is confusion about how the new options work. In the intensity analysis it ranked #2 with 30% indicating they strongly disagree or disagree compared to 44% who agreed or strongly agreed.
4. Question 14 had the next most comments (51) and that question was “I am satisfied with the customer service provided by ADP”. Many of these comments range from general frustration to specific concerns with customer service. In the intensity analysis it ranked #7 with 15% indicating they were strongly disagreed or disagreed compared to 37% who agreed or strongly agreed.
5. Question #12 has a low intensity rating either favorable or negatively. Instead this question has a high number of responses that were “N/S” (79%). This question related to the “mobile app” which seems to indicate a high number of individuals are unaware of this option. As you may recall when we discussed the ADP proposal we had hoped offering this option would make the program more accessible/attractive to younger members with small balances to participate.
6. Question #13 (automatic claims reimbursement) also has a high number of individuals that answered “N/S” (37%) which also indicates a lower level of understanding of this option.
7. As we look at question numbers 15, 16 and 17, they all have high positive responses. These questions concern participating in the program next year or recommending the program. The last question relates to PERS.
8. Question 18 shows that overall 52% (33% strongly preferred PERS) preferred the claims processing method of PERS compared to 39% (14% strongly like ADP) that prefer the new method.

Conclusion and Suggested Plan of Action

Overall, the survey seems to show that the positive responses exceeded the negative responses concerning our change in the flex program (except for question 18). However, the comments and the level of negative responses clearly indicate that we have work to do to improve the understanding of the new options, customer service and general acceptance of the new service if we are to reach our goal of making this program more broadly used. Therefore, I would recommend the following three actions by the Board:

1. To direct staff to review in detail the findings of the survey with ADP and request that they bring back to the Board no later than October a plan of action for addressing the survey responses and in particular:
 - a. The need to change member's perception as shown in question 18.
 - b. The comments and high level of dissatisfaction with the debit card
 - c. The concerns with the customer service.
 - d. The confusion between the debit card and the automatic claim reimbursement.
 - e. The low level of understanding of the mobile application.
 - f. How they plan to decrease the intensity of responses relating to "dissatisfaction".
2. That we let ADP know that we plan to do another survey next year and the progress made from this year to next will be a consideration of the Board in extending the ADP contract past the end of the 2014.
3. That you request the PERS staff to come back with a plan of action to address those concerns raised about our website and the feeling that if a member calls our office that we are merely transferring them to ADP. PERS staff should report back to the Board no later than October as well.

Board Action requested

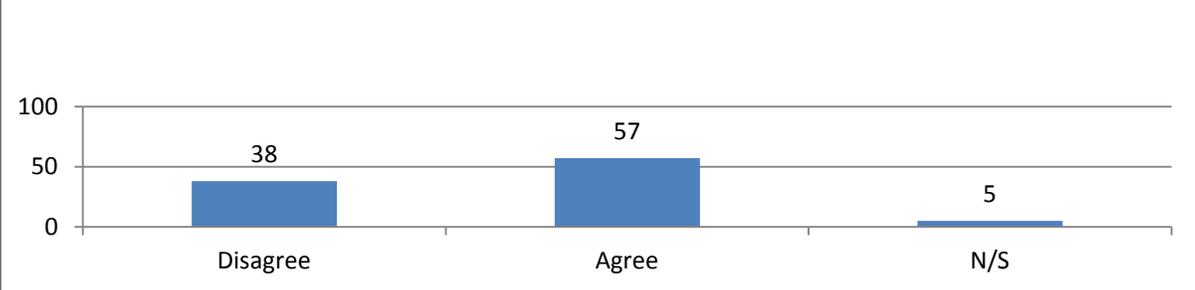
To adopt of plan of action in response to the survey.

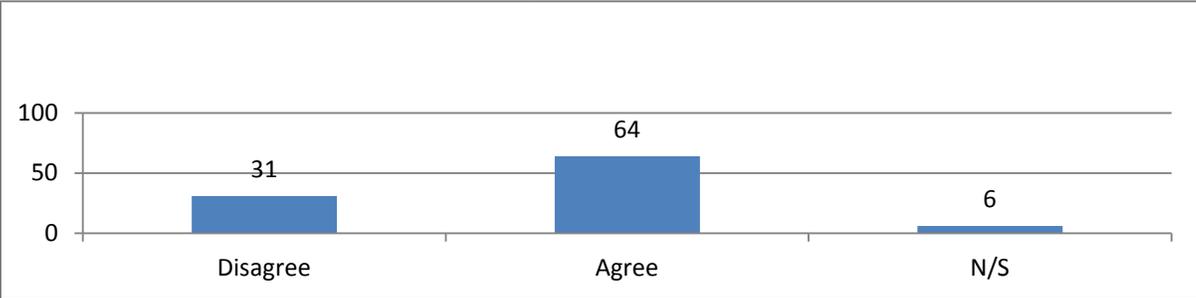
NDPERS 2013 Flexcomp Plan Survey – 843 Responses (31%)

<p>1. Which Flexcomp program(s) do you participate in?</p>	<p>93% Medical 16% Dependent 38% Pre-Tax</p>
<p>2. Are you satisfied with the NDPERS Flexcomp enrollment process?</p> <p>Make open enrollment through MSS user friendly. Should be a summary type screen to check pretax for dental, vision, opt, Ded, rather than going into each plan. It's very confusing to members.</p> <p>\$900.00 medical flex comp for year before taxes, \$525.00 now taken out for deferred compensation each month. Also state retirement plan flex supply life and dental plan.</p> <p>Original enrollment was confusing and you couldn't get a printed confirmation of what you were doing. The switch over was confusing and ADP wasn't up to speed soon enough. Don't like the limits placed on amounts for medical this year.</p> <p>I have not used the new system yet. I find the annual enrollment process confusing at times.</p>	<p>89% Yes 9% No</p>
<p>3. Are you satisfied with the availability of Flexcomp plan information?</p> <p>Figure out a way to increase the amount we can contribute to the medical flex comp account.</p> <p>NDPERS website is one of the most cumbersome to navigate through. S/B completely scrapped and start fresh.</p> <p>NDPERS doesn't answer any of my questions just refers me to ADP. Not very good customer service.</p> <p>I am not familiar with any of the ADP options as I have not filed any claims this year and have never received any information regarding any changes in options or procedures.</p> <p>I would like to see the limit raised higher than \$2,600.00.</p> <p>The NDPERS website is atrocious! It takes forever to find the information one is looking for. In addition to the flexcomp. I am enrolled in the PEP where I contribute \$500. a month. I honestly still do not understand the PEP. I just know it is a place to save money. When I call NDPERS they have a difficult time explaining it. Anyway, maybe retool your website and make it easier for people to navigate, gain knowledge about your offerings and save your staff some time answering questions.</p> <p>I would like to be able to do both the high deductible health insurance and flexcomp. Maybe there are legal issues making that impossible? The debit card thing works so much better.</p> <p>NDPERS needed to do a better job of explaining the new service prior to taking effect. All I got was an email saying it was happening. There was no education on how to use the service. I learned it on my own. Wish there was an email option submit form.</p> <p>The transition to ADP was a bit rocky. Little information was sent out or was sent too early to be applicable. We received little from ADP and what was received didn't answer the questions. ADP was not prepared for transition. But now they have gotten it together. I'm ok with things now.</p> <p>Put a video role playing "how to" visual. It would be last years.</p> <p>More information about ADP would have been nice.</p> <p>Also dislike the reduction in amount that can be deferred but understand this is not NDPERS that did it.</p> <p>More information should be available and distributed to employees from PERS regarding the switch to using ADP prior to us receiving the debit cards.</p> <p>Some years more than \$2400.00 option would be nice!</p> <p>The flexcomp plan is not as good as it use to be. I understand this is due to federal regulations but it takes a lot of choice to consume any inflated costs.</p> <p>I was denied medical claims and lost over \$800.00 last year!</p>	<p>85% Yes 13% No</p>

<p>I know IRS rules require prescriptions for over the counter medications but before ADP PERS would reimburse without having a pharmacist fill the rx (I could buy it at Target for instance). ADP won't allow this and I should have been told this information before I did my enrollment this year.</p>	
<p>Like the new service. Just wish we would get information when OTC drugs are added or removed from the list. I submitted an OTC drug and was denied because it now has to be filled out by the pharmacy. Would have been nice to know before hand.</p>	
<p>Did not like the max restriction on flex comp was such a big drop.</p>	
<p>I was appalled when the amount of pre tax was reduced. We have extensive medical expenses and would certainly set aside more money if possible.</p>	
<p>Whoever printed your envelopes should know how to spell Bismarck-hope you didn't pay for them.</p>	
<p>I would like more information on the automatic claim and debit card process.</p>	
<p>Not happy about the reduction to the amount we are able to flex for medical but the process with ADP has been smooth so far.</p>	
<p>Information sent out with choice of card or the old way was confusing. I don't know which I am enrolled under. More information prior to sending the card would have been helpful.</p>	
<p>First time I signed up. Haven't used it but the information on how to use it is very inadequate so far.</p>	
<p>For us it was more difficult than necessary to get complete, timely information for enrollment (on website) or other written sources. PERS services has been good at the office.</p>	
<p>Please do this survey next year at this time. Once the ADP process has been used for a whole year.</p>	
<p>Now that I am using the ADP system it is fine. However the start up process could have been much better. I work at WCHSC and feel the preparation for the transition was horrible. I know of several employees that shredded the ADP card when it came in the mail due to thinking it was just another pre-approved credit card. It would have been extremely helpful to have 20-30 minutes training before the change to be made aware of simple questions like which email to use, company name as well as if there was a number that could be used other than one's social security number (which their wasn't). It's frustrating to go to business office staff that should know the program but be told by them when you ask for training or questions "What questions do you have ". I don't use it. So I don't know! I was told this specifically by Heather Kitzan. It is also ridiculous during open enrollment when you ask a person in the business office, Dean Weigum, questions and are told "Just fill it out and turn it in, if it's wrong they'll send it back". Unbelievable! I sure hope other agencies within DHS were better prepared. All I can say is our business office needs a lot of improvement and am sure I am not the only one that feels this way. Once again a little training would have gone a long way and minimized a lot of confusion!</p>	
<p>NDPERS should promote me to the 457 option and explain how it works.</p>	
<p>There has been communication on this but I haven't been able to stay abreast with this change. I don't know how to use the new service. Why weren't there meetings and why weren't the departments more fully engaged. I work long and hard and should be able to access information at work during the day instead of being referred to the website.</p>	
<p>Should have an inservice training available when switching any benefits so employees can attend and ask questions if they want.</p>	
<p>It is very hard to estimate what your medical expenses will be for a year. My son needs knee surgery due to an accident. You cannot pre plan that. It would be nice to pull money out after the expense if needed.</p>	

<p>4. Have you used the ADP claims processing yet?</p> <p>Too early to tell on ADP, haven't gone on line to really see activity.</p> <p>I have not used ADP. I am choosing to not use it. I do not mind that it gets deposited right into my account.</p> <p>Initial information for ADP was confusing and I haven't gone back or even tried to use it. It would have been nice to have some onsite training/QA sessions.</p> <p>I did not notice/keep the card last fall and have not submitted a claim yet, so I can not answer these questions.</p> <p>I have not used ADP yet.</p> <p>I have never used ADP system and don't know anything about it. Not sure if I can ever file the old way.</p> <p>I still need to call for information to understand more about how the program works using the ADP card.</p> <p>I have not used the ADP. I do not have a debit card for ADP.</p> <p>Still getting familiar with new system. Please survey us again in the future! Thanks!</p> <p>I have not enrolled in ADP. I prefer to get the money back the original way.</p> <p>Haven't submitted claims yet under ADP.</p>	<p>89% Yes 10% No</p>
<p>5. Have you participated in the Flexcomp program before this year?</p>	<p>96% Yes 4% No</p>
<p>6. Do you plan to participate in the Flexcomp plan next year?</p>	<p>90% Yes 7% No</p>

<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A								
<p>7. I am satisfied with the decision to change to ADP for Flexcomp claims processing.</p>	17	12	9	11	30	16	5								
 <table border="1"> <caption>Bar Chart Data</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>38</td> </tr> <tr> <td>Agree</td> <td>57</td> </tr> <tr> <td>N/S</td> <td>5</td> </tr> </tbody> </table>	Response	Count	Disagree	38	Agree	57	N/S	5							
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Disagree	38														
Agree	57														
N/S	5														
<p>Who's stupid idea was it to out source flex comp? The system thru NDPERS worked. Dump ADP and go back to NDPERS providing claim service.</p>															
<p>I was so very satisfied with the processing method before ADP. I find the ADP process takes me much longer to do. Why did we have to change?</p>															
<p>ADP was difficult to learn and is very cumbersome to use. It is not worth the trouble. Dump ADP and I will likely use flex comp again.</p>															
<p>Why switch to ADP? I don't recall hearing a reason for that.</p>															
<p>Just something new to get use to . Not crazy about the "outsourcing".</p>															

<p>I prefer the service stay the same. Why am I sending information to Kentucky? Keep the form the same, don't keep changing it.</p> <p>Poor decision to change. If it was a cost savings- how many FTE were removed this last session.</p> <p>Get rid of ADP and keep local where you can actually talk to a person. The debit card is a good idea but you should be able to use it on a charge for the whole family and not just one employee.</p> <p>The previous claims processing was excellent and proved how well government process can function. The new process just adds more user name and passwords to forget and has no provision to notify you of the states of the claims. I don't understand the reason for the change. It certainly has not reduced paperwork.</p> <p>ADP is slow getting organized with NDPERS at the beginning. But changes are always slow.</p> <p>If I have problems with ADP is has to be handled in their state and not ND, seems wrong. Plaza Drug wasn't told the change with debit card and their machine still does not accept the card, according to the staff.</p> <p>Concerned with costs - is this a better deal?</p>															
<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>															
<p>8. I am satisfied with the claim submission options available from ADP.</p>  <table border="1"> <caption>Survey Results for Statement 8</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>31</td> </tr> <tr> <td>Agree</td> <td>64</td> </tr> <tr> <td>N/S</td> <td>6</td> </tr> </tbody> </table>	Response	Count	Disagree	31	Agree	64	N/S	6	13	9	9	12	33	19	6
Response	Count														
Disagree	31														
Agree	64														
N/S	6														
<p>It is 100% better than paper forms. Only complaint would be it seems slow to process but its fair trade off for convenience.</p> <p>Processing claims through ADP has been confusing for me. It has not been clear to me exactly what paperwork they are requesting. Card swipe services dates don't match statement dates (date of service) EOB totals don't match card swipe totals requesting receipts for. If the explanation is confusing, it is equally confusing to me to submit paperwork requested by ADP.</p> <p>Most of the problems I have encountered have been caused by not being familiar with the new procedures and paperwork.</p> <p>I didn't activate the card just did the direct deposit.</p> <p>A lot of older generation don't use computer, young people think everyone uses them. Very confusing. Still like it, that they let you do it my mail.</p> <p>I don't use a lot of services through ADP.</p> <p>Used it only once, mailed in claim. Did not have time to study the online submission; seemed more time consuming maybe try it next time.</p>															

Somehow they pick up the payments on medicine and I think copays too. It confuses my book keeping. I would like to submit all expenses and may hold back some. I like to choose which bills I submit,.																		
The ADP program is very hard to follow and get around. I get frustrated with it. I don't like that you have to wait and have a form sent to you before sending in for reimbursements.																		
Unsure about how to submit claims.																		
The submission process with ADP is more cumbersome, the directions are minimal so for a first timer user more time consuming, and payment is slow compared to previously with NDPERS.																		
Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.																		
		Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree			N/A								
9. I am satisfied with the online Web Services available from ADP.	12	7	8	11	29	19	14											
<table border="1"> <caption>Survey Results for Statement 9</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>27</td> </tr> <tr> <td>Agree</td> <td>59</td> </tr> <tr> <td>N/S</td> <td>14</td> </tr> </tbody> </table>	Response	Count	Disagree	27	Agree	59	N/S	14										
Response	Count																	
Disagree	27																	
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Every time I sign in I have to say I forgot my password and type my password in. Same one I didn't forget it-site error. Very frustrating.																		
Had a hard time finding claim forms on the computer.																		
I can't log on to ADP website! I've recorded username, password but always denied access. I do know how my mother's maiden name is spelled!																		
Navigating the website to respond to a notification regarding a "questionable" claim was more difficult than it needed be. I attempted to go to the website to download the form, it didn't allow me. So I phoned customer service and was given a link. It was that link I found difficult to locate where to upload the scanned form.																		
The website worked fine, once I figured it out. Very good to get the payment.																		
Your website and forms could be more user friendly.																		
I had trouble logging in.																		
My only complaint with ADP is not user friendly nature of the website for submitting claims. Things to reevaluate:: limited number of attendants, required to select type of service, after stating a new claim with attachments the steps are not clear.																		
Attempt to look at my deductions online but password did not work asked for help two weeks ago, still no response to my email!																		
The website is not intuitive and proof of payment is a real hassle. Dates are changed, it's hard to find the dates covered under previous reimbursement requests and it's a real pain to find processed checks on my bank site, find the format and place to save them and upload them. I've seem to have found every mishap in my online efforts. Staff is helpful though!																		

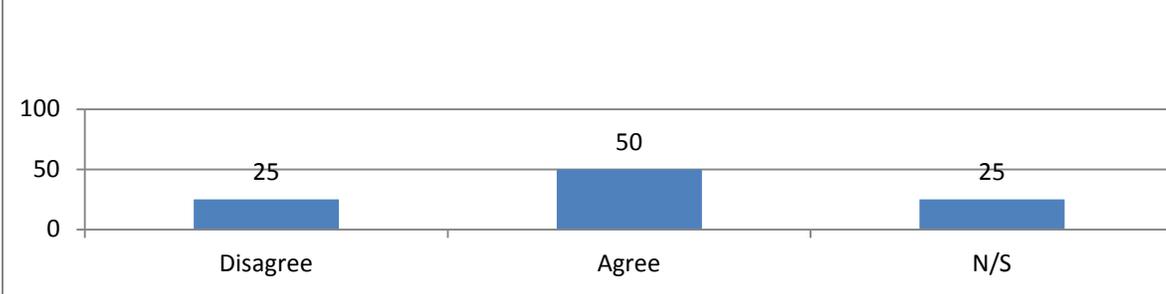
<p>I signed up for the debit card but had to send in my receipts on every bill because the charges could not be electronically verified. This ended up being more than if I would have sent in the receipts in the first place. Will not do a debit card again! The paper also said they would send me an email verification but I never got any emails.</p>									
<p>Use the debit card by a health care provider should be adequate rather than also requiring uploading receipts or bills.</p>									
<p>I do not plan on using the ADP card next year. Twice now we have had to scramble to get receipts to fax to ADP or suffer the consequences. Their verification process is very lacking and their customer service wasn't what I would prefer. It is better for me to stay with the previous procedures and deal with PERS folks The benefit of the ADP card was defeated by their request for receipts, (which I already did before) long after the medical charges and customer services that really wasn't that helpful. I was always happy to deal with PERS folks in Bismarck.</p>									
<p>Using the debit card to pay for medical services was great. And once I realized that I needed to supply ADP with additional documentation for claims not ran through my insurance they stopped sending me emails.</p>									
<p>I really like that ADP credit card process. Makes it so much easier to pay for bills.</p>									
<p>It's really a pain when one uses the debit card to pay for their medical expense and then two weeks later get a request from ADP for an itemized bill. What's the point of using the debit card if we still need an itemized bill to send in? Not very convenient. I might as well not use the debit card.</p>									
<p>Debit card option is too confusing. That's why I didn't bother with it.</p>									
<p>It has been very easy to use my ADP card to pay my part of RX drugs and office visits.</p>									
<p>It was all very confusing at the beginning and I still find their online information somewhat confusing, however the more we work with it the better it has gotten. I really like the debit card, however I tend to have less of a grasp on what I have for a balance. But learning more about the website has helped.</p>									
<p>They (ADP) question almost every card swipe. All dental appointments were questioned. Yet they did not question my Sam's Club swipe (which was for glasses). Please go back to the old processing.</p>									
<p>I do like the credit card system. But I'm not familiar with their online claims submission and I don't plan to use it.</p>									
<p>I didn't know a mobile app. option existed. The debit card is very nice option. I use that almost exclusively.</p>									
<p>The claims validation requests constantly are very frustrating. I thought it would be so easy using the debit card.</p>									
<p>Love the debit card option.</p>									
<p>I like the debit card it reduces waiting time for payment.</p>									
<p>I do not like having to use a debit card for claims. I really do not like having to save all receipts and having to send in originals upon request. I really do not like to have another online account to deal with. The previous system worked very well in my opinion.</p>									
<p>We did not know we needed to submit receipts when paying with debit card. Now card is shut off. Who can find old receipts? They should have contacted us right away-use another method-not email.</p>									
<p>I would not recommend any NDPERS plan with usage of ADP card. The claim submission to verify card swipes has been a BIG headache and more work. I have submitted a verification three times on one swipe and still trying to get it approved. It is an outpatient finger surgery fracture repair at a local hospital. Some card swipes have not been informed back to individual to let us know it went through. Communication is poor.</p>									

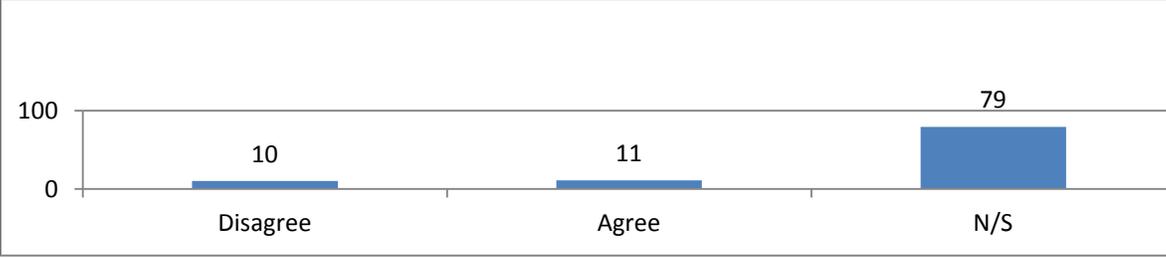
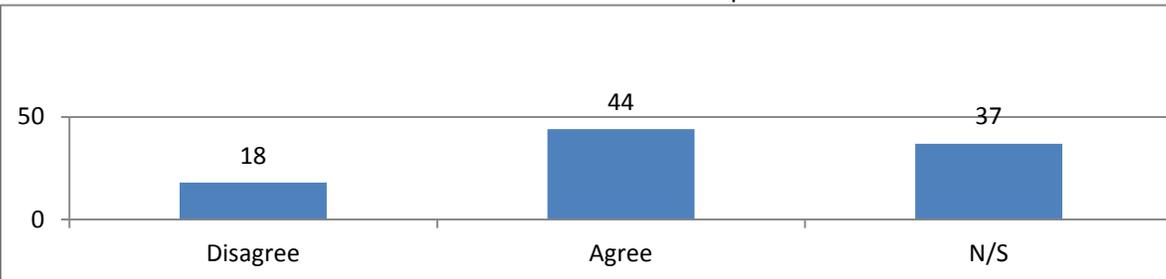
The ADP cards have been so easy to use! Love the new system!										
Would it be possible to have two cards for married couples?										
The debit card is awesome-it is so easy and no waiting to be reimbursed is the best feature.										
The debit card option could be great but when you have to get a detailed receipt and send it in anyway, I don't see the benefit of the card. And when you use the online functions it doesn't tell you how to validate a claim. I had to contact them two times before I get a response on how to validate a claim online. This change has potential but I am jut not sure this is the best vendor.										
ADP was kind of hard to get use to. ADP claims seems to take less time to reimburse than NDPERS did. I really like the email notifications. The debit card option is great, but keeping track of reimbursement documentation is a pain. We have stopped using the debit card for anything other than prescriptions.										
A debit card swipe was used at Dr. office, received a receipt for transaction. But received a letter from ADP that swipe was not accepted, then I had to send I all receipts from doctors visit and prove legitimate office visit or ADP card would be terminated. Not a nice process. Otherwise ok.										
I would stay away from the ADP debit card.										
Didn't like the additional need to for your social security number. Didn't like the card.										
Because lack of information on the change, when I received my payment card via mail it appeared to good to be true so I shredded it. An advanced warning would have been nice.										
In our agency we weren't told that a ADP debit card would be coming in the mail. Having no knowledge of it- I destroyed the card.										
The debit card sounded like a good idea. But when you use it a few months later ADP sends you a form to verify purchase, then you go back to pharmacy or eye doctor and get verification. Then mail paperwork in. Good idea give a card, done deal. Does not work that way. Happened to use four different places.										
Using the card was nice, but still having to submit documents made it seem like an extra step that was unnecessary. Just submitting documents and getting reimbursed directly to my account in one step would be my preference in the future.										
Too complicated if you use your credit card you can use the other form. Don't know what insurance will cover if use card at the time of service so what good is it.										
Love the ADP debit card. It works great.										
I was very excited that a debit card option was now available. We used my wife's flexcomp debit card in the past and it made things very simple. However what we have found through ADP is that way too often when using the card we still are asked for verification. So essentially have to mail invoice in anyway which we never had to do with my wife's.										
Disappointed that medical flex program limited to approximately \$2600. this year. Disappointed in number of times additional information is required to be mailed in on debt card medical expenses.										
Very disappointing that you need to send receipts in anyways. Because of verification, then they send email to accounts that aren't even opened yet and get no response so the card is shut off.										
I love the debit card option. It's great and easy.										
I don't use the debit card option and it takes longer to get the check compared to previously.										
Debit card option confusing.										
I don't think NDPERS office provided enough information on the process for using the debit card. I read all the information provided and watched a video online, and there were still things that I was sure about until I actually used the card.										

<p>I like the fact that I do not have to pay for the service up front, then ask for reimbursement. However, if there is something I dislike about ADP service is the letter sent requesting additional information for claim validation. Seems redundant to have to provide a copy of the EOB for pharmacy or doctor services. But why do they have to say they will shut off the card if adequate documentation is not received by the deadline.</p>									
<p>The card swipe validation process from ADP is nothing short of a royal pain in the ass! I'm not convinced of using flex next year because of this issue.</p>									
<p>My pharmacy, Arrowhead Plaza Drug is not yet enrolled in the debit card option. I have told them I will switch pharmacies if they don't start the program.</p>									
<p>The system needs to be better at automatically verifying uses on the card. I had multiple uses at the same dentist and some transactions would be automatically verified, while other required additional work on my end which defeat the point of having the card.</p>									
<p>I paid a clinic bill over the phone. Now they will cut off my card if I can't find the bill. Don't like this company at all!</p>									
<p>The biggest problem is just one debit card. So card doesn't end up with person seeking medical care and providers want instant paying so it gets more complicated than it needs to be make claims.</p>									
<p>I use the debit card. What I don't like is they send a validation request on June 24 telling you the information needs to be sent in by June 4 or your card will be closed on July 4. Why is the request coming to me 20 days after it was due? The request should be sent before it is due not 20 days after is it due.</p>									
<p>What I didn't like was after using the debit card for medical purposes is having to send in the EOB forms to validate expenses. Double the work!</p>									
<p>I've used the debit card option once and it didn't go well. It is not convenient to use. After the office visit, I went back into the office to use the card after the billing and I recently received a notification that the card swipe didn't work. This is suppose to make it easier, not harder. I think I'll go back to paper submission.</p>									
<p>I do not like the debit card route but when asked for my receipts and proof of expenditures it was so long after the date.</p>									
<p>I have not activated or utilized the debit card. I really dislike debit cards and hate to use them. It is sad that this switch was made without the participants input. I thought this was a voluntary thing but through discussion with co-workers I question this. The individuals I've spoke with have had nothing positive to say about the debit card method and it's usage.</p>									
<p>The debit card is a pain it's still necessary half of the time to send in documentation. If you are making a payment at a clinic, you shouldn't have to submit the documentation that it's a medical expense. The bill date and payment date at the clinic will never match the date of service as we need to wait until insurance clears before we make a payment.</p>									
<p>The only reason I did sign up for flex comp is because of the ease of access with ADP. Online services, debit card easy to submit expenses.</p>									
<p>The debit card is very convenient but submitting receipt documentation after the fact off sets that convenience. The request for documentation seems inconsistent and requires finding receipts later rather than simply submitting with the original claim.</p>									
<p>I love having the debit card, but was really disappointed they couldn't get my EOB from BCBS. Having constantly uploading eobs to their site was a pain. I have used discovery benefits through my spouse's employer and thought they were better.</p>									

<p>I am not sure why you would want to use the debit card when you still have to submit the eob or bill to ADP anyway. I feel like there are more steps to submitting to ADP than sending things to PERS. There are times when you call PERS and they can't answer your questions. I have had my dependent care rejected and there is nothing wrong with what was sent in. They just didn't read the statement correctly. Not impressed with ADP.</p>									
<p>Love the debit card.</p>									
<p>I like having the debit card option to pay my bills, it makes it much easier to pay the larger bills that I can't afford to wait for reimbursement for. The company does need to do a better job with customer service, replying to emails and making explanations. I am willing to give it a try again next year before making any changes. I hope they can improve their customer service.</p>									
<p>Have had to submit receipts for all claims after using the debit card. Faxed the receipts, didn't receive confirmation email in return for several submittals. Poor customer service on toll free phone number, couldn't transfer, etc.</p>									
<p>Love using the card. Have problems understanding information on ADP website. Used card, had to submit follow up documentation, never heard back whether accepted. Does not show online whether accepted. Been a few months.</p>									
<p>The new card is hard to get use to . You have to always carry it with you or your spouse does. Two cards would be nice per family.</p>									
<p>I began the process to activate and enroll to use the debit card. The process was not at all user friendly, was unable to ever get registered for the mail in for reimbursement. The process worked but I didn't care for the form layout.</p>									
<p>Don't like having to fax everything when I use my card to pay a clinic bill.</p>									
<p>Please continue the debit card service provided through ADP.</p>									
<p>I find the flexcomp medical reimbursement with ADP to be very cumbersome. Using the debit card option was worthless as they questioned every claim asking for more detailed receipts. Ex. Used at the dentist office and it wouldn't be processed until receipts were provided. I thought that was the point of using the debit card? For an online claim with ADP, when you have different medical providers listed on the eob statement from BCBS you have to enter each one separately and then attach the same eob statement to multiple claims. Why can't you submit one claim request with multiple medical providers listed to tie into each eob statement. I found some of the online claim process confusing. Why are there so many choices to describe a medical claim? General medical, medical copay, etc. It seemed far too detailed. Also the question of "covered by insurance" Y/N is confusing. If we are submitting a claim from an eob it is because the expense was not covered by insurance. But if we have an eob, we have insurance. So how are we supposed to answer the questions. I did not like having to use my social security number over the internet to create an account wit ADP. PERS really dropped the ball on that one. It was good that you changed that but it created a lot of heartburn for a lot of employees who didn't wait for that issue to be resolved. Despite the SSN misstep I had more faith and trust when the PERS office handled the flexcomp claims.</p>									
<p>ADP is a terrible provider for this service. It all sounds so slick- use a card and you are good to go. Then the confusing emails and lots to follow on the website. It took 6 weeks to get my first claim processed. Flexcomp is a great program for employers. It's too bad it had to dissolve into this nightmare.</p>									
<p>Love the debit card option.</p>									

Never know where I stand with this process. Have submitted paperwork three times and still get letters asking for submit paperwork that I had already submitted. They say they will close the account if they don't receive the paperwork. They tell me payments are denied but are out of pocket expenses. Don't know if I dare use the card for remaining balance.									
I really like the debit card option, however, if there is a problem with a change the process to correct it is frustrating and at this point I'm not sure I'll use it again. Due to the process but it could be really good.									

Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A								
11. I am satisfied with the online claims submission option available from ADP.	11	7	7	10	24	16	25								
 <table border="1" data-bbox="97 724 1263 1018"> <caption>Survey Results for Statement 11</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>25</td> </tr> <tr> <td>Agree</td> <td>50</td> </tr> <tr> <td>N/S</td> <td>25</td> </tr> </tbody> </table>	Response	Percentage	Disagree	25	Agree	50	N/S	25							
Response	Percentage														
Disagree	25														
Agree	50														
N/S	25														
I have used the online source 2 to 3 times this year and find it easy to use. I was satisfied with how quickly my claims were processed. Change is good!															
The online claims system is not intuitive- it could use some streamlining. Reimbursement is very fast															
I have had 3 claims denied due to ineligible documentation. I scanned the documents in, attached them to my claim and submitted them. Then I had to fax these same documents again to get them paid. It takes at least 4 times as long to submit claims and when they're paid it can take much longer than PERS ever did.															
Every single dental, optical and medical transaction fails to get validated so we have to find a scanner for every single receipt. It is like they purposefully dispute the claim to avoid paying. What would we be getting from a dental office that isn't dental service???															
The online claim process is less convenient than before. Quite difficult if you try to process more than one claim at a time. Not very user friendly.															
Wish the amount you contribute wouldn't have been reduced. Extremely pleased with how easy, fast and efficient the online ADP reimbursement has been. Awesome!															
Every time I have to submit a claim-I have to enter the same information every time along with a receipt. Which in return is tedious and allows for more errors. This system isn't friendly and if an error occurs it's like pulling teeth out to get your money back. Not happy with ADP.															
The online option is easy to use and nice to check progress of flex.															

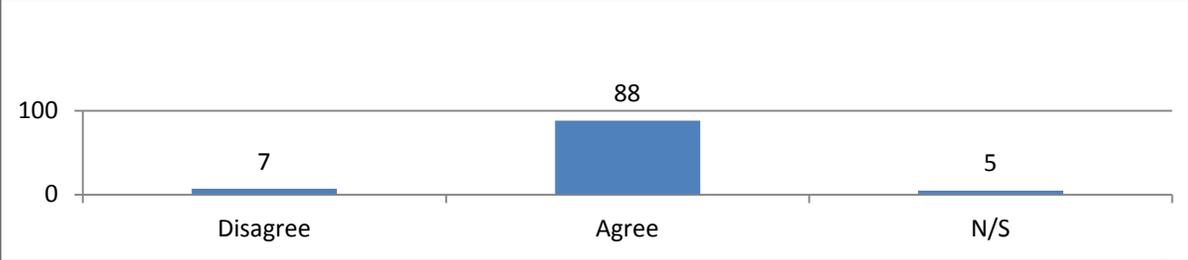
<p>The entire submission process for dependent care is awful. The first time I submitted my paperwork it was processed. The 2nd and 3rd time I submitted the same paperwork (different time frame) it was denied. I talked to two ADP employees who couldn't tell me why it was denied. The third employee told me to submit via fax. I submitted the same paperwork via fax and it was processed quickly and correctly. Needless to say, I have abandoned the online process.</p>																	
<p>Be able to scan the receipts and attach to an email.</p>																	
<p>When submitting online they make you submit each receipt repeatedly. It is stupid and time consuming. They have lines for more than on receipt but it will not go through that way.</p>																	
<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>		Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A									
<p>12. I am satisfied with the Mobile App option available from ADP.</p>	6	2	2	3	5	3	79										
 <table border="1"> <caption>Data for Statement 12</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>10</td> </tr> <tr> <td>Agree</td> <td>11</td> </tr> <tr> <td>N/S</td> <td>79</td> </tr> </tbody> </table>	Response	Count	Disagree	10	Agree	11	N/S	79									
Response	Count																
Disagree	10																
Agree	11																
N/S	79																
<p>Didn't know there was a mobile app.</p>																	
<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>		Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A									
<p>13. I am satisfied with the Automatic Claim Reimbursement option available from ADP.</p>	9	6	3	8	20	16	37										
 <table border="1"> <caption>Data for Statement 13</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>18</td> </tr> <tr> <td>Agree</td> <td>44</td> </tr> <tr> <td>N/S</td> <td>37</td> </tr> </tbody> </table>	Response	Count	Disagree	18	Agree	44	N/S	37									
Response	Count																
Disagree	18																
Agree	44																
N/S	37																

<p>I have received emails to boot all of my claims from Mid Dakota Clinic, St. Alexius Hospital and Sanford Health stating my claims could not be validated when using the debit card option. I had to scan in my receipts and manually validate my claims. They would not manually validate my claim from my chiropractor, so I scanned in a receipt. They still would not accept it. So I had my chiropractor print out an itemized statement and they still would not validate it. Finally I send ADP a check for the amount of my chiropractor bill because I was tired of messing with it. It was only for \$26.00 and it was a waste of my time to be bothering my chiropractor with getting a receipt that ADP would validate and accept.</p>									
<p>ADP withholds all claims under \$25.00. Even after that amount is met, any claims under \$25.00 haven't been released back to me until they reach \$25.00. Even in the same year, so not happy with that process of having to wait.</p>									
<p>ADP sucks!</p>									
<p>I have submitted three separate large claims to ADP. Each of them have been unpaid due to various issues, which weren't true. One they actually read or changed a date to 2012 (I submitted 2013), they did I didn't have the right insurance benefit statement. It was exactly correct. The other time they made a mistake on one of the amount of payment. I have had to call every time to protest their decisions because they were wrong. Then I got immediate action. They admitted their mistakes. They have such incompetent people working there. You can tell I am not happy with their services.</p>									
<p>Every claim I filed was a hassle with ADP. Customer service was not much help and I didn't know how to resolve problem. ADP held my claim in "pending" because they said they didn't have all the information. Never let me know they were waiting for information. Turned out that they had all the information. Very disappointing, company all around. Takes much longer to get reimbursed. I am considering not even signing up for flex comp next year because it is a big hassle with no clear help or instructions. Please go back to previous way.</p>									
<p>ADP questioned two card swipes for Sanford Health. What the hell do they I was paying for - shoes? It was obviously a medication expense but they made a hassle to comply with their rules.</p>									
<p>Customer services through ADP is not good at all.</p>									
<p>ADP customer service is real good. It took awhile to get use to the process but I understand it now.</p>									
<p>I have to submit receipts a number of times, they question when you make a final payment for services that the insurance did not cover. The insurance is to lazy to get the explanation of benefits to ADP in a timely manner which makes the matter worse. If you call ADP it takes forever to get through and they are not helpful. You can't scan and send the receipts via email because they won't accept them that way. I have mailed this with a tracking number from the post office. Unfortunately, the post office is lazy and doesn't track the envelope on delivery of the mail. I tried to fax the document to the fax number ADP gave me and it came back undeliverable. We need to fix things that need fixing. There was nothing wrong with how it was done before ADP. We should not have fixed something that was not broken. If you want to fix something, fix the parking lot at the capitol, so we do not have to fall and get hurt. That does need fixing.</p>									
<p>It would be nice when ADP declines a claim or partially declines, they would send you an email. Right now, you only find out when your payment in to your bank account is less than your claim amount.</p>									
<p>The new program is very good. Customer service was excellent. I was satisfied with the previous program also.</p>									
<p>Employees at PERS have not always been friendly in the past in the flex comp program. The ADP customer service is far friendlier.</p>									

<p>Why do we have to send EOBS for chiropractor care but other doctors-clinics are ok, it is a hassle.</p>									
<p>The ADP did not take provider claim information as correct submission of claim. I have to send a second time for claim to be completed.</p>									
<p>Would be beneficial to receive an email from ADP when there are claims pending because documentation is due. Didn't know there was a mobile app. Have not had to contact either.</p>									
<p>Still nothing on "pending" reimbursement from ADP-been over 3 months!</p>									
<p>ADP asked for verification of the medical expenses. The documents I faxed the first time weren't adequate, although they had everything required (provider name, etc.). They suspended my card. It took my faxing the same documents two more times before the issue was resolved. It has been very frustrating.</p>									
<p>I'm not happy with the ADP flexcomp. I have to submit a receipt and proof of services for everything. You never hear back from them on status of the before mentioned. Next year I'll do the regular flexcomp plan.</p>									
<p>Everything is more complicated. Customer service terrible, do not return mail. Customer service representatives tell you anything just to get you off the phone. Card swipes typically require you to send in verification anyways, what's the point of having the card. High maintenance requires frequent visits to the website. They communicate terrible please go switch back.</p>									
<p>Our one experience, thought that if medical provider accepted ADP card for payment we wouldn't have to submit EOBS. As it turned out, after we used the ADP card, we received a letter "turn in your EOBS" or we'll cancel the card. They then did accept the EOBS we sent in.</p>									
<p>I am frustrated with ADP program!!! When I initially received my card I threw it away because I thought it was junk mail. It wasn't until I received an office email at work later about the program. When I realized my mistake. When I called to get a new card, the customer service person at ADP seemed irritated with me because I asked for a new card. They treated me like I was stupid for throwing it away. Of the three claims I have made, two of them have not processed properly. Now I have to go through a bunch of hoops to get them to accept them. So this morning I will have to spend a bunch of time figuring out their website and figuring out how to reapply. Not how I would choose to spend my vacation time. I don't even want to work with these people again.</p>									
<p>ADP seems to be an ok option. Customer service was poor when I called on a question. More specific training/explanation on using debit card. What bills need additional information to substantiate would have been helpful. Once I get it down, it will probably work well.</p>									
<p>Submitted daycare bill via fax. Flexcomp did not receive just denied the claim but did not tell why. It took two months to get \$620.00 from them. If it told the computer why the claim was denied it would have not taken an hour on the phone. They were not helpful until I got rude and told them I was going to complain to the state. Our office does not have a scanner so I have so I have to fax or mail the forms to them and there is no way to know if they get the fax. Speaking to a co-worker I don't think their fax is always working or someone is shredding the forms as they come in. Credit card does not work because my spouse can't use a credit card with my name on it and daycare does not take credit cards.</p>									
<p>I am unable to access direct deposit for medical. Flexcomp ADP customer service was unable to give directions clearly. It is a confusing process! Information is conflicting and unclear.</p>									
<p>I have spent four hours with ADP on the phone trying to get them to understand the EOB on my dental plan, they can not figure it out!</p>									
<p>Didn't like ADP services it was (is) all very confusing and the representative that I worked with on the phone was not very nice or helpful.</p>									

Please mark the box with how much you agree/disagree with the following statements.
Use "N/A" if you have not used the service or don't know.

16. I plan to enroll in the Flexcomp plan next year.



I really dislike the ADP flexcomp plan and if it continues I will not participate in flexcomp this next year. It was much easier with the claims processing method prior to ADP.

Very unhappy with ADP. Because of this I will not enroll again. Too time consuming dealing with claim processing. Takes forever to get issues resolved!! Not worth the trouble anymore.

ADP has been nothing but a nightmare. I have flexed since program started but will not continue if use ADP.

I will not sign up again if ADP is being used.

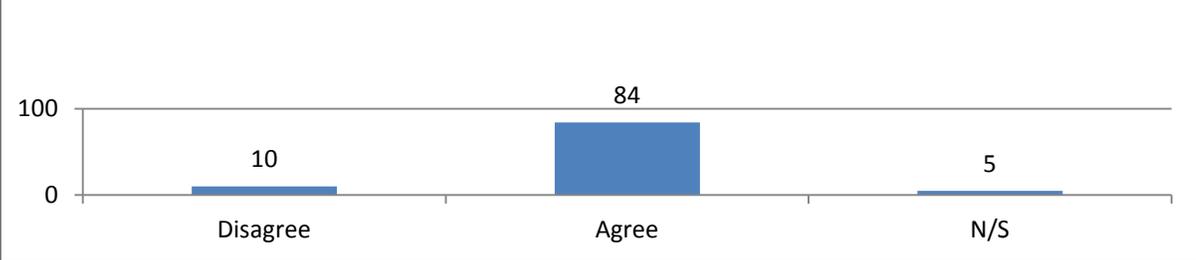
Process was cumbersome. Much easier before when administered by PERS. I will not enroll again if ADP is used.

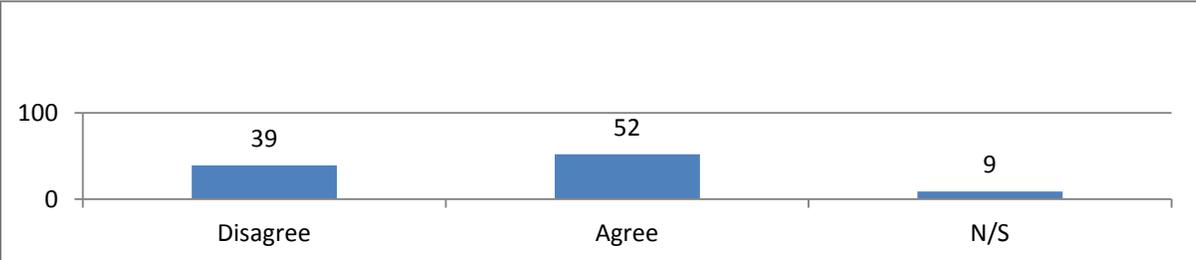
Only issue was I lost \$400.00 of my flex money in 2012. Appointment for eye exam was cancelled due to weather, busy work schedule on day rescheduled. Person was rude on phone-no approval for services done a few days ago after deadline. Hard to predict how much will be needed not sure if I will participate in future.

Even though I don't like the process, flexing is still a wise financial move. ADP is not so bad that I would quit using flex. I always recommend to co-worker that they take advantage of flex-ADP or not.

Strongly disagree
Disagree
Slightly Disagree
Slightly Agree
Agree
Strongly Agree
N/A

5 1 1 4 29 55 5

<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A								
<p>17. I would recommend the NDPERS Flexcomp plan to other employees.</p>  <table border="1"> <caption>Survey Results for Statement 17</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>10</td> </tr> <tr> <td>Agree</td> <td>84</td> </tr> <tr> <td>N/S</td> <td>5</td> </tr> </tbody> </table>	Response	Count	Disagree	10	Agree	84	N/S	5	5	3	2	8	33	43	5
Response	Count														
Disagree	10														
Agree	84														
N/S	5														
<p>Wonderful benefit! It took numerous faxes to ADP to collect last years money. I started in January and finally got my money April 14. I also had to use my social security number because the form wouldn't take my employee ID. My question is - who has access to those faxes and will my id be stolen. I definitely will not recommend new employees to sign up for flex comp. Also my credit score dropped because they issued a debit card that I have not ordered and will not use. ADP is not getting my business!</p>															

<p>Please mark the box with how much you agree/disagree with the following statements. Use "N/A" if you have not used the service or don't know.</p>	Strongly disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	N/A								
<p>18. I preferred the claims processing method before ADP.</p>  <table border="1"> <caption>Survey Results for Statement 18</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Disagree</td> <td>39</td> </tr> <tr> <td>Agree</td> <td>52</td> </tr> <tr> <td>N/S</td> <td>9</td> </tr> </tbody> </table>	Response	Count	Disagree	39	Agree	52	N/S	9	14	16	9	8	11	33	9
Response	Count														
Disagree	39														
Agree	52														
N/S	9														
<p>Far prefer current company. ADP is very convenient and easy to use. I think overall ADP is a good system, I still have few questions on how everything works with the program but generally I have been satisfied. I really like the fact that they send an email confirming that they received the reimbursement and notification of deposit. That is an absolutely fabulous system. I liked the old way because I used it as a savings account. I got all the money at once for something special.</p>															

<p>Why have the card if you still have to submit the claims. That is what I disagree with. I liked the NDPERS better.</p>									
<p>I did not like the lower max contribution. We always ran out before the end of the year when I contributed double the new max. The ADP online claims submission is very cumbersome. Debit card option is ok except they still asked for pharmacy receipts 90% of the time. I may as well use paper claims if I have to provide verification all the time. Customer service was not very helpful. Overall I was dissatisfied with ADP. I much preferred when NDPERS took care of everything.</p>									
<p>Would like statements of account (amount used/amount available for us) mailed out quarterly- as done in past years. I am having difficulty in tracking the amount I have remaining for use in my account.</p>									
<p>I had the medical debit card and after paying bills, got a letter from ADP saying they made "every effort" to make sure it was proper medical spending (all claims Sanford Health claims). I had to copy and send bills with EOBs in again. They couldn't have made any effort. The tedious process for dependent care is way worse as well. Finding the forms online is more difficult than previously, filling forms/paperwork is more difficult and it takes much longer to get the money. I miss the old PERS plans.</p>									
<p>ADP is doing a great job. So quick and efficient. I was weary at first but now I like it much better than before.</p>									
<p>I fax my forms in as I do not have a scanner. It takes longer for me to receive my reimbursement. Also my initial claim was denied. I had to call in and find out why my claim was refused. I had to redo the entire claim and then it took even longer to receive my money.</p>									
<p>I prefer the old claims processing method. I have a small balance on the ADP card it won't let me use it. It always says denied.</p>									
<p>I can not navigate the system. I have yet to get the link to come up so I can file a claim or get a card. I loved the old system it was easy and convenient.</p>									
<p>Dependent care reimbursement was much easier with previous system. Medical claims are easier with ADP. I love being able to simply pay with the debit card, rather than having to mail and wait for reimbursement, which is hard on a family budget.</p>									
<p>I dislike that there is a \$25.00 minimum before they process a payment. I have a payment on a claim for \$8.97 that is stalled until it reaches the \$25.00 threshold.</p>									
<p>The flexcomp claims submission/processing service via ADP is not user friendly! Go back to NDPERS processing.</p>									
<p>I really like having the debit card option. ADP way better than the old way.</p>									
<p>So far my experience with ADP has been somewhat of a nightmare. My first claim included 4 invoices. I uploaded them and attached them using my home computer and scanner. The claim was denied because they said there was no attachment. I called ADP and mailed a hard copy of the attachments using the document number that had been given to me. At that point, they paid one of the invoices. I called again and they said they couldn't read one of the invoices and didn't know what the others were for. I then submitted a hard copy claim with another document number that had been given to me on the phone. They denied that claim because the claim was not properly signed. I had printed the form from my home computer, but it printed in landscape instead of portrait and the certification statement didn't show. When I printed it again in portrait, the certification statement still didn't show. This may be due to a wrong version of acrobat. The form didn't seem correct so I did print it again at work before I submitted it. This time two invoices were paid. The other one was denied two codes. One was that it wasn't legible and one that it didn't have the applicable dates. This was for my husband's EOB. I knew that the copy was faint but it could be read with a little effort. After contacting Blue Cross and Blue Shield, we got another copy. I then called ADP. The gentleman that I talked to</p>									

I do not like the new ADP program. It is so complicated I have yet to be able to figure it out to file a reimbursement claim and the prior system was so much easier to use. I have visited with co-workers and they have been unable to figure out the new system. I hope we go back to the way it was before.										
Two words: IT SUCKS!										
Take too long for ADP reimbursement when mailing claim.										
Give people the option of using the former flexcomp method.										
NDPERS should use their own card system for processing medical claims.										
I like the old system. You can call ADP and not talk to the same person twice. Very poor service!!										
I have only used the new system once. For approximately \$900.00 and there was no problem. I did however wait two weeks and finally called just to check the status. I recall the old program was faster.										
I still have to pay bills after getting medical run through insurance and then still have to scan and send in eobs. Previously I just sent in eobs. Now I have to match up bills to eobs and it's more paperwork and sometimes more confusing. It would be easy if you have 1 large bill only.										
This was the worst experience I have ever encountered with a claims processing plan. To say I am dissatisfied doesn't begin and address what I feel about this plan. Please select something different or revert it to the former plan.										
Would prefer to have flexcomp claims processed by NDPERS.										
Keep the ADP program!!										
I am very pleased with ADP. They are very fast. Submitting claims is very easy. Thank you.										
I hate the new program										
This was a hard transition for me but once I got use to typing in my information on the online forms and printing them out, it was actually much easier than using the old way.										
Change is hard, it took a bit of getting use to it. I miss the automatic deposit. I'll survive.										
Great service, like any changes takes time to get use to. But once you do would hate to go back. Thanks.										
ADP was a horrible choice. Every claim was denied and a latter was sent telling me to provide original receipts and eob. I provided the documents only to have some denied again. Only after a call to customer service and my explanation of disappointment in them did they take care of the bills. The card swipes were from a clinic; no need for a misunderstanding for about five visits.										
Very dissatisfied with the new program. VERY!										
I participated in 2011 then didn't think I needed to fill out paper work to continue. I really missed the flex comp deduction before tax on my income tax especially since I do not have enough medical to itemize the claims. Love the new system so easy and no waiting for money.										
Very overly complicated. Confusing, I feel I need an accounting background to complete this. Liked being able to copy receipts and just send them in. Please go back to old system. Thanks.										
Sometimes there is more of a delay with dependent care reimbursements than with the previous flex plan arrangements. Overall I really like ADP!										
Some things are smooth and simpler, but the increased verifying of submission process have added complications rather than simplified. The feedback about errors is confusing and hard to overcome with scanning some things, mailing others, etc.										
ADP is horrible. The debit card is a joke if we have to submit receipts anyway. The method used in prior years was far superior to ADP.										

Haven't used it much but so far so good.									
I have had nothing but problems with ADP since the switch. I have uploaded copies of receipts multiple time and still months later they say the deductions are non allowable or receipts are not enough. When I send a request for more information on what is needed they take over a month to reply and threaten to cancel my account. I prefer the old method of submission, a lot less stressful than these constant threats of taking my money with no reason.									
It is way too complicated. I need more communication from/by email. NDPERS did a better job.									
ADP is cumbersome - and difficult to use compared to NDPERS.									

19. Years of Service with the state	20. Age at last birthday	21. Marital Status
25% <10, 15% 10-14, 17% 15-19, 42% 20+, 1% N/S 17.8 Years average	16% <40, 23% 40-49, 40% 50-59, 17% 60+, 4% N/S 50.0 Years average	17% Single 81% Married 2% N/S
22. Did you defer/contribute more than \$1,000 to your Flexcomp account? 78% Yes 20%No 2% N/S		

Additional Comments?

THANK YOU!
Please return this survey in the postage-paid envelope by: July 15, 2013



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: Sparb

DATE: November 21, 2013

SUBJECT: Flex Comp Participation Contract Update

At the September Board meeting we reviewed the following information in a Board memo from myself:

Several months ago I met with the Higher Education Human Resources Council. I meet with them at least once a year to update them on changes with the PERS programs. One of the items I reviewed with them was the flex comp change to ADP and the new options. I also reviewed with them the RFP process we went through. In follow-up, they requested additional information on the selection process. I shared with them the analysis we went through in selecting ADP. In those subsequent discussions the concept emerged that those in Higher Education who were interested in changing their existing processing method could use ADP as well. As a result, we asked ADP if it would be okay for Higher Education to use them based upon our award (price and terms). ADP indicated it would.

To implement this option for Higher Education, an amendment to our contract will be added that will allow Higher Education groups to participate with ADP pursuant to the same terms and conditions as PERS.

Attached, for your information, is the amendment that was agreed to after Jan's review.

First Amendment

To

Master Services Agreement

Between

ADP, INC.

and

STATE OF NORTH DAKOTA

Through its ND PUBLIC EMPLOYEES RETIREMENT SYSTEM

This First Amendment ("First Amendment"), made as of September 30, 2013 (the "First Amendment Effective Date"), between ADP, Inc. ("ADP") and the State of North Dakota ("Client") through its ND Public Employees Retirement System ("NDPERS"), contains changes, modifications, revisions and additions to the terms and conditions of the Master Services Agreement dated October 22, 2012, as amended (collectively, the "Agreement"), between the parties hereto.

Whereas, it is the intention of the North Dakota University System Office and certain North Dakota University System institutions that enter into Participating Agreements (Att. 1) (collectively, the "NDUS" or "Participating Entities") to procure certain Benefits Administration Services, which include flex-comp-related services, from ADP; and

Whereas, NDPERS has already entered into the Agreement with ADP for these types of services; and

Whereas, the parties believe it to be in the best interests of all parties to amend the Agreement to allow participation by the Participating Entities under the Agreement through Participating Agreements as set forth in this First Amendment.

Now, therefore, in consideration of the mutual covenants contained in the Agreement and herein, and for other good and valuable consideration, pursuant to Sections 9.1 and 10.4 of Annex A to the Agreement, ADP and NDPERS and NDUS hereby agree as follows:

1. The North Dakota University System Office and all North Dakota University System institutions will have the option of entering into Participating Agreements to procure the Benefits Administration Services set forth in the Agreement between ADP and NDPERS. Each of the Participating Entities and NDPERS shall be separately billed by ADP and separately liable for all obligations of Client under the Agreement, including for any fees, Early Termination Fees, costs and expenses as set forth in the Agreement. For the avoidance of doubt, in no event shall NDPERS bear any legal responsibility and cost of Participating Entities to ADP under the Agreement, nor shall Participating Entities bear any legal responsibility and cost of NDPERS to ADP under the Agreement.

2. The parties specifically agree that any participation by the Participating Entities does not constitute an additional Service as that term is used in Section 2.8 of Annex A to the Agreement or a change in the scope of Services as contemplated by Section 3.2 of Annex A to the Agreement.

3. Each of the Participating Entities may independently exercise their respective rights under Sections 8.3, 8.5, 8.6, 8.7, 10.1.2, and 10.1.3 of Annex A to the Agreement without effect on the rights of other Participating Entities or NDPERS under the Agreement. NDPERS may exercise its rights under Sections 8, 10.1.2, 10.1.3, and 10.3 of Annex A to the Agreement and thereby affect the rights of Participating Entities to the agreement. ADP may exercise its rights under Sections 8.4, 8.5, 8.6, 8.7, 10.1.2, and 10.1.3 of Annex A to the Agreement for and against Participating Entities without effect on, but with notice to, the other Participating Entities or NDPERS.

4. The parties agree that the terms "Client" and "State" in the Agreement shall also refer to those Participating Entities entering into Participating Agreements. References to contact information or notice shall be deemed to refer to the contact information set forth in applicable Participating Agreements.

Except as expressly amended by this First Amendment, all terms and conditions contained in the Agreement shall remain in full force and effect. In the event of any conflict between the terms and conditions contained in the Agreement and the terms and conditions contained in this First Amendment, the terms and conditions contained in this First Amendment shall prevail. The terms defined in the Agreement and used in this First Amendment shall have the same respective meanings as set forth in the Agreement unless otherwise clearly defined in this First Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed by its authorized representatives as of the date first above written.

ADP, INC.

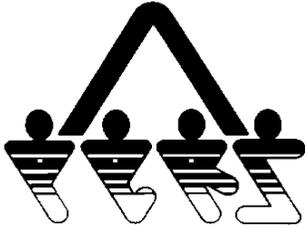
By: _____
Name: _____
Title: _____
Date: _____

**STATE OF NORTH DAKOTA
ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**

By: *J. Sparb Collins*
Name: Sparb Collins
Title: Executive Director
Date: 11-05-13

NORTH DAKOTA UNIVERSITY SYSTEM

By: _____
Name: _____
Title: _____
Date: _____



**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

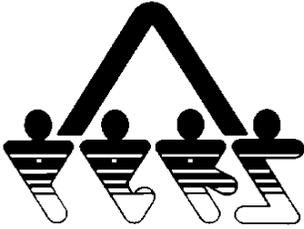
TO: PERS Board
FROM: Sparb
DATE: November 20, 2013
SUBJECT: Investment Update

The *Statement of Investment Objectives and Policies*, adopted by the Board, states the following:

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- *Changes in asset class portfolio structures, tactical approaches and market values;*
- *All pertinent legal or legislative proceedings affecting the SIB.*
- *Compliance with these investment goals, objectives and policies.*
- *A general market overview and market expectations.*
- *A Review of fund progress and its asset allocation strategy.*
- *A report on investment fees and the SIB's effort relating to Section 6. To measure investment cost PERS requires as part of the annual review information from CEM or other acceptable source showing the value added versus the cost.*

Darren will be at the next meeting to provide the annual report to the PERS Board.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: November 20, 2013
SUBJECT: BCBS Agreements

Attached are three supplemental agreements with BCBS relating to specific programs within the health plan. These agreements are intended to document our understanding of efforts relating to the three tasks. These tasks are:

1. The Wellness Program
2. The Rx Disease Management Program
3. The Tobacco Cessation Program

During the last biennium we approved similar agreements. Attached are the agreements for this biennium which are essentially the same as last biennium with changes highlighted.

Staff Recommendation

Approve the attached agreements

Board Action Requested

To approve the attached agreements

NDPERS WELLNESS BENEFIT PROGRAM AGREEMENT

THIS NDPERS WELLNESS BENEFIT PROGRAM AGREEMENT (Wellness Agreement), is entered into this 1st day of July, 2013, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, the state of North Dakota, acting through NDPERS, and BCBSND, in an effort to create healthier lifestyles for NDPERS Members (as defined by the Administrative Services Agreement between the parties) (ASA Agreement) and to help contain health care costs, desire to promote, support and sponsor health and wellness initiatives; and

WHEREAS, pursuant to this Wellness Agreement, NDPERS and BCBSND have agreed to establish a Wellness Benefit Program related to health and wellness promotion for NDPERS Members subject to this Wellness Agreement; and

WHEREAS, the Wellness Benefit Program created through this Wellness Agreement between BCBSND and NDPERS anticipates there will be costs and fees associated with supporting such health and wellness programs provided to NDPERS Members and to be administered through this agreement with BCBSND.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I TERM.

The Wellness Benefit Program shall be effective from July 1, 2013 through June 30, 2015.

II. FUNDING.

The parties acknowledge, understand and agree that funding for the benefits and services extended through this Wellness Agreement shall be taken from the NDPERS cash reserve account maintained by BCBSND.

NDPERS agrees to pay costs associated with the benefits and services extended under this Wellness Agreement to BCBSND.

Program-related activities will be reimbursed based on the following schedule:

Calculation 1: 100% of the first \$500 or actual program expenses, whichever is less,
 plus 75% of actual expenses in excess of \$500 to a maximum benefit of \$1,000

OR

Calculation 2: \$2.00 multiplied by the number of contracts

The Wellness Committee will use the calculation that provides the best benefit to the state agency or political subdivision based on actual program expenses. The state agency or political subdivision will be responsible for expenses that exceed the maximum benefit allowed under either calculation method.

The parties acknowledge, understand and agree that the terms of the Administrative Services Agreement in place between NDPERS and BCBSND, including but not limited to terms that specifically relate to the administration, cancellation, termination are hereby incorporated into this Wellness Agreement and applicable to this Wellness Agreement as if fully incorporated herein except that the fees and charges provisions of the ASA Agreement currently existing between the parties, including fees set forth for various wellness programs as approved and funded, are subject to specific funding provisions as set forth between the parties and as available, and are not subject to the final accounting provisions contained in the Administrative Services Agreement.

III. OTHER TERMS AND CONDITIONS.

Applications for approval of benefits and services under the Wellness Benefit Program shall be submitted to the Bismarck NDPERS office to the attention of the Wellness Benefit Program Manager by each agency interested in establishing such a program.

A Wellness Committee shall be established to review any such applications submitted. The Wellness Committee shall be comprised of: two (2) NDPERS staff members, and one (1) BCBSND staff member. Upon appointment, the Wellness Committee shall establish criteria to ensure a uniform basis upon which it may grant or deny each agency application. Wellness benefits or healthy lifestyle programs, such as smoking cessation, nutrition, exercise, stress management, weight control, wellness education and the number of people affected by each program will be taken into consideration and shall be part of the criteria established by the Wellness Committee.

The applying agency will be notified by the Wellness Committee within thirty (30) days of application of the approval or denial of the proposed program.

Funds may either be distributed directly to the applying agency or, preferably, paid directly to the vendor providing said service or facilitating said Wellness Benefit Program.

All funds distributed shall be for Wellness Benefit Programs completed within the current 2013-2015 biennium budget.

Funds are available for agency group activities only and will not be available to specific individuals or to fund specific individual memberships in diet programs or health, athletic or fitness clubs.

Applying agencies that receive funds for a Wellness Benefit Program are required to submit to the Wellness Committee an evaluation of the sponsored program after its completion. The Wellness Committee will communicate an outline of the program funded and an evaluation of said program to

all state agencies and encourage participation in those programs showing positive results in wellness and healthy lifestyle habits.

IV. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this Wellness Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire Wellness Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this Wellness Agreement shall, in all cases, be construed under the notice provision in the ASA Agreement.

Assignment. No party may assign this Wellness Agreement, or any of the obligations or duties mandated under the terms of this Wellness Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this Wellness Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this Wellness Agreement or additional obligations assumed by any party in connection with this Wellness Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This Wellness Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this Wellness Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this Wellness Agreement, such recitals are deemed to be a part of the Wellness Agreement. The titles to the paragraphs of this Wellness Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this Wellness Agreement.

Binding Effect. This Wellness Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Wellness Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 58502

BLUE CROSS BLUE SHIELD
OF NORTH DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

PHARMACY DISEASE MANAGEMENT PROGRAM AGREEMENT

THIS PHARMACY DISEASE MANAGEMENT PROGRAM AGREEMENT (PDM Agreement), is entered into this 1st day of July, 2013, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, during the 2007 North Dakota legislative session, House Bill 1433 was passed and enacted into law, creating N.D.C.C. § 54-52.1-17. House Bill 1433-N.D.C.C. § 54-52.1-17 allows pharmacists and other qualified North Dakota health care providers to provide "disease state management" (DSM) to North Dakota public employees that suffer from chronic diseases and specifically have diabetes; and

WHEREAS, The North Dakota Pharmacy Service Corporation wants to offer a disease state management program of diabetes through delivery of services and support to individual North Dakota public employees (NDPERS Members) that have a chronic disease identified as diabetes (Type 1 or Type 2). To this end, the North Dakota Pharmacy Service Corporation desires to implement a program to increase access to health care, redefine how services are delivered, increase the participants' knowledgebase regarding their disease, increase the quality of life for participants, improve overall health status and medication adherence for their participants, and reduce health care costs on multiple levels for numerous interest groups; and

WHEREAS, the North Dakota Pharmacy Service Corporation in collaboration with the North Dakota Pharmacists Association, the North Dakota Society of Health-System Pharmacists, and North Dakota State University College of Pharmacy, Nursing and Allied Sciences, proposed an acting model to extend such disease management program to NDPERS Members; and

WHEREAS, NDPERS is interested in offering the services proposed by the acting model to NDPERS Members and reimbursing the North Dakota Pharmacy Service Corporation for the costs of administering this program out of the NDPERS reserve fund currently held in trust by BCBSND; and

WHEREAS, as it relates to this acting model diabetes disease management program, NDPERS is desirous of entering into this PDM Agreement to sponsor and extend the disease management program with BCBSND to administer certain facets of the program on behalf of NDPERS, including certain reporting requirements, program promotion, and cost reconciliation for the administration of the program based on the responsibilities of BCBSND in relation to its management of the NDPERS group health plan and the program objectives for monitoring and containing health care; and

WHEREAS, because BCBSND is contracted with NDPERS to provide health care benefits to NDPERS Members (as defined by the Administrative Services Agreement between NDPERS and BCBSND) (ASA Agreement), NDPERS has determined that BCBSND is best positioned to act as its agent in the administration of the diabetes disease management program.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I RECOGNIZING THE PHARMACY DISEASE MANAGEMENT PROGRAM.

BCBSND acknowledges and agrees that it has reviewed the diabetes disease management program established through ~~the enactment of House Bill 1433 and N.D.C.C. § 54-52.1-17 and~~ that the program as outlined provides services consistent with the wellness initiative reflected in the Administrative Services Agreement between BCBSND and NDPERS. BCBSND and NDPERS agrees ~~that this to extend the program was extended through the 2013 legislative session and should so that it remains in force through the next biennium through the term of this PDM Agreement.~~

II TERM.

This PDM Agreement shall begin on July 1, 201~~3~~5, and shall extend to June 30, 201~~5~~5.

III. SCOPE OF PROGRAM.

The duties and responsibilities of BCBSND in furtherance of the diabetes disease management program as outlined in this PDM Agreement shall be limited in nature as specifically set forth herein.

IV. FEES.

As a result of the responsibilities assigned to BCBSND under the terms of this PDM Agreement, BCBSND shall be paid a program promotion fee equal to its actual costs for its development and implementation of a plan to promote the diabetes disease management program contemplated through this PDM Agreement.

V. REPORTING. BCBSND agrees to provide the following reports:

- A. Covered Drug List. A covered drug list with established criteria related to drugs by class.
- B. NDPERS Member Eligibility List. A database to identify those NDPERS Members who appear to be eligible for the diabetes disease management program based on criteria developed and provided by NDPERS and/or its vendor, and on a monthly basis track those NDPERS Members eligible for the diabetes disease management program during the term of this PDM Agreement.
- C. Co-Pay Report. A quarterly co-pay report that NDPERS and/or its vendor can use to reconcile appropriate co-pays incurred by eligible NDPERS Members to facilitate incentive payments under the diabetes disease management program, including coinsurance for diabetic testing supplies. BCBSND agrees to work with NDPERS to develop a reporting format that can be used by NDPERS and/or its vendor in administering the diabetes disease management program.

VI. PROMOTION.

Upon request and subject to approval by the NDPERS Board of Directors, BCBSND will provide promotional support for the diabetes disease management program services which may include but not be limited to agency notes, paycheck stuffers, e-mail notices, posters, and notices to home addresses to be distributed at periodic intervals throughout the term of this PDM Agreement. BCBSND shall be reimbursed its costs for these promotional activities and materials.

VII. PAYMENT RECONCILIATION.

Program costs such as provider payments, copay/coinsurance reimbursements and promotional charges are funded through the NDPERS cash reserve account maintained by BCBSND after authorization from NDPERS.

VIII. OTHER TERMS AND CONDITIONS.

The parties to this PDM Agreement acknowledge, understand and agree that the terms of the Administrative Services Agreement in place between NDPERS and BCBSND, including but not limited to terms that specifically relate to the administration, cancellation, termination and payment terms, are hereby incorporated into this PDM Agreement and applicable to this PDM Agreement related to the diabetes disease management program as if fully incorporated herein. This agreement is subject to specific funding provisions as set forth between the parties and as available, and are not subject to the final accounting provisions contained in the Administrative Services Agreement.

IX. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this PDM Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire PDM Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this PDM Agreement shall, in all cases, be construed under the notice provision in the ASA Agreement.

Assignment. No party may assign this PDM Agreement, or any of the obligations or duties mandated under the terms of this PDM Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this PDM Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this PDM Agreement or additional obligations assumed by any party in connection with this PDM Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This PDM Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this PDM Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this PDM Agreement, such recitals are deemed to be a part of the PDM Agreement. The titles to the paragraphs of this PDM Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this PDM Agreement.

Binding Effect. This PDM Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this PDM Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND

BLUE CROSS BLUE SHIELD OF NORTH
DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

TOBACCO CESSATION PROGRAM ~~AGREEMENT~~ MEMORANDUM OF UNDERSTANDING

THIS TOBACCO CESSATION PROGRAM AGREEMENT (TCP Agreement), is entered into this 1st day of July, 2013, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, the state of North Dakota, acting through the Department of Health, has received an appropriation from the state legislature in the amount of \$80,000 for the purpose of funding employee tobacco education and cessation programs for state employees; and

WHEREAS, as it relates to this appropriation, the Department of Health has determined that NDPERS is to sponsor this tobacco cessation program based on its responsibilities related to the management of the group health plan and the program objectives for monitoring and containing health care; and

WHEREAS, because BCBSND is contracted with NDPERS to provide health care benefits to NDPERS Members (as defined by the Administrative Services Agreement between NDPERS and BCBSND) (ASA Agreement), NDPERS has determined that BCBSND is to act as the administrator of the tobacco cessation program.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I. RECOGNIZING THE TOBACCO CESSATION PROGRAM.

BCBSND acknowledges and agrees that it has reviewed the tobacco cessation program grant documents and that the program as outlined in the grant documents provides services consistent with the wellness initiative reflected in the Administrative Services Agreement between BCBSND and NDPERS.

II. T E R M .

This TCP Agreement shall begin on July 1, 2013, and shall extend to June 30, 2015.

III. SCOPE OF PROGRAM.

The tobacco cessation program as outlined in this TCP Agreement shall be made available to state employees and their eligible family members that are at least 18 years of age. An estimate of the total number of eligible employees and family members and those anticipated will participate are outlined in the grant documents.

IV. B E N E F I T S A V A I L A B L E . Tobacco Cessation Benefits

pursuant to this TCP Agreement are as follows:

- \$200.00 per Member/per Benefit Period for Department of Health approved counseling services if the provider charges for these services.
- \$500.00 per Member/per Benefit Period for office visit, prescription drugs and over-the-counter drugs prescribed for tobacco cessation.
- \$700.00 is the total amount of expenses available per Member/per Benefit Period under the program.

Each participant is eligible to participate in the tobacco cessation program for a maximum benefit of \$700.00 for each 6-month period under the term of this TCP Agreement.

All funds shall be billed by and paid directly to BCBSND. NDPERS will not charge any fees to the tobacco cessation program nor will it administer any funds for the program.

BCBSND shall reimburse providers monthly based on the paper billings submitted by those providers. BCBSND will then submit the total claims received for reimbursement to the Department of Health on a monthly basis. The final invoice for services shall be submitted to the Department of Health no later than July 15, 201~~5~~. Funds shall be allocated on a first come first serve basis until all available funds are exhausted. Reimbursement shall be made to BCBSND on a monthly basis based on actual costs accrued by local providers for services provided to eligible state employees and family members plus the administrative fee paid to BCBSND up to a total maximum amount of \$~~80~~,000.00.

A Member is eligible to participate in the tobacco cessation program during each of four separate benefit periods as follows:

07/01/201 3	through	12/31/201 3
01/01/201 4	through	06/30/201 4
07/01/201 4	through	12/31/201 4
01/01/201 5	through	06/30/201 5

The tobacco cessation program shall provide a combination of counseling to include initial assessment, physician office visit, nicotine replacement therapy, and prescription medication, if indicated, and follow-up support counseling as necessary by individual, group or telephone.

Re-treatment shall be made available within 6 months and will be the responsibility of the counseling program with reimbursement available on the same basis as during any initial treatment phase.

V. FEES.

As a result of the responsibilities assigned to BCBSND under the terms of the grant documents and this TCP Agreement, BCBSND shall be paid an administrative fee for administering the tobacco cessation program that shall be equal to ~~ten~~ nine percent (~~10~~9%) of claims paid to providers to pay costs incurred by BCBSND as program administrator and granting entity. For example, if total claims submitted by the providers are \$60,000.00, BCBSND will add a ~~10~~9% administration fee for a total of \$~~6,05,400.00~~.

VI. REPORTING.

BCBSND agrees to provide the following reports:

- Track each patient receiving therapy and level of therapy based on claims data.
- Report every six months to the NDPERS and Department of Health program results and participation rates.
- Work with an independent outside evaluator to evaluate program. Any administrative costs associated with collaborating with the outside consultant in evaluating the program would be borne by the program.

VII. OTHER TERMS AND CONDITIONS.

The parties to this TCP Agreement acknowledge, understand and agree that the terms of the grant award and grant documents in place between the Department of Health, NDPERS and BCBSND, including but not limited to terms that specifically relate to the administration, cancellation, termination and payment terms[±] are hereby incorporated into this TCP Agreement and applicable to this TCP Agreement related to the tobacco cessation program as if fully incorporated herein.

Moreover, the parties acknowledge, understand and agree that the fees and charges provisions of the Administrative Services Agreement currently existing between the parties, including fees set forth for various wellness programs as approved and funded, are subject to specific funding provisions as set forth between the parties and as available, and are not subject to the final accounting provisions contained in the Administrative Services Agreement.

VIII. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this TCP Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire TCP Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this TCP Agreement shall, in all cases, be construed under the notice provision in the ASA Agreement.

Assignment. No party may assign this TCP Agreement, or any of the obligations or duties mandated under the terms of this TCP Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this TCP Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this TCP Agreement or additional obligations assumed by any party in connection with this TCP Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This TCP Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

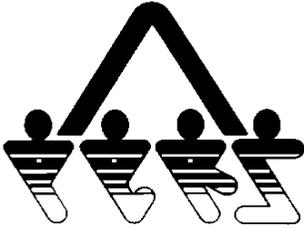
Recitals and Paragraph Headings. The recitals to this TCP Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this TCP Agreement, such recitals are deemed to be a part of the TCP Agreement. The titles to the paragraphs of this TCP Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this TCP Agreement.

Binding Effect. This TCP Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this TCP Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 55416

BLUE CROSS BLUE SHIELD
OF NORTH DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001



**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: NDPERS Board

FROM: Kathy & Sparb

DATE: November 20, 2013

SUBJECT: Group Life Insurance Coverage

We have had concern expressed by members regarding a current provision in our life insurance plan which defines dependents as “your unmarried child 14 days but less than 19 years of age and student dependents age 19 but less than 23 years. Based on this definition, a newborn that does not live to 14 days would not be covered even if the member had dependent coverage. As there seems to be no rationale for this policy we contacted ING for input. Their response was that the RFP specified that proposers match the coverage in place with our prior carrier which is generally standard practice in the industry, unless a carrier is specifically requested to change a provision.

We asked ING if we could change this provision to allow for death benefits from birth and they have indicated we can amend our plan to include this language. They further recommended that in conjunction with this change we consider changing the student dependent age from 23 to 26 to match the ACA definition. This change would be consistent with our dependent definition for the other group insurance plans. There would be no impact to our current rates to make these changes.

If these modifications are approved, ING has indicated the amendment could be effective January 1, 2014.

Staff recommends that we adopt both changes to the definition of dependent and have ING prepare the necessary amendment.

Board Action Requested



**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

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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: November 20, 2013

SUBJECT: Medicare Blue Rx PDP Contract

Attached for your consideration and approval is the Group MedicareBlue Rx Prescription Drug Plan (PDP) master contract with BCBSND for the January 1 through December 31 2014 plan year. The contract outlines the provisions of the prescription drug coverage and NDPERS responsibilities. The contract has been reviewed by staff and our legal counsel. Any issues have been resolved and staff recommends approval of the PDP contract.

Board Action Requested:

Approve the Group MedicareBlue Rx contract with BCBSND for the January 1 through December 31, 2014 plan year.

Group MedicareBlueSM Rx (PDP) Retiree Prescription Drug Plan

Master Contract

Issued to: *North Dakota Public Employee Retirement System*, hereinafter “Group.”

Address: *400 East Broadway
Suite 505
Box 1657
Bismarck North Dakota 58502*

Effective Date: *01/01/2014*

Issued By: *Blue Cross Blue Shield of North Dakota** (“BCBS”)

RECITALS

WHEREAS, Group MedicareBlue Rx is a Medicare Prescription Drug Plan providing Medicare Part D Prescription Drug Coverage issued through only one of the following plans: Wellmark Blue Cross and Blue Shield of Iowa, Blue Cross and Blue Shield of Minnesota, <Blue Cross and Blue Shield of Montana/new plan name>, Blue Cross and Blue Shield of Nebraska, Blue Cross Blue Shield of North Dakota, Wellmark Blue Cross and Blue Shield of South Dakota, or Blue Cross Blue Shield of Wyoming;

WHEREAS, Group wants to offer Medicare Part D Prescription Drug Coverage and certain Supplemental Drug Coverage to its eligible Medicare beneficiaries under the terms of this Contract;

WHEREAS, Group must comply with Medicare requirements in order to obtain Medicare Part D Prescription Drug Coverage; and

WHEREAS, BCBS offers Medicare Part D Prescription Drug Coverage through Group MedicareBlue Rx and certain Supplemental Drug Coverage and is willing to provide Group’s eligible Medicare beneficiaries such coverage as described in this Contract.

NOW THEREFORE it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

- 1.1 **Defined Terms.** Capitalized terms used in this Group MedicareBlue Rx Retiree Prescription Drug Plan Master Contract (the “**Contract**”) are defined herein or have the respective meanings set forth in the Medicare Part D Rules (42 C.F.R. Part 423).
- 1.2 “**Accretion**” is the confirmation by CMS that the **individual** meets the federal requirements to be enrolled in the specified plan.
- 1.3 “**Annual Notice of Change**” (**ANOC**) is a CMS required material that outlines coverage information and changes related to an Enrollee’s Medicare health plan. CMS requires this

document to be in the beneficiary's hands at least fifteen days prior to the Annual Coordinated Election Period or a Group's annual open enrollment period.

- 1.4 **“Annual Coordinated Election Period” or “Annual Enrollment Period” (AEP)** is the annual period during which Medicare eligible individuals can enroll in a Medicare health plan or change their Medicare coverage. The Annual Coordinated Election Period occurs each year from October 15 – December 7, with a January 1 effective date. This does not apply to employer/union group-sponsored enrollments and such plans' enrollment periods may differ from the CMS specified AEP..
- 1.5 **“BCBS”** is the independent licensee of the Blue Cross and Blue Shield Association, named above, that insurance coverage under this Contract is issued by.
- 1.6 **“CMS”** is the Centers for Medicare and Medicaid Services, the federal agency responsible for administering the Medicare program.
- 1.7 **“CMS Contract”** is the contract between BCBS and CMS pursuant to which BCBS offers Group MedicareBlue Rx coverage.
- 1.8 **“Defined Standard Part D”** means the standard drug benefit structure that Part D plans must offer, as defined by CMS.
- 1.9 **“Enrollee”** is a retired person (not an active employee) who (a) is eligible for Group's Retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract. “Enrollee” may also be individual with a relationship to a retired Enrollee (as described above in the preceding sentence), provided that the individual (a) is eligible for Group's Retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract.
- 1.10 **“Evidence of Coverage” (EOC)** is the document that must be provided to Enrollees each year that describes how the Group gets coverage from BCBS. The Schedule of Copays and Limitations (defined below in Section 1.20) is considered a part of the EOC for purposes of this Contract.
- 1.11 **“Group”** is the employer, union, or other plan sponsor, named above, that insurance coverage under this Contract is issued to.
- 1.12 **“Group MedicareBlue Rx”** means the stand-alone Medicare Prescription Drug Plan sponsored by Group and issued by BCBS pursuant to this Contract.
- 1.13 **“Group MedicareBlue Rx Formulary”** is the list of Part D prescription drugs covered by MedicareBlue Rx. The Group MedicareBlue Rx Formulary is also referred to as the “List of Covered Drugs” or “Drug List.”

- 1.14 **“Group Initiated Disenrollment”** is a disenrollment that is requested by the Group rather than the Enrollee. For example, the Group may disenroll an Enrollee who no longer meets the Group’s eligibility criteria or who fails to pay premium.
- 1.15 **“Late Enrollment Penalty” (LEP)** is an amount assessed by CMS and added to an Enrollee’s Part D premium when there is a period of sixty-three (63) or more consecutive days in which the Enrollee does not have Part D or other creditable prescription drug coverage.
- 1.16 **“Low Income Subsidy” (LIS)** is the Medicare Part D subsidy for which low-income Medicare beneficiaries are eligible under Subpart P of 42 C.F.R. Part 423.
- 1.17 **“Medicare Part D Prescription Drug Coverage”** means coverage provided under Group MedicareBlue Rx for prescription drugs that can be covered under Medicare Part D and are listed on the Group MedicareBlue Rx Formulary.
- 1.18 **“Medicare Prescription Drug Plan”** means a stand-alone Part D prescription drug plan offered by a Plan Sponsor pursuant to a contract with CMS.
- 1.19 **“Plan Sponsor”** is an entity that sponsors a health plan. This can be an employer, a union, or some other entity.
- 1.20 “Retiree” is a person who has retired from a working or professional career.
- 1.21 **“Schedule of Copays and Limitations” (SCAL)** is the document that accompanies the Evidence of Coverage and describes how the Enrollee gets coverage from a selected plan option
- 1.21 **“Summary of Benefits”** is a standardized document that must be provided when an enrollment form is provided and upon request by a group member or Enrollee. See the Medicare Marketing Guidelines, section 60.1 for more information.
- 1.22 **“Supplemental Drugs”** means drugs that are not normally covered in a Medicare Prescription Drug Plan or are excluded from coverage under Medicare Part D and that are listed on the “Supplemental Drug List” attached at the end of or provided in connection with the Group MedicareBlue Rx Formulary.
- 1.23 **“Supplemental Drug Coverage”** means the drug coverage offered by BCBS to Group pursuant to this Contract that is in excess of Medicare’s **Defined Standard Part D** prescription drug coverage, including, but not limited to, any coverage of Supplemental Drugs. CMS refers to this additional coverage as **Other Health Insurance (OHI)**.

ARTICLE II

PROVISION OF DRUG COVERAGE

- 2.1 Insurance Coverage.** BCBS shall provide Enrollees insurance coverage for prescribed drugs in accordance with the Evidence of Coverage, Schedule of Copays and Limitations, and the Group MedicareBlue Rx Formulary (along with any attachments/supplements thereto). The Group and BCBS shall comply with the terms of this Contract with respect to this coverage, except as otherwise required by rules or guidance issued by CMS, or as otherwise required by the CMS Contract.
- 2.2 Evidence of Coverage.** BCBS shall provide Enrollees an Evidence of Coverage describing benefits, exclusions, and appeal rights.
- 2.3 Plan Effective Date.** The effective date of this Contract is 12:00 a.m. Central Time on the Effective Date listed on page 1. Each Contract month thereafter will begin on the first day of each calendar month and end on the first day of the next succeeding calendar month. This Contract must be renewed annually by January 1.

ARTICLE III

GROUP RESPONSIBILITIES

- 3.1 Billing of Premium.** Under this Contract, the billing arrangements are as follows:
- The Group will be responsible for payment of the “Premium Amount” (defined below in Section 3.2) for each Enrollee. The “Premium Amount” may be less for Enrollees who qualify for Low Income Subsidy. **The Group may elect to pay the Late Enrollment Penalty charges assessed by CMS on behalf of its Enrollees or instead pass those charges on to the Enrollees.** The first bill is due and payable on the Effective Date of this Contract. Monthly bills are due and payable on the first day of each following month during the time this Contract is in effect.
- 3.2 Premium Amount.** Under this Contract, all “Premium Amounts” are for a full month. The “Premium Amount” as agreed to by the Group and BCBS for each Enrollee is determined as follows:
- Total Monthly Premium per Enrollee: \$57.40;**
- Less any **Low Income Subsidy** applicable to the Enrollee, as determined by CMS;
- Plus any **Late Enrollment Penalty** applicable to the Enrollee, as determined by CMS.
- 3.3 Retroactive Premium Adjustments.** The monthly charge will be determined from BCBS’ records by the number of Enrollees who have been confirmed through the CMS Accretion process. Retroactive adjustments will be made for additions and terminations of Enrollees and for Enrollees who have been confirmed through the CMS Accretion process after the initial billing statement. For Groups that use the Group Billing option, any refund that is

owed to an Enrollee must come from the Group. BCBS will only adjust the amount due from a Group and will not refund premium(s) paid to an Enrollee.

3.4 Uniform Premium Requirement. The Group may determine how much, if any, of an Enrollee's premium it will subsidize. The Group may subsidize different amounts for different classes of Enrollees, provided that classes are reasonable and based on objective business criteria, such as years of service, business location, job category, and nature of compensation (e.g., salaried versus hourly). Enrollee classes may not be based on eligibility for the Medicare Low-Income Subsidy. Any such premium subsidy may not vary for Enrollees within a class of Enrollees. The Group may not require any Enrollee to pay more each month than the Total Monthly Premium per Enrollee listed above in Section 3.2. Groups that choose to subsidize different amounts for different classes of Enrollees must use the Group Billing option described in Section 3.1 above, rather than Split Billing or Direct Billing.

3.5 Benefit of Medicare Low-Income Subsidy Premium. Any premium received through the Low-Income Subsidy must be applied first to the eligible Enrollee's share of premium. The Group may not benefit from any premium received through the Low-Income Subsidy until the eligible Enrollee's premium is reduced to zero (\$0.00).

The Group agrees to be responsible for reducing up-front the premium contribution required for its Group MedicareBlue Rx Enrollees that are eligible for the Low-Income Subsidy. In an instance where the Group is not able to reduce up-front the premiums paid by the Enrollee, the Group must directly refund to the Enrollee the amount of the Low-Income Subsidy up to the monthly premium contribution previously collected. The Group is required to complete the refund of the Low-Income Subsidy amount payment for the Low-Income Subsidy eligible Enrollee within fifteen (15) days of receipt of the Group MedicareBlue Rx monthly invoice.

Note that in some cases the LIS beneficiary may not be the Retiree/employee, but the spouse or dependent of the Retiree/employee. In these instances, where the Group refunds Low-Income Subsidy amounts to LIS Enrollees, it may refund such amounts directly to the Retiree/employee on behalf of a spouse or dependent who is an LIS-eligible beneficiary.

3.6 Agreement to Premium Requirements. The Group understands all premium requirements and obligations set forth in this Contract. By signing this Contract or acknowledging receipt of this Contract, the Group acknowledges and agrees to such requirements and obligations.

Requirement to Obtain and Provide Written Documentation. As a condition of this Contract, CMS requires that BCBS enter into written agreements with groups which require the Group to comply with the above requirements and to retain and provide documents upon request to BCBS evidencing the Group's adherence to such requirements. This includes the requirement that any Low-Income Subsidy amount paid to the Group on behalf of an LIS Enrollee is first used to reduce any portion of the monthly premium paid for by the Enrollee. Also, if the Group assumes responsibility for either reducing up-front LIS Enrollees' monthly premiums or refunding to LIS Enrollees their monthly premium contributions, the written agreement will reflect the Group's assumption of these duties consistent with the above requirements. BCBS is required to retain all of these written

agreements with groups and must provide access to these written agreements for inspection or audit by CMS (or its designee) in accordance with 42 CFR 422.504(d) & (e) and 423.505(d) & (e).

ARTICLE IV

CANCELLATION

- 4.1 BCBS Initiated Cancellation.** This Contract is guaranteed renewable and cannot be cancelled as a result of the claims experience or health status of your Group. BCBS can, however, cancel or fail to renew this Contract for the following reasons:
1. for nonpayment of the Group bill;
 2. for fraud or misrepresentation by the Group with respect to eligibility for coverage or any other material fact;
 3. when the Group has failed to comply with a material plan provision relating to employer contribution or Group participation rules;
 4. BCBS discontinues offering this product or all products in its service area;
 5. termination or non-renewal of the CMS Contract;
 6. there is no longer any Enrollee who lives or resides in the service area.
- 4.2 CMS or BCBS-Initiated Cancellation of CMS Contract.** CMS requires BCBS to terminate this Contract upon termination or non-renewal of the CMS Contract. BCBS will provide the Group ninety (90) days' notice before BCBS non-renews the CMS Contract and thereby terminates this Contract. BCBS will provide the Group as much notice as reasonably practical in the event of CMS's termination or non-renewal of the CMS Contract. The notice will include the termination date for this Contract.
- 4.3 Group-Initiated Cancellation.** The Group may cancel this Contract at the end of any Contract month by written notice received by BCBS at least sixty (60) days prior to the effective date of cancellation, unless BCBS has initiated Contract cancellation. In the event of a Group-initiated cancellation, the Group must comply with the Enrollee notification requirements for Group-Initiated Disenrollment, described in Section 5.4, below.

ARTICLE V

GROUP RESPONSIBILITIES

- 5.1 Timeliness of Enrollment Transactions.** The Group must provide enrollment and disenrollment requests promptly upon receipt of the request by the individual.
- 5.2 Residency Requirement for Retirees.** Enrollees' permanent residence must be in the United States in order to be eligible for Group MedicareBlue Rx.

5.3 Disclosure Standards. Group shall provide Enrollees information about its Medicare Part D Prescription Drug Coverage and any Supplemental Drug Coverage offered by Group such that Group complies with all applicable disclosure standards and requirements under federal and state laws, including, if applicable to Group, the Employee Retirement Income Security Act (“ERISA”). At a minimum, Group shall ensure that Enrollees receive an Evidence of Coverage (including the Schedule of Copays and Limitations) describing benefits, exclusions, and appeal rights.

5.4 Group-Initiated Disenrollment

1. **BCBS Notification:** The Group agrees to report to Group MedicareBlue Rx any Group-Initiated Disenrollment (*e.g.*, if the Group determines an Enrollee is no longer eligible to participate in Group MedicareBlue Rx). The notification sent by the Group must be received by Group MedicareBlue Rx **no earlier than the first calendar day after the Group-Initiated Disenrollment effective date**, and no later than three (3) business days after the Group-Initiated Disenrollment effective date. The notification sent by the Group must include information used to identify the correct Enrollee, the requested date of disenrollment, the designation that the disenrollment is a Group-Initiated Disenrollment, and the contact information and signature of the Group administrator sending the request.
2. **Enrollee Notification:** The Group must provide the affected Enrollee with advance notice of a Group-Initiated Disenrollment at least twenty-one (21) calendar days prior to the effective date of disenrollment. The notification must include all of the following components:
 - A. notification of the Group-Initiated Disenrollment;
 - B. notice of other insurance options available through the Group;
 - C. reason for the Group-Initiated Disenrollment;
 - D. information on other individual plan options the beneficiary may choose and how to request enrollment;
 - E. notification that the disenrollment means that the individual will not have Medicare drug coverage and the potential for Late Enrollment Penalties in the future;
 - F. an explanation of how to contact Medicare for more information about other Medicare Part D plan options that might be available to the individual.

5.5 Voluntary Enrollee Disenrollment. The Group must inform Enrollees that if they wish to voluntarily disenroll from coverage, the Enrollee must complete a disenrollment form or other written request and submit the form or request prior to the requested effective date of disenrollment. For Groups that use the electronic enrollment process, the Group must notify Group MedicareBlue Rx of Enrollees who wish to voluntarily disenroll from

coverage. The disenrollment information must accurately reflect the Group's record of disenrollment made by each individual, according to the process the Group has in place.

5.6 The Group is responsible for maintaining all enrollment records in a manner that can be easily, accurately and quickly reproduced. The Group must provide BCBS all required data elements for each Enrollee, including Retirees who become eligible for coverage under a Group MedicareBlue Rx plan after the Effective Date.

5.7 Member Request to Cancel Enrollment/Disenrollment. Individuals may request cancellation of an enrollment/disenrollment verbally or in writing. This request must be received by either the Group or Group MedicareBlue Rx prior to the effective date [of enrollment/disenrollment?]. Groups that receive these requests directly from the individual must do one of the following:

1. Call Group MedicareBlue Rx Customer Service to submit the cancellation request received by the Group; or
2. Complete the "Group PDP Member Request to Cancel" spreadsheet per the instructions on the form and email it to Group MedicareBlue Rx per the email address listed on the form.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 Application of State Insurance Law. State Insurance laws, such as laws guaranteeing renewability of insurance contracts, generally do not apply to this Contract. Such laws are preempted by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. 108-173, 117 Stat. 2066. *See* Social Security Act § 1860D-12(g) (42 U.S.C. § 1395w-112(g)); *accord*, 42 C.F.R. §§ 422.402, 423.440(a). The terms of this Contract and Group MedicareBlue Rx coverage are therefore regulated primarily by federal law.

6.2 Medicare Secondary Payer. Federal law requires BCBS to identify other payers that are responsible for Enrollees' medical, prescription drug, and other costs covered by Group MedicareBlue Rx and that are primary to Medicare, identify amounts payable by those payers, and coordinate benefits with those payers. BCBS may bill such payers or authorize providers to bill such payers and, to the extent an Enrollee has been paid for MedicareBlue Rx-covered goods or services by another payer, BCBS may bill the Enrollee. Upon request, Group shall provide BCBS and CMS information that Group has on Enrollees' other insurance coverage for purposes of this coordination of benefits. Federal law preempts State laws and contractual provisions that interfere with Group MedicareBlue Rx's ability to coordinate benefits in accordance with CMS guidelines. Group agrees to indemnify BCBS for any losses related to Group's failure to provide BCBS any information required by CMS to comply with the Medicare Secondary Payer law. *See* 42 C.F.R. §§ 422.108, 422.402, 423.462, 423.440(a).

6.3 Enrollee Communications. BCBS may send CMS-required Enrollee communications without the consent of the Group. BCBS shall provide Enrollees with the applicable Annual Notice Of Change and Evidence of Coverage no later than fifteen (15) calendar days before

the beginning of the Annual Coordinated Election Period which is based on the Group open enrollment period, provided that Group provides BCBS with at least thirty (30) days' prior notice of the open enrollment period date(s). Samples of all required materials can be made available to Group for informational purposes.

- 6.4 Contract Interpretation.** BCBS has discretionary authority to determine Enrollees' eligibility for benefits and to construe the provisions of the Group Evidence of Coverage and this Contract.
- 6.5 Prohibited Claim Payments.** BCBS does not pay claims for items or services furnished or prescribed by a person or entity that has been (i) excluded or debarred (or is currently under threat of exclusion, debarment or suspension) from participation in the Medicare program or any other federal health care program, or (ii) convicted of a criminal offense related to that person's/entity's involvement in any federal health care program. Further, BCBS does not pay claims for services received in countries that are sanctioned by the United States Department of Treasury's Office of Foreign Assets Control (OFAC), except, as applicable, for medical emergency services when payment of such services is authorized by OFAC.
- 6.6 Acceptance of the Contract.** This Contract is agreed to and accepted by Group and BCBS, by their authorized representatives set forth below. In the event that this Contract is not signed by the Group, payment to BCBS by Group (either by direct check or EFT) or by any Enrollee (under Direct Billing) will be deemed to signify Group's acceptance of all terms, conditions, and obligations of this Contract, as of the Effective Date of this Contract as stated on page 1.
- 6.7 Entire Agreement.** This Contract and the Evidence of Coverage make up the entire Contract of coverage. The Group on behalf of itself and its Enrollees hereby expressly acknowledges its understanding that this Contract constitutes a contract solely between Group and BCBS, that BCBS is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "**Association**") permitting BCBS to use the Blue Cross and/or Blue Shield Service Marks, and that BCBS is not contracting as the agent of the Association. The Group, on behalf of itself and its Enrollees, further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than BCBS and that no person, entity, or organization other than BCBS shall be held accountable or liable to the Group for any of BCBS's obligations to the Group created under this Contract. This paragraph shall not create any additional obligations whatsoever on the part of BCBS other than those obligations created under this Contract. This Contract constitutes the entire agreement of the parties hereto and supersedes all prior agreements, understandings, representations, warranties, proposals, discussions, and communications, whether oral or in writing with respect to the subject matter hereof, including. This Contract may be executed in any number of counterparts or electronically, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
- 6.8 Assignment.** Group shall not assign this Contract, or any part of it, without the prior written consent of BCBS.

- 6.9 Governing Law.** To the extent not superseded by federal law and without regard to any conflict of law rule, this Contract shall be governed and construed in all respects in accordance with the laws of the State of North Dakota.
- 6.10 Record Maintenance and Inspection.** To the extent required by applicable law, during the term of this Contract and until ten (10) years from the later of this Contract's expiration or termination date or the completion of the U.S. Department of Health and Human Services' or the Comptroller General's final audit, unless otherwise required by applicable law, Group shall maintain all records and books of account relating to this Contract, consistent with books and records maintained in the ordinary course of business, and shall permit HHS, the Comptroller General, or their designees, to inspect, evaluate, and audit any of Group's records and books of account pertaining to any transaction related to this Contract. This right to inspect, evaluate, and audit shall extend ten (10) years from the later of the expiration or termination of this Contract or completion of final audit, unless otherwise required by applicable law.
- 6.11 Use of Marks.** BCBS' names, trademarks and/or service marks shall not be used on materials issued by or on behalf of Group in connection with this Contract or otherwise, without first obtaining the written consent of BCBS, which consent may be withheld in BCBS' sole discretion. Group hereby expressly acknowledges its understanding that this Contract constitutes a contract between Group and BCBS, that BCBS is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association"), permitting BCBS to use the Blue Cross and Blue Shield Service Marks in its designated service area, and that BCBS is not contracting as the agent of the Association.
- 6.12 Determinations.** BCBS has discretionary authority to make Group eligibility and benefits determinations and to construe the terms of the group certificate(s) and this Contract consistent with North Dakota law.

Signature page follows.

Appendix 2: Summary of Data Elements Required for Plan Enrollment Mechanisms and Completed Enrollment Requests

All data elements with a “Yes” in the “Beneficiary response required on enrollment request” column are necessary in order for the enrollment request to be considered complete.

Data Element		Required on enrollment mechanism?	Beneficiary response required on enrollment request?
1	PDP Plan name ¹	Yes	Yes
3	Beneficiary name	Yes	Yes
4	Beneficiary Birth Date	Yes	Yes
5	Beneficiary Sex	Yes	Yes
6	Beneficiary Telephone Number	Yes	No
7	Permanent Residence Address	Yes	Yes
8	Mailing Address	Yes	No
9	Name of person to contact in emergency, including phone number and relationship to beneficiary (Optional Field)	No	No
10	E-mail address	No	No
11	Beneficiary Medicare number	Yes	Yes
12	Additional Medicare information contained on sample Medicare card, or copy of card	Yes	No ²
13	Plan Premium Payment Option	No	No ³
14	Other insurance COB information	No	No ⁴
15	Long term care question	No	No
16	Beneficiary signature and/or Beneficiary Representative Signature	Yes	Yes ⁵

¹ If the enrollment mechanism will be used for multiple plans (PBPs), all plan names must be listed in a way that permits the applicant to clearly indicate his/her plan choice.

² We recognize that the PDP needs, at a minimum, the Medicare number in order to verify entitlement to Part A and/or enrollment in Part B; we have accounted for the need for this data element under data element number 4.

³ Response defaults to direct bill if applicant fails to provide information

⁴ Refer to CMS COB guidance for additional information

⁵ Applicable only to requests made using a paper enrollment form. If signature is missing, plan may follow up and document, as described in Section 30.2. F

Data Element		Required on enrollment mechanism?	Beneficiary response required on enrollment request?
17	Date of signature	Yes	No ⁶
18	Authorized Representative contact information (if not signed by beneficiary)	Yes	Yes
19	Information provided under “please read and sign below” All elements provided in model language must be included on enrollment request mechanisms. Option -- can be provided as narrative or listed as statements of understanding	Yes	Yes
20	Release of Information All elements provided in model language must be included on enrollment request mechanisms.	Yes	Yes
21	Option to request materials in language other than English or in other formats	Yes	No

⁶ As explained in §40.2, the beneficiary and/or legal representative should provide the date s/he completed the enrollment form; however, if s/he inadvertently fails to include the date on the enrollment request, then the date of receipt that the PDP assigns to the enrollment request may serve as the signature date of the form. Therefore, the signature date is not a necessary element.



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

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(701) 328-3900
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FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Rebecca
DATE: November 19, 2013
SUBJECT: NDPERS Flu Vaccination Clinic

The UND Center for Family Medicine offered the annual NDPERS Flu Vaccination Clinic this fall to NDPERS members, including eligible family members that participate in the NDPERS health insurance plan. The NDPERS clinic was offered on 6 days during the period September 26 through October 24. This included an all day clinic held at the Capitol on October 16.

UND Center for Family Medicine has notified NDPERS that 1,199 individuals were vaccinated during the 2013 NDPERS Flu Vaccination Clinic. This amount was more than the previous year, in which 1,059 individuals were vaccinated. The all day clinic at the Capitol provided vaccinations to 192 individuals (amount included in the 1,199 total).

In addition, UND Center for Family Medicine provided 5 NDPERS employers with onsite clinics at the request of the employers. There were 231 individuals vaccinated at these clinics. Therefore, the total NDPERS members vaccinated at the NDPERS Flu Vaccination Clinic or an employer requested clinic was 1,430.

This item is informational only. Staff will be available at the meeting to answer any questions.



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Memorandum

TO: PERS Board
FROM: Stacy
DATE: November 14, 2013
SUBJECT: Retiree Wellness Fair Update

The Retiree Health Fair was held on Thursday, November 7th at the Bismarck Career Academy in Bismarck. Over 70 attendees registered at the event with approximately 15-20 who bypassed registration but were counted during the presentations for a total of 80–90 attendees. Heather Horner (BCBS) presented on the Health Club Credit and Healthy Blue and Onalee Sellheim (BCBS) presented a benefits update. Sparb and Deb presented on the retirement plans. The Health Fair had 20 vendors who provided flu vaccinations, bone scans, cholesterol testing, sign-ups for a free colonoscopy, pharmaceutical information, legal & financial advice, volunteer opportunities, etc. Overall the consensus was appreciative and we were encouraged by attendees to provide this type of event in the future.

On a side note, upon check-in retirees were asked if they knew about the \$250 Wellness Benefit. Most did not know about it and were excited about the opportunity to learn more. After Heather's presentation, 48 wellness vouchers were completed and collected. The vouchers provided participants with 1,500 points on the HealthyBlue website for attending the fair.



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Memorandum

TO: PERS Board
FROM: Deb Knudsen
DATE: November 20, 2013
SUBJECT: Administrative Rules

A hearing soliciting comments for the administrative rules proposed amendments, additions and deletions was held on Wednesday, November 6, 2013 at 11:00 a.m. in the conference room at the NDPERS office at 400 East Broadway Ave in Bismarck. There were no members of the public in attendance, only NDPERS staff attended. The minutes from the hearing are attached as well as the proposed rules, summary of rules, formal notice and small entity regulatory analysis and impact statement. The comment period was held open until 5:00 p.m. on November 18, 2013. Staff did not receive any written comment on the rules.

There has been no request for a regulatory analysis or a takings assessment received and the proposed rules are not anticipated to have a cost impact on the regulated community. However, staff has reviewed and discussed the questions provided by the Attorney General's Office regarding small entity impact analysis as well as economic impact. There were no significant findings to report or fiscal impact anticipated. In addition, as NDPERS was the sponsor of the legislation associated with the rule changes, no further action for sponsor notification purposes was taken.

Staff is requesting the Board's approval to submit the enclosed rules to the Attorney General's Office for review. Subject to obtaining the Attorney General's approval, staff will then submit the rules to Legislative Council for final promulgation.

Board Action Requested: Approve proposed rules and authorize staff to submit required materials to Attorney General's office and Legislative Council.

Attachments: 5

**North Dakota Administrative Code
Public Hearing
Meeting Minutes
November 6, 2013
NDPERS Conference Room
400 East Broadway, Suite 505, Bismarck, ND
11:00 A.M.**

Staff Present: Ms. Deb Knudsen
 Ms. Cheryl Stockert

Others Present: None

1. Ms. Deb Knudsen acted as the hearing officer for this public hearing.
2. The hearing was opened at 11:00 a.m. on November 6, 2013 in the conference room of the Public Employees Retirement System at 400 East Broadway Avenue, Suite 505, Bismarck, North Dakota.
3. It was explained that the public hearing was called for the purpose of allowing all interested individuals an opportunity to submit information concerning proposed additions and amendments to the following sections of the North Dakota Administrative Code as read into the record:
 - a. 71-01-02-04 relating to election notification;
 - b. 71-01-02-13 relating to electronic voting;
 - c. 71-02-01-01 relating to the definition of termination of employment for purposes of benefit payments;
 - d. 71-02-04-01 relating to applications for retirement benefits in the Public Employees Retirement System ;
 - e. 71-02-04-04.1 relating to removal of the level social security benefit option;
 - f. 71-02-04-09 relating to dual membership in retirement plans;
 - g. 71-02-10-02 relating to processing qualified domestic relations orders in the Public Employees Retirement System;
 - h. 71-03-03-08 relating to supplemental life insurance coverage;
 - i. 71-03-04-02 relating to information provided to employees;
 - j. 71-03-05-10 relating to determining the amount of premium overpayments and underpayments;
 - k. 71-03-07-07 relating to participation by political subdivisions in the group health insurance program;
 - l. 71-04-03-01 relating to enrollment in the deferred compensation plan;
 - m. 71-04-05-02 relating to payroll deductions;

- n. 71-05-05-01 relating to applications for normal and early retirement benefits in the Highway Patrol Retirement System;
 - o. 71-05-08-02 relating to processing qualified domestic relations orders in the Highway Patrol Retirement System;
 - p. 71-07-01-01 relating to updates to the Pretax Benefits plan document;
 - q. 71-08-04-02 relating to processing qualified domestic relations orders in the Defined Contribution plan. The purpose of the proposed addition and amendments is to implement new statutory provisions, comply with federal law and update existing language relating to administrative process. The proposed rulemaking implements bill numbers 1059 and 2060, enacted during the most recent legislative session, concerning withdrawal of a political subdivision from the uniform group insurance program, and removal of the level social security retirement benefit option under the public employees retirement system.
4. It was explained that information gathered at this hearing will be transmitted to the NDPERS Board for its deliberation and final decision.
 5. The hearing was recorded and transcribed.
 6. A registration sheet was placed on the end of the table and everyone present was asked to sign the sheet.
 7. At this point, since there were no attendees present, the recorder was turned off until 12:00 noon when it was turned back on for the closing comments.

Ms Knudsen indicated that all of the information gathered at this hearing or comments received thereafter through November 18, 2013 will be provided to the NDPERS Board for its consideration. The hearing was closed at 12:00 noon.

NOTICE TO ADOPT AND AMEND ADMINISTRATIVE RULES

TAKE NOTICE that the North Dakota Public Employees Retirement System will hold a public hearing to address a proposed addition and amendments to existing rules in the North Dakota Administrative Code as follows: 71-01-02-04 relating to election notification; 71-01-02-13 relating to electronic voting; 71-02-01-01 relating to the definition of termination of employment for purposes of benefit payments; 71-02-04-01 relating to applications for retirement benefits in the Public Employees Retirement System ; 71-02-04-04.1 relating to removal of the level social security benefit option; 71-02-04-09 relating to dual membership in retirement plans; 71-02-10-02 relating to processing qualified domestic relations orders in the Public Employees Retirement System; 71-03-03-08 relating to supplemental life insurance coverage; 71-03-04-02 relating to information provided to employees; 71-03-05-10 relating to determining the amount of premium overpayments and underpayments; 71-03-07-07 relating to participation by political subdivisions in the group health insurance program; 71-04-03-01 relating to enrollment in the deferred compensation plan; 71-04-05-02 relating to payroll deductions; 71-05-05-01 relating to applications for normal and early retirement benefits in the Highway Patrol Retirement System; 71-05-08-02 relating to processing qualified domestic relations orders in the Highway Patrol Retirement System; 71-07-01-01 relating to updates to the Pretax Benefits plan document; 71-08-04-02 relating to processing qualified domestic relations orders in the Defined Contribution plan. The purpose of the proposed addition and amendments is to implement new statutory provisions, comply with federal law and update existing language relating to administrative process. The proposed rulemaking implements bill numbers 1059 and 2060, enacted during the most recent legislative session, concerning withdrawal of a political subdivision from the uniform group insurance program, and removal of the level social security retirement benefit option under the public employees retirement system. Specific sections affected and explanations for proposed revisions are summarized below. The hearing will be held at 11:00 a.m. on Wednesday, November 6, 2013, in the NDPERS Conference Room at 400 E Broadway, Suite 505, Bismarck, North Dakota. The hearing will continue until 12:00 p.m. or until no further testimony is offered, whichever occurs last. The proposed rule changes are not expected to have an impact on the regulated community in excess of \$50,000. The proposed rules may be viewed online at www.nd.gov/ndpers or at the NDPERS office at the following location:

North Dakota Public Employees Retirement System

400 E Broadway, Suite 505

P.O. Box 1657

Bismarck, ND 58502

Written or oral comments on the proposed rules sent to the above address or below referenced telephone number and received from November 6 – 18, 2013 will be fully considered. A copy of the proposed rules and small entity regulatory analysis may also be obtained by accessing them on the PERS website at www.nd.gov/ndpers, or by writing to the above address, or by calling the North Dakota Public Employees Retirement System at 701-328-3900 or by emailing ndpers-info@nd.gov. If you plan to attend the public hearing and will need special accommodations or

assistance relating to a disability, please contact the Public Employees Retirement System at the above address or telephone number at least three business days prior to the public hearing.

Section	Description	Reason
71-01-02-04. Election notification.	Updates rule to reflect current language in the statute regarding who is eligible to receive election notification.	Administrative revision
71-01-02-13. Election voting.	New section adds option for electronic ballots.	Administrative revision
71-02-01-01(27) Definitions.	Clarifies when a refund may be applied for relating to a re-employed employee.	Administrative revision
71-02-04-01. Retirement benefits – Application	Adds process used if a birth certificate is not available for purposes of applying for retirement benefits.	Administrative revision
71-02-04-04.1. Benefit modifications.	Removes reference to repealed retirement benefit option (repealed by SB2060.)	Legislative, to comply with provisions of SB2060 relating to the removal of the level social security retirement benefit option under the public employees retirement system.
71-02-04-09. Dual membership - Receipt of retirement benefits while contributing to the teachers' fund for retirement, the highway patrolmen's retirement system, or the teachers' insurance and annuity association of	Formalizes procedure that is already in use regarding receipt of retirement benefits for an individual with dual membership.	Administrative revision

America - college retirement equities fund.		
71-02-10-02. Qualified domestic relations orders procedures.	Provides processing guidelines for NDPERS relating to when a refund is being requested and a QDRO is pending.	Administrative revision
71-03-03-08. Continuation of life insurance after retirement.	Clarifies that supplemental life for retirees can continue until 65 to be consistent with existing board policy.	Administrative revision
71-03-04-02. Information to employee	Removes reference to paper forms because electronic forms are now available and in use.	Administrative revision
71-03-05-10. Determining amount of premium overpayments and underpayments.	Establishes a time period for determining amount of premium overpayments or underpayments to make all NDPERS insurance plan procedures consistent.	Administrative revision
71-03-07-07. Minimum requirements for political subdivisions.	Language added pursuant to law change under amendment to NDCC 54-52.1-03.1 by HB 1059.	Legislative, to comply with provisions of HB1059 relating to the withdrawal of a political subdivision from the uniform group insurance program.
71-04-03-01. Enrollment.	Removes reference to paper forms because electronic forms are now available and in use.	Administrative revision
71-04-05-02. Payroll deductions.	Removes reference to paper forms because electronic forms are now available and in use and replaces with notice from NDPERS.	Administrative revision
71-05-05-01. Normal and early retirement benefits - Application.	Adds process used if a birth certificate is not available for purposes of applying for retirement benefits.	Administrative revision

71-05-08-02. Qualified domestic relations orders procedures.	Provides processing guidelines for NDPERS relating to when a refund is being requested and a QDRO is pending.	Administrative revision
71-07-01-01. Plan document.	Revises schedule for reviewing the plan document from annual to as needed due to changes in federal law.	Legislative, to comply with federal law.
71-08-04-02. Qualified domestic relations orders procedures.	Provides processing guidelines for NDPERS relating to when a refund is being requested and a QDRO is pending.	Administrative revision

CHAPTER 71-01-02 ELECTION RULES

Section

71-01-02-01	Election Committee
71-01-02-02	Eligible Voters
71-01-02-03	Candidate Eligibility
71-01-02-04	Election Notification
71-01-02-05	Petition Format
71-01-02-06	Procedure for Completing and Filing Petitions
71-01-02-07	Election Ballots
71-01-02-08	Election
71-01-02-09	Canvassing Rules
71-01-02-10	Notification of Election Results
71-01-02-11	Special Elections
71-01-02-12	Penalties
<u>71-01-02-13</u>	<u>Election Voting</u>

Section 71-01-02-04 is amended as follows:

71-01-02-04. Election notification.

1. The director of the North Dakota public employees retirement system shall ensure that notification of an active member vacancy and the election is given to all employees through publication of a notice in the North Dakota public employees retirement system newsletter and any other method of communication as deemed appropriate by the director at least three weeks in advance of a filing date for nomination petitions. The director shall ensure that notification of the vacancy of a retiree member and the election is given to all persons who have accepted a retirement allowance ~~or who are eligible to receive deferred vested retirement benefits~~ through publication of a notice in the North Dakota public employees retirement system newsletter and any other method of communication as deemed appropriate by the director at least three weeks in advance of a filing date for nomination petitions.
2. The notice must include a statement of voter and candidate eligibility, the candidate nomination requirements, the date of election, and where to obtain the nomination petitions for filing.

History: Effective April 1, 1992; amended effective July 1, 2000; April 1, 2008; _____, 2013.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

Section 71-01-02-13 is created as follows:

71-01-02-13. Election voting. In lieu of sections 71-01-02-07 and 71-01-02-08, the retirement board may allow for a process by which electronic ballots are submitted to elect an active or retiree candidate to the board.

History: Effective _____, 2013

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

Subsection 27 of Section 71-02-01-01 is amended as follows:

27. "Termination of employment" for the purposes of determination for eligibility for benefit payments means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence or if reemployed by any covered employer prior to receiving a lump sum distribution of the member's account balance does not constitute termination of employment.

History: Amended effective September 1, 1982; November 1, 1990; September 1, 1991; January 1, 1992; September 1, 1992; June 1, 1993; July 1, 1994; June 1, 1996; July 1, 2000; April 1, 2002; May 1, 2004; July 1, 2006; July 1, 2010; _____, 2013.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52

Section 71-02-04-01 is amended as follows:

71-02-04-01. Retirement benefits - Application. Except as provided in section 71-02-04-02 for retirement options, applications for retirement, surviving spouse, and disability benefits must be filed at the public employees retirement system office at least thirty days before the retirement date or before the commencement of benefits. A member shall file a photocopy of the member's birth certificate, and if a benefit election is an optional benefit under subsection 1 or 2 of section 71-02-04-04, the member must provide a photocopy of the spouse's birth certificate and marriage certificate with the office. A surviving spouse shall file a photocopy of the surviving spouse's birth certificate, deceased spouse's birth certificate and certified copy of the death certificate, and marriage certificate if a benefit election is under subdivision b of subsection 6 of North Dakota Century Code section ~~54-54-17~~54-52-17. If a birth certificate is not available, a member or surviving spouse may submit other documentation based on policy and procedure adopted by the board.

History: Amended effective November 1, 1990; July 1, 1994; May 1, 2004; _____, 2013.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

Section 71-02-04-04.1 is amended as follows:

71-02-04-04.1. Benefit modifications. A member may elect as provided in section 71-02-04-02 to receive one of the following benefit modifications:

1. ~~**Level social security option.** A member who retires prior to receiving social security benefits may elect the level social security option. Under this option, the member's monthly benefit is adjusted so the combined benefits received from the fund and social security remain level before, and after, the date social security benefits begin. The adjusted benefit payable from the fund must be determined on an actuarial equivalent based on an age no earlier than sixty-two and no later than full retirement age as specified by the social security administration as chosen in writing by the member. A member shall submit an estimated benefit from social security that was computed no more than six months before commencement of retirement benefits. A member may only select this option if the member has selected to receive a single life/normal retirement option.~~
2. **Partial lump sum option.** The partial lump sum option will only be available to members who retire on or after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is equal to twelve monthly payments determined under the single life annuity option. The member is permitted to choose one of the optional forms of payment as defined in section 71-02-04-04 for ongoing benefits. The ongoing benefits will be actuarially reduced to reflect the partial lump sum payment.
32. **Deferred normal retirement option.** The deferred normal retirement option will only be available to members who retire after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is in lieu of a lump sum equal to the amount of missed payments, without interest, retroactive to the member's normal retirement date. The member is permitted to choose one of the optional forms of payment as defined in section 71-02-04-04. The ongoing benefits will be actuarially increased to reflect the lump sum.
43. **Graduated benefit option.** The graduated benefit option will only be available to members who retire after reaching normal retirement date. This option is an irrevocable election and made at initial application for

retirement. The member is permitted to choose one of the optional forms of payment for ongoing benefits as defined in section 71-02-04-04. The ongoing benefits will be actuarially reduced to reflect the election of the graduated benefit option.

History: Effective July 1, 2010; amended effective _____, 2013.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

Section 71-02-04-09 is amended as follows:

71-02-04-09. Dual membership - Receipt of retirement benefits while contributing to the teachers' fund for retirement, the highway patrolmen's retirement system, or the teachers' insurance and annuity association of America - college retirement equities fund. Dual members must select one of the following options:

1. Begin receiving retirement benefits from one plan prior to ceasing employment covered by the alternate plan, subject to termination of employment or termination of participation.
2. Begin receiving retirement benefits from one plan and begin work in a job covered by the alternate plan. If this option is chosen, benefits will be calculated based on the method provided in subsection 2 of North Dakota Century Code section 54-52-17.2.
3. Continue as a dual member and begin receiving retirement benefits from both plans after ceasing employment.

History: Effective June 1, 1996; amended effective May 1, 2004; _____, 2013.

General Authority: NDCC 54-52-04, 54-52-17, 54-52-17.2

Law Implemented: NDCC 54-52-17, 54-52-17.2

Section 71-02-10-02 is amended as follows:

71-02-10-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.
2. If a member who is not in pay status at the time the proposed domestic relations order, or notice of intent to submit a proposed domestic relations

order, was received from the member, the member's legal representative or an individual authorized to receive confidential information under subsection 8 of North Dakota Century Code section 54-52-26, makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the North Dakota public employees retirement system office or until the end of the eighteen-month review period, or until the North Dakota public employees retirement system office receives notice that a proposed domestic relations order will not be submitted, whichever occurs first.

3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
6. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.
 - a. If a member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.

- b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

History: Effective November 1, 1990; amended effective July 1, 1994; July 1, 2006; April 1, 2012; _____, 2013.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17.6

Section 71-03-03-08 is amended as follows:

71-03-03-08. Continuation of life insurance after retirement. An employee who is enrolled in the group life insurance program may continue the basic and supplemental life insurance coverage upon retirement or disability if the employee is entitled to a retirement allowance from an eligible retirement system by making application and remitting timely payments to the board. Supplemental life insurance coverage can only be continued until age 65.

History: Effective October 1, 1986; amended effective June 1, 1996; May 1, 2004; _____, 2013.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-03

Section 71-03-04-02 is amended as follows:

71-03-04-02. Information to employee. Each agency shall inform its employees of their right to group insurance and the process necessary to enroll. ~~The agency shall provide each eligible employee such forms as necessary to enroll in the group insurance program.~~

History: Effective October 1, 1986; amended effective November 1, 1990; _____, 2013.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-03

Section 71-03-05-10 is amended as follows:

71-03-05-10. Determining amount of premium overpayments and underpayments.

1. The amount of the health premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the

month the change in premium should have occurred, or July of the earliest contract period still open, whichever is more recent.

2. The amount of the life premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.
3. The amount of the dental premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.
4. The amount of the vision premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.

History: Effective April 1, 2002; amended effective April 1, 2008; _____, 2013.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-08

Section 71-03-07-07 is amended as follows:

71-03-07-07. Minimum requirements for political subdivisions. An enrolled political subdivision must extend the benefits of the group insurance program to its eligible employees and paid members of its board, commission, or association subject to minimum requirements established by the retirement board and a minimum period of participation of sixty months. If the political subdivision withdraws from participation before completing sixty months of participation, unless federal or state laws or rules are modified or interpreted in a way that makes participation by the political subdivision in the uniform group insurance program no longer allowable or appropriate, the political subdivision must make payment to the retirement board equal to the expenses incurred on behalf of that political subdivision's employees which exceed the income received by the retirement board on behalf of that political subdivision's employees during the time of participation. For purposes of this section:

1. "Expenses incurred" means:

- a. Claims incurred by the political subdivision during the enrolled period and paid during or within three months after the enrolled period and includes capitated payments to providers;
 - b. Reasonable administrative expenses as incurred by the public employees retirement system and the claims administrator as set forth in the master contract; and
 - c. The cost of any premium buy-down provided.
2. "Income received" means all premiums paid by the political subdivision to the retirement board.

Full payment is due within three months after receipt of notice from the executive director, unless an alternative payment schedule has been approved by the retirement board. A late payment charge must be assessed on all money due on an account at a rate of one and three-fourths percent per month.

History: Effective June 1, 1996; amended effective _____, 2013.

General Authority: NDCC 54-52-04, 54-52.1-03.1

Law Implemented: NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1

Section 71-04-03-01 is amended as follows:

71-04-03-01. Enrollment. Public employees may enroll in the deferred compensation plan by completing a participant agreement and submitting the agreement to the retirement board. ~~The employee must also complete the necessary forms required by the provider and submit them to the retirement board for signature by the plan administrator.~~

History: Effective April 1, 1989; amended effective _____, 2013.

General Authority: NDCC 28-32-02, 54-52.2-03.2

Law Implemented: NDCC 54-52.2-03

Section 71-04-05-02 is amended as follows:

71-04-05-02. Payroll deductions. The employer shall authorize employee payroll deductions only after receiving a ~~completed and signed participant agreement~~ notification from the public employees retirement system. The participant agreement ~~must be signed by a designated representative of the retirement board and~~ indicate the date the payroll deduction is to start, the provider, and the contribution amount. Payroll deductions must be remitted to the retirement board within ten days after each payroll period. Along with each payment, the employer must provide the retirement board with a listing of deferred compensation deductions for all employees

participating in the deferred compensation plan using the deferred compensation transmittal of deduction form or the approved electronic format.

History: Effective April 1, 1989; amended effective July 1, 2006; _____, 2013.

General Authority: NDCC 28-32-02, 54-52-03.2

Law Implemented: NDCC 54-52.2-02

Section 71-05-05-01 is amended as follows:

71-05-05-01. Normal and early retirement benefits - Application. Except as provided in section 71-05-05-02 for retirement options, applications for retirement, surviving spouse, and disability benefits must be filed at the public employees retirement system at least thirty days before normal or early retirement date or before the commencement of benefits. A member shall file a photocopy of the member's birth certificate and, if the member is married, a photocopy of the member's spouse's birth certificate and marriage certificate. A surviving spouse shall file a photocopy of the surviving spouse's birth certificate, deceased member's birth certificate, and marriage certificate for a benefit election under subsection 6 of North Dakota Century Code section 39-03.1-11. If a birth certificate is not available, a member or surviving spouse may submit other documentation based on policy and procedure adopted by the board.

History: Effective October 1, 1991; amended effective May 1, 2004; _____, 2013.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-11

Section 71-05-08-02 is amended as follows:

71-05-08-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.
2. If a member who is not in pay status at the time the proposed domestic relations order, or notice of intent to submit a proposed domestic relations order, was received from the member, the member's legal representative or an individual authorized to receive confidential information under subsection 8 of North Dakota Century Code section 39-03.1-28, makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the North Dakota public employees retirement system office or until the end of the eighteen-month review period, or until the North Dakota public employees retirement

system office receives notice that a proposed domestic relations order will not be submitted, whichever occurs first.

3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
6.
 - a. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.
 - b. If a member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of eligible employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.
 - c. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

History: Effective October 1, 1991; amended effective July 1, 1994; July 1, 2006; April 1, 2012; _____, 2013.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-14.2

Section 71-07-01-01 is amended as follows:

71-07-01-01. Plan document. The board must prepare a plan document for the pretax benefits program. The plan document must meet applicable requirements of the Internal Revenue Code. The board must annually review ~~the~~any plan document updates prior to the beginning of each new plan year if necessary due to changes in federal law. Modifications must be made to reflect changes in the program and to maintain a qualifiable program pursuant to the Internal Revenue Code.

History: Effective April 1, 1992; amended effective _____, 2013.

General Authority: NDCC 54-52-04, 54-52.3-02

Law Implemented: NDCC 54-52.3-02

Section 71-08-04-02 is amended as follows:

71-08-04-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall:
 - a. Send an initial notice to each person named therein, including the member and the alternate payee named in the order, with an explanation of the procedures followed by the fund.
 - b. If a member who is not in pay status at the time the proposed domestic relations order, or notice of intent to submit a proposed domestic relations order, was received from the member, the member's legal representative or an individual authorized to receive confidential information under subsection 8 of North Dakota Century Code section 54-52-26, makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the North Dakota public employees retirement system office or until the end of the eighteen-month review period, or until the North Dakota public employees retirement system office receives notice that a proposed domestic relations order will not be submitted, whichever occurs first.
 - c. Review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.

2. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
3. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representative designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
 - c. Allow the alternate payee to choose the appropriate investment options for the alternate payee's account.
 - d. Allow the alternate payee to choose the same payout options allowed for the member.
4. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.
 - a. If a member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.
 - b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

History: Effective July 1, 2000; amended effective July 1, 2006; April 1, 2012; _____, 2013.

General Authority: NDCC 28-32-02(1)

Law Implemented: NDCC 54-52.6-12

Small Entity Regulatory Analysis

- 1. Was establishment of less stringent compliance or reporting requirements for small entities considered? Yes. To what result?** It was determined that the only proposed administrative rule change implicated by this question was an amendment to 71-03-07-07 that grants small entities more flexibility by expanding the circumstances under which they may discontinue participation in group insurance plans without additional payment. This proposed rule change reflects the amendment made to N.D.C.C. § 54-52.1-03.1 by H.B. 1059 (2013).
- 2. Was establishment of less stringent schedules or deadlines for compliance or reporting requirements considered for small entities? This question is not applicable to the amendment to 71-03-07-07. To what result?**
- 3. Was consolidation or simplification of compliance or reporting requirements for small entities considered? This question is not applicable to the amendment to 71-03-07-07. To what result?**
- 4. Were performance standards established for small entities for replacement design or operational standards required in the proposed rule? This question is not applicable to the amendment to 71-03-07-07. To what result?**
- 5. Was exemption of small entities from all or any part of the requirements in the proposed rule considered? This question is not applicable to the amendment to 71-03-07-07. To what result?**

From: Murtha, Janylyn K.
Sent: Tuesday, August 27, 2013 12:05 PM
To: Knudsen, Debra F.
Subject: NDPERS Admin Rules

Please accept this email as confirmation that based upon our discussion, my review of the administrative rule changes proposed by NDPERS staff, and applicable North Dakota law, it is my opinion that NDPERS need not complete a regulatory analysis, takings assessment, or small entity economic impact statement in connection with the promulgation of the attached rules.

Specifically, NDPERS is not required to complete a regulatory analysis under NDCC § 28-32-08 at this time with regards to the attached rules because none of these proposed rules are expected to have an economic impact on the regulated community in excess of \$50,000. Further, NDPERS is not required to complete a takings assessment under NDCC § 28-32-09 with regards to the attached rules because none of these proposed rules would limit the use of private real property. Finally, NDPERS is not required to complete a small entity economic impact statement under NDCC § 28-32-08.1 with regards to the attached rules because none of these proposed rules would have an adverse economic impact on small entities. The only proposed rule change directly affecting political subdivisions is the amendment to N.D.A.C. 71-03-07-07, which is being done to comply with the amendment made to NDCC § 54-52.1-03.1 in HB 1059 (2013) that grants greater flexibility to political subdivisions wishing to withdraw from the uniform group insurance program.

Please let me know if you have any further questions or if I may be of further assistance in this matter.

Janilyn K. Murtha

Assistant Attorney General
State of North Dakota
Office of Attorney General
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Q&A With Sparb Collins of NDPERS - 11/19/2013

By Kelly Hagen, NDU Communications

Q: What is the North Dakota Public Employees Retirement System?

A: The North Dakota Public Employees Retirement System provides services to the state of North Dakota and to participating political subdivisions. We administer six defined-benefit plans, including one hybrid plan, two defined-contribution plans, a retiree health credit program, and on the insurance side we offer a health insurance plan for active employees and retirees, a dental plan, a vision plan, a long-term care plan and an employee assistance program. We also administer the flex benefits program for the state.

Q: What is the history of NDPERS?

A: PERS started as a retirement system in 1966. At that time it was created as a defined-contribution retirement plan. In the mid-'70s, the Legislature formed a committee to review the defined contribution retirement plan since it was not providing an adequate retirement benefit. As a result of that study it was deemed that PERS should be changed from a defined-contribution plan to a defined-benefit plan. We now call that plan the main retirement system, which is one of the six we administer. It was during the '70s, '80s and '90s that the other program areas were added.

Q: How does NDPERS work?

A: Since most of our members are in the main retirement system I will focus on that plan. A little over 50 percent of the membership in that plan are state employees and about 49 percent are political subdivision employees. School district employees are the largest political subdivision group followed by counties. The main system is what we call a defined-benefit hybrid plan. It was changed to a hybrid plan in the late '90s to add additional portability features to it that go beyond what a traditional defined-benefit plan provides. The hybrid feature allows employees to vest in the employer contributions and have it added to their account balance. As a result it becomes portable to them if they elect to withdraw from the plan.

Generally this option is of interest to non-career employees. However for our career employees they can elect to retire using the traditional defined benefit feature with the benefit based on the formula: final average salary times the multiplier, times their years of service.

Q: What's the current rule that determines when employees can start to draw from retirement?

A: Our normal retirement age is when a member meets the rule of 85 or the age of 65.

Q: Should public employees rely solely on NDPERS for their retirement, or should they have other investments?

A: No. They clearly need other investments. Our plan is designed around the idea that we provide 50 percent of final average salary at retirement for a career employee. A career employee is someone who has about 25 years of service. Our plan design also assumes that the other part of a retiree's income will come from Social Security, and for the average employee, that comes out to around 30 to 40 percent of final average salary at their social security retirement age of 65 or 66. For the retiree that retires at that age they would have an income somewhere around 80 to 90 percent of final average salary. In addition you're going to need supplemental savings to be able to fill in the difference to 100 percent of final average salary and to provide for

cost of living increases during retirement. While Social Security is indexed for inflation, PERS isn't. Consequently a retiree will need to be able to use their supplemental savings to offset inflation over time. This requirement for supplemental savings is even more dramatic if you retire before you meet your Social Security retirement age. If you take an early Social Security benefit, at 62 for example, that's going to increase the amount you will need in supplemental savings to offset the reduced social security benefit and to offset inflation over a longer retirement timeframe. The other implication of retiring before age 65 is that you are not eligible for Medicare, which means your health premium costs will be higher. Consequently an early retiree will need to factor in a greater degree of supplemental savings in order to pay those additional expenses for retiring early.

Q: If a public employee leaves their job, can they take their retirement with them?

A: Yes. As I mentioned, PERS is a hybrid plan, and that's one of the key features of our hybrid plan. In a traditional defined-benefit plan you're always able to take the employee contribution with you. But with our hybrid plan, we have what's called the PEP program – Portability Enhancement Provision. PEP provides that if you put money in your 457 plan, our deferred-comp plan, we will vest you in the employer contribution of the defined-benefit plan. Those vested employer contributions will go into your account balance in the hybrid plan and become portable to you if you want to transfer the funds to another plan. That's why PERS is a hybrid plan it has the portability of a defined-contribution plan while also offering a defined benefit.

It's the member's choice how they want to draw their benefit.

Q: Could you explain the changes that happened to NDPERS during the 2011 and 2013 Legislative Sessions?

A: Let me speak to it from two standpoints. First from our hybrid defined-benefit plan, and secondly our defined contribution plan. Both plans were subject to the dramatic downturn of the financial markets that occurred in 2008 and 2009. In fact, the investment advisor to the State Investment Board had indicated that out of 220-some years of returns, there were only four worse than what we went through at that time. So what we experienced was a clearly unique and dramatic adjustment, and one that hopefully we won't experience again. But we did experience it and now we had to figure out how to move forward.

Let me first start with the defined benefit hybrid plan. What we did is we worked with our actuary to determine the extent of what happened in the markets and its effect on our plan.

We then worked with our participating employers and member groups in determining what actions needed to be taken going forward. The challenge we faced, as identified by our actuary, was the funding status was going to gradually deteriorate over the next 30 to 40 years from where it was to zero. During the 90's PERS was funded at 100 percent. We knew the challenge we faced was three-fold: stopping that downward trend, stabilizing the plan and putting the plan back on course toward 100-percent funded status or back to where it was before the downturn. After working with everyone, the plan that came forward was spread over four years – or two bienniums. What was proposed was increasing contributions from where they were at about 8.12 percent, to 16.12 percent. It was proposed that this would occur with a 2 percent increase in 2011, another 2 percent increase in 2012, another 2 percent in 2013 and finally a 2 percent increase in 2014. It was further proposed that the increases would be shared by the employer and employee and so it became known as a shared recovery plan. If adopted that full plan would have accomplished all three goals. The downward trend would have been stopped, the plan would have been stabilized and it would have been on path to get back to the 100-percent funded status. It went to the 2011 Legislative session, and they passed the first two years of that recovery plan. The effect of the adoption of the first two years of the recovery plan was it stopped the downward trend, and it stabilized the plan over that 30-35 year period at around a 60 percent funded status. Action on the last half of that recovery plan was deferred to the 2013 session.

This last session the last two years of the recovery plan was considered and the Legislature approved the third year of the recovery, but didn't approve the fourth year. That means the plan is on the path to about 80 percent funded. However the Legislature expanded the defined-contribution plan option to all state employees for four years. Depending on the election rate, that will reduce the 80 percent funded status going forward to be something less. This result is because as people leave the plan, there are fewer members to pay off the unfunded liability.

Consequently where the plan is now is, the downward trend has stopped, the plan is stabilized and we are trending upward, but the full extent of this we won't know until we see how the defined-contribution option affects the plan. The plan still faces the challenge of getting on a path back to 100 percent.

A lot has been accomplished by the actions of the Legislature and the approval of the governor. The downward trend has stopped, it has been stabilized and the plan may be trending upward depending on the election rate to the new DC option. However the plan is not yet on track to returning to 100 percent funded status.

Consequently we will monitor investment returns and, if they are strong in the next year or two, that could put the plan on the path to 100 percent without additional contributions. If not we will may need to consider the last part of the recovery plan.

Concerning our DC plan that plan has also had significant challenges due to the downturn in the market. Contribution increases have also been proposed and approved for this plan so that it provides an adequate retirement benefit. A recent survey of the DC members disclosed that they are very concerned with the level of retirement benefits in the plan. Based upon these responses and information from our consultant that shows the benefits in this plan are lower than the hybrid plan, additional increases may be necessary.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: November 27, 2013
SUBJECT: Board Meeting Schedule for 2014

NDPERS BOARD MEETING DATES FOR 2014

All meetings are scheduled to be held at the North Dakota Association of Counties conference room located at 1661 Capitol Way, Bismarck, unless otherwise noted.

- **January 22** (Planning Meeting at University of Mary)
- **February 20**
- **March 20**
- **April 17**
- **May 22**
- **June 19**
- **July 17**
- **August 21**
- **September 18**
- **October 23**
- **November 20**
- **December 18**

Cheryl will set these meetings up on your Outlook calendars.



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: November 20, 2013

SUBJECT: Contribution Increase

As provided in HB 1452 passed by the 2013 legislature, an increase in retirement contributions for the systems administered by PERS will go into effect January 1, 2014.

For your information, included is a copy of the memo that will be sent to the home addresses of all members notifying them of the upcoming increase. The memo includes a matrix that shows the employer and employee increase for each of the affected systems and is scheduled for mailing the week of November 25th. The memo will be followed up by an e-mail blast scheduled to be sent the latter part of December.

We are available to answer any questions.



Memorandum

To: NDPRS Retirement Plan Members
From: NDPRS
Date: December 2013
Subject: Retirement Contribution Increase

House Bill 1452 was passed by the 2013 Legislature and signed by the Governor. The bill provides for both the employer and the employee contributions to be increased by 1% each for the Public Employees Retirement System (Main System), Judges Retirement System, Highway Patrol Retirement System, and the Defined Contribution Retirement Plan effective January 2014. The Law Enforcement plan for political subdivisions and National Guard System were approved for an increase of 0.5% each for the employer and employee also effective January 2014.

This increase is to address the funding challenge facing the PERS retirement plans as a result of the downturn in the financial markets. For a full review of that challenge, refer to the *PERS Retirement Plan Financial Update* articles in the fall 2009, spring 2010, fall 2010, spring 2011, winter 2011, summer 2012 and summer 2013 PERSpectives newsletters on the PERS web site at <http://www.nd.gov/ndpers/forms-and-publications/perspectives-archive.html>.

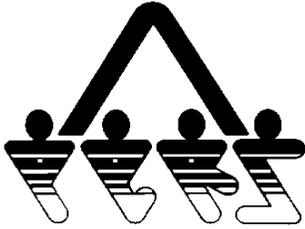
The following shows the contribution increases as they apply to both employers and employees effective January 1, 2014:

Plan	Employer Contribution	Employee Contribution
<i>Highway Patrol</i>	1% increase in 2014	1% increase in 2014
<i>Main System</i>	1% increase in 2014	1% increase in 2014
<i>Main System – Temporary Employees</i>		2% increase in 2014

Plan	Employer Contribution	Employee Contribution
<i>Judges</i>	1% increase in 2014	1% increase in 2014
<i>Law Enforcement - Political Subdivision</i>	0.5% increase in 2014	0.5% increase in 2014
<i>National Guard System</i>	0.5% increase in 2014	0.5% increase in 2014
<i>Defined Contribution Plan</i>	1% increase in 2014	1% increase in 2014
<i>Defined Contribution Plan - Temporary Employees</i>		2% increase in 2014

Retirement contributions are collected by your employer through the payroll process. The above increase will be added to the existing contributions for wages reported to PERS for January. You will notice the additional employee contribution being deducted from your pay unless your employer has indicated to you that they will be picking it up. If you have specific questions how this may impact your net pay and when, please contact your payroll office.

The actions of the Legislature and the Governor in approving HB 1452 accomplished two of the goals for the systems: 1) the downward trend has been stopped, and 2) the plans have been stabilized. Looking forward to the next session, we will still need to address the third goal, putting all plans on track to get to 100% funded status. NDPERS is in the process of exploring options for the 2015 legislative session and will provide further information as this planning develops.



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Memorandum

TO: PERS Board

FROM: Deb Knudsen

DATE: November 20, 2013

SUBJECT: Public Pension Coordinating Council Public Pension Standards Award

As in past years, staff completed and submitted an application to the Public Pension Coordinating Council for the Public Pension Standards Award.

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US. The associations are:

National Association of State Retirement Administrators (NASRA)
National Council on Teacher Retirement (NCTR)
National Conference on Public Employee Retirement Systems (NCPERS)

The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards.

NDPERS staff was notified recently that NDPERS has qualified for the Administrative Award, but did not qualify for the management portion this year. Please let me know if you have any questions.



Public Pension Coordinating Council

***Recognition Award for Administration
2013***

Presented to

North Dakota Public Employees Retirement System

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is fluid and cursive, with the first name "Alan" and last name "Winkle" clearly distinguishable.

Alan H. Winkle
Program Administrator