

Perspectives

FOR RETIRED
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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If You Are Retired...

Here's What You Need to Know

The following proposed legislation was submitted for the 60th Session and was passed and signed by the governor. Both bills will become effective August 1, 2007.

Supplemental Benefit Payment

Senate Bill 2044 provides that if the NDPERS board determines that the fund has obtained a total return on investments of 9.06% or higher for the fiscal year ending June 30, 2007, members that have retired on or before November 30, 2007 will receive a one-time supplemental payment equal to 75% of their gross monthly benefit paid in January 2008. If the return as of June 30, 2007 is less than 9.06%, than the return as of June 30, 2008 will be evaluated. The supplemental payment will be made in either year of the biennium, but not in both.

We are happy to report that as of June 30, 2007, PERS has surpassed the required 9.06% return. Therefore, members who have a retirement effective date on or before November 30, 2007 will receive the one-time supplemental payment, equal to 75% of their gross monthly benefit, paid in January 2008.

Retiree Health Insurance Credit (RHIC)

Senate Bill 2045 provides that as of August 1, 2007, spouses who both have earned a RHIC may combine their respective credits and apply it toward the premium for the NDPERS' group health insurance coverage.

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Mike Sandal Elected to the Board

Mike Sandal was elected to a five-year term on the NDPERS Retirement Board. His term is effective July 1, 2007 and ends June 30, 2012. Mike is currently the Human Resource Director for the North Dakota Supreme Court. The following is a recap of the election results:

	VOTES
Dan Seymour	761
Mike Sandal	931
Invalid Ballots	33
Write-In Ballots	5
Received after Deadline	56
Total	1,786



Mike Sandal

If You Are Retired...

Continued from cover

Who is eligible for this provision?

1. Members and spouses receiving retirement benefits from the:
 - a. Defined Benefit Hybrid Retirement Plan
 - b. National Guard Retirement Plan
 - c. Law Enforcement Retirement Plan
 - d. Highway Patrol Retirement Plan
 - e. Judges Retirement Plan
 - f. Job Service Retirement Plan
 - g. Defined Contribution Retirement Plan
2. Surviving spouses receiving retirement benefits may be eligible to use the credit of a deceased spouse that was receiving benefits from one of the above referenced plans.

When are you eligible for this provision?

1. August 1, 2007
2. Upon completion of a "Request to Combine Retiree Health Insurance Credits SFN 58591". Any request received prior to the 15th of the month will be effective the first of the following month.

Can this option be cancelled at a later date?

Yes. However, you are responsible for notifying NDPERS if you want to elect or discontinue this option by completing a "Request to Cancel Combined Retiree Health Insurance Credits SFN 58592".

Under this option, can you add additional family members to your coverage?

No. The decision to combine credits is not a qualifying event that allows you to add additional eligible family members to your contract other than those already covered at the time of your election.

Be Prepared in Case of a Disaster!

You can rest assured that NDPERS will do everything it can to make sure your benefits are not interrupted. In the case of a disaster or emergency, you can look for information on the NDPERS web site at: www.nd.gov/NDPERS.

One thing you can do to make sure your benefit payments are not interrupted is to sign up for direct deposit. Not only is direct deposit faster than getting your benefit check in the mail, it is also safe and reliable. After hurricane Katrina devastated the gulf coast in 2005, over 2,000 paper checks were returned to the Louisiana State Employees Retirement System as 'undeliverable'. Even more checks were lost in the New Orleans postal facilities. However, almost all retirees with direct deposit received their monthly payments.

Direct deposit is safe, secure and used nationwide. Benefit payments are deposited electronically into your bank account. You do not have to change your current bank relationship to take advantage of this service. It is available through all banks, credit unions, savings and loans facilities and most other financial institutions.

Advantages to Direct Deposit:

- Your money will be deposited timely – the first business day of each month, which allows you immediate access to your money.

- Your worries about mail delays, stolen checks, or interruption due to disaster are over.
- You'll avoid waiting in long bank lines to cash or deposit checks.
- It's free! PERS does not charge any fees for this service.

To begin direct deposit, simply complete an "Authorization for Direct Deposit for Annuity Payments SFN 18379" which is available on our web site at www.nd.gov/ndpers. Complete and sign the "Annuitant/Payee" section of the form and have your bank complete the "Financial Institution" section. If you do not have internet access, simply call the PERS office at 701-328-3900 or 800-803-7377 and one will be sent to you.

Return the form to the PERS office by the 14th of any month. The direct deposit of your PERS benefit payments will begin the first of the following month, unless an alternate effective date is requested. To change financial institutions or change any account information, just complete a new Authorization for Direct Deposit form.

Quarterly, NDPERS will send you a "statement of deductions". This statement gives you a record of the monthly, as well as year-to-date totals of all deductions made from your benefit payment prior to deposit.

DIRECT DEPOSIT...
For your peace of mind!

If you plan to visit the NDPERS Office...

Please make an appointment for counseling services if you want to meet with a PERS staff member to discuss your retirement options and or any of the benefit programs administered by this office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist you at the time you arrive. An appointment also allows staff to prepare the appropriate benefit information to respond to your individual needs and to ensure that the time spent is productive.

LOOK BEFORE YOU LEAP

Your Prescription Drug Coverage and Medicare

You've heard the saying before "look before you leap." It can be translated to mean, "Don't make a decision until you have examined all the facts." This could not be truer than when it comes to examining the many options that may confront you when it comes to Medicare and your prescription drug coverage. You have likely been the recipient of various mass mailings and phone calls from agents with private insurance companies who are marketing these plans. Before you make a decision, please be aware that enrolling in another plan may jeopardize your continued eligibility for coverage through the NDPERS Dakota Retiree plan.

The NDPERS Dakota Retiree plan is available to eligible members entitled to Medicare. It provides medical coverage and a prescription drug plan (PDP). However, as stated above, Medicare prescription drug coverage is also available through numerous private companies. As you think about whether you want to enroll with one of these prescription plans, a Medicare Advantage plan (which is a company such as an HMO that contracts with the federal government to provide your Medicare benefits,) or a Medigap policy, there are certain things you need to consider.

- Because it has been determined that the PDP provided by NDPERS is on average at least as good as the standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare coverage.

- The NDPERS plan also provides medical coverage in addition to prescription drugs. If you choose to enroll in another Medicare prescription drug plan, a Medicare Advantage plan or a Medigap policy, you will not be eligible to enroll in or retain your medical and prescription drug coverage in the Dakota Retiree Plan. Your coverage with NDPERS will be



cancelled. Be aware that you may not have an opportunity to get the NDPERS coverage back.

- You are required to be enrolled in Medicare Parts A & B in order to be eligible to enroll in the Dakota Retiree plan. If you drop your Medicare A & B coverage to enroll in a Medicare Part C plan, you will no longer meet the NDPERS requirements and your retiree medical and prescription drug coverage through the Dakota Retiree plan will be cancelled.

Before making a decision, please examine all your options to be sure you understand the plan coverages and the effect enrolling in another prescription plan may have on your NDPERS eligibility.

Also, if you drop your NDPERS coverage, you will only be able to re-enroll if you apply for coverage ***within 31 days*** from any one of the following "qualifying events":

1. Date of retirement, defined as either:
 - The last day of active employment if member does not defer his/her retirement benefit or take a lump-sum refund of his/her retirement account, or
 - Date of first retirement check if member deferred his/her retirement benefit.
2. Member's 65th birthday or eligibility for Medicare;

3. Member's spouse or eligible dependent's 65th birthday or eligibility for Medicare;

4. The loss of coverage in a health plan sponsored or provided by member's employer or member's spouse's employer, if covered through spouse's employer group plan. This includes loss of coverage due to the death of, or divorce from a spouse as well as completion of COBRA continuation coverage.

5. Marriage

6. Birth, adoption, or appointment of children for legal guardianship.

More detailed information about Medicare plans that offer prescription drug coverage as well as assistance is available from the following resources:

- Visit www.medicare.gov for personalized help,
- Call Senior Health Insurance Counseling (SHIC), a program of the North Dakota Insurance Department, at 1-800-247-0560, or
- Call 1-800-MEDICARE (1-800-325-4227). TTY users should call 1-877-486-2048.

Medicare Part D Rx Formulary Development

We receive numerous questions about how the prescription drug formulary list is developed. As you will see, it involves several review processes conducted by medical and pharmaceutical professionals who must ensure that decisions are in compliance with federal requirements and established criteria. The following outlines the steps of the review process:

Product Review Process

The product review process takes into consideration the clinical, compliance, and financial information. A finalized recommendation is presented to the Pharmacy and Therapeutics (P & T) Committee. They make a final decision based on the following criteria:

- Medicare Part D requirements (USP classification, mandatory coverage,

mandatory exclusion, and any limitations in coverage)

- Safety
- Efficacy
- Uniqueness
- Market considerations (drug pipeline, member impact, net cost, etc.)

National P & T Committee

Prime Therapeutics is contracted by BCB-SND as the Pharmacy Benefits Manager (PBM) for the prescription drug program. For the Medicare Part D formulary development, Prime Therapeutics enhances its National P & T Committee to meet stringent Centers for Medicaid and Medicare

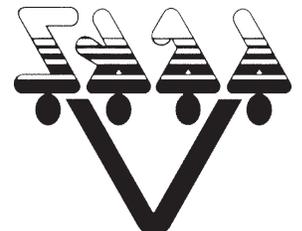
Services (CMS) guidelines. Current P & T Committee members are nationally recognized practitioners that include pharmacists and physicians. This national committee meets quarterly to review and update Prime's formularies.

CMS Formulary Submission Process

Formulary submission is a lengthy and complicated process that involves multiple revisions and resubmissions of the formulary. The first submission is required in April each year for the following plan year. The final approval of the Formulary is provided by the end of September prior to the plan year beginning January 1.

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

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