



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Health Insurance Renewal

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HEALTH PLAN

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Dear NDPERS Board Members,

Sanford Health and Sanford Health Plan are honored to provide health insurance coverage to state employees of North Dakota, both active and retired. It's a responsibility and a commitment we do not take lightly.

Sanford Health is dedicated to the work of health and healing and delivering the highest quality care. Sanford Health Plan shares that commitment and is supported by the strength of the \$4 billion Sanford Health organization.

Since its inception nearly two decades ago, Sanford Health Plan has a proven record of integrity and adeptness in providing comprehensive insurance coverage to all our members. We honor our promises and leave no stone unturned in serving our members. Sanford and NDPERS share the same geographic footprint and population, which further reinforces our commitment to serve this area.

A sincere thank you to the board and staff of NDPERS who worked side by side with us this past year during the transition. It was a significant undertaking after 37 years with a legacy provider. We remain firm in our commitment to do everything in our power to provide the best member experience and service possible and to address any issues or concerns quickly and efficiently.

This book highlights the past year's performance, the robust provider network, the sustainability of the plan, examples of our support for NDPERS members and renewal details. Today, we are pleased to show we've honored our promises, managed a significant transition and delivered on performance, all while increasing access.

Our continued partnership with you will be necessary as we move forward and seek opportunities to keep insurance affordable and sustainable for all members.

Thank you for choosing Sanford Health Plan. We look forward to the opportunity to serve you for many years to come.

Sincerely,



Kelby Krabbenhoft
President and CEO
Sanford Health



Kirk Zimmer
Executive Vice President
Sanford Health Plan



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EXECUTIVE SUMMARY

Milestones Reached:

- 1 Opened **TWO** North Dakota offices
- 2 Hired **85 NEW STAFF**
- 3 Provided a **DEDICATED ACCOUNT EXECUTIVE** to NDPERS
- 4 Hired a **DEDICATED ASSOCIATE CHIEF MEDICAL OFFICER**
- 5 **LED THE SEAMLESS TRANSITION** from a 37 year legacy provider
- 6 Held **72 FACE-TO-FACE** member transition meetings **IN 18 CITIES**
- 7 **EXPANDED THE NETWORK** of providers and pharmacies
- 8 Created a **NEW WEB PORTAL**, with provider directory, and communication avenues for members
- 9 Launched a **ROBUST WELLNESS PORTAL**
- 10 **MET PERFORMANCE GOALS** ahead of schedule to date



“Every Sanford person I have dealt with or spoke to has been just wonderful!”

ANNE H., DAKOTA GRANDFATHERED ACTIVE

Accomplishments:



67,248 ID cards printed



67,971 Member calls received



13,689 Members logged in to mySanfordHealthPlan

Claims paid:



1,008,022 Total claims

\$254,724,441 Total claim dollars

490,250 Prescription claims

Dakota Wellness Program



Health assessments completed

- **8,145** Completed July 1 - Dec. 31, 2015
- **5,790** Completed April 1 - June 30, 2016



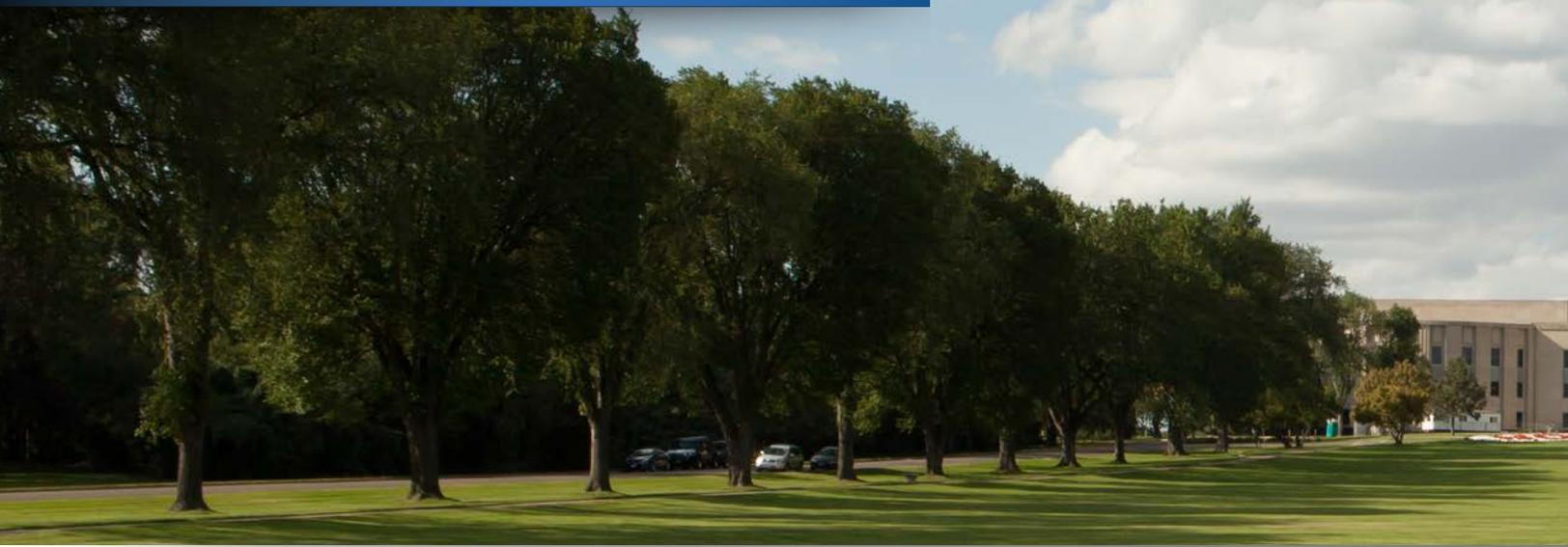
21,847 Members engaged in non-health assessment activities



Redemption Center Orders

- **3,563** Orders July 1 - Dec. 31, 2015
- **2,259** Orders April 1 - June 30, 2016

ACCESS



Sanford Health Plan wants to ensure NDPERS members have access to a comprehensive network of providers. During this year, we achieved our goal of building a robust and complete network of providers across the region for you and your members.



- 99%** Previous NDPERS providers are contracted
- 853** New provider contracts since February 2015
- 214** Additional providers not offered by legacy carrier

Our team continues to work with Express Scripts, Inc. (ESI) and the ND pharmacy board for better pharmacy coverage.



- 194** Pharmacies in-network
- 43** Rural pharmacies recontracted to achieve a complete at-market rural network



The Sanford Health Plan NDPERS Network Encompasses:

- 99% Facilities
- 99% Professional providers
- 96% Pharmacy network

“ I am thoroughly impressed with Sanford Health Plan thus far. Your automatic voice in your queue stated it would be a long hold time, however I got a member services representative within 30 seconds. You guys are pleasant to work with. ”

MARY M., RETIREE MEDICARE SUPPLEMENT

PERFORMANCE



Our goal is to not only meet, but exceed NDPERS' expectations of our performance.

- An independent consultant performed an operational review validating our performance and performance guarantees.
- We have met or exceeded four performance guarantees due on or before July 1, 2016.
- A survey of our performance with your membership was completed, and results show high member satisfaction with Sanford Health Plan.

“Everyone I have spoken to has been very helpful and kind. I feel reassured the transition is going to work out fine.”

MARILYN B., RETIREE MEDICARE SUPPLEMENT



Performance Levels

An independent operational review was performed and encompassed audit claims, contract configurations and performance guarantees. Today, five of the six performance goals have been met, and the Sanford Health Plan team is tracking data and will bring our 97.25 percent claims timeliness status to the 99 percent goal by the deadline next July.

Operational Review Executive Summary	Goal	Current Status Level*
Claims financial accuracy	≥ 99%	99.73%
Claims payment incident accuracy	≥ 97%	97.71%
Claims paid timeliness	≥ 99%	97.25%
Minimum provider discount from in-network providers	≥ 30%	34.5%
Average speed of call answered	≤ 45 sec.	41.4 sec.
Call abandon rate	≤ 7%	5.70%

*All measures due at the biennium.

“What a great job the customer service team did, even going out of their way to get the pharmacy on the phone to get my situation straightened out.”

BRANDY Z., DAKOTA GRANDFATHERED ACTIVE

Performance Guarantees

Five performance guarantees were due on or before July 1, 2016.

Measure	Goal	Outcome Reporting Date	Outcome
Health Risk Assessment	≥ 10%	Dec. 31, 2015	17.7%
Hospitals and Physicians within Network	Hospital ≥ 85% MDs & DOs ≥ 85%	Dec. 31, 2015	Hospital=94% MDs & DOs=87%
bWell Participation	≥ 10%	Dec. 31, 2016	10.8%
Health Club Credit	≥ 1,950	July 1, 2016	1,857*
Medical Home Enrollment	≥ 30%	July 1, 2016	36.5%

*Vendor expects to submit Health Club Reimbursements to Sanford Health Plan within three months to determine final outcome.

NDPERS Member Experience Survey

From June to early July 2016, a random sampling of the NDPERS membership was surveyed on their experience. Less than one year following the transition from the NDPERS long-term health insurance provider, most members are satisfied with their service from Sanford Health Plan.

General Survey:

- **80.7%** Agree that their health insurance claims are processed accurately.
- **77.2%** Agree that their claims are processed in a timely manner.
- **80.4%** Agree that the printed materials or internet resources are helpful.

Member Services:

- **86.9%** Reported that their issue was resolved, including 61.3 percent who reported that the information or help they needed was provided during the initial call.
- **69.3%** Of Sanford Health Plan Member Services callers are satisfied with the service received when they called.
- **90.5%** Agree that the service representative was courteous and respectful.

“Change is hard for people my age,
but so far you are doing an amazing job.”

KATHLEEN S., RETIREE MEDICARE SUPPLEMENT

SUSTAINABILITY



Sanford Health Plan is committed to a long-term partnership with NDPERS. During the bidding process, we developed a proposal based on limited trend information and detailed claims assumptions.

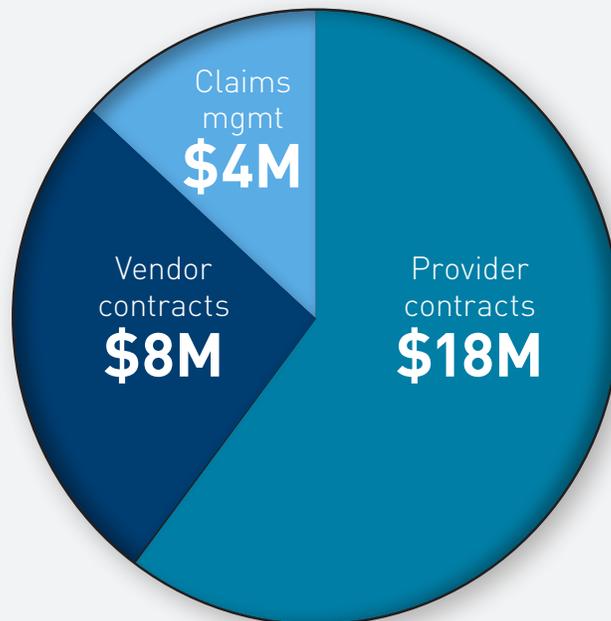
We have learned a great deal about the NDPERS membership since becoming your provider and that has better enabled us to develop a sustainable, renewal proposal. As part of Sanford Health, we are prepared to meet that long-term commitment to you.

Financial Opportunities

- New market-based contracts with providers
- Claims management software
- Vendor contracts re-negotiation:
 - o Pharmacy Benefit Management
 - o National Wrap Network



Operational Savings



Total annual improvement of **\$30 million** achieved from contracting and claims management implementation.

RENEWAL



In 2014, we submitted a bid comparable to the legacy insurer. That bid was developed using national trend data and assumptions on historical NDPERS utilization. Today, based on increased understanding of your memberships' trends this past year, we are bringing forward solutions in order to provide you and your members affordable and quality coverage.

Trends

- Trend assumptions were analyzed to determine a **6.0 percent increase for medical** and **12.0 percent increase for prescriptions** per year (7.0 percent weighted average).
- Over the last twelve years, the average NDPERS premium trend is an increase of **7.3 percent** per year. This trend is driven by price (e.g. specialty drugs, etc.) and not utilization.

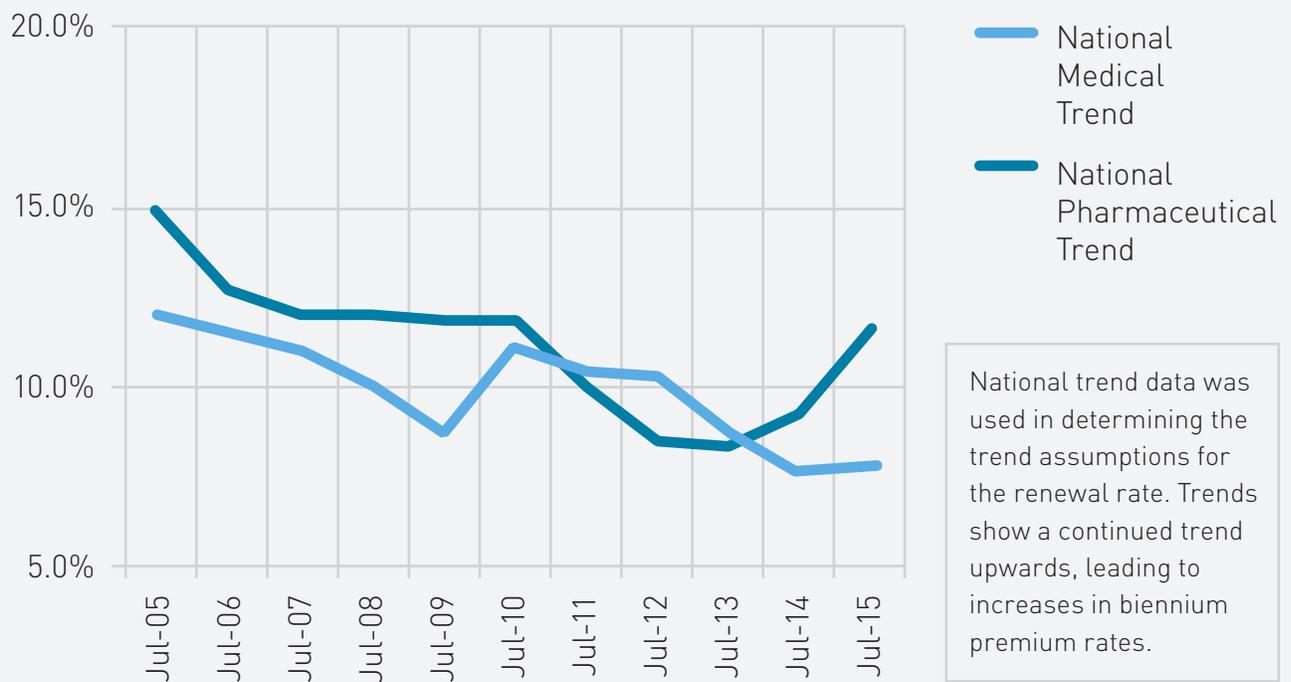
Renewal Rate

Using these national medical and pharmacy trends, along with information we have learned this past year as your insurer, we propose these renewal rates for the next biennium.

- A NDPERS renewal increase of **17.4 percent**, or **8.7 percent per year**.
- A Medicare supplement increase of **6.5 percent** based on 5.0 percent trend.



Benchmark Medical/Pharmaceutical Trend



NDPERS Alternative Innovative Options

In-State Network

An in-state network benefits NDPERS by keeping the renewal rate as low as possible. This option gives members access to quality providers in North Dakota, where this network includes 99 percent of the providers within the state.

It also keeps more dollars in the state. According to NDPERS claim data, an estimated \$40 million dollars leaves the state due to care provided outside of North Dakota.

	Current Services	Next Biennium In-State Services	Next Biennium Out-of-State Services
Deductible			
• Individual	\$500	\$500	\$2,500
• Family	\$1,500	\$1,500	\$5,000
Coinsurance	80%	80%	50%
Out of pocket maximum			
• Single	\$1,500	\$1,500	\$5,000
• Family	\$3,500	\$3,500	\$10,000

Summary of Cost Savings

Options	Estimated PPO Change Percentage	Savings for State Employees (Millions)	Savings for Political Subs & Retirees (Millions)
Annual Premium Reduction for Pharmaceutical Changes	1.1%	\$2.8	\$1.0
*From \$5 to \$10 change in generic copay *From \$20 to \$25 change in formulary brand copay *From \$25 to \$30 copay in non-formulary copay *From \$1,000 coinsurance to \$1,200 coinsurance			
Increase in Office Visit/Emergency Room Copays	0.9%	\$2.3	\$0.8
*From \$25 to \$30 copay in office visit *From \$50 to \$60 copay in emergency room copay			
Annual Premium Reduction to Deductible	0.6%	\$1.5	\$0.6
*From \$400 single/\$1,200 family to \$500 single/\$1,500 family			
Annual Premium Reduction to Change in Coinsurance Maximum	1.8%	\$4.5	\$1.7
*Change from \$750/\$1,500 to \$1,000/\$2,000			
SUB-TOTAL Grandfathered Savings	4.4%	\$11.1	\$4.2
Create In-State Network	5.0%	\$12.6	\$4.7
Change to Non-Grandfathered Option of \$1,500	7.6%	\$19.1	\$7.2
Include Grandfathered Plan Design Changes	4.4%	\$11.1	\$4.2
Loss of Grandfathered status	-3.0%	-\$7.5	-\$2.8
*Includes 100% preventative care *Includes other grandfathered option changes above			
SUB-TOTAL Non-Grandfathered Savings	14.0%	\$35.3	\$13.3
Add 5% to Employee Contribution to Premium	5.0%	\$12.6	\$4.7
TOTAL OPPORTUNITY (Non-Grandfathered)	19.0%	\$47.9	\$18.0

IN SUMMARY

The team at Sanford Health Plan is prepared and committed to continued service to the members of NDPERS and the State of North Dakota. State statute requires validation and review of certain criteria, and we are proud to have met all specified performance expectations during our first year as your provider.

- ✓ A review of performance guarantees revealed five of six goals were met ahead of schedule.
- ✓ A comprehensive member survey showed high member satisfaction with Sanford Health Plan.
- ✓ A robust and comprehensive network of providers was developed to increase access across the region.
- ✓ Opened two new North Dakota offices with dedicated staff and chief medical officer.
- ✓ Launched new communication and wellness portals for members.

Sanford Health Plan is dedicated to a long-term partnership with NDPERS. With the resources and financial backing of Sanford Health, we expect continued growth within the State of North Dakota. Our Sanford Health Plan team looks forward to serving as your insurance provider for the next two years and many years to come.