

NDPERS BOARD MEETING

Agenda

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

April 11, 2014

Time: 8:30 a.m.

I. MINUTES

- A. March 14, 2014

II. RETIREMENT

- A. Retirement Information Request – Sparb (Board Action)
- B. Job Service Retirement Plan – Kathy (Board Action) (possible Executive Session pursuant to NDCC 44-04-18.4(1) and 44-04-19.2(1) to discuss confidential records)

III. GROUP INSURANCE

- A. Healthy Blue Authorization – Kathy (Board Action)
- B. Life Insurance Renewal – Kathy (Board Action)
- C. Sanford Heart of America – Kathy (Board Action)
- D. Political Subdivision Participation – Sparb (Information)
- E. Superior Vision – Kathy/Sparb (Board Action)

IV. MISCELLANEOUS

- A. Board Election – Kathy (Information)
- B. Appeals – Kathy (Board Action) (Executive Session pursuant to NDCC 44-04-19.2(1) and 54-52-26 to discuss confidential member information)
 - 1. Retirement Disability Appeal
 - 2. Deferred Compensation Hardship Appeal

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.

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Friday, March 14, 2014

10:00 a.m.

Members Present: Ms. Joan Ehrhardt
Mr. Howard Sage
Mr. Mike Sandal
Ms. Arvy Smith
Ms. Kim Wassim
Mr. Thomas Trenbeath

Via Conference Call: Chairman Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS

Via Conference Call: Ms. Jan Murtha, Attorney General's Office

Chairman Strinden called the meeting to order at 10:00 a.m.

LEGISLATIVE CONSIDERATIONS

Mr. Collins indicated this meeting is in follow-up to the February meeting regarding to the proposed legislation relating to retirement, retiree health, defined contribution, and the technical legislation. As had previously been discussed, all plans but the Main plan are on track to 100% funded status and the Board concurred there would be no legislation submitted on those plans.

Retirement Plan Legislation: Mr. Collins reviewed the retirement plans with the Board. All plans are on a course to 100% funded status except for the Main plan. Mr. Collins reported that the Government Finance Committee met on March 13 and is reviewing the state's liability on the Main plan. Mr. Collins shared information that Segal had prepared for the Committee based on their request. The Committee indicated they will be hiring another actuary to review the Segal information.

Mr. Collins reported that all employee-related bills must go through the Employee Benefits Committee and the date for submitting our legislation to them is the end of March. The Board had a full discussion relating to how to proceed with proposed legislation, maintaining they have a fiduciary responsibility to ensure the plan is funded appropriately and as quickly as possible.

MR. SAGE MOVED TO SUBMIT ONE BILL THAT INCLUDES IMPLEMENTING THE FOURTH YEAR OF THE RECOVERY PLAN FOR ALL EMPLOYEES (A ONE PERCENT EMPLOYEE AND ONE PERCENT EMPLOYER CONTRIBUTION), AND FOR NEW EMPLOYEES, IMPLEMENT CHANGES IN THE RETIREMENT BENEFITS TO INCLUDE: 1) CHANGING THE EARLY RETIREMENT REDUCTION FROM 6% PER YEAR TO 9% PER YEAR, 2) CHANGING THE FINAL AVERAGE SALARY FROM THE HIGH THREE YEARS TO THE HIGH FIVE YEARS, AND 3) CHANGING THE RULE OF 85 TO 90 WITH A MINIMUM AGE OF 62. THE MOTION WAS SECONDED BY MS. EHRHARDT.

The Board discussed this motion in detail, indicating these two options would bring the Main plan to fully funded status sooner than other options would.

Ayes: Mr. Sage, Ms. Smith, and Chairman Strinden

Nays: Ms. Ehrhardt, Mr. Sandal, Mr. Trenbeath, Ms. Wassim

MOTION FAILED

The Board further discussed retirement legislation options.

MR. TRENBEATH MOVED TO SUBMIT LEGISLATION THAT INCLUDES IMPLEMENTING THE FOURTH YEAR OF THE RECOVERY PLAN (A ONE PERCENT EMPLOYEE AND A ONE PERCENT EMPLOYER CONTRIBUTION). THE MOTION WAS SECONDED BY MS. WASSIM.

The Board discussed the motion, indicating that in submitting a bill with one option would not complicate matters for the legislature and bring the Main plan to fully funded status.

Ayes: Mr. Trenbeath, Ms. Wassim, and Chairman Strinden

Nays: Ms. Smith, Mr. Sage, Ms. Ehrhardt, Mr. Sandal

MOTION FAILED

MS. WASSIM MOVED TO SUBMIT ONE BILL THAT INCLUDES IMPLEMENTING THE FOURTH YEAR OF THE RECOVERY PLAN FOR ALL EMPLOYEES (A ONE PERCENT EMPLOYEE AND ONE PERCENT EMPLOYER CONTRIBUTION), AND FOR NEW EMPLOYEES, IMPLEMENT CHANGES IN THE RETIREMENT BENEFITS TO INCLUDE: 1) CHANGING THE EARLY RETIREMENT REDUCTION FROM 6% PER YEAR TO 8% PER YEAR, 2) CHANGING THE FINAL AVERAGE SALARY FROM THE HIGH THREE YEARS TO THE HIGH FIVE YEARS, AND 3) CHANGING THE RULE OF 85 TO 90 WITH A MINIMUM AGE OF 60. THE MOTION WAS SECONDED BY MR. SANDAL.

The Board discussed this motion and believed that it exemplified the fiduciary responsibilities of the Board. It recognizes the fact that the legislature, during the past session, supported and funded the changes and timeline recommended by the TFFR Board. It was suggested that this motion achieves two results – one is maintaining the Board's fiduciary responsibility in getting to fully funded status sooner, and second is maintaining PERS responsibility to provide a benefits plan which supports the ability to recruit and retain employees.

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

Nays: Mr. Trenbeath

MOTION PASSED

Pre-Medicare Retiree Health Legislation: Mr. Collins indicated this relates to whether legislation should be considered to extend the effective date back from 2015 to 2017. Previous discussion related to the fact that with the health care exchanges being established, there would not be a need to extend the effective date. The Board discussed and concurred that no legislation will be submitted.

Defined Contribution Plan Legislation: Mr. Collins noted that the recovery plan included the defined contribution plan and so no additional action would be needed for funding. The Board discussed and concurred that no legislation will be submitted.

Technical Legislation: Mr. Collins indicated that since the February meeting, there were two clarifications made to the technical legislation (refer to draft bill). Ms. Fricke explained the clarifications which relate to uniform group insurance.

MR. TRENBEATH MOVED APPROVAL OF THE NDPERS TECHNICAL BILL. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Ms. Ehrhardt

MOTION PASSED

GROUP CONSULTANTS

Mr. Collins shared information with the Board relating to a request that was made for health and retirement consulting costs for the last four years. This information is reported to the Board every quarter.

Retirement Consultant: Mr. Collins indicated that the Board decided to seek a renewal offer from Segal for two more years and requested that lower pricing be negotiated. Mr. Collins received proposed renewal fees which were lowered with no increase in the fee

for service for the next year. PERS has not gone out to bid on this effort since renewing in 2010. It was noted that this would be a difficult time to change since much of the work Segal has done relating to the defined contribution plan alternative continues to be applicable and the implementation of the new GASB requirements. In addition, if changed at this time, it could make the work of the Government Finance Committee more difficult. The Board discussed.

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

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

Nays: None

MOTION PASSED

Health Consultant: Mr. Collins reported that at the previous meeting the Board requested staff to negotiate lower pricing from Deloitte, the current health consultant for general consulting support. They indicated they would drop their request for a fee increase and not change their proposed fees for 2014-2015. Mr. Collins understood that the Board indicated that PERS should go to bid on a consultant for the group health plan bid which staff has drafted a request for proposal.

MR. SAGE MOVED THAT PERS RETAIN DELOITTE FOR GENERAL HEALTH CONSULTING. THE MOTION WAS SECONDED BY MR. SANDAL.

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

Nays: None

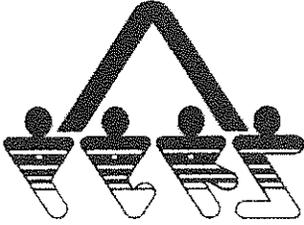
MOTION PASSED

Mr. Collins indicated that a draft Request for Proposal has been prepared for the group health plan consulting and actuarial services on both a fully insured and self insured basis. He indicated it may be necessary to move the regularly scheduled Board meeting scheduled for April 17 to a later date in April in order to review the proposals. The Board concurred and the April meeting will be rescheduled.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:30 p.m.

Prepared by,

Cheryl Stockert
Assistant to the Board



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: April 4, 2014
SUBJECT: Retirement Information Request

Attachment #1 is a letter from Legislative Council sent to us on behalf of the Legislative Government Finance Committee requesting access to information for the PERS retirement plan (the member specific information is confidential). The committee is hiring an actuary to provide them information on the implications of closing the defined benefit/hybrid plan and directing new employees to a defined contribution plan. As part of this study, the committee will be reviewing the Segal projections, assumptions for the DB plan and may also have the actuary replicate the 2013 actuarial valuation. Attachment #2 is the RFP that was issued by Legislative Council for this work effort.

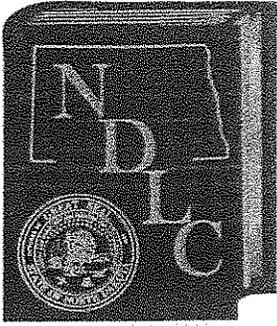
Attachment #3 is a letter from Jan. I asked her to review the request and to provide us guidance on our ability to respond to the request. Jan will be at the meeting to review the letter and answer questions.

Board Action Requested

To determine how to respond to the request from Legislative Council.

Staff Recommendation

To move forward as outlined in the letter from Jan.



Attachment 1

North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

Jim W. Smith
Director
Jay E. Buringrud
Legal Services
Division Director
Allen H. Knudson
Legislative Budget
Analyst & Auditor
Jason J. Steckler
Administrative Services
Division Director
John Walstad
Code Revisor

March 25, 2014

RECEIVED

MAR 26 2014

ND PERS

Mr. Sparb Collins
Executive Director
Public Employees Retirement System
P.O. Box 1657
Bismarck, ND 58502-1657

Dear Mr. Collins:

Pursuant to Section 16 of House Bill No. 1452, the Legislative Management's interim Government Finance Committee, Representative Jeff Delzer, Chairman, is conducting a study of existing and potential state employee retirement plans, including an analysis of defined benefit and defined contribution plans and the feasibility, desirability, and consequences of transitioning to only a state defined contribution plan.

On March 13, 2014, the Government Finance Committee received actuarial information relating to the Public Employees Retirement System (PERS) defined benefit retirement plan if new state employees hired on or after Friday, January 1, 2016, would be required to participate in a defined contribution plan rather than the defined benefit plan. The information was prepared by The Segal Company which is under contract with PERS. The committee approved a motion to ask the Chairman of the Legislative Management to consider allowing the committee to hire a consulting actuary to conduct an independent review of the actuarial costs relating to requiring new state employees to participate in a defined contribution retirement plan.

As part of the review, the consulting actuary may need access to confidential employee information of PERS plan participants in order to calculate the requested information. This letter is to request information regarding the ability of a consultant hired by the Legislative Council to access confidential records of PERS retirement plan participants. At this time, it is unknown which records the consulting actuary will need to access; however, for purposes of this request, it should be assumed that the consultant will need access to all records necessary for a complete actuarial review. Please provide information regarding the ability of PERS to provide the confidential records to the consulting actuary under contract with the Legislative Council or to allow the consulting actuary access to the confidential records. The information should also include options or provisions that would need to be included in the contract to allow the consulting actuary access to confidential information.

Please provide the information requested to me by Wednesday, April 16, 2014. Please contact Allen H. Knudson, Legislative Budget Analyst and Auditor, or me if you have any questions.

Sincerely,

Handwritten signature of Brady A. Larson in black ink.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

BAL/BM



North Dakota Legislative Management

SENATORS

Ray Holmberg
Dwight Cook
Joan Heckaman
Dave Oehlke
Larry J. Robinson
Mac Schneider
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Rich Wardner

Ray Holmberg
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Vice Chairman

Jim W. Smith, Director
Legislative Council Staff

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March 25, 2014

TO: PROSPECTIVE RETIREMENT PLAN ACTUARIAL CONSULTANTS

The North Dakota Legislative Management is seeking proposals for consultant services for assistance in a study of the main Public Employees Retirement System retirement plan. The Legislative Management has assigned the responsibility to study state employee retirement plans to its interim Government Finance Committee, Representative Jeff Delzer, Chairman. Your organization is invited to submit a proposal for providing consulting actuarial services to the committee on or before Friday, April 11, 2014.

The selection of the consultant will be made by the Government Finance Committee subject to approval by the Chairman of the Legislative Management.

As provided in Section 16 of 2013 House Bill No. 1452 (included in the attached background memorandum), the study is to review existing and potential state employee retirement plans, including an analysis of defined benefit and defined contribution plans and the feasibility, desirability, and consequences of transitioning to a state defined contribution plan. The current main state employee defined benefit retirement plan has approximately 21,000 active state and political subdivision members and 8,000 retired members. The Government Finance Committee is reviewing the actuarial costs of the defined benefit plan if new state employees hired on or after Friday, January 1, 2016, are required to participate in a separate defined contribution plan. The committee has received actuarial information from the North Dakota Public Employees Retirement System actuary, The Segal Company. The committee is seeking a separate and independent review of the actuarial costs of the defined benefit plan if it is closed to new state employees. Specific actuarial information to be provided includes cashflow projections for the following scenarios:

1. The existing retirement plan going forward until the plan reaches a 100 percent funded status at market value of assets.
2. The existing retirement plan going forward assuming that beginning January 1, 2016, all newly hired state employees are required to participate in a defined contribution plan. The information should be shown through the year the last member of the plan is projected to receive a retirement benefit. The information should be shown only for state employees.
3. The existing retirement plan going forward assuming that beginning January 1, 2016, all newly hired state employees are required to participate in a defined contribution plan and that a one-time payment is made into the retirement fund on Wednesday, July 1, 2015, which would result in the plan being fully funded through the year the last member of the plan is projected to receive a retirement benefit. The information should be shown only for state employees.

4. A separate projection of the funded status of the political subdivision portion of the plan assuming that it remains open and is segregated from the closed state plan until that plan reaches a 100 percent funded status at market value of assets.
5. The existing plan if it is closed to both state and political subdivision employees beginning January 1, 2016, until the year the last member of the plan is projected to receive a retirement benefit.

The information prepared by The Segal Company is attached to this request for proposal (RFP). Demographic information will be made available to the consultant as necessary from the North Dakota Public Employees Retirement System. The current actuary for the Public Employees Retirement System, The Segal Company, has prepared similar information. The actuarial information requested must be based on the same assumptions used by The Segal Company in its report. The consultant must also review the appropriateness of the assumptions used by The Segal Company and provide recommendations for changes, if any, to the assumptions. If changes are recommended to be made to the assumptions used by The Segal Company, the consultant must also provide the actuarial information requested using the recommended assumptions. All proposals for consultant services must include plans to reconcile any differences between the results of the consultant's work to the results of the work of The Segal Company.

The resulting contract will require a final report with findings and recommendations to be presented to the Government Finance Committee before Monday, September 1, 2014.

The proposal should include information on the individuals who would conduct the study, including educational and employment experiences, and the company's experience with similar actuarial services for public sector retirement plans. The proposal should include references for previous related studies. The proposed contract amount should be a fixed price inclusive of all expenses.

The Legislative Management intends to award the contract based on the information contained within the proposals received as well as information received from other sources. The Legislative Management reserves the right to accept or reject any or all proposals and to award a contract which the Legislative Management considers the most advantageous to the state. Consultants under contract for the state should be able to obtain lodging in the state at the rate provided by law for state government officials and employees (\$74.70 per night plus tax).

If you are interested in submitting a proposal for providing these services, please submit your proposal to the Legislative Council office at the address below by Friday, April 11, 2014. The committee plans to meet on Wednesday, April 23, 2014, at the State Capitol, Bismarck, North Dakota, to hear formal presentations from consultants submitting proposals chosen for final consideration.

The Legislative Council is the point of contact for this RFP. All consultant communications regarding this RFP should be directed to the Legislative Council. Any questions regarding this RFP must be submitted in writing by mail or email to the Legislative Council office on or before Wednesday, April 2, 2014. Responses to the questions will be posted on the Legislative Council website no later than Friday, April 4, 2014.

Contacts:

Legislative Council - Allen H. Knudson, Legislative Budget Analyst and Auditor
Email: aknudson@nd.gov

Legislative Council - Brady A. Larson, Assistant Legislative Budget Analyst and Auditor
Email: bradylarson@nd.gov

State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0360
Telephone: 701-328-2916
Fax: 701-328-3615

The RFP and related information, any amendments to the RFP, and all questions submitted with responses will be posted on the following website at www.legis.nd.gov. Interested consultants are encouraged to check that website periodically for any updates related to this RFP.

Sincerely,

A handwritten signature in black ink that reads "Rayman L. Holmberg". The signature is written in a cursive style with a prominent horizontal line at the beginning and end.

Senator Ray Holmberg
Chairman

RH/BM



Wayne Stenehjem
ATTORNEY GENERAL

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL
STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

April 3, 2014

Mr. Sparb Collins
Public Employees Retirement System
PO Box 1657
Bismarck, ND 58502-1657

Dear Mr. Collins:

You have indicated that pursuant to a letter dated March 25, 2014, you have been informed of the interim Government Finance Committee's intent to retain an actuary to evaluate the cost associated with closing the defined benefit plan. This letter acknowledges that any information upon which the prospective actuarial findings are based would necessarily be supplied by NDPERS, inquires as to the ability of NDPERS to provide this information, and asks NDPERS to offer example contract language that would effectuate such an information exchange. You have asked me what if any statutory restrictions apply to NDPERS sharing information with the vendor actuary retained by the Legislature and requested that I offer example contract language that could be used to effectuate the information exchange. Please accept the following in response to these questions.

Information maintained by NDPERS related to the retirement benefits of members enrolled in the defined benefit and defined contribution plans is confidential under N.D.C.C. § 54-52-26 (See also N.D.A.G. 97-F-06 and N.D.A.G. 2002-L-55). This statute specifically sets forth individuals or entities entitled to receive this confidential information. While NDPERS may share such confidential information with an actuarial consultant retained by the Board pursuant to N.D.C.C. §§ 54-52-04, 54-52-26(11) and N.D.A.C. § 71-01-03-04, the Legislative Assembly is not one such entity authorized to receive this confidential information under N.D.C.C. § 54-52-26.

Section 54-52-17.1, N.D.C.C., does state that before making a change in benefit levels the "legislative assembly and the board shall have an actuarial study conducted to determine the total cost of such changes." Closing the defined benefit plan would constitute a significant change in benefit levels thereby requiring an actuarial study be conducted under N.D.C.C. § 54-52-17.1. Section 1-02-02, N.D.C.C., requires that words used in any statute are to be understood in their ordinary sense. While N.D.C.C. § 54-52-17.1 does not set forth the particular process by which the Legislature and the board should have the actuarial study performed, use of the word "and" implicates a collaborative effort between the two entities. Under N.D.C.C. § 1-02-07 whenever a general provision in a statute is in conflict with a special provision in another statute, the

Mr. Sparb Collins
April 3, 2014
Page 2

two must be construed if possible, so that effect may be given to both provisions. While, the general collaborative effort implicit in N.D.C.C. § 54-52-17.1 may appear to be in conflict with the specific confidentiality restrictions of N.D.C.C. § 54-52-26, the two statutes may be construed in such a way as to give effect to both in this instance if: 1) NDPERS is made a party to the contract between the Legislature and the actuary or 2) the contract between the Legislature and the actuary sets forth that the information provided to the actuary shall be provided directly by NDPERS and directs the actuary to enter into an information sharing agreement with NDPERS. Under either contractual scenario, the terms of these agreements should state that NDPERS must be responsible for providing the requisite information directly to the actuary, the actuary must agree to use and dissemination terms protecting the confidentiality of that information, and the Legislature must acknowledge that it will not have access to the underlying data provided to the actuary by NDPERS, thus maintaining its confidentiality.

With the understanding that the specific language of any agreement will vary depending upon the structure of the contractual relationship, and providing that the agreement otherwise contains the standard compliance with public records law, indemnification, and insurance provisions found in the Contract Drafting Manual authored by the Office of Attorney General and the Guidelines to Managing Contractual Risk authored by the Office of Management and Budget, I offer for consideration the following additional language that may be modified as appropriate.

1. **ACCESS TO RECORDS:** The parties agree that all participation by NDPERS members and their dependents in programs administered by NDPERS is confidential under North Dakota law. The Contractor may request and NDPERS shall provide directly to Contractor upon such request, confidential information necessary for Contractor to provide the services described in paragraph (reference scope of services provision). The Contractor agrees to keep confidential all NDPERS information obtained in the course of delivering services. Failure of Contractor to maintain the confidentiality of such information may be considered a material breach of the contract and may constitute the basis for additional civil and criminal penalties under North Dakota law. The Contractor shall not disclose any individual employee or dependent information without the prior written consent of the employee or family member. The parties understand that members of the North Dakota Legislative Assembly and Legislative Council are not authorized to receive confidential information under the terms of this Agreement or as a result of or in relation to the performance of the Contractor's duties as identified in this Agreement. The Contractor will have exclusive control over the direction and guidance of the persons rendering services under this Agreement. Upon termination of this Agreement, for any reason, Contractor shall return or destroy all confidential information received from NDPERS, or created or received by Contractor on behalf of NDPERS.

Mr. Sparb Collins
April 3, 2014
Page 3

This provision shall apply to confidential information that may be in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the confidential information. In the event that the Contractor asserts that returning or destroying the confidential information is not feasible, Contractor shall provide to NDPERS notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of NDPERS that return or destruction of confidential information is not feasible, Contractor shall extend the protections of this Agreement to that confidential information and limit further uses and disclosures of any such confidential information to those purposes that make the return or destruction infeasible, for so long as Contractor maintains the confidential information.

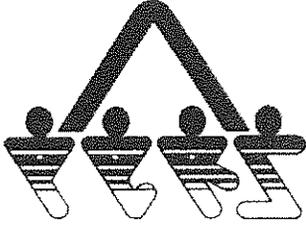
Please let me know if I may be of further assistance in this matter.

Sincerely,



Janilyn K. Murtha
Assistant Attorney General

vkk



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: March 11, 2014

SUBJECT: Job Service Retirement Plan

During an internal audit of the Job Service plan, it was discovered that there is an inconsistency in the administration of the COLA increases related to the Uniform Income Option. The Uniform Income Option under the Job Service plan is the same as the Level Social Security Option previously available under the defined benefit hybrid plan; it coordinates with Social Security benefits to provide a level income, both before a member is eligible to draw Social Security and after the member begins receiving Social Security which must begin no later than age 62. At age 62 the Job Service benefit is automatically reduced by the primary Social Security amount. This is where the inconsistency was detected and appears to have occurred at the time we transitioned to PERSLink in October 2010.

The calculation establishes a base benefit amount which is then increased by the primary Social Security benefit. Prior to PERSLink, the Job Service system was set up using Excel spreadsheets and formulas provided by Job Service when we assumed administration of the plan in 2003. When a COLA increase was authorized, it was calculated separately on the base annuity benefit and primary Social Security benefit. When the member attained age 62, the benefit was reduced by the Social Security benefit including the applicable COLA increase associated with that amount. Since the transition to PERSLink, at age 62 the benefit is only reduced by the primary Social Security benefit, but not the associated COLA increases. This difference appears to be the result of not recognizing this distinction within the Excel formulas when the programming was developed for the plan in our current system. However, the current procedure is the same used by PERS for any members that selected the Level Social Security Option; at age 62, the benefit is reduced by only the Social Security benefit and any ad hoc increases are retained as part of the base benefit.

Due to the change in methodology when reducing the benefit at age 62, eight members were overpaid as the COLA attributed to the Social Security benefit was not reduced and subsequent COLA increases accrued on the higher base benefit payment. Included is a list of the overpayments

owed by these members who turned 62 since October of 2010. The amount of overpayment is shown in the 'Total' column. In addition, an adjustment to the current monthly benefit by the amount of the accrued COLA on the higher benefit amount would be indicated. The amount of this adjustment is shown in the 'COLA Adjustment Necessary' column.

The options available to address this issue for future members who may select the Uniform Income Option and current members that have received an overpayment of benefits are as follows:

1. Administer the plan consistent with how PERS administers this provision for its other systems which means at age 62 the benefit is reduced by only the primary Social Security benefit.
2. Reprogram the PERSLink system to reduce the benefit at age 62 by both the Social Security benefit and associated COLA increases, or
3. Implement a process to manually reduce the benefit by the COLA increases associated with the Social Security benefit.

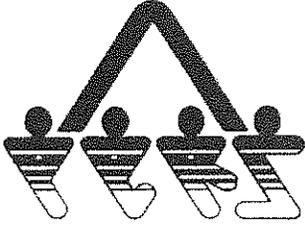
Following are the considerations for each of the above options:

1. **Administer consistently with PERS.** A review of the Job Service Plan Documents, SPDs, various member correspondence both prior to and after the transition to PERSLink, and administrative manuals does not provide a clear interpretation regarding the administration of the COLA increase at age 62. Attachment 2 has examples of such documentation. The procedure implemented at the time of the transition to PERSLink is the same as is used for similarly situated members in the other PERS systems.
2. **Reprogram PERSLink.** We have received an estimate of effort from our software vendor to change the system to calculate the COLA separately for the base benefit amount and the Social Security amount so that upon attainment of age 62, both the Social Security amount and related COLA increases can systematically be removed from the benefit. It is estimated that these changes would cost between \$6,000 - \$8,000, plus staff time for testing. There are currently only 13 members actively contributing to the Job Service plan of which 5 are age 62 or older and would not be eligible for the Uniform Income Option. This leaves 8 members who may or may not choose the Uniform Income Option upon retirement. Due to the small number of members that would potentially be impacted by this programming change, we would recommend not making this investment in the PERSLink system.
3. **Manual Process.** A process could be put into place to manually determine the amount of the COLA associated with the Social Security amount so that upon the member reaching age 62, the benefit could be manually reduced by the related COLA. The process would include a review of the COLA calculation by Internal Audit to verify that the benefit is being reduced correctly. A process would also need to be established to identify when the benefit needs to be adjusted for the COLA, since PERSLink is currently set up to reduce the benefit by the Social Security amount automatically upon the member reaching age 62. Because this is an exception to normal processing and there are such a small number of members that this may apply to, there is the risk that accounts may not be identified and adjusted correctly.

In addition, if either 2 or 3 are selected, the changes would be prospective. A request for refund of the overpayment amounts would be initiated and the monthly benefit going forward would be adjusted accordingly.

Board Action Requested

- Provide staff direction on whether current administrative procedures for similarly situated members in the other PERS systems should be consistent for members in the Job Service Uniform Income Option, or
- Select option 2 or 3.



**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: April 4, 2014
SUBJECT: Healthy Blue

In follow-up to our last meeting, attached is a memo from BCBS concerning Healthy Blue Authorization for Release of Information (Wellness Programs). Attached, for your information, is the current authorization language that was discussed at the last meeting

Before the meeting, they will be send us the proposed language for your consideration.

Memorandum

TO: Sparb Collins, NDPERS
FROM: Kevin Schoenborn, BCBSND
DATE: Friday, April 11, 2014

SUBJECT: Discussion on *Authorization for Release of Information – Wellness Programs* language on the HealthyBlue portal.

Mike Carlson, BCBSND Manager of Wellness Services and Rebecca Nichol, Associate General Counsel & Privacy Officer, will be at the April 11 Board meeting to provide an update to the Authorization language modification that BCBSND can modify based on input from NDPERS members and the NDPERS Board of Directors.

Recommended changes to the *Authorization for Release of Information – Wellness Programs* language have been drafted and will be discussed. Additionally, Business Associates Agreements with the applicable partners will be provided if still deemed appropriate and essential.

PUREWELLNESS TERMS OF USE

PureWellness or its licensors provide this website, content, products, software and services (collectively referred to as the "Service") to its members subject to the following terms and conditions ("Terms of Use"). BY REGISTERING TO USE THE SERVICE AND BECOMING A MEMBER ("MEMBER"), YOU AGREE THAT YOU HAVE READ AND UNDERSTAND THESE TERMS OF USE AND THAT YOU EXPRESSLY AGREE TO BE BOUND BY THEM FOR AS LONG AS YOU CONTINUE TO BE A MEMBER. IF YOU DO NOT AGREE WITH ANY OF THESE TERMS OF USE, PLEASE DO NOT REGISTER FOR OR USE THE SERVICE. You should print or otherwise save a copy of these Terms of Use for your records. "PureWellness" as used herein means Kaufman and Keen, Inc. d/b/a PureWellness.

Language
to be
removed

2014 Authorization for Release of Information - Wellness Programs

Instruction to Members:

I authorize Blue Cross Blue Shield of North Dakota (BCBSND) to disclose my protected health information, or personal information if I am not a BCBSND member, to my employer (if my health plan is self-funded) and to designated wellness vendors, to be used for administration of my wellness programs or incentives program(s). If my contract number changes during 2014, this Authorization will transfer to your new BCBSND contract number.

I understand that this Authorization is voluntary. My refusal to authorize disclosure of information to wellness vendors and my employer (if my health plan is self-funded) and will have no effect on my enrollment in BCBSND health plans.

I understand that my protected health information includes, but is not limited to, all data and information in the BCBSND systems, including claims, as a result of medical encounters, treatments, diagnostic tests, screenings, prescriptions, and/or case management activities.

I understand that if the recipient of this information is not a health care provider or health plan covered by federal privacy regulations, this information may be re-disclosed and no longer protected by these federal regulations. My BCBSND health plan is subject to federal privacy regulations and will not re-disclose this information except as allowed by law.

I understand that I have the right to revoke or end this Authorization at any time. I understand that in order to revoke this Authorization I must do so in writing to my BCBSND health plan. I understand that my revocation of this Authorization will not affect any action that has been taken, or any information that has already been used or disclosed, based upon this Authorization before my BCBSND health plan actually received my revocation.

This authorization will remain in effect until 12/31/2014.

I have had full opportunity to read and consider the contents of this authorization.

I am authorizing the use and/or disclosure of information as described above.

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OR IF YOU HAVE ANY QUESTIONS REGARDING A MEDICAL CONDITION. PUREWELLNESS AND ANY CREATORS, DISTRIBUTORS, LICENSORS, OR PRODUCERS OF THIS WEBSITE DISCLAIM ANY LIABILITY, LOSS OR DAMAGES IN CONNECTION WITH THE INFORMATION PROVIDED WITH THE SERVICE.

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4. ACCEPTABLE USE. As a Member, you agree not to use the Service in any manner that damages or is likely to damage our reputation, the availability or integrity of our Service, Members, or others. We will take any action we deem appropriate, including suspending or terminating your access to the Service, to maintain the high quality of our Service and to protect our Members, ourselves and others. By way of example and not limitation, you agree to the following:

- You may access the Service only for your own personal, non-commercial use. Any other use is prohibited unless agreed to by PureWellness in writing.

- You will use the Service in a manner consistent with any and all applicable laws and regulations, and with these Terms of Use.

- You will not include any of the following information in your profile: street addresses, last names and offensive sexually suggestive material or language.

- You will not use the Service to engage in advertising or solicitation to other Members to buy or sell any products or services.

- You may not authorize others to use your membership.

- You may not assign or otherwise transfer your account to any other person or entity.

- You will abide by our Copyright and Proprietary Information Policy at all times.

- You will not damage, able, disrupt, impair, place unreasonable burdens or excessive loads on, interfere with or attempt to gain unauthorized access to any portion of the Service, its computer systems, servers, website or networks or interfere with any other party's use and enjoyment of the Service.

- You will not sell access to or the use of the Service, including any content contained on, downloaded or accessed from this website, or redistribute any content provided on this website.

5. USER GENERATED INFORMATION; THIRD PARTY SITES. We assume no responsibility for the use of any personal information that you may choose to disclose on this website or any content contained in any e-mails, Blogs, social features, or any other public services. We do not monitor or control such services, although we reserve the right to do so. E-mails sent between you and other Members will be treated as private to the extent required by applicable laws.

This Service may contain links to other websites that are independent of this website. We make no representation or warranty as to the accuracy, value, integrity, completeness or authenticity of the information or opinions contained in any such linked websites. Furthermore, the links may lead to websites that contain offensive or objectionable content or contain computer viruses. You assume, and we hereby disclaim, all responsibility of any of the content on third party sites or for any damage sustained by users of these websites. PureWellness does not endorse the opinions of third parties expressed on this website or on linked websites.

6. INDEMNITY BY MEMBER. To the extent permitted by law, and except for your use of the Services in accordance with the Acceptable Use provision described in Paragraph 4 above, you agree to defend, indemnify and hold harmless PureWellness, its officers, directors, employees, agents, franchisees, licensors and third parties, and other users, from and against any and all third party claims, damages, obligations, losses, liabilities, costs or debt, and expenses (including but not limited to reasonable attorney's fees) relating to or arising out of (i) any unauthorized activity related to the use of the Services by you or any other person accessing the Services using your account or password; (ii) the violation of any term of these Terms of Use by you or any other person accessing the Services using your account or password; (iii) the violation of any third party right, including without limitation any copyright, property, or privacy right by you or any person

accessing the Services using your account or password. PureWellness reserves the right to assume the exclusive defense and control of any matter subject to indemnification by you. This defense and indemnification obligation will survive these Terms of Use and your use of the Service.

7. **CONFIDENTIALITY OF MEMBER INFORMATION AND SECURITY.** PureWellness will keep confidential all information supplied by you through the Service, except that PureWellness may disclose information as required or permitted by law.

8. **WEBSITE AVAILABILITY.** We take steps to ensure that the Service is available to all Members; however, we do not warrant that the Service will be continuously available, or that your use of the Service will be uninterrupted or error-free.

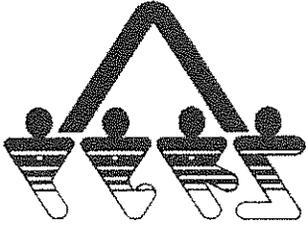
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10. **LIMITATION OF LIABILITY.** *IN NO EVENT WILL PUREWELLNESS, OUR OFFICERS, DIRECTORS, EMPLOYEES, CONTRACTORS, LICENSORS, AFFILIATES, SUBSIDIARIES, SUCCESSORS OR ASSIGNS BE LIABLE TO YOU OR ANY OTHER PERSON FOR ANY INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES ARISING OUT OF THE USE OF OR INABILITY TO USE THE SERVICE, EVEN IF PUREWELLNESS OR ITS AGENTS OR REPRESENTATIVES KNOW OR HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, PUREWELLNESS' LIABILITY TO YOU FOR ANY CAUSE WHATSOEVER, AND REGARDLESS OF THE FORM OF THE ACTION, WILL AT ALL TIMES BE LIMITED TO THE AMOUNT PAID, IF ANY, BY YOU TO PUREWELLNESS FOR THE SERVICE DURING THE TERM OF MEMBERSHIP. IN ADDITION, PUREWELLNESS DISCLAIMS ALL LIABILITY, REGARDLESS OF THE FORM OF ACTION, FOR THE ACTS OR OMISSIONS OF OTHER MEMBERS OR USERS (INCLUDING UNAUTHORIZED USERS) OF THE SERVICE.*

11. **GENERAL.** You agree that Vermont law (regardless of conflicts of law principles) shall govern these Terms of Use, and that any dispute arising out of or relating to this Agreement shall be subject to the federal and state courts in Vermont. These Terms of Use, accepted upon registering for the Service, contain the entire agreement between you and PureWellness regarding the use of the Service or this website. We may modify these Terms of Use at any time by posting revised Terms of Use on our website and your continuing use of such website and the Service constitutes your agreement to be bound by such modified Terms of Use. Any provision of these Terms of Use which is determined by a court of competent jurisdiction to be unenforceable in any jurisdiction shall be severable from these Terms of Use in that jurisdiction without in any way invalidating the remaining provisions of these Terms of Use. The unenforceability of any provision in a given jurisdiction shall not make that provision unenforceable in any other jurisdiction.

12. **Credits and Attributions**

Credits and Attributions



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Memorandum

TO: NDPRS Board

FROM: Kathy & Sparb

DATE: March 11, 2014

SUBJECT: Group Life Plan Renewal Options

Effective July 1, 2011 ING was awarded the bid for the group life insurance plan. In its proposal, ING provided us with a three year rate guarantee which expires June 30, 2014. ING has proposed a premium neutral renewal for the next two year period which means no change to our current rates through June 30, 2016. To provide some background on why ING was awarded the bid in 2011, the following is provided for your information:

- They increased the active Basic Life benefit by 269% from \$1,300 to \$3,500 without an increase in the state-paid premium.
- They reduced the employee and spouse supplemental rates an average of 18% to 26.5%.
- They introduced one step supplemental life upgrades with guarantee issue of \$5,000 at each annual enrollment.
- They included funeral planning and concierge service, travel assistance, and beneficiary support services at no extra cost.

Staff recommends that we accept ING's proposal for the period July 1, 2014 to July 1, 2016.

Board Action Requested

Approve staff's recommendation to accept ING's renewal proposal.



EMPLOYEE BENEFITS
20 Washington Avenue South
Minneapolis, MN 55401

GROUP POLICY

North Dakota Public Employees Retirement System

Group Benefit Plan: 0067389-7

PREMIUM RATE NOTIFICATION

The premium rates contained in the Group Policy are amended as outlined below.

MODE OF PAYMENT	NEW PREMIUM RATES EFFECTIVE	
	07/01/2014 *	
Monthly	CURRENT PREMIUM RATES	NEW PREMIUM RATES
Life Basic Employee		
Active	\$ 0.245	\$ 0.245
Retired	4.30	4.30
Accidental Death & Dismemberment Basic Employee		
Active	0.035	0.035
Retired	0.02	0.02
Life Supplemental Employee, per \$1,000		
Under 25	0.02	0.02
25 - 29	0.02	0.02
30 - 34	0.03	0.03
35 - 39	0.05	0.05
40 - 44	0.08	0.08
45 - 49	0.10	0.10
50 - 54	0.16	0.16
55 - 59	0.33	0.33
60 - 64	0.51	0.51
65 - 69	0.98	0.98
70 +	1.61	1.61
Accidental Death & Dismemberment Supplemental Employee, per \$1,000	0.01	0.01
Life Supplemental Dependent Spouse, per \$1,000		
Under 25	0.03	0.03
25 - 29	0.03	0.03
30 - 34	0.04	0.04
35 - 39	0.06	0.06
40 - 44	0.09	0.09
45 - 49	0.11	0.11
50 - 54	0.17	0.17
55 - 59	0.34	0.34
60 - 64	0.52	0.52
65 - 69	0.99	0.99
70 +	1.62	1.62
Life Supplemental Dependent Family		
2,000	0.20	0.20
5,000	0.50	0.50

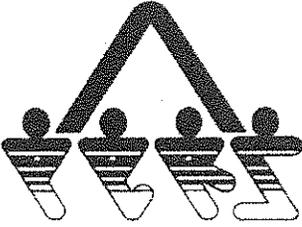
* Premium Rate Notification due to policy renewal.
All Premium Rates are Guaranteed from 07/01/2011 to 07/01/2016.

Dallas Office/7

Produced on: 02/18/2014

Page 1 of 1

All products and services provided by ReliaStar Life Insurance Company or ReliaStar Life Insurance Company of New York.



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Memorandum

TO: NDERS Board

FROM: Kathy

DATE: February 25, 2014

SUBJECT: Heart of America Health Plan

Since last year, Sanford Health has purchased Heart of American Health Plan. Attached is the request from Sanford Heart of America Health Plan to continue to offer its health plan to state and participating political subdivision employees in its Rugby service area. The term of this renewal is from July 1, 2014 through June 30, 2015. The new rates are included in the materials provided by Sanford Heart of America. The premiums for all levels of coverage and plan options for the upcoming contract period have increased by approximately 14% over the current year. All other required information is attached and appears to be in order. The State Insurance Department has indicated that there have been no complaints or appeals filed against Sanford Heart of America over the past year.

The following outlines the current number of contracts for those employers in the Rugby service area:

Rolette County	2
Game & Fish	1
Pierce County	8
City of Rugby	1

Since we last reported, participation in the Sanford HOA plan has increased by 1 contract.

BOARD ACTION REQUESTED

Accept or reject the Sanford Heart of America request to continue to offer its health plan to PERS membership in the Rugby service area.

NORTH DAKOTA INSURANCE DEPARTMENT



Certificate of Authority

This is to certify that pursuant to the Insurance Code of the State of North Dakota, Sanford Heart of America Health Plan organized under the laws of North Dakota subject to its Articles of Incorporation or other fundamental organizational documents is authorized to transact within the State of North Dakota, subject to provisions of this certificate, the following lines of insurance:

Accident & Health

as these lines are now or may be defined in Title 26.1, the Insurance laws of the State of North Dakota.

This certificate is expressly conditioned upon the holder being in full compliance with all of the applicable laws and lawful requirements made under authority of the laws of the State of North Dakota as long as such laws or requirements are in effect and applicable, and as such laws and requirements now are or may be changed or amended.

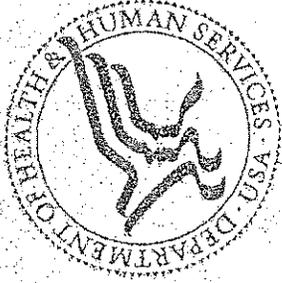
This certificate is at all times the property of the State of North Dakota and shall continue in force as long as the Insurer is entitled to it under the laws of the State of North Dakota and until suspended or revoked or otherwise terminated, at which time the Insurer shall promptly deliver this Certificate to the Insurance Commissioner of the State of North Dakota.

IN WITNESS WHEREOF, I have hereunto set my hand at the City of Bismarck, on July 1, 2013.

Adam Hamm

A handwritten signature in black ink, appearing to read "Adam Hamm", written over a horizontal line.

Insurance Commissioner



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service

This is to certify that
**Heart of America
Health Maintenance Organization**
has been found to be a qualified
Health Maintenance Organization
under the provisions of Title XIII of the
Public Health Service Act.

Director, Office of Health Maintenance Organizations

July 28, 1983

Date



CPA & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Heart of America Health Plan
Rugby, North Dakota

Report on the Financial Statements

We have audited the accompanying statutory financial statements of Heart of America Health Plan, which comprise the statutory statements of admitted assets, liabilities, and surplus as of December 31, 2012 and 2011, and the related statutory statements of income, changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the North Dakota Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared using accounting practices prescribed or permitted by the North Dakota Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Heart of America Health Plan as of December 31, 2012 and 2011, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Heart of America Health Plan as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.



Boise, Idaho
May 31, 2013

Heart of America Health Plan
Statutory Statements of Admitted Assets, Liabilities, and Surplus
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and Invested Assets		
Bonds	\$ 783,616	\$ 978,471
Preferred stock	41,790	41,300
Common stock	178,211	201,410
Cash	273,411	363,380
Total cash and invested assets	1,277,028	1,584,561
Receivables		
Estimated third-party payor settlements	134,730	133,200
Reinsurance recoverable on paid losses	38,573	41,003
Premium	2,322	1,373
Accrued investment income	8,454	8,770
Other receivable	-	9,348
Total receivables	184,079	193,694
Electronic data processing equipment	853	339
Total assets	\$ 1,461,960	\$ 1,778,594
Liabilities and Surplus		
Claims Payable		
Accrued claims	\$ 384,666	\$ 264,638
Estimated incomplete and unreported claims	169,139	276,173
Total claims payable	553,805	540,811
Unpaid claims adjustment expenses	22,152	21,632
Premiums received in advance	3,182	8,179
General expenses due and accrued	29,277	22,054
Total liabilities	608,416	592,676
Surplus		
Unassigned funds	533,544	865,918
Surplus notes	320,000	320,000
Total surplus	853,544	1,185,918
Total liabilities and surplus	\$ 1,461,960	\$ 1,778,594

Heart of America Health Plan
Statutory Statements of Income
Years Ended December 31, 2012 and 2011

	2012	2011
Premium income (net of \$303,351 and \$271,715 reinsurance premiums ceded in 2012 and 2011)	\$ 2,928,736	\$ 3,134,825
Underwriting Deductions		
Hospital and medical claims	4,282,606	4,598,378
Medicare reimbursement	(1,213,247)	(1,384,484)
Net reinsurance recoveries	(209,991)	(359,831)
Net hospital and medical claims	2,859,368	2,854,063
Administrative expenses		
Salaries	168,017	186,925
Professional fees	42,449	42,341
Premium tax	63,082	66,122
Employee benefits	56,615	69,288
Advertising	7,891	7,573
Printing and postage	6,996	10,638
Insurance	21,961	21,976
Rent	26,417	26,417
Depreciation	3,684	3,326
Quality assurance and patient education	260	88
Other	28,879	11,985
Total administrative expenses	426,251	446,679
Total underwriting deductions	3,285,619	3,300,742
Underwriting Loss	(356,883)	(165,917)
Investment Income	46,830	51,858
Loss Before Income Taxes	(310,053)	(114,059)
Income Tax Benefit	10,305	3,799
Net Loss	\$ (299,748)	\$ (110,260)

Heart of America Health Plan
 Statutory Statements of Changes in Surplus
 Years Ended December 31, 2012 and 2011

	Unassigned Funds	Surplus Notes	Total Surplus
Balance, December 31, 2010	\$ 1,021,375	\$ 320,000	\$ 1,341,375
Net loss	(110,260)	-	(110,260)
Change in net unrealized capital losses	(48,511)	-	(48,511)
Change in nonadmitted assets	3,314	-	3,314
Balance, December 31, 2011	865,918	320,000	1,185,918
Net loss	(299,748)	-	(299,748)
Change in net unrealized capital gains	30,467	-	30,467
Change in nonadmitted assets	(63,093)	-	(63,093)
Balance, December 31, 2012	<u>\$ 533,544</u>	<u>\$ 320,000</u>	<u>\$ 853,544</u>

Heart of America Health Plan
Statutory Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Premiums collected net of reinsurance and Medicare Reimbursement	\$ 4,134,507	\$ 4,515,700
Investment income received	7,807	9,826
Miscellaneous income	212,421	388,033
Total income	4,354,735	4,913,559
Benefit and loss related payments	(4,260,267)	(4,798,522)
Commissions and expenses paid	(418,504)	(448,080)
Income taxes recovered	10,305	3,799
Net Cash Used For Operating Activities	(313,731)	(329,244)
Investing Activity		
Proceeds from investments sold, matured or repaid Bonds	221,451	98,793
Financing and Miscellaneous Activity		
Other cash provided	2,311	3,517
Net Change in Cash	(89,969)	(226,934)
Cash, Beginning of Year	363,380	590,314
Cash, End of Year	\$ 273,411	\$ 363,380



SANFORD HEALTH PLAN

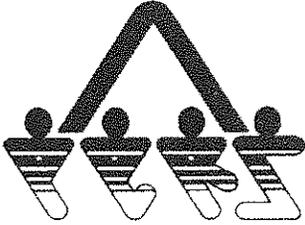
Rugby 2014 Rates

	High Option	Low Option	Share Option
Employee	\$ 613.70	\$ 562.50	\$ 458.30
Employee and Child(ren)	\$ 1,053.00	\$ 969.10	\$ 789.90
Family	\$ 1,438.20	\$ 1,333.50	\$ 1,087.70

**Rates for ND Pers are effective July 1, 2014.*

Minot 2014 Rates

	Elite Option	Assurance Option	Preferred Option
Employee	\$ 618.10	\$ 584.50	\$ 440.10
Employee + Spouse	\$ 1,466.10	\$ 1,386.10	\$ 1,045.10
Employee and Child(ren)	\$ 1,091.70	\$ 1,031.30	\$ 778.10
Family	\$ 1,548.20	\$ 1,463.80	\$ 1,103.90



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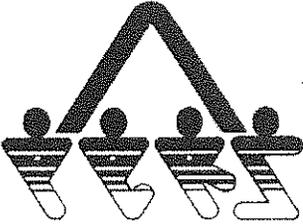
TO: NDPERS Board

FROM: Sparb

DATE: March 12, 2014

SUBJECT: Political Subdivision Participation

BCBS will be at the Board meeting to provide additional information and clarification relating to our discussion of small political subdivisions in the health plan as it relates to the Affordable Care Act (ACA).



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

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Executive Director
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Memorandum

TO: NDPERS Board

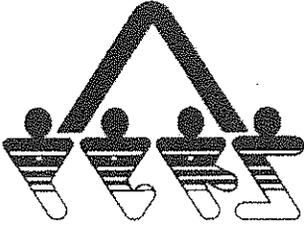
FROM: Kathy

DATE: March 11, 2014

SUBJECT: Board Election

The following is the 2014 election schedule developed in compliance with the rules:

- May 2, 2014 – Deadline to file nomination petitions
- May 26, 2014 (week of) – Ballots sent to membership
- June 13, 2014 – Deadline to return ballots
- June 16, 2014 – Ballot canvassing
- June 19, 2014 – Present election results to Board membership
- June 19, 2014 – Notify candidates of election results



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

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

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

Memorandum

TO: NDPERS Board
FROM: Kathy & Sparb
DATE: April 8, 2014
SUBJECT: Superior Vision Plan Renewal

We have included the Superior vision plan renewal rate notification for the January 1, 2015 through December 31, 2016 plan years. Also included is the experience report for January 1, 2011 through December 31, 2013. Following are the current rates and the proposed renewal rates:

	Current	Proposed 1/1/2015
Emp Only	\$4.92	\$6.74
Emp + Spouse	\$9.84	\$13.49
Emp + Child(ren)	\$8.96	\$12.28
Emp + Family	\$13.88	\$19.03

The proposed rates represent a 27% increase over current rates. This is the first increase in premiums since the inception of our contract with Superior on January 1, 2011. We have requested that Superior provide us with additional information regarding trend, utilization and the benchmarks they use as indicators to assess a plan's performance. Any additional information received will be provided at the meeting.

The Board has the option to have Deloitte conduct a formal analysis and evaluation of the Superior renewal. If so directed, staff will request Deloitte's evaluation be available for review at the April 29 meeting, at which time the Board can determine whether to accept the renewal proposal, further negotiate with Superior, or go out to bid for vision plan services. The Board may also consider whether representatives of Superior be present or available for the April 29 meeting to respond to any questions.

BOARD ACTION REQUESTED

- Determine whether to have Deloitte conduct an evaluation of the Superior renewal proposal.
- Whether representatives of Superior should be available for the April 29 meeting.



SUPERIOR VISION

See yourself healthy.

Vision Benefits Renewal

April 1, 2014

Ms. Kathy Allen
North Dakota Public Employees Retirement System
400 E. Broadway, Ste. 505
Bismarck, ND 58505

**Re: North Dakota Public Employees Retirement System
Policy #29854**

Dear Mr. Allen,

We would like to thank you and your group, North Dakota Public Employees Retirement System, for the continuing support of our vision plan. As you are aware, the renewal rate guarantee will expire on 12/31/2014.

The renewal rates will be as follows, with a two year rate guarantee:

	Employee Only	Employee + Spouse	Employee + Child(ren)	Employee + Family
Renewal Rates *	\$6.74	\$13.49	\$12.28	\$19.03

Renewal Period: January 1, 2015 – December 31, 2016

**The premium rates outlined above are inclusive of any applicable Health Insurance Taxes under the Patient Protection and Affordable Care Act ("ACA"); that go into effect January 1, 2014.*

Please confirm receipt of the above rates by signing and returning a copy of this letter via efax or email.

Superior Vision is honored to partner with you to provide the Superior Vision Plan and we appreciate the trust you have placed in us.

Yours in Superior Service,

Rod Merluza
Underwriter
rmerluza@superiorvision.com

Renewal acknowledged/accepted by: _____

Title: _____ Date: _____

EXPERIENCE REPORT FOR:

NDPERS #29854

01/01/2011 through 12/31/2013

SUPERIOR VISION



See yourself healthy.

	2011	2012	2013
Paid Premium	\$669,113	\$782,679	\$891,918
Paid Claims and IBNR	(\$675,941)	(\$906,044)	(\$1,023,504)
Fees	(\$17,397)	(\$20,350)	(\$23,190)
Administration	(\$99,832)	(\$116,622)	(\$132,326)
Risk Charge	(\$6,691)	(\$7,827)	(\$8,919)
Commissions	\$0	\$0	\$0
Net Gain / (Loss)	(\$130,748)	(\$268,163)	(\$296,022)
Claims Loss Ratio	101.0%	115.8%	114.8%