

NDPERS BOARD MEETING

Agenda

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

February 17, 2011

Time: 8:30 AM

I. MINUTES

- A. January 14, 2011
- B. January 20, 2011
- C. January 31, 2011

II. GROUP INSURANCE

- A. Diabetes Management Program – Jayme Steig
- B. Prime Therapeutics Follow-up –BCBS (Information)
- C. BCBS Annual Report and Quarterly Executive Summary– (Information)
- D. BCBS Health Projections – BCBS (Information)
- E. BCBS Medicare Blue Rx Update – BCBS (Information)
- F. Tobacco Cessation Report – BCBS (Information)
- G. Transitional Enrollment Timeframe – Kathy & Sparb (Board Action)
- H. Dependent Eligibility – Dental & Vision Plans – Kathy (Board Action)
- I. NDPERS Inpatient Comparison – Bryan (Information)
- J. NDPERS Prescription Drug Update – Bryan (Information)

III. RETIREMENT

- A. Segal Contract – Sparb (Board Action)

IV. DEFINED CONTRIBUTION

- A. 2010 Enrollment – Kathy (Information)

V. FLEXCOMP

- A. 2011 Annual Enrollment – Kathy (Information)

VI. MISCELLANEOUS

- A. Legislative Update- Sparb (Information)
- B. SIB Agenda

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



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

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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: Diabetes Management Program

At the last meeting we heard a presentation from Nancy Vogeltanz-Holms on the diabetes management program (a copy of that report is attached for your reference). At this meeting we will be hearing from Jayme Steig, the Clinical Coordinator for the project. Attached is the information he will be reviewing with the Board.

The next step in the process will be in March when the Board will be asked to determine if this program should continue into the 2013-15 biennium.



NDPERS Diabetes
Management Program

Next Steps

Jayne Steig, PharmD, RPh
Frontier Pharmacy Services, Inc
Clinical Coordinator Provider

1-877-364-3932

jsteig@froniterRx.com

Program Overview

- Diabetes care services are provided by a network of pharmacists and other providers who have completed an accredited diabetes certification program
- Providers “coach” eligible participants on how to self-manage their diabetes
- Modeled after “Asheville Project”
 - Some variations

Program Overview Continued...

- Providers complete an assessment, develop a care plan and provide follow-up services and referrals
- Clinical, humanistic, and economic measures are recorded for analysis
 - Refer to Sept 2010 presentation for more information
- Initially 6 visits over 12 month period
 - 7th and 8th visits added for 24 month program
- Over 70 provider sites in North Dakota
 - Over 125 individual providers



Program Promotion

- Program launch
 - Mailings to all eligible members with follow up postcards 1 month later
- PERS website – link to program website
- Wellness newsletters
- Annual Wellness Forum presentation
 - Did not occur in 2010
- Monthly mailing to newly identified eligible members

Patient Participation

- 3,078 eligible members in Jan 2011 according to eligibility file
 - Approximately 30-40 letters mailed by NDPERS each month to newly identified eligible members
- 352 members have completed at least 1 visit
 - 11.5% enrollment
 - Asheville – 67% enrollment

Patient Incentives

- Patients receive financial incentives for participating
 - Copay on formulary diabetic medications, ACE inhibitors, and ARBs (\$5 generic, \$20 brand)
 - Coinsurance on diabetic testing supplies
 - Issued quarterly
 - 2010 costs/quarter
 - \$20,799 total (\$83.85/member)
 - \$4,444 supplies (\$17.92/member)
 - \$16,355 medications (\$65.93/member)
 - Range - \$5 to \$330 quarterly

Program Costs

- Next biennium estimates (July 2011-June 2013)
 - Visits - \$38,400
 - Incentives - \$29,000
 - Admin Fee - \$10,000
 - Total - \$77,400
- Based off of current program structure (enrollment rates and incentives)

UND Analysis

- Independent analysis provided results similar to that of similar studies
- Statistically significant clinical outcomes
 - Participants health improved
- Economic analysis showed positive trends, but were not statistically significant
 - Due to large standard deviation in costs and small sample size
 - Occurs this way in many studies of this type
 - Including Asheville Project

UND Analysis – Points of Interest

- Selection Bias – to be expected
 - Those with higher costs enrolled
 - Incentive structure played a role
 - More Type I vs Type II
 - UND Discussion – select those closer to “average”
 - Those with diabetes less than 5 years had greater reductions in A1C than those with diabetes longer

UND Analysis – Points of Interest

- Health care costs
 - PPPM cost savings of \$124 comparing participants vs control (\$1488 annually)
 - \$71.14 when program costs included
 - Not significant due to large variation
 - Savings occurred mainly in hospital costs
 - Pharmacy costs increased at a similar rate in participants vs control
 - Pharmacy costs increase significantly in other studies, including Asheville

UND Analysis – Points of Interest

- Health care costs

- Note – diabetes related costs were not broken out from non-diabetes related costs
 - Done in many studies
 - Could have helped answer some questions related to costs, etc
 - Could have reduced some of the variability
 - ie, did an asthma attack or some accident result in added hospital costs in one group vs the other, etc

UND Analysis – Points of Interest

○ Discussion

- Authors mention use of blood pressure as a valuable indicator for health and cost improvement
- This data, along with other secondary outcomes, was available, but not analyzed
- Data is included in following slides

Systolic

- 282 have multiple values
 - 1st visit avg = 132
 - Most recent avg = 130
 - Std dev 16.5, 15.4
- 47.5% did not initially meet goal
 - 32% of those now meet goal
 - 1st value avg = 146
 - Most recent avg = 138
 - Std dev 11.35, 15.03

Diastolic

- 279 have multiple values
 - 1st visit avg = 78
 - Most recent avg = 77
 - Std dev 9.93, 9.09
- 41% did not initially meet goal
 - 47% of those now meet goal
 - 1st value avg = 84.88
 - Most recent avg = 80.3
 - Std dev 10.13, 9.22

UND Analysis

○ Summary

- Focused on economic analysis
- Shows positive trends, but due to lack of statistical significance, cannot extrapolate to entire NDPERS diabetic population
- Identifies potential areas for improvement
 - Selection bias
 - Increased participation

How do we compare?

| Outcome | About the Patient | Asheville | 10 City Challenge |
|--------------------------------------|--------------------|-------------------|------------------------|
| Hemoglobin A1C (base/~ 1 yr) | 7.25/6.98 N=249 | 7.7/6.7 N=81 | 7.5/7.1 N=554 |
| LDL | 95/93 N=172 | 115/108.5 N=70 | 97.5/94.1 N=528 |
| HDL | 45/44 N=181 | 46/47.5 N=72 | Not reported |
| SBP | 132/130 N=282 | Not reported | 132.5/130.1 N=551 |
| DBP | 78/77 N=279 | Not reported | 80.8/77.6 N=550 |
| Annual healthcare spending reduction | \$853.68/patient* | \$1079/patient** | \$1200-1872/patient*** |
| Patient Satisfaction | 90+% | 90+% | 90+% |

* - \$1488 if program costs & incentives are excluded

** - did not include program costs & incentives

*** - savings from "projected" costs



How do we compare?

- Notes on comparison chart
 - NDPERS participants, on average, were healthier than Asheville and 10 City Challenge patients upon enrollment
 - Easier to go from A1C of 8 to 7 than 7 to 6
 - Yet, clinical outcome endpoints were still similar
 - Each study used different methods to calculate economic outcomes
 - Asheville did not include program costs
 - Each study showed positive, but not statistically significant, trends in controlling health care costs

Keep in mind....

- Wellness programs have difficulty showing immediate returns
 - Long term benefits – reducing complications
 - No definitive long term studies

Moving forward – next steps

- Use UND Study and clinical data to improve program
- Goals
 - Increase enrollment
 - Decrease selection bias
 - Maintain positive clinical outcomes
 - Further demonstrate cost savings

Moving forward – Increase Enrollment

- Allow About the Patient program do promote the program and send out enrollment information
 - Similar to other pharmacy based programs
 - Asheville, Medicare Part D MTM
 - Provide pharmacy claim information with eligibility file – allows for local contact
 - Removes administrative burden from NDPERS staff

Moving forward – Decrease Selection Bias

- Perform a mailed, paper survey on a “focus group” of past participants
 - Select variety of patients based on age, time with diabetes, baseline levels
 - Look for motivators for participation
 - Use results to make modifications to program visit design and structure

Moving forward – Decrease Selection Bias

- Review incentive structure
 - Large reason for selection bias
 - Those with largest costs had greatest motivation to participate
 - Use focus group results
 - Possible solution – change incentive to a per visit payment
 - Give everyone the same incentive for participating
 - May increase participation of those newly diagnosed that do not yet have large costs
 - UND Study identified this group as the most benefited
 - Example - \$80 per visit
 - Currently \$83.85/member/quarter
 - Similar to other wellness incentives
 - Health risk assessments, health clubs
 - Decreases administrative burden

Moving forward

- Maintain positive outcomes
 - About the Patient responsibility
 - Maintain competent provider network
 - Keep up to date on diabetes treatment developments
- Further Demonstrate Cost Savings
 - NDPERS decision
 - Assess long term cost effects of program
 - Do participants stay healthy after participation?
 - Assess effects of program changes on cost

Summary

- Program has had successes and challenges
- Challenges
 - Low enrollment rate
 - Selection bias
- Successes
 - Clinical outcomes
 - Broad network
 - Patient satisfaction
- Unknown
 - Economic outcomes
- Successes outweigh challenges
 - Use lessons learned to improve program

Thank you

- Questions/Discussion



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: Prime Therapeutics Follow-up

Attached is information from Prime in follow-up to questions raised at the January Board meeting relating to the NDPERS pharmacy benefit manager audit.

To: Blue Cross Blue Shield of North Dakota and NDPERS
From: Prime Therapeutics, LLC
Subject: NDPERS PBM Audit

Follow-up items from the 1/20/11 NDPERS board meeting:

1. Of the 2,662 claims Tricast concluded were paid incorrectly, how many individual NDPERS members were among those claims?

Answer: The data received from Tricast did not have identifying member information (Member IDs), therefore, Prime could not conclude the number of unique members among the 2,662 claims.

2. Of the \$1,831 net overpayments by members Tricast concluded paid incorrectly, what was the +/- range among the 2,662 claims?

Answer: The range of dollars on individual claims that Tricast concluded were paid incorrectly were -\$474.97 to + \$570.89

3. Why do Compound Drugs process as Non-Formulary?

Answer: Compound Drugs are not FDA approved. BCBSND benefit language states coverage for FDA approved drugs, therefore making formulary determinations for compounds unjustifiable. For a drug to be a formulary drug it needs to meet the following criteria: It needs to be safe, effective, unique and cost effective. Compound drugs are made in the pharmacy and there are no studies showing safety and effectiveness. Typically, compound drugs are not cost effective. The only criteria that may be met is that they may be unique. Since compound drugs do not meet all four criteria, they are not considered formulary and therefore process as Non-Formulary.

Overall Audit Results:

Claims for CY2008 were evaluated for adjudication accuracy against Plan Design and Benefit Parameters -- there were 516,920 claims representing \$31,916,248. Tricast accounted for 99.5% of claims and 99.995% of dollars administered accurately according to their understanding and modeling of the NDPERS Benefit Parameters. Tricast concluded there were 2,662 claims totaling \$1,831 in member copay overpayments.

It is Prime's conclusion the 2,662 claims Tricast could not reconcile, were indeed paid correctly according to NDPERS Benefit Parameters. Prime does not agree with Tricast that errors existed on the 2,662 claims in question.

Examples:

- Tricast was not taking into account that Compound Claims process as Non-Formulary – even though the compounded ingredient may be listed as a Formulary product.
- Coinsurance Maximum not met on reversed claims. Tricast found some members had overpaid after meeting their Coinsurance Maximum (\$1,000), when in fact claims had been reversed and members had not met their Coinsurance Maximum yet.
- Fertility claims have a different coinsurance (20%) – in these cases, it looked as if members were overpaying on generics and underpaying on brands, but in fact they were paying correctly according to the Benefit.

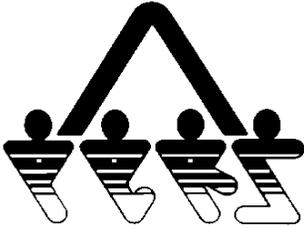
Conclusion:

Other than 2,662 claims with copay discrepancies between TRICAST's interpretation and Prime's check of adjudication, the audit concluded favorably. Throughout, this was a collaborative effort by all four parties involved – NDPERS, BCBSND, TRICAST and Prime. We appreciate the patience and cooperation of all involved.

Sincerely,

Casey Martin, Account Executive

Prime Therapeutics, LLC



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Memorandum

TO: PERS Board

FROM: Sparb

DATE: February 9, 2011

SUBJECT: BCBS Annual Report and Quarterly Executive Summary

Attached is the BCBS Annual Report and Quarterly Executive Summary. Representatives from BCBS will be at the meeting to review these reports with the Board.

NDPERS

Annual Utilization Summary

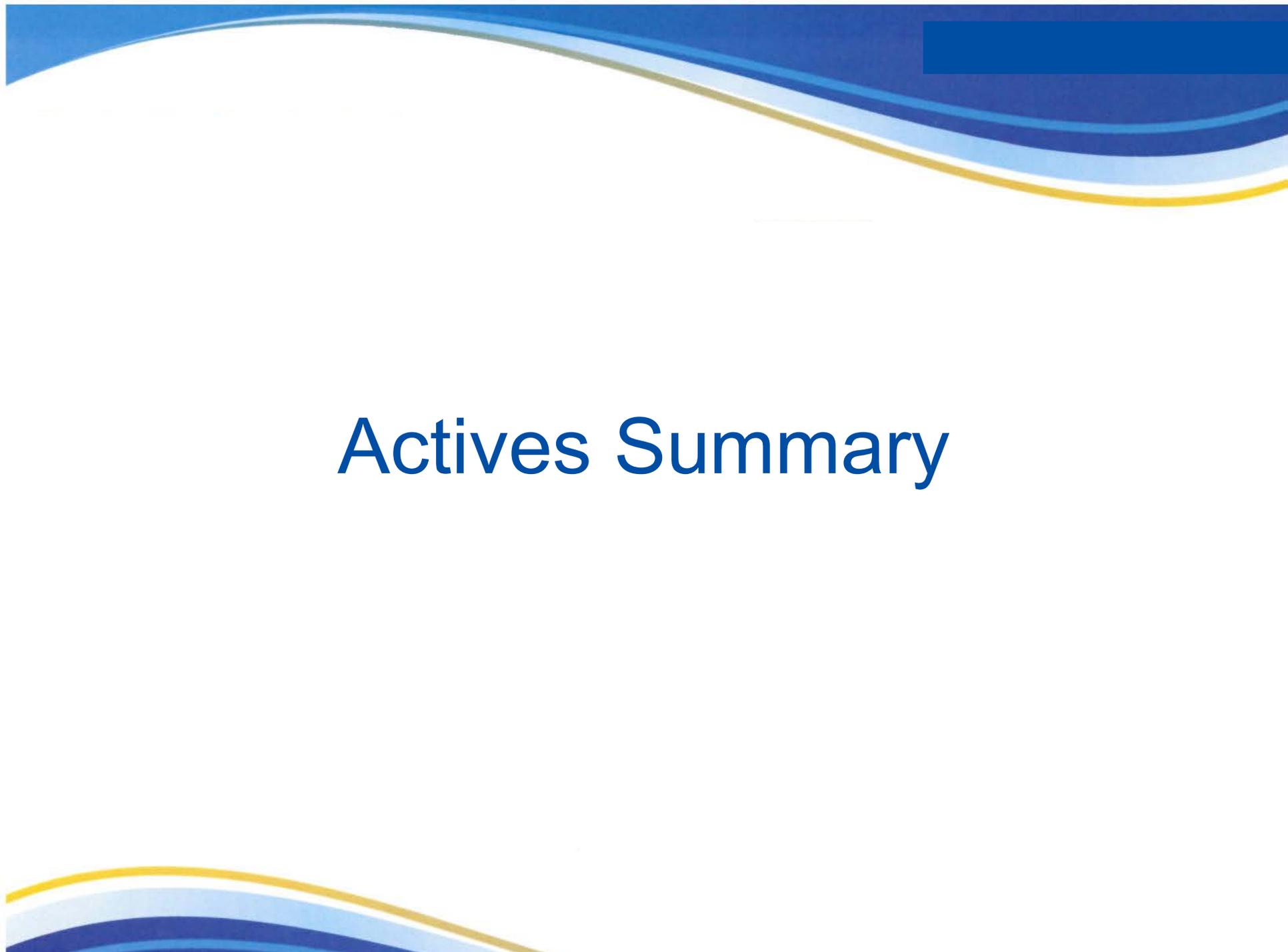
Presented to NDPERS Board
February 17, 2011



BlueCross BlueShield
of North Dakota

An independent licensee of the Blue Cross & Blue Shield Association

Noridian Mutual Insurance Company



Actives Summary

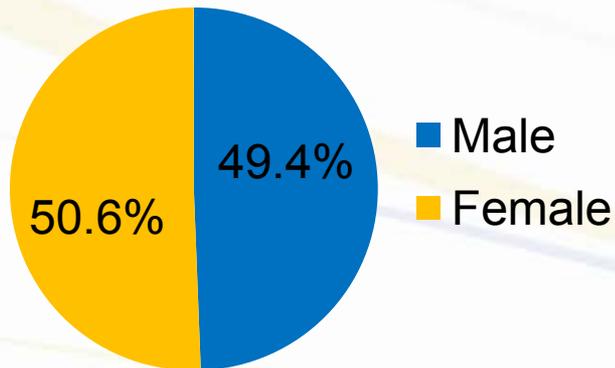
Demographics

Average Age

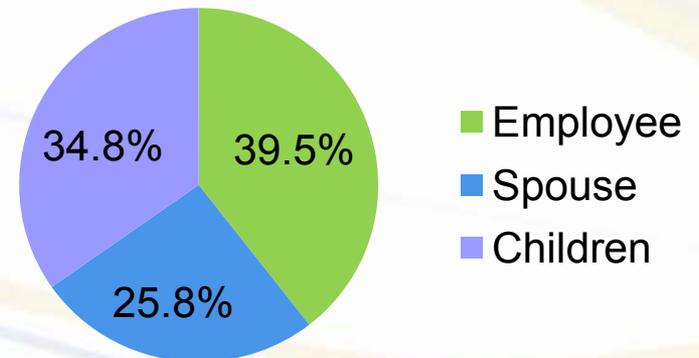
| | |
|----------------|------|
| NDPERS Actives | 34.9 |
| PLAN | 33.4 |

➤ Active membership is slightly older than the statewide PLAN average

Gender

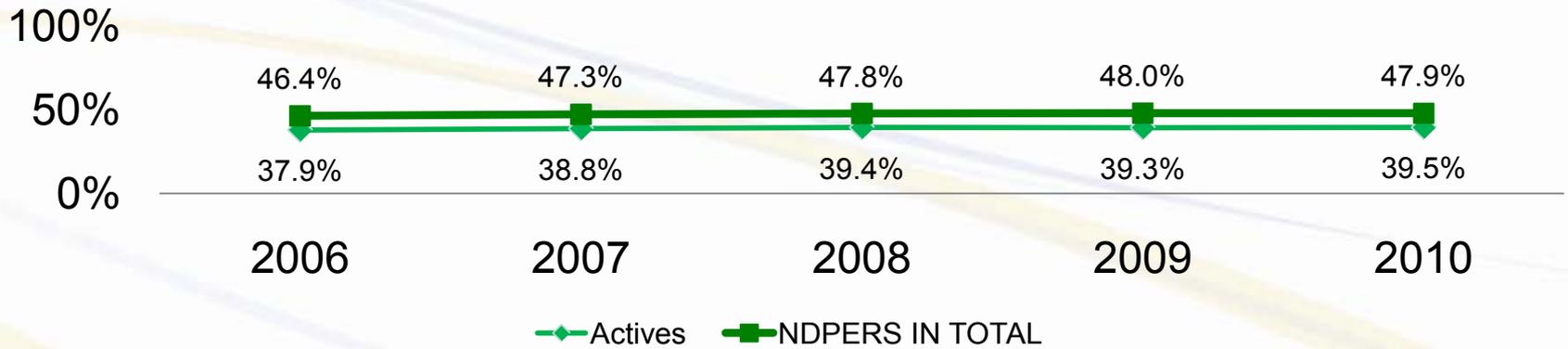


Relationship



Demographics effect on PMPM

% of Members over age 45

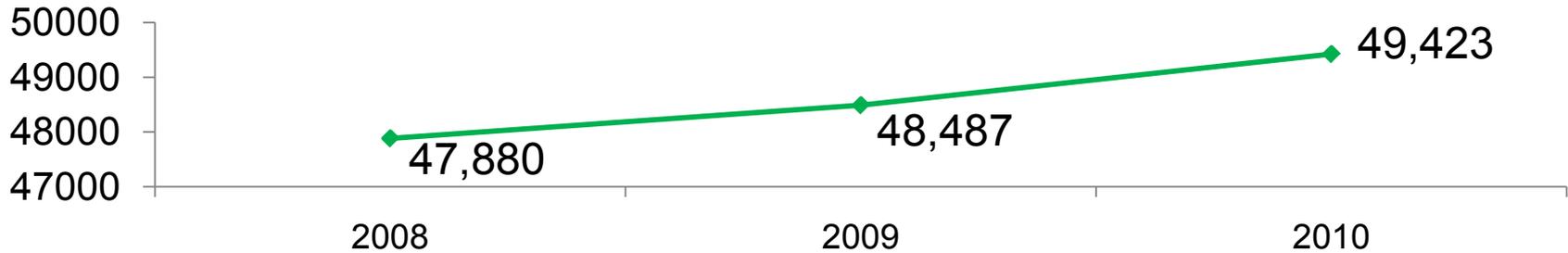


Actives

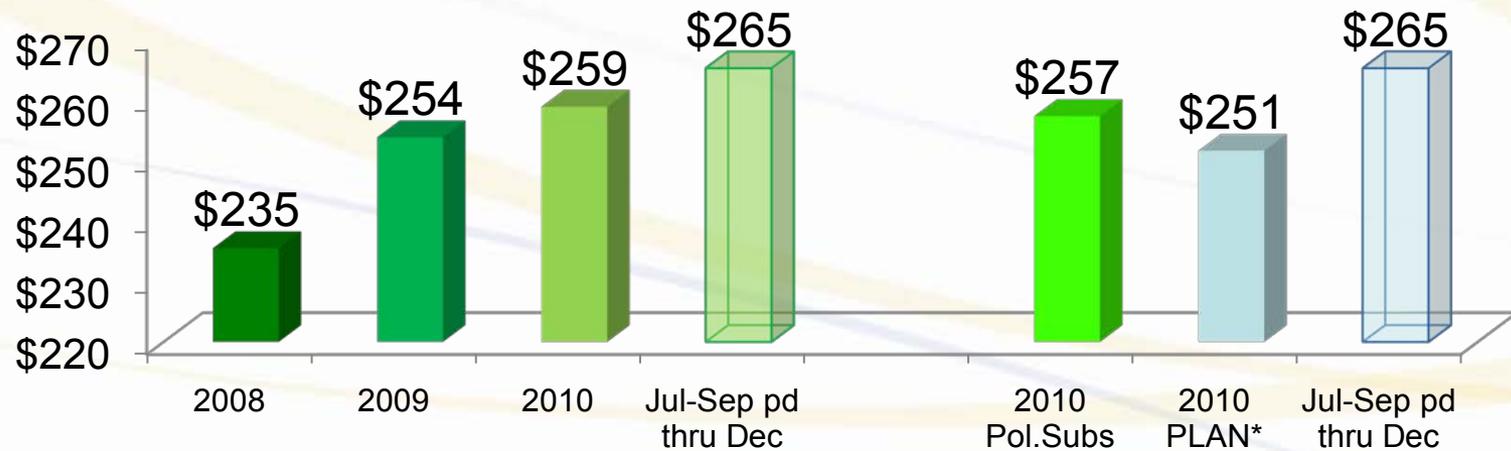
| Paid PMPM | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Age 44 and younger | \$126 | \$131 | \$156 | \$167 | \$171 |
| Age 45 and older | \$307 | \$343 | \$358 | \$386 | \$392 |
| Total Paid PMPM | \$193 | \$212 | \$235 | \$254 | \$259 |

Membership & PMPM Summary

Members



Payments PMPM

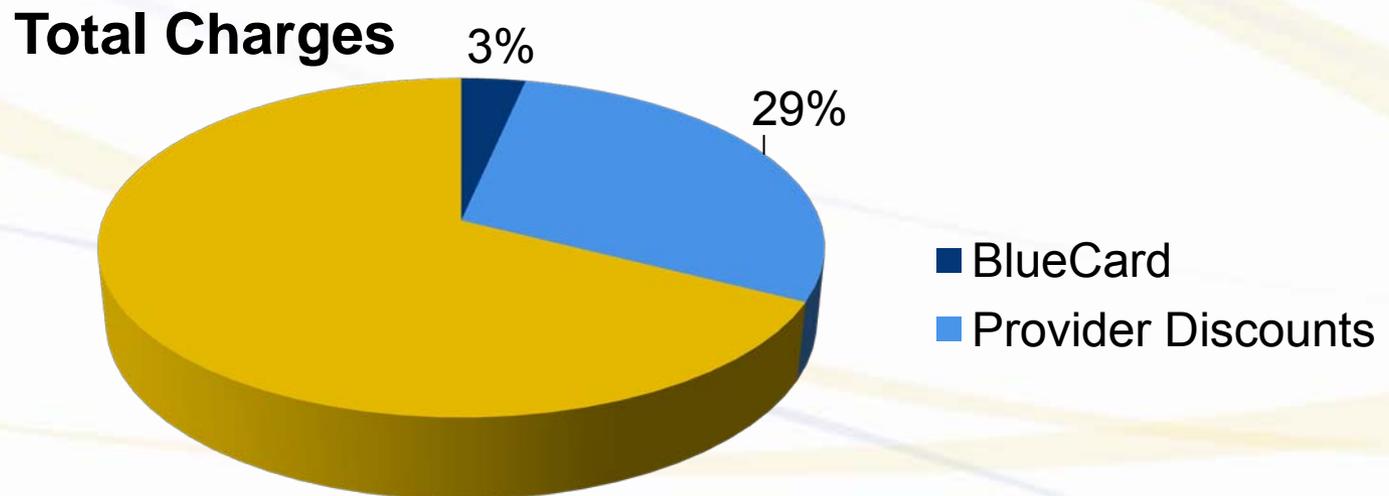


Claims incurred 7/1-6/30 paid to 9/30/2010 for each Calendar Year represented

*PLAN excludes OOS & NDPERS

Discounts Comparisons

- Total Discounts = \$100,791,946
- BlueCard Discounts = \$10,310,384



High Dollar Members

| Claims incurred | High dollar members | High dollar payments* | Percent of Total Payments |
|-----------------------|---------------------|-----------------------|---------------------------|
| 07/01/2007-06/30/2008 | 384 | \$41,498,777 | 27.3% |
| 07/01/2008-06/30/2009 | 405 | \$44,909,991 | 27.5% |
| 07/01/2009-06/30/2010 | 389 | \$39,284,442 | 25.6% |

27.1% PLAN Avg.

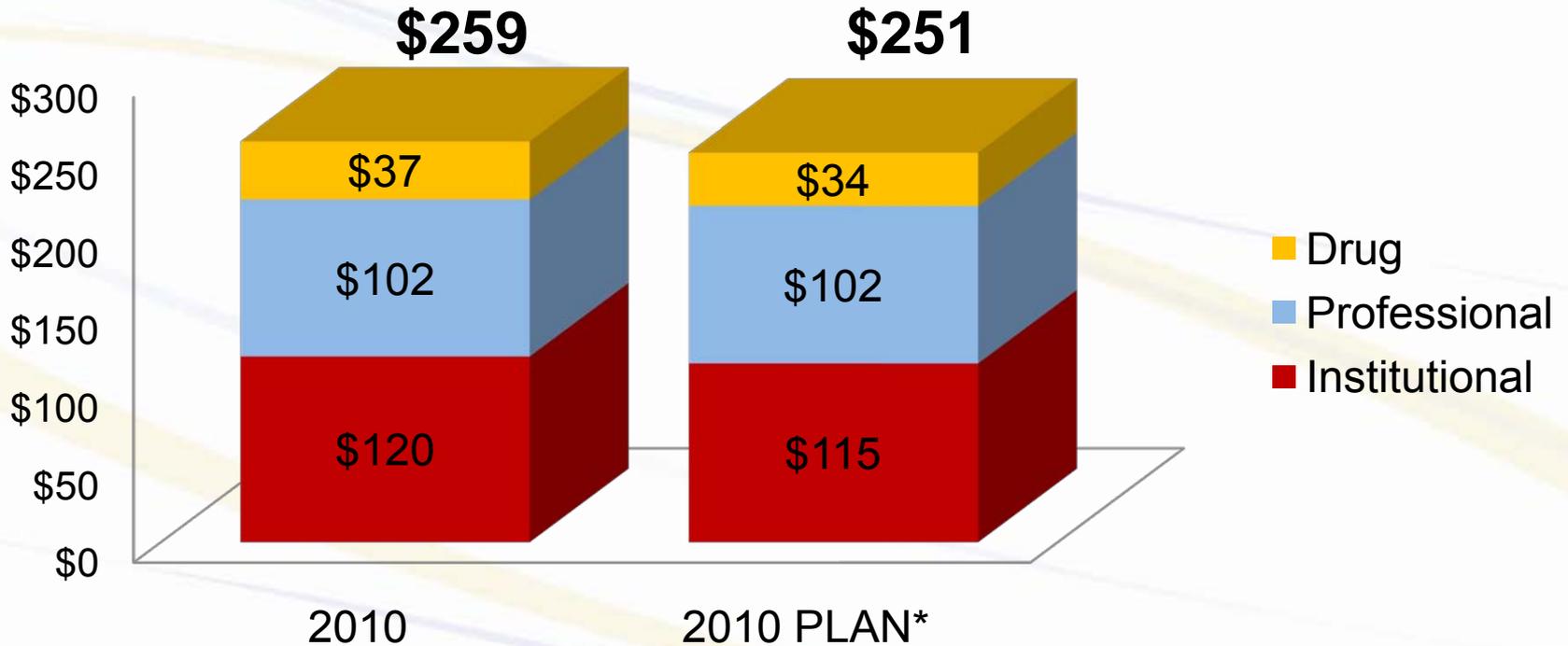
*Paid claims of \$50,000 or more

Top Payments by Disease Category

- Malignancy/Chemotherapy 30%
- Heart Disease/Circulatory 15%
- Injury/Poisoning 13 %

| | 2008 | 2009 | 2010 |
|--------------|------------|------------|------------|
| \$50-99K | 257 | 269 | 239 |
| \$100-199 | 96 | 107 | 131 |
| \$200-499 | 27 | 24 | 18 |
| \$500-999 | 3 | 3 | |
| \$1 Million+ | 1 | 2 | 1 |
| TOTAL | 384 | 405 | 389 |

Payments PMPM Comparison



Claims incurred 7/1-6/30 paid to 9/30/2010

*PLAN excludes OOS & NDPERS

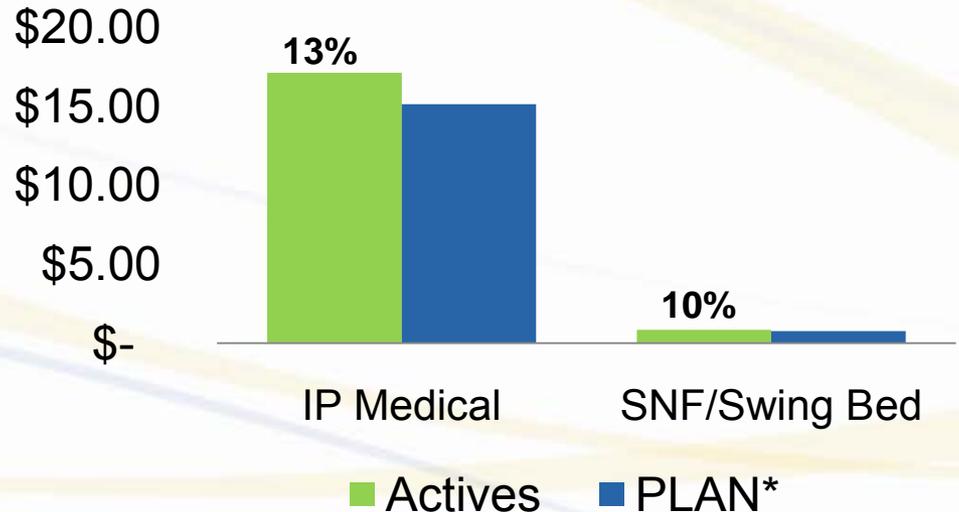
Utilization Comparison

Institutional

| | Claims | | Payments | | % Change |
|----------------------|--------|------|------------|------------|----------|
| | 2009 | 2010 | 2009 | 2010 | |
| Institutional | | | | | |
| IP Chemical Dep | 40 | 50 | \$ 171,510 | \$ 322,219 | 88% |
| SNF & Swing Bed | 48 | 56 | \$ 284,297 | \$ 502,511 | 77% |
| OP Maternity | 1265 | 1790 | \$ 294,871 | \$ 375,040 | 27% |

Utilization – PLAN Comparison

- Inpatient Medical - 13% higher
- Skilled Nursing Facility/Swing Bed – 10% higher



Claims incurred 7/1-6/30 paid to 9/30/2010 for each Year represented

*PLAN excludes OOS & NDPERS

Prenatal Plus

- Prenatal Plus - 571 Deliveries
 - 188 Participated in PNP (33%)
 - 16 High Risk
 - 172 Low Risk
 - 383 NON participants
- Deductible waived for delivery claim & copays waived for prenatal vitamins
- **Recommendation: continue promoting Prenatal Plus Program via**
 - Wellness Coordinators
 - Member Education
 - Perspective newsletter



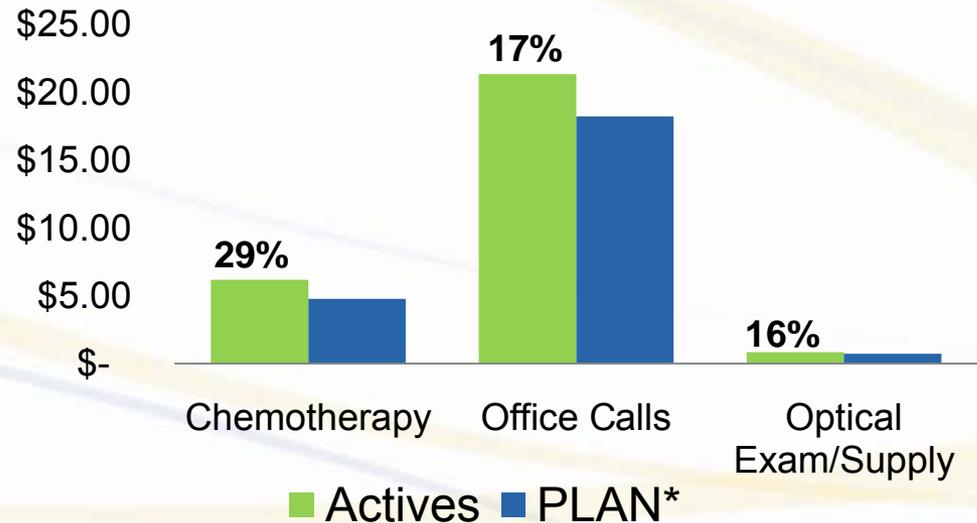
Utilization Comparison

Professional

| | Claims | | Payments | | % Change |
|---------------------|--------|--------|--------------|--------------|----------|
| | 2009 | 2010 | 2009 | 2010 | |
| Professional | | | | | |
| Chem/Psych Inpat | 1,551 | 2,076 | \$ 144,773 | \$ 193,588 | 34% |
| Chem/Psych Outpat | 1,059 | 1,310 | \$ 93,000 | \$ 118,713 | 28% |
| Therapies | 27,601 | 29,016 | \$ 2,134,059 | \$ 2,680,215 | 26% |

Utilization – PLAN Comparison

- Chemotherapy - 29% higher
- Office Calls – 17% higher
- Optical Exam/Supply – 16% higher

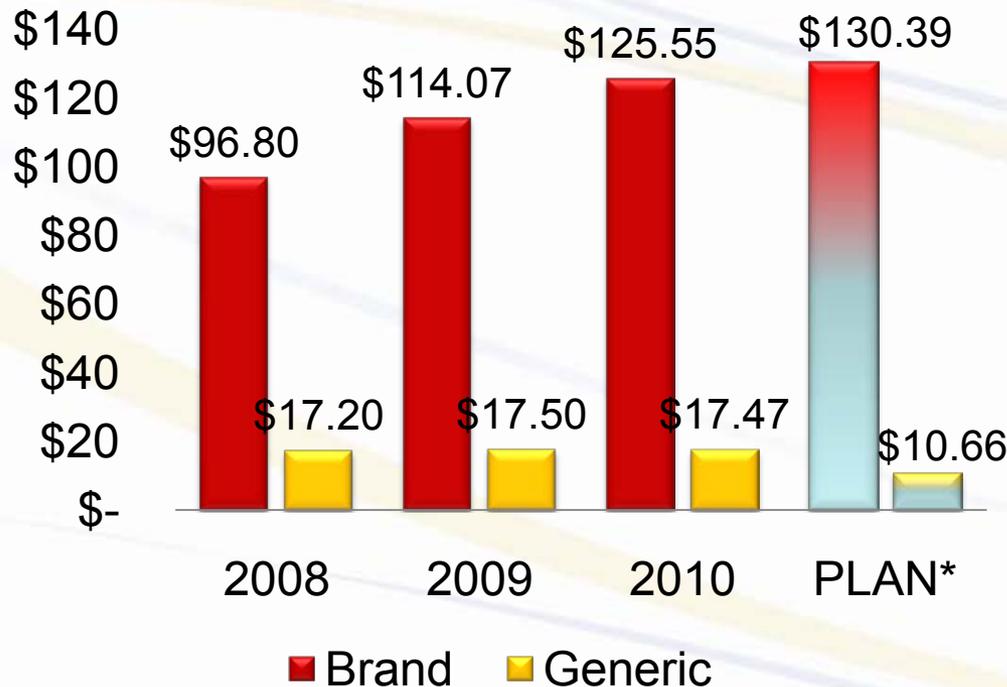


Claims incurred 7/1-6/30 paid to 9/30/2010 for each Year represented

*PLAN excludes OOS & NDPERS

Prescription Drugs

Average Paid per Prescription



Generic Utilization rate

- Actives 70%
- PLAN 69%

Top 3 drugs by payments

- Lipitor - Cholesterol
- Copaxone - MS
- Humira Pen- Arthritis/Crohn's

Specialty Drug Spend

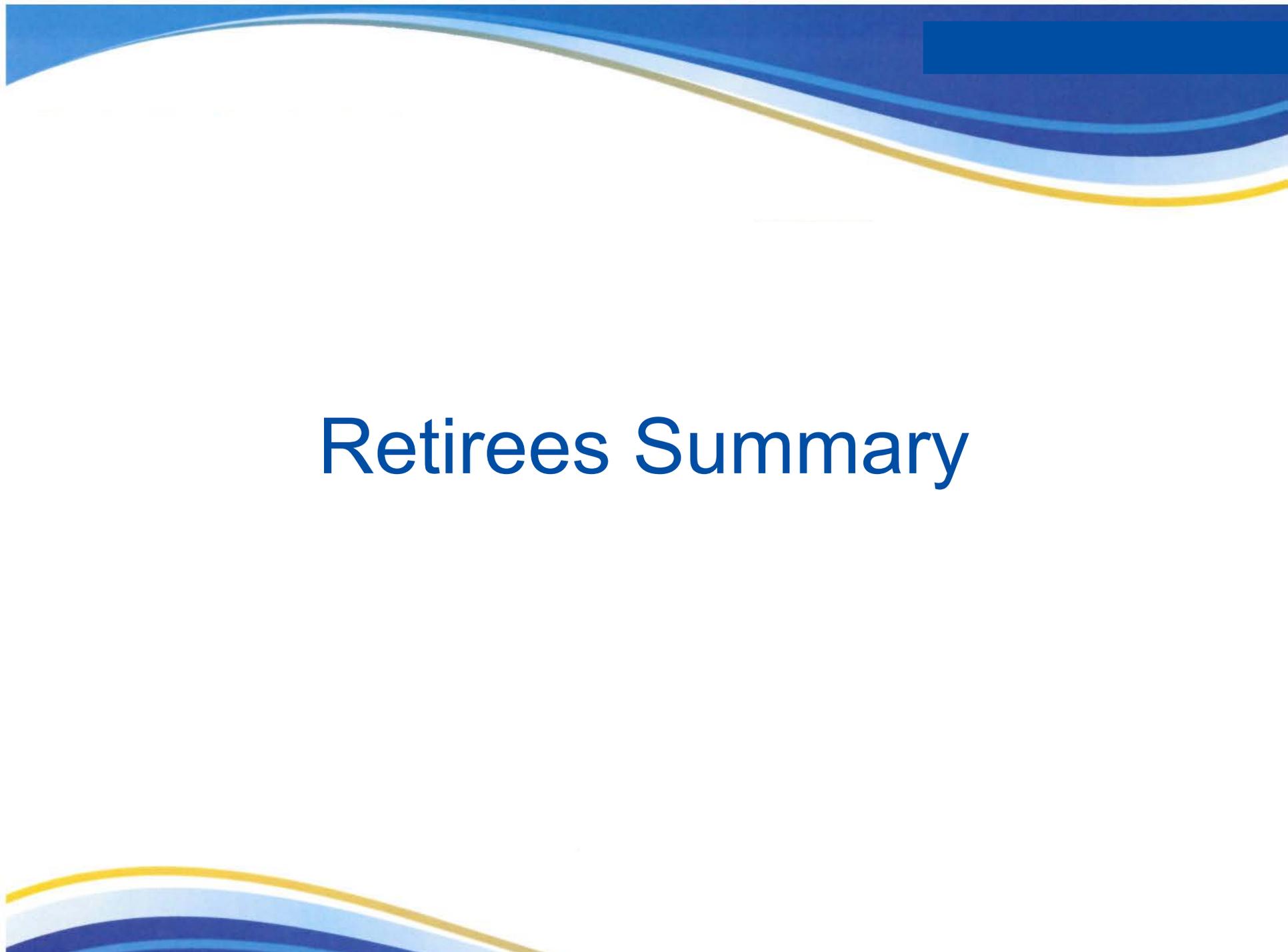
- \$3.9 Million (14.4%)
- PLAN 13.9%

Mailorder Rx's

- .1%

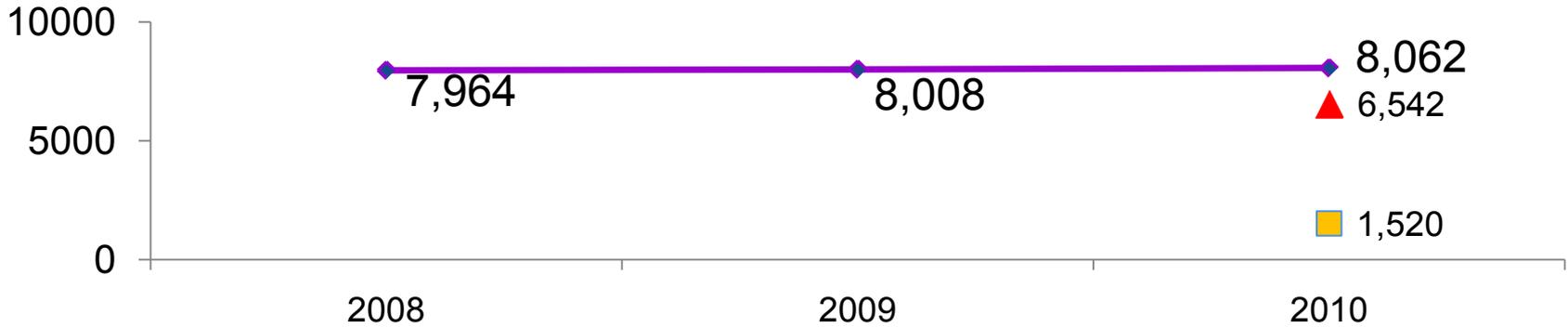
Claims incurred 7/1-6/30 paid to 9/30/2010 for each Year represented

*PLAN excludes OOS & NDPERS



Retirees Summary

Membership & PMPM Summary



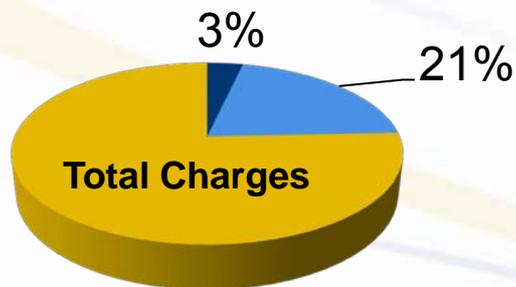
Claims incurred 7/1-6/30 paid to 9/30/2010 for each Year represented

*PLAN Med Supp excludes NDPERS & Rx

Discounts Comparisons

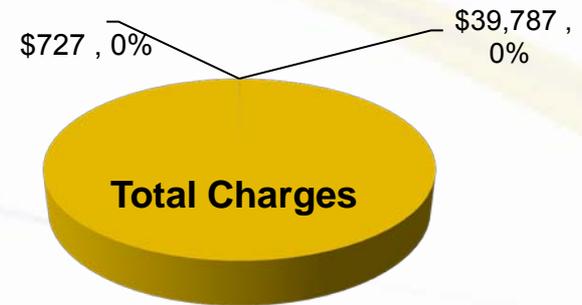
Total Discounts = \$6,651,307 (4% of Charges)

- BlueCard Discounts = \$1,097,370



Early Retirees

■ BlueCard
■ Provider Discounts



Medicare Retirees

High Dollar Members

| Payment Range | Early Retirees | % of Total High \$ Payments | Medicare Retirees | % of Total High \$ Payments |
|-------------------|----------------|-----------------------------|-------------------|-----------------------------|
| \$50,000-100,000 | 19 | 35% | 2 | 46% |
| \$101,000-200,000 | 10 | 41% | 1 | 54% |
| \$201,000-300,000 | 1 | 6% | | |
| \$300,001-400,000 | 2 | 18% | | |
| TOTAL | 32 | | 3 | |

Top Payments by Disease Category

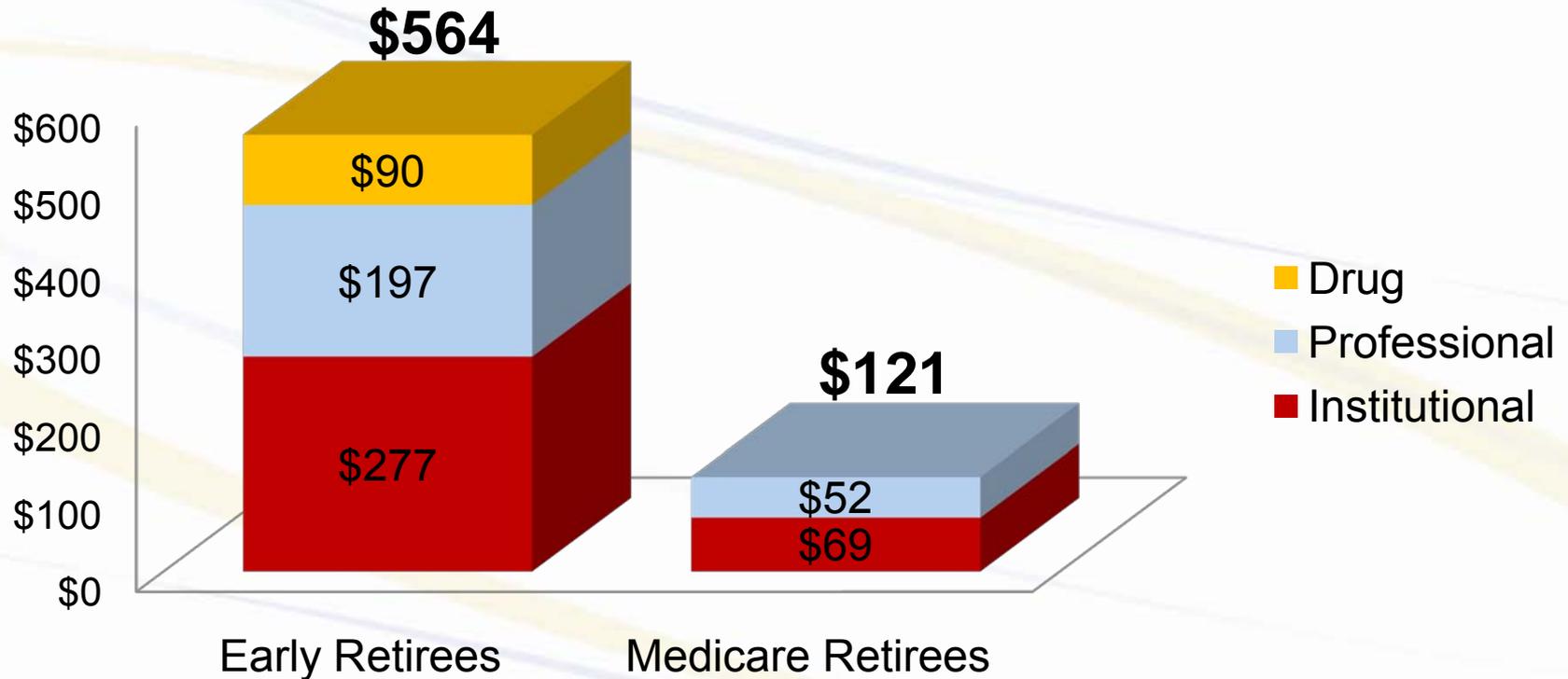
Early Retirees

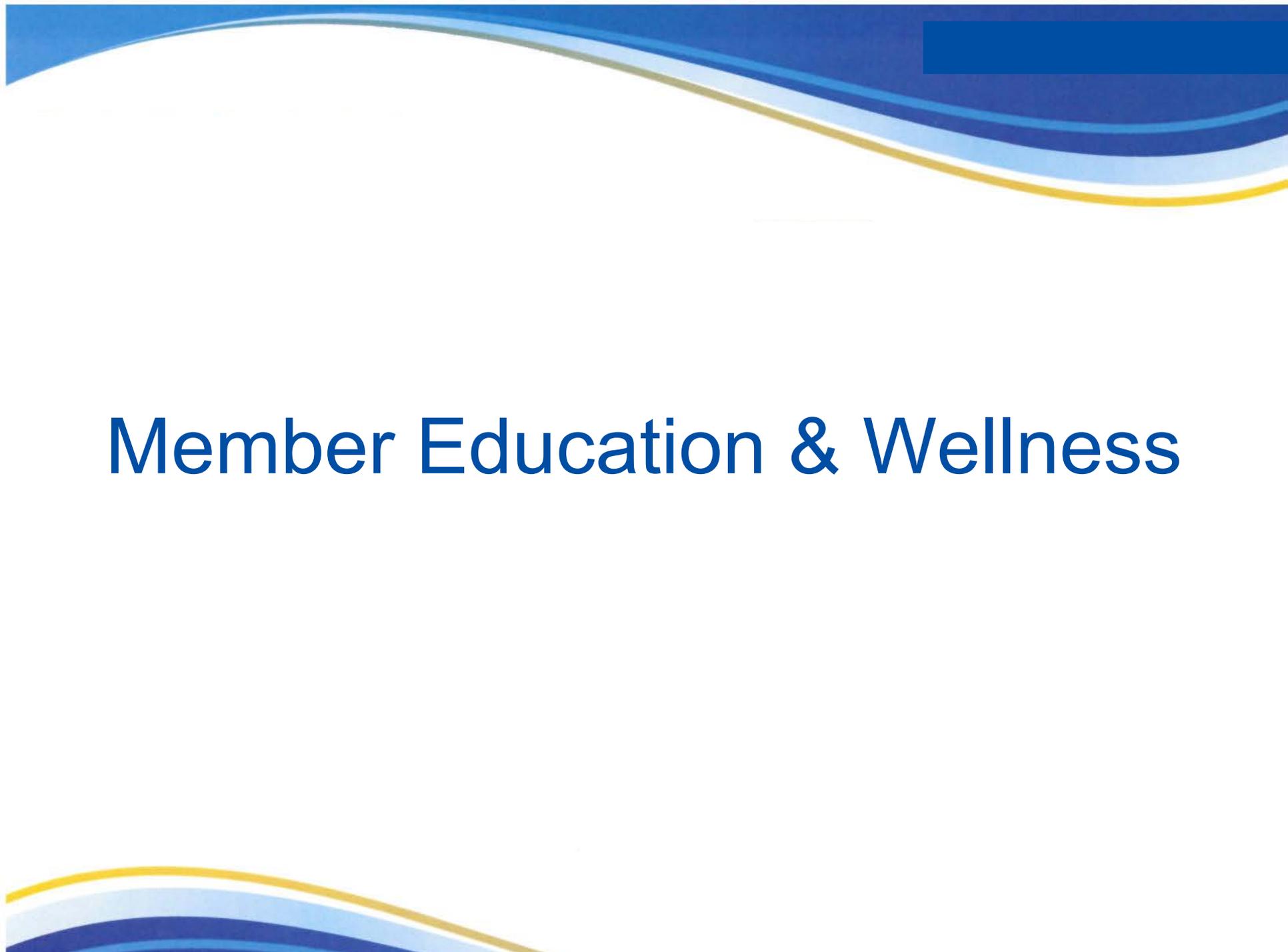
- Malignancy/Chemo 42%
- Heart Disease/Circulatory 23%
- Musculoskeletal 12%

Medicare Retirees

- Blood Disorder 45%
- Malignancy 24%
- Respiratory 22%

Payments PMPM Comparison





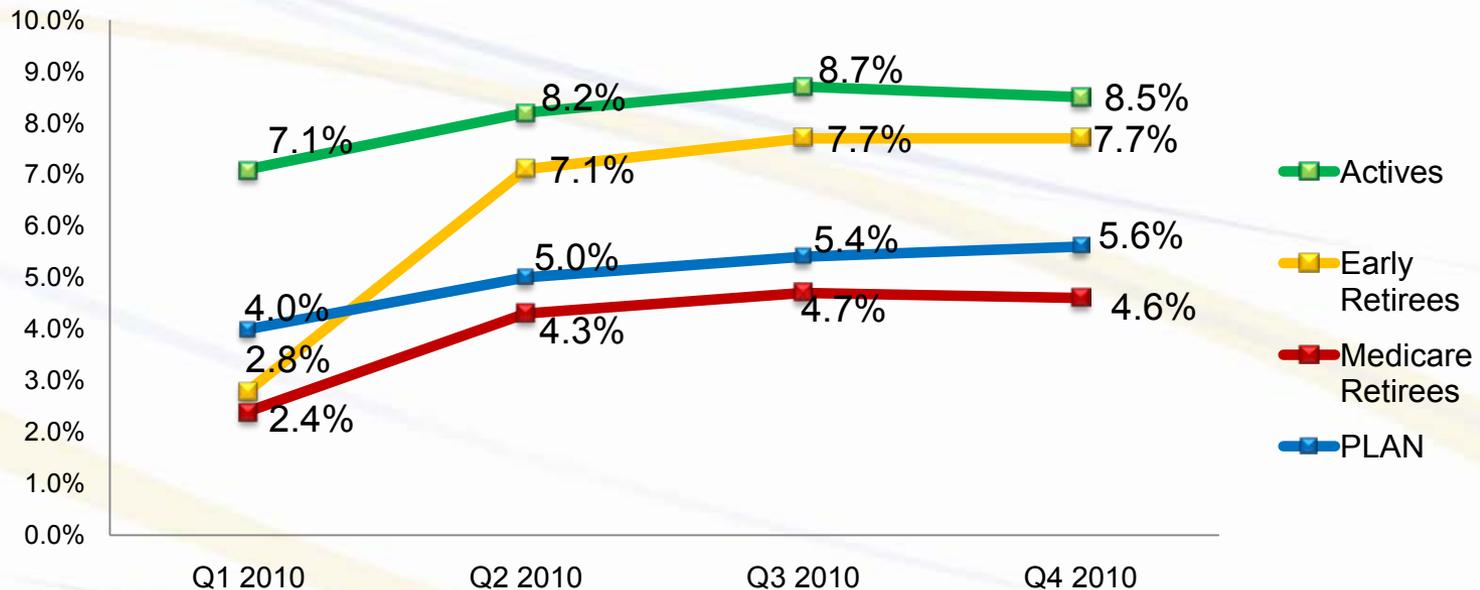
Member Education & Wellness

Member Education

- Two new programs introduced
 - Medication Education & Nutrition Basics for a Healthier You
- From *January - December 2010*:
 - 81 groups/agencies visited (104 Meetings)
 - Jan-Jun: 54 meetings
 - Jul-Dec: 50 meetings
 - 2,768 attendees
 - MyHealthCenter/Health Club Credit – 1,574
 - Other programs – 1,194
- Includes a benefit overview
- Monthly Group Communication Materials available for wellness coordinators

Health Club Credit

- 7.8% Participate on a monthly basis

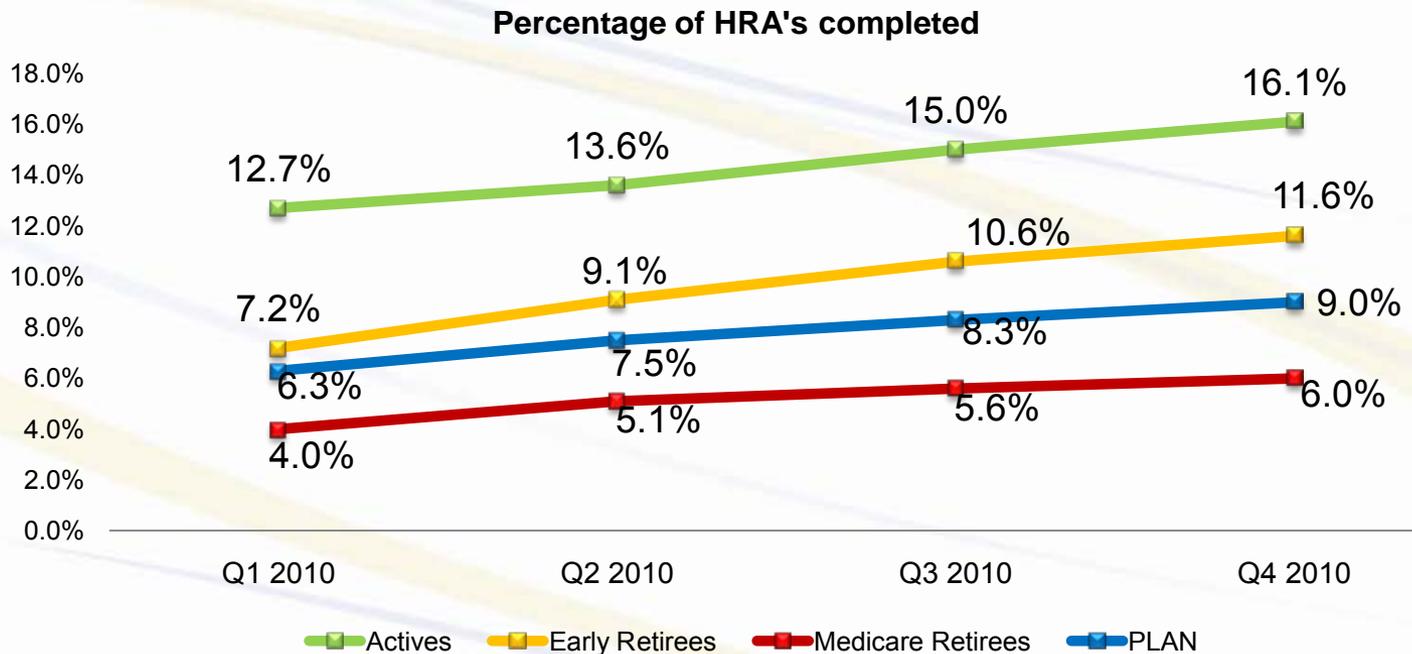


- 58.2% of those participating have 12+ visits/month
- Payments through December \$ 427,735

Q1 begins over due to annual HRA completion requirement.

MyHealthCenter

- 14.3 % Participating (completed a Health Assessment)



- Payments through December \$169,930

Q1 begins over due to annual HRA completion requirement.

Wellness Programs Update

Employer Based Wellness

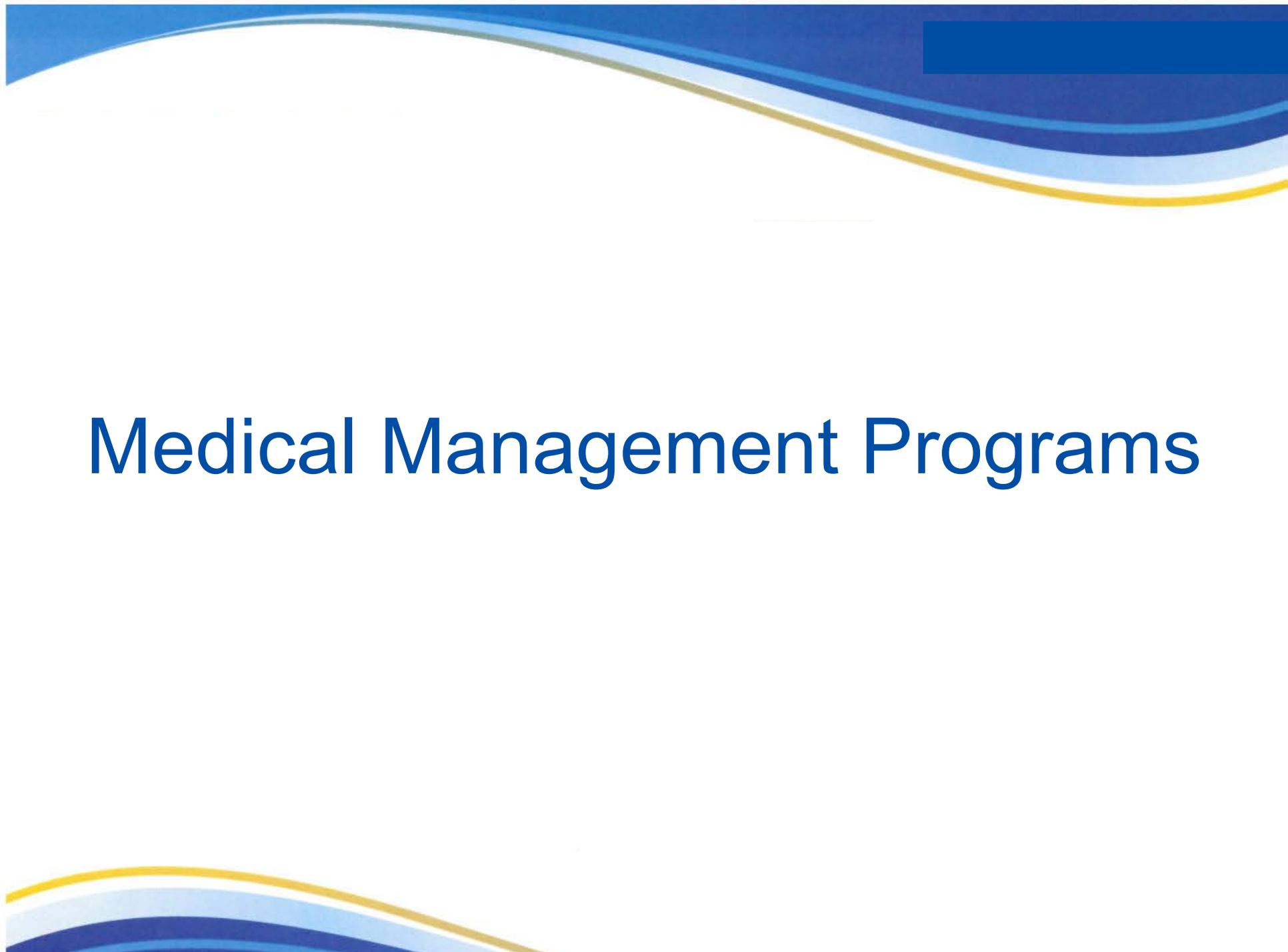
- Several programs funded
 - Health Fairs, Flu Shots, 5-a-Day Nutrition, Wellness Education, Walking Programs

2007 – 2009 Biennium

- Funded by \$.11/Contract/Month
- Through 6/30/09 - \$64,412 paid for 93 Programs

Current 2009 – 2011 Biennium

- Funded by Cash Reserves
- As of 1/21/11: \$52,684.81 paid for 71 Programs

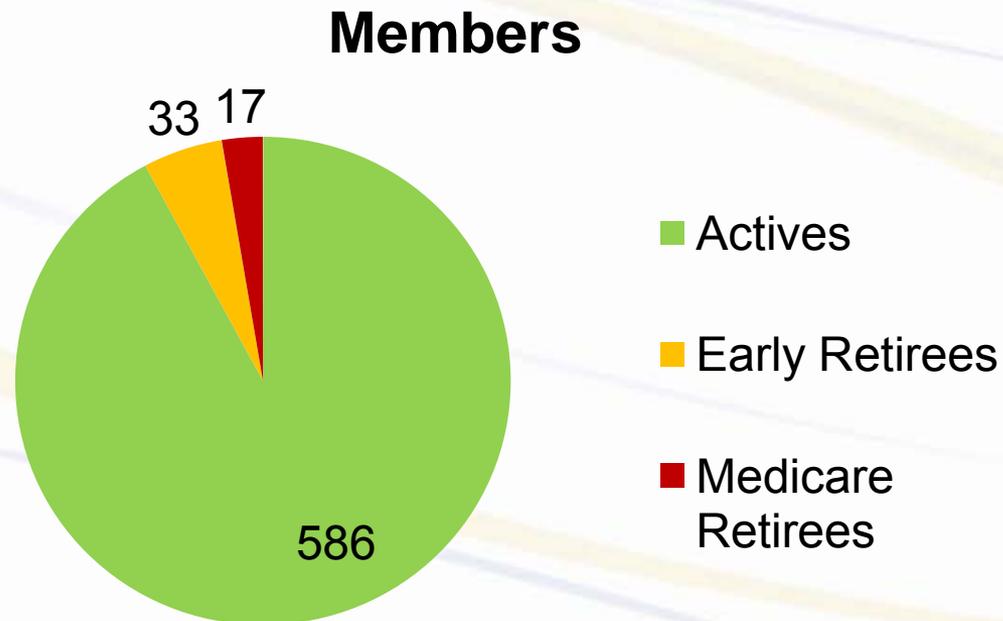


Medical Management Programs

AccordantCare

Through December 2010

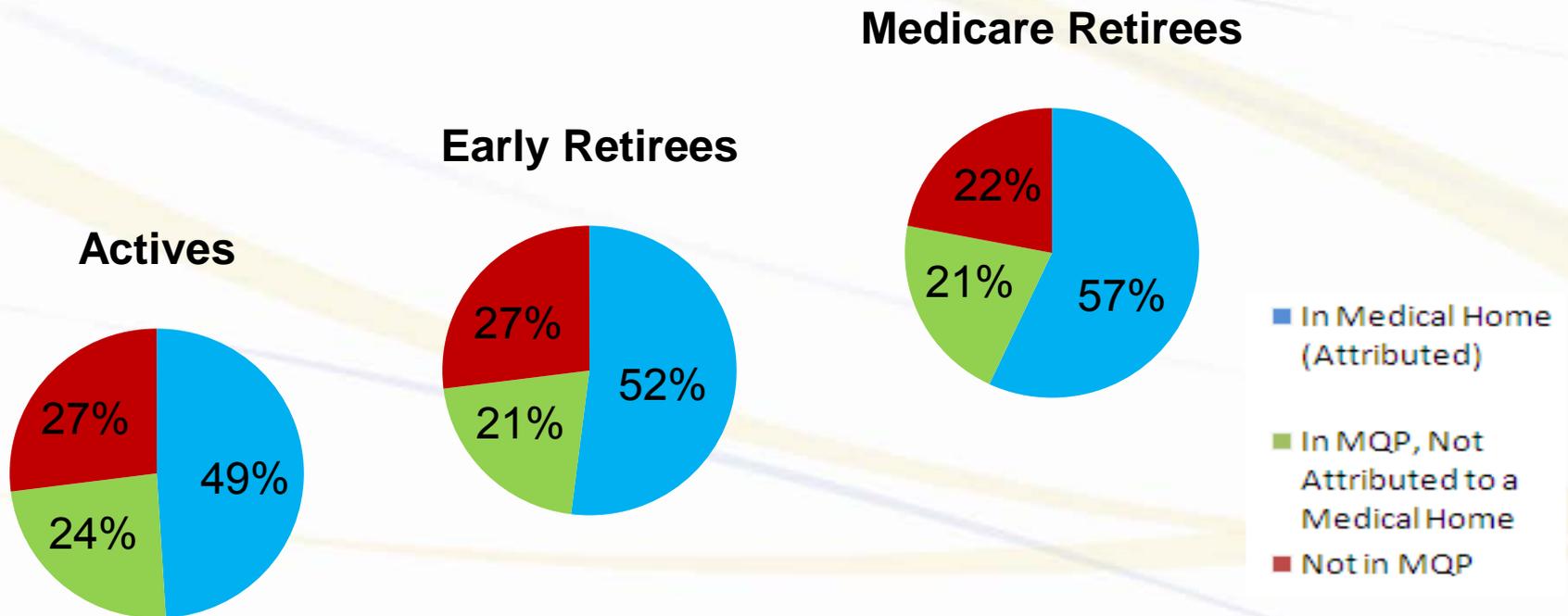
- 636 Members being monitored



MediQHome

Through December 2010

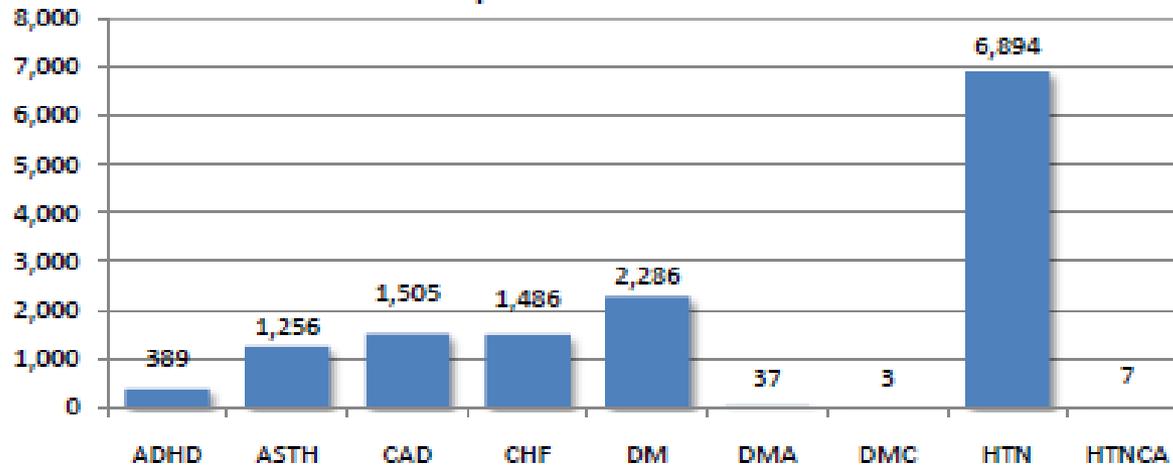
- 29,244 in a Medical Home
- 9,514 with a Targeted Chronic Condition



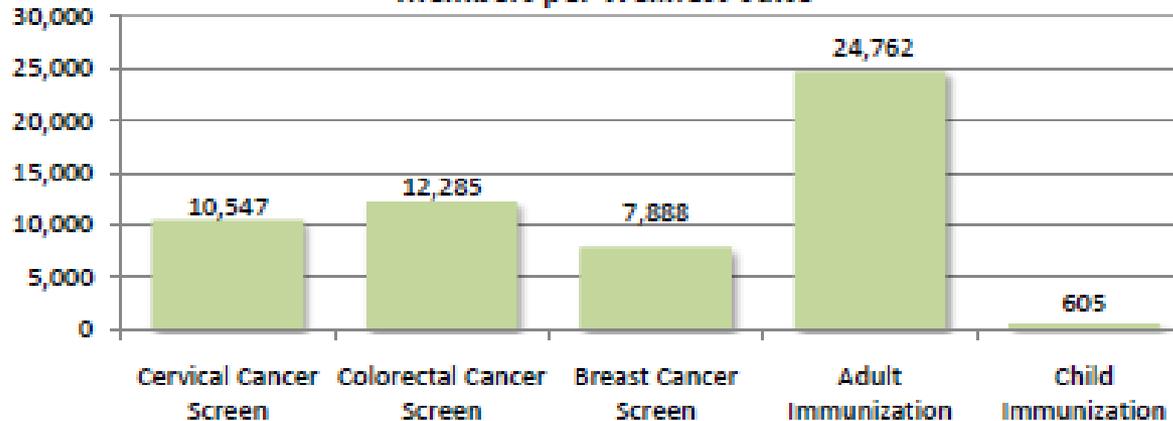
MediQHome

Note: Members may belong to more than one suite in the graphs below.

Members per Chronic Condition Suite



Members per Wellness Suite



Smoking Cessation Program

- Program is in it's fourth Biennium
- Promotional plan is handled by the Health Dept.
 - Mailings, posters
- Current biennium there are 240 members with 280 start dates

Table 3. Biennium Program Expenditures*

| Biennium | # Mem's | Total Dollars Paid | Average Dollars per Member |
|------------------------------|----------------|---------------------------|-----------------------------------|
| <i>(07/01/05 - 06/30/07)</i> | 245 | \$106,558 | \$435 |
| <i>(07/01/07 - 06/30/09)</i> | 314 | \$129,288 | \$412 |
| <i>(07/01/09 - 12/31/10)</i> | 146 | \$53,350 | \$365 |
| <i>Total</i> | 705 | \$289,196 | \$410 |

* Expense data were received from the Finance Department at BCBSND and includes promotional costs, administrative costs and claims.

Pharmacy Disease Management Program

Effective 7-1-2008

BCBSND Provides Administrative Support

1. Provide eligibility files
2. Promotional materials
 - Postcards
3. Copayment Reporting
4. Process Reimbursement Requests (as of 1/26/2011)
 - Provider Reimbursement - \$262,928
 - Copay Incentive Reimbursements – \$138,722.12
 - Other admin – checks & yearly admin \$10,144.95 (ND Pharmacy Service Corp.)
 - Promotional materials – \$3,192.58 (BCBSND)

Q4 Claims Accuracy & Timeliness

- All measures were met

| Measure | Goal | Performance |
|----------------------------|----------|---------------|
| Claims Processing Accuracy | 97% | 97.20% |
| Claims Financial Accuracy | 99% | 99.93% |
| Claims Timeliness | 97% | 99.94% |
| Inquiry Timeliness | 90% | 98.7% |
| Call Abandoned Rate | Under 5% | .44% |
| Call Blockage Rate | Under 8% | .00% |

Additional Recommendation

Promotion in newsletter or email blitz

- Care Comparison

The screenshot shows the BlueCross BlueShield of North Dakota website's 'Care Comparison' tool. It features a navigation menu on the left with categories like 'Back, spine, neck', 'Brain, head', 'Children's health', etc. The main content area is titled 'Step 1: Choose Your Service' and includes a dropdown menu for 'Procedure / Service' with 'MRI Brain' selected. Below this is a 'Description' section and a 'View Related Services' link. The second step, 'Step 2: Choose Your Service Location', includes input fields for 'Zip' (50103) and 'Radius' (Within 15 miles). Buttons for 'Print Selection' and 'Continue' are at the bottom.

The screenshot shows the search results page for 'MRI Brain in Zip Code:'. It displays a table with 5 search results, including facility names, distances, and total cost estimates. The table is as follows:

| Facility Name | Distance | Total Cost Estimate |
|---|--|---------------------|
| Institute of Diagnostic Imaging 2301 25th St S Fargo, ND 58103-6104 701-234-0112 | 0.96 Miles Map and Directions | \$1,003 - \$1,392 |
| Independent Radiology Services 2301 25th St S Fargo, ND 58103-6104 701-478-0244 | 0.96 Miles Map and Directions | \$1,003 - \$1,392 |
| Innovis Health, LLC 3000 32nd Ave S Fargo, ND 58103-6132 701-364-3300 | 1.72 Miles Map and Directions | \$1,292 - \$1,701 |
| Sanford Medical Center Fargo 720 4th St N Fargo, ND 58122-4820 701-234-6000 | 2.65 Miles Map and Directions | \$1,292 - \$1,701 |
| Sanford Clinic Broadway East 727 Broadway Fargo, ND 58122-0001 701-234-2000 | 2.65 Miles Map and Directions | \$1,003 - \$1,392 |

At the bottom of the page, there is a footer with links for 'Privacy', 'Help', 'Report Issues', 'Contact Us', 'Terms of Use', and 'Get Adobe Reader'. A copyright notice for 2010 Blue Cross and Blue Shield Association is also present.

Year in Review

Programs

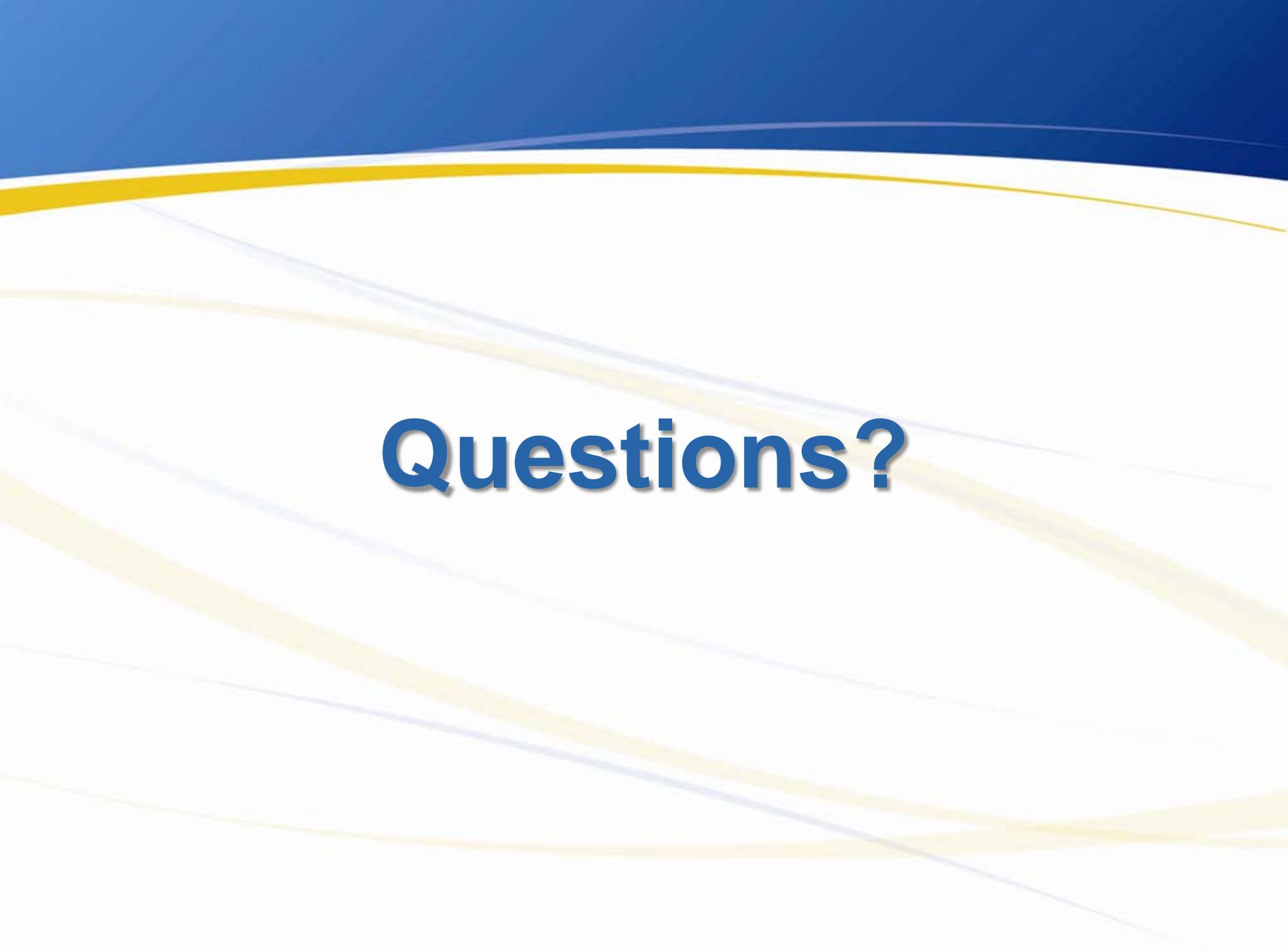
- MediQHome
- AccordantCare
- Two new Member Education
 - Medication Education & Better Nutrition for a Healthier You

Reporting

- Quarterly Executive Summary developed
- Redesign Annual Utilization Study
 - Report Early Retiree and Medicare Retiree utilization separately

Wellness Specialist

- Marissa now working with Wellness Coordinators



Questions?



**North Dakota
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Bismarck, North Dakota 58502-1657

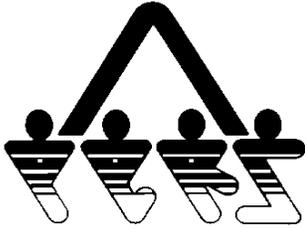
Sparb Collins
Executive Director
(701) 328-3900
1-800-803-7377

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: BCBS Health Projections

Representatives from BCBSND are planning to have completed the health projections using the most recent data by the next meeting. They will review this information with the Board at that time.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: MedicareBlue RX Update

Representatives from BCBS will be at the meeting to review the MedicareBlue Rx letter relating to the drug formulary change. BCBS informed PERS that this letter was mailed out to 432 members affected by the change in the drug formulary.



MedicareBlueSM Rx (PDP)

A Medicare Prescription Drug Plan

P.O. Box 3178
Scranton, PA 18505

<DATE>

<MEMBER NAME>
<ADDRESS>
<CITY, STATE ZIP>

Dear <MEMBER NAME>:

This letter is a follow-up to the Annual Notice of Change (ANOC). We want to provide you more information about the following changes in coverage you may experience in 2011 based on a review of your claims paid in 2010.

| Affected Drug | Description of Change | Formulary Monthly Limit |
|---------------|--|-------------------------|
| <Drug > | is on our formulary; however quantity limits apply | <insert quantity limit> |

Effective January 1, 2011 the monthly quantity limit will apply to claims for the affected drug listed. We strongly encourage you to discuss this coverage change with your doctor. He or she may switch you to another drug that is covered on our formulary, adjust the quantity of your prescription, or you or your doctor may request a coverage determination prior to March 31, 2011 for continued coverage of the drug listed above.

How do I change my prescription?

You can ask us if we cover another drug used to treat your medical condition. If we cover another drug(s) for your condition, you can ask your doctor if any of these drugs are an option for you. If your doctor tells you that none of the drugs we cover for treating your condition are medically appropriate for you, you have the right to request a formulary exception from us. You also have the right to request an override coverage determination of a quantity limit, or other limit we have placed on a drug you are taking if your doctor believes it is medically appropriate for treating your condition.

How do I request a coverage determination?

The first step in requesting a coverage determination is for you or your prescribing doctor to contact us. You can call, fax or mail your request to us. Our phone number is <1-888-832-0075/1-877-838-3827>. TTY Users call <1-800-693-3819/1-866-213-9262>. Our hours of operation are: 8:00 a.m. – 8:00 p.m., daily, Central and Mountain Times. You can also fax to: 1-800-693-6703; or mail your request to:

Attn: Medicare Appeals Department
1305 Corporate Center Dr. Building ND 10th Floor
Eagan, MN 55121

S5743_122310_B01_RE File & Use 01/08/2011
S5743_122310_GB02_RE

Your doctor must submit a statement supporting your request. Applicable physician fax forms can be found on our Website, www.YourMedicareSolutions.com, or you can call <1-888-832-0075/1-877-838-3827> to request a form. TTY Users call <1-800-693-3819/1-866-213-9262>. Our hours of operation are: 8:00 a.m. – 8:00 p.m., daily, Central and Mountain Time. Although we encourage the use of these forms to improve the turnaround time of your request – they are not required to be used for this process. However, we will need your doctor's statement that must indicate that the requested drug is medically necessary for treating your condition because none of the drugs we cover for treating your condition would be as effective as the requested drug or would have adverse effects for you. If the exception involves a prior authorization, quantity limit, or other limit we have placed on a drug you are taking, the doctor's statement must indicate that the prior authorization or limit would not be as effective for treating your condition or would have adverse effects for you.

Once the doctor's statement is received, we must notify you of our decision no later than seven (7) calendar days.

What if my request is denied?

If your request is denied, you have the right to appeal by asking us to review our decision. You must request this appeal within 60 calendar days from the date of our first decision. We accept standard requests by telephone or in writing. We accept expedited requests by telephone or in writing. Our phone number is <1-888-832-0075/1-877-838-3827>. TTY Users call <1-800-693-3819/1-866-213-9262>. Our hours of operation are: 8:00 a.m. – 8:00 p.m., daily, Central and Mountain Times. You can mail your request to:

Attn: Medicare Appeals Department
1305 Corporate Center Dr. Building ND 10th Floor
Eagan, MN 55121

If you need help to ask for a coverage determination or for more information about the coverage change, please call Customer Service, at <1-888-832-0075/1-877-838-3827>. TTY Users call <1-800-693-3819/1-866-213-9262>. Our hours of operation are <8:00 a.m. – 8:00 p.m., daily, Central and Mountain Time>.

Sincerely,

< MedicareBlue Rx/Group MedicareBlue Rx >

Beneficiaries must use network pharmacies to access their prescription drug benefit. Benefits, formulary, pharmacy network, premium and/or copayments/coinsurance may change on January 1, 2012

Coverage is available to residents of the service area or members of an employer or union group and separately issued by one of the following plans: Wellmark Blue Cross and Blue Shield of Iowa,* Blue Cross and Blue Shield of Minnesota,* Blue Cross and Blue Shield of Montana,* Blue Cross and Blue Shield of Nebraska,* Blue Cross Blue Shield of North Dakota,* Wellmark Blue Cross and Blue Shield of South Dakota,* and Blue Cross Blue Shield of Wyoming.*

*Independent licensees of the Blue Cross and Blue Shield Association.

A Medicare-approved Part D sponsor

For more information about our transition policy (including alternate format or languages regarding this policy), please call Customer Service at <1-888-832-0075/1-877-838-3827>. TTY users should call <1-800-693-3819/1-866-213-9262>. We are available from 8:00 a.m. to 8:00 p.m., daily, Central and Mountain Times.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: Tobacco Cessation Report

Representatives from BCBSND will be at the meeting to discuss the program outcomes of the NDPERS Tobacco Cessation Program. Refer to attached report.

NDPERS Tobacco Cessation: Program Outcomes

2005-2010 Outcomes of the NDPERS Tobacco Cessation Program

*Division of Medical
Management*

*Jodi Carlisle
Director of Health
Informatics*

*Cindy Gillund
Health Care Data
Analyst*

*January 2011
Last Updated:
01.26.2011*

Purpose

The NDPERS Smoking Cessation Program was designed to help State employees and their families to stop using tobacco. Members who participate in the program can enroll in tobacco cessation counseling at their local public health unit and receive reimbursement for medical office visits and medication to facilitate their smoking cessation. If successful, the program could result in a reduction of members who use tobacco, which could result in significant health care cost savings. The current report examines two Biennium of the program and 18 months of a third Biennium: July 1, 2005 through June 30, 2007 (1st Biennium), July 1, 2007 through June 30, 2009 (2nd Biennium) and July 1, 2009 through December 31, 2010 (3rd Biennium). Results presented herein examine members, start dates, and expenditures among NDPERS members.

Methodology

Data were submitted to Noridian Benefit Plan Administrators (NBPA). NBPA collected enrollment information and administered ID cards. Each ID card issued represents a new start date. Enrollment information and subsequent claims information for counseling, physician visits and medication were stored in the Noridian Mutual Insurance Company's (NMIC) data warehouse. Management Information Services (MIS) gathered the data and submitted it to Health Informatics (HI) for further analysis. Data were obtained from July 1, 2005 through December 31, 2010.

Findings

- I. Demographics : Throughout the three biennium, there have been a total of 790 unique NDPERS members that have participated in a tobacco cessation program (1,039 program start dates). It was found that 48.5% of the participants were male; the average age of all participants was 45.6 years old (at time of program start).

Table 1 demonstrates the number of unique members that started a tobacco cessation program within each of the biennium periods, the number of start dates by those members and demographics within each biennium period.

Table 1. Demographics

| Biennium | # Mems | # Start Dates | % Male | Avg Age |
|--|--------------|---------------|--------------|-------------|
| July 1, 2005 to June 30, 2007 | 239 | 243 | 45.2% | 47.1 |
| July 1, 2007 to June 30, 2009 | 448 | 516 | 48.2% | 45.3 |
| July 1, 2009 to December 31, 2010 | 240 | 280 | 52.1% | 44.9 |
| Total | 1,039 | 1,039 | 47.5% | 45.8 |

Findings (continued)

II. Expenditures: Tables 2 and 3 (below) examine the total expenditures incurred by biennium and was obtained through the Finance Department at BCBSND. Total costs of the program in the 2005 to 2007 biennium (July 1, 2005 to June 30, 2007) was \$106,558; the 2007 to 2009 biennium was \$129,288 and 18 months of the 2009 to 2011 biennium was \$51,214. In total, all three biennium have a total cost of \$287,060.

Members in this analysis included only those who incurred expenses. There were 306 members that registered for a tobacco cessation program but did not incur any expenses. Table 3 (below) demonstrates expenditures for the members that used the services available during the specified biennium period.

Table 2. Biennium Claim Expenditures

| Biennium | Benefit Description | Services | Total Paid | Avg Paid |
|-----------|---------------------|--------------|-------------|----------|
| 2005-2007 | CONSULTATION | 226 | \$22,129.00 | \$113.48 |
| | INELIGIBLE | 3 | \$0.00 | \$0.00 |
| | O.T.C. DRUGS | 209 | \$8,769.01 | \$72.47 |
| | OFFICE VISIT | 58 | \$4,433.24 | \$80.60 |
| | PPO PHARMACY | 646 | \$48,812.24 | \$120.23 |
| | Total | | \$84,143.49 | |
| 2007-2009 | BUPROPION | 1 | \$0.00 | \$0.00 |
| | CHANTIX | 272 | \$27,734.07 | \$119.03 |
| | CONSULTATION | 160 | \$15,127.00 | \$123.99 |
| | NICOTINE GUM | 35 | \$1,781.42 | \$65.98 |
| | NICOTINE INHALER | 1 | \$217.47 | \$217.47 |
| | NICOTINE LOZENGE | 26 | \$1,211.43 | \$80.76 |
| | NICOTINE PATCH | 25 | \$1,187.09 | \$62.48 |
| | O.T.C. DRUGS | 81 | \$3,497.66 | \$59.28 |
| | OFFICE VISIT | 47 | \$3,734.87 | \$81.19 |
| | PPO PHARMACY | 438 | \$46,263.15 | \$129.23 |
| Total | | \$100,754.16 | | |
| 2009-2011 | BUPROPION | 14 | \$409.75 | \$29.27 |
| | CHANTIX | 203 | \$28,821.05 | \$136.79 |
| | CONSULTATION | 2 | \$200.00 | \$100.00 |
| | NICOTINE GUM | 155 | \$7,769.67 | \$45.24 |
| | NICOTINE LOZENGE | 34 | \$1,689.80 | \$49.70 |
| | NICOTINE PATCH | 69 | \$2,847.12 | \$40.49 |
| | OFFICE VISIT | 25 | \$2,295.00 | \$91.80 |
| Total | | \$44,032.39 | | |

Table 3. Biennium Program Expenditures*

| Biennium | # Mems | Total Dollars Paid | Average Dollars per Member |
|-----------------------|------------|--------------------|----------------------------|
| (07/01/05 - 06/30/07) | 245 | \$106,558 | \$435 |
| (07/01/07 - 06/30/09) | 314 | \$129,288 | \$412 |
| (07/01/09 - 12/31/10) | 146 | \$53,350 | \$365 |
| Total | 705 | \$289,196 | \$410 |

* Expense data were received from the Finance Department at BCBSND and includes promotional costs, administrative costs and claims.

It should be noted that the category *PPO Pharmacy* was used in the 2005-2007 biennium. However, starting in July 2008, the category was no longer summarized, with services and total paid allocated to the appropriate type of medication. Therefore, the 2007-2009 biennium contains both the *PPO Pharmacy* category, as well as the different types of medications. The current biennium only reports by type of medication.



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Memorandum

TO: NDPERS Board

FROM: Kathy & Sparb

DATE: February 3, 2011

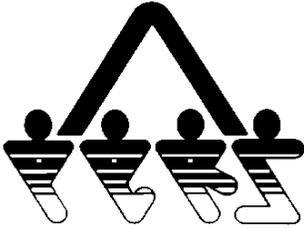
SUBJECT: Transitional Enrollment – Group Health Plan

The Patient Protection and Affordable Care Act (PPACA) contained a provision that expanded eligibility for child dependents through the end of the month of their 26th birthday without meeting dependent or student status requirements. At its May 2010 meeting, the Board moved to adopt this provision for the PERS group effective July 1, 2011. The additional cost to implement the expanded eligibility requirements was included in the BCBS bid renewal and will be reflected in our premium rates effective July 1.

To allow contract holders the opportunity to enroll dependents that lost coverage under our previous eligibility requirements, NDPERS will conduct a special open enrollment from May 16 to June 16 with coverage effective July 1, 2011. As past experience has indicated, we have a number of dependents that lose coverage in May due to graduation from college. We received an inquiry from a member as to whether PERS will allow these dependents to remain covered from June 1 through June 30 rather than terminate the coverage. BCBS did a cost analysis and estimates it would cost \$50,000 to provide this one month of coverage. The other option to avoid the lapse in coverage is for the contract holder to enroll the dependent for COBRA continuation for the month of June and then make application during the special enrollment to add the dependent back onto the group contract effective July 1, 2011.

Board Action Requested

Approve or reject the extension of coverage for the month of June to dependents that lose eligibility in May.



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: February 3, 2011

SUBJECT: Dependent Eligibility – Dental & Vision Plans

The Patient Protection and Affordable Care Act (PPACA) enacted last year contained a provision that expanded eligibility for child dependents through the end of the month of their 26th birthday without meeting dependent or student status requirements. This provision will be effective for the group health plan July 1, 2011. The PPACA regulations do not apply to stand-alone group dental and vision insurance plans.

In order to maintain consistency in the administration of our group insurance plans, staff is proposing that the extension of the dependent eligibility provisions also be applied to the group dental and vision plans. We have discussed this option with both CIGNA and Superior and both have approved this change in the eligibility requirements and indicated that we could do so without affecting our current premium structures. If approved, it would be effective July 1, 2011. As of that date dependents age 23 and less than age 26 would no longer be removed from the contract due to dependent or student status requirements. For any dependents that previously lost coverage due to loss of eligibility, contract holders would have the opportunity to enroll them for coverage during our annual enrollment season conducted in the fall.

Board Action Requested

Approve or reject staff recommendation to adopt the expanded dependent eligibility provisions for the group dental and vision programs effective July 1, 2011.



Memo

To: NDPERS Board
From: ^{BTR} Bryan T. Reinhardt
CC: Sparb, Kathy, Deb
Date: 1/25/2011
Re: 2007 NDPERS Inpatient Comparison

Here is the 2007 comparison of NDPERS inpatient claims with the National Hospital Discharge Survey. Overall, NDPERS has about 75% of the 2007 national average inpatient hospital episodes. The percentages since 1990 were:

| | | | |
|--------------|--------------|--------------|--------------|
| 1990 – 67.4% | 1991 – 63.3% | 1992 – 62.9% | 1993 – 63.5% |
| 1994 – 63.3% | 1995 – 66.4% | 1996 – 63.6% | 1997 – 63.9% |
| 1998 – 63.9% | 1999 – 65.9% | 2000 – 71.6% | 2001 – 71.4% |
| 2002 – 67.9% | 2003 – 69.2% | 2004 – 65.8% | 2005 – 67.8% |
| 2006 – 70.8% | 2007 – 74.6% | | |

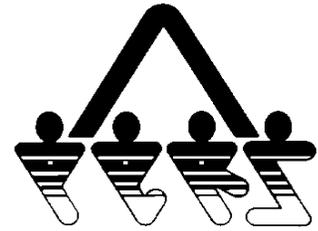
The shaded areas are where the NDPERS rates are higher than the national figures. Compared to the 2007 results, NDPERS was higher than the national rate in:

- Neoplasms (Malignant & Benign)
- Coronary Atherosclerosis
- Appendicitis, Intestinal Obstruction, Acute Pancreatitis
- Diseases of the Musculoskeletal System & Connective Tissue
 - Osteoarthritis and Allied Disorders
 - Intervertebral Disc Disorders
- Symptoms, Signs, and Ill-defined Conditions

These categories are similar to the ones where the NDPERS Health Plan was higher in previous studies.

2007 INPATIENTS DISCHARGED PER 10,000 POPULATION BY CATEGORY OF FIRST-LISTED ICD-9 DIAGNOSIS, EXCLUDES NEWBORN CARE

| Category of first-listed diagnosis and ICD-9 code | UNITED STATES | | UNITED STATES | | | | UNITED STATES | | | | UNITED STATES | | | | |
|---|---|--------------|---------------|--------|--------|--------|----------------|-------------|-------------|-----------------|----------------|-------------|-------------|-----------------|-------|
| | STATES TOTAL | NDPERS TOTAL | NDPERS | | NDPERS | | NDPERS | | NDPERS | | NDPERS | | NDPERS | | |
| | | | MALE | FEMALE | MALE | FEMALE | UNDER 15 YEARS | 15-44 YEARS | 45-64 YEARS | 65 YEARS & OVER | UNDER 15 YEARS | 15-44 YEARS | 45-64 YEARS | 65 YEARS & OVER | |
| All conditions | 1143.9 | 853.4 | 936.7 | 1344.0 | 723.0 | 975.3 | 358.2 | 844.6 | 1143.9 | 3395.1 | 251.7 | 639.2 | 878.6 | 2212.9 | |
| Infectious and parasitic diseases | 001-139 | 40.4 | 16.0 | 38.6 | 42.2 | 14.5 | 17.4 | 21.4 | 18.0 | 38.5 | 149.0 | 7.4 | 9.2 | 15.3 | 49.0 |
| Septicemia | 038 | 19.7 | 7.2 | 18.4 | 21.0 | 7.1 | 7.3 | 1.9 | 4.2 | 17.8 | 103.6 | 1.1 | 2.0 | 8.2 | 27.4 |
| Neoplasms | 140-239 | 53.2 | 70.9 | 43.9 | 62.2 | 59.9 | 81.0 | 6.2 | 19.3 | 84.8 | 176.8 | 9.5 | 31.1 | 109.9 | 157.2 |
| Malignant neoplasms | 140-208,230-234 | 40.8 | 51.4 | 39.3 | 42.2 | 52.1 | 50.8 | * | 9.3 | 63.2 | 157.2 | 8.4 | 17.8 | 76.2 | 135.6 |
| Malignant neoplasm of large intestine and rectum | 153-154,197.5 | 4.9 | 6.1 | 4.8 | 5.0 | 8.6 | 3.8 | * | 0.8 | 5.9 | 23.7 | 0.0 | 1.0 | 8.7 | 21.6 |
| Malignant neoplasm of trachea, bronchus, and lung | 162,176.4,197.0,197.3 | 6.0 | 4.9 | 5.9 | 6.1 | 4.1 | 5.6 | * | * | 8.4 | 28.2 | 0.0 | 1.0 | 7.2 | 15.9 |
| Benign neoplasms | 210-229 | 11.1 | 18.0 | 3.4 | 18.4 | 6.3 | 28.9 | 1.1 | 9.4 | 20.1 | 14.3 | 1.1 | 13.3 | 31.2 | 17.3 |
| Benign neoplasm of uterus | 218-219 | 5.8 | 9.5 | - | 11.4 | 0.0 | 18.4 | * | 6.8 | 11.4 | * | 0.0 | 8.2 | 17.9 | 2.9 |
| Endocrine, nutritional and metabolic diseases, and immunity disorders | 240-279 | 60.4 | 37.0 | 52.2 | 68.4 | 32.0 | 41.7 | 25.2 | 29.1 | 71.3 | 198.8 | 26.3 | 21.4 | 50.6 | 57.7 |
| Diabetes mellitus | 250 | 20.8 | 5.8 | 21.8 | 19.9 | 8.2 | 3.5 | 3.6 | 12.5 | 28.8 | 60.2 | 6.3 | 2.0 | 5.6 | 15.9 |
| Volume depletion | 276.5 | 15.6 | 8.3 | 12.7 | 18.4 | 9.7 | 7.0 | 16.8 | 3.5 | 10.3 | 64.3 | 14.7 | 2.0 | 6.6 | 21.6 |
| Diseases of the blood and blood-forming organs | 280-289 | 17.5 | 4.1 | 14.6 | 20.3 | 4.8 | 3.5 | * | 10.2 | 15.2 | 59.7 | 4.2 | 1.0 | 3.1 | 15.9 |
| Anemias | 280-285 | 12.7 | 2.3 | 9.9 | 15.5 | 2.2 | 2.4 | 3.9 | 7.9 | 10.3 | 47.8 | 1.1 | 0.5 | 1.5 | 11.5 |
| Mental disorders | 290-319 | 79.4 | 50.9 | 85.4 | 73.6 | 49.1 | 52.5 | 24.3 | 100.0 | 97.1 | 64.5 | 32.6 | 78.5 | 34.8 | 43.3 |
| Psychoses | 290-299 | 56.3 | 29.1 | 57.7 | 54.9 | 25.7 | 32.3 | 14.6 | 70.5 | 68.7 | 50.9 | 14.7 | 40.8 | 23.5 | 31.7 |
| Schizophrenic disorders | 295 | 10.8 | 0.9 | 12.2 | 9.4 | 1.5 | 0.3 | * | 13.3 | 17.1 | 6.1 | 0.0 | 2.0 | 0.5 | 0.0 |
| Major depressive disorder | 296.2-296.3 | 14.3 | 12.0 | 12.2 | 16.4 | 8.9 | 15.0 | * | 18.2 | 17.7 | 11.7 | 6.3 | 16.3 | 12.8 | 5.8 |
| Diseases of the nervous system and sense organs | 320-389 | 26.4 | 14.6 | 23.9 | 28.9 | 12.7 | 16.3 | 16.7 | 13.9 | 29.2 | 77.9 | 15.8 | 9.7 | 12.8 | 31.7 |
| Diseases of the circulatory system | 390-459 | 196.0 | 125.5 | 204.2 | 188.1 | 171.6 | 82.4 | 5.3 | 34.7 | 236.3 | 954.0 | 1.1 | 10.2 | 150.8 | 551.1 |
| Essential hypertension | 401 | 11.6 | 0.5 | 9.3 | 13.8 | 0.4 | 0.7 | * | 4.1 | 19.3 | 39.0 | 0.0 | 0.0 | 0.5 | 2.9 |
| Heart Disease | 391-392.0,393-398,402,404,410-416,420-429 | 131.9 | 92.2 | 143.6 | 120.7 | 131.1 | 56.0 | 2.8 | 19.9 | 157.4 | 658.1 | 0.0 | 6.6 | 116.5 | 392.4 |
| Acute myocardial infarction | 410 | 19.2 | 16.7 | 23.1 | 15.4 | 25.7 | 8.3 | * | 2.6 | 25.8 | 91.4 | 0.0 | 1.0 | 28.6 | 50.5 |
| Coronary atherosclerosis | 414.0 | 27.0 | 31.6 | 35.7 | 18.6 | 52.9 | 11.8 | * | 2.6 | 43.0 | 119.1 | 0.0 | 1.5 | 50.6 | 106.8 |
| Other ischemic heart disease | 411-413,414,1-414.9 | 6.1 | 4.7 | 6.5 | 5.7 | 6.7 | 2.8 | * | 1.1 | 10.5 | 23.1 | 0.0 | 0.5 | 4.6 | 23.1 |
| Cardiac dysrhythmias | 427 | 27.5 | 14.4 | 28.5 | 26.6 | 17.5 | 11.5 | * | 4.1 | 27.0 | 148.3 | 0.0 | 0.5 | 13.8 | 75.0 |
| Congestive heart failure | 428.0,428.2-428.4 | 32.7 | 12.0 | 31.4 | 33.9 | 14.5 | 9.7 | * | 3.2 | 29.6 | 188.3 | 0.0 | 0.5 | 7.7 | 73.6 |
| Cerebrovascular disease | 430-438 | 27.6 | 17.6 | 25.1 | 30.0 | 20.8 | 14.6 | 0.8 | 3.5 | 29.1 | 147.2 | 0.0 | 1.0 | 16.4 | 92.3 |
| Diseases of the respiratory system | 460-519 | 109.8 | 61.9 | 104.0 | 115.5 | 65.5 | 58.4 | 89.8 | 26.5 | 102.0 | 433.2 | 44.2 | 15.8 | 45.0 | 264.0 |
| Acute bronchitis and bronchiolitis | 466 | 6.5 | 3.2 | 6.8 | 6.3 | 4.1 | 2.4 | 22.6 | 1.0 | 2.1 | 8.1 | 13.7 | 1.0 | 0.0 | 4.3 |
| Pneumonia | 480-486 | 35.2 | 27.2 | 34.0 | 36.3 | 27.2 | 27.1 | 23.1 | 7.1 | 28.3 | 161.0 | 14.7 | 7.6 | 18.9 | 122.6 |
| Chronic bronchitis | 491 | 15.8 | 9.2 | 14.7 | 17.0 | 10.4 | 8.0 | * | 1.4 | 18.5 | 83.4 | 0.0 | 0.0 | 6.6 | 54.8 |
| Asthma | 493 | 15.2 | 5.2 | 12.3 | 17.9 | 3.7 | 6.6 | 24.8 | 6.9 | 16.0 | 25.4 | 3.2 | 1.5 | 5.1 | 18.8 |
| Diseases of the digestive system | 520-579 | 109.5 | 93.3 | 102.2 | 116.5 | 95.3 | 91.5 | 33.3 | 65.4 | 135.9 | 324.2 | 35.8 | 55.1 | 119.1 | 207.7 |
| Appendicitis | 540-543 | 10.0 | 12.6 | 12.1 | 7.9 | 13.0 | 12.2 | 11.6 | 11.9 | 6.9 | 7.2 | 10.5 | 18.9 | 9.7 | 5.8 |
| Noninfectious enteritis and colitis | 555-558 | 10.1 | 8.8 | 8.2 | 12.0 | 7.4 | 10.1 | 6.6 | 6.9 | 9.7 | 27.4 | 3.2 | 9.7 | 9.2 | 13.0 |
| Intestinal obstruction | 560 | 10.5 | 12.9 | 10.0 | 11.0 | 14.9 | 11.1 | 2.0 | 3.5 | 13.1 | 41.9 | 6.3 | 2.0 | 23.0 | 24.5 |
| Diverticula of intestine | 562 | 9.2 | 7.4 | 7.9 | 10.5 | 5.2 | 9.4 | * | 3.1 | 12.7 | 36.6 | 0.0 | 2.0 | 8.7 | 28.9 |
| Cholelithiasis | 574 | 10.3 | 9.4 | 7.0 | 13.5 | 9.3 | 9.4 | 0.4 | 8.8 | 11.5 | 28.9 | 0.0 | 6.1 | 13.3 | 20.2 |
| Acute pancreatitis | 577 | 7.8 | 9.0 | 8.2 | 7.5 | 8.2 | 9.7 | * | 6.1 | 13.2 | 14.5 | 10.5 | 2.0 | 12.3 | 17.3 |
| Diseases of the genitourinary system | 580-629 | 69.6 | 51.8 | 45.6 | 92.9 | 25.7 | 76.2 | 11.7 | 41.8 | 71.8 | 250.0 | 3.2 | 38.7 | 61.3 | 128.4 |
| Calculus of kidney and ureter | 592 | 4.5 | 1.8 | 4.8 | 4.2 | 2.2 | 1.4 | * | 4.0 | 7.0 | 8.1 | 0.0 | 2.0 | 2.6 | 1.4 |
| Urinary tract infection | 599 | 17.2 | 6.8 | 10.1 | 24.1 | 6.0 | 7.7 | 3.7 | 3.2 | 11.0 | 97.6 | 1.1 | 0.5 | 6.1 | 34.6 |
| Complications of pregnancy, childbirth, and the puerperium | 630-677 | 16.6 | 7.6 | - | 32.6 | - | 14.6 | * | 39.1 | * | - | 0.0 | 20.9 | 0.5 | 0.0 |
| Diseases of the skin and subcutaneous tissue | 680-709 | 25.0 | 8.6 | 26.8 | 23.3 | 10.1 | 7.3 | 13.7 | 15.3 | 31.4 | 62.3 | 6.3 | 4.1 | 10.2 | 20.2 |
| Cellulitis and abscess | 681-682 | 18.4 | 6.7 | 19.9 | 17.0 | 7.8 | 5.6 | 8.5 | 12.1 | 24.7 | 42.6 | 3.2 | 4.1 | 8.2 | 14.4 |
| Diseases of the musculoskeletal system and connective tissue | 710-739 | 62.6 | 96.2 | 54.4 | 70.5 | 81.9 | 109.6 | 4.7 | 21.6 | 91.7 | 232.3 | 6.3 | 16.8 | 134.9 | 334.7 |
| Osteoarthritis and allied disorders | 715 | 23.9 | 53.8 | 19.2 | 28.4 | 42.1 | 64.7 | * | 1.5 | 35.4 | 113.1 | 0.0 | 1.5 | 74.6 | 216.4 |
| Intervertebral disc disorders | 722 | 10.6 | 15.1 | 10.9 | 10.4 | 16.4 | 13.9 | * | 7.9 | 18.9 | 20.0 | 0.0 | 12.7 | 24.5 | 15.9 |
| Congenital anomalies | 740-759 | 6.2 | 3.2 | 6.5 | 5.9 | 4.1 | 2.4 | * | 2.3 | 3.8 | 3.8 | 11.6 | 0.5 | 1.0 | 5.8 |
| Certain conditions originating in the perinatal period | 760-779 | 5.7 | 4.1 | 6.4 | 5.0 | 3.4 | 4.9 | 27.8 | * | * | * | 24.2 | 0.0 | 0.0 | 0.0 |
| Symptoms, signs, and ill-defined conditions | 780-799 | 6.3 | 21.0 | 5.6 | 6.9 | 19.4 | 22.6 | 7.3 | 4.2 | 6.0 | 12.2 | 7.4 | 5.6 | 23.0 | 77.9 |
| Injury and poisoning | 800-999 | 95.0 | 61.5 | 97.5 | 92.6 | 53.2 | 69.2 | 31.2 | 63.6 | 100.4 | 290.8 | 11.6 | 26.0 | 74.6 | 193.3 |
| Fractures, all sites | 800-829 | 34.8 | 19.8 | 32.0 | 37.5 | 11.9 | 27.1 | 9.8 | 19.9 | 26.8 | 140.2 | 4.2 | 8.2 | 16.4 | 83.7 |
| Fracture of neck of femur | 820 | 9.9 | 4.9 | 6.1 | 13.6 | 3.4 | 6.3 | * | 0.7 | 3.2 | 69.6 | 1.1 | 1.5 | 1.0 | 30.3 |
| Poisonings | 960-989 | 8.0 | 1.6 | 7.7 | 8.3 | 1.1 | 2.1 | 2.1 | 9.8 | 10.0 | 7.3 | 1.1 | 2.0 | 1.5 | 1.4 |
| Complications of surgical and medical care | 996-999 | 30.2 | 28.1 | 29.9 | 30.5 | 26.8 | 29.2 | 5.2 | 14.8 | 43.9 | 93.6 | 4.2 | 5.6 | 46.0 | 73.6 |
| Supplementary classifications | V01-V84 | 164.1 | 125.2 | 24.8 | 298.7 | 19.7 | 223.6 | 10.6 | 339.4 | 28.4 | 105.6 | 4.2 | 294.6 | 31.7 | 75.0 |
| Female with deliveries | V27 | 137.7 | 102.7 | - | 270.7 | - | 198.6 | 1.1 | 329.2 | 1.1 | - | 0.0 | 290.5 | 0.5 | 0.0 |



**North Dakota
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Sparb Collins
Executive Director
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1-800-803-7377

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

Memorandum

TO: PERS Board
FROM: Bryan Reinhardt
DATE: January 27, 2011
SUBJECT: NDPERS Prescription Drugs Update

The NDPERS Health Plan cost sharing for prescription drugs for the 2009-11 biennium is:

| | | | |
|--|------|------|------|
| Prescription Formulary Generic Drug | | | |
| - Copayment | \$5 | \$5 | \$5 |
| - Co-Insurance | 15% | 15% | 15% |
| Prescription Formulary Brand-Name Drug | | | |
| - Copayment | \$20 | \$20 | \$20 |
| - Co-Insurance | 25% | 25% | 25% |
| Prescription Non-Formulary Drug | | | |
| - Copayment | \$25 | \$25 | \$25 |
| - Co-Insurance | 50% | 50% | 50% |

The data for the latest year (7/2009 – 6/2010) shows the average charge for a generic drug at \$61.39 and the average charge for a brand name drug at \$235.16 per script. This compares to \$54.82 generic and \$215.60 brand for 7/08-6/09. This is an increase of 12.0% generic and 9.0% brand. The average amount the NDPERS Health Plan paid was \$19.22 for a generic and \$136.79 for a brand name. This compares to \$18.84 generic and \$125.26 brand for 7/08-6/09. This is a 2.0% increase for generic and a 9.2% increase for brand. There were 441,539 prescriptions during the 7/09-6/10 period. Note that the Medicare part-D claims are no longer processed through the BCBS/Prime system. The NDPERS generic utilization for this period was at 69%, compared to 67%, 63% and 57% the previous three years.

The mail order pharmacy had only 463 claims for this period (1/10th of 1% of the total) compared to 504 and 511 the previous years. Members that are using the mail order option are getting higher cost drugs. The average charges and paid amounts for mail order were:

| | | |
|----------|----------------|-------------|
| | Charges | Paid |
| Generic: | \$254.25 | \$86.62 |
| Brand: | \$995.78 | \$587.92 |

The top mail order drugs were:

| GENNAME | Frequency | Percent | Cumulative Frequency | Cumulative Percent |
|--------------------------|-----------|---------|----------------------|--------------------|
| CRESTOR | 18 | 3.67 | 18 | 3.67 |
| LIPITOR | 17 | 3.47 | 35 | 7.14 |
| METFORMIN HCL | 16 | 3.27 | 51 | 10.41 |
| PANTOPRAZOLE SODIUM | 16 | 3.27 | 67 | 13.67 |
| LEVOTHYROXINE SODIUM | 15 | 3.06 | 82 | 16.73 |
| SOSORBIDE MONONITRATE ER | 14 | 2.86 | 96 | 19.59 |
| AVONEX | 13 | 2.65 | 109 | 22.24 |
| PLAVIX | 12 | 2.45 | 121 | 24.69 |
| TRICOR | 12 | 2.45 | 133 | 27.14 |
| ZOLPIDEM TARTRATE | 12 | 2.45 | 145 | 29.59 |

The top drugs for the Prescription Drug Plan were:

| GENNAME | Frequency | Percent | Cumulative Frequency | Cumulative Percent |
|---------------------------|-----------|---------|----------------------|--------------------|
| SIMVASTATIN | 11628 | 2.67 | 11628 | 2.67 |
| AZITHROMYCIN | 11514 | 2.65 | 23142 | 5.32 |
| LEVOTHYROXINE SODIUM | 10111 | 2.33 | 33253 | 7.65 |
| LISINAPRIL | 9221 | 2.12 | 42474 | 9.77 |
| HYDROCODONE/ACETAMINOPHEN | 8923 | 2.05 | 51397 | 11.82 |
| AMOXICILLIN | 7776 | 1.79 | 59173 | 13.61 |
| LIPITOR | 7361 | 1.69 | 66534 | 15.30 |
| METFORMIN HCL | 6662 | 1.53 | 73196 | 16.83 |
| SERTRALINE HCL | 6618 | 1.52 | 79814 | 18.36 |
| OMEPRAZOLE | 6515 | 1.50 | 86329 | 19.85 |

Definitions:

Simvastatin – Generic of Zocor – Cholesterol lowering

Azithromycin – Antibiotic

Levothyroxine Sodium – Synthroid, thyroid hormone

Lisinopril – ACE Inhibitor for high blood pressure (hypertension)

Hydrocodone – Pain reliever and cough suppressant

Amoxicillin – Antibiotic

Lipitor – Cholesterol lowering

Metformin HCL – Diabetes medication

Sertraline HCL – Anti depressant

Omeprazole – Generic of Prilosec - Proton pump inhibitor treats ulcers/heartburn/reflux disease

Note that 9 of these are the same top 10 as the previous year although in different order.

OMEPRAZOLE is new and HYDROCHLOROTHIAZIDE dropped to 21.

If you have any questions or would like to see any other information, I will be available at the NDPERS Board meeting.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 9, 2011
SUBJECT: Segal Contract

Segal has agreed to extend our contract for another year based upon the rates proposed for the first year of the two year extension proposal. Attached, for your information, is the revised renewal letter. Based upon the action at the January 20th meeting, staff is proceeding with renewal for one year.

RECEIVED

JAN 31 2011

ND PERS



DIRECT DIAL NUMBER
(202) 833-6437

THE SEGAL COMPANY
1920 N Street NW, Suite 400 Washington, DC 20036
T 202.833.6400 F 202.833.6490 www.segalco.com

E-MAIL ADDRESS
ceitelberg@segalco.com

January 27, 2011

Mr. Sparb Collins
Executive Director
North Dakota Public Employees' Retirement System
400 East Broadway, Suite 505
Bismarck, ND 58502

Re: Contract Extension July 1, 2011 - June 30, 2012

Dear Sparb:

Segal's current consulting services contract extension expires June 30, 2011. Based upon our discussion to extend consulting services on January 24, 2011, we are submitting the agreed upon fee structure for the contract period July 1, 2011 to June 30, 2012. The proposed fee increases are necessary to continue to provide quality consulting and more closely support the actual level of effort expended for NDPERS.

As you will remember, we kept fees constant for the last one-year extension. In developing fees for this extension, we reviewed several past years of consulting experience to reach the cost structure below. With careful review of the effort and staff expertise dedicated to the NDPERS valuation work we verified that we have committed increased time and level of actuarial staff. In addition, we continue to enhance processes, quality review and actuarial expertise to mitigate and continue to manage litigation risk. As you are aware, several firms have exited the public sector or now require clients to agree to limits on liability, we have approached this issue through our ongoing focus on quality control and building trust with our clients.

The fee increase represents about a quarter of the additional production hours that have consistently been spent on the NDPERS valuations. The combination of more committed hours to produce the eight valuations under the fixed fee, consistent quality review and enhanced actuarial expertise dedicated to NDPERS support the fixed fee structure and hourly rates.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS MONTREAL NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE NEW YORK
PARIS STOCKHOLM TOKYO TORONTO UTRECHT

The following tables set forth the fees:

| Fixed Fee Rates | Existing One Year Fee 7/1/10-6/30/11 | Agreed to One-Year Fee 7/1/11-6/30/12 |
|---|---|--|
| Actuarial Valuation and Consulting Services | | |
| -Plans: General, Judges, Law Enforcement with prior service, Law Enforcement without prior service, Highway Patrol, National Guard et.al. | \$59,500 | \$65,600 |
| - Retiree Health Insurance Credit Fund | \$11,000 | \$12,100 |
| - Job Service North Dakota | \$16,000 | \$17,600 |
| Total Fixed Fee Matters | \$86,500 | \$95,300 |

| Hourly Rates | | |
|--|---------------------------|---------------------------|
| QDRO, Compliance Consulting, General Consulting and Special Projects | Time Charges per schedule | Time Charges per schedule |
| Flexible Compensation | Time Charges per schedule | Time Charges per schedule |
| Legislative Analysis | Time Charges per schedule | Time Charges per schedule |

| | | |
|-----------------------------------|---------------------------|---------------------------|
| 401(a) Defined Contribution Plans | Time Charges per schedule | Time Charges per schedule |
| 457 Plan | Time Charges per schedule | Time Charges per schedule |

| Hourly Rates | | |
|--------------------------|---|--|
| | Existing One Year Rates 7/1/10-6/30/11 | Agreed to One-Year Rates 7/1/11-6/30/12 |
| Consulting Actuary | \$365 | \$380 |
| Reviewing Actuary | \$395 | \$410 |
| Senior Actuarial Analyst | \$310 | \$350 |
| Actuarial Analyst | \$225 | \$235 |
| Compliance Consulting | \$345 | \$360 |
| Compliance Analyst | \$225 | \$235 |

The overall fixed fee covers the valuations listed above and two onsite meetings, one with the Board and one before the Legislative Committee. Other special projects or consulting will be charged on an hourly rate basis as listed above with prior approval from the System for special project estimates. Moreover, the NDPERS agrees to rescind its holdback of a portion of invoiced fees and pay the full amount billed.

Please confirm the acceptance of this agreement by signing and returning a copy.

We appreciate our long relationship with PERS, and look forward to continuing to work together.

Mr. Sparb Collins
North Dakota Public Employees' Retirement System
January 27, 2011
Page 4

Please do not hesitate to call if I can answer any questions.

Sincerely,



Cathie Eitelberg
Senior Vice President
National Director, Public Sector Market

Acceptance of agreement



Sparb Collins
Executive Director
North Dakota Public Employees' Retirement System

1/31/11
Date

cc: John Coyle
Brad Ramirez
Dave Bergerson
Steve Ohanian
Kim Nicholl
Jordan Smith

7386939v3/96005.001



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: February 3, 2011

SUBJECT: Defined Contribution Plan – 2010 Enrollment

The following is our annual report for the Board outlining the number of contacts we made with new eligible employees and the number that transferred to the defined contribution plan in 2010:

| | Total Contacts | Total Transfers |
|-------------|-----------------------|------------------------|
| 2010 | 63 | 1 |

We are available to answer any questions.



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: February 3, 2011

SUBJECT: FlexComp Annual Enrollment

The annual open enrollment for the 2011 FlexComp plan year concluded on November 5, 2010. Included is an enrollment update and the dollars deferred for the medical spending and dependent care accounts, the comparative statistics with the 2009 plan year, and the participation, total pretax and average pretax statistics since we began tracking this data in 2000.

Enrollment Highlights

Dependent Care Accounts

- The minimum contribution amount decreased by 50%
- There is no significant change in the total deferral amount.

Medical Spending Accounts

- There is no significant change in participation from 2010.
- Average deferrals increased by 3%.
- Total deferrals increased by approximately 2%

We are available to answer any questions.



Memo

To: Sparb, Kathy, Sharon
 From: Bryan T. Reinhardt
 Date: 2/3/2011
 Re: Flexcomp 2011

Here is the Flexcomp Program enrollment for the 2011 plan year. The 2010 initial enrollment totals are included for comparison.

If you have any questions or need anymore information, please contact me.

2010 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

| N | Minimum | Maximum | Mean | Sum |
|-----|----------|------------|------------|----------------|
| 392 | \$240.00 | \$5,000.00 | \$3,718.36 | \$1,457,595.62 |

2011 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

| N | Minimum | Maximum | Mean | Sum |
|-----|----------|------------|------------|----------------|
| 393 | \$120.00 | \$5,000.00 | \$3,718.86 | \$1,461,512.80 |

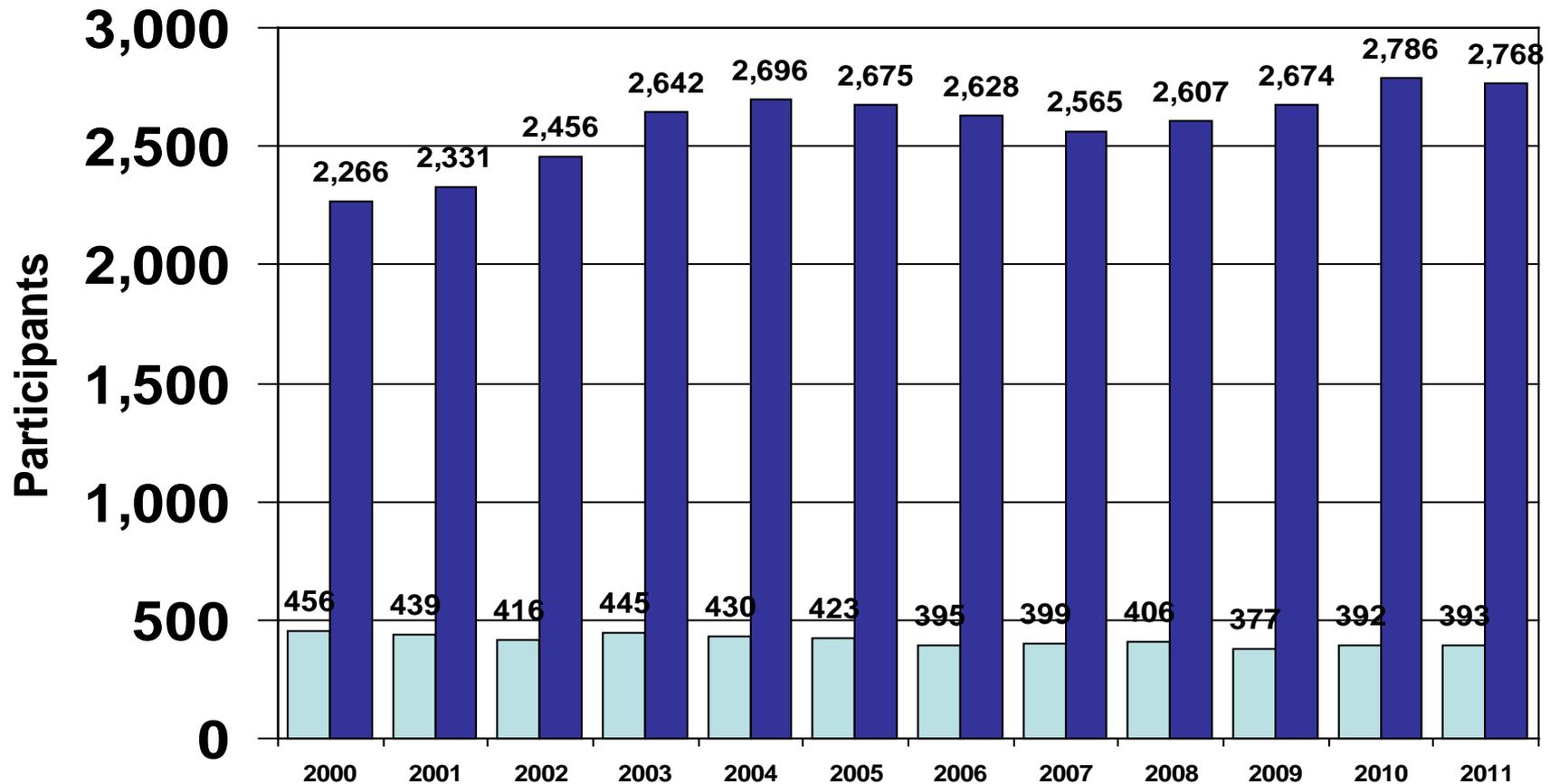
2010 PLAN YEAR INITIAL MEDICAL SPENDING

| N | Minimum | Maximum | Mean | Sum |
|------|---------|------------|------------|----------------|
| 2786 | \$60.00 | \$6,000.00 | \$1,677.61 | \$4,673,820.76 |

2011 PLAN YEAR INITIAL MEDICAL SPENDING

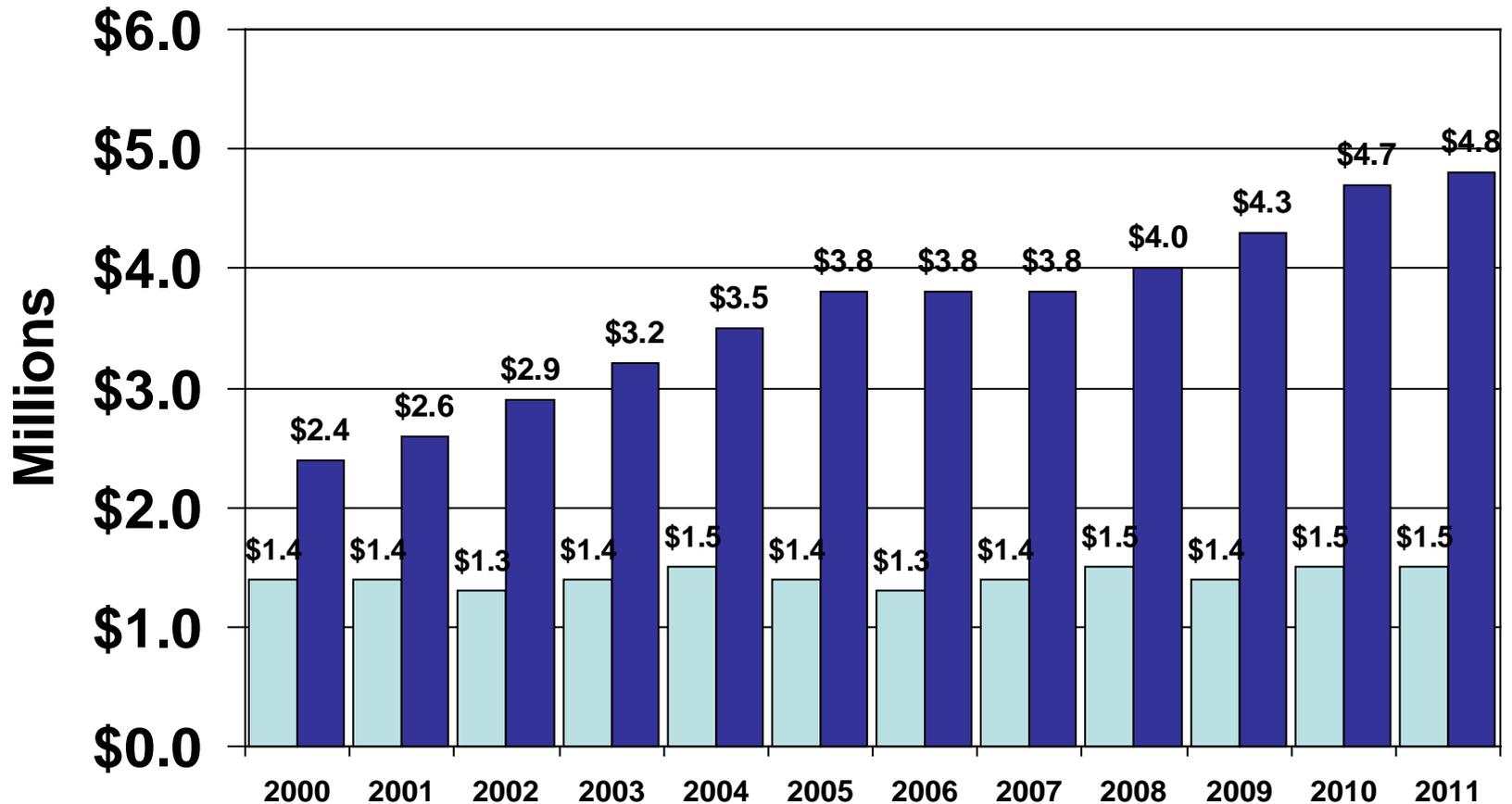
| N | Minimum | Maximum | Mean | Sum |
|------|---------|------------|------------|----------------|
| 2768 | \$60.00 | \$6,000.00 | \$1,730.16 | \$4,789,088.76 |

NDPERS Flexcomp Participation



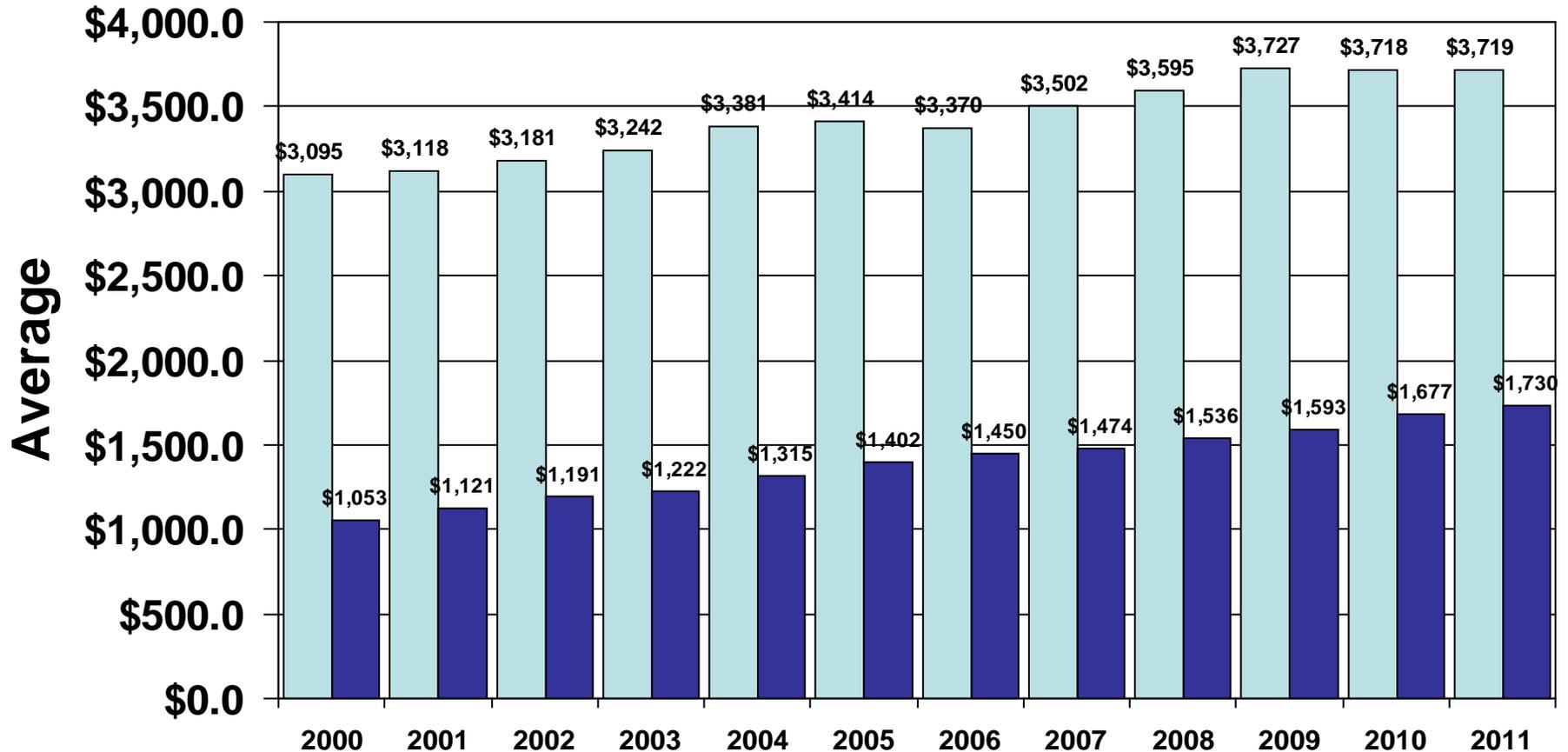
NDPERS Flexcomp Participation

Dependent Care Medical Spending



NDPERS Flexcomp Participation

Dependent Care Medical Spending





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Memorandum

TO: PERS Board

FROM: Sparb

DATE: February 9, 2011

SUBJECT: Legislative Update

Attached is the legislative update on bills affecting NDPERS. I will present the Board with any pertinent updates at the next meeting.