

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way

January 15, 2015

Time: 8:15 AM

I. Minutes

- A. December 18, 2014
- B. January 5, 2015

II. Pharmacy Benefit Manager Vendor Interviews

- A. 8:15 to 9:30: Staff Review of Proposals *Executive Session
- B. 9:30 to 10:20: Navitus ** Executive Session
 - 1. Presentation (30 minutes)
 - 2. Questions/Answers (20 minutes)
- C. 10:30 to 11:20: Express Scripts** Executive Session
 - 1. Presentation (30 minutes)
 - 2. Questions/Answers (20 minutes)
- D. 11:30 to 12:20: Catamaran ** Executive Session
 - 1. Presentation (30 minutes)
 - 2. Questions/Answers (20 minutes)

III. RHIC Implementation Follow-up – Sharon

IV. Discussion of Plan Placement for 2015-2017 – Sparb * Executive Session

*Executive Session pursuant to NDCC §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator. (Motion is necessary)

** Executive Session pursuant to N.D.C.C. §§ 44-04-17.1(2) and (5), 44-04-18.4(6), and 44-04-19.2(1) and (6) to hear and discuss oral presentations regarding bids or proposals received by a public entity in response to a request for proposals and to sequester all competitors in a competitive selection or hiring process from that portion of a public meeting wherein presentations are heard or interviews are conducted. (Motion is necessary)

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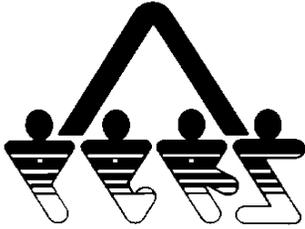
FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sharon
DATE: January 7, 2015
SUBJECT: RHIC Implementation Follow-up

Specific information relating to follow-up requests from the Board relating to the retiree health insurance credit (RHIC) implementation will be sent under separate cover early next week.

Thank you.



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Memorandum

TO: PERS Board

FROM: Kathy and Sharon

DATE: December 12, 2014

SUBJECT: Retiree Health Insurance Credit Portability Implementation

Staff has conducted an in depth review of the administrative implications of HB 1058 which makes the Retiree Health Insurance Credit (RHIC) portable. Some areas are policy decisions which require direction from the Board. Following are the items that require your consideration:

1. Administration for premiums that are paid for coverage that is not based on a calendar month. For example, coverage is from the 15th of one month to the 15th of the following month. How will the RHIC be applied?

Considerations:

- a) Eligibility for the RHIC is determined each month, based on whether or not the retiree received a retirement benefit for that month. (NDCC 54-52.1-03.3, subsection 1)
- b) The RHIC is applied to the payment of monthly premiums. This is currently limited to the PERS sponsored health plan, for which premiums are based on a calendar month. HB 1058 expands this to include medical and prescription drug coverage under any health insurance program. (NDCC 54-52.1-03.3, subsection 3).
- c) Members that are using the credit for other insurance coverage will file their claims directly with the vendor. PERS will provide the vendor with each member's eligible RHIC amount each month. The vendor will be responsible for confirming that the member has incurred an eligible premium expense for the month and has an available RHIC amount to be reimbursed for that month. For premiums that are for a coverage period that is not a calendar month, there is not clear direction for the vendor to determine the eligible reimbursement.

Proposed Policy: The RHIC will apply to the month in which the coverage period begins. Example: If the coverage is from 9/15 to 10/15, the RHIC for September will apply for the premium for this coverage period. The October RHIC will apply to the premium for the 10/15 to 11/15 coverage period, etc.

2. Administration of over/under payments of benefits. Since the RHIC will be reimbursed directly to the member through a 3rd party vendor, how will adjustments to the RHIC benefit resulting in either an overpayment or underpayment to the member be handled?

Considerations:

- a) Currently, the RHIC can only be applied to the PERS health insurance premium. Therefore, any adjustments to either increase or decrease the RHIC amount that has been applied to a health insurance premium is handled through the group insurance billing process on PERSLink. If there is an underpayment of RHIC, it is paid to the member in a lump sum pursuant to NDAC 71-03-05-07 and 71-06-01-06. If there is an overpayment of RHIC, the member must repay it in either a lump sum or installments subject to approval by the executive director, pursuant to NDAC 71-03-05-08.
- b) A process will need to be established for PERS to notify the vendor of any adjustments to the monthly RHIC amount so the vendor can 'reprocess' any reimbursement claims that have been made to the member for the month(s) impacted by the adjustment. The vendor will need to establish whether the member is owed additional reimbursement or whether the member has been overpaid. However, since the RHIC benefit will have been paid directly to the member and not offset against a premium payment, the guidance for over/under payments provided in the NDAC referenced above will no longer be applicable.

Proposed Policy (contingent on ability of selected vendor to accommodate):

1. **Underpayment of Benefits – If an adjustment occurs that results in an underpayment of RHIC benefits to a member, the vendor will reprocess any claims for the months impacted by the adjustment and pay any additional reimbursement due to the member in a lump sum.**
2. **Overpayment of Benefits – If an adjustment occurs that results in an overpayment of RHIC benefits to a member, then**
 - a. **The amount of the overpayment will be offset against future monthly RHIC benefits until the overpayment has been recovered, or**
 - b. **If the member is no longer eligible for RHIC benefits (return to work, suspended DC payment), the member will be notified of the overpayment and given the repayment options (lump sum or installments) that are currently defined in NDAC 70-03-05-08**
 - c. **If the member is deceased and there is a surviving spouse to whom the RHIC benefit continues to, the overpayment would be offset against the surviving spouse benefit until the overpayment has been recovered, or**
 - d. **If the member is deceased and no further benefits are payable, PERS would notify the estate of amount of the overpayment and request payment in a lump sum.**
3. Deminimus RHIC benefits. Should the vendor establish a reimbursement account for every member who is eligible for the RHIC benefit, regardless of the amount of the monthly RHIC benefit?

Considerations:

- a) The RFP to select a vendor to process the RHIC reimbursements asks that the vendor provide a per member per month fee for providing this service. We are aware of some members accruing RHIC benefits that are less than a dollar/month (members automatically vest at age 65 regardless of years of service). We are expecting that the monthly fee to maintain a reimbursement account may be at least \$2/month.

Policy decision: Should a reimbursement account be established automatically for RHIC benefits that are less than the monthly servicing fee?

4. Validating payment of PERS premiums. When should premium payments be reported to the vendor?

Considerations:

- a) PERS will provide the vendor with monthly premium payment information for members who have the PERS health, dental or vision plans. This will be used by the vendor to process the reimbursement to the member, without the need for the member to file a claim for reimbursement each month.
- b) Premiums are received through various payment methods (PERS pension deduction, TFFR pension deduction, ACH and personal check) throughout the month.
- c) It's possible that a member could cancel their insurance plan during the month, after the premium has been paid, and receive a refund of that premium. This could result in a member receiving reimbursement of their RHIC from the vendor for a premium that was subsequently refunded. A process would have to be established to notify the vendor so the reimbursement claim could be 'reprocessed' and the overpayment recovered.

Proposed Policy: Validation of monthly premium payments of PERS premiums will be sent to the vendor at the end of the coverage period. For example, validation of the payment for November premium would not be sent to the vendor until December 1. (Note: This would result in the member experiencing a one month delay receiving their initial RHIC reimbursement)

Board Action Requested: Provide guidance on proposed policy decisions.