

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
Sanford Health Plan
1749 38th Street South

January 21, 2016

Time: 8:30 AM

I. MINUTES

- A. December 17, 2015
- B. December 30, 2015

II. PRESENTATIONS

- A. Audit Report – CliftonLarsonAllen
- B. Pharmacy Update – Sanford
- C. Sanford Health Plan Quarterly Executive Summary – Sanford
- D. Asset Liability Study Vendor Interviews (15 minutes each) *– Bryan (Board Action)
 - Callan *
 - Segal *
 - SEI *

III. RETIREMENT

- A. Disability Consulting Services – Kathy (Board Action)
- B. Legislation Implementation – Sharon (Information)
- C. RFP Update – Bryan (Information)
- D. Employer Wage Reporting – MaryJo (Board Action)
- E. Return to Work – MaryJo (Board Action)
- F. Defined Contribution to Defined Benefit Plan Update – MaryJo (Information)

IV. GROUP INSURANCE

- A. Health Plan Data – Sparb (Board Action)
- B. RFP Update ** Executive Session – Bryan (Board Action)
- C. Infertility Amendment to Sanford Health Plan Contract – Jan (Information)
- D. Implementation Update – Sharon and Rebecca (Information)

V. MISCELLANEOUS

- A. Retiree Subcommittee Update – Bryan (Information)
- B. Annual Enrollment Update – Kathy (Information)
- C. Annual Report – Sharon (Information)
- D. Quarterly Consultant Fees – Derrick (Information)
- E. Audit Committee Minutes – (Information)

VI. APPEAL * Executive Session**

- A. Hardship Appeal #285 *** – Kathy (Board Action)

*Pursuant to N.D.C.C. § 44-04-19.2(6) 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)

**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) to reviews bids or proposals received by a public entity in response to a request for proposal. (Motion is necessary)

*** Executive Session possible to discuss confidential member information pursuant to NDCC 44-04-19.2(1), 54-52-26

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

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: January 7, 2015

SUBJECT: FY 2015 Audit Report Presentation

Included is the FY 2015 audit report for the PERS agency. Thomas Rey and his staff from CliftonLarsonAllen will be at the Board meeting to review the report with you and answer any questions you may have.



**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: January 14, 2016
SUBJECT: Pharmacy Update

Sanford Health Plan representatives will be at the meeting to review the pharmacy update with the Board. Materials will be distributed at the meeting.



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

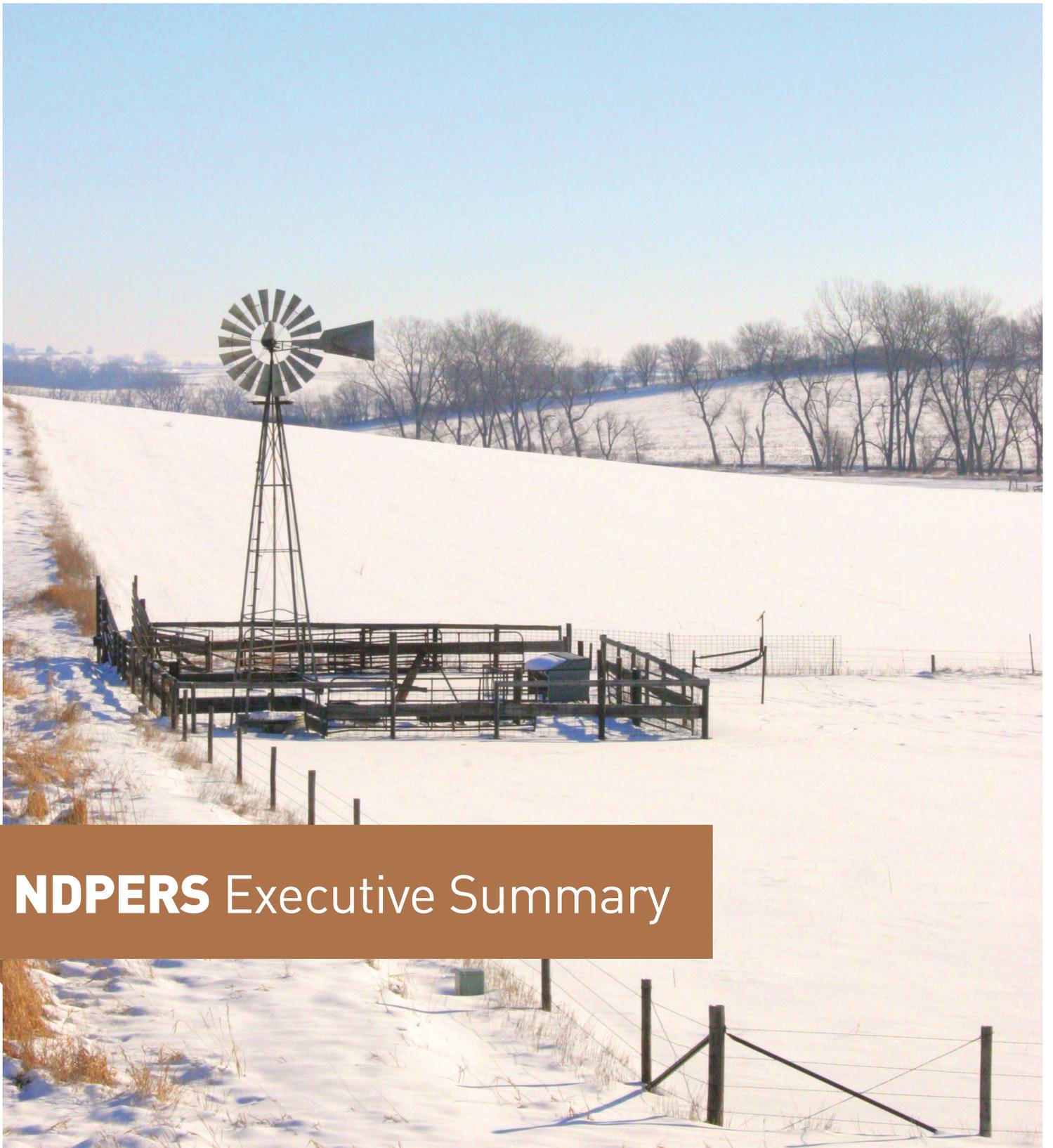
TO: PERS Board

FROM: Sparb

DATE: January 14, 2016

SUBJECT: Sanford Health Plan Quarterly Executive Summary

Sanford Health Plan representatives will be at the meeting to review the Quarterly Executive Summary with the Board. Materials will be distributed at the meeting.



NDPERS Executive Summary

Quarter 3 | 2015

Presented January 2016



**North Dakota
Public Employees
Retirement System**
Dakota Plan Health Benefits



CONTENTS

4

Summary

6

Claims Analysis

8

Membership & Utilization

10

High Dollar Cases

11

Prescription Drugs

14

Dakota Wellness Program

18

Tobacco Cessation Program

19

Performance Standards & Guarantees

Dear NDPERS Management, Staff and Board,

On behalf of the Sanford Health Plan, we are pleased to present our first NDPERS Executive Summary. We have been very happy with the direction and progress the NDPERS account has taken in the first three months.

During that time we have learned a great deal about the State of North Dakota, NDPERS and its members.

We strive to provide the best member experience, while addressing any and all concerns that have come our way. Our commitments to quickly and assertively solve issues that have surfaced continue to be the backbone and mission for how we do business.

We are very excited to continue working with the NDPERS team in building a soundly rooted foundation and strong working relationship. A special thank you to the many employees of the NDPERS who have worked tirelessly along side Sanford Health Plan to ensure a smooth transition and provide our staff with up to the moment information to help us execute timely responses and feedback to members.

When we began this business relationship, we spoke of the importance of transparency, and we are happy to report expectations have exceeded what we hoped for.

We look forward to continuing our work with NDPERS to provide the most complete and comprehensive insurance coverage available.

Sincerely,

A handwritten signature in black ink that reads "Kirk J. Zimmer". The signature is written in a cursive style with a large, stylized "K" and "Z".

Kirk Zimmer, President
Sanford Health Plan

Summary

ANNUAL MEMBERSHIP SUMMARY

Stable year over year growth:

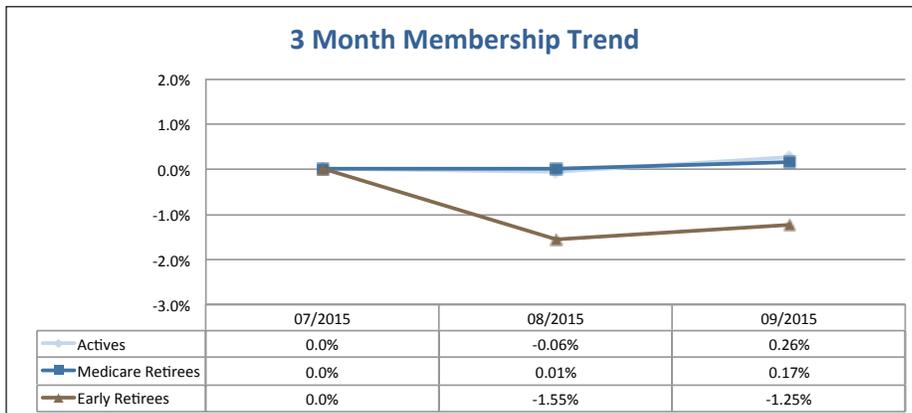
ACTIVES > **+1.9%**
 EARLY RETIREES > **+1.3%**
 MEDICARE RETIREES > **+5.0%**

MEMBERSHIP COMPARISON		
	Q3 2014	Q3 2015
Actives	55,750	56,785
Early Retirees	1,198	1,214
Medicare Retirees	8,245	8,658

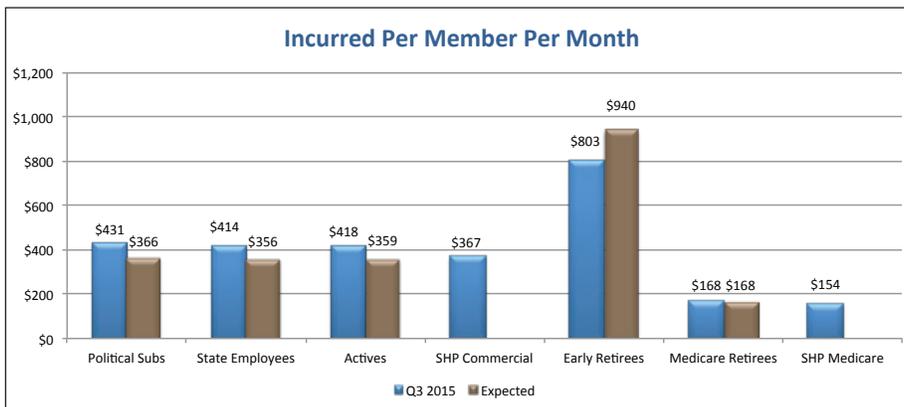
MEMBERSHIP TREND

LARGEST MEMBERSHIP INCREASE > **+0.26%**
 LARGEST MEMBERSHIP DECLINE > **-1.55%**

Actives, September 2015 Medicare Retirees, August 2015



PMPPM SUMMARY

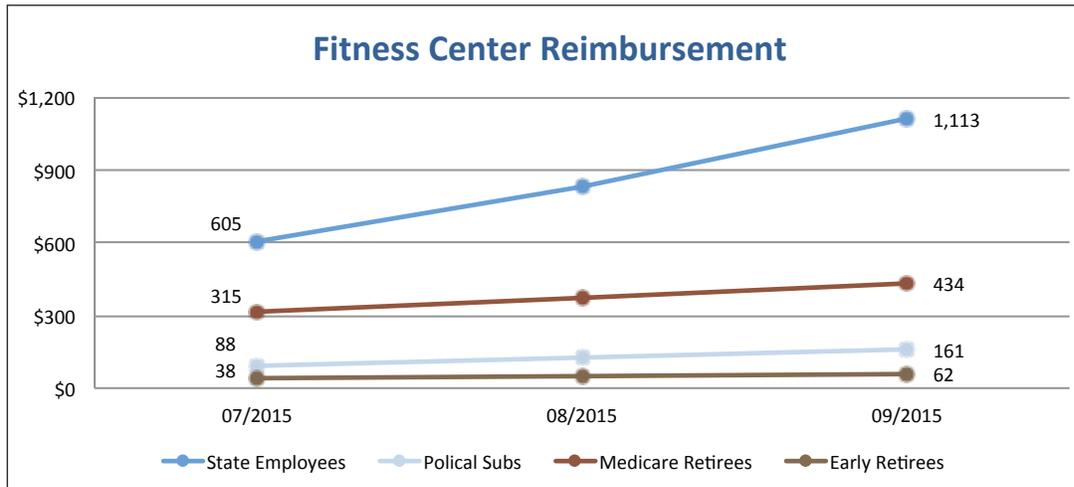


***Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015. Includes IBNR for July, August and September, as of November 30, 2015.

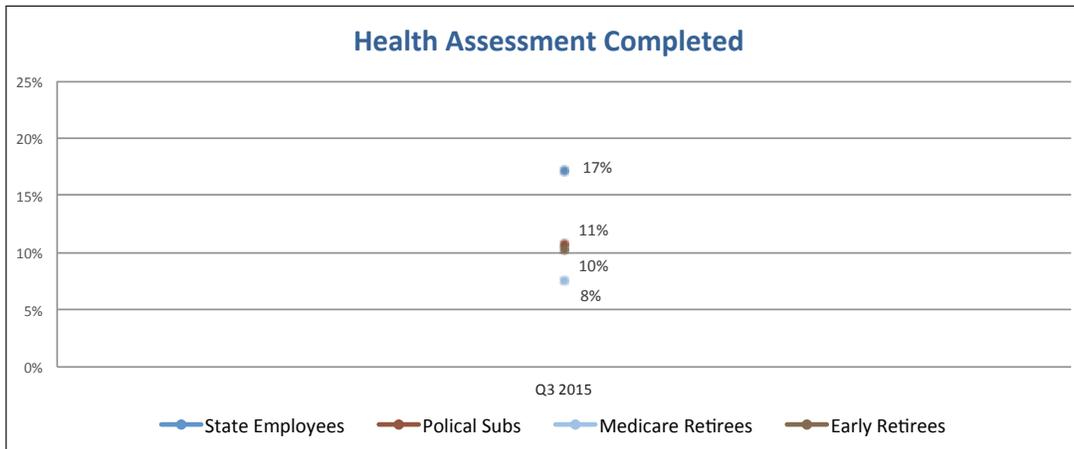
**Historically, 98% of claims will be accounted for within 90 days of the effective date.

*Medicare Retirees PMPPM excludes prescription drug coverage (Medicare Part D).

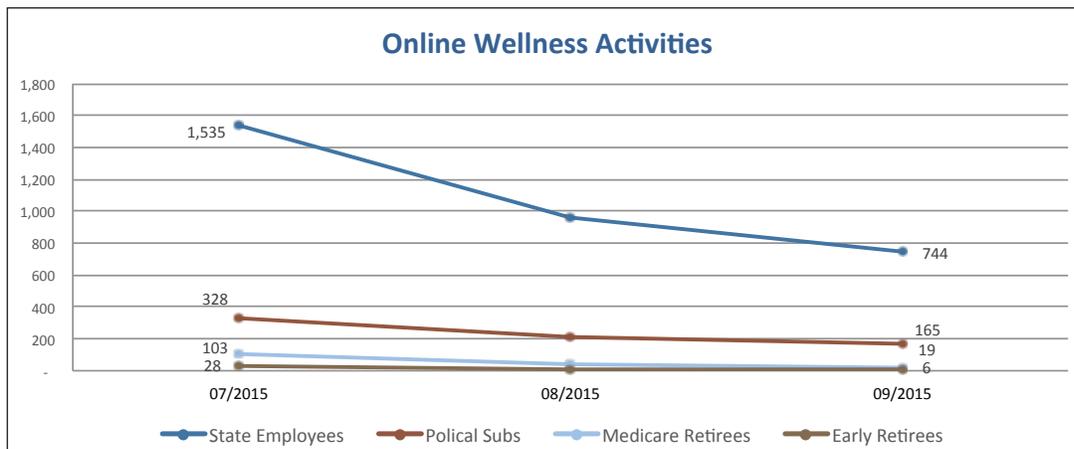
FITNESS CENTER REIMBURSEMENT



HEALTH ASSESSMENT

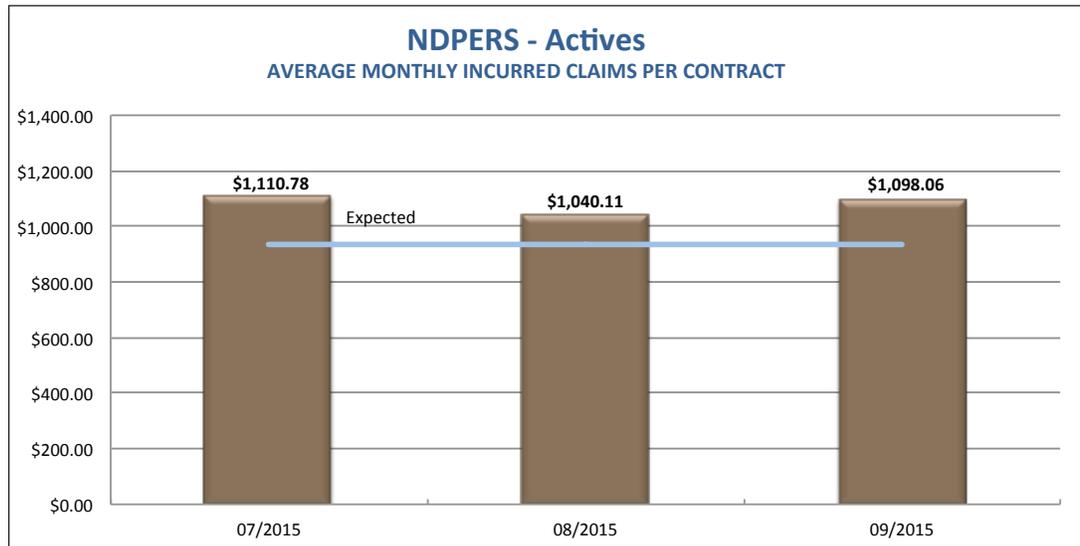


ONLINE WELLNESS ACTIVITIES



Claims
Analysis

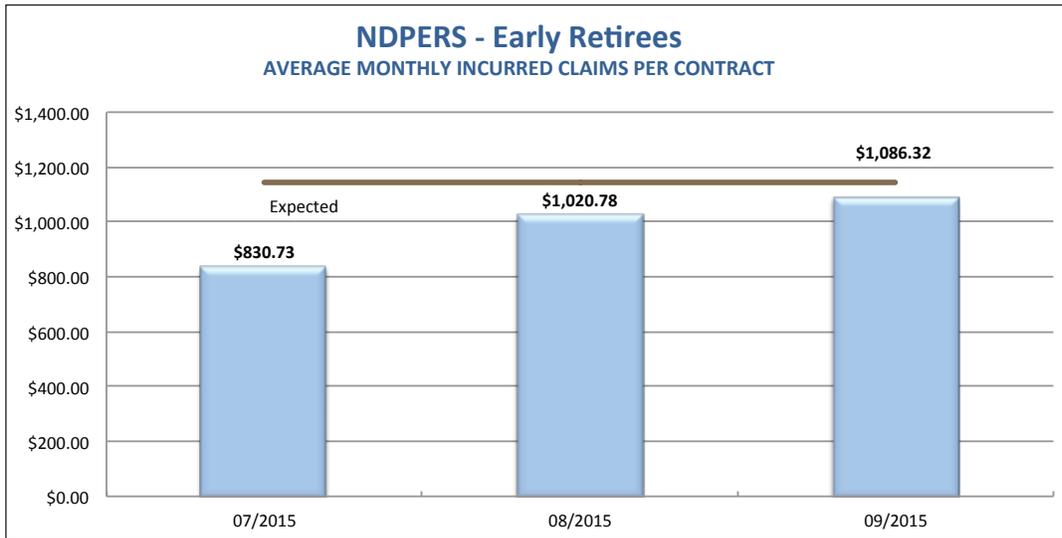
PAID CLAIMS PER CONTRACT



**Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015. Includes IBNR for July, August and September, as of November 30, 2015.

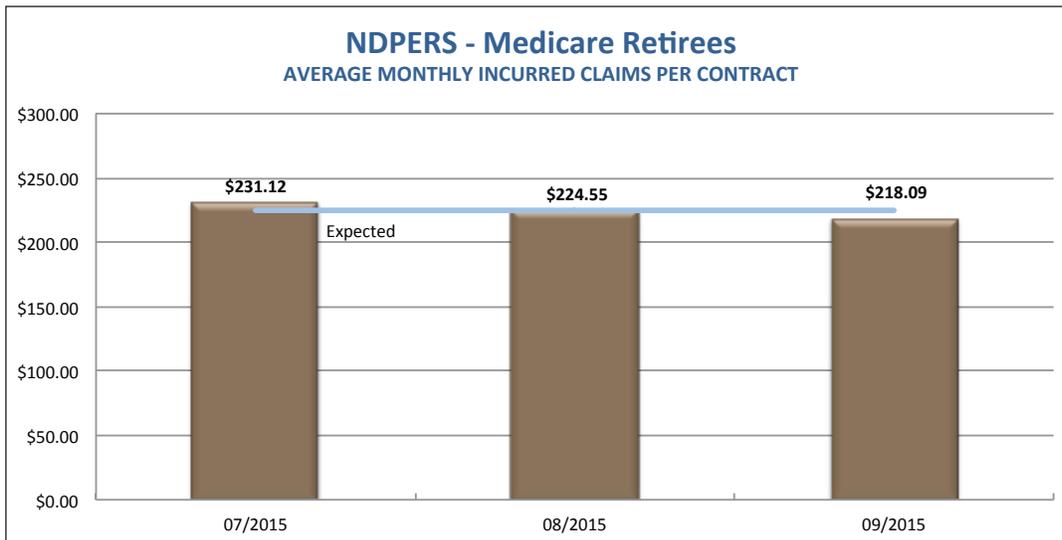
*NDPERS Active contracts have approximately 2.59 members per contract.

PAID CLAIMS PER CONTRACT



**Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015. Includes IBNR for July, August and September, as of November 30, 2015.

*NDPERS Early Retiree contracts have approximately 1.23 members per contract.

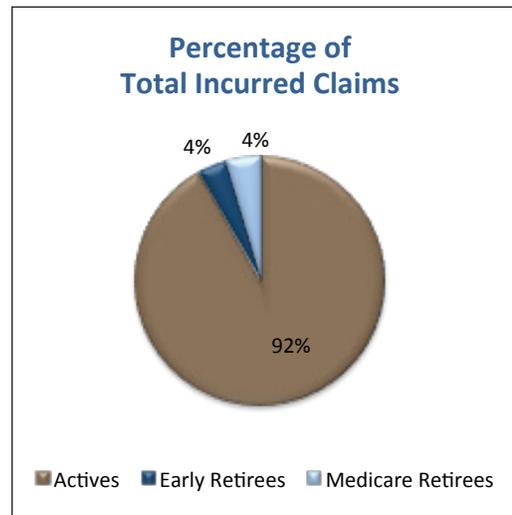
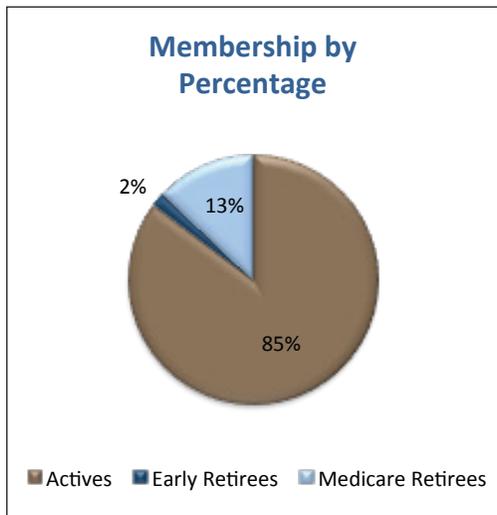


**Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015. Includes IBNR for July, August and September, as of November 30, 2015.

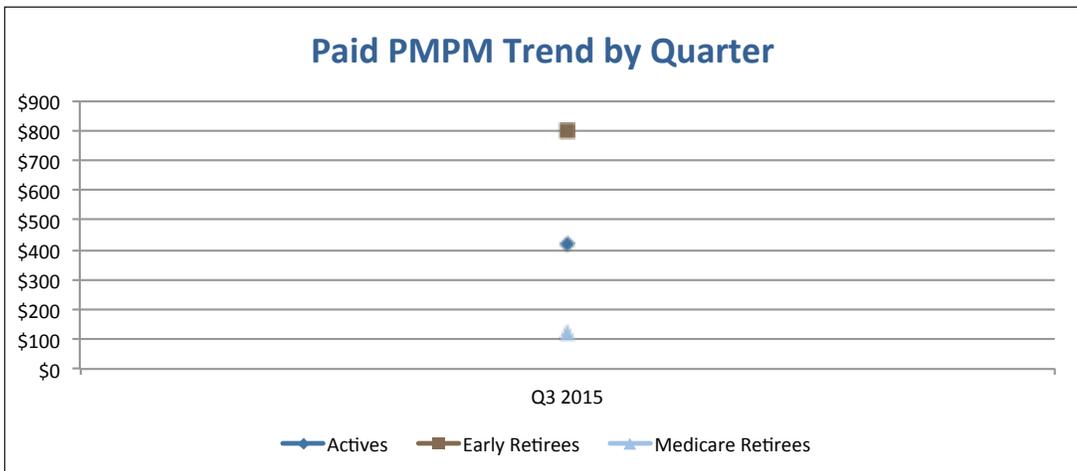
*NDPERS Medicare Retiree contracts have approximately 1.34 members per contract.

Membership & Utilization

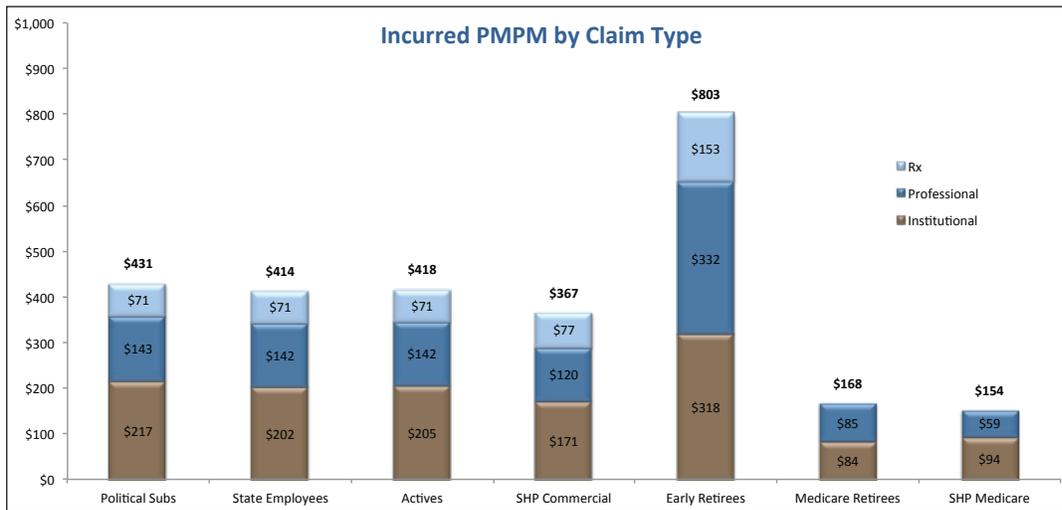
MEMBERSHIP PERCENTAGE



PMPPM BY CLAIM TYPE, BY QUARTER



PMPM BY CLAIM TYPE



*Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015. Includes IBNR for July, August and September, as of November 30, 2015.

MEMBER RISK PROFILE & UTILIZATION

	State Emps	Political Subs	Early Retirees	SHP Commercial
Average Age	34.61	34.97	60.02	33.81
% Male (Current)	49.33	49.63	32.10	45.05
Average Risk Score	1.21	1.24	2.23	1.17
Average Care Gap Index	0.13	0.15	0.12	1.23
Inpatient Days Per 1000	223	281	156	244
Total Admissions Per 1000	62	73	56	66
ER Visits Per 1000	206	255	162	165
Total Office Visits Per 1000	4,010	3,644	5,355	3,905
Pharmacy Scripts Per 1000	8,336	8,756	17,697	9,666

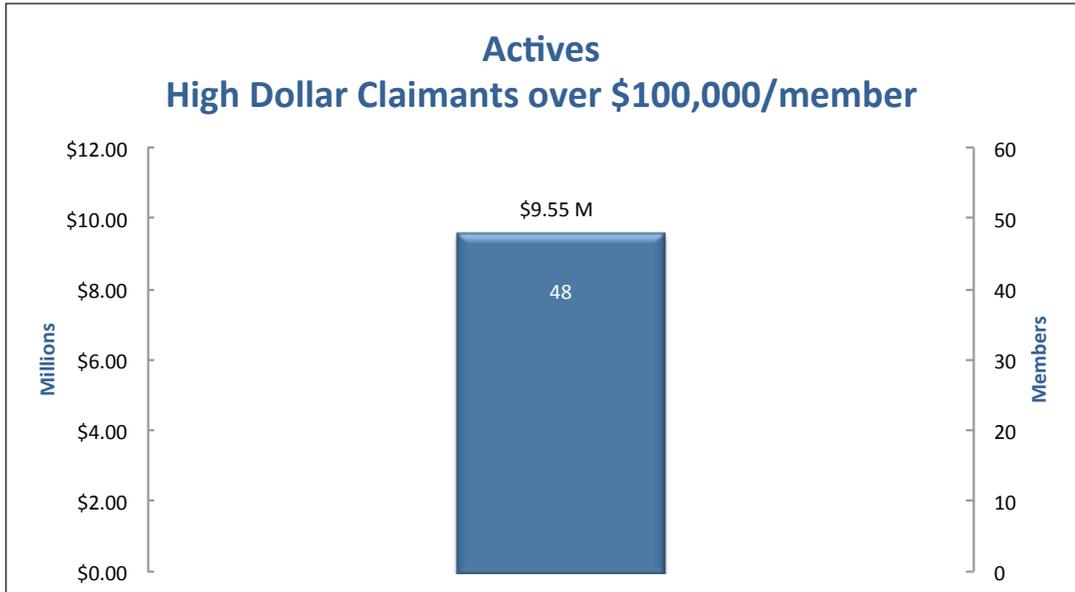
***Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.

**All data was Normalized using Verisk's methodologies and algorithms.

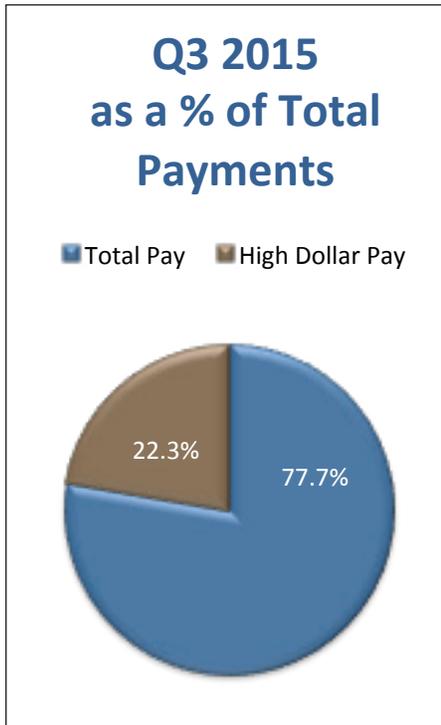
*NDPERS includes Political Subdivisions, Pre-Medicare Retirees and State Employees.

High Dollar Cases

ACTIVES



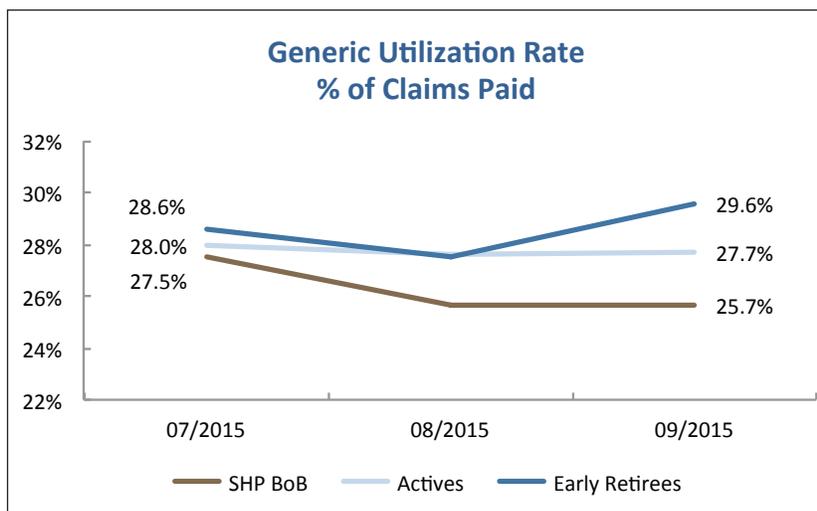
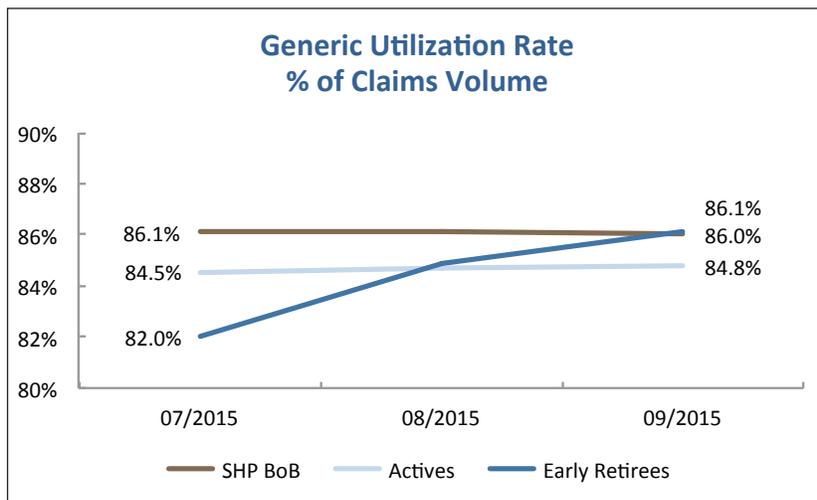
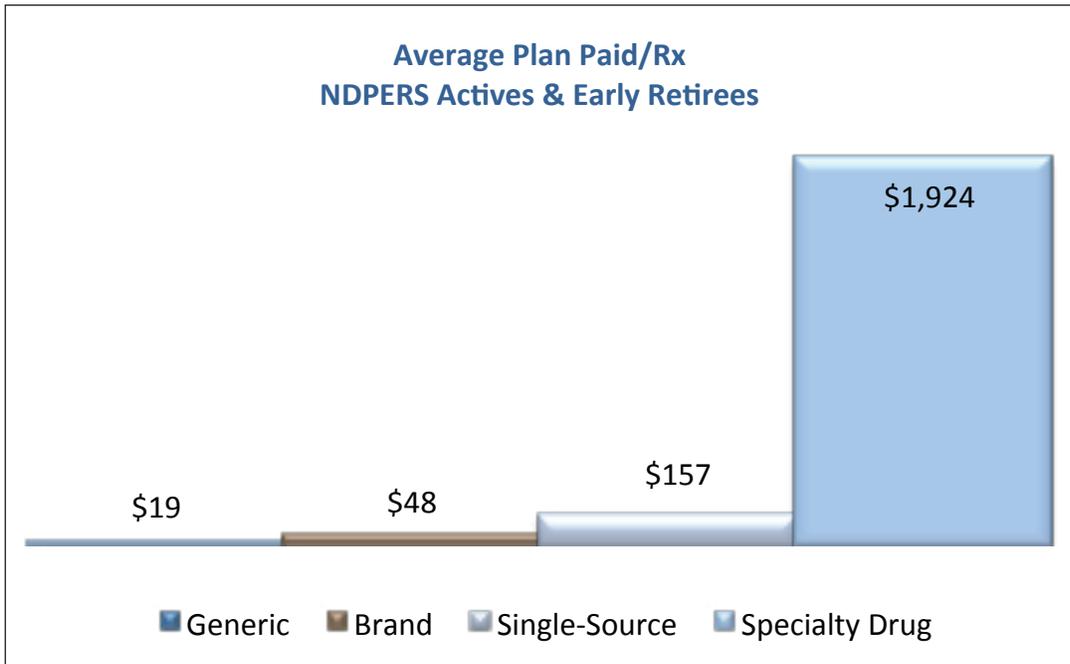
Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.



Avg. Paid/Case	\$199,030
% of Total Payments	22.3%

GENERIC UTILIZATION

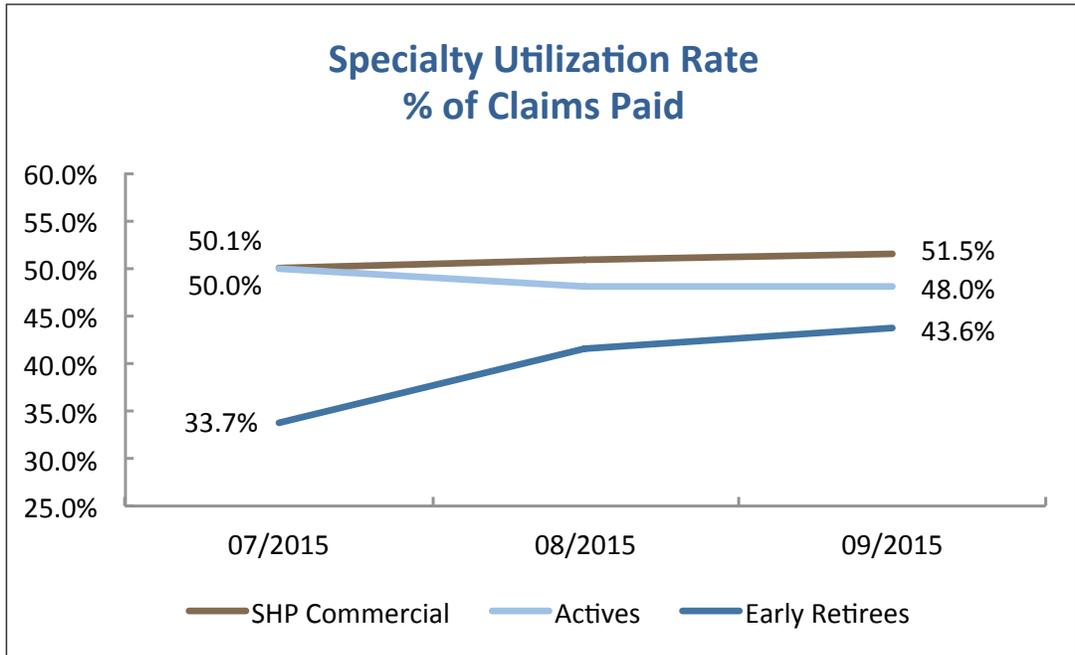
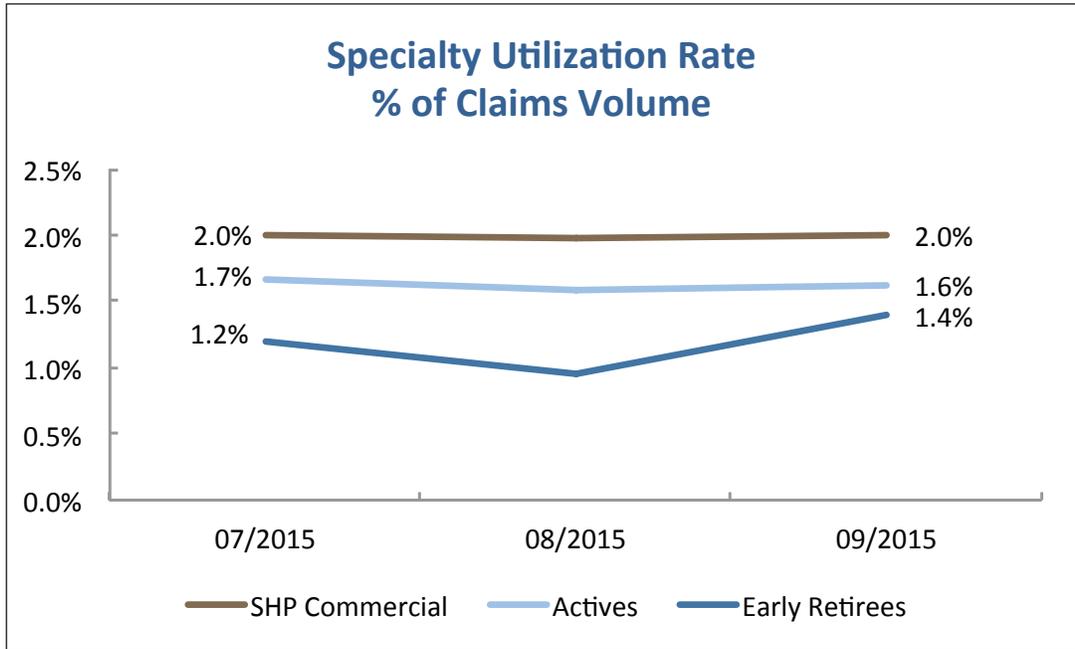
Prescription
Drugs



*Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.

Prescription
Drugs

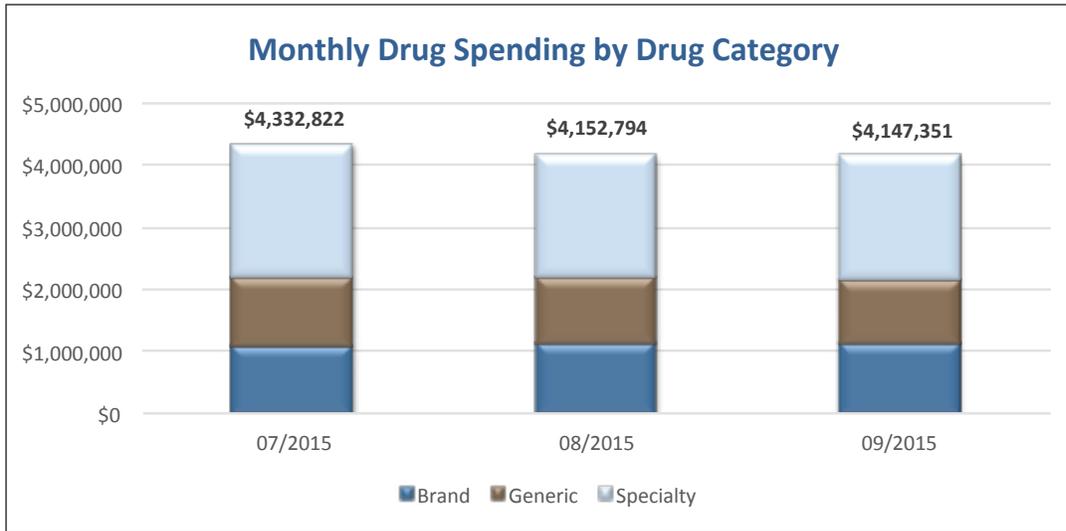
SPECIALTY PHARMACY



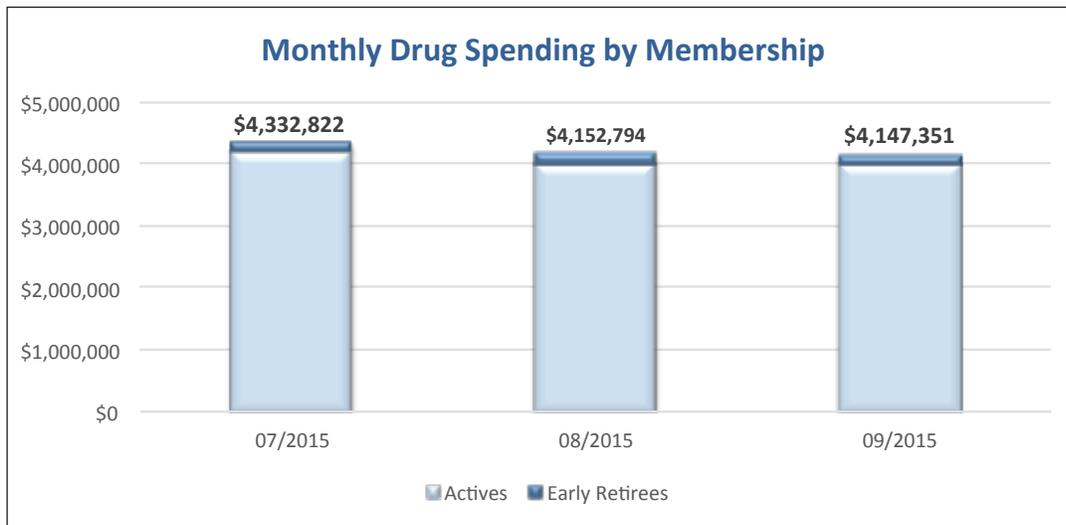
*Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.

PHARMACY

Prescription
Drugs



*Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.



*Incurred between July 1, 2015 and September 30, 2015 and paid through November 30, 2015.

Dakota Wellness Program

PRINT COLLATERAL

Monthly themes keep the wellness program fresh throughout the year and keeps members engaged in their individual wellness pursuit. Newsletters, e-blasts and worksite posters are used to introduce themes.

Dakota Wellness Program



North Dakota Public Employees Retirement System
Dakota Plan Health Benefits



PAINT YOUR PLATE

Painting your plate is an easy way to add a variety of fruits and vegetables to your diet. The pigments in these foods contain powerful nutrients, so simple foods are super foods.

Tips from *Eating in Color* by Frances Largeman-Roth

- Eat color often:** Simply eat more plant based foods every day and at every meal.
- Don't be monochrome:** It is easy to get into a routine and eat the same things. The more variety, the more nutrients.
- Go beyond your comfort zone:** Even if the idea of mustard greens scares you, try them once. If you don't like them, you are out less money than a new lipstick.
- Plan ahead:** It's easy to pick up healthy produce, but deadlines, fatigue and hunger can get in the way. It is just as important to set aside time to prepare food as it is to have it on hand.

Adding more color to your plate is one way you can lead a healthy lifestyle. Other educational options this month include food safety, healthy substitutions and serving sizes. Together this information can make eating healthy foods easier.

Wellness Activities on bWell
 Monthly Book Club: *Eating in Color* by Frances Largeman-Roth
 September Activity: Paint Your Plate week long challenge
 Webinar: Healthy substitutions



SNHP-1208 013

Dakota Wellness Program



North Dakota Public Employees Retirement System
Dakota Plan Health Benefits



CONTRIBUTING TOWARD A CULTURE OF WELLNESS

It takes everyone to create a culture of wellness at work. Receive points toward your \$250 wellness benefit in July when you do your part in creating a culture of wellness at work. Here are some examples:

Here are some simple steps you can take:

- Buy fresh fruit instead of cake for special occasions at the office
- Write co-workers a note of appreciation for their hard work, or for encouragement when they are having a bad day
- Start a library of exercise videos
- Ask a colleague to go for a walk on your break
- Chip in together with coworkers, to help a family or charity in need
- Recognize colleague birthdays and personal accomplishments, such as running a first marathon or completing a graduate degree

Learn more about creating a culture of wellness at work by participating in this month's book club in the bWell portal.



Dakota Wellness Program



North Dakota Public Employees Retirement System
Dakota Plan Health Benefits



MINDFUL EATING

Mindful eating empowers one to make choices that help establish new routines and let go of habits that are not healthy. Mindful eating is observing the what, how, why and when we eat.

Become aware of:

- Sensations (hear, taste, touch, smell and see).
- Hunger versus cravings.
- Feelings that prompt you to eat (boredom, stress, pain, etc.).

Try this:

- Switch hands - try eating with your non-dominant hand.
- Chew, chew, chew! Chew your food 30 times before swallowing.
- Turn off all distractions. When you are eating, just eat.

Wellness Activities on bWell
 Monthly Book Club: *Eating Mindful* by Susan Albers, PsyD.
 August Activity: Download the Awareness Log in bWell
 Presentation or Webinar: Mindful Eating, Meal Planning



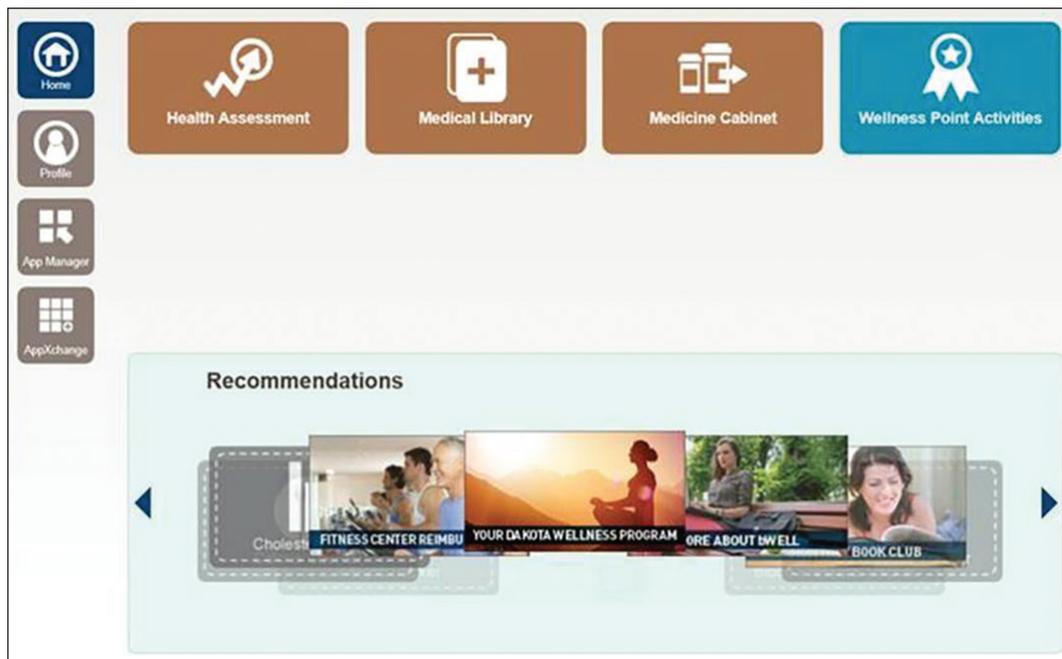
SNHP-1208 015

ONLINE PLATFORM

The bWell platform showcases the monthly themes along with featured monthly activities. Members can earn their wellness benefit through one or more the following three options:

1. **At work:** Participating in worksite activities and programs.
2. **Online:** Through the bWell portal.
3. **At the gym:** Using the Fitness Center Reimbursement Program.

Dakota
Wellness
Program



Dakota
Wellness
Program

TOP 10 WELLNESS ACTIVITIES

These are the top 10 online bWell activities that were selected and completed by NDPERS members.

AUGUST ACTIVITY

practice
mindfulness



RECORD WATER

consumption
for tracking

RECORD CALORIES

consumed in the
calorie tracker

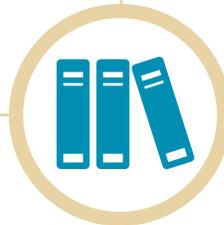


RECORD STRESS TECHNIQUES

for continued
management

VISIT

the medical
library



RECORD STEPS

in the
step tracker

RECORD FRUIT & VEGETABLE

consumption
for tracking

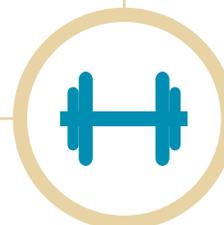


VISIT

the medicine
cabinet

RECORD CARDIO

exercise
completed
for tracking



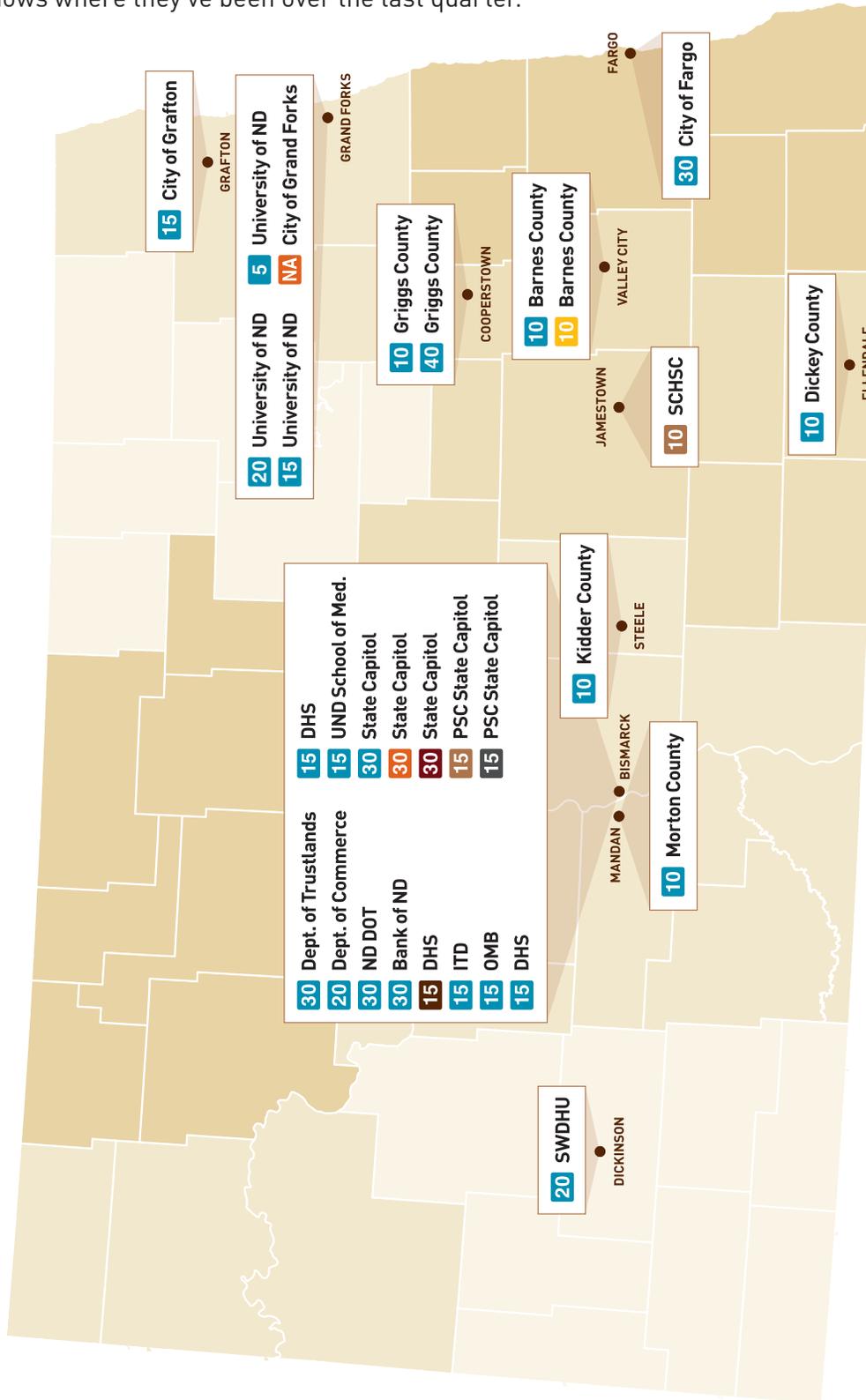
RECORD RESISTANCE TRAINING EXERCISE

for tracking

EVENT ATTENDANCE BY CITY

The Sanford Health Plan NDPERS wellness team engages members both offline and online. Wellness educators travel across the state to support agency wellness coordinators and provide worksite education and activities. This map shows where they've been over the last quarter.

Dakota Wellness Program



- XX # Attended
- Dakota Wellness Program Overview
- Health and Wellness in the Workplace
- Mindful Eating
- Health Fair / COSE Health Fair
- Yoga
- Coordinator Strategy Meeting
- Paint Your Plate

Tobacco Cessation Program

COLLATERAL

QUIT
TOBACCO TODAY.
YOUR SUPPORT IS HERE.

North Dakota Public Employees Retirement System
Dakota Plan Health Benefits

SANFORD HEALTH PLAN

Your NDPERS membership provides you with the support you need to quit, without any out-of-pocket cost. All you need is your tobacco cessation debit card, and all of your expenses are paid up front.

You don't need to pay out of pocket first. Use your Tobacco Cessation Program debit card to pay for tobacco cessation related purchases.

WHO CAN ENROLL?

All current employees of: The state of North Dakota, North Dakota University system, district health units, Garrison Diversion Conservation District AND their dependents who are 18 and older with NDPERS health coverage, are eligible to participate.

County, city and other members of the NDPERS group are not eligible through this program; however, tobacco cessation funds may be available at the local level.

WHEN CAN I ENROLL?

You can sign up for this program between July 1, 2015 and April 30, 2016.

HOW DO I ENROLL?

Contact Sanford Health Plan at (877) 737-7730. Sanford Health Plan will verify your eligibility for this program and will send you a tobacco cessation program debit card to use when you visit your health care provider or purchase medications. Be sure to remember to use this prepaid debit card.

Members also have the option to receive tobacco cessation coaching at no charge through NDQuits (North Dakota's free tobacco cessation service). Visit ndhealth.gov/ndquits for more information and to enroll.

NDQuits counselors can provide an initial assessment to determine how ready you are to quit, your smoking or chewing triggers and what type of nicotine replacement therapy (patches, gum or lozenges) and/or prescription medication you may need. If prescription medication is recommended, you will need to visit your doctor.

WHAT DOES THE PROGRAM PAY FOR?

Every six months, the program pays up to \$700 in expenses including:

- Up to \$200 for your office visit and co-pays. If you receive counseling services as part of this benefit, it must be a best practice tobacco cessation counseling service according to the ND Department of Health.
- Up to \$500 for the following FDA-approved medications (must be paid for at a pharmacy counter):
 - **Over-the-counter:** Nicotine gum, nicotine patch, nicotine lozenge
 - **Prescription:** Bupropion, Chantix, nicotine nasal spray and nicotine inhaler

Each time you use your debit card, you will receive a letter in the mail asking that you validate your expenses by sending in your receipt(s) to Sanford Health Plan. Your receipt must be itemized, showing date of purchase, amount, merchant/provider name, and description of the service or item purchased.

Learn more at sanfordhealthplan.com/NDPERS.



North Dakota Public Employees Retirement System
Dakota Plan Health Benefits

QUIT
TOBACCO TODAY.
YOUR SUPPORT IS HERE.

YOUR MEMBERSHIP PAYS FOR:

- Tobacco cessation counseling
- Medications
- Health care provider visits and co-pays

You can enroll for this program between July 1, 2015 and April 30, 2016.

Call (877) 737-7730 and take the first step to tobacco freedom.

Learn more at sanfordhealthplan.com/NDPERS.

SANFORD HEALTH PLAN

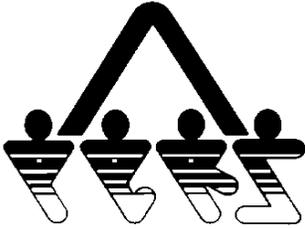
The North Dakota Public Employees Retirement System received a grant to help all employees of the state of North Dakota, the North Dakota University system, district health units and Garrison Diversion Conservation District and their dependents who are 18 and older quit smoking or chewing tobacco. The grant pays for up to \$700 every six months for approved tobacco cessation counseling, medication, health care provider visits and co-pays. This program is administered by Sanford Health Plan.

MEASURE	GOAL	OUTCOME REPORTING DATES	OUTCOME
COST MANAGEMENT:			
Health Risk Assessment	10%	Dec. 31, 2015	17.9%
HEALTH OUTCOMES:			
Medical Home Enrollment	30%	July 1, 2016	-
Breast Cancer Screening Rates	80%	June 30, 2017	-
Cervical Cancer Screening Rates	85%	June 30, 2017	-
Colorectal Cancer Screening Rates	60%	June 30, 2017	-
PROVIDER NETWORK/CONTRACTING:			
NDPERS PPO network - in-state hospitals, MDs and DOs that participate in the Company's Par Network.	Hospital = 85% MDs & DOs = 85%	Dec. 31, 2015	Hospital = 94% MDs & DOs = 87%
Minimum provider discount from in-network providers	30% for Non-Medicare contracts	June 30, 2017	-
Claims Financial Accuracy	99%	June 30, 2017	-
Claims Payment Incidence Accuracy	97%	June 30, 2017	-
Claim Timeliness	99%	June 30, 2017	-
Average Speed of Answer	45 seconds	June 30, 2017	-
Call Abandoned Rate	7% or less	June 30, 2017	-
ANCILLARY ITEMS:			
The interest rate utilized currently is based on the US Treasury Notes quoted by the Wall Street Journal	verification	June 30, 2017	-
Rx rebates passed-through to NDPERS	100%	June 30, 2017	-
HRA WELLNESS SCORE:			
HRA Wellness Score	5% point increase	Dec. 31, 2016	-
bWell Participation	10%	Dec. 31, 2015	10.8%
Health Club Credit	Goal = 1,950	July 1, 2016	-



North Dakota
Public Employees
Retirement System
Dakota Plan Health Benefits

SANFORD[®]
HEALTH PLAN



**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: NDERS Board

FROM: Kathy Allen

DATE: January 12, 2016

SUBJECT: Disability Consulting Services

At the June 2015 meeting, the Board approved renewal of our disability consulting contract with Mid Dakota Clinic. At that time, the Board indicated that it would be prudent to explore the availability of these services through other sources and review what rates are offered.

We contacted RIO regarding the consultant they use for these services. They have used Sanford Health for 20+ years. We have contacted Sanford to get more details regarding their services; however, at the time of the memo they had not yet responded. In addition, we contacted our group life carrier, VOYA, about providing disability determination services as we had at one time used the services of our life carrier. VOYA responded that this is not a service they offer.

Based on the above information, staff identified the following options:

1. Continue our relationship with Mid Dakota, subject to annual renewals and request they provide substantiation for the \$200 hourly rate.
2. Do direct negotiations for services with Mid Dakota and Sanford Health.
3. Issue a general RFP and do a public notice to solicit responses from the market.

Board Action Requested

Provide direction on what action to take.



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

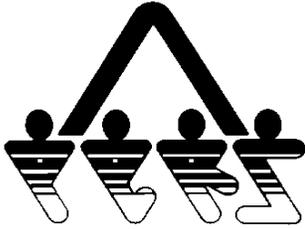
Memorandum

TO: NDPERS Board
FROM: Sharon Schiermeister
DATE: December 29, 2015
SUBJECT: 2015 Legislation Update

Following is a summary of legislation that was implemented during 2015:

1. Ability for NDPERS to enroll eligible employees for the employer paid Basic Life Insurance and EAP if the employee does not complete an enrollment within 31 days of becoming eligible.
2. Merged the National Guard Security/Firefighters into the State Law Enforcement Plan. The contribution rates for the National Guard were changed effective 8/1/2015 and will change again 1/1/2016.
3. Defined Contribution to Defined Benefit Special Enrollment
4. RHIC Portability
5. Closed non-Medicare health insurance group to new retirees
6. Modified benefit plans to allow for same-gender spouse
7. Retirement benefit changes for employees hired on or after 1/1/2016. This includes changing the early retirement reduction from 6% to 8% per year and changing the Rule of 85 to the Rule of 90 with a minimum age of 60 for the Main system.

Implementation of the above included modifications to our PERSLink business system, updates to forms and publications, website updates and communication to employers and members.



**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 & Bryan
DATE: January 21, 2016
SUBJECT: Retirement Plan RFP

At the March and April meeting the Board discussed issuing an RFP for the retirement plan consulting contract. At the October meeting the Board approved the timeline and RFP for these services.

Timeline for RFP:

November 1, 2015	RFP for consultant services issued
December 1, 2015	Questions to RFP due
December 18, 2015	Responses to questions posted
January 15, 2016	Proposals due at NDPERS office no later than 5:00 p.m. Central Standard Time
May 1, 2016	PERS Board award date

We received questions from multiple firms. Attached are the questions and responses. The proposals are due Friday January 15, so we will have an update available at the NDPERS Board meeting.

North Dakota Public Employees Retirement System

Request for Proposal for Retirement Plan

Question and Answers

1. What were the fixed fees for 2014 and 2015 for (a) Retirement and (b) Retiree Health Insurance Credit services?

ANSWER:

2013: Retirement - \$17,050/QTR; \$68,200/YR
RHIC - \$3,150/QTR; \$12,600/YR

2014: Retirement - \$17,750/QTR; \$71,000/YR
RHIC - \$3,275/QTR; \$13,100/YR

2015: Retirement - \$18,025/QTR; \$72,100/YR
RHIC - \$3,325/QTR; \$13,300/YR

2. What special and/or out of scope services has NDPERS been billed for in the last two years, in addition to the fixed fees? How many hours billed for these services?

ANSWER:

2013: Legislation – HB 3003, HB 1452, DC Option Scenarios – 169 Hours; Other Misc (QDRO, 1099R, Benefit Calc etc) 427.25 Hours – Total – 596.25 Hours

2014: Website Project Projections – 11.25 Hours, GASB 67/68 – 32.50 Hours, Legislation (Rule of 90/FAS/1.9% Multiplier, DB/DC Analysis) - 357.25 Hours, Other Misc ((QDRO, 1099R, Benefit Calc etc) – 262.25 Hours – Total – 663.25 Hours

2015: GASB 67/68 – 402.25 Hours, Legislation (Amendments, House/Senate Bills) – 300.75 – Total 606.75 Hours

3. For the following consulting areas, how many hours were billed and what rate was billed for 2014 and 2015?
 1. Retirement and Retiree Health General Consulting
 2. Legislative Work
 3. Defined Contribution/Deferred Compensation Consulting
 4. Flex Comp Consulting

ANSWER:

2013: \$245-\$425 / Hour

1. 397.25 Hours - \$153,618.75

2. 169 Hours - \$63,375.00

3. 22.75 Hours - \$8,418.75

4. 7.25 Hours - \$2,718.75

Total – 596.25 Hours - \$228,131.25

2014: \$280 / Hour

1. 255.25 Hours - \$78,282.50
 2. 382 Hours - \$106,960.00
 3. 15.25 Hours - \$5,770.00
 4. 10.75 Hours - \$4,040.00
- Total – 663.25 Hours - \$195,052.50

2015: \$280 / Hour

1. 298 Hours - \$151,080.00
 2. 300.75 Hours - \$84,000.00
 3. 7.5 Hours - \$2,100.00
 4. .5 Hours - \$140
- Total – 606.75 Hours - \$237,320

4. Please provide or post a copy of the letter dated September 16, 2014 (Exhibit A) that modified the contract.

ANSWER: This language in the contract is not needed. The September 16, 2014 language should be removed. A Word version of the updated contract is on the Web site, so a redline/markup version can be included with your proposal.

5. Please provide a copy of the NDPERS pension funding policy.

ANSWER: The NDPERS Board's policy is to provide for contributions that return to and maintain 100% funded status.

6. What will be the effective date of the changes in actuarial factors and how was that date selected?

ANSWER: The effective date will be determined by working with the contracted consultant.

7. Has NDPERS ever sued or threatened to sue its actuarial services vendor or any other of its vendors? If yes, please provide the dates and circumstances of such suits.

ANSWER: No

8. Is it possible to submit a proposal on only the Deferred Compensation and Defined Contribution Plan services?

ANSWER: No

9. Will the current actuary be participating in this RFP?

ANSWER: The current actuary has the option to submit a proposal.

10. What have been the annual fees for the last three years for the services listed in Sections 2A, 2B, 2C, and 2D of the RFP? What have been the total fees for the last three years including any special projects?

ANSWER:

2013:

*Retirement Plans - \$216,993.75
Deferred Comp/Defined Contribution - \$8,418.75
Flexcomp - \$2,718.75
Total - \$228,131.25*

2014:

*Retirement Plans - \$185,242.50
Deferred Comp/Defined Contribution - \$5,770.00
Flexcomp - \$4,040.00
Total - \$195,052.50*

2015:

*Retirement Plans - \$266,650.00
Deferred Comp/Defined Contribution \$2,100.00
RHIC - \$140.00
Total - \$268,890.00*

11. The CAFR indicates that PERS is a multiple employer cost-sharing plan. How many employers participate in PERS?

ANSWER: Approximately 430

12. In addition to the plan reporting required by GASB 67 and the collective information needed for GASB 68, is the actuary expected to maintain all of the GASB 68 schedules for each employer (e.g., proportionate share of NPL, proportionate share of deferred inflows and outflows, proportionate share of pension expense, changes in proportionate share, difference between proportionate share of contributions and actual contributions, and contributions between the measurement date and employer's fiscal year end)? For each component unit of each employer? If so, how many component units are reported separately in the financial statements for each employer?

ANSWER:

The actuary is expected to maintain the schedules at the employer level. It is up to each employer to further allocate to any component units.

13. Will the plan auditor be used to audit all the schedules for each employer or will the actuary need to work with each employer's auditor? If so, how many different auditors would the actuary need to work with?

ANSWER:

The plan auditor is used to audit all the schedules for each employer, so the actuary will only need to work with one auditor.

14. Are the GASB 67/68 results based on current year valuations or on a roll-forward from the prior valuations?

ANSWER:

The results are based on current year valuations.

15. Can we receive the 6/30/2014 and 6/30/2015 GASB 67/68 reports?

ANSWER: *These reports are posted to the NDPERS web site.*

16. Have the 2015 valuation reports been completed? If so, can we receive copies?

ANSWER: *Yes, These are on the NDPERS Web Site.*

17. Is the proposed valuation time line the same as has been in place for previous years? If not, why is it being changed?

ANSWER: *Yes*

18. Would it be possible to submit a proposal for actuarial and consulting services relating to the PERS Defined Benefit Retirement Plans and the PERS Retiree Health Insurance Credit Program but not the PERS Section 457 Deferred Compensation Plan, PERS Defined Contribution Plan or PERS Section 125 Flex Program?

ANSWER: *No*

19. Why are proposals for actuarial services being requested at this time?

ANSWER: *It is the NDPERS Board policy to periodically go out for bid.*

20. When was the last time the actuarial services were put out for bid?

ANSWER: 10 years ago

21. Who is the current actuary and how long have they been providing actuarial services to NDPERS?

ANSWER: Segal – 30+ years

22. Are there any service concerns with the current actuary?

ANSWER: No

23. Is the current actuary permitted to bid?

ANSWER: Yes

24. In what format; e.g., Excel, Access or other, is member data submitted to the actuary?

ANSWER:

The files are .txt

25. Can you please provide the annual actuarial fees paid to the actuary for each of the last three years for services comparable to those included in the RFP?

ANSWER: See prior questions.

26. Can you please provide the hourly rates being charged by your current actuary?

ANSWER: See prior questions.

27. Can you please provide a copy of the full Assumption/Experience Study Report dated May 21, 2015?

ANSWER: The report is on the NDPERS Web Site.

28. Your RFP instructs us to deliver materials to a PO Box. Can the RFP response be delivered to a mailing address (for Federal Express), and if so, what is the mailing address?

*ANSWER: NDPERS
400 E Bdwy, Suite 505
Box 1657
Bismarck, ND 58502*

29. What are the fees that have been paid to the current actuary/consultant over the previous contract period based per category presented on page 25 (i.e.) Retirement, retiree health insurance credit, update of actuarial reduction factors, and GASB 67/68?

ANSWER: See prior questions.

30. Over the previous contract period, what were the total number of hours and flat fee paid by NDPERS for general consulting and legislative work, as listed on page 26 of the RFP?

ANSWER: See prior questions.

31. Please provide actuarial valuation reports for each system, as well as the RHIC program.

ANSWER: The reports are on the NDPERS Web Site.

32. Can NDPERS agree to a limitation of liability for its service providers?

ANSWER: State agencies such as NDPERS must comply with N.D.C.C. 32-12.2-15 which restricts agencies from agreeing to limitations on liability except for contracts related to the purchase or lease of, or services related to, software, communication, or electronic equipment and economic forecasting.

33. Can NDPERS agree to alternative dispute resolution (non-jury trial)?

ANSWER: NDPERS will not agree to waive a right to a jury trial in a contract.

34. We note that there are several employee groups included in the valuation. Will all of the data be collected from a single source within ND PERS or will we need to collect data from various sources?

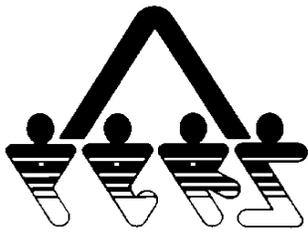
ANSWER: Yes, a single source.

35. The fee portion is discussed on page 25 of the RFP. On that page, it discusses travel reimbursements. Does the board anticipate that the fixed fee portion of the bid already contain and anticipate a certain number of meetings per year (beyond the presentation of the valuation report)?

ANSWER: No

36. On the Legislative services, how often are the legislative sessions and what has been the number of projects for each of the past two sessions?

ANSWER: Legislative sessions are on odd years and run January to April. Legislative work is highly variable. The last 2015 legislative session involved six bills that required work. There is no current interim study, but last session has a special study to review changing the existing defined benefit plan to a defined contribution plan.



**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: MaryJo

DATE: January 12, 2016

SUBJECT: Employer Wage Reporting

Recently NDPERS had an employer group request to report bonuses over a duration of a month or just a few months, which is stated to be the period in which the bonus was earned by the employee. NDPERS practice has been to annualize reportable bonuses to smooth any monthly spike in reportable wages for the calculation of retirement benefits.

NDPERS calculation of Final Average Salary (FAS) is based upon a member's highest 36 months, rather than the highest 3 years, over a 180 month (15 year) look back period. A few high months inflated with a reported bonus each year may increase the calculated retirement benefits for an employee considerably.

Below are the applicable statutes:

NDCC 54-52-01

22. "Wages" and "salaries" means the member's earnings in eligible employment under this chapter reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the member and participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

NDAC 71-02-06-04.

Adjustment for bonuses, profit sharing, and contributions paid in a month other than month earned. Adjustments for the following must be made for all members:

1. Participating employers shall report bonuses or profit-sharing amounts paid when remitting the contribution associated with the bonus. Recruitment and retention bonuses

under North Dakota Century Code section 54-06-31 are not eligible for consideration as salary and no contributions associated with those types of bonuses shall be submitted.

2. Bonuses or profit-sharing amounts paid by a participating employer other than pursuant to North Dakota Century Code section 54-06-31 will be retroactively prorated equal to the actual compensation paid over the term of the intended bonus or profit-sharing period.

Bonuses or profit-sharing amounts may not be submitted to the public employees retirement system for future months.

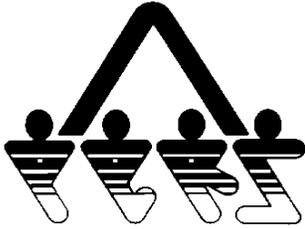
3. Upon receiving notice, contributions received in a month other than the month earned will be assigned to the appropriate month.

Typically bonuses are reported at the end of each fiscal year when NDPERS or the employer annualizes the bonus over the entire year to smooth out wages and avoid any spikes in monthly wages. This lessens the impact of inflated wages on the calculation of FAS at time of retirement considerably. Only profit-sharing, performance or longevity bonuses are acceptable as reported wages as each are associated with work performance while retention and recruitment bonuses (defined under NDCC 54-06-31) are not reportable as wages for retirement purposes.

If an employer is no longer reporting bonuses at the end of the fiscal year but in the month(s) in which the bonus was paid to the employee, NDPERS staff would like direction in how to handle these bonuses.

Staff Recommendation: Annualize the reported bonus over the previous 12 month period effective the month in which the bonus is reported to smooth out monthly reported earnings and modify the wording of NDAC to be consistent with NDCC.

Board Action: How should reported wages be reported and annualized according to provisions set forth in NDCC?



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: MaryJo
DATE: January 7, 2016
SUBJECT: Retirees and Return to Work

With more retirees choosing to return to work in recent years, a number of NDPERS retirees have retirement benefits suspended as new employment may require them to begin contributing to the retirement plan again. Upon subsequent retirement, retirees have requested a refund of account balance rather than initiating paperwork to resume monthly benefit payments.

The monthly benefit amount based upon years of service and remaining account balance minimum guarantee can vary greatly for each retiree choosing to return to work. Some members may have a minimal monthly benefit and years of service due to attaining 65 years of age and becoming automatically vested (with less than 3 years of service). While some may have a remaining account balance payable, others may have exceeded the amount of the entire account balance payable upon initial retirement. NDPERS practice has been to require retirees upon subsequent retirement to resume monthly benefit payments, as the member already selected a stream of income upon initial retirement.

Recently we have had a retiree who returned to work request a refund upon subsequent retirement. While administrative practice has been not to allow this, we did refer it to Jan for review before denying the request for refund. She observed that an argument could be made under our existing rules and statute that this is allowed. Jan will be at the Board meeting to discuss this with you. Consequently, we are referring this to you for direction.

The following is information regarding the implications of allowing refunds or continuing to not allow refunds, along with applicable statutes.

Refund allowed to subsequent retiree

1. Relieves the fund of the liability of paying a lifetime benefit
2. PERSLink system would need to be programmed

3. Type of account balance payout would need to be determined
 - a. Payout of only subsequent account balance after return to work. Since the member selected monthly payments on initial retirement, these monthly payments would resume.
 - b. Payout of initial account balance, if any, and subsequent account balance. This would require offset based upon amount the retiree received on initial retirement through monthly benefits. There may or may not be a remaining minimum guarantee payable to the retiree.

No Refund allowed to subsequent retiree

1. 1099R tax reporting - Refunds have a different distribution code than annuities. Refund of remaining minimum guarantee from the retiree account would not issue correctly on 1099R
2. Administrative Rules were amended to remove the refund option effective July 1, 2010 with intent to no longer issue refunds on return to work accounts. (Previous NDCC removed section 1 of 71-02-07-02 as shown on Attachment 1.)
3. Past practice & interpretation has been that once a retiree begins a reoccurring monthly benefit payment, the payment stream has been established and cannot be changed to a refund.
4. PERSLink is not built to pay a refund of the remaining minimum guarantee directly to a member after monthly retirement benefit has been begun. Remaining minimum guarantee can only be paid out to a designated beneficiary upon death of the member. A new payee account is established for the designated beneficiary.
5. If a member returns to work and has an overpayment of benefits, NDPERS may need to recover the overpayment if the payment stream is changed to a lump sum refund.
6. If member is refunded the entire retirement account balance, member would forfeit retiree health insurance credit (RHIC) and the right to enroll in retiree insurances.
7. Refund is not spelled out as one of the retirement benefit options upon subsequent retirement

Applicable Statute:

54-52-17. Formulation of plan

(9) The board shall adopt rules providing for the receipt of retirement benefits in the following optional forms:

- a. Single life.
- b. An actuarially equivalent joint and survivor option, with fifty percent or one hundred percent options.
- c. Actuarially equivalent life with ten-year or twenty-year certain options.

d. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.

e. An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year.

Except for supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a single life benefit. For supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension with fifty percent of the benefit continuing for the life of the surviving spouse, if any.

Applicable Rule:

71-02-07-02. Return to service - Retired member. The benefits of a retired member who returns to permanent employment shall be suspended without interest accruing on the suspended account, except as provided in subsection 1 of North Dakota Century Code section 54-52-05. Upon subsequent termination, the member's benefit shall be recalculated as follows:

1. The member's benefit shall be based on the benefit provisions in effect at final retirement and shall include the member's and spouse's ages, salary earned during the period of reemployment, and total service credits earned before and after reemployment, adjusted to take account of benefit payments received prior to reemployment. If a different option is selected at the second retirement date, the member and office will submit information as required to make an actuarial determination of the elected benefit and the related payment of such.
2. If a member dies during subsequent employment, the member's initial retirement benefit option election will apply. The member's benefit shall be based on the benefit provisions in effect at final retirement and shall include the member's and spouse's ages, salary earned during the period of reemployment, and total service credits earned before and after reemployment, adjusted to take account of benefit payments received prior to reemployment.

In addition to this information, I have also attached the legal review provided by Melanie at Segal indicating the following:

I think the answer is "yes" this retiree can take a lump sum refund upon subsequent retirement in lieu of restarting his monthly benefit, as recalculated to account for the prior payments. Please see part of the response below from my email dated 11/11/2015.

"Based on the plan provisions in North Dakota statutes and administrative code, it appears that a rehired retiree receiving a monthly benefit who subsequently retires may elect to take a lump sum refund of his/her account balance from the Hybrid Plan instead of resuming or modifying the monthly benefit. However, in accordance with recent IRS Notice 2015-49, it appears that accelerating monthly benefits into a lump sum distribution may no longer be permitted under Code section 401(a)(9). Under this guidance, it is unclear whether a refund of contributions is treated in the same manner as a lump sum distribution of a member's entire benefit."

Since then I discussed the impact of IRS Notice 2015-49 with Segal's national compliance experts. It appears that this Notice is intended to only restrict lump sums that are paid after retirement benefits commence where the Plan is de-risking its liabilities by paying off retirees and only for programs not already in place on July 9, 2015. Thus, I do not think that Notice 2015-49 prohibits a lump sum refund to your Plan's retiree under the circumstances. Please note that final IRS regulations may change this analysis in the future, although it is likely such regulations would only apply prospectively. If anything changes regarding this IRS guidance, I will let you know.

Staff Recommendation: NDPERS would require retirees upon subsequent retirement to resume monthly benefit payments, as the member already selected a stream of income upon initial retirement.

Board Action: Should NDPERS allow a refund of account balance to subsequent retirees? If allowed, would the refund include only the subsequent account balance? If a refund of the initial and the offset subsequent account balances is allowed, how should refund overpayments be handled?

Attachment # 1

CHAPTER 71-02-07
RETURN TO SERVICE

Section	
71-02-07-01	Return to Service - Unretired Member [Repealed]
71-02-07-02	Return to Service - Retired Member
71-02-07-03	Return to Service - Disabled Member

Amended
effective
7-1-2010

71-02-07-01. Return to service - Unretired member. Repealed effective November 1, 1990.

71-02-07-02. Return to service - Retired member. The benefits of a retired member who returns to permanent employment shall be suspended without interest accruing on the suspended account. Upon subsequent termination, the member's benefit shall be recalculated as follows:

Removed

1. If the period of subsequent employment is less than two years, the member may elect:
 - a. A return of the member's contributions made after reemployment, and the suspended benefit restored, adjusted for the member's age at subsequent termination and for benefit payments received prior to reemployment; or
 - b. A recalculation of the member's benefit based on the benefit provisions in effect at the member's initial retirement, but adjusted to take account of age at final retirement, benefit payments received prior to reemployment, salary and service credits, and any benefit increases accrued during the period of subsequent employment.
2. If the period of subsequent employment is more than two years, the member's benefit shall be based on the benefit provisions in effect at final retirement and shall include the member's age and salary earned during the period of reemployment together with total service credits earned before and after reemployment, adjusted to take account of benefit payments received prior to reemployment. If a different option is selected at the second retirement date, the member and office will submit information as required to make an actuarial determination of the elected benefit and the related payment of such.
3. If a member dies during subsequent employment, the member's initial retirement benefit election will apply. If a benefit election was an optional benefit under subsection 1 or 2 of section 71-02-04-04, then the member's benefit must be recalculated based on the benefit provisions in effect at the member's initial retirement, but adjusted to take account of age at death, benefit payments received prior to

reemployment, salary and service credits, and any benefit increases accrued during the period of subsequent employment.

History: Amended effective November 1, 1990; July 1, 1998; May 1, 2004.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

71-02-07-03. Return to service - Disabled member. If the recipient of a disability benefit under North Dakota Century Code chapter 54-52 returns to work, that member is responsible for reporting employment to the public employees retirement system.

1. If a member is working in a permanent full-time position and is eligible to participate in the public employees retirement system, monthly benefits from the public employees retirement system must be suspended. If the individual is not able to continue employment for a consecutive period of time resulting in nine months of service credit as a result of the disability and continues to meet eligibility requirements under the plan, that member may resume disability status with the public employees retirement system.
2. If a member returns to substantial gainful activity in employment not covered under the public employees retirement system, the disability benefit may continue for up to nine consecutive months. If the individual is not able to continue employment for at least nine months as a result of the disability and continues to meet eligibility requirements under the plan, the member may continue disability status with the public employees retirement system.

History: Effective November 1, 1990; amended effective September 1, 1992; July 1, 1994; July 1, 2000; April 1, 2002.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17



**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: MaryJo

DATE: January 12, 2016

SUBJECT: DC to DB Implementation

With the implementation of the Defined Contribution (DC) plan special election period, NDPERS has received 41 election forms in November and 60 election forms in December from eligible participants. Of the 225 eligible participants, there are 125 members that have made an election and 101 members still remaining to make an election. As of today, there are 8 members that have chosen to remain in the Defined Contribution Plan and 117 members that have chosen to transfer account balances to the Defined Benefit Plan.

NDPERS sent an e-mail to eligible participants in early January reminding participants that January is the final month in which eligible participants can make an election. A reminder notification letter with the required election form was also sent to eligible participants on January 13, 2016 (Attachment 1). As election forms are received, NDPERS continues to notify the member and employer, if needed, that an individual election form has been received. In addition, NDPERS has been working closely with TIAA-CREF to ensure funds are transferred in a timely manner. There were only 3 members that made elections in the month of November that had a delayed transfer of funds in December due to incomplete paperwork. The paperwork for each of these 3 members was corrected and resent to TIAA-CREF to complete the transfer prior to the end of December.

The DC to DB election timeline is as follows:

Description of Task	Estimated Date	Date Completed
Mail notification letter for election window	Jun-15	9-Jun
Review with Jan	Aug-15	12-Aug
Determine data requirements /TIAA-CREF	20-Aug	20-Aug
Clarify legal requirements – eligibility of specific DC member	28-Aug	28-Aug
TIAA-CREF paperwork required for transfer	2-Sep	2-Sep
Draft Introductory Letter	10-Sep	2-Sep
Testing for system generated estimates / annual statements	Sep	7-Oct
Revised Plan Highlights DB/DC Comparison	N/A	

TIAA-CREF rollover / paperwork details	6-Oct	6-Oct
Finalize Introductory Letter	N/A	N/A
Board Action : specific DC member eligibility	24-Sep	24-Sep
Timeline presented to Board	24-Sep	24-Sep
Mail Introductory letter outlining timeline and election window	N/A	N/A
Train staff on benefit estimates / SB 2015 provisions	9-Oct	9-Oct
Finalize Benefit Specific Letter and Election Form for DC to DB transfer	9-Oct	7-Oct
Schedule On-site visits with TIAA-CREF	6-Oct	6-Oct
Confirm joint process with TIAA-CREF	6-Oct	6-Oct
Update PERSLink	Nov - Jan	Ongoing
Update PeopleSoft	Nov - Jan	Ongoing
Mail Member specific Calculated Benefit letter outlining transfer process, plan comparisons	9-Oct	14-Oct
Respond to Benefit Estimates	Oct - Jan	Ongoing
Confirm mail room/date stamp procedures	12-Oct	12-Oct
Establish Administrative Process	9-Oct	20-Oct
Informational Meeting with TIAA-CREF	3-Nov	3-Nov
Authorized Agent Training / Newsletter Article	Nov-Feb	Nov-Feb
Record webinar	1-Nov	1-Nov
Post all information to website	1-Nov	1-Nov
Develop Employee Valid/Invalid Election Letters	1-Nov	1-Nov
Develop Tracking Spreadsheet	1-Nov	1-Nov
Identify & train specific staff processing DC election forms/paperwork	1-Nov	1-Nov
Informational Meeting with TIAA-CREF	13-Nov	13-Nov
Develop Employer Letters regarding 2%	13-Nov	13-Nov
On-site Consultations with TIAA-CREF	Nov 9-20	Nov 9-20
Finalize reminder letter	17-Dec	17-Dec
Mail Reminder Letter	14-Jan	14-Jan
Employee notification - election received	Nov - Jan	Nov - Jan
Employer notifications - DB election (2%)	Nov - Jan	Nov - Jan
Employer verification of employment status	Nov - Jan	Nov - Jan
Employee notification - transfer is final	Nov - Jan	Nov - Jan
3 Month Enrollment Window	Nov - Jan	Nov - Jan
Deadline for DC to DB Election Window	Jan 31 (Sunday)	
Process final account transfers for January contributions	Feb	

NDPERS staff will be available at the meeting for any questions.



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

Attachment # 1

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

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

January 13, 2016

NDPERS Member ID: XXXX

Name
 Address
 City, State Zip Code

Re: Defined Contribution Member Special Election Period

In October, information was mailed to you about legislation passed during the 2015 session providing participating members in the NDPERS Defined Contribution (DC) Plan a one-time opportunity to terminate membership in the DC Plan and transfer to the NDPERS Defined Benefit Hybrid (DB) Plan. **January 2016 is the final month to make your election!**

Our records indicate that you are eligible for this special election period and NDPERS has not yet received your valid election form. The three (3) month special election period is from November 1, 2015 through January 31, 2016. During this time period, you must choose either to remain in the DC Plan or transfer to the DB Plan. Election forms and all required paperwork must be signed and returned to NDPERS within this election period.

For the election to be valid, forms must be postmarked on or after November 1, 2015 and on or before January 31, 2016. Election forms that are delivered to the NDPERS office will be date stamped and must be delivered during normal business hours on or before 5:00 p.m. Friday, January 29, 2016. **Please complete and sign the enclosed election form to make your election. A valid election form is required from all eligible DC plan members.** If you do not make an election in the NDPERS office by January 29, 2016, you will remain in the Defined Contribution Plan.

If you have questions relating to this election process, please refer to the informational webinar and required forms online. **On the NDPERS Home Page (www.nd.gov/ndpers), click the green box noting "Defined Contribution Member Special Election".** You may also schedule an individual consultation with NDPERS staff and/or TIAA-CREF financial advisors to address your specific questions.

If you have any questions, please call NDPERS at (701) 328-3900 or (800) 803-7377.

Sincerely,

NDPERS Benefits Division

Enclosure: Defined Contribution Plan Special Election Form

- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |



**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: January 14, 2015
SUBJECT: Health Plan Data

As part of our implementation, we have reviewed the Sanford data system and how the PERS data interfaces with that system. We have looked at it on two levels: 1) consistency with the PERS Statute and 2) administrative operations. Concerning #1 we are seeking board action to determine that this process is consistent with PERS statute. Jan will also be at the board meeting to share with you her observations. The second item is provided for your information.

Statutory Review

In this discussion, Sanford Health is the total Sanford Health organization and Sanford Health Plan is the subsidiary. Sanford Health utilizes a Master Patient Index (MPI) database that is limited to the member name, address, SSN, gender, date of birth and marital status, along all their lines of business, including Sanford Health Plan. Therefore, when information is provided by NDPERS to Sanford Health Plan (which runs on a system called Tapestry) regarding the NDPERS membership, the member's demographic information is shared between the Sanford Health Plan Tapestry and the MPI, which is the master database for member demographic data. If a member has had a relationship with Sanford Health outside of their NDPERS participation, such as being a patient at one of the Sanford Health provider facilities, the member would have an existing record with Sanford Health within the MPI. If the member did not have a previous relationship, then the NDPERS member data is used to create a record on the MPI. Sanford Health Plan addressed the compliance of the use and disclosure of patient demographic information with the Health Insurance Portability and Accountability Act (HIPAA) and North Dakota law in a letter to NDPERS dated December 14, 2015 (see attached).

Staff is presenting this to the board to insure that you agree with the methodology for data sharing within Sanford Health. Key portions of our statute that relate to this are:

54-52.1-11. Confidentiality of employee records.

Information pertaining to an eligible employee's group medical records for claims, employee premium payments made, salary reduction amounts taken, history of any available insurance coverage purchased, and amounts and types of insurance applied for under the supplemental life insurance coverage under this chapter is confidential and is not a public record. The

information and records may be disclosed, under rules adopted by the board, only to:

- 1. A person to whom the eligible employee has given written authorization to have the information disclosed.*
- 2. A person legally representing the eligible employee, upon proper proof of representation, and unless the eligible employee specifically withholds authorization.*
- 3. A person authorized by a court order.*
- 4. A person or entity to which the board is required to disclose information pursuant to federal or state statutes or regulations.*
- 5. Any person or entity if the purpose of the disclosure is for treatment, payment, or health care operations. (underlining added)*

54 - 52.1 - 05.1. Health insurance benefits coverage - Insured and provider data disclosure .

Except as necessary for treatment, payment, or health care operations, a carrier providing health insurance benefits coverage under this chapter may not disclose identifiable or unidentifiable insured or provider data or information to a related or unrelated health care delivery entity. The board may establish exceptions to the disclosure limitations under this section for the limited purpose of addressing public interest and benefit activities or for the limited purpose of addressing research, public health, or health care operations . An exception established by the board under this section may not be more permissive than allowed under state and federal privacy laws.

Staff is seeking your review of this procedure to insure you concur that it is consistent with the above statutes.

Board Action Requested

To determine if the above process is consistent with the PERS statute.

Administrative Operations.

The operational issues relating to this process have been largely worked out between Sanford and PERS staff. There were administrative issues raised with SHP regarding discrepancies between a member's demographic record on the MPI and Sanford Health Plan's Tapestry system, which is fed weekly enrollment files from NDPERS. SHP has modified their business practices to ensure that the member data that is submitted by NDPERS on the weekly enrollment files is what is reflected in the member's Tapestry system record for the health plan. There is only one area that this may not be the case and it is related to dependent names. It is possible that a dependent's name would be changed on the Tapestry system if an updated dependent name was provided to a Sanford health provider clinic/facility. The MPI data will override the dependent name on the Tapestry system because of the missing data. NDPERS staff reviewed and saw this as a potential issue in the case of separated families as it is possible that someone other than the

subscriber (ex-spouse or dependent) could give a different name at the clinic and that information would update at the health plan level. However, the frequency of this occurring should be fairly low. If a discrepancy occurs, staff will request official documentation indicating the correct name of the dependent.

Sanford Health Plan
PO Box 91110
Sioux Falls, SD 57109-1110
(605) 328-6868
(877) 305-5463
sanfordhealthplan.com



VIA ELECTRONIC MAIL AND U.S. MAIL

December 14, 2015

North Dakota Public Employees Retirement System
Attention: Sparb J. Collins
400 E. Broadway, Ste 505
P.O. Box 1657
Bismarck, ND 58502-1657
scollins@nd.gov

Dear Mr. Collins:

You asked that we address Sanford Health Plan's (SHP) compliance with the Health Insurance Portability and Accountability Act (HIPAA) and NDCC §§ 54-52.1-5.1 and 54-52.1-12 regarding use and disclosure of patient demographic information. The following provides this analysis.

Overview and Brief Response

As you know, SHP is a wholly-owned subsidiary of Sanford Health (Sanford), a fully clinically and financially integrated healthcare system. The use and disclosure of patient demographic information by SHP is compliant with the HIPAA Privacy Rule and the North Dakota statutes identified above for the purposes of health care operations and payment.

The HIPAA Privacy Rule, at 45 CFR §164.506(c), provides in relevant part:

- (1) A covered entity may use or disclose protected health information for its own treatment, *payment*, or *health care operations*.
- (2) A covered entity may disclose protected health information for treatment activities of a health care provider.
- (3) A covered entity may disclose protected health information to another covered entity or a health care provider for the *payment* activities of the entity that receives the information.

45 CFR §164.506(c) (emphasis added). SHP's use and disclosure of basic demographic data to Sanford is for enrollment activities of SHP related to NDPERS and for general administrative activities. Both of these activities fall within the definition of "health care operations" contained in 45 CFR §164.501. *See* 45 CFR § 164.501(3) (enrollment) and 45 CFR § 164.501(6) (general administrative activities). Because these activities are health care operations, SHP's use and disclosure of protected health information for such activities is permissible under 45 CFR §164.506(c)(1). The activities undertaken by SHP are also payment activities under the definition of "payment" contained in 45 CFR §164.501 as they are activities undertaken by a health plan to obtain or provide reimbursement for the provision of health care. *See* 45 CFR § 164.501(1)(ii) (definition of payment). As such, SHP's disclosure of protected health information to Sanford is permissible under 45 CFR §164.506(c)(1) as a payment disclosure.

The use and disclosure of patient demographic information by SHP is also consistent with NDCC §§ 54-52.1-5.1, 54-52.1-11 and 54-52.1-12, which allow for uses and disclosures of medical records if necessary for treatment, payment or health care operations. While medical records are confidential and the property of NDPERS under 54-52.1-12, it is necessary for basic demographic information to be disclosed by SHP for payment and health care operations activities consistent with NDCC §§ 54-52.1-5.1 and 54-52.1-11.

Additional Details and Analysis

The utilization of an electronic medical record by SHP is a necessary component of enrollment and general administrative activities under health care operations and for SHP's payment activities. SHP utilizes Tapestry, which is a module of the EPIC comprehensive electronic health record platform implemented by Sanford. EPIC is a highly-regarded and industry leading electronic medical record system. The EPIC platform requires a master patient index (MPI) to link patient/member identities across the various EPIC modules. The data fields contained in the EPIC MPI include name, address, date of birth, phone number, and sex for a patient/member. Sanford's implementation of EPIC includes those same basic demographic fields as the information shared

within the MPI and across the various EPIC modules. The use of an MPI across the EPIC platform has benefits associated with best practices in the industry, including reducing errors and enhancing the patient experience.

SHP's administration of a member's electronic record falls within "general administrative activities" under the definition of "health care operations". Thus, the use and disclosure of basic demographic data by SHP as required by EPIC is consistent with "health care operations" under HIPAA because it is necessary for enrollment and general administrative activities. Additionally, SHP's use and disclosure of basic demographic data meets the definition of "payment" contained in 45 CFR §164.501 because they are activities undertaken by a health plan to obtain or provide reimbursement for the provision of health care. *See* 45 CFR § 164.501(1)(ii) (definition of payment). Specifically, use or disclosure by SHP of protected health information relates to billing and collection activities. *See* 45 CFR § 164.501(2)(iii) (definition of payment). The use and disclosure of demographic data by SHP is consistent with the numerous other EPIC implementations across the country by similar integrated health care organizations.

The analysis from HIPAA applies directly to NDCC § 54-52.1-05.1, which borrows language directly from HIPAA. NDCC §54-52.1-05.1 provides that "[e]xcept as necessary for treatment, payment, or health care operations, a carrier providing health insurance benefits coverage under this chapter may not disclose identifiable or unidentifiable insured or provider data or information to a related or unrelated health care delivery entity." As noted above, the utilization of an MPI by SHP containing basic demographic information is required by the EPIC platform. Therefore, within the language of NDCC §54-52.1-05.1, SHP's utilization of protected health information to create the MPI is "necessary" for healthcare operations and payment and is fully consistent with the statute's requirements.

With regard to NDCC §54-52.1-12, that statute provides that "[t]he medical records and related data of the employees, retirees, and dependents, obtained as the result of enrollment in the uniform group insurance program, are the property of the public employee retirement system. The records are confidential and are not

public records.” In no way does this language limit NDPERS from sharing records with SHP. To the contrary, the statute explicitly permits such sharing: “[T]he board may allow administrators of administrative services only contracts or third-party administrators contracts access to the records and data where it is required in the performance of the administrator’s duties pursuant to the contract.” NDCC §54-52.1-12. Here, SHP could not perform its duties without the board allowing it access to the records of the enrollees. In addition, the sharing of records with SHP does not make the records public or violate any duty of confidentiality. “Ownership” of the records and a general statement that they are confidential (included in the statute to prevent disclosure under laws permitting access to otherwise “public” records) should not restrict the ability to use or disclose the information in those records in accordance with HIPAA and as required by the contract between SHP and NDPERS.

Although not specifically raised in your request, NDCC §54-52.1-11 also addresses confidentiality of employee records. For the avoidance of any doubt regarding compliance, we also provide our analysis of this statute. This statute again addresses confidentiality of records for the purpose of making clear that employee records are not records to which the public can gain access. The statute is also arguably directed at circumstances under which the board may disclose information. To the extent that the statute also encompasses the circumstances under which SHP could disclose information, SHP would be required to disclose information for the purposes of healthcare operations and payment. NDCC §54-52.1-11(5). Consistent with the analysis above regarding healthcare operations and payment, SHP would meet this exception.

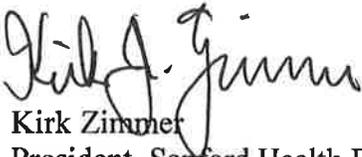
Finally, in addition to meeting the health care operations and payment provisions of HIPAA, Sanford and SHP also meet the definition of an organized health care arrangement (“OHCA”) contained in the HIPAA Administrative Simplification Regulations at 45 CFR §160.103 because they are an organized system of health care that holds itself out as participating in a joint arrangement and they participate in joint activities, such as payment activities with shared financial risk. The HIPAA Privacy Rule, at 45 CFR § 164.506(b)(5), allows any

covered entity that participates in an OHCA (which would include SHP as well as the various providers in Sanford's Health Services Division) to disclose protected health information about an individual to other participants in the OHCA for any health care operations activities of the OHCA.

For all of these reasons, SHP is compliant with both HIPAA and the North Dakota laws identified.

After you have had time to review this letter, please let us know if you have any further questions.

Sincerely,



Kirk Zimmer
President, Sanford Health Plan



David Hill
Chief Privacy Officer, Sanford Health



**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: January 14, 2016

SUBJECT: Infertility Amendment to Sanford Health Plan Contract

Jan will provide a proposed contract amendment for discussion prior to the meeting.



**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: Sharon & Rebecca
DATE: January 13, 2016
SUBJECT: Health Plan Implementation Update

Staff continues to work with the Sanford Health Plan (SHP) team. Below is an update in each of the areas we have teams working.

- a. **Operations**
 - i. Operational items continue to be reviewed and addressed as they arise.
 - ii. We continue to work with SHP on the monthly files for claims data. SHP is working with ESI to get additional prescription drug claims data that NDPERS uses.
 - iii. A team of NDPERS and SHP staff continue to meet monthly to discuss business processes and operational issues. This will be an ongoing working group.
- b. **Data Sharing** - NDPERS and SHP staff has discussed the SHP data system as it relates to the sharing of information between their overall Master Patient Index (MPI) and the sub-system that the Health Plan operates on. Staff met again with Sanford on December 17th at the NDPERS office. This item will be discussed further under a separate Board memo.
- c. **Marketing/Communication** – The FAQs were reviewed related to the coordination of benefits and claims processing when an individual has two SHP policies. Once finalized, they will be updated on the website.
- d. **Wellness**
 - i. Staff approved the letter that SHP is sending to members who received redemption center overpayments as discussed at the December Board meeting.
 - ii. Notice was sent to members and wellness coordinators regarding the online wellness portal being unavailable January 1 through March 31,

2016 due to the upcoming launch of the new online portal on April 1, 2016. Notices were sent to the wellness coordinators to inform them and also to forward to their employees. The coordinators were also provided a poster to place in a common area. In addition, the NDPERS home page was updated to include information, as well as, the SHP website. Letters were also sent by SHP to all subscribers.

iii. The NDPERS and SHP wellness teams have been working on the development of the new portal, including activities and point structure.

e. **Claims Processing Review** – Earlier this month, Bryan conducted a second review of claims to ensure they are being processed correctly. If there are any areas that need to be reviewed with the board, they will be discussed at a future board meeting.

f. **Medicare Part D – The transition of the Part D product continues to be the main focus of the NDPERS implementation team.** The team continues to participate in weekly calls with SHP and Express Scripts. Below is an update on this transition:

- i. **Contract with ESI** – Based on Board action at the December special meeting, the contract was finalized on December 30.
- ii. **Files have been requested from CVS** – Staff has received confirmation that the final files being requested of CVS will be delivered within the timeframes requested.
- iii. **Eligibility Files** – Weekly enrollment files have been sent to ESI. The results continue to be good with very few enrollments requiring additional follow-up.
- iv. **PERSLink Modifications** – System modifications were made so that billings for the January premium could be sent within necessary timeframes. There continue to be a few issues that are being worked on related to the billing, but overall the system modifications have been implemented.
- v. **ESI Call Center** – As part of our daily implementation reports, NDPERS receives information on the number of calls placed to the ESI call center. Overall, the call volume has not been significant. The volume of complaints given the size of the population has been minimal. NDPERS staff is continuing to track these issues to ensure they are resolved.
- vi. **Member communications**
 - ESI confirmed that participants were mailed their Welcome Packet, which included the ID card, within the CMS required timeframe. The majority of calls that the NDPERS call center have received relates to members not receiving or misplacing this packet. ESI provided a temporary card that our call center can reference that provides the necessary information that a member would need in order to have a prescription filled. Callers are provided these details and then referred to the ESI call center to request a new ID card be mailed to them. ESI has

indicated that members should receive the new card within 10 days of the member's request to ESI.

- vii. **NDPERS Website & Forms**
 - Information regarding MedicareBlue Rx was removed for the January 1 effective date and new materials provided by ESI were added to the website.
- viii. **Pharmacy communications** – ESI provided notice to the pharmacies within their network in North Dakota and surrounding areas regarding the upcoming vendor change. SHP sent notice to the ND Pharmacists Association and asked that it be distributed to their membership.
- ix. **Pharmacy Contracts** – One area that staff became aware of following the implementation was regarding the types of contracts that ESI has with pharmacies and whether a pharmacy is able to fill a 30 day supply or a 90 day supply of a medication. Sparb provided the Board with information regarding this via email on January 6. ESI has provided a listing that indicates pharmacies in their network and whether they have a 30 day or a 90 day supply contract. There are some questions on the list given what we have heard from a few members, which are being followed upon by ESI. Staff hopes to have additional information on this to share at the Board meeting.

Staff continues to work with BCBS to facilitate the exit of the BCBS system. Below is an update on this transition:

- a. BCBS continues to provide deductible and co-insurance accumulator files to SHP. Beginning in January, this will change from bi-weekly to a monthly file.
- b. Transition of the PDP – terminating the plan through MedicareBlue Rx
 - o BCBS is helping to facilitate delivery of the transition files requested by ESI.
 - o Process for closing out and payment of the final billing is being clarified. NDPERS did experience problems with the initial December billing received as there were errors on it. By the time the errors were resolved, we were informed that we would no longer have access to an electronic billing, but rather would receive a paper billing. This does require additional staff time to reconcile the billing given it cannot be sorted or manipulated as an electronic billing could be.

Weekly meetings continue to be held with the internal NDPERS transition team to address issues that are specific to NDPERS and do not require involvement from BCBS or SHP. Internal transition issues for NDPERS continue to be identified and tracked and addressed by this team.

In addition, staff continues to hold bi-weekly status meetings with the Sanford implementation team. Representatives from Sanford will be at the meeting to provide an operational update and answer any questions you may have.

We will be at the Board meeting if you have any further questions or concerns.



**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 & Bryan
DATE: January 21, 2016
SUBJECT: Retiree Subcommittee

The NDPERS Retiree Subcommittee met on Tuesday January 12 at the Ft. Union Capitol meeting room. The purpose of the meeting was to give an update of the retirement and health plans. The meeting was also to obtain committee input on how the plans were running and possible options for legislation or changes.

The Subcommittee felt the health plan transition was working well and NDPERS should continue to investigate unbundling the medical and Part D plans.

The Subcommittee felt the retirement plan should continue to focus on working toward 100% funded status. The consensus was to submit legislation for the contribution final year of the recovery plan.

The minutes from the meeting are attached.

NDPERS RETIREE BENEFITS COMMITTEE

January 12, 2016

MINUTES

* - Present

BOARD MEMBERS: *Yvonne Smith

STAFF: *Sparb Collins, *Bryan Reinhardt, *Kathy Allen,
*MaryJo Steffes, *Rebecca Fricke, *Aime Miller

INTEREST GROUPS: *Bill Kalanek - AFPE/NASW
Stuart Savelkohl - NDPEA

Membership Representatives:

*Dave Zentner, *Weldee Baetsch, *Bill Lardy, *Ron Leingang, *DeNae Kautzmann,
*Deb Knudsen, *Howard Sage

Minutes

9:00 – Sparb thanked everyone for coming. The agenda is the health plan and the retirement plan. The meeting was to get feedback from the retiree group before the NDPERS Board considered legislation at their March meeting. Sparb went through a PowerPoint presentation. Information was provided on the medical plan and the move to Sanford and ESI. Weldee asked about the 30-day versus 90-day prescriptions and why 90-day scripts were no longer allowed. Sparb noted that this was a new problem and 80% of the pharmacies do allow 90-day scripts and the others have to renew their contracts with ESI do to this. Discussion followed on the Medicare and Part-D plans currently being bundled. The retiree group did not have many issues to share on problems in the health plan. Sparb noted that the renewal will start this summer and the Board will have the option to go to bid if the renewal is not to their expectations.

The group moved to discuss retirement. Sparb noted that 3 of the 4 contribution increases in the initial recovery plan were approved. The plan had only a 3.5% return last year (8% assumed). Ron asked about reducing benefits like the multiplier. Sparb noted that there were some benefit reductions last session for new employees (rule of 90 and increased early retirement penalty). These only result in small gains to the overall plan and take a long time to realize. It was noted that NDPERS and TFFR have similar investment returns. Discussion moved to the recent experience study. NDPERS did make a change in the mortality assumption, but did not change the investment return from 8%. The change 'leveled out' the projection for the funded status for the main system at about 70%. This assumes an 8% future annual return. Without any plan changes or an increased contribution there would be no movement toward a 100% funded status. The group discussed future options. The idea of a tiered multiplier, increases in purchase costs, and increasing the early retirement penalty to 12% were talked about. These would all do very little to move the funded status.

10:30 – The group felt NDPERS should go to the legislature for the 4th year of the recovery plan. This would be a 1% employee and 1% employer contribution increase. The talk turned to a COLA for the retirees. It has been a long time since there has been an increase and the latest were 13th checks. The thought was the plan could not do this until it was better funded. Discussion followed that the legislature could fund it by a cash inflow instead of active employee contributions. Some felt the legislature would not fund a COLA, especially with the recent budget tightening and the drop in the economy due to the drop in oil prices. The group again thought it was important to work at getting back to 100% funded status.

Dave brought up the unbundling of the retiree health plan again. He noted that many will consider other options with cheaper Part-D plans available and the RHIC now portable. Sparb noted that there really wasn't a big drop in contracts with the recent change in the RHIC. Should the retiree plan be unbundled? Rebecca shared that the internal administration changes do allow for this to more easily happen.

10:45 – The group discussed changing the final average salary calculation from 3 to 5 years and how this would reduce benefits, but only for new employees and it would be many years in the future. The topic changed to using funds in the RHIC plan to shore up the retirement plan by maybe moving a quarter percent of contributions. This would be about 2.5 million a year. While this would be a small help, it would be taking a benefit away to help another. Some thought it would limit the ability to increase the \$5/year RHIC benefit and that an increase might be best to address margin in this fund. It was suggested to even lower the RHIC return assumption on this plan to make it more stable. While this plan is only 70% funded, it also needs this margin to continue to 100% funded status. Until more information is available on the new RHIC utilization the group felt it would be best not to look at the RHIC fund at this time.

Bill noted since political subdivisions account for about half the plan membership, there should be some input from their retirees on this committee. Small changes and a slow approach might be best at this time.

11:00 – Adjourn



**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 Allen
DATE: January 13, 2016
SUBJECT: Annual Enrollment Update

Annual enrollment was conducted from October 19th through November 6th. Following are the enrollment statistics for the FlexComp Plan:

<u>FlexComp Plan</u>	<u>Prior to OE*</u>	<u>Contributions*</u>	<u>After OE</u>	<u>Contributions</u>
Medical Spending	2,650	\$3,961,379.18	2,618	\$4,022,326.28
Dependent Care	<u>438</u>	<u>\$1,711,811.92</u>	<u>448</u>	<u>\$1,785,935.00</u>
Total	3,088	\$5,673,191.11	3,066	\$5,808,261.28

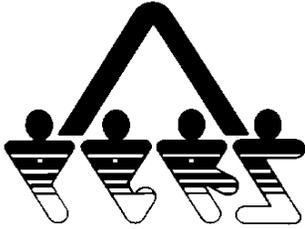
Change in participation for medical spending: -1.2%
Change in participation for dependent care: 2.2%

Change in contribution for medical spending: 1.5%
Change in contribution for dependent care: 4.2%

Following is the change in enrollment for the dental and visions plans:

	2015	2016	Increase
Dental	10,100	10,311	2.0%
Vision	9,074	9,381	3.3%

We are available to answer any questions.



**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: Sharon Schiermeister

DATE: December 29, 2015

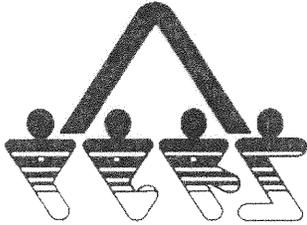
SUBJECT: 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The 2015 comprehensive annual financial report has been completed. The report contains detailed financial, investment, actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the report from the NDPERS website at

<http://www.nd.gov/ndpers/forms-and-publications/index.html>

An email notice was sent to each participating employer notifying them that the annual report is available on the NDPERS website. The report was submitted to the Government Finance Officers Association with an application for the GFOA Certificate of Excellence in Financial Reporting.

Please let me know if you have any questions on the report.



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: Derrick Hohbein, CPA

DATE: January 6, 2016

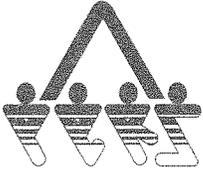
SUBJECT: Consultant Fees for the Quarter Ended December 2015

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended December 2015.

Attachment

**North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended December 31, 2015**

Program/Project	Fee Type	Oct-15	Nov-15	Dec-15	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
Actuary/Consulting Fees:						
Deloitte Consulting	Fully insured RFP				-	0
Deloitte Consulting	Self Insured RFP				-	0
Deloitte Consulting	Hourly billings regular rates				-	0
Deloitte Consulting	Hourly billings Composite rates				-	0
Deloitte Consulting	General Consulting	11,502			11,502	11,502
Mid Dakota Clinic	Retirement Disability	500	500		2,000	3,250
Ice Miller	Legal fees ACA	608			608	608
Ice Miller	Legal fees Employee benefit matters	(454)	3,306		2,852	2,852
The Segal Company	Retirement (DB)	18,625			18,625	18,625
The Segal Company	Ret Health Credit	3,425			3,425	3,425
The Segal Company	FlexComp	148		15,783	15,931	15,931
The Segal Company	Job Service	4,875			4,875	4,875
The Segal Company	QDRO/Compliance	4,278			4,278	7,218
The Segal Company	Legislation				-	0
The Segal Company	Retirement (DC)				-	0
The Segal Company	Def comp	664			5,310	5,870
The Segal Company	GSAB 67 disclosures	1,033			1,033	1,033
The Segal Company	Deferred Comp Plan Docs				-	2,170
The Segal Company	Health savings accounts				-	0
The Segal Company	115 TRUST				-	0
The Segal Company	Plan Transfers	4,056			4,056	4,056
The Segal Company	RHIC	1,770			1,770	2,260
The Segal Company	Travel Expenses				-	0
					\$ 76,264	\$ 83,674
Audit Fees:						
Brady Martz	Fixed Fee				-	38,613
Clifton Larson Allen	Annual Audit Fee	50,000			50,000	50,000
Legal Fees:						
ND Attorney General	Administrative				-	0
Investment Fees:						
SIB - Investment Fees	% Allocation	55,154	692,062	*	747,216	4,504,490
SIB - Investment Fees	Ret Health Credit	844	67,589	*	68,433	147,939
SIB - Investment Fees	Insurance	343	332	*	675	2,032
SIB - Administrative Fees	Retirement (DB)	21,724	32,675	*	54,399	144,205
					870,723	4,798,666
Administrative Fee:						
Sanford Health Plan	Health Plan	1,954,044	1,954,224	*	3,908,268	9,757,003



North Dakota
Public Employees Retirement System
400 East Broadway, Suite 505 • PO 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: Jamie Kinsella *Jamie*
DATE: December 11, 2015
SUBJECT: August 19, 2015 PERS Audit Committee Minutes

Attached are the approved minutes from the August 19, 2015 meeting. Those who attended the meeting are available to answer any questions you may have.

The minutes may also be viewed on the NDPERS web site at www.nd.gov/ndpers.

The next audit committee meeting is currently scheduled for February 17, 2016 at 10:00 a.m., in the NDPERS Conference Room.

Attachment



MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: September 4, 2015

SUBJECT: August 19, 2015 Audit Committee Meeting

In Attendance:

Jon Strinden
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
Bryan Reinhardt

The meeting was called to order at 10:04 a.m.

I. May 20, 2015 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – A summary of the internal audit staff time spent for the past quarter was included with the audit committee materials. An updated report was handed out to the Audit Committee. Discussion followed regarding root causes of errors and what is being done to address these issues.
- B. Audit Recommendations Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. The report has been updated to reflect what has been accomplished during May 1, 2015 through July 31, 2015.

Audit Committee questioned implementation dates of the action plans. They would like to see more work done on the audit findings. Sharon Schiermeister responded that due to legislation, Medicare Part D and benefit calculation programming changes taking priority, progress is slow, but she is optimistic they will get more done soon. The accounting division had turnover recently but will get a new FTE in Accounting which will have a positive impact in making progress on these projects. The Audit Committee suggested revisiting old issues and considered removing them due to their age, but Sharon feels they are still valid and should remain until completed.

- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. This report has 7 retirement and 28 insurance adjustments. Most were due to RHIC as a result of the RHIC portability program implementation.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for November 18, 2015 at 10:00 a.m.

IV. Miscellaneous

- A. CliftonLarsonAllen Update – Brian Kiernan and Nathan Chadsey finished their preliminary work May 22, 2015. IT fieldwork was conducted July 20-21, 2015. They will be in our office the week of August 31 – September 4, 2015 completing their fieldwork.
- B. Travel Expenditures Update – There are no travel expenditures incurred by the Board and/or Executive Director for out-of-state travel for the period May 1, 2015 through July 31, 2015.
- C. Risk Management Report - The Loss Control Committee provides quarterly to the Audit Committee a copy of the Loss Control Committee's agenda from their last meeting as well as the approved minutes. Copies of the March 30, 2015 minutes and the agenda for the June 23, 2015 meeting were provided to the audit committee.

Bryan Reinhardt provided an overview of past year's activities. The NDPERS Disaster Recovery and COG planning did not go as smoothly as the year before – this will be reviewed in September with ITD. ITD had new staff oversee the process; so it was good to have problems to learn from. Internal Servers and PERSLink Servers were brought up, but they could not get phones up. They plan to do cyber security and penetration testing in the next year.

- D. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." A copy of the report showing

the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended March 2015 is attached. The report for the quarter ended June 30, 2015 has not been provided to the board as of July 16, 2015.

- E. Publications – The July/August 2015 publications of the Tone at the Top were provided to the audit committee for their perusal.

- F. Webinars and CPE's – Ms. Kinsella and Ms. McCabe have been participating in free Webinars that the Institute of Internal Auditors provides for their members. Each 1 hour webinar provides 1 hour of continuing professional education credits. The internal auditors have attended four webinars from May 1, 2015 through June 30, 2015. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 11:04 a.m.