

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**  
ND Association of Counties  
1661 Capitol Way  
**Fargo Location:**  
BCBS, 4510 13<sup>th</sup> Ave SW

**May 19, 2011**

**Time: 8:30 AM**

### **I. MINUTES**

- A. April 21, 2011
- B. May 4, 2011

### **II. DEFINED CONTRIBUTION**

- A. Defined Contribution/457 RFP – Sparb (Board Action)
- B. Deferred Compensation Plan Update – Kathy (Information)

### **III. GROUP INSURANCE**

- A. Triessent – BCBS and Prime Therapeutics (Information)
- B. Medication Adherence Program – BCBS (Board Action)
- C. Quarterly Executive Summary –BCBS (Information)
- D. Summary Plan Document Update – Sparb (Information)
- E. Vision Plan Update – Kathy (Information)
- F. Employee Assistance Program Proposals – Sparb (Board Action)

### **IV. RETIREMENT**

- A. Disability Consulting Contract – Kathy (Board Action)
- B. Highway Patrol Plan Experience Review – Sparb (Board Action)

### **V. MISCELLANEOUS**

- A. PERSLink Member Self-Service – Sparb/Deb (Information)
- B. IFEBP Conference – Sparb (Board Action)
- C. SIB Agenda

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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  
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**Sparb Collins**  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** 401(a)/457 RFP

At the April meeting Segal reviewed with the Board the responses to our recent RFP for the 401(a) and 457 plan. At that meeting the Board decided:

**MR. SAGE MOVED TO HAVE FIDELITY, HARTFORD, TIAA/CREF AND VALIC PRESENT TO THE NDPERS INVESTMENT SUBCOMMITTEE ON MAY 18, WITH THE SUBCOMMITTEE PROVIDING A RANKING TO THE FULL BOARD FOR A FINAL DECISION. THE MOTION WAS SECONDED BY MR. SANDAL.**

The PERS investment subcommittee will be meeting on May 18<sup>th</sup> starting at 8:00 a.m. in the Sakakawea Room to interview the above vendors. The committee will review its findings with the Board at the May 19 Board meeting.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** May 9, 2011

**SUBJECT:** Deferred Compensation Plan Update

Guidance has recently been released with regard to administration of deferred compensation plans. The Revenue Rulings include information regarding establishment of a Roth account option under a 457 plan and adds some new examples of circumstances that can permit “unforeseen emergency” distributions in 457(b) plans.

We previously provided information to the Board at its November 2010 meeting about the Roth account option and indicated that it has been addressed in our RFP for the deferred compensation Companion Plan. Therefore, further consideration will commence after selection of a Companion Plan vendor. A representative with The Segal Company will be available to discuss this option and answer any questions.

The new revenue ruling as to what constitutes an unforeseen emergency includes the following:

- The need to repair a principal residence due to damage caused by a water leak, which is not covered by insurance, can be an unforeseeable emergency distribution event because it is substantially similar to the need to pay for damage to a home as a result of a natural disaster.
- The need to pay for funeral expenses of an adult child who is not a tax dependent can be an unforeseeable emergency distribution event because it is substantially similar to the need to pay for funeral expenses of a spouse or tax dependent.
- The need to pay accumulated credit card debt cannot be an unforeseeable emergency distribution event.

Based on a discussion with Segal, it will not be necessary to amend our plan document to include the above examples as our language already includes the “and other similar extraordinary and unforeseeable circumstances” statement. However, we will update our plan summaries, correspondence, and unforeseeable emergency distribution guidelines to reflect the additional examples provided in the ruling.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** Triessent Specialty Pharmacy Program

## Specialty Pharmacy Program

BCBS offered in its bid a specialty pharmacy program. In December the PERS Board decided to implement this program for the 201-13 biennium. Representatives from Prime Therapeutics will call into the May 19<sup>th</sup> Board meeting to review the Triessent Implementation Plan. A copy of the material they will be going over is attached.

## Background Information

Triessent is Prime Therapeutics' specialty pharmacy program. The program is designed to help improve the health of members with specialty conditions (like rheumatoid arthritis, hepatitis C, and multiple sclerosis). Triessent offers safe and efficient medication delivery, member education, and guidance from pharmacists and nurses experienced with specialty conditions. Triessent offers modestly deeper discounts on specialty medication than retail pharmacy networks.

Specialty medications are the fastest growing segment of the pharmaceutical market, both in terms of new products and inflationary pricing. While specialty medications account for only a very small number of claims filed by a very small number of members, the specialty class of drugs is driving the overall pharmacy cost trend. In 2009, NDPERS' specialty medication PMPM trend was 17%. The non-specialty medication PMPM trend was a deflationary -0.7

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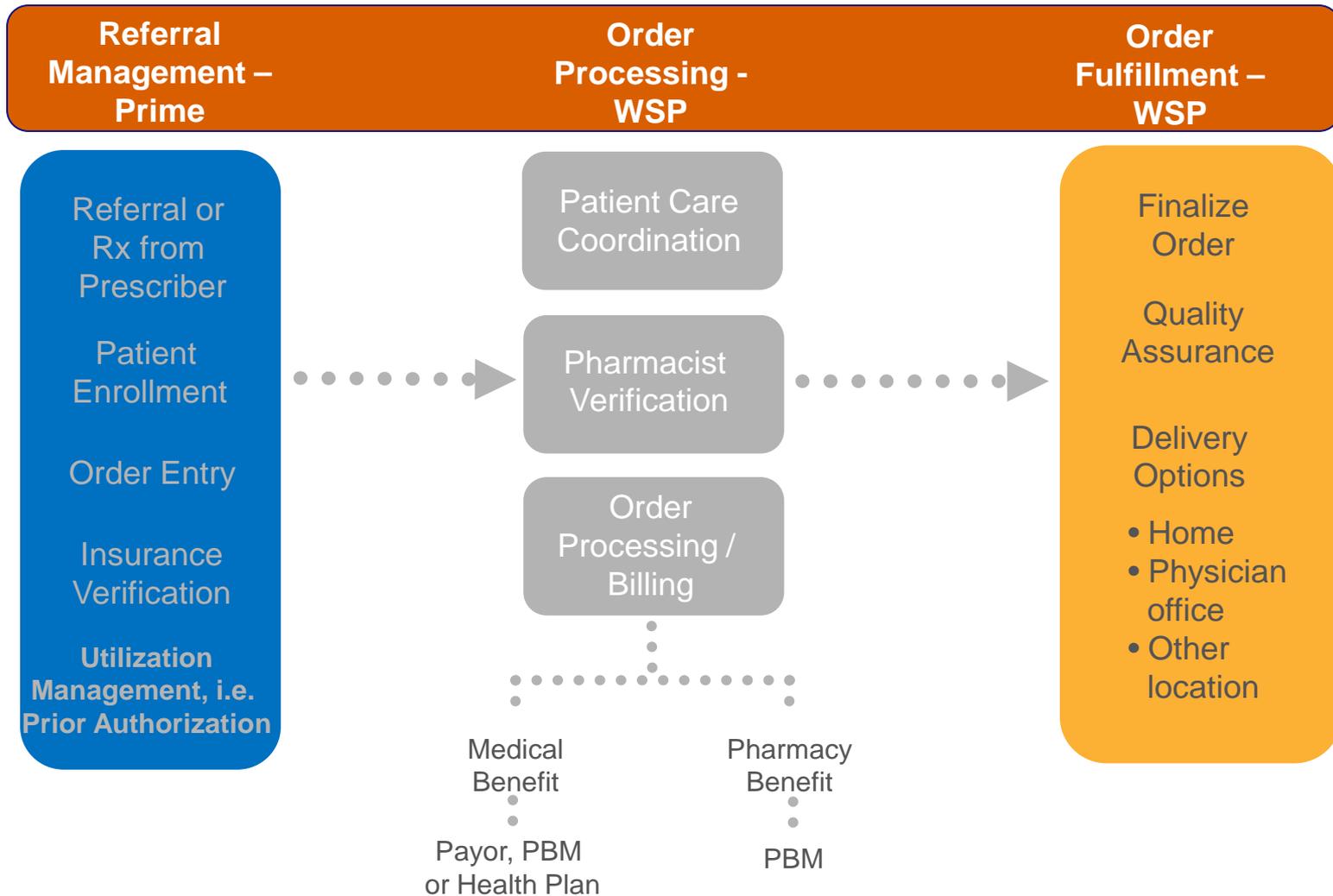
## NDPERS and Triessent Implementation

May 19, 2011

# What is Triessent?

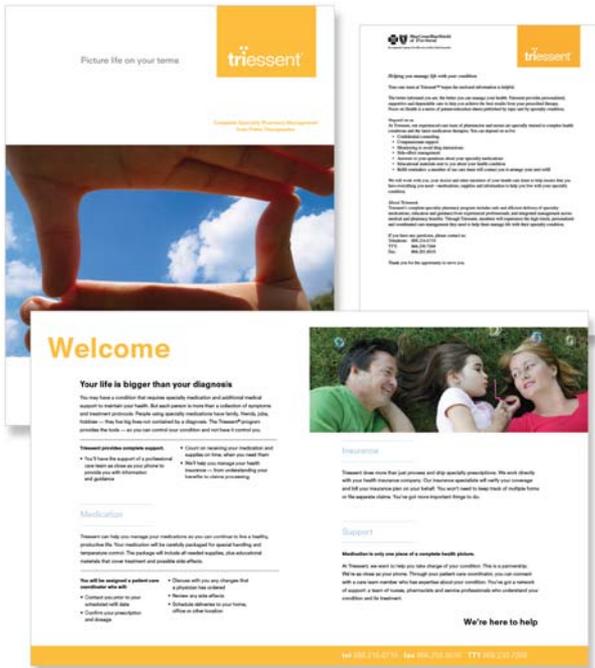
- What is Triessent?
  - > A specialty pharmacy program that is a private-label partnership with Walgreens Specialty Pharmacy.
  - > Work is divided on the front-end (Prime employees and resources) and back-end (WSP employees and resources)
- Why Walgreens Specialty Pharmacy (WSP)?
  - > “Blue”-specific experience
  - > Highly scalable, payor-focused operation with disease-focused teams
  - > Strong clinical support services aligned with payor’s goals
  - > Best-in-class operating system: ScriptMed™
  - > Comprehensive program that addresses pharmacy and medical benefits
  - > Accredited for specialty pharmacy and home infusion
  - > One of the largest independent specialty pharmacy organizations

# Triessent Order Flow



# Member outreach

- Customized outreach helps transition members from their previous pharmacy to Triessent
- Ensures ongoing treatment, adherence and support



## 3-Step Outreach Process

- 1) Member mailing (BCBS plan-branding)
  - Introduction of Triessent-member letter
  - Specialty drug list
  - Member brochure
- 2) Personalized outreach calls to member
- 3) Unable-to-reach letter (Triessent branding)
  - Provides link to previous notification attempts, if needed.

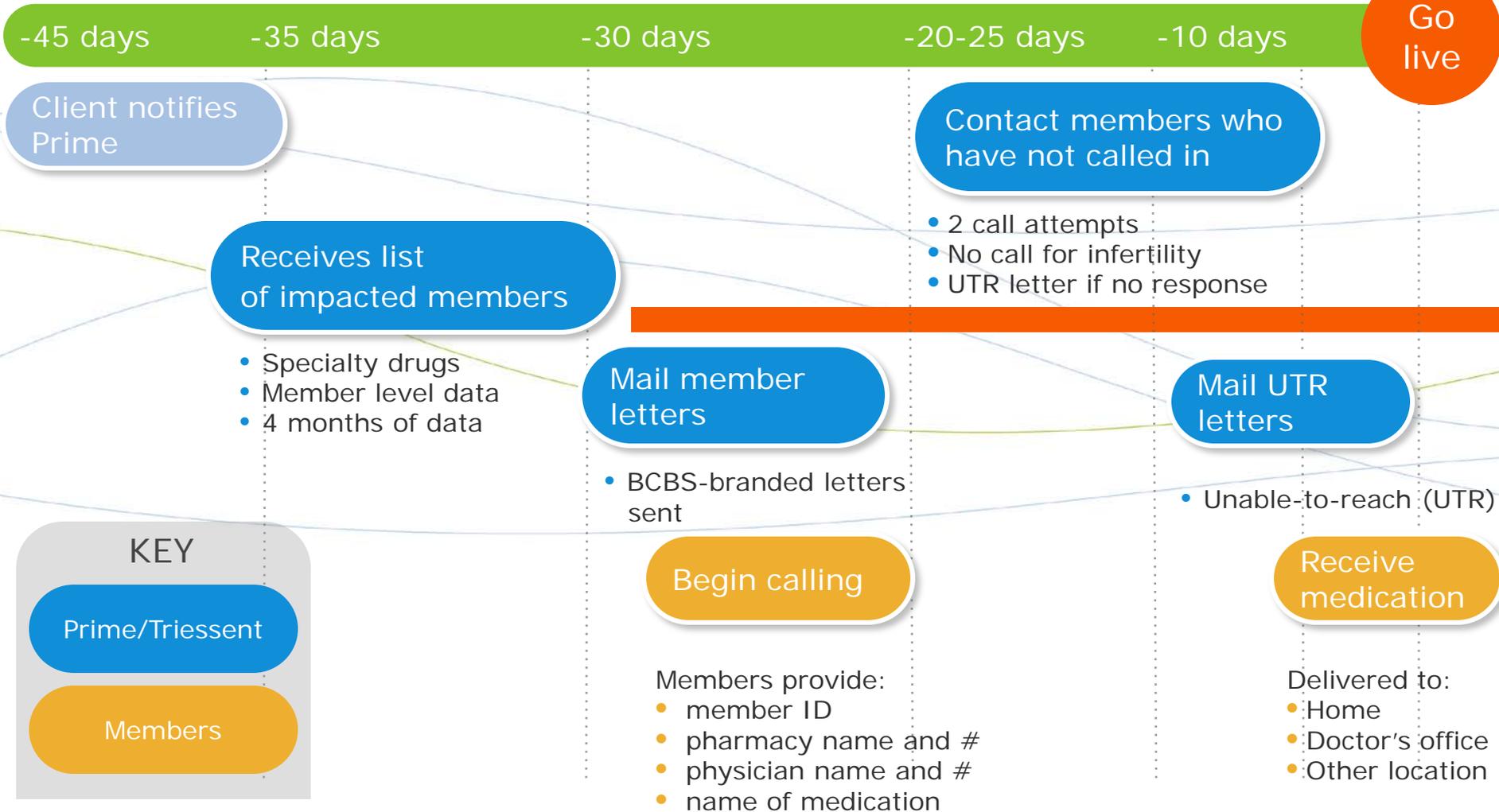
## Member outreach, cont.

- Letters are sent to members currently taking a specialty medication
  - BCBS-branded with introduction of Triessent
  - Prime will identify the impacted member population based on specialty claims history
- Member phone calls are made to assist with the transition
  - 2 phone call attempts made to reach the member
- Outreach effort is completed with the Triessent “Unable-to - Reach” letter
  - Second mailing campaign from Triessent for members that were not successfully contacted via phone call

# Member transition from Walgreens Specialty Pharmacy

- The Triessent specialty pharmacy program includes a partnership with Walgreens Specialty Pharmacy
- Members currently using Walgreens Specialty Pharmacy will be transitioned to the Triessent Specialty Pharmacy Program
  - Member will be notified of the label change reflective of Triessent
  - Member service experience will not be disrupted due to the relationship between Triessent and Walgreens
- Includes up to 24 NDPERS members currently at Walgreens Specialty Pharmacy
  - Transition will occur with June outreach, via phone call

# Sample Triessent outreach timeline



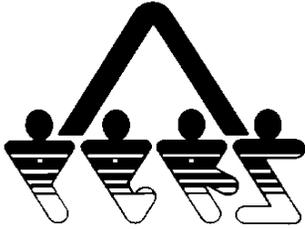
# Implementation deliverables

Implementation deliverable	Date
Identify impacted members >BCBSND specialty drug list >4 months of claims data	5/23/2011
Prepare outreach campaign >Prepare member mailing file >Obtain member phone numbers >Prepare phone campaign	5/23/2011-5/31/2011
Mail member outreach letter	6/1/2011
Outreach phone calls	6/7/2011-6/14/2011
Unable-to-reach (UTR) letters mailed	6/21/2011

# How do utilizing members enroll?

- Members call Triessent at 888.216.6710 and follow prompts to get to the enrollment department
- For new referrals (scripts), Triessent representatives coordinate with the physician to obtain the prescription and set up delivery
- Delivery can be to a patient's home or doctor's office
- Triessent will contact the member for any subsequent refills
- Benefits and coverage are verified with the health plan

Phone: 888.216.6710  
Fax: 866.203.6010  
TTY: 866.230.7268



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** Proposed Medication Adherence Mailing

Brent Solseng, BCBSND Pharmacy Consultant, will be at the May 19<sup>th</sup> Board meeting to introduce the new Medication Adherence Program. Brent will be discussing the proposed outreach opportunity for statin adherence, as well future program mailings. Attached is a copy of Brent's presentation.

The Medication Adherence Program is new and not part of the upcoming biennium programs. NDPERS program costs would be \$0.50 per letter to help cover postage and supplies, while BCBSND will cover remaining supplies and labor costs.

## Staff Recommendation

Approve this program for PERS and paying for the cost of the mailings

## Board Action Requested

To approve or disapprove the medication adherence program for PERS



## Memorandum

**TO:** Sparb Collins, NDPERS

**FROM:** Kevin Schoenborn, BCBSND

**DATE:** May 10, 2011

**SUBJECT: Proposed Medication Adherence Mailing**

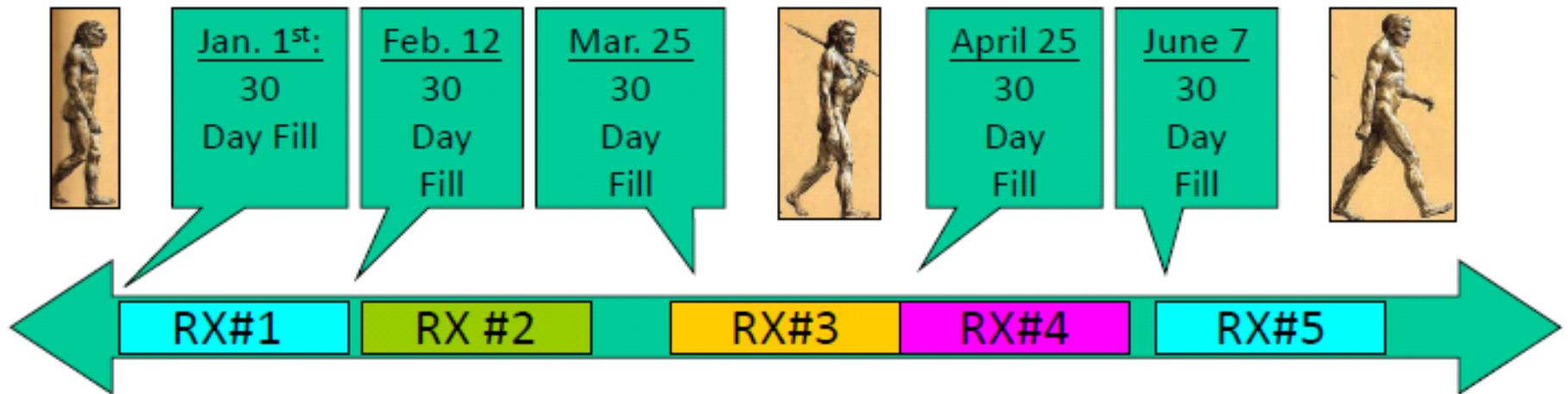
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The Medication Adherence Program is new and not part of the upcoming biennium programs. NDPERS program costs would be \$0.50 per letter to help cover postage and supplies, while BCBSND will cover remaining supplies and labor costs.

Let me know if you have any questions.

# Medication Adherence Program

- Promotes medication adherence and generics
- Uses RX claims to calculate 'MPR'.



$$\text{MPR} = \frac{30 \text{ Day refills} * 5 \text{ times} = 150 \text{ Days of Medication}}{\text{January 1 through June 7 (+30days}^\dagger) = 187 \text{ Days}} = 80\%$$

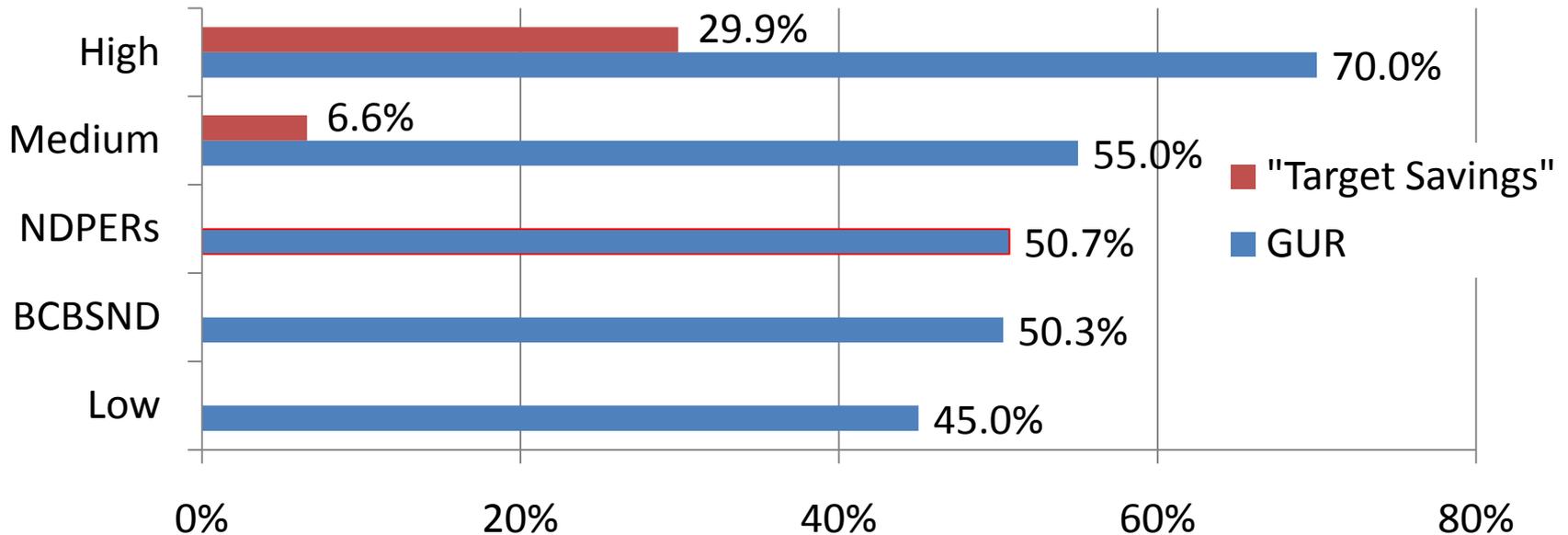
<sup>†</sup> Days supply of the last refill is added to estimate expiration of supply.

# Adherence Reporting

Scheduled Reports:



## Cholesterol Category Targets



# Cholesterol Adherence Reports

**BlueCross BlueShield  
of North Dakota**

An independent licensee of the  
Blue Cross & Blue Shield Association



4510 13th Avenue South  
Fargo, North Dakota 58121

February 2011

<MBRFirstName> <MBRLastName>  
<MBRAddress1>  
<MBRAddress2>  
<MBRCity>, <MBRState> <MBRZip>

Dear <MBRFirstName> <MBRLastName>:

Did you know you can save money on your prescription medications without compromising quality? You can do this by using generic drugs. Most generic drugs work the same as brand-name drugs but cost less – it's a better value.

Most common medical conditions have several effective drug therapy options. Drugs that work in a similar manner and treat the same condition are grouped in a drug class. A drug class can include brand-name drugs and generic drugs. This means you can find generic drug options for most common conditions.

If you take one of the brand-name drugs for high cholesterol listed below, you may save money by using generic lovastatin, pravastatin or simvastatin. Studies have shown these generic drugs work effectively for most people.

**High Cholesterol Drug Class (Statins):**

<b>Formulary Generic Drugs</b>	<b>Formulary Brand-Name Drugs</b>	<b>Non-Formulary Brand-Name Drugs</b>
<i>Generics cost you less than brand-name drugs</i>	<i>Formulary brands cost you less than non-formulary brands</i>	<i>Non-formulary brands cost you the most</i>
lovastatin pravastatin simvastatin	Lipitor® Crestor®	Vytorin® Lescol® Simcor® Zocor® Mevacor® Advicor® Altoprev® Pravachol®

You may save every time you refill a prescription when you use a generic. You can help control your health care costs by choosing generic drugs whenever possible. Always consult with your doctor or pharmacist regarding drug therapy options.

Your health is important to us. See the back of this letter for more information about generic drugs. You can also call the telephone number on the back of your health plan ID card.

Sincerely,

*Brent Solseng*  
Brent Solseng, Pharm.D.,  
Pharmacist Educator

20314499 (3/11) 2-11

20300493

Northland Mutual Insurance Company

POD 5-07

- Available by May 1
- Generic Rate: 50.7%
- Ave Generic claim: \$24.82
- Ave. Brand claim: \$188.28
- 2010: 11% (\$4.15 Mil)
- 4742 members
  - 815 non-adherent

**Tips for taking your medication as prescribed**

- Take your medication at the same time every day.
- Try seven-day pill boxes to make daily doses more convenient.
- Write reminders on your calendar.
- Use your watch, clock or cell phone to set a regular alarm as a reminder.
- Post a note on your bathroom mirror or kitchen cupboard – wherever it might be most helpful.
- Keep a list of your medications and keep it up to date.
- Ask for easy-to-open bottles if there are no children in your home.
- Ask if you can crush your medication to make it easier to swallow.
- Consider using a mail-order pharmacy for convenient home delivery of ongoing medications.

**What you need to know about your prescription**

Whether you are taking a new prescription or have taken the same medication for years, make sure you know:

- Name of the medication (brand-name or generic)
- What the medication treats
- Instructions for taking the medication correctly
- Precautions while using the medication
- Possible side effects

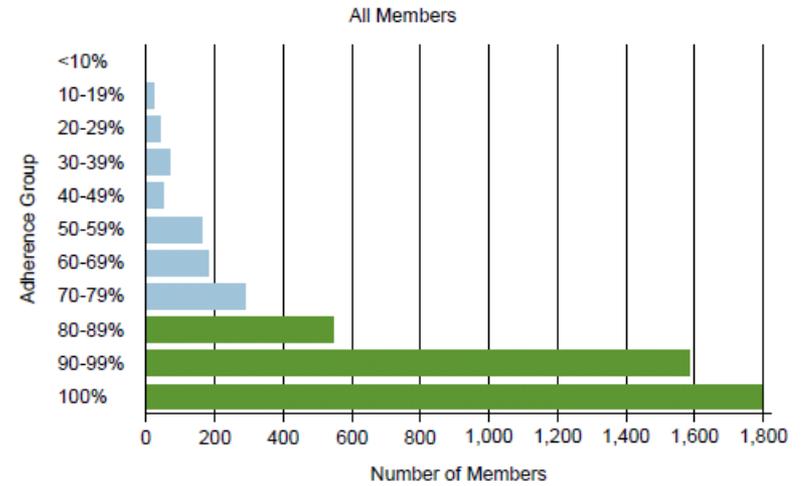
Read all the medication information your doctor or pharmacist gives you. Ask them if you have questions.





# NDPERS Statin - Adherence Report

All Members	10/01/10-03/31/11
Adherence Group	Members
<10%	0
10-19%	24
20-29%	39
30-39%	67
40-49%	50
50-59%	164
60-69%	182
70-79%	289
80-89%	547
90-99%	1586
100%	1794
<b>Total</b>	<b>4742</b>



82.8% of members have a Medication Possession Ratio (MPR)  $\geq$  80%



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** Quarterly Executive Summary

Representatives from BCBS will be at the May 19 meeting to review this report with the Board.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** Summary Plan Documents (SPD)

At our last meeting we reviewed the SPD's for the health plan. The Board approved moving forward subject to the following:

1. As a result of state legislation, it was suggested changing the terminology of "mental retardation" to "intellectual disability" throughout the SPD.
2. Suggested correcting page 24 of the grandfathered SPD, under home health care services, under (b), to remove the word "or" at the end of number 7.

BCBS is reviewing the change relating to #1 and is making the change in #2. The SPD's are being forwarded to the Insurance Department for their review and approval. Once that step is completed they will be printed and sent to the members.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** May 9, 2011

**SUBJECT:** Vision Plan Update

We have completed our first quarter of service with the Superior Vision Plan. They provided us with a utilization summary and claims paid by month report. Following are some comments/observations provided by the Superior staff:

**A. Member Utilization**

1. About 8% of the participants (employees and dependents) have used the Eye Exam benefit thus far. This is actually higher than average (average is approximately 5%) for the first three months of a new vision plan.
2. About 10% of the participants have utilized some type of service (eye exam, frames, lenses, etc.).
3. Approximately 89% of all claims were processed In-Network. This is a lower than our national average (approx 96%); a reflection of the challenges of a more rural than suburban provider region.

**B. Frame Summary (current frame allowance - \$75):**

1. 15% of participants who purchased frames stayed within the \$75 frame allowance.
2. Frames in the \$200+ category were the single most popular frame category chosen by 22% of participants.

**C. Lens Enhancements (includes the national top 6 lens upgrade options).**

1. NDPERS participants are typical consumers for lens upgrade choices.

D. Top 35 Providers (most utilized Providers within the network by NDPERS participants):

1. Dakota Eye Institute. This was also the single most requested provider that Superior recruited.
2. Jeffery Yunker OD – Grand Forks
3. Wal-Mart and Lenscrafters round out the top 4 providers, which is typical in virtually every one of our markets, regardless of region.
4. 47% of the 35 top provider claims came from a Retail Store within Superior Vision's provider network.

Member Count by Tier as of March 2011:

	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,343	0
Emp + Child	482	888
Emp + Spouse	1,635	1,635
Emp + Family	1,596	4,873
	<b>6,056</b>	<b>7,396</b>
Total Lives:		<b>13,452</b>



**Superior Vision<sup>®</sup>**  
*Our Members. Our Mission.*

# **North Dakota PERS**

## **Utilization Reports**

*Quarter 1, Year-to-Date 2011*  
*(January 1 – March 31, 2011)*

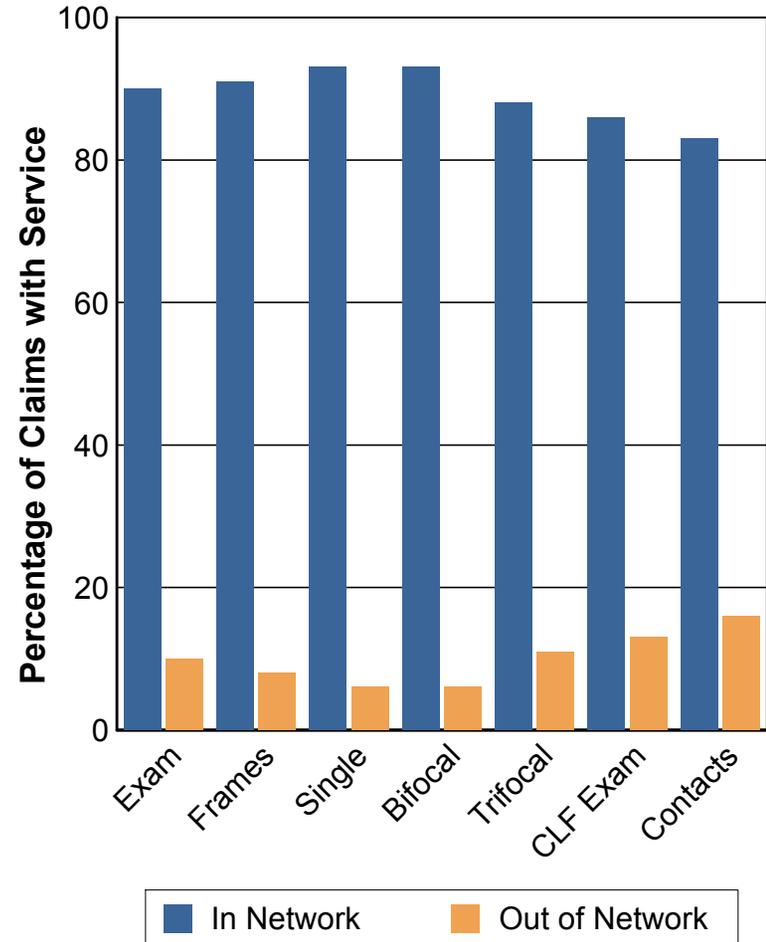
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# NDPERS

## Member Utilization Claims by Service Type and Network for 2011



2011		In Network	Out of Network	Total
<b>Exam</b>	Members	954	104	1,057
	# Claims	972	108	1,080
	# Svcs Claimed	972	108	1,080
	% Network	90%	10%	100%
	Avg Billed	111.88	105.13	111.20
<b>Frames</b>	Members	523	46	568
	# Claims	530	49	579
	# Svcs Claimed	537	51	588
	% Network	91%	8%	100%
	Avg Billed	152.16	154.41	152.36
<b>Single</b>	Members	283	20	302
	# Claims	285	21	306
	# Svcs Claimed	286	21	307
	% Network	93%	6%	100%
	Avg Billed	70.82	94.97	72.48
<b>Bifocal</b>	Members	27	2	29
	# Claims	27	2	29
	# Svcs Claimed	28	2	30
	% Network	93%	6%	100%
	Avg Billed	112.82	109.50	112.60
<b>Trifocal</b>	Members	225	28	253
	# Claims	228	30	258
	# Svcs Claimed	245	33	278
	% Network	88%	11%	100%
	Avg Billed	169.71	289.17	183.89
<b>CLF Exam</b>	Members	165	27	192
	# Claims	168	27	195
	# Svcs Claimed	168	27	195
	% Network	86%	13%	100%
	Avg Billed	35.92	36.83	36.04
<b>Contacts</b>	Members	243	47	290
	# Claims	253	51	304
	# Svcs Claimed	254	51	305
	% Network	83%	16%	100%
	Avg Billed	127.21	132.34	128.07
<b>Total</b>	Members	1,204	148	1,336
	# Claims	1,523	165	1,688
	# Svcs Claimed	2,490	293	2,783
	% Network	89%	10%	100%
	Avg Billed	117.99	132.18	119.48



A single claim may have multiple billed services. Billed = all billed services. Includes claims paid between January and March 2011

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Group: XX9854 Confidential & Privileged

Please note that this report reflects "average billed claim" for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

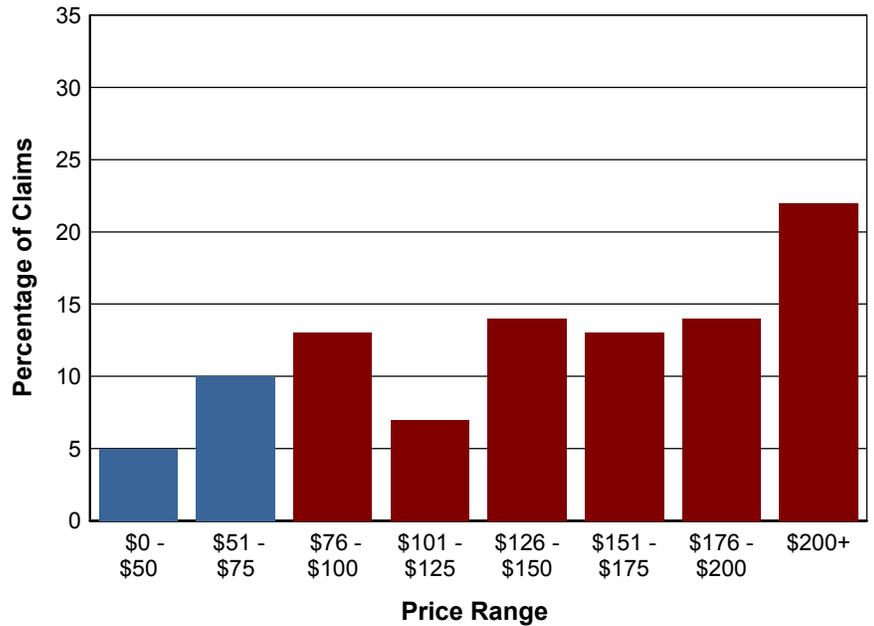
**NDPERS  
Frame Summary Report for 2011**



Frame Allowance = \$75.00

		2011
<b>\$0 - \$50</b>	<b># Purchased</b>	30
	<b>% of Total</b>	5%
	<b>Average OOP</b>	0.00
<b>\$51 - \$75</b>	<b># Purchased</b>	58
	<b>% of Total</b>	10%
	<b>Average OOP</b>	0.00
<b>\$76 - \$100</b>	<b># Purchased</b>	81
	<b>% of Total</b>	13%
	<b>Average OOP</b>	17.81
<b>\$101 - \$125</b>	<b># Purchased</b>	45
	<b>% of Total</b>	7%
	<b>Average OOP</b>	39.94
<b>\$126 - \$150</b>	<b># Purchased</b>	82
	<b>% of Total</b>	14%
	<b>Average OOP</b>	64.82
<b>\$151 - \$175</b>	<b># Purchased</b>	81
	<b>% of Total</b>	13%
	<b>Average OOP</b>	88.27
<b>\$176 - \$200</b>	<b># Purchased</b>	82
	<b>% of Total</b>	14%
	<b>Average OOP</b>	113.22
<b>\$200+</b>	<b># Purchased</b>	128
	<b>% of Total</b>	22%
	<b>Average OOP</b>	174.37
<b>Total</b>	<b># Purchased</b>	579
	<b>% of Total</b>	100%
	<b>Average OOP</b>	80.46

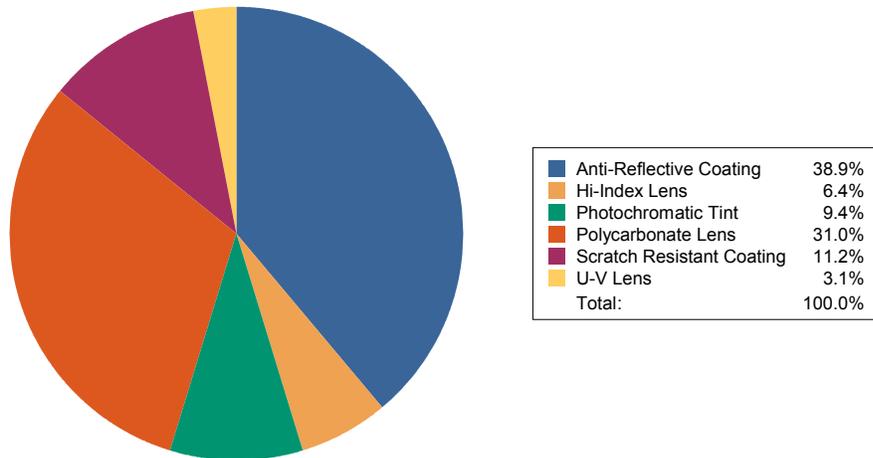
**Distribution of Frames by Price Range**



**NDPERS  
Lens Enhancement Summary Report 2011**



		2011
<b>Anti-Reflective Coating</b>	Count of Claims Percentage of Claims Avg Amt Billed	278 38% 85.58
<b>Hi-Index Lens</b>	Count of Claims Percentage of Claims Avg Amt Billed	46 6% 133.54
<b>Photochromatic Tint</b>	Count of Claims Percentage of Claims Avg Amt Billed	67 9% 79.28
<b>Polycarbonate Lens</b>	Count of Claims Percentage of Claims Avg Amt Billed	222 31% 40.17
<b>Scratch Resistant Coating</b>	Count of Claims Percentage of Claims Avg Amt Billed	80 11% 29.99
<b>U-V Lens</b>	Count of Claims Percentage of Claims Avg Amt Billed	22 3% 33.39
<b>Total</b>	Count of Claims Percentage of Claims Avg Amt Billed	715 100% 66.15





## NDPERS

### Top 35 Providers Report for 2011

Vision Service Provider	Claims		Members		Billed		Top 3 Locations Utilized		
DAKOTA EYE INSTITUTE, PC	284	19%	206	18%	68,037.00	20.08%	BISMARCK, ND	RUGBY, ND	
WAL-MART	172	12%	168	14%	29,271.40	8.64%	VARIOUS		
JEFFERY B YUNKER OD	118	8%	105	9%	33,608.80	9.92%	GRAND FORKS, ND		
LENSCRAFTERS	100	7%	85	7%	17,316.20	5.11%	VARIOUS		
MIDWEST VISION CENTERS, INC	91	6%	82	7%	28,017.30	8.27%	BISMARCK, ND	GRAND FORKS, ND	WAHPETON, ND
MICHELLE LEIDENIX OD	50	3%	50	4%	4,093.00	1.21%	BISMARCK, ND		
JAMES A WOODMANSEE OD	41	3%	41	3%	2,915.00	0.86%	GRAND FORKS, ND		
FARGO VISION ASSOCIATES PC	39	3%	36	3%	12,492.25	3.69%	FARGO, ND		
TAYA PATZMAN OD	36	2%	35	3%	2,800.00	0.83%	JAMESTOWN, ND		
EYECARE ASSOCIATES PC	36	2%	31	3%	11,068.00	3.27%	FARGO, ND		
JULIE LAGODINSKI CHRISTIAN	31	2%	30	3%	3,801.10	1.12%	GRAND FORKS, ND		
ADVANCED VISION CENTERS PC	31	2%	28	2%	11,992.00	3.54%	DICKINSON, ND		
DR'S LITTLE AND SCHMIDT	33	2%	28	2%	9,255.00	2.73%	MANDAN, ND		
3D OPTICAL	31	2%	24	2%	8,278.50	2.44%	FARGO, ND		
EYE CENTER OF THE DAKOTAS	22	1%	22	2%	8,490.00	2.51%	BISMARCK, ND		
SAMS CLUB	22	1%	22	2%	4,396.01	1.30%	SAINT LOUIS, MO		
PRECISION EYEZ, PC	22	1%	21	2%	5,052.51	1.49%	BISMARCK, ND		
BISMARCK EYECARE, PC	21	1%	20	2%	6,260.00	1.85%	BISMARCK, ND		
CAROL A MURIE OD	20	1%	20	2%	1,684.00	0.50%	GRAND FORKS, ND		
STERLING OPTICAL	21	1%	19	2%	5,550.90	1.64%	GRAND FORKS, ND		
ANGELA DARVEAUX OD, PC.	18	1%	18	2%	2,100.00	0.62%	FARGO, ND		
MARK TUFTE OD PC	21	1%	17	1%	4,126.00	1.22%	FARGO, ND		
EYEMART EXPRESS	14	1%	14	1%	3,246.62	0.96%	FARGO, ND		
JOHNSON EYE CARE PC	16	1%	14	1%	4,398.75	1.30%	MINOT, ND		
LESLIE MASCIARELLI OD	14	1%	14	1%	980.00	0.29%	FARGO, ND		
MELANIE OLTMANN'S OD	13	1%	13	1%	3,019.60	0.89%	DICKINSON, ND		
WEIR EYE CLINIC LLC	14	1%	13	1%	7,590.00	2.24%	DICKINSON, ND	BOWMAN, ND	
COREY R MAIRS OD	13	1%	11	1%	2,189.00	0.65%	LISBON, ND		
VISION WORLD	10	1%	10	1%	3,505.26	1.03%	FARGO, ND	FERGUS FALLS, MN	MOORHEAD, MN
BETTER VISION PC	9	1%	9	1%	640.00	0.19%	DICKINSON, ND		
FERCHO CATARACT & EYE CLINIC	9	1%	9	1%	1,497.00	0.44%	FARGO, ND		
KRISTIN F ENGSTROM OD	9	1%	9	1%	735.00	0.22%	FARGO, ND		
DR. JAIME L. HAALAND, OD PC	8	1%	8	1%	2,526.00	0.75%	MINOT, ND		
KING FAMILY EYE CLINIC, PC	8	1%	8	1%	3,390.00	1.00%	DICKINSON, ND		
WILLIAM J WELDER OD	8	1%	8	1%	2,964.00	0.87%	WAHPETON, ND		
Others	85	6%	76	6%	21,532.92	6.36%	MINOT, ND	BISMARCK, ND	ADA, MN
	1,490		1,172		338,819.12				

Billed = all billed services. Includes claims paid as In-Network for calendar year.  
Includes claims paid between January and March 2011 for Subgroup: XX9854XX

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4/12/2011

Please note that this report reflects average billed claims for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

January-11

		Amt Paid	# of Claims
<b>Superior Vision Plan</b>	<b>Actives</b>	\$ 262.71	16
	<b>Retirees</b>	\$ -	0
	<b>COBRA</b>	\$ -	0
	<b>Total</b>	\$ 262.71	16
<b>January Grand Total</b>		<b>\$ 262.71</b>	<b>16</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

February-11

		Amt Paid	# of Claims
<b>Superior Vision Plan</b>	<b>Actives</b>	\$ 61,751.08	840
	<b>Retirees</b>	\$ 2,656.34	30
	<b>COBRA</b>	\$ 63.00	1
	<b>Total</b>	\$ 64,470.42	871
<b>February Grand Total</b>		<u>\$ 64,470.42</u>	<u>871</u>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

March-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 61,763.25	845
	Retirees	\$ 2,387.18	26
	COBRA	\$ 336.00	4
	<b>Total</b>	<b>\$ 64,486.43</b>	<b>875</b>
<b>March Grand Total</b>		<b>\$ 64,486.43</b>	<b>875</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

**3 Month Total**

		<u>Amt Paid</u>	<u># of Claims</u>
<b>Superior Vision Plan</b>	<b>Actives</b>	\$ 123,777.04	1701
	<b>Retirees</b>	\$ 5,043.52	56
	<b>COBRA</b>	\$ 399.00	5
	<b>Total</b>	<u>\$ 129,219.56</u>	<u>1762</u>
<b>3 Month Total</b>		<u>\$ 129,219.56</u>	<u>1762</u>



**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

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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb & Bryan  
**DATE:** May 19, 2011  
**SUBJECT:** Employee Assistance Program (EAP)

There were four responses to the NDPERS EAP Request for Proposal (RFP). The four were: St. Alexius, Medcenter One, The Village, and Deer Oaks. These were the same four providers that responded in 2005, 2007, and 2009. Medcenter One, after submission, decided to withdraw their proposal (letter attached). NDPERS staff reviewed the RFP proposals and found that they all met the minimum qualifications.

Attached is the summary matrix from each of the RFP responses.

As you recall, we use an agency-based approach for the EAP. Each state agency will select a single vendor for the 2011-2013 biennium.

Staff will send out the EAP information to the providers and agencies after the NDPERS Board meeting. The deadline for switching providers will be June 6<sup>th</sup>. The 13 groups who have selected Medcenter One as a provider will be required to select a new EAP provider.

If you have any questions, we will be available at the NDPERS Board meeting.

Board Action Requested:

Approve the three EAP vendors as agency choices for the 2011-2013 biennium.



**Medcenter One**

April 28, 2011

Bryan T. Reinhardt  
NDPERS  
400 E Broadway, Suite 505  
Box 1657  
Bismarck, ND 58502

Dear Bryan,

I am writing to inform you that the Medcenter One Employee Assistance Program has decided to withdraw our proposal from the State's Employee Assistance Program for the 2011-2013 biennium.

Please remove our contract from the list of EAP providers placing bids.

Thank you for considering Medcenter One's Employee Assistance Program as a possible provider for your employees.

Sincerely,

Tammy Bulman  
Medcenter One EAP Coordinator  
(701) 323-8879



**9) Complete the following table and questions with information on your proposed EAP. The vendor shall show where they're proposed services meets or exceeds the minimum requirements in the following table.**

<b>EAP Features</b>	<b>Minimum</b>	<b>Provider</b>
EAP Established	1 year	<b>19 years since 1992</b>
Number of Annual Sessions Per Individual	6	The State has a choice of a 6 or 8 visit model <b>Minimum of 6 or 8 annual sessions per individual.</b>
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	Choice of a 6 or 8 visit (full individual minimum) <b>Minimum of 6 or 8 annual sessions per incident.</b>
Coverage	Family in Home & Out-of-House Dependents (STATUTE)	<b>Family in Home &amp; Out-of-House Dependents (STATUTE)</b>
Staffing	Licensed Social Workers	<b>Licensed with a Master's or Doctoral degree in the mental health field</b>
Appointment Timing	Within 72 hours	Appointments for routine cases are generally available <b>within 24-48 hours</b> of request for services
Emergency Appointments	Within 24 hours	Emergency care can be arranged <b>within six (6) hours</b> of request for services. Immediate telephonic counseling will also be provided in the case of an emergency.
Weekend/Holiday Appointments	Emergency	Available <b>upon request</b> and in <b>emergency situations</b>
1-800 number	Minimum one line	32 staffed lines (1-866-327-2400)
Phone Counseling	Minimum one staffed line	32 staffed lines (1-866-327-2400)
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	32 staffed lines (1-866-327-2400) staffed by <b>Master's and Doctoral-level staff</b>
On-site Employee Orientation	1 per year (Smaller groups may be combined)	<b>At least one (1) on-site employee orientation per year.</b> Additional orientations will be provided as requested by each agency and will be included in the two (2) hours of seminars and



		trainings per 200 covered employees offered by Deer Oaks. Deer Oaks understands that smaller groups may be combined.
On-site Seminars	None, except as noted in IV, A, 1, c & d	Deer Oaks will provide <b>two (2) hours of trainings and seminars for every 200 covered employees.</b> This includes attendance at the PERS Payroll Conference and participation in agency wellness and benefit fairs or meetings as needed.
Off-site Seminars	None, except as noted in IV, A, 1, c & d	<b>Deer Oaks will provide two (2) hours of trainings and seminars for every 200 covered employees,</b> including attendance at the PERS Payroll Conference and participation in agency wellness and benefit fairs or meetings as needed.
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	Deer Oaks will provide <b>two (2) hours of trainings and seminars for every 200 covered employees.</b> Hundreds of topics are available including but not limited to: <b>Stress, Conflict, Crisis, Change Management, Diversity, Leadership, Motivation and Communication Techniques.</b>
Management Consulting	Available to all supervisory/management staff	<b>Unlimited</b> telephonic management consultation will be available to <b>all supervisory/management staff</b> as needed.
Additional/Specialty Services Available	@ Additional Cost	<ul style="list-style-type: none"> <li>• Fitness-for-Duty Evaluations: \$850.00 per evaluation</li> <li>• CORE Gatekeeper: \$1.00 PEPM</li> <li>• Diversity Training: \$ 150.00 per hour</li> <li>• Health Risk Assessments: \$5.00 per assessment</li> <li>• DOT SAP Evaluations \$550.00 per evaluation</li> </ul>



Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	Electronic employee and supervisory newsletters and internal marketing materials will be provided on a <b>monthly,          quarterly, or bi-annual basis as          needed.</b>
Agency Reporting - Utilization	Quarterly with Annual to Date	Utilization reports will be provided <b>quarterly with annual          to date. Bi-annual reports</b> can also be provided upon request.
Price	\$1.54 Maximum	<b>6: visit: \$1.24 PEPM          8-visit: \$1.54 PEPM</b>
<b>OTHER UNIQUE          FEATURES</b>		The Deer Oaks EAP Program provides: <ul style="list-style-type: none"> <li>• One step access to the EAP</li> <li>• A statewide EAP network</li> <li>• Dedicated Account                Management Team</li> <li>• An imbedded Work-Life                Program, which includes                resources on issues regarding                legal, financial,                childcare/eldercare, balancing                work and family, and retiree                assistance</li> <li>• <b>Unlimited</b> Critical Incident                Stress Debriefings (CISDs)</li> <li>• Faculty Assistance Program</li> <li>• First Responders Program</li> <li>• Corrections Officers Program</li> <li>• Case Management &amp; 100%                Follow-up</li> <li>• Referrals to the health plan or                low cost and free community                resources</li> <li>• Unlimited employee                orientations, seminars, and                supervisory training</li> <li>• Comprehensive Substance                Abuse Professional (SAP)                Services in compliance with                Department of Transportation                (DOT) requirements and                agency requirements</li> </ul>

- |  |  |   |
|--|--|---|
|  |  | <ul style="list-style-type: none"><li>• Access to the Deer Oaks website at <a href="http://www.deeroaks.com">www.deeroaks.com</a> enabling employees and their dependents to access information regarding the EAP benefit 24/7</li><li>• Full compliance with the Federal Health Insurance Portability and Accountability Act (HIPAA)</li></ul> |
|--|--|---|



**ST. ALEXIUS EMPLOYEE ASSISTANCE PROGRAM MATRIX - 2011-2013**

<i>EAP Features</i>	<i>Minimum</i>	<i>Provider</i>
<i>EAP Established</i>	<i>1 year</i>	The St. Alexius Employee Assistance Program was established in 1982.
<i>Number of Annual Sessions Per Individual</i>	<i>6</i>	The St. Alexius Employee Assistance Program will continue to exceed the minimum number of annual sessions. We will provide up to eight sessions per individual, per year. When either couple or family sessions are provided, participation in these sessions will be counted towards the individual eligibility of each participant.
<i>Number of Annual Sessions Per Incident</i>	<i>6 (Full Individual Minimum)</i>	Should the same plan member return to the Employee Assistance Program based on another incident, a second counseling intervention would be provided to the plan member based on this new incident. For each incident, assuming the incidents are different and unrelated from previous incidents, based on professional assessment, the plan member could be eligible to receive eight additional sessions.
<i>Coverage</i>	<i>Family in Home &amp; Out-of-Home Dependents (STATUTE)</i>	Spouse or child living at home and under 18 and/or attending school and under age 26. Retirees during 3 months post retirement. Employees impacted by Reduction in Force (RIF) during 3 months post RIF separation from agency.
<i>Staffing</i>	<i>Licensed Social Workers</i>	LSW + 20 years experience, Licensed Certified Clinical Social Worker (LCSW), Licensed Professional Clinical Counselor (LPCC), Licensed Addiction Counselor (LAC). All licensure standards of ND or other appropriate standard of licensing state required.
<i>Appointment Timing</i>	<i>Within 72 hours</i>	Within 24-48 hours.
<i>Emergency Appointments</i>	<i>Within 24 hours</i>	Within 16 hours.
<i>Weekend/Holiday Appointments</i>	<i>Emergency</i>	Emergency.
<i>1-800 number</i>	<i>Minimum one line</i>	The Employee Assistance Program 1-800 line is brought into St. Alexius Medical Center over a dedicated "T-1" line. This line is broken down into 24 incoming channels which conceivably could be accessed simultaneously by callers calling in to the Employee Assistance Program.
<i>Phone Counseling</i>	<i>Minimum one staffed line</i>	24 hours a day and seven days a week, phone counseling is available.
<i>24 hour Crisis 'Hot' Line Staffing</i>	<i>Minimum one staffed line by LSW</i>	One by LSW. Licensed Social Workers are listed as the minimum requirement. The North Dakota license requirements are that the LSW be educated at the bachelor's level. This minimum requirement is exceeded as those clinicians associated with the St. Alexius Employee Assistance Program have a minimum of an LSW plus 20 years of experience or are credentialed at the LCSW or LPCC level requiring advanced education at the master's level plus 5 years of experience.
<i>On-site Employee Orientation</i>	<i>1 per year (Smaller groups may be combined)</i>	1 per quarter if requested. Will continue to fill all agency requests.

<i>On-site Seminars</i>	<i>None, except as noted in IV, A, 1, c &amp; d</i>	All requests will be encouraged and considered.
<i>EAP Features</i>	<i>Minimum</i>	<i>Provider</i>
<i>Off-site Seminars</i>	<i>None, except as noted in IV, A, 1, c &amp; d</i>	3 per year / in 8 regions / at 9 statewide locations plus nine additional locations provided through a two-way, televised communication system as part of our "Enhancing Excellence in the North Dakota Workplace" series.
<i>Management Training</i>	<i>Minimum Requirements: Stress, Conflict, Crisis, Change Management</i>	The St. Alexius Employee Assistance Program provides an Enhancing Excellence in the North Dakota Workplace series of supervisory training and all staff educational presentations. The series has been extremely well received and we will continue to provide the program on a statewide basis, three times per year at nine locations in North Dakota plus nine additional locations provided through a two-way, televised communication system. The series will be offered as a courtesy of the St. Alexius Employee Assistance Program at no cost to the agency or to the personnel who attend. The offerings are designed to strengthen leadership skills, and to enhance motivation and productivity among all staff levels through the creation of a more positive work environment.
<i>Management Consulting</i>	<i>Available to all supervisory/management staff</i>	The St. Alexius Employee Assistance Program provides extensive management consultation to all agencies covered by the program. The Employee Assistance Program staff is experienced in dealing with challenging work site problems and includes these services as an integrated component available to all administrators, managers and supervisors. Workplace officials are provided access to trained and experienced professionals who provide training and guidance designed to enhance management excellence.
<i>Additional/Specialty Services Available</i>	<i>@ Additional Cost</i>	@ additional cost with authorization from agency designee.
<i>Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)</i>	<i>Quarterly Biannually As needed</i>	<u>All minimums exceeded</u> Throughout the year, Professional and Supervisory Updates, Informational brochures, posters and wallet cards are distributed. Additional informational materials are available as requested.
<i>Agency Reporting - Utilization</i>	<i>Quarterly with Annual to Date</i>	<u>All minimums exceeded</u> . Customized utilization reports will continue to be made available to the agencies as requested.
<i>Price</i>	<i>\$1.54 Maximum</i>	\$1.54

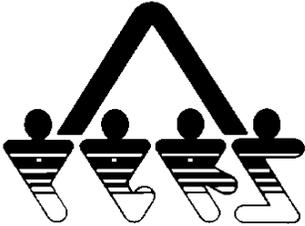
### *OTHER UNIQUE FEATURES*

Innovative services and educational presentations are developed based on specific employee population needs. Services in this regard include but are not limited to:

1. All clinical services are provided in a professional and confidential manner with emphasis on improving relationships, finding solutions, and developing personal effectiveness and self-esteem. Overall, we believe those who have used the program have come to trust its confidentiality and the quality of its services.
2. Appointments are made at a time which is convenient for employees and their families. Any agency official, employee or family member may contact an Employee Assistance counselor by calling 530-7195 in Bismarck or on our toll-free line, 1-800-327-7195. Crisis or emergency circumstances are addressed 24 hours per day, seven days per week through the Employee Assistance Program on-call system.
3. We have responded to all State agency requests for employee education and training presentations in connection with the health and wellness initiative implemented by NDPERS during the 2009-2011 biennium. These presentations have been offered on-site and at no charge to State agencies and we will continue to offer such services during the 2011-2013 biennium.
4. Access to an Employee Assistance Program website that features direct and easy access. The website provides quality articles and brochures on supervisory and management processes, themes for effective living and current trends in the workplace. The website, [st.alexiusseap.com](http://st.alexiusseap.com), provides opportunities for contact with members of the EAP staff for consultation and review of personal, professional, family and social concerns. The website also provides information on current and future educational and training opportunities offered by EAP staff.
5. Access to the St. Alexius Telecare Network which links employees and families with clinical staff of the Employee Assistance Program using two-way "live" television. Employee Assistance Program staff can conduct private, face-to-face management consultations, counseling services, educational and training presentations using the interactive video network.
6. Substance abuse identification, intervention and referral with availability of full-time licensed addiction counselors.
7. The St. Alexius Employee Assistance Program provides the services of Certified Substance Abuse Professionals for all state agencies subject to compliance with federal regulations for alcohol and other drug testing protocol. The services are provided at no charge to the agency, or to the individual employees subject to the regulations.
8. The St. Alexius Employee Assistance Program provides free consultation and services for all state agencies in the development of policy and procedure related to federal alcohol/drug testing regulations, and in the development of unannounced alcohol/drug testing schedules. The program provides free test schedule tracking services at no charge to assist the agency in assuring compliance with the federal regulations.
9. Conflict resolution sessions to ease tensions among co-workers, supervisors and management.
10. Crisis intervention and trauma in the workplace debriefing sessions in response to events, such as, death, suicide or severe workplace injury.
11. Interactive team building processes to enhance cooperative effort and improve morale in the workplace.
12. Guidance related to integration with other policies and procedures, such as, drug testing processes and compliance with ADA regulations, sexual harassment investigation, etc.
13. Leadership training.
14. Management and supervisory training.
15. Management and supervisory intervention techniques.
16. Administrative consultation.
17. Full compliance with the Federal Health Insurance Portability and Accountability Act (HIPAA), thereby providing enhanced privacy protections for employees and families who use the program.

## The Village Business Institute Employee Assistance Program Matrix 2011

EAP FEATURES	MINIMUM	PROVIDER
EAP Established	1 Year	1972
Number of Annual Sessions Per Individual	6	Minimum of 8 Aggregate household total 4x # of household members
Number of Annual Sessions Per Incident		See Above
Coverage	Family in Home & Out of House Dependents (STATUTE)	Family in Home & Out of House Dependents
Staffing	Licensed Social Workers	Licensed with a Masters or Ph.D. level mental health professionals
Appointment Timing	Within 72 hours	Within 72 hours
Emergency Appointments	Within 24 hours	Within 24 hours
Weekend/Holiday Appointments	Emergency	Emergency
1-800 Numbers	Minimum one line	32 lines
Phone Counseling	Minimum one staffed line	7 staffed for emergencies-mental health 32 staffed for Financial counseling Law Phone also staffed
24/hr Crisis "hot" line Staffing	Minimum one staffed line by LSW	7 staffed lines by Masters level mental health professionals
On-site Employee Orientation	1 per year (smaller groups maybe combined)	1 minimum, also as necessary throughout the year
On-Site Seminars	None	2 hours of training per agency; 2 additional hours per 500 employees per agency
Off-Site Seminars	None	Quarterly Contract Holder Seminars for Supervisor/Managers
Management Training	Minimum Requirements: Stress, Conflict, Crisis	Stress, Conflict, Crisis, and See enclosed folder for additional available trainings
Management Consulting	Available to all supervisors/management staff	Supervisor HelpLine available to all Supervisor/Management Staff
Additional/Specialty Services Available	@ additional cost	CISM, Mediation, Human Resources Services bid per project, Job Coaching, Employee Surveys, Training & Development
Employee Newsletters Supervisory Newsletters Internal Marketing Materials (i.e. payroll stuffers, posters, etc.)	Quarterly Biannually As needed	Monthly Quarterly -Minimum annual As needed
Agency Reporting - Utilization Reports - Survey of Agencies - Survey of Clients	Quarterly with Annual to Date	Quarterly with Annual to Date - 100 % ongoing currently - see enclosed 2006 NDPERS utilization report
Price	\$1.54 maximum	\$1.54 per employee per month
Other Unique Features		1 step access, State wide service network, Accredited by Council on Accreditation



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
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# Memorandum

**TO: NDPERS Board**

**FROM: Kathy**

**DATE: May 9, 2011**

**SUBJECT: Disability Consultant Contract**

The contract with Mid Dakota Clinic for disability consulting services expires June 30, 2011. The Board must determine whether to renew the current contract or go out for bid. Mid Dakota Clinic has indicated they wish to continue to perform these services for NDPERS at the rate of \$200 an hour for the July 1, 2011 through June 30, 2012 contract period. This represents no increase in the hourly rate from the current contract period. This is the fourth contract period wherein no increase was proposed. A copy of the clinic's proposal is included for your information.

The amount paid in consulting fees for this contract period beginning on July 2010 through May 2011 is \$3,600 involving 18 hours and 28 cases reviewed. The physician assigned as our consultant, Dr. Allen Wyman, retired last year and Dr. Bruce Hetland has been assigned as our new consultant. This change has not affected the level of service we receive. Staff recommends that we renew the disability consulting contract for the period July 1, 2011 through June 30, 2012 at the rate of \$200 an hour.

## **Board Action Requested**

Approve staff's recommendation.



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

**Sparb Collins**  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2011  
**SUBJECT:** Highway Patrol Plan Experience Review

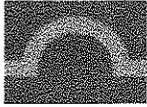
Attached is summary of the Highway Patrol Plan Experience Review with the suggested changes recommended by Segal. Representatives of Segal will be at the next meeting to review this with you and answer any questions you may have.

## Staff Recommendation

Adopt the proposed changes as recommended by Segal

## Board Action Requested

To approve, modify or disapprove the recommendations of Segal



**Mid Dakota Clinic**  
**WorkLife Occupational Medicine**  
**PrimeCare**

RECEIVED  
APR 19 2011  
ND PERS

April 18, 2011

Kathy M. Allen  
NDPERS  
400 East Broadway, Suite 505  
Bismarck, ND 58502-1657

RE: North Dakota Public Employees Retirement System (NDPERS)  
Disability Contract Renewal

Dear Kathy,

Per your request, Mid Dakota Clinic respectfully submits the following proposal for the disability determination services contract for the period of July 1, 2011 through June 30, 2012.

1. Mid Dakota expresses a desire to continue to perform these services for NDPERS, and
2. The proposed rate is to remain the same at \$200 per hour for the upcoming contract period.

Thank you for your assistance.

Respectfully,

Greg Cagle, MPT  
WorkLife Manager



THE SEGAL COMPANY  
5670 Greenwood Plaza Boulevard Suite 425 Greenwood Village, CO 80111-2499  
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April 27, 2011

Board Members  
North Dakota Public Employees Retirement System  
Bismarck, North Dakota

**Re: Review of Actuarial Assumptions and Methods for the  
Highway Patrolmen's Retirement System July 1, 2011 Actuarial Valuations**

Dear Members of the Board:

We are pleased to submit this letter summarizing our review of the actuarial experience of the North Dakota Highway Patrolmen's Retirement System (HPRS). The study includes the proposed actuarial assumptions and methods to be used in future actuarial valuations starting with the July 1, 2011 actuarial valuation.

**Background**

In 2010, we submitted a review of the actuarial experience of the HPRS, the North Dakota Public Employees Retirement System (PERS), and North Dakota PERS Retiree Health Insurance Credit Fund (RHICF). Based on that report, the Board adopted new assumptions for PERS and RHICF for the July 1, 2010 valuation; however, the assumptions for the HPRS were not changed at that time. The purpose of this letter is to propose assumptions for the July 1, 2011 HPRS actuarial valuation along with an estimate of the effect that those new assumptions will have on the actuarially determined cost of the HPRS.

**Data**

This study utilizes the census data of the five actuarial valuations from July 1, 2005 to July 1, 2009. We also compared our proposed assumptions with the census data from the July 1, 2010 valuation and found them to be consistent. For a complete summary of the experience upon which these proposed assumptions are based, please refer to our February 16, 2010 Review of Actuarial Assumptions and Methods for the July 1, 2010 Actuarial Valuations.



### Proposed Assumptions

The current assumptions used in the July 1, 2010 valuation are shown in Appendix A, while Appendix B shows our proposed assumptions for the July 1, 2011 valuation. These assumptions are the same as those proposed for HPRS in our 2010 Experience Study with three exceptions. Our proposed assumptions for those three exceptions are as follows:

Healthy mortality: The RP-2000 Combined Healthy Mortality Table set back one year.

Annual administrative expenses: \$18,000

Active retirement in first year of eligibility for unreduced retirement: 75%

### Cost Impact of Assumption Changes

The tables below show the changes in the employer actuarial contribution requirements as a percent of payroll due to the recommended assumption changes as if they were applied in the July 1, 2010 actuarial valuation. If all of the proposed assumption changes were implemented, the HPRS employer rate would have increased by 4.12% of payroll. The UAAL for HPRS would have increased by \$2.2 million.

<b>Highway Patrol Retirement System</b>			
	<b>Current Assumptions</b>	<b>Proposed Assumptions</b>	<b>Change</b>
Normal Cost	11.30%	13.43%	2.13%
UAAL	<u>11.24%</u>	<u>13.23%</u>	<u>1.99%</u>
Total	22.54%	26.66%	4.12%

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

---

Brad Ramirez, FSA, FCA, MAAA, EA  
Consulting Actuary

---

Mark Hamwee, FSA, MAAA, EA  
Vice President & Associate Actuary

CZI/hy

## APPENDIX A

### CURRENT ACTUARIAL ASSUMPTIONS

#### Mortality Rates:

**Healthy:** 1983 Group Annuity Mortality Table, set back one year for males (not set back for females).

**Disabled:** Pension Benefit Guaranty Corporation Disabled Life Mortality Table for Individuals Receiving Social Security Disability Benefits.

Sample healthy rates are as follows:

Age	Rate (%)	
	Male	Female
25	0.04	0.03
30	0.06	0.03
35	0.08	0.05
40	0.11	0.07
45	0.19	0.10
50	0.35	0.16
55	0.57	0.25
60	0.84	0.42
65	1.39	0.71

#### Annual Withdrawal Rates:

First five years of service: 5% per year.

After five years of service:

Under age 35: 2% at each age.

Age 35 and older: 1% at each age.

Withdrawal rates end upon eligibility for early retirement (age 50 and 10 years of service).

**Disability Incidence Rates:**

Age based rates. Sample rates:

<u>Age</u>	<u>Rate</u>
25	0.05%
30	0.12
35	0.20
40	0.30
45	0.37
50	0.38
55	0.55

**Refund of Employee Contributions:**

The employee is assumed to receive the greater of the employees' contribution balance or a deferred retirement benefit.

**Retirement Rates for Active Members:**

<u>Age</u>	<u>Eligible for Rule of 80</u>	<u>Not Eligible for Rule of 80</u>
50 – 54	100%	50%*
55+	100	100

\* Those retiring with a reduced benefit are assumed to delay commencement until they satisfy the Rule of 80 if that is more valuable.

**Retirement Age for Inactive Vested Members: Age 55**

**Net Investment Return:** 8.00% per annum, net of investment expenses.

**Annual Administrative Expenses:** \$16,000

**Salary Scale:**

Less than five years of service: 7.00% per annum.

Five or more years of service (sample rates are as follows):

<u>Age</u>	<u>Percentage Increase</u>	<u>Age</u>	<u>Percentage Increase</u>
25	5.90%	45	4.90%
30	5.60	50	4.80
35	5.30	55	4.70
40	5.10	60	4.70

**Payroll Growth:** 4.50% per annum.

**Percent Married and Age of Spouse:**

At retirement or death, 90% of non-retired members are assumed to have spouses. Males are assumed to be three years older than their female spouses.

**Indexing for Benefits of Inactive Vested Members:** 5.00% per annum.

**Transfers to Main System:**

Annual withdrawal, disability incidence and retirement rate assumptions for members who have transferred to the Main System follow those specified in the Main System, and are applied to the benefits held in the HPRS.

**Split Service:**

Liabilities are held in both plans based on service in each plan and are based on the actuarial assumptions of the plan in which they are currently active.

**Actuarial Cost Method:**

Entry Age Normal Actuarial Cost Method. The unfunded actuarial accrued liability is amortized in installments increasing by the payroll growth assumption each year over an open 20-year period.

**Actuarial Value of Assets:**

Adjusted market value that immediately recognizes interest and dividends. The procedure recognizes 20% of each year's total appreciation (depreciation) beginning with the year of occurrence. After five years, the appreciation (depreciation) is fully recognized. A characteristic of this asset valuation method is that, over time, it is more likely to produce an actuarial value of assets that is less than the market value of assets.

## APPENDIX B

### PROPOSED ACTUARIAL ASSUMPTIONS

#### Mortality Rates:

**Healthy:** The RP-2000 Combined Healthy Mortality Table set back one year.

**Disabled:** The RP-2000 Disabled Retiree Mortality Table set back one year for males (not set back for females).

Sample healthy rates are as follows:

Age	Rate (%)	
	Male	Female
25	0.04	0.02
30	0.04	0.02
35	0.07	0.04
40	0.10	0.06
45	0.14	0.10
50	0.20	0.16
55	0.32	0.24
60	0.59	0.44
65	1.13	0.86

#### Annual Withdrawal Rates:

First year of service: 10% per year.

Second through fifth years of service: 5% per year.

After five years of service:

Under age 35: 2.5% at each age.

Age 35 and older: 1% at each age.

Withdrawal rates end upon eligibility for early retirement (age 50 and 10 years of service).

**Disability Incidence Rates:**

Age based rates. Sample rates:

<u>Age</u>	<u>Rate</u>
25	0.05%
30	0.12
35	0.20
40	0.30
45	0.37
50	0.38
55	0.55

**Refund of Employee Contributions:**

Inactive vested members are assumed to elect a refund of employee contributions in lieu of a deferred pension benefit when it is more valuable than the deferred annuity.

**Retirement Rates for Active Members:**

<u>Age</u>	<u>Early Retirement</u>	<u>First Year Eligible for Unreduced Retirement*</u>	<u>After First Year Eligible for Unreduced Retirement*</u>
50 and Over	0%	75%	100%

\* Age 55 and 10 years of service or Rule of 80

**Retirement Age for Inactive Vested Members: Age 55**

**Net Investment Return:** 8.00% per annum net of investment expenses.

**Annual Administrative Expenses:** \$18,000

**Salary Scale:**

Less than five years of service:

<u>Service</u>	<u>Percentage Increase</u>
0	8.25%
1	7.25
2	6.75
3	6.50
4	6.25

**Salary Scale (Continued):**

Five or more years of service (sample rates are as follows):

<u>Age</u>	<u>Percentage Increase</u>	<u>Age</u>	<u>Percentage Increase</u>
25	6.25%	45	5.11%
30	5.93	50	5.02
35	5.50	55	4.93
40	5.23	60	4.86

**Payroll Growth:** 4.50% per annum.

**Percent Married and Age of Spouse:**

At retirement or death, 90% of members are assumed to have spouses. Males are assumed to be three years older than their female spouses.

**Indexing for Benefits of Inactive Vested Members:** 4.50% per annum

**Transfers to Main System:**

Annual withdrawal, disability incidence and retirement rate assumptions for members who have transferred to the Main System follow those specified in the Main System, and are applied to the benefits held in the HPRS.

**Split Service:**

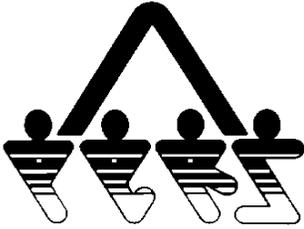
Liabilities are held in both plans based on service in each plan and are based on the actuarial assumptions of the plan in which they are currently active.

**Actuarial Cost Method:**

Entry Age Normal Actuarial Cost Method. The unfunded actuarial accrued liability is amortized in installments increasing by the payroll growth assumption each year over an open 20-year period.

**Actuarial Value of Assets:**

Adjusted market value that immediately recognizes interest and dividends. The procedure recognizes 20% of each year's total appreciation (depreciation) beginning with the year of occurrence. After five years, the appreciation (depreciation) is fully recognized. A characteristic of this asset valuation method is that, over time, it is more likely to produce an actuarial value of assets that is less than the market value of assets.



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# Memorandum

**TO:** PERS Board  
**FROM:** Deb & Sharon  
**DATE:** May 12, 2011  
**SUBJECT:** PERSLink Member Self Service Process

The final phase of the PERSLink project is deployment of the Member Self Service (MSS) functionality. As part of this functionality, new employees will be able to enroll online in the NDPERS benefit plans they are eligible for, eliminating the need for paper based enrollment forms. Members will also be able to make changes online to their current benefit enrollments and make new benefit elections during the annual enrollment process. Electronic enrollments will also be retained as permanent records. Rollout of MSS will begin in August 2011 and continue incrementally over a 12 month period.

Before implementing electronic enrollments, an issue to be addressed is verifying that NDPERS has indeed received information that was submitted by an NDPERS member and not by someone else. The concern is to ensure that our procedure was both prudent and secure for the members using it. Staff worked with both Aaron Webb and Jan Murtha of the Attorney General's Office on this issue as well as various individuals at ITD. Following is an excerpt from an email received from Jan detailing her findings on these issues.

**“Subject:** E-Signatures Level of Risk and Policy

I spoke with Becky Lingle in ITD-Records Management regarding the following:

- 1) Where would the NDPERS electronic signature application fall on the level of risk continuum contained within Appendix C of the Electronic Signature Guidelines?
- 2) Is a policy needed? If so, would ITD need to review the policy and was she aware of other agencies with such policies?

As you may recall during our prior discussion, the guidelines state that if the relationship is one between the agency and an individual with whom the agency has an established relationship and the transaction involves commitments involving legal or financial liability then the risk is categorized as moderate to high and requires a high security level of signature, possibly a digital signature. Further, transactions involving confidential information are categorized as a moderate risk and may require a secure electronic signature. As written, the guidelines did not contain a category for a relationship

between an agency and an individual, involving confidential information, that would have allowed for the use of a low security or common electronic signature.

My understanding of the purpose of the NDPERS electronic signature application was to allow individual state employees to fill out their benefit enrollment forms online. As you are aware various provisions of the Century Code categorize information relating to member benefits as confidential (for example, N.D.C.C. §§ 54-52-26, 54-52.1-11, 54-52.1-12 records relating to a member's retirement, medical condition/insurance are deemed confidential). Pursuant to the plain language of the guidelines, these conditions would place the NDPERS application in the moderate to high risk category and would require at minimum a secure electronic signature and at most a digital signature. The NDPERS application currently only requests a common electronic signature. There were, however, other safeguards in the NDPERS application that could arguably move the application back down the ITD continuum of risk (App. C).

Therefore, I asked Ms. Lingle if it would be acceptable for NDPERS to use a common electronic signature in its electronic signature application given that: the individual using the application is only granted access to the site because of their employment status (as opposed to being a member of the public); the individual is required to go through two security points before being given the opportunity provide an e-signature; and the transaction will not involve the transfer of funds nor the conferrence of a right to benefits to a non-employee 3<sup>rd</sup> party. Ms. Lingle indicated that given these conditions she was comfortable with NDPERS using a common electronic signature. Ms. Lingle also indicated to me that if NDPERS uses a common electronic signature a policy would not be required, as ITD was only requiring a policy if the agency utilized digital signature technology. She also stated that ITD did not need to review a policy before implementation, but they would appreciate being provided a copy of any policy after implementation and stated that while other agencies probably had policies relating to digital signatures they hadn't been providing them to ITD.

Based upon my conversation with Ms. Lingle, my review of the applicable state statutes and ITD Guidelines, and my review of the NDPERS application it does not appear that a more secure form of electronic signature nor a policy is required at this time. You will note this conclusion differs from that reached during our prior discussion given that ITD will apparently allow (or not object to) the NDPERS application deviating from the guidelines because of the aforementioned conditions. If however, NDPERS wishes to expand the application in the future and allow for online designation of beneficiaries or transactions involving fund transfers, a higher level of e-signature security and corresponding policy will most likely be required.

Please feel to contact me with any questions or if you would like to discuss this issue further. Thank you."

Based upon the findings of our attorney, PERSLink MSS is only avaithe member self service portal will require a member to go out to the PERSLink Portal and sign on, using a pre-established protocol originating from ITD, incorporating a personal password and logon ID that is unique to that individual NDPERS member. When the member is completing the forms, there will be a final statement that must be validated before the enrollment election can be processed further. It will read "***I, [ username ] understand that by clicking the submit/save/finish button, am signing the plan enrollment/change application and am therefore authorizing NDPERS to make the necessary changes/updates to my record. [date & time].***"

This is for your information. Please let me know if you have any questions or concerns . Thank you.

. We are preparing to begin the process of rolling out the member self service (MSS) portion of the system. The roll-out process is scheduled to being in August 2011 and will start with the employees of a single large state employer group. Once it is determined that the system is functioning as intended, tand each month thereafter will be expanded to other employers during the next 11 months..

In order to access the system, you need to have a PERSLink ID, so only someone who has been enrolled in benefit plans offered by NDPERS will have an assigned PERSLink ID.

2 security points – 1<sup>st</sup> is ND Login ID which establishes a userid and password  
PL credentials – PL ID, DOB and last 4 SSN. Once authenticated, ND Login ID is  
associated with the account and that is what gets them in.

Members will still be required to complete a paper beneficiary form and submit it to  
NDPERS where it will be scanned and retained as a permanent record.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 12, 2011  
**SUBJECT:** IFEBP Annual Conference

The annual International Foundation of Employee Benefit Plans conference is this November. In the past the Board has approved up to two Board positions to attend the conference. We do have one Board member that has expressed an interest in attending.

Pursuant to Board policy conference attendance needs to be approved by the Board. Therefore, I am requesting Board approval to authorize up to two Board members to attend the annual conference.