

# NDPERS BOARD MEETING

# Agenda

Location:  
Workforce Safety &  
Insurance Board Room  
1600 East Century Avenue  
Bismarck, ND

**Tuesday, August 17, 2021**

**Time: 8:30 AM**

## **I. MINUTES**

- A. July 13, 2021

## **II. PRESENTATIONS**

- A. Fiduciary Responsibility Presentation – Dean DePountis
- B. Sanford Health Plan Quarter 1 Executive Summary

## **III. RETIREMENT**

- A. Retiree Health Insurance Credit (RHIC) Request for Proposal – Bryan (Board Action)  
**\*EXECUTIVE SESSION**

## **IV. DEFERRED COMPENSATION**

- A. AXA Equitable Reporting – Scott (Board Action)

## **V. GROUP INSURANCE**

- A. Medicare Part D (EGWP) Request for Proposal – Scott/Bryan (Board Action)  
**\*EXECUTIVE SESSION**
- B. Active Health Report – Bryan (Information)

## **VI. MISCELLANEOUS**

- A. Administrative Rules – Scott (Board Action)
- B. Contracts Under \$10,000 – Scott (Information)
- C. Budget Status – Derrick (Information)
- D. Office Relocation Update – Derrick (Board Action)
- E. Code of Ethical Responsibility – Scott (Board Action)

\*Executive Session pursuant to N.D.C.C. §44-04-17.1(1) and §44-04-18.4(6)(b) to discuss exempt vendor responses.

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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400 East Broadway, Suite 505 • Box 1657  
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**Scott A. Miller**  
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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** August 17, 2021

**SUBJECT:** Fiduciary Responsibility Presentation

Dean DePountis will provide the Board with its annual education on fiduciary responsibility at this Board meeting.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** August 17, 2021

**SUBJECT:** SHP 2021 Quarter 1 Executive Summary

Sanford Health Plan (SHP) will be at the meeting to review the 2021 Quarter 1 Executive Summary and answer any questions you may have. The Summary is attached for your reference.

# NDPERS Executive Summary



Quarter 1 | 2021

Presented August 2021



**SANFORD**  
HEALTH PLAN

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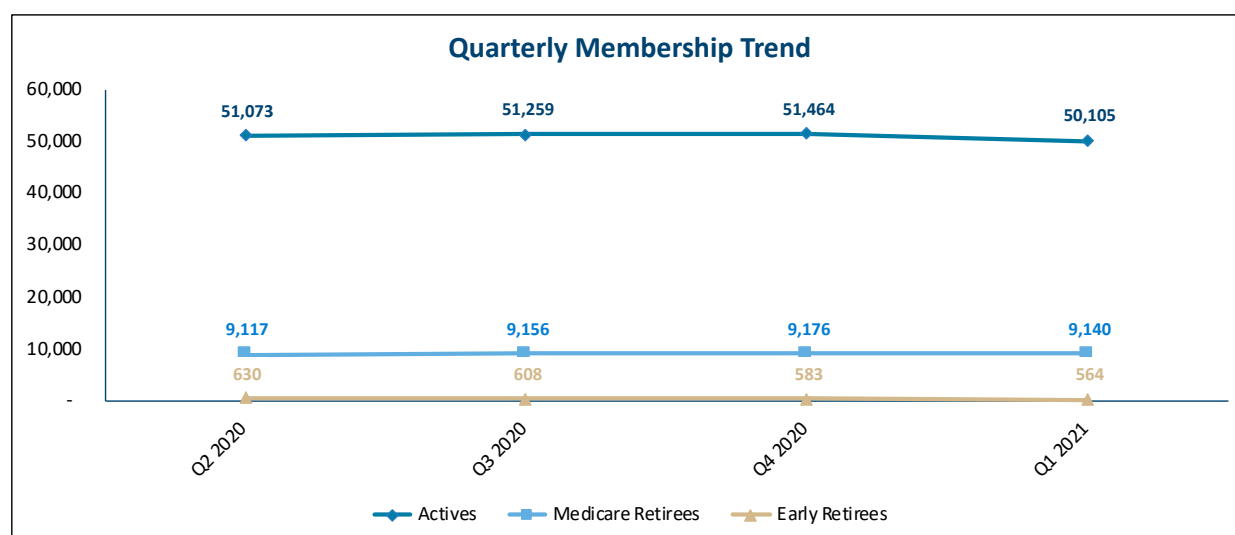
Performance Standards &amp; Guarantees 2019-2021

## ANNUAL MEMBERSHIP SUMMARY

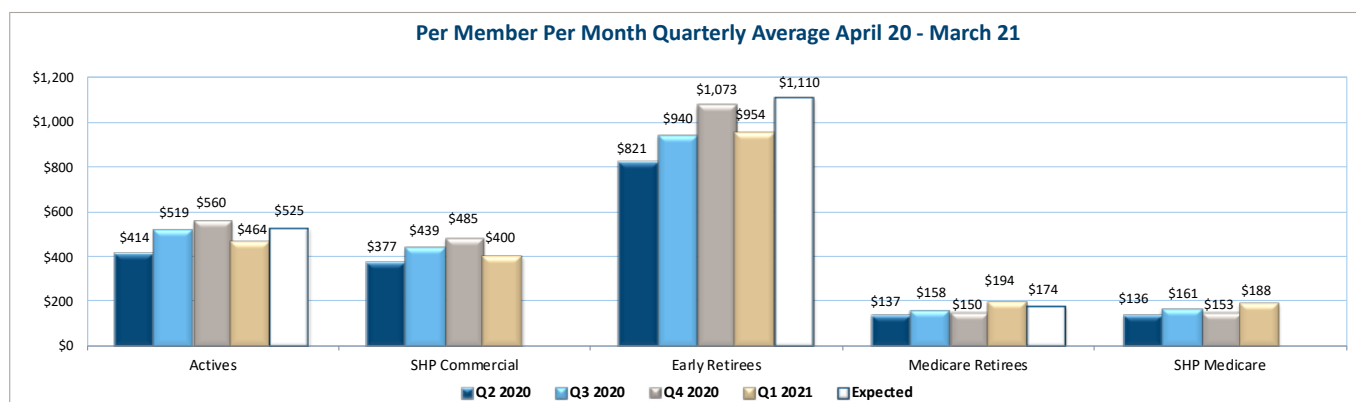
Summary

MEMBERSHIP COMPARISON						PERCENT CHANGE
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 2020 – Q1 2021
Actives	50,960	51,073	51,259	51,464	50,105	-1.7%
Medicare Retirees	9,125	9,117	9,156	9,176	9,140	0.2%
Early Retirees	643	630	608	583	564	-12.3%

## MEMBERSHIP TREND



## PMPM SUMMARY



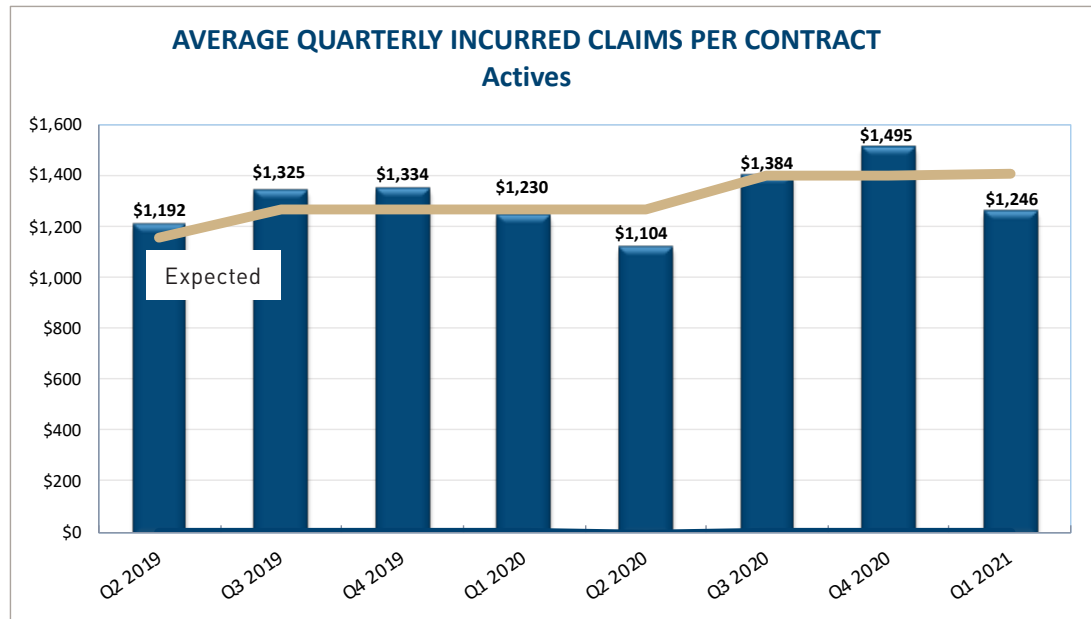
\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.

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

\*Expected is July 1, 2020 - June 30, 2021.

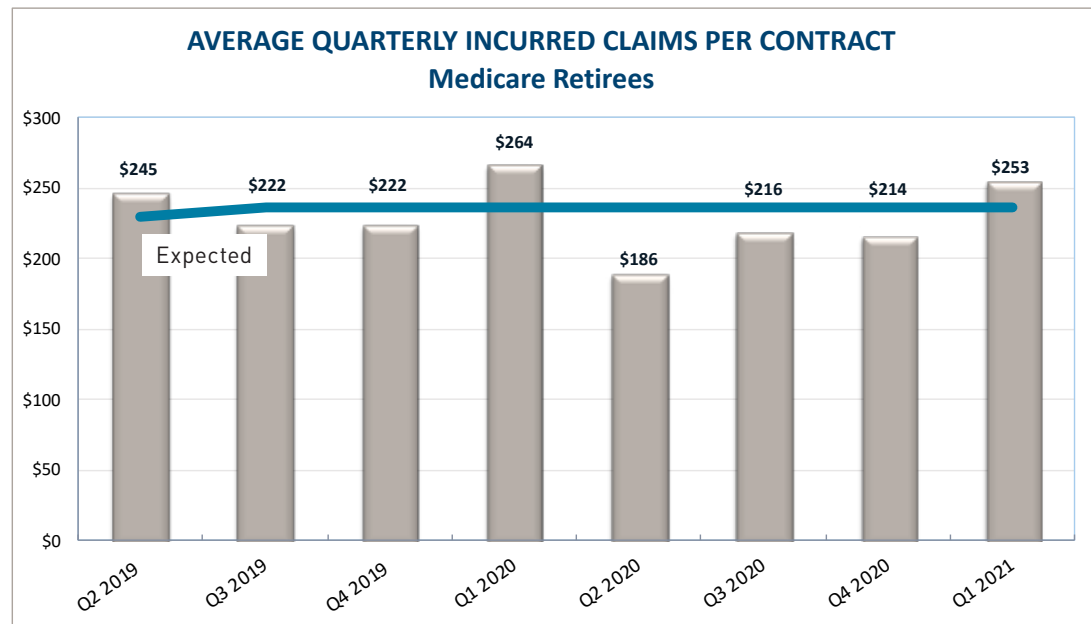
Claims  
Analysis

## PAID CLAIMS PER CONTRACT PER MONTH



\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.

\*NDPERS Active contracts have approximately 2.60 members per contract.

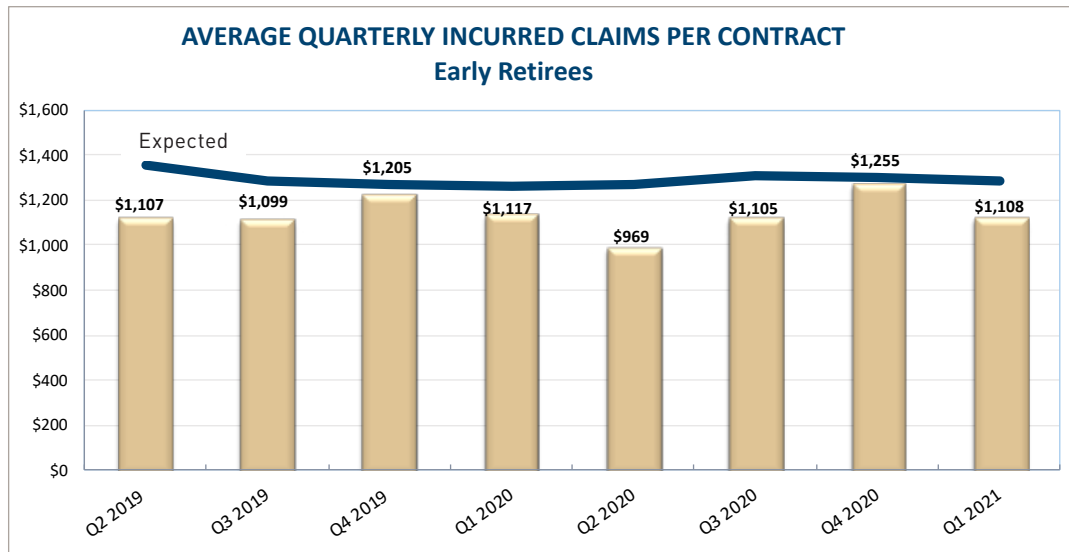


\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.

\*NDPERS Medicare Retirees contracts have approximately 1.36 members per contract.



## PAID CLAIMS PER CONTRACT PER MONTH

Claims  
Analysis

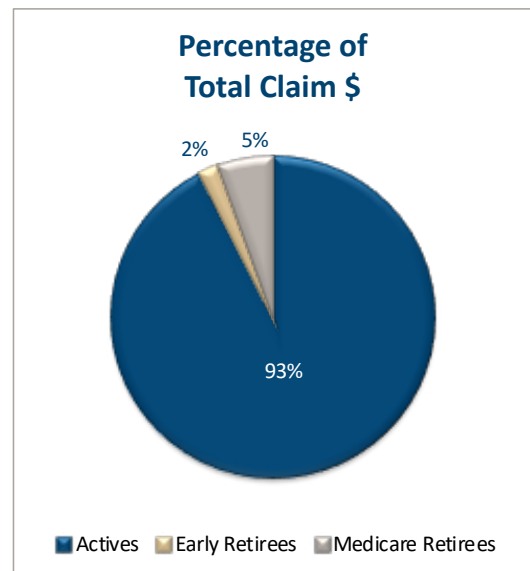
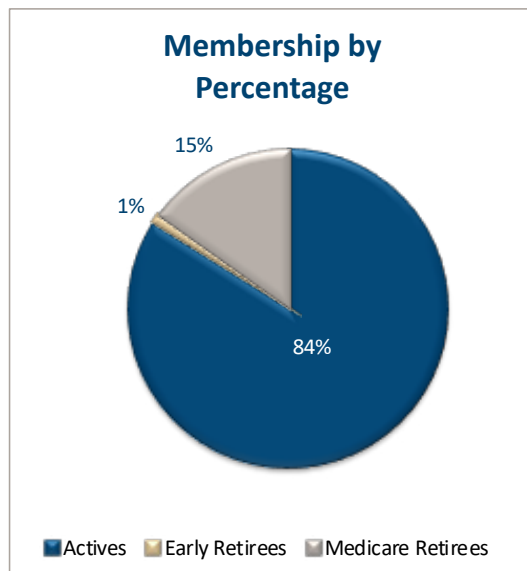
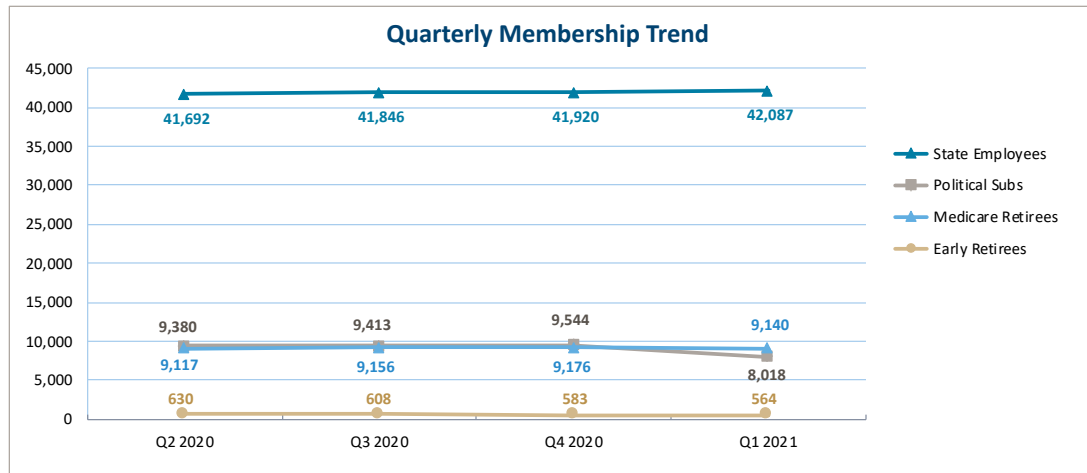
\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.

\*NDPERS Early Retirees contracts have approximately 1.13 members per contract.

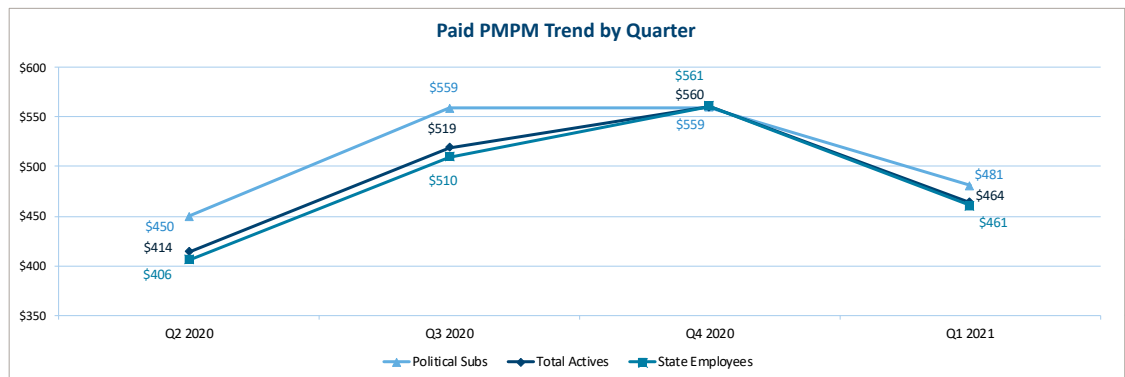


Membership  
& Utilization

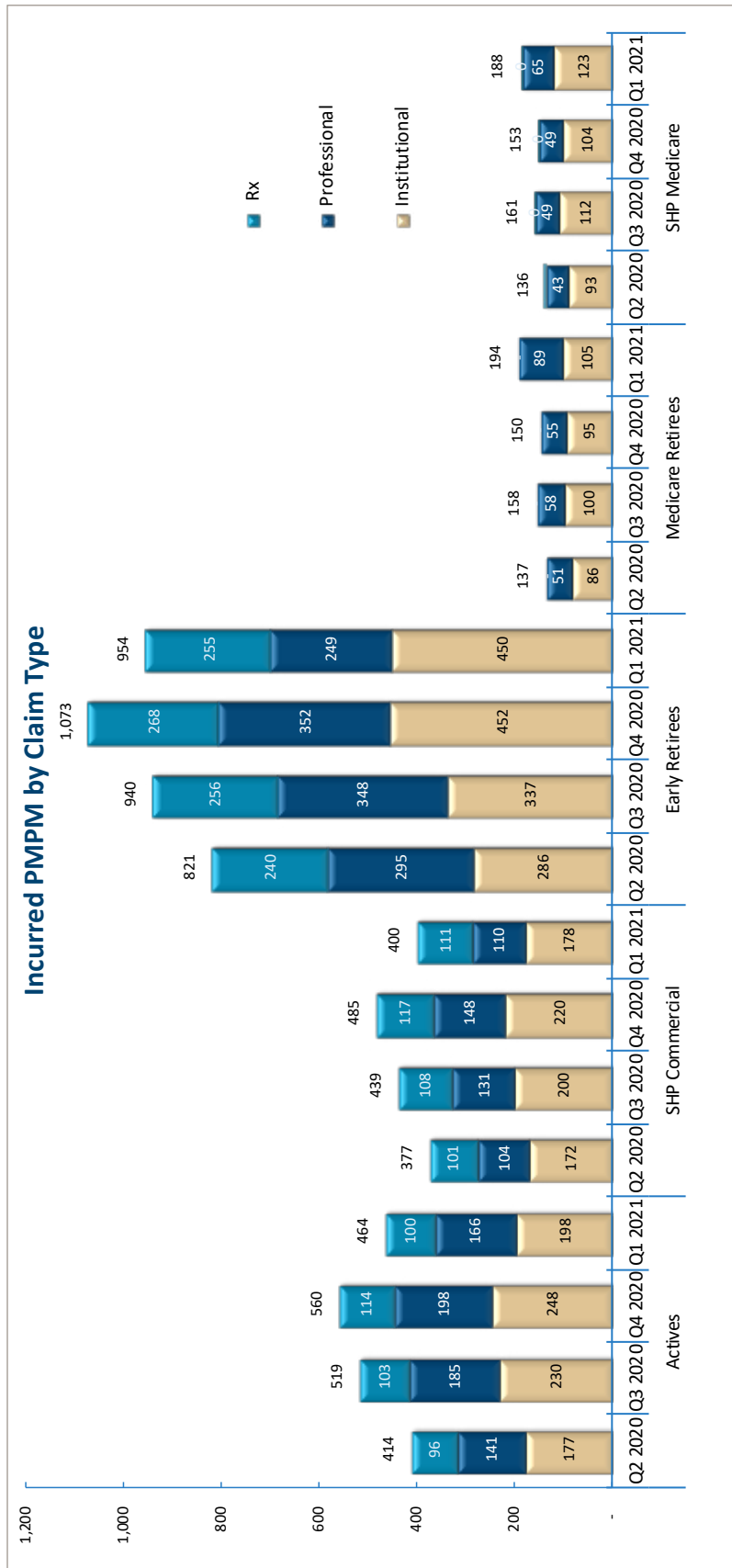
## MEMBERSHIP PERCENTAGE



## PAID PMPM TREND BY QUARTER

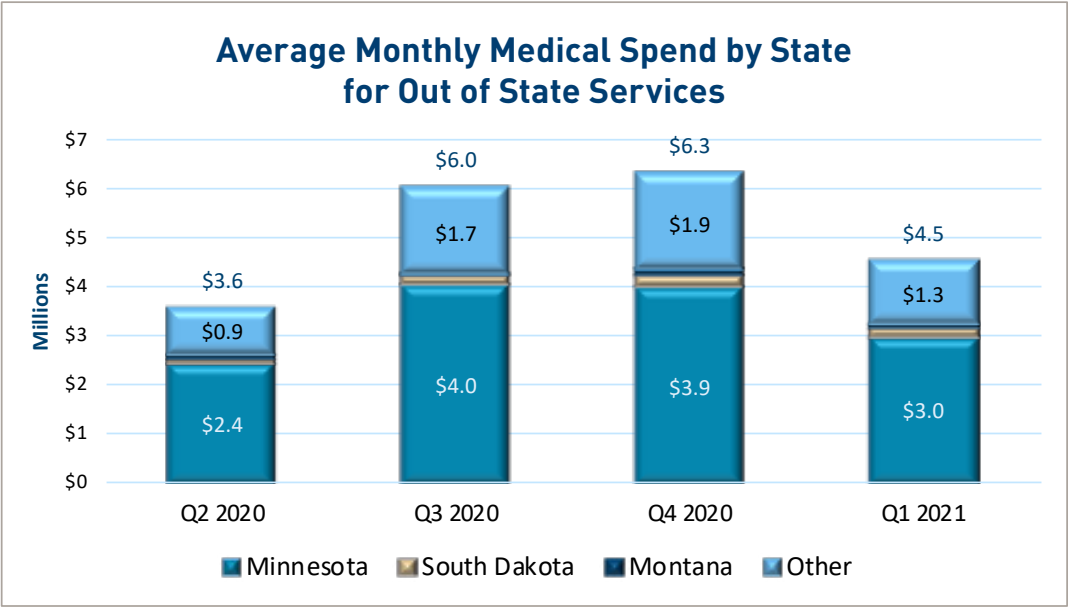
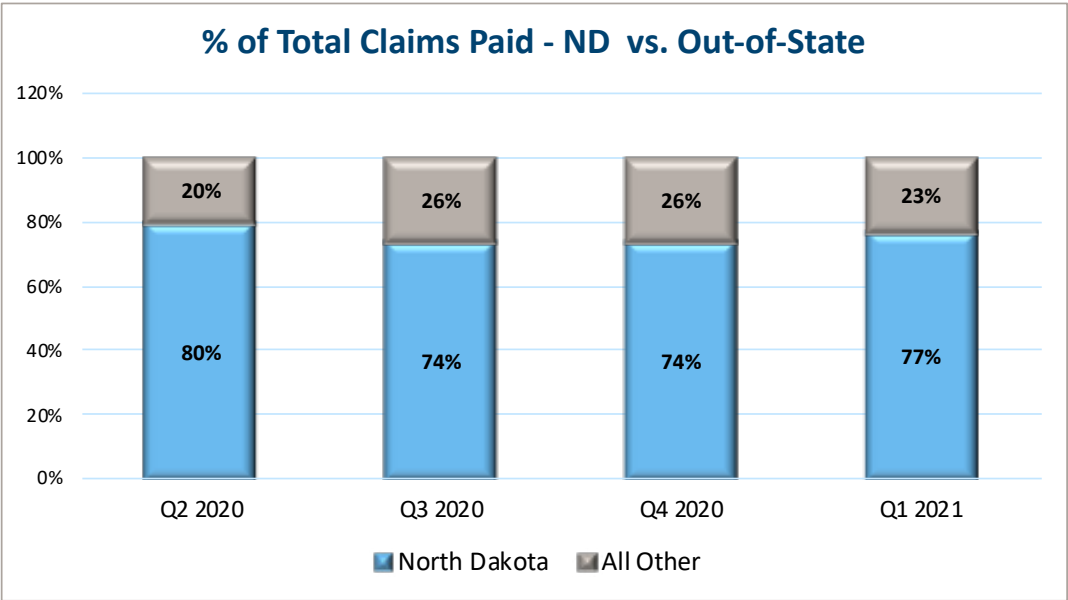


\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.



\*Incurred between April 1, 2020 and March 31, 2021. Includes IBNR for April 1, 2020 through March 31, 2021, as of June 30, 2021.

# PAID CLAIMS BY STATE



\*Paid Claims by State charts include both active and retiree membership.

\* Does Not include IBNR

## MEMBER RISK PROFILE &amp; UTILIZATION

Membership  
& Utilization

	NDPERS	SHP Commercial
Average Age	35	33
% Male (Current)	49	46
Average Care Gap Index	1.05	0.80
Inpatient Days Per 1000	211	236
Total Admissions Per 1000	52	62
ER Visits Per 1000	160	148
Total Office Visits Per 1000	3,326	3,290
Pharmacy Scripts Per 1000	8,159	8,464

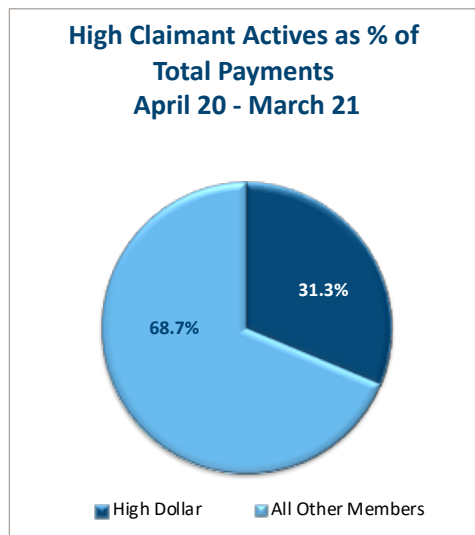
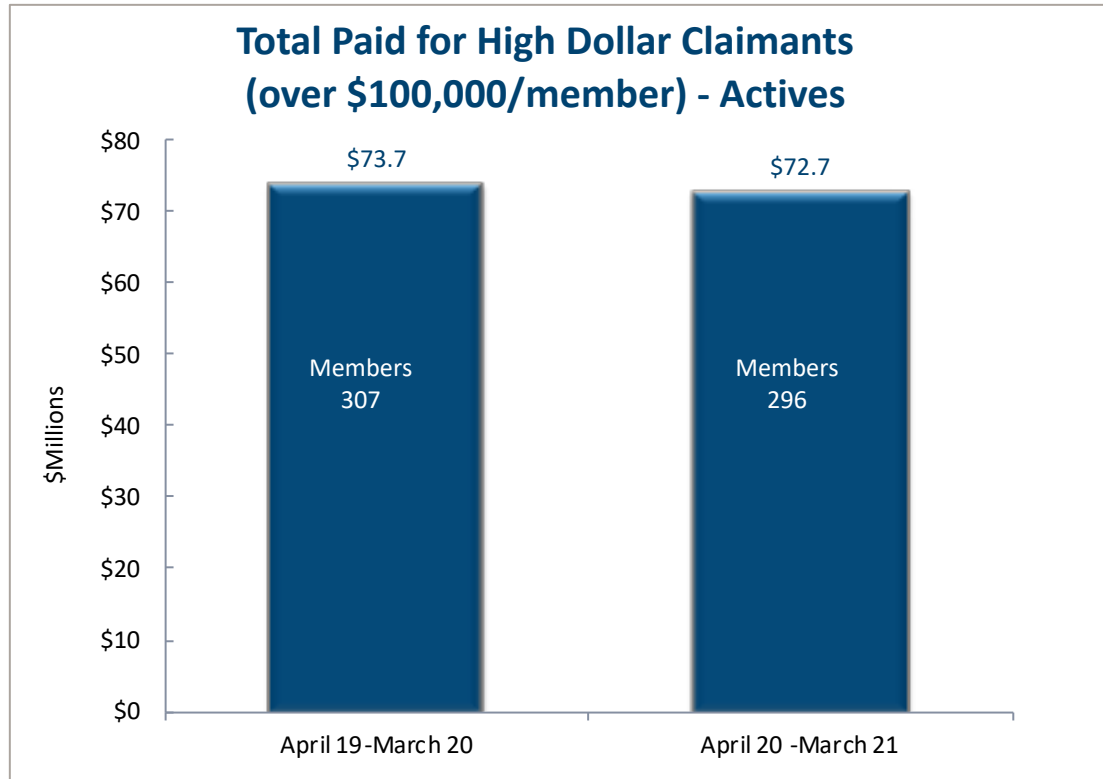
\*Incurred between April 1, 2020 and March 31, 2021.

\* All data was normalized using Cotiviti's methodologies and algorithms.

\* NDPERS includes Political subdivisions, Early (Pre-Medicare) Retirees and State employees.

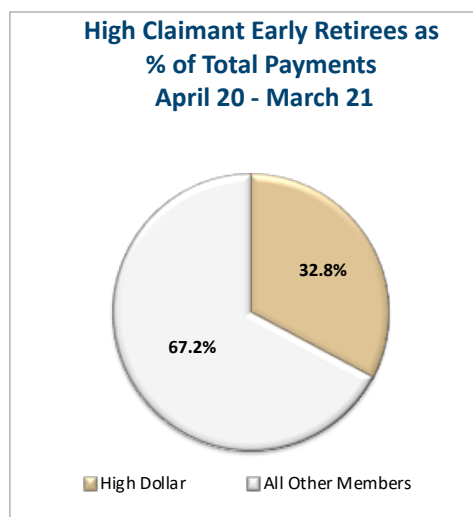
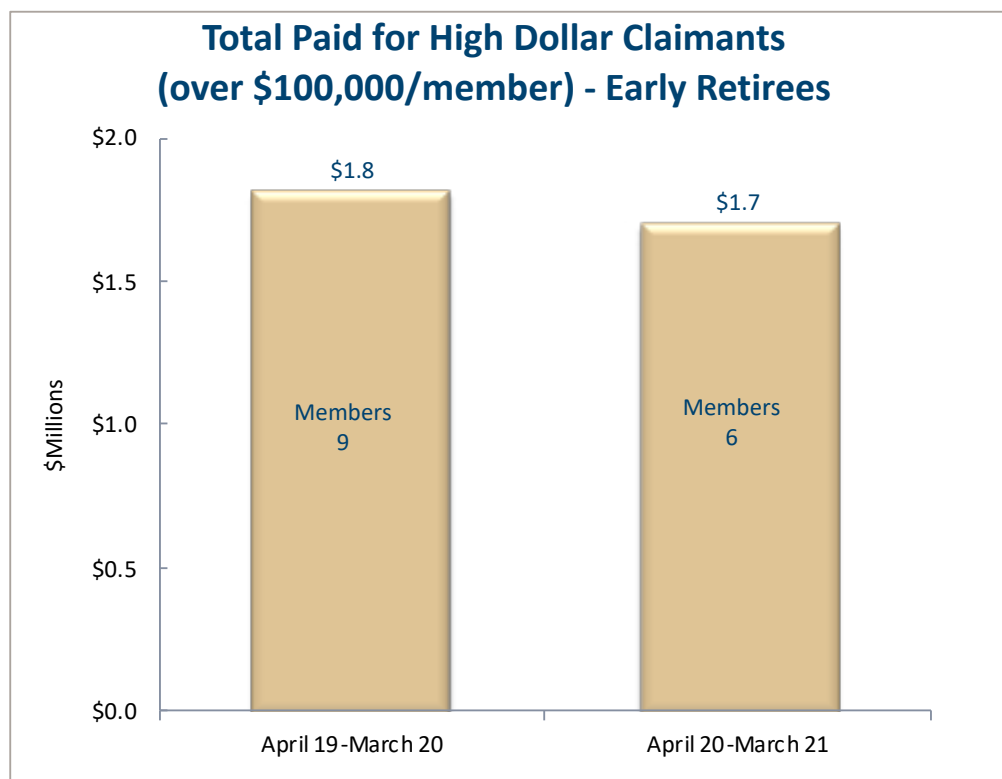
High Dollar  
Cases

## ACTIVES



Avg. Paid/Case	\$245,723
% of Total Payments	31.3%

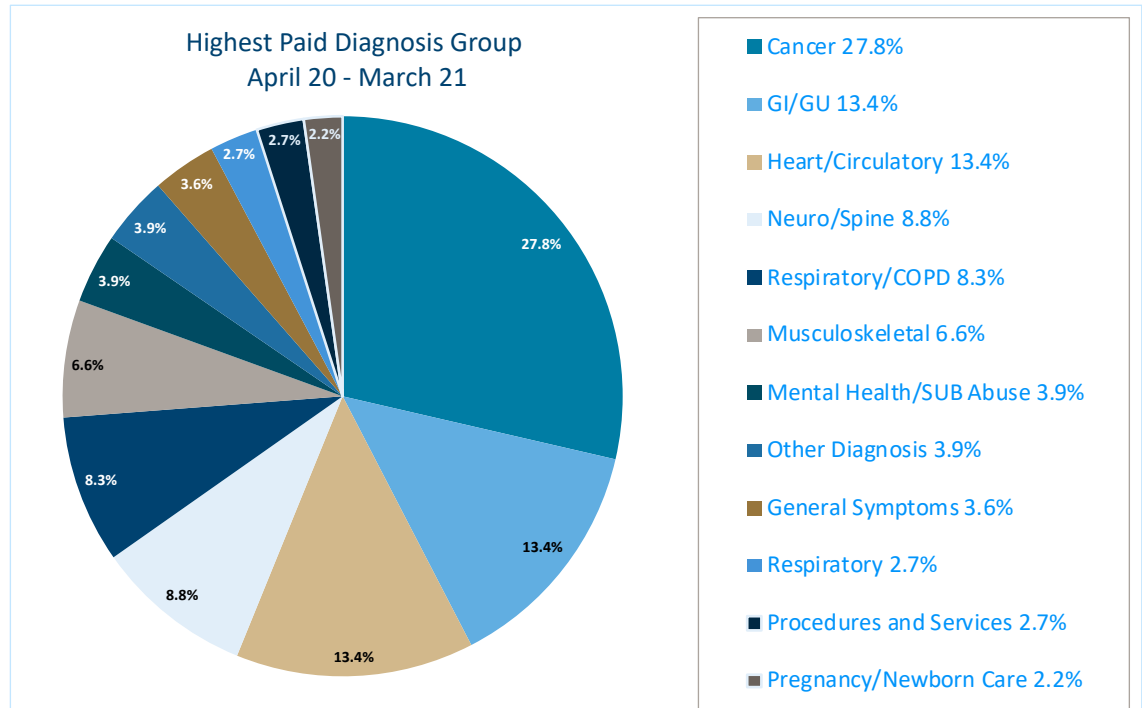
## EARLY RETIREES

High Dollar  
Cases

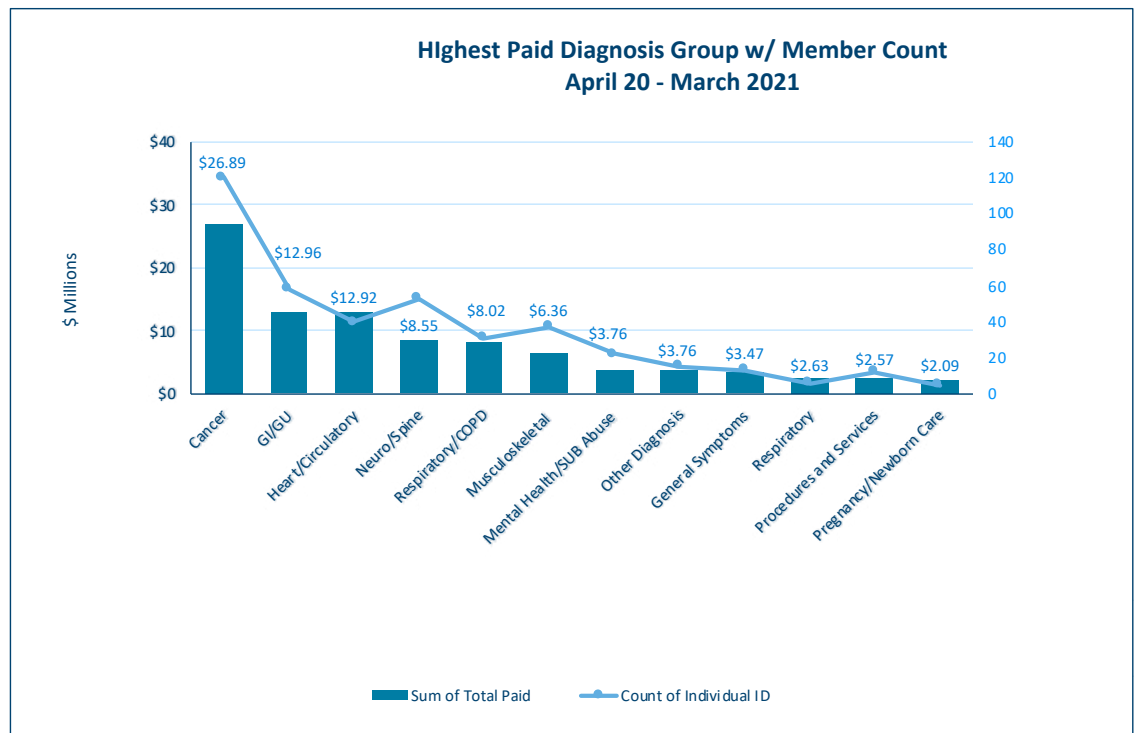
Avg. Paid/Case	\$281,604
% of Total Payments	32.8%

High Dollar  
Cases

## PRIMARY DIAGNOSIS



\*The remaining 2.7% represent 4 diagnosis groups accounting for less than 1% each.



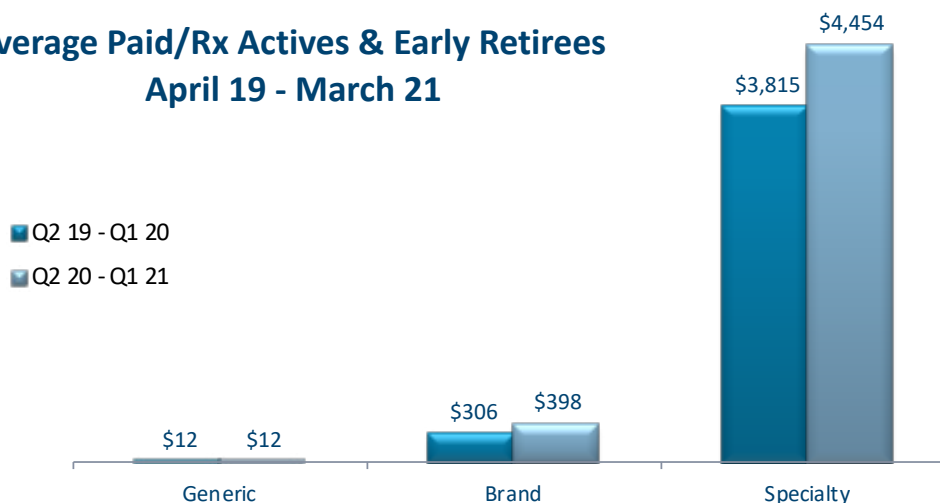
\*High dollar cases consist of claims with a total over \$100,000.



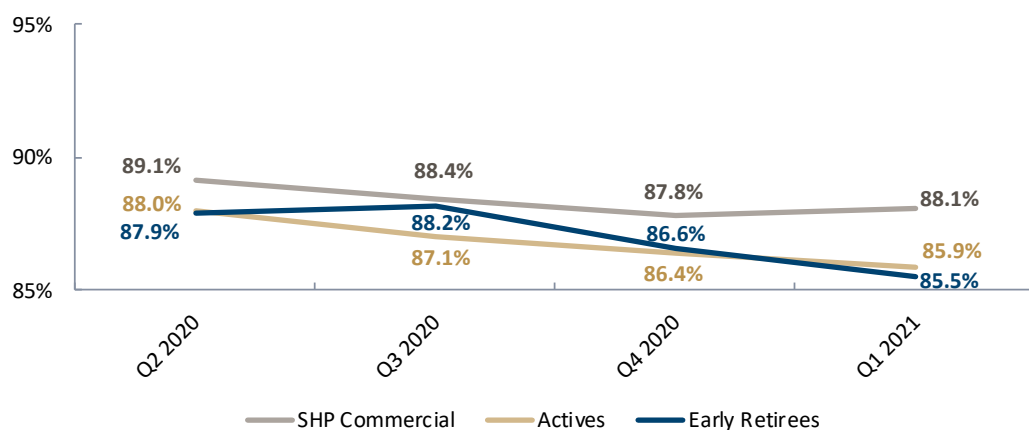
## GENERIC UTILIZATION

Prescription  
Drugs

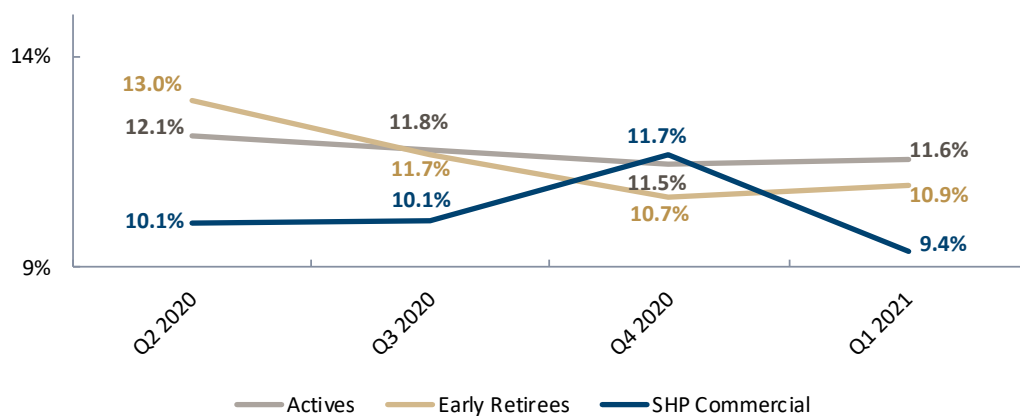
### Average Paid/Rx Actives & Early Retirees April 19 - March 21



### Generic Utilization Rate # of Rx Claims



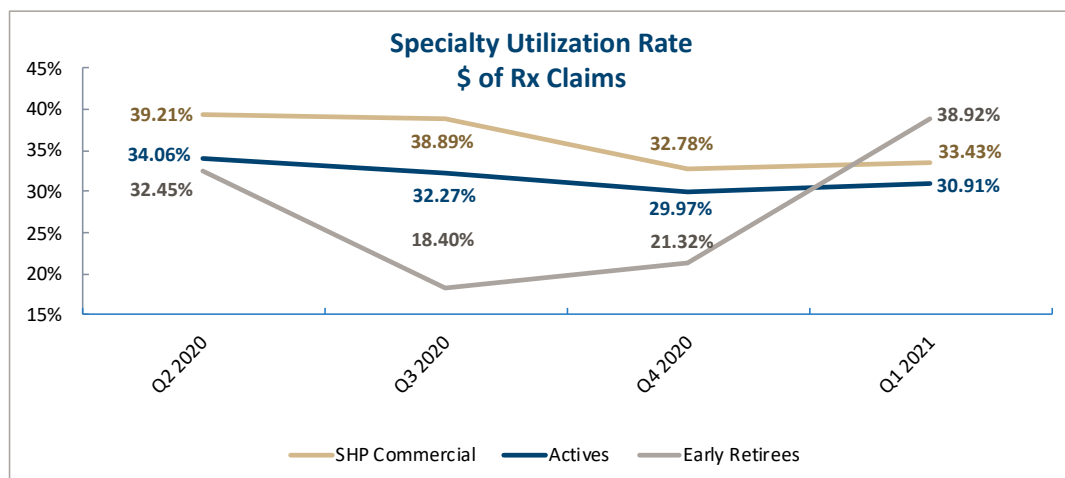
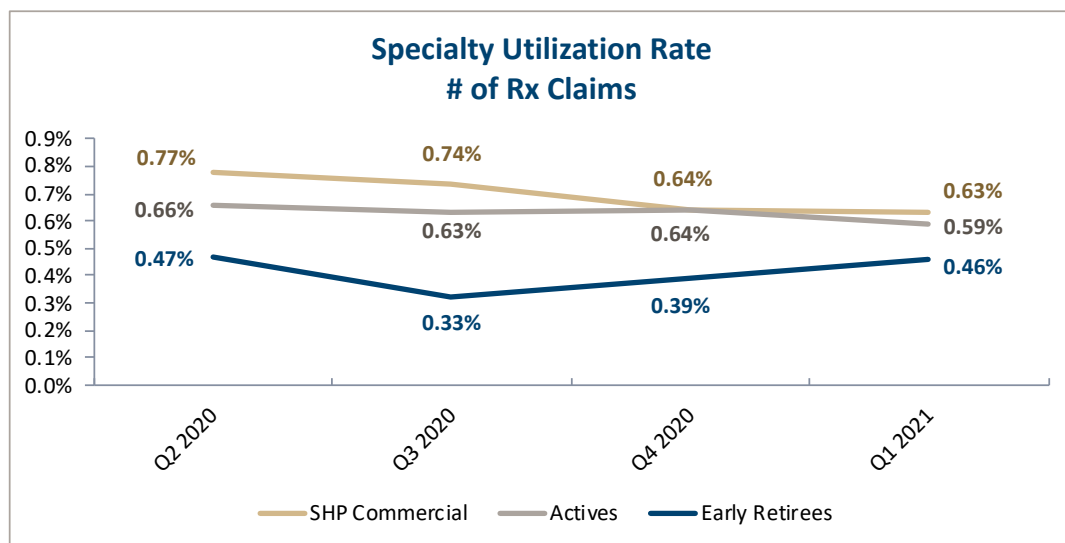
### Generic Utilization Rate \$ of Rx Claims



\*Incurred between April 1, 2020 and March 31, 2021

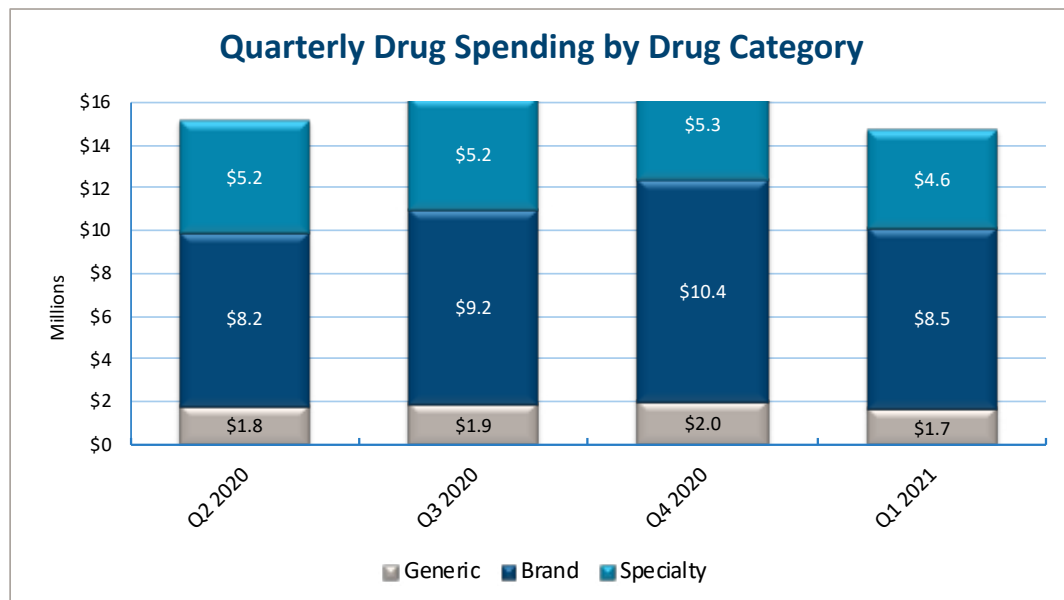
Prescription  
Drugs

## SPECIALTY PHARMACY



\*Incurred between April 1, 2020 and March 31, 2021.

## PHARMACY

Prescription  
Drugs

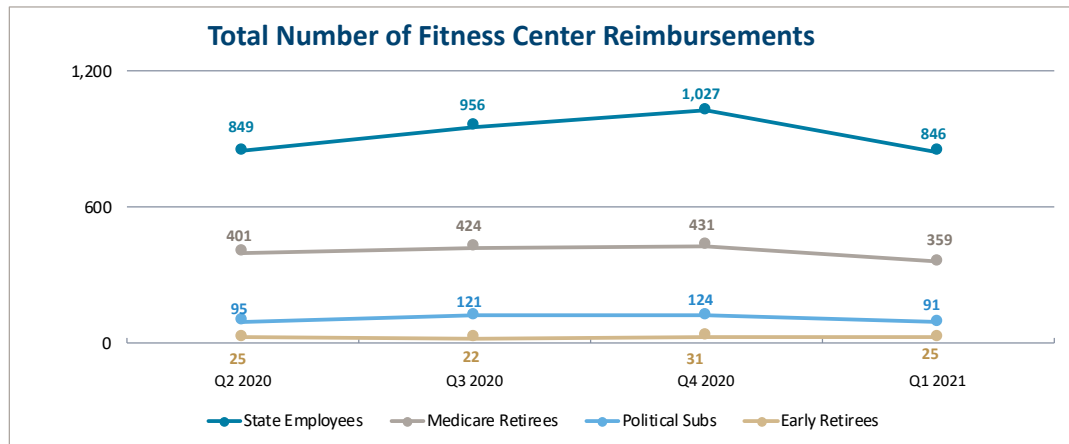
\*Incurred between April 1, 2020 and March 31, 2021.

Sanford Health Plan – NDPERS EGWP			
Description	Q1 2021	Q1 2020	Change
Avg Subscribers per Month	9,132	9,110	0.2%
Avg Members per Month	9,132	9,110	0.2%
Number of Unique Patients	8,360	8,428	-0.8%
Pct Members Utilizing Benefit	91.5%	92.5%	-1.0
Total Days	3,444,354	3,558,695	-3.2%
Total Adjusted Rxs	123,723	129,576	-4.5%
Average Member Age	75.7	75.6	0.2%
Nbr Adjusted Rxs PMPM	4.52	4.74	-4.7%
Generic Fill Rate	92.3%	91.7%	0.5
90 Day Utilization	67.2%	66.9%	0.2
Retail - Maintenance 90 Utilization	65.1%	65.3%	-0.1
Home Delivery Utilization	2.1%	1.7%	0.4
Formulary Compliance Rate	99.1%	99.0%	0.1

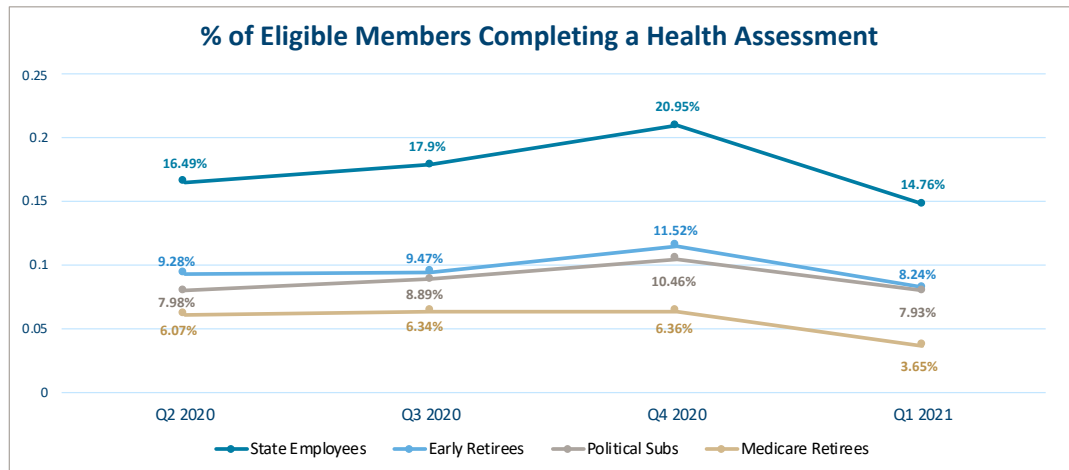
\*This data was prepared by Express Scripts Inc. (ESI)

## Dakota Wellness Program

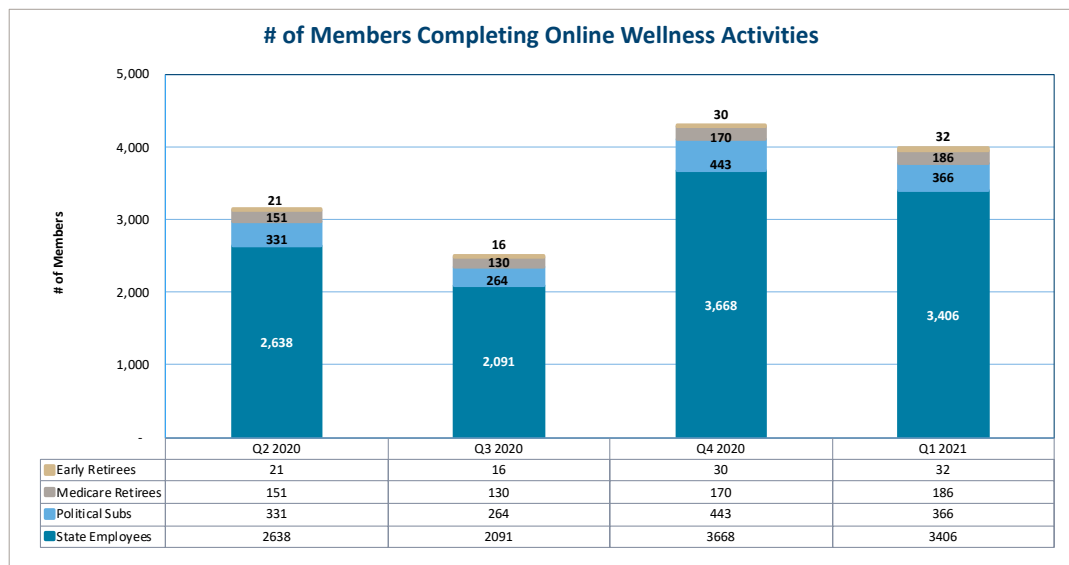
### FITNESS CENTER REIMBURSEMENT



### HEALTH ASSESSMENT



### ONLINE WELLNESS ACTIVITIES



## LIFESTYLE MEDICINE PROGRAMS

Dakota  
Wellness  
Program



### Center for Lifestyle Medicine

NDPERS members with qualifying conditions have access to ongoing visits with a Lifestyle Medicine Specialist to create an individualized Lifestyle Medicine plan.

2021 NDPERS Q1 Participants: **14**

Total NDPERS Participants that have completed the program: **74**

### Outcomes among all program graduates



Obesity Diagnosis participants reduced their BMI by **8%**



Graduates improved PA by **85%**



Of the Type 2 Participants, Members dropped their average Blood Glucose by **57 points** from 181 to 124 which puts them in a pre-diabetic Blood Glucose Range.



### Exercise is Medicine (EIM)

Exercise has endless benefits to our health, including reducing obesity, improving sleep and our emotional well-being while reducing and reversing heart disease, diabetes, and high blood pressure.

Sanford Health patients who have a diagnosis of a BMI of 30 or greater, hypertension, hyperlipidemia, pre-diabetes, type 2 diabetes, metabolic syndrome or depression are eligible for this 12 week group exercise program. The goal of EIM is to increase confidence when it comes to making exercise a habit.

Pre Program Cardiovascular Minutes (N=288)	Post Program Cardiovascular Minutes (N=152)	6 Month Post Program Cardiovascular Minutes (N=95)
Average 64 minutes per week	Average 152 minutes per week	Average 123 minutes per week
<b>92%</b> Average increase in cardiovascular exercise minutes post program completion		

**124**

Completed the full  
program



### Diabetes Prevention Program (DPP)

All in-person co-horts have wrapped up, and the program is now being offered virtually with a wireless scale being sent to participants due to Covid.

Weight loss %	Number of Participants	Reduced Disease Risk
5.13%	152	54%



### Omada

Total members participating to date: **196 members**

Percent by age: **18-39: 26%**    **40-59: 58%**    **60+: 16%**

Total Weight loss: **1079 pounds**

Week 16 Percentage of weight loss and reduced disease risk:

Weight loss %	Number of Participants
0 - <3%	38
3 - <5%	18
5 - <7%	12
7 - <10%	9
>10%	2

Program Completion: **Weight loss 2.2%**    **Reduced Disease Risk 35%**

## Dakota Wellness Program

# MONTHLY WELLNESS THEMES

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**

### Organization

Many of our homes have experienced a transition in the last year and now function as offices, schools and the main source of entertainment. These additional functions may have made your space start to feel a little more condensed. Here are some tips to keep yourself sane in the face of increased clutter.

**Around the house**

Ask yourself "Does it spark joy?" Place items in a basket or tote in the garage, if you do not find yourself missing those items after 1 month, donate them.

**Office and school**

For any space that you use for school or work in your home try to take 5-10 minutes at the end of the workday to put pens, papers and other items scattered across the area back where they belong.

Learn more in the **Dakota Wellness Program Newsletter.**

SDHP-0410 Rev. 10/20

**SANFORD HEALTH PLAN**



**Dakota Wellness Program**

### Financial Well-Being

Becoming a good steward of personal financial resources can be likened to the process of changing other lifestyle habits. With the assistance of coaching and counseling, one may slowly unpack the history of their personal relationship and emotions surrounding money. Most often, to move forward, one must first look to their history.

- 1 Describe your experiences with money during childhood?
- 2 Were there enough financial resources when growing up or was there stress and worry surrounding money?
- 3 Was there an even-handed management of financial resources, and transparency in your household regarding spending, saving, and giving? Alternatively, was it a more of a boom or bust, feast and famine type approach to money?

Learn more in the **Dakota Wellness Program Newsletter.**  
[sanfordhealthplan.com/ndpers](http://sanfordhealthplan.com/ndpers)

SDHP-0411 Rev. 10/21

**SANFORD HEALTH PLAN**



**Dakota Wellness Program**

### What do the health claims on food packages really mean?

The American Heart Association provides these tips to reading labels:

- "Free" means the food has the least possible amount of the nutrient
- "Very Low" and "Low" means the food has a little more than foods labeled "free"
- "Reduced" or "Less" means the food has 25% less of a specific nutrient than the regular product
- "More," "Fortified," "Enriched," "Added," "Extra," or "Plus" indicate the food has 10% or more of the Daily Value than the regular product, this is typically used for added minerals, protein, dietary fiber, and potassium

Learn more in the **Dakota Wellness Program Newsletter.**  
[sanfordhealthplan.com/ndpers](http://sanfordhealthplan.com/ndpers)

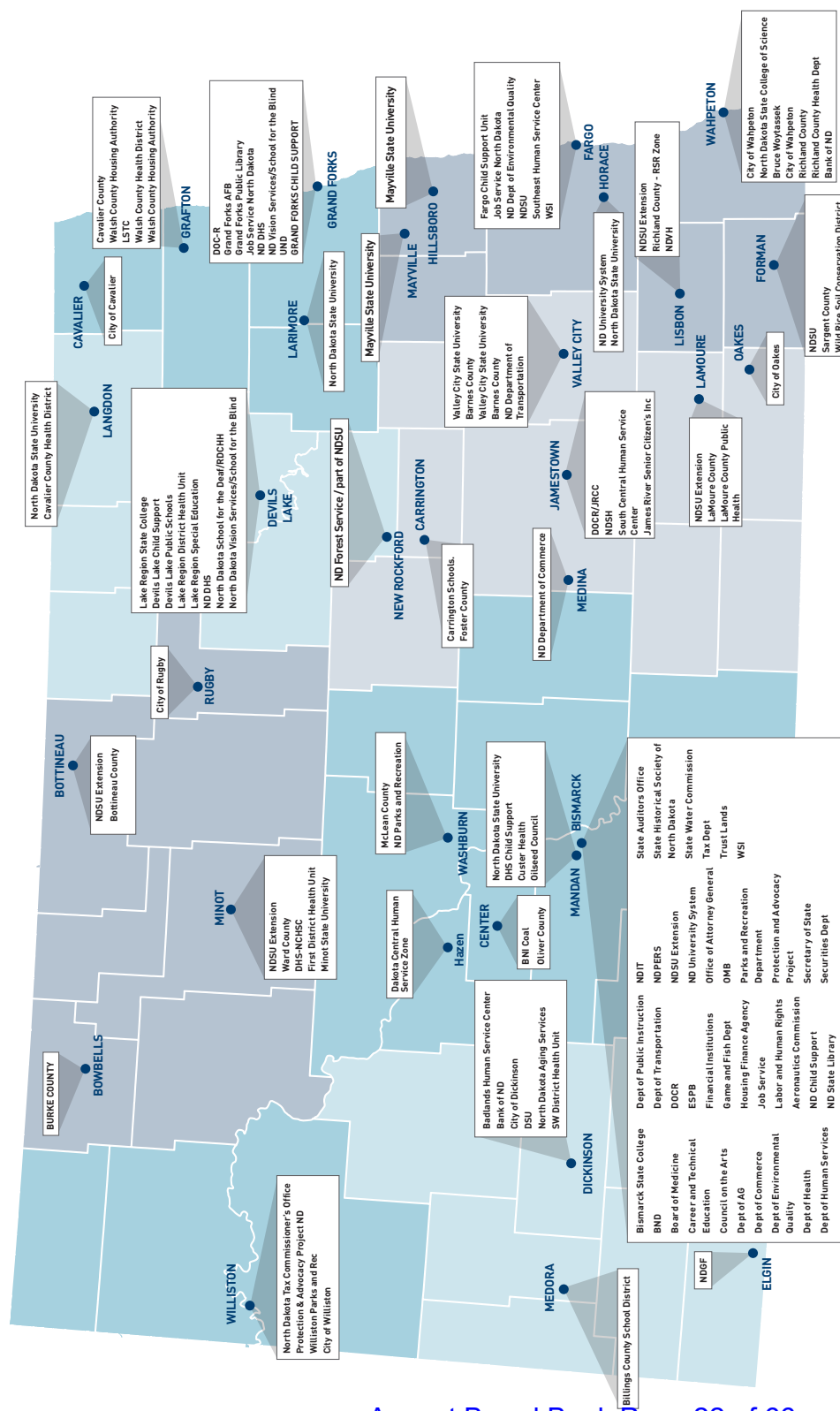
SDHP-0412 Rev. 10/21

**SANFORD HEALTH PLAN**

## EVENT ATTENDANCE BY AGENCY

The Sanford Health Plan NDPERS wellness team continues to engage members across the state, despite pandemic-related in-person restrictions. Wellness educators support agency wellness coordinators and provide worksite education and activities in a virtual format. This map shows where participants are from.

Dakota  
Wellness  
Program



**TOTAL NUMBER OF  
AGENCIES VISITED  
(UNDUPLICATED)**

134

**PRESENTATIONS/EVENTS:**

Get Moving at Work  
Healthy Meals in a Hurry  
Love Your Job  
Mindful Eating  
Overcoming Stress  
Wellbeing for Prevention  
Working from Home That Works  
Yoga  
Stress Consults  
Nicotine Consults  
Nutrition Consult

**TOTAL MEMBER  
ATTENDANCE  
THIS QUARTER:**

1264

Jan. Member Webinar: Organization  
Feb. Member Webinar: Financial Wellbeing  
Mar. Member Webinar: Food and Health Claims  
Jan. Coördinator Webinar  
Feb. Coordinator Webinar  
Mar. Coordinator Webinar  
Self-care Bingo  
Body Mechanics  
Cancer prevention  
Cooking Demonstration  
Dakota Wellness Program  
Financial Flourishing



## Dakota Wellness Program

## Special Events

Throughout the year, agencies are required to carry out a certain amount of wellness activities to maintain their premium discount and wellness funding. In January 2021 Sanford Health Plan Wellness and Lifestyle Medicine specialists, Rachel and Alexis, launched a new resource for state agencies - quarterly challenge toolkits.

Ideas for new and exciting challenges were gathered from across the state, including, Stress Relief Bingo, Marathon in a Month, Financial Wellness, and a Fruit/Veggie challenge.

### January 2021: 69 State agencies registered for Stress Relief Bingo

#### Here's what they had to say:

"Having the tool kits makes it 100 times easier to quickly get an activity out, as most of us are wellness coordinators on top of our other fulltime duties so planning activities especially multiday ones can be challenging at times."

"This activity was something all can participate in, it truly did not matter your activity level. I am loving the kits so far!"

"So glad you are putting out these challenges, our employees seem to like them, always have pretty good participation - easy way for them to get their points! Thank-you!"



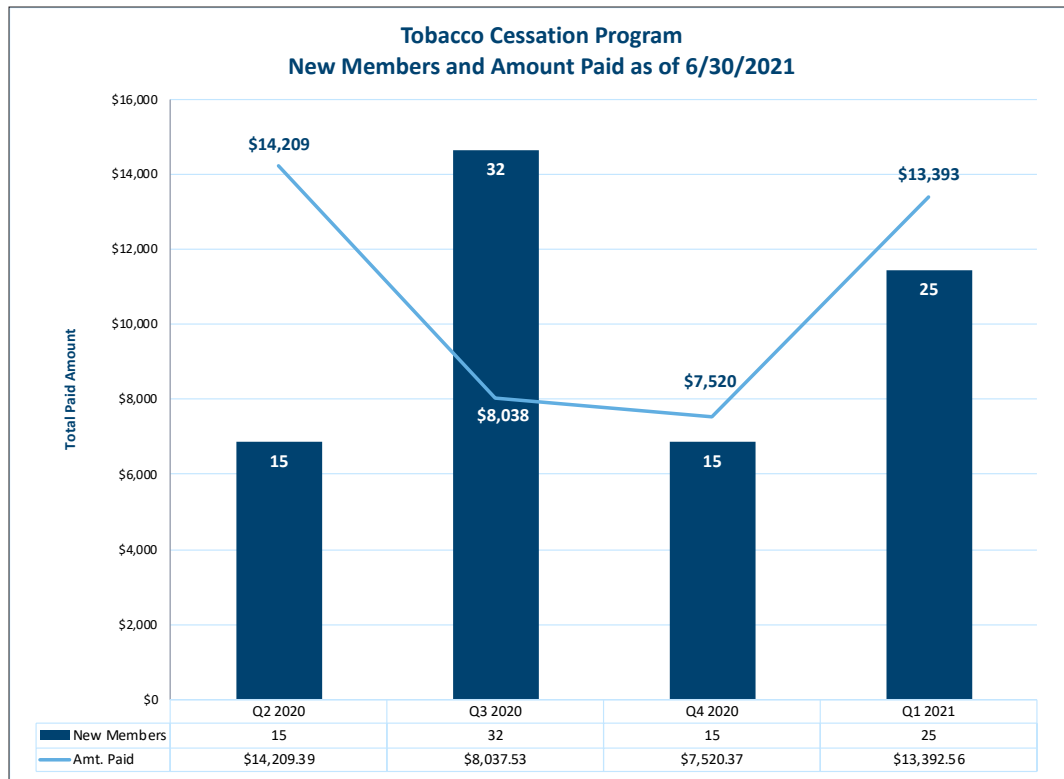


# Stress-Relief BINGO

Walk outside for 15 minutes	Organize work emails	Try a new healthy recipe	Meditate for 2 minutes each night	Make a list of 3 things that went well today
Send a thank you email to a co-worker	Unplug from technology for one day	Have a zoom call with friends in the evening	Go to bed 30 minutes earlier	Do a puzzle
Finish a book	Practice deep breathing with a count of 5 inhaled, 5 exhaled	★ FREE SPACE	Transfer money into savings account	Find a new podcast to listen to
Take my dog for a walk or to the dog park	Complete a random act of kindness	Do a 15 minute yoga video	Play a board game	Wake up early to enjoy a cup of coffee before work
Try 30 minutes of a new kind of exercise	Drink a cup of tea before bed with no distractions	Listen to my favorite music	Stretch for 15 minutes	Refresh my morning routine

By definition, "self-care" is the practice of taking an active role in protecting one's own well-being and happiness, in particular during periods of stress. This challenge allows you to prioritize YOU. Fill out your blank bingo card with your favorite ways to take care of yourself.

## TOBACCO CESSATION PROGRAM

Tobacco  
Cessation  
Program

## Member Management

### Case Summary

- Total cases – Count of any cases open or closed during the report time frame.
- Individual members – Count of the individual members with a case open.

### Member Outreach

- Successful outreach – Includes the following activities: successful telephone call, outreach, site visit, member interaction.
- Unsuccessful outreach – Includes leaving messages for a member or letter sent.

### Case Management

- Case manager activities related to care coordination, including: chart review, referrals to internal Health Plan staff for claim or coverage questions, electronic outreach to providers and educational material mailings.

## MEMBER MANAGEMENT REPORT

CASE TYPE	Total Cases	Members	Successful Contact	Unsuccessful Contact	Care Coordination
<b>CARE TRANSITIONS 67 Total Cases</b>					
Behavioral Health Residential	21	20	17	44	48
Behavioral Health Substance	10	9	6	28	16
Medical Acute	35	35	33	59	67
Medical Rehab	1	1	1	6	2
<b>COMPLEX CASE MANAGEMENT 56 TOTAL CASES</b>					
Complicated Case	56	56	42	69	22
<b>SPECIALTY CASE MANAGEMENT 159 Total Cases</b>					
Behavioral Health	31	31	34	96	35
ESRD	24	24	40	85	27
High Risk Pregnancy	54	54	68	121	37
NICU	7	7	4	12	23
Oncology	41	40	95	78	87
Transplant	2	2	6	8	4
<b>VERY HIGH RISK CASE MANAGEMENT 27 TOTAL CASES</b>					
Complicated Case	26	26	28	30	10
High Risk Pregnancy	1	1	0	1	0

Performance  
Standards &  
Guarantees

2019-2021

MEASURE	GOAL	OUTCOME REPORTING DATES	CURRENT
<b>WELLNESS:</b>			
Health Risk Assessment completion	17%	June 30, 2021	19%
Worksite Interventions agency participation	73%	June 30, 2021	76%
Fitness Center Reimbursement participation	5%	Dec. 31, 2020	4%
Redemption Center payments	\$800,000	Dec. 31, 2020	\$955,000
Redemption Center participation rate	8%	Dec. 31, 2020	9.9%
<b>HEALTH OUTCOMES:</b>			
Tobacco Cessation grant dollar distribution	5% increase	June 30, 2021	Exceeded
Healthy Pregnancy Program	2.5% growth	June 30, 2021	7.5%
Diabetes Prevention Program	5% increase	Dec. 31, 2020	39%
Exercise is Medicine Program	3% increase	Dec. 31, 2020	36%
Breast cancer screening rates	80%	June 30, 2021	78.4%
Cervical cancer screening rates	85%	June 30, 2021	78.8%
Colorectal cancer screening rates	60%	June 30, 2021	>60%
<b>PROVIDER NETWORK/CONTRACTING:</b>			
PPO Network participation rate	Hospital, MDs & DOs: 92%	June 30, 2021	100% – Hos 95% – MD/DO
Par Network minimum discount	30%	June 30, 2021	41.88%
<b>CUSTOMER SERVICE &amp; CLAIMS:</b>			
Claims financial accuracy	99%	June 30, 2021	99.99%
Claims payment incidence accuracy	97%	June 30, 2021	99.98%
Claim timeliness	99%	June 30, 2021	99.71%
Claims procedural accuracy	95%	June 30, 2021	99.97%
Average speed of answer	30 seconds	June 30, 2021	27.4
Call abandoned rate	5% or less	June 30, 2021	2.2%
<b>ANCILLARY ITEMS:</b>			
Interest rate based on US Treasury	US Treasury rate	June 30, 2021	Met
Rx rebate pass-through rate	100%	June 30, 2021	Met
About the patient payment on schedule	100%	June 30, 2021	Met
Explanation of benefits redesign	100%	Dec. 31, 2019	Met





### III. RETIREMENT

#### A. Retiree Health Insurance Credit (RHIC) Request for Proposal – Bryan (Board Action)

##### \*EXECUTIVE SESSION

Material for the Executive Session will be sent under separate cover.



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Public Employees Retirement System**  
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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** August 17, 2021

**SUBJECT:** AXA Equitable Reporting

AXA Equitable (AXA) is one of our section 457 deferred compensation providers. AXA has had quite a bit of difficulty as of late providing us with accurate quarterly reports, as is required by our Provider Administrative Agreement (provided on the next page). AXA has had even more difficulty responding to our requests for clarification and correction of those errant reports in a timely manner, frequently taking a month to respond to my staff's emails.

On June 29<sup>th</sup> I emailed every contact I had at AXA and advised them in fairly pointed terms how disappointed I was in their service and asked them to set up a call immediately to respond to our concerns. Over two weeks later I had to remind them of my request, and pointed out they were, in fact, in violation of the Provider Administrative Agreement. I sent them notice of their breach on July 14, 2021 (attached), and advised them the Board would review the situation at the August 17, 2021 Board meeting, and suggested they attend that meeting virtually to explain the issue to the Board. I also advised them that if we did not have corrected reports by the Board meeting, I would recommend to the Board that we terminate the agreement and freeze all future contributions.

We had a phone call with Fred Makonnen with AXA on Monday, July 19. Mr. Makonnen stated he would personally oversee our account and the required reporting going into the future, and assured us we would receive corrected prior reports in short order. We now have those corrected reports.

Given Mr. Makonnen's assurances, I suggest we maintain our current arrangement unless and until we again experience difficulties. If the reporting or communication with our office again becomes problematic, I will not hesitate to bring this back to the Board and recommend that the Board terminate the agreement.



**Board Action:** Determine whether to terminate the Provider Administrative Agreement with AXA Equitable, or instead monitor their performance going forward.

The Provider shall deliver to the Retirement Board at least semi-annual reports indicating the total assets allocated to the Provider for each participant. The report must include all participants from all payroll sources (Central Payroll, Bank of North Dakota, Political Subdivisions, etc.). The reports shall include the following information:

1. Alphabetical List of Participants.
2. Social Security Number.
3. Provider Contract Number.
4. Type of Account.
5. Beginning Account Balance Forwarded From Previous Reporting Period.
6. Contributions During the Reporting Period.
7. Investment Earnings or Losses During the Reporting Period.
8. Withdrawals and Charges Made Against the Account During the Reporting Period.
9. Balance of the Account at the End of the Reporting Period.
10. Other information required by the Retirement Board.

The Provider must include in its report all active accounts, inactive accounts, and accounts in payout status, with the exception of accounts which have been annuitized. The report columns must be totaled. The report must be submitted within thirty days of the end of each reporting period. Failure to submit a report within thirty days of the end of a reporting period will result in the Retirement Board sending the Provider a letter advising the Provider that, if the Retirement Board does not receive the report within thirty days of the date of the letter, the Retirement Board will automatically suspend the Provider's eligibility to enroll new members until the first day of the month following the date the Retirement Board receives the report. The Provider's failure to submit a report within ninety days after the end of a reporting period will be considered a material breach of this agreement. At that point, the Retirement Board will inform all members who are using the Provider's services that the Provider is in material breach of the agreement, that the Retirement Board is commencing termination of the agreement, as well as Provider's eligibility to supply services under the Deferred Compensation program, and that the members may no longer contribute to the Deferred Compensation program using the Provider. The Retirement Board will then terminate the agreement with the Provider as provided in subsection C of section IV of this agreement.



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

**Attachment**

**Scott A. Miller**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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Fax: (701) 328-3920    Email [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov)    Website <https://ndpers.nd.gov>

July 14, 2021

SUSAN M SERRAO  
AXA EQUITABLE  
525 WASHINGTON BLVD 27.24J  
JERSEY CITY NJ 07310

Dear Ms. Serrao:

This is to notify you that you that NDPERS has not yet received accurate quarterly reports as of today's date for quarters ending December 31, 2020 and March 31, 2021 as set forth in Section II(C) of the Provider Administrative Agreement. Pursuant to section II(C) of the agreement, you are required to provide these reports – accurately – within thirty days of the end of each reporting period. You are now in violation of that agreement.

Given that you have failed to provide accurate reports for quarters ending December 31, 2020 and March 31, 2021 within 90 days of the ends of those quarters, you are now in material breach of our agreement. The Retirement Board's remedy for your material breach is to inform the participants using your services of the breach and that the Board is commencing termination of its agreement with you as provided in Section II(C). This means you will no longer be eligible to supply services under the State of North Dakota Deferred Compensation Program and the participants will no longer be allowed to contribute to the program using you as their provider.

We will take this situation to the Board for its consideration at the August 17, 2021 Board meeting. If we do not have your accurate quarterly reports for quarters ended December 31, 2020, March 31, 2021, and June 30, 2021, by that meeting, I will recommend that the Board exercise its remedy and terminate this agreement. I suggest you make plans for attending that meeting virtually to explain to the Board why you seem to have problems with basic reporting requirements and responding to our incredibly reasonable requests in a timely manner.

In addition, in my email dated June 29, 2021, I requested that a call be scheduled to discuss this matter with representatives of your team. Today, more than two weeks later, that meeting has not yet been scheduled. I am, quite frankly, astounded at your lack of attention to the State of North Dakota. Be assured I will convey that astonishment to our Board.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Miller", is written over a horizontal line.

Scott Miller  
Executive Director

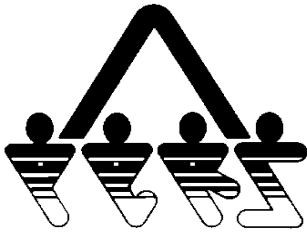
Certified Mail: 7019 1120 0000 7779 8319

## **V. GROUP INSURANCE**

### **A. Medicare Part D (EGWP) Request for Proposal**

#### **\* EXECUTIVE SESSION**

Material for the Executive Session  
will be sent under separate cover.



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# Memorandum

**TO:** PERS Board

**FROM:** Bryan Reinhardt

**DATE:** **August 17, 2020**

**SUBJECT:** 2020 Active Health Care Report

Here is the 2020 NDPERS Active health care report. Costs and trends increased even with the COVID-19 effect. The 2020 active charges increased 14.8% from 2019. The 2020 active plan paid per member increased 4.8% from the 2019 per capita paid.

A similar agency-specific report is developed for the large groups on the NDPERS Health Plan (over 100 employees).

If you have any questions, I will be available at the NDPERS Board Meeting.

# 2020 NDPERS Health Care Analysis



## North Dakota Public Employees Retirement System

For January - December 2020, there were 18,952 active NDPERS employees. This is about 72% of the NDPERS contracts. The average age of these employees was 47 years. The average age for all NDPERS active employees was 47 years. There were 31,893 dependents of NDPERS employees on the NDPERS health plan. This is an average contract size of 2.68, the same as it was in 2019.

### HOSPITAL

NDPERS health plan members had 481,399 hospital claims/services from January to December 2020. These claims had \$377,298,705.47 in total charges. The NDPERS health plan paid \$130,487,153.47 toward these charges.

### HOSPITAL UTILIZATION ADMISSION: 01/2020 - 12/2020

	CLAIMS	%	DAYS	CHARGES	PAID
<b>CLAIM TYPE: IP=Inpatient OP=Outpatient</b>					
<b>OTHER</b>	9154	2	0	\$21,089,005	\$7,263,794
<b>IP NEWBORN</b>	2694	1	0	\$12,721,092	\$4,546,297
<b>IP MEDICAL</b>	131588	27	0	\$91,543,735	\$26,731,292
<b>IP MATERNITY</b>	395	0	0	\$593,889	\$220,312
<b>IP SURGICAL</b>	14781	3	0	\$97,751,378	\$28,950,939
<b>IP PSYCH</b>	1712	0	0	\$8,461,725	\$2,309,595
<b>IP CHEM DEP</b>	1511	0	0	\$3,473,817	\$1,151,426
<b>OP SURGICAL</b>	3365	1	0	\$9,691,559	\$4,556,853
<b>OP MEDICAL</b>	313879	65	0	\$130,615,976	\$53,932,200
<b>SNF, HOSPICE &amp; SWING BED</b>	623	0	0	\$249,215	\$131,708
<b>HOME HEALTH AG</b>	2447	1	0	\$1,021,258	\$641,170
<b>TOTAL</b>	482149	100	0	\$377,212,647	\$130,435,584

**PHYSICIAN/CLINIC**

NDPERS health plan members had 1,105,256 physician/clinic services from January to December 2020. These services had \$224,860,231.42 in total charges. The NDPERS health plan paid \$101,846,306.15 toward these charges.

**PHYSICIAN/CLINIC UTILIZATION**  
**SERVICE DATE: 01/2020 - 12/2020**

	<b>SERVICES</b>	<b>%</b>	<b>CHARGES</b>	<b>PAID</b>
<b>TYPE OF SERVICE</b>				
<b>SURGERY-OP</b>	8301	1	\$8,951,633	\$4,149,258
<b>IP VISITS</b>	93707	8	\$43,584,686	\$19,568,623
<b>OP / ER VISITS</b>	22334	2	\$7,617,775	\$3,276,583
<b>OFFICE CALLS</b>	869863	79	\$152,861,261	\$70,745,144
<b>CHEM/PSYCH</b>	1621	0	\$386,047	\$229,530
<b>THERAPIES</b>	117	0	\$56,970	\$32,139
<b>DIAGNOSTIC</b>	109310	10	\$11,401,510	\$3,845,029
<b>TOTAL</b>	1105253	100	\$224,859,881	\$101,846,306

**PRESCRIPTION DRUGS**

NDPERS health plan members had 595,954 pharmacy claims from January to December 2020. These claims had \$68,299,295.62 in total charges. The NDPERS health plan paid \$61,362,574.66 toward these charges.

**PRESCRIPTION DRUG UTILIZATION**  
**FILL DATE: 01/2020 - 12/2020**

	<b>CLAIMS</b>	<b>%</b>	<b>CHARGES</b>	<b>PAID</b>
<b>PRESCRIPTION DRUGS</b>				
<b>NON-GENERIC</b>	99621	17	\$56,806,725	\$53,209,936
<b>GENERIC</b>	496333	83	\$11,492,571	\$8,152,638
<b>TOTAL</b>	595954	100	\$68,299,296	\$61,362,575

Generic drug use is at 83%, higher than the 82% reported in 2019. It was 86% in 2018, 85% in 2017, 84% in 2016, 82% in 2015, 81% in 2014, 80% in 2013, 77% in 2012, 74% in 2011, 71% in 2010, 68% in 2009, 65% in 2008, 60% in 2007, 56% in 2006, 52% in 2005, 48% in 2004, 44% in 2003, 41% in 2002, 40% in 2001 and 2000, 41% in 1999, 43% in 1998 and 44% 1997. The plan paid average was \$16 for generic and \$534 for non-generic. In 2019 the averages were \$16 generic and \$409 non-generic.



PERCENTAGES

EMPLOYEES, SPOUSES, & CHILDREN  
BY MEMBERSHIP & CLAIM TYPE  
01/2020 - 12/2020

	MEMBERSHIP		HOSPITAL CLAIMS		PHYSICIAN SERVICES		PHARMACY CLAIMS	
	Sum	%	Sum	%	Sum	%	Sum	%
<b>CHILDREN</b>	19928	39	100151	21	329607	30	97637	16
<b>EMPLOYEE</b>	18952	37	223322	46	469689	42	306274	51
<b>SPOUSE</b>	11966	24	158870	33	305960	28	192043	32
<b>TOTAL</b>	50845	100	482343	100	1.11E6	100	595954	100

SUMMARY

Employees make up 37% of the active membership, but are responsible for 42% to 51% of the claims/services.

The following graph shows that the number of active claims per month increased slightly throughout 2020. Note the decrease in April-May due to the COVID-19 pandemic. Plan enrollment also stabilized after falling for the past four years.

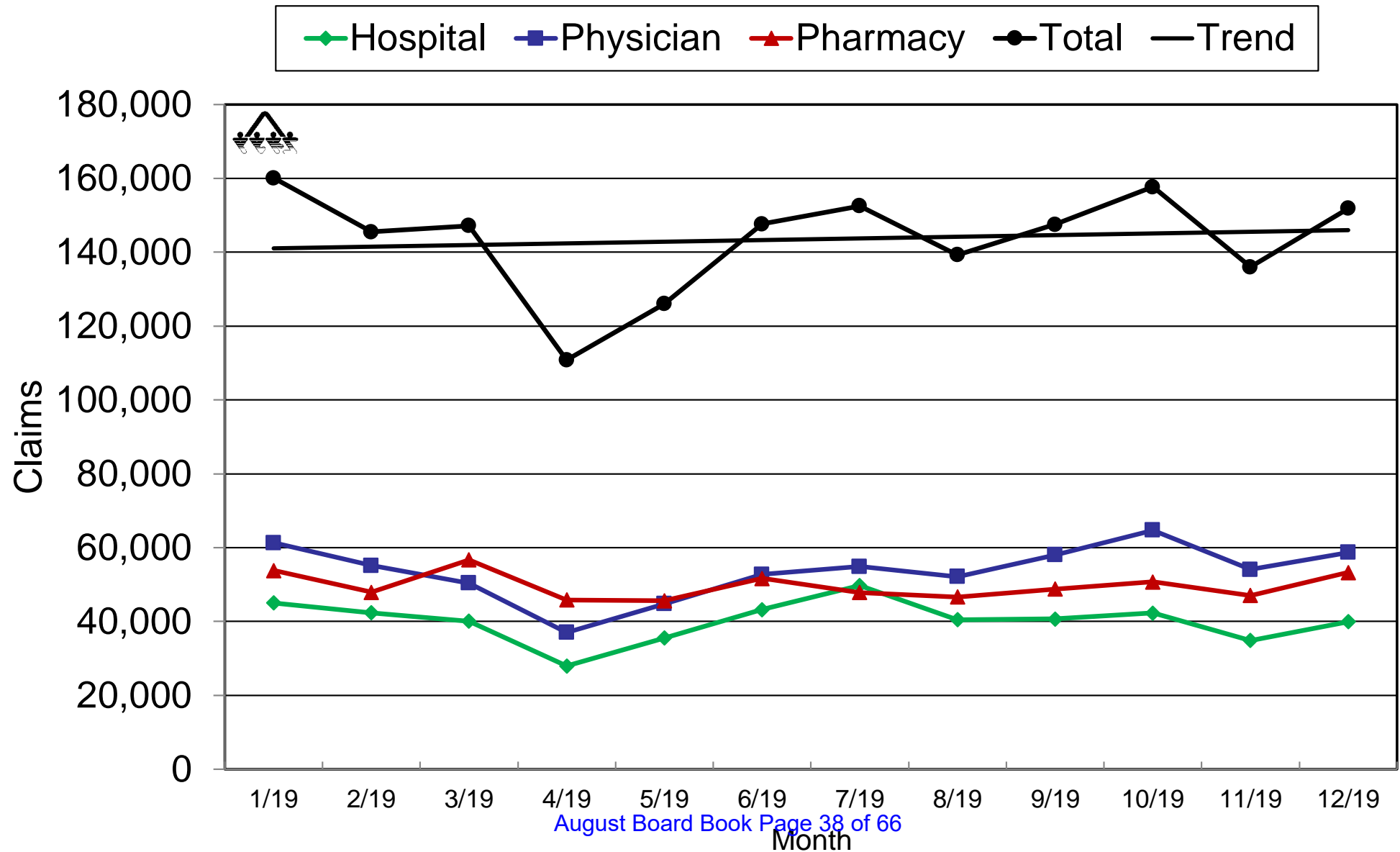
The second graph shows that per capita charges increased 14.8%, and per capita costs increased about 4.8% from 2019 to 2020. The average charge per active member per month was \$124 in 1994, \$134 in 1995, \$143 in 1996, \$155 in 1997, \$171 in 1998, \$189 in 1999, \$207 in 2000, \$224 in 2001, \$256 in 2002, \$300 in 2003, \$318 in 2004, \$363 in 2005, \$396 in 2006, \$437 in 2007, \$484 in 2008, \$503 in 2009, \$531 in 2010, \$579 in 2011, \$603 in 2012, \$666 in 2013, \$730 in 2014, \$777 in 2015, \$830 in 2016, \$864 in 2017, \$930 in 2018, \$957 in 2019, and \$1099 in 2020. The average amount paid by the NDPERS Health Plan per capita was \$84 in 1994, \$92 in 1995, \$96 in 1996, \$100 in 1997, \$110 in 1998, \$114 in 1999, \$117 in 2000, \$122 in 2001, \$134 in 2002, \$153 in 2003, \$163 in 2004, \$185 in 2005, \$206 in 2006, \$226 in 2007, \$249 in 2008, \$253 in 2009, \$267 in 2010, \$290 in 2011, \$299 in 2012, \$319 in 2013, \$340 in 2014, \$387 in 2015, \$425 in 2016, \$423 in 2017, \$441 in 2018, \$459 in 2019 and \$481 in 2020.

The last page shows that 2019-2020 overall per capita costs increasing for the NDPERS health plan. The March – May COVID-19 effect can be seen by the drop in claims/services, but the claims came back to the expected trend after that period. The majority of this increase was due to the active employees (contract holders).

# North Dakota Public Employees Retirement System

## Active Health Insurance Claims

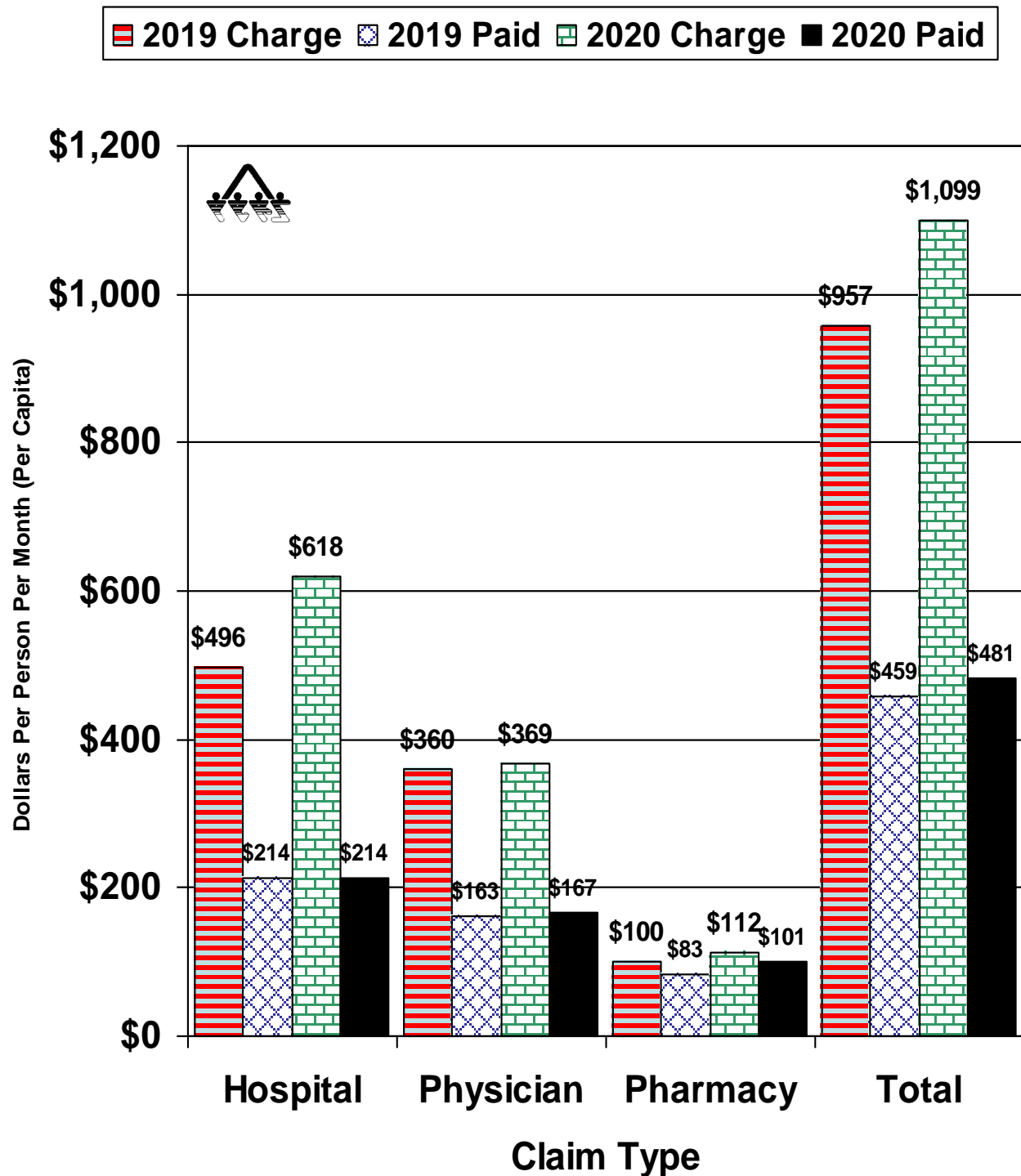
Jan-Dec 2020



# NDPERS Health Plan

## Active Contracts

2019-2020

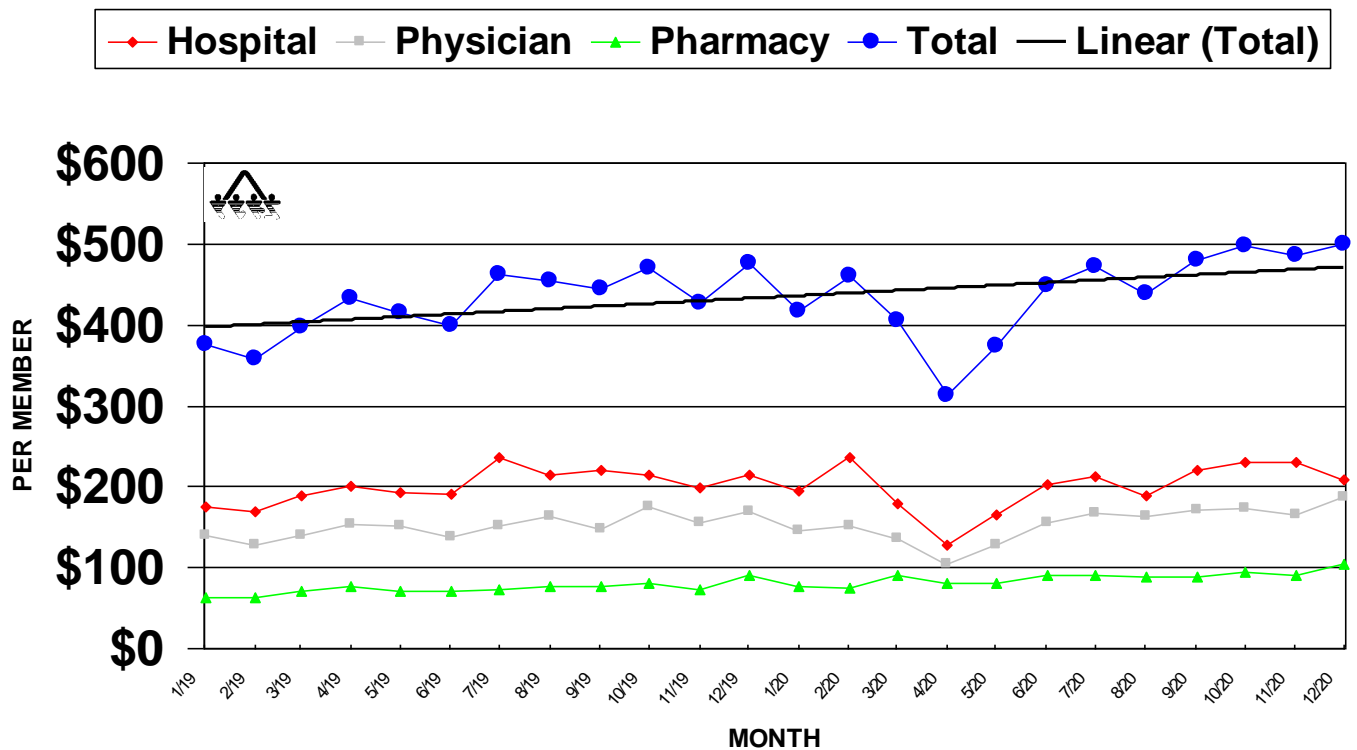


## TOTAL NDPERS HEALTH PLAN

The graph below is for the total NDPERS health plan. It shows the average amount the NDPERS health plan paid per member per month (per capita). The graph depicts the latest two years of NDPERS data.

The active employees are at the \$700 per capita level. Their dependents cost the plan around \$425 per person per month. The retired membership's per capita costs are around \$275 per retiree and \$200 per dependent. As the graph below shows, overall, the NDPERS health plan is at \$500 per person per month in medical paid claims. This is an increase from \$450 in 2019 and \$425 in the 2018. In 2017, 2016 and 2015 reports the costs were at \$400. Costs were \$350 in 2014, \$325 in 2013, \$300 in 2012, \$299 in 2011, \$275 in 2010, \$250 in 2009, \$245 in 2008, \$225 in 2007, \$205 in 2006, \$200 in 2005, \$175 in 2004, \$160 in 2003 and \$140 in 2002. In addition to this, the NDPERS health plan currently pays \$30.50 per month per person in administration costs.

# NDPERS HEALTH INSURANCE PLAN TOTAL MEMBERSHIP





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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** August 17, 2021

**SUBJECT:** **Proposed Administrative Rules**

Staff has begun the process of drafting our administrative rules. The first effort is to identify areas of proposed rulemaking. Attachment 1 is a draft of the proposed rules prepared by staff and reviewed by legal counsel. Attachment 2 is the summary of proposed rule changes.

We are asking you to review and identify any additional areas we should be considering. At the September 14<sup>th</sup> meeting we will seek your approval to distribute the rules for public comment.

Following is the schedule:

## **2021 Proposed Administrative Rule Revision/Addition/Deletion Schedule**

July 27	Draft of all revisions, deletions, additions to rules.
August 17	Initial review at August Board Meeting.
September 14	Final Board approval of proposed rules.
September 20	(Week of) Post copy of proposed rules on NDPERS website, notify all employer groups that rules are on website, send formal notice and materials to Legislative Council.

September 20	(Week of) Notify NDNA of upcoming notice and verify timing of printed notice.
September 27	(Week of) Notice has been printed in all required newspapers and notice sent to any pertinent legislator with proposed rule changes.
October 25	Proposed date for Public Hearing.
October 26	Hearing held and comment period opened.
November 8	Comment period closed.
December 14	Final Board review of comments.
December 16	Send to Attorney General's office for review.
December/ Early January	After receipt of AG review, send to Legislative Council.
February 1	Deadline to submit proposed rules to Legislative Council
March ?	Administrative Rules Committee Meeting held
April 1, 2021	New rules take effect, provided there are no holds placed on them by the committee.

**Board Action:** Provide comments on additions/edits to proposed rules.

Section 71-02-02-01 is amended as follows:

**71-02-02-01. Membership - General rule.**

When an eligible employee becomes a member of the public employees retirement system, the following requirements apply:

1. A temporary employee must submit a completed participation agreement within six months of the date of hire as a temporary employee or within six months of a change in status from a permanent to temporary position. If no application is made and filed with the office, an irrevocable waiver of participation will occur for as long as the employee is in temporary status.
2. ~~Contributions for temporary employees must be submitted no later than the sixth working day of the month for the previous month's salary.~~
- ~~3.~~ Delinquent payments of over thirty days, for reasons other than leave of absence or seasonal employment, will result in termination of eligibility to participate as a temporary member.
- ~~4.3.~~ Upon taking a refund, future participation as a temporary member is waived.
- ~~5.4.~~ A member may not contribute concurrently to the plan within any given month as both a permanent and a temporary member. Permanent employment has precedence.
- ~~6.5.~~ Elected officials of participating counties and elected state officials, at their individual option, must enroll or waive participation in writing within six months of taking office or beginning a new term. If no application is made and filed with the office, an irrevocable waiver of participation will occur until the official makes application within six months from the start of a new term.

**History:** Amended effective September 1, 1982; November 1, 1990; September 1, 1992; June 1, 1996; July 1, 1998; May 1, 2004; July 1, 2006; April 1, 2016; July 1, 2018

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-01, 54-52-02.9, 54-52-05

Section 71-02-04-03 is amended as follows:

**71-02-04-03. Payment date - Retirement benefits.**

Except for retirement options provided in section 71-02-04-02, a member's retirement benefit shall commence on the first day of the month which follows the member's eligibility for the benefit and which is at least thirty days after the date on which the member filed an application with the office. Notwithstanding any other provision in this article, benefits must begin no later than April first of the calendar year after the calendar year in which the member retires or ~~attains the age of seventy and one-half years~~ meets minimum distribution rules provided in subsection 2 of North Dakota Century Code section 54-52-28, whichever is later. If the member is employed but ineligible for active participation in the retirement plan, the member's benefits must begin no later than April first of the calendar year after the calendar year in which the member ~~attains the age of seventy and one-half years~~ meets minimum distribution rules provided in subsection 2 of North Dakota Century Code section 54-52-28. In the absence of a retirement application, benefits shall be paid based on a single life, or normal retirement for judges, payment option. Benefits must be directly deposited into a financial account identified by the member or sent to the member's last-known address. If the benefit checks are returned with no forwarding information, the benefits will remain in the fund, and will be distributed in a lump sum retroactive to the required beginning date upon location of the member. If two consecutive checks issued remain uncashed, future payments will be suspended until the member makes payment arrangements with the office.

**History:** Amended effective November 1, 1990; July 1, 1994; July 1, 2000; July 1, 2010; July 1, 2018.

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

**Law Implemented:** NDCC 54-52-17



Section 71-02-04-04 is amended as follows:

**71-02-04-04. Optional benefits.**

A member may elect, as provided in section 71-02-04-02, to receive one of the following optional benefits in lieu of the regular single life, or normal for judges, retirement benefit.

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following ~~the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, receipt, in the NDPERS office, of written~~ notification of spouse's death or member's divorce. Written notification must be either a death certificate or a photocopy of the divorce decree.
2. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following ~~the spouse's death providing written notification of death and a death certificate has been submitted or, in~~

the event of divorce, receipt, in the NDPERS office, of written notification of spouse's death or member's divorce. Written notification must be either a death certificate or a photocopy of the divorce decree.

3. **Twenty-year or ten-year certain option.** A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

**History:** Amended effective September 1, 1982; November 1, 1990; July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; July 1, 2010; April 1, 2012.

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

**Law Implemented:** NDCC 54-52-17

Section 71-02-04-10 is amended as follows:

**71-02-04-10. Erroneous payment of benefits - Overpayments.**

1. An "overpayment" means a payment of money by the public employees retirement system that results in a person receiving a higher payment than the person is entitled to under the provision of the retirement plan of membership.
2. A person who receives an overpayment is liable to refund those payments upon receiving a written explanation and request for the amount to be refunded. All overpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the amount of the overpayment is estimated to exceed the overpayment, the repayment is considered to be unrecoverable.
3. If the overpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the recipient, the recipient may make repayment arrangements subject to the executive director's approval within sixty days of the written notice of overpayment with the minimum repayment amount no less than fifty dollars per month. If repayment arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the benefit payment period.
4. If the overpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the recipient, the recipient is liable to pay simple interest charges at the rate of six percent on the outstanding balance to compensate the fund for lost earnings, from the time the erroneous benefit was paid through the time it has been refunded in full. Recovered funds are first applied to interest and, if any amount is left over, that amount is applied to principal. The recipient may make repayment arrangements, subject to the executive director's approval, within sixty days of the written request for refund with the minimum repayment amount no less than fifty dollars per month. If repayment arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the

amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the benefit payment period.

5. If an individual dies prior to fully refunding an erroneous overpayment of benefits, the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.

**History:** Effective June 1, 1996; amended effective April 1, 2002; July 1, 2006; April 1, 2008; July 1, 2010.

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

**Law Implemented:** NDCC 39-03.1-25, 54-52-17

Section 71-02-04-11 is amended as follows:

**71-02-04-11. Erroneous payment of benefits - Underpayments.**

1. An "underpayment" means a payment of money by the public employees retirement system that results in a person receiving a lower payment than the person is entitled to under the provisions of the retirement plan of membership.
2. If an underpayment occurs, the amount of the lump sum payment must be paid within sixty days of the discovery of the error.
3. If the underpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the employer or recipient, the underpayment of benefits is to include simple interest at the rate of six percent from the time the underpayment occurred.
4. If the underpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the employer or recipient, the underpayment of benefits will not include simple interest.
5. If an individual dies prior to receiving the underpayment of benefits, the public employees retirement system must pay the designated beneficiary on record or, in the absence of a designation of beneficiary, to the estate.

**History:** Effective June 1, 1996; amended effective May 1, 2004; April 1, 2008.

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

**Law Implemented:** NDCC 39-03.1-25, 54-52-17

Section 71-02-06-06 is amended as follows:

**71-02-06-06. Employer payment of employee contributions.**

1. A written election submitted under subsection 3 of North Dakota Century Code section 54-52-05 shall be reported to the board a minimum of thirty-one days prior to the effective date.
2. An employer may not discriminate ~~between~~ in its contributions to eligible participating employees as to its contribution within the same plan under North Dakota Century Code section 54-52-05.

**History:** Effective July 1, 1994; amended effective May 1, 2004.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-05

Section 71-02-06-13 is created as follows:

**71-02-06-13. Refusal of interest on contributions.**

A member or beneficiary may decline to receive interest on the member's contributions and vested employer contributions, if any, by notifying NDPERS, in writing, of that decision when the member or beneficiary applies for a distribution of the accumulated contributions. A member or beneficiary who does so waives any right to that interest.

**History:** Effective \_\_\_\_\_.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 39-03.1-09, 54-52-02.9, 54-52-05, 54-52-06.1, 54-52-06.3, 54-52-06.4

Section 71-03-03-01 is amended as follows:

**71-03-03-01. Enrollment.**

An eligible employee is entitled to coverage the first of the month following the month of employment, or the month following meeting eligibility criteria, unless otherwise noted below, if the employee submits an application for coverage within the first thirty-one days of employment or within the thirty-one days of meeting eligibility for one of the following special enrollment periods:

1. Loss of coverage under any other health, dental, vision, or prescription drug insurance plan.
2. Marriage. An employee who previously waived coverage must enroll for coverage at the time the employee's spouse is enrolled.
3. Addition of a dependent as a result of ~~birth, adoption, placement for adoption,~~ receiving legal guardianship; or receiving a court order to provide health coverage. An employee who previously waived coverage must enroll for coverage at the same time that the employee's eligible dependent is enrolled.
4. Addition of a dependent as a result of birth, adoption, or placement for adoption. Effective date of coverage is first of the month in which the event occurred. An employee who previously waived coverage must enroll for coverage at the same time that the employee's eligible dependent is enrolled.

**History:** Effective October 1, 1986; amended effective July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2010; April 1, 2012; April 1, 2016, \_\_\_\_\_.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03



Section 71-03-03-09 is amended as follows:

**71-03-03-09. Leave without pay.**

An employee on an approved leave without pay may elect to continue coverage for the periods specified in the plans for life insurance, health, dental, vision, or prescription drug coverages by paying the full premium to the agency. An eligible employee electing not to continue coverage during a leave of absence is entitled to renew coverage for the first of the month following the month that the employee has returned to work if the employee submits an application for coverage within the first thirty-one days of returning to work. An eligible employee failing to submit an application for coverage within the first thirty-one days of returning to work or eligibility for a special enrollment period, may enroll during the annual open enrollment ~~and may be subject to a six-month waiting period for preexisting conditions~~. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

**History:** Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; September 1, 1997; July 1, 1998; May 1, 2004; April 1, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03

Section 71-03-07-01 is amended as follows:

**71-03-07-01. Employer contribution.**

Each employer ~~must submit~~shall pay to the board the full monthly premium amount for each eligible employee enrolled in the group insurance plan by the fifteenth of each month. The employer must verify the number of eligible employees and the level of coverage for each. An employee is eligible for an employer contribution for the month following the month of employment. If an eligible employee terminates employment prior to the effective date of coverage, no employer contribution is required. The employer contribution ends the month following the month of termination of employment. When an employee transfers from one participating employer to another, the new employer is responsible for the payment of the premium for the first of the month following employment.

**History:** Effective June 1, 1996; amended effective July 1, 2010.

**General Authority:** NDCC 54-52-04, 54-52.1-03.1

**Law Implemented:** NDCC 54-52.1-03.1

## Attachment 2

Section	Description	Reason
<b>71-02-02-01. Membership - General rule.</b>	Add language to above rule for clarification and be consistent with NDPERS administration of effective dates used with certain IRS qualifying events.	Clarify effective dates based upon qualifying events (specific to birth, adoption, and placement for adoption).
<b>71-02-02-01(2). Membership - General rule.</b>	Remove the employer requirement that the contributions for temporary employees be submitted within six working days of the month for the previous month's salary.	Temporary employees are included in the same payroll reports that permanent employees are – they are comingled. The deadline for permanent employees is the 15th of the month following the month the wages are being reported for – so we believe this line should be removed from rules.
<b>71-02-04-03. Payment date – Retirement benefits.</b>	Update Required Minimum Distribution language based upon federal laws and updates to state law SB 2044 technical corrections. For a member who attains age seventy and one-half before January 1, 2020, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment. For a member who attains age seventy and one-half after December 31, 2019, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy-two or terminates employment.	Federal / State Law Compliance, SB 2044
<b>71-02-04-04. Optional benefits.</b>	Clarify in rules that a death certificate must be received by NDPERS and date stamped in order for the pop up of a retiree to a higher Single Life benefit amount as this is not automatic upon death notification.	Clarification
<b>71-02-04-10. Erroneous payment of benefits - Overpayments.</b>	Clarify in rules that simple interest (not compounding) is paid on over/under payments of retirement benefits	Clarification
<b>71-02-04-11. Erroneous payment of benefits – Underpayments.</b>	Clarify in rules that simple interest (not compounding) is paid on over/under payments of retirement benefits	Clarification
<b>71-02-06-06. Employer payment of employee contributions.</b>	This should be specific to plan enrolled. For example Public Safety and Main plan may have a different pickup rate by the employer, but all employees based upon plan eligibility are	Clarification

Section	Description	Reason
	treated the same. Example: 200010 City of Cavalier pays 15.26% for all Main Plan employees but Public Safety employees make up difference and pay an additional 1.19% based upon higher contribution rate required for Public Safety Plan.	
<b>71-02-06-13. Refusal of interest on contributions. (New section)</b>	Add Interest Accrual Exception due to a Faith Requirement	Administrative change, direction from NDPERS Board at April 2020 meeting
<b>71-03-03-01 (3). Enrollment.</b>	Add language to above rule for clarification and be consistent with NDPERS administration of effective dates used with certain IRS qualifying events.	Clarify effective dates based upon qualifying events (specific to birth, adoption, and placement for adoption).
<b>71-03-03-09. Leave without pay.</b>	Remove reference to waiting period for preexisting conditions.	Waiting periods for preexisting conditions are not permitted under federal law (ACA). This was previously missed when removing other references at an earlier date.
<b>71-03-07-01. Employer contribution.</b>	Employers need to have payment into our office by the fifteenth of the month so we have the funds to pay our carriers around the twentieth of each month.	Would like this to be consistent with 71-03-04-01



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** August 17, 2021

**SUBJECT:** Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that I have signed this calendar year. Please let me know if you have any questions on any of these contracts.

This topic is informational only.

Vendor	Amount	Frequency Incurred
Office of Management & Budget	\$ -	3 year renewal for surplus property
Record Keepers	~ \$ 16	Weekly
NDIT	\$ -	Secondary disaster recovery site
Fireside	\$ -	Data service agreement
*Inter Office	\$ 2,815.58	3 additional office chairs
*Surplus Property	\$ 100.00	Commerce's Surplus Property

\*Newly signed agreements since last board meeting



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# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein, CPA

**DATE:** August 17, 2021

**SUBJECT:** Budget Status

Twice a year staff provides the Board with an update on the status of the current Budget and answers any questions or concerns the Board may have. The expenses for the biennium through June 30, 2021 as well as our total appropriation are summarized in the table below:

	Adjusted 2019 – 2021 Appropriation	Expenditures to Date	Remaining Appropriation	% Remaining
Salaries & Wages	6,652,604	6,296,190	356,414	5%
Operating	2,483,592	2,295,394	188,198	8%
Capital Assets	338,000	338,000	-	-
Contingency	102,000	-	102,000	100%
Total	9,576,196	8,929,584	646,612	7%

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



# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein

**DATE:** August 17, 2021

**SUBJECT:** Office Relocation Update

The office relocation to the WSI building is now complete! Staff plans to bring forward an update to the Board in August and September to discuss progress and provide an update on estimated costs.

At the July 2021 Board meeting, the Board approved the costs of adding laptop stands for staff and vinyl lettering to our reception area. Staff wanted to provide the update that those efforts have been put into motion and are now completed.

We have a number of costs to update the Board on with things becoming finalized. At the March 2021 meeting the Board approved the cost have HVAC, lighting, and fire alarm work done to the visitor offices. The contractor was able to complete the construction without having to relocate the fire alarm strobe. As a result we saved \$450, and the project was completed at a total cost of \$5,825 vs. a budget of \$6,275.

Plexiglass barriers in the visitor offices were approved at a cost of \$254.97. Staff decided on a slightly smaller model, so total cost spent was \$236.97.

The Board authorized total payments of \$3,060 to frost the glass in the visitor and hoteling offices. Because the customization of the hoteling area allowed us to use panels that didn't have glass between offices, these costs came in \$810 under budget. The total final cost to frost the visitor and hoteling offices was \$2,250.

Staff did have some charges against the \$20,000 ceiling the Board approved this last month. Our office leases a large multi-function Canon as well as a scanner to get permanent documents into FileNet. Because we do not own these machines, the lessor is required to move these items based on the agreement we have in place. We were charged \$145 for one hour of work to move these items on our behalf.



Staff was responsible for filling in screw holes at our old office location that was left when office furniture was dismantled. \$32.83 was spent on caulking and putty to accomplish that task. In addition \$29.05 was spent on command strips and picture hanging strips to hang the white boards and bulletin boards in the new office.

Nameplates were ordered to identify the hoteling offices, our microfiche room, as well as for our new receptionist position. These eight nameplates had a total cost of \$126.

When we requested the eight additional chairs in our office, we didn't realize two staff members were using conference room chairs, and one more staff member preferred a chair for both at home and in the office. As a result we ordered three more chairs totaling \$2,815.58.

The Department of Commerce relocated to a much smaller location. As a result, they left us the majority of our back office furniture. We received 21 full offices as well as some other miscellaneous pieces for a grand total cost of \$100 from surplus property.

Vinyl lettering for our reception area was approved at the July Board meeting. Staff decided to also have this vendor add similar lettering to each of our visitor offices so staff knows which room they are reserving and meeting with customers in. This lettering for all three visitor offices totaled \$54.

Technology was needed to allow staff the ability to broadcast in person meetings through Microsoft Teams. Equipment was procured that will allow in-person meetings held in our conference room to show video and audio with staff and customers that are remote. This equipment cost \$929.97. In addition, a \$39.49 display adapter was procured to allow for wireless connection between the TV and laptops in our conference room.

Staff anticipated having Fettes move our office over a two day period. We anticipated accomplishing this by having all surplus property removed from our office prior to Fettes arriving at our old location. Unfortunately surplus property was not able to make it to our office in July at all. Luckily, Fettes was willing to spend an entire day moving our surplus property out of our location. In total, Fettes spent two and a half days moving our office which made the cost go over the quote that was approved by the Board by \$170.

At this time we do not anticipate needing to use contingency funding to make this office move a success. We are trending below our expectations on our operating expenditures for last biennium because of a reduction in activities due to the pandemic. We attempted to procure and receive as many pieces to this puzzle as we could last biennium. The Legislative Assembly also did not reduce our rent by the \$50,000 of savings we anticipate having in the 2021-2023 biennium to help us accommodate this move.

The layout of the new office space is included in Attachment A so the Board can get a feel for the office space that will be dedicated to our agency.

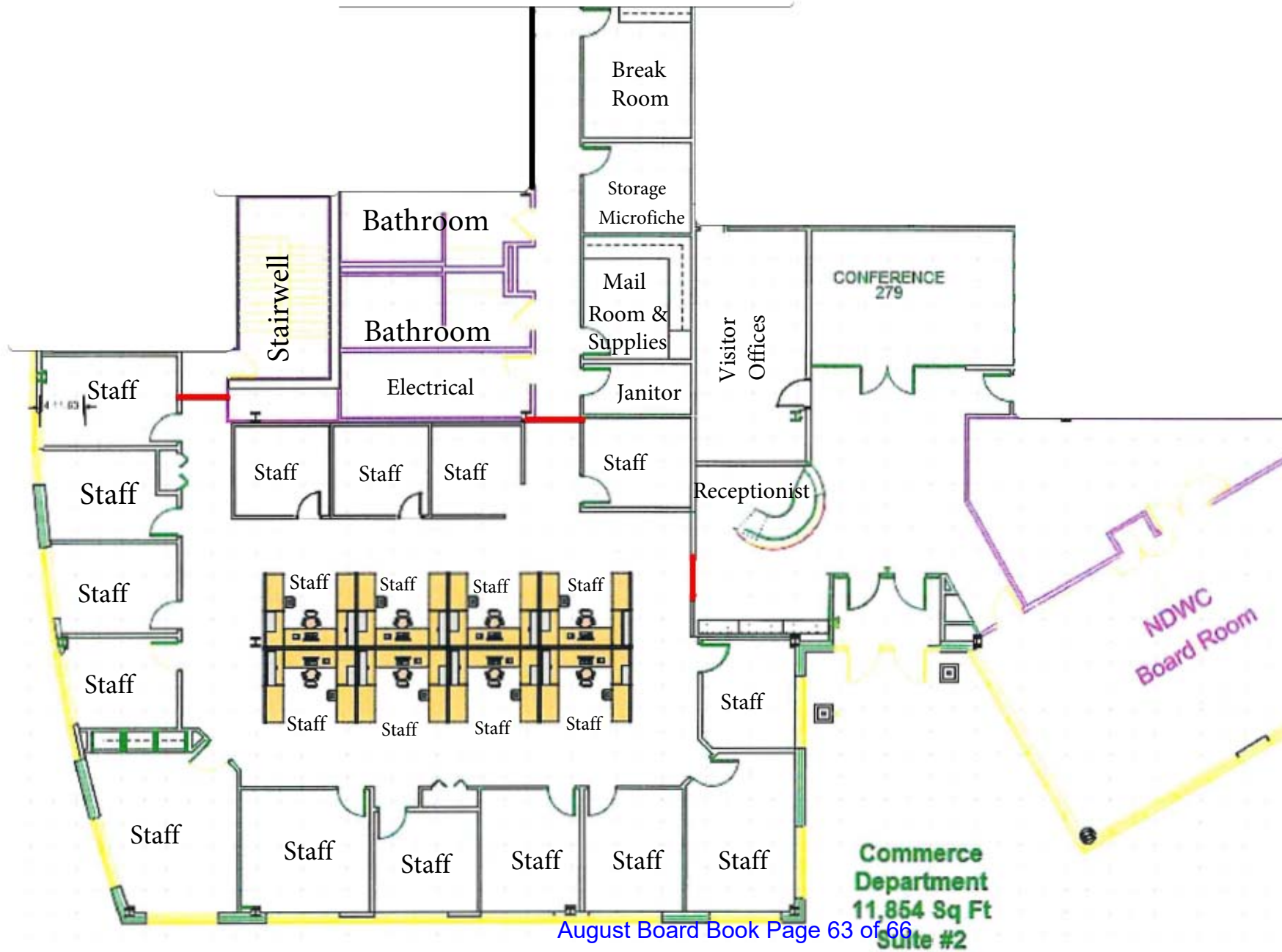
A summary of ongoing work efforts, expected costs, actual costs, and current status is outlined below:

Activity	Cost Quote	Actual Cost*	Status
Moving Expenses:			
15 walled offices	\$ 9,623.40	8,048.40	Approved March 2021
Fettes – remaining office furniture	8,520.00	8,520.00	Approved April 2021
Visitor office:			
DIRTT walls	18,719.00	18,019.00	Approved March 2021
HVAC/Lighting/Fire alarm	6,275.00	5,825.00	Approved March 2021
Sprinkler head installation	750.00	750.00	Approved March 2021
NDIT – move network connections	762.00	762.00	Approved April 2021
Fireside – new multi-function printer	75.00 + 118.00/Month	50.00 + 110/Month	Approved May 2021
Privacy film on glass	1,200.00	1,200.00	Approved June 2021
Plexiglass barriers	254.97	236.97	Approved June 2021
Three monitors/wall mounts/docks/keyboards	1,556.94	1,556.94	Approved June 2021
Customization of hoteling area:			
8 chairs	7,171.60	7,171.60	Approved April 2021
Privacy film on windows	1,860.00	1,050.00	Approved May 2021
Office customization	12,859.08	7,549.24	Approved May 2021
Monitors/docking stations	10,185.00	10,185.00	Approved June 2021
Laptop stands for staff	431.06	431.06	Approved July 2021
Secure back office:			
Locked doorways (3)	55,000.00	30,000.00*	Approved April 2021
Secure window to reception area	3,000.00		Approved April 2021
Reception area:			
Telecom system and lock the front door	15,500.00		Approved April 2021
Secure glass on front door	1,300.00		Approved April 2021
Vinyl lettering	85.00		Approved July 2021
Other essential costs not to exceed	20,000.00		Approved May 2021
Move Canon copier and scanner		145.00	
Putty/Caulking/Command Strips		61.88	
Nameplates		126.00	
3 additional chairs		2,815.58	
Commerce's Equipment		100.00	
Vinyl letters on visitor offices		54.00	
Fettes moving surplus property		170.00	
Audio/Video technology		969.46	

\*Denotes a partial or progress payment made

This memo is for informational purposes only. Staff is available to answer any questions the Board may have.

# Attachment A





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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** August 17, 2021

**SUBJECT:** Code of Ethical Responsibility

The Board approved the attached Code of Ethical Responsibility at the February 12, 2019 meeting. Signing the Code is an annual requirement, to be done after the annual Fiduciary Responsibility education.

**Board Action requested:** Each Trustee should sign the Code of Ethical Responsibility and give it to Jan. Electronic signatures and scanned forms are acceptable, of course.

## **North Dakota Public Employees Retirement System Board of Trustees**

### **Code of Ethical Responsibility**

1. Each NDPERS Board and subcommittee member owes a duty to conduct themselves so as to inspire the confidence, respect and trust of the NDPERS members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. NDPERS Board and subcommittee members should perform the duties of their offices impartially and diligently. NDPERS Board and subcommittee members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members should be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by NDPERS Board and subcommittee members. Board and subcommittee members should not allow their family, social, or other relationships to influence their judgement in discharging their responsibilities. Board and subcommittee members should refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the Board or subcommittee member shall immediately disclose the conflict to the NDPERS Board.
4. Board and subcommittee members should not unnecessarily retain employees or consultants. The hiring of employees and consultants shall be based on merit, avoiding nepotism and favoritism. The compensation of such employees and consultants shall not exceed the fair value of services rendered.
5. NDPERS members' retirement benefit information and health insurance data shall not be transmitted to any person other than in the fulfillment of a Board or subcommittee member's lawful responsibilities.
6. Board and subcommittee members shall not accept any cash or gifts, special accommodations, favors, or the use of property or facilities of more than \$50 from anyone with whom such person is doing, negotiating, or being solicited for business on behalf of NDPERS. However, Board and subcommittee members may accept: occasional meals or beverages from a citizen or business representative in connection with official duties; meals or refreshments offered in connection with a conference or seminar; reimbursement for costs related to attending a conference or seminar; and promotional items of nominal value. Travel and lodging costs may be accepted only upon prior approval of the Board.

7. Board and subcommittee members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities including:
  - a. **The exclusive benefit rule.** All activities and transactions performed on behalf of the retirement fund must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
  - b. **The prudent person rule.** Fiduciaries are required to exercise the same care, skill, prudence, and diligence that a prudent person familiar with such matter would exercise in managing similar affairs. The investments of the trust funds must be diversified so as to minimize the risk of large losses unless such diversification is clearly imprudent.
  - c. **Compliance with statutory scheme.** The fiduciary must act in conformance with the requirements of law, specifically, NDCC Chapter 54-52.
  - d. **Prohibited transactions.** Prohibited transactions for fiduciaries generally fall into two areas: those involving self-dealing and those involving a party-in-interest. Self-dealing refers to the fiduciary's use of plan assets for personal gain, engaging transactions on behalf of parties whose interests are adverse to the plan, or receiving personal consideration in connection with any planned transaction. A party-in-interest includes a fiduciary, counsel, or employee of the plan, anyone providing services to the plan, any employer or employee, organizations whose employees or members are covered by the plan and any of the number of other persons or entities that have a stated interest or relationship with a party-in-interest. Prohibited transactions between the plan and a party-in-interest include the sale, loan, exchange, or transfer of any plan assets.
8. Violation of these rules may result in an official reprimand from the NDPERS Board. No reprimand may be issued until the Board or subcommittee member has had the opportunity to be heard by the Board.

**I understand and agree to the provisions of this policy.**

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**NDPERS Trustee or subcommittee member**

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**Date**