



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Board Meeting Agenda

Location: WSI Board Room, 1600 East Century Avenue, Bismarck ND
By phone: 701.328.0950 Conference ID: 280 675 677#
Date: Tuesday, July 12, 2022
Time: 8:30 A.M.

I. MINUTES

- A. June 14, 2022

II. PRESENTATIONS

- A. SHP Well-being Education Presentations

III. RETIREMENT

- A. Actuarial Assumed Rate of Return Analysis – Scott (Board Action)
- B. Highway Patrol Indexing – MaryJo (Board Action)

IV. GROUP INSURANCE

- A. Wellness Renewal – Rebecca (Information)
- B. Legislative Diabetes Report – Rebecca (Information)
- C. Insurance Consultant Contract Approval – Derrick (Board Action)

V. MISCELLANEOUS

- A. Legislative Relations – Scott (Information)
- B. Legislative Update – Scott (Information)
- C. Quarterly Consultant Fees – Derrick (Information)
- D. Budget – Derrick (Board Action)

VI. MEMBER *EXECUTIVE SESSION

- A. Retirement Benefit Appeal Case #752 – MaryJo (Board Action)

*Executive Session pursuant to N.D.C.C. §44-04-19.2, §44-04-19.2(1) and/or §54-52-26 to discuss confidential records or confidential member information.



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • Box 1657
Bismarck, North Dakota 58502-1657

Scott A. Miller
Executive Director
(701) 328-3900
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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: July 12, 2022

SUBJECT: Sanford Health Plan Well-Being Education

Sanford Health Plan (SHP) provides updates as part of their quarterly Executive Summary regarding the various wellness initiatives and education opportunities being conducted across the state. Representatives of the SHP Wellness team will be at the Board meeting to provide one of their presentations, as well as to give an update on the various education opportunities that they offer to our employers to conduct onsite or as virtual presentations for their staff.

There has been interest by the Board previously related to Financial Wellness so Audra Janke will be providing SHP's Financial Flourishing presentation (Attachment 1) as one example of a financial wellness presentation. In addition, Angela Oberg will be providing an overview of the other education opportunities available (Attachments 2 and 3).

This item is informational only and does not require any action by the Board.

Financial Flourishing

Growing Your Financial
Well-being

Dimensions of Well-being

Finances impact your quality of life



How will your garden grow?

Consumer Financial Protection Bureau quiz

- How well does this statement describe you or your situation?
- How often does this statement apply to you?
- Tell us about yourself
- Scoring

CFPB FINANCIAL WELL-BEING SCALE
Questionnaire

NAME OR NUMBER

Part 1: How well does this statement describe you or your situation?

This statement describes me

	Completely	Very well	Somewhat	Very little	Not at all
1. I could handle a major unexpected expense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am securing my financial future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I can enjoy life because of the way I'm managing my money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I am just getting by financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I am concerned that the money I have or will save won't last	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: How often does this statement apply to you?

This statement applies to me

	Always	Often	Sometimes	Rarely	Never
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I have money left over at the end of the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I am behind with my finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. My finances control my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

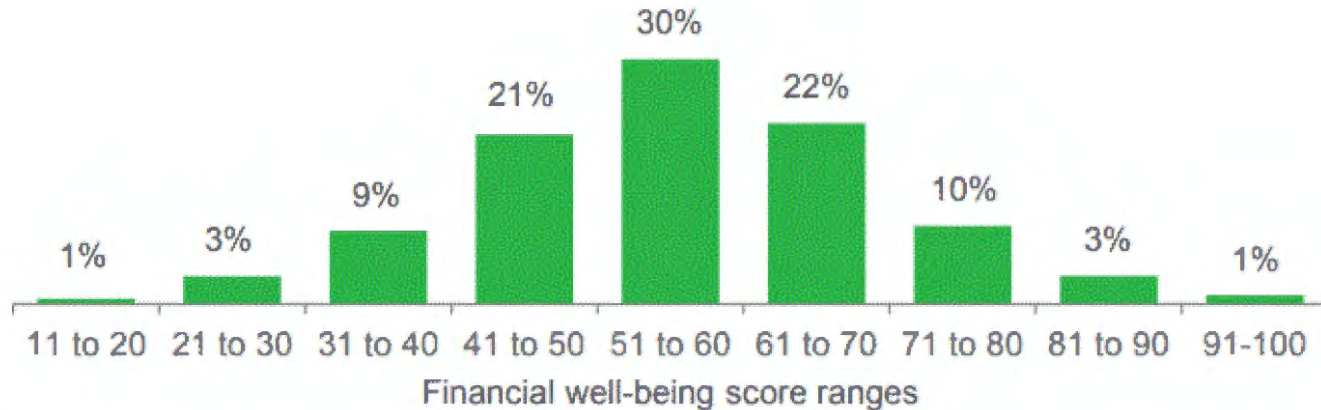
Part 3: Tell us about yourself.

11. How old are you? 18-41 62+

12. How did you take the questionnaire? I read the questions. Someone read the questions to me

How Do You Compare to Others?

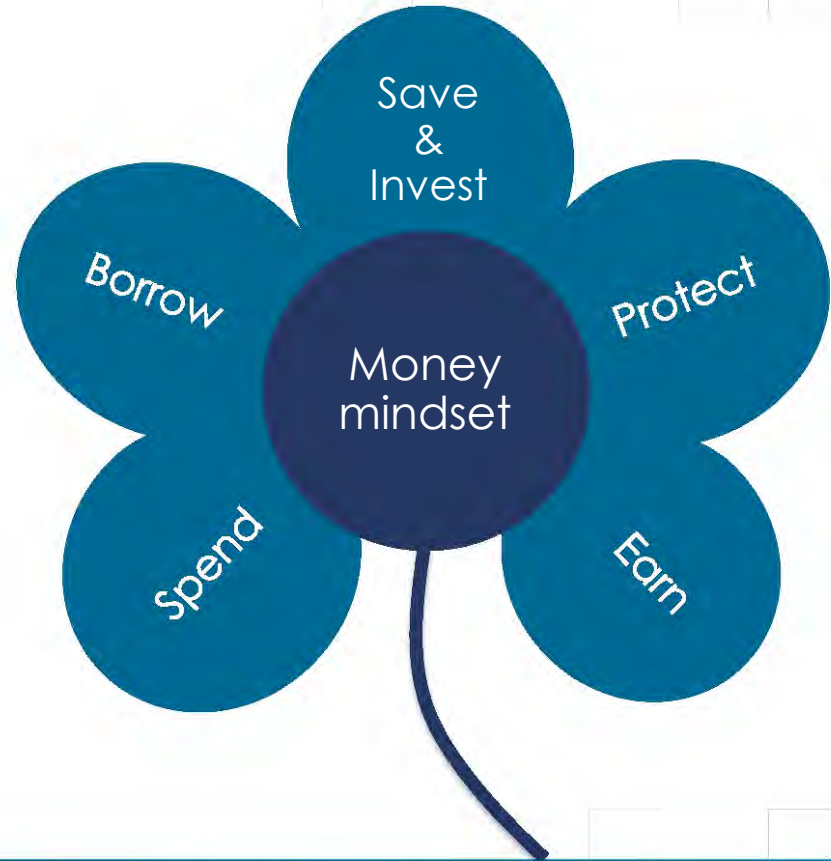
Consumer Financial Protection Bureau quiz



Source:

United States of America, Consumer Financial Protection Bureau. (2017, September). *Financial Wellbeing in America*. Retrieved January 19, 2018, from http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf

Growing a Thriving Financial Well-being



Money Mindset

Money does not mean happiness



Money Mindset

Struggle is difficult



Money Mindset

Troubles vs. Worries

Money Troubles

- Needs are not met
- Urgent, here and now
- Require direct actions:
 - 1.) Make more money
 - 2.) Make due without a need

Money Worries

- Needs are met
- Imagined future or painful past
- Requires asking questions
 - 1.) Put the past in context
 - 2.) Decide what to do in the present
 - 3.) Plan effectively for the future

Growing a Thriving Financial Well-being

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SANFORD
HEALTH PLAN

Save and Invest

What ways to save are easiest for you?

- Establish checking and savings accounts
- Set up default savings
- Pay yourself first

Check with your bank or employer to learn about direct deposit options



Protect

Have you checked your credit report?

- Know what's on your credit reports
- Review credit card bills and bank statements as soon as they arrive

**Review your credit report annually
at annualcreditreport.com**

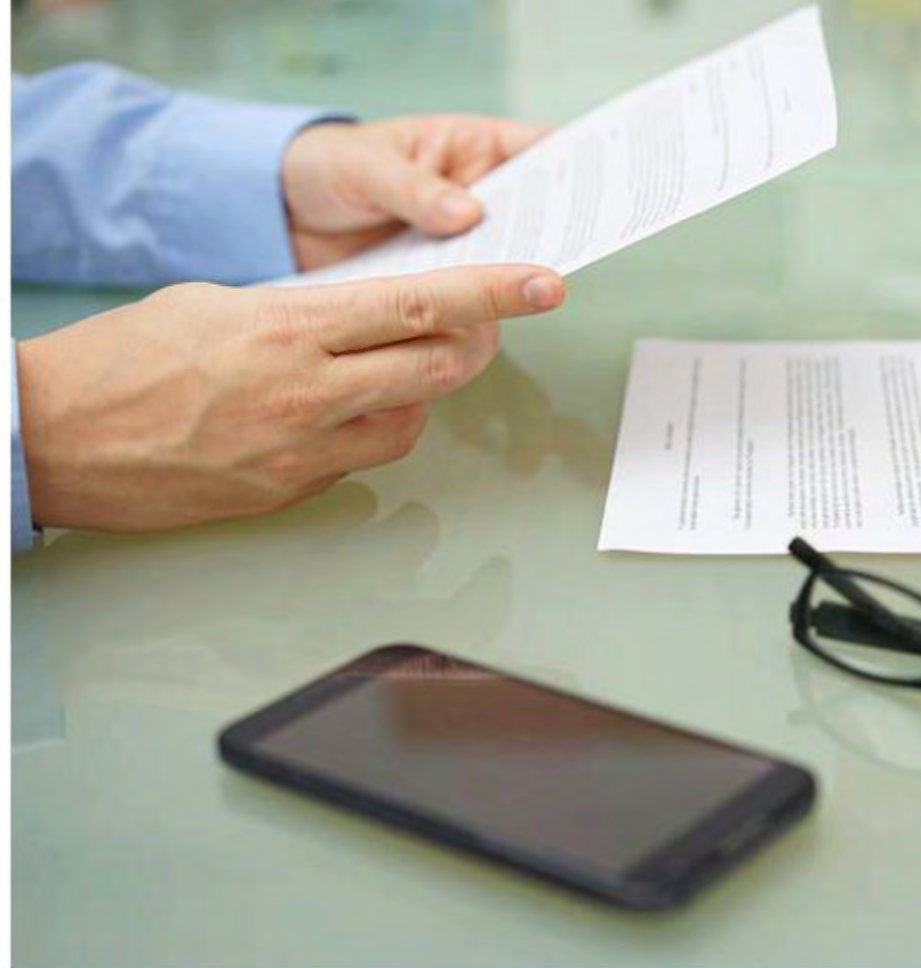


Protect

What type of insurance do you have?

- Make sure you have adequate insurance to cover missteps of fortune
- Bundle policies to save money

Talk to your HR department to learn about insurance options that may be available to you for free or low cost



Earn

Are you taking advantage of tax free deductions from your paycheck?

- Explore and sign up for pretax workplace benefits

Check with your HR department to learn more about pre-tax benefits available to you



Spend

How are my spending habits contributing to my life and well-being?

50/20/30 rule

- 50% of take home pay to needs
- 20% to savings & debt
- 30% on wants

Track your spending for one month to discover your true financial picture



Spend

How are my spending habits contributing to my life and well-being?

- Spend on others
- Buy experiences
- The 5 whys to curb impulse spending
- Stay liquid by keeping a healthy amount of money in your checking account

Brainstorm ways that you can increase your financial well-being



Borrow

What types of credit do you have?

- Choose credit building opportunities
- Shop around for the best rates
- Keep track of your borrowing history

Visit consumer.ftc.gov or mymoney.gov for tips and tools on all types of borrowing



Environment

What else contributes to your financial well-being?

- Relationships
- Ask for help when needed

Discuss finances with those that you share expenses and talk to a counselor if you are experiencing financial problem



Questions?

Survey

Question 1

As a result of the presentation, I have a deeper appreciation and awareness for the impact finances have on my overall health and well-being.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Survey

Question 2

I now have more knowledge about the importance implementing strategies for my financial well-being.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Survey

Question 3

Due to the presentation, I will implement a strategy as it relates to my financial well-being plan.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

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Well-being trainings

- **Body Mechanics and Posture**

Build a solid foundation to energize movement and prevent injuries

- **Cancer Prevention**

Review healthy habits to reduce risk for certain cancers and recommended screenings to catch cancer early

- **Dakota Wellness Program**

Engage employees in earning their \$250 wellness benefit

- **Flourishing Financially**

Review the ways your choices to spend or save impact overall well-being

- **Five Star Sleep**

Learn to create healthy conditions that promote the rest and recharge we need to be safe and productive at work

- **Get Moving at Work**

Learn about the harmful effects sitting too often has on your health and how to add exercise to your workday

- **Gratitude**

Create positive thoughts and actions using gratitude to improve your overall well-being

Well-being trainings

- **Healthy Meals in a Hurry**

Set yourself up for success to shop, plan and cook healthy meals

- **Love Your Job**

Explore new ways to think about and cope with the same old hustle and bustle

- **Make it Happen**

Set yourself up for lasting change and create an action plan to reach your goals

- **Mindful Eating**

Break away from poor eating habits and establish a healthy relationship with food

- **Mindfulness**

This four-week course offers an introduction to the foundations of mindfulness including stress reduction, self-awareness, focus and connectivity by practicing neuro-science based techniques

- **Overcoming Stress**

Review the sources of stress and techniques to reduce it

Well-being trainings

- **Quit Clinic**

Jump-start your journey to being nicotine free by exploring ways to crush cravings and developing important skills for handling tough moments

- **Self-care for Pain**

Develop a personal self-care plan to reduce and manage pain

- **Well-being for Prevention**

Discover what it means to thrive in all six areas of well-being and its impact on overall health



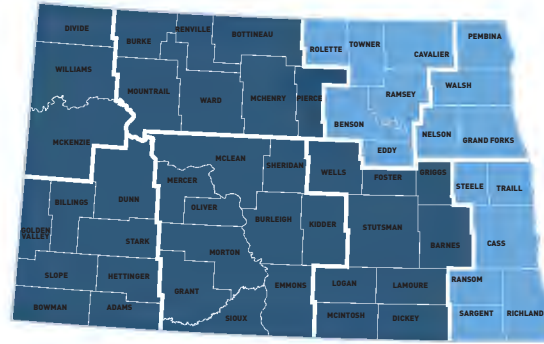
NEW Well-being trainings



- **Working from Home that Works**
Learn how to maximize productivity and work satisfaction by tweaking your work-from-home routine and environment.
- **Exercise without perfection**
Create a sustainable exercise routine, that you enjoy.
- **Nutrition and Hydration**
Learn about the food groups and how they impact your health.

Wellness challenges

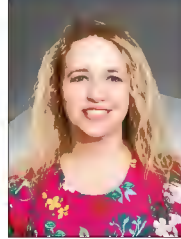
Trying out a new habit is one of the best ways to make a permanent lifestyle change. We offer a variety of ways for employees to try out new habits in nutrition, physical activity, financial fitness, stress management, sleep and weight loss, along with goal setting and habit change.



Written education

To increase health and wellness knowledge in your workplace, we provide monthly written education. This includes a themed newsletter to share with employees with featured articles, recipes and small actions that make a big difference. A poster to hang in your workplace and a book club selection are also available.

Contact your wellness educator to bring Sanford Health Plan's well-being education to your workplace at no cost.



Western Region
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Eastern Region
Alexis Allen
alexis.allen@sanfordhealth.org
(701) 417-6537



Well-being education

sanfordhealthplan.com



Trainings and webinars

Our team of experts provide interactive and engaging trainings in all areas of health and well-being. These are available to you in person or through a live webinar.

Our offerings include:

- **Body Mechanics and Posture:**

Build a solid foundation to energize movement and prevent injuries

- **Cancer Prevention:** Review healthy habits to reduce risk for certain cancers and recommended screenings to catch cancer early

- **Dakota Wellness Program:**

Engage employees in earning their \$250 wellness benefit

- **Flourishing Financially:** Review the ways your choices to spend or save impact overall well-being

- **Five Star Sleep:** Learn to create healthy conditions that promote the rest and recharge we need to be safe and productive at work

- **Get Moving at Work:** Learn about the harmful effects sitting too often has on your health and how to add exercise to your workday

- **Gratitude:** Create positive thoughts and actions using gratitude to improve your overall well-being

- **Healthy Meals in a Hurry:** Set yourself up for success to shop, plan and cook healthy meals

- **Love Your Job:** Explore new ways to think about and cope with the same old hustle and bustle

- **Make it Happen:** Set yourself up for lasting change and create an action plan to reach your goals

- **Mindful Eating:** Break away from poor eating habits and establish a healthy relationship with food

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- **Exercise Without Perfection:** Create a sustainable exercise routine, that you enjoy

- **Nutrition and Hydration:** Learn how different food groups provide your body with essential nutrients and find ways to increase hydration. Then tailor these tips to your daily life.

- **Overcoming Stress:** Review the sources of stress and techniques to reduce it

- **Quit Clinic:** Jump-start your journey to being nicotine free by exploring ways to crush cravings and developing important skills for handling tough moments

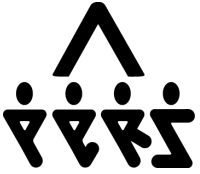
- **Self-care for Pain:** Develop a personal self-care plan to reduce and manage pain

- **Well-being for Prevention:** Discover what it means to thrive in all six areas of well-being and its impact on overall health

- **Working from Home that Works:**

Learn how to maximize productivity and work satisfaction by tweaking your work-from-home routine and environment.





Memorandum

TO: NDPERS Board

FROM: Scott

DATE: July 12, 2022

SUBJECT: Actuarial Assumed Rate of Return Analysis

You may recall that last September the Board considered and approved a recommendation from Bonnie Wurst of GRS that the Board reduce the assumed rate of return for the Job Service Plan. At that time, Bonnie stated that while the assumed rate for the Main PERS plan was still within a reasonable range, it was at the upper edge of that reasonable range, and GRS would re-evaluate its reasonableness in 2022.

On July 1, 2022, Bonnie sent us the attached analysis of the assumed rates for all our plans. As you can see, GRS is recommending that the Board reduce the assumed rates for our plans, as follows:

Plan	Current Rate	Recommended Rate
Main PERS	7.0%	6.5%
Highway Patrol	7.0%	6.5%
RHIC	6.5%	5.75%
Job Service	3.75%	3.0%

You may recall from last September's discussion that the Actuarial Standards of Practice (ASOPs) require actuaries to use reasonable and appropriate actuarial assumptions, including assumed rates of return, in their valuations. Because the current assumed rates of return exceed a reasonable range, GRS recommends that the Board adopt the new recommended rates above.

If the Board were to decline to change the assumed rates, the ASOPs require GRS to provide that information in a statement within the valuations, and that statement may result in an audit finding from our outside auditors. As such, staff recommends that the Board

adopt the recommended assumed rates of return for the various plans. GRS will be available for questions.

If the Board decides to adopt the recommended changes, we suggest the Board do so for valuation purposes as of July 1, 2022, and for participant purposes as of January 1, 2023. The assumed rates have an impact on the actuarial equivalence tables we use for retirement and service purchase calculations. As such, we will need to have GRS revise those tables and we will have to incorporate them into our PERSLink system. In the past, the Board has approved having those new tables effective on the following January 1st in order to give us time to have them created and incorporated into our system.

We will bring a cost proposal from GRS to have them create those tables to the Board for its consideration once we receive it.

Board Action: Adopt the recommended assumed rates of return for the above plans effective July 1, 2022, for valuation purposes, and effective January 1, 2023, for participant purposes.

Attachment

July 1, 2022

Mr. Scott Miller
North Dakota Public Employees Retirement System
400 East Broadway Avenue, Suite 505
PO Box 1657
Bismarck, North Dakota 58502-1657

Re: 2022 Valuation Interest Rate Assumption

Dear Mr. Miller:

This report includes our review of the long-term rate of investment return assumption for the North Dakota Public Employees Retirement System (NDPERS) for the June 30, 2022 actuarial valuation. The purpose of this report is to comply with Actuarial Standards of Practice and to assist NDPERS in the selection of appropriate assumptions for funding purposes and Governmental Accounting Standards Board (GASB) Statements Nos. 67, 68, 74, and 75 reporting. This report should not be relied upon for any purpose other than the purpose described herein.

Background

In our 2020 experience study report, Gabriel, Roeder, Smith & Company (GRS) recommended that the investment return assumption be reduced from 7.5% to 7.0% for PERS and Highway Patrol, from 7.25% to 6.50% for RHIC, and from 4.75% to 4.25% for Job Service. NDPERS accepted our recommendations, and the lower assumptions were effective for the 2020 valuations. Please see our report, *NDPERS 2019 Experience Review*, dated April 13, 2020 for additional information.

Our report contained the following statement: "We recommend that the assumed investment returns be monitored for continued appropriateness between full experience reviews. Also, any changes in the target asset allocations of the Systems may warrant an additional review of the rate of return assumption."

For the June 30, 2021 actuarial valuation, we recommended a reduction in the Job Service investment return assumption from 4.25% to 3.75%. NDPERS accepted our recommendation and the lower assumption was effective for the 2021 actuarial valuation. We also cautioned that the investment return assumptions for PERS, Highway Patrol, and RHIC were at the upper end of the reasonable range.

If an assumption is deemed unreasonable based on current information, we will have to "qualify" the work that we do for NDPERS. Actuarial Standards will require us to include a statement indicating that "the prescribed assumption significantly conflicts with what, in our professional judgment, would be reasonable."

We have reviewed the current investment return assumptions based on 2022 capital market assumptions and asset allocations provided by NDPERS. For PERS and Highway Patrol, we relied on the asset allocation that was provided for the 2020 Experience Review report. For RHIC and Job Service, we relied on the asset allocations provided by NDPERS on September 9, 2021. Note that for Job Service, we also modeled alternative Portfolio A from the June 14, 2022 NDPERS Board Meeting materials, and found the results to be materially similar. If asset allocations have changed, please provide, and we will update this analysis.

On the following pages, we present information that leads us to conclude that, based on the target asset allocation described above, the current assumed rates of return for PERS, Highway Patrol, RHIC and Job Service are not within a reasonable range as of July 1, 2022.

Actuarial Standards of Practice

The relevant Actuarial Standard of Practice (ASOP) for economic assumptions is ASOP No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. Under ASOP No. 27, Section 3.6, an economic assumption is reasonable if it has the following characteristics:

- It is appropriate for the purpose of the measurement;
- It reflects the actuary's professional judgment;
- It takes into account current and historical data that is relevant to selecting the assumption for the measurement date, to the extent such relevant data is reasonably available;
- It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data (if any), or a combination thereof; and
- It is expected to have no significant bias (i.e., it is not significantly optimistic or pessimistic), except when provisions for adverse deviation or plan provisions that are difficult to measure are included (as discussed in Section 3.5.1) or when alternative assumptions are used for the assessment of risk, in accordance with ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions.

Long-Term Rate of Return on Investments

For purposes of budgeting contributions and measuring liabilities for public employee retirement systems, the assumed rate of investment return is used as the discount rate to determine the present value of a system's pension obligations. For most valuations, an actuarial investment return assumption based on expected future experience is a single estimate for all years and, therefore, implicitly assumes that returns above and below expectations will average out over time. In other words, the expected risk premium is reflected in the assumed rate of investment return in advance of being earned, while the investment risk (i.e., volatility) is not reflected until actual experience emerges with each valuation.

The analysis of the investment return assumption in this report is based on forward-looking measures of expected investment return outcomes for the asset classes in the System's current investment policy. For

purposes of this analysis, we have analyzed the System's investment policy with the capital market assumptions from 12 nationally recognized investment firms.

Our analysis is based on the GRS 2022 Capital Market Assumption Modeler (CMAM). The purpose of the CMAM is to assess the reasonability of the assumed rate of return for use in the actuarial valuations for the plan. In our professional judgment the CMAM has the capability to provide results that are consistent with this purpose. A description of the strengths, limitations and weaknesses of the model are incorporated in this report. In our opinion, the limitations and weaknesses are not material. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

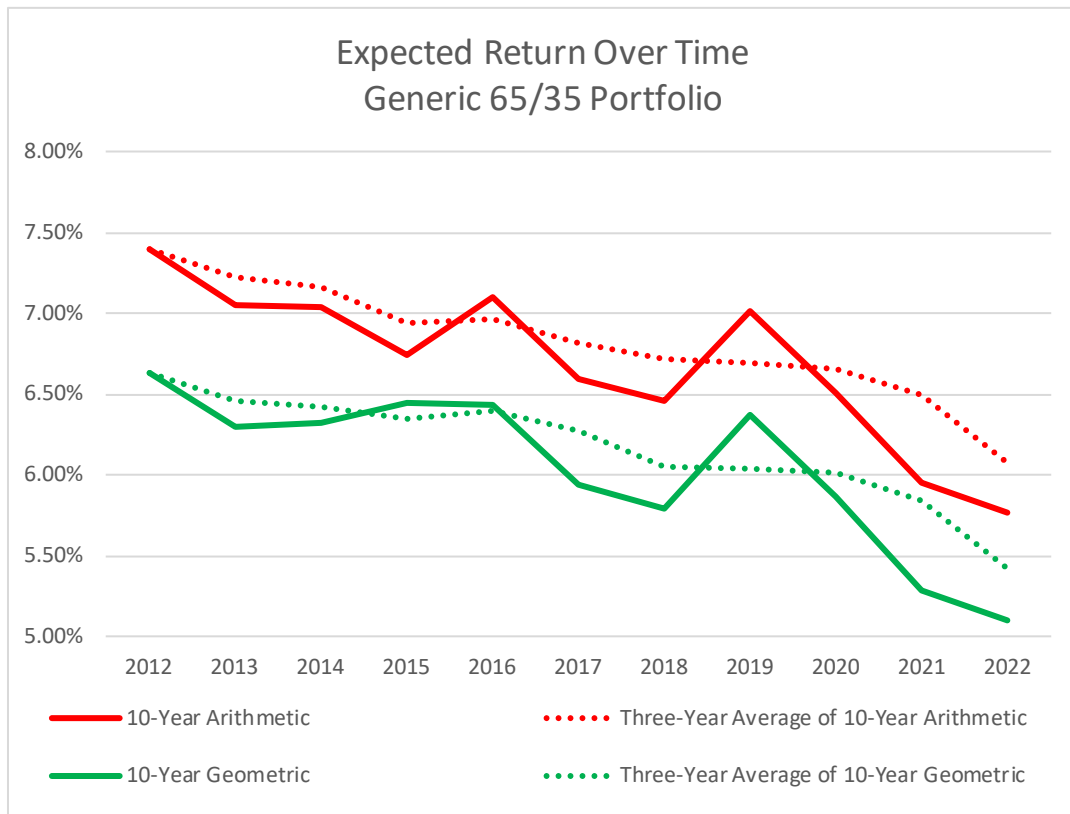
Because GRS is a benefits consulting firm and does not develop or maintain its own capital market expectations, we request and monitor forward-looking expectations developed by several major investment firms. We update our CMAM on an annual basis. The capital market assumptions in the 2022 CMAM are from the following investment firms (in alphabetical order): Aon Hewitt, Blackrock, BNY Mellon, Callan, Cambridge, JPMorgan, Meketa, Mercer, NEPC, RVK, Verus, and Wilshire. We believe that the benefit of performing this analysis using multiple investment firms is to recognize the uncertain nature of the items affecting the selection of the investment return assumption. While there may be differences in asset classes, investment horizons, inflation assumptions, treatment of investment expenses, excess manager performance (i.e., alpha), etc., we have attempted to align the various assumption sets from the different investment firms to be as consistent as possible. In some cases, we have made minor adjustments or assumptions to align the various assumptions sets with our model.

Each investment firm provided capital market assumptions over an investment horizon of approximately 10 years. Although investment firms often refer to this period as "short-term" it is important to remember that 10 years is actually a very long time. In fact, a significant portion of the present value of benefits is attributable to benefits projected to be paid during the next 10 years. Therefore, returns during the next 10 years will affect the plans funding materially. A subset of six investment firms provided capital market expectations over a longer horizon, varying between 20 and 30 years. For purposes of this report, the analysis is generally based on the 10-year expectations provided by the investment firms.

In general, our understanding is that the methodology for developing these capital market expectations is forward-looking, not purely backward-looking. Over the years, we have observed a general decreasing trend in capital market expectations. However, we have also observed that some of the investment firms' assumption sets are dependent on the market conditions at the time they are developed and consequently may be sensitive to short-term market fluctuations. Some expectations are contrarian – meaning that when the market is high, future expectations are lowered and when the market is low, future expectations are raised. The amount of these fluctuations as they appear in the year-to-year capital market assumptions varies between the various investment firms.

Each year, the GRS CMAM reflects the most up-to-date information at the time the data was collected (typically reflecting the firms' expectations at the beginning of the calendar year). Compared to the 2021 survey, the 2022 survey generally shows slightly higher return expectations for the fixed income asset

classes and some modest decline in the forward-looking return expectations for domestic public equity. This is perhaps due in part to the increase in bond yields during the 2021 calendar year from record lows and a strong U.S. stock market performance at the end of 2021. Generally, the forward-looking returns in the 2022 survey are also considerably lower than the return expectations in the 2020 survey. If we consider the three-year average of return expectations, the general decreasing trend continues and the short-term fluctuations are diminished. The chart below illustrates the volatility from year to year from past CMAMs with a generic 65/35 asset allocation. The general declining trend is illustrated with the three-year average of CMAM returns.



To the best of our ability, we have adapted the System’s investment policy to fit with the investment firms’ assumptions adjusting for these known differences in assumptions and methodology. The asset classes in the system’s investment allocation often do not exactly align with the asset classes of all investment firms in the survey. This may require us to make approximations which can introduce some subjectivity into the process. In the following charts, to the extent possible all returns are net of passive investment expenses and have no assumption for excess manager performance (alpha) in excess of active management fees.

For purposes of this analysis, for PERS and Highway Patrol, we have utilized the asset allocation that was provided for the 2020 Experience Review report. For RHIC and Job Service, we have utilized the asset allocations provided by NDPERS on September 9, 2021. Note that for Job Service, we also modeled alternative Portfolio A from the June 14, 2022 NDPERS Board Meeting materials, and found the results to be materially similar. If the target asset allocations have changed, we will update our analysis.

The arithmetic expected return developed from this detailed actual asset allocation is shown in the table on the following page. The CMAM begins with the nominal expected return from each Capital Market Assumption (CMA) set (column 2), and takes out each CMA’s price inflation assumption (column 3) to arrive at the real return (column 4). We then incorporate the current price inflation assumption of 2.25% (column 5) to get the adjusted nominal return (column 6). Investment expenses not already netted out of the return and/or administrative expenses paid out of trust assets which are not reflected in the employer contributions (column 7) are netted out of the return. The final arithmetic expected return is shown in column 8. We believe that this is reasonable provided that the current price inflation assumption does not differ materially from the assumptions used by the investment firms. Note that the arithmetic return is in general higher than the median return due to the compounding effect of random returns. In general, the difference between the arithmetic and median return will be larger for larger standard deviation of returns. We have shown the standard deviation of returns as the investment risk in column 9.

The average arithmetic return and standard deviation from the last three years of CMAMs are shown at the bottom of the table for reference.

ASOP No. 27, Section 3.6.2, states that “[d]ue to the uncertain nature of the items for which assumptions are selected, the actuary may consider several different assumptions reasonable for a given measurement. Different actuaries will apply different professional judgment and may choose different reasonable assumptions. As a result, a range of reasonable assumptions may develop, both for an individual actuary and across actuarial practice.” This range of different expectations from the CMAs is evident from the summaries we show from our CMAM.

GRS 2022 CMAM - PERS and Highway Patrol								
Capital Market Assumption Set (CMA)	CMA Expected Nominal Return	CMA Inflation Assumption	Expected Real Return (2)-(3)	Actuary Inflation Assumption	Expected Nominal Return (4)+(5)	Investment Expenses	Expected Nominal Return Net of Expenses (6)-(7)	Standard Deviation of Expected Return (1-Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	5.93%	3.00%	2.93%	2.25%	5.18%	0.00%	5.18%	12.06%
2	5.61%	2.40%	3.21%	2.25%	5.46%	0.00%	5.46%	12.55%
3	5.88%	2.60%	3.28%	2.25%	5.53%	0.00%	5.53%	12.74%
4	5.97%	2.50%	3.47%	2.25%	5.72%	0.00%	5.72%	11.37%
5	5.95%	2.31%	3.64%	2.25%	5.89%	0.00%	5.89%	12.91%
6	5.85%	2.31%	3.54%	2.25%	5.79%	0.00%	5.79%	11.21%
7	6.34%	2.50%	3.84%	2.25%	6.09%	0.00%	6.09%	12.76%
8	6.62%	2.64%	3.98%	2.25%	6.23%	0.00%	6.23%	13.37%
9	6.56%	2.41%	4.15%	2.25%	6.40%	0.00%	6.40%	12.37%
10	6.55%	2.26%	4.29%	2.25%	6.54%	0.00%	6.54%	12.91%
11	7.08%	2.29%	4.79%	2.25%	7.04%	0.00%	7.04%	12.74%
12	8.00%	3.10%	4.90%	2.25%	7.15%	0.00%	7.15%	12.83%
Average	6.36%	2.53%	3.83%	2.25%	6.08%	0.00%	6.08%	12.49%
Average from last 3 CMAMs							6.38%	12.43%

GRS 2022 CMAM - RHIC								
Capital Market Assumption Set (CMA)	CMA Expected Nominal Return	CMA Inflation Assumption	Expected Real Return (2)-(3)	Actuary Inflation Assumption	Expected Nominal Return (4)+(5)	Investment Expenses	Expected Nominal Return Net of Expenses (6)-(7)	Standard Deviation of Expected Return (1-Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	5.41%	3.00%	2.41%	2.25%	4.66%	0.00%	4.66%	11.55%
2	5.10%	2.60%	2.50%	2.25%	4.75%	0.00%	4.75%	12.16%
3	5.49%	2.50%	2.99%	2.25%	5.24%	0.00%	5.24%	11.99%
4	5.44%	2.40%	3.04%	2.25%	5.29%	0.00%	5.29%	12.29%
5	5.43%	2.31%	3.12%	2.25%	5.37%	0.00%	5.37%	12.82%
6	5.31%	2.31%	3.00%	2.25%	5.25%	0.00%	5.25%	11.35%
7	5.90%	2.64%	3.26%	2.25%	5.51%	0.00%	5.51%	12.45%
8	5.69%	2.50%	3.19%	2.25%	5.44%	0.00%	5.44%	11.66%
9	5.90%	2.41%	3.50%	2.25%	5.75%	0.00%	5.75%	12.51%
10	6.70%	3.10%	3.60%	2.25%	5.85%	0.00%	5.85%	11.17%
11	6.10%	2.26%	3.84%	2.25%	6.09%	0.00%	6.09%	12.32%
12	6.79%	2.29%	4.50%	2.25%	6.75%	0.00%	6.75%	12.45%
Average	5.77%	2.53%	3.24%	2.25%	5.49%	0.00%	5.49%	12.06%
Average from last 3 CMAMs							5.82%	12.06%

GRS 2022 CMAM - Job Service								
Capital Market Assumption Set (CMA)	CMA Expected Nominal Return	CMA Inflation Assumption	Expected Real Return (2)-(3)	Actuary Inflation Assumption	Expected Nominal Return (4)+(5)	Investment Expenses	Expected Nominal Return Net of Expenses (6)-(7)	Standard Deviation of Expected Return (1-Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	2.42%	3.00%	-0.58%	2.25%	1.67%	0.00%	1.67%	4.41%
2	2.49%	2.31%	0.18%	2.25%	2.43%	0.00%	2.43%	5.93%
3	3.30%	3.10%	0.20%	2.25%	2.45%	0.00%	2.45%	5.58%
4	2.91%	2.60%	0.31%	2.25%	2.56%	0.00%	2.56%	5.41%
5	3.04%	2.64%	0.40%	2.25%	2.65%	0.00%	2.65%	5.83%
6	2.90%	2.40%	0.50%	2.25%	2.75%	0.00%	2.75%	5.49%
7	3.05%	2.50%	0.55%	2.25%	2.80%	0.00%	2.80%	4.74%
8	3.12%	2.41%	0.71%	2.25%	2.96%	0.00%	2.96%	4.90%
9	3.11%	2.26%	0.84%	2.25%	3.09%	0.00%	3.09%	5.75%
10	3.38%	2.50%	0.88%	2.25%	3.13%	0.00%	3.13%	5.59%
11	3.41%	2.31%	1.10%	2.25%	3.35%	0.00%	3.35%	6.14%
12	4.14%	2.29%	1.85%	2.25%	4.10%	0.00%	4.10%	8.24%
Average	3.10%	2.53%	0.58%	2.25%	2.83%	0.00%	2.83%	5.67%
Average from last 3 CMAMs							3.14%	5.81%

The average expected nominal return from column 8 is the return that is "expected" each year. However, the average volatility of return, the standard deviation, indicates a level of volatility. Volatility drags down the cumulative return over time -- losses hurt more than gains help. Although the expected return, in this case 6.08% for PERS and Highway Patrol, 5.49% for RHIC, and 2.83% for Job Service, can be considered a reasonable assumption, we prefer the median return over time, because it adjusts the cumulative expectation for volatility.

Next, we compare the probabilities of achieving returns over a 10-year horizon. We compute the 40th, 50th, and 60th percentiles of returns as well as the probability of achieving the current assumption over a 10-year horizon. These estimates are based on the assumption that the distribution of returns for the next 10 years is the same each year. The average median return from the last three years of CMAMs is shown at the bottom of the table for reference.

GRS 2022 CMAM - PERS and Highway Patrol					
Capital Market Assumption Set (CMA)	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of exceeding 7.00%	Probability of exceeding 6.50%
	40th	50th	60th	7.00%	6.50%
(1)	(2)	(3)	(4)	(5)	(6)
1	3.55%	4.50%	5.46%	25.63%	29.97%
2	3.73%	4.72%	5.72%	28.26%	32.62%
3	3.77%	4.77%	5.79%	29.01%	33.36%
4	4.21%	5.11%	6.02%	29.98%	34.94%
5	4.10%	5.12%	6.14%	32.19%	36.67%
6	4.31%	5.20%	6.09%	30.58%	35.66%
7	4.32%	5.33%	6.34%	33.87%	38.50%
8	4.34%	5.39%	6.46%	35.15%	39.62%
9	4.71%	5.69%	6.68%	36.84%	41.75%
10	4.75%	5.77%	6.80%	38.08%	42.83%
11	5.29%	6.29%	7.31%	42.96%	47.91%
12	5.38%	6.39%	7.41%	43.98%	48.91%
Average	4.37%	5.36%	6.35%	33.88%	38.56%

GRS 2022 CMAM - RHIC					
Capital Market Assumption Set (CMA)	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of exceeding	Probability of exceeding
	40th	50th	60th	6.50%	5.75%
(1)	(2)	(3)	(4)	(5)	(6)
1	3.12%	4.03%	4.95%	25.02%	31.90%
2	3.09%	4.05%	5.02%	26.23%	32.88%
3	3.61%	4.56%	5.52%	30.45%	37.65%
4	3.61%	4.58%	5.56%	31.04%	38.11%
5	3.59%	4.60%	5.62%	31.92%	38.76%
6	3.75%	4.64%	5.55%	30.26%	37.86%
7	3.80%	4.78%	5.78%	33.12%	40.26%
8	3.87%	4.80%	5.73%	32.18%	39.75%
9	4.03%	5.01%	6.01%	35.32%	42.57%
10	4.38%	5.26%	6.16%	36.30%	44.50%
11	4.41%	5.38%	6.36%	38.61%	46.16%
12	5.05%	6.03%	7.02%	45.20%	52.86%
Average	3.86%	4.81%	5.77%	32.97%	40.27%

GRS 2022 CMAM - Job Service					
Capital Market Assumption Set (CMA)	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of exceeding	Probability of exceeding
	40th	50th	60th	3.75%	3.00%
(1)	(2)	(3)	(4)	(5)	(8)
1	1.23%	1.58%	1.93%	6.15%	15.55%
2	1.79%	2.26%	2.73%	21.42%	34.63%
3	1.85%	2.29%	2.74%	20.60%	34.49%
4	1.98%	2.41%	2.85%	21.86%	36.61%
5	2.02%	2.48%	2.95%	24.65%	38.92%
6	2.17%	2.60%	3.04%	25.53%	40.98%
7	2.32%	2.69%	3.08%	24.17%	41.94%
8	2.46%	2.85%	3.24%	28.04%	46.05%
9	2.48%	2.93%	3.40%	32.72%	48.57%
10	2.53%	2.98%	3.43%	33.15%	49.53%
11	2.68%	3.17%	3.66%	38.19%	53.43%
12	3.12%	3.77%	4.43%	50.36%	61.77%
Average	2.22%	2.67%	3.12%	27.24%	41.87%

The 50th percentile return is also related to the geometric average return. The geometric average of a sequence of returns over a number of years is the compound average of those returns over the number of

years compounded. As the number of years in the geometric average increase and if the distributions of returns each year are independent and identically distributed, then the geometric average will converge to the median return. The median return may be considered a reasonable rate of return for purposes of the valuation. The average of 50th percentile returns is 5.36% per year for PERS and Highway Patrol, 4.81% for RHIC, and 2.67% for Job Service.

Column 5 of table 2 shows the estimated probability of achieving the current assumed rate of return over a 10-year period. The average probability of achieving 7.00% over 10 years is 34% for PERS and Highway Patrol, the probability of achieving 6.50% is 33% for RHIC, and the probability of achieving 3.75% for Job Service is only 27%.

PERS and Highway Patrol

In summary, a reasonable range for the assumed rate of return based solely on the current CMAM's 10-year investment horizon and the current inflation assumption of 2.25% is between the median of 5.36% and the (arithmetic) nominal expected return of 6.08%. Returns outside that range are not necessarily unreasonable, but a separate justification may be needed. We think that an assumption up to 6.50% can, in fact, be deemed reasonable for the July 1, 2022 valuation, as the discussion below indicates. The current assumption is 7.00%.

For reference, based on the longer horizon (20 to 30 years) CMAs that were provided by investment firms, the median expected return for a 20-30 year period is 6.42%.

Our preferred return assumption based solely upon our most current CMAM and 10-year expectations would be 5.36%. However, we recognize that capital market assumptions are volatile, and because of this we can consider the average of recent CMAMs. If we look at the 3-year average arithmetic expectation of 6.38%, and the average of 20-30 year expectations of 6.42%, we think an assumed return of up to 6.50% can be justified. In the 2022 CMAM, 3 out of 12 arithmetic expectations are over 6.50%, and one additional expectation is 6.40%. We caution that 6.50% is really an upper bound. Unless 6.50% is supported by the 2023 CMAM, it will not be considered reasonable for the valuation as of July 1, 2023. An assumption closer to the median would be more likely to remain reasonable for a longer time period.

If the assumed rate of return for PERS is changed from 7.00% to 6.50%, the probability of achieving the assumed rate of return over a 10-year period improves from 34% to 39%.

RHIC

In summary, a reasonable range for the assumed rate of return based solely on the current CMAM's 10-year investment horizon and the current inflation assumption of 2.25% is between the median of 4.81% and the (arithmetic) nominal expected return of 5.49%. Returns outside that range are not necessarily unreasonable, but a separate justification may be needed. We think that an assumption up to 5.75% can, in fact, be deemed reasonable for the July 1, 2022 valuation, as the discussion below indicates. The current assumption is 6.50%.

For reference, based on the longer horizon (20 to 30 years) CMAs that were provided by investment firms, the median expected return for a 20-30 year period is 5.83%.

Our preferred return assumption based solely upon our most current CMAM and 10-year expectations would be 4.81%. However, we recognize that capital market assumptions are volatile, and because of this we can consider the average of recent CMAMs. If we look at the 3-year average arithmetic expectation of 5.82%, and the average of 20-30 year expectations of 5.83%, we think an assumed return of up to 5.75% can be justified. In the 2022 CMAM, 4 out of 12 arithmetic expectations equal or exceed 5.75%. We caution that 5.75% is really an upper bound. Unless 5.75% is supported by the 2023 CMAM, it will not be considered reasonable for the valuation as of July 1, 2023. An assumption closer to the median would be more likely to remain reasonable for a longer time period.

If the assumed rate of return for RHIC is changed from 6.50% to 5.75%, the probability of achieving the assumed rate of return over a 10-year period improves from 33% to 40%.

Job Service

In summary, a reasonable range for the assumed rate of return based solely on the current CMAM's 10-year investment horizon and the current inflation assumption of 2.25% is between the median of 2.67% and the (arithmetic) nominal expected return of 2.83%. Returns outside that range are not necessarily unreasonable, but a separate justification may be needed. We think that an assumption up to 3.00% can, in fact, be deemed reasonable for the July 1, 2022 valuation, as the discussion below indicates. The current assumption is 3.75%.

For reference, based on the longer horizon (20 to 30 years) CMAs that were provided by investment firms, the median expected return for a 20-30 year period is 3.67%.

Our preferred return assumption based solely upon our most current CMAM and 10-year expectations would be 2.67%. However, we recognize that capital market assumptions are volatile, and because of this we can consider the average of recent CMAMs. If we look at the 3-year average arithmetic expectation of 3.14%, and the average of 20-30 year expectations of 3.67%, we think an assumed return of up to 3.00% can be justified. In the 2022 CMAM, 4 out of 12 arithmetic expectations are over 3.00%, and an additional expectation is 2.96%. We caution that 3.00% is really an upper bound. Unless 3.00% is supported by the 2023 CMAM, it will not be considered reasonable for the valuation as of July 1, 2023. An assumption closer to the median would be more likely to remain reasonable for a longer time period.

If the assumed rate of return for Job Service is changed from 3.75% to 3.00%, the probability of achieving the assumed rate of return over a 10-year period improves from 27% to 42%.

Comments and Recommendations

Nothing in this report should be construed as GRS giving investment advice.

Capital market assumptions have declined significantly since the most recent NDPERS experience study. Although the assumed rates of 7% for PERS and Highway Patrol, 6.5% for RHIC, and 3.75% for Job Service appeared reasonable based on the information available in 2021, based on the analysis in this letter, **GRS believes the current rate for PERS, Highway Patrol, RHIC, and Job Service are outside of the reasonable range for the July 1, 2022 valuation. If the assumed rate is not changed, we will produce the PERS, Highway Patrol, RHIC, and Job Service valuations based upon current assumed rates, but Actuarial**

Standards will require us to include a statement indicating that “the prescribed assumption significantly conflicts with what, in our professional judgment, would be reasonable.”

For GASB work, we will need to use an assumption that can be deemed reasonable based upon actuarial standards of practice.

If the target asset allocations have changed, we will update this analysis.

Current inflation expectations are higher than expectations from one year ago. The average assumption in the 2022 CMAM is 2.53%, with a range of 2.26% to 3.10%. The average assumption for inflation in the 2021 CMAM was 2.19%, with a range of 1.92% to 3.10%.

An increase in assumed inflation could lead to an equal increase in the expected nominal return. If an inflation assumption of 2.50% is used instead of the current assumption of 2.25%, the ranges above would increase by 0.25% (as long as the inflation assumption does not differ too much from the average assumption of the investment firms in the model). Keep in mind that the inflation assumption also impacts other economic assumptions, including payroll growth and salary scale, which are outside the scope of this report.

Bonnie Wurst and Abra Hill are independent of the plan sponsor and are Members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge and belief, all calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, FCA, MAAA
Senior Consultant



Abra Hill, ASA, FCA, MAAA
Consultant

Attachment

July 7, 2022

Mr. Derrick Hohbein
North Dakota Public Employees
Retirement System
400 East Broadway, Suite 505
Bismarck, North Dakota 58502

Re: Actuarial Factor Update – Fee Quote

Dear Derrick:

This letter summarizes the scope of services, associated fees and proposed work schedule for the potential actuarial factor update project.

Scope of Services

We will recommend an updated actuarial basis that incorporates changes in assumptions, and if applicable, changes in plan provisions. Electronic copies of updated actuarial factor and service purchase tables will be provided, in the same format as the 2020 tables. For the disability factor tables, we will extend the age range to ages 25 to 95. The following actuarial tables will be updated.

Service Purchase Tables

- Main System – State Employees
- Main System - Non-State Employees
- Public Safety Systems
- Judges System
- Highway Patrol System
- RHIC – Main System and Law Enforcement Systems
- RHIC – Judges and Highway Patrol Systems

Present Value of Employee Contribution Tables

- Main System – State Employees
- Main System - Non-State Employees
- Public Safety Systems
- Judges System
- Highway Patrol System

Optional Form Tables

Main & Law Enforcement –Normal Form

- Converting Life Annuity to 50% Joint & Survivor*
- Converting Life Annuity to 100% Joint & Survivor*
- Converting Life Annuity to 10-Year Term Certain
- Converting Life Annuity of 20-Year Term Certain

Main & Law Enforcement – Disability

- Converting Life Annuity to 50% Joint & Survivor*
- Converting Life Annuity to 100% Joint & Survivor*
- Converting Life Annuity to 10-Year Term Certain
- Converting Life Annuity of 20-Year Term Certain

Judges & Highway Patrol

- Converting 50% Joint & Survivor to 100% Joint & Survivor*
- Converting Life Annuity to 10-Year Term Certain (same table as Main)
- Converting Life Annuity of 20-Year Term Certain (same table as Main)

Judges & Highway Patrol – Disability

- Converting 50% Joint & Survivor to 100% Joint & Survivor*
- Converting Life Annuity to 10-Year Term Certain (same table as Main)
- Converting Life Annuity of 20-Year Term Certain (same table as Main)

Partial Lump Sum Option Factors for Main & Law Enforcement

Partial Lump Sum Option Factors for Judges & Highway Patrol*

Deferred Normal Retirement Option for Main & Law Enforcement

Deferred Normal Retirement Option for Judges & Highway Patrol*

Graduated Benefit Single Life 1% & 2%

Graduated Benefit 50% Joint & Survivor 1% & 2% – Main & Law Enforcement*

Graduated Benefit 100% Joint & Survivor 1% & 2% – Main & Law Enforcement*

Graduated Benefit 50% (Normal) Joint & Survivor 1% & 2% – Judges & Highway Patrol*

Graduated Benefit 100% Joint & Survivor 1% & 2% – Judges & Highway Patrol*

Graduated Benefit 20-Year Term Certain 1% & 2%

Graduated Benefit 10-Year Term Certain 1% & 2%

Retirement Benefit Repayment – All Plans

- Male Member with Life Annuity
- Female Member with Life Annuity
- Male Member with 100% Joint & Survivor*
- Female Member with 100% Joint & Survivor*
- Male Member with 50% Joint & Survivor*
- Female Member with 50% Joint & Survivor*

**Will be provided in Business System Format (retiree age in first column, beneficiary age in second column, factor in the third column).*

Heat Charts

Heat charts are color-coded visual summaries of the impact of updated factors by retiree age and beneficiary age. In 2020, GRS provided heat charts for the following factor tables:

1. Converting Life Annuity to 50% Joint and Survivor (Main and Law Enforcement – Normal Form)
2. Converting Life Annuity to 100% Joint and Survivor (Main and Law Enforcement – Normal Form)
3. Converting Life Annuity to 10-Year Certain (Main and Law Enforcement – Normal Form)
4. Converting Life Annuity to 20-Year Certain (Main and Law Enforcement – Normal Form)
5. Converting 50% Joint and Survivor Annuity to 100% Joint and Survivor (Judges and Highway Patrol)

Fees for Services

Changes in the scope of the project will affect the fee quote. We will provide a revised quote if any changes in scope are requested.

- GRS' fees to provide updated service purchase and present value of employee contribution tables as described above will be \$8,700.
- GRS' fees to provide updated optional form tables as described above will be \$9,200.
- The cost to provide comparison/heat charts in addition to the new factors would be \$175 for single life factors and \$350 for joint and survivor factors, per set of factors. For example, if you request the same heat charts that were provided in 2020, the total additional cost would be \$1,400.

Proposed Work Schedule

We can begin work immediately upon your approval to proceed and receipt of necessary data (if needed).

If you have any questions concerning this proposal, please call me at (763) 432-9453.

Sincerely,
Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, FCA, MAAA
Senior Consultant

BJW:ah



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

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

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: MaryJo Anderson

DATE: July 12, 2022

SUBJECT: Highway Patrol Final Average Salary Indexing for Deferred Members

North Dakota Century Code § 39-03.1-11(5) provides:

The final average salary used for calculating deferred vested retirement benefits must be increased annually, from the later of the date of termination of employment or July 1, 1991, until the date the contributor begins to receive retirement benefits from the fund, at a rate as determined by the board not to exceed a rate that would be approximately equal to annual salary increases provided state employees pursuant to action by the legislative assembly.

As provided in statute, it is necessary for the NDPERS Board to set a rate to be used in establishing the index factor for deferred members of the Highway Patrol. Currently there are 34 members in the system in a deferred vested status.

It has been NDPERS' policy to solicit input and a recommendation from the Highway Patrol leadership. The last legislative session provided a 2.00% increase for the second year of agencies' budgets for the 2021-2023 biennium. The North Dakota Highway Patrol leadership is recommending that deferred members in its system receive a 2.00% increase to their final average salary (FAS). A copy of this correspondence is attached for your information.

The current assumption for indexing of deferred members as reported in the Gabriel Roeder & Smith (GRS) July 1, 2021 actuarial report is 3.00%. Therefore, a 2.00% increase will result in an actuarial gain to the plan as confirmed by our consultant.

In the past, the Board has generally approved an indexing percentage, as recommended by the Highway Patrol leadership, that is the same or slightly lower than the salary increases granted to state employees.

Board Action Requested:

Affirm or deny the Highway Patrol Administration's recommendation



**North Dakota
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Bismarck, North Dakota 58503

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

Memorandum

Attachment 1

TO: Major Aaron Hummel

FROM: MaryJo Anderson

DATE: May 16, 2022

SUBJECT: Highway Patrol Indexing

The Highway Patrol indexing for deferred members of the HP system is up for review. There are currently 34 deferred vested members affected.

For your convenience, listed below are the legislative equivalents granted, as well as the increase percentages set for indexing purposes by the board since 1993 when the factor became policy.

	Legislative Increase	Index Approved
1993	3.00	3.57
1994	2.00	3.00
1995	2.00	2.00
1996	2.00+ 1.00 discretionary	2.00
1997	Average 3.00	3.00
1998	Average 3.00	1.80
1999	2.00 (min \$35)	1.26
2000	2.00 (min \$35)	2.00
2001	3.00 (min \$35)	1.81
2002	3.00 (min \$35)	1.73
2003	None Authorized	-0-
2004	None Authorized	-0-
2005	4.00	4.00
2006	4.00	4.00
2007	4.00	4.00
2008	4.00	4.00
2009	5.00	5.00
2010	5.00	5.00
2011	3.00	2.00
2012	3.00	2.00
2013	3.00	3.00
2014	3.00	3.00
2015	3.00	3.00
2016	3.00	2.00
2017	None Authorized	-0-
2018	None Authorized	-0-
2019	2.00	2.00
2020	2.50	2.50
2021	1.50	1.50

As the above illustrates, the rate has historically been set at a percentage that is the same or less than the salary increases granted to state employees. The 2021 legislature provided appropriation to agency budgets by 2.0% for the second year of the 2021-2023 biennium.

This item will be scheduled for the July NDPERS Board meeting agenda. We are requesting your written response by June 3, if possible. If you need additional information, please let me know.

May 20, 2022

Ms. MaryJo Anderson
North Dakota Public Employees Retirement System
1600 East Century Avenue, Suite 2 – Box 1657
Bismarck, ND 58503

SUBJECT: HIGHWAY PATROL INDEXING

Dear Ms. Anderson:

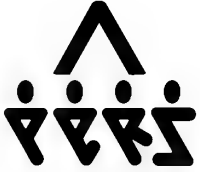
The North Dakota Highway Patrol recommends that North Dakota Public Employees Retirement System index in at the rate of 2% for 2022.

Sincerely,



BRANDON SOLBERG
Colonel, NDHP
Superintendent

bs/jr



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

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

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: July 12, 2022

SUBJECT: Wellness Renewal

NDPERS staff has completed the renewal of the Employer Based Wellness Program for the plan year July 1, 2022 to June 30, 2023. This renewal determines those employers that will qualify for the 1% health insurance premium discount during the plan year. Employers are given the opportunity to combine efforts with another NDPERS employer in order to qualify.

At this time, there are a total of 174 out of 223 employers electing to participate in the wellness program. This is an employer participation rate of 78%. However, approximately 96% of employees covered on the insurance plan are working for employers that are offering wellness programs and activities to their employees.

The breakdown of the participating employers is as follows:

- 108 state agencies, universities and district health units
- 26 counties
- 13 school districts
- 13 cities
- 14 political subdivisions

This item is informational only and does not require any action by the board.



**North Dakota
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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: July 12, 2022

SUBJECT: 2022 Legislative Diabetes Report

Attached is the 2022 diabetes report to legislative management required by NDCC 23-01-40. This report is a collaborative effort between the Department of Health, Department of Human Services, Indian Affairs, and NDPERS. The report is done every two years and was presented at the June 16th Health Care Committee. The report is also provided to legislative management.

This item is informational only and does not require any action by the board.



North Dakota 2022 Diabetes Report

North Dakota Century Code 23-01-40

Compiled by the North Dakota Diabetes Prevention and Control Program on behalf of:

- North Dakota Department of Health
- North Dakota Department of Human Services
- North Dakota Public Employees Retirement System
- North Dakota Indian Affairs Commission
- Mandan, Hidatsa, Arikara Nation | Three Affiliated Tribes

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EXECUTIVE SUMMARY

This report has been completed to comply with North Dakota Century Code (N.D.C.C.) 23-01-40. Diabetes goals and plans - which requires in even numbered years, four state agencies – the North Dakota Department of Health (NDDoH), the North Dakota Department of Human Services (NDDHS), the North Dakota Indian Affairs Commission and the North Dakota Public Employees Retirement System (NDPERS) collaborate to develop a report on the impact of diabetes on North Dakotans and propose recommendations to address this epidemic.

This report describes the prevalence, complications, cost of diabetes and how the four reporting agencies address diabetes in populations they serve. In addition, the report presents recommendations on how to improve the health of North Dakota residents with, or at risk for developing, diabetes.

The NDDoH collaborated with the other three state agencies and additional partners by requesting data about diabetes in the populations each entity serves. The compiled data includes financial impacts and reach diabetes is having on the agencies, the state and localities. Many of the identified action items rely on policy, system and environment change approaches in partnership across sectors and stakeholders. The four state agencies and additional partners reviewed and came to consensus on the report that follows.

Acknowledgements

- *Brianna Monahan, Diabetes Prevention and Control Program Coordinator, NDDoH*
- *Clint Boots, Epidemiologist, NDDoH*
- *Janna Pastir, Director of the Division of Health Promotion, NDDoH*
- *Krista Fremming, Deputy Director for North Dakota Medicaid, NDDHS*
- *Rebecca Fricke, Chief Benefits Officer, NDPERS*
- *Gwen Davis, Fort Berthold Diabetes Program*
- *North Dakota Indian Affairs Commission*

OVERVIEW OF DIABETES IN THE UNITED STATES

The Cost of Diabetes¹

In 2017, the total estimated cost of diagnosed diabetes was **\$327 billion**

\$1 out of every \$4 spent on health care costs in the United States is related to diabetes

\$237 billion
direct medical costs*

\$90 billion
indirect medical costs*

*Related to absenteeism, presenteeism, inability to work, reduced productivity for those not in the workforce and premature mortality¹.

Medications constitute the largest portion (43%) of excess cost associated with the total direct medical burden

Insulin • \$15 billion

Other anti-diabetes agents
\$15.9 billion

Prescription medications for conditions associated with diabetes \$71.2 billion

People with diagnosed diabetes

Medical expenditures per year on average \$16,750

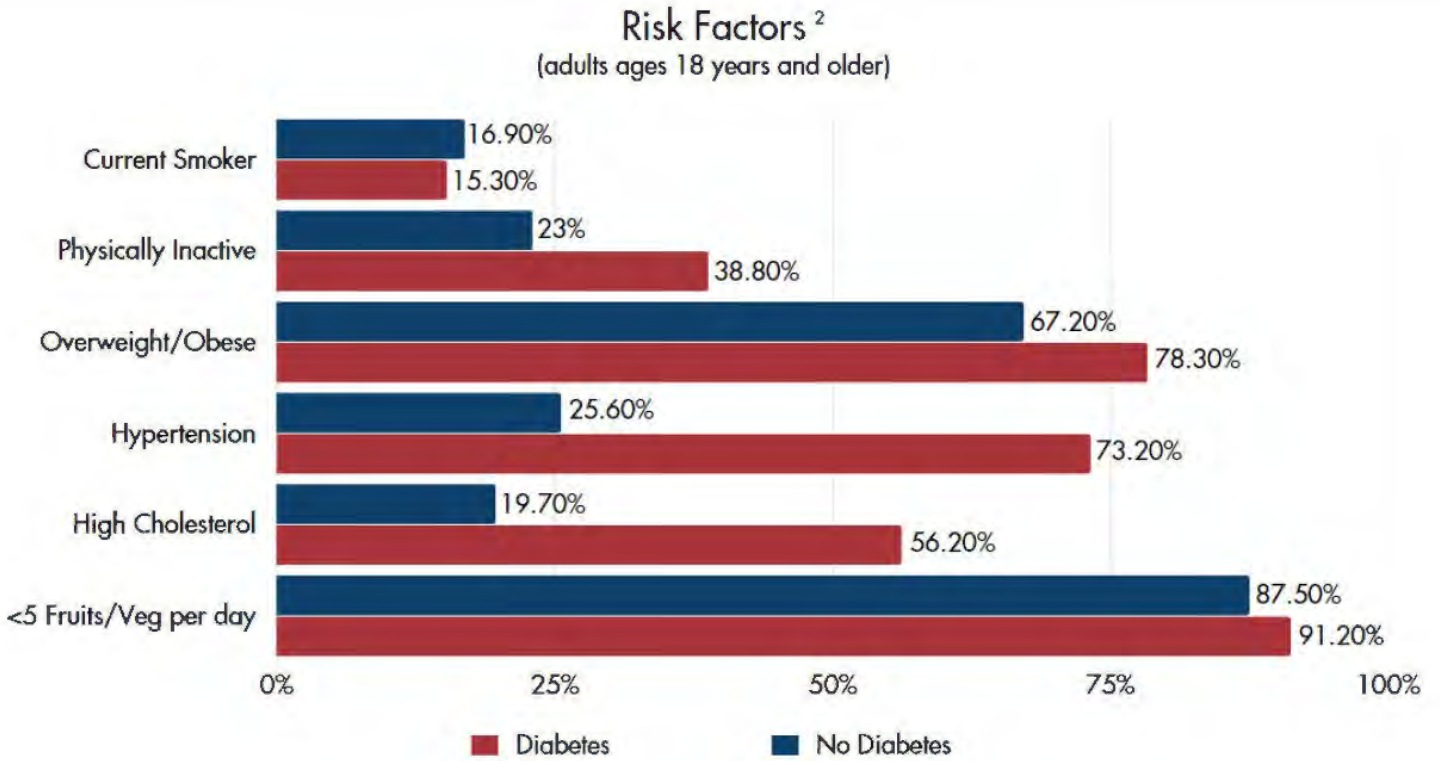
Medical expenses roughly 2.3x higher than those without diabetes.

Associated Complications

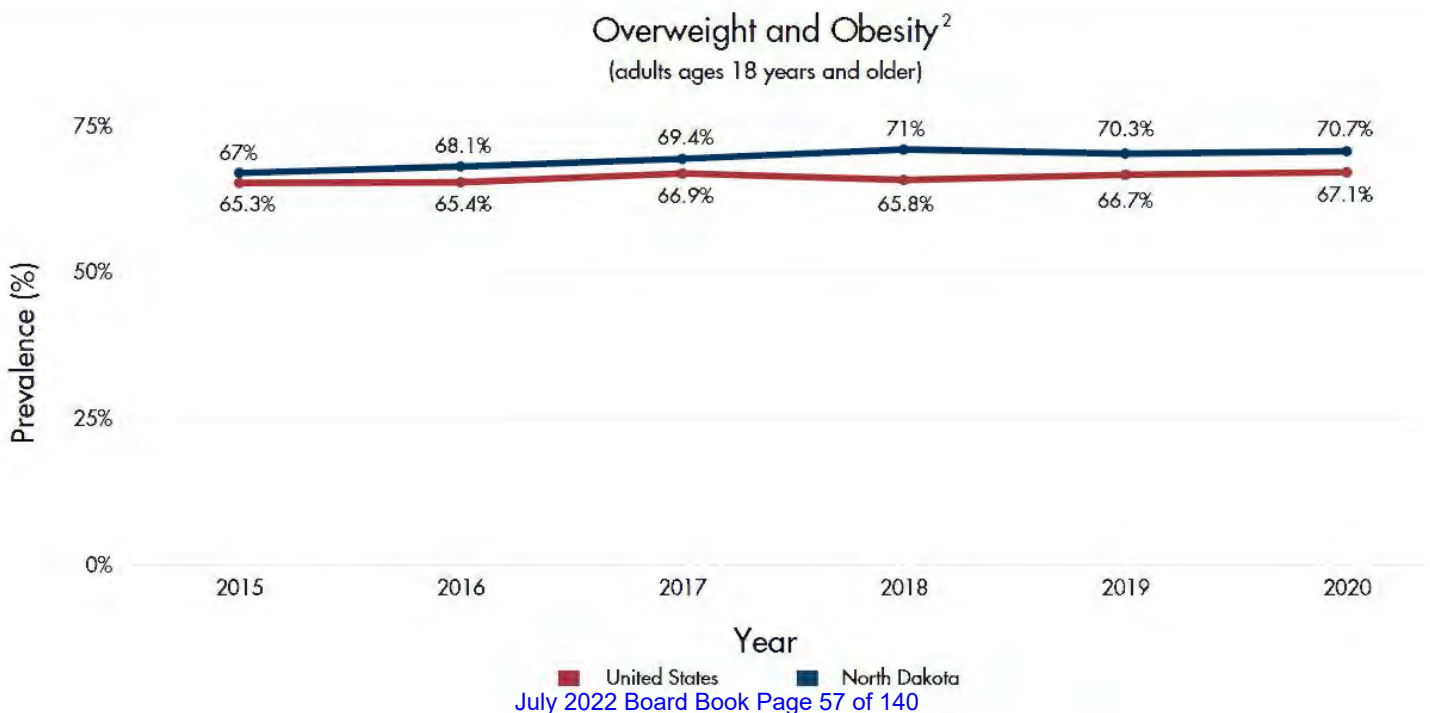
Diabetes increases the risk for many health conditions including heart disease, blindness, end stage kidney disease and amputations. Diabetes also reduces a person's ability to fight infections and increases risk for complications from communicable illnesses. By managing diabetes with routine testing and medical visits, those impacted by diabetes can prevent and delay the onset of complications.

Due to the many risks and reduced quality of life, it is important to increase screening and diagnosis of prediabetes so that individuals at risk for type 2 diabetes can modify lifestyle behaviors that can prevent or delay the onset of diabetes.

OVERVIEW OF DIABETES IN NORTH DAKOTA



Obesity is a primary risk factor for type 2 diabetes, increasing the risk for disease by at least six times. Rates of obesity and type 2 diabetes have increased linearly in recent decades, with rate of diabetes increasing mostly among obese individuals. Research suggests that if current trends in obesity continue, 1 in 3 adults will be living with type 2 diabetes by 2050. Obesity and diabetes are both chronic, progressive diseases with shared etiology, risk factors, health outcomes and treatments³.

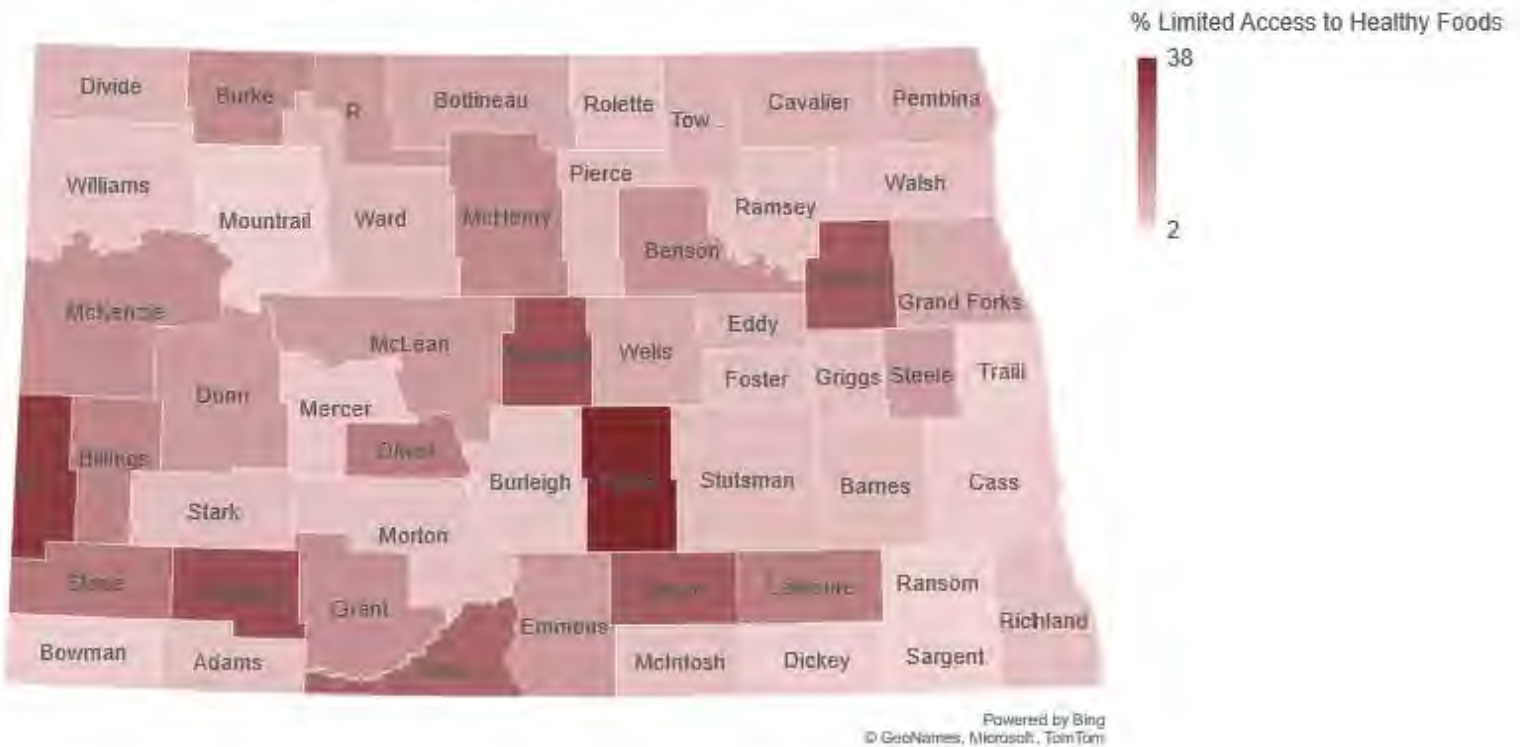


OVERVIEW OF DIABETES IN NORTH DAKOTA *(continued)*

Food Insecurity in North Dakota

For adults and children who already have type 1 or type 2 diabetes, food insecurity can also increase the risk of complications. Chronic disease rates are also higher among adults who are food insecure and low-income. Poor diet quality is associated with negative health outcomes⁴.

Percent of Population with Limited Access to Healthy Foods⁵



The Great Plains Food Bank has completed Hunger in North Dakota 2018⁶, a comprehensive study of more than 500 clients and 175 partner agencies (food pantries, shelters, soup kitchens) to assess issues impacting hunger.

75% of those surveyed report having at least one **chronic disease**, and **84%** report having multiple **comorbidities**.

Disease	Reported Rate
High blood pressure	36%
Mental health condition	32%
Diabetes	29%
Heart disease	9%

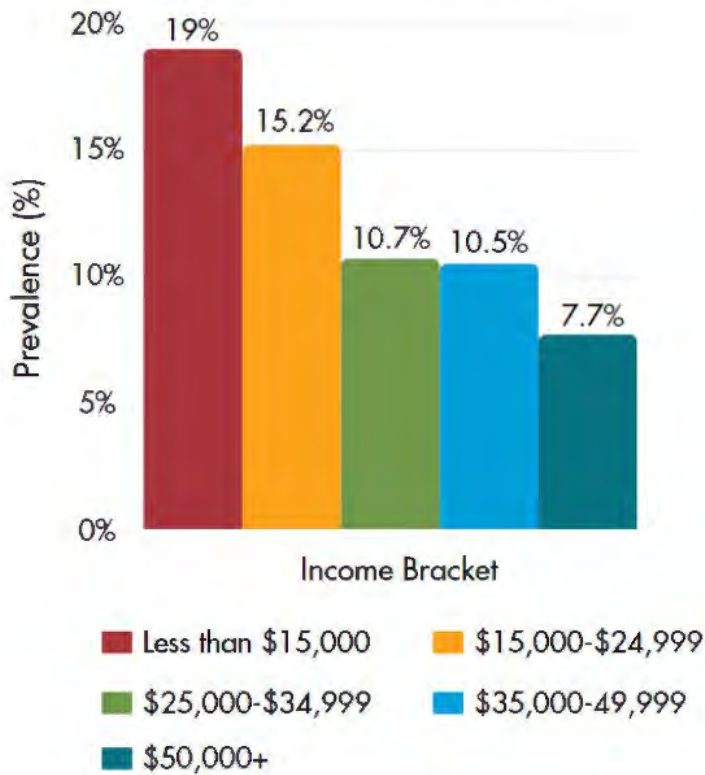
In a national survey on food insecurity, **34%** of individuals reported having to make the difficult choice between paying for food or paying medicine/medical care⁴.

OVERVIEW OF DIABETES IN NORTH DAKOTA *(continued)*

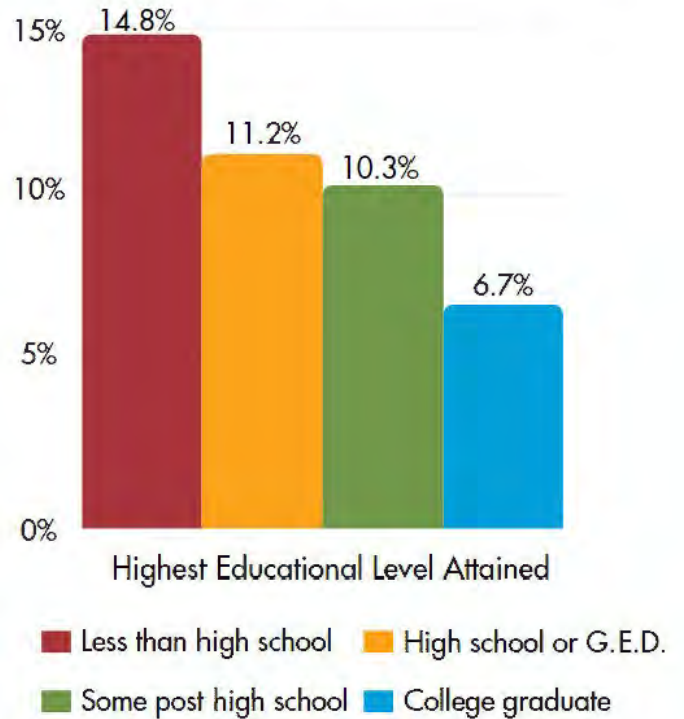
In North Dakota, the **most vulnerable and underserved** populations suffer from the highest rates of diabetes and have the **poorest health outcome**.

The below graphics illustrate the degree to which the overall rates of diabetes among adults 18 years and older in North Dakota varied by demographic and geography in 2020 based on BRFSS data².

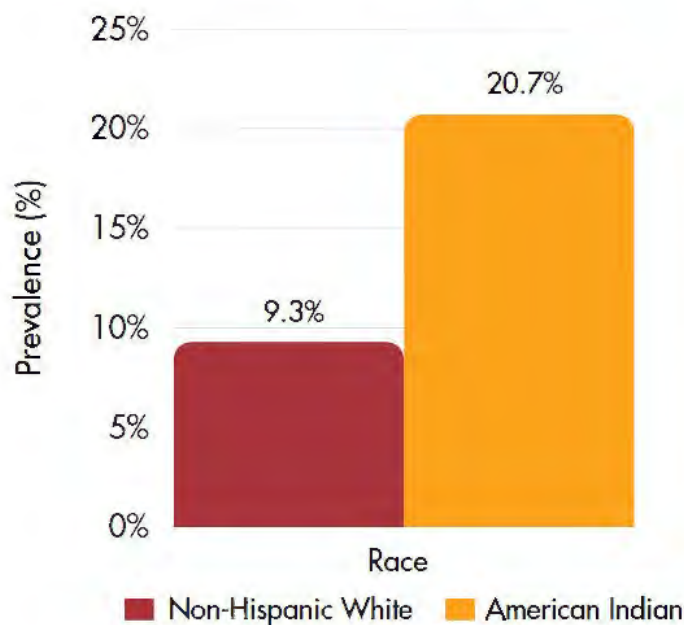
Diabetes Rates by Income



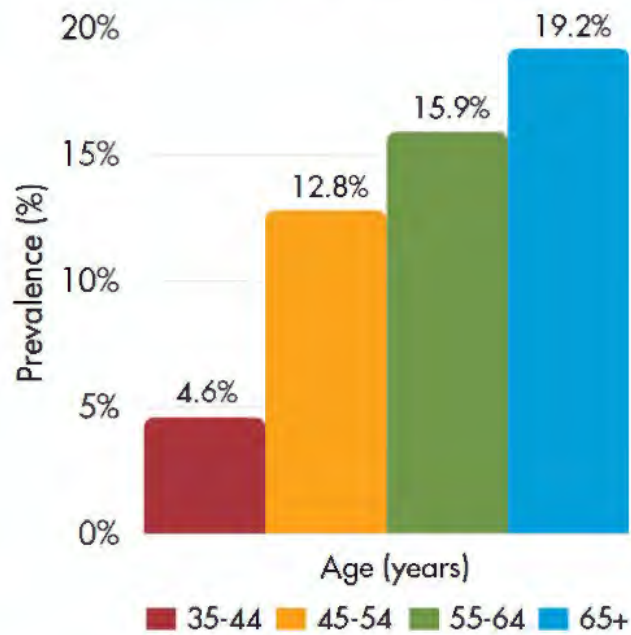
Diabetes Rates by Education Level



Diabetes Rates by Race



Diabetes Rates by Age



OVERVIEW OF DIABETES IN NORTH DAKOTA *(continued)*

The overall rate of diabetes in North Dakota has consistently fallen below that of the United States average. However, rates vary by demographics and significant disparities exist in the state. Individuals of lower income and education levels experience higher rates of diabetes than those of higher income and education. The most significant disparity that exists is among American Indians. Not only is the prevalence of diabetes higher for American Indians, but they also experience the highest rates of diabetes-related amputations and mortality compared to any other race⁷.

National data also illustrates that American Indian children ages 10-19 are nine times more likely to be diagnosed with type 2 diabetes than their white counterparts⁸.

These high rates of diabetes are primarily attributable to:



Increased prevalence of contributing risk factors such as obesity and tobacco use



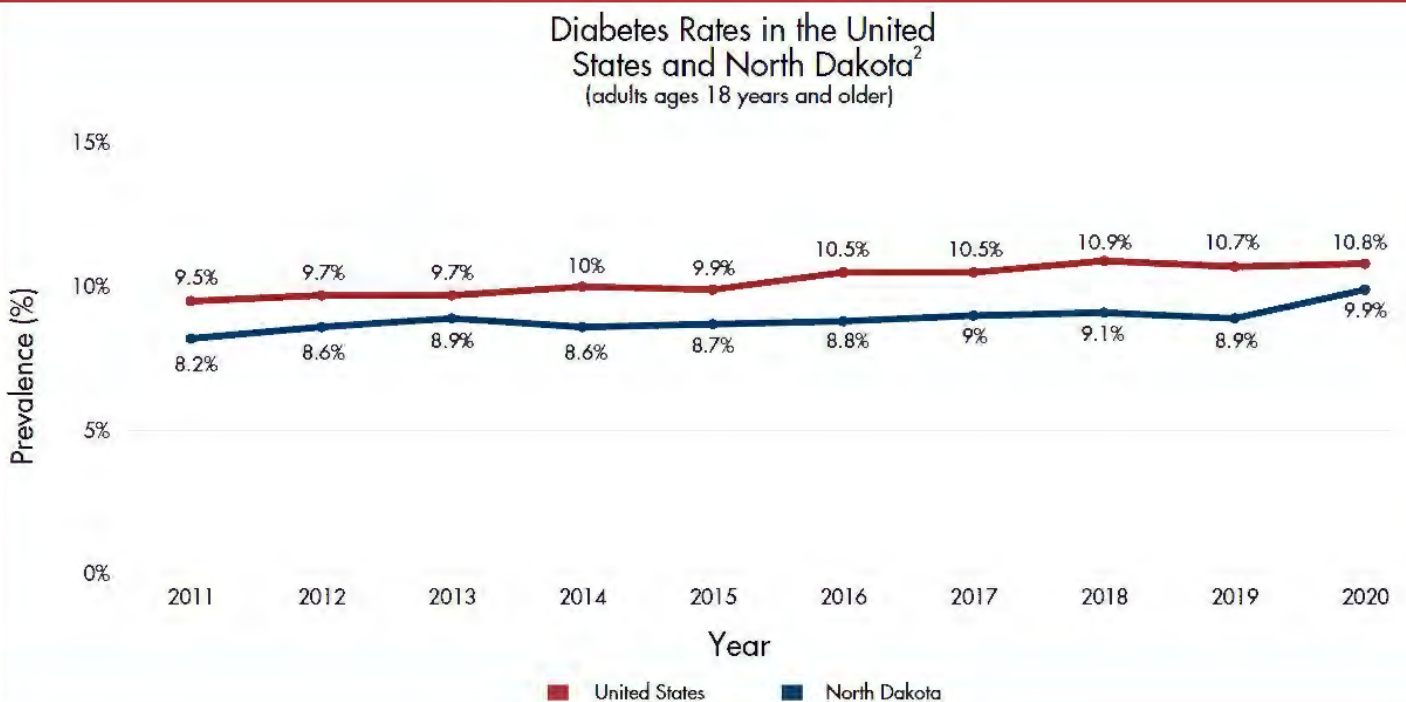
Limitations in food access and affordability



Economic instability

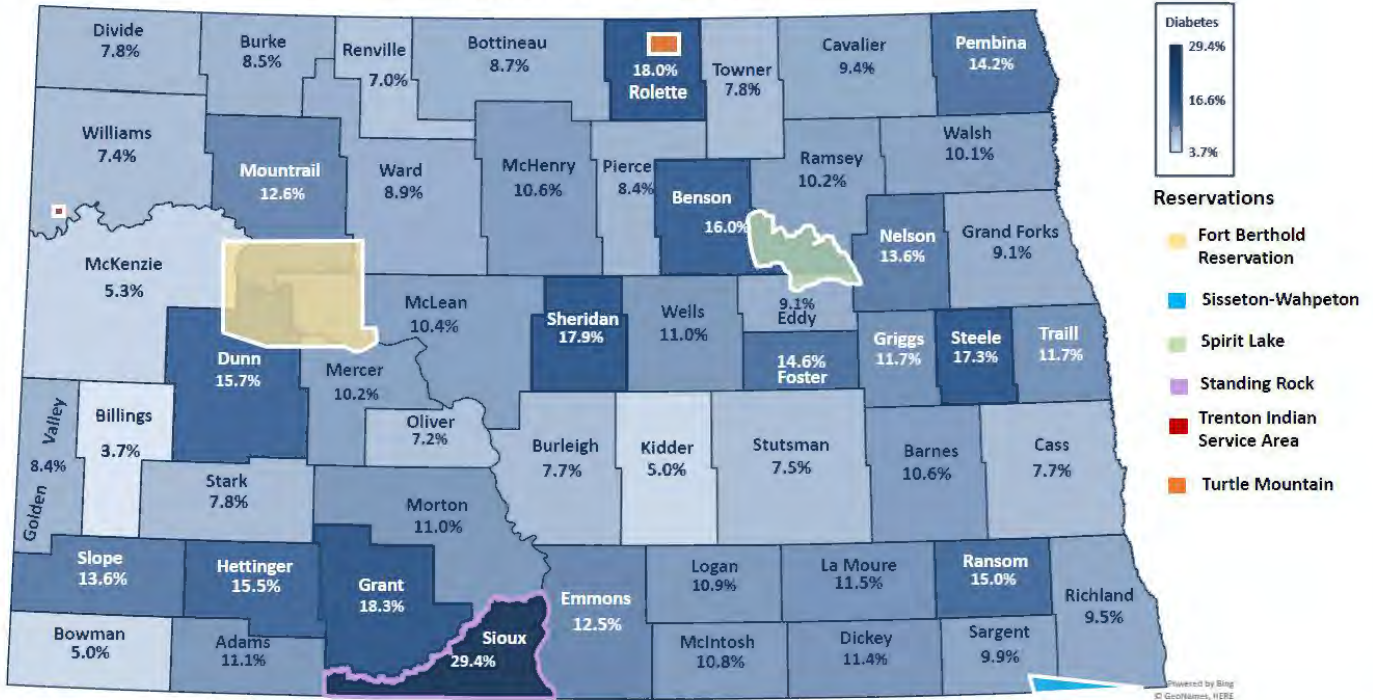


Low access to quality healthcare due to a lack of providers in rural areas, few American Indian providers across the state, implicit or overt racial bias in the health care system



OVERVIEW OF DIABETES IN NORTH DAKOTA *(continued)*

2016-2020 North Dakota Diabetes Prevalence²
(adults ages 18 years and older)



In 2020...



58,335 adults were living with diagnosed diabetes²

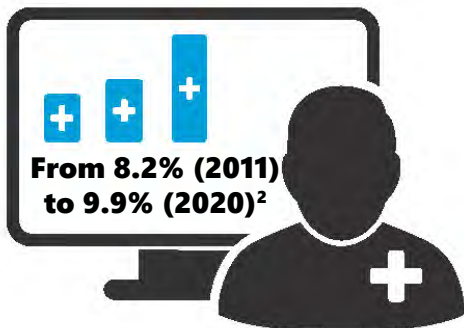


16,281 adults had undiagnosed diabetes^{9,10}



177,618 adults had prediabetes²

North Dakota's overall state diabetes rate increased



Over the last 5 years, 45–50-year-old adults have seen the largest increase of diabetes in North Dakota²

NORTH DAKOTA DEPARTMENT OF HEALTH

The NDDoH receives federal funding for the North Dakota Diabetes Prevention and Control Program (NDDPCP) from the CDC in the amount of 1.8 million for the period of June 30, 2022 through June 29, 2024. The purpose of the funding is to coordinate diabetes prevention and control activities across the state through a variety of partners implementing multiple programs and practices.

The NDDPCP Coordinator is responsible for increasing access to and enrollment in the National Diabetes Prevention Program (National DPP) for people at increased risk for developing type 2 diabetes. The coordinator is also responsible for increasing the use of Diabetes Self-Management Education and Support (DSMES) services. The NDDPCP partners with health systems to facilitate the implementation of system-wide approaches for improved identification and care of people with diabetes and prediabetes, as well as with community pharmacies to expand access to care for underserved populations. The NDDPCP partners with other NDDoH programs when possible, to leverage available funding for addressing the lifestyle risk-factors associated with diabetes. Recent opportunities include the Preventive Health and Health Services Block Grant, as well as the Office of Minority Health grant titled "State/Tribal/Territorial Partnership Initiative to Document and Sustain Disparity-Reducing Interventions."



NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM, SANFORD HEALTH PLAN

Costs Associated with Diabetes

The NDPERS members identified with diabetes incurred a total of \$52.9 million in allowed medical expenses. This amount includes all medical claims paid for these members, including diabetes-related expenses; \$4.63 million was the allowed amount for claims with diabetes as the primary diagnosis.

**Members with diabetes claims had the ninth highest cost during this twelve-month period.*

Members with diabetes claims had the ninth highest cost during this twelve-month period. Based on December 2021 data, there are 16,670 NDPERS members under the age of 20. Of these members, 60 had a diabetes claim, representing 0.36% of the NDPERS population under the age of 20.

North Dakota is one of only four states that does not have a mandated insurance requirement specific to diabetes coverage. Patients with diabetes have no guaranteed minimum coverage for their related medical expenses.

**All data and graphs for NDPERS are based on reporting period January 1, 2021 to December 31, 2021. Information provided by Sanford Health Plan.*

Incurred Claims Related to Diabetes and Its Complications NDPERS Jan 2021 - Dec 2021 paid through 1/31/2022

Diabetes	Inpatient	Outpatient	Professional	Total Allowed
Without Complications	\$ 6,639.02	\$ 164,639.87	\$ 1,373,081.02	\$ 1,544,359.91
With Other Complications	\$ 31,794.34	\$ 66,332.47	\$ 915,387.78	\$ 1,013,514.59
Ketoacidosis	\$ 221,758.26	\$ 28,901.78	\$ 33,817.96	\$ 284,478.00

Costs Associated by Type I or II: Annual Allowed Costs NDPERS Jan 2021 - Dec 2021

Age (years)	Type I	Type II
Under 18	\$ 802,528.15	\$ 129,813.48
18-44	\$ 4,208,535.33	\$ 3,823,604.54
45-64	\$ 16,678,931.94	\$ 21,359,095.85
65+	\$ 3,754,590.48	\$ 5,547,726.77
Grand Total	\$ 25,444,585.90	\$ 30,860,240.64

Average Allowed Costs per Individual NDPERS Jan 2021 - Dec 2021

Age (years)	Type I	Type II
Under 18	\$ 17,446.26	\$ 129,813.48
18-44	\$ 18,062.38	\$ 11,082.91
45-64	\$ 30,886.91	\$ 15,234.73
65+	\$ 24,701.25	\$ 15,034.49

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM, SANFORD HEALTH PLAN *(continued)*

Incurred Out-of-Pocket Costs for Individuals with Diabetes NDPERS Jan 2021 - Dec 2021 <i>*Only Endocrine Drugs (eg. insulin)</i> Costs may not be directly related to treatment of diabetes diagnosis			
Total Out of Pocket		Average Out of Pocket	
Medical	\$ 3,776,983.96	Medical	\$ 1,223.12
*Pharmacy	\$ 2,630,942.12	*Pharmacy	\$ 851.99
Grand Total	\$ 6,407,926.08	Grand Total	\$ 2,075.11

CURRENT NDPERS and SHP PROGRAMS

Case Management Program

SHP provides support to members with diabetes through the assistance of a case manager who works with the member to develop a self-management plan that aligns with the health care provider’s treatment plan. Education on recommended care, assistance with social determinants of health and suggestions on healthy lifestyle changes are also provided.

Additional services include:

- National Diabetes Prevention Program
- Free Nutrition Consults
- Free Ongoing Wellness Coaching
- Free Fitness Consults

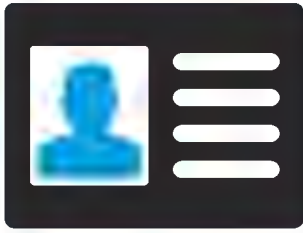
Center for Lifestyle Medicine

SHP has a population health initiative targeting NDPERS members in Fargo and Bismarck with a diagnosis of obesity. Those members have free access to the SHP Center for Lifestyle Medicine.

Exercise is Medicine

A fee-reduced “Exercise is Medicine” program is available for all qualifying SHP members with prediabetes, obesity, depression/anxiety, type 2 diabetes, metabolic syndrome, high blood pressure and/or high cholesterol residing in Fargo, Bismarck and Grand Forks.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM, SANFORD HEALTH PLAN *(continued)*



SHP Member Outreach

SHP performs targeted outreach twice per year to members with type 2 diabetes and prediabetes, ensuring members know about all of the wellness benefits available to them.



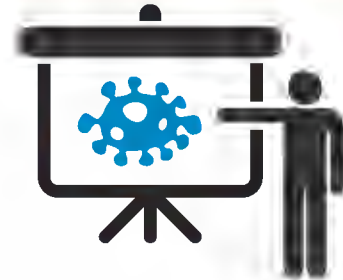
About the Patient

Administered by the North Dakota Pharmacists Association, this program reduces out-of-pocket expenses for diabetic medication and supplies while including pharmacy consultation at no cost.



Profile by Sanford Health

SHP offers discounts to members for dietary products (Profile) and coaching services.



North Dakota Schools

North Dakota schools have free access to fit.sanfordhealth.org, which includes classroom curriculum and lesson ideas. The Sanford FIT team also consults with North Dakota schools free of charge.



North Dakota Worksites

SHP staff visit North Dakota workplaces to help with interventions to increase cultures of wellness, including starting fresh fruit programs, wellness education presentations, breakroom and cafeteria assessments, leadership training and employee health screenings.



Livongo Diabetes Solution

SHP has partnered with Livongo to offer a digital diabetes management solution to empower our members with type 1 or type 2 diabetes live better and healthier lives.

NORTH DAKOTA MEDICAID

North Dakota Medicaid provides coverage for about 110,000 North Dakotans including families with children, pregnant women and people who are elderly or disabled. Diabetes affects many Medicaid members and can be costly to manage.

Between July 1, 2020, and June 30, 2021, 10,227 unique, traditional (fee for service) North Dakota Medicaid members had an incurred claim that included a diabetes diagnosis code or for diabetes-related medication or blood glucose test strip. The net payment made by North Dakota Medicaid for these claims was \$18,770,025.03.

North Dakota Medicaid covers a variety of services, equipment and medications to help members manage their diabetes:

- Diabetic self-management training and education on medical nutrition therapy (nutritional diagnostic, therapy and counseling services) and blood glucose monitors
- Diabetic shoes and inserts
- Insulin pumps
- Medications and supplies including insulin, test strips, syringes, needles, etc.

North Dakota Medicaid Payments by Age (years) <i>July 1, 2020, and June 30, 2021</i>					
	Under 18	18-44	45-64	65+	TOTAL
Diabetes Net Payments by Age	\$891,333.28	\$6,171,546.59	\$10,838,174.15	\$868,971.01	\$18,770,025.03
Prediabetes and Obesity Net Payments by Age	\$246,458.70	\$ 905,234.80	\$ 585,577.44	\$133,128.68	\$ 1,870,399.62

North Dakota Medicaid Condition Prevalence by Age (years) <i>July 1, 2020, and June 30, 2021</i>					
	Under 18	18-44	45-64	65+	TOTAL
Prediabetes	120	534	596	389	1,639
Obesity	2,784	6,438	3,798	2,222	15,242
Type 2 Diabetes	247	1,969	3,465	3,160	8,841

DIABETES PROGRAMS FOR AMERICAN INDIANS

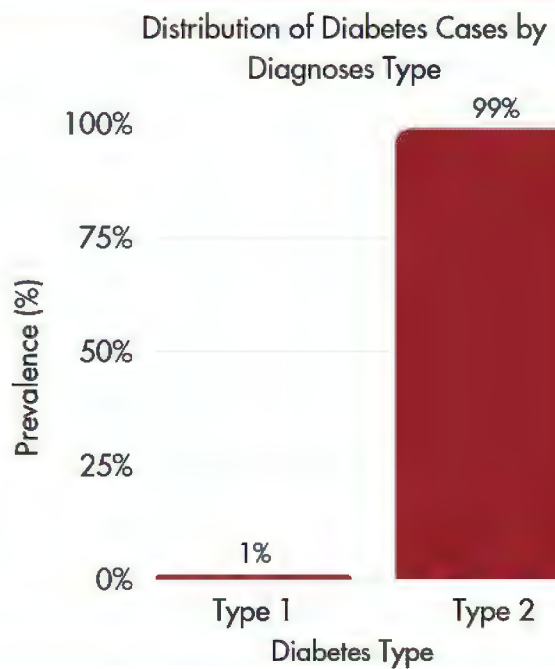
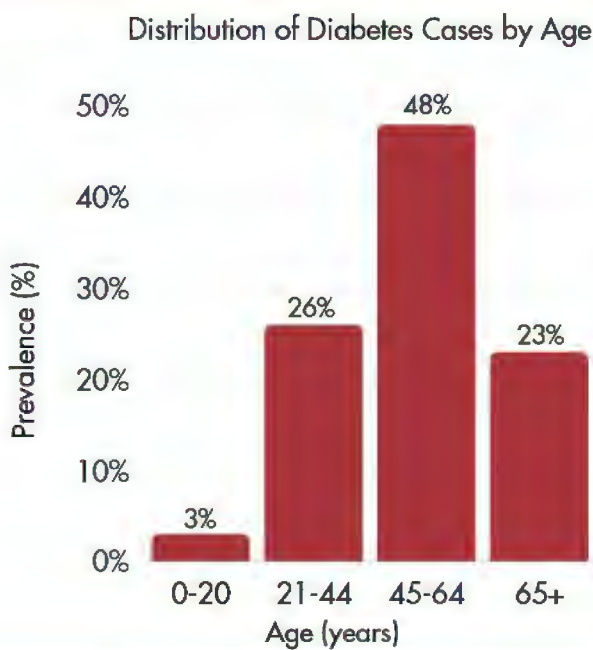
American Indian prevalence and mortality data is inclusive of all North Dakota residing American Indians and is included with the previous North Dakota data.

The Mandan, Hidatsa, Arikara (MHA) Nation-Three Affiliated Tribes, located on the Fort Berthold Indian Reservation, provided the below data.



MHA Nation Prevalence and Summary

In 2020, diabetes was the top condition in the MHA Nation health system.



The Fort Berthold Diabetes Program

The Fort Berthold Diabetes Program conducts community and school screenings for body mass index (BMI), A1C, random blood sugar, cholesterol and blood pressure throughout the year. MHA has an adolescent diabetes prevention and lifestyle adaptation program called Healthy Futures which focuses on youth at increased risk for diabetes. The Healthy Futures program consists of one to two offerings per year of the National DPP which is run by six trained Lifestyle Coaches; a summer lifestyle camp; and cooking and exercise classes.

MHA Nation also offers:

- Daily diabetes care and management
- Weekly diabetes specialty clinics
- Field clinics rotating among five facilities
- Onsite nephrologist and podiatrist twice monthly
- Monthly diabetic shoe clinics
- A continuous glucose monitor (CGM) program
- Elbowoods Memorial Health Center (EMHC) system offers a comprehensive formulary of over 40 different medications used to manage diabetes

ACTION PLANS, COORDINATION AND EVALUATION OF ACTIVITIES

Actionable Items for Consideration

Each of the contributing agencies agreed that, in addition to ongoing evaluation and improvement of their own strategies, diabetes can best be prevented through a cross-sector, community-based approach with goals to increase:

- Access to nutritious food options— addressing availability, affordability, food security and knowledge among communities
- Wellness programming for youth, including physical activity and cooking instruction
- Equitable access to quality medical care that is aligned with best practice guidelines
- Mental and behavioral health services for persons with diabetes or at risk for diabetes

The contributors recommend investing in/and or implementing the following:

Institute minimum health insurance policy coverage requirements for diabetes treatment and services. North Dakota is one of only four states that do not have a mandate or insurance requirement related to diabetes care. Because of this, prevention, management and medication coverage vary greatly and places added burden on North Dakotans living with diabetes.



Encourage and support employers in creating cultures conducive to their employees living healthy, fulfilling lives. Strategies include providing access to healthy food in the workplace; limiting long work hours or providing flexibility to allow for exercise; and providing parental, sick and vacation leave. Mental health status can directly influence the physical health of individuals.



Encourage restaurants and concessions to offer healthy menu options, such as offering both full and half-portion options.



Support a comprehensive transition towards value-based care and reimbursement models designed to increase utilization of preventive care, improve quality of services and reduce incurred costs related to the treatment of chronic disease. These efforts should encourage health systems to follow best-practice guidelines for disease management; provide effective coordination of team-based, patient-centered care; and innovate ways of preventing disease and monitoring patient outcomes.



Incentivize retailers of all kinds to consider their environmental impacts and support mixed use communities/spaces that make patronizing retail establishments feasible by walking, biking or public transit.



ACTION PLANS, COORDINATION AND EVALUATION OF ACTIVITIES *(continued)*

Support cities and counties implementing transformation projects that improve infrastructure and green space that encourages year-round, healthy living and physical recreation for residents of all ages and abilities.



Ensure access to healthy foods at schools and childcare settings, including restricting sugar sweetened beverages and snacks, teaching health and wellness literacy and promoting healthy behaviors as part of practice and curriculum.



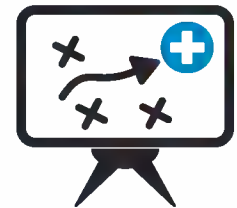
Increase access to nutritious food options across North Dakota, addressing availability, affordability, food security and knowledge among communities.



Develop sustainable food systems at the community level including greenhouses, food sovereignty initiatives, rural grocer/food distribution cost reductions and community gardens.



Implement policy and system changes at the state and local level that address socio-economic factors contributing to rising obesity rates. Examples include un/under employment, increasing reliance on commodity and food pantry services, low wages, high cost of living, access to greenspace and lack of active transportation-friendly community development.



Budget Considerations

Diabetes is a serious, common, and costly disease. The financial burden for individuals in North Dakota is related to the daily choices they face that are beyond diabetes care, including access to affordable nutritious food, safe places to engage in physical activity and out-of-pocket healthcare costs for prevention and treatment. Access to affordable, fresh and nutritious food is not widely available but is the most effective prevention strategy for diabetes and many other chronic conditions and diseases.

To better manage and lower the burden of diabetes in North Dakota, there is consensus from the contributing agencies that an investment from the state of North Dakota to implement the actionable items, as described on pages 14-15, would be most successful being implemented at the local level.

To accomplish this, **the recommendation is to develop a community grant fund to support communities and organizations in efforts of diabetes and risk factor prevention efforts, including policy, system and environmental change strategies to address the root causes of diabetes.** Community Needs Assessments that have identified obesity and other associated risk factors for diabetes (e.g., food insecurity, lack of access to healthcare) as priorities could be used as a determination for funding. Interventions to address diabetes would also reduce prevalence of other chronic diseases including obesity, hypertension, cardiovascular disease and colorectal cancer.

The cost to implement community strategies would vary based on available resources and existing infrastructure. Development of a statewide, multi-agency committee could be formed to review and approve community transformation applications and provide technical assistance for implementation. **This investment and unified approach would support North Dakota becoming the healthiest state in the nation.**



GLOSSARY

A1C

The Hemoglobin A1C test reflects an individual's average blood sugar for the previous three months. Specifically, the A1C test measures the percentage of hemoglobin — a protein in red blood cells that carries oxygen — that is coated with sugar. The higher the A1C level, the poorer blood sugar control is and the higher the risk of diabetes complications.

BRFSS

The Behavioral Risk Factor Surveillance System (BRFSS) is the nation's premier system of health-related telephone surveys that collect state data about United States residents regarding their health-related risk behaviors, chronic health conditions and use of preventive services.

DSMES

Diabetes Self-Management Education and Support (DSMES) is an evidence-based diabetes management service model. Organizations offering DSMES services can apply for either accreditation by the American Association of Diabetes Educators (AADE) or recognition by the American Diabetes Association (ADA) and must be run by a Registered Dietitian, a Registered Nurse or a Pharmacist. Reimbursement for DSMES services varies by insurer and policy.

Insulin

a hormone produced by the pancreas that is required for blood sugar to enter the cells in the body to be used for energy.

National DPP

The National Diabetes Prevention Program (National DPP) is an evidence-based lifestyle change program developed by the Centers for Disease Control and Prevention (CDC) to address the increasing burden of prediabetes and type 2 diabetes. Participation in the year-long program can reduce an individual's risk of developing diabetes by up to 58%.

NDHIN

North Dakota Health Information Network allows for the secure exchange of patient health information between healthcare institutions and across various practitioners. Appropriate, timely sharing of vital patient information can better inform decision making at the point of care and allow providers to avoid readmissions and medication errors, improve diagnoses and decrease duplicate testing.

Presenteeism

The practice of employees habitually coming to work when they shouldn't, especially coming in sick or working overly long hours. Presenteeism is modeled after absenteeism, which is the opposite: employees habitually not coming to work.

Type 1 Diabetes

In type 1 diabetes, the pancreas does not make sufficient insulin to allow for carbohydrates (sugar) to be used for energy. Type 1 diabetes can be diagnosed at any age but is most often diagnosed in younger patients. Previously known as insulin-dependent or juvenile diabetes, type 1 diabetes accounts for only 5-10% of diabetes cases. There is no known prevention for type 1 diabetes but can be effectively managed with medical intervention.

GLOSSARY *(continued)*

Type 2 Diabetes

In type 2 diabetes, the body resists the effects of insulin or does not produce enough insulin, leading to increased blood sugar levels. Type 2 diabetes has historically been diagnosed most often in adults over 45 years old but is being seen with increasing frequency in progressively younger ages as rates of childhood obesity continue to rise. Type 2 diabetes accounts for 90-95% of diabetes cases, and most are preventable. Lifestyle intervention is effective for both the prevention and management of type 2 diabetes.

Value-Based Care

Value-Based Care provides a model for delivery of healthcare and payment that is based on patient outcomes. As opposed to a traditional fee-for-service model, in which physicians are paid based on the amount of services delivered, value-based care rewards providers based on improved patient health, reduction in the effects and incidence of chronic disease, and improved quality of life as the result of evidence-based care.



APPENDIX

North Dakota Century Code 23-01-40

TITLE 23 HEALTH AND SAFETY CHAPTER 23-01 STATE DEPARTMENT OF HEALTH 23-01-40.
Diabetes goals and plans - Report to legislative management.

1. The department of human services, state department of health, Indian affairs commission and public employees retirement system shall collaborate to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in the state, improve diabetes care and control complications associated with diabetes.
2. Before June first of each even-numbered year the Department of Human Services, State Department of Health, Indian Affairs Commission and Public Employees Retirement System shall submit a report to the legislative management on the following:
 - a. The financial impact and reach diabetes is having on the agency, the state and localities. Items included in this assessment must include the number of lives with diabetes impacted or covered by the agency, the number of lives with diabetes and family members impacted by prevention and diabetes control programs implemented by the agency, the financial toll or impact diabetes and diabetes complications places on the agency's programs, and the financial toll or impact diabetes and diabetes complications places on the agency's programs in comparison to other chronic diseases and conditions
 - b. An assessment of the benefits of implemented programs and activities aimed at controlling diabetes and preventing the disease. This assessment must document the amount and source for any funding directed to the agency from the legislative assembly for programs and activities aimed at reaching those with diabetes.
 - c. A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing diabetes and diabetes complications.
 - d. The development or revision of detailed action plans for battling diabetes with a range of actionable items for consideration by the legislative assembly. The plans must identify proposed action steps to reduce the impact of diabetes, prediabetes and related diabetes complications. The plan must identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing relevant forms of diabetes.
 - e. The development of a detailed budget blueprint identifying needs, costs and resources required to implement the plan identified in subdivision d. This blueprint must include a budget range for all options presented in the plan identified in subdivision d for consideration by the legislative assembly.

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**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

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

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: July 12, 2022

SUBJECT: Insurance Consultant Contract

At the June 2022 NDPERS Board meeting, the Board approved entering contract negotiations with Buck to serve as our insurance plans consultant. Dean DePountis has reviewed the attached contract, and Buck has agreed to comply with the contract that was presented in the RFP.

BOARD ACTION:

Approve the contract and authorize for signature by the Executive Director.

AGREEMENT FOR SERVICES BETWEEN BUCK AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

BUCK (hereinafter CONTRACTOR) has offered to provide services to the State of North Dakota acting through its Public Employees Retirement System (hereinafter NDPERS). The terms of this Contract shall constitute the services agreement (“Agreement”).

CONTRACTOR and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** CONTRACTOR agrees to provide the service(s) as specified in the 2022 bid document and BUCK proposal (attached hereto and incorporated by reference Exhibit A).
- 2) **TERM:** The term of this contract shall commence July 1, 2022.
- 3) **FEES:** NDPERS shall only pay pursuant to the terms in Exhibit A.
- 4) **BILLINGS:** NDPERS will pay for the services provided by CONTRACTOR under this contract pursuant to Exhibit A.
- 5) **TERMINATION:** Either party may terminate this agreement with thirty (30) days written notice mailed to the other party, or as mutually agreed to by the parties. Upon any termination the CONTRACTOR shall be compensated as described in Exhibit A for services performed up to the date of termination.

In addition, NDPERS by written notice to CONTRACTOR may terminate the whole or any part of this Agreement under any of the following conditions:

- 1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
- 2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.
- 3) If any license, permit, or certificate required by law or rule, or by the terms of this Agreement, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Agreement under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

In addition, NDPERS may terminate this Agreement effective upon thirty (30) days prior written notice to CONTRACTOR, or any later date stated in the notice:

- 1) If CONTRACTOR fails to provide services required by this Agreement within the time specified or any extension agreed to by NDPERS; **or**
- 2) If CONTRACTOR fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms.

The rights and remedies of NDPERS provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

6) **ASSIGNMENT AND SUBCONTRACTS:**

CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE's express written consent, provided, however, that CONTRACTOR may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of law, or otherwise. Should Assignee be a business or entity with whom STATE is prohibited from conducting business, STATE shall have the right to terminate without cause.

CONTRACTOR may enter into subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor with whom CONTRACTOR contracts. CONTRACTOR does not have authority to contract for or incur obligations on behalf of NDPERS.

7) **ACCESS TO RECORDS AND CONFIDENTIALITY:**

The parties agree that all participation by NDPERS members and their dependents in programs administered by NDPERS is confidential under North Dakota law. CONTRACTOR may request and NDPERS shall provide directly to CONTRACTOR upon such request, confidential information necessary for CONTRACTOR to provide the services described in Exhibit A. CONTRACTOR shall keep confidential all NDPERS information obtained in the course of delivering services. Failure of CONTRACTOR to maintain the confidentiality of such information may be considered a material breach of the contract and may constitute the basis for additional civil and criminal penalties under North Dakota law. CONTRACTOR has exclusive control over the direction and guidance of the persons rendering services under this Agreement. Upon termination of this Agreement, for any reason, CONTRACTOR shall return or destroy all confidential information received from NDPERS, or created or received by CONTRACTOR on behalf of NDPERS. This provision applies to confidential information that may be in the possession of subcontractors or agents of CONTRACTOR. CONTRACTOR shall retain no copies of the confidential information. In the event that CONTRACTOR asserts that returning or destroying the confidential information is not feasible, CONTRACTOR shall provide to NDPERS notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of NDPERS that return or destruction of confidential information is not feasible, CONTRACTOR shall extend the protections of this Agreement to that confidential information and limit further uses and disclosures of any such confidential information to those purposes that make the return or destruction infeasible, for so long as CONTRACTOR maintains the confidential information.

CONTRACTOR shall not use or disclose any information it receives from NDPERS under this Agreement that NDPERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by NDPERS. NDPERS shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that NDPERS determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public

records law, N.D.C.C. ch. 44-04. The duty of NDPERS and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this Agreement.

CONTRACTOR understands that, except for disclosures prohibited in this Agreement, NDPERS must disclose to the public upon request any records it receives from CONTRACTOR. CONTRACTOR further understands that any records that are obtained or generated by CONTRACTOR under this Agreement, except for records that are confidential under this Agreement, may, under certain circumstances, be open to the public upon request under the North Dakota public records law. CONTRACTOR agrees to contact NDPERS immediately upon receiving a request for information under the public records law and to comply with NDPERS's instructions on how to respond to the request.

- 8) **APPLICABLE LAW AND VENUE:** This Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.
- 9) **MERGER AND MODIFICATION:** This Agreement, including the following documents, constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this Agreement. This Agreement may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.
- Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Agreement, the documents must control in this order of precedence: First – the terms of this Agreement, as may be amended and Second - the state's Request for Proposal (attached in Exhibit A) and Third – CONTRACTOR's Proposal (attached in Exhibit A). No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.
- 10) **INDEMNITY:** CONTRACTOR agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by CONTRACTOR to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08.

CONTRACTOR also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against CONTRACTOR in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Agreement.

11) **INSURANCE**

Contractor shall secure and keep in force during the term of this agreement and Contractor shall require all subcontractors, prior to commencement of an agreement between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$1,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- 4) Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
- 5) Professional errors and omissions with minimum limits of \$1,000,000 per claim and in the aggregate, Contractor shall continuously maintain such coverage during the contact period and for three years thereafter. In the event of a change or cancellation of coverage, Contractor shall purchase an extended reporting period to meet the time periods required in this section.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor. The amount of any deductible or self-retention is subject to approval by the State.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this agreement or by the contractual indemnity obligations of the Contractor.

5) A "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State.

6) The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.

7) Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.

8) Contractor shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements. Contractor shall provide on an ongoing basis, current certificates of insurance during the term of the contract. A renewal certificate will be provided 10 days prior to coverage expiration.

- 12) **SEVERABILITY:** If any term in this Agreement is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the Agreement did not contain that term.
- 13) **INDEPENDENT ENTITY:** CONTRACTOR is an independent entity under this Agreement and is not a State employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S activities and responsibilities under this Agreement, except to the extent specified in this Agreement.
- 14) **NDPERS RESPONSIBILITIES:** NDPERS shall cooperate with the CONTRACTOR hereunder, including, without limitation, providing the CONTRACTOR with reasonable and timely access to data, information and personnel of NDPERS. NDPERS shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of data and information provided to the CONTRACTOR for purposes of the performance of the Services.
- 15) **FORCE MAJEURE:** Neither party shall be held responsible for delay or default caused by fire, riot, terrorism, acts of God or war if the event is beyond the party's reasonable control and the affected party gives notice to the other party immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.
- 16) **ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL:** By entering into this Contract, NDPERS does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The parties may enforce the rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.

- 17) **NOTICE:** All notices or other communications required under this contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

NDPERS:

Scott Miller, Executive Director
ND Public Employees Retirement System
1600 East Century Ave, Suite 2
PO Box 1657
Bismarck, ND 58502-1657

CONTRACTOR:

Jon Baeta, Managing Director, US West Region
BUCK GLOBAL, LLC
420 Lexington Avenue, Suite #2220
New York, NY 10170
Attn: Legal Department, General Counsel

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

- 18) **NONDISCRIMINATION AND COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (See N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.) CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the Term of this Contract all licenses and permits required by law. CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.
- 19) **STATE AUDIT:** All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Contract are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors, if required. CONTRACTOR shall maintain all of these records for at least three (3) years following completion of this Contract and be able to provide them upon reasonable notice. STATE, State Auditor, or Auditor's designee shall provide reasonable notice to CONTRACTOR prior to conducting examination.
- 20) **TAXPAYER ID:** CONTRACTOR'S federal employer ID number is: 133954297.

- 21) **PAYMENT OF TAXES BY STATE:** State is not responsible for and will not pay local, state, or federal taxes. State sales tax exemption number is E-2001, and certificates will be furnished upon request by the NDPERS.

- 22) **EFFECTIVENESS OF CONTRACT:** This Agreement is not effective until fully executed by both parties.

IN WITNESS WHEREOF, CONTRACTOR and NDPERS have executed this Agreement as of the date first written above.

**NORTH DAKOTA PUBLIC
EMPLOYEES RETIREMENT SYSTEM**

BUCK GLOBAL, LLC



Executive Director
ND Public Employees Retirement System

Signature

Jon Baeta

Printed Name

Managing Director – US West Region

Title

Date

6/17/2022

Date

Business Associate Agreement

This Business Associate Agreement, which is an addendum to the underlying contract, is entered into by and between, the North Dakota Public Employees Retirement System (“NDPERS”) and the **BUCK GLOBAL, LLC**, 420 Lexington Avenue Suite 2220 New York, NY 10170.

1. Definitions

- a. Terms used, but not otherwise defined, in this Agreement have the same meaning as those terms in the HIPAA Privacy Rule, 45 C.F.R. Part 160 and Part 164, Subparts A and E, and the HIPAA Security rule, 45 C.F.R., pt. 164, subpart C.
- b. Business Associate. “Business Associate” means the BUCK.
- c. Covered Entity. “Covered Entity” means the **North Dakota Public Employees Retirement System Health Plans**.
- d. PHI and ePHI. “PHI” means Protected Health Information; “ePHI” means Electronic Protected Health Information.

2. Obligations of Business Associate.

2.1. The Business Associate agrees:

- a. To use or disclose PHI and ePHI only as permitted or required by this Agreement or as Required by Law.
- b. To use appropriate safeguards and security measures to prevent use or disclosure of the PHI and ePHI other than as provided for by this Agreement, and to comply with all security requirements of the HIPAA Security rule.
- c. To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that it creates, receives, maintains or transmits on behalf of the Covered Entity as required by the HIPAA Security rule.
- d. To mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI or ePHI by Business Associate in violation of the requirements of this Agreement.
- e. To report to Covered Entity (1) any use or disclosure of the PHI not provided for by this Agreement, and (2) any “security incident” as defined in 45 C.F.R. § 164.304 involving ePHI, of which it becomes aware without unreasonable delay and in any case within thirty (30) days from the date after discovery and provide the Covered Entity with a written notification that complies with 45 C.F.R. § 164.410 which shall include the following information:
 - i. to the extent possible, the identification of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired or disclosed during the breach;
 - ii. a brief description of what happened;

- iii. the date of discovery of the breach and date of the breach;
 - iv. the nature of the Protected Health Information that was involved;
 - v. identify of any person who received the non-permitted Protected Health Information;
 - vi. any steps individuals should take to protect themselves from potential harm resulting from the breach;
 - vii. a brief description of what the Business Associate is doing to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches; and
 - viii. any other available information that the Covered Entity is required to include in notification to an individual under 45 C.F.R. § 164.404(c) at the time of the notification to the State required by this subsection or promptly thereafter as information becomes available.
- f. With respect to any use or disclosure of Unsecured Protected Health Information not permitted by the Privacy Rule that is caused by the Business Associate's failure to comply with one or more of its obligations under this Agreement, the Business Associate agrees to pay its reasonable share of cost-based fees associated with activities the Covered Entity must undertake to meet its notification obligations under the HIPAA Rules and any other security breach notification laws;
 - g. Ensure that any agent or subcontractor that creates, receives, maintains, or transmits electronic PHI on behalf of the Business Associate agree to comply with the same restrictions and conditions that apply through this Agreement to the Business Associate.
 - h. To make available to the Secretary of Health and Human Services the Business Associate's internal practices, books, and records, including policies and procedures relating to the use and disclosure of PHI and ePHI received from, or created or received by Business Associate on behalf of Covered Entity, for the purpose of determining the Covered Entity's compliance with the HIPAA Privacy Rule, subject to any applicable legal privileges.
 - i. To document the disclosure of PHI related to any disclosure of PHI as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
 - j. To provide to Covered Entity within 15 days of a written notice from Covered Entity, information necessary to permit the Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
 - k. To provide, within 10 days of receiving a written request, information necessary for the Covered Entity to respond to an Individual's request for access to PHI about himself or herself, in the event that PHI in the Business Associate's possession constitutes a Designated Record Set.
 - l. Make amendments(s) to PHI in a designated record set as directed or agreed by the Covered Entity pursuant to 45 C.F.R. § 164.526 or take other measures as necessary to satisfy the covered entity's obligations under that section of law.

3. Permitted Uses and Disclosures by Business Associate

3.1. General Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may Use or Disclose PHI and ePHI to perform functions, activities, or services for, or on behalf of, Covered Entity, specifically, insurance membership data to conduct RFP Buck searches – provided that such use or disclosure would not violate the Privacy Rule or the Security Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

3.2. Specific Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may use PHI and ePHI:

- a. For the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- b. To provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B), but Business Associate may not disclose the PHI or ePHI of the Covered Entity to any other client of the Business Associate without the written authorization of the covered entity Covered Entity.
- c. To report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. §§ 164.304 and 164.502(j)(1).

4. Obligations of Covered Entity

4.1. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

Covered Entity shall notify Business Associate of:

- a. Any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that any such limitation may affect Business Associate's use or disclosure of PHI.
- b. Any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that any such changes may affect Business Associate's use or disclosure of PHI.
- c. Any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that any such restriction may affect Business Associate's use or disclosure of PHI.

4.2. Additional Obligations of Covered Entity. Covered Entity agrees that it:

- a. Has included, and will include, in the Covered Entity's Notice of Privacy Practices

required by the Privacy Rule that the Covered Entity may disclose PHI for Health Care Operations purposes.

- b. Has obtained, and will obtain, from Individuals any consents, authorizations and other permissions necessary or required by laws applicable to the Covered Entity for Business Associate and the Covered Entity to fulfill their obligations under the Underlying Agreement and this Agreement.
- c. Will promptly notify Business Associate in writing of any restrictions on the Use and Disclosure of PHI about Individuals that the Covered Entity has agreed to that may affect Business Associate's ability to perform its obligations under the Underlying Agreement or this Agreement.
- d. Will promptly notify Business Associate in writing of any change in, or revocation of, permission by an Individual to Use or Disclose PHI, if the change or revocation may affect Business Associate's ability to perform its obligations under the Underlying Agreement or this Agreement.

4.2. Permissible Requests by Covered Entity

Covered Entity may not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule or the Security Rule if done by Covered Entity, except that the Business Associate may use or disclose PHI and ePHI for management and administrative activities of Business Associate.

5. Term and Termination

- a. Term. The Term of this Agreement shall be effective as of 08/01/2022, and shall terminate when all of the PHI and ePHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI and ePHI, protections are extended to any such information, in accordance with the termination provisions in this Section.
- b. Automatic Termination. This Agreement will automatically terminate upon the termination or expiration of the Underlying Agreement.
- c. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 - 1. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and the Underlying Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - 2. Immediately terminate this Agreement and the Underlying Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
 - 3. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
- d. Effect of Termination.

1. Except as provided in paragraph (2) of this subsection, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to PHI and ePHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI or ePHI.
2. In the event that Business Associate determines that returning or destroying the PHI or ePHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of Covered Entity that return or destruction of PHI or ePHI is not feasible, Business Associate shall extend the protections of this Agreement to that PHI and ePHI and limit further uses and disclosures of any such PHI and ePHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains that PHI or ePHI.

6. Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the HIPAA Privacy or Security Rule means the section as in effect or as amended.
- b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule, the Security Rule, and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- c. Survival. The respective rights and obligations of Business Associate under Section 5.c, related to "Effect of Termination," of this Agreement shall survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy and Security Rules.
- e. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything this Agreement confer, upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- f. Applicable Law and Venue. This Business Associate Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action commenced to enforce this Contract must be brought in the District Court of Burleigh County, North Dakota.
- g. Business Associate agrees to comply with all the requirements imposed on a business associate under Title XIII of the American Recovery and Reinvestment Act of 2009, the Health Information Technology for Economic and Clinical Health (HI-TECH) Act, and, at the request of NDPERS, to agree to any reasonable modification of this agreement required to conform the agreement to any Model Business Associate Agreement published by the Department of Health and Human Services.

7. Entire Agreement

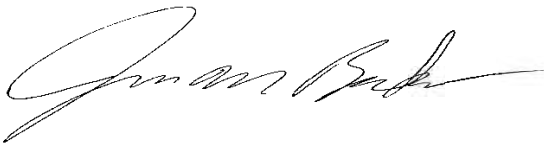
This Agreement contains all of the agreements and understandings between the parties with

respect to the subject matter of this Agreement. No agreement or other understanding in any way modifying the terms of this Agreement will be binding unless made in writing as a modification or amendment to this Agreement and executed by both parties.

IN WITNESS OF THIS, **NDPERS** [CE] and **BUCK GLOBAL, LLC** [BA] agree to and intend to be legally bound by all terms and conditions set forth above and hereby execute this Agreement as of the effective date set forth above.

For Covered Entity:

For Business Associate:



Scott Miller, Executive Director
ND Public Employees Retirement System

Signature

Jon Baeta
Printed Name

Managing Director – US West Region
Title

Date

6/17/2022
Date

MEMORANDUM OF UNDERSTANDING BETWEEN THE
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
AND BUCK GLOBAL, LLC
RELATING TO MAINTAINING CONFIDENTIAL INFORMATION

This Memorandum of Understanding is between the State of North Dakota acting through its North Dakota Public Employees Retirement System (NDPERS) and BUCK relating to maintenance and destruction of NDPERS Confidential Information held by BUCK and its subsidiaries.

WHEREAS, NDPERS has previously entered into contracts with BUCK to provide services related to administration of the NDPERS RFP for Consulting Services for Dental, Life and Vision Insurance (Contracts).

WHEREAS, the services provided by BUCK under these Contracts required the exchange of information between the parties that is confidential under North Dakota Century Code §§ 54-52-26 and 54-52.1-11, 54-52.1-12 (Confidential Information).

WHEREAS, the parties acknowledge that these Contracts, including the Business Associate Agreements between the parties, required BUCK to return or destroy Confidential Information subsequent to the termination of the applicable Contract, or if return or destruction of this information was infeasible to maintain its confidentiality.

WHEREAS, these Contracts have terminated and BUCK has asserted and NDPERS agrees that member service, applicable audit, record keeping, and other required functions make the return or destruction of all Confidential Information infeasible at this time.

WHEREAS, BUCK has provided and NDPERS has reviewed the BUCK records retention policy (Policy) applicable to the Confidential Information and BUCK has affirmed that it will maintain the confidentiality of NDPERS information pursuant to this Policy until such time as the information is destroyed in a manner designated by this Policy.

NOW THEREFORE, in consideration of the foregoing premises and in furtherance of the aforementioned contractual obligations, the parties agree as follows:

1. BUCK shall continue to maintain the confidentiality of Confidential Information which it still possesses, in accordance with its Policy in a manner that is at least as secure and diligent as was done during the term of the applicable Contract, until such time as the Confidential Information is destroyed or returned.
2. Upon the request of NDPERS, BUCK shall confirm the destruction of Confidential Information under its Policy.
3. Upon the request of NDPERS, BUCK shall provide NDPERS a copy of any change to the Policy provided NDPERS on July 1, 2022.
4. NDPERS agrees these actions are consistent with BUCK obligations under these Contracts.
5. This Memorandum of Understanding will terminate upon notice to NDPERS by BUCK that all Confidential Information has either been returned to NDPERS or destroyed, or earlier, upon thirty (30) days' notice by NDPERS to BUCK if

NDPERS determines that the Policy has been modified in a manner that is inconsistent with state or federal law.

6. This Memorandum of Understanding shall be governed by, and construed in accordance with, the laws of the State of North Dakota.

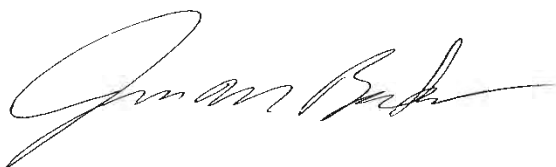
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

BY: _____

Executive Director

Date: _____

BUCK GLOBAL, LLC



BY: _____

Its: Managing Director – US West Region

Date: 6/17/2022

Attach Contractor Records Retention Policy

EXHIBIT A

SECTION 5 – COST PROPOSAL - FEES/HOURS

THE COST PROPOSAL MUST BE UNDER SEPARATE COVER AND NOT PART OF THE RESPONSES TO THE OTHER INFORMATION REQUESTS.

Your proposal for fees for the consulting and actuarial services requested must be made as identified below. All services discussed in Section 3 are to be provided on a fixed fee.

Vision Plan

Fixed Fee \$30,000

Staff Assigned	Estimated Hours
Bob Burnell	15
Bob Besenhofer	10
Ron Aniel	20
Rebekah Ferstadt	30
Total	45

Dental Plan

Fixed Fee \$45,000

Staff Assigned	Estimated Hours
Bob Burnell	15
Bob Besenhofer	10
Ron Aniel	25
Rebekah Ferstadt	40
Total	75

Life Plan

Fixed Fee

\$20,000

Staff Assigned	Estimated Hours
Bob Burnell	10
Bob Besenhofer	5
Ron Aniel	15
Rebekah Ferstadt	15
Total	45

Please identify hourly rates for services requested that are not part of the fixed fee (note all such services must have the prior approval of the NDPERS Executive Director):

Fees:

Title	Rate
Principal	\$550-700
Director	\$450-550
Senior Consultant	\$400-450
Consultant	\$350-400
Senior Associate	\$300-350
Associate	\$250-300
Administrative	\$150-250

These hourly rates represent a significant discount from our retail rates and are based on our past relationship and successful projects with NDPERS.

May 2, 2022

Mr. Bryan Reinhardt
North Dakota Public Employees Retirement System
1600 E Century Ave, Suite 2
PO Box 1657
Bismarck, ND 58502

Dear Bryan,

Buck Global, LLC (Buck) appreciates the opportunity to present our proposal for Consulting Services for Dental, Life and Vision Insurance for The North Dakota Public Employees Retirement System (NDPERS). We trust that this proposal will demonstrate that Buck is best qualified to partner with NDPERS in providing the full scope of services outlined in the RFP.

We are confident that we are the right choice to deliver proactive, timely, and cost-effective services to support The North Dakota Public Employees Retirement System in their administration of the State's Life, Dental, and Vision programs. It's our understanding that NDPERS is seeking an experienced benefit consultant that can perform all necessary services related to the identification, qualification, selection and implementation of best-in-class vendors for the Life, Vision and Dental plans offered to NDPERS employees and retirees.

Buck has the necessary experience, personnel, resources, and financial strength to serve as the trusted advisor to NDPERS through all phases of this engagement. We successfully provided these services to NDPERS for a similar project between 2016 to 2018 and we are prepared to support NDPERS starting in July of this year. Buck is qualified to deliver the right solution at the right time by providing:

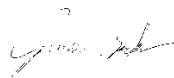
- Consulting advice that will help NDPERS keep its programs competitive, compliant, and cost effective.
- A reliable partner with strong public sector experience.
- An experienced team with relevant carrier background and insight, that provides outstanding service at a reasonable cost.

We look forward to advancing our discussion with you; please don't hesitate to contact us regarding questions pertaining to our proposal.

Sincerely,



Bob Burnell
Principal, Health



Jon Baeta
Managing Director, US West Region

Buck's Response to RFP for Consulting Services for Dental, Life and Vision Insurance

**North Dakota Public Employees
Retirement System**

May 2, 2022

Contact

**Primary
Contact**

Bob Burnell
Principal, Health
Buck

424.288.1871
robert.burnell@buck.com

**Secondary
Contact**

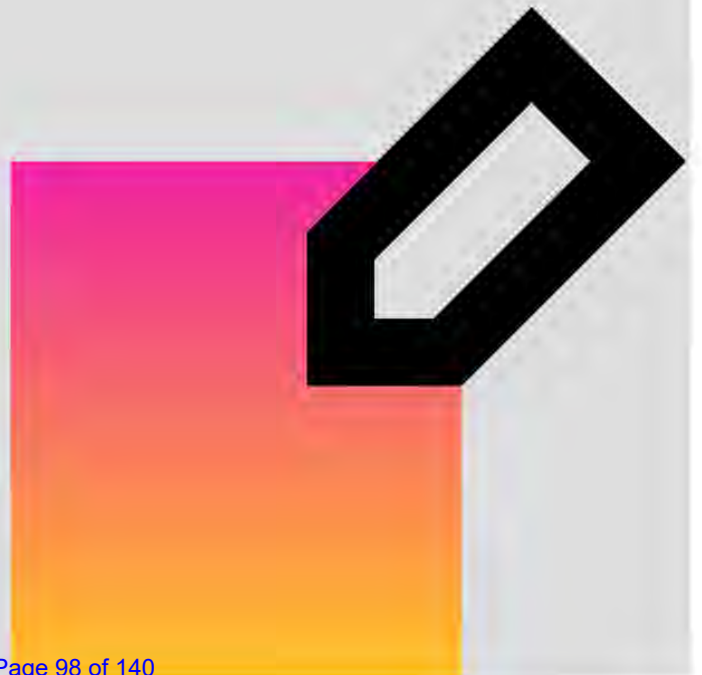
Jon Baeta
Managing Director, US West Region
Buck

415.913.0031
jon.baeta@buck.com

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Executive Summary



Executive Summary

Buck Global, LLC (“Buck”) is pleased to provide this proposal for Consulting Services for Dental, Life and Vision Insurance to The North Dakota Public Employees Retirement System (NDPERS).

We understand that NDPERS seeks to engage an employee benefits consulting firm that is experienced and knowledgeable in identifying and qualifying Life, Vision, and Dental carriers. That is, a firm that is an expert in vendor management and has the skills, resources, and market strength to conduct a thorough analysis of all qualified bidders and deliver to the NDPERS Board sufficient information to make an informed and confident decision on behalf of NDPERS participants.

In **Attachment A**, we have developed a project timeline that illustrates all of the major project milestones beginning in August 2022 and concluding in June 2024. Based on our experience with vendor search activities, we anticipate additional sub-tasks to be completed under each of the major milestones.

We will continually keep NDPERS leadership and staff informed of our progress and deliver clear and concise materials supported by Buck commentary of each of the finalists invited to present. This documentation will include a thorough financial analysis of the proposed rates and fees, provider network analysis relative to the NDPERS population (does not apply to the Life project), an assessment of the “readiness” of the bidders to support the NDPERS account.

We understand that during the Life and Vision RFP project a number of tasks are to be completed on parallel timelines. These are illustrated on the project timeline located in Appendix A. We are well prepared to execute and manage these activities with great efficiency and accuracy. Our client team will produce high quality deliverable documents that provide NDPERS with the quantitative and qualitative information that the NDPERS management and Board require to make confident selections of the vendors for each plan. This, of course, includes the possibility of making no changes in a vendor or vendors.

We are confident that we are the right partner for NDPERS to deliver the best results to meet your objectives as well as the right partner to help you effectively strike the delicate balance between offering health benefits that provide member value and are cost effective. We successfully completed a similar project for NDPERS starting in 2016 and our commitment to the public sector and our ability to deliver has only continued to exceed our client’s expectations. We will deliver:

- Consulting advice that will help NDPERS keep its programs competitive, compliant, and cost effective.
- A reliable partner with strong public sector experience.
- An experienced team with a successful history of working with NDPERS, and relevant carrier background and insight, that provides outstanding service at a reasonable cost.

Thank you for your consideration of Buck and the opportunity to provide our response.



About Buck:

100+ years
Serving the public sector

40+ states
Support for public sector entities across the U.S.

22 years
Average public sector client tenure

Response to RFP



1) Technical Approach

a) Fixed Fee Work efforts

1. Life Insurance Plan

(a) Generally discuss your understanding of the work requested

We understand that NDPERS is seeking the services of an employee benefits consulting firm that is well experienced in the vendor selection process and that in the context of the public sector procurement process. The Life RFP project is to be executed in parallel with the Vision RFP project. The Life RFP project is scheduled to begin in August 2022 and conclude in March 2023. The charge of the selected consultant is to work with NDPERS staff and the current vendor to collect all necessary data elements to develop an RFP document that accurately reflects NDPERS objectives, plan demographics, financial experience and plan design. The resulting RFP will be released to the marketplace to attract qualified potential vendors. Following a thorough analysis of each RFP response the consultant will provide NDPERS staff and Board with detailed information concerning each of the potential vendor organizations so that an informed selection may be made.

(b) Timeline – discuss your understanding of the timeline for this effort

The Life RFP project will begin in August 2022 and conclude in March 2023. Below is a list of major project milestones.

- August 2022 work commences
- October 2022 the RFP is submitted to the board for approval
- November 2022 the consultant releases the RFP to prospective vendors
- January 2023 proposals are due from vendors and evaluated by consultant
- February 2023 consultant delivers analysis of vendors to the NDPERS board for evaluation
- March 2023 vendor(s) are interviewed in person by consultant and the board, and a vendor is selected
- March 2023 implementation begins

(c) Approach- discuss your project plan for this effort, identify major steps, timeframes and products

At project initiation, we will confirm the objectives for the project and discuss the level of satisfaction NDPERS has with the current vendor. Next, we will provide a list of all the data elements needed to develop the RFP document. Working with both NDPERS staff and contacts at the current vendors, Buck will assemble the needed data points and construct a detailed and comprehensive RFP for approval by NDPERS. Upon approval by NDPERS, the RFP will be released to the marketplace. As proposals arrive from interested bidders, the Buck team will develop an analysis of all vendor responses to the RFP. This document will ultimately be delivered to NDPERS for review, discussion and selection of the most qualified bidder. Throughout every phase of the project, Buck will be in regular contact with NDPERS. In fact, we encourage the scheduling of weekly touch points to enable direct, open and regular communication regarding the status of the project.

(d) Exceptions- identify any exceptions or variations in your proposal from the work

We do not anticipate any variations from the scope of services requested in the RFP.

(e) Outline the product PERS will receive from you

Our analysis of vendor responses will include but not be limited to the following:

1. An actuarial/underwriting analysis of the rates and fees proposed by bidders.
 - a. Including reserve estimates, retention amounts, margin, risk charges, etc.
2. A forecasting of the budget impact of the bidders proposed rates and fees.
3. An assessment of the responsiveness of the bidders in relation to the requirements of the RFP.
4. An analysis of the proposed plan designs and any variation (+/-) from the current plan design and the associated actuarial differential of the variance.
5. Qualitative commentary of the individual bidders based on our experience with the organization.
6. A discussion on the relative financial strength of the bidders based on resources such A.M. Best, Standard and Poor's and Moody's.
7. A discussion on the readiness of the individual bidders to properly implement and serve NDPERS going forward.

Buck will include additional assessment measures specific to the NDPERS environment as requested.

2. Vision Plan

(a) Generally discuss your understanding of the work requested

We understand that NDPERS is seeking the services of an employee benefits consulting firm that is well experienced in the vendor selection process and that in the context of the public sector procurement process. The Vision RFP project is executed in parallel with the Life RFP project. The Vision RFP project is scheduled to begin in October 2022 and conclude in June 2023. The charge of the selected consultant is to work with NDPERS staff and the current vendor to collect all necessary data elements to develop an RFP document that accurately reflects NDPERS objectives, plan demographics, financial experience and plan design. The resulting RFP will be released to the marketplace to attract qualified potential vendors. Following a thorough analysis of each RFP response the consultant will provide NDPERS staff and Board with detailed information concerning each of the potential vendor organizations so that an informed selection may be made.

(b) Timeline – discuss your understanding of the timeline for this effort

The Vision RFP project will begin in October 2022 and conclude in June 2023. Below is a list of major project milestones.

- October 2022 work commences
- January 2022 the RFP is submitted to the board for approval
- February 2022 the consultant releases the RFP to prospective vendors
- April 2023 proposals are due from vendors and evaluated by consultant

- May/June 2023 consultant delivers analysis of vendors to the NDPERS board for evaluation
- June/July 2023 vendor(s) are interviewed in person by consultant and the board, and a vendor is selected
- July 2023 implementation begins

(c) Approach- discuss your project plan for this effort, identify major steps, timeframes and products

At project initiation, we will confirm the objectives for the project and discuss the level of satisfaction NDPERS has with the current vendor. Next, we will provide a list of all the data elements needed to develop the RFP document. Working with both NDPERS staff and contacts at the current vendors, Buck will assemble the needed data points and construct a detailed and comprehensive RFP for approval by NDPERS. Upon approval by NDPERS, the RFP will be released to the marketplace. As proposals arrive from interested bidders, the Buck team will develop an analysis of all vendor responses to the RFP. This document will ultimately be delivered to NDPERS for review, discussion and selection of the most qualified bidder. Throughout every phase of the project, Buck will be in regular contact with NDPERS. In fact, we encourage the scheduling of weekly touch points to enable direct, open and regular communication regarding the status of the project.

(d) Exceptions- identify any exceptions or variations in your proposal from the work

We do not anticipate any variations from the scope of services requested in the RFP.

(e) Outline the product PERS will receive from you

Our analysis of vendor responses will include, but not be limited to the following:

1. An actuarial/underwriting analysis of the rates and fees proposed by bidders.
 - a. Including reserve estimates, retention amounts, margin, risk charges, etc.
2. A comparative analysis of the proposed provider network in relation to the current vendor and the NDPERS population distribution.
3. A forecasting of the budget impact of the bidders proposed rates and fees.
4. An assessment of the responsiveness of the bidders in relation to the requirements of the RFP.
5. An analysis of the proposed plan designs and any variation (+/-) from the current plan design and the associated actuarial differential of the variance.
6. Qualitative commentary of the individual bidders based on our experience with the organization.
7. A discussion on the relative financial strength of the bidders based on resources such A.M. Best, Standard and Poor's and Moody's.
8. A discussion on the readiness of the individual bidders to properly implement and serve NDPERS going forward.

Buck will include additional assessment measures specific to the NDPERS environment as requested.

3. Dental Plan

(a) Generally discuss your understanding of the work requested

We understand that NDPERS is seeking the services of an employee benefits consulting firm that is well experienced in the vendor selection process and that in the context of the public sector procurement process. The Dental RFP project is the third of the three RFP projects included in this RFP. It is scheduled to begin in October 2023 and concludes in June of 2024. The charge of the selected consultant is to work with NDPERS staff and the current vendor to collect all necessary data elements to develop an RFP document that accurately reflects NDPERS objectives, plan demographics, financial experience, and plan design. The resulting RFP will be released to the marketplace to attract qualified potential vendors. Following a thorough analysis of each RFP response the consultant will provide NDPERS staff and Board with detailed information concerning each of the potential vendor organizations so that an informed selection may be made.

(b) Timeline – discuss your understanding of the timeline for this effort

The Dental RFP project will begin in October 2023 and conclude in June 2024. Below is a list of major project milestones.

- October 2023 work commences
- January 2024 the RFP is submitted to the board for approval
- February 2024 the consultant releases the RFP to prospective vendors
- April 2024 proposals are due from vendors and evaluated by consultant
- May/June 2024 consultant delivers analysis of vendors to the NDPERS board for evaluation
- June/July 2024 vendor(s) are interviewed in person by consultant and the board and a vendor is selected
- July 2024 implementation begins

(c) Approach- discuss your project plan for this effort, identify major steps, timeframes and products

At project initiation, we will confirm the objectives for the project and discuss the level of satisfaction NDPERS has with the current vendor. Next, we will provide a list of all the data elements needed to develop the RFP document. Working with both NDPERS staff and contacts at the current vendors, Buck will assemble the needed data points into and construct a detailed and comprehensive RFP for approval by NDPERS. Upon approval by NDPERS, the RFP will be released to the marketplace. As proposals arrive from interested bidders, the Buck team will develop an analysis of all vendor responses to the RFP. This document will ultimately be delivered to NDPERS for review, discussion and selection of the most qualified bidder. Throughout every phase of the project, Buck will be in regular contact with NDPERS. In fact, we encourage the scheduling of weekly touch points to enable direct, open and regular communication regarding the status of the project.

(d) Exceptions- identify any exceptions or variations in your proposal from the work

We do not anticipate any variations from the scope of services requested in the RFP.

(e) Outline the product PERS will receive from you

Our analysis of vendor responses will include but not be limited to the following:

1. An actuarial/underwriting analysis of the rates and fees proposed by bidders.
 - a. Including reserve estimates, retention amounts, margin, risk charges, etc.
2. A comparative analysis of the proposed provider network in relation to the current vendor and the NDPERS population distribution.
3. A forecasting of the budget impact of the bidders proposed rates and fees.
4. An assessment of the responsiveness of the bidders in relation to the requirements of the RFP.
5. An analysis of the proposed plan designs and any variation (+/-) from the current plan design and the associated actuarial differential of the variance.
6. Qualitative commentary of the individual bidders based on our experience with the organization.
7. A discussion on the relative financial strength of the bidders based on resources such A.M. Best, Standard and Poor's and Moody's.
8. A discussion on the readiness of the individual bidders to properly implement and serve NDPERS going forward.

Buck will include additional assessment measures specific to the NDPERS environment as requested.

2) Experience

a) General firm experience - a brief description of the size, structure and services provided by your organization.

General firm experience

Buck is one of the world's leading professional services firms, focused exclusively on HR and benefits consulting and brokerage, technology, and administration services. Our more than 100-year heritage of excellence dates to 1916, when our founder, George B. Buck, established the actuarial basis of the New York State and City retirement systems.

Since then, we have grown into a diversified firm that provides these services to both public and private entities, covering the entire employee benefit and human resource management fields. We have been providing health benefits consulting/brokerage services for 70 years; we established our communication offering 50 years ago and were among the first to deliver online personalized communications starting in 2000.

Today we are an independently operated entity, with strong financial backing led by H.I.G. Capital. We have approximately 2,200+ professionals worldwide. Since becoming independent in August 2018, our headcount has grown by 30%.

Buck's size and structure

Buck has 2,200 employees globally and in the U.S., we employ 48 Fellows of the Society of Actuaries, 80 Associates of the Society of Actuaries, and 107 Enrolled Actuaries. We have been serving government entities since our founding in 1916 – longer than any other benefits and retirement/actuarial consulting firm.

Buck is uniquely qualified to provide the requested services due to our size and structure. We can respond to the needs of the public sector in a nimble and flexible way, yet we have large-firm resources and bench strength, that can be scaled to meet your needs and budget. Our competitors are generally:

- Smaller companies that only offer one or two services and can struggle with meeting timing needs for their clients due to limited resources, or
- Large firms that have strict red-tape and set procedures to be applied to all clients regardless of the client's needs or consultants that have limited experience working on public-sector clients.

Our global and US leadership structure is available at Buck.com.

Buck's leading consulting services

Buck provides a wide range of actuarial and human resource consulting services through our Health, Wealth, Career, and Engagement practices, all supported by robust research services. We have the expertise and the capacity to assist the NDPERS with many special projects, ranging from strategic consulting to providing "extra hands" to help out with day-to-day tasks. Buck's leading services and their introduction dates are:

- Benefit Consulting and Actuarial Services: 1916
- Health Consulting Services: 1950
- Health and Welfare Actuarial Services: 1965

About H.I.G. Capital

- \$25 billion of equity capital under management.
- Current portfolio includes more than 125 companies with combined sales in excess of \$30 billion.
- The H.I.G. business model involves growing portfolio companies through investment in technology, personnel, and additive acquisitions.
- H.I.G. provides autonomy and independence to company management teams.

- Defined Benefit Administration Services: 1970
- Communication and Engagement Services: 1974
- Investment and Risk Management Consulting Services (including ALM): 1977
- Health and Welfare Administration Services: 1989
- Compensation Services: 1990

b) Describe your organization's approach to actuarial/benefit consulting for life, vision and dental insurance programs.

We view benefit planning strategically and encourage our clients to do the same, which is why we schedule half- and full-day sessions dedicated to strategic planning, where we will walk through our strategic planning workbook.

Decisions regarding plan design, clinical programs, administration, funding, pricing, and communication should not be solely reactive to immediate influences such as a significant cost increase, but should take into account organizational culture, the employee value proposition, and the benefit package as a whole. Organizations should consider a wide range of critical issues in developing both short- and long-term objectives and strategies. For example, we encourage consideration of competitive position, workforce demographics, lifestyle and risk factors, compliance and legislation and employer philosophy.

Analysis of current programs and options

Our evaluation of NDPERS's plan designs will include the following key steps:

1. Meet with NDPERS to discuss key issues, objectives and go-forward strategy relative to NDPERS's current plan designs.
2. Review a range of alternative plan designs with NDPERS and quantify the savings impact of each plan design alternative relative to the current plan designs (we will quantify only those plan design alternatives that NDPERS is interested in exploring). We will outline advantages and disadvantages of each alternative specific to NDPERS.
3. Prepare a presentation of our findings and recommendations.
4. Meet with NDPERS to discuss results and advise NDPERS on selection of plan design changes, migration risks and RFP customization.

RFP development

Based on the results of our evaluation of NDPERS's current plan designs and alternatives, we will develop the RFP documents in collaboration with NDPERS. The RFPs will include but will not be limited to the following key elements:

- Plan design recommendations.
- Financial structure of the proposal, including pricing elements and credits/allowances.
- Network needs/disruption evaluation/discount analysis.
- Vendor advocacy support and collaboration with other vendors (channel partners).

- Customer service and performance concerns.
- Administrative processes.

We will work with NDPERS to identify the appropriate vendors to receive the RFP.

Plan RFPs philosophy, approach and scope of work

Standard selection criteria important to NDPERS for vendor partner(s) include vendors that can provide:

- The most competitive financial offer with multi-year cost stability, agreed upon transparency in renewal processes and guaranteed rates, and gain-sharing agreements to participate in surplus funding.
- Excellent client service and member satisfaction, seamless administration, and strong document preparation and maintenance service.
- Supportive, timely and proactive partnership service to NDPERS during implementation and continuously through normal operations, collaboration with vendors added to meet members' needs for advocacy and navigation to high quality providers and required reporting to monitor ROI, measure results and improve healthcare processes.

Our marketing philosophy and approach to vendor RFPs are based on asking the appropriate questions to bidders that are focused on meeting the customized needs of our clients. We do not use "one-size fits all" vendor RFPs for all clients. We will work with NDPERS to define your marketing objectives and plan nuances and then structure our efforts around NDPERS-specific needs and objectives, so the RFP is truly customized to your specific requirements.

Buck will conduct a competitive bidding of vendors to administer NDPERS's benefit programs and advise NDPERS on the appropriate selection of vendor(s).

c) For the fixed efforts:

1. Detail your experience preparing, issuing and analyzing RFPs for each of the efforts in the fixed fee area (dental, vision, life)

Our marketing philosophy is based on asking appropriate questions to bidders and getting answers that are specific to meeting our clients' needs. We do not use standardized boilerplate requests for proposals (RFPs). We work with each client to define their marketing objectives, and then structure our efforts around those objectives. We have managed RFP projects that also involve internal procurement department teams where there is a formal process in place, but assistance is needed to craft the RFP and to ensure bidders are vetted thoroughly.

For most RFPs, we employ a three-phase work plan broken down into the following five broad elements:

1. Determine overall marketing goals and timeline.
2. Prepare detailed bid specifications and RFP content.
3. Finalize RFP, vendor distribution/communication, and response to vendor inquiries.
4. Receive vendor proposals, evaluate proposals, prepare report of our findings and recommendations, conduct finalist interviews in collaboration with the client, negotiate financial and non-financial terms with the vendor finalists, and assist client in making an informed decision in selecting a vendor.
5. Assist in the implementation of the selected vendor, unless the selected vendor is the incumbent.

The exhibit below outlines key steps, deliverables and suggested timeline for completing each of the three phases of the competitive-bidding project or go-to-market evaluation for the Life marketing. A similar timeline will be developed for each product. The timeline shown below assumes that the competitive-bidding process commences in August 2022 to meet NDPERS's time requirements. Project plan and timeline below covers the competitive-bidding process; implementation of the client's incumbent vendor or a newly selected vendor would follow to ensure an effective date of July 1, 2023.

Phase	Step	Description and Deliverable	Target Completion Date in Months	Responsible Party
Phase I – Manage and Conduct Health Vendors Competitive-Bidding Process				
RFP Strategy and Bid Process Management	1	Kick-Off Meeting / Call to:	Aug-22	Buck / NDPERS
		<ul style="list-style-type: none"> Review NDPERS's benefits philosophy and objectives 		
		<ul style="list-style-type: none"> Confirm project objectives, scope of work and timing 		
		<ul style="list-style-type: none"> Identify data needed from NDPERS (e.g., NDA and plan documents), and from incumbent vendors (e.g., claim and utilization experience, provider claims data (for disruption analysis)) and census 		
		<ul style="list-style-type: none"> Define requirements including contractual terms, security, reporting etc. 		
		<ul style="list-style-type: none"> Determine any special procurement rules that need to be adhered to for the RFP process 		
	2	NDPERS notifies incumbent vendors of upcoming competitive bid and authorizes them to complete Buck's data request for the bid	Aug-22	NDPERS
	3	Prepare data request and send to incumbent vendors, including:	Aug-22	Buck
		<ul style="list-style-type: none"> NDPERS claim and utilization experience 		
	4	Prepare NDPERS-specific RFP draft(s)	Aug-22	Buck
	5	Submit RFP draft(s) to NDPERS for review	Aug-22	Buck
	6	Finalize RFP, based on NDPERS's feedback	Oct-232	Buck
	7	Incumbent vendors and NDPERS submit to Buck the completed data request	Oct-22	NDPERS/Health Providers
8	Buck sends RFP to health vendors – allow 30 days for response	Nov-22	Buck	
9	Vendors submit Intent to Bid and questions to Buck	Nov-22	Health vendors	
10	Buck responds to vendor questions	Dec-22	Buck	
11	Vendors submit proposals to Buck	Jan-23	Health vendors	
12	Buck submits questions to vendors on their proposals	Jan-23	Buck	
13	Vendors respond to Buck's questions	Jan-23	Health vendors	

Phase	Step	Description and Deliverable	Target Completion Date in Months	Responsible Party
Stage 1 Financial Response Evaluation	14	Buck evaluates vendor proposals (Stage 1), which will include:	Jan-23	Buck
		<ul style="list-style-type: none"> Review of financials 		
		<ol style="list-style-type: none"> Review of financial offerings based on NDPERS maintaining the current vendor configurations Review of financial offerings based on alternate vendor configurations (single vendor configuration or multiple vendors) Evaluation of administrative and other program fees to identify additional costs NDPERS may incur Review of proposed credits and allowances to identify the range and amount of NDPERS's plan expenses each vendor will cover for various services (e.g., implementation and audit allowances) 		
		<ul style="list-style-type: none"> Operations performance-guarantee evaluation to determine the amount of dollars at risk and service quality measures each vendor will guarantee during implementation (if not incumbent health vendor(s)) and on an ongoing basis. 		
	15	Prepare report of Stage 1 findings and recommendations and submit to NDPERS	Jan-23	Buck
	16	Meet with NDPERS to discuss Stage 1 evaluation report findings / recommendations	Jan-23	Buck / NDPERS
Stage 2 Program Questionnaire Evaluation	18	Buck evaluates vendor proposals (Stage 2), which will include:	Jan-23	Buck
		<ul style="list-style-type: none"> Valuation of Account Management and Implementation Management teams to assess the qualifications and experience each vendor's team would bring to the NDPERS relationship 		
		<ul style="list-style-type: none"> Evaluation of vendor's claims administration capabilities 		
		<ul style="list-style-type: none"> Evaluation of vendor's member services capabilities 		
		<ul style="list-style-type: none"> Performance-guarantees (Operations, Financial, Clinical as applicable) evaluation to determine the amount of dollars at risk and service quality measures each vendor will guarantee during implementation (if not incumbent vendor(s)) and on an ongoing basis 		
		<ul style="list-style-type: none"> Evaluation of vendor's other capabilities 		
		<ul style="list-style-type: none"> Evaluation of additional services offered by vendors 		
	<ul style="list-style-type: none"> Reference checks to verify and obtain feedback from current and/or past clients on their experience with each health vendor 			
	19	Prepare Stage 2 report of findings and recommendations and submit to NDPERS	Feb-23	Buck

Phase	Step	Description and Deliverable	Target Completion Date in Months	Responsible Party
	20	Meet with NDPERS to discuss Stage 2 evaluation report findings / recommendations and select finalists	Feb-23	Buck / NDPERS
Finalist meeting and BAFO	21	Notify vendor finalists	Mar-23	Buck
	22	Conduct vendor finalist meetings (if needed)	Mar-23	Buck / NDPERS
	23	Request, evaluate and quantify projected savings generated by finalists' BAFOs	Mar-23	Buck
	24	Submit BAFO analysis and discuss results with NDPERS	Mar-23	Buck
Phase II – Conduct Follow-up Negotiations with vendor finalists to achieve optimal terms (price, service and implementation) for NDPERS				
Follow-up Negotiations	25	Conduct additional negotiations beyond the BAFOs with one or more finalists, and quantify the projected additional savings resulting from these negotiations	Mar-23	Buck / NDPERS
	26	Meet with NDPERS to review negotiation results and select vendor(s)	Mar-23	Buck / NDPERS
	27	Notify selected vendor(s)	Mar-23	Buck
Phase III – Contract Negotiations: Negotiate contract language to ensure pricing offers, service guarantees, implementation timeline, and other terms offered by the selected vendor(s) are accurately incorporated into the new contract.				
Contract Negotiations	28	Review health vendor(s) draft contract (s) to ensure that it accurately reflects negotiated financial and non-financial terms; subject to NDPERS's final approval	Expected by Apr 23	Buck

While our project plan and timeline above provide high-level details, specific details include the following:

- **Establish RFP goals, objectives, and priorities.** We start the process with a meeting to establish project goals, long-term and short-term objectives and priorities. We will discuss plans/coverage, plan designs, funding methods, administrative structure, and any optional provisions to be included as part of the competitive-bidding process. During this meeting, we also will define specific project milestones and measures and discuss Procurement's role.
- **Request data required for initial plan analysis and RFP development.** After the initial meeting, we provide a list of requested data, including but not limited to plan summaries and financial data—claims, enrollment, contracts, administrative agreements, and performance agreements. Whenever possible, we coordinate with the client's current plan vendor(s) to gather this data and limit our request to the client for data that is not available from the vendor, which typically is census data. This information will also be summarized to include in the RFP.
- **Identify desired vendors.** We use our proprietary tools and market knowledge to identify desired vendors, based on your benefit priorities and vendor capabilities that meet your needs. We believe it is important to develop acceptable criteria to ensure that bidders are qualified. If internal procurement is used, we make qualified bidders aware of the timing of the bid release, which sometimes can be missed when using proprietary bid systems.

- **Develop technical questionnaire.** Based on input from the initial planning meeting and plan data and our knowledge and familiarity with benefit features and market offerings, we will develop the RFP document. The document will include supporting questions and requirements regarding plan design issues, financial structure of proposal, network needs, customer service and performance issues, clinical quality and outcomes, and administrative processes.
- **Verify compliance.** We make sure that compliance documents are also included in the RFP's requirements section.
- **Field vendor questions via online inquiry, e-mail, and telephone during the RFP bid period.** Our staff responds to questions from prospective vendors in a timely manner and in a format acceptable to NDPERS.
- **Analyze proposal responses, bids, and financials.** We will collaborate with you in our review of proposals for compliance with bid specifications and market competitiveness.
- **Identify each vendor's strengths and weaknesses.** Our evaluation will be based on measurement categories and weightings specific to your organization.
- **Provide a summary report with detailed documentation and finalist recommendations.**
- **Prepare final evaluation report for your review.**
- **Coordinate finalist presentations and site visits.** We arrange for finalist presentations and site visits (as desired).
- **Negotiate financial and non-financial terms with finalist vendors and report results to the client.**
- **Assist with contract review and negotiation.** We review the selected vendor's contract, performance guarantees, and any other pertinent documents to make sure they are consistent with the selected bid and follow-up negotiations. We also support you in negotiations with the vendor at any level deemed appropriate by NDPERS.
- **Provide implementation assistance.** To ensure continuity of coverage when a new plan and/or vendor is implemented, we will:
 - Identify differences between the old and new contracts to make sure there are no material differences in employee coverage that may not be apparent through side-by-side comparisons.
 - Require review of employees and dependents to identify and transition-of-care issues, and employees on leave and not at work who may be affected by a change.
 - Document the agreed-on cost of transition from the old carrier to the new one (e.g., tape runs, special reports, run-out administration).
 - Coordinate a vendor transition plan to make sure all parties involved understand their respective roles and timelines.
 - Implement performance guarantees for the new carrier with financial penalties, separate from the ongoing guarantees, to make sure they have an incentive to achieve a smooth transition.

2. Discuss what you find are the primary considerations for doing these efforts and special considerations of doing it in the public sector

With Buck's strong history and foundation in public sector consulting, we are often required to support or defend various evaluations and analyses of the vendor selection process. Your Buck team members have provided various levels of support and/or defense of evaluations or have served as subject matter resources for other industry issues including presentations to local, state and federal government representatives, committees, and industry groups.

Comparative evaluation and analyses involving public sector clients tend to require more thoughtful explanation and additional justification than that required for private sector employers, due to the public nature of the information and procurement requirements. A special consideration is that it is not uncommon for public employers of similar size to NDPERS to experience some form of vendor protest. Another primary consideration is that much of the information related to this procurement and selection process will be made public. Our proposed approach is to manage the data distribution, collection and evaluation phases directly. We then provide our analysis and scoring to NDPERS for review and selection. In most instances we collect information from the vendors that is considered proprietary but is necessary to the analysis. In these instances, we collect and analyze the data, and provide the results of the analysis in summary to NDPERS, so there is no disclosure of proprietary information, but NDPERS gets all the information they need to select the best vendor.

Notable in serving our public sector clients are the following key differentiators:

- **Unparalleled public sector experience.** We are the oldest consulting firm in our industry and one of the few firms that have consultants who specialize in the public sector, providing our public sector clients with significant expertise on special issues relating to benefits, plan design, GASB, CAFR and the administration of public employee retirement systems. Buck currently provides consulting services for many municipalities, states and quasi-governmental entities.
- **Our strong commitment to the public sector.** Many of our major competitors no longer serve the public sector. We are the largest remaining player that still embraces all types of defined benefit and other post-employment benefit actuarial plans included in the public sector. We have developed a National Public Sector Center of Excellence, which consists only of actuaries and consultants experienced and fully dedicated to servicing this market segment. This allows us to collaborate on a national level, bringing together the knowledge of our strongest and most experienced public sector consultants.
- **Applying corporate solutions to the public sector.** Unlike many of our traditional competitors in the public sector, we have significant corporate experience to draw upon. Our experience with health and welfare plan design and administration issues with hundreds of commercial clients allows us to bring the knowledge and tools from that sector to support our public sector clients.

3. Based upon your experience, detail the expected level of analysis your firm will conduct for each of the fixed efforts, what distinguishes your firm's approach from others, and any special insights your experience will bring to the proposed efforts

We have the right tools for the job

You will be a premier client for us and will be assigned to a team of professionals with the talent, skills and experience that will exceed your expectations. We have the resources, flexibility, innovation, and client intimacy that results in long-lasting relationships – our average client relationship is 18 years and 50 of our clients have worked with us for over 60 years. We bring:

- A dedicated service model with agreed-upon performance guarantees.
- Proven market-based solutions aimed to resolve challenges, reduce costs and improve efficiencies. Strong knowledge of the current marketplace and emerging trends to ensure quality consulting that ties your benefits strategy to your overall objectives.
- An understanding of your culture and efforts to provide a competitive benefits package designed to help employees maximize the value of the benefits offered.
- Experience with and understanding of current compliance requirements, support to meet compliance, and planning around future regulations and proposed legislation that will impact your plans.
- Expertise with negotiating carrier contracts resulting in a strongly leveraged position.

Our holistic approach is engrained in your Buck team and sets us apart. We've set the standard high for ourselves in order to deliver successful outcomes to meet your unique needs and provide measurable results for accountability and transparency.

Our analysis of vendor responses typically includes:

- An actuarial/underwriting analysis of the rates and fees proposed by bidders.
 - Including reserve estimates, retention amounts, margin, risk charges, etc.
- A comparative analysis of the proposed provider network in relation to the current vendor and the NDPERS population distribution.
- A forecasting of the budget impact of the bidders proposed rates and fees.
- An assessment of the responsiveness of the bidders in relation to the requirements of the RFP.
- An analysis of the proposed plan designs and any variation (+/-) from the current plan design and the associated actuarial differential of the variance.
- Qualitative commentary of the individual bidders based on our experience with the organization
- A discussion on the relative financial strength of the bidders based on resources such A.M. Best, Standard and Poor's and Moody's.
- A discussion on the readiness of the individual bidders to properly implement and serve NDPERS going forward.

Buck can also include any additional assessment measures NDPERS requires.

Our value proposition

- **Operational Expertise.** Buck's health consultants are a highly qualified, credentialed, client-focused team of knowledgeable and experienced benefit specialists focused on your needs. Our team has many years of industry and employer experience. We know what to look for—and where to find it—and are recognized thought leaders throughout the industry.
- **Best-in-class tools for accurate results.** Our analytical tools, including our benchmarking database and actuarially supported modeling tools, are the foundation of our evidence-based evaluations.

- **Objectivity.** We have no revenue tied to delivering business to the healthcare industry, nor do we have ties with any provider that would result in a conflict of interest or impede our objectivity. Our longstanding reputation for independence and commitment to transparency enable us to focus on achieving optimal results for the sole benefit of our clients.
- **Responsiveness.** Our objective is to make NDPERS feel like you are our only client.
- **Results.** Our references will happily detail our ability to over-perform and exceed expectations. We provide customized solutions to our clients. Buck does not promote cookie-cutter approaches and we look for pragmatic outside-of-the box solutions that work. We present an array of options to our clients for consideration and work with them to find the best solution to meet their needs and the needs of their employees.
- **Creativity.** Through our regular interactions, Buck will apprise NDPERS of opportunities with the various vendors that would represent an enhanced service offering. Our objective is to ensure NDPERS is aware of all the tools and strategies available in the marketplace and to include those as part of any RFP solicitation.

4. Provide a summary of public and private sector clients for whom your organization provides group vision, life and dental insurance program consulting and actuarial services. Provide 3-5 references identifying the appropriate contact person(s), addresses and telephone numbers.

We have been serving government entities since our founding in 1916 – longer than any other benefits and retirement / actuarial consulting firm. We offer significant public sector health, welfare and pension experience providing actuarial and benefits consulting services for hundreds of public sector entities throughout the country.

Buck is well versed in the requirements of governmental entities and the many internal and external constituents involved. We work with various individuals and groups within our existing public sector clients including employee committees, middle and senior management, and elected officials. And we adapt to accommodate the various perspectives, requirements, and objectives of these constituents. As a result, we have become a trusted client advisor on whom clients rely for accurate and unbiased information and dependable results. We also have deep expertise in the technical requirements, rules, and regulations for employee benefits that are unique to public employers and tax-exempt entities. We will draw on this expertise to consult on your benefits programs.

We provide consulting services to more than 200 public sector entities, including working with many plans comparable to NDPERS in terms of both size and complexity. Please see below for client references.

Client name	Contact name/title	Contact information
City of Mesa	Jan Ashley Employee Benefits Administrator	janice.ashley@mesaaz.gov 480-644-4421
Las Vegas Metropolitan Police Department	Jackson Wong, CPFO, CGFM, MBA Accounting & Benefits Manager	J14348W@LVMPD.com 702-828-39283928
City of San Diego	Quennelle Allen Deputy Director, Risk Management Department	gallen@sandiego.gov 619-236-6185

North Dakota Public Employees Retirement System	Bryan Reinhardt Research & Planning Manager	breinhar@nd.gov 701-328-3919
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5. Discuss your firm’s responsibilities in similar projects with other public or private clients. Discuss your understanding of the difference between a public bid process versus a private bid process

While many fundamental concepts of benefit consulting are the same between public and private sector clients, there are some important differences. Public sector clients frequently have special considerations, including:

- “Open to the market” procurement processes.
- Plan participants are also voters and have access to the legislature for comment.
- Environments where wages may be below private sector market levels and are offset by richer health & welfare benefits.
- Decisions must be considered carefully with respect to public perception and likely press coverage.
- Population distribution which may include significant numbers of both career employees and seasonal employees.
- Potential for retirees to not be eligible to receive federal Social Security and/or free Medicare Part A.

One of the advantages of Buck is that we service both public and private sectors clients extensively. This allows us to understand the special needs of the public sector, while still remaining aware of the trends in the private sector that may become public sector trends in the future. We have a Public Sector Center of Excellence, which provides best practices that are leveraged across our consulting delivery processes.

3) Staffing

- a) This Section should include individual resumes for the personnel who are to be assigned to the project and should indicate the proposed project role or assignment of each individual. The project team should include staff with experience in developing RFPs of the type requested herein, evaluating responses, doing the required actuarial analysis and assisting with implementation.

Bob Burnell is a Principal with Buck’s Health Practice and will serve as the Lead Consultant for NDPERS. Bob will be supported by Bob Besenhofer, Director, who will serve as your Consulting Actuary. Ron Aniel is a Senior Consultant and will serve as the Project Manager with additional support provided by Rebekah Ferstadt, Health Consultant, and Project Support role. We’re excited to bring an experienced, dedicated, and familiar team to NDPERS along with the added expertise of Bob Besenhofer.

Please see Attachment B for team resumes.

- b) The offeror shall provide a schedule at the beginning of this Section that shows the number of hours that each person is assigned to each of the fixed fee projects.

Please note that the hours below reflect an assumed efficiency for Buck having performed this task for NDPERS during the last cycle. We expect that having done this with you once before we will be able to do it with less ramp up effort, less time overall and with less burden on NDPERS.

Project Phase	Bob Burnell	Bob Besenhofer	Ron Aniel	Rebekah Ferstadt	Total
Life RFP	10	5	15	15	45
Vision RFP Project	15	10	20	30	75
Dental RFP Project	15	10	25	40	90
Project Total	40	25	60	85	210

- c) Resume information should identify not only educational and work history but also specific information on what clients the individual has worked for and in what role. Please note we may use this information to contact past clients to gather information on the individual.

Please see Attachment B for team resumes with requested information.

Please note that it is critical that the information presented in this section is specific enough for us to understand who is being assigned to each major effort proposed in the RFP and that their role, responsibility and experience demonstrates their ability to successfully complete the required tasks.

4) Additional Information

- a) This section is optional and can include any additional information the offeror deems relevant to this procurement and the satisfaction of the Board's objectives.

Buck provides superior service to all our clients. In order to provide superior services, we have to distinguish ourselves from other large consulting firms.

We believe Buck brings the following unique strengths to NDPERS:

Project management

Our project management approach will provide the framework for timely, accurate, and complete delivery of work with the development of a detailed project plan and scheduling regular project status meetings:

- We will identify key stakeholders to ensure we have the right people involved in the project and when they are needed.
- We will ensure we communicate the right information at the right time to all stakeholders to manage expectations and avoid undue anxiety and delays.
- For projects of this nature, clear, complete, and accurate communication is critically important and must be carefully managed.

Buck's project management approach brings significant value to NDPERS by ensuring a holistic and disciplined approach to executing the project plan and ensuring successful project outcomes delivered through successful, timely execution.

Although Buck employs people for the sole purpose of being project managers, we have found that often for actuarial work, especially in the public sector, it is better to have a project manager who fully understands the work being performed and the stakeholders to which the work is being delivered. Therefore, we have assigned an experienced public sector actuary as the overall project manager for this engagement. We believe this is the best way to provide high quality and timely service. We do not anticipate any issues with timeliness. However, if at any time project management issues do surface, Buck has the ability to add a full-time non-actuarial project manager as an additional resource or advisor.

Commitment to Diversity, Equity, and Inclusion (DE&I)

In addition to our technical and professional strength, Buck embraces its social responsibilities as a leader in the professional services sector. As the oldest benefits advisory firm and one of the industry's leading consulting firms, we have a rich history of being at the vanguard of progressive thinking. When it comes to DE&I in the workplace, we are committed to bringing out the best in our employees and encouraging an environment where all voices are heard. We have a strong focus on growing and developing consulting professionals into future leaders, starting with who and where we recruit. For example, we emphasize the recruitment of women and minority actuaries and actively recruit at Historically Black Colleges and Universities (HBCUs).

Our Chief Actuary and head of our retirement practice is a member of the board of the International Actuarial Association and our firm actively supports programs that improve diversity in the actuarial profession through scholarships and by increasing diversity in STEM organizations (science, technology, engineering, and mathematics) through the sponsorship of math tutoring programs in underserved areas.

Our actuarial team has a minority membership rate 50% above the (U.S.) national average. More specifically, we:

- Sponsor the International Association of Black Actuaries (IABA) annual meetings and our colleagues have served as a member of the IABA's Corporate Advisory Committee, diversity scholarship committee, and the Board.
- Contribute to The Actuarial Foundation, which partners with actuaries to equip the public with the tools needed to make informed decisions and cultivate the next generation of math-skilled thinkers.
- Serve as a Silver Sponsor (\$5000) for the Organization for Latino Actuaries (OLA). Our colleagues actively participate in OLA's recruiting and career fair activities while also recruiting intern and full-time candidates from their resume book.

Operationally, we have consolidated our supplier records and rolled out a new global supplier certification program designed to increase our organizations spend with Minority-and Women-Owned Business Enterprise (MWBES). We are a member of the National Minority Supplier Development Council (NMSDC) and we've assessed more than 1,000 existing and approved suppliers to determine which are NMSDC members. As part of our commitment to increase the number of qualified diverse suppliers and consultants involved in our sourcing opportunities, we are tracking minority supplier spend, driving an increased spend with diverse suppliers from 5% to 6% over the past year.

Our DE&I efforts and contributions are also evident through the work we do with chapters of The Actuarial Foundation to establish inclusive programs at the local level:

- Led the establishment of a Women in Consulting Community (WICC) for the Conference of Consulting Actuaries (CCA), and sponsored Women's Forum at the annual meeting for the CCA last year.
- Actively lead and contribute to key sessions at industry conferences focused on strengthening diversity and inclusion in thought and career progression within the actuarial profession for underserved groups.

5) Conflicts of interest

- a) In this Section the offeror shall identify and discuss any potential conflicts of interest. The contractor cannot receive any other compensation relating to this work effort except as provided in the cost proposal. Any other arrangements/relationships/contracts the offeror may have with vendors that could be a part of this solicitation must be identified herein and may serve as cause to disqualify the offeror.

Buck and the team assigned to work with NDPERS have no known business or personal conflicts of interest with NDPERS.

6) Company Literature (if applicable)

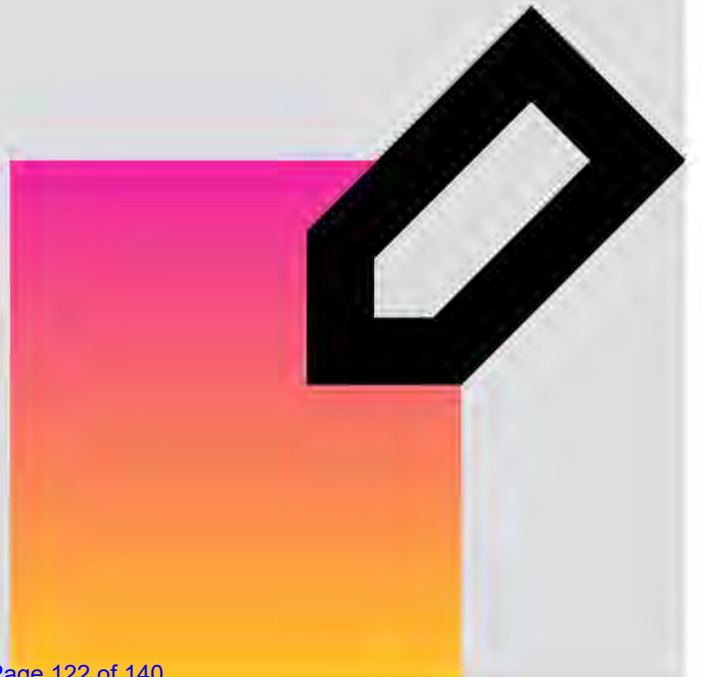
- a) If company literature or other material is intended to respond to any RFP requirement, it must be included in this section. The offeror's responses in previous sections of the proposal must include reference to the document by name and page citation.

Throughout this proposal we've referenced the following attachments:

- Attachment A – Project Timeline on page 2
- Attachment B – Team Resumes on page 20

Please see the following pages for the referenced materials.

Attachment A – Project Timeline



North Dakota Public Employees Retirement System
 Life, Vision, Dental RFP Project Timeline

Project Milestones	August				September				October				November				December			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Life RFP Project																				
Meet with NDPERS to confirm project objectives																				
Begin data collection process with current vendor																				
Buck develops Life RFP document																				
Buck submits Life RFP to NDPERS for approval																				
Life RFP is released to the market																				
Buck performs analysis of vendor proposals																				
Present Life RFP evaluation to NDPERS																				
Vendor Finalist/Selection Meetings																				
Vision RFP Project																				
Meet with NDPERS to confirm project objectives																				
Begin data collection process with current vendor																				
Buck develops Vision RFP document																				
Buck submits Vision RFP to NDPERS for approval																				
Vision RFP is released to the market																				
Buck performs analysis of vendor proposals																				
Present Vision RFP evaluation to NDPERS																				
Vendor Finalist/Selection Meetings																				
Dental RFP Project																				
Meet with NDPERS to confirm project objectives																				
Begin data collection process with current vendor																				
Buck develops Dental RFP document																				
Buck submits Dental RFP to NDPERS for approval																				
Dental RFP is released to the market																				
Buck performs analysis of vendor proposals																				
Present Dental RFP evaluation to NDPERS																				
Vendor Finalist/Selection Meetings																				

2022

North Dakota Public Employees Retirement System
 Life, Vision, Dental RFP Project Timeline

Project Milestones	January				February				March				April				May				June			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Life RFP Project																								
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Buck performs analysis of vendor proposals	█	█	█	█																				
Present Life RFP evaluation to NDPERS					█	█	█	█																
Vendor Finalist/Selection Meetings									█	█														
Vision RFP Project																								
Meet with NDPERS to confirm project objectives																								
Begin data collection process with current vendor																								
Buck develops Vision RFP document																								
Buck submits Vision RFP to NDPERS for approval	█	█	█	█																				
Vision RFP is released to the market					█	█	█	█	█	█	█													
Buck performs analysis of vendor proposals										█	█	█	█	█										
Present Vision RFP evaluation to NDPERS															█	█	█	█						
Vendor Finalist/Selection Meetings																			█	█				
Dental RFP Project																								
Meet with NDPERS to confirm project objectives																								
Begin data collection process with current vendor																								
Buck develops Dental RFP document																								
Buck submits Dental RFP to NDPERS for approval																								
Dental RFP is released to the market																								
Buck performs analysis of vendor proposals																								
Present Dental RFP evaluation to NDPERS																								
Vendor Finalist/Selection Meetings																								

North Dakota Public Employees Retirement System
 Life, Vision, Dental RFP Project Timeline

Project Milestones	July				August				September				October				November				December			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Life RFP Project																								
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Vendor Finalist/Selection Meetings																								

North Dakota Public Employees Retirement System
 Life, Vision, Dental RFP Project Timeline

Project Milestones	January				February				March				April				May				June			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
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Vendor Finalist/Selection Meetings																								

Attachment B – Team Resumes



Bob Burnell

Principal, Health Practice



Bob Burnell is the Los Angeles Health and Productivity practice leader. He is responsible for managing and growing profitable business, promoting Buck's market leadership in southern California and the West, developing talent, and delivering innovative solutions from across all of Buck to clients and prospects.

Experience

Bob has extensive experience at two international consulting firms in addition to his recent position at a global managed health care organization. His experience includes serving as sales manager in Nevada, where he managed and developed sales objectives for the Nevada market. Robert also served as a client manager and senior new business manager. Bob has been instrumental in developing health and welfare plans for clients in a variety of business and industry sectors, including health care and technology. He has consulted on all aspects of plan development, pricing and vendor selection, strategic design and implementation, and employee plan introduction and enrollment.

Clients

Bob has served as the lead consultant responsible for overall client satisfaction on the following clients:

- City of San Diego
- HealthComp
- Southern California Edison
- Las Vegas Metropolitan Police Department
- City of Mesa

Education and Achievements

- B.A. in psychology from the University of California, Santa Barbara

To contact me

robert.burnell@buck.com

Bob Besenhofer

Director, Health Practice



Bob Besenhofer is an actuary in the health and productivity department in the Chicago office of Buck Consultants. Bob has more than 30 years of experience in health and welfare consulting and is responsible for providing health and welfare actuarial and financial consulting to clients of various sizes.

Experience

- Actuarial Projections – Gross cost projections based on employers' past experience; employee contribution modeling; plan design change modeling using actuarial pricing tools; consumer driven healthcare pricing; and, strategic consulting for short and long-term goals.
- Incurred but Unpaid Claims Liability – Medical and dental plan liability based on vendor claim payment history; and, disability plan liability based on current disabled listing.
- Marketing Analysis – Development of financial impact of vendor proposals; administrative fee and stop-loss coverage analysis; discount analysis; and, disruption analysis.
- Retiree Health Consulting – GASB 74/75 valuations, accounting and funding analysis; pricing of changes to plan design, eligibility, employer funding caps, retiree exchanges and other methods to reduce or eliminate retiree health liabilities; and, Medicare Part D consulting – EGWP pricing and RDS actuarial attestations.

Clients

Bob has served as the consulting actuary for the following clients:

- Painters Union Insurance Fund
- Correct Care Solutions
- Dana Corporation
- Ohio Police and Fire Pension Fund
- Cook County Retiree Health Care Fund
- Washtenaw County VEBA
- Impellam North America
- Fresno Area Self-Insurance Benefits Organization
- Thyssen Krupp North America
- Ingram Industries

Education and Achievements

- B.S. in Mathematics from St. Xavier University in 1989
- Associate of the Society of Actuaries
- Member of the American Academy of Actuaries

To contact me

robert.besenhofer@buck.com

Rebekah Ferstadt

Consultant, Health Practice



Rebekah is a Consultant in the Health Practice in Dallas, TX. She is responsible for day-to-day client service and support and assists Buck clients in navigating the world of employee benefits. Her areas of expertise include data reporting and analytics, vendor relations, RFP development and analysis, and renewal negotiations.

Experience

Rebekah has 17 years of experience in insurance services. She joined Buck in 2009, where her primary role was supporting the Health and Welfare Administration division; in 2013 she transitioned to the HR Consulting team and has worked with clients to design and implement employee benefits that are meaningful and valuable to Buck's clients and their members.

Clients

Rebekah serves as the project lead and first point of contact for client day-to-day support on various Health consulting projects for the following clients:

- Southern California Edison
- Northrop Grumman
- United Shutdown Safety, TX

Rebekah provides consulting and client/project support for the following clients:

- City of Mesa, AZ
- HealthComp
- City of San Diego
- Las Vegas Metropolitan Police Department
- GoPro

Education and Achievements

- A.A. Communications
- Life, Accident, and Health Producer License in AZ and TX

To contact me

rebekah.ferstadt@buck.com

Ron Aniel, CEBS

Senior Consultant, Health Practice



Ron Aniel is a Senior Consultant in the Health and Productivity practice. He has more than 25+ years of experience in health and productivity benefit brokerage and underwriting.

Experience

- Ron has been with Buck for 21 years. Previously, Ron worked as a Senior Associate with another large consulting firm, an Underwriter with Health Net, and an Underwriter/Account Consultant with United Healthcare/MetLife.
- Ron's expertise includes underwriting, financial reporting, and budget forecasting. He has worked on the design and implementation of the full array of health and welfare benefit plans. He has extensive experience in renewal review and negotiations.

Clients

Ron serves as the project lead and first point of contact for client day-to-day support on various Health consulting projects for the following clients:

- City of San Diego
- Aviat Networks
- Health Comp

Ron provides consulting and client/project support for the following clients:

- San Juan Unified School District
- Las Vegas Metropolitan Police Department
- City of Mesa, AZ

Education and Achievements

- B.A. Double Major in Economics and History, University of California, Berkeley
- Certified Employee Benefit Specialist (CEBS) designation
- Group Benefit Disability Specialist (GBDS) designation
- Life Agent License, California Department of Insurance

To contact me

ron.aniel@buck.com



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Memorandum

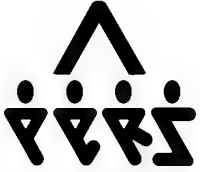
TO: NDPERS Board

FROM: Scott

DATE: July 12, 2022

SUBJECT: Legislative Relations

This is a placeholder for us to discuss any Legislative topics that have arisen the past month.



Memorandum

TO: NDPERS Board
FROM: Scott
DATE: July 12, 2022
SUBJECT: Legislative Update

Employee Benefits Programs Committee

The Employee Benefits Programs Committee met on June 21, 2022, and took jurisdiction over four additional bills:

- Bill Draft No. 2 [23.0002.02000], which provides for PERS health benefits coverage of prosthetic devices: [Interim Committee Bill Draft - LC Number 23.0002.02000 \(ndlegis.gov\)](#)
- Bill Draft No. 87 [23.0087.01000], which provides for legacy fund funding of the PERS main plan: [Interim Committee Bill Draft - LC Number 23.0087.01000 \(ndlegis.gov\)](#).
- Bill Draft No. 92 [23.0092.01000], which provides for a prescription drug reference rate pilot program: [Interim Committee Bill Draft - LC Number 23.0092.01000 \(ndlegis.gov\)](#)
- Bill Draft No. 93 [23.0093.01000], which provides for PERS health benefits coverage of fertility treatment: [Interim Committee Bill Draft - LC Number 23.0093.01000 \(ndlegis.gov\)](#)

The Committee also received actuarial analyses of some of the prior bills over which it had taken jurisdiction, and determined whether to give them a favorable, unfavorable, or no recommendation, as follows:

[23.0008.01000 - Relating to a public employees retirement system retirement plan for peace officers](#) – this bill would add “peace officers employed by the state” to the public safety retirement plan. **No action taken** – we were still defining the class to which this bill would apply.

[23.0016.02000 - Relating to an exception to membership in the teachers' fund for retirement for retired military personnel](#) – this bill allows a retired armed forces veteran who is beginning a teaching career to opt out of the Teachers' Fund for Retirement. We will have to research whether those individuals would be covered by the Main PERS plan if they opt out of TFFR and the school district is in PERS. **Favorable recommendation**

[23.0034.02000 - Relating to the powers and duties of the employee benefits programs committee](#) – this bill would modify the requirements regarding submission of bills and amendments that would affect PERS or TFFR plans, and removes the following language from statute: “Any legislation enacted in contravention of this section is invalid and of no force and effect, and any benefits provided under such legislation must be reduced to the level current prior to enactment.” **Unfavorable recommendation**

[23.0045.01000 - Relating to retirement board membership and public employees retirement system contracts for health benefits coverage](#) – this bill would do the following:

1. Remove the retiree Board member and the State Health Officer or their designee from the Board;
2. Add four more legislators;
3. Remove the requirement that one or more legislators must be from a different party;
4. Require the majority leaders in the House and the Senate to appoint three Board members each; and,
5. Enact a new section 5.2 to NDCC chapter 54-52.1, which:
 - a. Prohibits the Board from entering a new or renewal contract for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage unless the action has been “authorized” by the Legislative Assembly;
 - b. Requires the Board to introduce legislation “seeking legislative authorization for the board’s proposed action relating to the [health or prescription drug] contract”; and,
 - c. States that a bill introduced under this new section is not subject to jurisdiction of the Employee Benefits Programs Committee.

Unfavorable recommendation

[23.0054.01000 - Relating to the computation of final average salary for benefits under the highway patrolmen's retirement system and the public employees retirement system](#) – PERS bill relating to the Final Average Salary (FAS) calculation. **Favorable recommendation**

[23.0071.01000 - Relating to clerks of court](#) – Supreme Court bill which would move all clerks of District Court under state control, rather than county control. We will look into the following provision within the bill: “A county employee who becomes a state judicial employee after December 31, 2023, or upon expiration of the elected clerk of district court term is considered an existing employee for state retirement purposes.” **Favorable recommendation**, although the Supreme Court stated it would be removing the applicable language from the proposed bill.

[23.0077.01000 - Relating to retirement benefits for peace officers employed by the bureau of criminal investigation](#) – this bill would do two things. First, new BCI agents would have a

ten year vesting for benefits, up from the current three years. The second revision is to increase the retirement multiplier for the first twenty years of service to 3%, and reduce the multiplier for all additional years to 1.75%. **No action taken** – we are still determining the effects of this bill.

Retirement Committee

The Interim Retirement Committee will next meet on July 21. At that meeting, the Committee will receive information from its actuary, Milliman, on the effect on the DB plan of closing the plan to new employees.

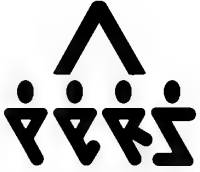
Health Care Committee

The Health Care Committee met on June 16, 2022. The Committee heard presentations on the possibility of the State of North Dakota creating its own Pharmacy Benefits Manager (PBM), or, alternatively, using the PBM created by the states of Washington and Oregon, ArrayRx. The Committee will continue to consider those options.

Legacy Fund Earnings Committee

This Committee met on June 22, 2022. The Committee Chairman asked me to provide information on the funding status of the Main PERS Plan over the course of its history and efforts that have been taken to improve the funding status. There were no questions from the Committee.

This is informational only. No Board action is currently necessary.



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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: July 12, 2022

SUBJECT: Consultant Fees for the Quarter Ended June 2022

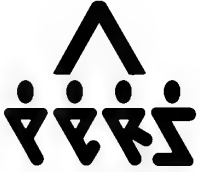
Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended June 2022.

This is informational only.

Attachment

**North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended June 30, 2022**

Program/Project	Fee Type	Apr-22	May-22	Jun-22	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
Actuary/Consulting Fees:						
Mid Dakota Clinic	Retirement Disability	Time charges	950		950	\$ 4,800
Ice Miller	Legal fees Employee benefit matters		1,277		1,839	\$ 19,505
Deloitte	Legislative Analysis			562	-	\$ -
Deloitte	Claims Projections				-	\$ -
Deloitte	Consulting			1,625	1,625	\$ 83,525
State Auditor's Office	PBM Audit	Time charges	6,392	3,849	5,572	\$ 21,293
Gabriel Roeder Smith & Company	Retirement	Fixed Fee			-	\$ 69,613
Gabriel Roeder Smith & Company	RHIC	Fixed Fee			-	\$ 9,500
Gabriel Roeder Smith & Company	GASB 67/68	Fixed Fee			-	\$ 30,000
Gabriel Roeder Smith & Company	GASB 74/75	Fixed Fee			-	\$ 8,500
Gabriel Roeder Smith & Company	Projections	Fixed Fee			-	\$ -
Gabriel Roeder Smith & Company	Actuarial Factor Updates	Fixed Fee			-	\$ 10,000
Gabriel Roeder Smith & Company	Legislation	Time Charges	1,073	1,650	7,755	\$ 13,715
Gabriel Roeder Smith & Company	Retirement	Time Charges	1,138	1,138	875	\$ 20,665
Gabriel Roeder Smith & Company	RHIC	Time Charges			-	\$ -
Gabriel Roeder Smith & Company	Deferred Comp	Time Charges			-	\$ -
Gabriel Roeder Smith & Company	Flexcomp	Time Charges			-	\$ -
Callan & Associates	Asset Allocation & Liability Study	Fixed Fee			-	\$ -
Callan & Associates	Investment Consultant Expenses	Fixed Fee	12,450		12,450	\$ 49,800
Callan & Associates	Record Keeper Search	Fixed Fee			-	\$ -
Audit Fees:						
Clifton Larson Allen	Annual Audit Fee	Fixed Fee			-	\$ 76,934
Legal Fees:						
ND Attorney General	Administrative	Time charges	2,365	1,778	2,358	\$ 6,502
Investment Fees:						
SIB - Investment Fees	Retirement (DB)	% Allocation	3,876,918	3,876,678	3,880,537	\$ 11,634,133
SIB - Investment Fees	Ret Health Credit	% Allocation	137,023	138,609	141,351	\$ 416,983
SIB - Investment Fees	Insurance	% Allocation	11,907	12,206	12,722	\$ 36,835
SIB - Administrative Fees	Retirement (DB)	% Allocation	53,864	38,110	65,870	\$ 157,844
					-	\$ 29,687,331
Administrative Fee:						
Sanford Health Plan	Health Plan	Fixed fee	1,249,294	1,247,236	*	\$ 2,496,530



Memorandum

TO: NDPERs Board
FROM: Derrick Hohbein
DATE: July 12, 2022
SUBJECT: Budget

The request by the Governor was for NDPERs to create a strategy that will focus on automation, help fix workload concerns, cut red tape in redundant efforts, and is encouraging agencies to go into “tech debt.” The budget being presented to you today takes that recommendation into consideration and is for a base budget of \$9,925,560. This amount equals the base budget calculation provided by OMB.

Budget Request:

	Current Appropriation Authority	Remove One-Time Funding	Cost to Continue	2023-2025 Base Budget Limit
Salaries & Benefits	\$ 7,209,060	\$ -	\$ 53,963	\$ 7,263,023
Operating Expenses	2,500,736	(104,500)	16,301	2,412,537
Capital Assets	257,600	(257,600)	-	-
Contingency	250,000	-	-	250,000
Total	10,217,396	(362,100)	70,264	9,925,560

Optional Budget Requests

At the May & June Board Meetings, discussion took place as to what optional change packages to include in the upcoming budget.

Following is the cost information relating to the optional packages:

Initiative	FTE	Cost	% Increase Over Base Budget
Staff Equity Package	-	\$ 720,000	7.3%
Retirement Processing Lead	1.0	216,357	2.2%
Receptionist	1.0	126,711	1.3%
Member Services Rep	1.0	163,317	1.6%
Additional Sagitec Developer	-	125,000	1.3%
DB Closure Staff	4.0	1,161,036	11.7%
Self-Funded Health Insurance	5.0	1,207,141	12.2%
TOTAL	12.0	\$ 3,719,562	37.5%

Board Action Requested:

Approve the 2023-25 base budget and optional packages to be submitted to OMB.

VI. MEMBER *EXECUTIVE SESSION
A. Retirement Benefit Appeal Case #752

**Material for this agenda item will be
sent under separate cover.**