

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**

Due to public health considerations, and in accordance with Executive Order 2020-16, a meeting room will not be available to the public.

Conference Call #: 701.328.7950

Participant Code: 108660#

**Tuesday, July 14, 2020**

**Time: 8:30 AM**

### **I. MINUTES**

- A. June 9, 2020

### **II. PRESENTATIONS**

- A. Fiduciary Responsibility – Scott

### **III. GROUP INSURANCE**

- A. Health Plan Request For Proposal Update – Bryan (Information)
- B. Sanford Health Plan Member Survey Results – Rebecca (Information)
- C. Legislative Diabetes Burden Report – Rebecca (Information)
- D. Employer-Based Wellness Renewal – Rebecca (Information)

### **IV. RETIREMENT**

- A. Highway Patrol Indexing – MaryJo (Board Action)
- B. Investment Policies – Bryan (Board Action)
- C. Provider Fiduciary Language Amendment Update – MaryJo (Board Action)

### **V. MISCELLANEOUS**

- A. Budget – Derrick (Board Action)
- B. Mobile App Discontinuation – Derrick (Board Action)
- C. Quarterly Consultant Fee – Derrick (Information)
- D. Audit Committee Open Position – Shawna (Board Action)
- E. Board Self-Evaluation – Scott (Board Action)
- F. Board Policy Review – Scott (Information)
- G. Contracts Under \$10,000 – Scott (Board Action)
- H. Assurance NM Testing – Scott (Information)

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** July 14, 2020

**SUBJECT:** Fiduciary Responsibility Presentation

Given the recency of Dean's appointment as the Board's attorney, I will be giving the Board its annual education on its fiduciary responsibility. The presentation is attached.

This is informational only.

# Fiduciary Responsibility

Scott Miller  
Executive Director  
July 2020



**NORTH DAKOTA**  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

# Basic Terminology

- **Plan sponsor or Settlor**
  - The entity that created the pension fund, in our case, the State of North Dakota
  - Establishes the benefit structure and terms of the plan
- **Plan documents**
  - State laws governing the plan, including statutes and administrative rules
- **Beneficiary**
  - Receives money from the Trust
- **Trustees**
  - Those elected or appointed to oversee the management of assets and payment of benefits in accordance with the plan documents
  - Whenever there is a trust there must be at least one trustee
  - Some trustees may be “ex-officio” members of the board, serving by virtue of the office they hold
  - All trustees are fiduciaries, without exception
  - Others may be fiduciaries as well





# Plan Documents

- Statute: North Dakota Century Code chapters 39-03.1, 54-52, 54-52.1, 54-52.2, 54-52.3, 54-52.6,
- Administrative Rules Title 71
- Policies
- Internal Revenue Code section 401(a) – Applicable to governmental plans.



# Fiduciary Duty

- Fiduciary responsibility has been called the most important duty imposed by law
- Fiduciary law stems from the common law of trusts
  - Hundreds of years old, starting in *Old England*
  - Developed by the courts over time
  - Applied to family, business, and charitable trusts even before pension funds
- ERISA (1974), a federal law, clarified trust law as it applied to private sector pension funds
- Technically, ERISA does not apply to public pension funds, but it is influential in providing guidance about how fiduciaries should act



# Settlor vs. Fiduciary Functions

- Who is a fiduciary is a functional test
- An individual may have two roles – as a board member and an official or employee of the plan sponsor
- The settlor is the entity that decides to adopt a plan in the first place and determines what benefits will be provided
- Examples of settlor functions
  - Choosing the type of plan, or options in the plan
  - Amending a plan, including changing or eliminating plan benefits/options
- Examples of fiduciary functions
  - Managing the plan
  - Controlling plan assets
  - Administering benefits



# Settlor vs. Fiduciary Functions

- Awareness of which role you are performing is critical
- Trust assets cannot be used for costs relating to settlor purposes (e.g. accounting requirements imposed on employer, plan design, etc.)
  - Costs of implementing settlor decisions may be payable from the plan



# Fiduciary Responsibilities

- **Duty of Loyalty** – Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, and defraying reasonable expenses of administering the plan
- **Duty of Prudence** – With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims



# Duty of Loyalty

- A fiduciary shall discharge his duties with respect to the plan solely in the interest of members and beneficiaries and for the exclusive purpose of providing benefits and defraying reasonable expenses of administering the plan
- Trustees are challenged more with regard to the duty of loyalty than with anything else
- Solely does not mean primarily – no balancing test
- Exclusive purpose is the “**exclusive benefit rule**”
- “Wearing only one hat” is required
  - Complete loyalty
  - Undivided loyalty
  - An eye toward a single purpose
  - Unwavering duty of loyalty to beneficiaries



# Duty of Loyalty – To Whom?

- No fiduciary duty is owed to the plan sponsor or participating employers
  - They are “customers,” not beneficiaries
- No fiduciary duty is owed to a group of union members or “constituents”
  - An association or union may have a duty to a much smaller group of members
  - A statewide elected official may owe a duty to a much larger group, the citizens of the state
- No fiduciary duty is owed to the Legislature
  - It is the creator (settlor), not the beneficiary of the pension trust



# Duty of Loyalty – To Whom?

- No fiduciary duty is owed to the Governor
  - The Governor's duty is to a much larger group, the entire population of the state
- No fiduciary duty is owed to taxpayers
  - However, the duty to incur only reasonable costs exists
- If no fiduciary duty, then what duty is owed to these groups?
  - Duty to employ good governance - transparency and accountability
    - Open meetings
    - Communication





# Conflicts of Interest

- The standards concerning conflicts of interest originate from the common law **duty of loyalty**
- Ignorance is not an excuse
- Dealing with conflicts:
  - **Avoid** conflicts of interest if you can
  - **Disclose** promptly those you cannot avoid
  - **Mitigate** carefully any conflicts of interest that you have
  - Adopt and follow a Code of Ethics that defines standards of conduct



# Duty of Prudence

- The duty of **prudence** requires more than a good faith attempt to do the right thing
- It requires that trustees and other fiduciaries **act with the care, skill, and diligence used by others acting in the same capacity**
- It requires pure, thorough, and scrupulous processes in all decision-making
  - Understand the facts
  - Investigate the options
  - Seek expert advice if you are not an expert, and question those experts if their advice is not clear
- The duty of prudence is an ever-evolving standard that keeps getting higher and higher
- You are not expected to be perfect – you are expected to be prudent



# Duty to Follow the Law and Plan Docs

- In many public pension plans, the “plan documents” are the laws establishing the governance framework, benefits, investments, and administration of the plan
- Sometimes there are other written materials that are also considered plan documents
- Fiduciaries cannot be arbitrary and capricious in their application of applicable laws or plan documents
- Fiduciaries have a duty to comply with the plain meaning of provisions in a fair and impartial manner
- In doing so, they must consider:
  - Plan or trust provisions
  - Statutes, rules, and ordinances
  - Federal laws
  - Legal opinions
  - Common law concepts



# Fiduciary Liability

- Fiduciary liability = personal liability for losses
  - Restoration of profits
  - Loss of reputation
  - Criminal actions
- Co-Fiduciary Liability
  - If you know of another's fiduciary breach and you do nothing about it, you are breaching your fiduciary duty
  - For liability to attach you must have actual knowledge of an action you know to be a breach
  - The courts have said that fiduciaries have a duty to speak up and try to prevent or remedy the breach
  - Resignation from the board is not sufficient



# Ways to Mitigate Fiduciary Risk

- ✓ Establish and document prudent processes
- ✓ Maintain a good governance structure
  - A thorough decision-making process
  - Rigorous risk identification and management
  - Ensure roles and responsibilities are clearly defined and understood
- ✓ Perform on-going oversight
- ✓ Establish appropriate reporting and disclosure
- ✓ Follow established processes
- ✓ Periodically review procedures and processes, and, if needed, revise
- ✓ Offer orientation and continuing education
- ✓ Obtain independent expert advice – law, actuarial, benefits, investments, audits



# Ways to Mitigate Fiduciary Risk

- ✓ Become familiar with the qualifications and reputation of the key service providers
- ✓ Make sure your service provider contracts provide for indemnification
- ✓ Read and be familiar with the law, rules, regulations and key policy documents governing the plan
- ✓ Require transparency and accountability
  - Benchmark operations to best practices
  - Conduct board self-evaluations
  - Adopt a culture of good governance



# Ways to Mitigate Fiduciary Risk

- ✓ Diligently attend all board and committee meetings
- ✓ Prepare for meetings
- ✓ Require ongoing education
- ✓ Adopt a culture that promotes the highest ethical standards
- ✓ Establish an internal control framework, including an Audit Committee
- ✓ Review on a regular basis the efficiency and effectiveness of the system's success in meeting its goals
- ✓ Conduct an annual Board self-assessment



# Summary

- Remember the difference between settlor and fiduciary functions
- Act in good faith and in the best interest of the system participants and beneficiaries
- Act with prudence and reasonable care
- When in doubt, seek the advice of experts
- Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect your duty of loyalty
- Abide by all applicable laws, rules, and regulations, including the terms of the system's plan documents





# Questions?





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# Memorandum

**TO:** NDPERS Board

**FROM:** Bryan

**DATE:** July 14, 2020

**SUBJECT:** Health Insurance RFP Update

We released the Health Plan RFP on June 1<sup>st</sup> and are on track with the published timeline:

## **Proposed Timetable**

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify Bidders of changes to the proposed timeline.

Activity	Date/Time
NDPERS publishes Request for Proposal (RFP)	June 1, 2020
Bidder Conference*	June 16, 2020 (9am – 11am CST)
Bidder questions (in writing) due	June 18, 2020 (5pm CST)
<b>Proposals due</b>	<b>Wednesday, July 15, 2020 (5 pm CST)</b>
Finalist presentations (if requested)	September 2020
NDPERS notifies finalist of intent to negotiate	November 2020
Bidder(s) and NDPERS begin implementation	January 2021
Bidder(s) begins providing services	July 1, 2021

The bidders conference call was held June 16<sup>th</sup>. We received 62 questions from 7 different vendors. The Q&A is posted to the NDPERS web site.

In determining which bid, if any, will best serve the interests of eligible employees and the state, the board shall give adequate consideration to the following factors:

- a. The economy to be effected.
- b. The ease of administration.
- c. The adequacy of the coverages.
- d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
- e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.

To evaluate the proposals NDPERS and Deloitte came up with the following:

## **NDPERS Medical & Prescription Drug RFP**

### **Evaluation Template**

**In determining which bid, if any, will best serve the interests of eligible employees and the state, the board shall give adequate consideration to the following factors:**

#### **Scale:**

- 4 = Exceeds PERS Requirements
- 3 = Fully Meets PERS Requirements
- 2 = Partially Meets PERS Requirements
- 1 = Does Not Meet PERS Requirements
- 0 = Failure to Respond

<b>4</b>	<b>Exceeds PERS Requirements</b>
	Responses clearly demonstrates capabilities that will exceed PERS requirements, without modification, and bring superior expertise, innovation, and value for PERS. The response illustrates significant experience conducting work of similar scope, scale, and complexity.
<b>3</b>	<b>Fully Meets PERS Requirements</b>
	Responses demonstrate capabilities to fully-meet PERS requirements, without modification, and clearly define how the proposed services will be a good fit for PERS. The responses are comprehensive and demonstrates sufficient expertise to successfully administer the PERS uniform group insurance program.
<b>2</b>	<b>Partially Meets PERS Requirements</b>
	Responses meet most PERS requirements but include some apparent limitations. Responses introduce questions about capabilities or potential challenges that merit additional review. Experience, expertise, and fit are not immediately apparent.
<b>1</b>	<b>Does Not Meet PERS Requirements</b>
	Responses do not meet PERS requirements or demonstrate a lack of understanding of requirements. Capabilities, team, experience, implementation plan, are insufficient to meet PERS needs.
<b>0</b>	<b>Failure to Respond</b>
	Responses do not appropriately address the questions asked. Exhibits are missing or incomplete. Bidder is unresponsive.

**NDPERS Medical & Prescription Drug RFP**  
**Evaluation Template**

**In determining which bid, if any, will best serve the interests of eligible employees and the state, the board shall give adequate consideration to the following factors:**

<b>Evaluation Criteria</b>		
<b>A The economy to be effected.</b>		
	<b>a1.</b>	Overall Pricing – this includes all costs of the insurance product, including administrative fees, reinsurance or stop-loss insurance, and any federal fees. The additional personnel/office costs of administering a self-insured plan would fall within this sub-criterial. Premium costs, including any additional amount that would be necessary to add to a self-insurance premium to establish adequate reserves, are also included.
	<b>a2.</b>	Multi-year guaranteed premium/fees.
	<b>a3.</b>	The value proposition of different insurance arrangements including self-insurance to determine if it is in the best interest of the State and the State's eligible employees.
	<b>a4.</b>	The effect on North Dakota – would choosing one of the bids add to or detract from North Dakota's economy and job base?
<b>B The ease of administration.</b>		
	<b>b1.</b>	Infrastructure – does the provider have the necessary office space, technology and claims payment system, and personnel system to most beneficially serve our needs?
	<b>b2.</b>	Staffing – does the provider have adequate personnel to most beneficially serve our needs? How does the bid affect ongoing staffing within NDPERS?
	<b>b3.</b>	Transition – what would a transition from one carrier to another require of NDPERS? PERS call center, Member communication materials, PERS staff time, informational meeting with both members and employers
	<b>b4.</b>	Goals and objectives – does the bidder have the same objectives as NDPERS and the State of North Dakota?
<b>C The adequacy of the coverages.</b>		
	<b>c1.</b>	Plan benefits comparison – do the proposed benefits match our current menu of benefits?
	<b>c2.</b>	Proposal deviations from our standard contract
	<b>c3.</b>	Disruption analysis – would a transition overly disrupt our members by affecting their choice of physician or pharmacist?
<b>D The financial position of the carrier, with special emphasis on the solvency of the carrier</b>		
	<b>d1.</b>	Ratings agency ratings
	<b>d2.</b>	Financial stability
<b>E The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.</b>		
	<b>e1.</b>	References
	<b>e2.</b>	Information from the Insurance Department
	<b>e3.</b>	Member satisfaction information
	<b>e4.</b>	Performance standards proposed
<b>TOTAL SCORE</b>		



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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** July 14, 2020

**SUBJECT:** Sanford Health Plan 2020 Member Survey Results

Representatives from Sanford Health Plan (SHP) will be at the meeting to provide the results of the 2020 SHP Member Survey (Attachment).

# 2020 NDPERS MEMBER EXPERIENCE SURVEY

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Prepared by Shawn Tronier  
Sanford Health Marketing

# METHODOLOGY

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## METHODOLOGY

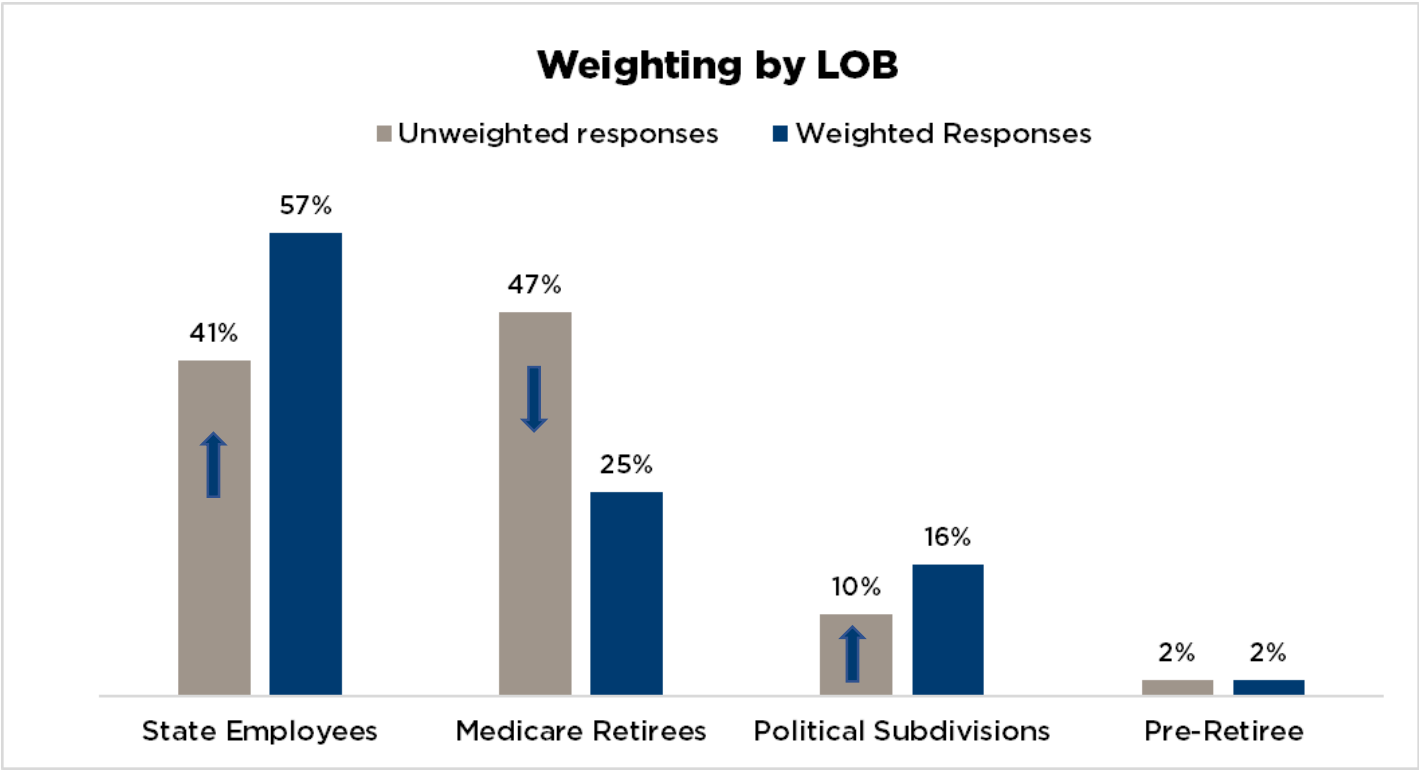
- Fielded a 3<sup>rd</sup> wave of NDPERS member experience surveys April 15<sup>th</sup> through May 27<sup>th</sup> 2020.
- The questions and methodology remained identical to previous waves (2016 & 2018).
- A random, balanced sample of 7,500 NDPERS members were invited to participate by mail.
- 1,750 NDPERS members completed the survey representing a 24% increase in responses over the 1,410 responses in 2018.

## ANALYSIS

- Survey's received by Sanford Health Market Insights Department
- Data was cleaned to ensure the highest level of accuracy
- Verbatim comments were post-coded into categories for further analysis
- Results are weighted to line of business demographics
- Margin of error is +/- 2.3%



# WEIGHTING



N =1,750



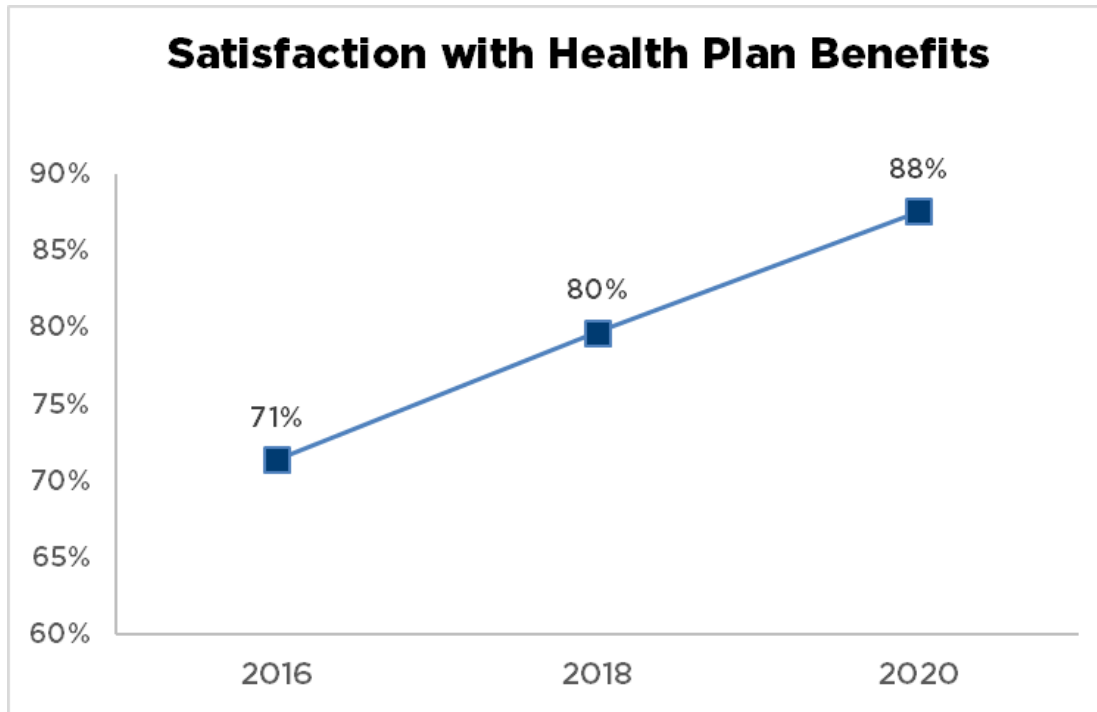
# MEMBER EXPERIENCE

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# SATISFACTION WITH BENEFITS

Q. How satisfied are you with your NDPERS Dakota Plan Health Benefits?

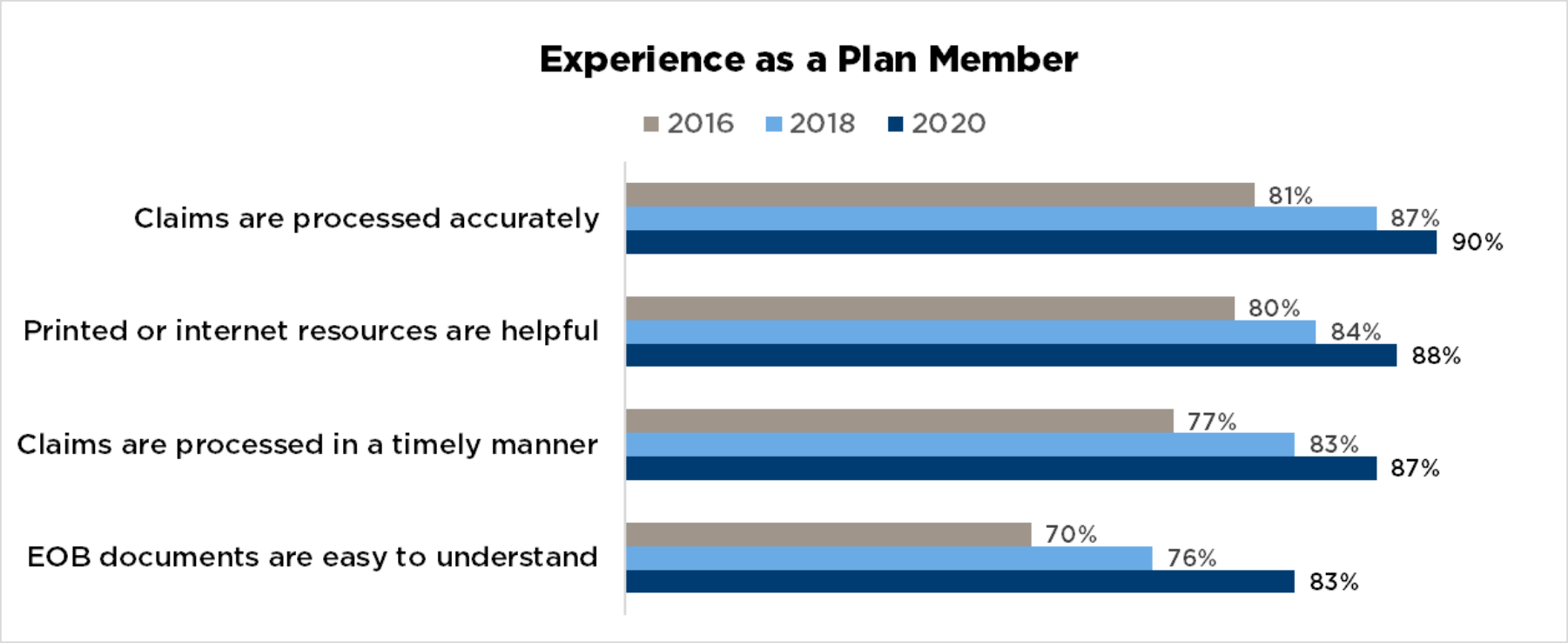


	Satisfaction with Health Plan Benefits	
	2020	% Change from 2018
State Employees	86%	↑ 9%
Medicare Retirees	95%	↑ 2%
Political Subdivisions	81%	↑ 9%
Pre-Retiree	76%	↑ 3%

N =1,750

# MEMBER EXPERIENCE

Q. Please tell us more about your experience as a plan member?

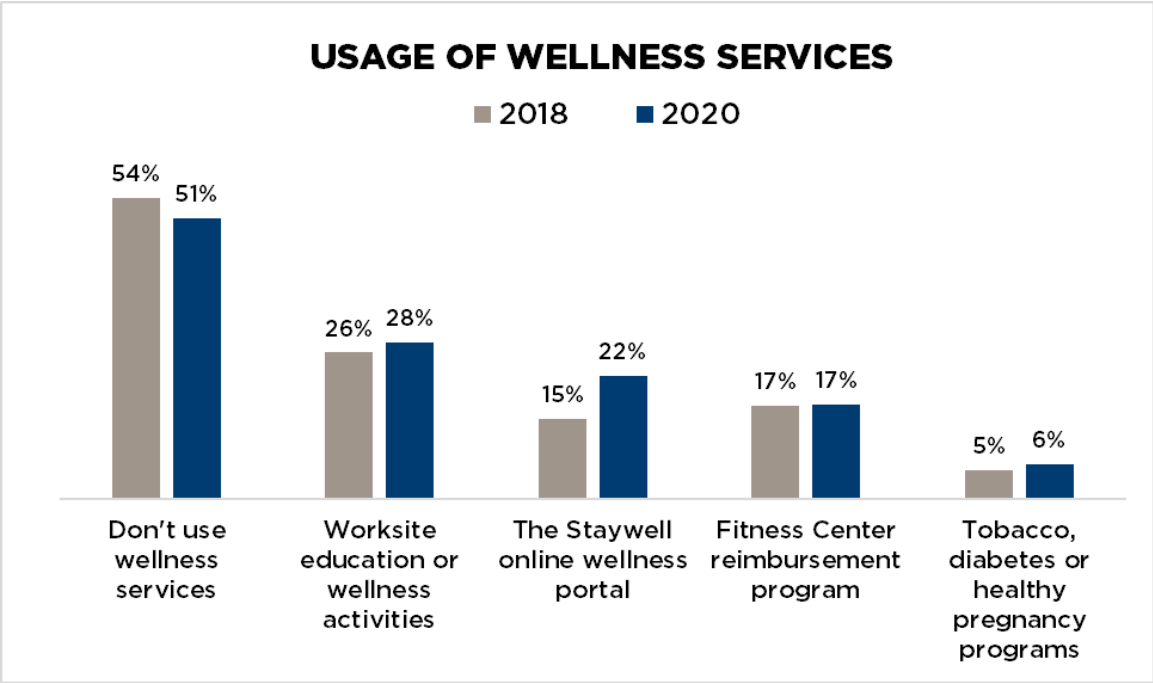
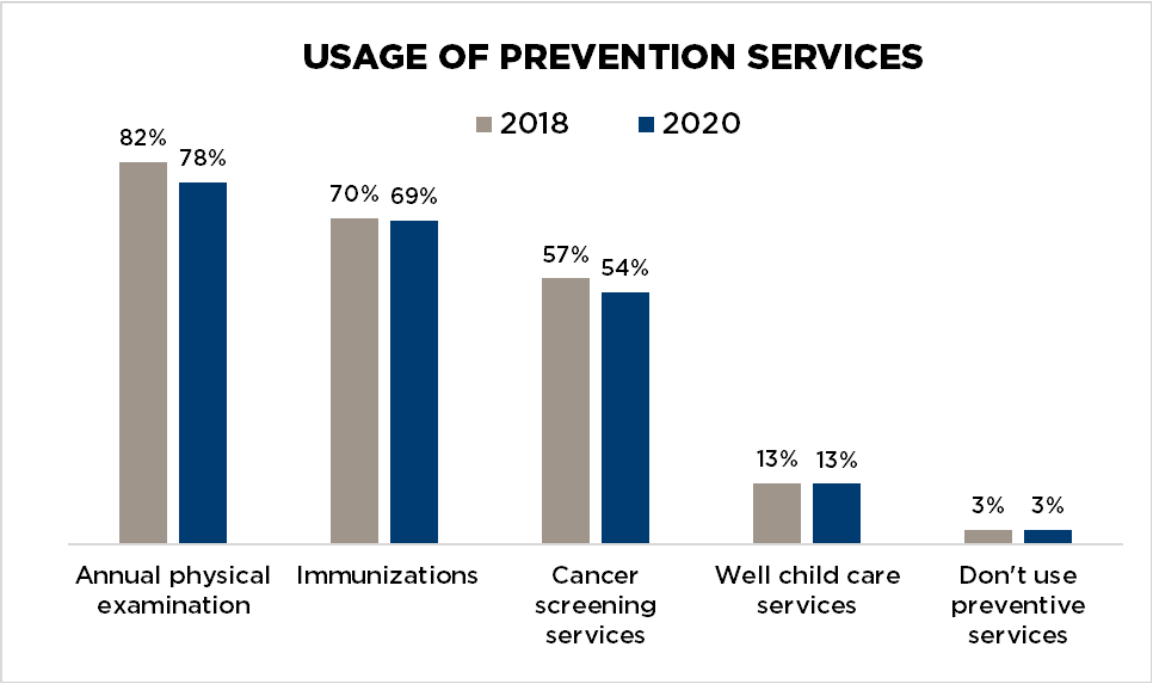


N =1,750

# USAGE - PREVENTION & WELLNESS SERVICES

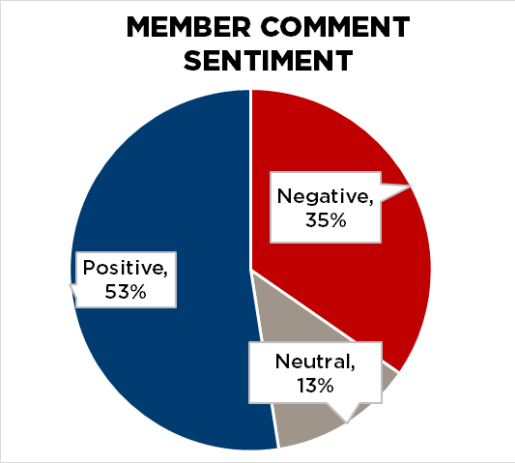
Q. Which health prevention services do you use?  
Q. Which wellness program benefits do you use?

ALMOST ALL MEMBERS USE PREVENTIVE SERVICES  
LESS THAN HALF OF MEMBERS USE WELLNESS SERVICES



# POSITIVE AND NEGATIVE COMMENTS

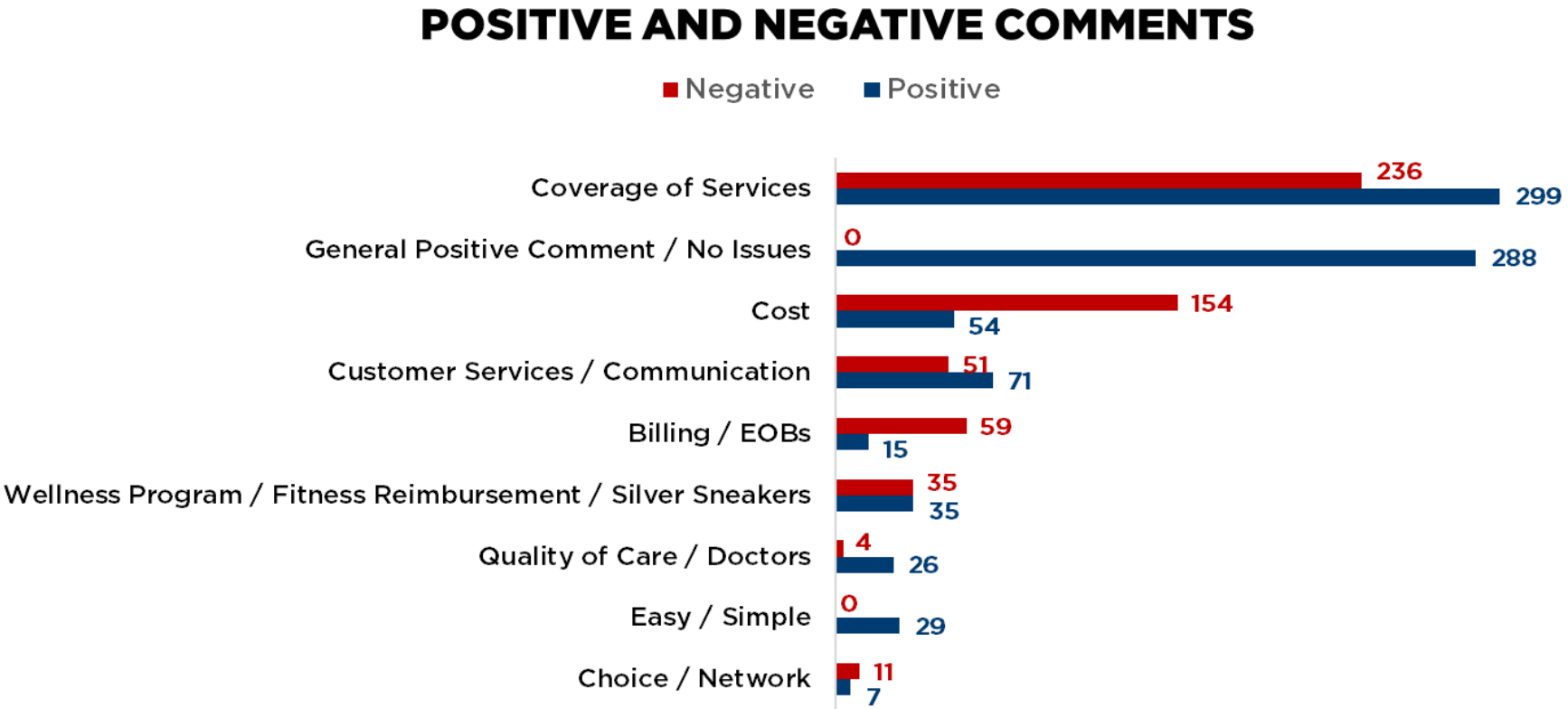
Q. Why did you give NDPERS Dakota Plan Health Benefits that rating?



N =1,347

## 6 AREAS OF COMPLAINT

COVERAGE, COST, CUSTOMER SERVICE, BILLING, WELLNESS PROGRAMS AND CHOICE



N =1,347

# SAMPLE OF POSITIVE COMMENTS

*Q. Why did you give NDPERS Dakota Plan Health Benefits that rating?*

## Coverage of Services / Cost

- Coverage is very good
- We appreciate that we don't have any deductibles, co-pays, ect.
- They cover all of our needs and are always accepted
- So far, I am quite satisfied with the benefits.
- Our healthcare costs for exams and pharmacy products have been reasonable as has been costs for treatment when required.

## Customer Service / Communication

- I always receive prompt, good care and service
- I have been totally satisfied always. If I have a question it has always been answered.
- Never had a problem. Good communication
- Always very good costumer service. Billing is usually current and can understand statement. Coverage has been great.
- Never had any problems. If I didn't understand a phone call was all I needed

## Wellness Program

- Encourages people to stay fit and to help pay a health club bill is a good deal.
- It has incentives that help motivate me to be healthier
- The wellness program is very beneficial for my wife and I
- I appreciate the wellness benefits, the education and the reimbursements.
- My family appreciates the health incentives offered by NDPERS

## Quality of Care / Doctors

- Had heart attack on Feb 10th. Used ambulance, hospital, Cath-lab, Dr.'s care - all excellent
- I had no waiting time when I arrived at the hospital for xrays and was taken in the ER for surgery. Well satisfied how I was taken care of after surgery.
- So happy with the care given me. Everyone is friendly and nice
- I have always had excellent care from the NDPERS providers.
- Always have had great care from all the Doctors. I usually go to just my lifelong Doctor but have seen others there when not as important.

## Easy to Use

- Efficiency, convenient and easy to follow and check EOBs
- Easy to use as well as easy to understand
- Easy to file claims, they are processed pretty quickly. I like the staywell program.
- Sanford Health has been easy to use, fair and provided for all our needs
- Easy to use and lots of options
- Insurance is easy to process and track online.



Sample Positive Comments

# SAMPLE OF NEGATIVE COMMENTS

*Q. Why did you give NDPERS Dakota Plan Health Benefits that rating?*

## Coverage of Services / Cost

- Not totally satisfied with my wife's arthritis and hypothyroidism medication coverage
- They are not paying for medications and procedures that are very beneficial to my family.
- I don't feel enough is paid for some services. For example, cardiac rehabilitation only paid 1/2 of total bill
- This is a supplement and it costs nearly \$600 month. The rates seem to continue to go up.
- Since changing from BCBS our cost keeps going up and copays keep going up.
- Cost has gone up and coverage has gone down.
- "Co-pays" High for drugs: Revlimid 21 cancer pills are \$775/mo not a new drug. Cost should be investigated

## Customer Service / Communication

- Good Insurance but at times it makes many calls to get correct coverage
- What a waste of paper! Find out the client's language and send one page in that language. Patient service reports you send to us, some are 6 or 9 months later.
- The process to login for health credit for reimbursement for gym membership is way too complicated and it changes too frequently
- No calls when there are questions. Just denied several claims for my step daughter. Lucky we caught it.
- There seems to be a bit of disconnect between NDPERS, Sanford, the employer and the member.

## Billing / EOBs

- Takes a very long time before the Explanation of Benefits are received.
- The billing is terrible. They send out the bill with no explanation before the insurance pays their share. If you pay them you don't get your money back.
- Timeliness of EOB - EOB received far later than agency billings
- The EOB are hard to understand - doesn't seem like we get one for every service with explanation and what has been used toward deductible
- Benefits are good! Paper work and claims sucks!!
- Impossible to understand billing and coverage.

## Fitness Reimbursement / Silver Sneakers

- I belong to YMCA and use it faithfully (except now) and I can't get reimbursement
- If you had a stronger fitness center reimbursement program you would have received a higher grade!
- I wish we had silver sneakers and that we would have free gym membership
- I would like to see the Y membership covered as in the Silver Sneakers Program.
- Before Sanford got the bid for NDPERS BCBS covered my membership for Silver Sneakers. We were told everything would stay the same as BCBS but it has not
- Sanford doesn't participate in Silver Sneakers



Sample Negative Comments

# MEMBER SERVICE CENTER

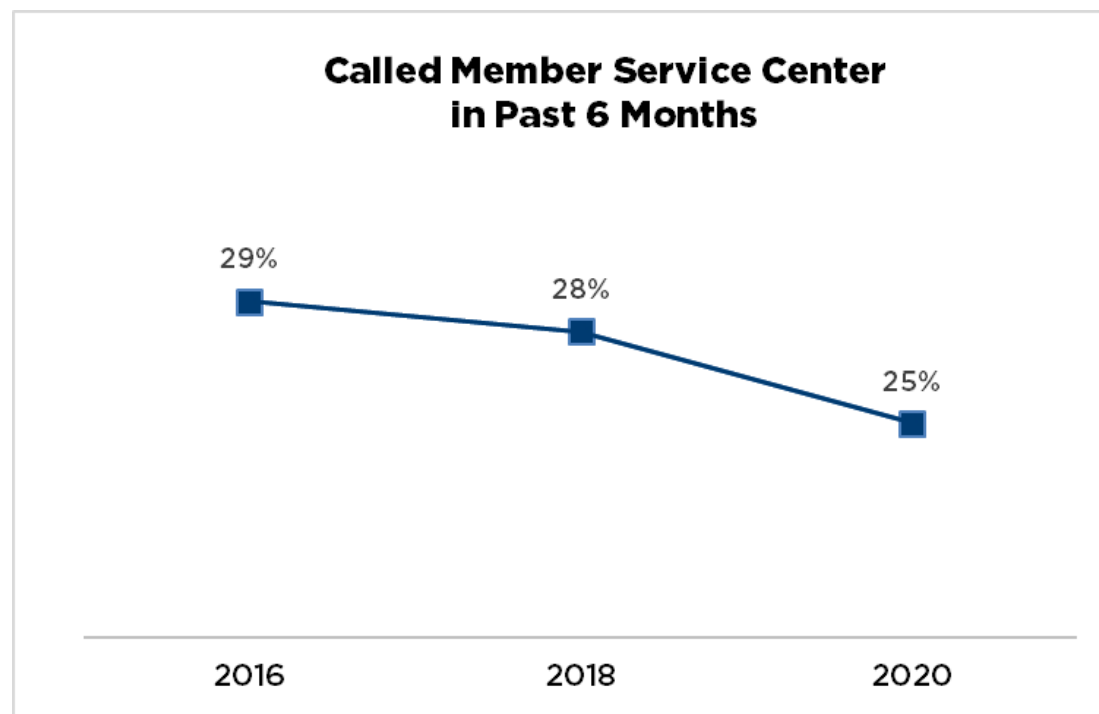
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# USAGE OF MEMBER SERVICE CENTER

Q. Have you called the Sanford Health Plan member services center within the last 6 months?

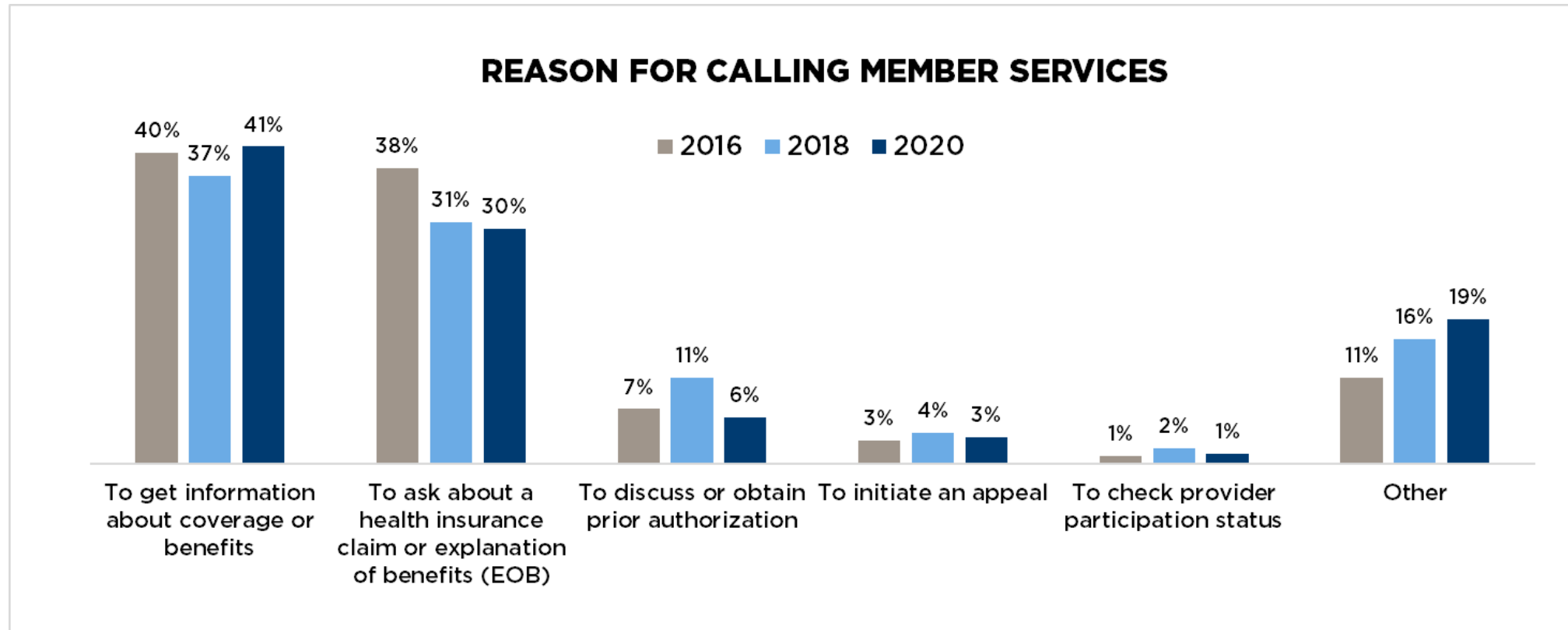


	Called Member Service Center	
	2020	% Change from 2018
State Employees	31%	No change
Medicare Retirees	12%	↓ 4%
Political Subdivisions	22%	↓ 10%
Pre-Retiree	32%	↓ 1%

N =1,750

# REASON FOR CALLING SERVICE CENTER

Q. Why did you call the member service center?

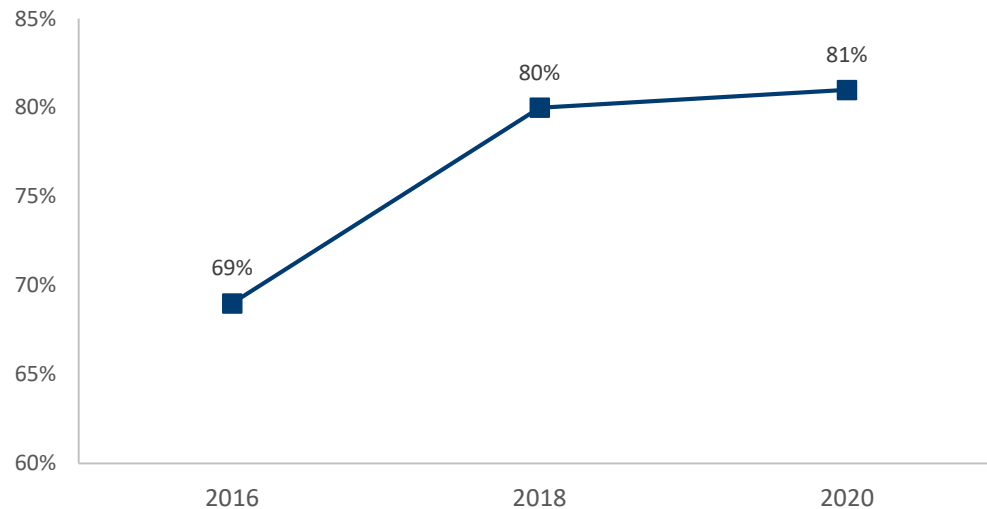


N =427

# SATISFACTION WITH MEMBER SERVICES

Q. How satisfied were you with the service when you called the member services center?

Satisfaction with Member Service Center



	Satisfaction with Member Services Center	
	2020	% Change from 2018
State Employees	80%	↑ 2%
Medicare Retirees	89%	↑ 4%
Political Subdivisions	81%	↑ 1%
Pre-Retiree	n/a*	n/a*

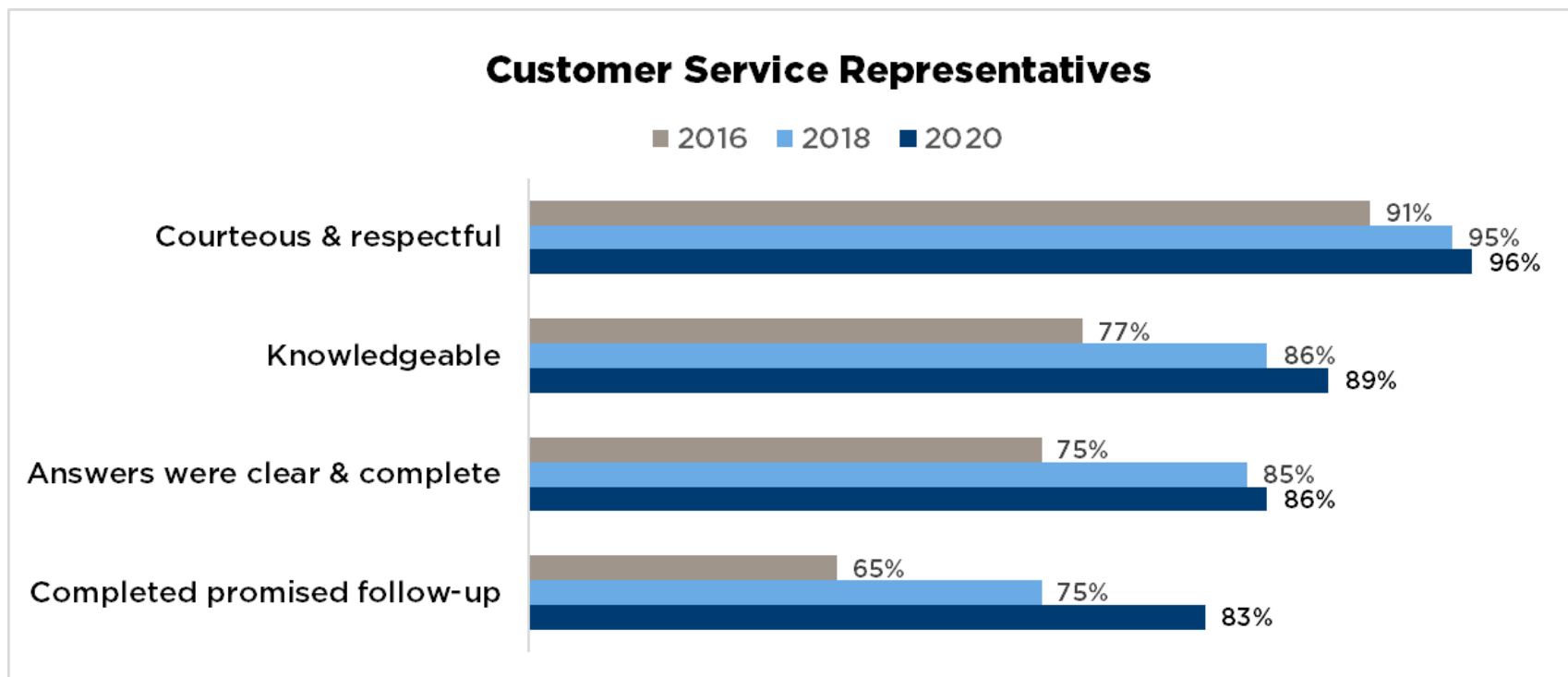
\*Statistically invalid number

	Satisfaction with Health Plan Benefits	
	2020	% Change from 2018
Called the Service center in last 6 Months	85%	↑ 10 %
Did Not call the service center last 6 months	89%	↑ 8%

N =427

# CUSTOMER SERVICE REPRESENTATIVES

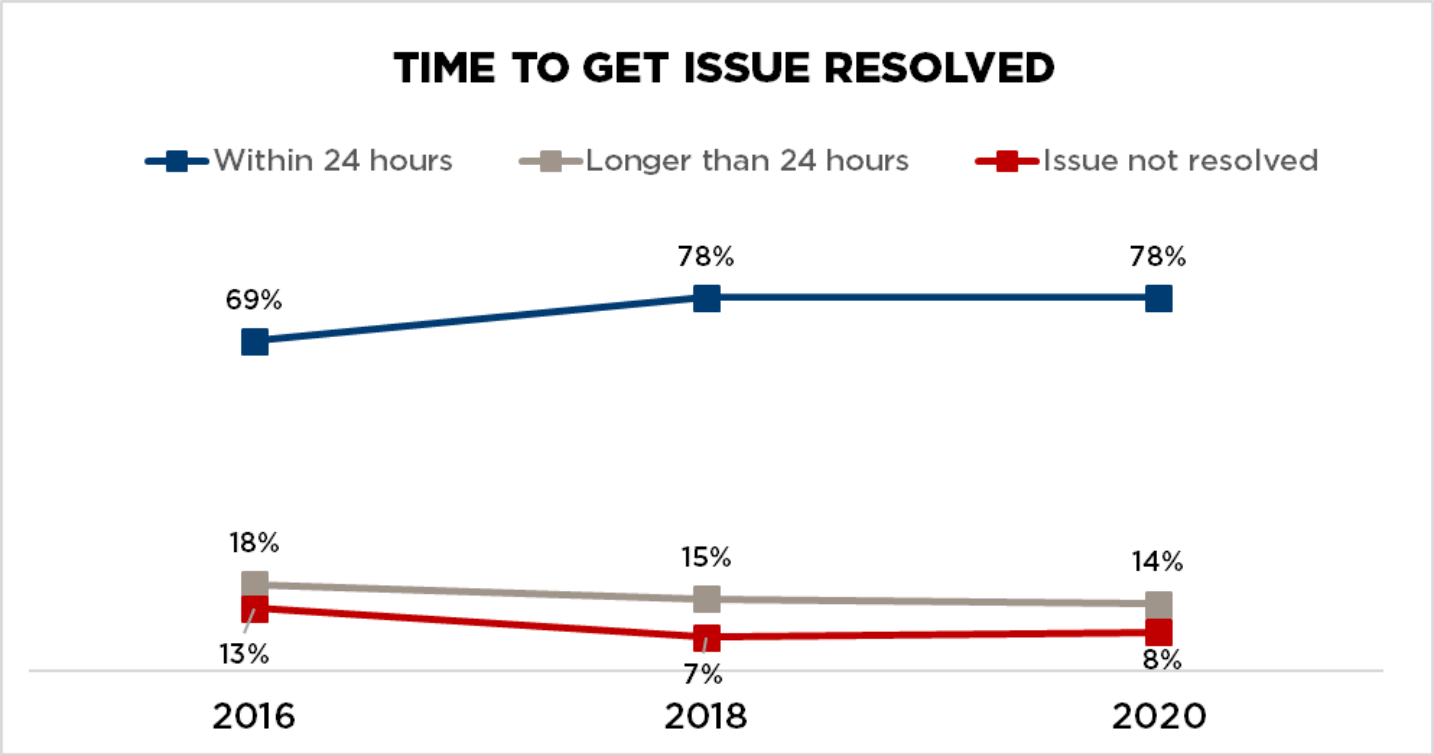
Q. Please share your feedback about the representative you talked with



N = 427

# TIME TO GET ISSUE RESOLVED

Q. How long did it take the representative to provide the information or help you needed?



N =427

# EXECUTIVE SUMMARY

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## MEMBER SATISFACTION IS HIGH AND CONTINUES TO IMPROVE

- 88% of members are satisfied with their benefits...up 17 points in last 4 years
- All lines of business saw increases in satisfaction
- Member experience is improving across all metrics measured
- The percentage of members calling the service center is decreasing
- Satisfaction with customer service representatives improved across all metrics

## OPPORTUNITIES FOR IMPROVEMENT INCLUDE

- Continue to provide the best coverage at an affordable cost
- Focus on providing exceptional customer service and enhance informational resources
- Improve the content & understanding of the EOB
- Improve call resolution times and member follow-up
- Fitness program for Seniors

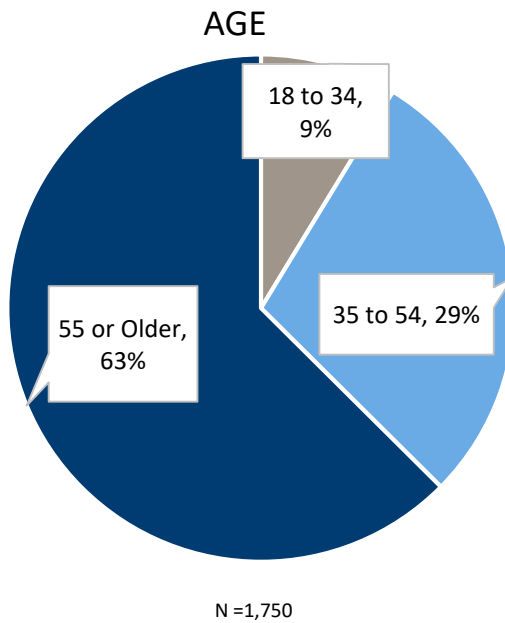
# RESPONDENT DEMOGRAPHIC

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# AGE

Q. How old are you?

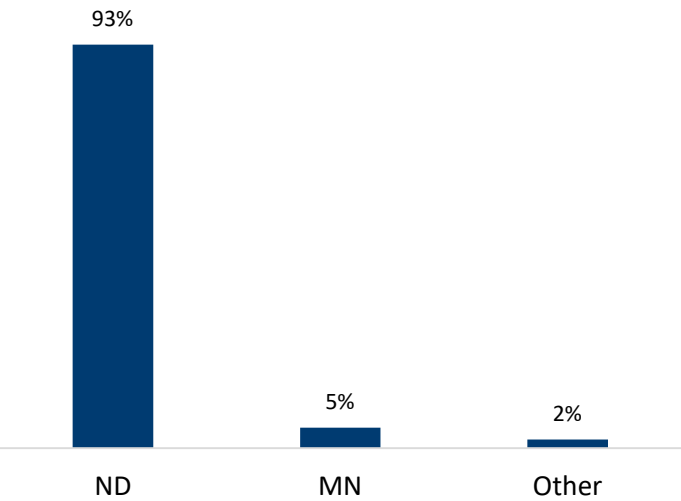


	AVERAGE AGE BY LOB
	2020
State Employees	52
Medicare Retirees	76
Political Subdivisions	53
Pre-Retiree	63

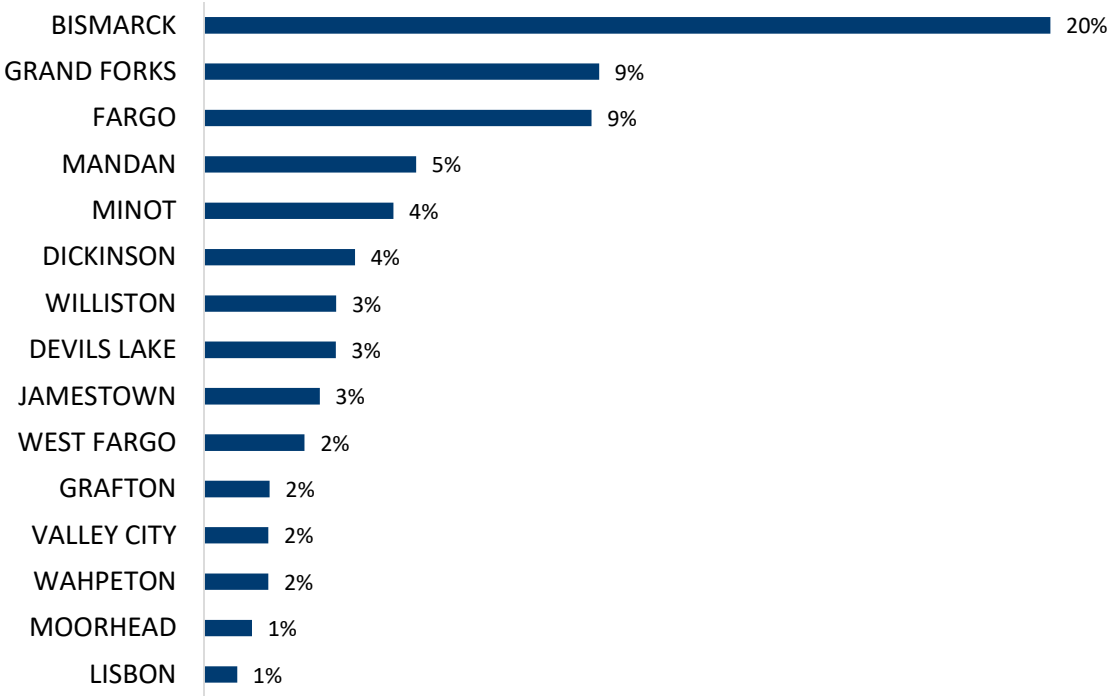


## BISMARCK IS THE TOP CITY OF RESIDENCE

STATE OF RESIDENCE



CITY OF RESIDENCE  
(TOP 15)



# QUESTIONS?

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# 2020 NDPERS MEMBER EXPERIENCE SURVEY

## Executive Summary and Full Report

June 2020

Jointly Commissioned by the North Dakota Public Employees Retirement System & Sanford Health Plan

*Prepared by: Sanford Health Market Research*



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## EXECUTIVE SUMMARY: NDPERS MEMBER EXPERIENCE

Four years following a change in their health plan service providers, NDPERS members are highly satisfied with their Dakota Health Plan Benefits and with the customer service provided by Sanford Health Plan. This executive summary details topline results, presents key insights from analysis, provides survey methodology notes and presents a summary of open-ended comments.

### ABOUT THE RESULTS

- **Survey Response:** A random, representative sample of 7,500 NDPERS members was invited to participate. Results are based on 1,750 returned surveys representing a 24% increase in responses over 2018.
- **Margin of Error:** The full sample has a margin of error of  $\pm 2.3\%$ , and the sub-sample of Member Services Call Center callers (n=427) has a margin of error  $\pm 4.6\%$ . Both samples are reported at the 95% confidence level.
- **Time Frame:** Responses were gathered from April 15<sup>th</sup> to May 27<sup>th</sup>, 2020.

### TOPLINE RESULTS: GENERAL MEMBERSHIP SURVEY

Significant progress has been made since 2016. Member satisfaction is high and continues to improve. All lines of business saw increases in satisfaction and all metrics we measured have had significant improvements since 2016.

- 88% are satisfied with their NDPERS Dakota Health Plan Benefits (a 17-point increase from 2016).
- 90% agree that health insurance claims are processed accurately (a 9-point increase from 2016).
- 88% agree that printed materials or internet resources are helpful (an 8-point increase from 2016).
- 87% agree that claims are processed in a timely manner (a 10-point increase from 2016).
- 83% agree that EOBs are easy to understand (a 13-point increase from 2016).

### TOPLINE RESULTS: MEMBER SERVICES CALL CENTER

Significant progress has been made since 2016. Member Services satisfaction improved significantly between 2016 and 2018, but has only improved slightly since then. Customer Service Representatives continue to have improvement in scores related to the service they provide.

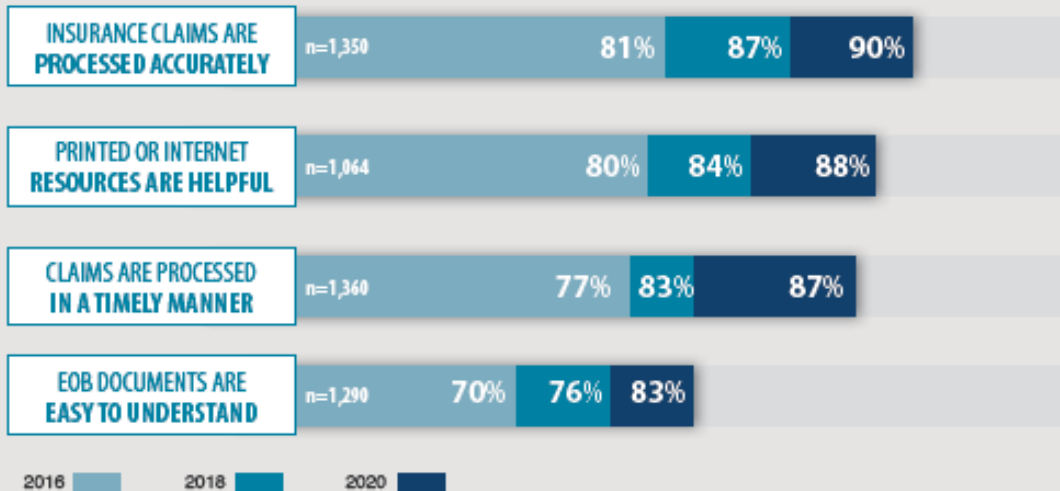
- 25% of members report calling Member Services in the past six months (a 4-point decrease from 2016).
- 41% called the call center to get information about coverage or benefits, and 30% called to ask a question about a health insurance claim or explanation of benefits (EOB).
- 81% of callers are satisfied with the service they received when they called Member Services (a 12-point increase from 2016).
- 96% agreed that the service representative was courteous and respectful (a 7-point increase from 2016).
- 89% agreed that the service representative was knowledgeable (a 12-point increase from 2016).
- 86% agreed that questions were answered clearly and completely (a 9-point increase from 2016).
- 83% agreed that the service representative completed any promised follow-up (an 18-point increase from 2016).

# UNFINISHED DRAFT VERSION



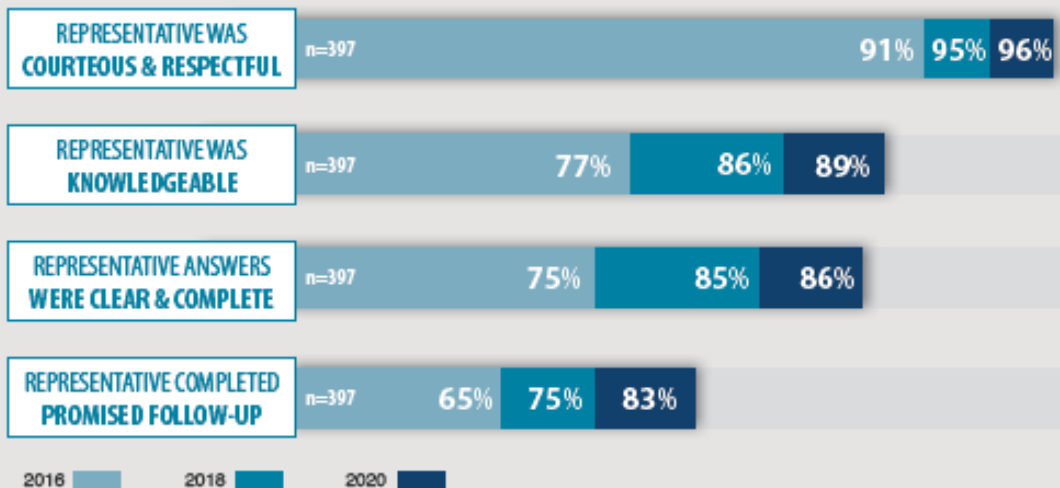
## TOPLINE RESULTS: GENERAL MEMBERSHIP SURVEY

% Agree



## TOPLINE RESULTS: MEMBER SERVICES CALL CENTER SURVEY

% Agree



## ANALYSIS: KEY INSIGHTS

### MEMBER SATISFACTION IS HIGH AND CONTINUES TO IMPROVE

- 88% of members are satisfied with their benefits...up 17 points in last 4 years
- All lines of business saw increases in satisfaction
- The member experience is improving across all metrics measured
- The percentage of members calling the service center is decreasing
- Satisfaction with customer service representatives improved across all metrics

### OPPORTUNITIES FOR IMPROVEMENT

#### Continue to Provide the Best Coverage of Services at an Affordable Price

The two topics of "coverage of services" and "cost" accounted for 70% of the negative comments we received from NDPERS members. These two related factors are the most important drivers of member satisfaction for a health plan. Members expect the best coverage possible at an affordable price.

#### Improve Member Service & Enhance Informational Resources

In general, member satisfaction increased significantly between 2018 and 2020. The exception is satisfaction with the member service center which increased only 1-point during the 2018 – 2020 period. (80% to 81%). The data also reveals the top reason members call the service center is to get information about coverage or benefits. Enhancing member self-service informational resources has the potential to increase member satisfaction and lower service center volumes.

#### Billing & EOBs are Still a Source of Dissatisfaction

Although significant improvements have been made, the understandability of EOBs are rated low comparably to other member experiences at 83%. Additionally, the topic of "Billing / EOBs" accounted for 11% of the negative comments received. Members expect a Billing / EOB process that is timely, accurate and easy to understand.

#### Create Wellness Program for Seniors & Increase Fitness Center Reimbursement

Less than 50% of members utilize their NDPERS wellness benefits. The most requested wellness benefit improvement is the inclusion of a Silver Sneakers program. The second most requested improvement is to increase the dollar amount for fitness center reimbursements and simplify the process.

## METHODOLOGY: FIELDING THE SURVEY AND PREPARING RESULTS

Sanford Health Market Insights conducts consumer and market research for Sanford Health's various service divisions and partners. Survey goals, methodology and questions for this effort were developed in cooperation with Sanford Health Plan and NDPERS leadership.

### FIELDING THE SURVEY: SURVEY SAMPLING AND DISTRIBUTION

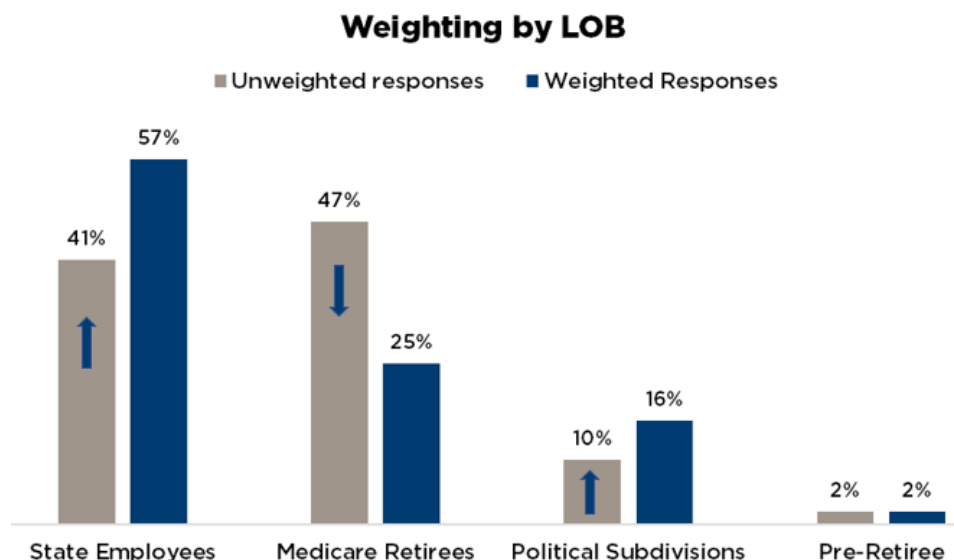
To generate accurate, credible and actionable results, the survey effort focused on asking the right questions to the right people.

- **Survey Sample:** Using policy holder lists provided by Sanford Health Plan, 7,500 members were randomly selected to participate in the survey. Invitations were sent in proportion to how NDPERS members receive benefits - 57% of surveys were sent to state employees, 22% to Medicare retirees, 16% to members of political subdivisions and 2% to pre-retirees.
- **Survey Distribution:** Surveys were sent via postal mail, and members had the option of returning a paper survey or completing the survey online by visiting [www.surveyndpers.com](http://www.surveyndpers.com). 77% of the respondents mailed in their survey and 23% took the survey online.
- **Unique Survey IDs:** To track survey participation, eliminate the possibility of double-participation and allow for data entry validation, each survey was assigned a unique survey ID number.
- **Survey Collection:** Surveys were received by Sanford Health Market Insights between April 15<sup>th</sup> and May 27<sup>th</sup>, 2020. Paper surveys were returned via pre-paid envelopes, and completing the survey online required a survey password and survey ID.
- **Survey Questions:** The 2020 NDPERS questionnaire was identical to previous waves (2016 & 2018) to preserve trends. (Note: Four NDPERS-specific questions were deleted that were no longer relevant.)

### PREPARING RESULTS: ANALYZING AND REPORTING RESULTS

Due to the nature of the survey effort, preparing survey results involved establishing consistent analysis and reporting methods over multiple waves.

- **Weighting by Line of Business:** To account for uneven response rates, overall totals were weighted to ensure the results accurately reflect the membership base. For example, Medicare Retirees accounted for 47% of survey responses but only represent 25% of NDPERS members. The graph below depicts how the results were weighted either up or down based on response rate and line of business.





- **Net Effect of Weighting:** Because Medicare Retirees are typically highly satisfied with their benefits and their scores are weighted down, the net effect of weighting lowers all satisfaction scores. For example, the raw results show that 90% of members are satisfied with their NDPERS benefits. When we weight the results, that number is lowered to 88%.
- **Calculating Percentage Totals:** Two different scales were used in question responses.
  - ✓ **Satisfied/Not Satisfied Totals:** Satisfaction questions asked members to use a 1 to 10 scale, with 10 representing "Extremely Satisfied." Answers values from 1 to 5 are reported as "Not Satisfied" and answers from 6 to 10 are reported as "Satisfied."
  - ✓ **Agree/Disagree Totals:** Agreement questions asked members to use a 1 to 4 scale, with 4 representing "Strongly Agree." Answer values of 1 and 2 are reported as "Disagree" and values 3 and 4 are reported as "Agree."
- **Number of Responses Per Question:** Not all survey questions were answered by all survey responders. Responses for each question may vary based on whether the question was skipped or had an "N/A" option.

## OPEN-ENDED COMMENTS: METHODOLOGY

The survey included one open-ended question asking NDPERS members to explain their overall satisfaction with NDPERS Dakota Health Plan Benefits.

- **Statement Groupings and Sentiment:** Statements were separated into 11 categories and assigned either a positive, negative or neutral sentiment.
- **Statement Examples:** The chart below shows the 11 categories and provides examples of statements for each category.

SAMPLE COMMENTS BY CATEGORY	
Category	Number of Statements
Coverage of Services	"Have provided excellent coverage for my health care needs"
Positive Comment / No Issues	"At this point in my life and health care, my health care insurance has been great."
Cost	"The co-pays are low, but the deductibles are high"
Customer Services / Communication	"Always prompt responses. Phone call responses are courteous and professional. We are completely satisfied with our coverage."
Billing / EOB / Payments	"EOB is difficult to understand. Medical Credit??"
Wellness Program / Fitness Reimbursement / Silver Sneakers	"I did not give it a 10 because I would like Silver Sneakers - I do not like your fitness reimbursement program."
Quality of Care / Doctors	"Had heart attack on Feb 10th. Used ambulance, hospital, Cath-lab, Dr.'s care - all excellent"
Easy / Simple	"Insurance is easy to process and track online"
Choice / Network	"Not all the providers I want to go to accept this insurance"
Caring / Trust	"Have earned a lot of trust through numerous health issues"
Timely / Speed / Efficient	"Claims seem to be handled quickly and efficient"

# GENERAL MEMBER SURVEY

## **Detailed Topline Survey Results**

This section provides a detailed breakdown of key general membership survey questions, including member satisfaction with NDPERS Dakota Health Plan benefits and perception of core health plan customer services.

## RESULTS OVERVIEW: SURVEY PARTICIPATION

This section details who responded to the general membership portion of the 2020 NDPERS/Sanford Health Plan Member Survey.

	GENERAL MEMBERSHIP SURVEY PARTICIPATION				
	All Policy Holders	Surveys Sent		Survey Responses	
	%	%	n	%	n
State Employees	57.6%	57.4%	4302	41.3%	723
Medicare Retirees	25.1%	25.3%	1,900	46.6%	816
Political Subdivisions	16.0%	16.0%	1,203	9.5%	167
Pre-Retiree	1.3%	1.3%	95	2.2%	38
Unidentified				.3%	6
Total Members		7,500		1,750	
Total Possible		25,495		7,500	
% of Total Possible		29.4%		23.3%	

### NOTES

- A total of 1,750 individuals returned a survey, delivering a response rate of 23.3%.
- A simple random sample of NDPERS was designed to provide a representative cross sample of NDPERS members - based on line of business - an equal chance to participate in the survey.
- Overall policy holder distribution by line of business was derived from a Sanford Health Plan cleaned and deduplicated member list.
- Actual responses were not representative of the overall membership, and, in general, disproportionately reflect responses from Medicare Retirees. Medicare Retirees account for 25.1% of members but were responsible for 46.6 % of responses.
- To account for the over-participation of Medicare Retirees, final results are presented by line-of-business, and, when applicable, results are weighted to more accurately reflect the actual membership.
- The 1,750 responses has a +/-2.3% margin of error. Given the variance in responses across questions, margins of error fluctuate and are not reported for each question.

## GENERAL MEMBERSHIP SURVEY QUESTIONS

### SURVEY QUESTION (#4)

**How satisfied are you with your NDPERS Dakota Plan Health Benefits?**

Use the 10-point scale below to tell us your opinion; 1 is "Not At All Satisfied" and 10 is "Extremely Satisfied."

Place a (✓) beneath one number.

Not at All Satisfied										Extremely Satisfied
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	SATISFACTION WITH HEALTH PLAN BENEFITS			
	Responses	Distribution		Average
	n	Satisfied %	Not Satisfied % (n)	out of 10
State Employees	992	86.4%	13.6%	7.6
Medicare Retirees	437	95.3%	4.7%	8.8
Political Subdivisions	280	80.8%	19.2%	6.9
Pre-Retiree	35	76.3%	23.7%	7.7
Unidentified	5	100.0%	0.0%	9.0
<b>Weighted Totals</b>		<b>87.6%</b>	<b>12.4%</b>	<b>7.9/10</b>

### NOTES

- For purposes of this analysis, values 1 to 5 were considered "Not Satisfied" and values 6 to 10 were considered "Satisfied."

### SURVEY QUESTION (#6)

#### Printed materials or internet resources help you understand how your health plan works.

Consider any information about your benefits provided by Sanford Health Plan, which may include written materials or information available on Sanford Health Plan's website. Place a (✓) below one of the options below. If you have not read any printed materials or internet resources, please choose the "N/A" option.

Strongly Disagree				Strongly Agree	N/A
1	2	3	4		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PRINTED MATERIALS OR INTERNET RESOURCES ARE HELPFUL				
	Responses	Distribution		Average
		Agree %	Disagree %	
State Employees	862	85.8%	14.2%	3.16
Medicare Retirees	263	93.5%	6.5%	3.35
Political Subdivisions	218	90.0%	10.0%	3.22
Pre-Retiree	29	90.3%	9.7%	3.19
Unidentified	4	60.0%	40.0%	3.00
<b>Weighted Totals</b>		<b>88.0%</b>	<b>12.0%</b>	<b>3.2/4</b>

### NOTES

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

### SURVEY QUESTION (#7)

**Explanation of Benefits (EOB) documents are easy to understand.**

Place a (✓) below one of the options below. If you have not received an explanation of benefits, please choose the "NA" option.

Strongly Disagree				Strongly Agree	N/A
1	2	3	4		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

	EOBs ARE EASY TO UNDERSTAND			
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	948	78.7%	21.3%	3.1
Medicare Retirees	359	89.3%	10.7%	3.3
Political Subdivisions	260	89.7%	10.3%	3.2
Pre-Retiree	33	72.2%	27.8%	3.0
Unidentified	5	50.0%	50.0%	2.8
Weighted Totals		82.7%	17.3%	3.1/4

### NOTES

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

### SURVEY QUESTION (#8)

#### Health insurance claims are processed in a timely manner.

Place a (✓) below one of the options below. If you have not received any services that generated a health insurance claim, please choose the "N/A" option.

Strongly Disagree				Strongly Agree	N/A
1	2	3	4		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	CLAIMS ARE PROCESSED IN A TIMELY MANNER			
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	948	85.2%	14.8%	3.2
Medicare Retirees	400	92.8%	7.2%	3.5
Political Subdivisions	270	87.6%	12.4%	3.3
Pre-Retiree	32	88.6%	11.4%	3.4
Unidentified	5	66.7%	33.3%	3.3
Weighted Totals		87.4%	17.5%	3.2/4

### NOTES

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

**SURVEY QUESTION (#9)****Health insurance claims are processed accurately.**

Place a (✓) below one of the options below. If you have not received any services that generated a health insurance claim, please choose the "N/A" option.

Strongly Disagree				Strongly Agree	N/A
1	2	3	4		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	CLAIMS ARE PROCESSED ACCURATELY			
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	941	87.3%	12.7%	3.3
Medicare Retirees	398	97.6%	2.4%	3.7
Political Subdivisions	267	88.1%	11.9%	3.3
Pre-Retiree	32	97.1%	2.9%	3.3
Unidentified	5	83.3%	16.7%	3.3
<b>Weighted Totals</b>		<b>90.1%</b>	<b>9.9%</b>	<b>3.4/4</b>

**NOTES**

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."



# MEMBER SERVICES CALL CENTER

## **Detailed Topline Survey Results**

This section provides a detailed breakdown of questions asked in the member services call center portion of the survey.

## RESULTS OVERVIEW: MEMBER SERVICES SURVEY PARTICIPATION

This section details who responded to Member Services call center portion of the 2018 NDPERS/Sanford Health Plan Member Survey.

### SURVEY QUESTION (#16)

**Have you called the Sanford Health Plan Member services center in the past 6 months?**

Place a (✓) next to one of the options below.

- No → (You are finished with the survey. Please do not complete the remaining questions).
- Yes → (Please continue to Question 17).

	MEMBER SERVICES CALL CENTER SURVEY PARTICIPATION	
	Survey Responses (Yes to Q16)	
	%	n
State Employees	31.1%	302
Medicare Retirees	11.6%	50
Political Subdivisions	21.8%	60
Pre-Retiree	31.6%	11
Unidentified	33.3%	2
<i>Total Callers</i>	425	
<i>Total Possible</i>	1,718	
<b>% of Total Possible</b>	<b>24.7%</b>	

### NOTES

- A total of 425 individuals - or 24.7% of all survey responders - reported calling members services in the past six months, a result that closely tracks with actual call volumes.
- 425 responses produces a +/-4.6% margin of error. Given the variance in responses across questions, margins of error fluctuate and are not reported for each question.
- To account for variance in participation, results are weighted by line-of-business to more accurately reflect the actual membership.
- Overall policy holder distribution by line of business was derived from a Sanford Health Plan deduplicated member list.

## MEMBER SERVICES CENTER SURVEY QUESTIONS

### SURVEY QUESTION (#17)

**How satisfied were you with the service you received when you called member services?**

Use the 10-point scale below to tell us your opinion; 1 is "Not At All Satisfied" and 10 is "Extremely Satisfied."

Place a (✓) beneath one number.

Not at All Satisfied										Extremely Satisfied
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SATISFACTION WITH MEMBER SERVICES CALL CENTER SERVICE				
	Responses	Distribution		Average
	n	Satisfied %	Not Satisfied % (n)	out of 10
State Employees	303	80.1%	19.9%	7.6
Medicare Retirees	50	89.4%	10.6%	8.3
Political Subdivisions	60	80.6%	19.4%	7.4
Pre-Retiree	11	75.0%	25.0%	7.9
Unidentified	2	100.0%	0.0%	10.0
<b>Weighted Totals</b>		<b>81.2%</b>	<b>18.8%</b>	<b>7.7/10</b>

### NOTES

- For purposes of this analysis, values 1 to 5 were considered "Not Satisfied" and values 6 to 10 were considered "Satisfied."

**SURVEY QUESTION (#18)****Why did you call the member services call center?**Place a (✓) next to one of the options below.

- To get information about coverage or benefits
- To ask a question about a health insurance claim or explanation of benefits (EOB)
- To discuss or obtain prior authorization
- To check provider participation status
- To initiate an appeal
- Other - Please specify \_\_\_\_\_

	REASON FOR CALLING MEMBER SERVICES					
	Benefits Info	Claim or EOB	Prior Auth	Provider Status	Appeal Claim	Other
State Employees	41.6%	30.3%	4.5%	0.5%	4.1%	19.0%
Medicare Retirees	40.2%	32.6%	3.3%	1.1%	2.2%	20.7%
Political Subdivisions	36.1%	27.8%	13.9%	5.6%	0.0%	16.7%
Pre-Retiree	41.7%	33.3%	8.3%	0.0%	8.3%	8.3%
Unidentified	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%
<b>Weighted %</b>	<b>40.7%</b>	<b>30.2%</b>	<b>6.0%</b>	<b>1.2%</b>	<b>3.4%</b>	<b>18.5%</b>

**SURVEY QUESTION (#19)****How long did it take the representative to provide the information or help you needed?**Place a (✓) next to one of the options below.

- ☐ The issue was addressed during the initial call
- ☐ Less than 24 hours
- ☐ Less than 1 week
- ☐ 1 to 2 weeks
- ☐ 3 or more weeks
- ☐ The issue was not resolved

	LENGTH OF TIME TO PROBLEM RESOLUTION					
	Right Away	Less than 24 hours	Less than 1 week	1 to 2 Weeks	3+ Weeks	Not Resolved
State Employees	69.4%	8.1%	8.6%	2.7%	3.2%	8.1%
Medicare Retirees	65.9%	9.9%	13.2%	4.4%	3.3%	3.3%
Political Subdivisions	75.0%	2.8%	5.6%	2.8%	2.8%	11.1%
Pre-Retiree	58.3%	25.0%	0.0%	8.3%	0.0%	8.3%
Unidentified	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
Weighted %	69.4%	8.2%	8.4%	3.0%	3.0%	8.0%

**SURVEY QUESTION (#20)****How long did you have to wait before you were able to talk a to customer service representative?**Place a (✓) next to one of the options below.

- ☐ The call was answered immediately by a representative
- ☐ Less than 1 minute
- ☐ 1 to 2 minutes
- ☐ Longer than 2 minutes
- ☐ I hung up before talking to a customer service representative.
- ☐ Don't Know / Don't Remember

	WAIT TIME BEFORE TALKING TO A REPRESENTATIVE					
	Right Away	Less than 1 minute	1 to 2 Minutes	2+ Minutes	Hung Up	Don't Know
State Employees	14.3%	28.7%	26.0%	13.9%	0.4%	16.6%
Medicare Retirees	26.4%	25.3%	27.5%	8.8%	1.1%	11.0%
Political Subdivisions	19.4%	11.1%	27.8%	22.2%	2.8%	16.7%
Pre-Retiree	18.2%	18.2%	18.2%	27.3%	0.0%	18.2%
Unidentified	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%
<b>Weighted %</b>	<b>16.7%</b>	<b>25.5%</b>	<b>26.3%</b>	<b>14.8%</b>	<b>0.8%</b>	<b>15.9%</b>

**SURVEY QUESTION (#21)**

**The customer service representative treated you with courtesy and respect.**

Place a (✓) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REPRESENTATIVE TREATED YOU WITH COURTESY AND RESPECT				
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	305	97.3%	2.7%	3.5
Medicare Retirees	49	94.6%	5.4%	3.6
Political Subdivisions	59	88.6%	11.4%	3.4
Pre-Retiree	10	90.9%	9.1%	3.5
Unidentified	2	100.0%	0.00%	4.0
<b>Weighted Totals</b>		<b>95.6%</b>	<b>4.4%</b>	<b>3.7/4</b>

**NOTES**

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. User the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

**SURVEY QUESTION (#22)****The customer service representative was knowledgeable.**Place a (✓) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	REPRESENTATIVE WAS KNOWLEDGEABLE			
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	305	89.2%	10.8%	3.5
Medicare Retirees	49	91.2%	8.8%	3.6
Political Subdivisions	59	88.6%	11.4%	3.4
Pre-Retiree	10	81.8%	18.2%	3.5
Unidentified	2	100.0%	0.0%	4.0
<b>Weighted Totals</b>		<b>89.2%</b>	<b>10.8%</b>	<b>3.5/4</b>

**NOTES**

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."



**SURVEY QUESTION (#23)**

**The customer service representative answered my questions clearly and completely.**

Place a (✓) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REPRESENTATIVE ANSWERS WERE CLEAR AND COMPLETE				
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	305	85.6%	14.4%	3.4
Medicare Retirees	49	90.2%	9.8%	3.6
Political Subdivisions	59	88.6%	11.4%	3.4
Pre-Retiree	10	72.7%	27.3%	3.2
Unidentified	2	100.0%	0.0%	4.0
<b>Weighted Totals</b>		<b>86.3%</b>	<b>13.7%</b>	<b>3.4/4</b>

**NOTES**

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

**SURVEY QUESTION (#24)**

**The customer service representative completed any follow-up that was promised.**

Place a (✓) below one of the options below. If your call did not require follow-up, please choose the "N/A" option.

Strongly Disagree				Strongly Agree	N/A
1	2	3	4		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	REPRESENTATIVE COMPLETED PROMISED FOLLOW-UP			
	Responses	Distribution		Average
	n	Agree %	Disagree %	out of 4
State Employees	148	83.3%	16.7%	3.3
Medicare Retirees	20	81.6%	18.4%	3.4
Political Subdivisions	29	82.4%	17.6%	3.2
Pre-Retiree	3	100.0%	0.0%	4.0
Unidentified	1	100.0%	0.0%	4.0
<b>Weighted Totals</b>		<b>83.3%</b>	<b>16.7%</b>	<b>3.4/4</b>

**NOTES**

- For purposes of this analysis, values 1 and 2 were considered "Disagree" and values 3 and 4 were considered "Agree."
- This question was 1 of 4 questions that came after the following survey instructions: "For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is 'Strongly Disagree' and 4 is 'Strongly Agree.' If the statement doesn't apply to you, choose the N/A option."

# OPEN-ENDED RESPONSES

## **QUALITATIVE SUMMARY**

This section provides an overview of qualitative methodology and a summary of open-ended responses to the 1 open-ended question asked to NDPERS members.

## SUMMARY: MEMBER OPEN-ENDED COMMENTS

### SURVEY QUESTION (#5)

#### Why did you give your NDPERS Dakota Plan Health Benefits that rating?

In the previous question, you rated your satisfaction with NDPERS Dakota Plan Health Benefits. Use the space below to briefly explain your satisfaction with your NDPERS Dakota Health Plan benefits.

Category	OPEN-ENDED COMMENT SUMMARY				
	Number of Statements	Percent of Respondents	% Positive	% Neutral	% Negative
Coverage of Services	585	44%	51%	8%	41%
Positive Comment / No Issues	384	29%	73%	27%	0%
Cost	232	17%	23%	11%	66%
Customer Services / Communication	131	10%	54%	8%	38%
Billing / EOB / Payments	80	6%	19%	8%	73%
Wellness Program / Fitness Reimbursement / Silver Sneakers	75	6%	47%	6%	47%
Quality of Care / Doctors	37	3%	72%	18%	10%
Easy / Simple	32	2%	91%	9%	0%
Choice / Network	18	1%	39%	0%	61%
Caring / Trust	7	1%	80%	0%	20%
Timely / Speed / Efficient	7	1%	100%	0%	0%
Total	1330				

### NOTES

- Each statement was coded and categorized into 11 categories.
- Additionally, each statement was analyzed and coded as either having a positive, negative or neutral tone.

SAMPLE COMMENTS BY CATEGORY	
Category	Example Statement
Coverage of Services	"Have provided excellent coverage for my health care needs"
Positive Comment / No Issues	"At this point in my life and health care, my health care insurance has been great."
Cost	"The co-pays are low, but the deductibles are high"
Customer Services / Communication	"Always prompt responses. Phone call responses are courteous and professional. We are completely satisfied with our coverage."
Billing / EOB / Payments	"EOB is difficult to understand. Medical Credit??"
Wellness Program / Fitness Reimbursement / Silver Sneakers	"I did not give it a 10 because I would like Silver Sneakers - I do not like your fitness reimbursement program."
Quality of Care / Doctors	"Had heart attack on Feb 10th. Used ambulance, hospital, Cath-lab, Dr.'s care - all excellent"
Easy / Simple	"Insurance is easy to process and track online"
Choice / Network	"Not all the providers I want to go to accept this insurance"
Caring / Trust	"Have earned a lot of trust through numerous health issues"
Timely / Speed / Efficient	"Claims seem to be handled quickly and efficient"

# RESPONDENT CHARACTERISTICS

## **Detailed Topline Survey Results**

This section provides detailed breakdowns of demographic questions and other questions that describe the individuals who participated in the survey. Results in this section are weighted to line of business expected ratios.

### SURVEY QUESTION (#1)

#### When was the last time you received health services that led to a health insurance claim?

Consider any service that impacts your individual or family deductible or coinsurance. Examples include services provided by physicians, hospitals, laboratories or pharmacies. Place a (✓) next to one of the options below.

- Within the last 30 days
- 1 to 2 months ago
- 3 to 4 months ago
- 5 to 6 months ago
- More than 6 months ago
- N/A - Neither I nor my family have used any services that led to a health insurance claim

	LAST TIME USED HEALTH SERVICES					
	<30 Days	1-2 Mo.	3-4 Mo	5-6 Mo	6+ Mo	N/A
State Employees	45.1%	26.8%	12.2%	5.7%	8.2%	2.1%
Medicare Retirees	39.2%	29.1%	17.0%	6.9%	6.7%	1.2%
Political Subdivisions	35.9%	31.7%	19.8%	6.0%	5.4%	1.2%
Pre-Retiree	29.7%	27.0%	16.2%	13.5%	13.5%	0.0%
Unidentified	50.0%	16.7%	16.7%	16.7%	0.0%	0.0%
<b>Weighted %</b>	41.9%	28.1%	14.7%	6.2%	7.4%	1.7%
<b>Totals (n=1747)</b>						

	USED HEALTH SERVICES IN THE PAST 6 MONTHS			
	Used Within Last 6 Months		Not Used Within Last 6 Months	
	n	%	n	%
State Employees	891	89.8%	102	10.2%
Medicare Retirees	401	92.1%	34	7.9%
Political Subdivisions	262	93.4%	18	6.6%
Pre-Retiree	29	86.5%	5	13.5%
Unidentified	5	100.0%	0	0.0%
<b>Weighted%</b>		<b>90.9%</b>		<b>9.1%</b>
<b>Totals (n=1747)</b>				

**SURVEY QUESTION (#2)****Which health prevention or health screening services do you use?**

Place a (✓) next to every prevention or screening service used by you or any member of your family.

- ☐ Annual physical examination
- ☐ Immunizations, such as flu shots
- ☐ Well Child Care services
- ☐ Cancer screening services, such as breast cancer or colon cancer screenings.
- ☐ Other (please specify) \_\_\_\_\_
- ☐ N/A - Neither I nor my family use prevention or screening services

	USE OF PREVENTATIVE HEALTH SERVICES					
	Annual Physical	Flu Shots & Immun.	Cancer Screening	Well Child Care	Other	N/A
State Employees	76.0%	68.8%	51.5%	18.9%	18.6%	3.7%
Medicare Retirees	82.6%	73.2%	56.6%	0.1%	22.5%	2.3%
Political Subdivisions	73.7%	65.9%	58.1%	13.8%	15.0%	4.8%
Pre-Retiree	86.6%	71.1%	60.5%	5.3%	21.1%	0.0%
Unidentified	30.0%	20.0%	30.0%	10.0%	10.0%	10.0%
<b>Weighted%</b>	<b>77.6%</b>	<b>69.4%</b>	<b>54.1%</b>	<b>12.9%</b>	<b>19.1%</b>	<b>3.5%</b>



**SURVEY QUESTION (#3)****Which NDPERS Dakota Wellness Program benefits do you use?**

Place a (✓) next to every NDPERS Dakota Wellness Program benefit used by you or any member of your family.

- Worksite education or wellness activities (newsletters, book clubs, wellness challenges)
- Fitness Center Reimbursement Program
- Tobacco Cessation, Diabetes Management or Healthy Pregnancy programs
- The Staywell online wellness portal
- Other (please specify) \_\_\_\_\_
- N/A - Neither I nor my family use NDPERS Dakota Wellness Program benefits

USE OF WELLNESS SERVICES						
	Don't Use Wellness Benefits	Worksite Wellness	Staywell Wellness Portal	Fitness Center Reimbursement	Tobacco, Diabetes, or Pregnancy	Other
State Employees	41.4%	36.9%	29.4%	19.6%	6.6%	1.1%
Medicare Retirees	73.4%	6.4%	5.2%	13.5%	4.9%	3.6%
Political Subdivisions	47.8%	33.5%	22.4%	13.0%	7.5%	3.1%
Pre-Retiree	65.7%	8.6%	20.0%	20.0%	5.7%	0.0%
Unidentified	66.7%	0.0%	16.7%	33.3%	0.0%	0.0%
<b>Weighted%</b>	<b>50.7%</b>	<b>28.3%</b>	<b>22.2%</b>	<b>17.1%</b>	<b>6.3%</b>	<b>2.0%</b>

**SURVEY QUESTION (#13)****Which health insurance plan do you have?**Place a (✓) next to one of the options below.

- ☐ NDPERS PPO/Basic Plan
- ☐ NDPERS High Deductible Health Plan (HDHP)
- ☐ NDPERS Dakota Retiree Plan (Medicare)
- ☐ Don't Know / Unsure

	TYPE OF HEALTH PLAN		
	PPO Basic	HDHP	Retiree Plan
State Employees	94.9%	4.2%	0.9%
Medicare Retirees	3.2%	0.3%	96.5%
Political Subdivisions	97.8%	0.7%	1.5%
Pre-Retiree	75.8%	0.0%	24.2%
Unidentified	33.3%	0.0%	66.7%
<b>Weighted %</b>	<b>72.0%</b>	<b>2.6%</b>	<b>25.4%</b>

**Totals (n=1,608)****SURVEY QUESTION (#14)****How many people in your household are covered by your NDPERS Dakota Plan Health Benefits?**Place a (✓) next to one of the options below.

- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4 or more

	NUMBER IN HOUSEHOLD COVERED BY BENEFITS			
	1	2	3	4 or More
State Employees	19.3%	34.5%	16.6%	29.6%
Medicare Retirees	53.9%	45.7%	0.0%	0.4%
Political Subdivisions	39.8%	22.9%	12.0%	25.3%
Pre-Retiree	34.2%	63.2%	2.6%	0.0%
Unidentified	0.0%	83.3%	0.0%	16.7%
<b>Weighted %</b>	<b>31.4%</b>	<b>36.1%</b>	<b>11.4%</b>	<b>21.1%</b>

**Totals (n=1,735)**

**SURVEY QUESTION (#15)****How old are you?**Place a (✓) next to one of the options below.

- Under 25 years old
- 25 to 34 years old
- 35 to 44 years old
- 45 to 54 years old
- 55 to 64 years old
- 65 years or older

	AGE DISTRIBUTION					
	<25	25-34	35-44	45-54	55-64	65+
State Employees	2.5%	9.4%	16.6%	23.5%	38.6%	9.4%
Medicare Retirees	1.0%	0.0%	0.0%	0.0%	1.1%	97.9%
Political Subdivisions	2.4%	8.4%	19.2%	18.0%	44.3%	7.8%
Pre-Retiree	0.0%	0.0%	0.0%	0.0%	84.2%	15.8%
Unidentified	0.0%	0.0%	0.0%	16.7%	16.7%	66.7%
<b>Weighted %</b>	<b>2.0%</b>	<b>6.7%</b>	<b>12.5%</b>	<b>16.3%</b>	<b>31.0%</b>	<b>31.6%</b>

**Totals (n=1,750)****TOP CITIES OF RESIDENCE**

(SHP database)

	CITY DISTRIBUTION TOP 10 CITIES	
	Survey Responses	
	n	% of Responses
Bismarck	348	20.0%
Fargo	164	9.4%
Grand Forks	161	9.2%
Minot	83	4.7%
Mandan	79	4.5%
Dickinson	58	3.3%
Jamestown	51	2.9%
Devils Lake	43	2.5%
Williston	43	2.5%
West Fargo	41	2.4%



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** July 14, 2020

**SUBJECT:** 2020 Legislative Diabetes Report

Attached is the 2020 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 presented to the legislative management in the interim.

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





# North Dakota 2020 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
- Spirit Lake Nation

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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 requested and compiled data about diabetes in the populations each entity serves such as how diabetes is addressed and actionable strategies for future efforts. Many of the future action items rely on policy, system, and environment change approaches in partnership across sectors and stakeholders. Each contributing partner and the four state agencies reviewed and came to consensus on the report that follows.

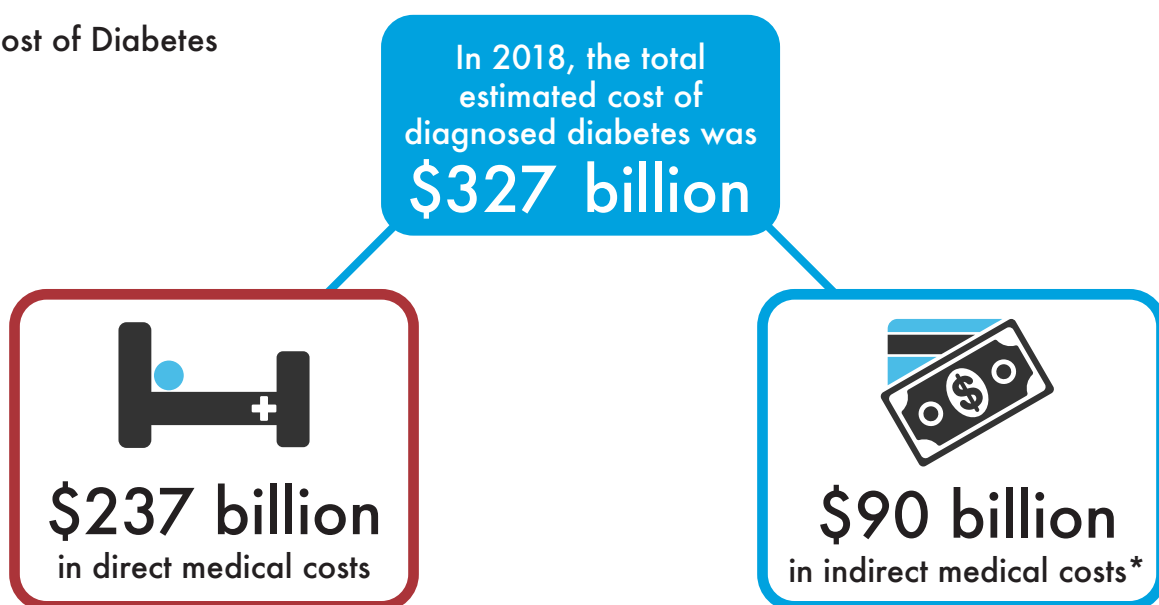
### Acknowledgements

- *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, North Dakota Public Employees Retirement System*
- *Brad Hawk, North Dakota Indian Affairs Commission*
- *Jared Eagle, Fort Berthold Diabetes Program*
- *Challsey Scallon-MSN RN, Spirit Lake Health Center, Diabetes Nurse Educator/Diabetes Quality Coordinator*



# OVERVIEW OF DIABETES IN THE UNITED STATES

## The Cost of Diabetes



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. [1]

## Associated Complications

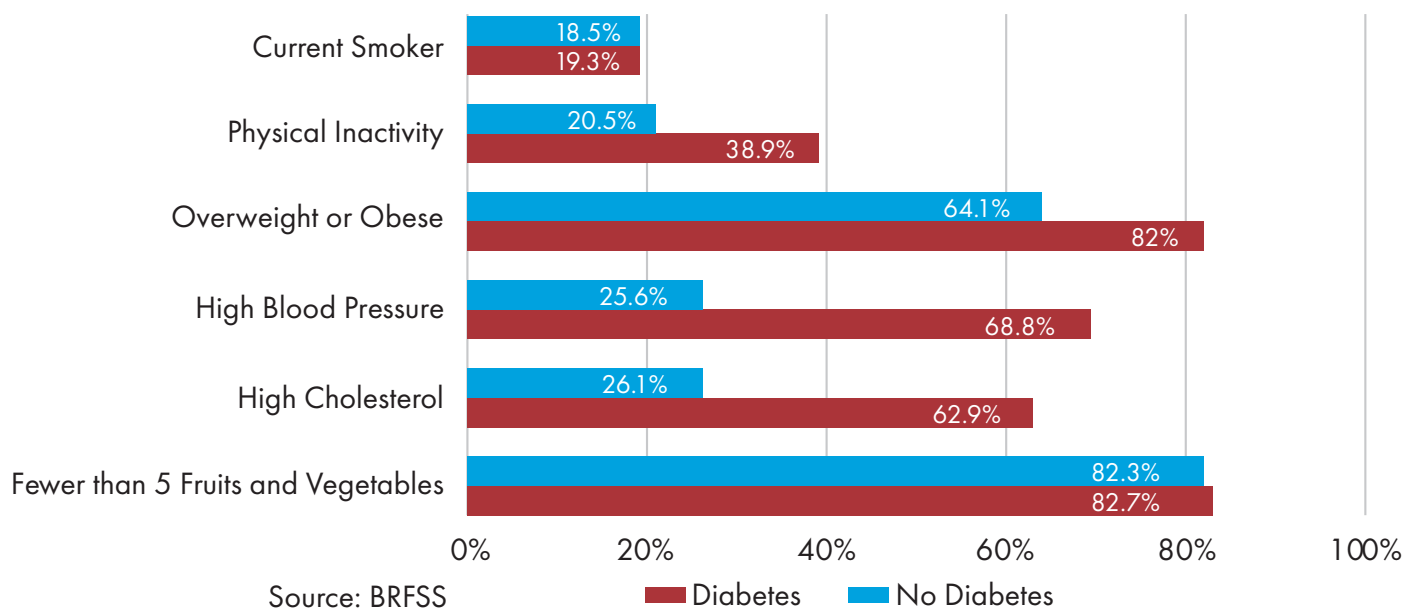
Diabetes increases the risk for many health conditions including heart disease, blindness, end stage kidney disease and amputations. Diabetes also reduces a person's ability to fight infections and increases risk for complications from communicable illnesses. By managing diabetes with routine testing 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 pre-diabetes so that individuals at risk for type 2 can modify lifestyle behaviors that can prevent or delay the onset of diabetes.

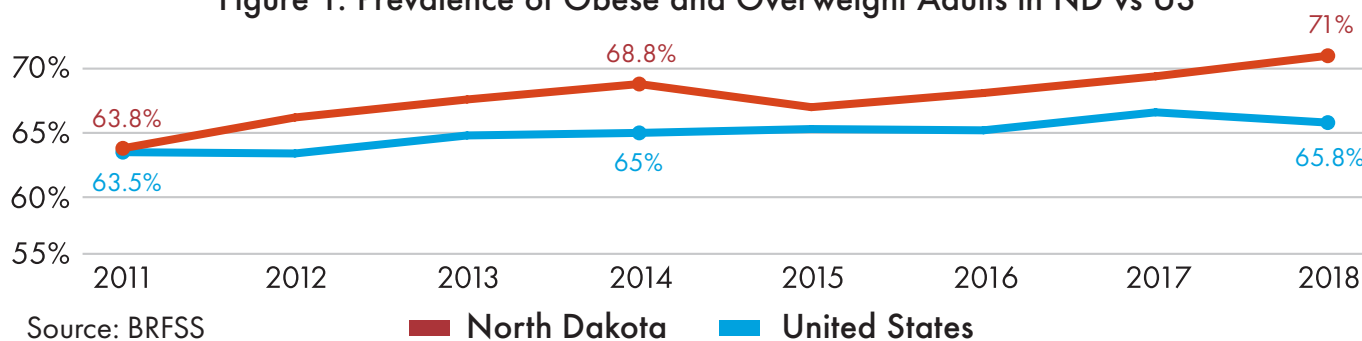
[1] Yang, W., Dall, T., Beronja, K., Lin, J., Semilla, A.P., Chatrabarti, R., Hogan, P. Economic costs of diabetes in the US in 2017. (2018). *Diabetes Care*; 41:917-928 <https://doi.org/10.2337/dci18-0007>.

# OVERVIEW OF DIABETES RISK FACTORS IN NORTH DAKOTA

**Risk Factors** based on the 2018 Behavioral Risk Factor Surveillance System (BRFSS)



**Figure 1. Prevalence of Obese and Overweight Adults in ND vs US**



# OVERVIEW OF DIABETES IN NORTH DAKOTA

In 2018



54,657 adults were living with diagnosed diabetes (BRFSS 2018)



16,281 adults had undiagnosed diabetes (BRFSS 2018)



162,580 adults have prediabetes (North Dakota 2018 Census/CDC)

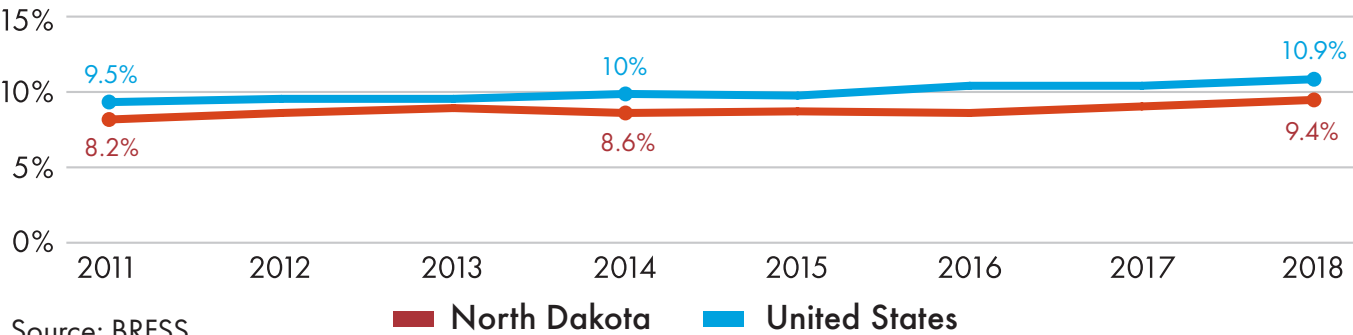


The prevalence of diagnosed diabetes among adults (18+) in North Dakota (ND) has increased over the past 6 years

From  
**8.2% (2011)**  
to  
**9.4% (2018)**

\*as shown in Figure 2 (below), data related to the impact of diabetes on family members is not available

Figure 2. Percent of US and ND Adults with Diabetes

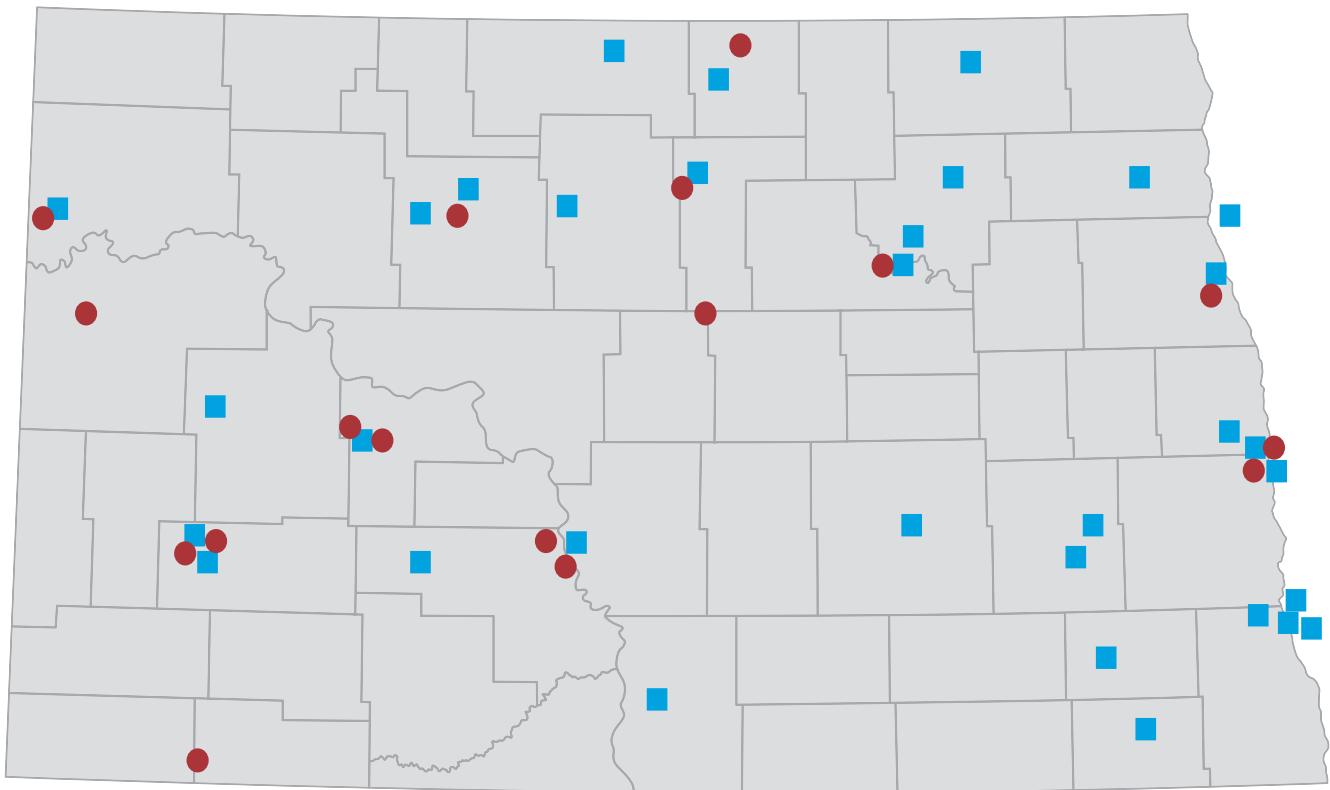


## NORTH DAKOTA DEPARTMENT OF HEALTH

The North Dakota Department of Health (NDDoH) receives federal funding for the ND Diabetes Prevention and Control Program (NDDPCP) from the Centers for Disease Control and Prevention (CDC). The CDC has a prescriptive expectation for how the funds are spent, totaling approximately \$1.8 million dollars in the 2019-2021 biennium. The purpose of the funding is to coordinate diabetes prevention and control activities across the state, among various partners and practices through 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) programs. The NDDPCP partners with health systems to facilitate the implementation of best-practice protocols and electronic health record improvements to provide system-wide approaches for improved screening, diagnosis, treatment, referral, and on-going management of people with diabetes and prediabetes. The NDDPCP Coordinator participates in efforts to leverage funding when appropriate with other NDDoH programs that address the lifestyle risk-factors for overweight, obesity, and diabetes, including the Preventive Health and Health Services and Maternal and Child Health Block Grants.

### Diabetes Program Sites



Source: National Center for Chronic Disease Prevention and Health Promotion, Division of Diabetes Translation; Association of Diabetes Care & Education Specialists, 2020

- National Diabetes Prevention Program
- Diabetes Self-Management Education

# NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Costs Associated with Diabetes

The NDPERS members identified with diabetes incurred a total of \$63.1 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 seventh highest cost during this eight-month period. 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, 2019 to August 31, 2019. Information provided by Sanford Health Plan.*

## NDPERS Top 10 Diseases by Total Allowed

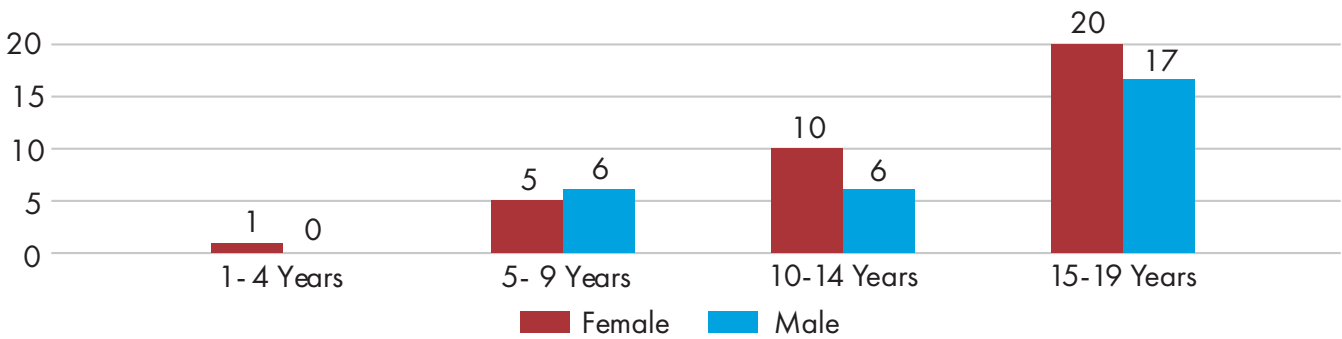
Diseases	# of Members Total	Total Allowed	Average Allowed/Member
Cancer	2,028	\$57,495,139.70	\$28,350.66
Congenital Anomalies	2,977	\$70,528,477.17	\$23,691.12
<b>Diabetes</b>	<b>3,127</b>	<b>\$63,093,855.42</b>	<b>\$20,177.12</b>
Osteoarthritis	4,233	\$78,170,676.94	\$18,466.97
Major Depression	4,088	\$65,104,653.51	\$15,925.80
Hypertension	8,295	\$127,042,004.20	\$15,315.49
Hyperlipidemia	8,173	\$113,317,875.97	\$13,864.91
Back Pain	14,677	\$144,757,522.76	\$9,862.88
Neck Pain	9,903	\$90,637,359.34	\$9,152.52
Uncomplicated Hypertension	41,247	\$231,564,008.37	\$5,614.08

## Incurred Claims Related to Diabetes and Its Complications - NDPERS Jan 2019 - Dec 2019

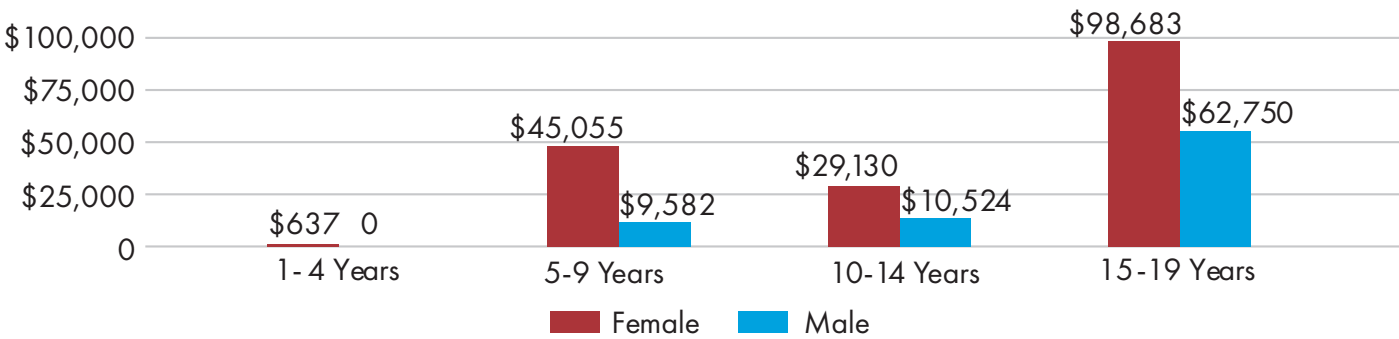
Diabetes With:	Inpatient	Outpatient	Professional	Total Allowed
Without Complications	\$4,657.93	\$890,304.39	\$842,358.43	\$1,737,320.75
With Other Complications	\$189,332.59	\$532,919.96	\$532,919.96	\$1,551,475.37
Ophthalmic Manifestations	-	\$25,036.70	\$556,430.22	\$581,466.92
Ketoacidosis	\$297,457.78	\$2,096.73	\$46,070.66	\$327,625.17
Peripheral Circulatory Disorder	\$74,730.26	\$9,855.02	\$95,535.67	\$180,120.95
Renal Manifestations	\$16,839.23	\$22,387.60	\$72,167.87	\$111,394.70
Neurological Manifestations	-	\$21,666.60	\$51,103.65	\$72,770.25
Maternal/Pregnancy	\$27,367.32	\$5,706.72	\$19,174.85	\$52,248.89
Hyper/Hypoglycemia	\$9,223.39	\$184.30	\$2,395.21	\$11,802.90
Other Manifestations	-	-	\$1,845.78	\$1,845.78
<b>Total Allowed</b>	<b>\$601,608.50</b>	<b>\$1,806,460.88</b>	<b>\$2,220,002.30</b>	<b>\$4,628,071.68</b>

# NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

NDPERS Youth with Diabetes Episode by Gender and Age



NDPERS Youth Diabetes Diseases Payments by Gender and Age



## CURRENT NDPERS/SANFORD HEALTH PLAN (SHP) PROGRAMS AND SERVICES

### Case Management Program

Sanford Health Plan 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 physician's treatment plan. Education on recommended care, assistance with social determinants of health and suggestions on healthy lifestyle changes are also provided.

- Diabetes Prevention Program
- Free Dietetics Consults
- Free Ongoing Wellness Coaching
- Free Fitness Consults

### Center for Lifestyle Medicine

Sanford Health Plan has a population health initiative targeting NDPERS members in Fargo and Bismarck with a diagnosis of obesity. Those members have free access to Sanford Health Plan's Center for Lifestyle Medicine.

Fee-reduced "Exercise is Medicine" is available for all qualifying Sanford Health Plan 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.



### Sanford Health Plan Member Outreach

Sanford Health Plan 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.



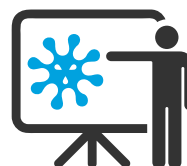
### About the Patient

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



### Profile by Sanford Health

Sanford Health Plan offers discounts to members for dietary products (Profile) and coaching services.



### North Dakota Schools

North Dakota schools have free access to [fit.sanfordhealth.org](http://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

Sanford Health Plan 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.

## NORTH DAKOTA MEDICAID

North Dakota Medicaid provides coverage for about 90,000 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, 2018, and June 30, 2019, 6,980 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 \$6,811,804.23.

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 (not continuous)*
- *Diabetic shoes and inserts*
- *Insulin pumps*
- *Medications and supplies including insulin, test strips, syringes, needles, etc.*

FY 2019	UNDER 18	18-44	45-64	65+	TOTAL
Diabetes Claims by Age Group	364	1,699	2,441	2,734	6,980
Net Payment	\$558,916.93	\$2,299,350.53	\$3,565,696.54	\$377,840.23	\$6,811,804.23





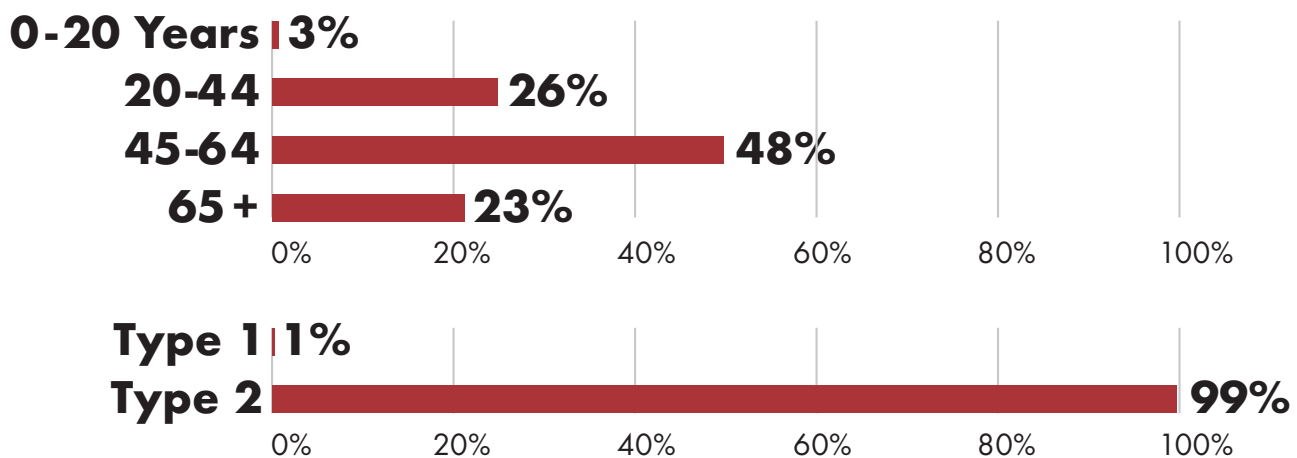
# DIABETES PROGRAM FOR AMERICAN INDIANS

Each tribal community was asked to provide input from their communities. The Mandan, Hidatsa, Arikara (MHA) Nation-Three Affiliated Tribes and Spirit Lake Nation responded. American Indian prevalence and mortality data is inclusive of all North Dakota residing American Indians and is included with the previous North Dakota data.



## MHA Nation Prevalence and Summary

*Diabetes is the top condition in the MHA Nation health system.*



### 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 eight trained DPP lifestyle coaches who conduct regular interventions, a summer Lifestyle Camp and cooking and exercise classes.

### MHA Nation also offers:

- *Daily diabetes care and management*
- *Weekly diabetes specialty clinics*
- *Monthly diabetic shoe clinics*
- *A continuous glucose monitor (CGM) program*
- *An Elbowoods Memorial Health Center (EMHC) system offering 40 different medications*

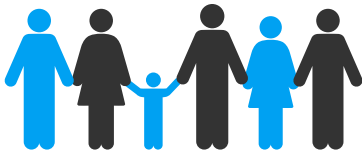
## DIABETES PROGRAM FOR AMERICAN INDIANS (continued)



Spirit Lake Health Center offers a diabetes self-management education and support (DSMES) program that provides classes to patients on a monthly basis by a diabetes nurse educator, a Certified Diabetes Nurse Educator, a Registered Dietitian Nutritionist (RDN) Certified Diabetes Care and Education Specialist (CDCES), and a Registered Nurse CDCES.

The diabetes program also provides:

- *Daily diabetes management or nutrition review*
- *Bimonthly diabetes eye clinics*
- *Foot care services offered by a registered nurse*



Spirit Lake Nation also has the Special Diabetes Program for Indians (SDPI), a community-based program focused on the prevention of prediabetes, type 2 diabetes and diabetes-related complications. The SDPI functions out of the Sacred Life Center, a diabetes fitness and education center with certified lifestyle coaches that implement a Diabetes Prevention Program (DPP).



SDPI also offers:

- *Monthly lunch and learns*
- *Quarterly grocery store tours led by a Registered Dietician*
- *Fitness and cooking classes*
- *One-on-one fitness consultations*

Spirit Lake is currently exploring the possibility of utilizing continuous glucose monitors for diabetes management and is developing a healthy foods initiative to encourage all tribal programs to provide healthy food options during staff meetings and/or community events.



## ACTION PLANS, COORDINATION AND EVALUATION OF ACTIVITIES

Each of the contributing agencies develop action plans as they deem appropriate to address the risk factors and burden of diabetes. The NDDPCP Coordinator provided connection between the contributing agencies for this report, and others in the state, by leveraging activities and partnerships, ensuring organizations are working collaboratively with cross-cutting goals, and sharing examples of successful strategies that can be replicated between communities and organizations.

Each entity conducts assessment of program effectiveness, using data to make informed decisions to continuously improve access to or delivery of diabetes prevention and management activities within their reach and capacity to influence. Each of the contributing entities has committed to:

**NDDoH:** Continue to collect and analyze disease burden data; support community implementation of strategies that address risk-factors for diabetes; encourage health policy to influence the burden of disease; and leverage partnerships to improve access to and delivery of diabetes prevention and management programs statewide.

**NDPERS:** Routinely evaluate beneficiaries and determine if needs of the population are being met.

**ND Medicaid:** In order to provide better care coordination for people with or at risk of chronic conditions like diabetes, North Dakota Medicaid is exploring an alternative to its Primary Care Case Management (PCCM) program that would incentivize primary care providers to achieve quality outcomes for their patients.

**MHA Nation:** Increase focus on the obesity epidemic of adolescents through teaching nutrition/healthy cooking, providing opportunities for physical activity as part of school curriculums, and providing access to healthy food options for rural communities.

**Spirit Lake Nation:** Provide additional support in offering physical activities and nutritional services, specifically youth-focused. Continue efforts to provide access to healthier food choices, secure funding for continuous glucose monitoring for patients, contract an on-site podiatrist, and increase mental/behavioral health awareness.

### 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 that increases:

- *consumption of minimally processed foods*
- *participation in physical activity*

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 businesses 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.

Explore and support a transition towards value-based care and reimbursement models designed to improve quality and reduce costs related to 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.

Encourage 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.

Support cities and counties participating in the Main Street Initiative and/or investing in infrastructure and green space that supports and encourages year-round, healthy living and physical recreation for residents of all ages and abilities.

Ensure 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.

## SHARED FUTURE STRATEGIES

The following strategies were identified as necessary for impacting diabetes in North Dakota:

- *Increased access to nutritious food options—addressing availability, affordability, food security, and knowledge among communities.*
- *Expansion of wellness programming for youth, including physical activity and cooking instruction.*
- *Equitable access to quality medical care that is aligned with best practice guidelines.*
- *Addressing the mental and behavioral health of persons with diabetes or at risk for diabetes.*

## FINANCIAL IMPACT RELATED TO CURRENT AND FUTURE STRATEGIES

### Budget Considerations

While none of the contributing entities suggested a need for additional funding at this time for their current workplans, there was consensus that implementation of the actionable items would best occur at the local level. For that reason, it is suggested to create a community grant fund specifically for communities and organizations to apply that would support local implementation of diabetes and risk-factor prevention strategies. The cost to implement any community strategies will vary based on the available resources and existing infrastructure.

The financial burden for individuals in North Dakota is related to the daily choices they have to 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 intervention. Access to affordable, fresh, nutritious food is not widely available but is the single most effective prevention method for diabetes and many other chronic conditions and diseases.

There are also costs associated with insurance and Medicaid coverage of improved glucose monitoring technology. Though the continuous monitors are not a large cost per individual, the long-term use and costs are not yet known. Much of the state has limited access to onsite diabetes specialists, so improved coverage for and utilization of technology that allows

for remote monitoring and management of patients with diabetes would provide for improved and more equitable care.

It is also recognized that many schools are ill-equipped without onsite school nurses or access to telehealth school nursing for children with type 1 diabetes requiring insulin. Ensuring all schools have access during the entire school day to nurses through telehealth to assist children with insulin dose calculation would be a cost-effective approach for delivering care. This model of care is currently being utilized in 13 schools throughout North Dakota through Avera eCare., and has been shown to be effective not only for diabetes management, but for other health needs as well. The costs associated with this delivery model would be: \$2,500 for a one-time implementation fee per site, a yearly equipment fee of \$1,800 per school, and two other smaller enrollment fees that are based on school size. Learn more about Avera eCARE here. (Link to: <http://www.averaecare.org/ecare/what-we-do/school-health/>). Other models and/or entities that provide telehealth school nursing services should also be explored.

## 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 — 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 US 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%.

**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.

**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.



### 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.

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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.







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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** July 14, 2020

**SUBJECT:** **Wellness Updates**

NDPERS staff has completed the renewal of the Employer Based Wellness Program for the plan year July 1, 2020 to June 30, 2021. 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 188 out of 240 employers electing to participate in the wellness program. This is an employer participation rate of 78%. However, approximately 97% 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:

- 110 state agencies, universities and district health units
- 32 counties
- 14 schools
- 16 cities
- 16 political subdivisions

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



**North Dakota  
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**Scott Miller**  
Executive Director  
(701) 328-3900  
1-800-803-7377

---

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# Memorandum

**TO:** NDPERS Board

**FROM:** MaryJo Anderson

**DATE:** July 14, 2020

**SUBJECT:** Final Average Salary Indexing for Highway Patrol

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 26 members in the system in a deferred status.

It has been PERS' policy to solicit input and a recommendation from the Highway Patrol leadership. The last legislative session provided a 2.5% increases for the second year of agencies' budgets for the 2019-2021 biennium. The North Dakota Highway Patrol leadership is recommending that deferred members in its system receive a 2.5% 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, 2019 actuarial report is 3%. Therefore, a 2.5% 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:**

Accept or reject the Highway Patrol Administration's recommendation



## Memorandum

**TO:** Capt. Aaron Hummel  
**FROM:** MaryJo Anderson  
**DATE:** May 11, 2020  
**SUBJECT:** Highway Patrol Indexing

The Highway Patrol indexing for deferred members of the HP system is up for review. There are currently 26 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.

	<b>Legislative Increase</b>	<b>Index Approved</b>
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

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 2019 legislature provided an increase to agency budgets by 2.5% for the second year of the 2019-2021 biennium to be distributed based upon performance.

This item will be scheduled for the July NDPERS Board meeting agenda. We are requesting your written response by June 12th, if possible. If you need additional information, please let me know.

JUN 04 2020

ND PERS



June 1, 2020

Ms. MaryJo Anderson  
North Dakota Public Employees Retirement System  
400 East Broadway, Suite 505 – Box 1657  
Bismarck, ND 58502-1657

SUBJECT: HIGHWAY PATROL INDEXING

Dear Ms. Anderson:

The North Dakota Highway Patrol recommends that the North Dakota Public Employees Retirement System index at the rate of 2.5% for 2020.

Sincerely,

BRANDON SOLBERG  
Colonel, NDHP  
Superintendent

bs/jr



600 East Boulevard Avenue Dept 504 | Bismarck ND 58505  
PHONE: 701.328.2447 | TOLL-FREE: 1-844-474-6347 | ND.gov/NDHP

**VISION ZERO**  
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**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • 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](mailto:ndpers-info@nd.gov)    Website <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board

**FROM:** Bryan

**DATE:** July 14, 2020

**SUBJECT:** Investment Policies

Here are the NDPERS Investment Policies for the retirement plans. Recent fund changes require the update for the DC 401(a) plan and 457 Companion plan. The NDPERS Investment Subcommittee reviewed these two policies and have no additional changes.

The Board-adopted assumptions from the recent experience study require some changes to the defined benefit policies.

Main Plan Return Assumption 7.00%  
RHIC Plan Return Assumption 6.50%  
Job Service Return Assumption 4.25%

Note there is no change to the Insurance Fund investment policy other than adding Scott Miller's name.

After NDPERS Board approval I will send them over to the State Investment Board for review and signature.

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

**Board Action:**

Approve investment policies.

STATE OF NORTH DAKOTA  
DEFINED CONTRIBUTION  
PROGRAM

PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

Statement of Investment Policy

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## **INTRODUCTION**

The Public Employees Retirement System Board (Board) hereby adopts this Statement of Investment Policy for the Defined Contribution Plan (Plan).

### **Objectives of the Plan**

The Plan is a long-term retirement savings option intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risks and rewards typical of this kind of retirement savings program. Participants bear the risks and reap the rewards of investment returns that result from the investment options which they select.

This Statement of Investment Policy:

- Establishes the parameters of an investment program that will allow plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances.
- Defines the investment categories offered by the Plan;
- Establishes benchmarks and performance standards for each investment category by which to evaluate each fund's performance;
- Establishes a procedure for reporting and evaluating the various funds and a methodology for monitoring their performance; and
- Defines the procedures for investment fund evaluation and formal fund review.



## **SELECTION OF INVESTMENT OPTIONS**

Each investment option offered under the Plan must:

- Operate under its published prospectus;
- Have its performance results measured against the applicable performance standards described herein for that investment category.

The Board may add or replace investment options in any category using any or all of the following general criteria:

- A.** Historical performance over a reasonable time frame.
- B.** Investment manager performance and tenure.
- C.** Costs, including the expense ratio and any other fees.

Mutual fund options are selected through a comprehensive search process. Generally, the Board will first review the suitable offerings from the vendor's alliance family of funds. Absent a competitive offering from the vendor's list of alliance funds, the Board will select from qualified non-alliance funds.

## **INVESTMENT CATEGORIES:**

The Board in its judgment selects the number, types, and status of individual investment offerings. In general, the Board will seek to offer a sufficient number of investment funds to allow each participant the ability to construct a diversified portfolio consistent with his/her reasonable investment objective. The selection and elimination of investment options will be guided by the following philosophies and principles:

- A.** The menu of offerings will be sufficient to allow each participant the ability to construct a diversified portfolio consistent with a reasonable investment goal. (See *Appendix 1* for a classification of the current offerings.) The menu will include at least one offering in each of the following asset categories:

- Stable Value Account
- Fixed Income
- Balanced
- Large Cap Equity
- Mid Cap Equity
- Small Cap Equity
- International Equity
- Asset Allocation

**B.** Within the domestic equity categories, the offerings may include funds that represent style subsets (value, growth, blend) of the broad market.

**C.** The offerings will include funds that offer pre-determined asset allocations of various risk tolerances or investment horizons.

**D.** The self-directed brokerage option is designed for a sophisticated, experienced and knowledgeable investor. Participants selecting this option will be required to sign an election form containing the following:

- (a) The participant understands and accepts any and all risks associated with this selection;
- (b) The participant understands and accepts that none of the mutual funds available in the self-directed brokerage option have been reviewed for suitability by the Board;
- (c) The participant is solely responsible for determining the suitability or appropriateness of any selected mutual fund; and
- (d) The participant agrees to hold the Plan and the Board harmless for any negative consequences resulting from use of the self-directed brokerage option.

## REPORTING AND MONITORING PROCEDURES

The Board will designate the status of each investment fund offered as either open or closed:

- ☐ **Open** – Eligible for new investments.
- ☐ **Closed** – Not eligible for new contributions, not eligible for the establishment of new accounts, and may require the existing accounts be transferred.

## INVESTMENT FUND EVALUATION

The Board will at least annually review the plan and its investment funds, including investment performance. The investment performance review will include comparisons against the appropriate benchmark indices and peer groups over relevant time frames. The focus of the review will be to ensure that the Board is offering funds with competitive (average or above) performance within each category over reasonable measurement periods, typically encompassing a market cycle (3 to 5 years). The Board will also review the fund's investment style relative to its mandate and the stability of the personnel responsible for investment results. As the investment funds are retail mutual funds, the Board may rely on ratings produced by recognized performance evaluation services to evaluate long-term risk-adjusted performance relative to peers. Except for the annual review, the Board may delegate these duties to its investment sub-committee. The NDPERS Board will make the performance review available for the membership.

For performance benchmarks on current offerings, see *Appendix 1*. Funds meeting performance standards and policy objectives will be designated as open.

- A.** Funds rated as not meeting performance standards and policy objectives will, at the Board's discretion, either be placed in a closed status or on a "formal fund review list".
- B.** The Board, at its discretion, may remove funds from the "formal fund review list" should the fund's performance recover sufficiently to meet performance standards.
- C.** Funds that do not meet performance standards and/or policy objectives may be placed in the "Closed" status.
- D.** Failure by a fund to comply with these policy objectives and guidelines is cause for the Board to place the fund under formal fund review or close the fund.

The Board may place a fund under formal fund review, or immediately close a fund, for any reason, including:

- A. The fund has made significant changes in its investment management, or such change appears imminent;
- B. The fund has had a significant change in ownership or control;
- C. The fund has significantly changed investment focus or has experienced style drift, departing from the investment objectives;

- D. The fund has violated a SEC rule or regulation;
- E. The fund has experienced difficulty in transacting trades, fund transfers, or pricing;
- F. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Board's view, has or could detract from the objectives of the Plan;
- G. The fund has increased its fees or expenses.
- H. Other reasons the NDPERS Board deems requires such action.

The Board retains the right to waive any of the above policies if it deems that such waiver is in the best interest of the plan and/or its participants.

## **FORMAL FUND REVIEW**

When a fund has been placed under formal review, the Board shall monitor the fund, its operations, and its performance. During this period the Board may close the fund.

## **CLOSED FUNDS**

When the Board closes a fund it may direct that:

- A.** No new contributions may be made to the fund after a specified date;
- B.** The fund is terminated and participant account balances must be transferred to another fund option.

If the Board closes a fund to new contributions it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund of the Board's action and if applicable that new investment monies must be redirected to another fund option under the Plan within a time specified by the Board.

If the Board closes a fund by terminating its participation in the plan and requires all account balances to be transferred to another fund it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund that the Board has terminated the fund as an investment option under the Plan and that:
  - New investment monies must be redirected to another fund option under the Plan within a time specified by the Board and
  - After 90 days notice to an affected member by the Board, all assets remaining in the terminated fund will be transferred to the default option designated by the Board.

## APPENDIX 1

### Companion Plan Investment Options by Investment Category

Asset Class	Sector	Fund(s)	Benchmark(s)
Balanced	Balanced	T.Rowe Price Capital Appreciation	60% Large Cap Value Fund Universe and 40% Taxable Bond Fund Universe 60% Russell 1000 Value and 40% US Aggregate Bond Index
Large Cap Equities	Value	Hartford Dividend & Growth	Russell 1000 Value Large Cap Value Fund Universe
		T.Rowe Price Equity Income	Russell 1000 Value Large Cap Value Fund Universe
	Blend	Vanguard Institutional Index	S&P 500 Large Cap Blend Fund Universe
		Vanguard Dividend Growth	S&P 500 Large Cap Blend Fund Universe
	Growth	Wells Fargo Adv Growth	Russell 3000 growth Large Cap Growth Fund Universe
		Franklin Growth Advisor	Russell 1000 growth Large Cap Growth Fund Universe
Mid Cap Equities	Value	Virtus Mid Cap Value Equity	Mid Cap Value Universe Russell Mid Cap Value
	Blend	Columbia Mid Cap Index A	Mid Cap Blend Universe S & P Mid Cap 400
		<del>AMG Fairpointe Mid Cap I</del>	<del>Mid Cap Blend Universe</del> <del>Wilshire 4500 Index</del>
	Growth	Prudential Jennison Mid Cap Growth	Mid Cap Growth Universe Russell Mid Cap Growth

Small Cap Equities	Value	Northern Small Cap Value	Small Value Universe Russel 2000 Value
	Blend	DFA US Small Cap	Small Cap Blend Universe Russel 2000 Index
	Growth	Brown Capital Mgmt Small Co Inv	Small Cap Growth Universe Russel 2000 Growth
Fixed Income		Wells Fargo Stable Return Fund J	3-Month T-Bill Index
		Vanguard Treasury Money Market Fund	3-Month T-Bill Index
		Vanguard Total Bond Fund	US Aggregate Bond Index Taxable Bond Fund Universe
		MassMutual Premier Inflation Protection	US Aggregate Bond Index Taxable Bond Fund Universe
		<del>PIMCO Total Return</del> Baird Core Puls Bond Fund	US Aggregate Bond Index Taxable Bond Fund Universe
		Prudential High Yield Z	BofAML High Yield Bond Index High Yield Bond Fund Universe
		Templeton Global Bond Adv	World Govt Bond Index World Bond Fund Universe
Real Estate		Cohen & Steers Realty Shares	FTSE NAREIT Equity REIT Index Real Estate Fund Universe
International Equities		American Funds New Perspective	MSCI ACWI Index International Stock Fund Universe
		Vanguard Total Intl Stock Index	MSCI ACWI Index International Stock Fund Universe
		Oppenheimer Developing Markets Y	MSCI Emerging Markets Index Diversified Emerging Markets Universe

Asset Allocation

TIAA-CREF Lifecycle Funds

Retirement Income Fund

2010 Fund Benchmark

2015 Fund Benchmark

2020 Fund Benchmark

2025 Fund Benchmark

2030 Fund Benchmark

2035 Fund Benchmark

2040 Fund Benchmark

2045 Fund Benchmark

2050 Fund Benchmark

2055 Fund Benchmark

2060 Fund Benchmark

The TIAA-CREF Lifecycle Funds will be benchmarked using the Wilshire 5000 Index, MSCI Index, Aggregate Bond Index, High Yield Index, REIT Index, and 3-Month T-Bill Index. Each fund benchmark will be based on the fund allocation in Domestic Equity, International Equity, Fixed-Income, Inflation Protected Assets, Real Estate, and Short-term Fixed Income stated in the fund prospectus.



STATE OF NORTH DAKOTA  
DEFERRED COMPENSATION  
PROGRAM

PUBLIC EMPLOYEES  
RETIREMENT SYSTEM  
COMPANION PLAN

Statement of Investment Policy

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## **INTRODUCTION**

The Public Employees Retirement System Board (Board) hereby adopts this Statement of Investment Policy for the Deferred Compensation Companion Plan (Plan).

### **Objectives of the Plan**

The Plan is a long-term retirement savings option intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risks and rewards typical of this kind of retirement savings program. Participants bear the risks and reap the rewards of investment returns that result from the investment options which they select.

This Statement of Investment Policy:

- Establishes the parameters of an investment program that will allow plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances.
- Defines the investment categories offered by the Plan;
- Establishes benchmarks and performance standards for each investment category by which to evaluate each fund's performance;
- Establishes a procedure for reporting and evaluating the various funds and a methodology for monitoring their performance; and
- Defines the procedures for investment fund evaluation and formal fund review.

## **SELECTION OF INVESTMENT OPTIONS**

Each investment option offered under the Plan must:

- Operate under its published prospectus;
- Have its performance results measured against the applicable performance standards described herein for that investment category.

The Board may add or replace investment options in any category using any or all of the following general criteria:

- A.** Historical performance over a reasonable time frame.
- B.** Investment manager performance and tenure.
- C.** Costs, including the expense ratio and any other fees.

Mutual fund options are selected through a comprehensive search process. Generally, the Board will first review the suitable offerings from the vendor's alliance family of funds. Absent a competitive offering from the vendor's list of alliance funds, the Board will select from qualified non-alliance funds.

## **INVESTMENT CATEGORIES:**

The Board in its judgment selects the number, types, and status of individual investment offerings. In general, the Board will seek to offer a sufficient number of investment funds to allow each participant the ability to construct a diversified portfolio consistent with his/her reasonable investment objective. The selection and elimination of investment options will be guided by the following philosophies and principles:

- A.** The menu of offerings will be sufficient to allow each participant the ability to construct a diversified portfolio consistent with a reasonable investment goal. (See *Appendix I* for a classification of the current offerings.) The menu will include at least one offering in each of the following asset categories:

- Stable Value Account
- Fixed Income
- Balanced
- Large Cap Equity
- Mid Cap Equity
- Small Cap Equity
- International Equity
- Asset Allocation

**B.** Within the domestic equity categories, the offerings may include funds that represent style subsets (value, growth, blend) of the broad market.

**C.** The offerings will include funds that offer pre-determined asset allocations of various risk tolerances or investment horizons.

**D.** The self-directed brokerage option is designed for a sophisticated, experienced and knowledgeable investor. Participants selecting this option will be required to sign an election form containing the following:

- (a) The participant understands and accepts any and all risks associated with this selection;
- (b) The participant understands and accepts that none of the mutual funds available in the self-directed brokerage option have been reviewed for suitability by the Board;
- (c) The participant is solely responsible for determining the suitability or appropriateness of any selected mutual fund; and
- (d) The participant agrees to hold the Plan and the Board harmless for any negative consequences resulting from use of the self-directed brokerage option.

## **REPORTING AND MONITORING PROCEDURES**

The Board will designate the status of each investment fund offered as either open or closed:

- **Open** – Eligible for new investments.
- **Closed** – Not eligible for new contributions, not eligible for the establishment of new accounts, and may require the existing accounts be transferred.

## INVESTMENT FUND EVALUATION

The Board will at least annually review the plan and its investment funds, including investment performance. The investment performance review will include comparisons against the appropriate benchmark indices and peer groups over relevant time frames. The focus of the review will be to ensure that the Board is offering funds with competitive (average or above) performance within each category over reasonable measurement periods, typically encompassing a market cycle (3 to 5 years). The Board will also review the fund's investment style relative to its mandate and the stability of the personnel responsible for investment results. As the investment funds are retail mutual funds, the Board may rely on ratings produced by recognized performance evaluation services to evaluate long-term risk-adjusted performance relative to peers. Except for the annual review, the Board may delegate these duties to its investment sub-committee. The NDPERS Board will make the performance review available for the membership.

For performance benchmarks on current offerings, see *Appendix 1*. Funds meeting performance standards and policy objectives will be designated as open.

- A.** Funds rated as not meeting performance standards and policy objectives will, at the Board's discretion, either be placed in a closed status or on a "formal fund review list".
- B.** The Board, at its discretion, may remove funds from the "formal fund review list" should the fund's performance recover sufficiently to meet performance standards.
- C.** Funds that do not meet performance standards and/or policy objectives may be placed in the "Closed" status.
- D.** Failure by a fund to comply with these policy objectives and guidelines is cause for the Board to place the fund under formal fund review or close the fund.

The Board may place a fund under formal fund review, or immediately close a fund, for any reason, including:

- A.** The fund has made significant changes in its investment management, or such change appears imminent;
- B.** The fund has had a significant change in ownership or control;
- C.** The fund has significantly changed investment focus or has experienced style drift, departing from the investment objectives;

- D. The fund has violated a SEC rule or regulation;
- E. The fund has experienced difficulty in transacting trades, fund transfers, or pricing;
- F. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Board's view, has or could detract from the objectives of the Plan;
- G. The fund has increased its fees or expenses.
- H. Other reasons the NDPERS Board deems requires such action.

The Board retains the right to waive any of the above policies if it deems that such waiver is in the best interest of the plan and/or its participants.

## **FORMAL FUND REVIEW**

When a fund has been placed under formal review, the Board shall monitor the fund, its operations, and its performance. During this period the Board may close the fund.

## **CLOSED FUNDS**

When the Board closes a fund it may direct that:

- A. No new contributions may be made to the fund after a specified date;
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Asset Allocation

TIAA-CREF Lifecycle Funds

Retirement Income Fund

2010 Fund Benchmark

2015 Fund Benchmark

2020 Fund Benchmark

2025 Fund Benchmark

2030 Fund Benchmark

2035 Fund Benchmark

2040 Fund Benchmark

2045 Fund Benchmark

2050 Fund Benchmark

2055 Fund Benchmark

2060 Fund Benchmark

The TIAA-CREF Lifecycle Funds will be benchmarked using the Wilshire 5000 Index, MSCI Index, Aggregate Bond Index, High Yield Index, REIT Index, and 3-Month T-Bill Index. Each fund benchmark will be based on the fund allocation in Domestic Equity, International Equity, Fixed-Income, Inflation Protected Assets, Real Estate, and Short-term Fixed Income stated in the fund prospectus.

## STATEMENT OF INVESTMENT GOALS, OBJECTIVES AND POLICIES FOR THE NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

### 1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The North Dakota Public Employees Retirement System (NDPERS) and the Highway Patrol Retirement System (HPRS) are pension benefit plans established to provide retirement income to state employees and employees of participating political subdivisions. The plans are administered by a nine member Board of Trustees (the Board). The Chair is appointed by the governor, three members are elected by the active members of the plans, one member is elected by the retired members, one is appointed by the Attorney General, one member is the State Health Officer or their designee and two are legislative appointees.

The NDPERS plan is a multi-employer hybrid benefit public pension plan that provides retirement benefits, disability retirement benefits, and survivor benefits, in accordance with Chapter 54-52 of the North Dakota Century Code (NDCC). Monthly retirement benefits for the Main and Public Safety Plans are based on the formula: number of Years of Service times 2.0% times the final average salary. For the NDPERS Judges Plan the retirement formula is: for the first ten years of service of the formula is final average salary times 3.5%, for the second ten years of service the formula is final average salary times 2.80% and for all remaining years of service the formula is final average salary times 1.25%.

The Highway Patrol plan is a single employer plan that provides retirement benefits, disability benefits, and survivor benefits in accordance with Chapter 39-03.1 of the North Dakota Century Code. Monthly retirement benefits are based upon on the formula: first 25 years of credit service times 3.25% and all remaining years of service times 1.75%.

Funding for the NDPERS plan is provided by monthly employee contributions and employer contributions with the amount varying based upon which NDPERS plan the member participates in. For the Main NDPERS plan the employee contribution is 7% and the employer contribution is 7.12%, for the Judges Plan the employee contribution is 8% and employer contribution is 17.52%, for the State Law Enforcement (BCI) employee contribution is 6.0% and employer contribution is 9.81%, for the Public Safety Plan with prior service the employee contribution is 5.5% and the employer contribution is 9.81% and for the Public Safety Plan without prior service the employee contribution rate is 5.5% and the employer rate is 7.93%.

Funding for the Highway Patrol plan is provided by a monthly employee contribution of 13.3% and an employer contribution of 19.7%

Each year the Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for all plans is 7.00%.

### 2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

*Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)*

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

### **3. DELEGATION OF AUTHORITY**

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
  - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
  - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
  - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

### **4. INVESTMENT GOALS**

The investment goals of the Fund have been established by the NDPERS Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements. These goals are to be viewed over the long term.

- Goal # 1      Accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund.
- Goal # 2      To obtain an investment return in excess of that needed to allow for increases in a retiree's annuity to maintain the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State's financial performance. To enable the State to continue offering secure pension benefits to plan participants, the Board believes that the Fund should pursue the following **secondary goals**:

1. Stabilize the employee and employer contributions needed to fund the Plan over the long term.
2. Avoid both substantial volatility in contributions and sizable fluctuations in the funding status of the Plan.

These two secondary goals affect the Fund's investment strategies and often represent conflicting goals. That is, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of stabilizing the employee and employer contribution needed to fund the plan over the long term as it assists our participating employers by having a predictable contribution for budgeting.

## **5. INVESTMENT PERFORMANCE OBJECTIVE**

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

1. The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
2. The fund's risk, measured by the standard deviation of net returns, should not exceed **115%** of the policy benchmark over a minimum evaluation period of five years.
3. The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

## 6. ASSET ALLOCATION

In recognition of the plan's performance objectives, benefit projections, and capital market expectations, the NDPERS Board has established the following asset allocation:

Asset Class	Policy Target (%)	Rebalancing Range (%)
Global Equity	57	46-66
Public Equity	51	42-57
Private Equity	7	4-9
Global Fixed Income	23	16-30
Investment Grade	16	11-21
Non-Investment Grade	7	5-9
Global Real Assets	19	10-25
Global Real Estate	11	5-15
Other (Infrastructure/Timber)	8	0-10
Global Alternatives		0-10
Cash	0	0-2

The Board does not endorse tactical asset allocation, therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing re-balancing costs. Any allocation to Global Alternatives shall not increase the expected volatility of the portfolio as measured in Section #5, and all other targets will be adjusted pro-rata.

PERS requires that in implementing this asset allocation that the State Investment Board seek to maximize return within the scope of these policies while limiting investment costs.

## 7. RESTRICTIONS

- A. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- B. Use of derivatives will be monitored to ensure that undue risks are not taken by the money managers
- C. No transaction may be made which threatens the tax exempt status of the Fund.
- D. No unhedged short sales or speculative margin purchases may be made.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- E. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

*Economically targeted investing is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.*

F. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

## **8. INTERNAL CONTROLS**

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

## **9. EVALUATION**

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A review of fund progress and its asset allocation strategy.
- A report on investment fees and the SIB's effort relating to Section 6. To measure investment cost PERS requires as part of the annual review information from Callan, CEM or other acceptable source showing the value added versus the cost.
- Changes/additions to benchmarks utilized to monitor the funds.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.



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Scott Miller  
Executive Director  
North Dakota Public Employees Retirement System

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David Hunter  
Executive Director  
North Dakota Retirement and Investment Office

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by the NDSIB  
Approved by the NDPERS Board 07-14-2020

## NDPERS RETIREE HEALTH INSURANCE CREDIT FUND

## STATEMENT OF INVESTMENT GOALS, OBJECTIVES AND POLICIES

**1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS**

The North Dakota Public Employees Retirement System (NDPERS) Retiree Health Insurance Credit Fund was established in 1989 to provide for prefunding of premiums for medical coverage to state employees and employees of participating political subdivisions in accordance with Chapter 54-52.1 of the North Dakota Century Code. The plan is administered by a nine member Board of Trustees (the Board). The Chair is appointed by the governor, three members are elected by the active members of the plans, one member is elected by the retired members, one is appointed by the Attorney General, one member is the State Health Officer or their designee and two are legislative appointees.

The NDPERS plan is a defined benefit program that provides for a partial payment of a retiree's medical insurance premium based on the number of years of service.

Funding for the NDPERS plan is provided by a monthly employer contribution of 1.14 percent of payroll. On a monthly basis, benefit payments are netted out against contributions and the balance forwarded to the trust's custodian for investment.

Each year the NDPERS Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for the plan is 6.5%.

**2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)**

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-02, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

*Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)*

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

### **3. DELEGATION OF AUTHORITY**

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
  - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
  - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
  - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

### **4. INVESTMENT GOALS**

The investment goals of the Fund have been established by the NDPERS Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements. These goals are to be viewed over the long term.

- |          |  |
|----------|--|
| Goal # 1 | Accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund. |
| Goal # 2 | To obtain an investment return in excess of that needed to allow for increases in a retiree's credit to maintain the purchasing power of their benefit.  |

### **5. INVESTMENT PERFORMANCE OBJECTIVE**

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a. The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.
- b. The annual standard deviation of total returns for the Fund should not materially exceed that of the policy portfolio.
- c. Over 5-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period by more than 15% as measured by standard deviation.

## 6. ASSET ALLOCATION

In recognition of the plan's performance objectives, benefit projections, and capital market expectations, the NDPERS Board has established the following asset allocation:

Date of Last Asset Allocation Study: February 2018 – SEI Corporation

Domestic Equities - Large Cap	33%
Domestic Equities – Small Cap	6%
International Equities	21%
Fixed Income	40%
<b>Expected Return</b>	8.1%
<b>Standard Deviation</b>	13.3%

Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

PERS requires that in implementing this asset allocation that the State Investment Board seek to maximize return within the scope of these policies while limiting investment costs.

## 7. RESTRICTIONS

- A. No transaction may be made which threatens the tax exempt status of the Fund.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- B. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

*Economically targeted investing is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.*

C. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

## **8. INTERNAL CONTROLS**

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

## **9. EVALUATION**

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A Review of fund progress and its asset allocation strategy.
- A report on investment fees and the SIB's effort relating to Section 6. To measure investment cost PERS requires as part of the annual review information from Callan, CEM or other acceptable source showing the value added versus the cost.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

\_\_\_\_\_  
Scott Miller  
Executive Director  
North Dakota Public Employees Retirement System

\_\_\_\_\_  
David Hunter  
Executive Director  
North Dakota Retirement and Investment Office

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# RETIREMENT PLAN FOR EMPLOYEES OF JOB SERVICE NORTH DAKOTA

## INVESTMENT POLICY STATEMENT

### 1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The Retirement Plan for the Employees of Job Service North Dakota (Plan) is a defined benefit retirement plan for the eligible employees hired before October 1, 1980. There have been no new entrants to the plan since October 1, 1980. The plan provides retirement benefits, disability benefits and survivor benefits consistent with the written Plan document. Until October 1, 1993, annuities were purchased from the Travelers for retirees, since that date retiree benefits are paid from Plan assets. Annual cost of living adjustments for all Plan pensioners including annuitants with the Travelers are paid from Plan assets. The NDPERS Board (the Board) is the Plan Administrator and administers the Plan in accord with Chapter 52-11 of the North Dakota Century Code.

Job Service North Dakota as the employer contributes 4% of the active participant's salary as a contribution 'on behalf of the employee' and the active participants pay 3% of their salary into Plan assets.

Each year the Plan has an actuarial valuation performed. The current actuarial assumed rate of return on assets is 4.25%.

### 2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

### **3. DELEGATION OF AUTHORITY**

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
  - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
  - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
  - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

### **4. INVESTMENT GOALS**

The investment objectives of the Plan have been established by the Plan's Administrator upon consideration of its strategic objectives and a comprehensive review of current and projected financial requirements.

Objective #1: To maintain a level of surplus sufficient to eliminate the need for future contributions;

Objective #2: To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price index (CPI), by 3.0 or more percentage points per year (based on current actuarial assumptions of 4.25% return and 2.5% inflation), over a complete market cycle; and

Objective #3: As a secondary objective, to maximize the Plan's surplus to increase future benefit payments.

### **5. INVESTMENT PERFORMANCE OBJECTIVE**

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a) The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.



- b) The annual standard deviation of total returns for the Fund should not materially exceed that of the policy portfolio by more than 15%.
- c) Over 5-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation by more than 15%.

## 6. ASSET ALLOCATION

The NDPERS Board as plan Administrator establishes the asset allocation of the Fund, with input from consultants and SIB staff. The current asset allocation is based upon the asset/liability study completed by SEI Consultants in 2017. That study provided an appraisal of current cash flow projections and estimates of the investment returns likely to be achieved by the various asset classes.

In recognition of the Plan's objectives, projected financial status, and capital market expectations, the following asset allocation options were deemed appropriate for the Fund:

Domestic Equity – 6%  
 Global Equity - 14%  
 U.S. High Yield Bonds - 3%  
 Emerging Markets Debt - 3%  
 Core Fixed Income - 26%  
 Limited Duration Fixed Income - 26%  
 Diversified Short Term Fixed Income - 5%  
 Short Term Corporate Fixed Income - 17%

Rebalancing of the Fund to this target allocation will be done in accordance with the SIB's rebalancing policy, but not less than annually.

## 7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- c. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- d. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

- e. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

## 8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

## 9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

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**Scott Miller**  
**Plan Administrator and Trustee**  
**Retirement Plan for Employees of**  
**Job Service North Dakota**

Date: \_\_\_\_\_

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**David Hunter**  
**Executive Director**  
**North Dakota Retirement and Investment Office**

Date: \_\_\_\_\_

## **NDPERS GROUP INSURANCE ACCOUNT INVESTMENT OBJECTIVES AND POLICY GUIDELINES**

### **1. FUND CHARACTERISTICS AND CONSTRAINTS.**

The ND Public Employees Retirement System (PERS) Group Insurance Account (Fund) was established to hold insurance premiums collected from employers until paid to the insurance carrier.

### **2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB).**

PERS has entered into a contract with the SIB for investment services as allowed under NDCC 21-10-06. It is the responsibility of PERS to establish policies on investment goals and asset allocation of the Funds. The SIB is charged with implementing these policies and asset allocation and investing the assets of the Funds in a manner consistent with the prudent investor rule as provided in NDCC 21-10-07.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, performance objectives appropriate to the prudent investor rule and objectives of the funds participating in the pools.

The SIB may delegate investment responsibility to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.

The SIB is responsible for establishing criteria and procedures and making decisions with respect to hiring, maintaining, and terminating money managers. This responsibility includes selecting performance measurement services, consultants and report formats and determining the frequency of meetings with managers.

The SIB will implement changes to this policy as promptly as is prudent.

### **3. INVESTMENT OBJECTIVES.**

Premiums are collected throughout the month at PERS and will be forwarded to the Fund investment account on the 1<sup>st</sup> and 15<sup>th</sup> of each month. The premiums transferred into the investment account will be transferred back to PERS on approximately the 22<sup>nd</sup> of each month so they may be remitted to the insurance carrier. The investment objective of the Fund is to maximize the return on the deposits within the short-term time-frame involved.

### **4. STANDARDS OF INVESTMENT PERFORMANCE.**

The Fund's investment objectives and liquidity constraints give rise to an asset allocation that is considered the most likely to achieve the results desired. For evaluation purposes, the following performance targets will apply:

- a. The Fund should produce a rate of return that meets or exceeds the portfolio policy index defined as the 90-day Treasury bill.
- b. The Fund annual standard deviation of total returns should not materially exceed that of the policy portfolio.

## 5. POLICY AND GUIDELINES.

The asset allocation of the Fund is established by PERS, with input from the SIB. Asset allocation is based upon the appraisal of projected liquidity and income requirements, and estimates of the investment returns likely to be achieved by the various asset classes over the next five years.

In recognition of these factors, the following allocation is deemed appropriate for the fund:

Short Term Fixed Income	95% (allocation not to exceed \$36 million)
Cash Equivalents	5%

This cash will be held in an enhanced money market account at the Fund's custodian.

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- b. Derivatives use will be monitored to ensure that undue risks are not taken by managers.
- c. No transaction shall be made which threatens the tax exempt status of the Fund.
- d. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.
- e. No unhedged short sales or speculative margin purchases shall be made.
- f. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

For the purpose of this document, Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- g. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

For the purpose of this document economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

**6. EVALUATION AND REVIEW.**

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards. Evaluation will be conducted quarterly by the SIB through its review of funds participating in the Insurance Trust.

Money managers will be evaluated by the SIB quarterly. In-state meetings will be held with the money managers at least annually.

Approved by:

NDPERS

STATE INVESTMENT BOARD

\_\_\_\_\_  
Scott Miller  
Executive Director, NDPERS

\_\_\_\_\_  
David Hunter  
Executive Director/CIO, RIO

Date: \_\_\_\_\_

Date: \_\_\_\_\_



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** MaryJo

**DATE:** July 14, 2020

**SUBJECT:** Provider Fiduciary Language Amendment Update

At the April 2020 meeting, the Board reviewed responses from the NDPERS 457 Deferred Compensation providers, with the exception of the Companion Plan and BND, regarding the fiduciary language contract amendment approved by the Board in October 2019. The agreement required investment providers to act as fiduciaries in the best interest of the NDPERS participant when providing services. Of the providers, two companies (American Trust Center and Waddell & Reed) accepted and five (AXA Equitable, Jackson National, VALIC, Mass Mutual and Nationwide) refused the NDPERS amendment as drafted.

The Board approved for the non-compliant providers to be frozen to new participants beginning January 1, 2021, but to continue to receive existing participant contributions. NDPERS staff notified each of the non-compliant providers of the Board action and encouraged each provider to respond by July 1, 2020 regarding the amendment to the current contract.

NDPERS has received a response from Nationwide requesting revisions to the proposed amendment, which is attached. This was reviewed by our legal advisor, Dean DePountis, and he indicated “the proposed edit does not seem to detract from the intent of the amendment.”

No other providers responded affirmatively.

**Board Action:**

Approve or deny the proposed amendment revisions from Nationwide

**AMENDMENT NO. 3 TO THE  
NORTH DAKOTA DEFERRED COMPENSATION PLAN PROVIDER  
ADMINISTRATIVE AGREEMENT**

This Amendment is made and entered into by and between the North Dakota Public Employees Retirement System Board, administrator of the North Dakota Deferred Compensation Plan ("Retirement Board"), and Nationwide ("Provider"). This is an Amendment to the existing North Dakota Deferred Compensation Plan Provider Administrative Agreement ("Agreement") between the parties. All provisions of the Agreement, including any subsequent amendments, remain in full force and effect except as otherwise noted in this Amendment.

Section II of the Agreement is amended to add the following:

T. All sales representatives of the Provider who are authorized to solicit participants or who otherwise provide participants with financial advice or guidance reasonably intended to influence the purchase or sale of an investment product of any type pursuant to this Agreement agree to act as a fiduciary with regard to those participants and the advice or guidance given those participants. This fiduciary responsibility requires all sales representatives of the Provider to act in the best interest of the participants, using the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the same circumstances.

In consideration of the mutual covenants, agreements and undertakings set forth in the Agreement, the undersigned have executed this Amendment this day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
PROVIDER NAME:

RETIREMENT BOARD  
North Dakota Public Employees  
Retirement System Board

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • 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](mailto:ndpers-info@nd.gov)    Website <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein, CPA

**DATE:** July 14, 2020

**SUBJECT:** Budget

The request by the Governor was for NDPERS to develop a 5% reallocated budget to invest in high-impact areas of the agency. The budget being presented to you today takes that recommendation into consideration and is for a hold-even base budget of \$9,346,193. This amount equals the base budget calculation provided by OMB.

## **Budget Request:**

2019-21 appropriation	\$ 9,576,193
Cost to continue adjustments	-
Remove one-time funding	<u>(230,000)</u>
Base Budget calculated by OMB	\$ 9,346,193

This hold even budget incorporates a 5% reallocation of the following:

- Reallocation of the Public Information Specialist partially into a marketing intern and partially into a receptionist for our agency
- Reallocation of the Auditor III position into accounting
- Reallocating the mobile app to enhancing the performance in our external portals
- Elimination of rent to offset salary increases & operating inflationary increases

## **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:



<b>Initiative</b>	<b>FTE</b>	<b>Cost</b>	<b>% Increase Over Base Budget</b>
Restore Public Information Specialist III	0.8	\$ 169,913	1.8%
Upgrade PERSLink to BPM	-	257,600	2.8%
Additional Developers for PERSLink	-	209,000	2.2%
Self-Funded Health Insurance	4.0	837,337	9.0%
Make Receptionist a 1.0 FTE	0.2	21,216	0.2%
<b>TOTAL</b>	<b>5.0</b>	<b>\$ 1,495,066</b>	<b>16.0%</b>

**Board Action Requested:**

Approve the 2021-23 base budget and optional packages to be submitted to OMB.



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein, CPA

**DATE:** July 14, 2020

**SUBJECT:** Mobile App Discontinuation

As part of the budgeting process for the 2021-23 session, the discussion was had about discontinuing the mobile app to refocus those funds on more effective programs in our agency.

Sagitec, the vendor that develops our PERSLink business system, is advising us that to make our Member Self-Service (MSS) and Employer Self-Service (ESS) more efficient they should have dedicated servers. NDIT is currently working on upgrading all of the servers that our business system is hosted on to Windows Server 2016. This upgrade has been identified as an opportune time to move both MSS & ESS to their dedicated servers if the Board is comfortable moving forward on discontinuing the mobile app this year.

If this is a direction the Board would like to move forward with, staff recommends discontinuing the mobile app effective August 31, 2020, which is prior to the 2021 Annual Enrollment window. This would give us the opportunity to communicate the transition to our employers and membership and would prevent us from having to spend support hours on upgrading a product that is in the process of being dissolved.

**Board Action Requested:**

**Provide guidance on the future of the Mobile App. If the decision is made to move forward on the discontinuation, please provide an effective date.**



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein

**DATE:** July 14, 2020

**SUBJECT:** Consultant Fees for the Quarter Ended June 2020

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended June 2020.

Attachment

**North Dakota Public Employees Retirement System**  
**Consulting/Investment/Administrative Fees**  
**For the Quarter ended June 30, 2020**

Program/Project		Fee Type	Apr-20	May-20	Jun-20	Fees Paid During The Quarter	Fees Paid Fiscal Year-To-Date
<b>Actuary/Consulting Fees:</b>							
Mid Dakota Clinic	Retirement Disability	Time charges	350		1,050	1,400	\$ 4,750
Ice Miller	Legal fees Employee benefit matters		1,931		932	2,862	\$ 19,415
Deloitte	Legislative Analysis				18,859	18,859	\$ 24,396
Deloitte	Consulting		40,446		642	41,088	\$ 62,033
Gabriel Roeder Smith & Company	Retirement	Fixed Fee				-	\$ 71,000
Gabriel Roeder Smith & Company	RHIC	Fixed Fee				-	\$ 13,200
Gabriel Roeder Smith & Company	GASB 67/68	Fixed Fee				-	\$ 43,000
Gabriel Roeder Smith & Company	GASB 74/75	Fixed Fee				-	\$ 8,000
Gabriel Roeder Smith & Company	Projections	Fixed Fee				-	\$ 20,000
Gabriel Roeder Smith & Company	Experience Study	Fixed Fee	40,000	15,000		55,000	\$ 55,000
Gabriel Roeder Smith & Company	Retirement	Time Charges	3,410	5,168	42,205	50,783	\$ 83,191
Gabriel Roeder Smith & Company	RHIC	Time Charges				-	\$ 2,880
Gabriel Roeder Smith & Company	Deferred Comp	Time Charges				-	\$ 3,188
Gabriel Roeder Smith & Company	Flexcomp	Time Charges				-	\$ 5,100
<b>Audit Fees:</b>							
Clifton Larson Allen	Annual Audit Fee	Fixed Fee				-	\$ 107,250
<b>Website Maintenance</b>							
MABU	Website Redesign	Time Charges				-	\$ 404
<b>Legal Fees:</b>							
ND Attorney General	Administrative	Time charges	4,367	4,738	3,708	12,813	\$ 36,290
<b>Investment Fees:</b>							
SIB - Investment Fees	Retirement (DB)	% Allocation	467,083	1,103,369	*	1,570,452	\$ 7,802,489
SIB - Investment Fees	Ret Health Credit	% Allocation	1,005	99,288	*	100,293	\$ 426,344
SIB - Investment Fees	Insurance	% Allocation	3,794	4,284	*	8,078	\$ 40,429
SIB - Administrative Fees	Retirement (DB)	% Allocation	23,905	27,358	*	51,263	\$ 452,995
						1,730,086	\$ 8,722,257
<b>Administrative Fee:</b>							
Sanford Health Plan	Health Plan	Fixed fee	2,250,234	2,248,929	*	4,499,163	\$ 24,601,574



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

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

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

# Memorandum

**TO:** NDPERS Board

**FROM:** Shawna Piatz

**DATE:** July 14, 2020

**SUBJECT:** Audit Committee Position

As you know, Ms. Mylynn Tufte resigned in May 2020. Since she held a position on the Audit Committee, a new member may be appointed.

The Audit Committee Charter states, "The audit committee will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair. The Board should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements."

Current Audit Committee members are as follows:

- Mona Rindy
- Adam Miller
- Senator John Grabinger
- Julie Dahle – member at large
- vacant

Board Action:

Request appointment of a new Audit Committee member.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** July 14, 2020

**SUBJECT:** Board Self-Evaluation

Last July, the State Investment Board (SIB) had a consultant come in and give it a presentation on Board Governance and Best Practices. The consultant and the SIB went over the results of a Board Self-Evaluation survey the consultant had earlier send the SIB members. The NDPERS Board members who sit on the SIB thought it was a good exercise and asked that the NDPERS Board also go through a self-evaluation exercise. The NDPERS Board agreed, and thought doing it right after the Board's Fiduciary Responsibility education was a good time.

This agenda topic is just to let you know that we will be sending out a Survey Monkey Board Self-Evaluation survey in the near future. We will go over the results of the evaluation at the August Board meeting.



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**Scott A. Miller**  
Executive Director  
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---

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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** July 14, 2020

**SUBJECT:** Board Policy Review

In preparing for the upcoming Board Self-Evaluation, I ran across questions in several evaluations used by other entities relating to the regular review of Board policies. It occurred to me that in the two years I've been with NDPERS we have not reviewed several of our policies. To ensure you are aware of those policies and what they contain, I have attached the policies you have not reviewed over the past year. Our HR Policy is regularly revised and reviewed, so I have not attached that, and you will review that once staff has finished making its suggested revisions.

This is for information and discussion only. If you wish to edit any of the policies we can bring them back at a future meeting.

## **Policy for sick and annual leave for PERS appointed/nonclassified officials**

The policies governing earning and use of sick and annual leave including the disposition of leave balances upon termination for the PERS appointed/nonclassified officials shall be the same as the PERS classified employees.

The PERS Board may, however, approve a higher annual leave earnings amount within the schedule established for classified employees when initially hiring the Executive Director. The Board may allow the carry over of sick leave and annual leave. Once the starting amount of the annual leave to be earned by the Executive Director is established by the PERS Board, the rate of annual earnings shall be advanced to the next increment of earnings as required for classified employees.

Annual and sick leave records for the Executive Director shall be maintained as for the classified employees and be available for the Board's inspection.

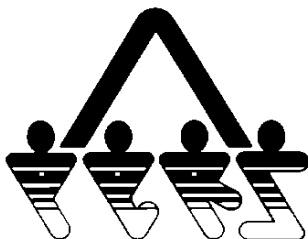
The Executive Director shall submit leave slips to the Internal Auditor. The Internal Auditor Manager shall review and sign off on the slips and if the auditor has any concerns, it shall be brought to the Internal Audit Committee for review and action.



## NDPERS

Internal Audit Program  
Operating Guidelines

Activity	Retirement Board	Audit Committee	Executive Director
<b>Assignment of Projects</b>	Forwards all internal audit requests to the Audit Committee. Individual Board members may not direct activities of the Internal Auditor. Board will resolve any conflicts in priorities between Audit Committee and individual Board members.	Must approve and prioritize auditing projects being worked on. Includes projects initiated by the Internal Auditor, staff or Board members.	May propose audit projects and express areas of concern. May assign routine accounting functions which do include management decisions or which would be audited by the Internal Auditor.
<b>Reporting of Findings and Recommendations</b>	Receive a status report from the Audit Committee as deemed necessary, with a minimum of annual reporting.	Receive written reports from the Internal Auditor as deemed necessary, with a minimum of quarterly reporting.	Present written responses to findings and recommendations to accompany the Internal Auditor's report to the Audit Committee.
<b>Job Evaluation</b>		Responsible for Internal Auditor annually.	Submit evaluation for consideration by the Audit Committee.
<b>Salary Increase</b>		Approves for Internal Auditor, subject to available funds and OMB guidelines.	Submit comments to Audit Committee relative to equity issues relating to other staff.
<b>Promotions</b>		Approves for Internal Auditor, subject to OMB Human Resources guidelines.	
<b>Continuing Education</b>			Approves, subject to available funds.
<b>Travel</b>			Approves
<b>Request for Time Off</b>			Approves



# NDPRS HIPAA PRIVACY POLICY

May 2014  
Revised

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## **POLICY & PROCEDURE: Breach Notification Policy**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> September 19, <b>2013</b>	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **North Dakota Public Employees Retirement System**

### **HIPAA Privacy - Data Breach Notification Policy**

#### **I. POLICY STATEMENT**

The purpose of this policy is for NDPERS to comply with the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and all regulations implementing HITECH and HIPAA. NDPERS is required to notify certain individuals and entities upon discovery of potential Breach of Protected Health Information (PHI).

#### **II. DEFINITIONS**

A. *Protected Health Information ("PHI")*: Any data elements that may be used, individually or in combination, to identify the individual who is the subject of the data (name, address, social security number, telephone number, medical record number, or patient account number), anything about the individual's past, present, or future medical condition, treatment, and/or payment for the provision of health care services. Unsecured PHI is protected health information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals under standards issued by the U.S. Secretary of Health and Human Services as determined by the NDPERS Security Officer. Note that data contained in an "encrypted" format is deemed secured, even if lost or stolen.

B. *Breach*: (1) Breach means the unauthorized acquisition, access, use or disclosure of unsecured PHI in a manner not permitted by HIPAA which compromises the security or privacy of the PHI. The term "Breach" excludes:

- a. Any unintentional acquisition, access, or use of PHI by a workforce member or person acting under the authority of a covered entity or a business associate, if such acquisition, access, or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted by HIPAA;
- b. Any inadvertent disclosure by a person who is authorized to access PHI at a covered entity or business associate to another person authorized to access PHI at the same covered entity ("CE") or business associate ("BA"), or organized health

care arrangement (“OHCA”) in which the CE participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under HIPAA;

c. A disclosure of PHI where a CE or BA has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information;

d. A use or disclosure of a Limited Data Set (“LDS”), as long as the LDS excludes date of birth and zip code.

(2) Except as provided in paragraph (1) of this definition, an acquisition, access, use, or disclosure of PHI in a manner not otherwise permitted is presumed to be a breach unless the CE or BA, as applicable, demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following factors:

a. The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;

b. The unauthorized person who used the PHI or to whom the disclosure was made;

c. Whether the PHI was actually acquired or viewed; and

d. The extent to which the risk to the PHI has been mitigated.

(3) A Breach is considered to have been “discovered” by a CE as of the first day on which such Breach is known to the CE, or, by exercising reasonable diligence would have been known to the CE. A CE is deemed to have knowledge of a Breach if such Breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the Breach, who is a workforce member or agent of the CE.

*C. Compromises the security or privacy of the PHI:* Poses a significant risk of financial, reputational or other harm to the individual.

*D. Limited Data Set:* A limited set of identifiable individual medical information that may be disclosed to an outside party if certain conditions are met. The purpose of the disclosure may only be for research, public health or health care operations and the person (entity) receiving the information must sign a data use agreement.

*E. Business Associate:* A business associate is a party with whom the CE enters into a contract in order to perform a service that the CE would otherwise perform for itself. The contract is called a “Business Associate Agreement” (BAA). The business associate is responsible to protect PHI, including the responsibility to report a Breach to the covered entity

F. Any capitalized term or terms not otherwise defined herein shall have the definition established by the HIPAA privacy regulations or security regulations.

### **III. PROCEDURES TO IMPLEMENT**

#### **A. Breach - Internal Notification and Communication**

1. The Privacy Officer and/or Security Officer shall be notified of all potential unlawful or unauthorized access to, use of, or disclosure of potentially identifiable individual medical information as soon as detected.
2. In the event a BA suffers a Breach, the BA must immediately notify the NDPERS Privacy or Security Officer. NDPERS may consider the Breach discovered when the BA notifies the covered entity (and not when the BA discovered the Breach).
3. If the Privacy or Security Officers are not available, NDPERS Executive Director shall lead the effort to ensure all information is gathered and reported timely.
4. The NDPERS "Data Breach Team" shall consist of, at a minimum:
  - a. NDPERS Privacy Officer and/or his/her designees
  - b. NDPERS Security Officer and/or his/her designees
  - c. NDPERS Executive Director and/or his/her designees
  - d. NDPERS General Counsel and Consultants

#### **B. Breach - Investigation and Performance of Risk Assessment**

1. The Data Breach Team shall investigate and perform a risk assessment to determine whether a Breach has occurred and, if so, whether notification to Individuals is required. (Refer to **Breach Investigation Guidelines – Attachment A.**) All Breach investigations will be reported to the NDPERS Loss Control Committee for further evaluation.
2. The Data Breach Team shall take immediate steps to mitigate harm. Mitigation steps may include but are not limited to:
  - a. The return or retrieval of lost or stolen data;
  - b. Determining who used the PHI and whether the PHI was re-disclosed; and
  - c. Obtaining satisfactory assurances from a recipient of Breached PHI that the information will not be further used or disclosed, or that the PHI will be or has been destroyed.
3. The Data Breach Team shall gather documentation, conduct interviews, and perform other actions as needed to obtain evidence.
4. Investigation results shall be reported to the appropriate members of the Data Breach Team as soon as possible in order to determine whether the incident (a) is a violation of any applicable State Breach law or regulation and (b) requires notification.
5. The Data Breach Team members will work together to create an assessment of the results of the investigation.

6. When a PHI Breach occurs at a BA, in addition to other requirements, the NDPERS Privacy Officer shall notify the NDPERS legal counsel immediately to discuss mitigation efforts, potential indemnification / reimbursement by BA for costs and expenses related to the BA's Breach, and whether changes in the BAA and the BA relationship are required.
7. Based on the Data Breach Team's assessment, one of the following determinations will be made by the Privacy and Security Officer and the NDPERS legal counsel and Consultants:
  - a. **Report unfounded** – no violation has occurred.
  - b. **HIPAA Breach Notification violation only** - a violation of the HIPAA unsecured PHI Breach notification requirements has occurred. Notification to the individual who is the subject of the PHI (or his/her personal representative, if appropriate) and Department of Health and Human Services (HHS) is required. Refer to Section III "Notification of a Breach under HIPAA" for additional guidance.
  - c. **State Breach Notification violation only** - a violation that does not meet the HIPAA Breach notification requirements, but does meet a State specific Breach notification requirement, has occurred. Notification is required under State law. Consult with NDPERS legal counsel regarding any State notification requirements.
  - d. **HIPAA Breach Notification Required** - a violation that requires notification under HIPAA and State Breach notification requirements has occurred. Notification under HIPAA and State law is required. Refer to Section III "Notification of a Breach under HIPAA" for additional guidance and consult with NDPERS legal counsel regarding State notification requirements.
  - e. **No HIPAA Breach**, but possible HIPAA policy violations have occurred. No notification is required. Consult with Privacy and Security Officer and legal counsel regarding appropriate compliance response.

## **C. Breach – External Notification of a Breach under HIPAA**

### **1. Notification (45 CFR Section 164.404)**

#### **a. Letters to Individuals**

- i. Without unreasonable delay and in no case later than 60 calendar days after the discovery, the Privacy Officer shall complete and mail a patient Breach notification letter via first-class mail to all impacted individuals (or the individual's personal representative, as applicable), at the individual's last known address, or, if the individual agrees to electronic notice and such agreement has not been withdrawn, by electronic mail. If the individual is known to be deceased, written notice by first-class mail may be sent to either

the next of kin or personal representative of the deceased individual.

- ii. The template patient notification letter (**Attachment B**) contains all of the data elements required by applicable law and regulation and must be used for all notifications to individuals required by this policy.
- iii. A copy of the letter and all associated materials (investigation notes, audit results, interview notes, and copies of any media notices and website notices) must be maintained by the Privacy Officer for a minimum of six (6) years. An accounting of disclosure (AOD) must be maintained by NDPERS when a Breach has been determined to have occurred.

**b. Insufficient Contact Information: Notice to Fewer Than Ten (10) Individuals (45 CFR Section 164.404(d)(2)(i))**

- i. If there is insufficient or out-of-date contact information that prevents direct written communication with the individual, a substitute form of notice (e.g., telephone call) shall be utilized if fewer than ten patients are involved. Substitute notice need not be provided in the case in which there is insufficient or out-of-date contact information that precludes written notification to the next of kin or personal representative of the individual.

**c. Insufficient Contact Information: Substitute Notice to More Than Ten (10) Individuals (45 CFR Section 164.404(d)(2)(ii))**

- i. If ten (10) or more individuals are involved, a conspicuous posting for 90 days on the provider's web site home page or notice in major print or broadcast media where the individuals affected by the Breach are likely to reside should be provided.
- ii. The substitute notice shall include a toll-free telephone number that is active for 90 days where an individual can learn whether or not his or her unsecured PHI was possibly included in the Breach.
- iii. If NDPERS utilizes major print or broadcast media, the Privacy Officer shall work with appropriate personnel as soon as possible to begin the coordination of such activities.
- iv. In situations where notification is required by HIPAA, NDPERS shall prepare one letter that contains all of the elements required by both regulatory schemes and shall submit a single notification letter satisfying the earliest of the applicable due dates.
- v. In any case determined to require urgency because of possible imminent misuse of unsecured PHI, information may be provided to individuals by telephone or other means, as appropriate, in addition to the written notice.



**d. Media Notification – Breaches Involving 500+ Individuals (45 CFR Section 164.406)**

- i. In the case of a single Breach event involving 500 or more individuals in the same State or jurisdiction, notice must be provided to prominent media outlets serving the area in question. Such notice must be provided without unreasonable delay and in no case later than sixty (60) days after discovery of a Breach.
- ii. The media notice must contain the same informational elements as are contained in the template notification letter (**Attachment B**).
- iii. If a media notice will be required, the Privacy Officer shall work with the appropriate NDPERS personnel as soon as possible to begin the coordination of such notification activities.

**e. HHS Notification (45 CFR Section 164.408)**

- i. **500 or More Individuals Impacted Per Breach:** Notice shall be provided to the Secretary of HHS by NDPERS without unreasonable delay and in no case later than 60 calendar days in the case of a single Breach event involving 500 or more individuals, regardless of the location of the individuals. For HHS/OCR Region VIII-Denver, HHS only accepts notification of “breaches” under HIPAA via the online HHS reporting process in **Attachment C**. **Fewer than 500 Individuals Impacted Per Breach:** For single events involving less than 500 individuals, NDPERS shall maintain a log of each HIPAA Breach occurrence. NDPERS Privacy Officer shall update the log each time a Breach occurs. The log must be submitted to HHS no later than 60 days past the end of the calendar year in the manner specified on the HHS website.

**2. Delayed Notification**

Notice shall be delayed if law enforcement informs NDPERS that disclosure of a Breach would impede a criminal investigation or cause damage to national security. If a request for delayed notification is made in writing and specifies the time during which the delay is required, the notice shall be delayed as requested. If a request for delayed notification is made orally, the statement and the identity of the official making the statement shall be documented and the notice shall be delayed no longer than 30 days from the date of the oral statement, unless a written statement is submitted during that time. The required notice shall be provided without unreasonable delay after the law enforcement agency communicates to NDPERS its determination that notice will no longer impede the investigation or cause damage.

## Attachment A

### Data Breach Investigation Guidelines

The Privacy Officer (PO) and the data breach team performing the Risk Assessment should consider:

1. Is the incident a violation of the HIPAA Privacy Rule?
  - a. Was the information PHI?
  - b. Did the use or disclosure of PHI fall within an exception to the definition of "Breach"?
  - c. Was the use or disclosure of PHI impermissible under the HIPAA privacy regulations?
  - d. If the information was not PHI, does the information trigger NDPERS data breach obligations because it meets the definition of personal information under NDPERS?
2. Does the violation compromise the security or privacy of the PHI?
3. What type(s) and amount of PHI and other information were lost?
  - a. *Examples:* Dates of birth (DOBs), Social Security Numbers (SSNs), last name and first initial or first name, address, diagnosis or diagnostic codes, account numbers, dates of admission, email, etc.
4. Does the violation pose a significant risk of financial, reputational, or other harm to the individual?
  - a. Will the information embarrass the individual or hurt his/her reputation?
  - b. What is the likelihood the individual could suffer economic harm, such as identity theft (including medical identity/medical insurance theft)?
  - c. Could notification cause the individual greater emotional and/or physical harm than failing to notify the person?
  - i. *Example:* Mentally ill woman (schizophrenic paranoid, poorly controlled) is seen in emergency room following a car wreck, and is treated for a broken arm (confirmed by x-ray). Nurse accidentally staples to another patient's discharge instructions a sheet of paper containing the woman's full name, date of birth and x-ray results concerning her broken arm, but no other information. No other information was disclosed about the woman. No risk of identity theft exists.

The risks to the woman's mental health if she is notified appear to outweigh the risks of not informing her, particularly in light of the limited information disclosed. [ISU must account for the disclosure in compliance with 45 CFR Section 164.528.]

5. Who used the information and was it re-disclosed, and if so, to whom?
6. Was mitigation successful in significantly reducing or eliminating the risk of harm to the individual?
  - a. If mitigation efforts eliminate or reduce the risk of harm to the individual to less than a "significant risk" of financial, reputational or other harm, then the privacy of the PHI was not compromised and no breach has occurred.

## Attachment B

### Template Member Notification Letter

[USE APPROPRIATE LETTERHEAD]

Dear \_\_\_\_\_ [potentially affected NDPERS member]:

We are writing to you because of a recent security incident at NDPERS. [Describe general information about the nature of the incident, when it happened, and the scope of the breach to the extent known.] Based on our investigation thus far it appears that the following types of individually identifiable information may have been accessed [or disclosed or stolen]... [Describe in general terms the type of personally identifiable information accessed or disclosed as a result of the breach].

Immediately upon learning of this incident NDPERS [explain what action has been taken to control the breach and reduce harm from the breach]. NDPERS also plans to [describe additional actions regarding future security protection and action to minimize the harm from this breach].

NDPERS will assist you by [provide a general description of any assistance offered]. In addition, you can take the following action to further protect yourself and your personal or financial information [especially if bank account number, date of birth, or other similar information is disclosed -- possible actions include arranging for credit monitoring or the fraud prevention tools if there is a risk of identity theft because of this particular breach.] [Also, NDPERS should provide information on how to change a member's identification number, or other identification number disclosed as a result of the breach].

For additional sources of information to assist you in protecting against identity theft or invasion of privacy, we suggest that you visit the Web site of the Office of Attorney General, Consumer Protection Division, go to [www.ag.nd.gov](http://www.ag.nd.gov) and click on the Consumer Protection Division's web page, or call (701)328-3404; Toll-free (800)472-2600; TYY (800)366-6888 or go to the Federal Trade Commission at – [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft).

If you have any further questions regarding this incident, you should contact NDPERS and someone will be available to answer your questions and provide further information regarding your privacy concerns: please call 328-3900 or (800)803-7377 (outside the Bismarck/Mandan calling area). Also, NDPERS will post periodic updates with information about this incident on the NDPERS web site – <http://www.nd.gov/ndpers/>.

When NDPERS became aware of this incident and an initial investigation indicated a breach may have occurred, NDPERS immediately contacted the Information Technology Department, the State Highway Patrol, and the office of Attorney General. NDPERS also notified the regional Office of Civil Rights in the Department of Health and Human Services, regarding potential disclosure of protected health information. *(This should be done only after consulting with legal counsel.)*

If you're not satisfied with our response to this security breach, you may file a complaint with the OCR regional office in Denver, [\[if the breach involves disclosure of protected health information\]](#) or contact the office of Attorney General. [Give e-mail addresses and telephone information].

In closing let me assure you that NDPERS takes privacy seriously. We are making every effort to determine the scope of the breach, minimize the harm from the breach, and prevent any future accidental or intentional breach of privacy and security.

Sincerely,

[\[appropriate person or title\]](#)  
NDPERS

## **Attachment C**

### **HHS BREACH NOTIFICATION REQUIREMENTS**

The U.S. Department of Health and Human Services (HHS) requires that entities report Breaches (as defined by HIPAA and this policy) using only the automated process/questionnaire posted on the HHS website. For instance, HHS will not accept written letters notifying HHS of a Breach.

The online HHS Breach reporting process is found at:

<http://ocrnotifications.hhs.gov/>

If the website address above is not accurate at the time of use, refer instead to the following website address to determine the correct online reporting process:

<http://www.hhs.gov/ocr/privacy/index.html>

It is the policy of ISU that a report of a Breach to HHS may only be made by the Privacy Officer in compliance with this policy.

## **POLICY & PROCEDURE: Business Associates**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**NDPERS Business Associates are required to provide satisfactory assurances that they will maintain the confidentiality of the Protected Health Information ("PHI") of NDPERS participants and only use and disclose PHI for the purposes for which it was provided.**

### **PROCEDURE**

- Existing and new relationships with the NDPERS service providers are reviewed to determine if the relationship requires the use and/or disclosure of PHI and thus, whether the entity is a Business Associate.
- Business associates are required to sign a written contract that provides satisfactory assurances that they will adhere to NDPERS privacy practices.
- NDPERS requires its Business Associates to determine the minimum necessary type and amount of PHI required to perform the services under the Agreement and to represent to NDPERS that it has requested the minimum necessary PHI for the stated purpose. NDPERS relies on the professional judgement of Business Associates to determine the type and amount of PHI necessary for their purposes.
- The Privacy Official monitors the return or destruction of PHI used, created or obtained by the Business Associate upon termination of the contract (or the extension of protection if not returned or destroyed).
- The Privacy Official ensures that any complaints regarding privacy violations by Business Associates are reviewed. If the Privacy Official is aware of a pattern or practice that is a material violation of the Business Associate's duties with regard to privacy, the Privacy Official takes reasonable steps to end the violation. If such steps are unsuccessful, the Privacy Official determines, in consultation with the NDPERS Board, whether termination of the agreement is feasible. If not, the Privacy Official reports the violation to DHHS.

## **Business Associate Agreement**

(Revised 10-2013)

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 **ENTER BUSINESS ASSOCIATE NAME, ADDRESS OF ASSOCIATE.**

### **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 **ENTER BUSINESS ASSOCIATE NAME.**
- 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 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, **ENTER DATA PROVIDED AND FOR WHAT PURPOSE** – 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 **MO/DAY/YEAR**, 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 **ENTER BUSINESS ASSOCIATE NAME** [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:

\_\_\_\_\_  
Sparb Collins, Executive Director  
ND Public Employees Retirement System

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **POLICY & PROCEDURE: Participant Requests for Confidential Communications**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**Participants have the right to request restrictions on how and where their Protected Health Information ("PHI") is communicated.**

### **PROCEDURE**

- NDPERS requires a participant who desires their PHI to be communicated in an alternative manner or location than NDPERS would otherwise use, to specify the alternative location or other method of communication, and when appropriate, information as to how payment, if any, will be handled.
- NDPERS requires that the participant clearly state that the restriction is necessary to prevent a disclosure that could endanger the participant.
- NDPERS does not refuse to accommodate such a request unless the request imposes an unreasonable administrative burden.
- The participant may request confidential communication at any time and the request must be in writing..
- The request must be made in writing to the Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502.
- Written documentation of the participant's request, if granted, will be placed in the participant's record(s).



## Participant Request for Confidential Communications

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Participant Name: \_\_\_\_\_ Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

Address: \_\_\_\_\_  
\_\_\_\_\_

Home Telephone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Participant Identification Number and/or Social Security Number: \_\_\_\_\_

I, \_\_\_\_\_, am requesting that NDPERS communicate with me in the alternative manner and/or location described below regarding my health information (information that constitutes protected health information as defined in the Privacy Rule of the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996). Such restriction is necessary to prevent a disclosure that could endanger me. I understand that NDPERS may deny this request if it imposes an unreasonable administrative burden.

Description of the Health Information that Must be Communicated Confidentially. The following is a description of the specific health information to which this request applies:

\_\_\_\_\_  
\_\_\_\_\_

Alternative Manner and/or Location. I request that NDPERS only communicate with me in the following manner and/or at the location described below:

\_\_\_\_\_  
\_\_\_\_\_

By signing this form, I am confirming that it accurately reflects my wishes.

\_\_\_\_\_  
Signature \_\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

If signed by personal representative:

Name of personal representative (print): \_\_\_\_\_

Relationship to participant or nature of authority: \_\_\_\_\_

\_\_\_\_\_  
Signature of Personal Representative \_\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date

**Submit Form to: Benefit Programs Manager, 400 E Broadway, Suite 505, Bismarck, ND 58502; 701-328-3900 or 800-803-7377**

## **POLICY & PROCEDURE: Privacy of the PHI of Deceased Participants**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>September 19, 2013</b>	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**NDPERS protects the Protected Health Information ("PHI") of deceased Health Plan participants in the same manner and to the same extent as it did prior to the participant's death.**

### **PROCEDURE**

- Protection of the privacy of a deceased participant's PHI is provided for as long as NDPERS maintains this information or for 50 years from time of death, whichever is less.
- A personal representative of the deceased participant (someone with legal authority to act on behalf of the deceased participant or his or her estate) may exercise the deceased participant's rights with respect to PHI.
- Disclosure to a family member, other relative, or a close personal friend of the individual, or any other person identified by the individual who were involved in the individual's care or payment for health care prior to the individual's death may have access to PHI that is relevant to such person's involvement, unless doing so is inconsistent with any prior expressed preference of the individual that is known to the covered entity.

## **POLICY & PROCEDURE: Disclosure to the Plan Sponsor**

<b>Section: Privacy</b>	<b>Effective Date: April 14, 2003 Amended: September 19, 2013</b>	<b>Reviewed by: NDPERS Board Approved by Board: 9/19/13</b>
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### **POLICY**

**The Public Employees Retirement System (NDPERS) does not disclose PHI to the Plan Sponsor (NDPERS Board), except in the manner and for the purposes specifically permitted under the Privacy Rule.**

### **PROCEDURE**

NDPERS only discloses PHI to the Plan Sponsor if NDPERS receives written authorization from the participant to disclose PHI to the Plan Sponsor;

NDPERS provides the Plan Sponsor with PHI in the form of aggregate de-identified health information for the purpose of evaluating NDPERS health plan benefits structure, expenditure trends, premium financing and related matters, except PHI that is genetic information for underwriting purposes.



## **POLICY & PROCEDURE: Minimum Necessary Disclosures of Protected Health Information**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**NDPERS and its Business Associates disclose the minimum amount of Protected Health Information ("PHI") necessary to achieve the purpose of the disclosure.**

### **PROCEDURE**

#### ***Routine and recurring disclosures of PHI***

- NDPERS has identified disclosures of PHI it makes on a routine and recurring basis in its Plan Documents, rules, and laws.
- NDPERS has determined the minimum amount of PHI that is needed to achieve the purpose of these requests in its Plan Documents, rules, and laws.

#### ***Non-routine disclosures of PHI***

- NDPERS reviews non-routine requests for disclosures of PHI that are subject to the minimum necessary standard on a case-by-case basis.
- The request for disclosure is forwarded to the Privacy Officer (or designee) to determine if the amount of PHI requested is the minimum necessary to achieve the purpose of the disclosure according to established criteria.
- NDPERS relies on representations that the PHI requested is the minimum amount necessary if the request is from a public official for a permitted disclosure; *a Health Care Provider, a Health Plan, or a Health Care Clearinghouse*; or a professional providing services to NDPERS who is a Business Associate and who represents that the PHI requested is the minimum necessary to carry out a function, and from whom satisfactory assurances that the information will be appropriately safeguarded have been obtained and documented.
- When necessary or appropriate, the Privacy Officer will speak with a representative from the entity making the request to get clarification and/or modifications.

#### ***Disclosures of entire records***

- NDPERS does not disclose a participant's entire record in fulfillment of any request subject to the minimum necessary standard for any reason unless a specific justification for such a disclosure is documented.

## **POLICY & PROCEDURE: Minimum Necessary Requests for Protected Health Information**

<b>Section:</b> Privacy	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**NDPERS requests the minimum amount of Protected Health Information ("PHI") necessary to achieve its purpose from other Covered Entities.**

### **PROCEDURE**

#### ***Routine and recurring requests for PHI***

- NDPERS has identified requests for PHI it makes on a routine and recurring basis in its Plan Documents, rules and laws.
- NDPERS has determined the minimum amount of PHI that is needed to achieve the purpose of these requests in its Plan Documents, rules and laws.
- When NDPERS requests PHI, the Covered Entity to whom the request is made may rely on NDPERS determination that the amount of PHI requested is the minimum necessary to achieve the purpose of the request.

#### ***Non-routine requests for PHI***

- NDPERS reviews the non-routine requests it makes for disclosures of PHI on a case-by-case basis.
- The Privacy Officer (or designee) reviews non-routine requests made by NDPERS for PHI from another Covered Entity to ensure that the amount of PHI requested is the minimum necessary to achieve the purpose of the request.

#### ***Requests for entire record***

NDPERS does not request a participant's entire record for any purpose unless a justification for such a disclosure is documented.

## **POLICY & PROCEDURE: Minimum Necessary Uses of Protected Health Information**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**Individuals who perform Health Plan functions use the minimum amount of Protected Health Information ("PHI") necessary to perform their duties.**

### **PROCEDURE**

- NDPERS identifies the individuals who need access to PHI according to the categories of uses for payment or health care operations.
- NDPERS identifies the type and minimum amount of PHI needed to administer the plan.
- NDPERS determines the circumstances under which individuals who perform plan functions may use PHI.
- All individuals are required to use PHI in accordance with the determination made by NDPERS of the minimum amount necessary to effectively administer the plan.
- When an individual performs more than one function of NDPERS, the types of PHI and conditions for access are dependent on the function that the member is performing.
- Newly hired individuals who will perform plan administration functions are provided with information regarding their access to PHI during their initial training.

## **POLICY & PROCEDURE: Notice of Privacy Practices**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

The privacy practices of the North Dakota Public Employees Retirement System (NDPERS), designed to protect the privacy, use and disclosure of Protected Health Information (PHI), are clearly delineated in the NDPERS Notice of Privacy Practices (Notice) which was developed and is used in accordance with the Privacy Rule.

### **PROCEDURE**

- The privacy practices of NDPERS are described in its Notice.
- The Notice is distributed to all new participants at enrollment. All current participants received the Notice as of the compliance date. All participants receive a revised Notice within 60 days of any material revision to the Notice. The Notice is provided to the named participant or employee for the benefit of all dependents.
- The Notice is available to anyone who requests it. Participants have the right to receive a paper copy of the Notice, even if they previously agreed to receive the Notice electronically.
- All current participants are notified at least once every three years of the availability of the Notice and provide with instructions on how to obtain it.
- The Notice is given to all Business Associates.
- The Notice is reviewed with all current workforce members who perform NDPERS functions during their initial training and annually thereafter.
- The Notice is revised as needed to reflect any changes in the NDPERS privacy practices. Revisions to the policies and procedures are not implemented prior to the effective date of the revised Notice.
- When revisions to the Notice are necessary, all current participants, workforce members who perform NDPERS functions and Business Associates receive a revised copy of the Notice.
- The Privacy Officer retains copies of the original Notice and any subsequent revisions for a period of six (6) years from the date of its creation or when it was last in effect, whichever is later.

## **POLICY & PROCEDURE: Notice of Privacy Practices**

- All workforce members who perform NDPERS functions and Business Associates are required to adhere to the privacy practices as detailed in the Notice, privacy policies and procedures and Business Associate contracts.
- Violations of NDPERS privacy practices will result in disciplinary action up to and including termination of employment or contracts.
- The Notice is prominently displayed and available electronically on NDPERS web site at [www.nd.gov/npders](http://www.nd.gov/npders).



# North Dakota Public Employees Retirement System

400 East Broadway, Suite 505 • Box 1657 • Bismarck, North Dakota  
58502-1657

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## NOTICE OF PRIVACY PRACTICES – Effective September 19, 2013

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY. THIS IS INFORMATIONAL ONLY – NO ACTION IS REQUIRED ON YOUR PART. PLEASE RETAIN A COPY OF THIS NOTICE FOR YOUR RECORDS**

### **USES AND DISCLOSURES OF HEALTH INFORMATION**

The North Dakota Public Employees Retirement System (NDPERS) uses health information about You for treatment, to obtain payment for treatment, for administrative purposes, and to evaluate the quality of care that You receive.

Subject to certain requirements, we may give out Your health information if you have given written authorization to have your health information disclosed; or if a personal representative of yours (with proper authorization) has requested NDPERS to disclose your health information.

NDPERS may use or disclose “protected (identifiable) health” information about You without Your authorization for several reasons: (1) subject to a court order; (2) when disclosure is required under a federal or state law (such as an audit of NDPERS financial records); or, (3) for research purposes. But, in the case of disclosure for research, we will disclose information only if the project is approved by the NDPERS Board (Plan Sponsor), and the information is “summary information” from which all direct identifiers such as name, address, Social Security number, date of birth, etc. have been removed. NDPERS may also use Your health information to contact You to provide information about treatment alternatives or other health-related benefits and services that may be of interest to You.

NDPERS also limits the use and disclosure of health information as required by section 54-52.1-11 and section 54-52.3-05 of the North Dakota Century Code, which provide for the confidential treatment of health information of individuals receiving health care benefits under the Uniform Group Insurance Program and the Pretax Benefits Program, respectively.

NDPERS will not disclose individually identifiable health information about You or other plan members to the “Plan Sponsor” (NDPERS Board). Only aggregate de-identified information will be disclosed to the Plan Sponsor for the purpose of evaluating NDPERS health plan benefits structure, expenditure trends, premium financing and related matters.

NDPERS will not use individually identifiable health information that is genetic information for underwriting purposes.

NDPERS is prohibited from selling any protected health information without your authorization and will not use your information for marketing purposes without your authorization.

Furthermore, only aggregate, summarized, de-identified health information (such as total annual amounts, average payments per member per month, and trends for the utilization of hospital, ambulatory, and prescription drug benefits) will be disclosed to any insurance underwriter or consultant for the purpose of evaluating NDPERS health plan benefits structure, expenditure trends, premium financing and related matters.

Except as stated above, NDPERS will not “use” or “disclose” Your health information, unless You have given NDPERS Your written authorization to do so. You may revoke this authorization at any time to stop any future uses and disclosures by sending NDPERS a written revocation of Your authorization.

### **YOUR RIGHTS**

- In the event that NDPERS discovers that a breach of Your health information has occurred, contrary to allowed uses and disclosures, You have the right to be notified of such breach.
- You have the right to request restrictions on certain uses and disclosures of protected health information, but NDPERS is not required to agree to a requested restriction, unless the purpose relates to carrying out payment or health care operations, the information pertains to a health care item or service for which the health care provider involved has been paid out of pocket in full and disclosure is not required by law.
- You have the right to receive confidential communications of protected health information subject to certain limitations.
- In most cases, You have the right to look at or get a copy of health information about You that we use to make decisions about You.

- You have the right to request that NDPERS amend Your health information, if You believe that Your information is incorrect.
- You also have the right to receive a list of certain instances when we have disclosed health information about You except for disclosures (1) to You, subject to certain limited exceptions; (2) to carry out treatment, payment and health care operations; (3) incidental to a use or disclosure otherwise permitted or required by the HIPAA privacy rule; (4) pursuant to an authorization; (5) for a facility's directory or to persons involved in Your care; or, (6) for certain other purposes provided in 45 C.F.R. § 164.508).
- If Your health information is disclosed electronically then the accounting of disclosures will include information about treatment, payment and health care operations

Accounting requests may be made for periods of time going back six (6) years; if an accounting request relates to an electronic health record it may go back three (3) years. NDPERS will provide the first accounting You request during any 12-month period without charge. Subsequent accounting requests may be subject to a reasonable cost-based fee. NDPERS will inform You in advance of the fee, if applicable.

Requests for any of the above must be made in writing and submitted to the Privacy Officer at 400 East Broadway, Suite 505, Bismarck, ND 58502.

## **OUR DUTIES**

NDPERS is required by law to maintain the privacy of protected health information, to provide You with notice of Our legal duties and privacy practices with respect to identifiable health information about You, to provide You a breach of unsecured protected health information, and to follow the practices which are currently in effect as described in this notice. You have the right, even if You agreed to receive the notice electronically, to obtain a paper copy of the notice from NDPERS upon request.

We reserve the right to change the terms of this Privacy Notice and to make the new notice provisions effective for all protected health information that NDPERS maintains. If NDPERS changes our policies and procedures, NDPERS will revise the Notice, post a copy of the revised Notice on the NDPERS website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers), and provide information to You on how you may obtain a copy of the revised Notice within 60 days of the change. For more information about our privacy practices, contact the person listed at the end of this Notice.

## **COMPLAINTS**

You have the right to file a complaint with NDPERS or the Secretary of the Department of Health and Human Services (DHHS) if You believe that Your privacy rights have been violated. Any complaints to NDPERS should be made in writing to Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502.

You may receive information on how to file a federal complaint by contacting the Regional Manager, Office for Civil Rights, U.S. Department of Health and Human Services, 1961 Stout Street, Room 1426 FOB, Denver, CO 80294-3538, Phone (303) 844-2024, FAX (303) 844-2025, TDD (303)844-3439 or the Office for Civil Rights, U.S. Department of Health and Human Services, 200 Independence Avenue, S.W., Room 509F HHH Bldg., Washington, D.C. 20201.

***NDPERS will not retaliate against YOU for filing a complaint.***

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## **NDPERS PRIVACY CONTACT**

NDPERS has designated a Privacy Officer as its contact person for all issues regarding patient privacy and Your privacy rights. If You have any questions about NDPERS privacy policy or Your privacy rights, please submit a written request to:

NDPERS Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502 or call 701-328-3900  
or 1-800-803-7377.

You also may obtain a copy of the current version of the NDPERS Privacy Notice at our Web site -- [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

## **EFFECTIVE DATE:**

This Notice was revised effective September 19, 2013

## **POLICY & PROCEDURE: Participant Privacy Rights**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

The North Dakota Public Employees Retirement System (NDPERS) has implemented policies and procedures to ensure participant privacy rights as required by and specified in the Privacy Rule of the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996.

### **PROCEDURE**

Participants of NDPERS have the right to:

- Receive a paper copy of the NDPERS Notice of Privacy Practices ("Notice"), even if participant has agreed previously to receive the Notice electronically;
- Request restrictions on the uses and disclosures of Protected Health Information ("PHI");
- Request to receive confidential communication of PHI subject to certain limitations;
- Access documents in the designated record set for inspection and/or copying;
- Request that NDPERS amend Your health information if you believe your information is incorrect;
- Obtain a list in certain instances when we have disclosed health information about you; and
- Look at or get a copy of health information about You that NDPERS may use to make decisions about You.
- Receive notice of any breach of unsecured PHI about You of which NDPERS is aware.

NDPERS adheres to policies and procedures developed and implemented to ensure participant privacy rights.

NDPERS provides workforce members who perform plan administration functions with annual training regarding participant rights with respect to their PHI.



## **POLICY & PROCEDURE: Participant Requests for Access to Protected Health Information for Inspection and/or Copying**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**Participants have the right to request to inspect or obtain a copy of their Protected Health Information ("PHI") in the designated record set.**

### **PROCEDURE**

- NDPERS requires and informs participants that requests for access to PHI must be made in writing to the Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502.

When a request for access to PHI is received, it will be acted upon according to the following time frames:

Within thirty (30) days after receipt of the request as follows:

- If NDPERS is unable to take action required as stated above, the time for such action may be extended by no more than 30 days.
- If the request is granted, NDPERS informs the participant and provides the access requested, within the time frames above.
- If the extension is necessary, NDPERS will provide the participant, within the time frames above, a written statement that specifies the reason(s) for the delay and the date by which the participant may expect to receive a decision on the request to access the PHI.
- NDPERS documents the records that comprise the designated record set that is subject to access requests and maintains these records for a period of six (6) years from the date they were created or were last in effect, whichever is later.
- NDPERS maintains the titles of the persons/offices responsible for receiving and processing access requests for a period of six (6) years.

**When NDPERS denies a request for access (in whole or in part):**

The participant is given a statement written in plain language that includes:

## **POLICY & PROCEDURE: Participant Requests for Access to Protected Health Information for Inspection and/or Copying**

- the reasons for the denial decision;
- 
- if applicable, the participant's right to a review of the decision with an explanation of how to exercise this right; and
- a description of how the participant may file a complaint with NDPERS and Department of Health and Human Services (DHHS), including the title and telephone number of a NDPERS contact person.
- To the extent possible, NDPERS will grant access to other PHI for which there are no grounds to deny access.
- If the denial is reviewable and the participant requests such a review, NDPERS will designate a licensed health care professional, not involved in the original denial decision, to serve as a reviewing official. Upon receipt of a review request, NDPERS will promptly refer the denial to the reviewing official for reevaluation. NDPERS will provide written notice to the participant of the reviewing official's determination.
- If NDPERS denies access because it does not maintain the PHI requested but knows where the requested PHI is maintained, NDPERS will inform the participant of where to direct the request.

### **When a request for access is accepted (in whole or in part):**

- The participant is notified of the decision and may choose to inspect the PHI, copy it, or both, in the form or format requested.
- The individual will be provided with access to the PHI in the form and format requested, if it is readily producible in such form and format; or, if not, in a readable hard copy form or such other form and format as agreed to by NDPERS and the individual.
- If the access to the requested PHI is in one or more designated record sets electronically and if the individual requests an electronic copy, NDPERS will provide the individual with access to the PHI in the electronic form and format requested by the individual, if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to by NDPERS and the individual.
- NDPERS and the participant will arrange a mutually convenient time and place for the participant to inspect and/or obtain a copy of the requested PHI.

## **POLICY & PROCEDURE: Participant Requests for Access to Protected Health Information for Inspection and/or Copying**

- NDPERS will transmit a copy of PHI directly to another person designated by the individual. The individual's request must be in writing, signed by the individual, and clearly identify the designated person and where to send the copy of PHI.
- NDPERS will mail a copy of the requested PHI if the participant prefers this method of obtaining a copy.

### **Fees charged by NDPERS for access to PHI:**

NDPERS charges a reasonable, cost-based fee that includes:

- Labor for copying whether in paper or electronic media.
  - Supplies for creating a paper copy or electronic media if the individual requests that the electronic copy be provided on portable media.
  - Postage when the participant requests the copy, or summary or explanation be mailed.
- No fee is charged for retrieving or handling the PHI or for processing the participant's access request.



## Request for Access to Protected Health Information

---

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Health Plan ID Number: \_\_\_\_\_

I hereby request a copy of my health information from NDPERS for the following dates:

\_\_\_\_\_

I request the health information contained in the following records (please check all that apply):

- ☐ Enrollment
- ☐ Premium/contribution payment
- ☐ Administrative correspondence
- ☐ All of the above
- ☐ Other (please specify) \_\_\_\_\_

I understand that I may access my health information through any of the following methods (please check the desired method):

- ☐ I prefer to inspect and/or copy the requested information in person and will arrange for a mutually convenient time to come to NDPERS by calling 701-328-3900 or 1-800-803-7377.
- ☐ I prefer to have the requested information copied and mailed to me at the following address.
- ☐ I prefer to have an electronic copy of the PHI transmitted to me at:

- ☐ I prefer to have the PHI transmitted to the following designated person:

Name: \_\_\_\_\_

Address or e-mail: \_\_\_\_\_

\_\_\_\_\_

NDPERS has the right to assess you a reasonable cost-based fee for any of the above services. You will be informed in advance of the fee, if applicable.

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Signature of Requester Date

If signed by personal representative:

Name of personal representative print): \_\_\_\_\_

Relationship to participant or nature of authority: \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Signature of Personal Representative Date



North Dakota

**Public Employees Retirement System**

400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

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

---

FAX: (701) 328-3920 • EMAIL: [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

Date

Participant's Name  
Address  
City, State, Zip

RE: Approval of Request to Access Health Information

Dear \_\_\_\_\_,

Your request to access your health information was received by NDPERS on \_\_\_\_\_. Your request has been approved. You indicated that you preferred to (indicate method checked on the Request for Access Form).

NDPERS has the right to assess you a reasonable cost-based fee for the above services. The fee for your request is:

☐ No charge

☐ The charge for this service is \$\_\_\_\_\_.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Kathy M. Allen  
Benefit Programs Manager/Privacy Officer



North Dakota

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FAX: (701) 328-3920 • EMAIL: [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

Date

Participant's Name

Address

City, State, Zip

RE: Denial of Request to Access Health Information

Dear \_\_\_\_\_,

Thank you for your request to access your health information that constitutes protected health information as defined in the Privacy Rule of the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996. NDPERS received your request on \_\_\_\_\_. After careful review, we are not able to grant your request for the following reason(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

While we are not able to grant your request to access your entire record for the reason(s) stated above, you may have access to: \_\_\_\_\_

\_\_\_\_\_

Please contact NDPERS at 701-328-3918 or 800-803-7377 to discuss the details of your request.

If you disagree with our decision regarding access to your health information, you have the right to request that we reconsider. Please contact the Benefit Programs Manager at 701-328-3900 or 800-803-7377 if you want our determination reviewed.

If you are dissatisfied with our decision and wish to lodge a formal complaint, you may contact: Benefit Programs Manager at 400 E Broadway, Suite 505, Bismarck, ND 58502, 701-328-3900 or 800-803-7377 or, alternatively, you may make a complaint to the Secretary of the Department of Health and Human Services.

Please contact me if you have any questions or concerns.

Sincerely,

Kathy M. Allen  
Benefit Programs Manager/Privacy Officer

## **POLICY & PROCEDURE: Requests for an Accounting of Disclosures of Protected Health Information**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003, <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 09/19/13
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### **POLICY**

**Participants have the right to request an accounting of the disclosures of their Protected Health Information ("PHI") for purposes other than treatment, to obtain payment for treatment, for administrative purposes, and to evaluate the quality of care that a participant has received and other exceptions specified in the Privacy Rule.**

### **PROCEDURE**

- Effective April 14, 2003, NDPERS will provide an accounting of disclosures of a participant's PHI for up to three (3) years prior to the date of the participant's request if the request relates to an electronic health record, and for other records six (6) years prior to the date of the participant's request, except for disclosures;
- To the participant subject to certain limited exceptions;
- To carry out treatment, payment and health care operations, except for an accounting of disclosures of electronic health records which will include information about treatment, payment and health care operations;
- Incidental to a use or disclosure otherwise permitted or required by the HIPAA privacy rule;
- Pursuant to an authorization;
- For a facility's directory or to persons involved in a participant's care; or,
- For certain other purposes provided in 45 C.F.R §164.508.
- Requests for an accounting of disclosures must be made in writing to the Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502.
- When a request for an accounting of disclosures of PHI is received, it will be provided within sixty (60) days. If necessary, this time frame may be extended for thirty (30) days. The participant requesting the accounting will be informed in writing, within sixty (60) days of the original request, of the reason(s) for the delay and the date by which action will be taken upon the request.
- A participant may receive an accounting of disclosures once during any twelve (12) month period for no charge.

## **POLICY & PROCEDURE: Requests for an Accounting of Disclosures of Protected Health Information**

- If a participant requests more than one accounting within the same twelve (12) month period, a reasonable, cost-based fee may be charged by NDPERS. The participant will be informed of the fee in advance and will be provided the opportunity to modify or withdraw the request.

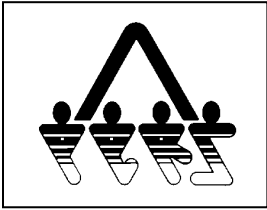
The accounting for each disclosure includes:

- The date of the disclosure;
- The name of the entity or person to whom the disclosure was made and their address (if known);
- A brief description of the PHI disclosed;

One of the following:

- A brief statement of the purpose of the disclosure;
  - A copy of the participant's written authorization; or
  - For a disclosure for which an authorization was not required, a copy of the written request for the disclosure from DHHS or from the appropriate entity.
- If the accounting includes multiple disclosures to the same person/entity for a single purpose or under a single authorization, the accounting will include only the frequency or number of disclosures and the date of the last disclosure made during the accounting period for all disclosures after the first disclosure.
  - NDPERS maintains the information that is required to be included in an accounting of PHI for six (6) years from the date of its creation or the date when it was last in effect, whichever is later.
  - Written accountings provided to individuals in response to a request are maintained for six (6) years from the date of the creation or the date when it was last in effect, whichever is later.
  - NDPERS maintains the titles of the persons/offices responsible for receiving and processing requests for an accounting for a period of six (6) years.





**North Dakota Public Employees Retirement System**  
 400 East Broadway, Suite 505  
 Bismarck, ND 58502  
**Health Care Information Release Accounting Form**

Member Name: \_\_\_\_\_ Birth Date: \_\_\_\_\_

SSN: \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Other ID: \_\_\_\_\_

Please print all information clearly.

* Date of Disclosure	Name of Individual and/or Organization To Whom Disclosure Was Made (Include address, if known)	Description Of How and What Information Was Disclosed			Purpose of Disclosure	Name of Employee Making or Approving Disclosure
		1. Circle Verbal, Paper or Electronic to indicate how the information was disclosed. 2. Provide a brief description of information disclosed. 3. Indicate if additional documentation or authorization supports this disclosure.				
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		

\* If multiple disclosures are to be made to the same person or organization over a period of time, one accounting will be sufficient. Indicate the first date of disclosure (after April 14, 2003), frequency or period of disclosure (e.g., once a week, each month), and date of last disclosure when known. NDPERS will provide an accounting of disclosures of a participant's PHI for up to three (3) years prior to the date of the participant's request if the request relates to an electronic health record, and for other records six (6) years prior to the date of the participant's request.

* Date of Disclosure	Name of Individual and/or Organization To Whom Disclosure Was Made (Include address, if known)	Description Of How and What Information Was Disclosed			Purpose of Disclosure	Name of Employee Making or Approving Disclosure
		1. Circle Verbal, Paper or Electronic to indicate how the information was disclosed. 2. Provide a brief description of information disclosed. 3. Indicate if additional documentation or authorization supports this disclosure.				
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		

\* If multiple disclosures are to be made to the same person or organization over a period of time, one accounting will be sufficient. Indicate the first date of disclosure (after April 14, 2003), frequency or period of disclosure (e.g., once a week, each month), and date of last disclosure when known. NDPERS will provide an accounting of disclosures of a participant's PHI for up to three (3) years prior to the date of the participant's request if the request relates to an electronic health record, and for other records six (6) years prior to the date of the participant's request.

* Date of Disclosure	Name of Individual and/or Organization To Whom Disclosure Was Made (Include address, if known)	Description Of How and What Information Was Disclosed			Purpose of Disclosure	Name of Employee Making or Approving Disclosure
		4. Circle Verbal, Paper or Electronic to indicate how the information was disclosed.				
		5. Provide a brief description of information disclosed.				
		6. Indicate if additional documentation or authorization supports this disclosure.				
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		

\* If multiple disclosures are to be made to the same person or organization over a period of time, one accounting will be sufficient. Indicate the first date of disclosure (after April 14, 2003), frequency or period of disclosure (e.g., once a week, each month), and date of last disclosure when known. NDPERS will provide an accounting of disclosures of a participant's PHI for up to three (3) years prior to the date of the participant's request if the request relates to an electronic health record, and for other records six (6) years prior to the date of the participant's request.

North Dakota Public Employees Retirement System  
Health Care Information Release Accounting Form

* Date of Disclosure	Name of Individual and/or Organization To Whom Disclosure Was Made (Include address, if known)	Description Of How and What Information Was Disclosed			Purpose of Disclosure	Name of Employee Making or Approving Disclosure
		7. Circle Verbal, Paper or Electronic to indicate how the information was disclosed.				
		8. Provide a brief description of information disclosed.				
		9. Indicate if additional documentation or authorization supports this disclosure.				
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		
		Verbal	Paper	Electronic		

\* If multiple disclosures are to be made to the same person or organization over a period of time, one accounting will be sufficient. Indicate the first date of disclosure (after April 14, 2003), frequency or period of disclosure (e.g., once a week, each month), and date of last disclosure when known. NDPERS will provide an accounting of disclosures of a participant's PHI for up to three (3) years prior to the date of the participant's request if the request relates to an electronic health record, and for other records six (6) years prior to the date of the participant's request.

North Dakota Public Employees Retirement System  
Health Care Information Release Accounting Form

## **POLICY & PROCEDURE: Participant Requests for Restrictions on the Use and/or Disclosure of Protected Health Information**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**Participants have the right to request restrictions on how their Protected Health Information ("PHI") is used and/or disclosed for treatment, payment and health care operations.**

### **PROCEDURE**

- Participants are informed of their right to request restrictions on the use and disclosure of their PHI in the North Dakota Public Employees Retirement System's (NDPERS) Notice of Privacy Practices ("Notice").
- Any request by a participant for restrictions on the use and disclosure of their PHI must be in writing and forwarded to the Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58504. (NDPERS is not required to agree to a requested restriction.)
- Workforce members or Business Associates who perform plan functions may not grant or deny a participant's request for restrictions without prior authorization from the Privacy Officer or designee.

#### ***When a request for restriction(s) is accepted:***

- The participant will be informed of any potential consequences of the restriction;
- A notation will be made in the participant's record(s);
- NDPERS will not use or disclose PHI inconsistent with the agreed restriction, nor will its Business Associates;
- The participant will be informed that NDPERS is not required to comply with the agreed upon restriction(s) unless the purpose relates to carrying out payment or health care operations or the information pertains to a health care item or service for which the health care provided has been paid out of pocket in full and disclosure is not required by law;
- If the agreed upon restriction hampers treatment, NDPERS will ask the participant to

## **POLICY & PROCEDURE: Participant Requests for Restrictions on the Use and/or Disclosure of Protected Health Information**

modify or revoke the restriction and get a written agreement to the modification or revocation, or document an oral agreement;

- The use and/or disclosure of PHI will be consistent with the status of the restriction in effect on the date it is used or disclosed; and
- Written documentation of any agreed to restriction will be maintained for six (6) years from the date of its creation or the date when it was last in effect, whichever is later.

### ***When a request for restriction(s) is denied by NDPERS:***

- The participant will be given the opportunity to discuss his or her privacy concerns, if desired; and
- Efforts will be made to assist the participant in modifying the request for restrictions to accommodate his or her concerns and obtain acceptance by NDPERS.

## Request For Restrictions On Use and/or Disclosure Of Protected Health Information

Participant Name: \_\_\_\_\_ Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
MM / DD / YR

Address: \_\_\_\_\_  
\_\_\_\_\_

Home Telephone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_  
Participant Identification Number and/or Social Security Number: \_\_\_\_\_

I, \_\_\_\_\_, am requesting a restriction on NDPERS use and/or disclosure of my health information (information that constitutes protected health information as defined in the Privacy Rule of the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996) in the manner described below. I understand that NDPERS may deny this request for any reason. I also understand that NDPER is not required to comply with the agreed upon restriction(s) unless the purpose relates to carrying out payment or health care operations or the information pertains to health care item or service for which the health care provided has been paid out of pocket in full and disclosure is not required by law. I also understand that if agreed to, that NDPERS may remove this restriction in the future, if I am notified in advance.

Description of Restriction of the Health Information to be Used or Disclosed. The following is a description of the specific health information I wish to restrict:

\_\_\_\_\_  
\_\_\_\_\_

Persons/Organizations Restricted from Use and/or Disclosure of Health Information. I request that the following person(s) and/or organization(s) not be allowed to use, receive and/or disclose the health information described above.

\_\_\_\_\_

By signing this form, I am confirming that it accurately reflects my wishes.

\_\_\_\_\_  
Signature Date \_\_\_\_/\_\_\_\_/\_\_\_\_

If signed by personal representative:

Name of personal representative: \_\_\_\_\_

Relationship to participant or nature of authority: \_\_\_\_\_

\_\_\_\_\_  
Signature of Personal Representative Date \_\_\_\_/\_\_\_\_/\_\_\_\_

## **POLICY & PROCEDURE: Participant Requests to Amend Protected Health Information**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**Participants have the right to request that NDPERS amend incorrect Protected Health Information ("PHI") contained in the designated record set.**

### **PROCEDURE**

- NDPERS requires and informs participants that requests for amendment of their PHI must be made in writing to the Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58504 and must include a reason to support acceptance of the amendment.
- If the request for amendment is not received in writing, or if the written request does not include a factual basis to support the request, NDPERS will not act on the request.
- When a request for amendment of PHI is received, it will be acted on within sixty (60) days. If necessary, this time frame may be extended for thirty (30) days. The individual requesting the amendment will be informed in writing of the reason(s) for the delay and the date by which action will be taken on the request. The extension notice will be provided within sixty (60) days of receipt of the original request.
- NDPERS documents the titles of the persons/offices responsible for receiving and processing requests for amendment and retains such documentation for a period of six (6) years.

#### ***When a request for amendment is denied:***

The participant is given a notice written in plain language that:

- Includes a permissible basis for denial;
- Informs the participant of the right to submit a statement of disagreement, and how to file the statement;
- States that if the participant does not file a statement of disagreement the participant may request that NDPERS provide the request for amendment and the denial in any future release of the disputed PHI; and



## **POLICY & PROCEDURE: Participant Requests to Amend Protected Health Information**

- Includes a description of the procedure to file a complaint with NDPERS or Department of Health and Human Services.

If the individual chooses to write a statement of disagreement with the denial decision:

- NDPERS may write a rebuttal statement and will provide a copy to the participant; and
- NDPERS will include the request for amendment, denial letter, statement of disagreement, and rebuttal (if any), with any future disclosures of the disputed PHI.
- If the participant does not choose to write a statement of disagreement with the denial decision, NDPERS is not required to include the request for amendment and denial decision letter with future disclosures of the disputed PHI unless requested by the participant.

### ***When a request for amendment is accepted (in whole or in part):***

- NDPERS will identify the record(s) that are the subject of the amendment request and will append the amendment to the record(s).
- NDPERS will inform the participant that his or her request for amendment has been accepted and request the identification of and permission to contact other individuals or health care entities that need to be informed of the amendment(s).
- NDPERS will make reasonable efforts to provide the amendment within a reasonable time to the persons/entities identified by the participant as well as persons and Business Associates who NDPERS knows have the disputed PHI and may rely on it to the participant's detriment.

### ***Receipt of notification of amendment from other Covered Entities:***

When NDPERS receives notification from another Covered Entity that a participant's PHI has been amended:

- NDPERS will ensure that the amendment is appended to all applicable records of the participant, and

## **POLICY & PROCEDURE: Participant Requests to Amend Protected Health Information**

- NDPERS will inform its Business Associates that may use or rely on the participant's PHI of the amendment and require them to make the necessary corrections.



North Dakota

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FAX: (701) 328-3920 • EMAIL: [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

Date

Participant's Name  
Address  
City, State, Zip

RE: Approval of Request to Amend Health Information

Dear \_\_\_\_\_,

Thank you for your request to amend your health information, received by NDPERS on MM/DD/YR. Your request has been granted. Your health information has been amended as follows **(at minimum, specify records affected and information appended or linked thereto)**:

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Because the accuracy of your health information is so important, we need to know what other individuals or health care entities have received your health information and need to be informed of the above amendment(s). Your identification of individuals/entities who need to be informed of the amendment(s) to your health information will indicate that you give NDPERS permission to disclose the amended information to them. Please provide their name(s) and addresses to us in writing.

NDPERS will also provide the amended information to other persons and Business Associates who NDPERS knows have the disputed health information and need the amended information for your benefit.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Kathy M. Allen  
Benefit Programs Manager/Privacy Officer



North Dakota

## Public Employees Retirement System

400 East Broadway, Suite 505 • Box 1657  
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FAX: (701) 328-3920 • EMAIL: [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

Date

Participant's Name

Address

City, State, Zip

RE: Denial of Request to Amend Health Information

Dear \_\_\_\_\_,

Thank you for your request to amend your health information, received by NDPERS on MM/DA/YR. After careful review, we are not able to grant your request for the following reason(s):

- o The information you requested to amend was not created by NDPERS. Contact the originator of the health information to act upon your request;
- o The information you requested to amend is accurate and complete;
- o The information you requested to amend is not a part of the record you requested be amended; and/or
- o The information you requested to amend includes information you are not permitted to change: ***[state type of information - e.g., psychotherapy notes, information compiled in anticipation of civil, criminal or administrative proceedings].***

You have the right to submit a written statement of disagreement with this decision. Please send it to my attention at the address below. You should include in your statement the reason(s) for your disagreement with our decision. NDPERS reserves the right to prepare a rebuttal to your statement of disagreement. If we choose to do so, you will receive a copy of it.

Your statement of disagreement and our rebuttal, if any, will be included in any future disclosures of the disputed PHI.

Please be advised that if you choose not to submit a statement of disagreement, we will not provide a copy of your request for amendment and this letter denying your request with any future disclosures of the disputed health information, unless you request that we do so.

If you are dissatisfied with our decision and wish to lodge a formal complaint, you may contact: Privacy Officer, 400 East Broadway, Suite 505, Bismarck, ND 58502 or, alternatively, you may file a complaint with the Secretary of the Department of Health and Human Services.

Please let me know if you have any questions or concerns.

Sincerely,

Kathy M. Allen  
Benefit Programs Manager/Privacy Officer

## **POLICY & PROCEDURE: Sanctions for Privacy Violations**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**NDPERS applies appropriate sanctions against any NDPERS employee who violates its privacy practices.**

### **PROCEDURE**

- NDPERS employees who perform health plan functions are provided with training and retraining as necessary to ensure they understand NDPERS privacy policies and procedures, the requirements of the Privacy Rule and the expectation that they will comply with them.
- Sanctions are applied against any NDPERS employee who violates NDPERS privacy policies and procedures or the Privacy Rule as provided in its Personnel Policy Manual and the Central Personnel Division rules.
- Appropriate sanctions are determined based on the nature of the violation, its severity and whether it was intentional or unintentional.
- Sanctions may include verbal warnings, written warnings, probationary periods or termination.
- Any sanctions applied are documented and retained for a period of six (6) years.
- Sanctions are not applied against NDPERS employees who lodge a complaint with any entity regarding a privacy violation or who refuse to follow a policy or procedure that they believe, in good faith, violates the Privacy Rule.

## **POLICY & PROCEDURE: Use of Authorizations**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003 <b>Amended:</b> September 19, 2013	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 9/19/13
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### **POLICY**

**Authorizations are required for the use and disclosure of Protected Health Information ("PHI") for purposes other than payment and health care operations or to request PHI from another Covered Entity for the recipient's purposes.**

### **PROCEDURE**

NDPERS uses an authorization form in the following circumstances:

- if You or Your personal representative requests that Your PHI be disclosed to a third party;
  - when NDPERS asks a participant for permission to use or disclose their PHI to the Plan Sponsor (NDPERS Board) for purposes other than payment or health care operations or as permitted by law; or
  - when NDPERS asks participants for permission to request their PHI from another Covered Entity solely for NDPERS own purposes.
- 
- When authorization is needed, the participant is provided with a copy of the authorization form and asked to sign it.
  - Signing the authorization form is voluntary and the participant may refuse to sign it.
  - A copy of the signed authorization is provided to the participant.
  - The participant may revoke the authorization, in writing, at any time.
  - The permissions granted in the authorization may not be acted upon if the authorization has been revoked, has expired, if any material information in the authorization is known to be false, or the authorization otherwise violates the requirements of the HIPAA privacy rule.
  - The authorization is documented and retained for a period of six (6) years after it was created or expired, whichever date is later.



North Dakota

**Public Employees Retirement System**

400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

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

FAX: (701) 328-3920 • EMAIL: [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

**Authorization for NDPERS to Use or Disclosure Protected Health Information**

I \_\_\_\_\_ authorize NDPERS administrative staff to  
(Check all that apply):

- ☐ use the following protected health information, and/or
- ☐ disclose the following protected health information to (Name of entity or class  
of persons to receive information):

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Description of the information to be used or disclosed (Specifically and meaningfully describe  
the protected health information to be used or disclosed such as date of service, type of service,  
level of detail to be released, origin of information, etc.)

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This protected health information is being used or disclosed for the following purposes: (List  
specific purposes here. "At the request of the individual" is acceptable if the patient makes the  
request, and the patient does not want to state a specific purpose.)

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This authorization shall be in force and effect until: (Specify (1) date or (2) event that relates to  
the patient or the purpose of the use or disclosure at which time this authorization to use or disclose  
this protected health information expires.)

- ☐ Until this Date (mm/dd/yyyy) \_\_\_\_\_ [up to 3 yrs; 23-12-14(2)(a)]
- ☐ End of the research study (Acceptable for authorization for research purposes.)

- ☐ None (Acceptable for authorization for research purposes when information goes into a long-term or permanent database, e.g., a cancer registry.)

I understand that: (Please initial each of the following statements.)

\_\_\_\_\_ I have the right to revoke this authorization, in writing, at any time by sending a written notification to NDPERS at 400 East Broadway, Suite 505 Bismarck, ND 58502, or by sending an e-mail to NDPERS at ndpers-info@nd.gov.

\_\_\_\_\_ A revocation is not effective to the extent that NDPERS administrative staff has relied on the use or disclosure of the protected health information.

\_\_\_\_\_ Information disclosed under this authorization may be further disclosed by the recipient and may no longer be protected by federal or state law.

\_\_\_\_\_ NDPERS administrative staff will not condition my treatment, payment, or enrollment in a health plan or eligibility for benefits (if applicable) on whether I provide authorization for the requested use or disclosure.

\_\_\_\_\_ The permissions granted in the authorization may not be acted upon if the authorization has been revoked, has expired, if any material information in the authorization is known by NDPERS to be false, or the authorization otherwise violates the requirements of the HIPAA privacy rule.

\_\_\_\_\_  
Signature of Patient or Personal Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Patient

\_\_\_\_\_  
Print Name of Personal Representative

Print address, phone number, and email of Personal Representative (if applicable)

Address \_\_\_\_\_  
\_\_\_\_\_

Phone No. \_\_\_\_\_

E-mail \_\_\_\_\_

\_\_\_\_\_  
Description of Personal Representative's Authority (Parent, Guardian, etc.)



You are not required to sign this authorization form. If you do sign this form, you have a right to receive a copy of the completed authorization.

☐ **Please provide me with a copy of this authorization form.**

## **POLICY & PROCEDURE: Workforce Privacy Training**

<b>Section:</b> <b>Privacy</b>	<b>Effective Date:</b> April 14, 2003	<b>Reviewed by:</b> NDPERS Board <b>Approved by Board:</b> 12/19/02
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### **POLICY**

**NDPERS provides privacy training for all current and new NDPERS employees under its direct control who perform Health Plan functions and have contact with participants' Protected Health Information ("PHI").**

### **PROCEDURE**

- All current employees of NDPERS *who perform Health Plan functions* received training regarding the requirements of the HIPAA Privacy Rule no later than April 14, 2003.
- All new NDPERS employees *who perform Health Plan functions* receive privacy training as part of their initial training.
- All NDPERS employees *who perform Health Plan functions* and who change positions will receive new privacy training (as appropriate) at the time of the change.
- All affected employees of NDPERS *receive retraining within a reasonable time if NDPERS materially* changes any privacy policy or procedure.
- Documentation of privacy training is maintained by the Privacy Officer according to the requirements of the Privacy Rule.

# WHAT IS HIPAA?

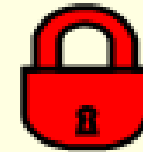


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**H** ealth  
**I** nsurance  
**P** ortability &  
**A** ccountability  
**A** ct

# HIPAA DEFINITIONS

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Two main terms:

- PHI
- TPO

# **HIPAA DEFINITIONS**



**PHI**

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**P**rotected  
**H**ealth  
**I**nformation

**PHI is the Heart of the Privacy Rule**

# HIPAA DEFINITIONS



## PHI

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- PHI is health information that is individually identifiable and that is transmitted or maintained in any form or medium to include:
  - Electronic
  - Written
  - Spoken

# **HIPAA DEFINITIONS**

## **PHI**



### **■ Sources of PHI**

- Enrollment records
- Claims records
- Billing records
- Customer service databases
- Discussions at meetings/among staff

# **HIPAA DEFINITIONS**

**TPO**



**T reatment**

**P ayment**

**O healthcare Operations**



# HIPAA DEFINITIONS

## TPO



- **TREATMENT** – provision, coordination or management of health care and related services
- **PAYMENT** – collecting premiums, reimbursement, eligibility and coverage determinations, risk adjustment, billing and claims management, etc.
- **HEALTH CARE OPERATIONS** – daily activities as they relate to quality assurance, health care, and business functions

# **PRIVACY RULE**

## **Covered Entities**



### **■ Applies to:**

- Health plan**
- Dental plan**
- Vision plan**
- EAP**
- FlexComp plan medical spending accounts**

# PRIVACY PRACTICES

## Uses & Disclosures

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- **Minimum necessary – restrict use and disclosure of information to the minimum amount necessary to accomplish the intended purpose.**

# **ADMINISTRATION**

## **Policies & Procedures**



### **STAFF**

- **Sharing and exchanging information, internal and external that may be overheard:**
  - **Office hallways, break rooms, rest rooms, elevators, outdoors**
- **Reception area/staff offices**
  - **Business or personal with staff**
  - **Walk-in customers**
  - **Phone conversations**

# **ADMINISTRATION**

## **Policies & Procedures**

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- **Walk-by viewing**
  - In and out boxes
  - Desks
  - Printer baskets at copiers
  - Mail
- **Office visitors**
  - Use main entrance
  - Sign in and out at reception desk
  - Escorted in and out of office by staff
  - Exit by main entrance

# **ADMINISTRATION**

## **Policies & Procedures**



- **E-Mail Policy**
- **Cannot send messages with PHI**
  - Allowed to forward in-house as part of TPO
- **FAX Policy**
  - Cannot send a FAX that contains PHI unless it is requested in writing by member

## NDPERS

### Code of Ethical Responsibility

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



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

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

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**NDPERS Trustee**

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**Date**



## **NDPERS POLICY**

### **Non-Bid Contracting**

The following shall be considered the policy for non-bid contracting:

#### Policy Statement:

- The Executive Director is empowered to sign, after first submitting the basic contract to the Attorney General's Office for review and approval, the following contracts:
- Employers enrolling in the PERS retirement program;
- Employers enrolling in the PERS group health and life insurance programs;
- Employers enrolling in the deferred compensation program;
- Providers furnishing investment plans under the deferred compensation program;
- All providers included in the Preferred Provider Organization network, pursuant to the Operating Guidelines which are incorporated by reference, and
- Contracts \$10,000 and under, pursuant to the Operating Guidelines which are incorporated by reference.

## NDPERS

## Operating Guidelines

## GENERAL

	<b>Board</b>	<b>Executive Director</b>
<b>Rules</b>	Must approve all rules	Proposes, drafts and implements
<b>Benefit Structure</b>	Must approve all program design features	Proposes and drafts changes; implements
<b>Legislation</b>	Must approve	Proposes; drafts and represents Board's position
<b>Plan Documents</b>	Must approve	Proposes; drafts and implements
<b>Member Booklets, Newsletters, and Other Informational Material Sent to Members</b>		Approves

## FINANCE

	<b>Board</b>	<b>Executive Director</b>
<b>Emergency Commission (i.e. line item transfers or transfers from contingency)</b>	Approves	Proposes
<b>Budget Preparation and Submittal to OMB</b>	Approves	Proposes and represents agency before Legislature and OMB Approves as long as expenses do not exceed the approved budget. Must report the status of the budget at each Board meeting. Director must assure the rate of expenditures for salaries and operating is consistent with Section 54-27-10 NDCC. Arrangements for office space must be reviewed by the Board before committing the Agency.
<b>Budgeted Expenses</b>		
<b>Consulting Service Contracts</b>		Approves (i.e. temp services, EAP, Printing, Etc.)
<ul style="list-style-type: none"> <li>• <b>On Budget</b></li> <li>• <b>Off Budget</b></li> </ul>	Approves all contracts over \$10,000	Approves if under \$10,000; must report all contracts to the Board at the earliest opportunity
<b>Contracts with Political Subs</b>		
<ul style="list-style-type: none"> <li>• <b>Retirement</b></li> <li>• <b>Health</b></li> <li>• <b>Life</b></li> <li>• <b>Deferred Compensation</b></li> </ul>	Approves standard agreement	Approves as long as consistent with standard agreement

	<b>Board</b>	<b>Executive Director</b>
<b>Uniform Group Insurance Contract</b>  <b>PPO Contracts</b>	Approves and must be signed by Chairman (54-52.1-05 NDCC) Approves guidelines and standard agreement	Recommends  Negotiates and approves if consistent with guidelines and the arrangement is equal to, or more stringent than, a standard agreement; must advise Board of status and terms.
<b>Travel</b>	Approves all out of state Board travel; the Chairman will review for approval any requests for Board travel that occurs prior to the reconvening of the full Board.  Approves all staff travel outside the continental United States	Approves all staff travel (including the Executive Director's) within the continental United States and in-state Board travel

## PERSONNEL

	<b>Board</b>	<b>Executive Director</b>
<b>Personnel Policies</b> <b>New FTE Positions</b> <b>Hiring</b>  <b>Firing</b>  <b>Overtime Authorization</b> <b>Severance Pay</b>  <b>Leave of Absence</b>  <b>Job Evaluations</b>  <b>Reclassifications</b>  <b>Salary Increases</b>  <b>Promotions</b>	Approves Approves Responsible for Executive Director  Responsible for Executive Director  Approves, subject to Section 54-14-04.3 NDCC Approves for Executive Director Responsible for Executive Director  Approves for Executive Director	Recommends and implements Recommends Responsible for filling authorized FTE and temporary assistance pursuant to OMB guidelines and available funds. Approves  Approves subject to available funds  Approves for staff  Approves staff evaluations; advises Board annually of increases Approves; must advise Board of any major changes Approves, subject to available funds and OMB guidelines Approves, subject to OMB Human Resources guidelines
<b>Educational Reimbursement</b>	Approves for Executive Director	Approves for staff

**NDPERS Board Policy**  
**Adopted June 29, 2011**  
**Relating to Use of Personal Vehicle for Board Business**

The NDPERS Board adopted the following policy relating to claiming mileage when attending official Board functions using their personal vehicles. Board members will be reimbursed at the OMB approved mileage rate when using their personal vehicles, whether there is a State Motor Pool vehicle available or not.

**NDPERS Board Policy  
Adopted August 30, 2004  
Relating to Payment of PERS Committees  
and Half Day Payment**

The NDPERS Board adopted the following at their August 30, 2004 Board meeting:

Mr. Sage moved approval of paying all committees established by the Board (Election Committee, Audit Committee, Investment Committee and Wellness Committee). He further moved that payment for meetings of two hours or less, half day payment, and two hours or more, full day payment. Mr. Gunkel seconds.

## NDPERS POLICY

### Contract Procurement

The following shall be considered the policy for all contract procurements over \$10,000:

I. General Policy Statement:

It is NDPERS policy to procure services through full and fair competition. All procurement will be conducted in a manner that provides maximum open and free competition.

II. Contracting Frequency:

- A. Special Projects: Whenever it is deemed necessary by the PERS Board, special contracts will be awarded through a competitive bidding process. The contract shall only be for the duration of the particular project. Selection of a special project consultant shall, as is possible, comply with the following policy for consulting contracts.
- B. Ongoing Consulting Contracts: The following specific contracting areas shall be contracted for a period as established by the PERS Board. Specific areas for the hiring of the consultants are:
1. Retirement Actuarial Consulting
  2. Group Health Insurance Consulting
  3. Group Life Insurance Consulting
  4. Deferred Compensation Consulting
  5. Flexible Benefits Consulting
  6. Retirement Disability Consulting

These contracts may be expanded or adjusted during the contract period to include special analysis or studies as determined by the Board.

- C. Group Benefit Contracts: the following specific program areas shall have a contract period as established by the NDPERS Board or specified in statute.
1. Health Insurance
  2. Life Insurance
  3. Dental Insurance
  4. Vision Insurance
  5. Employee Assistance Program Services
  6. Long Term Care Insurance
  7. Defined Contribution Retirement Services
    - a. 457 Deferred Compensation Program Services
    - b. 401(a) Defined Contribution Retirement Services
  8. FlexComp Administrative Services
  9. Retiree Health Insurance Credit Administrative Services

III. Procurement Process:

- A. Proposals must be solicited through a Request for Proposal (RFP). The RFP shall state:
  - 1. The work specifications.
  - 2. Review process.
  - 3. Terms & conditions.
- B. A professional listing of prospective bidders for each of the specific areas of contracting shall be maintained by PERS. A notice of RFP must be made available to firms on the respective bidders list. If it is determined practical, notice of the proposed procurement will be provided to other potential bidders. The notice of RFP may be advertised, mailed, emailed or posted to the NDPERS website to prospective bidders. The filing deadline must be a part of the RFP notice.
- C. Evaluation of proposals will be according to the procedure outlined in each specific RFP.
- D. The contract for the recommended consultant will be delivered to the Attorney General's Office for final review and approval prior to presentation to the Board.
- E. The PERS Board will make the final decision on hiring a consultant. Upon approval by the Board, the Executive Director may sign all approved contracts.

IV. Supervision of the Contract:

The Executive Director is responsible for the administration of all contracts and shall report to the Board any deficiencies or dissatisfaction.

- V. The Board's Code of Ethical Responsibility is hereby incorporated by reference and shall be supplied to all contractors.



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Executive Director  
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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** July 14, 2020

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

During a recent audit, Chief Audit Officer Shawna Piatz reported that we have not been following a requirement in the Operating Policies that the Executive Director “report all contracts [under \$10,000] to the Board at the earliest opportunity”. Frankly, given the nearly complete turnover of management over the past three years, senior management did not recall this requirement until Shawna brought it up.

We do have several of these that pop up every year, including a number of contracts with political subdivisions for membership in one of our programs. The question becomes whether the Board would like to see these contracts at every Board meeting (i.e., “at the earliest opportunity”), or would instead like a quarterly or semi-annual report of contracts under \$10,000.

**Board Action:** Determine the frequency at which the Board would like to review contracts executed by the Executive Director without previous Board review.





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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** July 14, 2020

**SUBJECT:** Assurance NM Testing

This is a test of our emergency communication network Assurance NM.

No Board Action is necessary, other than letting us know if you do NOT get the communication.