

# 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, June 9, 2020**

**Time: 8:30 AM**

## **I. MINUTES**

- A. April 14, 2020
- B. May 12, 2020

## **II. PRESENTATIONS**

- A. (15 minutes) Superior Vision Annual Report
- B. (20 minutes) SHP Update on Population Health

## **III. GROUP INSURANCE**

- A. SHP Update on COVID-19 and Impact on the Health Plan – Rebecca (Information)
- B. FlexComp Pan Contract Amendment Approval – Rebecca (Board Action)
- C. Dental Plan Contract Amendment Approval – Rebecca (Board Action)
- D. Insurance & FlexComp Related Extensions Due to COVID-19 – Rebecca (Board Action)
- E. Health Insurance Selection Criteria – Scott (Board Action)

## **IV. RETIREMENT**

- A. Investment Report Quarter 1 – Bryan (Information)
- B. Investment Consultant Draft Request for Proposal (RFP) – Bryan (Board Action)
- C. GRS Cost Approval for Interest Rate Reduction Analysis – MaryJo (Board Action)

## **V. MISCELLANEOUS**

- A. Budget – Derrick (Board Action)
- B. Office Reopen Strategy – Scott (Board Action)
- C. Audit Committee Report – Shawna (Information)
- D. Strategic Planning Update – Scott (Information)

## **VI. MEMBER**

- A. Member Appeal Case #579 follow-up – MaryJo (Board Action) **\*EXECUTIVE SESSION**  
\*Executive Session pursuant to NDCC §44-04-19.2, §44-04-19.2(1) and §54-52-26 to discuss confidential records or confidential member information. Motion required.

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:** Rebecca

**DATE:** June 9, 2020

**SUBJECT:** Superior Vision 2019 Annual Update

Jami Kuder from Superior Vision will be at the meeting to provide the 2019 plan year update (Attachment) for the NDPERS vision plan.

In addition, Jami will be discussing if the Board is interested in increasing the frame allowance from \$75 to \$100 with no rate impact effective for January 1, 2021. Superior Vision has also confirmed that this increase will not impact their bid rate guarantee to hold the premiums even throughout the six year period that we can contract with them without going out to bid, or through the two 2 year renewals. The next renewal will be for the third contract period, which will be for January 1, 2022 – December 31, 2023.

## **Board Action Requested:**

Determine whether to increase the frame allowance from \$75 to \$100 with no rate impact effective for January 1, 2021.

If the Board decides to increase this allowance, staff will determine if a contract amendment is needed and work with legal counsel to develop the amendment to bring back for the Board's approval at a future meeting.



**Attachment**



# NDPERS

Vision Plan Utilization - PY2019

June 9, 2020

# Welcome!!

## Let's get started

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1. Financial Review – Year Over Year
2. Benchmarking Analysis
3. Member Tools
4. New Online Eyewear
5. Wrap Up/Closing
6. Appendix: Utilization Reports & Benchmarking



# Financial Review

Year – over – year

# Your 2019 Plan Year highlights



## Member enrollment\*

11,930 Employees  
27673 Total Members



## Benefit utilization

18,403 claims



## In-network provider utilization

91% in-network



## Frames paid in full

21.2% received a paid-in-full  
frame



## Top 5 Lens Options

1. Anti – Reflective
2. Polycarbonate
3. Photochromatic
4. Scratch Resistant
5. Hi – Index



## Top Providers Utilized

- Dakota Eye Institute – 12.5% (1,743 claims)
- Lifetime Vision Center – 7.7% (1,076 claims)
- Midwest Vision Centers – 5.0% (693 claims)
- Eye Center of The Dakotas – 3.6% (507 claims)
- 3-D Optical – 3.0% (417 claims)

\*Member Enrollment based on data as of 12/31/2019

# Member Enrollment

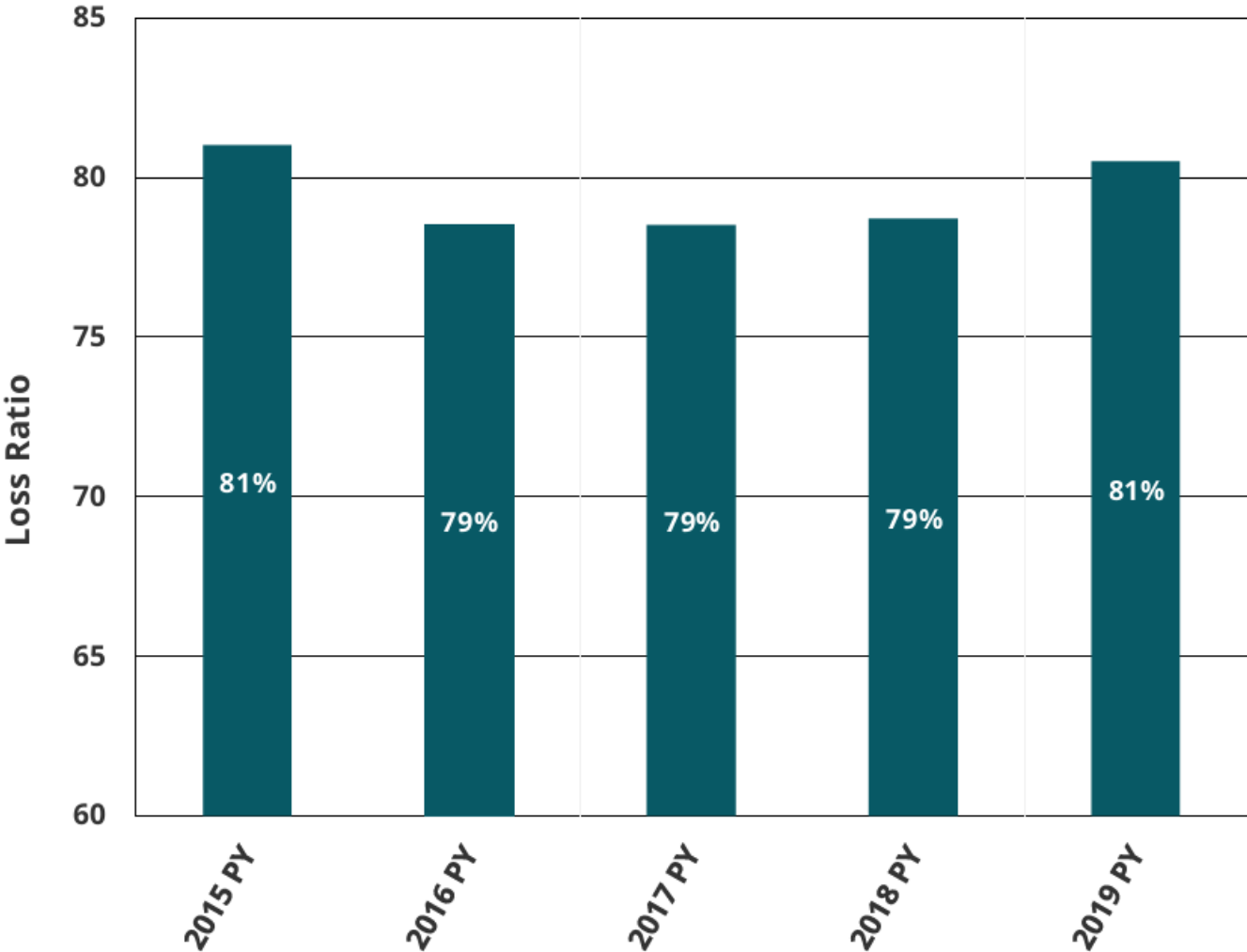


## At a Glance:

- 34.59% total membership growth from 2014 to 2019
  - Average of 6.19% increase in growth yr. over yr. in total membership
- With 34.29% total employees enrolled growth from 2014 to 2019
  - Average of 6.14% increase in growth yr. over yr. in total employees enrolled

# Claims vs. Premium (Loss Ratio)

Year – over – year





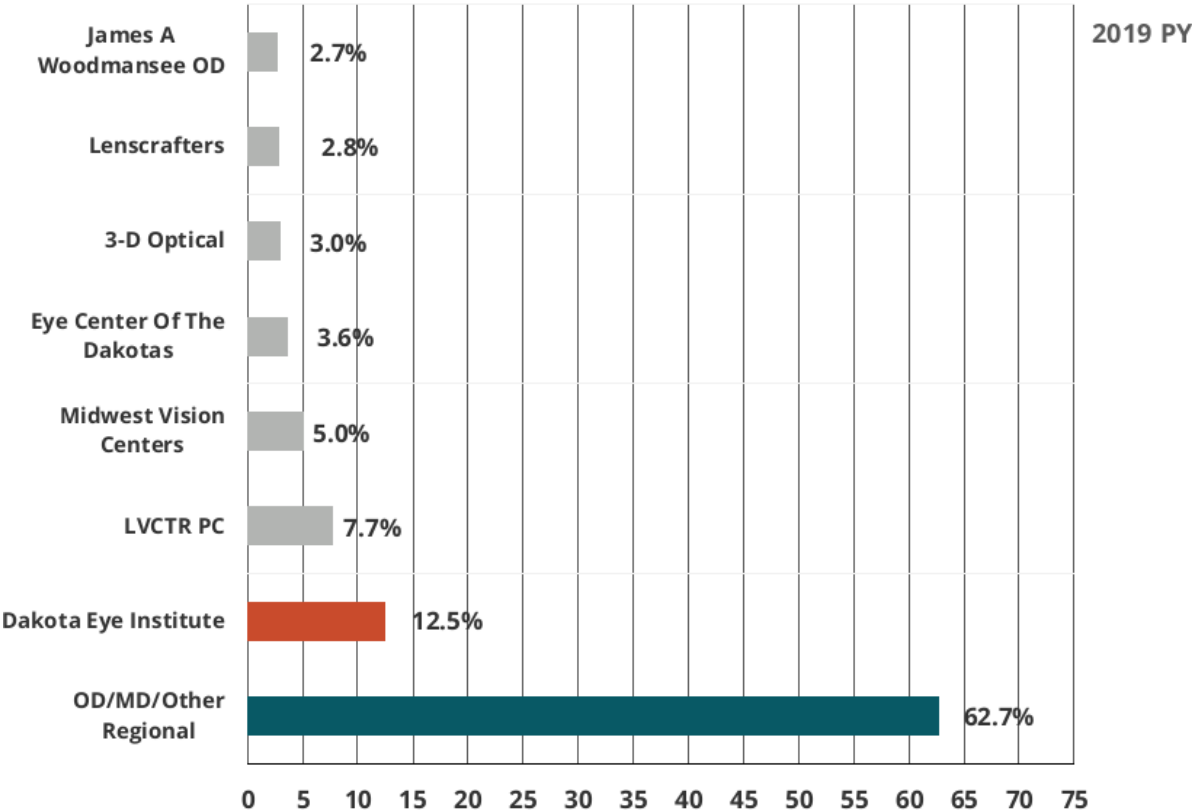
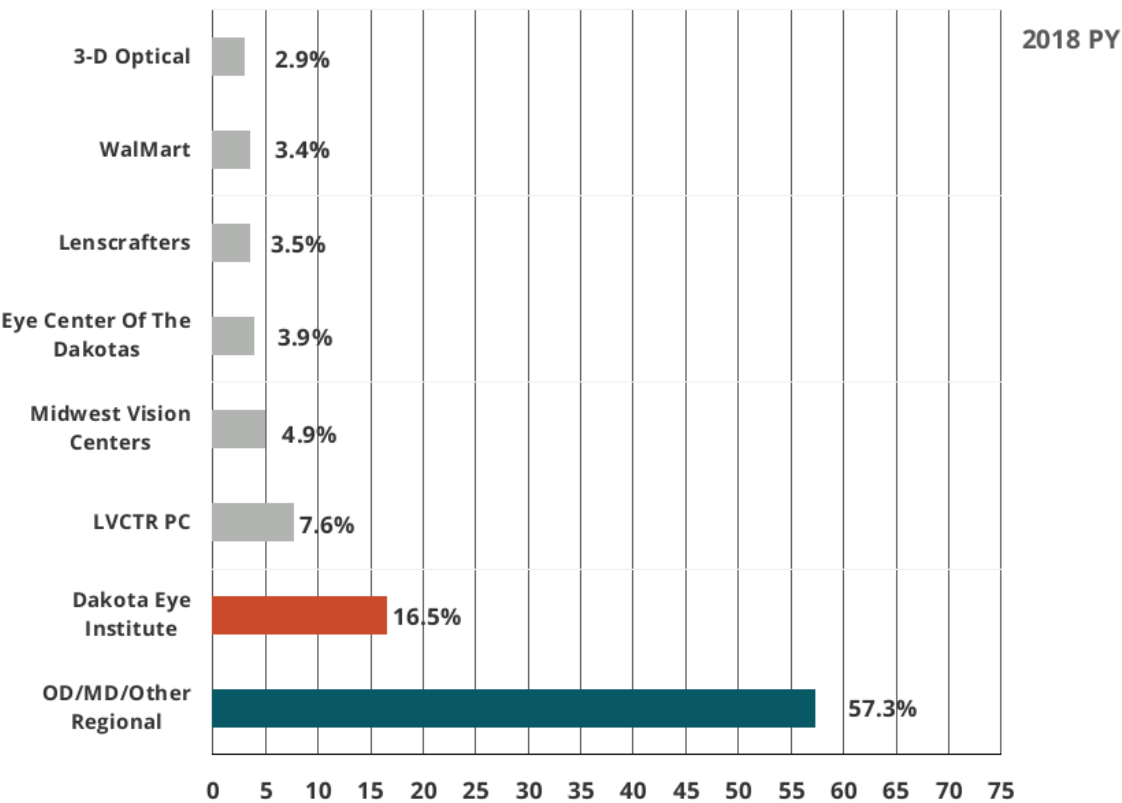
# Member Utilization Statistics

Year – over – year

Category	2018	2019	% Change
Average Enrolled Lives	11,432	11,734	2.6%
Average Covered Lives	26,563	27,418	3.2%
Dependent Composition	57.0%	57.2%	0.4%
In-Network Utilization	92%	91%	-1.1%
Number of In-Network Claims	13,850	12,873	-7.1%
Number of OON Claims	1168	1204	3.1%
Total Number of Claims	15,017	14,077	-6.3%
Frame Allowance (Free or Low Cost)	21.8%	21.2%	-2.8%
Single Vision Lenses	26.0%	26.6%	2.2%
Bifocal Lenses	5.5%	4.6%	-15.3%
Trifocal Lenses	29.8%	29.8%	0.0%
Contact Lenses	38.7%	37.1%	-4.0%
Utilization Factor (% of Members Obtaining Services) (Usage Rate comprised of # of claims dividided by # of lives)	56.5%	51.3%	-9.2%
Average Cost Per Claims	\$50.47	\$48.13	-4.6%

# Provider usage analysis

Year – over – year



# Benchmarking Analysis

# Summary of Benchmarking Analysis

- Within the SV book of business we will see on average 96-99% of in-network utilization with NDPERS running at 91% of in-network utilization
- The average frame allowance has increased from the historical industry average of \$130 to \$150 the last couple of years
  - With NDPERS current frame allowance at \$75, Superior Vision has agreed to increase the frame allowance to \$100 with no impact to the current rates after NDPERS board approval.
- NDPERS utilization factor (% of members obtaining services) of 51% is aligned with the SV book of business average of 45 – 55%.
- In analyzing the membership demographics for the vision plan, SV did determine that 53% of the total membership was female with the average age of 39.
  - With 60% of the employees/retirees enrolled in the plan female with the average age of 52 years old.
- In summary, we will continue to monitor the plan utilization for PY2020 and suggest for the next renewal to increase the frame allowance to \$100 to align closer to the industry average. SV will work with NDPERS to determine the best course of action to assist NDPERS in educating members the importance of an eye exam and how to utilize their vision benefits.



# Member Tools

# Superior Vision mobile app is also ready to help

It's easy to use and highly rated



## Create an online account

Log in with the same username and password as superiorvision.com, or create a new account in the app.



## View vision benefits

Review your vision benefits and eligibility information for yourself and for any dependents.



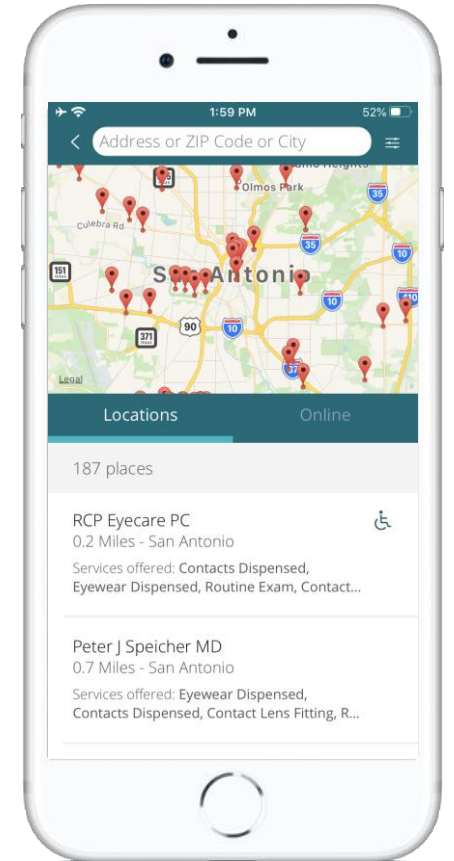
## Locate a vision provider

Find a vision provider in your network, call the provider, visit their website and even get directions



## Display member ID card

View your member ID card full screen, print and email it.



# New In-Network Online Retailers

# Who are they?

Bringing extensive online retail experience and a wide product selection

## GLASSES.COM

**Glasses.com** is one of the most trusted online stores for popular eyewear brands, including prescription glasses and sunglasses

- Broad price range: optical frames from \$80 to \$480
- Wide product selection including luxury brands, accessible fast fashion, and sport, including Ray-Ban, Oakley, Prada, Ralph Lauren and Michael Kors
- Lens options for every need
- Free shipping and returns
- Customer service available through phone, email, and chat
- Free in-person adjustments after purchase

## 1 800 contacts®

**1-800 Contacts** is the most recognized online contact lens retailer in the industry. They have an established reputation for their customer service, backed by an industry-leading Net Promoter Score of 76

- Most extensive inventory with 98% orders in stock
- Over 100k SKUs
- Multiple distribution centers across the country to improve delivery speed
- Ease of ordering with 2-click reorders
- Mobile app and prescription upload
- 24/7 live customer service: 90% of calls answered in 10 seconds or less



Wrap Up/Closing



Appendix:

PY2019 Utilization Reports

# Your members greatly utilized their benefits

Period	Occurrences	Claim Amount Submitted	Paid Amount	Premium Paid
01/2019	1,947	\$516,342	\$144,817	\$138,142
02/2019	1,501	\$406,949	\$111,165	\$141,246
03/2019	1,547	\$438,586	\$114,987	\$141,048
04/2019	1,615	\$445,386	\$121,753	\$141,411
05/2019	1,536	\$444,309	\$118,781	\$141,578
06/2019	1,369	\$366,695	\$102,956	\$141,449
07/2019	1,278	\$336,242	\$95,147	\$141,839
08/2019	1,378	\$353,005	\$99,991	\$142,171
09/2019	1,535	\$404,651	\$111,082	\$143,451
10/2019	1,391	\$348,370	\$99,882	\$143,569
11/2019	1,558	\$428,719	\$109,344	\$143,937
12/2019	1,748	\$450,913	\$123,763	\$144,490
<b>2019</b>	<b>18,403</b>	<b>\$4,940,166</b>	<b>\$1,353,668</b>	<b>\$1,704,331</b>

At a Glance:

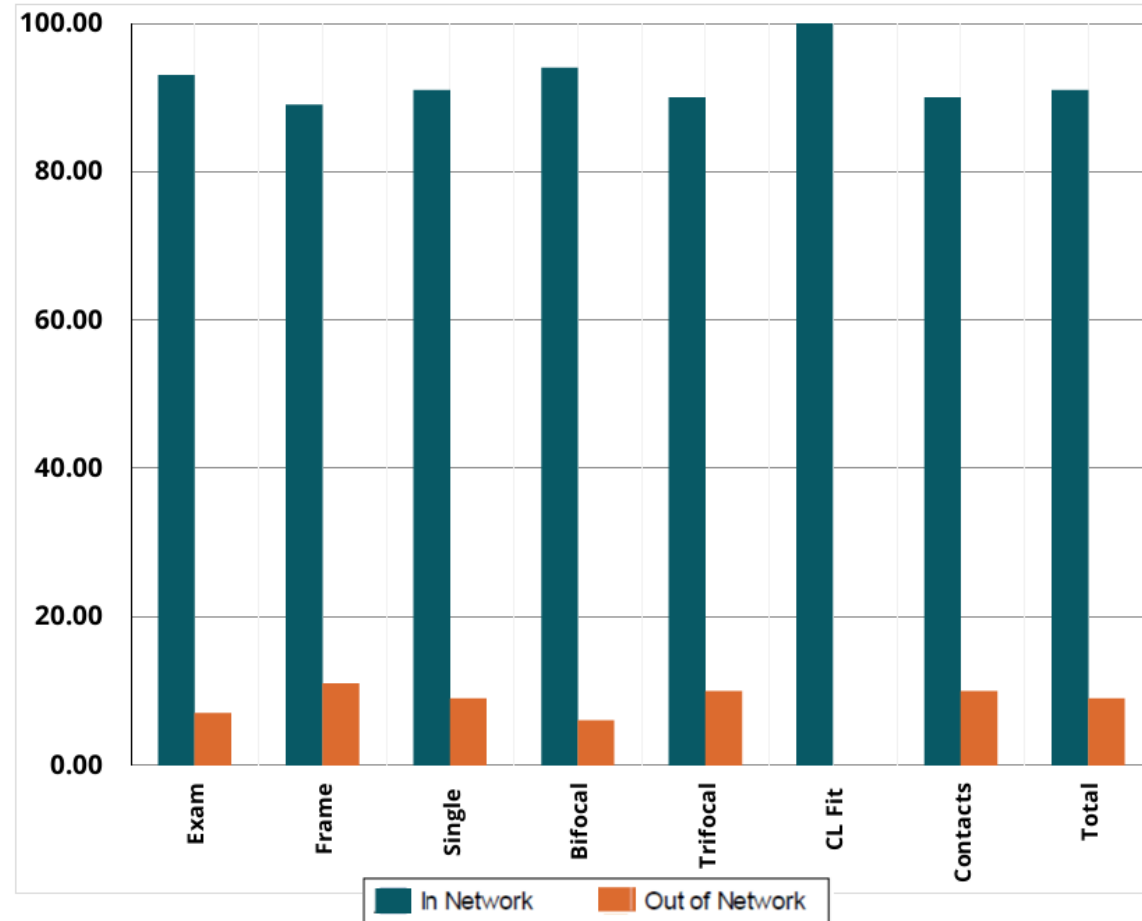
- # of claims increased 3.97% from 2018
- Amount paid on claims decreased 0.06% (\$8,153) from 2018

# Member Enrollment (PY2019)

	Employee					Dependent				Total
	EO	ES	EC	EF	Total	ES	EC	EF	Total	
January 2019	4,078	3437	951	3,093	11,559	3702	1,995	9,951	15,648	27,207
February 2019	4,096	3453	950	3,100	11,599	3709	1,989	9,970	15,668	27,267
March 2019	4,117	3469	945	3,095	11,626	3724	1,971	9,941	15,636	27,262
April 2019	4,136	3477	946	3,106	11,665	3720	1,970	9,991	15,681	27,346
May 2019	4,143	3478	943	3,107	11,671	3709	1,958	9,994	15,661	27,332
June 2019	4,176	3474	946	3,107	11,703	3702	1,960	9,983	15,645	27,348
July 2019	4,152	3478	941	3,098	11,669	3701	1,949	9,962	15,612	27,281
August 2019	4,172	3505	953	3,108	11,738	3718	1,953	9,976	15,647	27,385
September 2019	4,223	3535	956	3,135	11,849	3739	1,947	10,074	15,760	27,609
October 2019	4,257	3534	956	3,134	11,881	3732	1,942	10,070	15,744	27,625
November 2019	4,282	3551	953	3,142	11,928	3736	1,927	10,083	15,746	27,674
December 2019	4,284	3540	960	3,146	11,930	3721	1,916	10,106	15,743	27,673

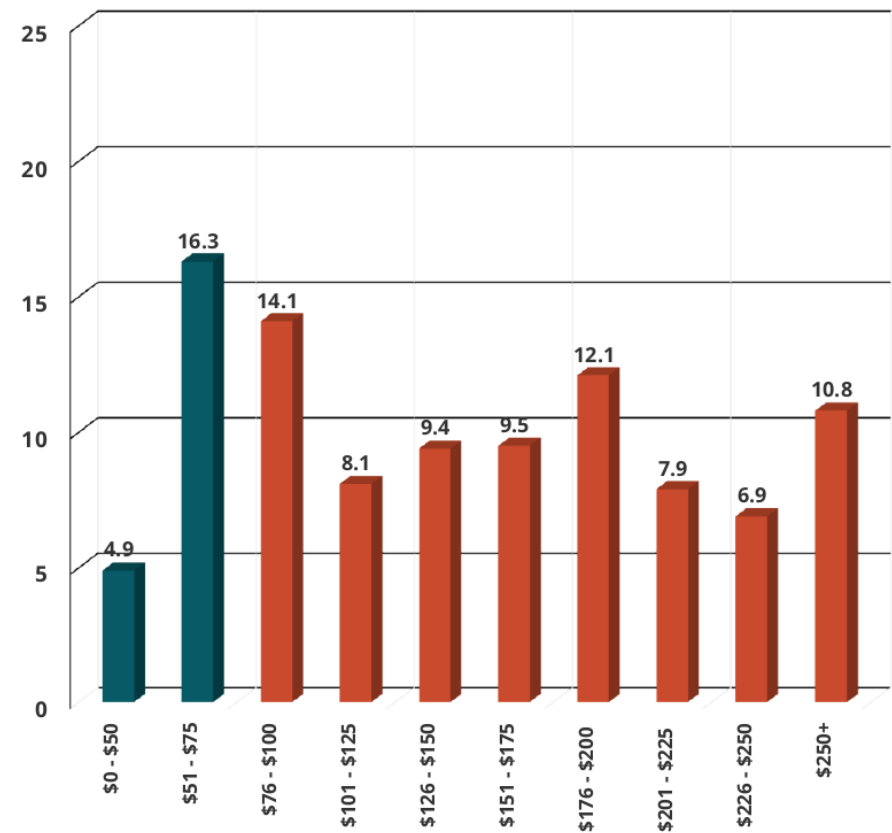
# Member Utilization (PY2019)

		In Network	Out of Network	Total
Exam	# Claims	8,632	624	9,256
	% Network	93.00%	7.00%	100%
	Avg. Billed	\$132.66	\$133.59	\$132.72
	Avg. Paid	\$57.92	\$43.42	\$57.00
Frame	# Claims	3,464	413	3,877
	% Network	89.00%	11.00%	100%
	Avg. Billed	\$162.45	\$151.10	\$161.44
	Avg. Paid	\$37.42	\$39.42	\$37.60
Single	# Claims	1,858	178	2,036
	% Network	91.00%	9.00%	100%
	Avg. Billed	\$61.63	\$115.14	\$65.26
	Avg. Paid	\$13.74	\$34.38	\$15.14
Bifocal	# Claims	334	21	355
	% Network	94.00%	6.00%	100%
	Avg. Billed	\$98.14	\$209.11	\$103.89
	Avg. Paid	\$42.71	\$53.16	\$27.96
Trifocal	# Claims	2,184	234	2,418
	% Network	90.00%	10.00%	100%
	Avg. Billed	\$175.37	\$230.94	\$179.85
	Avg. Paid	\$42.71	\$69.57	\$44.88
CL Fit	# Claims	1,489	-	1,489
	% Network	100.00%	0.00%	100%
	Avg. Billed	\$58.94	\$0.00	\$58.94
	Avg. Paid	\$16.67	\$0.00	\$16.67
Contacts	# Claims	2,549	291	2,840
	% Network	90.00%	10.00%	100%
	Avg. Billed	\$176.04	\$146.05	\$173.18
	Avg. Paid	\$82.27	\$75.35	\$81.61
Total	# Claims	12,873	1,204	14,077
	% Network	91.00%	9.00%	100%
	Avg. Billed	\$135.61	\$151.48	\$136.73
	Avg. Paid	\$47.92	\$50.89	\$48.13



# Frame Summary - \$75 Allowance (PY2019)

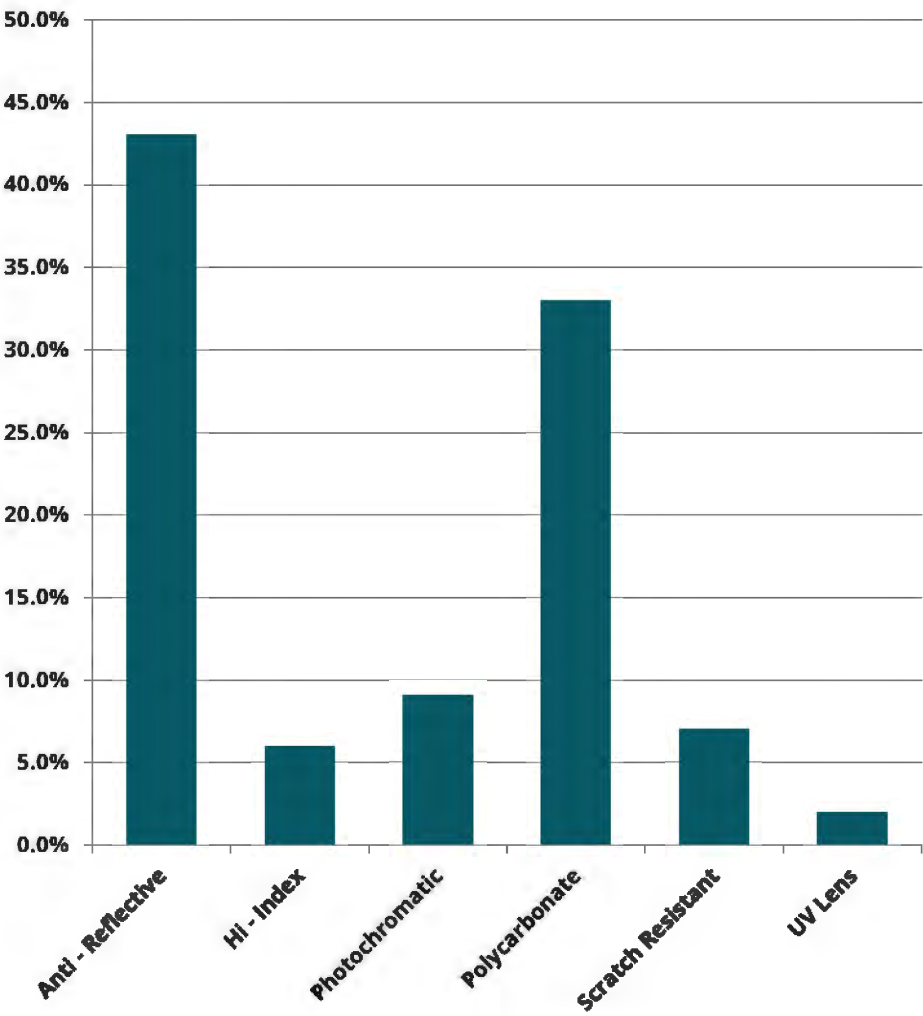
		\$75
\$0 - \$50	# Frames	239
	% Frames	5.0%
	Avg. Billed	\$38.32
	Out of Pocket	\$0.00
\$51 - \$75	# Frames	796
	% Frames	16.0%
	Avg. Billed	\$65.52
	Out of Pocket	\$0.00
\$76 - \$100	# Frames	692
	% Frames	14.0%
	Avg. Billed	\$87.95
	Out of Pocket	\$12.95
\$101 - \$125	# Frames	395
	% Frames	8.0%
	Avg. Billed	\$115.07
	Out of Pocket	\$40.07
\$126 - \$150	# Frames	462
	% Frames	9.0%
	Avg. Billed	\$139.10
	Out of Pocket	\$64.10
\$151 - \$175	# Frames	467
	% Frames	10.0%
	Avg. Billed	\$163.84
	Out of Pocket	\$88.84
\$176 - \$200	# Frames	594
	% Frames	12.0%
	Avg. Billed	\$189.80
	Out of Pocket	\$114.80
\$201 - \$225	# Frames	389
	% Frames	8.0%
	Avg. Billed	\$213.88
	Out of Pocket	\$138.88
\$226 - \$250	# Frames	337
	% Frames	7.0%
	Avg. Billed	\$237.82
	Out of Pocket	\$162.82
\$250+	# Frames	527
	% Frames	11.0%
	Avg. Billed	\$308.17
	Out of Pocket	\$233.17
Total	# Frames	4898
	% Frames	100.0%
	Avg. Billed	\$152.49
	Out of Pocket	\$80.82



- At a Glance:
- 21.2% of frame purchases were paid in full
  - 78.8% of frames purchased over \$75
    - With 22.2% (1,087 claims) of frames purchased between \$76 - \$125

# Lens Enhancements (PY2019)

	Total	
Anti - Reflective	# Claims	2,724
	% Claims	43.0%
	Avg. Billed	\$92.40
Hi - Index	# Claims	416
	% Claims	6.0%
	Avg. Billed	\$102.50
Photochromatic	# Claims	666
	% Claims	9.0%
	Avg. Billed	\$99.11
Polycarbonate	# Claims	2,085
	% Claims	33.0%
	Avg. Billed	\$42.06
Scratch Resistant	# Claims	415
	% Claims	7.0%
	Avg. Billed	\$30.31
UV Lens	# Claims	160
	% Claims	2.0%
	Avg. Billed	\$17.09
Total	# Claims	3,324
	% Claims	100.0%
	Avg. Billed	\$71.35





# Top 35 Providers (PY2019)

Provider NPI	Provider Name	City & State	Billed Claims	Paid Claims	% of Claims	# of Claims	Network
1194767129	DAKOTA EYE INSTITUTE PC	BISMARCK, ND	\$454,638.00	\$176,959.98	12.5%	1,743	IN NETWORK
1821065335	LVCTR PC	GRAND FORKS, ND	\$270,304.60	\$99,219.35	7.7%	1,076	IN NETWORK
1801129705	MIDWEST VISION CENTERS INC	BISMARCK, ND	\$163,318.26	\$58,783.95	5.0%	693	IN NETWORK
1346348000	EYE CENTER OF THE DAKOTAS PC	BISMARCK, ND	\$173,053.00	\$37,483.83	3.6%	507	IN NETWORK
1528175429	3-D OPTICAL INC	FARGO, ND	\$88,704.94	\$33,504.63	3.0%	417	IN NETWORK
1144275702	LENSCRAFTERS	VARIOUS	\$100,379.37	\$28,805.84	2.8%	396	IN NETWORK
1912008335	JAMES A WOODMANSEE OD PC	GRAND FORKS, ND	\$43,065.00	\$23,443.45	2.7%	371	IN NETWORK
1245565324	Excellent Eyes PC	MANDAN, ND	\$91,546.00	\$31,763.80	2.6%	370	IN NETWORK
1568446359	M LEIDENIX PC	BISMARCK, ND	\$40,005.00	\$21,789.53	2.6%	369	IN NETWORK
1336635242	PROFESSIONAL EYECARE CENTERS PC	JAMESTOWN, ND	\$85,851.50	\$31,760.76	2.5%	356	IN NETWORK
1679858724	EYECARE ASSOCIATES PC	FARGO, ND	\$73,370.00	\$27,826.55	2.5%	353	IN NETWORK
1922188762	WALMART	VARIOUS	\$171,963.60	\$89,563.82	2.4%	334	IN NETWORK
1790183846	EYEMART EXPRESS LLC	GRAND FORKS, ND	\$40,422.03	\$11,484.39	2.1%	291	IN NETWORK
1063895027	JOHNSON EYECARE PC	MINOT, ND	\$58,817.48	\$20,374.10	1.9%	267	IN NETWORK
1386035038	COSTCO WHOLESALE CORP	VARIOUS	\$30,138.24	\$19,800.31	1.8%	256	IN NETWORK
1740388941	EYECARE PROFESSIONALS PC	MANDAN, ND	\$58,244.25	\$22,870.85	1.7%	241	IN NETWORK
1457748006	LIFETIME VISION SOURCE PC	JAMESTOWN, ND	\$66,783.58	\$23,258.40	1.7%	237	IN NETWORK
1154427565	KRISTIN F ENGSTROM OD	FARGO, ND	\$25,794.00	\$9,900.00	1.5%	216	IN NETWORK
1699876417	DR LESLIE R MASCIARELLI & ASSOCIATES PC	FARGO, ND	\$19,848.00	\$13,963.20	1.5%	207	IN NETWORK
1760580922	DR CAROL A MURIE PC	GRAND FORKS, ND	\$23,155.00	\$12,653.00	1.5%	204	IN NETWORK
1801045729	FARGO VISION ASSOCIATES PC	FARGO, ND	\$58,901.20	\$14,865.00	1.4%	197	IN NETWORK
1700899143	Michael Rexine OD PC	FARGO, ND	\$51,126.00	\$13,893.55	1.4%	197	IN NETWORK
1386626976	ADVANCED EYECARE PC	GRAND FORKS, ND	\$130,299.00	\$37,296.47	1.4%	191	IN NETWORK
1275695025	FORKS OPTOMETRIC LTD	EAST GRAND FORKS, MN	\$76,790.50	\$28,515.80	1.4%	189	IN NETWORK
1215991799	FAMILY VISION CLINIC, LLP	BISMARCK, ND	\$32,159.00	\$13,018.10	1.2%	169	IN NETWORK
1194755249	PRAIRIE VISION CENTER PC	WAHPETON, ND	\$52,986.00	\$15,788.24	1.2%	166	IN NETWORK
1679858724	West Fargo Eyecare Associates PC	WEST FARGO, ND	\$33,413.00	\$12,859.50	1.1%	158	IN NETWORK
1285725820	LOOYSEN I CARE PC	JAMESTOWN, ND	\$43,137.00	\$12,961.05	1.1%	153	IN NETWORK
1245285816	TRINITY MEDICAL GROUP	WILLISTON, ND	\$101,455.50	\$25,357.45	1.1%	153	IN NETWORK
1114007960	SAM'S CLUB	VARIOUS	\$36,004.61	\$16,975.29	1.1%	151	IN NETWORK
1841210143	20-20 VISION EXPRESS LLC	FARGO, ND	\$49,393.91	\$12,158.49	1.1%	149	IN NETWORK
1043489925	ADVANCED VISION CENTERS PC	DICKINSON, ND	\$31,811.90	\$13,693.80	1.0%	146	IN NETWORK
1568751618	HEINZ SIGHT LLC	GRAND FORKS, ND	\$38,112.17	\$8,591.45	1.0%	145	IN NETWORK
1750345252	Jamestown Eyecare	JAMESTOWN, ND	\$15,020.00	\$8,619.00	1.0%	143	IN NETWORK
1437197191	Eyes on Bismarck PC	BISMARCK, ND	\$41,314.00	\$21,231.30	0.9%	131	IN NETWORK

# Appendix:

## Benchmarking Analysis

# NDPERS

## Superior Vision comparative benchmarking analysis

Superior Vision is pleased to provide this comparative benchmarking data for your review. We hope you will find this information helpful in managing your vision benefit plan.

The data contained in this report consists of actual Superior Vision clients (de-identified) similar in size and scope of NDPERS. The data outlined includes components such as plan type, copayments, nuances and baseline premium information.

We look forward to reviewing this information with you and to addressing any questions that you may have concerning this data. Thank you for the opportunity to provide this information, and for your continued partnership with Superior Vision.

Sincerest Regards,

*Jami Kuder*

Jami Kuder  
Director, Client Management  
Superior Vision

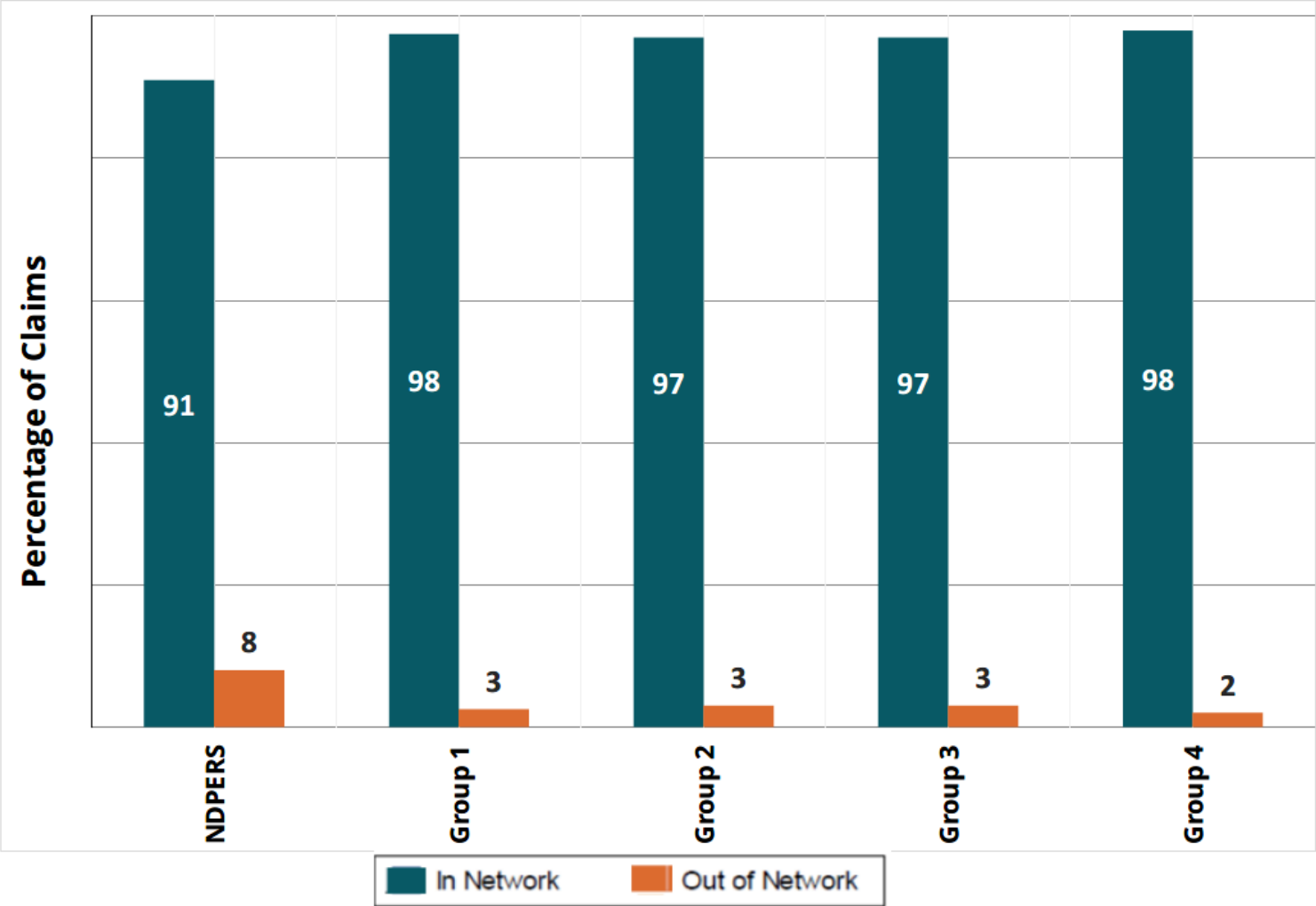
# Benchmark Analysis

## Benefits Structure

Comparison Sector	Plan Frequency	Plan Design	Case Size & Inception	Baseline Premium
<b>NDPERS (ND)</b>	Exam: 1 per calendar year Lenses: 1 per calendar year Frames: 1 per calendar year CL Fitting Exam: 1 per calendar year Contact Lenses: 1 per calendar year	<b>Copays</b> Exam: \$0 Materials: \$35 Contact Lens Fit: \$35 <b>Allowances</b> Frames: \$75 Contacts: \$100	28,947 Members Client Since: 2011	Single: \$6.57 Family: \$18.55
<b>Group 1 Private Sector (ND)</b>	Exam: 12 months Lenses: 12 months Frames: 24 months CL Fitting Exam: 12 months Contact Lenses: 12 months *Based on Date of Service	<b>Copays</b> Exam: \$10 Materials: \$25 Contact Lens Fit: \$25 <b>Allowances</b> Frames: \$100 Contacts: \$100	5,908 Members Client Since: 2014	Single: \$8.79 Family: \$25.90
<b>Group 2 Private Sector (MN)</b>	Exam: 1 per calendar year Lenses: 1 per calendar year Frames: 1 per 2 calendar years CL Fitting Exam: 1 per calendar year Contact Lenses: 1 per calendar year	<b>Copays</b> Exam: \$15 Materials: \$15 Contact Lens Fit: \$25 <b>Allowances</b> Frames: \$125 Contacts: \$120	13,474 Members Client Since: 2006	Single: \$4.89 Family: \$13.96
<b>Group 3 Private Sector (MI)</b>	Exam: 1 per calendar year Lenses: 1 per calendar year Frames: 1 per 2 calendar years CL Fitting Exam: 1 per calendar year Contact Lenses: 1 per calendar year	<b>Copays</b> Exam: \$0 Materials: \$25 Contact Lens Fit: \$15 <b>Allowances</b> Frames: \$130 Contacts: \$130	23,506 Members Client Since: 2014	Single: \$4.39 Family: \$13.50
<b>Group 4 Private Sector (ND)</b>	Exam: 12 months Lenses: 24 months Frames: 12 months CL Fitting Exam: 12 months Contact Lenses: 12 months *Based on Date of Service	<b>Copays</b> Exam: \$10 Materials: \$25 Contact Lens Fit: \$25 <b>Allowances</b> Frames: \$130 Contacts: \$130	2,306 Members Client Since: 2014	Single: \$6.59 Family: \$19.43

# Benchmark Analysis

Claims by Network



# Benchmark Analysis

## Plan Utilization

Category	NDPERS	Group 1	Group 2	Group 3	Group 4
Average Enrolled Lives	11,734	4,939	5,028	9,421	1,204
Average Covered Lives	27,418	9,601	13,474	23,478	2,306
Dependent Composition	57%	49%	63%	60%	48%
In-Network Utilization	91%	98%	97%	97%	98%
Number of In-Network Claims	12,873	6,443	4,722	10,277	932
Number of OON Claims	1204	167	139	366	18
Total Number of Claims	14,077	6,610	4,859	10,643	950
Frame Allowance (Free or Low Cost)	21%	31%	55%	45%	30%
Single Vision Lenses	27%	36%	41%	44%	45%
Bifocal Lenses	5%	17%	8%	6%	14%
Trifocal Lenses	30%	6%	25%	8%	4%
Contact Lenses	37%	42%	25%	41%	37%
Utilization Factor (% of Members Obtaining Services) (Usage Rate comprised of # of claims divided by # of lives)	51%	69%	36%	45%	41%
Average Cost Per Claims	\$50.47	\$34.13	\$57.70	\$58.24	\$41.25



# Benchmark Analysis

## Network Utilization

	Exam	Frame	Single	Bifocal	Trifocal	CL Exam	Contacts	Total
<b>NDPERS</b>	9,256	3,877	2,036	355	2,418	1,489	2,840	14,077
	100%	100%	100%	100%	100%	100%	100%	100%
In-Network	8,632	3,464	1,858	334	2,184	1,489	2,549	12,873
	93%	89%	91%	94%	90%	100%	90%	91%
Out-of-Network	624	413	178	21	234	0	291	1,204
	7%	11%	9%	6%	10%	0%	10%	9%
<b>Group 1</b>	4,292	1,902	1,221	584	189	1,473	1,435	6,610
	100%	100%	100%	100%	100%	100%	100%	100%
In-Network	4,217	1,855	1,186	562	185	1,473	1,358	6,440
	98%	98%	98%	97%	98%	100%	95%	98%
Out-of-Network	75	47	35	22	4	0	77	167
	2%	3%	3%	4%	2%	0%	6%	3%
<b>Group 2</b>	2,986	1,977	1,170	228	713	197	716	4,859
	100%	100%	100%	100%	100%	100%	100%	100%
In-Network	2,922	1,929	1,147	222	694	791	670	4,722
	98%	98%	98%	97%	97%	100%	94%	97%
Out-of-Network	64	48	23	6	19	0	46	139
	2%	2%	2%	3%	3%	0%	6%	3%
<b>Group 3</b>	7,424	3,345	2,174	317	392	2,191	2,031	10,643
	100%	100%	100%	100%	100%	100%	100%	100%
In-Network	7,151	3,236	2,088	297	382	2,132	1,957	10,277
	96%	97%	96%	94%	97%	97%	96%	97%
Out-of-Network	273	109	86	20	10	59	74	366
	4%	3%	4%	6%	3%	3%	4%	3%
<b>Group 4</b>	559	302	247	19	77	216	200	950
	100%	100%	100%	100%	100%	100%	100%	100%
In-Network	552	295	242	18	75	216	192	932
	99%	98%	98%	96%	98%	100%	96%	98%
Out-of-Network	7	7	5	1	2	0	8	18
	1%	3%	2%	4%	2%	0%	4%	2%



# SuperiorVision<sup>TM</sup>

Jami Kuder  
Director, Client Management  
(682) 367- 4067  
[jkuder@superiorvision.com](mailto:jkuder@superiorvision.com)

Superior Vision Services, Inc. P.O. Box 967 Rancho Cordova 95741 (800) 507-3800 [superiorvision.com](http://superiorvision.com)  
The Superior Vision Plan is underwritten by National Guardian Life Insurance Company. National Guardian Life Insurance Company is not affiliated with  
The Guardian Life Insurance Company of America, AKA The Guardian or Guardian Life







**North Dakota  
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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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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** June 9, 2020

**SUBJECT:** Sanford Health Plan Population Health Update

Emily Griese, Senior Executive Director, Population Health with Sanford Health Plan (SHP) will be at the meeting to provide an update (Attachment) on the efforts being made related to Population Health.

# Population Health Overview

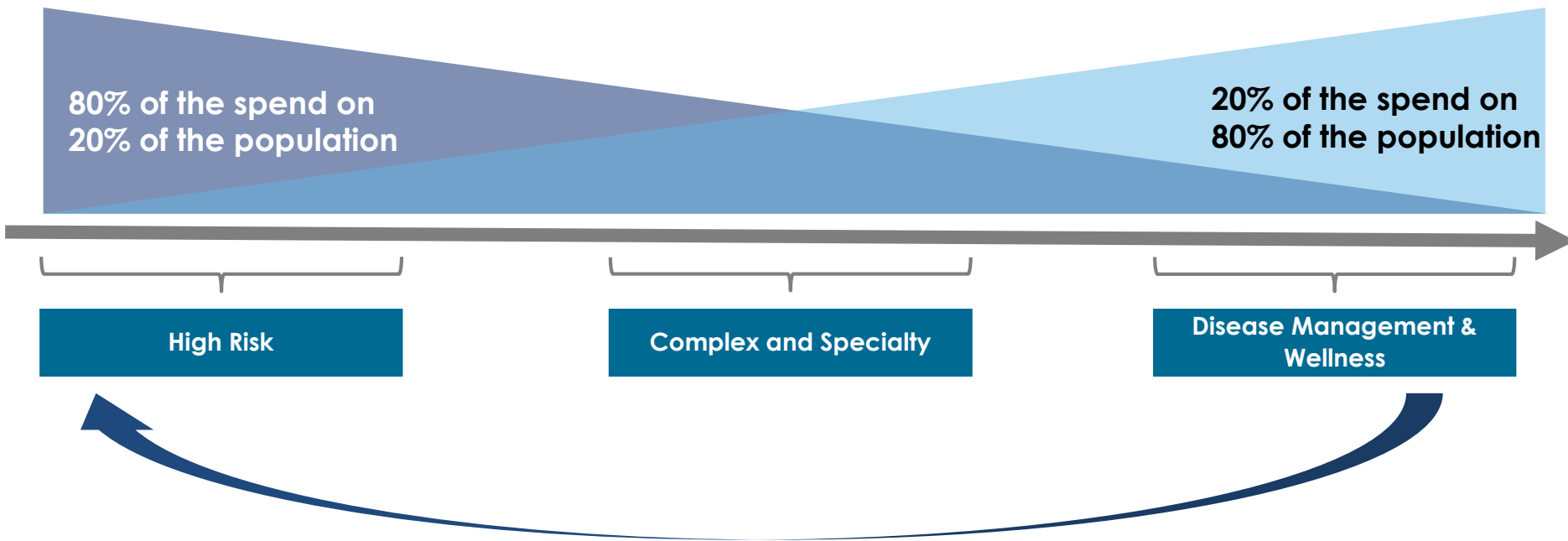
Value of the payer + provider partnership

Emily Griese, PhD

# Population Health

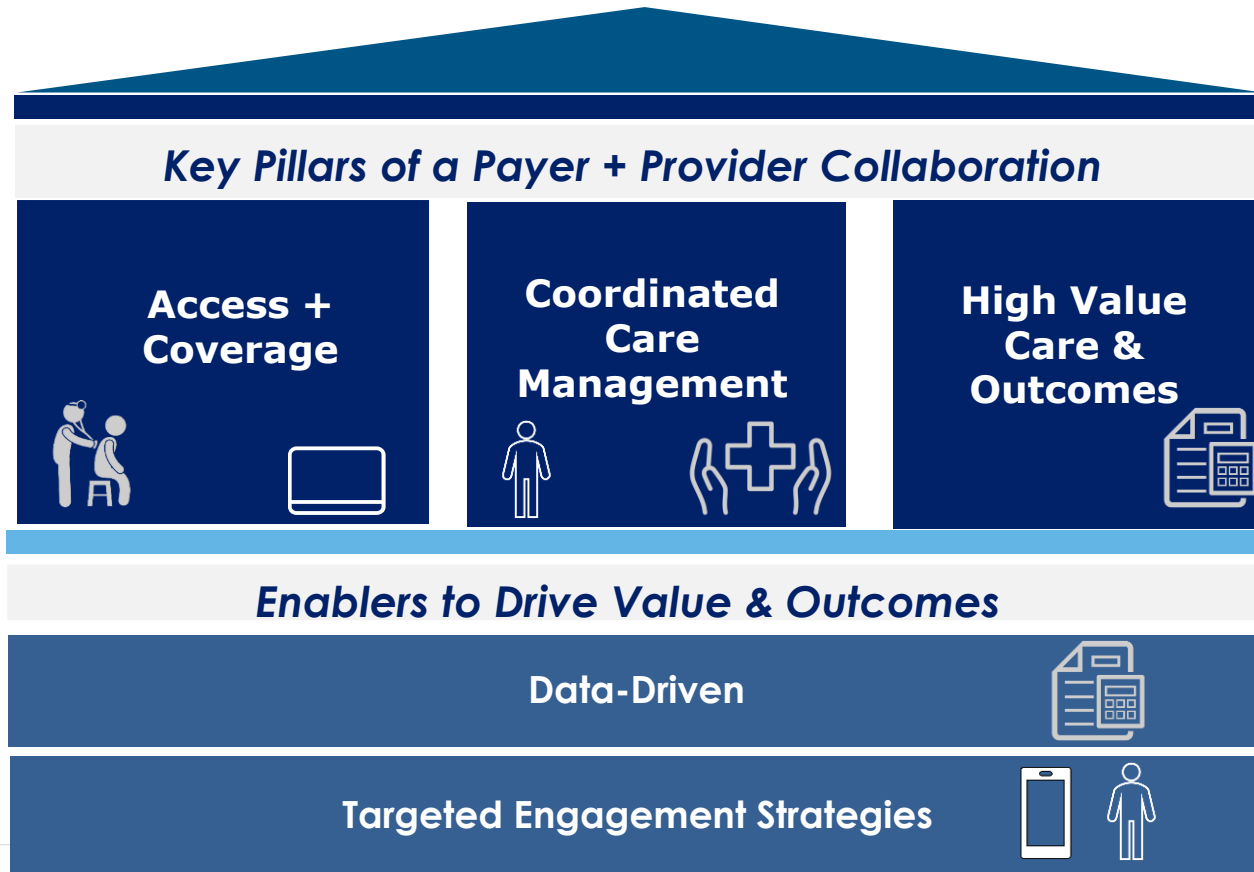
Simply: **RIGHT CARE, RIGHT PERSON, RIGHT TIME**

A systematic approach to health and wellness that aims to use health resources effectively and efficiently to improve the health of a population.



# Population Health

**Sanford Health Plan** is uniquely positioned to deliver on population health outcomes



# Leading Analytics Drive Population Health Management

## Member Profile

**Maria, 55**

*Illustrative*



<b>Risk</b>	2.5
<b>Engagement Score</b>	0.5

- **Stratification:** High Risk
- **Relationship Status:** Married
- **Household Income:** \$65,000
- **Location:** Rural
- **Clinical Information:** Diabetes, Heart Disease
- **Risks / Needs:** Poor adherence, high likelihood of hospitalization, high receptivity to telephonic interactions, low participation in health

### Sources

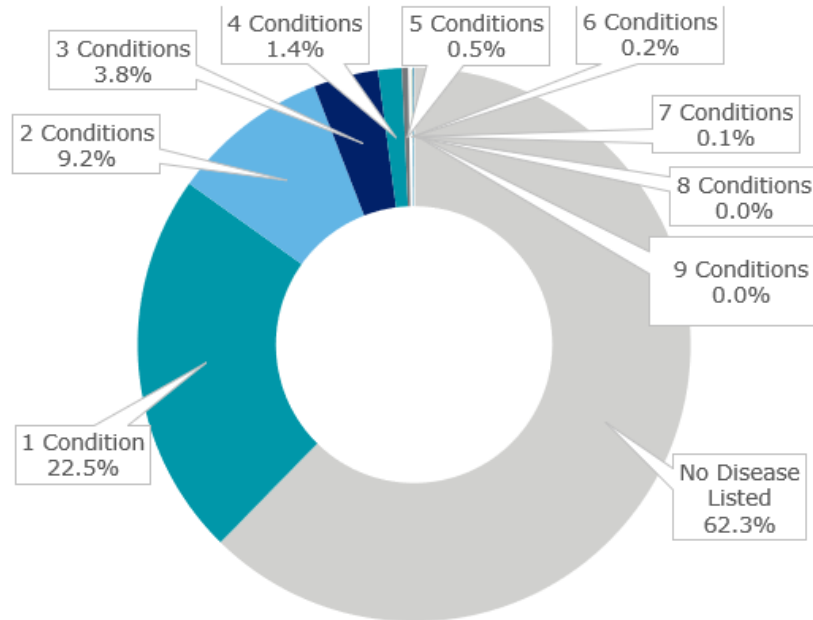
- |                       |               |
|-----------------------|---------------|
| Member Generated Data | PHCM          |
| Medical & Rx Claims   | EMR           |
| Caregiver Reported    | Provider Data |

- **Prioritized Actions**
- **Optimization of Resources**
- **Optimal Member Experience**
- **Significant Impact**

# Whole Person (vs. Singular Disease) Management

NDPERS Disease Prevalence and Member Breakdown

Disease Prevalence	Member Count	Member Percentage
0	36,728	62.35%
1	13,273	22.53%
2	5,448	9.25%
3	2,230	3.79%
4	810	1.38%
5	270	0.46%
6	109	0.19%
7	32	0.05%
8	8	0.01%
9	1	0.00%
<b>Total</b>	<b>58,909</b>	<b>100%</b>

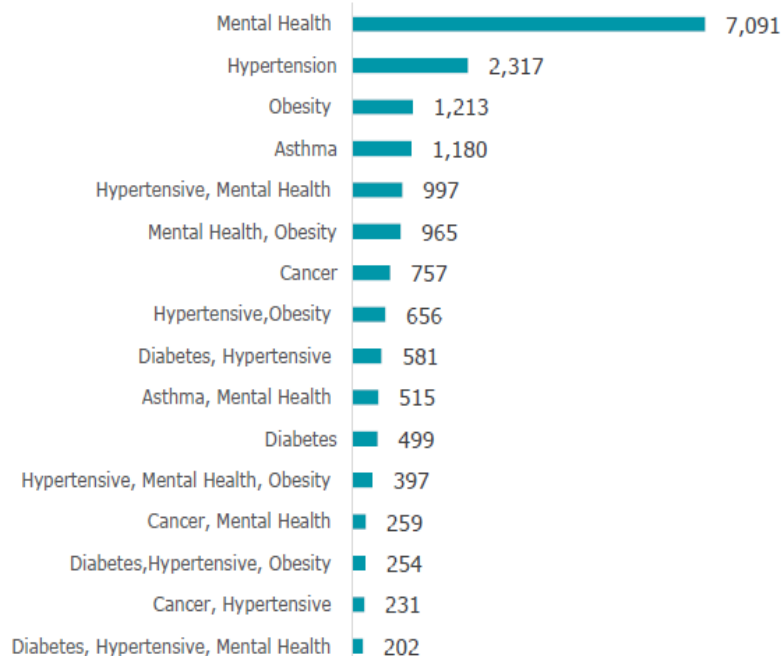


## Key Insight

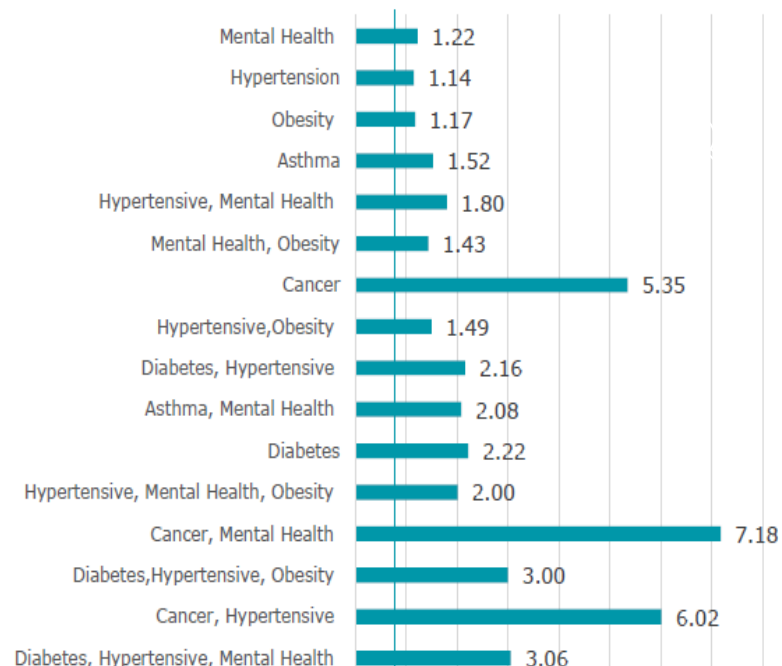
15% of the NDPERS population has 2+ conditions; this is 15% higher than the total Commercial Population

# Absolute Risk of Co-Occurring Conditions

Number of Members



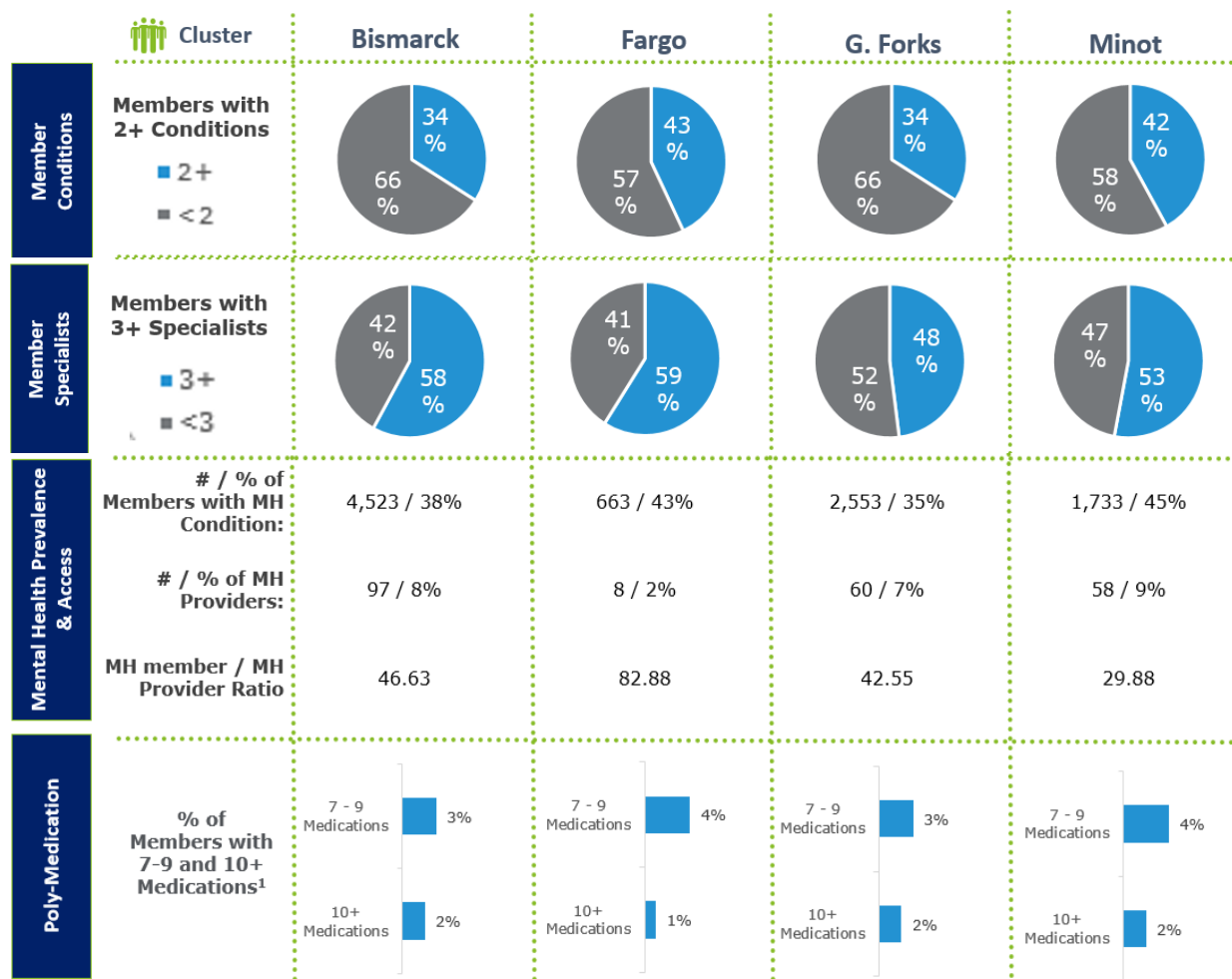
Risk



## Key Insight

- Prevalence and Risk of Mental Health as a Co-Occurring Condition

# Population Insights: Regional “Clusters”



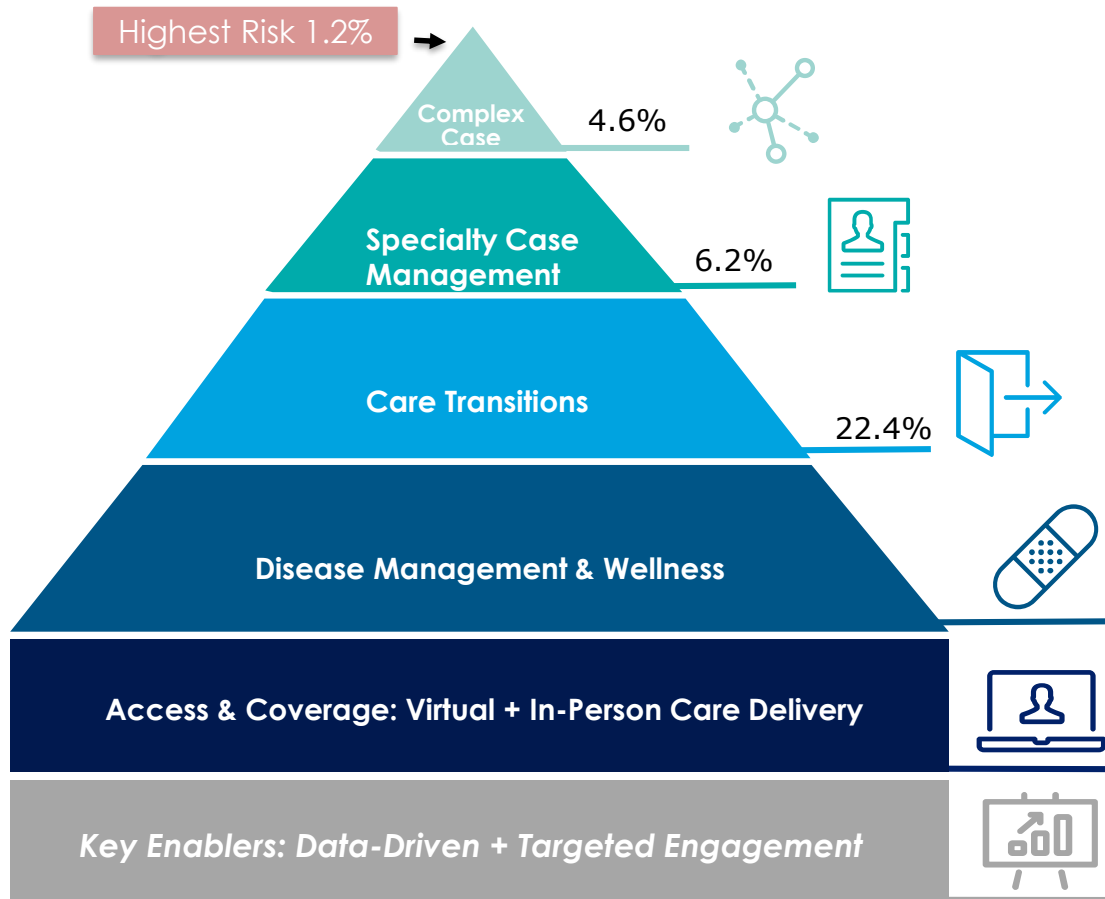
## Key Insight

Population “clusters” reveal opportunity

- Coordination of specialists
- Polypharmacy
- Access



# How are we personalizing **Access and Coverage** for NDPERS?



Right level of care at the right time – with access points (virtual, in person) to **meet the member where they are**

# How are we personalizing **Care and Outcomes** for NDPERS?

## Coordinated Care Management

**Coordinated Care Management** with attributed provider through VBA

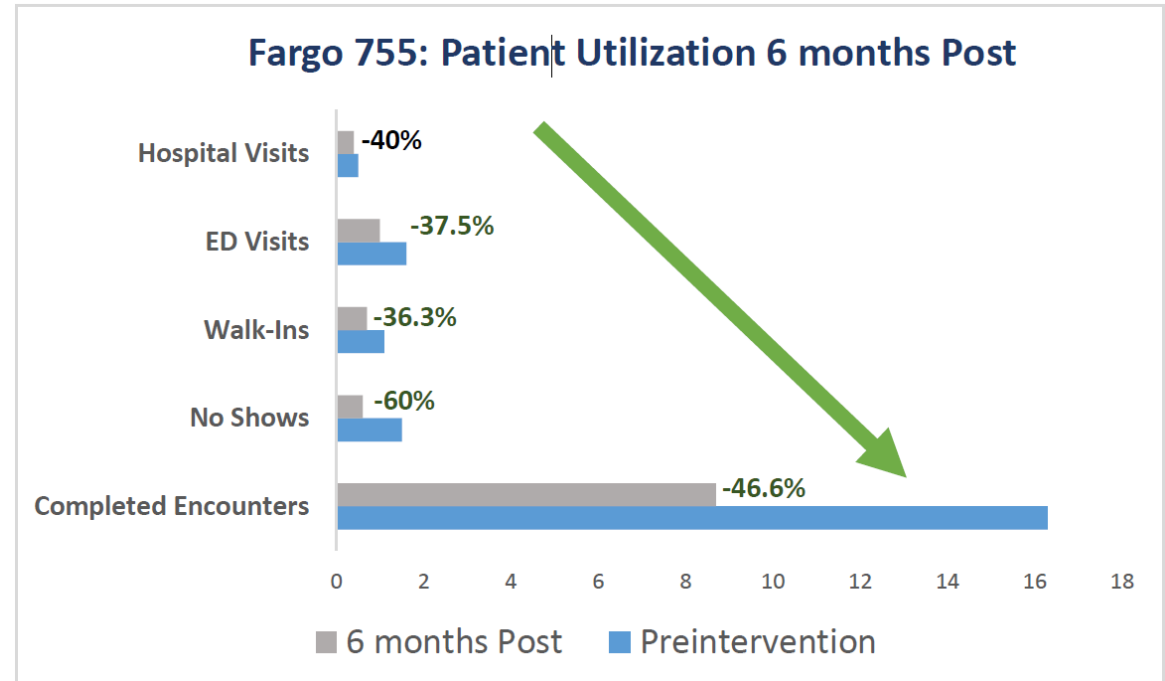


	Members Attributed to a VBA Provider Group		
Key Cost Elements	12/31/18	12/31/19	Change
Attributed Members	24,869	23,590	-5.1%
Illness Burden	1.16	1.16	-
Total Cost PMPM (Excluding Stop Loss)	\$522.10	\$517.90	-.8%
Risk Adjusted PMPM (Weight of 1.0)	\$449.18	\$445.71	-.8%

# How are we personalizing **Care and Outcomes** for NDPERS?

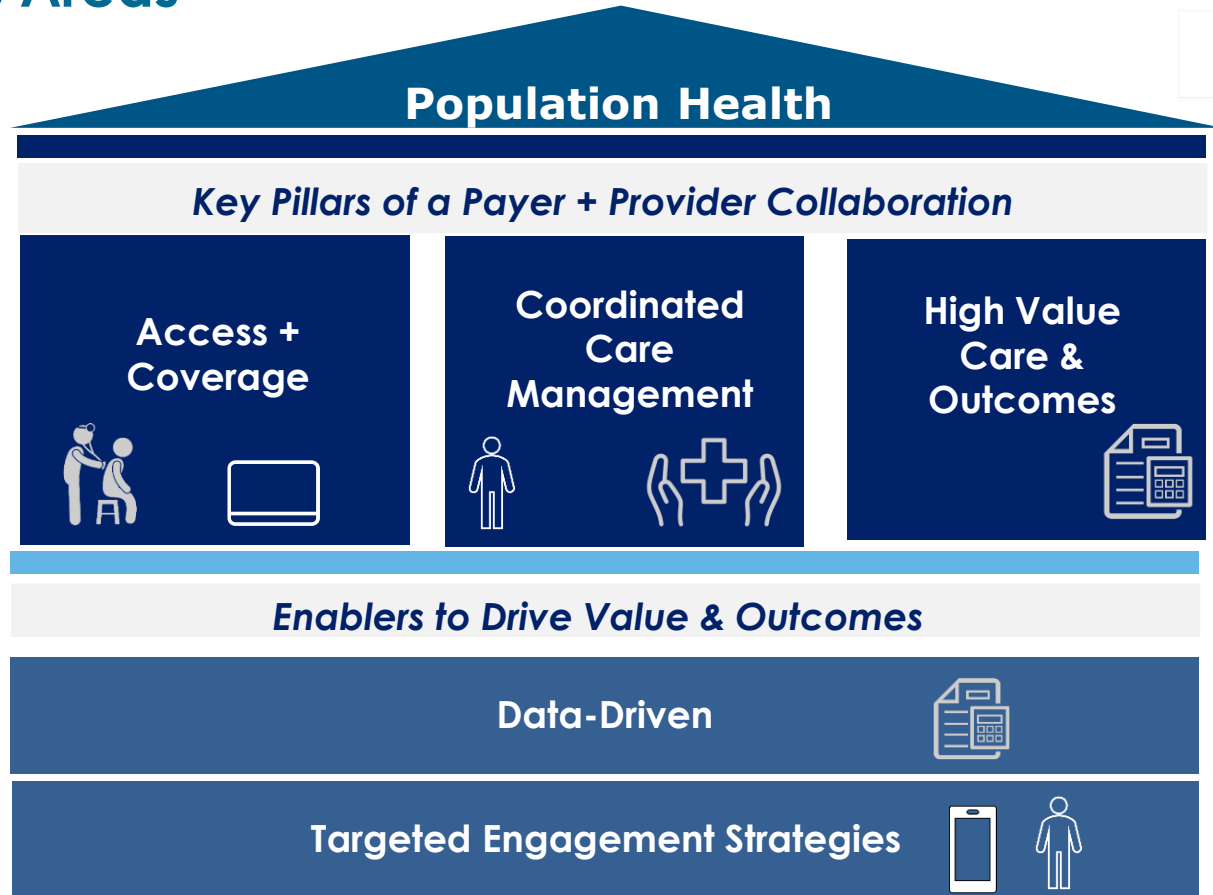
## High-Value Care and Outcomes

- *High touch, high impact care*
- *Fargo Market Health Guide focused on **navigation and relationship***
- *Significant impact on utilization*



# 2020-2021 Key Focus Areas

- New Access Points - Virtual
- Targeted Pop Health Management - Risk + Engagement
- Provider Partnerships - VBA
- Member-Focused Navigation Services - Health Guide





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Executive Director  
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1-800-803-7377

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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** June 9, 2020

**SUBJECT:** SHP Update on COVID-19

Sanford Health Plan (SHP) will be at the meeting to provide an update (Attachment) on the impact of COVID-19 on the NDPERS Group Health Insurance Plan.

# Memo

**To:** Rebecca Fricke

**From:** Steve Webster

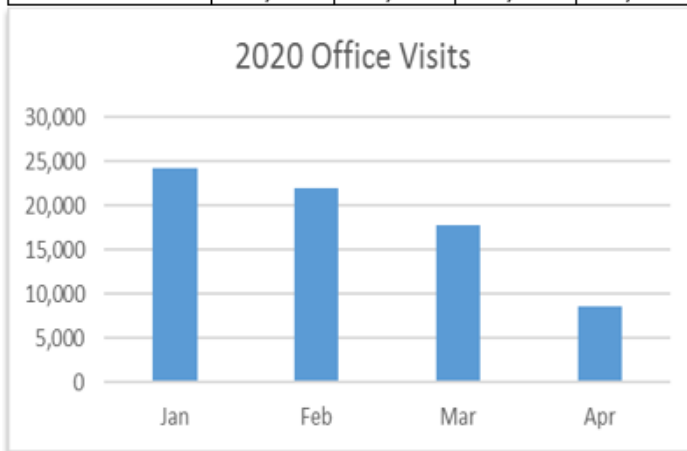
**Date:** May 29, 2020

**Re:** COVID-19 Claims Analysis

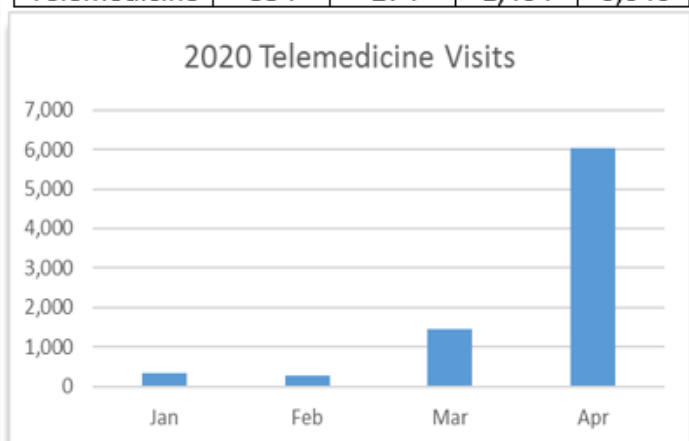
Please find the most current claim analytics surrounding the impact of COVID-19 on NDPERS utilization trends.

NDPERS - COVID - 19		
Incurred 3.10.20 paid thru 5.29.20	Claim Volumes	Paid Amount
COVID-19 Testing Services	840	\$ 96,006.98
COVID -19 Institutional Claims	276	\$ 199,819.38
Non-COVID-19 Claims	185	\$ 22,622.39
<b>Total</b>	<b>1,301</b>	<b>\$ 318,448.75</b>

Office Visit Utilization				
2020 visits	Jan	Feb	Mar	Apr
Office Visits	24,274	21,897	17,785	8,571



Telemedicine Utilization				
2020 visits	Jan	Feb	Mar	Apr
Telemedicine	354	274	1,464	6,046





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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca Fricke

**DATE:** June 9, 2020

**SUBJECT:** FlexComp Plan Contract Amendment

At the April meeting, the Board approved the contract renewal for the NDPERS FlexComp Plan with ASIFlex. The renewal was approved for the January 1, 2021 through December 31, 2022 contract period. Attachment 1 is the contract amendment drafted by NDPERS legal staff and approved by representatives from ASIFlex.

## **Board Action Requested**

Approve the contract amendment for the NDPERS FlexComp Plan for the January 1, 2021 through December 31, 2022 contract period. Also approve the Executive Director signing of the contract.

## First Amendment to Agreement for Services

This First Amendment to Agreement for Services is between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (NDPERS), and Application Software, Inc., dba ASIFlex (CONTRACTOR).

NDPERS and CONTRACTOR entered into an Agreement for Services (Agreement) on January 1, 2019. In its letter to NDPERS dated March 16, 2020, incorporated into this Amendment as Exhibit 1, CONTRACTOR offered to renew the current program services and fee structure with no changes for the two year period of January 1, 2021 through December 31, 2022. The NDPERS Board reviewed the renewal offer, considered the matter, and passed a motion to renew the Agreement.

NDPERS and CONTRACTOR therefore agree as follows:

- 1) Term. The parties renew the Agreement for two years. The amended termination date is December 31, 2022.
- 2) Fees. CONTRACTOR will provide ongoing program services and fee structure, in accordance with January 1, 2019 Agreement, with no changes.
- 3) All other terms of the Agreement remain in effect.

This First Amendment to Agreement for Services is effective, on the date of the most recent signature, when executed by both Parties.

ASIFlex

State of North Dakota through its  
Public Employee Retirement System

Signature: \_\_\_\_\_

Printed: \_\_\_\_\_

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

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

*San L. Jackson*  
San L. Jackson  
VP & General Counsel  
5/7/2020

Signature: \_\_\_\_\_

Printed: \_\_\_\_\_

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

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





March 16, 2020

Ms. Rebecca Fricke  
North Dakota Public Employees Retirement System  
PO Box 1657  
Bismarck, ND 58502-1657

RE: NDPERS FlexComp Program Renewal January 1, 2021 – December 31, 2022

Dear Rebecca:

On behalf of our ASIFlex team, we are pleased to inform you of the January 1, 2021 through December 31, 2022 renewal conditions for the NDPERS FlexComp program.

For the two year period of January 1, 2021 through December 31, 2022, ASIFlex will renew the current program services and fee structure with no changes. We appreciate the opportunity to work with the State, and appreciate your partnership.

Should you need further information or have questions, please contact:

Anita Spencer  
573.999.6632  
[aspencer@asiflex.com](mailto:aspencer@asiflex.com)

If there is anything else that I can do, just let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read "John M. Riddick", written over a light blue horizontal line.

John M. Riddick  
ASIFlex President/CEO



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Bismarck, North Dakota 58502-1657

**Scott A. Miller**  
Executive Director  
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1-800-803-7377

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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca Fricke

**DATE:** June 9, 2020

**SUBJECT:** Dental Insurance Plan Contract Amendment

At the April meeting, the Board approved the contract renewal for the NDPERS group dental insurance plan with Delta Dental. The renewal was approved for the January 1, 2021 through December 31, 2022 contract period. Attachment 1 is the contract amendment drafted by NDPERS legal staff and approved by representatives from Delta Dental.

## **Board Action Requested**

Approve the contract amendment for the NDPERS group dental insurance plan for the January 1, 2021 through December 31, 2022 contract period.

## First Amendment to Agreement for Services

This First Amendment to Agreement for Services is between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (NDPERS), and Delta Dental (CONTRACTOR).

NDPERS and CONTRACTOR entered into an Agreement for Services (Agreement), the term of which is January 1, 2019 until December 31, 2020. The Agreement provides NDPERS may extend the Agreement for up to two option periods.

In its letter to NDPERS dated March 10, 2020, incorporated into this Amendment as Exhibit 1, CONTRACTOR provided renewal rates for the first option period, which is from January 1, 2021 until December 31, 2022. The NDPERS Board reviewed the renewal rates, considered the matter, and passed a motion to extend the Agreement for the first option period.

NDPERS and CONTRACTOR therefore agree as follows:

- 1) Term. Pursuant to Paragraph 2, Option 1 of the Agreement, the parties extend the Agreement for two years. The amended termination date is December 31, 2022. NDPERS may extend the Agreement for an additional two years in accordance with Option 2.
- 2) Fees. NDPERS shall pay only pursuant to the amended terms in Exhibit 1.
- 3) All other terms of the Agreement remain in effect.

This First Amendment to Agreement for Services is effective, on the date of the most recent signature, when executed by both Parties.

Delta Dental

State of North Dakota through its  
Public Employee Retirement System

Signature: Stephanie A. Albert

Signature: \_\_\_\_\_

Printed: Stephanie A. Albert

Printed: \_\_\_\_\_

Title: Assistant Secretary

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

Date: May 7, 2020

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



Delta Dental of Minnesota

DELIVERED VIA EMAIL

March 10, 2020

**24-Month Contract Term**

Scott Miller  
 North Dakota Public Employees Retirement System  
 400 East Broadway, Suite 505  
 PO Box 1657  
 Bismarck, ND 58502

Re: Group Dental Plan # 537482  
 North Dakota Public Employees Retirement System  
 Contract Term: January 1, 2021 - December 31, 2022

Dear Scott:

Delta Dental of Minnesota has been pleased to provide dental benefits to your employees under our Delta Dental contract. We look forward to the renewal of your dental program for the above noted Contract Term.

Renewal of your contract is predicated upon the assumption your group continues to meet Delta Dental's underwriting guidelines. Payment of the renewal rates listed below constitutes acceptance of this renewal offer. If you wish to cancel your contract with Delta Dental for any reason, we must have notification 90 days prior to the renewal date.

	<u>Current Rates</u>	<u>Renewal Rates</u>
Employee:	\$38.64	\$39.80
Employee + Sp:	\$74.58	\$76.82
Employee + Ch(n):	\$86.58	\$89.18
Family:	\$123.30	\$127.00

We thank you for your business and look forward to servicing your group. If you have any questions, please contact your Delta Dental representative, Mark Keller, at 612-224-3271.

Sincerely,

Andrea L. Allred  
 Vice President, Account Management and Client Services

Copy: Mark Keller  
 Rebecca Fricke

Corporate Address  
 Delta Dental of Minnesota  
 500 Washington Avenue South  
 Suite 2060  
 Minneapolis, MN 55415-1163

Telephone: 612-224-3300  
 Toll Free: 1-877-268-3384  
 DeltaDentalMN.org

Mailing Address  
 Delta Dental of Minnesota  
 PO Box 9304  
 Minneapolis, MN 55440-9304



**RENEWAL CALCULATION  
24 MONTH CONTRACT**

Group Name North Dakota Public Employees Retirement System  
Group Number 537482  
Renewal Period: January 1, 2021 through December 31, 2022  
Experience Period: January 1, 2019 through December 31, 2019

Earned Premium \$9,799,161

Incurred Claims \$8,773,640

Estimated Unpaid Claim Liability\*: \$53,483

\* EUCL has already been added to the incurred claim total

Average Experience Period Enrollment:	Employee	4,413
	Ee + Sp	2,996
	Ee + Ch (n)	923
	Family	2,780
	Total	<u>11,111</u>

Trend Factor: 3.02%

Trend is calculated from the mid-point of the experience period to the midpoint of the renewal period.

Current Corporate Trend: 3.50%

Benefit Adjustment Factor (BAF): 0.00%

BAF is needed if any benefit changes are proposed for the upcoming contract period.

Projected Incurred Claims: \$9,038,823

Needed Increase: 4.25%

Proposed Increase: 3.00%

Rates:	<u>Current</u>	<u>Renewal</u>
Employee	\$38.64	\$39.80
Employee+Sp	\$74.58	\$76.82
Employee+Ch(n)	\$86.58	\$89.18
Family	\$123.30	\$127.00

**A 3% rate cap applies to the renewal period 1/1/2021 through 12/31/2022. A 3% rate cap also applies to renewal period 1/1/2023 through 12/31/2024.**

**Delta Dental reserves the right to re-evaluate the rates/fees and restrict funding options if during the contract period:**

**\* the number of enrolled employees deviates from the above enrollment by 10% or more**

**\* any changes are made to the plan design, contractual benefits or networks that are utilized**

**This renewal is valid only if the contract is issued in the state of North Dakota.**

90.21% Target Loss Ratio JCD

Note: Our rates include all applicable taxes and fees.

N/A Broker Commission

3/10/20





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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca Fricke

**DATE:** June 9, 2020

**SUBJECT:** Insurance & FlexComp Extensions Due to COVID-19

Recently, there have been Joint Federal Register Notices issued by the Department of Labor and the IRS that allowed for extensions for insurance and FlexComp plans due to COVID-19. The notices provided extensions to plan participants related to HIPAA and COBRA enrollments, delinquent COBRA payments and cancellation of coverage, and FlexComp 2019 plan year claims submissions. In addition, a mid-year FlexComp plan election opportunity was outlined. All of the extensions provided were to allow participants an additional window following the national declaration that the COVID-19 pandemic has ended, which is a date that is still unknown. The notice of greatest impact is Notice 2020-29 (<https://www.irs.gov/pub/irs-drop/n-20-29.pdf>).

Upon receiving alerts about the notices, staff requested advice from Ice Miller to determine if the notices applied to the NDPERS insurance and FlexComp Plan. Please see the Attachment for the response from Chris Sears, Ice Miller.

As you can see from the attached, the extensions outlined in these notices have been clarified that non-Federal governmental plans, such as the NDPERS plans, are not required to grant extensions set out in the Joint Notice. However, since we have been providing updates to the Board on various COVID-19 related issues, we wanted to provide you with an update on these notices and the analysis of potential impact to our plans.

## **Group Insurance (Health, Dental and Vision Plans)**

Since the extensions are not required for the NDPERS plans, staff reviewed the ND law and administrative rules to determine if there is guidance on offering extensions in the areas outlined in the notices, which were the following areas:

- 1) HIPAA Enrollments
- 2) COBRA Enrollments
- 3) COBRA Payments/Cancellation of Coverage

First, we will discuss HIPAA enrollments. NDAC 71-03-03-01 provides guidance on the HIPAA enrollment opportunities as follows:

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

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

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

The administrative rules clearly indicate that the application window for these types of qualifying events is within thirty-one days of the applicable event. In addition, NDAC 71-03-03-02 allows an employee who has failed to submit an application for coverage within this thirty-one day window to enroll during the annual open enrollment. This section of code also allows the employee to provide documentation to NDPERS to show "good cause" if they missed the application window, which would allow NDPERS to waive the thirty-one day application requirement and approve the coverage.

### **71-03-03-02. Late enrollment.**

An eligible employee failing to submit an application for coverage within the first thirty-one days of employment or eligibility for a special enrollment period may enroll during the annual open enrollment. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

Since administrative rules, which have the force and effect of law, provide specific limitations on extensions, and the federal notice does not require different extensions, staff have determined that an extension cannot be provided as outlined in the notice. However,

administrative rules would allow a member to provide additional documentation if the thirty-one day window was missed that would allow NDPERS to waive the requirement if “good cause”, such as a COVID-related issue, was the reason for the delay in application.

Secondly, we will discuss COBRA Enrollments. NDAC 71-03-03-06 and NDAC 71-03-03-07 provide guidance on when an employee who is terminating employment or a dependent who is losing coverage can elect continuation coverage. The rules state:

**71-03-03-06. Continuation of health, dental, vision, or prescription drug coverage after termination.**

An employee who terminates employment and is not receiving a monthly retirement benefit from one of the eligible retirement systems, and applies for continued coverage with the health, dental, vision, or prescription drug plan may continue such coverage for a maximum of eighteen months by remitting timely payments to the board. The employee desiring coverage shall notify the board within sixty days of the termination. Coverage will become effective on the first day of the month following the last day of coverage by the employing agency, if an application is submitted within sixty days. An individual who fails to timely notify the board is not eligible for coverage.

**71-03-03-07. Continuation of health, dental, vision, or prescription drug coverage for dependents.**

Dependents of employees with family coverage may continue coverage with the group after their eligibility would ordinarily cease. This provision includes divorced or widowed spouses and children when they are no longer dependent on the employee. Coverage is contingent on the prompt payment of the premium, and in no case will coverage continue for more than thirty-six months. Dependents desiring coverage shall notify the board within sixty days of the qualifying event and must submit an application in a timely manner. An individual who fails to notify the board within the sixty days, and who desires subsequent coverage, will not be eligible for coverage.

Based upon the above, staff have determined that the sixty day COBRA enrollment window must remain the requirement due to these administrative rules.

The third areas for the group insurance plans deals with cancellation of coverage due to non-payment of a COBRA premium by the required deadline. The federal notice prohibits plans subject to the notice, which NDPERS plans are not, from cancelling coverage due to non-payment of COBRA premium during the COVID-19 pandemic.

The above rules do indicate that coverage requires “timely” and “prompt” payment to keep the COBRA coverage in force. Our current process is that if someone on COBRA is delinquent in paying the necessary premium by the first of the month, for that month of coverage, they are sent a premium delinquency notice. This notice provides details to them about the delinquency and the requirement to pay the premium by the end of the month or their coverage will be cancelled retroactive to the last month in which premiums were paid.



There have been times when individuals have been cancelled and they contact our office about reinstatement due to extenuating circumstances that prohibited them from making payment by the required timeframe. When this has occurred, the Chief Benefits Officer will visit with the member to determine if coverage should be reinstated upon NDPERS receiving the necessary payment.

Therefore, given the administrative rules and our current policy, staff believes we are required to follow our current process to ensure the “timely” and “prompt” payment of COBRA premiums.

### **FlexComp Plan**

There were two areas that the notices addressed FlexComp Plans. They are:

- 1) Extending the 2019 Plan Year claims submission deadline to 60 days following the end of the National Pandemic Emergency Declaration Date, which is yet unknown.
- 2) Allowing a mid-year election to revoke, increase or decrease an employee’s medical spending or dependent care spending account.

Since the extensions are not required for the NDPERS plans, staff reviewed the ND law and administrative rules to determine if there is guidance on offering extensions in these areas.

For the first area, you may recall that the NDPERS Board took action at the April Board meeting to extend the 2019 Plan Year claims submission deadline from April 30, 2020 to June 30, 2020 to allow individuals additional time to submit their claims for reimbursement. Upon review of NDAC 71-07-01-03, it appears that there is guidance on when claims must be submitted in order for the plan to determine forfeited employee account balances.

#### **71-07-01-03. Program moneys.**

Within six months of the end of the plan year, the executive director must return to the payroll clearing account any surplus in the pretax benefits account. Surplus includes employer Federal Insurance Contributions Act tax savings and forfeited employee account balances not used to offset the administrative expenses of the program, negative account balances, and the projected funds necessary to provide for short-term cashflow requirements when paying claims in the new plan year for the medical spending account.

The plan year ended December 31, 2019. Therefore, in order to meet the requirements of this rule, the claims deadline must be no later than six months from this date, or June 30, 2020 to ensure the forfeited member account balances are part of this return. Given this, staff do not feel that an extension similar to that outlined in the notice can be permitted. Therefore, we are moving forward with communications to current employees with remaining 2019 account balances to notify them that any balances not claimed by June 30, 2020 will be forfeited to the plan.

The second area relates to allowing employees the opportunity to make mid-year elections to their flex medical spending or dependent care accounts. The notice does not require that

the reason for the mid-year election be specific to the COVID-19 situation. In reviewing this option, staff did not find guidance in ND law or administrative rules. The FlexComp Plan Document does provide guidance on when a participant can change their election within 31 days of a change in status as allowed under the IRS. The notice does require a Plan that elects to offer this type of mid-year election to modify their Plan Document by December 31, 2021.

In addition, staff would point out a few additional considerations for the Board.

- 1) The majority of members we have heard from were those with dependent care spending accounts who found themselves needing to modify or suspend their deduction amounts due to their daycare closing or needing to change their provider due to COVID-19. These events are already eligible change in status events that allow for a member to modify or stop their deduction, as long as they make application within 31 days of the event. Daycare reopening also is a qualifying event for the employee to make application within 31 days of the event to modify or resume their deductions.
- 2) The notice does clarify that participants cannot reduce their annual election amount below what they have already contributed into the plan or been reimbursed by the plan. We have heard from a few members who have requested a refund of their contributions to date due to changes in their dependent care plans. However, currently the IRS has not offered this type of relief and specifically addressed that these types of refunds are not permissible.
- 3) Medical spending account eligible expenses for reimbursement was expanded as previously reported to the Board through the Cares Act. Individuals can now be reimbursed for over-the-counter medications and menstrual care products. Therefore, employees now have additional reimbursement options should they find that other medical needs are being deferred due to COVID-19.
- 4) The NDPERS staff have received very minimal inquiries from employees asking if changes can be made to their spending accounts outside of a qualifying change in status.

Given the above, it is staff's recommendation to not offer a mid-year election opportunity at this time. However, staff will continue to monitor this situation to determine if circumstances change and would warrant this type of opportunity, at which time staff would bring back to the Board for consideration. If the Board opts to offer a mid-year election opportunity, direction will need to be provided on the election window as the federal notice allows the Plan various options.

#### **Board Action Requested:**

Determine if a mid-year election opportunity should be made available for the FlexComp 2020 Plan Year. If so, provide direction on the election window:

- 1) One time election window announced requiring application to modify or suspend deductions to be submitted within a specific time period, such as 31 days from announcement.

- 2) One time election window from announcement through plan year. This would allow the individual to make an election at any time during the plan year but would limit it to only one election. They could not then request subsequent changes unless they had an IRS change in status.
- 3) Allow mid-year election opportunities but now restrict when the elections must be made or how often changes can be made.

Also, if the Board opts to allow this opportunity, staff will work with Ice Miller on the necessary Plan Document modifications that are required to be made by December 31, 2021.

**Fricke, Rebecca D.**

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**From:** Sears@icemiller.com  
**Sent:** Wednesday, May 20, 2020 11:57 AM  
**To:** Fricke, Rebecca D.  
**Subject:** RE: [EXT] COBRA & HIPAA Extensions

**CAUTION:** This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Hi, Rebecca –

You are correct that the Joint Notice extended the time for individuals to submit reimbursement requests for their 2019 medical flexible spending account if a plan's normal run-out period ends during the Outbreak Period. However, that extension only applies to plans that are subject to the Joint Notice and also to the claims and appeals procedures that are found in ERISA regulations.

North Dakota's FlexComp Plan is excepted from the requirement to extend the run-out period for its medical FSA for two reasons. First, it is not subject to ERISA in general and as an "excepted benefit," the ACA's application of the ERISA claims rules to governmental group health plans does not apply to it. Second, as explained in my prior e-mail, the Joint Notice's extensions (including the extension of medical FSA run-out periods that end in the Outbreak Period) are not mandatory for non-Federal governmental plans. As a result, North Dakota is free to extend the run-out period until after the Outbreak Period and it is likewise free to choose not to do so.

In a prior e-mail, you also asked about the expanded mid-year election changes that were announced by the IRS in Notice 2020-29. As you know, once made, an employee's cafeteria plan election (including elections to contribute to medical and dependent care flexible spending accounts [FSAs]) are generally irrevocable for the plan year. Changes can only be made in limited circumstances that are set out in the Internal Revenue Code ("Code") Section 125 regulations and that are reflected in the FlexComp Plan document. Unfortunately, those permissible mid-year election changes have not been broad enough to allow certain changes requested by employees, particularly to FSAs. As a result, the IRS announced temporary election change rules that would allow an employee to:

- make a new election for employer-sponsored health coverage on a prospective basis, if the employee initially declined to elect employer-sponsored health coverage;
- revoke an existing election for employer-sponsored health coverage and make a new election to enroll in different health coverage sponsored by the same employer on a prospective basis (including changing enrollment from self-only coverage to family coverage);
- revoke an existing election for employer-sponsored health coverage on a prospective basis, provided that the employee attests in writing that the employee is enrolled, or

immediately will enroll, in other health coverage not sponsored by the employer (Notice 2020-29 provides a sample attestation);

- revoke an election, make a new election, or decrease or increase an existing election regarding a health FSA on a prospective basis; and
- revoke an election, make a new election, or decrease or increase an existing election regarding a dependent care FSA on a prospective basis.

An employee taking advantage of these election change opportunities does not have to provide a reason for making the change, nor does the employee have to demonstrate that he or she was directly affected by COVID-19 in some way. The election change can be made for any reason.

The election changes may only be prospective. In other words, an employee may not seek a refund of contributions that have already been made to a health FSA or a dependent care FSA. In addition, these new election changes are only effective for the rest of 2020.

Notice 2020-29 makes clear **that an employer may adopt some, all, or none of these election changes**. Moreover, in order to manage adverse selection, the Notice allows an employer "to limit election changes to circumstances in which an employee's coverage will be increased or improved as a result of the election (for example, by electing to switch from self-only coverage to family coverage, or from a low option plan covering in-network expenses only to a high option plan covering expenses in- or out-of-network)." In addition, employers are allowed to limit health FSA and dependent care FSA election changes to amounts no less than the amount already reimbursed. This will protect employers from employees who have already been reimbursed up to their annual elections who now want to reduce their salary contributions to zero. As long as employers notify all employees who are eligible to participate in the cafeteria plan of the changes that will be allowed, an employer is not required to amend its cafeteria plan document until December 31, 2021.

As a result, North Dakota can choose whether to amend the FlexComp Plan to allow any of the new permissible mid-year change rules. It is not required to allow any of the changes. At the moment, several of the clients with which we work are tending to allow election changes to FSAs (with the protection for overspent accounts discussed in the prior paragraph), but they are not allowing any changes to health plan elections. For those who are adopting the changes, some are limiting the changes to a window of a specified amount of days, but others are allowing the changes to be made at any time during the remainder of 2020 (although some employers are limiting employees to only one change during that time).

Rebecca, I hope this is helpful. If you have other questions, please do not hesitate to let me know. Thanks and take care. Chris.



Christopher S. Sears | Partner | Ice Miller LLP  
One American Square, Suite 2900 | Indianapolis, IN 46282 |



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**From:** Fricke, Rebecca D. [mailto:[rfricke@nd.gov](mailto:rfricke@nd.gov)]  
**Sent:** Wednesday, May 20, 2020 12:09 PM  
**To:** Sears, Christopher  
**Subject:** RE: [EXT] COBRA & HIPAA Extensions

**\*\*EXTERNAL EMAIL\*\***

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Hi Chris. The attached is notice we had received from our 3<sup>rd</sup> Party Administrator related to my question below. We are looking for guidance specific to whether NDPERS flexcomp is impacted by these latest notices, or if they also fall under what you outlined on the attached.

Thanks.

Rebecca Fricke



**North Dakota Public Employees Retirement System**  
400 East Broadway Avenue Suite 505 | PO Box 1657  
Bismarck, ND 58502 | Online <https://ndpers.nd.gov>  
P 701.328.3978 | TF 800.803.7377 | F 701.328.3920  
email [rfricke@nd.gov](mailto:rfricke@nd.gov) | Find us on [facebook](#)

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**From:** Fricke, Rebecca D.  
**Sent:** Wednesday, May 20, 2020 10:27 AM  
**To:** [sears@icemiller.com](mailto:sears@icemiller.com)  
**Subject:** RE: [EXT] COBRA & HIPAA Extensions

Thank you, Chris. I do have an additional follow-up question related to flex medical spending accounts and the deadline extensions for claims submission and also allowing new enrollment/changes in elections. Our Board extended the 2019 claims submission deadline from 4/30/2020 to 6/30/2020. I believe there were new rules that extended these deadlines to be 60 days from the end of the outbreak period. I believe that this new extension was also part of the same notice. Therefore, does the same apply to NDPERS as a non-Federal governmental plan and therefore, we would not be required to grant the extensions?

Thanks.

Rebecca Fricke



**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:** June 9, 2020

**SUBJECT:** Health Insurance Selection Criteria

With the health plan RFP now on the streets, we should give additional consideration as to how we are going to evaluate the proposals once we have received them. NDCC 54-52.1-04(1) provides the following guidance:

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.

Previously, in order to consider a self-insured bid, the Board would have to have found that the self-insured bid was less costly than an equivalent-coverage fully-insured bid. Last session the Legislative Assembly changed that to require the following: "The board may not establish a self-insurance health plan unless the board determines the self-insurance health plan best serves the interests of the state and the state's eligible employees." NDCC § 54-52.1-04.2(2). While the Legislature did not provide specific guidance within that section on how to make that determination, the phrase "best serves the interests of the state and the state's eligible employees" is very similar to the phrase "best serve the interests of eligible employees and the state" in 54-52.1-04(1), provided above. As such, the Legislature

appears to have intended to put self-insurance bids on the same playing field as fully-insured bids, and that the Board should use the same criteria in section 54-52.1-04(1) in making the decision between a self-insured and a fully-insured bid. We will provide our thoughts on how to evaluate the proposals based on that assumption.

In the evaluation of previous health insurance plan proposals, staff and the Board considered several sub-criteria under each of the five criteria provided by 54-52.1-04(1). Those sub-criteria were:

- a. The economy to be effected.
  - 1. 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 seem to fall within this sub-criterial, as well, the cost of which I did not see included in the 2015 analysis. Premium costs, including any additional amount that would be necessary to add to a self-insurance premium to establish adequate reserves, are also included.
  - 2. The effect on North Dakota – would choosing one of the bids add to or detract from North Dakota’s economy and job base?
- b. The ease of administration.
  - 1. Infrastructure – does the provider have the necessary office space, technology and claims payment system, and personnel system to most beneficially serve our needs?
  - 2. Staffing – does the provider have adequate personnel to most beneficially serve our needs? How does the bid affect ongoing staffing within NDPERS?
  - 3. Transition – what would a transition from one carrier to another require of NDPERS?
    - i. PERS call center
    - ii. Member communication materials
    - iii. PERS staff time
    - iv. Informational meetings with both members and employers
  - 4. Goals and objectives – does the bidder have the same objectives as NDPERS and the State of North Dakota?
- c. The adequacy of the coverages.
  - 1. Plan benefits comparison – do the proposed benefits match our current menu of benefits?
  - 2. Proposal deviations from our standard contract
  - 3. Disruption analysis – would a transition overly disrupt our members by affecting their choice of physician or pharmacist?
- d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
  - 1. Ratings agency ratings
  - 2. Financial stability



- 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.
  - 1. References
  - 2. Information from the Insurance Department
  - 3. Member satisfaction information
  - 4. Performance standards proposed

Absent from the most recent evaluation of the above was an analysis of the difference in risk to the State as a result of accepting a self-insured versus a fully-insured bid. As you know, our current health plan is a “modified fully-insured” plan. The State has none of the risk – if there is a loss, it is our carrier’s sole responsibility. However, unlike a typical fully-insured plan, we do share in any gains – we get 50% of the gains up to \$3 million, and we take all of the gains above \$3 million. That is where our current reserve amount has come from.

Under a self-insured plan, however, while we would not have to share any of the gains, the State would be fully responsible for any and all losses. That is a dramatic increase in risk to the State, and is the reason we switched from a self-insured plan to a modified fully-insured plan back in the 1980’s – the self-insured plan not only lost all of its reserves, but went deep into debt.

The impact of that risk on the State’s budget is difficult to quantify. If a catastrophe were to happen that drained not only our reserves but also the line of credit we would have with the Bank of North Dakota, what recourse do we have as far as increasing premiums to support the plan going forward?

As difficult as it is to quantify the risk to the State and its budget, I believe it must be part of any analysis of what is in the best interests of the State and our members. As such, I would suggest adding the topic as a sub-criteria to the “Economy to be Effected” analysis.

The RFP the Board approved included the following two additional criteria:

- 1. Multi-year guaranteed premium/fees.
- 2. 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.

The first is self-explanatory, but we should discuss the second to see what sub-criteria the Board feels are most important.

This is our first of several discussions we’ll have on this topic. I encourage you all to consider whether there are other issues or sub-criteria we should consider as we evaluate the upcoming proposals. The decision on which proposal to ultimately accept is solely your responsibility, Board members. Staff would like to provide you with the best information possible for you to make that decision.



# Memorandum

**TO:** NDPERS Board

**FROM:** Bryan Reinhardt

**DATE:** June 9, 2020

**SUBJECT:** 457 Companion Plan & 401(a) Plan 1st Quarter 2020 Report

Here is the 1st quarter 2020 investment report for the 401(a) & 457 Companion Plans. The reports are available separately on the NDPERS website. The NDPERS Investment Sub-committee reviewed the 1st quarter reports. The two plans have 8,375 participants with about \$132 million in assets. Assets in the 401(a) plan decreased to \$13.1 million on March 31, 2020 from \$15.5 million as of December 31, 2019. The number of active participants is at 98. The TIAA-CREF Target Date funds have 61% of the plan assets.

Assets in the 457 Companion Plan decreased to \$118.4 million on March 31, 2020 from \$138.9 million as of December 31, 2019. The number of active participants is increasing and is now at 5,725. The TIAA-CREF Target Date funds have 72% of the plan assets.

#### Benchmarks:

Fund returns for the quarter were all negative except the Vanguard Money Market, Wells Fargo Stable Value, and Vanguard Bond Index funds. Core fund performance was mixed when compared to their benchmarks and peer funds. Eighteen of the 36 core funds beat both their benchmarks and peer funds in the first quarter. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

#### Fund / Investment News:

The NDPERS Investment Subcommittee received the 1st quarter 2020 plan review, field activity report, and investment overview with TIAA. The Subcommittee reviewed the two funds under formal fund review (Templeton Global Bond – TGBAX and Prudential Mid Cap Growth – PEGZX). TIAA covered an analysis of our Small and Mid cap funds. The funds are maintaining their investment style and performing as they were selected to do. The Subcommittee marked Templeton Global Bond – TGBAX as underperforming for the quarter. The Investment Subcommittee reviewed the DC Investment Policies and the upcoming investment consultant RFP. Callan gave an overview of the asset liability study they will be working on this summer. Dave Hunter gave a 1<sup>st</sup> Quarter 2020 performance update on the defined benefit plans. Performance was down with the main plan returning -12.1% in Q1 2020. FYTD is at -6.7 as of March, 31, 2020 and has come up to about zero as of the date of the meeting (May 26<sup>th</sup>).

# NDPERS

## Quarterly Investment Report

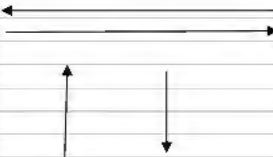
### 1<sup>st</sup> Quarter

### 1/1/2020 – 3/31/2020



North Dakota Public Employees Retirement System  
400 E Bdwy, Suite 505  
Box 1657  
Bismarck, ND 58502

**NDPERS 401(a) Defined Contribution Plan & 457 Companion Plan - TIAA-CREF**

INITIAL OFFERING:			
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Vanguard Dividend Growth	Franklin Growth Adv Wells Fargo Adv Growth Adm
			LARGE
	Virtus Mid Cap Value Equity I	Columbia Mid Cap Index A	Prudential Jennison Mid Cap Growth Z
			MEDIUM
	Northern Small Cap Value	DFA US Small Cap	Brown Capital Mgmt Small Co Inv
			SMALL
	VALUE	BLEND	GROWTH
BALANCED FUND:	T.Rowe Price Capital Appreciation		
INCOME FUNDS:	Wells Fargo Stable Value Fund J	Vanguard Prime Money Market	
BOND FUNDS:	PIMCO Total Return Bond Fund	Vanguard Total Bond Index Fund	Templeton Global Bond
	Mass Mutual Inflation Protected Bond Fund	Prudential High Yield Z	
REAL ESTATE:	Cohen & Steers Realty Shares		
INTERNATIONAL FUNDS:	American Funds New Perspective	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y
LIFESTYLE FUNDS:	TIAA-CREF Lifecycle Ret Income	TIAA-CREF Lifecycle 2025	TIAA-CREF Lifecycle 2045
	TIAA-CREF Lifecycle 2010	TIAA-CREF Lifecycle 2030	TIAA-CREF Lifecycle 2050
	TIAA-CREF Lifecycle 2015	TIAA-CREF Lifecycle 2035	TIAA-CREF Lifecycle 2055
	TIAA-CREF Lifecycle 2020	TIAA-CREF Lifecycle 2040	TIAA-CREF Lifecycle 2060
FUND STYLE CHANGES:			
			
			LARGE
			MEDIUM
			SMALL
	VALUE	BLEND	GROWTH
OTHER FUNDS:			
CURRENT LINEUP:			
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Vanguard Dividend Growth	Franklin Growth Adv Wells Fargo Adv Growth Adm
			LARGE
	Virtus Mid Cap Value Equity	Columbia Mid Cap Index A	Prudential Jennison Mid Cap Growth Z
			MEDIUM
	Northern Small Cap Value	DFA US Small Cap	
			SMALL
	VALUE	BLEND	GROWTH
BALANCED FUND:	T.Rowe Price Capital Appreciation		
INCOME FUNDS:	Wells Fargo Stable Value Fund J	Vanguard Treasury Money Market	
BOND FUNDS:	PIMCO Total Return Bond Fund	Vanguard Total Bond Index Fund	Templeton Global Bond
	Mass Mutual Inflation Protected Bond Fund	Prudential High Yield Z	
REAL ESTATE:	Cohen & Steers Realty Shares		
INTERNATIONAL FUNDS:	American Funds New Perspective	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y
LIFESTYLE FUNDS:	TIAA-CREF Lifecycle Ret Income	TIAA-CREF Lifecycle 2025	TIAA-CREF Lifecycle 2045
	TIAA-CREF Lifecycle 2010	TIAA-CREF Lifecycle 2030	TIAA-CREF Lifecycle 2050
	TIAA-CREF Lifecycle 2015	TIAA-CREF Lifecycle 2035	TIAA-CREF Lifecycle 2055
	TIAA-CREF Lifecycle 2020	TIAA-CREF Lifecycle 2040	TIAA-CREF Lifecycle 2060

## NDPERS Investment Benchmarks - 1st Quarter 2020

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value / Money Market Fund</u>					
<b>Vanguard Treasury Money Market - VUSXX</b>	0.35%	0.35%	1.91%	1.65%	1.07%
<b>Wells Fargo Stable Return Fund J - WFSJ#</b>	0.39%	0.39%	1.69%	1.44%	1.23%
3 Month T-Bill Index	0.39%	0.39%	2.04%	1.74%	1.12%
<u>Fixed Income Fund</u>					
<b>Mass Mutual Income Bond Fund - MIPYX</b>	-1.15%	-1.15%	3.61%	2.35%	2.03%
<b>PIMCO Total Return Bond Fund - PTRAX &lt;ON WATCH&gt;</b>	2.13%	2.13%	7.37%	4.25%	2.98%
<b>Vanguard Total Bond Market Index Fund - VBTXX</b>	3.27%	3.27%	9.06%	4.83%	3.33%
US Aggregate Bond Index	3.18%	3.18%	9.06%	4.87%	3.38%
Taxable Corporate Bond Fund Universe	-4.74%	-4.74%	2.64%	2.96%	2.77%
<b>Prudential High Yield Z - PHYZX</b>	-14.17%	-14.17%	-7.20%	0.98%	3.03%
BofA High Yield Bond Fund Index	-13.12%	-13.12%	-7.45%	0.55%	2.67%
High Yield Bond Fund Universe	-12.70%	-12.70%	-7.67%	-0.18%	1.66%
<b>Templeton Global Bond Adv - TGBAX &lt;ON WATCH&gt;</b>	-4.43%	-4.43%	-5.45%	-1.38%	0.49%
World Govt Bond Index	2.00%	2.00%	6.17%	4.27%	2.98%
World Bond Fund Universe	-5.02%	-5.02%	-1.16%	1.17%	1.03%
<u>Real Estate Fund</u>					
<b>Cohen &amp; Steers Realty Shares - CSRSX</b>	-22.83%	-22.83%	-12.49%	1.22%	2.11%
FTSE NAREIT Equity REITs Index	-23.44%	-23.44%	-15.93%	0.06%	1.99%
Real Estate Fund Universe	-26.35%	-26.35%	-19.21%	-2.77%	-0.46%
<u>Balanced Fund</u>					
<b>T.Rowe Price Capital Appreciation - PACLX</b>	-12.05%	-12.05%	-2.29%	6.21%	6.76%
60% Large Cap Value Univ & 40% Taxable Bond Universe	-17.96%	-17.96%	-9.58%	-0.08%	1.96%
60% Russell 1000 Value & 40% Agg Bond Index	-14.77%	-14.77%	-6.68%	0.64%	2.49%
<u>Large Cap Equities - Value</u>					
<b>Hartford Dividend &amp; Growth - HDGTX</b>	-22.43%	-22.43%	-10.71%	2.18%	4.73%
<b>T.Rowe Price Equity Income - PRFDX</b>	-28.36%	-28.36%	-18.30%	-2.57%	1.46%
Russell 1000 Value Index	-26.73%	-26.73%	-17.17%	-2.18%	1.90%
Large Cap Value Fund Universe	-26.77%	-26.77%	-17.73%	-2.11%	1.42%
<u>Large Cap Equities - Blend</u>					
<b>Vanguard Institutional Index - VINIX</b>	-19.60%	-19.60%	-7.00%	5.08%	6.70%
<b>Vanguard Dividend Growth Fund - VDIGX</b>	-17.29%	-17.29%	-4.86%	6.94%	7.22%
S&P 500 Index	-19.60%	-19.60%	-6.98%	5.10%	6.73%
Large Cap Blend Fund Universe	-20.92%	-20.92%	-9.97%	2.80%	4.46%
<u>Large Cap Equities - Growth</u>					
<b>Wells Fargo Adv Growth Adm - SGRKX</b>	-16.24%	-16.24%	-3.93%	11.68%	8.65%
Russell 3000 Growth Index	-14.85%	-14.85%	-0.44%	10.54%	9.74%
<b>Franklin Growth Adv - FCGAX</b>	-16.11%	-16.11%	-3.56%	8.13%	8.02%
Russell 1000 Growth Index	-14.10%	-14.10%	0.91%	11.32%	10.36%
Large Cap Growth Fund Universe	-15.48%	-15.48%	-3.72%	8.65%	7.64%
<u>Mid Cap Equities - Value</u>					
<b>Virtus Mid Cap Value Equity I - SMVTX</b>	-34.13%	-34.13%	-23.34%	-4.98%	0.31%
Russell Mid Cap Value	-31.71%	-31.71%	-24.13%	-5.97%	-0.76%
Mid Cap Value Fund Universe	-32.53%	-32.53%	-25.38%	-6.89%	-1.79%
<u>Mid Cap Equities - Blend</u>					
<b>Columbia Mid Cap Index A - NTIAX</b>	-29.85%	-29.85%	-22.97%	-4.57%	0.07%
S&P Mid Cap 400	-29.70%	-29.70%	-22.51%	-4.09%	0.56%
Mid Cap Blend Fund Universe	-28.28%	-28.28%	-20.69%	-3.71%	-0.58%
<u>Mid Cap Equities - Growth</u>					
<b>Prudential Jennison Mid Cap Growth - PEGZX &lt;ON WATCH&gt;</b>	-20.01%	-20.01%	-8.14%	4.49%	3.46%
Russell Mid Cap Growth	-20.04%	-20.04%	-9.45%	6.53%	5.61%
Mid Cap Growth Fund Universe	-20.64%	-20.64%	-11.17%	4.66%	4.33%
<b>Fund Returns in RED do not meet both benchmarks.</b>					
<b>Fund Returns in BLACK meet both benchmarks.</b>					

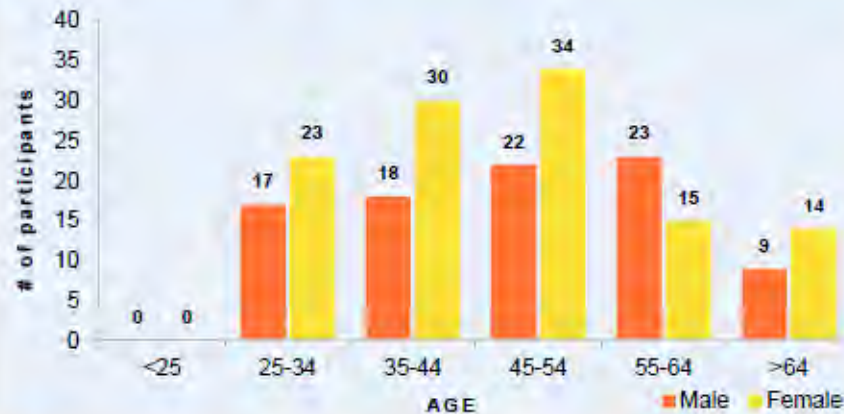
## NDPERS Investment Benchmarks - 1st Quarter 2020

	Quarter	Y-T-D	1-Year	3-Year	5-Year
<b>Small Cap Equities - Value</b>					
<b>Northern Small Cap Value Fund - NOSGX</b>	-34.43%	-34.43%	-28.37%	-9.56%	-2.57%
Russell 2000 Value Index	-35.66%	-35.66%	-29.64%	-9.51%	-2.42%
Small Value Fund Universe	-36.89%	-36.89%	-31.64%	-11.15%	-4.27%
<b>Small Cap Equities - Blend</b>					
<b>DFA US Small Cap - DFSTX</b>	-32.73%	-32.73%	-27.15%	-7.72%	-1.84%
Russell 2000 Index	-30.61%	-30.61%	-23.99%	-4.64%	-0.25%
Small Blend Fund Universe	-32.37%	-32.37%	-26.41%	-6.82%	-1.76%
<b>Small Cap Equities - Growth</b>					
<b>Brown Capital Mgmt Small Co Inv - BCSIX</b>	-15.46%	-15.46%	-8.55%	8.72%	9.49%
Russell 2000 Growth Index	-25.76%	-25.76%	-18.58%	0.10%	1.70%
Small Growth Fund Universe	-24.59%	-24.59%	-17.66%	1.69%	2.77%
<b>International Equity Funds</b>					
<b>American Funds New Perspective Fund - RNPEX</b>	-18.26%	-18.26%	-6.69%	5.57%	5.71%
<b>Vanguard Total Intl Stock Index Inv - VTIAAX</b>	-24.30%	-24.30%	-16.57%	-2.55%	-0.68%
MSCI ACWI Index	-23.36%	-23.36%	-15.57%	-1.96%	-0.64%
International Stock Fund Universe	-23.39%	-23.39%	-15.67%	-2.74%	-1.14%
<b>Oppenheimer Developing Markets Y - ODVYX</b>	-22.83%	-22.83%	-14.65%	0.92%	1.31%
MSCI Emerging Markets Index	-23.60%	-23.60%	-17.69%	-1.62%	-0.37%
Diversified Emerging Mkts Universe	-25.26%	-25.26%	-19.17%	-3.34%	-1.35%
<b>Asset Allocation Funds:</b>					
<b>TIAA-CREF Lifecycle Ret Income - TLIRX</b>	-9.68%	-9.68%	-2.77%	2.47%	2.84%
Income Benchmark	-3.86%	-3.86%	1.91%	3.19%	2.68%
<b>TIAA-CREF Lifecycle 2010 - TCLEX</b>	-9.69%	-9.69%	-2.70%	2.61%	3.00%
2010 Benchmark	-8.07%	-8.07%	-1.26%	2.89%	2.87%
<b>TIAA-CREF Lifecycle 2015 - TCLIX</b>	-10.87%	-10.87%	-3.62%	2.52%	3.04%
2015 Benchmark	-10.28%	-10.28%	-2.92%	2.74%	2.98%
<b>TIAA-CREF Lifecycle 2020 - TCLTX</b>	-12.00%	-12.00%	-4.45%	2.56%	3.17%
2020 Benchmark	-12.16%	-12.16%	-4.34%	2.60%	3.07%
<b>TIAA-CREF Lifecycle 2025 - TCLFX</b>	-13.85%	-13.85%	-5.88%	2.35%	3.15%
2025 Benchmark	-13.75%	-13.75%	-5.54%	2.50%	3.14%
<b>TIAA-CREF Lifecycle 2030 - TCLNX</b>	-15.66%	-15.66%	-7.31%	2.17%	3.15%
2030 Benchmark	-16.41%	-16.41%	-7.57%	2.30%	3.26%
<b>TIAA-CREF Lifecycle 2035 - TCLRX</b>	-17.52%	-17.52%	-8.72%	1.96%	3.11%
2035 Benchmark	-19.88%	-19.88%	-10.44%	1.91%	3.31%
<b>TIAA-CREF Lifecycle 2040 - TCLOX</b>	-19.23%	-19.23%	-10.20%	1.66%	3.03%
2040 Benchmark	-21.09%	-21.09%	-11.41%	1.79%	3.34%
<b>TIAA-CREF Lifecycle 2045 - TTFRX</b>	-20.73%	-20.73%	-11.47%	1.27%	2.88%
2045 Benchmark	-21.11%	-21.11%	-11.42%	1.80%	3.35%
<b>TIAA-CREF Lifecycle 2050 - TLFRX</b>	-20.99%	-20.99%	-11.70%	1.23%	2.89%
2050 Benchmark	-21.11%	-21.11%	-11.42%	1.80%	3.35%
<b>TIAA-CREF Lifecycle 2055 - TTRLX</b>	-21.21%	-21.21%	-11.84%	1.21%	2.91%
2055 Benchmark	-21.11%	-21.11%	-11.42%	1.80%	3.35%
<b>TIAA-CREF Lifecycle 2060 - TLXRX</b>	-21.37%	-21.37%	-11.92%	1.20%	2.94%
2060 Benchmark	-21.11%	-21.11%	-11.41%	1.80%	3.35%
Income Benchmark is comprised of 11.1% Wilshire 5000, 9.1% MSCI ACWI, 52.4% Ag Bond, 5.0% REIT Index, 22.4% 3 Month T-Bill					
2010 Benchmark is comprised of 23.1% Wilshire 5000, 14.9% MSCI ACWI, 42.0% Ag Bond, 5.0% REIT Index, 15.0% 3 Month T-Bill					
2015 Benchmark is comprised of 29.6% Wilshire 5000, 17.7% MSCI ACWI, 36.2% Ag Bond, 5.0% REIT Index, 11.5% 3 Month T-Bill					
2020 Benchmark is comprised of 35.1% Wilshire 5000, 20.1% MSCI ACWI, 31.2% Ag Bond, 5.0% REIT Index, 8.6% 3 Month T-Bill					
2025 Benchmark is comprised of 39.8% Wilshire 5000, 22.1% MSCI ACWI, 27.0% Ag Bond, 5.0% REIT Index, 6.1% 3 Month T-Bill					
2030 Benchmark is comprised of 47.6% Wilshire 5000, 25.5% MSCI ACWI, 19.7% Ag Bond, 5.0% REIT Index, 2.2% 3 Month T-Bill					
2035 Benchmark is comprised of 57.4% Wilshire 5000, 29.7% MSCI ACWI, 5.8% Ag Bond, 5.0% REIT Index, 2.1% 3 Month T-Bill					
2040 Benchmark is comprised of 60.8% Wilshire 5000, 31.3% MSCI ACWI, 1.8% Ag Bond, 5.0% REIT Index, 1.3% 3 Month T-Bill					
2045 Benchmark is comprised of 60.9% Wilshire 5000, 31.3% MSCI ACWI, 1.8% Ag Bond, 5.0% REIT Index, 1.1% 3 Month T-Bill					
2050 Benchmark is comprised of 60.9% Wilshire 5000, 31.3% MSCI ACWI, 1.8% Ag Bond, 5.0% REIT Index, 1.1% 3 Month T-Bill					
2055 Benchmark is comprised of 61.0% Wilshire 5000, 31.2% MSCI ACWI, 1.7% Ag Bond, 5.0% REIT Index, 1.1% 3 Month T-Bill					
2060 Benchmark is comprised of 61.0% Wilshire 5000, 31.2% MSCI ACWI, 1.8% Ag Bond, 5.0% REIT Index, 1.1% 3 Month T-Bill					
Wilshire 5000 Index	-20.84%	-20.84%	-9.74%	3.78%	5.54%
FTSE NAREIT Equity REITs Index	-23.44%	-23.44%	-15.93%	0.06%	1.99%
MSCI ACWI Index	-23.36%	-23.36%	-15.57%	-1.96%	-0.64%
US Aggregate Bond Index	3.18%	3.18%	9.06%	4.87%	3.38%
3 Month T-Bill Index	0.39%	0.39%	2.04%	1.74%	1.12%
<b>Fund Returns in RED do not meet both benchmarks. Fund Returns in BLACK meet both benchmarks.</b>					



## Employee summary: Gender and age<sup>1</sup>

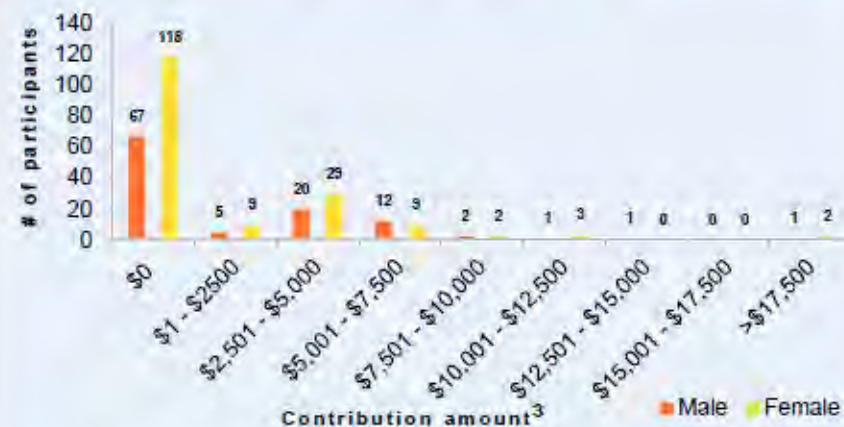
### Demographics by Age and Gender



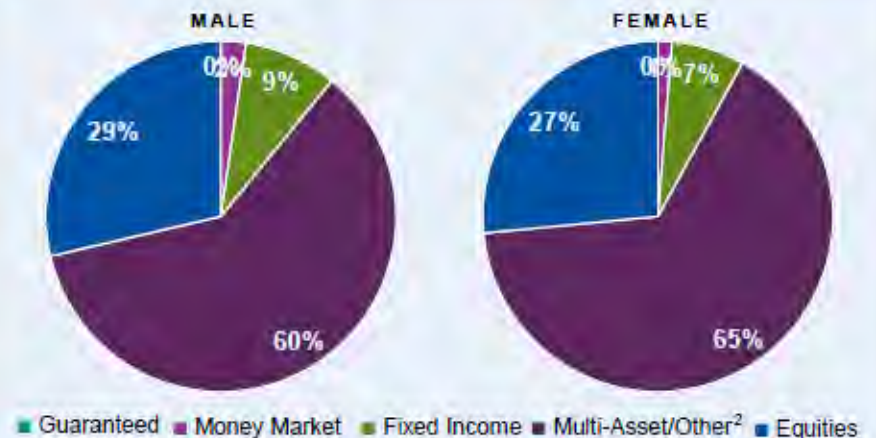
### Average Account Balance by Age and Gender



### Employee Contribution Amounts by Gender



### Diversification by Gender



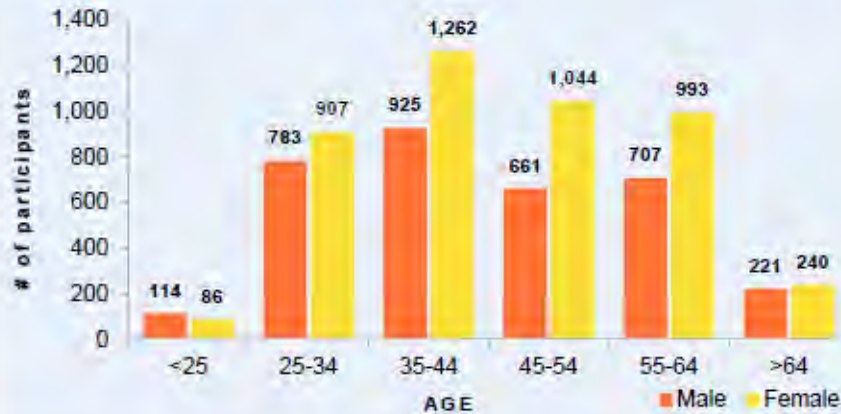
This report is as of the period ending 03/31/2020 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 2 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.



# NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM COMPANION PLAN

## Employee summary: Gender and age<sup>1</sup>

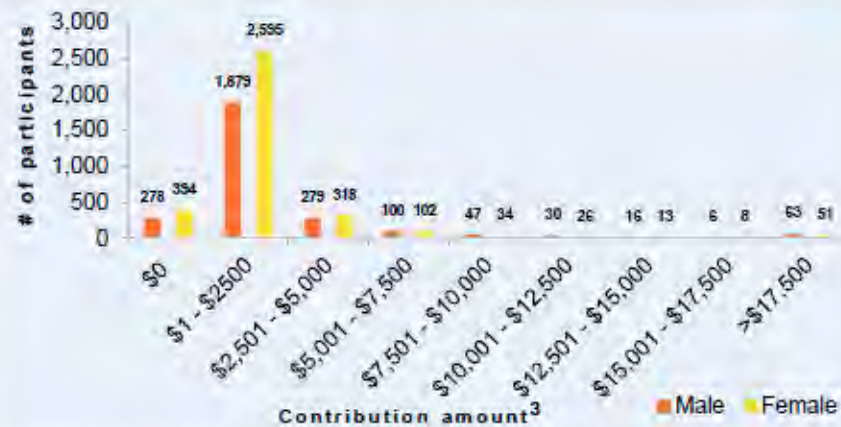
### Demographics by Age and Gender



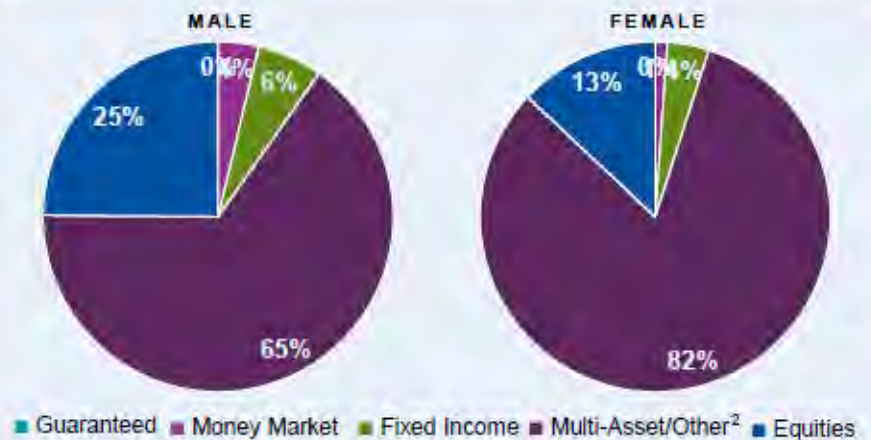
### Average Account Balance by Age and Gender



### Employee Contribution Amounts by Gender



### Diversification by Gender



This report is as of the period ending 03/31/2020 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 292 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.



# Plan Summary



As of 03/31/2020

457(b)	Assets	Pct
TIAA-CREF Lifecycle 2025 Fund Retirement	\$17,860,352	15.1%
TIAA-CREF Lifecycle 2020 Fund Retirement	\$15,360,082	13.0%
TIAA-CREF Lifecycle 2030 Fund Retirement	\$12,524,000	10.6%
TIAA-CREF Lifecycle 2035 Fund Retirement	\$9,365,290	7.9%
TIAA-CREF Lifecycle 2045 Fund Retirement	\$7,316,485	6.2%
TIAA-CREF Lifecycle 2040 Fund Retirement	\$7,313,979	6.2%
TIAA-CREF Lifecycle 2015 Fund Retirement	\$6,854,265	5.8%
Vanguard Institutional Index Fund Institutional	\$5,247,419	4.4%
TIAA-CREF Lifecycle 2050 Fund Retirement	\$4,851,175	3.9%
Vanguard Total Bond Market Index Fund Admiral	\$2,888,600	2.4%
Vanguard Admiral Treasury Money Market Fund Investor	\$2,806,214	2.4%
Vanguard Total International Stock Index Fund Admiral	\$2,445,381	2.1%
Vanguard Dividend Growth Fund Investor	\$2,100,333	1.8%
Wells Fargo Stable Value Fund - J	\$2,085,412	1.8%
Brown Capital Management Small Company Fund Investor	\$1,967,504	1.7%
Franklin Growth Fund Advisor	\$1,553,365	1.3%
TIAA-CREF Lifecycle 2055 Fund Retirement	\$1,458,647	1.2%
T. Rowe Price Capital Appreciation Fund Advisor	\$1,171,018	1.0%
Wells Fargo Growth Fund Administrator	\$1,123,068	0.9%
TIAA-CREF Lifecycle 2010 Fund Retirement	\$1,113,829	0.9%
Columbia Mid Cap Index Fund A	\$1,004,878	0.8%
PIMCO Total Return Fund Admin	\$974,399	0.8%
Hartford Dividend and Growth Fund R5	\$934,170	0.8%
Invesco Oppenheimer Developing Markets Fund Y	\$890,914	0.8%
TIAA-CREF Lifecycle Retirement Income Fund Retirement	\$849,342	0.7%
PGIM High Yield Fund Z	\$806,775	0.7%
T. Rowe Price Equity Income Fund	\$738,408	0.6%
Cohen & Steers Realty Shares	\$720,938	0.6%
Virtus Ceredex Mid-Cap Value Equity Fund I	\$644,815	0.5%
American Funds New Perspective Fund R4	\$583,517	0.5%
Northern Small Cap Value Fund	\$543,354	0.5%
Self Directed Brokerage Account	\$532,656	0.4%
Templeton Global Bond Fund Advisor	\$521,029	0.4%
MassMutual Premier Inflation-Protected and Income Fund Service Class	\$500,932	0.4%
Prudential Jennison Mid-Cap Growth Fund Z	\$469,086	0.4%
DFA U.S. Small Cap Portfolio Institutional	\$304,723	0.3%
TIAA-CREF Lifecycle 2060 Fund Retirement	\$214,126	0.2%
Total	\$118,440,487	100.0%

401(a)	Assets	Pct
TIAA-CREF Lifecycle 2030 Fund Retirement	\$1,678,801	12.8%
TIAA-CREF Lifecycle 2025 Fund Retirement	\$1,571,269	12.0%
TIAA-CREF Lifecycle 2035 Fund Retirement	\$1,393,032	10.7%
TIAA-CREF Lifecycle 2020 Fund Retirement	\$910,180	7.0%
TIAA-CREF Lifecycle 2050 Fund Retirement	\$588,964	4.6%
PGIM High Yield Fund Z	\$582,457	4.5%
TIAA-CREF Lifecycle 2045 Fund Retirement	\$540,415	4.1%
Brown Capital Management Small Company Fund Investor	\$522,886	4.0%
TIAA-CREF Lifecycle 2040 Fund Retirement	\$483,307	3.7%
Vanguard Institutional Index Fund Institutional	\$470,289	3.6%
TIAA-CREF Lifecycle 2055 Fund Retirement	\$363,803	2.8%
TIAA-CREF Lifecycle 2010 Fund Retirement	\$352,541	2.7%
Franklin Growth Fund Advisor	\$343,087	2.6%
T. Rowe Price Capital Appreciation Fund Advisor	\$338,844	2.6%
Wells Fargo Growth Fund Administrator	\$318,931	2.4%
Vanguard Admiral Treasury Money Market Fund Investor	\$257,981	2.0%
Vanguard Total International Stock Index Fund Admiral	\$249,933	1.9%
Cohen & Steers Realty Shares	\$201,250	1.5%
American Funds New Perspective Fund R4	\$198,266	1.5%
Hartford Dividend and Growth Fund R5	\$181,917	1.4%
Wells Fargo Stable Value Fund - J	\$167,955	1.3%
Vanguard Dividend Growth Fund Investor	\$161,736	1.2%
PIMCO Total Return Fund Admin	\$155,386	1.2%
Invesco Oppenheimer Developing Markets Fund Y	\$152,156	1.2%
Vanguard Total Bond Market Index Fund Admiral	\$138,401	1.1%
Columbia Mid Cap Index Fund A	\$117,338	0.9%
T. Rowe Price Equity Income Fund	\$109,972	0.8%
Self Directed Brokerage Account	\$90,240	0.7%
Northern Small Cap Value Fund	\$84,678	0.6%
Templeton Global Bond Fund Advisor	\$82,857	0.6%
DFA U.S. Small Cap Portfolio Institutional	\$68,896	0.5%
Prudential Jennison Mid-Cap Growth Fund Z	\$63,638	0.5%
MassMutual Premier Inflation-Protected and Income Fund Service Class	\$61,638	0.5%
TIAA-CREF Lifecycle 2015 Fund Retirement	\$32,683	0.2%
Virtus Ceredex Mid-Cap Value Equity Fund I	\$25,161	0.2%
TIAA-CREF Lifecycle 2060 Fund Retirement	\$4,953	0.0%
TIAA-CREF Lifecycle Retirement Income Fund Retirement	\$0	0.0%
Total	\$13,076,140	100.0%
Grand Total	\$131,517,328	



**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:** Bryan

**DATE:** June 9, 2020

**SUBJECT:** Investment Consultant Request For Proposal

At the March 10, 2020 NDPERS Board meeting, the Board decided to issue an RFP for investment consultant services for the Defined Contribution 401(a) and Deferred Compensation 457 Companion plans. Staff developed the attached RFP that focuses on three areas:

1. Quarterly analysis of NDPERS core investment funds.
2. Guidance of investment fund offerings and investment policies.
3. Develop and issue the recordkeeper RFP in 2022.

The timeline in the RFP is as follows:

**Proposal Schedule**

RFP Issued:	July 1, 2020
Vendor Questions Due:	5:00 p.m., CDT, July 23, 2020
Responses to Questions Issued:	August 6, 2020
Proposals Due:	5:00 p.m., CDT, August 31, 2020
PERS Board Review:	October 27, 2020
Vendor Interviews:	November 10, 2020 (if necessary)
Vendor Selection:	No later than November 2020

The NDPERS Investment Subcommittee reviewed the RFP at its May 26<sup>th</sup> meeting.

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

**Board Action Requested:**

Approve staff issue the investment consultant RFP.

# **REQUEST FOR PROPOSAL**

**CONSULTANT SERVICES FOR NDPERS  
457(B) DEFERRED COMPENSATION PLAN  
AND  
401(A) DEFINED CONTRIBUTION PLAN**

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**Prepared by:**

**North Dakota Public Employees Retirement System  
P.O. Box 1657  
Bismarck, ND 58502-1657**

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# **Request for Proposal Table of Contents**

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## **SECTION 1- PROCEDURES FOR SUBMITTAL**

### **1.1 Overview**

This Request for Proposal is to provide consultant services the NDPERS 457 plan and 401(a) defined contribution plan.

This Request for Proposal (RFP) is divided into three sections. Section 1 gives general information and requirements. Section 2 specifically describes the services requested. Section 3 details the specific information that bidders are required to submit in response to this RFP.

### **1.2 Governing Authority**

PERS is managed by a Board comprised of nine members:

- (1) Chairman – appointed by the Governor
- (1) Member – appointed by the Attorney General
- (1) Member – elected by the retirees
- (3) Members – elected by active employees
- (2) Legislators – appointed by Legislative Management Chair
- (1) State Health Officer or their designee

PERS is a separate agency created under North Dakota state statute and, while subject to state budgetary controls and procedures as are all state agencies, is not a state agency subject to direct executive control.

The NDPERS Investment Subcommittee meets quarterly (February, May, August, November) to review plan performance, fund performance, and conduct other business delegated by the NDPERS Board.

### **1.3 Defined Contribution Programs Administered by PERS**

#### **PERS IRC Section 457 Deferred Compensation Plan:**

The administration of the deferred compensation plan for public employees was given to the Retirement Board on July 1, 1987. All state employees are eligible to participate, as well as political subdivision employees, if the governing authority of the political subdivision elects to offer the state plan.

Presently 13,000 employees have accounts with thirteen investment providers. Presently there are nine active providers. Assets are over \$300 million. The NDPERS Board has developed a plan and contracts with investment providers (mainly insurance companies) to invest the contributions of employees.

The deferred compensation plan is found in Chapter 54-52.2 of the North Dakota Century Code (NDCC).

State administrative code allows any provider company to participate in the program that has 50 or more eligible members willing to sign up for their product. NDPERS does not select or monitor the investment products offered by these vendors, and does not act as a trustee for their products.

In 1998 the NDPERS Board decided that an additional product should be added that would be: 1) selected by the Board based upon a competitive RFP process, 2) that the Board would act as the trustee for, 3) that the Board would select and monitor the investment products, and 4) the investment products would be mutual funds. This product is called the NDPERS Companion Plan. The Board developed a Statement of Investment Policies for this plan. This policy may be viewed on our website at:

<https://ndpers.nd.gov/image/cache/investment-policy-companion-plan.pdf>

The Board also monitors the investment products for this plan. This report can also be found on the NDPERS web site at: <https://ndpers.nd.gov/image/cache/companion-plan-q4-2019.pdf>

The Companion Plan has over \$138.0 million in assets with over \$1,000,000 in monthly contributions from over 8,000 member accounts. TIAA is the present provider for these services.

#### **PERS 401(a) Defined Contribution Plan:**

The state of North Dakota approved the establishment of a defined contribution plan for certain state employees, effective January 1, 2000. This program is offered as an option to the state's defined benefit plan. Eligible employees are those who are not classified by Human Resource Management Services; however, this does not include employees of the University System or the Supreme Court. Approximately 258 employees selected the DC plan. In 2015 the legislature approved an option to allow members of this plan to forfeit their participation in the DC plan and rejoin the DB plan. One hundred and seventy elected to transfer back to the DB plan. In so doing, \$23.5 million of assets were transferred from the DC plan to DB plan. The estimated value of assets in this plan is approximately \$15,000,000 for approximately 100 members. Monthly contributions in the amount of 14.12% of salary (approximately \$95,000) are added to the plan for each month. Effective January 1, 2020 contributions for any new hires enrolled into this plan equals 15.26% of salary. Similar to the Deferred Compensation plan, the 401(a) Statement of Investment Policy is on the NDPERS web site at: <https://ndpers.nd.gov/image/cache/investment-policy-defined-contribution-plan.pdf> The 401(a) Quarterly Report is on the NDPERS web site at: <https://ndpers.nd.gov/image/cache/defined-contribution-plan-q4-2019.pdf> TIAA is the present provider for these services.

## 1.4 Proposal Schedule

RFP Issued:	July 1, 2020
Vendor Questions Due:	5:00 p.m., CDT, July 23, 2020
Responses to Questions Issued:	August 6, 2020
Proposals Due:	5:00 p.m., CDT, August 31, 2020
PERS Board Review:	October 27, 2020
Vendor Interviews:	November 10, 2020 (if necessary)
Vendor Selection:	No later than November 2020

## 1.5 Vendor Questions About The RFP

Questions concerning the specifications contained herein are to be submitted by email to [breinhar@nd.gov](mailto:breinhar@nd.gov), no later than 5:00 p.m., CST, on July 23, 2020

Bryan Reinhardt  
North Dakota Public Employees Retirement System  
P O Box 1657  
Bismarck, ND 58502-1657

Responses will be posted on the NDPERS website (<https://ndpers.nd.gov/>) by August 6, 2020 under "Request for Proposals".

## 1.6 Proposals

To be considered, each bidder must submit a COMPLETE response to this RFP in writing along with an electronic version.

## 1.7 Oral Presentation

Bidders who submit proposals will be required to make oral presentations of their proposals to NDPERS if a decision is not clear based upon the written material submitted. The date for oral presentations is expected to be in October of 2020. We encourage all respondents to prepare a clear, comprehensive and responsive proposal and not anticipate or plan on the opportunity to clarify/elaborate on their offering during an oral presentation.

## 1.8 Acceptance Of Proposal Interpretations

The contents of this RFP and the proposal will become contractual obligations. Please note NDPERS has provided a proposed contract. Please return a signed version or a redline version clearly identifying any proposed language changes. Failure of the successful bidder to accept these obligations may result in cancellation of the award.

NDPERS further reserves the right to interview the key personnel assigned by the successful bidder to this project and to recommend reassignment of personnel deemed appropriate by NDPERS.

### 1.9 Proposal Interpretations And Addenda

Any change or substantive interpretation of this RFP will be sent by NDPERS to each firm to whom an RFP has been sent or to those who responded, and any such changes or interpretations shall become a part of the RFP for incorporation into any contract awarded pursuant to this RFP. If you desire that such information should be directed to someone's attention other than to whom the proposal was sent, please advise Bryan Reinhardt at 701-328-3919.

### 1.10 Economy Of Preparation

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the bidder's ability to meet the requirements of the RFP.

### 1.11 Cost Liability

PERS assumes no responsibility or liability for costs incurred by the contractor prior to the signing of any contract resulting from this Request. Total liability of NDPERS is limited to the terms and conditions of this RFP and any resulting contract.

### 1.12 Minimum Qualifications

Offeror of services sought will have substantial experience in performing said services in the public and private environment for large pension plans, preferably contributory plans. Substantial experience will be defined and evaluated with regards to the type of plan [457, 401(k), 401(a) and 403(b)], size of the plan [assets and number of participants in the plan] and public or private plan experience. Offerors are required to provide a listing of such engagements over the past five years which includes data on plan type, size, number of participants covered and other pertinent data such as number of investment options, number of participants on payout, and frequency of asset transfers permitted. The offeror shall also offer a multi-disciplinary team with experience in development of RFPs, analysis of offers and review investment products. Offerors shall not have any conflicts of interests.

The minimum mandatory experience required of offerors shall consist of comparable assignments with at least two plans of the types indicated above.

Plan Name	Plan Type	Plan Assets	Participants	Investment Options	# Payees	



### **1.13 Selection Criteria** (also see section 4)

Responses to this RFP will be evaluated based upon the following factors as presented in the bidder's response to this RFP:

- ◀ The ability of the organization to meet the terms of the RFP and the technical approach.
- ◀ Qualifications of the staff assigned to the NDPERS account. NDPERS may require that the appropriate individuals be interviewed.
- ◀ Ability to meet the minimum qualifications.
- ◀ Fees and other compensation.

Fees and compensation will be an important factor in the evaluation process. PERS, however, is not required to select the lowest cost bidder.

### **1.14 Bid Receipt**

Proposals must be received on or before:

**5:00 p.m., Central Time August 31, 2020**

**Ten** copies of your proposal and one electronic copy must be sent to:

Bryan Reinhardt  
North Dakota Public Employees Retirement System  
P O Box 1657  
400 East Broadway Avenue, Suite 505  
Bismarck, ND 58502-1657  
[breinhar@nd.gov](mailto:breinhar@nd.gov)

Bidders are responsible for timely receipt of their proposal. PROPOSALS RECEIVED AFTER THE SPECIFIED DUE DATE AND TIME WILL NOT BE CONSIDERED, unless otherwise determined by the NDPERS Board.

### **1.15 Right Of Rejection Or Acceptance**

Notwithstanding any other provisions of this RFP, NDPERS reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal, and to accept or reject any item or a combination of items. It is further within the right of NDPERS to reject proposals that do not contain all elements and information requested in this document. The failure to meet all procurement policy requirements shall not automatically invalidate a proposal or procurement. The final decision rests with the NDPERS Board.

### **1.16 Additional Information**

PERS reserves the right to request additional information from any or all proposers to assist it in its evaluation process.

### **1.17 Conflict Of Interest**

The vendor and its agents are prohibited from directly soliciting employees of the state, or using any information obtained under its contract for services, to directly solicit employees with respect to any product or service of the company that is not part of the services contracted. The offeror shall also disclose any potential conflicts of interest they may have in reviewing proposals from any vendor. In addition, the offeror shall disclose if it has any agreements, contracts or any other arrangements with any vendor/investment products that could be solicited or be a part of the consideration relating to this process. Such arrangements could be viewed as a conflict of interest.

### **1.18 Contract Term**

The services sought in Section 2 will be provided beginning January 1, 2021 through December 31, 2022. The NDPERS Board at its discretion may extend the contract for up to two additional two (2) year option periods.

### **1.19 Accounting Records**

The vendor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting. Financial and accounting records, including individual account balance records and information concerning the State's plan, shall be made available, upon request, to PERS, its designees, or the State Auditor at any time during the contract period and any extension thereof, and for three (3) years from expiration date and final payment on the contract or extension thereof.

### **1.20 Confidentiality**

The contractor shall instruct its employees, and the employees of any subcontractor, to keep as confidential all information concerning the State's employees as well as any other information which may be specifically classified as confidential by the State. Please refer to NDPERS statutes under chapter 54-52 and please note that violations of this statute are a felony under North Dakota law.

All copies of information developed by the contractor in connection with the contract are the property of the State. The contractor will not reveal or disclose either information or findings concerning this contract with anyone who does not have a substantial need-to-know and who has not been expressly authorized in writing by the State to receive the information/findings. Contractors must ensure that all safeguards and proper procedures are implemented to protect confidential information.

### **1.21 Cancellation**

Cancellation of the contract by NDPERS may be for any reason upon written notice to the contractor. The contract may also be canceled due to default by the contractor. Default is defined as the failure of the contractor to fulfill the obligations of this contract. In case of cancellation due to default by the contractor, the State may procure the articles or services from other sources and hold the contractor responsible for any excess costs occasioned thereby.

### **1.22 Delegation And/Or Assignment**

The contractor shall not delegate any duties under this contract to a subcontractor other than a subcontractor named in the bid unless NDPERS has given written consent to the delegation. The primary contractor may not assign the right to receive money due under the contract without the prior written consent of PERS.

## **SECTION 2 - BACKGROUND AND SCOPE OF SERVICES**

### **2.1 Background**

The North Dakota Public Employees Retirement System is seeking technical assistance relating to its two defined contribution plans discussed in Section 1 of the proposal. The Board is seeking technical assistance in three areas:

#### **1. Quarterly analysis of NDPERS core investment funds.**

##### **2.1.1 Quarterly Fund Analysis**

PERS is seeking technical assistance to quarterly analyze its core investment funds for its 457 Companion Plan and 401(a) defined contribution plan. Funds should be compared to benchmarks, peer funds, and reviewed for other factors such as management changes, fee changes, distributions, style change, etc. in a quarterly report. Prepare report for NDPERS web site for two DC plans no later than 6 weeks after quarter end. View examples of current reports at:

<https://ndpers.nd.gov/image/cache/companion-plan-q4-2019.pdf>

<https://ndpers.nd.gov/image/cache/defined-contribution-plan-q4-2019.pdf>

Attend quarterly NDPERS Investment Subcommittee meeting to review analysis. Consultant should plan to attend one meeting per year in-person.

#### **2. Guidance of investment fund offerings and investment policies.**

##### **2.2.1 Recommend Fund Changes & Review Investment Policies**

NDPERS is seeking technical assistance to place funds on formal fund review, close funds and find replacements (providing documentation of all investment decisions necessary to fulfill fiduciary responsibilities). Annually perform 'gap' analysis of core investment options and advise on investment actions. At least annually review investment policies for its 457 Companion Plan and 401(a) Defined Contribution Plan and advise on policy changes.

#### **3. As needed, development of an RFP to solicit interest of vendors in providing recordkeeping and investment management services. NDPERS is interested in having a bundled provider. Review of the proposals submitted. Assistance with implementation. NDPERS is expected to issue an RFP for the two DC plans in 2022.**

##### **2.3.1 Develop Request for Proposal**

PERS is seeking technical assistance to prepare a request for proposal for recordkeeping/investment services for its 457 Companion Plan and 401(a) defined contribution plan. It is the Board's intent that the award will be for a two-year period with two possible two-year renewals. The consultant is expected:

- To draft the RFP for the staff and Board's review in October/November.
- To develop and suggest a proposed list of vendors to solicit directly. The goal would be to issue the RFP in early December with responses due by January.

- All requests for proposals will be distributed by the consultant.
- The consultant will be listed as the point of contact for questions.
- The consultant will prepare a list of all questions asked and the answers and distribute it to all firms getting a copy of the RFP.

The consultant is asked to bid this portion of the work effort on a fixed fee basis. No on-site meetings with staff or Board are anticipated during this phase.

### **2.3.2 Analysis of Proposals**

PERS is seeking a consultant to analyze the proposals received in response to the RFP. This analysis will be in two phases. The first phase will be to do a general assessment of all proposals received and recommend to the Board three responses that would be reviewed in detail. The consultant should be prepared to make this recommendation at an NDPERS Board meeting. The second phase would be to conduct a detailed review of the three proposals selected by the Board and to provide a recommendation to the Board on which proposal to accept. The detailed evaluation should be presented to the Board. If necessary, the Board may elect to interview one or more of the three. Such an interview would be conducted at a special meeting. The consultant is asked to bid this portion of the work effort on a fixed fee basis. The consultant should include in the fixed fee one on-site meeting with the NDPERS Board to review the results. If the Board elects to do vendor interviews or conduct any on-site meetings, the consultant will be reimbursed for that time on a fee for service basis. Please note that travel costs will not be a part of the fixed fee and will be paid based upon expenses incurred and will be subject to prior approval by the NDPERS Executive Director.

### **2.3.3 Implementation Assistance**

The NDPERS Board is seeking assistance with implementation of the vendor contracts. This will include assistance with reviewing the proposed contract(s) help with changing vendors if that is what is decided by the Board, and any other implementation issues. Since efforts relating to implementation will be defined later (or not needed), the consultant will be reimbursed for efforts relating to this phase on a fee for service basis.

## **4. Additional Consulting Services**

Additional Consulting Services on an hourly basis may be requested including, but not limited to:

- Comprehensive glide path studies
- Active vs. passive studies
- Member investment education and financial wellness services and support
- Technical assistance for legislative proposals and plan design changes

## **SECTION 3 – PROPOSAL**

### **3.1 Technical Proposal – This Shall be Labeled “Technical Proposal”**

The proposal shall be formatted as identified in this section and contain specific responses to the information requested.

1. **Management Summary.** This section should include a brief synopsis of the offeror’s understanding of the Board’s needs and services. It should also describe the resources that will be used to fulfill the requirements of this RFP and how it is projected that those resources will be consistently available to the Board.
2. **Technical Approach - Proposed Services.** This Section should present a detailed description of the offeror’s services. The sequence should follow the order described in Section 2. This Section must clearly indicate whether the offeror’s proposal satisfies each specification of the RFP. The offeror’s refusal or inability to accept all the terms and conditions of this RFP and meet each requirement must be clearly noted and explained. Offerors are advised, however, that any such exception may result in its proposal being deemed unacceptable.

The offeror shall identify in this Section each task that will be performed in response to this RFP and a timeline for each. The detailing of the scope of work by the offeror is critical in demonstrating an understanding of the effort.

3. **Prior Experience/References.** This Section should describe up to five selected engagements involving services similar to those required that were successfully performed for other clients. These clients must be identified by name, address, telephone number, and contract reference. Each engagement should be described with the rationale presented indicating its relevance to the services required in this RFP. NDPERS may contact any one or more of these references and, in addition, may contact any other reference of their choosing.
4. **Copy of previous similar work.** In this Section the offeror shall provide a copy of a similar project that NDPERS can view to determine the type of report it will receive pursuant to the RFP.
5. **Personnel.** This Section should include individual resumes for the personnel who are to be assigned to the project if the offeror is awarded the contract, and should indicate the proposed project role or assignment of each individual. The offeror shall provide a table at the beginning of this Section that shows the number of hours they are assigned to the project. The project team should include staff with experience in developing RFPs of the type requested herein, evaluating responses and assisting with implementation. The team should also include investment professionals that can evaluate the proposed products being offered.

6. **Organization.** This Section must document the overall structure of the offeror's organization, including any parent companies, affiliates and subsidiaries. Description and reported resolution of any potential/apparent conflict of interest must be presented here.
7. **Additional Information.** This Section, which is optional, should include any additional information the offeror deems relevant to this procurement and the satisfaction of the Board's objectives.
8. **Conflicts of interest.** In this Section the offeror shall discuss any potential conflicts of interest as discussed in the RFP or that the contractor believes may exist. The contractor cannot receive any other compensation relating to this work effort except that in the cost proposal. Any other arrangements/relationships/contracts the offeror may have with vendors that could be a part of this solicitation must be identified herein and may disqualify the offeror.
9. **Company Literature.** (If applicable) If company literature or other material is intended to respond to any RFP requirement, it must be included in this section. The offeror's responses in previous sections of the proposal must include reference to the document by name and page citation.

**3.2 Financial Proposal – This Shall Be Labeled “Price Proposal” and bound separately from the Technical Proposal.**

It must contain the Pricing Proposal of the work efforts identified under Section 2.

### 3.2.1 Pricing

This Section shall contain information on the pricing for the work efforts in Section 2. The bid shall be on a not to exceed basis with actual hours charged to the project as incurred, up to the maximum of the fixed fee. Pricing should include all expenses including any travel. The consultant shall use the following format for presenting pricing information.

#### Quarterly Fund Analysis (2.1)

Fixed Fee: \$ \_\_\_\_\_

Staff Assigned	Estimated Hours	Rate

#### Guidance of investment fund offerings and investment policies (2.2)

Investment fund replacement search per episode Variable Fee:

\$ \_\_\_\_\_

Fixed Fee: \$ \_\_\_\_\_

Staff Assigned	Estimated Hours	Rate

#### Development of RFP & Evaluation of Responses (2.3)

Fixed Fee \$ \_\_\_\_\_

Staff Assigned	Estimated Hours	Rate

**Total Package Pricing (2.1, 2.2, and 2.3):** \$ \_\_\_\_\_



**Additional Work/Implementation (2.4)** (the consultant shall identify the fee for service hourly rates that will be used for services pursuant to this Section and any supplemental work needed associated with this contract)

Staff Assigned	Rate

**NOTE:** Travel expenses will be paid on an incurred basis and are part of the above not to exceed fixed fee. However, the NDPERS Executive Director shall give prior approval for all travel and fee for service costs for each person pursuant to this contract. NDPERS is under no obligation to reimburse the consultant if no prior approval was given.

## Agreement

The consultant is asked to sign the attached agreement (Section 5) and send it as part of the proposal. If NDPERS accepts your offer, we will sign the agreement and return a copy to you. If the consultant wishes to propose changes or amendments, they must be offered in a redlined response so that NDPERS can determine if they can be accepted.

## **SECTION 4 - PROPOSAL REVIEW**

Proposals will be evaluated in a three-step approach. The first step will be done by a review team composed of NDPERS staff and will be an initial screening of each proposal to determine if it is sufficiently responsive to the RFP to permit a valid comparison and meets the minimum qualifications of having completed past projects similar to the efforts requested herein. The qualifying factor will be on a Yes/No basis. The proposal will be dropped from consideration if a majority of viewers respond "No".

The proposals that pass the initial screening will then be reviewed by the same review team. Each individual will review the proposal for all areas but price. Every proposal will be awarded points for specified areas by the reviewers. Points for price are awarded automatically. Following is the weighting factor for each area:

- |                      |           |
|----------------------|-----------|
| • Technical Approach | 25 Point  |
| • Prior Experience   | 10 points |
| • Staffing           | 15 Points |
| • Sample product     | 15 points |
| • Organization       | 5 points  |
| • Pricing            | 30 points |

The final step will be a review by the NDPERS Board. The NDPERS Board will use any and all information in making its determination and will use the staff's review as a guide but is not bound by that review.

## **SECTION 5 - AGREEMENT FOR SERVICES**

### **AGREEMENT FOR SERVICES BETWEEN (Name of Contractor) AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

CONTRACTOR and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** CONTRACTOR agrees to provide the service(s) as specified in the 2020 RFP and proposal (attached hereto and incorporated by reference Exhibit A). It is understood and agreed that CONTRACTOR's services (the "Services") may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, NDPERS.
- 2) **TERM:** The term of this contract shall commence January 1, 2021, and end December 31, 2022.
- 3) **FEES:** NDPERS shall only pay pursuant to the terms in Exhibit A.
- 4) **BILLINGS:** The CONTRACTOR shall receive payment from NDPERS upon the completion of the services identified in the respective invoice. The CONTRACTOR shall bill NDPERS monthly in arrears for Services rendered and expenses incurred in accordance with the terms hereof.
- 5) **TERMINATION:** Either party may terminate this agreement with thirty (30) days written notice mailed to the other party, or as mutually agreed to by the parties. Upon any termination the CONTRACTOR shall be compensated as described in Exhibit A for services performed up to the date of termination.

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

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

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

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

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

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

- 6) **ASSIGNMENT AND SUBCONTRACTS:** CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE'S express written consent. However, the State expressly consents to CONTRACTOR entering into (i) subcontracts with its affiliates located in the United States, and (ii) third-party subcontracts provided that any such third-party subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor to the same extent as if such performance were done by CONTRACTOR. CONTRACTOR does not have authority to contract for or incur obligations on behalf of NDPERS.
- 7) **ACCESS TO RECORDS AND CONFIDENTIALITY:** The parties agree that all participation by NDPERS members and their dependents in programs administered by NDPERS is confidential under North Dakota law. CONTRACTOR may request and NDPERS shall provide directly to CONTRACTOR upon such request, confidential information necessary for CONTRACTOR to provide the services described in Exhibit A. CONTRACTOR shall keep confidential all NDPERS information obtained in the course of delivering services. Failure of CONTRACTOR to maintain the confidentiality of such information may be considered a material breach of the contract and may constitute the basis for additional civil and criminal penalties under North Dakota law. CONTRACTOR has exclusive control over the direction and guidance of the persons rendering services under this Agreement. Upon termination of this Agreement, for any reason, CONTRACTOR shall return or destroy all confidential information received from NDPERS, or created or received by CONTRACTOR on behalf of NDPERS. This provision applies to confidential information that may be in the possession of subcontractors or agents of CONTRACTOR. CONTRACTOR shall retain no copies of the confidential information. In the event that CONTRACTOR asserts that returning or destroying the confidential information is not feasible, CONTRACTOR shall provide to NDPERS notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of NDPERS that return or destruction of confidential information is not feasible, CONTRACTOR shall extend the protections of this Agreement to that confidential information and limit further uses and disclosures of any such confidential information to those purposes that make the return or destruction infeasible, for so long as CONTRACTOR maintains the confidential information.

CONTRACTOR shall not use or disclose any information it receives from NDPERS under this Agreement that NDPERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by NDPERS. NDPERS shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that NDPERS determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public records law, N.D.C.C. ch. 44-04. The duty of NDPERS and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this Agreement.

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

- 8) **APPLICABLE LAW AND VENUE:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be adjudicated exclusively in the State District Court of Burleigh County, North Dakota.
- 9) **MERGER AND MODIFICATION:** This Agreement shall constitute the entire agreement between the parties. In the event of any inconsistency or conflict among the documents making up this agreement, the documents must control in this order of precedence: First – the terms of this Agreement, as may be amended and Second - the state's Request for Proposal (attached in Exhibit A) and Third – CONTRACTOR's Proposal (attached in Exhibit A). No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

- 10) **INDEMNITY:** CONTRACTOR agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by CONTRACTOR to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. CONTRACTOR also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against CONTRACTOR in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Agreement.
- 11) **INSURANCE**  
CONTRACTOR shall secure and keep in force during the term of this Agreement, from insurance companies, government self-insurance pools or government self-retention funds, the following insurance coverages:
- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
  - 2) Professional errors and omissions with minimum liability limits of \$1,000,000 per occurrence and in the aggregate. CONTRACTOR shall continuously maintain such coverage during the contract period and for three years thereafter. In the event of a change or cancellation of coverage, CONTRACTOR shall purchase an extended reporting period to meet the time periods required in this section.
  - 3) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
  - 4) Workers compensation coverage meeting all statutory requirements.

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

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the CONTRACTOR.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this Agreement shall not be limited by the insurance required in this Agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights, and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this Agreement or by the contractual indemnity obligations of CONTRACTOR.
- 5) The insurance required in this Agreement, through a policy or endorsement, shall include:
  - a) "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
  - b) a provision that CONTRACTOR's insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the CONTRACTOR's insurance and shall not contribute with it;
  - c) cross liability/severability of interest for all policies and endorsements;
  - d) The legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;

- e) The insolvency or bankruptcy of the insured CONTRACTOR shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured CONTRACTOR from meeting the retention limit under the policy.
- 5) CONTRACTOR shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this Agreement.
- 6) Failure to provide insurance as required in this Agreement is a material breach of contract entitling State to terminate this Agreement immediately.
- 7) CONTRACTOR shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements.
- 12) **SEVERABILITY:** If any term in this Agreement is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the Agreement did not contain that term.
- 13) **INDEPENDENT ENTITY:** CONTRACTOR is an independent entity under this Agreement and is not a State employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S activities and responsibilities under this Agreement, except to the extent specified in this Agreement.
- 14) **NDPERS RESPONSIBILITIES:** NDPERS shall cooperate with the CONTRACTOR hereunder, including, without limitation, providing the CONTRACTOR with reasonable facilities and timely access to data, information and personnel of NDPERS. NDPERS shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of data and information provided to the CONTRACTOR for purposes of the performance of the Services. NDPERS acknowledges and agrees that the CONTRACTOR's performance is dependent upon the timely and effective satisfaction of NDPERS's responsibilities hereunder and timely decisions and approvals of NDPERS in connection with the Services. The CONTRACTOR shall be entitled to rely on all decisions and approvals of NDPERS. NDPERS shall be solely responsible for, among other things: (i) making all management decisions and performing all management functions; (ii) designating a competent management member to oversee the Services; (iii) evaluating the adequacy and results of the Services; and (iv) establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities.
- 15) **FORCE MAJEURE:** Neither party shall be held responsible for delay or default caused by fire, riot, terrorism, acts of God or war if the event is beyond the party's reasonable control and the affected party gives notice to the other party immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.
- 16) **ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL:** NDPERS does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. NDPERS does not waive any right to a jury trial.
- 17) **NOTICE:** All notices or other communications required under this contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

**NDPERS:**

Scott Miller, Executive Director  
ND Public Employees Retirement System  
400 East Broadway, Suite 505  
PO Box 1657

CONTRACTOR:

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

- 18) **NONDISCRIMINATION AND COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights, as are applicable to CONTRACTOR. CONTRACTOR agrees to timely file all legally required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the term of this contract all licenses and permits required by law.
- 19) **STATE AUDIT:** All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Agreement are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors. CONTRACTOR shall maintain all of these records for at least three (3) years following completion of this Agreement and be able to provide them at any reasonable time. State, State Auditor, or Auditor's designee shall provide reasonable notice.

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

**NORTH DAKOTA PUBLIC  
EMPLOYEES RETIREMENT SYSTEM**

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Scott Miller, Executive Director  
ND Public Employees Retirement System

---

Date

**CONTRACTOR**

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Signature

---

Printed Name

---

Title

---

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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# Memorandum

**TO:** NDPERS Board

**FROM:** MaryJo

**DATE:** June 9, 2020

**SUBJECT:** GRS Cost Approval for Interest Rate Reduction

At the April 14, 2020 Board meeting, the results of the NDPERS actuarial experience study conducted by GRS for the July 1, 2014 – June 30, 2019 time period were reviewed. The recommendations were approved to be effective for the fiscal year valuation beginning July 1, 2020 and to be implemented in the system effective January 1, 2021.

Recommendations made by GRS and approved by the Board included the following:

- Lowering the investment rate of return from 7.50% to 7.00% for PERS and Highway Patrol
- Lowering the investment rate of return from 7.25% to 6.50% for RHIC
- Decreasing wage growth assumption from 3.75% to 3.50% (includes decreasing from 3.25% to 3.00% for the Judges plan)
- Changing from the RP-2000 Mortality Tables to the newly issued Pub-2010 Public Retirement Plans Mortality Tables with rates projected from 2010 using projection scale MP-2019 (i.e., generational mortality)

Attached is the cost proposal from GRS to begin work efforts for the updated actuarial tables to be implemented in the system January 1, 2021.

**Board Action:** Approve the GRS cost proposal





May 1, 2020

Ms. MaryJo Anderson  
North Dakota Public Employees  
Retirement System  
400 East Broadway, Suite 505  
Bismarck, North Dakota 58502

**Re: Actuarial Factor Update – Fee Quote**

Dear MaryJo:

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

**Scope of Services**

We will recommend an updated actuarial basis that incorporates the recently approved changes in assumptions, and if applicable, changes in plan provisions. Electronic copies of updated actuarial factor and service purchase tables will be provided, in the same format as the 2017 tables. The following actuarial tables will be updated.

**Service Purchase Tables**

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

**Present Value of Employee Contribution Tables**

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

## Optional Form Tables

### Main & Law Enforcement –Normal Form

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

### Main & Law Enforcement – Disability

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

### Judges & Highway Patrol

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

### Judges & Highway Patrol – Disability

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

### Retiree Health Insurance Credit – Normal Form – All Members

- Retirement Benefit of 10 Year Term Certain with 50% Joint & Survivor RHIC
- Retirement Benefit of 20 Year Term Certain with 100% Joint & Survivor RHIC

### Retiree Health Insurance Credit – Disability – All Members

- Retirement Benefit of 10 Year Term Certain with 50% Joint & Survivor RHIC
- Retirement Benefit of 20 Year Term Certain with 100% Joint & Survivor RHIC

### Partial Lump Sum Option Factors for Main & Law Enforcement

### Partial Lump Sum Option Factors for Judges & Highway Patrol\*

### Deferred Normal Retirement Option for Main & Law Enforcement

### Deferred Normal Retirement Option for Judges & Highway Patrol\*

### Graduated Benefit Single Life 1% & 2%

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

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

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

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

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

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

### Retirement Benefit Repayment – All Plans

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

\*Will be provided in Business System Format



## Heat Charts

Heat charts are color-coded visual summaries of the impact of updated factors by retiree age and beneficiary age. In 2017, GRS provided heat charts for the following factor tables:

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

## Fees for Services

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

- GRS' fees to provide updated service purchase and present value of employee contribution tables as described above will be \$8,000.
- GRS' fees to provide updated optional form tables as described above will be \$8,500.
- The cost to provide comparison/heat charts in addition to the new factors would be \$175 for single life factors and \$350 for joint and survivor factors, per set of factors. For example, if you request the same heat charts that were provided in 2017, the total additional cost would be \$1,400.

## Proposed Work Schedule

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

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

Sincerely,



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

BJW:ah





**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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# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein, CPA

**DATE:** June 9, 2020

**SUBJECT:** Budget

As reported at the May board meeting, the Governor provided budget guidelines and is asking that special fund agencies reprioritize 5 percent of their current adjusted appropriation to strategically reinvest in high-impact areas. To meet the guidelines of the Governor, our overall appropriation needs to reflect at least \$467,310 in reallocated funds.

Based on recommendations from the surveys we received, through discussions with the insurance department, and from recommendations from our consultants, staff proposes adding in four conditional FTEs (full time equivalents) in the event we award the health contract on a self-insured basis. This would be adding FTE authority in Accounting, Member Services, a Benefits Manager, and a Registered Nurse. Staff is not factoring in additional rental space into the budget to accommodate these FTE if needed. It also appears that the cost to redo our website can be absorbed under our existing appropriation authority and will not have to be submitted as an optional change package.

PERS staff did a thorough analysis of our agency and services to come up with ways to meet the Governor's guidelines. Staff has established four options for the Board's consideration to comply with this request:

Option #1 - Have the 5% reallocation applied to the current biennium. Staff worked with the Office of Management and Budget (OMB) to see if PERS could look at having the 5% reallocation take place in the current biennium instead of next biennium. OMB approved this approach. However, in order to accomplish the reallocation this option would need to go through the Emergency Commission and Budget Committees of the Legislature. OMB also advised us that just because the Governor wants a 5% reallocation, the Legislature may have a different view of what they want and where we end up for the 2021-23 biennium will be ultimately be up to them.

Where the reallocation comes from:

Contingency	\$ 250,000
Reallocate Salaries to Operating	<u>218,000</u>
Total Reallocation	468,000

Work efforts dedicated to this reallocation:

Gov Delivery	\$ 13,600
Teammates	1,200
Westlaw	4,500
Internal MVVM Upgrade	148,000
*Communication Engine Upgrade	102,000
*Base BPM	182,400
*Convert Website	8,300
*Mainframe Discontinuation	<u>8,000</u>
	468,000

\*Work efforts yet to be performed this biennium

Remaining change package items:

FTE Accounting	\$ 197,919
FTE Administrative Services	133,154
4 Self-Funded FTE	837,337
2 Additional Sagitec Resource	209,000
BPM Redesign	<u>75,200</u>
Total Change Package Request	1,452,610

To accommodate what we assume will be a hold even budget, we would need to discontinue the mobile app and look at reducing rent to accommodate operating inflationary increases and the staff salaries that will be in effect July 1, 2020.

Changes to our budget:

Salary & Benefit Increases	\$ 68,781
Operating Increases Next Biennium	<u>90,060</u>
Total Budget Increases Next Biennium	\$ 158,841

Savings to realize next biennium:

Software Minus Mobile App & MABU	90,023
Rent in Accounting & IT Area	54,000
East Wing Rent	<u>26,885</u>
Total Savings Realized	\$ 170,908

Pros of Option #1:

- Allows the agency to achieve our strategic vision
- Current FTE level remains consistent
- Members are not disrupted
- Offers a significant reduction in rent by having the member services division telework and hoteling options with the benefit determination specialists,

internal audit, public information, information technology, accounting, and the enrollment divisions

Cons of Option #1:

- No contingency line eliminates flexibility with unexpected work efforts
- No temporary salaries eliminates the ability to bring in a temporary accounting staff
- Concern if we reallocate almost all of our salary savings on potential leave payouts this biennium without a contingency capability
- Discontinues the mobile app
- Implementing Base BPM without funding for BPM redesign is a concern because you can't do anything in BPM without the redesign. If not funded, the BPM redesign aspect would be done with our normal support contract
- Working from home with the data we access is concerning
- Contingent on approval from the Emergency Commission & Budget Committees

Option #2 - Reallocate the contingency line item, two-thirds of our temporary staffing, discontinue the mobile app, eliminate rent dedicated to internal audit and reallocate these expenses to technology.

Where the reallocation comes from:

Contingency	\$ 250,000
Temp Staffing	154,033
Software Minus Mobile App & MABU	90,023
East Wing Rent	<u>26,885</u>
Total Reallocation	520,941

Line items that are to be included in the base budget:

Base BPM and BPM Redesign	\$ 257,600
Operating Increases Next Biennium	90,060
Staff salary increases for July 2020	68,781
1 Additional Sagitec Developer	<u>104,500</u>
Total Costs Reallocated	520,941

Remaining change package items:

FTE Accounting	\$ 197,919
FTE Administrative Services	133,154
4 Self-Funded FTE	837,337
1 Additional Sagitec Resource	104,500
Add Contingency Funds Back	250,000
Add Temp Staffing Back	<u>150,929</u>
Total Change Package Request	1,673,839

Pros of Option #2:

- Current FTE remain intact
- Members are not disrupted

- Reallocation is for one-time expenditures
- Allows the agency to achieve our strategic vision
- Offers reduction of rent by having internal audit and public information using the hoteling flexibility

Cons of Option #2:

- No contingency line eliminates flexibility with unanticipated work efforts or further systematic opportunities
- Need change packages to secure FTE authority
- Discontinues the mobile app
- Concerns over unexpected leave payouts
- Reducing temp staff could be problematic if we don't get the additional FTEs being requested
- Working from home with the data we access is concerning

If the Board wants to promote telecommuting and hoteling on a broader basis, under Option 2 we could also look at increasing the temporary staffing and/or contingency line items by reducing rent in the Accounting & IT divisions similar to Option #1 if the Board desires.

Option #3 – Reallocate the Internal Auditor III and the Public Information Specialist III, discontinue the mobile app, eliminate rent and reallocate these expenses to the FTE we are seeking.

Where the reallocation comes from:

Public Information Specialist Position	\$ 171,107
Auditor III Position	205,922
Software including Mobile App	90,023
Rent in Accounting & IT Area	54,000
East Wing Rent	<u>26,865</u>
Total Reallocation	547,917

Line items that are to be included in the base budget:

Auditor III reallocated to Accounting	\$ 205,922
Public Information reallocated to Admin	133,154
Operating Increases Next Biennium	90,060
Staff salary increases for July 2020	68,781
Increase Temp Staffing for Marketing Intern	<u>50,000</u>
Total Costs Reallocated	547,917

Remaining change package items:

Base BPM & BPM Redesign	\$ 257,600
4 Self-Funded FTE	837,337
2 Additional Sagitec Resources	209,000
Add Back Public Information Position	<u>171,107</u>
Total Change Package Request	1,475,044

Pros of Option #3:

- Members are not disrupted
- Allows us the backup in accounting that is needed and moves us to a true call center for member services
- Have flexibility in temp salaries to hire a temporary auditor and a marketing intern
- Offers a significant reduction in rent by having the member services division telework and hoteling options with the benefit determination specialists, information technology, accounting, and the enrollment divisions

Cons of Option #3:

- Lose momentum we've gained in the strategic vision of trying to get more effective in communications
- Would require dismissal of one FTE
- Discontinues the mobile app
- Significant technological change packages to achieve strategic vision
- Working from home with the data we access is concerning

Option #4 – Cut programs by discontinuing Medicare Part D, eliminate deferred comp providers outside of the companion plan, discontinue the mobile app, eliminate rent and reallocate these expenses to the FTE we are seeking.

Where the reallocation comes from:

Current FTEs that work with these programs	\$ 399,891
Software including Mobile App	<u>90,023</u>
Total Reallocation	489,914

Line items that are to be included in the base budget:

FTE Accounting	\$ 197,919
FTE Administrative Services	133,154
Operating Increases Next Biennium	90,060
Staff salary increases for July 2020	<u>68,781</u>
Total Costs Reallocated	489,914

Remaining change package items:

Base BPM & BPM Redesign	\$ 257,600
4 Self-Funded FTE	837,337
2 Additional Sagitec Resources	<u>209,000</u>
Total Change Package Request	1,303,937

Pros of Option #4:

- Allows us the backup in accounting that is needed and moves us to a true call center for member services

Cons of Option #4:

- Significant member disruption
- Would require dismissal of two FTE
- Discontinues the mobile app



- Significant technological change packages to achieve strategic vision
- Working from home with the data we access is concerning

Staff will need direction on which option to include to meet the recommended budget reallocation. A final budget will be presented at the July meeting for approval. In order to meet OMB's deadline to submit the budget, staff has received an extension and will need to have the budget finalized by August 15<sup>th</sup> instead of July 15<sup>th</sup>.

**Board action requested:**

Provide direction on which budget reduction option to proceed on.

- If Option #1 is selected, a contingent Option will also need to be selected in the event our request can't get past the approval process in the Legislature.
- If Option #2 is selected are you interested in expanding the hoteling and telecommuting aspect of our agency to increase additional funding to temporary staff or the contingency line item?



**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:** Scott

**DATE:** June 9, 2020

**SUBJECT:** Office Reopen Strategy

On May 22, 2020, Governor Burgum issued Executive Order 2020-06.7. In that order, he declared that “state facilities” will open to the public on June 1, 2020. He also stated that employees who have been teleworking can continue to do so if approved by their agency heads.

I talked with Lisa Kudelka regarding how other agencies are implementing the Order, and she confirmed that agencies are only opening if necessary in order to provide some service to the public. She also confirmed that most state employees who have been successfully teleworking would continue to do so.

Many of the people we would work with are nearing retirement and are, therefore, part of a vulnerable population. Similarly, many of our NDPERS employees are also of an age that make them part of a vulnerable population, your Executive Director included. As such, I am reluctant to open the office to in-person meetings until we are further down the Covid Curve.

We surveyed our benefits counselors to see whether there is a demand to return to in-person counseling sessions. With very few exceptions, virtual counseling sessions have been going very well. While we have had one or two individuals who could have truly benefited from having an in-person session, we have received many comments from members that they feel telephone sessions have gone very well, and much better than they thought they would. In fact, our survey responses for April show an uptick in member satisfaction with our service.

Because of the risk to our members and staff, and because our telephone counseling sessions are going so well, I have decided to continue the status quo for the foreseeable future. The office will remain closed, and staff who can continue to work from home will do

so. I will continue to monitor the situation, and when the circumstances change to make it safer for both our members and our staff to resume in-person meetings, we will begin to re-open the office.

This topic is noticed for Board Action in the event the Board would like to direct me and staff to do something other than continue the status quo and monitor the situation. If you are comfortable with our current strategy then no action is needed.



**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

---

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:** June 9, 2020

**SUBJECT:** Audit Committee Minutes

Attached are the approved minutes for the February 12, 2020 meeting. The minutes may also be viewed on the NDPERS web site at [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

The next audit committee meeting is scheduled for August 17, 2020 at 3:00 p.m. in the NDPERS Conference Room. This is for your information.

Attachment



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

**Attachment**

**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) • WEB: [ndpers.nd.gov](http://ndpers.nd.gov)

## **MEMORANDUM**

**TO:** Audit Committee  
Mona Rindy  
Adam Miller  
Julie Dahle  
Mylynn Tufte  
Senator John Grabinger

**FROM:** Shawna Piatz, Chief Audit Executive

**DATE:** February 12, 2020

**SUBJECT:** **February 12, 2020 Audit Committee Meeting**

In Attendance:

Julie Dahle (acting committee chair)  
Adam Miller (via phone)  
Mylynn Tufte (via phone)  
Shawna Piatz  
Derrick Hohbein  
Rebecca Fricke  
Scott Miller  
Sarah Marsh  
Allyson Hicks

The meeting was called to order at 10:00 a.m. by Ms. Julie Dahle. The committee began the meeting with approving the prior Audit Committee minutes.

### **I. November 13, 2019 Audit Committee Minutes**

- A. The Audit Committee minutes were examined and one change was addressed. Ms. Dahle moved that the minutes be accepted, with one correction made. The motion was seconded by Ms. Tufte.

### **II. Internal Audit Reports**

- A. Quarterly Audit Plan Status Report – A summary of the Internal Audit staff time spent for the past quarter was included with the Audit Committee materials. Of the total hours reported, 44% was spent in audit, 5.81% in consulting, and 50.20% in administrative hours. A large portion of the audit hours were spent on auditing the retirement program, as we are reviewing 100% of the new BDS's work and a sample of the rest. The Retirement Program hours increased as we are completing a more thorough compliance review of the retirement accounts, as well as working to incorporate the new FAS calculation for those who

terminate employment after 12/31/2019. The consulting hours were largely attributable to Internal Audit's coordination of the Risk Assessments and assistance in testing the new FAS methodology within PERSLink.

A status update was provided on the 2018 – 2019 Audit Plan for each area of review. Along with the work done in the Retirement Benefit and Refund Payments audit, Internal Audit completed an audit of the Sanford Health Plan interest calculation report and numerous consulting projects. Work is currently being done in the Contract Process review.

- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages. The report shows the number of new retirees each month, the total number of new retirees audited, whether issues identified were procedure issues (issues staff did not identify) or system issues (issues with PERSLink), compliance issues, or employer issues. An accuracy rate of 97.61% was achieved fiscal YTD as of January 2020 for new retirement benefit payments, which met the 97% goal. 100% J&S and Single Life benefits continue to be the largest new retiree benefit categories. An accuracy rate of 93.55% was achieved fiscal YTD as of January 2020 for retirement refunds, which is below our 97% goal. However, a limited number of retirement refunds were audited.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. These adjustments are considered errors, not adjustments made in the normal course of business. It was noted that the number and dollar amount of errors continues to decline.
- D. Outstanding Issues Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and to the Audit Committee, the status of the audit recommendations of the external auditors, as well as any found by the Internal Auditor. The report has been updated to reflect what has been accomplished November 1, 2019 through January 31, 2020. Staff reviewed the recommendations with the committee. There was one new and two outstanding issues that continue to be worked through.

### **III. Administrative**

- A. Audit Committee Meeting Date & Time – The next Audit Committee meeting is scheduled for Wednesday, May 13, 2020 at 10:00 a.m.
- B. Audit Committee Charter Matrix Review for 2019 – The Audit Committee Charter states that it will “confirm annually that all responsibilities outlined in this charter have been carried out. Review and access periodically the adequacy of the Committee charter, request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.” To meet the requirement a matrix was developed to review against current practices to ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and approved by the Audit Committee, where it was motioned from Mr.

Miller. Ms. Tufte seconded the motion, which was followed by voice vote.

- C. Internal Audit Charter Matrix Review for 2019 – A copy of the Internal Audit Charter Activity review matrix of the activities completed through December 31, 2019 was provided to the Audit Committee for their review and information.
- D. Internal Audit Plan 2020 – 2021 – A copy of the Internal Audit Plan 2020-2021 was provided to the Audit Committee for their review and information. A few new items were added, while a few audit and consulting projects were removed as they were completed or determined that controls are adequate. It was asked to add an appendix or summary to the Internal Audit Plan, to further discuss why Internal Audit chose to audit the items they did. Ms. Tufte motioned to nominate Ms. Dahle as the acting Audit Committee Chair. This was moved by Mr. Miller and carried by voice vote. Then Ms. Tufte moved to accept the motion for approving the Internal Audit Plan. The motion was seconded by Mr. Miller and carried by voice vote.
- E. Annual Performance Evaluation Update – There were discussions around how currently the Executive Director is the only individual giving input on the Chief Audit Officer's annual performance evaluation, when really the Chief Audit Officer reports to the Audit Committee and they should also be providing feedback. A motion was made by Ms. Tufte, for the evaluation process of the Chief Audit Officer to include input from both the Executive Director and the Audit Committee prior to the combined evaluation being submitted. This motion was seconded by Mr. Miller followed by voice vote. A second motion was made by Ms. Tufte, to apply the process of including both the Executive Director and the Audit Committees feedback for this current evaluation process review. Mr. Miller seconded the motion followed by voice vote.

#### **IV. Miscellaneous**

- A. Travel Expenditures – There were no out-of-state travel expenditures incurred by the Executive Director or Board of Directors for the period November 1, 2019 through January 31, 2020. This was provided for the Audit Committee's information.
- B. Risk Management Report – The minutes from the last Loss Control Committee meeting and the agenda for the next meeting were provided to the Audit Committee for their review. The Loss Control Committee reviewed a number of action items as well as several incident reports reported for the previous quarter. Also, the ND Safety Council completed assessments of the agency's office area in December and provided their recommendations.
- C. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should "Periodically review a report of all costs and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." A copy of the report showing the consulting, investment and administrative fees paid during the quarter ended

December 2019 was provided for the Audit Committee's information.

- E. CPEs and Webinars – A report on the continuing professional education webinars, luncheon meetings and seminars Internal Audit participated in for the period November 1, 2019 through January 31, 2020 was provided to the committee. In December, the Chief Audit Executive attended three webinars and one IAA monthly luncheon.

Meeting adjourned at 11:10 a.m. Motion made by Mr. Miller, seconded by Ms. Tufte followed by voice vote.





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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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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** June 9, 2020

**SUBJECT:** Strategic Planning Goals

At the December meeting, the Board approved goals for a three-year strategic plan, which you can see on the attached table. As you can see from the table, we are well on our way to completing the goals for 2020. We can get into the details of each of the goals as you like during the Board meeting.

This topic is informational only.

## Strategic Planning Goals and Timelines

Goal	2020	2021	2022
Accuracy Improvement	In progress	X	X
Part D Transparency	Done – Considering an RFP in August		
HRMS Partner	Done		
Funded Status	In progress – Submitted Legislation	X	
RHIC – Calendar Year (live 1/1/21)	Done – Contract extended, live 1/1/21		
External MVVM	Done		
Internal MVVM	In progress		
BPM <sup>1</sup>		X	X
Part D Bundle/Unbundle		X	
Health Plan RFP	In progress – RFP released June 1, 2020	X	
PIR Backlog/ Comprehensive Wizards <sup>2</sup>		X	X
Succession Planning	IT settled/working on Research/CFO a concern	X	X
Online Presentations – FEW and PREP <sup>3</sup>		X	
Communication Engine		X	

<sup>1</sup> This would be part of our budget request for 21-23.

<sup>2</sup> This would be part of our budget request for 21-23.

<sup>3</sup> This would be part of our budget request for 21-23.

## **VI. MEMBER**

### **A. Member Appeal Case #579 follow-up**

**The material for the  
Executive Session will be  
sent out under separate cover.**