



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Board Meeting Agenda

Location: WSI Board Room, 1600 East Century Avenue, Bismarck ND
By phone: 701.328.0950 Conference ID: 125 946 215#
Date: Tuesday, October 14, 2025
Time: 8:00 A.M. [Join the meeting now](#)

I. MINUTES

- A. September 9, 2025
- B. September 25, 2025 Special Meeting

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS

- A. Annual Investment Performance Update – Scott Anderson, Retirement & Investment Office

IV. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

- A. New Enrollee Additional Contribution Elections and Employer Reporting Errors – Rebecca (Board Action)
- B. [457\(b\) Deferred Compensation Plan Document and 457\(b\) Deferred Compensation Companion Plan Document – Marcy \(Board Action\)](#)

V. DEFINED BENEFIT

- A. Retiree Health Insurance Credit (RHIC) Program Contract Amendment – Katheryne (Board Action)

VI. GROUP INSURANCE / FLEXCOMP

- A. [Health Insurance Consultant Contract Amendment – Katheryne \(Board Action\)](#)
- B. Sanford Health Plan Formulary Changes Effective January 1, 2026 – Rebecca (Information)

VII. LEGISLATION / ADMINISTRATIVE RULES

- A. Legislation Implementation – Rebecca (Information)

VIII. OPERATIONS / ADMINISTRATIVE

- A. Contracts Under \$10,000 – Rebecca (Information)
- B. Next Meeting Date: **Wednesday**, October 29, 2025



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

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

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

Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: October 14, 2025

SUBJECT: Annual Investment Performance Update

Scott Anderson, the Chief Investment Officer for the Retirement and Investment Office, will provide the Board with an update on the investment performance for Fiscal Year 2024-2025.

INVESTMENT PERFORMANCE

Scott M. Anderson, CFA – Chief Investment Officer

October 14, 2025



Retirement & Investment

PERFORMANCE – BENCHMARK INDICES

Summary of Returns June 30, 2025					
Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	5.8%	15.3%	16.0%	12.9%	18.7%
Russell 1000	6.1%	15.7%	16.3%	13.3%	18.6%
Russell 2000	-1.8%	7.7%	10.0%	7.1%	23.5%
S&P 500	6.2%	15.2%	16.6%	13.6%	18.4%
MSCI ACWI IMI Net	9.8%	15.9%	13.4%	9.7%	14.7%
MSCI World ex US	19.0%	18.7%	11.5%	6.6%	14.8%
MSCI Emerging Markets	15.3%	15.3%	6.8%	4.8%	16.1%
Bloomberg Aggregate	4.0%	6.1%	-0.7%	1.8%	4.8%
Bloomberg Gov/Credit	3.9%	5.9%	-0.8%	1.9%	5.1%
Bloomberg US High Yield	4.6%	10.3%	6.0%	5.4%	5.2%
NCREIF Property Index	2.5%	4.2%	3.7%	5.2%	4.0%

Source: Bloomberg

PERFORMANCE – BENCHMARK INDICES - CURRENT

Summary of Returns September 24, 2025					
Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	13.6%	17.2%	16.4%	14.5%	18.5%
Russell 1000	13.8%	17.5%	16.7%	14.9%	18.4%
Russell 2000	10.3%	11.0%	12.4%	9.4%	23.4%
S&P 500	13.9%	17.3%	17.1%	15.1%	18.2%
MSCI ACWI IMI Net	17.6%	17.2%	13.8%	11.5%	14.5%
MSCI World ex US	24.3%	16.2%	11.8%	8.4%	14.6%
MSCI Emerging Markets	28.1%	21.9%	7.6%	8.1%	15.8%
Bloomberg Aggregate	6.1%	2.5%	-0.5%	1.8%	4.8%
Bloomberg Gov/Credit	5.8%	2.3%	-0.7%	2.0%	5.1%
Bloomberg US High Yield	7.3%	7.7%	5.7%	6.0%	5.2%
NCREIF Property Index (06/30/2025)	2.5%	4.2%	3.7%	5.2%	4.0%

Source: Bloomberg

RISK SUMMARY

Macro and Economic Risks

- Sticky Inflation: Core CPI +3.1% y/y (Aug 2025); persistent pressure keeps Fed cautious, eroding real returns.
- Higher-for-Longer Rates: Fed policy rate 4.25–4.50%, 10y Treasury ~4.05%; impacts liabilities & bond valuations.
- Growth Volatility: Q2 GDP +3.3% annualized; stop-start cycle complicates return forecasts.

Market Risks

- Equity Valuation: S&P500 Shiller CAPE ~38; forward PE at >22; top 10 stocks = ~30–40% of S&P 500.
- Credit Stress: HY OAS ~275 bps; default rates could rise to 3–4% in downturn scenarios (Rating Agencies).
- USD Volatility: DXY ~96.6 (-11% YTD); swings impact EM, global equity earnings

Geopolitical & Political Risks

- Tariff Shock: New tariffs = \$80–88B YTD revenue; Aug customs receipts \$20–30B; raises inflation & costs.
- Geopolitical Tensions: Gaza ground assault, Ukraine conflict; commodity, defense & risk premium volatility.
- U.S. Fiscal/Policy Risk: Large deficits & Treasury issuance; politicization of Fed adds tail policy outcomes.

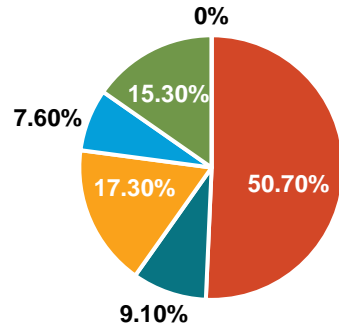
PERFORMANCE

N O R T H
Dakota
Be Legendary.

Retirement & Investment

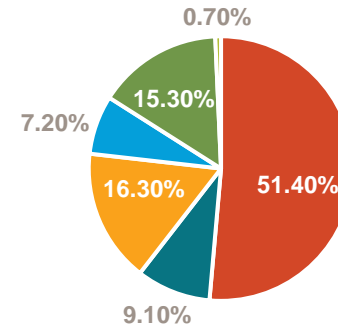
PERS ASSET ALLOCATION

Policy Allocation%



- Global Public Equity
- Private Equity
- Investment Grade Fixed Income
- Below Investment Grade
- Diversified Real Assets
- Cash and Equivalents

Current Allocation%



- Global Public Equity
- Private Equity
- Investment Grade Fixed Income
- Below Investment Grade
- Diversified Real Assets
- Cash and Equivalents

Asset Category	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Differences (\$)
Global Public Equity	\$ 2,501,748,421	51.4%	50.7%	\$ 31,624,483
Private Equity	\$ 443,338,391	9.1%	9.1%	\$ 4,030
Investment Grade Fixed Income	\$ 794,240,154	16.3%	17.3%	\$ (47,257,917)
Below Investment Grade	\$ 349,820,878	7.2%	7.6%	\$ (18,310,191)
Diversified Real Assets	\$ 744,527,551	15.3%	15.3%	\$ 87,968
Cash and Equivalents	\$ 33,851,626	0.7%	0%	\$ 33,851,626
Total	\$ 4,867,527,021	100.0%	100.0%	\$ -

PERS PERFORMANCE

JUNE 30, 2025 PERS \$4.9 Billion	Year to Date	1 Year	3 year	5 Year	10 Year	Risk (5 Year)
Total Fund Return - Net	7.8%	12.0%	9.6%	9.4%	7.8%	8.7%
Policy Benchmark Return	6.5%	10.6%	9.3%	8.8%	7.3%	9.1%
Total Relative Return¹	1.3%	1.4%	0.3%	0.6%	0.5%	

1. June 2025 values – Verus

PERS PERFORMANCE – Detail¹

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	4,867,527,021	100.0	7.6	7.8	12.0	12.0	9.6	9.4	7.9	7.8
Policy Index			6.6	6.5	10.5	10.5	9.6	9.0	7.8	7.5
Corridor Target Index			6.6	6.5	10.6	10.6	9.3	8.8	7.5	7.3
Total Equity	2,944,561,731	60.5	11.3	10.2	15.7	15.7	15.7	13.9	10.7	10.1
Total Equity Blend			10.1	8.6	14.3	14.3	-	-	-	-
Public Equity	2,501,223,340	51.4	12.3	10.8	16.7	16.7	17.3	13.9	10.6	-
MSCI AC World IMI Index (Net)			11.6	9.8	15.9	15.9	16.8	13.4	10.3	-
Domestic Equity	1,580,250,811	32.5	11.7	6.2	16.4	16.4	19.1	15.8	13.7	13.0
Russell 3000 Index			11.0	5.8	15.3	15.3	19.1	16.0	13.6	13.0
International Equity	920,941,554	18.9	13.3	19.6	17.5	17.5	14.9	10.5	7.3	7.3
MSCI AC World ex USA IMI (Net)			12.7	17.9	17.8	17.8	13.9	10.2	6.5	6.2
Private Equity	443,338,391	9.1	6.3	7.0	10.3	10.3	7.4	15.6	12.7	9.6
Private Equity Benchmark			1.7	1.9	5.5	5.5	-	-	-	-
Total Income	1,144,061,032	23.5	2.0	4.4	7.6	7.6	5.0	2.3	3.8	3.9
Total Income Blend			1.9	4.2	7.4	7.4	-	-	-	-
Investment Grade	794,240,154	16.3	1.5	4.5	6.9	6.9	3.5	0.1	2.5	2.8
Blmbg. U.S. Aggregate Index			1.2	4.0	6.1	6.1	2.5	-0.7	1.8	1.8
Below Investment Grade	349,820,878	7.2	3.0	4.1	8.9	8.9	8.5	7.7	6.6	6.5
Blmbg. U.S. High Yield - 2% Issuer Cap			3.5	4.6	10.3	10.3	9.9	6.0	5.3	5.4
Total Real Assets	744,527,551	15.3	2.5	3.6	5.3	5.3	-2.7	3.8	4.0	4.8
Total Real Assets Blend			0.9	2.0	1.8	1.8	-	-	-	-
Other Real Assets	312,898,139	6.4	5.5	7.2	12.1	12.1	8.1	8.8	7.7	-
Other Real Assets Blend			1.1	2.3	2.6	2.6	-	-	-	-
Cash and Equivalents	33,851,626	0.7	1.6	2.7	5.4	5.4	4.9	3.0	2.7	2.1
90 Day U.S. Treasury Bill			1.0	2.1	4.7	4.7	4.6	2.8	2.5	2.0

1. June 2025 values – Verus



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: October 14, 2025

SUBJECT: New Enrollee Additional Contribution Elections and Employer Reporting Errors & Omissions

Recently, two areas have been identified related to the 2025 Defined Contribution Plan tier that staff would like direction from the Board. They both deal with the additional contribution elections that new enrollees in this plan can make within 30 days of their employment date.

Specifically, the two areas are:

- 1) It has been discovered that member elections completed prior to the member's employment start date and made either through our online portal (Member Self Service) or through form submission have been processed and subsequently, employee and employer contributions received based on the processed election.
- 2) We have become aware of an employer's failure to report the hiring of an eligible employee to NDPERS over a month (more than 30 days) after the new employee's employment start date. This resulted in the member's election being invalidated as it was made after the 30 day window in which they can make an election.

Staff sought input from Ice Miller to determine what relief is possible within federal regulations. Ice Miller believes that if the Board desires, policies could be established to address both situations. Staff confirmed with state legal counsel that policies could be adopted by the Board for resolution.

For the first issue, Ice Miller has indicated that the Board could adopt a correction policy to grandfather those elections that were completed prior to the employee's employment start date, with the policy stating that it begins with the plan tier inception and expires as of the Board policy date. The reason for the expiration date is due to Ice Miller's recommendation that NDPERS ensure that future elections received by new enrollees only be considered

valid if completed, signed and submitted to NDPERS within 30 days from the employee's employment start date and not before. The NDPERS business system is being updated to address this, staff have been trained and we continue to monitor elections to ensure the proper completion from employment start date. However, for those roughly 80 members impacted since the plan tier went live on January 1, 2025, staff would recommend that the Board adopt a policy to validate and correct elections submitted prior to the employment start date. This policy would only apply to elections submitted between January 1, 2025 and October 14, 2025.

For the second issue, Ice Miller has indicated that the Board could adopt a policy that would allow NDPERS to offer an extension of the 30 day window if the employer provides demonstrable written documentation of an error having occurred that resulted in the member missing or being given inadequate time for their initial 30 day election window. If the Board wishes to develop such a correction policy, Ice Miller and staff recommend that it allow a member an extension of no more than 30 days from approval of the identification of the demonstrable written documentation of the error and that the contribution election made during the extension be reported prospectively.

For the second request, staff understand that employers will have errors and omissions and this can result in members missing their opportunity to make their election. Although we don't have a specific recommendation, we understand if the Board would like to adopt a policy to ensure that a member does not miss an opportunity due to a mistake of their employer in timely reporting to NDPERS, especially given it is important that members have adequate savings for retirement, which the additional contribution option is to help encourage. Our main concern is to ensure that the scope be narrow for any extension to be granted and limited to demonstrable employer errors, not an employee failing to act. We would also recommend that any policy allow the Executive Director to approve the extension similar to other policies and rules for other benefit late applications.

Representatives from Ice Miller will attend the meeting to assist with questions you may have. Under the IRS's Employee Plans Compliance Resolution System (EPCRS), plans may self-correct certain operational errors, including missed deferral opportunities. In such cases, the plan may generally correct the failure by putting both the participant and the plan into the place each would have been had the error not occurred. The proposed policies are consistent with EPCRS principles. These policies and the administrative actions do not require a formal plan amendment or IRS approval.

Board Action Requested:

- 1) Determine if the Board would like to implement a policy to address the issue with new enrollees in the Defined Contribution Plan signing and/or submitting elections regarding additional contributions prior to their employment start date. If yes, then staff would recommend that the policy grandfather the elections received for new enrollees since plan inception January 1, 2025 through the date of this Board policy (October 14, 2025).

- 2) Determine if the Board would like to implement a policy to address the issue of an employer reporting error or omission that results in a new member missing their opportunity to make an election for additional contributions. If yes, then the policy should ensure that it is narrow in scope, that the employer provides demonstrable written documentation of the error (on part of employer) having occurred, and allows the executive director to provide an extension to the member of no more than 30 days from the date the employer's error is documented, provided the error is attributable solely to the employer's failure to timely report the employee's hire or forward an employee's election to NDPERS. The policy will be administered upon adoption and the additional contribution election submitted through the extension will be contributed prospectively only.

IV. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

B. 457(b) Deferred Compensation Plan Document and 457(b) Deferred Compensation Companion Plan Document

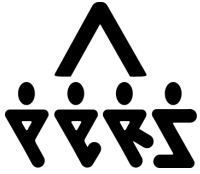
material for this agenda item
will be sent at a later date

IV. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

B. 457(b) Deferred Compensation Plan Document and 457(b)
Deferred Compensation Companion Plan Document

Attachments

material for this agenda item
will be sent at a later date



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Public Employees Retirement System**
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Memorandum

TO: NDPERS Board

FROM: Katheryne Korom

DATE: October 14, 2025

SUBJECT: Retiree Health Insurance Credit Program Contract Amendment

At the July meeting, the Board approved the contract renewal for the Retiree Health Insurance Credit (RHIC) Program with ASIFlex. The renewal was approved for the January 1, 2026, through December 31, 2027, contract period. Attached is the contract amendment prepared by NDPERS legal staff and approved by ASIFlex.

Board Action Requested: Consider approval and signature by Chairman Seminary of the contract amendment for the Retiree Health Insurance Credit (RHIC) Program with ASIFlex for the January 1, 2026, through December 31, 2027, contract period.

**CONTRACT AMENDMENT
AGREEMENT FOR SERVICES BETWEEN
APPLICATION SOFTWARE, INC. dba ASIFlex AND
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
AMENDMENT NUMBER: 2**

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

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Agreement or any previous amendment, then, notwithstanding any term in the Agreement or any previous amendment, the following terms and conditions govern and control the rights and obligations of the parties.

The parties agree to amend the Agreement as follows:

1. **SECTION 1) SCOPE OF SERVICES** is amended as follows:

CONTRACTOR agrees to provide the service(s) as specified in Exhibit B to this Amendment.

2. **SECTION 2) TERM** is amended as follows:

The Agreement commenced on January 1, 2022 for a period of two years with an option to renew the Agreement for up to two additional two-year periods.

The Agreement was previously renewed for one two-year period from January 1, 2024, to December 31, 2025.

The parties have agreed to renew the Agreement for an additional two-year period; therefore, the Agreement is amended to change the expiration date to December 31, 2027. The Agreement has no renewals remaining.

3. **SECTION 3) FEES** is amended as follows:

NDPERS shall only pay pursuant to the terms in Exhibit A to this Amendment.

4. **SECTION 4) BILLINGS** is amended as follows:

NDPERS will pay for the services provided by CONTRACTOR pursuant to a per participant monthly fee in Exhibit A to this Amendment. Payments will be made monthly

based upon an invoice identifying the number of participants for that month.

5. **SECTION 7) ACCESS TO RECORDS AND CONFIDENTIALITY** is amended as follows:

The phrase “to provide the services described in Exhibit A” is replaced with “to provide the services described in Exhibit B to Amendment No. 2 to this Agreement.” The remainder of Section 7 remains in effect.

6. **SECTION 11) INSURANCE** is amended as follows:

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

1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$2,000,000 per occurrence.

2) [Removed.]

3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.

4) Employer’s liability or “stop gap” insurance of not less than \$2,000,000 as an endorsement on the workers compensation or commercial general liability insurance.

5) Professional errors and omissions with minimum limits of \$1,000,000 per claim and in the aggregate, Contractor shall continuously maintain such coverage during the contact period and for three years thereafter. In the event of a change or cancellation of coverage, Contractor shall purchase an extended reporting period to meet the time periods required in this section.

6) In the event CONTRACTOR will host data, or provide for the hosting of data through a third-party entity, CONTRACTOR shall secure and maintain Cyber Liability and Security Insurance or equivalent insurance product(s), with minimum liability limits of not less than \$5,000,000 and first party limits of not less than \$1,000,000, that will provide, without cost to the CONTRACTOR or STATE, an immediate response in the event of a data breach, including meeting all notification obligations of CONTRACTOR and STATE and in the event the data breach involves personal information as defined by N.D.C.C. § 51-30-1(4), the insurance policy shall also make available free credit monitoring for any affected individual for a minimum period of one year. CONTRACTOR shall defend, indemnify, save and hold harmless, the STATE, its officers, agents and employees from liability of any nature or kind, including costs and expenses, on account of a data breach arising from CONTRACTOR hosting, transmission, or control of data, any and all suits, claims, or damages of any character whatsoever, resulting from injuries or damages sustained by any person or persons or property by virtue of performance of this Contract.

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

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor. The amount of any deductible or self-retention is subject to approval by the State.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this agreement or by the contractual indemnity obligations of the Contractor.
- 5) A "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State.
- 6) The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.
- 7) Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.
- 8) Contractor shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements. Contractor shall provide on an ongoing basis, current certificates of insurance during the term of the contract. A renewal certificate will be provided 10 days prior to coverage expiration.

7. **SECTION 17) NOTICE** is amended as follows:

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:

Board Chairperson
ND Public Employees Retirement System
1600 East Century Avenue, Suite 2
P.O. Box 1657
Bismarck, ND 58502-1657

CONTRACTOR:

Application Software, Inc. dba ASIFlex
201 West Broadway, Ste. 4C
Columbia, Missouri 65203

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.

8. **SECTION 18) NONDISCRIMINATION AND COMPLIANCE WITH LAWS** is amended as follows:

CONTRACTOR agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (See N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

CONTRACTOR shall ensure that all user-facing components of the website comply with the Americans with Disabilities Act (ADA) and conform to current Web Content Accessibility Guidelines at a minimum. Accessibility compliance shall be verified through automated and manual testing prior to delivery and reports provided to STATE quarterly or as mutually agreed upon by STATE and CONTRACTOR. If a compliance issue is discovered, CONTRACTOR will provide a remediation plan, including timelines and impacts, to STATE.

CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums.

CONTRACTOR shall have and keep current all licenses and permits required by law during the Term of this Contract all licenses and permits required by law.

CONTRACTOR is prohibited from boycotting Israel for the duration of this Contract. (See N.D.C.C § 54-44.4-15.) CONTRACTOR represents that it does not and will not engage in a boycotting Israel during the term of this Contract. If STATE receives evidence that CONTRACTOR boycotts Israel, STATE shall determine whether the company boycotts Israel. The foregoing does not apply to contracts with a total value of less than \$100,000 or if CONTRACTOR has fewer than ten (10) full-time employees.

CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.

9. **SECTION 23) THIRD-PARTY RISK MANAGEMENT PROGRAM** is added as follows:

CONTRACTOR shall undergo the third-party security questionnaire on an annual basis at no cost to NDPERS, unless CONTRACTOR has received FedRAMP, StateRAMP, or HiTrust certification. CONTRACTOR shall provide complete questionnaire within twenty-one (21) calendar days of receiving a written request. CONTRACTOR shall

undergo the third-party security questionnaire when a breach has occurred.

10. **SECTION 24) USE OF ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML)** is added as follows:

NDPERS AND CONTRACTOR agree CONTRACTOR may wish to use Artificial Intelligence (AI) and Machine Learning (ML) (together AI/ML) to complete CONTRACTOR's obligations under this Agreement. CONTRACTOR's use of AI/ML is subject to prior, written approval by NDPERS. CONTRACTOR shall provide to NDPERS detailed information, in writing, on the use of AI/ML in CONTRACTOR's obligations under this Contract. CONTRACTOR agrees to submit new information to NDPERS for approval any time CONTRACTOR substantially changes its use of AI/ML. NDPERS reserves the right to terminate the Contract for cause if CONTRACTOR uses AI/ML in a manner that STATE has not had the opportunity to approve or denied approval.

11. **SECTION 25) BUSINESS ASSOCIATE AGREEMENT** is added as follows:

Information CONTRACTOR receives from STATE or Participants under this Agreement for Services may be subject to Health Insurance Portability and Accountability Act (HIPAA), 45 C.F.R. Part 160 and Subparts A, C, and E of Part 164. To that extent, CONTRACTOR is required to execute a Business Association Agreement, attached herewith and incorporated as Exhibit C.

Exhibit C to this Amendment replaces the Business Associate Agreement executed on October 4, 2021, as an addendum to the Agreement for Services.

All other terms of the Agreement remain in effect. This Amendment is not effective until fully executed by all parties.

Application Software, Inc.

Signature: 

Printed: JOHN M. RIDDICK

Title: PRESIDENT

Date: 10/7/2025

State of North Dakota through its
Public Employees Retirement System

Signature: _____

Printed: _____

Title: _____

Date: _____



**NDPERS RHIC Program
ASIFlex Cost Proposal
January 1, 2026 through December 31, 2027**

Exhibit A

**North Dakota Public Employees Retirement System
Administrative and Recordkeeping Services for the
Retiree Health Insurance Credit Program**

ACCOUNT FEES

Per participant per month \$1.25

DE MINIMIS ACCOUNT FEES

ASIFlex will offer a year-end credit for accounts that have had no reimbursement activity. Accounts with contributions of less than \$20 per month with no reimbursement activity would be eligible for a fee credit at year-end. The fee credit provided to NDPERS would be one-half of the year-to-date fees paid to ASIFlex. This arrangement would reduce the costs to NDPERS while also providing reasonable compensation to ASIFlex for the welcome letter and on-going account maintenance.

SERVICES OUTSIDE SCOPE

\$100 per hour. We anticipate no additional costs to NDPERS as ASIFlex can provide ad hoc or custom reporting at no additional cost.

SCOPE OF SERVICES

A. GENERAL REQUIREMENTS

CONTRACTOR shall handle all administrative and recordkeeping functions for the NDPERS Retiree Health Insurance Credit Program (RHIC Program). The RHIC Program is an employer payment plan as described in IRS Revenue Ruling 61-146 and IRS Notice 2013-54.

CONTRACTOR shall set up and maintain individual deposit-driven accounts of members based on member indicative data provided to CONTRACTOR by NDPERS for processing on the CONTRACTOR system.

B. SPECIFIC REQUIREMENTS

CONTRACTOR shall provide the following administrative services:

1. ADMINISTRATIVE ACCOUNT SERVICES

- a. Meet with NDPERS staff to discuss and develop an implementation plan.
- b. All required account services shall be in place prior to January 1, 2026.
- c. Set up and maintain individual accounts including processing new accounts, terminations, and account changes.
- d. Enroll members for direct deposit based on NDPERS weekly data file submissions.
- e. Issue checks for members who do not elect direct deposit. In the case of two or more uncashed checks, the RHIC benefit shall be suspended by the Contractor until the direct deposit is established.
- f. Identify the forms CONTRACTOR proposes to use and provide NDPERS an explanation for their use.
- g. Issue a minimum of three co-branded and customized plan year notices –
 - 1) member plan year enrollment,
 - 2) mid-year statement, and
 - 3) end-of-year statement to members with remaining RHIC balance.
- h. Mail correspondence to members for any recovery of overpayments on accounts.

2. ONLINE AND TELEPHONE SERVICES

CONTRACTOR shall establish a website for the RHIC Program that members can access to obtain account information, register for direct deposit, and submit premiums for RHIC claim reimbursement.

The website shall include:

- (a) general information about seeking reimbursement under the RHIC program;
- (b) the ability to download reimbursement claim forms;
- (c) access to member account information, including claim payments, pending claims, and account balances; and
- (d) the ability to file reimbursement claim forms online.

CONTRACTOR shall provide a toll-free number members can call for general account information or to speak to a representative. Customer service representatives shall be available at a minimum Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. (Central Time).

3. CLAIMS PROCESSING SERVICES

NDPERS shall provide CONTRACTOR the following information each month:

- A file of all members who are eligible for the RHIC benefit and the amount of the available benefit for each month. This file shall include direct deposit information for all newly established retiree accounts, direct deposit information for established retiree accounts, and the effective date for canceled/deceased member accounts.
- A file of all members who paid the monthly premium(s) for an NDPERS-sponsored insurance plan and the amount of premium(s) eligible for reimbursement. CONTRACTOR shall use this file to substantiate the incurred expenses for members enrolled in NDPERS sponsored insurance plans, in lieu of having the member file a reimbursement claim form for these premiums.

CONTRACTOR shall set up individual member accounts to record each member's monthly benefit amount that is available for reimbursement. To ensure RHIC members have immediate access to their funds, CONTRACTOR shall post to each member's account the benefit provided by NDPERS and available for reimbursement. CONTRACTOR shall process RHIC reimbursements for incurred expenses to member accounts within 1-3 business days of receipt of an eligible claim.

CONTRACTOR shall also verify that members submit properly completed RHIC reimbursement claim forms, along with required supporting documentation. CONTRACTOR shall establish and maintain controls to ensure that only valid claims are processed and that proper documentation to substantiate incurred expenses accompanies submitted claims. CONTRACTOR shall confirm that the coverage qualifies as an accident or health insurance plan and substantiate proof of coverage and proof of payment in compliance with Revenue Ruling 61-146.

If CONTRACTOR determines that a filed claim is invalid or that additional information is required to process a claim, CONTRACTOR shall send the member notice within 1-3 days of the determination detailing the reason for the denial of the claim or the specific information needed to process the claim. CONTRACTOR shall process claim reimbursements on a daily basis during the work week.

4. ELECTRONIC FILE TRANSFER REQUIREMENTS:

CONTRACTOR shall provide a secure internet site from which eligibility and premium payment files can be safely transferred between CONTRACTOR and NDPERS.

5. END OF YEAR SERVICES

NDPERS shall provide CONTRACTOR a final RHIC eligibility file and claim file after NDPERS processes the last check write for the calendar year, which is three days prior to the new plan year set up on January 1. The NDPERS plan year runs from January 1 through December 31. The RHIC Program's cut-off date for filing reimbursement claims is March 31 following the end of the plan year on December 31. CONTRACTOR shall process reimbursement claims received from members for the previous plan year through the March 31 cutoff date.

CONTRACTOR shall, within 60 days of the March 31 cutoff date, prepare and send to NDPERS a final reconciliation report of the individual member accounts. The final reconciliation report shall include the member's name, PERSLink ID, last 4 digits of social security number, and account balance.

C. REPORTS

CONTRACTOR shall compile, on a periodic basis, reports that summarize the claims activity and provide detailed member account information. At a minimum, CONTRACTOR shall prepare and forward to NDPERS the following reports:

1. A quarterly activity report which includes a detailed listing of members, deposits to date, claims submitted, claims paid, current account balances, and outstanding and/or suspended checks.
2. A final report with member account detail within sixty (60) days of the December 31 plan year end date/the March 31 claim reimburse cutoff date.
3. A daily detailed report and email summary notification of the funds being withdrawn from the NDPERS bank account.

E. MEETINGS

CONTRACTOR shall attend one NDPERS Board meeting each year, upon request.

EXHIBIT C to AMENDMENT NUMBER: 2

Business Associate Agreement

This Business Associate Agreement is entered into by and between, the North Dakota Public Employees Retirement System (“NDPERS”) and the Application software, Inc dba ASIFlex (“ASIFlex”), each individually a “Party” and collectively the “Parties.”

DEFINITIONS

Terms used, but not otherwise defined, in this Agreement have the same meaning as those terms in the HIPAA Rules.

Catch-all definitions:

The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

Specific definitions:

- a. Business Associate. “Business Associate” shall generally have the same meaning as the term “business associate” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean ASIFlex.
- b. Covered Entity. “Covered Entity” shall generally have the same meaning as the term “covered entity” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean NDPERS.
- c. Electronic Protected Health Information. “Electronic Protected Health Information” (ePHI) shall generally have the same meaning as the term “electronic protected health information” at 45 CFR § 160.103.
- d. HIPAA Rules. “HIPAA Rules” shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.
- e. Protected Health Information. “Protected Health Information” (PHI) shall generally have the same meaning as the term “protected health information” at 45 CFR § 160.103 that Business Associate creates, receives, maintains, or transmits on behalf of Covered Entity.

OBLIGATIONS OF BUSINESS ASSOCIATE

The Business Associate agrees to:

- a. Not use or disclose PHI other than as permitted or required by this Agreement or as required by law, or as otherwise authorized in writing by Covered Entity;
- b. Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to ePHI, to prevent use or disclosure of PHI other than as provided for by the Agreement;
- c. Not request, use, or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. § 164 if done by Covered Entity, except that Business Associate may use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of Business Associate.
- d. Not request, use, or disclose more than the minimum amount of PHI necessary to accomplish the purpose of the use, disclosure, or request in accordance with 45 C.F.R. § 164.502(b).
- e. Not share, use, or disclose PHI in any form via any medium with any individual beyond the boundaries and jurisdiction of the United States of America without express written authorization from Covered Entity.
- f. Ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of Business Associate agree to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such PHI, in accordance with 45 CFR § 164.502(e)(1) and § 164.308(b).
- g. Within twenty (20) business days of receiving written notice from Covered Entity, make any amendments to PHI in a Designated Record Set, as directed or agreed to by Covered Entity pursuant to 45 CFR § 164.526, or take other measures as necessary to satisfy the Covered Entity's obligations under 45 CFR § 164.526.
- h. PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of Business Associate.
- i. Report to Covered Entity any use or disclosure of PHI not provided for by the Agreement of which it becomes aware, including breaches of unsecured PHI as required at 45 C.F.R. § 164.410, and any security incident of which it becomes aware;
- j. To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that it creates, receives, maintains or transmits on behalf of the Covered Entity as required by the HIPAA Rules.
- k. To make available to the Secretary the Business Associate's internal practices, books, and records, including policies and procedures relating to the use and disclosure of PHI and ePHI received from, or created or received by Business Associate on behalf of Covered Entity, for the purpose of determining the Covered Entity's compliance with the HIPAA Rules, subject to any applicable legal privileges.

- l. Provide to Covered Entity within fifteen (15) days of a written notice from Covered Entity, information necessary to permit the Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
- m. To provide, within ten (10) days of receiving a written request, information necessary for the Covered Entity to respond to an Individual's request for access to PHI about himself or herself under 45 C.F.R. § 164.524, in the event that PHI in the Business Associate's possession constitutes a Designated Record Set.

REPORTING OF A VIOLATION TO COVERED ENTITY BY BUSINESS ASSOCIATE

Business Associate shall report to Covered Entity's Breach Investigation Team (BIT) via email at ndpers-info@nd.gov any use or disclosure of PHI or ePHI not provided for by this Agreement, of which it becomes aware, including breaches of unsecured PHI as required at 45 CFR § 164.410, and any Security Incident of which it becomes aware, immediately, and in no case later than ten (10) business days after the use or disclosure.

- a. Security Incident. "Security Incident" means (as defined by 45 CFR § 164.304), the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. For purposes of clarification of this Section, Security Incident includes use, disclosure, modification, or destruction of PHI by an employee or otherwise authorized user of its system of which Business Associate becomes aware. Business Associate shall track all Security Incidents and shall report such Security Incidents in summary fashion as may be requested by the Covered Entity.
 - i. Unsuccessful Security Incidents. Business Associate and Covered Entity agree that this Agreement constitutes notice from Business Associate of such Unsuccessful Security Incidents. By way of example, Covered Entity and Business Associate consider the following to be illustrative of Unsuccessful Security Incidents when they do not result in unauthorized access, use, disclosure, modification, or destruction of PHI or interference with an information system:
 1. Pings on Business Associate's firewall;
 2. Port Scans, which are attempts to log on to a system or enter a database with an invalid password or username;
 3. Denial-of-service attacks that do not result in a server being taken off-line; and
 4. Malware (e.g., worms, viruses).
- b. Discovery of a Violation. If the use or disclosure amounts to a breach of Unsecured PHI or ePHI, Business Associate shall ensure its report is made to Covered Entity's Breach Investigation Team (BIT) via email at ndpers-info@nd.gov immediately upon becoming aware of the Breach, and in no case later than ten (10) business days after discovery. The

Violation shall be treated as “discovered” on the first day which the Violation is known to the Business Associate or, by exercising reasonable diligence would have been known to the Business Associate. For purposes of clarification of this Section, Business Associate must notify Covered Entity of an incident involving the acquisition, access, use, or disclosure of PHI or ePHI in a manner not permitted under 45 C.F.R. Part E within ten (10) business days after an incident even if Business Associate has not conclusively determined within that time that the incident constitutes a Breach as defined by HIPAA Rules.

- c. Investigation of Breach. Business Associate shall immediately investigate the Violation and report in writing within ten (10) business days to Covered Entity with the following information:
 - i. Each Individual whose PHI has been or is reasonably believed to have been accessed, acquired, or disclosed during the Incident;
 - ii. A description of the types of PHI that were involved in the Violation (such as full name, social security number, date of birth, home address, account number);
 - iii. A description of unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data;
 - iv. A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized;
 - v. A description of probable causes of the improper use or disclosure;
 - vi. A brief description of what Business Associate is doing to investigate the Incident, to mitigate losses, and to protect against further Violations;
 - vii. The actions Business Associate has undertaken or will undertake to mitigate any harmful effect of the occurrence; and
 - viii. A Corrective Action Plan that includes the steps Business Associate has taken or shall take to prevent future similar Violations.
- d. Breach Notification.
 - i. Business Associate shall cooperate and coordinate with Covered Entity in the preparation of any reports or notices to the Individual, required to be made under the HIPAA Rules or any other Federal or State laws, rules or regulations, provided that any such reports or notices shall be subject to the prior written approval of Covered Entity.
 - ii. Covered Entity shall make the final determination whether the Breach requires notices to affected Individuals and whether the notices shall be made by Covered Entity or Business Associate.

- iii. For any notice regarding a Breach of Unsecured PHI caused by Business Associate that Covered Entity is required to provide pursuant to 45 C.F.R. §§ 164.404 – 164.408, Business Associate shall reimburse Covered Entity for all costs associated with Covered Entity's obligation of notifying affected Individuals, the Secretary, and the media.
- e. Mitigation. Business Associate shall mitigate to the extent practicable, and at its sole expense, any harmful effects known to the Business Associate of a use, disclosure, or loss of PHI by Business Associate in violation of the requirements of this Agreement, including, without limitation, any Security Incident or Breach of Unsecured PHI. Business Associate shall reasonably cooperate with the Covered Entity's efforts to seek appropriate injunctive relief or otherwise prevent or curtail such threatened or actual Breach, or to recover its PHI, including complying with a reasonable Corrective Action Plan.

Permitted Uses and Disclosures by Business Associate

- a. General Use and Disclosure Provisions. Business Associate may only use or disclose the minimum PHI and ePHI to perform functions, activities, or services for, or on behalf of, Covered Entity, specifically, as necessary to perform the services set forth in the Agreement. Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity, except for the specific uses and disclosures set forth in subsection b below.
- b. Specific Use and Disclosure Provisions. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI and ePHI:
 - a. As required by law.
 - b. To make uses, disclosures, and requests for PHI consistent with Covered Entity's minimum necessary policies and procedures.
 - c. For the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
 - d. To report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. §§ 164.304 and 164.502(j)(1).

Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of:
 - a. Any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that any such limitation may affect Business Associate's use or disclosure of PHI.

- b. Any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that any such changes may affect Business Associate's use or disclosure of PHI.
Any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that any such restriction may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity agrees that it:
 - i. Has included, and will include, in Covered Entity's Notice of Privacy Practices required by the Privacy Rule that Covered Entity may disclose PHI for Health Care Operations purposes.
 - ii. Has obtained, and will obtain, from Individuals any consents, authorizations and other permissions necessary or required by laws applicable to Covered Entity for Business Associate and Covered Entity to fulfill their obligations under the underlying Agreement and this Agreement.
 - iii. Will promptly notify Business Associate in writing of any restrictions on the use and disclosure of PHI about Individuals that Covered Entity has agreed to that may affect Business Associate's ability to perform its obligations under the underlying Agreement or this Agreement.
 - iv. Will promptly notify Business Associate in writing of any change in, or revocation of, permission by an Individual to use or disclose PHI, if the change or revocation may affect Business Associate's ability to perform its obligations under the underlying Agreement or this Agreement.

Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Subpart E of 45 CFR Part 164 if done by Covered Entity, except that the Business Associate may use or disclose PHI and ePHI for management and administration and legal responsibilities of Business Associate.

Term and Termination

- a. Term. The Term of this Agreement shall be effective as of July 1, 2025, and shall terminate when all of the PHI and ePHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI and ePHI, protections are extended to any such information, in accordance with the termination provisions in this Section.
- b. Automatic Termination. This Agreement will automatically terminate upon the termination or expiration of the Agreement or expiration of the services provided.
- c. Termination for Cause. Business Associate agrees that if in good faith Covered Entity determines that Business Associate has materially breached any of its obligations under this Agreement, Covered Entity may:

- 1. Exercise any of its rights to reports, access, and inspection under this Agreement;

2. Require the Business Associate to cure the breach or end the violation within the time specified by Covered Entity;
3. Terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity
4. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
5. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
6. Before exercising either (c)(2) or (c)(3), Covered Entity shall provide written notice of preliminary determination to Business Associate describing the violation and the action Covered Entity intends to take.

d. Effect of Termination

1. Upon termination, cancellation, expiration, or other conclusion of this Agreement, Business Associate shall:
 - a. Return to Covered Entity or, if return is not feasible, destroy all PHI, ePHI, and any compilation of PHI in any media or form. Business Associate agrees to ensure that this provision also applies to PHI and ePHI in possession of subcontractors and agents of Business Associate. Business Associate agrees that any original record or copy of PHI and ePHI in any media is included in and covered by this provision, as well as all originals or copies of PHI or ePHI provided to subcontractors or agents of Business Associate. Business Associate agrees to complete the return or destruction as promptly as possible, but not more than thirty (30) business days after the conclusion of this Agreement. Business Associate will provide written documentation evidencing that return or destruction of all PHI and ePHI has been completed.
 - b. If Business Associate destroys PHI and ePHI, it shall be done with the use of technology or methodology that renders the PHI or ePHI unusable, unreadable, or undecipherable to unauthorized individuals as specified by the Secretary. Acceptable methods for destroying PHI or ePHI include:
 - a. For paper, film, or other hard copy media: shredding or destroying in order that PHI cannot be read or reconstructed; and
 - b. For electronic media: clearing, purging, or destroying consistent with the standards of the National Institute of Standards and Technology (NIST).

Redaction is specifically excluded as a method of destruction of PHI and ePHI.

- c. If Business Associate believes that the return or destruction of PHI or ePHI is not feasible, Business Associate shall provide written notification of the conditions that make return or destruction not feasible. If Business Associate determines that return or destruction of PHI or ePHI is not feasible, Business Associate shall extend the protections of this Agreement to the PHI or ePHI and prohibit further uses or disclosures of the PHI and ePHI without the express written authorization of Covered Entity. Subsequent use or disclosure of any PHI and ePHI subject to this provision will be limited to the use or disclosure that makes return or destruction not feasible.

Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.
- b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the HIPAA Rules and any other applicable laws or regulations upon the effective date of such amendment, regardless of whether this Agreement has been formally amended.
- c. Survival. The respective rights and obligations of Business Associate under Section 7(d), related to "Effect of Termination," of this Agreement shall survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity and Business Associate to comply with the HIPAA Rules.
- e. Headings. Paragraph Headings used in this Agreement are for the convenience of the Parties and shall have no legal meaning in the interpretation of this Agreement.
- f. Severability. With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by such court's determination. In the event that any provision of this Agreement cannot be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.
- g. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything this Agreement confer, upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- h. Applicable Law and Venue. This Business Associate Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action commenced

to enforce this Contract must be brought in the state District Court of Burleigh County, North Dakota.

- i. Contact Persons. Business Associate shall identify “key contact persons” in Attachment A for all matters relating to this Agreement and shall notify Covered Entity of any change in these key contacts during the term of this Agreement in writing within ten (10) business days.
- j. Business Associate agrees to comply with all the requirements imposed on a business associate under Title XIII of the American Recovery and Reinvestment Act of 2009, the Health Information Technology for Economic and Clinical Health (HI-TECH) Act, and, at the request of NDPERS, to agree to any reasonable modification of this Agreement required to conform the Agreement to any Model Business Associate Agreement published by the Department of Health and Human Services.

Entire Agreement

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


IN WITNESS OF THIS, **NDPERS** [“Covered Entity”] and **ASIFlex** [“Business Associate”] agree to and intend to be legally bound by all terms and conditions set forth above and hereby execute this Agreement as of the effective date set forth above.

For Covered Entity:

Mike Seminary, Board Chairman
ND Public Employees Retirement System

Date

For Business Associate:



Signature

John M. Riddick
Printed Name

President

Title



Date

ATTACHMENT "A"
BUSINESS ASSOCIATE KEY CONTACT PERSONS

When applicable, Business Associate shall notify Covered Entity of any change in key contacts during the term of this Agreement in writing within ten business days.

Website URL (if applicable):	
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FIRST POINT OF CONTACT	
Name:	Sarah Luebrecht
Title:	Senior Account Manager
Address:	
Phone Number:	573.777.5633
Fax Number:	877.879.9038
Email Address:	sluebrecht@asiflex.com

SECOND POINT OF CONTACT	
Name:	Ashlee Sorber
Title:	General Counsel and VP
Address:	
Phone Number:	573.777.5631
Fax Number:	877.879.9038
Email Address:	asorber@asiflex.com

Business Associate

(Signature): 

(Print Name): JOHN M. RIODICE

(Title): President

(Date): 10/7/2025

VI. GROUP INSURANCE / FLEXCOMP

A. Health Insurance Consultant Contract Amendment – Katheryne (Board Action)

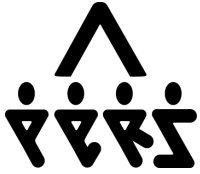
material for this agenda item
will be sent at a later date

GROUP INSURANCE / FLEXCOMP

- A. Health Insurance Consultant Contract Amendment – Katheryne (Board Action)

Attachment

material for this agenda
item will be sent at a later date



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

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

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

Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: October 14, 2025

SUBJECT: Sanford Health Plan Formulary Changes Effective January 1, 2026

Sanford Health Plan (SHP) has provided Attachment 1 to NDPERS regarding upcoming changes to the formulary for the NDPERS health insurance plan. The changes are effective January 1, 2026 and will:

- 1) Remove three drugs from the NDPERS formulary list, meaning they will be processed as tier 3 non-formulary drugs. The drugs are Stelara, Actemra and Copaxone.
- 2) Restrict GLP-1 medications prescribed to treat diabetes to a 30-day supply.

Notification will be sent to impacted members to notify them of this upcoming change (Attachment 2).

Representatives from SHP will be available to answer questions you may have.

This item is informational and requires no action by the Board.

Memo

To: Rebecca Fricke

From: Kim Haug

Date: Oct 14, 2025

Re: Formulary change effective 1/1/2026

Sanford Health Plan's Pharmacy and Therapeutics Committee meets each quarter to review the formulary for clinical efficacy, safety, and cost. In an effort to contain pharmacy expenses, Sanford Health Plan's (SHP) Formulary will be making the following changes on 1/1/2026. Sanford Health will be mailing letters to all NDPERS members impacted by 11-01-2025.

- **Stelara** will be removed from the formulary
 - 4/1/2025 Stelara was moved to non-preferred on the formulary to encourage utilization of a less expensive biosimilar medication
 - 3 NDPERS members will be notified
- **Actemra** will be removed from the formulary
 - This will encourage utilization of the less expensive biosimilar product
 - 3 NDPERS members will be notified
- **Copaxone** will be removed from the formulary
 - This will encourage utilization of the less expensive generic product
 - 6 NDPERS members will be notified
- GLP1 medications prescribed to treat diabetes will be limited to a 30-day supply
 - This will limit waste and align NDPERS with the industry standard
 - Members on the traditional plan will no longer be eligible for 2 copays for a 100-day supply
 - 1,173 NDPERS members will be notified
 - NDPERS does not cover GLP1 medication for weight loss

NDPERS provides benefits for non-formulary medications with higher member cost shares to encourage formulary utilization.

Attachment 2

September 30, 2025

«Member_First_Name» «Member_Last_Name»
« Member_Address_1» « Member_Address_2»
«Member_City», «Member_State» «Member_ZIP»

Dear «Member_First_Name»,

Sanford Health Plan's covered drug list (formulary) is changing January 1, 2026. The drug below will be changing to Non-formulary as of January 1, 2026. This means the medication will not be covered after January 1 without a prior authorization. If you no longer take this drug, please disregard this letter.

We encourage you to speak with your doctor about other possible drug option(s) that may be available to suit your needs.

Current Non-Preferred Drug	Preferred Drug Option(s)
Stelara Injection	Selarsdi, Wezlana, and Yesintek

If you or your doctor feel you should not stop taking the current drug or change to the new preferred drug option, please have your doctor complete and submit a request for prior authorization through our provider portal.

We apologize for any inconvenience this disruption has caused. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us Monday through Friday from 8 a.m. to 5 p.m. CST at (855) 305-5062 (TTY: 711). You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management
Department Sanford Health Plan

Enc: Non-discrimination Notice

September 30, 2025

«Member_First_Name» «Member_Last_Name»
« Member_Address_1» « Member_Address_2»
«Member_City», «Member_State» «Member_ZIP»

Dear «Member_First_Name»,

Sanford Health Plan's covered drug list (formulary) is changing January 1, 2026. The drug below will be changing to Non-formulary as of January 1, 2026. This means the medication will not be covered after January 1 without a prior authorization. If you no longer take this drug, please disregard this letter.

We encourage you to speak with your doctor about other possible drug option(s) that may be available to suit your needs.

Current Non-Preferred Drug	Preferred Drug Option(s)
Actemra	Tyenne (biosimilar medication to Actemra)

If you or your doctor feel you should not stop taking the current drug or change to the new preferred drug option, please have your doctor complete and submit a request for prior authorization through our provider portal.

We apologize for any inconvenience this disruption has caused. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us Monday through Friday from 8 a.m. to 5 p.m. CST at (855) 305-5062 (TTY: 711). You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management
Department Sanford Health Plan

Enc: Non-discrimination Notice

September 30, 2025

«Member_First_Name» «Member_Last_Name»
« Member_Address_1» « Member_Address_2»
«Member_City», «Member_State» «Member_ZIP»

Dear «Member_First_Name»,

Sanford Health Plan's covered drug list (formulary) is changing January 1, 2026. The drug below will be changing to Non-formulary as of January 1, 2026. This means the medication will not be covered after January 1 without a prior authorization. If you no longer take this drug, please disregard this letter.

We encourage you to speak with your doctor about other possible drug option(s) that may be available to suit your needs.

Current Non-Preferred Drug	Preferred Drug Option(s)
Copaxone	Glatiramir (generic of Copaxone)

If you or your doctor feel you should not stop taking the current drug or change to the new preferred drug option, please have your doctor complete and submit a request for prior authorization through our provider portal.

We apologize for any inconvenience this disruption has caused. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us Monday through Friday from 8 a.m. to 5 p.m. CST at (855) 305-5062 (TTY: 711). You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management
Department Sanford Health Plan

Enc: Non-discrimination Notice

September 30, 2025

«Member_First_Name» «Member_Last_Name»
« Member_Address_1» « Member_Address_2»
«Member_City», «Member_State» «Member_ZIP»

Dear «Member_First_Name»,

Beginning January 1, 2026, the drug below will be limited to a thirty (30) day supply per fill. The drug below will remain on Sanford Health Plan's covered drug list (formulary) with no changes as of January 1, 2026. If you no longer take this drug, please disregard this letter.

Current Drug
«Column BD - Drug Name»

We apologize for any inconvenience this disruption has caused. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us Monday through Friday from 8 a.m. to 5 p.m. CST at (855) 305-5062 (TTY: 711). You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management
Department Sanford Health Plan

Enc: Non-discrimination Notice



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1
Bismarck, North Dakota 58502-1657

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

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

Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: October 14, 2025

SUBJECT: Legislation Implementation

The following provides an update on the various bills we have been implementing that were passed during the 2025 Legislative Session:

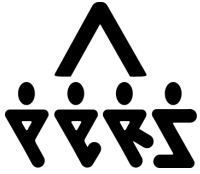
Bill #	Summary/Description of Bill	Effective Date	Status
HB 1023	NDPERS Appropriations/Budget	7/1/2025	Implemented, 2 FTE hired
HB 1077	Public Safety Plan - clarify definition of Security Officer for National Guard	8/1/2025	Implemented
HB 1112	Public Safety Plan – revises definition of firefighter to include state	8/1/2025	Implemented
HB 1113	457 Deferred Compensation – allows NDPERS to charge participants an administrative fee	8/1/2025	In progress, Board to establish fee criteria for 2026
HB 1114	Health Insurance Plan - insulin & diabetic supplies cap	7/1/2025	Implemented
HB 1146	Defined Contribution Plan - allow political subdivisions to join NDPERS retirement, define state employer/governmental unit for ADEC & special election window, allow both in-plan/out-of-plan annuity options	8/1/2025	Implemented

HB 1177	Public Safety Plan – revises definition of correctional officer (not completed course)	8/1/2025	Implemented
HB 1216	Health Insurance Plan - out-of-pocket maximums on prescription drugs	1/1/2026	In progress, using reserves as not funded, new rates approved by Board for 1/2026
HB 1234	Defined Benefit Plan – lump sum transfer from SIIF to PERS Trust	7/1/2025	Received \$25M, waiting on remaining \$65M
HB 1248	Health Insurance Plan - revises process for NDPERS insurance pilot program/insurance mandate process	8/1/2025	Implemented
HB 1274	Public Safety Plan – expands participation to include correctional officers of governmental unit (state correctional officers)	8/1/2025	Implemented
HB 1322	Health Insurance Plan – rural ambulance reimbursement caps	8/1/2025	Implemented, using reserves as not funded, new rates approved by Board for 1/2026
HB 1419	Public Safety Plan – revises correctional officer definition and expands eligibility to include dispatchers and medical services personnel	8/1/2025	Implemented
HB 1602	Defined Contribution Plan - participating political subdivision withdrawal from Defined Contribution/Remain in Defined Benefit for existing employees	8/1/2025	Implemented
SB 2119	Disability Benefit Plan – disability benefit not available for member at normal retirement	8/1/2025	Implemented
SB 2120	Highway Patrol Plan – lump sum cash infusion of \$15M	8/1/2025	Received
SB 2121	Various NDPERS Plans – Technical Corrections	8/1/2025	Implemented

SB 2227	Defined Benefit Plan – retiree who is appointed into a non-classified state position by elected state officials, continue retiree payments	Emergency Clause	Implemented
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Staff will be available to answer any questions you may have about these bills and their implementation.

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



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

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

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

Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: October 14, 2025

SUBJECT: Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that have been signed since the last update. Please let me know if you have any questions on any of these contracts.

This topic is informational only.

All Contracts Signed During 2025:

Vendor	Amount	Notes
Empower	\$ -	457 Plan Catch-up Opt Out Forms
Inter Office	\$ 1,176.16	Office Chair
Rolette County Soil Conservation District	\$ -	Joined Deferred Compensation Plan 1/1/25
UHY	\$ -	GASB 68 & 74 Management Rep. Letters
Great Plains Housing Authority	\$ -	Joined Deferred Compensation Plan 7/1/25
Richland School District	\$ -	Joined Deferred Compensation Plan 2/1/25
Ellendale Public School	\$ -	Joined Deferred Compensation Plan 1/1/25
Inter Office	\$ 824.76	Rising Desk
Rolette Public School	\$ -	Joined Deferred Compensation Plan 3/1/25
Inter Office	\$ 1,171.66	Office Chair
Souris Valley Special Education	\$ -	Joined Deferred Compensation Plan 5/1/25
Inter Office	\$ 824.76	Rising Desk
City of Cavalier	\$ -	Joined Deferred Compensation Plan 6/1/25
McHenry County	\$ -	Joined Public Safety Plan 5/1/2025
Inter Office	\$ 840.17	Rising Desk
City of Walhalla	\$ -	Joined Deferred Compensation Plan 5/1/25
City of Stanley	\$ -	Joined Public Safety Plan 6/1/25
Innovis Health, LLC	not to exceed \$9,999	Disability Medical Determination Consultant
Empower Roth 457 Programming	\$ -	Reserve place for programming Roth 457
Williams County	\$ -	Expanded Public Safety Eligibility 8/1/2025
Oliver County	\$ -	Joined Public Safety Plan 7/1/2025
Mountrail County	\$ -	Expanded Public Safety Eligibility 8/1/2025
ND Safety Council	\$ 576.00	CPR & AED Training for Staff
McLean Sheridan Rural Water District	\$ -	Joined Retirement & Deferred Comp Plans 8/1/2025
McKenzie County	\$ -	Expanded Public Safety Plan 8/1/2025
Office Lease - 4th Amendment	\$ 7,590.00	Additional Training Room Space
Stutsman County	\$ -	Expanded Public Safety Plan 8/1/2025
West Fargo Park District	\$ -	Joined Deferred Compensation 1/1/2025
City of Dickinson	\$ -	Expanded Public Safety Plan 8/1/2025
City of Williston	\$ -	Expanded Public Safety Eligibility 8/1/2025
McLean County	\$ -	Expanded Public Safety Plan 8/1/2025
City of Minot	\$ -	Expanded Public Safety Eligibility 1/1/2026
Billings County	\$ -	Expanded Public Safety Plan 8/1/2025
Mohall Lansford Sherwood School	\$ -	Joined Deferred Compensation 8/1/2025
Inter Office	\$ 1,206.66	Office Chair
Inter Office	\$ 1,206.66	Office Chair

Contracts Signed Since Last Reported:

City of Minot	\$ -	Expanded Public Safety Plan 10/1/2025
Fireside Office Solutions	\$ 6,706.83	Workstation, Table & Chairs (CBO Office)
Rolette County	\$ -	Expanded Public Safety Plan 10/1/2025