

FISCAL NOTE
Requested by Legislative Council
01/31/2017

Amendment to: HB 1407

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$260,000	\$0	\$688,139
Appropriations	\$0	\$0	\$0	\$0	\$0	\$428,139

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would require the PERS Health plan to go out for a full bid every 2 years instead of 6. Two areas would be effected. We would need additional support in the bid process every 2 years and contingency authority for staffing in case the plan became self-insured.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill creates the fiscal impact. Pursuant to NDCC if the plan goes to bid the request for proposal (RFP) is for a bundled (Medical & Rx) and unbundled fully insured proposal and self-insured proposal. Consequently PERS bids the plan for actives, retirees and Part-D plan services. Pursuant to statute PERS may only select a self-insured proposal if it is lower cost that a fully insured plan. As amended this bill would be effective for the 2019-2021 contract.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures are associated with consulting services to assist with the preparation, distribution, analysis, actuarial and other work efforts associated with a full bid process identified in the NDCC. Last time PERS used an actuarial/technical consultant and Pharmacy consultant. The cost for the actuarial/technical consultant was about \$200,000 and the pharmacy consultant approximately \$60,000. This cost is for a complex bid review. A less complex review could cost less.

PERS would request contingent appropriation authority and 2 FTE so a self-funded plan could be fully considered. PERS has included this in its budget request for the last full bid and the renewal in case the plan moved from fully insured to self-insured. Requested dollars needed for this is \$428,139 per biennium.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriations are not included in the executive budget. PERS would request contingent appropriation authority and 2 FTE so a self-funded plan could be fully considered. PERS has included this in its budget request for the last full bid and the renewal in case the plan moved from fully insured to self-insured. Requested dollars needed for this is \$428,139 per biennium. As amended this bill would be effective for the 2019-2021 contract.

Name: Bryan Reinhardt

Agency: NDPERS

Telephone: 701-328-3919

Date Prepared: 01/23/2017

FISCAL NOTE
Requested by Legislative Council
01/17/2017

Bill/Resolution No.: HB 1407

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$135,000	\$0	\$688,139	\$0	\$688,139
Appropriations	\$0	\$0	\$0	\$428,139	\$0	\$428,139

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
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Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would require the PERS Health plan to go out for a full bid every 2 years instead of 6. Two areas would be effected. We would need additional support in the bid process every 2 years and contingency authority for staffing in case the plan became self-insured.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill creates the fiscal impact. Pursuant to NDCC if the plan goes to bid the request for proposal (RFP) is for a bundled (Medical & Rx) and unbundled fully insured proposal and self-insured proposal. Consequently PERS bids the plan for actives, retirees and Part-D plan services. Pursuant to statute PERS may only select a self-insured proposal if it is lower cost that a fully insured plan.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures are associated with consulting services to assist with the preparation, distribution, analysis, actuarial and other work efforts associated with a full bid process identified in the NDCC. Last time PERS used an actuarial/technical consultant and Pharmacy consultant. The cost for the actuarial/technical consultant was about \$200,000 and the pharmacy consultant approximately \$60,000. This cost is for a complex bid review. A less complex review could cost less.

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The appropriations are not included in the executive budget. PERS would request contingent appropriation authority and 2 FTE so a self-funded plan could be fully considered. PERS has included this in its budget request for the last full bid and the renewal in case the plan moved from fully insured to self-insured. Requested dollars needed for this is \$428,139 per biennium.

Name: Bryan Reinhardt

Agency: NDPERS

Telephone: 701-328-3919

Date Prepared: 01/23/2017

2017 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1407

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1407
1/25/2017
27373

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Term of the public employee uniform group insurance contract for health benefits coverage.

Minutes:

Attachment 1, 2, 2A, 3, 4

Chairman Keiser: Opens the hearing of HB 1407.

Rep Carlson~District 41-Fargo: Attachment 1.

6:15

Rep Kasper: I have never experience any insurance not giving a bid for 2 years.

Rep Carlson: The world as we know in health insurance could change drastically with the new president. The not so affordable care act, if you look at these numbers, it proofs my point. This has not reduced costs & increased benefits; it's done the inverse. Because of that, what are we doing, larger co-pays & deductibles for our members just to hold to a 17% increase.

I was hopeful that we would be able to come back & address how we can fix the restriction & requirements we are under because of the ACA. Maybe it will happen & this is the first step.

Rep Ruby: It seems they are looking at it short sighted from one perspective, if we don't have a longer period of time, do you agree that it might be a benefit that if they are taking it a 2 years bid minimizes their loss if they did it incorrectly?

Rep Carlson: Yes, this is an opportunity to be competitive. We have never had the situation that had no bidder.

Sparb Collins~Executive Director of the ND Public Employees Retirement System (NDPERS): Attachment 2 & 2A.

15:00

Rep Ruby: You seem to be testifying against the existing language. Shouldn't you be anticipating or prepared for a change either way under existing law?

Collins: When we do a renewal, that's completed by September/October prior to the biennium. In a bid under statute, there are some conflicts, in order for us to award a self-insured contract, we have to do it by February. Under a normal bid, that whole will be done around February or early March. We have March, April, May & June to start in that transition mode. If this bill were to pass, we are interpreting it correctly & if the governor didn't sign it until April, all of a sudden we have May & June. We don't want the timeframe to be compressed.

Rep Kasper: I want you to provide specific, detailed concerns about section 18, article 1, that we can analyze.

Collins: I will get that from our attorney.

Chairman Keiser: If there is a new timetable on the previous bill if that were to pass, then the new timetable gets implemented. What you are saying is that you preferably, remove the emergency clause on this bill because it would be very difficult in that time frame. Should we correlate this bill to the other timetable? Would that give you an extension of time to work on that next contract?

Collins: Yes.

Chairman Keiser: Would it be achievable if we corresponded the dates for implementation of this & take emergency clause off?

Collins: It would be achievable but not the optimal way, we would like a year to do it.

Rep Kasper: Are you going to request a modification to your renewal to have a 2 year, 6 month renewal so you could bet back to a January 1 date?

Collins: Yes, one of the things that is provided in the other bill is the opportunity to do an extension for 6 months. The terms would have to be renegotiated & there may be a price hike.

Rep Kasper: I think it would be much more doable to do a 2 year plus a 6 month's term.

Lisa Carlson~Sanford: Attachment 3.

25:30

Rep Ruby: Wouldn't that give Sanford an advantage knowing that you have projected through your care, the management of the policies, that you see a saving over a period of time. The other companies can't project.

Carlson: It is an advantage, but it doesn't change the fact that a prolonged contract period that gives your nurse case managers more time to influence health outcome. That is a reality of a longer contract.

Chairman Keiser: Manages care contract, they pay a fixed amount per customer & they take all the expenses associated with it. When this contract was transferred to Sanford, you said that you had this managed care program. You felt comfortable in taking over an account you never had because of your managed care program. Why wouldn't all bidders, who are big players, be able to make the same argument.

Carlson: Our ultimate goal that if we lost the contract, we hand them a very healthy block of business. If everyone did a superior job, it would matter who changed hands. You want a self-insured plan, have a contingency to weather the peaks & valleys of utilization. You are paying them to process & pay claims.

Chairman Keiser: I have had two different groups approach me but they have not approached Sparb.

Rep Boschee: Can you share what a turnaround time for other companies.

Carlson: South Dakota-6 year, school pool-3 year both of those contracts we bid out in the summer & it wasn't effect until the next summer, full 12 month prep period.

Chairman Keiser: Anyone else here to testify in opposition, neutral position? Closes the hearing on HB 1407.

Jack McDonald: Attachment 4, did not testify but handed in testimony.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1407
1/25/2017
27403

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Term of the public employee uniform group insurance contract for health benefits coverage.

Minutes:

Attachment 1

Chairman Keiser: Opens the hearing of HB 1407. Attachment 1. All the amendment does is on page 2, line 20, remove the section 3, emergency clause. Everyone has testified this morning; this does create an impossible time table. By removing the emergency clause, it does create a 2 year 6 month contract period.

Lisa Carlson~Marketing Director for Sanford Health: The contract has been signed & the only thing that has been agreed to is the rates.

Chairman Keiser: The contract which has been signed has been a 2 year contract. Correct.

Carlson: Yes.

Chairman Keiser: By doing this at this time, it does give PERS the opportunity to consider an addendum modification to the contract, but that last 6 months is not covered in the current contract. Leaving the emergency clause, according to the attorneys, it could certainly be interpreted that it would make this contract null & void. We would have to start over & we don't have the time frame to do it.

Rep Kasper: Moves the adoption of the amendment 17.0172.01001.

Rep Laning: Second.

Chairman Keiser: Further discussion?

Voice vote – motion carried.

Chairman Keiser: What are the wishes of the committee?

Rep Kasper: Move a Do Pass as Amended & rereferal to Appropriations.

Rep Lefor: Second.

Chairman Keiser: Further discussion?

Rep Kasper: The group with this size, there are companies that would love to have it. The idea that insurance won't give you the fairest bid because you have a 2 year contract, I find that a shallow argument. I can always get a better deal opposed to a 2 year contract opposed to a 1 year. This is a wise bill to pass.

Rep Beadle: I don't think this is the best policy for us. My argument for it is, when we limit it to just the 2 years before it gets into the rebid. A 21 month time frame isn't enough for us to really be that appetizing. I'm going to oppose the motion.

Rep Kasper: In the real world of competition, with computerization, they can do it & it's not that big of a problem.

Chairman Keiser: There was important testimony this morning. It is the case that it is a managed care program, it's a little bit different. If BCBS was doing a great job with their managed care program & improved the health of the population, when Sanford received the contract, they received the benefited. Clearly BCBS created this reserve which Sanford is getting to use now because we are buying our premium down. The increase at 17.4% was unmanageable with the general fund, so they are taking the hard work of BCBS in creating that reserve & applying to reduce the premium. So, changing from one provider to another, there is going to be a signification reduction. We may be making up that 18 million in general funds versus others.

Rep Kasper: When we are talking about managed care system, when an employer moves from company A to company B, there is a download of the claims experience. The insurance companies' claims department record everything. The new carrier has the advantage of seeing what has been happening.

Rep Beadle: The reserves built up, I actually think that creates the argument against this bill. When you change every 2 years, you disincentivize the company that has the plan to take the step to manage the long term cost.

Rep Becker: Rep Beadle brings up some good points. I will support the motion but I will respectfully delve deeper & my floor vote will be my final reflection on that.

Chairman Keiser: Further discussion.

Roll call was taken for a Do Pass as Amended with a rereferal to Appropriations on HB 1407 with 10 yes, 4 no, 0 absent & Rep Lefor is the carrier.

17.0172.01001
Title.02000

1/26/17 DA
Adopted by the Industry, Business and Labor
Committee

January 26, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1407

Page 1, line 3, after the semicolon insert "and"

Page 1, line 3, remove "; and to declare an emergency"

Page 2, remove line 20

Renumber accordingly

Date. Jan 25, 2017Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE

ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1407

House _____ Industry, Business and Labor _____ Committee

☐ SubcommitteeAmendment LC# or
Description:17.0172.01001

Recommendation

- ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions ☐ Reconsider ☐ _____

Motion Made By

Rep Kasper

Seconded By

Rep Laning

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

Total (Yes) _____ No _____

Absent _____

Floor

Assignment

Voice vote ~ Motion carried

Date: Jan 25, 2017

Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1407

House _____ Industry, Business and Labor _____ Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions ☐ Reconsider ☐ _____

Motion Made By Rep Kasper Seconded By Rep Lefor

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	X	
Rep Beadle		X	Rep Louser	X	
Rep R Becker	X		Rep O'Brien		X
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee		X
Rep Kasper	X		Rep Dobervich		X

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep Lefor

REPORT OF STANDING COMMITTEE

HB 1407: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS and **BE REREFERRED** to the **Appropriations Committee** (10 YEAS,
4 NAYS, 0 ABSENT AND NOT VOTING). HB 1407 was placed on the Sixth order on
the calendar.

Page 1, line 3, after the semicolon insert "and"

Page 1, line 3, remove "; and to declare an emergency"

Page 2, remove line 20

Renumber accordingly

2017 HOUSE APPROPRIATIONS

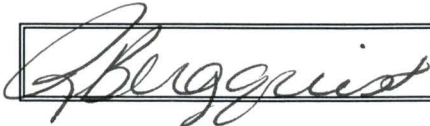
HB 1407

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1407
2/8/2017
28067

☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to the term of the public employee uniform group insurance contract for health benefits coverage; and to provide for application.

Minutes:

16:35 of Recording 28067

Representative Keiser: HB 1407 is a companion bill to HB 1406, it's specifically limits it to a two year fully insured program. The other bill doesn't really doesn't imply that, you have to bid it. This clearly state that in statue we will do a two-year program. It's strikes the language on page one lines 20-24 and on page 2 lines 1-16 which where sections in the code that gave directions to the board to extend that contract for that second and third two-year periods. So we had in statue the guild lines for the extension directing the board in its activity. With this bill we are placing in statue that the bid will be for a two-year period.

Chairman Delzer: And that what the bill does? Simply that every two years we're getting a bid

Representative Keiser: There is a fiscal note and again I disagree that it would cost that much

Chairman Delzer: And this is the one that you removed the emergency clause?

Representative Keiser: Yes, we removed it simply because there was no way for them to implement this with the current contract.

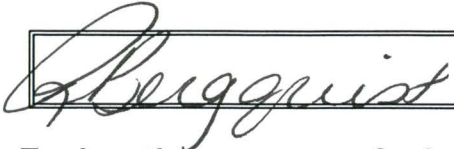
Chairman Delzer: Question by the committee?

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1407 B
2/9/2017
28172

- ☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to the term of the public employee uniform group insurance contract for health benefits coverage; and to provide for application.

Minutes:

Recording Starting at 21:00

Chairman Delzer: HB 1407 is the bill that changes it to an even numbered year. That should get it to the point that the legislature decides what's it's willing to cover for health insurance and then they have to try to fit something in there. I know when we're talking about the other stuff we end up with the idea of what the bid is going to be way back in October or November but this would make it so it wouldn't be signed until after the legislature had acted on it.

Representative Brandenburg motion for a Do Pass

Representative Boehning Seconded the motion

A Roll Call vote was taken. Yea: 17 Nay: 0 Absent: 4

Motion carried Representative Lefor will carry the bill

Date: 2/9/2017
Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1407**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Representative Brandenburg Seconded By Representative Boehning

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X		Representative Streyle	X	
Representative: Boehning	X		Representative Vigesaa	X	
Representative: Brabandt	X				
Representative Brandenburg	X				
Representative Kading	X		Representative Boe	X	
Representative Kreidt	A		Representative Delmore	A	
Representative Martinson	X		Representative Holman	X	
Representative Meier	A				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Pollert	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	A				

Total (Yes) 17 No 0

Absent 4

Floor Assignment Representative Lefor

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1407, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **DO PASS** (17 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING).
Engrossed HB 1407 was placed on the Eleventh order on the calendar.

2017 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1407

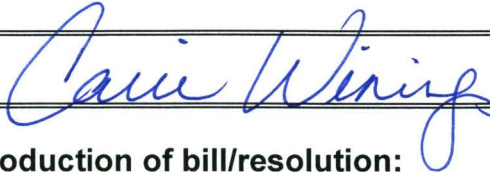
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB 1407
3/2/2017
Job Number 28614

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-52.1-05 of the North Dakota Century Code, relating to the term of the public employee uniform group insurance contract for health benefits coverage; and to provide for application.

Minutes:

Attachment: 1

Chairman Poolman: Opened the hearing on HB 1407.

Representative Carlson, District 41: See Attachment #1 for testimony in support of the bill. There is a long history of struggling with revenue. Instead of raises we gave full health coverage. We have held to that standard for a long time even though we have been through a number of years where we have had raises of up to 5.5%. We have tried to bring as many classifications up to the midpoint of the market in the region so that we were competitive with our employees. The face of our benefits and wages have changed a lot over the years. If you take the average salary and benefits of our employees today it is in the neighborhood of \$56,000. Not everyone makes that, but if you look at the average top to bottom that is what we are paying. This time we are looking at a reduction of about 630 FTEs, and the good news is that we are able to reduce those with less pink slips by eliminating several unfilled positions. It is important for us to realize what portion of retirement we are paying. Compared to a normal employee, we pay $\frac{3}{4}$ where it is normally 50/50. The state has many benefits that it provides its workers. This should not come down to a debate of whether or not we are taking care of our public employees. This should be a debate over how we manage a healthcare system and a benefit that we provide for our employees. Are we doing our due diligence in getting the proper bids so that we get the best deal possible for the taxpayer dollars that we are spending. Our responsibility, as legislators, is to balance the books and to create good public policy.

Chairman Poolman: Suspends the hearing on HB 1407.

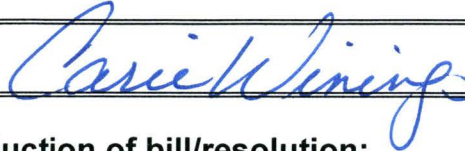
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB 1407
3/2/2017
Job Number 26825

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-52.1-05 of the North Dakota Century Code, relating to the term of the public employee uniform group insurance contract for health benefits coverage; and to provide for application.

Minutes:

Attachments: 1-3

Chairman Poolman: Re-opened the hearing on HB 1407. (See Attachment #1 for information previously provided to the committee from Representative Carlson.)

Representative Kasper, District 46: Testified in support of the bill. There are some things that I think are important for the committee to realize about self-funded health insurance. It is sort of a misnomer. Don't think these comments are suggesting that we change to a self-funded health plan. I would like the committee to get a little more information about how a self-funded plan works. As you heard previously, self-funding provides that the employer has the risk instead of the insurance company, however, wise employers will take steps to mitigate the risks. There are a number of steps that would be taken by any wise employer if they go into a self-funded plan. The first is that the plan would purchase stop loss insurance. It has two areas of coverage. It has an individual claim coverage and it has an aggregate claim coverage. (Gave an example.) With self-funded you fund at the level that you are given by the stop loss insurance company, at the maximum exposure. Any dollars that you save under that you keep as an employer and you build a reserve. The mistake that they state made a number of years ago, when they were self-funded, was that they did not fund properly to begin with and they did not fund at the maximum claims exposure. They funded at the expected. We buy the stop loss coverage to mitigate the risk at a level that is appropriate for the number of insurers. If you fund properly, if you move to self-funded plans, you have no risk and you begin to build a reserve. The idea of building a reserve over the years is that as time goes on and health care costs go up, you are able to take from the reserve and soften those increasing costs. When a plan changes from one company to another, they cooperate with each other behind the scenes and the database increases as claims are submitted. The costs are tracked. When a plan moves from one carrier to another, there is an electronic download between the two companies. The new company then has all of the information that is involved with everyone that is covered under that plan. The customer service people have

the information. The doctors and nurses have the information so they can properly work with that patient for their medical needs. Technology makes the change much easier. It takes time, but a group the size of North Dakota would not take too long. We had discussion about the 6 months that we are going to have pay extra dollars for if we change to the plan year in HB 1406. You lose 3%. The point that wasn't made strongly enough is that on the front end you lose 3%, but on the back end you gain it back.

(8:55) Sparb Collins, Executive Director, NDPERS: See Attachment #2 for testimony in opposition to the bill.

(17:15) Lisa Carlson, Senior Director of Market Strategy, Sanford Health Plan: See Attachment #3 for testimony in opposition to the bill.

(18:55) Vice Chairman Davison: No one has talked about the workforce side of this. Do you think it would be more difficult if people knew it would be every two years?

Lisa Carlson: I would say yes it does come into consideration. We opened a brick and mortar office in Fargo. We have a small staff in Bismarck as well in order to have our members accessible. We do have to be able to scale up with the membership growth we have. Regarding a client as large as the state of North Dakota, with 68,000 employees, it is not like adding 5 groups of 100. We sell shelf products and with PERS it is custom built. We are talking an expansive amount of man IT hours, provider networking and contracting hours. It does take the resources that are unique to PERS to build up and maintain the program.

Chairman Poolman: Closed the hearing on HB 1407

2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

HB 1407
3/30/2017
Job Number 29826

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-52.1-05 of the North Dakota Century Code, relating to the term of the public employee uniform group insurance contract for health benefits coverage; and to provide for application.

Minutes:

No Attachments

Chairman Poolman: Opened HB 1407 for committee discussion. This bill is the companion bill to HB 1406. It talks about the fully insured uniform insurance plan and crosses out all of the reasons that the board can renew a contract. This removes the renewal process in my understanding. It essentially says that the board may not renew a contract. We have already given a do not pass recommendation to the one that has changed the contract to 2 years.

Vice Chairman Davison: Moved a Do Not Pass.

Senator Marcellais: Seconded.

A roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Vice Chairman Davison will carry the bill.

Date: 3/30
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1407

Senate Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Davison Seconded By Marcellais

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	✓		Senator Marcellais	✓	
Vice Chairman Davison	✓				
Senator Bekkedahl	✓				
Senator Meyer	✓				
Senator Vedaa	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Davison

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1407, as engrossed: Government and Veterans Affairs Committee (Sen. Poolman, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1407 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

HB 1407

Jan 25, 2017

HOUSE BILL NO. 1407 (2017) - SUMMARY

This memorandum provides a summary of 2017 House Bill No. 1407 (attached). The bill amends North Dakota Century Code Section 54-52.1-05, the section of the law relating to the Public Employees Retirement System (PERS) uniform group insurance program contracts. The PERS uniform group insurance program covers several types of group insurance plans, including hospital benefits, medical benefits, prescription drug coverage, dental insurance plans, vision insurance plans, life insurance plans, long-term care plans, and employee assistance plans.

The substantive amendments to law in this bill are limited to the terms of the contracts for the PERS hospital benefits, medical benefits, and prescription drug coverage--often referred to as a whole as "health benefits coverage." The PERS health benefits coverage plans may be provided through private carriers in a traditional health insurance plan, through a health maintenance organization, or through a self-insurance plan. The PERS health benefits coverage plans are currently being provided through a private carrier as a traditional health insurance plan.

Under current law, the term of a contract for PERS health benefits coverage may not exceed 2 years, and there are statutory provisions directing the PERS Board on how it may renew such a contract. This bill retains the maximum contract term of 2 years, and removes the authority of the board to renew the contract.

The application clause in the bill provides this change in law would apply to any health benefits coverage contract in effect on or entered after the effective date of the bill. In addition, the bill has an emergency clause.

Jan 25, 2017

2

TESTIMONY OF NDPERS HOUSE BILL 1407

Mr. Chairman, members of the committee my name is Sparb Collins. I am the Executive Director of the North Dakota Public Employees Retirement System (NDPERS). I appear before you today on behalf of the PERS Board and in opposition to this bill. House Bill 1407 would amend Section 54-52.1-05 of the North Dakota Century Code mandating that the term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years. This would require NDPERS to solicit bids for coverage after each biennium contract. I've had the opportunity to review this information with the PERS Board and would like to share with you today some observations. I have also attached a copy of the actuarial/technical report done by our consultant during the interim for the Legislative Employee Benefits Committee.

OVERALL CONCLUSIONS AND OBSERVATIONS

- The mandate to go to bid every two years would not have a material actuarial impact on the Health Plan.
- This bill could affect the willingness of new carriers to bid on the plan and could have the unintentional effect of reducing future competition for the NDPERS plan.
- Having a required two-year bid process versus a six-year process could result in carriers being less aggressive in the bids knowing that they would face another bid in two years. A six year process may encourage carriers to invest in the relationship by being more aggressive in pricing and other guarantees.
- The emergency provision is in conflict with other timelines in the statute. For example we would be precluded from considering self insurance, etc.
- There may be concerns with Section 18 of Article I of the North Dakota Constitution relating to impairment of contract.
- If the emergency provision is passed, it may not be possible to bid and implement a new plan within the timeframes. The only carrier that may be able to meet the time line would be our existing carrier. Mitigating options may need to be considered and added to the bill. Some of these options are identified in the attached.

- The history of the bid process shows that full bids, partial bids and renewals have been used during the past bienniums. It also shows the plan design has changed and NDPERS reserves have been used to mitigate premium increases. As a result, the history does not indicate if any one method is more effective than the others in achieving lower premiums.
- The modified fully insured method has allowed NDPERS reserves to be used to buy down premiums in past bienniums, whereas if the plan were self-insured these funds may be needed to be maintained as plan reserves in compliance with the NDCC-54-52.1-04.3.
- Timing of bids and renewals is different. Bids are generally not completed until February during the legislative session which can affect the budgeting process if premiums come in higher than projected. In the case of renewals, the amount is determined in the September prior to the session and is a fixed maximum number. Consequently, renewals do not have the effect of increasing premiums during the budgeting process, whereas bids may.
- Since bids could benefit from additional months of claims data in determining the premium, the existing renewal process was modified several years ago to have a February re-projection to take advantage of any improvements due to additional months of actual claims data. If the data shows a need for additional funding, the September agreed amount is the maximum. The modified process captures the benefit of a later projection but eliminates the risk of higher premiums.
- The effect on membership should be minimal as a result of bidding the plan more often. However, if the result is changes in the carrier every two years, this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design. During the transfer to Sanford even though the plan design did not change some members experienced the above adjustments.

As noted above this bill was reviewed during the interim by the Legislative Employee Benefits Committee and given an unfavorable recommendation.

Thank you, Mr. Chairman, members of the committee, this concludes my testimony. If I can assist you with your considerations, please let me know.

Memo

Date: October 24, 2016

To: Senator Krebsbach, Chair
Legislative Employee Benefits Programs Committee

From: Josh Johnson, Pat Pechacek, and Jon Herschbach, Deloitte Consulting LLP

Subject: REVIEW OF PROPOSED BILL 17.0172.01000 REGARDING THE CONTRACT TERM FOR
HEALTH BENEFITS COVERAGE *HB 1407*

The following summarizes our review of the proposed legislation.

OVERVIEW OF PROPOSED BILL

The proposed bill would amend Section 54-52.1-05 of the North Dakota Century Code mandating that the term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years. This would require NDPERS to solicit bids for coverage after each biennium contract.

EXPECTED ACTUARIAL IMPACT

We would not anticipate any material actuarial impact due to this amendment.

TECHNICAL COMMENTS

Although we don't feel this amendment would cause any specific actuarial impact to the health insurance program we do feel that there are potential implications to the health plan marketplace in North Dakota which could impact the long term cost of coverage for NDPERS.

North Dakota is a relatively unique health plan market in that there has historically been one major health carrier. Without the leverage of the NDPERS group insurance program it is difficult for other carriers to negotiate competitive provider, facility and pharmacy contracts. As we have seen with the change to Sanford Health Plan in 2015, it takes time for a new carrier to negotiate improved discounts after being awarded the NDPERS business and many provider contract improvements are contingent upon continued coverage of the NDPERS program. Should a bid for the upcoming biennium result in NDPERS program returning to the prior carrier, the market may revert to a one carrier



Official Professional Services Sponsor

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 2

market. While requiring the program to solicit bids every biennium may seem to ensure the program is getting the most favorable financial terms due to frequent competition, it might actually result in the limitation or elimination of competition altogether. While having one major health carrier in the market may provide leverage to allow that carrier to negotiate favorable provider contracts, the lack of meaningful competition removes any pressure for that carrier to do so.

Another aspect to consider is the significant cost and effort of the carrier to implement a large client. We have found that health carriers are less likely to be aggressive with premium rates when they know that the program will go out to bid again in a short period of time. With the chance to retain the business assuming satisfactory performance and costs, carriers can be more willing to invest in the relationship i.e. be more aggressive on their rates and other guarantees. Through past experience we have found that groups who consistently bid out their coverage incur higher costs in the long run due to this. In addition, some carriers may be unwilling to bid at all knowing that the plan will go out to bid after two years.

In addition to our comments above we worked with NDPERS staff to develop additional comments relating to the statutory provisions of the bill, implementation timeframe, bid timeframe, mitigation options and history of the plan.

STATUTORY OBSERVATIONS

As presently drafted this bill has an emergency provision. In addition Section 2 of the bill specifies the Application of the bill. Read together they indicate that if the bill is passed with the emergency clause it would become effective immediately and the board could not sign an agreement to renew the existing contract, which it has already authorized, and instead require NDPERS to solicit bids. The following timeframes are required in the statute:

1. Solicitations must be made not later than ninety days before the expiration of an existing uniform group insurance contract (54-52.1-04 NDCC)
2. Bids for a self-insurance plan are due no later than January first, and must be awarded no later than March first, preceding the end of each biennium. All bids under this section must be opened at a public meeting of the board. (54-52.1-04.2 NDCC)
3. Bids must be solicited by advertisement in a manner selected by the board that will provide reasonable notice to prospective bidders (54-52.1-04 NDCC)

If this bill was to pass with the emergency clause NDPERS may not be able to meet the statutory requirements in #1 depending on the date the bill would be signed into law. In addition, regardless of when the bill would be passed in 2017 NDPERS would not be able to meet the requirements in #2 which could eliminate the possibility of bidding the plan on a self-insured basis for the 2017-2019 biennium.

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 3

There may also be concerns with the interpretation and application of Section 2 of this bill given the restriction in Section 18 of Article I of the North Dakota Constitution relating to the impairment of contracts which states, "No bill of attainder, ex post facto law, or law impairing the obligations of contracts shall ever be passed".

IMPLEMENTATION TIMEFRAME

Given the size and complexity of the NDPERS plan, changing carriers is a significant effort. Attached is the implementation schedule from the recent transition. As this demonstrates, there are many variables that must be worked through to ensure that a transition does not create difficulties in the continuity of care or benefits for participating members. At a minimum, most carriers have indicated that 90 days is necessary, with the NDPERS preference being 120 days or longer, in order to ensure continuity of coverage during the course of the transition.

BID TIMEFRAME

An effective bid process must allow sufficient time for the following:

1. Preparation of the Request for Proposals (RFP)
2. Marketing the RFP
3. Allowing time for interested parties to review the RFP
4. Allowing interested parties to submit questions and receive responses
5. Allowing the interested parties sufficient time to prepare final proposals once questions have been answered
6. Time for review of the proposals by
 - a. Consultant
 - b. NDPERS Staff
 - c. NDPERS Board
7. Allowing time to interview the bidders and get best and final offers.
8. Time for unexpected contingencies. (For example in 2014/15, NDPERS rejected all fully insured bids and rebid it for a second time)

The timeline for the last bid is below. This demonstrates that the process can take over 6 months in the event there is a rebid (this does not include the time to prepare the bid).

- July 9, 2014 – Fully-insured Bid issued
- August 13th – Self-insured Bid issued for medical and prescription drug plans
- September 4th – Fully-insured Proposals Due
- October 10th – Self-Insured Proposals Due
- October 21st – Staff interview with BCBS and Sanford (Fully-insured)

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 4

- October 23rd – Board Rejects Fully-insured Bids, and issues a new RFP.
- October 29th – Fully-insured RFP released
- November 19th – Fully-insured Proposals due
- November 24th – Staff interview with BCBS and Sanford (Self-Insured)
- November 25th – Staff interview of PBM vendors
- December 4th – approved sending PBM contracts
- December 18th – NDPERS Board reviewed the Health plan bids
- January 2, 2015 – Best and Final Offer (BAFO) responses due
- January 5th – NDPERS Board Interviews BCBS and Sanford (fully-insured)
- January 15th – NDPERS Board interviews PBM vendors
- January 19th – NDPERS Board members and staff conduct a site visit of Sanford Health Plan
- February 5th – NDPERS Board reviews proposals (fully-insured, self-insured, Rx)
- February 13th – NDPERS Board continues its review of proposals (fully-insured, self-insured, Rx)
- February 19th – NDPERS Board awards bid

FULL BIDS VS RENEWALS

Generally full bids occur later and are finalized by February after the development of the Executive Budget thereby allowing for several more recent months of claims data to be used in the premium projection. To the extent that the additional claims data is positive, it may reduce trend, and to the extent it is negative it can increase trend and premium. Also, since the final bid amount is not known until during the legislative session it may be higher or lower than the budget amount in the Executive budget thereby requiring adjustment during the session.

Renewals occur earlier and are finalized by September or October. As a result a final rate is included in the Executive Budget that is fixed as a maximum amount. However, since it is possible that claims data could result in a lower premium, the renewal agreements with BCBS (previous) and Sanford (current) provide(d) for a February re-projection and if the required premium is lower as a result of the additional months of experience, premiums can be reduced. If the amount needed is higher it stays as agreed in the September renewal.

MITIGATION OPTIONS RELATING TO IMPLEMENTATION AND BID TIMELINE

In recognition of the above timelines for implementation and bid process, if this bill did pass with the emergency clause, consideration should be given to providing for processes in order to meet the compressed timeline. For example the bill could provide:

1. An abbreviated bidding process
 - a. Changing the notification process

- b. Recognition that not all vendors will have adequate time to respond
 - c. Automatic certification of existing carrier and previous carrier or closing the process to only existing and previous carrier
 - d. Recognition that not all options can be bid and specifying what options will not be included in the RFP.
2. A mechanism to deal with a late implementation if necessary, such as extending the contract with the existing carrier on a self-insured basis or fully insured if the option to negotiate is available.
3. Funding and funding authorization for a delayed implementation as well as the recognition of potential risk that the extension of the contract with the existing carrier may not be an option on a fully-insured basis. If the contract were extended on a self-insured basis, funding would need to be available to cover claims during this period, taking into consideration that it may not be possible to acquire stop loss insurance for such a short duration or have adequate reserves.

HISTORY OF PAST RENEWALS AND BIDS

Briefly, the history of NDPERS Bids/Renewals is as follows:

- 2016 – Renewal
- 2014 – Full bid
- 2012 – Fully insured bid only (partial)
- 2010 – Fully insured bid only (partial)
- 2008 – Renewal
- 2006 – Renewal
- 2004 – Full bid
- 2002 – Renewal
- 2000 – Renewal
- 1998 – Full bid
- 1996 – Renewal

The following table provides additional detail of the history of the health plan. Please note that since 1994 the plan has had three full bids, two partial bids and seven renewals. Six of the renewals were with BCBS and one is with Sanford. Additionally, note that most years (except the current and upcoming biennium contracts) there were plan design changes or rate buy downs from the NDPERS reserves to reduce the cost of premiums.

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 6

History of Health Plan Bids/Renewals - fully insured	Consultant	State premium % increase	Plan Changes	Buydown*	Comments
Year					
2016 (2017-19) Renewal	Deloitte	17.40			Renewed with Sanford
2014 (2015-17) Full Bid	Deloitte	15.13			Self Insured Bid released August. Fully Insured bids released in July, decision in February (6-7 months). Received two fully insured bids. One from BCBS (19-20% increase and the other from Sanford (15% increase). Self funded bid estimated to cost 14.9%. Sanford selected
2012(2013-15) Partial bid - Fully Insured Only	Deloitte	10.72		\$5,772,000 (\$20.04 per active contract)	Bid was released in May, Award in Sept (4 months). Partial bid for fully insured product only due to ACA concerns. Received two bids. One from Sanford (25.49% inc) and the other from BCBS (12.98% inc). Selected BCBS
2010 (2011-2013) Partial Bid Fully Insured Only	Deloitte	7.40	Additional benefit requirements in the Health Care Reform Bill and the Mental Health Parity Act.		Bid was issued in June, award in Sept (2-3 months). Partial bid for fully insured product only due to ACA concerns. Received one bid from BCBS. Selected BCBS.
2008 (2009-2011) Renewal	GBS	25.50	Eliminated EPO	\$40,000 (\$14 per active contract)	Renewed with BCBS. Plan design changes reduced the carrier rate by about 2%.
2006 (2007-2009) Renewal	GBS	19.00	Increased Cost Sharing		The carrier rate was reduced from 22.9% by approximately 3% in cost shift to members through plan design changes. First \$3 million in risk deposit made.
2004 (2005-07) Full bid	GBS	13.00	Plan design changes added \$1,000 RX coinsurance maximum	\$7,062,000 (\$24.52 per active contract)	Bid was released in May and awarded in Oct (5 months). Approximately \$14.3 million was used to buy down the rate and the Feb reprojection reduced active state rates by about \$5.20 PCPM
2002 (2003-05) Renewal	Deloitte	19.00	Plan design changes	\$2,880,000 (\$10.00 per active contract)	Premium was reduced for two reasons: 1) a gain in the Feb reprojection, 2) changes in the plan design and 3) utilizing reserves to buydown the premium
2000 (2001-2003) Renewal	Deloitte	17.00	Increased Cost Sharing	See comments	Rate was reduced by approx \$7.47 as a result of setting up a reserve account with BCBS and changes in the plan design to increase member out of pocket expenses
1998(1999-2001) Full bid	Deloitte	16.00	Increased Cost Sharing	\$2,693,000 (\$9.35 per active contract)	Bid was released in October and the award was in Feb (5 months)
1996 (1997-1999) Renewal	Deloitte	14.00	Increased Benefits & Lifetime Maximum	\$5,965,000 (\$20.71 per active contract)	Rate was reduced by utilization of reserves

* - Estimated based on 12,000 State budgeted FTE's

Pg 8

EFFECT ON MEMBERSHIP

The effect on membership should be minimal as a result of bidding the plan more often. However if the result was changes in the carrier every two years this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design.

OBSERVATIONS ON RENEWALS AND BIDS:

RFP Process (Full bids)

- RFP's for full bids were done in 1998, 2004 and 2014
- Full bid processes take about 5-7 months (after RFP's were developed). The last RFP took 7 months since more options are now requested in the NDCC.

RFP Process (Partial bids)

- Partial bids were done in 2010 & 2012.
- Partial bids were to continue the existing fully insured contract only and did not include any self-insured arrangements
- Partial bids were done due to the uncertainty of the regulatory environment due to the ACA
- Partial bids took about 3-4 months (after RFP's were developed)

Renewals

- Renewals were done in 1996, 2000, 2002, 2006, 2008 & 2016
- Renewals take about 2-3 months to complete.

NDPERS Reserves

- The existing fully insured contract has a return of premium provision if it is not needed to pay claims
- The existing contract structure with Sanford and previously with BCBS returns premium to NDPERS if expenses are less than premiums. These premium returns have contributed to the NDPERS reserves.
- These reserves have been used to buy down premiums in 97-99, 99-01, 03-05, 05-07 & 13-15 bienniums.
- Since the plan has no substantial risk of loss due to this type of contract, reserves can be used to buy down premiums. If the plan were self-insured the use of reserves would be limited by the requirements in NDCC 54-52.1-04.3 which requires maintaining a minimum reserve level between 2.5 & 4.5 months of claims for adverse risk. This would amount to approximately \$20 million for each month or between \$45 and \$85 million. To the extent this level of reserves is not

available for a self-insured plan, the board would need to add this to the premium rates to establish the reserves at the required level.

OVERALL CONCLUSIONS AND OBSERVATIONS

- This bill would not have a material actuarial impact on the Health Plan
- This bill could affect the willingness of new carriers to bid on the plan and could have the unintentional effect of reducing future competition for the NDPERS plan
- Having a required two year bid process versus a six year process could result in carriers being less aggressive in the bids knowing that they would face another bid in two years. A six year process may encourage carriers to invest in the relationship by being more aggressive in pricing and other guarantees.
- The emergency provision is in conflict with other timelines in the statute.
- There may be concerns with Section 18 of Article I of the North Dakota Constitution relating to impairment of contract
- If the emergency provision is passed it may not be possible to bid and implement a new plan within the timeframes. Mitigating options may need to be considered and added to the bill.
- The history of the bid process shows that full bids, partial bids and renewals have been used during the past bienniums. It also shows the plan design has changed and NDPERS Reserves have been used to mitigate premium increases. As a result the history does not indicate if any one method is more effective than the others in achieving lower premiums.
- The modified fully insured method has allowed NDPERS reserves to be used to buy down premiums in past bienniums whereas if the plan were self-insured these funds may be needed to be maintained as plan reserves in compliance with the NDCC-54-52.1-04.3
- Timing of bids and renewals is different. Bids are generally not completed until February during the legislative session which can affect the budget process if premiums come in higher than projected. In the case of renewals the amount is determined in advance of the session and is a fixed maximum number. Consequently, renewals do not have an effect on increasing premiums during the budgeting process during the session whereas bids may.
- Since bids could benefit from additional months of claims data in determining the premium, the existing renewal process was modified several years ago to have a February re-projection to take advantage of any improvements due to additional months of actual claims data. If the data shows a need for additional funding the

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 9

September agreed amount is the maximum. The modified process captures the benefit of a later projection but eliminates the risk of higher premiums.

- The effect on membership should be minimal as a result of bidding the plan more often. However if the result is changes in the carrier every two years this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design. During the transfer to Sanford even though the plan design did not change some members had the above adjustments.







NDPERS







Implementation/Project Plan

Full Version

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor:	Resource Names
32	✓ Communicate key hiring milestones and hiring of any	100%	89 days	Mon 3/2/15	Wed 7/1/15		
33	✓ NDPERS Members	100%	99 days?	Mon 3/2/15	Wed 7/15/15		
34	✓ We will continue to update FAQs on the NDPERS	100%	23 days	Mon 3/2/15	Tue 3/31/15		
35	✓ The reminder of March will be used for ramp up of	100%	23 days	Mon 3/2/15	Tue 3/31/15		
36	✓ Mailing #1 (postcard welcoming NDPERS members	100%	24 days	Mon 3/30/15	Thu 4/30/15		
37	✓ NDPERS online landing page with contact	100%	24 days	Mon 3/30/15	Thu 4/30/15		
38	✓ In-person orientation dates/times/locations in the	100%	24 days	Mon 3/30/15	Thu 4/30/15		
39	✓ A heads-up on the Welcome Packet	100%	24 days	Mon 3/30/15	Thu 4/30/15		
40	✓ NDPERS employers receive flyers to post at worksites	100%	13 days	Mon 3/30/15	Wed 4/15/15		
41	✓ Mailing #2 (Welcome Packets including:)	100%	1 day	Mon 5/4/15	Mon 5/4/15		
42	✓ Lasermark book	100%	1 day	Mon 5/4/15	Mon 5/4/15		
43	✓ Information regarding the virtual orientation	100%	1 day	Mon 5/4/15	Mon 5/4/15		
44	✓ In-person orientation dates/times/locations	100%	1 day	Mon 5/4/15	Mon 5/4/15		
45	✓ Community meeting dates, times, locations are sent	100%	30 days	Mon 4/20/15	Fri 5/29/15		
46	✓ Onsite meetings are held Apr 18-June 5, two	100%	30 days	Mon 4/20/15	Fri 5/29/15		
47	✓ Mailing #4 (includes a postcard with follow-up	100%	66 days?	Wed 4/15/15	Wed 7/15/15		
48	✓ mySanfordHealthPlan/Electronic EOB sign-up call	100%	1 day	Wed 7/15/15	Wed 7/15/15		
49	✓ More information on health tools, including the	100%	1 day	Wed 7/15/15	Wed 7/15/15		
50	✓ Postcard Mailing	100%	11 days?	Wed 4/15/15	Wed 4/29/15		
51	✓ Schools/Universities	100%	1 day?	Wed 4/15/15	Wed 4/15/15		
52	✓ Active/Political Subdivisions	100%	1 day?	Fri 4/24/15	Fri 4/24/15		
53	✓ Retirees	100%	2 days	Tue 4/28/15	Wed 4/29/15		
54	Marketing	88%	153 days	Mon 12/22/14	Mon 7/20/15		Lisa C
55	✓ Prep Work/Communication For Onsite Meetings	100%	53 days	Fri 3/6/15	Mon 5/18/15		
56	✓ Powerpoint Presentation	100%	30 days	Fri 3/6/15	Wed 4/15/15		Jennie/Jimmy
57	✓ Trinkets (Pens and Notepad)	100%	11 days	Wed 4/1/15	Wed 4/15/15		Jennie
58	✓ Postcard Communication regarding	100%	29 days	Wed 4/1/15	Mon 5/11/15		Jennie/Brandi
59	✓ Draft Initial Email to NDPERS employers re:	100%	23 days	Wed 4/1/15	Fri 5/1/15		Jennie/Tammy
60	✓ Draft F/U Email to NDPERS employers re:	100%	31 days	Wed 4/1/15	Wed 5/13/15		Jennie/Tammy
61	✓ Draft Flyer to NDPERS employers to post onsite for	100%	24 days	Wed 4/1/15	Mon 5/4/15		Jennie
62	✓ Postcard Communication for Retirees / online	100%	34 days	Wed 4/1/15	Mon 5/18/15		Jennie/Brandi
63	✓ Prep Work/Materials For Onsite Meetings	100%	30 days	Mon 4/20/15	Fri 5/29/15		

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task		Manual Task		Progress	
Summary		Manual Summary		Manual Progress	

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource Name
64	✓ Informational Booklet	100%	30 days	Mon 4/20/15	Fri 5/29/15		Tammy
65	✓ Processing NDPERS Changes	100%	30 days	Mon 4/20/15	Fri 5/29/15		Marley
66	✓ Informational Meetings	100%	30 days	Mon 4/20/15	Fri 5/29/15		
67	✓ Webinar	100%	30 days	Mon 4/20/15	Fri 5/29/15		
68	✓ Video	100%	30 days	Mon 4/20/15	Fri 5/29/15		
69	✓ In Person	100%	30 days	Mon 4/20/15	Fri 5/29/15		Jennie/Jimmy
70	✓ Employee Onsite Meetings	100%	30 days	Mon 4/20/15	Fri 5/29/15		SHP/NDPERS
71	✓ Misc	100%	88 days	Tue 3/3/15	Wed 7/1/15		
72	✓ Sample ID Card Template	100%	43 days	Thu 3/5/15	Fri 5/1/15		Tammy/Mark
73	✓ Determination of ID Card Material (Plastic or Paper)	100%	46 days	Mon 3/9/15	Fri 5/8/15		Lisa/NDPERS
74	✓ Finalized ID Card Layout/Design	100%	50 days	Tue 3/3/15	Fri 5/8/15		Lisa/NDPERS
75	✓ Release of ID Cards from Lasermark to NDPERS	100%	10 days	Thu 6/18/15	Wed 7/1/15		Lasermark
76	✓ Health Savings Account Benny Cards Released to	100%	10 days	Thu 6/18/15	Wed 7/1/15		Tammy
77	✓ Appeals & Greivances on EOB	100%	71 days	Mon 3/9/15	Fri 6/12/15		Tami H/Gail
78	✓ Deductible & Cost-Sharing Credits (where to find?)	100%	72 days	Mon 3/9/15	Mon 6/15/15		
79	✓ Website	100%	84 days	Mon 3/9/15	Wed 7/1/15		
80	✓ NDPERS PPO Network Demo Video for onsite	100%	30 days	Mon 4/20/15	Fri 5/29/15		
81	✓ mySanfordHealthPlan	100%	1 day	Wed 7/1/15	Wed 7/1/15		
82	✓ setup programs/services on myHP specific to	100%	62 days	Fri 3/20/15	Mon 6/15/15		
83	✓ NDPERS links to our portals on their page	100%	62 days	Mon 3/9/15	Mon 6/1/15		
84	Wellness Program	19%	153 days	Mon 12/22/14	Mon 7/20/15		
85	⌵ SHP receives electronic file for Health Club	23%	153 days	Mon 12/22/14	Mon 7/20/15		
86	⌵ ID SHP for Wellness Committee	1%	36 days	Mon 6/1/15	Mon 7/20/15		
87	✓ HSA	100%	87 days	Mon 3/2/15	Mon 6/29/15		
88	✓ Design communication/brochure, etc	100%	56 days	Mon 3/16/15	Mon 6/1/15		
89	✓ Brochure/communication	100%	87 days	Mon 3/2/15	Mon 6/29/15		
90	✓ Approval of Carrier Paper Template	100%	40 days	Mon 3/9/15	Thu 4/30/15		Tammy
91	✓ Finalize Benny Card Labeling	100%	41 days	Mon 3/9/15	Fri 5/1/15		Tammy
92	Data Requirements	95%	155 days?	Mon 3/2/15	Thu 10/1/15		Wyatt Y
93	✓ Business Configuration	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
94	✓ Checking Accounts for Claim Payments	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
95	✓ Premium Type = Contract	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
Project: ND Public Employees Retirem Date: Tue 7/14/15		Task		Manual Task		Progress	
		Summary		Manual Summary		Manual Progress	
Page 3							

7

ID	Task Name	% Complete	Duration	Start	Finish	Predecessors	Resource Names
96	✓ New Payer (SHP-NDPERS)	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
97	✓ Prog# = NP	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
98	✓ Line of Business - confirm with NDPERS	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
99	✓ NPS - Active Members, State Employees (Panel	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
100	✓ NPP - Active Members; Political Subdivisions	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
101	✓ NPR - PreMedicare Retirees (Panel 005)	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
102	✓ NPM - Retiree Medicare Supplement (Panel 001)	100%	14 days	Wed 3/4/15	Fri 3/20/15		IT/Finance
103	✓ Business Build	100%	9 days	Wed 3/11/15	Fri 3/20/15		IT/Finance
104	✓ Tapestry LOB build	100%	9 days	Wed 3/11/15	Fri 3/20/15		IT/Finance
105	✓ Data Warehouse Setup	100%	9 days	Wed 3/11/15	Fri 3/20/15		IT/Finance
106	Express Scripts Configuration	96%	87 days	Wed 3/4/15	Wed 7/1/15		IT/Finance
107	Preauthorization file - Rx Formulary - Provider	85%	84 days	Mon 3/9/15	Wed 7/1/15		IT/Finance
108	✓ Separate Carrier and File	100%	22 days	Wed 3/4/15	Wed 4/1/15		IT/Finance
109	✓ Plan Type	99%	46 days	Wed 3/4/15	Tue 5/5/15		IT/Finance
110	✓ NPAND - Active members - state employees	100%	46 days	Wed 3/4/15	Tue 5/5/15		IT/Finance
111	✓ NPPND - Active members - Political Subdivisions	100%	45 days	Wed 3/4/15	Mon 5/4/15		IT/Finance
112	✓ NPRND - Pre Medicare Retirees	100%	45 days	Wed 3/4/15	Mon 5/4/15		IT/Finance
113	✓ NPMND - Retiree MedSup	100%	45 days	Wed 3/4/15	Mon 5/4/15		IT/Finance
114	✓ New BPL definitions	100%	34 days	Wed 3/4/15	Fri 4/17/15		IT/Finance
115	✓ Which Plans have integrated MOOPs	100%	34 days	Wed 3/4/15	Fri 4/17/15		IT/Finance
116	Define ID card requirements	100%	43 days	Wed 3/4/15	Thu 4/30/15		
117	✓ RxBIN/PCN. ESI dependency (separate contract)	100%	27 days	Thu 3/19/15	Fri 4/24/15		IT/Comm
118	✓ Logos; wrap network logos	100%	43 days	Thu 3/19/15	Mon 5/18/15		IT/Comm
119	✓ Claim filing, MS & UM contact info	100%	43 days	Thu 3/19/15	Mon 5/18/15		IT/Comm
120	✓ Other specific front/back language.	100%	37 days	Thu 3/19/15	Fri 5/8/15		IT/Comm
121	✓ Lasermark	100%	44 days	Wed 4/1/15	Mon 6/1/15		
122	✓ Template setup	100%	44 days	Wed 4/1/15	Mon 6/1/15		IT/Comm
123	✓ Packet setup?	100%	44 days	Wed 4/1/15	Mon 6/1/15		IT/Comm
124	✓ Planning/lead time for this volume (use to	100%	23 days	Wed 4/1/15	Fri 5/1/15		IT/Comm
125	✓ Enrollment Eligibility	100%	91 days	Thu 3/12/15	Wed 7/15/15		
126	✓ Group Setup Task Force	100%	49 days	Thu 3/12/15	Mon 5/18/15		IT/Finance/Enrolli
127	✓ Defining the Group Structure	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Finance/Enrolli

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

ID	Name	% Complete	Duration	Start	Finish	Predecessor	Resource Name
128	Reporting drivers (Finance)	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Finance/Enrollm
129	Premium Billing drivers (Finance)	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Finance/Enrollm
130	Benefit package drivers (Enrollment)	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Finance/Enrollm
131	Networks (may force separate LOB)	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Finance/Enrollm
132	Communicate Group structure to NDPERS (by	100%	4 days	Thu 3/12/15	Mon 3/16/15		IT/Enrollment
133	Loading Methodology	100%	49 days	Thu 3/12/15	Mon 5/18/15		IT/Finance/Enrollm
134	Source data	100%	37 days	Thu 3/12/15	Thu 4/30/15		IT/Finance/Enrollm
135	Imports	100%	37 days	Thu 3/12/15	Thu 4/30/15		IT/Finance/Enrollm
136	Custom Attributes (TBD)	100%	37 days	Thu 3/12/15	Thu 4/30/15		IT/Finance/Enrollm
137	Manual updates (IT/Enrollment)	100%	49 days	Thu 3/12/15	Mon 5/18/15		IT/Finance/Enrollm
138	Express Scripts BPL information	100%	26 days	Thu 3/12/15	Wed 4/15/15		IT/Finance/Enrollm
139	Eligibility File Task Force	100%	76 days	Wed 4/1/15	Wed 7/15/15		IT/Enrollment
140	Define default Panel(s) driven by Provider	100%	13 days	Wed 4/1/15	Fri 4/17/15		IT/Enrollment
141	Initial file receipt	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
142	Test load to SUP	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
143	Small scale SUP loads	100%	3 days	Wed 4/1/15	Fri 4/3/15		IT/Enrollment
144	Identify corrections	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
145	Communicate corrections to NDPERS	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
146	Determine scrubber components needed.	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
147	Test scrubber build in SUP	100%	34 days	Wed 4/1/15	Mon 5/18/15		IT/Enrollment
148	Small scale TAP loads	100%	19 days	Wed 4/22/15	Mon 5/18/15		IT/Enrollment
149	EMPI load	100%	29 days	Wed 4/22/15	Mon 6/1/15		IT/Enrollment
150	TAP Clarity/Data Warehouse testing (from small	100%	54 days	Fri 5/1/15	Wed 7/15/15		IT/Enrollment
151	Generate test Indemnity Coverage	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
152	Test termination file in SUP	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
153	Test ID card request/interface	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
154	Sample ID cards	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
155	ESI Eligibility files	100%	54 days	Fri 5/1/15	Wed 7/15/15		IT/Enrollment
156	Generate internal test files.	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
157	Submit test files to ESI mirror system	100%	29 days	Fri 5/1/15	Wed 6/10/15		IT/Enrollment
158	First ESI Production file (20 days prior to	100%	13 days	Mon 6/29/15	Wed 7/15/15		IT/Enrollment
159	Production Eligibility file processing – received	100%	20 days	Tue 4/21/15	Mon 5/18/15		IT/Enrollment

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Manual Task

Progress

Summary

Manual Summary

Manual Progress

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor:	Resource Names
160	Production ID Cards (Stagger mailing ID Cards)	100%	9 days	Mon 6/8/15	Thu 6/18/15		IT/Enrollment
161	Accumulator Task Force	99%	89 days	Mon 3/2/15	Wed 7/1/15		IT/Enrollment/Clai
162	File layout from BCBS	100%	77 days	Mon 3/2/15	Mon 6/15/15		IT/Enrollment/Clai
163	When can a test file be obtained?	100%	47 days	Mon 3/2/15	Mon 5/4/15		IT/Enrollment/Clai
164	Frequency	100%	1 day	Mon 6/15/15	Mon 6/15/15		IT/Enrollment/Clai
165	First Production file	100%	1 day	Mon 6/15/15	Mon 6/15/15		IT/Enrollment/Clai
166	Scrubbing	100%	67 days	Mon 3/2/15	Mon 6/1/15		IT/Enrollment/Clai
167	Validation steps	100%	67 days	Mon 3/2/15	Mon 6/1/15		IT/Enrollment/Clai
168	Error reporting	100%	67 days	Mon 3/2/15	Mon 6/1/15		IT/Enrollment/Clai
169	Test Import to SUP	100%	66 days	Tue 3/3/15	Mon 6/1/15		IT/Enrollment/Clai
170	Test Import to TAP	100%	67 days	Mon 3/2/15	Mon 6/1/15		IT/Enrollment/Clai
171	Production Accum Import	100%	1 day	Mon 6/29/15	Mon 6/29/15		IT/Enrollment/Clai
172	ESI	100%	89 days	Mon 3/2/15	Wed 7/1/15		IT/Enrollment/Clai
173	Validate ESI accumulator configuration.	100%	66 days	Mon 3/2/15	Fri 5/29/15		IT/Enrollment/Clai
174	ESI Inbound (load to Tapestry) production file	100%	1 day	Wed 7/1/15	Wed 7/1/15		IT/Enrollment/Clai
175	ESI Outbound (extract from Tapestry) production	100%	1 day	Wed 7/1/15	Wed 7/1/15		IT/Enrollment/Clai
176	Provider/Vendor Extract-Import Team	100%	45 days	Wed 4/1/15	Tue 6/2/15		IT/Provider
177	Panel/Network Import	100%	45 days	Wed 4/1/15	Tue 6/2/15		IT/Provider
178	Create new Panel/network 005	100%	22 days	Fri 5/1/15	Mon 6/1/15		IT/Provider
179	Test import to SUP	100%	44 days	Wed 4/1/15	Mon 6/1/15		IT/Provider
180	Test import to TAP	100%	45 days	Wed 4/1/15	Tue 6/2/15		IT/Provider
181	Provider Contract Import	100%	44 days	Wed 4/1/15	Mon 6/1/15		IT/Provider
182	Preauth Import	100%	54 days	Wed 4/1/15	Mon 6/15/15		Tony T/Lonny
183	Premium Billing	99%	98 days?	Wed 4/1/15	Fri 8/14/15		IT/Finance
184	Reporting Needs	99%	98 days?	Wed 4/1/15	Fri 8/14/15		IT/Finance
185	NDPERS	100%	98 days	Wed 4/1/15	Fri 8/14/15		IT/Finance
186	Discrepancy Report	100%	1 day?	Wed 7/1/15	Wed 7/1/15		IT/Finance
187	Internal SHP	100%	66 days	Wed 4/1/15	Wed 7/1/15		IT/Finance
188	820 Processing	100%	54 days	Wed 4/1/15	Mon 6/15/15		IT/Finance
189	HSA – Healthcare Savings Account	79%	98 days	Wed 4/1/15	Fri 8/14/15		IT/Flex
190	Evolution1 HSA build	100%	33 days	Wed 4/1/15	Fri 5/15/15		IT/Flex
191	Eligibility Load process	100%	51 days	Wed 4/1/15	Wed 6/10/15		IT/Flex

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource
192	Demographics	100%	41 days	Wed 4/15/15	Wed 6/10/15		IT/Flex
193	Submit files to Evolution1	100%	34 days	Fri 5/15/15	Wed 7/1/15		IT/Flex
194	Benny Card mailing	25%	50 days	Mon 5/25/15	Fri 7/31/15		IT/Flex
195	Periodic Contribution File	83%	88 days	Wed 4/15/15	Fri 8/14/15		IT/Flex
196	Test	100%	44 days	Wed 4/15/15	Mon 6/15/15		IT/Flex
197	Monthly	75%	88 days	Wed 4/15/15	Fri 8/14/15		IT/Flex
198	Flexible Spending Interface file	96%	53 days	Mon 5/4/15	Wed 7/15/15		IT/Flex
199	Define Interface file	100%	53 days	Mon 5/4/15	Wed 7/15/15		IT/Flex
200	Send Test file to Administrator	100%	31 days	Mon 5/4/15	Mon 6/15/15		IT/Flex
201	Determine production file frequency.	100%	31 days	Mon 5/4/15	Mon 6/15/15		IT/Flex
202	Send first Production file	50%	11 days	Wed 7/1/15	Wed 7/15/15		IT/Flex
203	Section 111 Setup	98%	89 days	Mon 6/1/15	Thu 10/1/15		IT/Flex
204	Transmitter/ID configuration.	100%	89 days?	Mon 6/1/15	Thu 10/1/15		IT/Flex
205	Plan/Group TINs	100%	89 days?	Mon 6/1/15	Thu 10/1/15		IT/Flex
206	Incorporation into existing Section 111 processing.	95%	89 days?	Mon 6/1/15	Thu 10/1/15		IT/Flex
207	Other Files – details TBD	25%	76 days	Mon 4/20/15	Mon 8/3/15		IT/Flex
208	Health Club Credit	25%	76 days	Mon 4/20/15	Mon 8/3/15		IT/Flex
209	File source/format determination.	25%	76 days	Mon 4/20/15	Mon 8/3/15		IT/Flex
210	Existing balances?	25%	36 days	Mon 6/15/15	Mon 8/3/15		IT/Flex
211	Integration/External functions	99%	56 days	Wed 4/15/15	Wed 7/1/15		IT
212	Healthx – myHealthPlan	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
213	Potential separate instance	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
214	Specialized requirements/ branding	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
215	Initial file feed timing (dependency upon	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
216	SocialWellth	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
217	Single-Sign-On (SSO) testing/validation	100%	56 days	Wed 4/15/15	Wed 7/1/15		IT
218	Verisk	100%	34 days	Wed 4/15/15	Mon 6/1/15		IT
219	Determination of Report grouping.	100%	34 days	Wed 4/15/15	Mon 6/1/15		IT
220	Contracts	89%	139 days	Mon 12/22/14	Tue 6/30/15		
221	Facility Contracts (Essentia, Trinity, etc)	75%	82 days	Tue 3/10/15	Tue 6/30/15		Contracting/PR
222	Provider	95%	139 days	Mon 12/22/14	Tue 6/30/15		Contracting/PR
223	Physicians	95%	139 days	Mon 12/22/14	Tue 6/30/15		Contracting/PR

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource Names
224	Chiros	95%	139 days	Mon 12/22/14	Tue 6/30/15		Contracting/PR
225	PPO Network Development	88%	139 days	Mon 12/22/14	Tue 6/30/15		Contracting/PR
226	Draft NDPERS PPO Provider Contract Amendment	100%	84 days	Mon 1/5/15	Tue 4/28/15		Contracting/PR
227	SHP Review Electronic File of PPO Providers	100%	27 days	Mon 2/9/15	Sun 3/15/15		NDPERS
228	Send NDPERS PPO Contract Amendment to Providers	100%	120 days	Mon 12/22/14	Wed 6/3/15		Contracting/PR
229	Mail out Unilateral Agreements	100%	1 day	Wed 6/3/15	Wed 6/3/15		Contracting/PR
230	Mail Out Mutual Agreements	100%	1 day	Wed 6/3/15	Wed 6/3/15		Contracting/PR
231	Provider Relations Conduct follow-up Contract calls	75%	55 days	Wed 4/15/15	Tue 6/30/15		Contracting/PR
232	Configure PPO Network	75%	33 days	Fri 5/15/15	Tue 6/30/15		Contracting/PR
233	Configure Online Provider Directory to Display	85%	81 days	Mon 3/2/15	Fri 6/19/15		Contracting/PR
234	Information Technology	99%	89 days	Mon 3/2/15	Wed 7/1/15		Wyatt Y
235	General	100%	45 days	Mon 3/2/15	Thu 4/30/15		
236	Identify Project Lead and Application Support team	100%	1 day	Wed 3/11/15	Wed 3/11/15		Gail S
237	Identify Project Team Subject Matter Experts	100%	1 day	Mon 3/2/15	Mon 3/2/15		Gail S
238	Review Overall Build requirements	100%	0 days	Thu 4/30/15	Thu 4/30/15		Gail S
239	Complete Build Document	100%	25 days	Fri 3/27/15	Thu 4/30/15		Gail S
240	Create and Customize Build Tracker	100%	23 days	Tue 3/31/15	Thu 4/30/15		Gail S
241	Build	99%	66 days	Wed 4/1/15	Wed 7/1/15		Gail S
242	Custom Extensions	100%	44 days	Wed 4/1/15	Mon 6/1/15		Gail S
243	Utilization Management	100%	66 days	Wed 4/1/15	Wed 7/1/15		Gail S
244	Case Management	100%	44 days	Wed 4/1/15	Mon 6/1/15		Gail S
245	Customer Service Module	100%	66 days	Wed 4/1/15	Wed 7/1/15		Gail S
246	Enrollment File Processing	100%	44 days	Wed 4/1/15	Mon 6/1/15		Gail S
247	Emdeon Integration for EOBs and Ras	100%	64 days	Wed 4/1/15	Mon 6/29/15		Gail S
248	Unit Testing	99%	62 days	Wed 4/1/15	Thu 6/25/15		Gail S
249	Benefits and Custom Extensions	100%	57 days	Wed 4/1/15	Thu 6/18/15		Gail S
250	Referrals (UM)	100%	52 days	Wed 4/1/15	Thu 6/25/15		Gail S
251	Case Management	100%	62 days	Wed 4/1/15	Thu 6/25/15		Gail S
252	Inbound and outbound ANSI transactions	100%	62 days	Wed 4/1/15	Thu 6/25/15		Gail S
253	Custom File Imports	100%	62 days	Wed 4/1/15	Thu 6/25/15		Gail S
254	Benefit accumulation seed processing	100%	62 days	Wed 4/1/15	Thu 6/25/15		Gail S
255	Emdeon File processing testing	100%	57 days	Wed 4/1/15	Thu 6/18/15		Gail S

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task		Manual Task		Progress	
Summary		Manual Summary		Manual Progress	

ID	Name	% Complete	Duration	Start	Finish	Predecessor	Resource Name
256	Integrated Testing	100%	22 days	Mon 6/1/15	Tue 6/30/15		Gail S
257	Health Plan Operations	100%	22 days	Mon 6/1/15	Tue 6/30/15		Gail S
258	Identify Term File	100%	22 days	Mon 6/1/15	Tue 6/30/15		Gail S
259	Health System	100%	22 days	Mon 6/1/15	Tue 6/30/15		Gail S
260	Production Go-Live	100%	1 day	Wed 7/1/15	Wed 7/1/15		Gail S
261	Utilization Management	100%	88 days	Mon 3/2/15	Tue 6/30/15		Tony Tiefenthaler
262	Advanced Notification	100%	44 days	Wed 4/1/15	Mon 6/1/15		
263	Preauthorization	100%	44 days	Wed 4/1/15	Mon 6/1/15		Tony Tiefenthaler
264	Referral Process/Precert, etc.	100%	88 days	Mon 3/2/15	Tue 6/30/15		
265	Referral process - explanation and understanding	100%	16 days	Mon 3/2/15	Fri 3/20/15		SHP/NDPERS
266	UM Team Reviews list of prior-authorizations from	100%	65 days	Wed 4/1/15	Tue 6/30/15		SHP/NDPERS
267	Receive Provider Referrals	100%	62 days	Mon 3/9/15	Mon 6/1/15		Dr. Crandell
268	UM Team Reviews list of referrals from incumbent	100%	65 days	Wed 4/1/15	Tue 6/30/15		SHP
269	Transplants	100%	43 days	Fri 5/1/15	Tue 6/30/15		
270	Incumbent carrier sends list of patients on transplant	100%	43 days	Fri 5/1/15	Tue 6/30/15		SHP
271	Pharmacy	57%	488 days	Mon 12/22/14	Mon 10/31/16		Dr. Crandell
272	Formulary	100%	1 day?	Mon 12/22/14	Mon 12/22/14		
273	Disruption	95%	106 days	Mon 3/9/15	Fri 7/31/15		
274	Pharmacy Team Reviews list of members on	100%	71 days	Wed 3/25/15	Wed 7/1/15		SHP
275	Receive Rx Utilization File from PERS in-house for	100%	27 days	Wed 3/25/15	Thu 4/30/15		SHP
276	Receive and Process Formulary Exception Requests; grand	100%	65 days	Thu 4/2/15	Wed 7/1/15		SHP
277	Pharmacy Team notifies members 1) who need to	100%	21 days	Thu 6/11/15	Thu 7/9/15	274	SHP
278	Handbook	100%	63 days	Mon 3/9/15	Tue 6/2/15		SHP
279	Launch Diabetes copay waiver program with NDPhA -	85%	124 days	Mon 4/13/15	Thu 10/1/15		Dr. Crandell
280	Pharmacy Benefits	33%	220 days	Mon 3/2/15	Thu 12/31/15		
281	SHP review documents/benefit comparison	100%	11 days	Mon 3/2/15	Sun 3/15/15		SHP/ESI
282	ESI Developing Implementation Plan	100%	13 days	Tue 3/3/15	Wed 3/18/15		SHP/ESI
283	Review Enrollment and Eligibility with ESI	100%	1 day	Thu 3/19/15	Thu 3/19/15		IT
284	Built account, copay and benefit structure (BPL)	100%	43 days	Fri 5/1/15	Tue 6/30/15		IT
285	Review Clinical Operation Requirements (standard or	100%	52 days	Fri 3/20/15	Mon 6/1/15		SHP/ESI
286	Transfer of out of pocket maximums	100%	84 days	Mon 3/9/15	Wed 7/1/15		IT
287	Implementing Medicare Part D effective 1/1/2016	10%	84 days	Fri 9/4/15	Wed 12/30/15		SHP/ESI

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task  Manual Task  Progress 
Summary  Manual Summary  Manual Progress 

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource Names
288	Low Income Subsidy (LIS) - Part D	0%	215 days	Mon 3/9/15	Thu 12/31/15		SHP/ESI
289	Member rebate accounts	10%	215 days	Mon 3/9/15	Thu 12/31/15		SHP/ESI
290	Case Management	96%	106 days?	Mon 3/9/15	Fri 7/31/15		Dr. Crandell
291	Clarify Disease Management Programs that need to be	100%	23 days	Mon 3/9/15	Tue 4/7/15		Barb Vandonslear
292	Develop Disease Management Programs that need to	100%	68 days	Fri 3/13/15	Mon 6/15/15		Barb
293	Review Clinical Practice Guidelines for Programs to	100%	30 days	Fri 3/13/15	Wed 4/22/15		Barb Vandonslear
294	Develop Identification Criteria for Programs	100%	37 days	Fri 3/13/15	Fri 5/1/15		Barb Vandonslear
295	Build Identification Queres	100%	68 days	Fri 3/13/15	Mon 6/15/15		Barb Vandonslear
296	Identify Risk Stratification Criteria	100%	57 days	Fri 3/13/15	Fri 5/29/15		Barb Vandonslear
297	Develop Program Toolkits and Materials	100%	37 days	Fri 3/13/15	Fri 5/1/15		Barb Vandonslear
298	Review Accordant Rare Disease Management	100%	18 days?	Wed 4/22/15	Fri 5/15/15		Barb Vandonslear
299	Revise Current Programs to Meet State Requirements	100%	57 days	Fri 3/13/15	Fri 5/29/15		Barb Vandonslear
300	Update Marketing Materials for NDPERS Program	95%	85 days	Fri 3/13/15	Wed 7/8/15		Barb Vandonslear
301	Complete Tapestry Build	100%	80 days	Fri 3/13/15	Wed 7/1/15		Barb Vandonslear
302	Test Tapestry Build	100%	69 days	Fri 3/27/15	Wed 7/1/15		Barb Vandonslear
303	ND PERS review of DM program materials	100%	63 days	Mon 4/6/15	Wed 7/1/15		Barb
304	Enter DM cases into Tapestry for program enrollment	100%	15 days	Thu 6/25/15	Wed 7/15/15	299	Barb Vandonslear
305	Enter CCM/CM/Healthy Pregnancy program cases into	90%	11 days	Wed 7/1/15	Wed 7/15/15	310	Barb
306	Reporting (build or add ability to run all reports for	100%	68 days	Fri 3/13/15	Mon 6/15/15		Barb Vandonslear
307	Obtain a list of current BCBS Disease management	100%	80 days	Fri 3/13/15	Wed 7/1/15		Barb Vandonslear
308	Obtain a list of current BCBS Case Management and	90%	90 days	Fri 3/13/15	Wed 7/15/15		Barb Vandonslear
309	Load DM program members in bWell and Tapestry and	75%	102 days	Fri 3/13/15	Fri 7/31/15		Barb Vandonslear
310	Rare/Complex COM Program	100%	56 days	Wed 4/15/15	Wed 7/1/15		Barb Vandonslear
311	Life Advocate (Member Advocacy Program) Program	100%	51 days?	Wed 4/22/15	Wed 7/1/15		Barb Vandonslear
312	Update and Review program letters	100%	18 days?	Wed 4/22/15	Fri 5/15/15		Barb Vandonslear
313	COI	100%	50 days	Mon 4/6/15	Fri 6/12/15		Trixy
314	Submit to state	100%	50 days	Mon 4/6/15	Fri 6/12/15		Kathy
315	Benefits/Configuration	99%	96 days	Tue 3/3/15	Mon 7/13/15		Lisa
316	Review SBC and COI to define benefits	100%	34 days	Tue 3/3/15	Thu 4/16/15		Jan/Kyle/Trixy
317	Overview with IT to explain benefits	100%	1 day	Mon 4/6/15	Mon 4/6/15		Jan/Kyle
318	Benefit Build	100%	25 days	Mon 4/13/15	Fri 5/15/15	317	Jan/Kyle
319	Testing/Build Changes	100%	26 days	Thu 5/21/15	Thu 6/25/15	318	Jan/Kyle,Pat

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Manual Task

Progress

Summary

Manual Summary

Manual Progress

ID	Name	% Complete	Duration	Start	Finish	Predecessor	Resource
320	✓ Load Accum	100%	1 day	Mon 6/29/15	Mon 6/29/15	319	IT
321	✓ Test	100%	10 days	Tue 6/30/15	Mon 7/13/15	320	Diane
322	Quality Assurance	79%	57 days	Fri 5/15/15	Mon 8/3/15		Lisa
323	✓ Group Setup	100%	16 days	Fri 5/15/15	Fri 6/5/15		Pat/Peggy/Renae
324	✓ Providers/Vendors	100%	22 days	Fri 5/15/15	Mon 6/15/15		Pat/Ronnette
325	✓ Contracts/Fee Schedules	100%	22 days	Fri 5/15/15	Mon 6/15/15		Pat/Ronnette
326	✓ Premium Rate Tables	100%	16 days	Fri 5/15/15	Fri 6/5/15		Pat/Peggy/Renae
327	EE Claims – Post Go Live	25%	57 days	Fri 5/15/15	Mon 8/3/15		Ronnette/New
328	✓ NDPERS conduct a benefit for configuration review	100%	30 days	Fri 5/15/15	Thu 6/25/15		
329	✓ Policy/Benefit Compare Checklist from Trixy	100%	22 days	Fri 5/15/15	Mon 6/15/15		Trixy
330	✓ Benefit Schedule Confirmation to BCBS Policy	100%	22 days	Fri 5/15/15	Mon 6/15/15		
331	Plan Documents/SPDs	100%	117 days?	Mon 12/22/14	Fri 5/29/15		
332	✓ ID Cards	100%	117 days?	Mon 12/22/14	Fri 5/29/15		
333	✓ Plan Document Review	100%	1 day?	Mon 12/22/14	Mon 12/22/14		Kathy, Deb, Rebecca
334	✓ ID Card Templated Approved	100%	21 days	Fri 4/3/15	Fri 5/1/15		SHP/NDPERS
335	✓ Contact Lasermark regarding timeframe for design	100%	11 days	Wed 4/1/15	Wed 4/15/15		
336	✓ ID Card Design	100%	22 days	Wed 4/1/15	Thu 4/30/15		
337	✓ Send communication to Lasermark informing them of	100%	43 days	Wed 4/1/15	Fri 5/29/15		
338	Summary of Benefits & Coverage	100%	21 days	Fri 4/3/15	Fri 5/1/15		SHP
339	Wellness Program	77%	263 days?	Thu 1/1/15	Thu 12/31/15		Lisa
340	Employer based wellness program	100%	84 days	Fri 3/6/15	Tue 6/30/15		SHP/NDPERS
341	✓ Member education topics	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
342	Posters	25%	128 days	Fri 3/6/15	Mon 8/31/15		SHP
343	✓ Emails blasts	100%	128 days	Fri 3/6/15	Mon 8/31/15		SHP
344	✓ Monthly newsletters/coordinators & employee specific	100%	128 days	Fri 3/6/15	Mon 8/31/15		SHP
345	✓ Monthly coordinator calls	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
346	✓ Vouchers	100%	150 days	Fri 3/6/15	Wed 9/30/15		SHP
347	Wellness funding	80%	128 days	Fri 3/6/15	Mon 8/31/15		SHP
348	✓ Lt Gov Award for Worksite Wellness	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
349	✓ Coordinate with Healthy ND	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
350	Coordinator Summer workshops	25%	150 days	Fri 3/6/15	Wed 9/30/15		SHP
351	✓ Coordinator Points – 6000 points on online portal each	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource Names
352	Employee Wellness Incentives	54%	186 days	Mon 3/16/15	Mon 11/30/15		SHP
353	Health Club Credit	90%	121 days	Mon 3/16/15	Mon 8/31/15		SHP
354	COSE Wellness Day	25%	143 days	Mon 3/16/15	Wed 9/30/15		SHP
355	Retiree Wellness Fair	25%	186 days	Mon 3/16/15	Mon 11/30/15		SHP
356	bWell online portal	100%	78 days	Mon 3/16/15	Wed 7/1/15		SHP
357	Explore transition/conversion of existing points from	100%	35 days	Mon 3/16/15	Fri 5/1/15		SHP
358	Health Club Credit Program (\$20/month)	90%	175 days	Thu 1/1/15	Mon 8/31/15		SHP
359	Identify subject Matter Experts	100%	46 days	Mon 3/2/15	Fri 5/1/15		SHP/NDPERS
360	Inventory data on site locations/program types/reward	100%	33 days	Tue 11/17/15	Thu 12/31/15		SHP/NDPERS
361	Create Implementation Plan by Site	100%	1 day	Tue 5/12/15	Tue 5/12/15		SHP/NDPERS
362	Configure Group (site divisions) for rewards platform	100%	12 days	Tue 3/31/15	Wed 4/15/15		SHP
363	Build Rewards Program with SocialWealth (bWell)	90%	89 days	Wed 4/1/15	Mon 8/3/15		SHP
364	Train Wellness Team Program Users & Assign Wellness	80%	11 days	Mon 8/17/15	Mon 8/31/15		SHP/NDPERS
365	Wellness Coach Meet & Greet Meetings scheduled for	100%	33 days	Sat 5/16/15	Tue 6/30/15		SHP/NDPERS
366	Wellness Coach Conference Calls	100%	44 days?	Wed 7/1/15	Mon 8/31/15	358	SHP/NDPERS
367	Health Clubs	91%	121 days	Mon 3/16/15	Mon 8/31/15		
368	Sign NIHCA Agreement	100%	35 days	Mon 3/16/15	Fri 5/1/15		SHP
369	Our IT and NIHCA IT meet to review the operations	90%	66 days	Fri 5/1/15	Fri 7/31/15		SHP
370	Marketing plan in place and reenrollment form	100%	43 days	Fri 5/1/15	Tue 6/30/15		SHP
371	Communicate to NDPERS wellness coordinators	100%	53 days	Mon 4/20/15	Wed 7/1/15		SHP
372	Wellness coordinators push out info to participants	75%	91 days	Mon 4/27/15	Mon 8/31/15		SHP
373	Open Enrollment	100%	22 days	Tue 6/2/15	Wed 7/1/15		SHP
374	ACA/Compliance Activities	59%	402 days	Mon 12/22/14	Fri 7/1/16		
375	Reporting minimal essential coverage (6055)	0%	218 days	Wed 7/1/15	Fri 4/29/16		Lisa C
376	ACA required notices upon loss of coverage for	100%	8 days	Wed 7/1/15	Fri 7/10/15		Lisa C
377	Monitor employer lapse in coverage for change to NGF	75%	263 days	Wed 7/1/15	Fri 7/1/16		Lisa C
378	Complete an annual minimum participation and	100%	96 days	Mon 12/22/14	Thu 4/30/15		Lisa C
379	Provide a stable Grandfathered benefit design by	100%	1 day	Wed 7/1/15	Wed 7/1/15		Lisa C
380	Monitoring of performance guarantees	75%	271 days	Mon 12/22/14	Thu 12/31/15		Lisa C
381	Monitor and address legislative items	100%	1 day	Wed 7/1/15	Wed 7/1/15		Lisa C
382	HSA	100%	133 days?	Mon 12/29/14	Mon 6/29/15		
383	Communication to members	100%	133 days	Mon 12/29/14	Mon 6/29/15		Tammy G

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task  Manual Task  Progress 
Summary  Manual Summary  Manual Progress 

ID	Name	% Complete	Duration	Start	Finish	Predecessor	Resource
384	Letter to Members from NDPERS	100%	16 days?	Mon 6/8/15	Mon 6/29/15		Tammy G
385	Welcome packet to HDHP members from SHP	100%	1 day?	Mon 6/29/15	Mon 6/29/15		Tammy G
386	Workout details regarding members wishing to transfer	100%	118 days	Mon 1/5/15	Mon 6/15/15		Tammy G
387	Value Added Programs	60%	118 days?	Mon 12/22/14	Mon 6/1/15		
388	Grant application and contract	100%	1 day?	Mon 12/22/14	Mon 12/22/14		
389	Enrollment	100%	1 day?	Mon 12/22/14	Mon 12/22/14		
390	Claims processing	100%	1 day?	Mon 12/22/14	Mon 12/22/14		
391	Reporting requirements	50%	1 day?	Mon 12/22/14	Mon 12/22/14		
392	Invoices for grant reimbursement	50%	1 day?	Mon 12/22/14	Mon 12/22/14		
393	RX Disease Management Program (About the Patient)	100%	42 days	Fri 3/6/15	Fri 5/1/15		Dr. Crandell
394	Eligibility reporting	0%	42 days	Fri 3/6/15	Fri 5/1/15		Tammy G
395	Cost share incentive reporting	0%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
396	Administer payment of invoices from NDPERS Cash	0%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
397	About the Patient need to work with NDPharmacy on	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
398	Prenatal Plus conversion to Sanford Healthy Pregnancy	100%	63 days	Fri 3/6/15	Mon 6/1/15		Barb Vandonslear
399	Tobacco Cessation Program	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
400	System for enrollment and processing of claims for	100%	42 days	Fri 3/6/15	Fri 5/1/15		SHP
401	Facilities	98%	56 days	Mon 3/2/15	Fri 5/15/15		
402	Fargo	100%	37 days	Mon 3/2/15	Mon 4/20/15		Trixy/Chris Reiff
403	Office Space	100%	1 day	Mon 3/2/15	Mon 3/2/15		Kurt B/Jeff S
404	Office Build Out	100%	15 days	Tue 3/31/15	Mon 4/20/15		Mike E
405	Data/Phone Network Lines	100%	15 days	Tue 3/31/15	Mon 4/20/15		Todd M
406	Network Switches	100%	32 days	Mon 3/9/15	Mon 4/20/15		Todd M
407	Furniture/Signage	100%	33 days	Fri 3/6/15	Mon 4/20/15		Justin S
408	PC	100%	33 days	Fri 3/6/15	Mon 4/20/15		Todd M
409	Phones/Headsets	100%	33 days	Fri 3/6/15	Mon 4/20/15		Todd M
410	Copiers/Printers/Faxes	100%	33 days	Fri 3/6/15	Mon 4/20/15		Todd M
411	Bismarck	95%	56 days	Mon 3/2/15	Fri 5/15/15		Trixy/Chris Reiff
412	Office Space	75%	9 days	Mon 3/2/15	Thu 3/12/15		Kurt B
413	Office Build Out	75%	45 days	Mon 3/2/15	Thu 4/30/15		Mike E
414	Data/Phone Network Lines	100%	22 days	Wed 4/1/15	Thu 4/30/15		Todd M
415	Network Switches	100%	33 days	Wed 4/1/15	Fri 5/15/15		Todd M
Project: ND Public Employees Retirement Date: Tue 7/14/15		Task	Manual Task	Progress			
		Summary	Manual Summary	Manual Progress			
Page 13							

15

ID	Task Name	% Complete	Duration	Start	Finish	Predecessors	Resource Names
416	Furniture/Signage	100%	45 days	Mon 3/16/15	Fri 5/15/15		Justin S
417	PC	100%	33 days	Wed 4/1/15	Fri 5/15/15		Todd M
418	Phones/Headsets	100%	33 days	Wed 4/1/15	Fri 5/15/15		Todd M
419	Copiers/Printers/Faxes	100%	33 days	Wed 4/1/15	Fri 5/15/15		Todd M
420	Sioux Falls	100%	31 days	Mon 3/2/15	Fri 4/10/15		Trixy/Chris Reiff
421	Office Space	100%	1 day	Fri 3/6/15	Fri 3/6/15		Jason H
422	Data/Phone Network Lines	100%	21 days	Mon 3/2/15	Fri 3/27/15		Wyatt Y
423	Network Switch	100%	21 days	Mon 3/2/15	Fri 3/27/15		Wyatt Y
424	Furniture	100%	25 days	Tue 3/10/15	Fri 4/10/15		Justin S
425	PC	100%	31 days	Mon 3/2/15	Fri 4/10/15		Wyatt Y
426	Phones/Headsets	100%	31 days	Mon 3/2/15	Fri 4/10/15		Wyatt Y
427	Human Resources	99%	139 days?	Mon 12/22/14	Tue 6/30/15		Bill G
428	Recruiting	99%	75 days?	Mon 12/22/14	Wed 4/1/15		HR
429	Hiring % Complete (tracking)	85%	1 day?	Mon 12/22/14	Mon 12/22/14		HR
430	Build job descriptions and post for all jobs in all	100%	1 day	Fri 3/6/15	Fri 3/6/15		HR
431	Determine target hire dates for all jobs	100%	1 day	Fri 3/6/15	Fri 3/6/15		HR
432	Deploy Social Media recruiting tactics	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
433	Facebook	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
434	Linked-in	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
435	Twitter	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
436	Indeed	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
437	Deploy external online postings for all jobs	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
438	Job HQ, Indeed, Job Service	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
439	College Sites/Team ND	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
440	Sanford Health Careers page	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
441	GFMEDC online advertising	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
442	Bisman Online/Craigslist	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
443	Deploy external print ads for jobs	100%	7 days	Fri 3/6/15	Sun 3/15/15		HR
444	Fargo Forum	100%	7 days	Fri 3/6/15	Sun 3/15/15		HR
445	Grand Forks Herald	100%	7 days	Fri 3/6/15	Sun 3/15/15		HR
446	Bismarck Tribune	100%	7 days	Fri 3/6/15	Sun 3/15/15		HR
447	Schedule Career Fairs in Fargo and Bismarck	100%	75 days?	Mon 12/22/14	Wed 4/1/15		HR

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor	Resource Name
448	Job Service ND – Bismarck	100%	1 day	Wed 4/1/15	Wed 4/1/15		HR
449	Bismarck – on site Career Fair	100%	1 day?	Mon 12/22/14	Mon 12/22/14		HR
450	Contact area colleges and universities to advertise	100%	8 days	Fri 3/6/15	Mon 3/16/15		HR
451	Commence sign-on bonus program in Fargo and	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
452	Commence referral bonus program in Fargo and	100%	2 days	Fri 3/6/15	Mon 3/9/15		HR
453	Onboarding	99%	1 day	Thu 1/1/15	Thu 1/1/15		HR
454	Develop streamlined process for offers of	99%	1 day?	Thu 1/1/15	Thu 1/1/15		HR
455	Develop streamlined process for post-offer	99%	1 day?	Thu 1/1/15	Thu 1/1/15		HR
456	Develop streamlined process for Sanford employee	99%	1 day?	Thu 1/1/15	Thu 1/1/15		HR
457	Orientation	99%	42 days	Mon 5/4/15	Tue 6/30/15		Chris R/Kyle F
458	Sanford New Employee Orientation dates	99%	41 days	Mon 5/4/15	Mon 6/29/15		Chris R/Kyle F
459	In-person Sanford Health Plan orientation	99%	42 days	Mon 5/4/15	Tue 6/30/15		Chris R/Kyle F
460	In-person Sanford Health Plan, department specific,	99%	42 days	Mon 5/4/15	Tue 6/30/15		Kyle F
461	Training	99%	42 days	Mon 5/4/15	Tue 6/30/15		Kyle F
462	Following successful completion of Sanford's NEO,	99%	42 days	Mon 5/4/15	Tue 6/30/15		Kyle F
463	Training will include, but not be limited to the	99%	42 days	Mon 5/4/15	Tue 6/30/15		Kyle F
464	Financial	100%	88 days	Mon 3/2/15	Tue 6/30/15		
465	Establish Checking Accounts	100%	24 days	Mon 3/2/15	Wed 4/1/15		Debbie H
466	RBC - Review w/ DOI	100%	88 days	Mon 3/2/15	Tue 6/30/15		Cecily Tucker
467	Premium Billing Configuration	100%	54 days	Wed 4/1/15	Mon 6/15/15		Stacey D
468	Secure Reinsurance	100%	67 days	Mon 3/2/15	Mon 6/1/15		Sarah D
469	Submit Rate Filings	100%	21 days	Thu 3/5/15	Wed 4/1/15		Sarah D
470	Reporting	32%	285 days	Mon 6/1/15	Fri 7/1/16		
471	Financial Reporting	95%	23 days	Mon 6/1/15	Wed 7/1/15		
472	Performance Guarantees	0%	23 days	Tue 9/1/15	Thu 10/1/15		
473	Quarterly Executive Summary and Annual Assessment	0%	23 days	Tue 9/1/15	Thu 10/1/15		
474	Monthly data files through secure file transfer system	100%	23 days	Tue 9/1/15	Thu 10/1/15		
475	Adhoc reporting including cost, utilization and risk	50%	23 days	Tue 9/1/15	Thu 10/1/15		
476	Provide flexible spending account files to NDPERS ADP	100%	23 days	Tue 9/1/15	Thu 10/1/15		
477	Manage & Report NDPERS risk sharing arrangement	0%	23 days	Tue 9/1/15	Thu 10/1/15		
478	Manage & Report NDPERS Cash Reserve Account	0%	23 days	Tue 9/1/15	Thu 10/1/15		
479	Process payments for NDPERS value added programs	0%	23 days	Tue 9/1/15	Thu 10/1/15		

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

21

ID	Task Name	% Complete	Duration	Start	Finish	Predecessor:	Resource Names
480	Billing	0%	23 days	Tue 9/1/15	Thu 10/1/15		
481	Supporting documentation for auditors, claims recap	0%	23 days	Tue 9/1/15	Thu 10/1/15		
482	All funds in the NDPERS account at SHP get interest paid	0%	23 days	Tue 9/1/15	Thu 10/1/15		
483	Risk Sharing arrangement and return of funds if claims	0%	23 days	Tue 9/1/15	Thu 10/1/15		
484	Enrollment discrepancy reports for medical and HSA	100%	23 days	Tue 9/1/15	Thu 10/1/15		

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary



Manual Task



Progress



Manual Summary



Manual Progress



Version 5 (3/26/15)

NDPERS Notifies finalist of intent to contract negotiated

Completed on 1/19/15 ...

Discuss Timelines, introduce

OPS Managers Meeting to discuss internal

Ongoing throughout the implementation

NDPERS

SHP/NDPERS

SHP/NDPERS

SHP/NDPERS

SHP

SHP/NDPERS

NDPERS

NDPERS

NDPERS

Project: ND Public Employees Retirement
Date: Tue 7/14/15

Task

Manual Task

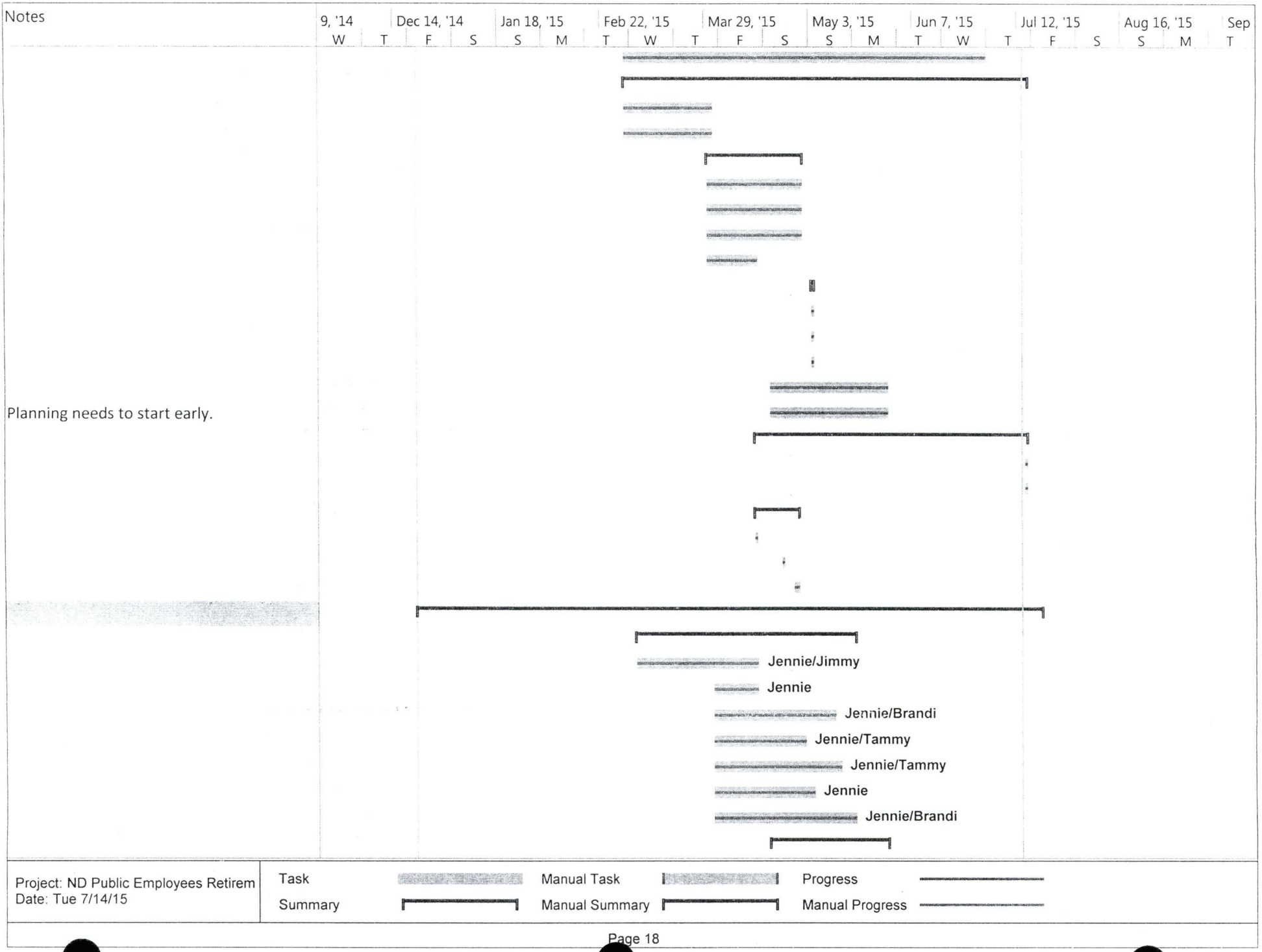
Progress

Summary

Manual Summary

Manual Progress

19



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Page 23

25

Notes	9, '14	Dec 14, '14	Jan 18, '15	Feb 22, '15	Mar 29, '15	May 3, '15	Jun 7, '15	Jul 12, '15	Aug 16, '15	Sep				
	W	T	F	S	S	M	T	W	T	F	S	S	M	T
NDPERS to facilitate receipt of electronic SHP to inventory returned contracts and														
IT Meeting with Operations team IT and Operations sign-off														
CRM Pool for satellite offices. NDPERS														

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task
Summary

Manual Task
Manual Summary

Progress
Manual Progress

Page 24

Notes	9, '14	Dec 14, '14	Jan 18, '15	Feb 22, '15	Mar 29, '15	May 3, '15	Jun 7, '15	Jul 12, '15	Aug 16, '15	Sep				
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92

IT

Diane

Pat/Peggy/Renae

Pat/Ronnette

Pat/Ronnette

Pat/Peggy/Renae

Ronnette/New Hire

Trixy

Kathy, Deb, Rebecca, Brian

SHP/NDPERS

SHP

SHP/NDPERS

SHP

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 SHP

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

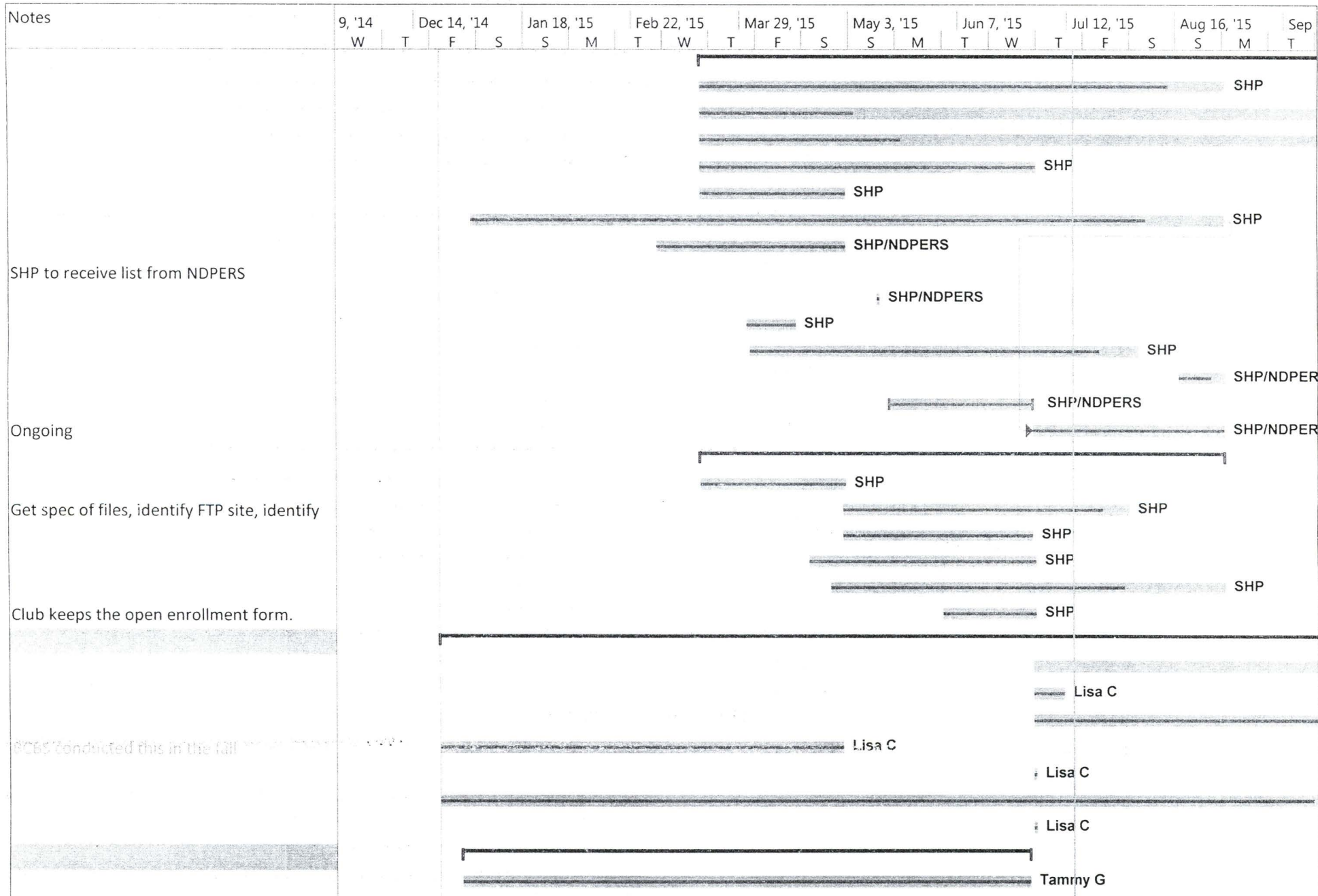
Manual Task

Manual Summary

Progress

Manual Progress

26



Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task Manual Task Progress
Summary Manual Summary Manual Progress

Office space secured

- Available space comes furnished and Network Timeline: 3 weeks... (45 day lead to order and install)
- 4-6 weeks for furniture order... (45 day lead to order)
- 45 day lead to order
- 3-4 week order timeline...

Office space yet to be secured.

- Dependent on details of office space yet to Network Timeline: 3 weeks... (45 day lead to order and install)

Task Dependencies:

- Dr. Crandell (Task 1) is the starting point for several tasks.
- Task 2 (45 day lead to order and install) depends on Task 1.
- Task 3 (4-6 weeks for furniture order...) depends on Task 1.
- Task 4 (45 day lead to order) depends on Task 1.
- Task 5 (3-4 week order timeline...) depends on Task 1.
- Task 6 (Dependent on details of office space yet to Network Timeline: 3 weeks...) depends on Task 1.
- Task 7 (45 day lead to order and install) depends on Task 6.

Manual Progress

20, '15	Oct 25, '15	Nov 29, '15	Jan 3, '16	Feb 7, '16	Mar 13, '16	Apr 17, '16	May 22, '16	Jun 26, '16	Jul 31, '16	Sep 4, '16	Oct 9, '16	Nov	
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Oct 20, '15	Oct 25, '15	Nov 29, '15	Jan 3, '16	Feb 7, '16	Mar 13, '16	Apr 17, '16	May 22, '16	Jun 26, '16	Jul 31, '16	Sep 4, '16	Oct 7, '16	Nov
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Project: ND Public Employees Retirement Date: Tue 7/14/15	Task	<div></div>	Manual Task	<div></div>	Progress	<div></div>
	Summary	<div></div>	Manual Summary	<div></div>	Manual Progress	<div></div>

36

20, '15		Oct 25, '15		Nov 29, '15		Jan 3, '16		Feb 7, '16		Mar 13, '16		Apr 17, '16		May 22, '16		Jun 26, '16		Jul 31, '16		Sep 4, '16		Oct 9, '16		Nov	
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Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

38

20, '15	Oct 25, '15	Nov 29, '15	Jan 3, '16	Feb 7, '16	Mar 13, '16	Apr 17, '16	May 22, '16	Jun 26, '16	Jul 31, '16	Sep 4, '16	Oct 9, '16	Nov
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Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

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IT/Flex

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task		Manual Task		Progress	
Summary		Manual Summary		Manual Progress	

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20, '15	Oct 25, '15	Nov 29, '15	Jan 3, '16	Feb 7, '16	Mar 13, '16	Apr 17, '16	May 22, '16	Jun 26, '16	Jul 31, '16	Sep 4, '16	Oct 9, '16	Nov	
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Project: ND Public Employees Retirem

Date: Tue 7/14/15

Task		Manual Task		Progress	
Summary		Manual Summary		Manual Progress	

Dr. Crandell

SHP/ESI

Project: ND Public Employees Retirem Date: Tue 7/14/15	Task	Manual Task	Progress
	Summary	Manual Summary	Manual Progress

42

43

20, '15	Oct 25, '15				Nov 29, '15		Jan 3, '16		Feb 7, '16			Mar 13, '16		Apr 17, '16			May 22, '16			Jun 26, '16		Jul 31, '16		Sep 4, '16			Oct 9, '16		Nov
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SHP/ESI																													
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Project: ND Public Employees Retirem
Date: Tue 7/14/15

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SHP

SHP

Project: ND Public Employees Retirem
Date: Tue 7/14/15

Task

Summary

Manual Task

Manual Summary

Progress

Manual Progress

44







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SHP

RS

Lisa C

20, '15	25, '15	Nov 29, '15	Jan 3, '16	Feb 7, '16	Mar 13, '16	17, '16	May 22, '16	Jun 26, '16	Jul 31, '16	Sep 4, '16	Oct 9, '16	Nov	
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Project: ND Public Employees Retirem Date: Tue 7/14/15	Task		Manual Task		Progress	
	Summary		Manual Summary		Manual Progress	

46

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20, '15				Oct 25, '15				Nov 29, '15				Jan 3, '16				Feb 7, '16				Mar 13, '16				Apr 17, '16				May 22, '16				Jun 26, '16				Jul 31, '16				Sep 4, '16				Oct 9, '16				Nov			
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Project: ND Public Employees Retirem Date: Tue 7/14/15	Task		Manual Task		Progress	
	Summary		Manual Summary		Manual Progress	

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Project: ND Public Employees Retirement Date: Tue 7/14/15	Task	Manual Task	Progress
	Summary	Manual Summary	Manual Progress

82

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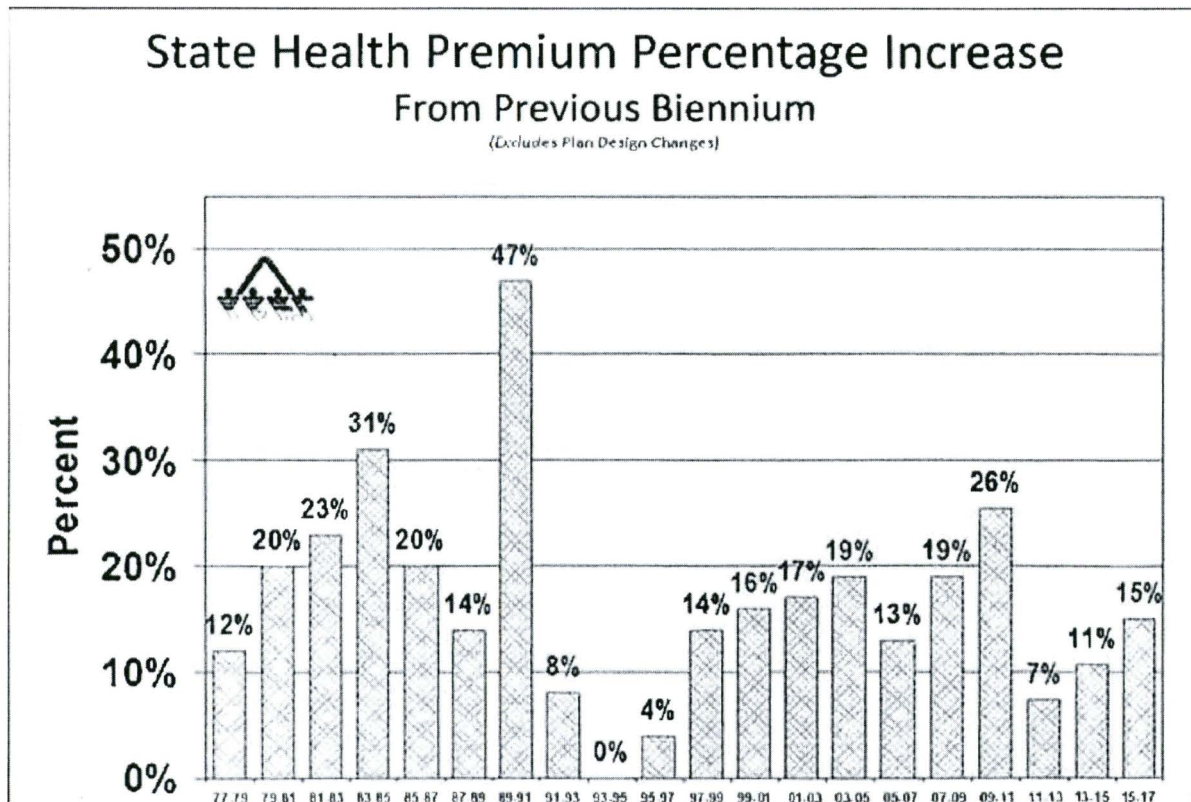
Plan on the best fit.

SANFORD
 HEALTH PLAN

Industry, Business, and Labor Committee Hearing
Rep. George J. Keiser, Chairman
January 25, 2017

Chairman Keiser, members of the IB&L Committee, I am Lisa Carlson, Senior Director of Market Strategy at Sanford Health Plan. I appear before you to oppose HB 1406 and HB 1407 to shorten the fully-insured contract period from 6 years to 2 years.

The PERS health plan will get a rate increase of 8.7% beginning July 1, 2017 (that's a 17.4% increase over the biennium). As a comparison, over the past 12 years, the PERS' rate increases have averaged 7.3% per year, on average. There has been some discussion that Sanford Health Plan underbid the initial PERS contract, however, our bid was within a mere 5% of the incumbent health carrier's bid. The below grid illustrates prior premium increases.



In the past 20 years, PERS has dipped into reserves 6 times with the incumbent carrier, and for the first time with Sanford Health Plan in the 2017-2019 biennium. The below numbers show the amount per contract (policyholder) that the state used from its reserves. The state was under a fully-insured arrangement during this time period.

Biennium	Amount used from Reserves (per contract)	PERS Carrier
1997-1999	\$20.71	Blue Cross Blue Shield
1999-2001	\$9.35	Blue Cross Blue Shield
2003-2005	\$10.00	Blue Cross Blue Shield
2005-2007	\$24.52	Blue Cross Blue Shield
2009-2011	\$0.14	Blue Cross Blue Shield
2013-2015	\$20.04	Blue Cross Blue Shield
2017-2019	\$18.67	Sanford Health Plan

I share this information to frame up a very important conversation about the impact being fully-insured versus self-funded has on the length of the PERS contract. A short 2 year contract period is inconsequential if the contract is self-funded. However, if the contract is fully-insured, the length of the contract period is critical, and a short contract period will adversely affect the State.

Fully-Insured Contract: Today, North Dakota PERS pays Sanford Health Plan on a capitated basis, which means that PERS pays Sanford Health Plan a fixed monthly premium. Because Sanford Health Plan is paid on fixed fee, we are at risk if the health care services cost more than the amount of premiums collected. When PERS uses a fully-insured contract, the state is protected from financial risk (i.e. fluctuations in utilizations, catastrophic claims, etc). For example, Sanford Health Plan's bid may assume we will need \$20M per month to pay claims for 68,000 members. If the members use \$23M worth of claims that month, Sanford Health Plan is at a loss of \$3M dollars.

Self-Funded Contract: Conversely, if the state pursues a self-funded arrangement, the state assumes financial risk. PERS may budget (estimate) that they'll need \$300M per year to pay for claims. If claims come in at \$310M, the state will need to find \$10M to pay those claims. Also, if the legislators' projections/assumptions to set the budget at \$300M per year to pay for claims are off by only 2% on a \$300M cost - that equates to \$6 million of losses to the state. Because the state assumes financial risk, the longevity of the contract is irrelevant, because the state will have to fund the claims every month, through all the highs and lows.

But because North Dakota bids its contracts as fully-insured, the bidder is compelled to ensure it does not lose money in the short 2 year period it has to manage the risk.

- A contract this large takes a significant investment to onboard and transition 68K employees from one carrier to another. Cases being managed by nurses such as members in the middle of chemotherapy, high risk pregnancies, transplants, etc. all need to be carefully transitioned to the new carrier. It takes time to communicate to members to ensure a smooth transition and not disrupt care. Because PERS is a July 1 contract year, members' deductibles and out-of-pocket amounts also need to be carried over from one carrier to another. These tasks cannot reasonably be done in a couple of months without being disruptive to members.
- A 2 year contract will discourage potential bidders on a fully-insured contract. In order to control costs and not lose money on a fully-insured contract, carriers must do care management. Nationally renowned actuarial firm, Milliman Inc., estimates the value of managed care can be worth up to 10% of costs. Managed care savings manifests itself in the forms of: prior authorizations, discharge management, drug compliance, disease management programs, formulary usage, etc.
- A carrier needs time to influence individuals' health. Nurses may not reduce the Hemoglobin A1c in a diabetic in four months, but may get a patient compliant in 18 months, thus getting the patient off expensive medications and leading a healthier life, using less healthcare services.

- With a short, 2 year, fully-insured contract, competing carriers may not bid, or if they do, they would be less likely to be aggressive in the premium rates when they know the program will go out to bid every 2 years.
- Carriers are more likely to be aggressive in their bid when there is enough time to implement their managed care programs to improve health outcomes.
- If there are no competing bidders, the end result will be a single carrier market for PERS, removing competition and possibly dissuading the single carrier from offering competitive, affordable renewals.

Lastly, if this bill is passed, Sanford Health Plan believes it will unconstitutionally impair Sanford Health Plan's existing contract with PERS.

In summary, Sanford Health Plan supports a market that fosters competition and choice for businesses and consumers. Taking a fully-insured contract that currently has a 6 year term and shortening it to 2 years, will only inhibit competition for the PERS program, ultimately driving up costs in the long run.

Thank you for your time and consideration.

Wednesday, January 25, 2017

HOUSE INDUSTRY, BUSINESS & LABOR COMMITTEE
HB 1406 & 1407

CHAIRMAN KEISER AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing on behalf of America's Health Insurance Plans or, as it is commonly known, AHIP. AHIP is the national trade association representing the health insurance industry.

AHIP members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual and small group insurance markets, and public programs such as Medicare and Medicaid.

AHIP respectfully opposes both HB 1406 and HB 1407.

AHIP members are private insurance businesses competing in the world of private industry. As such, AHIP supports a market that fosters competition and choice for businesses and consumers

The North Dakota Public Employee Retirement System (PERS) insures 68K state employees. A client of this size should attract competitive bids from a healthy insurance market. AHIP believes competitive bidding results in the best product for public entities.

However, a contract that size also takes a significant investment on behalf of carriers to onboard and transition 68K employees from one carrier to another. If the legislature were to take action to force the PERS contract to go out for a public bid every 2 years (instead of every 6), this may discourage potential bidders.

A short, 2 year contract will discourage carriers from bidding, or if they do bid, carriers will be less likely to be aggressive with their bid when they know the contract is limited to 2 years. Carriers are more likely to be aggressive in their bid when there is enough time to invest in the relationship.

If there are no competing bidders, the result will be a single carrier market for PERS, removing competition and possibly dissuading even the single carrier from offering competitive, affordable renewals.

We respectfully request a Do Not Pass on HB 1406 & HB 1407.

Thank you for your time and consideration. I'd be happy to answer any questions.

Jan 25

pm

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17.0172.01000

Prepared by Legislative Intern 8
January 25, 2017

PROPOSED AMENDMENT TO HOUSE BILL NO. 1407

- Removing the emergency clause

Page 1, line 3, replace the semicolon after "coverage" with "and"

Page 1, line 3, overstrike "; and to declare an emergency"

Page 2, remove line 20

Renumber accordingly

HOUSE BILL NO. 1407 (2017) - SUMMARY

This memorandum provides a summary of 2017 House Bill No. 1407 (attached). The bill amends North Dakota Century Code Section 54-52.1-05, the section of the law relating to the Public Employees Retirement System (PERS) uniform group insurance program contracts. The PERS uniform group insurance program covers several types of group insurance plans, including hospital benefits, medical benefits, prescription drug coverage, dental insurance plans, vision insurance plans, life insurance plans, long-term care plans, and employee assistance plans.

The substantive amendments to law in this bill are limited to the terms of the contracts for the PERS hospital benefits, medical benefits, and prescription drug coverage--often referred to as a whole as "health benefits coverage." The PERS health benefits coverage plans may be provided through private carriers in a traditional health insurance plan, through a health maintenance organization, or through a self-insurance plan. The PERS health benefits coverage plans are currently being provided through a private carrier as a traditional health insurance plan.

Under current law, the term of a contract for PERS health benefits coverage may not exceed 2 years, and there are statutory provisions directing the PERS Board on how it may renew such a contract. This bill retains the maximum contract term of 2 years, and removes the authority of the board to renew the contract.

The application clause in the bill provides this change in law would apply to any health benefits coverage contract in effect on or entered after the effective date of the bill. In addition, the bill has an emergency clause.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2001-03	\$409	16.9%
2003-05	\$489	19.6%
2005-07	\$554	13.3%
2007-09	\$658	18.8%
2009-11	\$826	25.5%
2011-13	\$887	7.4%
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19 executive recommendation	\$1,249	10.6%

The percentage increase to maintain the existing health insurance plan benefits is 17.4 percent for the 2017-19 biennium. To reduce this percentage increase, the Governor is recommending increasing member out-of-pocket expenses to reduce plan costs by \$49.61 per contract, per month, which would reduce the overall increase by 4.4 percent.

The Governor is also recommending using Public Employees Retirement System (PERS) health insurance reserves to pay an additional \$27.31 of premiums per contract, per month, which would reduce the overall increase by 2.45 percent. The Governor is using approximately \$18.0 million of the estimated \$35.0 million in health insurance reserve funds to reduce the premium rate increase. Of the \$18.0 million utilized, \$10.5 million relates to state employee health insurance plans, \$4.4 million relates to political subdivisions, and \$3.1 million relates to retiree health plans.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.54 per month, or \$18.48 annually.

LIFE INSURANCE

The monthly rate for life insurance provided to state employees remains at \$0.28 per month, or \$3.36 annually.

UNEMPLOYMENT INSURANCE

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum). No unemployment insurance was collected on state employee salaries during the 2013-15 and 2015-17 bienniums.

Change Plan

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2017-19 executive budget.

	General Fund	Special Funds	Total
Salary increase of 1 percent, effective July 1, 2018	\$5,447,422	\$6,411,108	\$11,858,530
Health insurance premium increases	20,924,659	24,626,376	45,551,035
Total	\$26,372,081	\$31,037,484	\$57,409,565

FULL-TIME EQUIVALENT POSITIONS

The 2017-19 executive budget includes a total of 15,937.69 FTE positions, an increase of 4,100.12 FTE positions from the 2015-17 authorized level of 11,837.57 FTE positions. The total number of FTE positions for the 2017-19 biennium now reflects certain higher education positions that were previously not reflected in the budget.

The 2017-19 executive budget recommended FTE level of 15,937.69 is an overall decrease of 551.56 FTE positions compared to the adjusted 2015-17 biennium total, including a decrease of 315.27 FTE positions in higher education and a decrease of 215.61 FTE positions in all other state agencies.

The reduction of 215.61 FTE positions resulted in a decrease of \$29.0 million, of which \$15.9 million is from the general fund.

Major changes in FTE positions, excluding higher education, are as follows:

Agency Increases	2015-17 Authorized FTE Positions	2017-19 Executive Budget	Increase
301 - State Department of Health	365.00	381.00	16.00
530 - Department of Corrections and Rehabilitation	836.29	846.29	10.00
475 - Mill and Elevator Association	147.00	153.00	6.00

Agency Decreases	2015-17 Authorized FTE Positions	2017-19 Executive Budget	(Decrease)
380 - Job Service North Dakota	237.76	181.61	(56.15)
180 - Judicial branch	391.00	354.50	(36.50)
640 - Main Research Center	361.12	336.12	(25.00)
405 - Industrial Commission	121.75	105.25	(16.50)
125 - Attorney General	250.00	234.00	(16.00)
630 - North Dakota State University Extension Service	265.98	252.98	(13.00)
627 - Upper Great Plains Transportation Institute	54.98	43.88	(11.10)
628 - Branch research centers	120.29	110.29	(10.00)

HB 1407 3-2-17 #1 pg 2

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- Change Plan -

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4B 1407

3-2-17 #1 pg 2

TESTIMONY OF NDPERS ENGROSSED HOUSE BILL 1407

Madame Chair, members of the committee my name is Sparb Collins. I am the Executive Director of the North Dakota Public Employees Retirement System (NDPERS). I appear before you today on behalf of the PERS Board and in opposition to this bill. House Bill 1407 would amend Section 54-52.1-05 of the North Dakota Century Code mandating that the term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years. This would require NDPERS to solicit bids for coverage after each biennium contract. I've had the opportunity to review this information with the PERS Board and would like to share with you today some observations. I have also attached a copy of the actuarial/technical report done by our consultant during the interim for the legislative Employee Benefits Programs Committee.

OVERALL CONCLUSIONS AND OBSERVATIONS

- The mandate to go to bid every two years would not have a material actuarial impact on the Health Plan.
- This bill could affect the willingness of new carriers to bid on the plan and could have the unintentional effect of reducing future competition for the NDPERS plan.
- Having a required two-year bid process versus a six-year process could result in carriers being less aggressive in the bids knowing that they would face another bid in two years. A six year process may encourage carriers to invest in the relationship by being more aggressive in pricing and other guarantees.
- There may be concerns with Section 18 of Article I of the North Dakota Constitution relating to impairment of contract.
- The history of the bid process shows that full bids, partial bids and renewals have been used during the past bienniums. It also shows the plan design has changed and NDPERS reserves have been used to mitigate premium increases. As a result, the history does not indicate if any one method is more effective than the others in achieving lower premiums.
- The modified fully insured method has allowed NDPERS reserves to be used to buy down premiums in past bienniums, whereas if the plan were self-insured these funds may be needed to be maintained as plan reserves in compliance with the NDCC-54-52.1-04.3.

- Timing of bids and renewals is different. Bids are generally not completed until February during the legislative session which can affect the budgeting process if premiums come in higher than projected. In the case of renewals, the amount is determined in the September prior to the session and is a fixed maximum number. Consequently, renewals do not have the effect of increasing premiums during the budgeting process, whereas bids may.
- Since bids could benefit from additional months of claims data in determining the premium, the existing renewal process was modified several years ago to have a February re-projection to take advantage of any improvements due to additional months of actual claims data. If the data shows a need for additional funding, the September agreed amount is the maximum. The modified process captures the benefit of a later projection but eliminates the risk of higher premiums.
- The effect on membership should be minimal as a result of bidding the plan more often. However, if the result is changes in the carrier every two years, this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design. During the transfer to Sanford even though the plan design did not change some members experienced the above adjustments.

As noted above this bill was reviewed during the interim by the Legislative Employee Benefits Programs Committee and given an unfavorable recommendation.

Thank you, Madame Chair, members of the committee, this concludes my testimony. If I can assist you with your considerations, please let me know.

Memo

Date: October 24, 2016

To: Senator Krebsbach, Chair
Legislative Employee Benefits Programs Committee

From: Josh Johnson, Pat Pechacek, and Jon Herschbach, Deloitte Consulting LLP

Subject: REVIEW OF PROPOSED BILL 17.0172.01000 REGARDING THE CONTRACT TERM FOR HEALTH BENEFITS COVERAGE ~~HB 1407~~

The following summarizes our review of the proposed legislation.

OVERVIEW OF PROPOSED BILL

The proposed bill would amend Section 54-52.1-05 of the North Dakota Century Code mandating that the term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years. This would require NDPERS to solicit bids for coverage after each biennium contract.

EXPECTED ACTUARIAL IMPACT

We would not anticipate any material actuarial impact due to this amendment.

TECHNICAL COMMENTS

Although we don't feel this amendment would cause any specific actuarial impact to the health insurance program we do feel that there are potential implications to the health plan marketplace in North Dakota which could impact the long term cost of coverage for NDPERS.

North Dakota is a relatively unique health plan market in that there has historically been one major health carrier. Without the leverage of the NDPERS group insurance program it is difficult for other carriers to negotiate competitive provider, facility and pharmacy contracts. As we have seen with the change to Sanford Health Plan in 2015, it takes time for a new carrier to negotiate improved discounts after being awarded the NDPERS business and many provider contract improvements are contingent upon continued coverage of the NDPERS program. Should a bid for the upcoming biennium result in NDPERS program returning to the prior carrier, the market may revert to a one carrier



Official Professional Services Sponsor

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 2

HB 1407 3-2-17 # 2
pg 4

market. While requiring the program to solicit bids every biennium may seem to ensure the program is getting the most favorable financial terms due to frequent competition, it might actually result in the limitation or elimination of competition altogether. While having one major health carrier in the market may provide leverage to allow that carrier to negotiate favorable provider contracts, the lack of meaningful competition removes any pressure for that carrier to do so.

Another aspect to consider is the significant cost and effort of the carrier to implement a large client. We have found that health carriers are less likely to be aggressive with premium rates when they know that the program will go out to bid again in a short period of time. With the chance to retain the business assuming satisfactory performance and costs, carriers can be more willing to invest in the relationship i.e. be more aggressive on their rates and other guarantees. Through past experience we have found that groups who consistently bid out their coverage incur higher costs in the long run due to this. In addition, some carriers may be unwilling to bid at all knowing that the plan will go out to bid after two years.

In addition to our comments above we worked with NDPERS staff to develop additional comments relating to the statutory provisions of the bill, implementation timeframe, bid timeframe, mitigation options and history of the plan.

STATUTORY OBSERVATIONS

As presently drafted this bill has an emergency provision. In addition Section 2 of the bill specifies the Application of the bill. Read together they indicate that if the bill is passed with the emergency clause it would become effective immediately and the board could not sign an agreement to renew the existing contract, which it has already authorized, and instead require NDPERS to solicit bids. The following timeframes are required in the statute:

1. Solicitations must be made not later than ninety days before the expiration of an existing uniform group insurance contract (54-52.1-04 NDCC)
2. Bids for a self-insurance plan are due no later than January first, and must be awarded no later than March first, preceding the end of each biennium. All bids under this section must be opened at a public meeting of the board. (54-52.1-04.2 NDCC)
3. Bids must be solicited by advertisement in a manner selected by the board that will provide reasonable notice to prospective bidders (54-52.1-04 NDCC)

If this bill was to pass with the emergency clause NDPERS may not be able to meet the statutory requirements in #1 depending on the date the bill would be signed into law. In addition, regardless of when the bill would be passed in 2017 NDPERS would not be able to meet the requirements in #2 which could eliminate the possibility of bidding the plan on a self-insured basis for the 2017-2019 biennium.

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 3

There may also be concerns with the interpretation and application of Section 2 of this bill given the restriction in Section 18 of Article I of the North Dakota Constitution relating to the impairment of contracts which states, "No bill of attainder, ex post facto law, or law impairing the obligations of contracts shall ever be passed".

IMPLEMENTATION TIMEFRAME

Given the size and complexity of the NDPERS plan, changing carriers is a significant effort. Attached is the implementation schedule from the recent transition. As this demonstrates, there are many variables that must be worked through to ensure that a transition does not create difficulties in the continuity of care or benefits for participating members. At a minimum, most carriers have indicated that 90 days is necessary, with the NDPERS preference being 120 days or longer, in order to ensure continuity of coverage during the course of the transition.

BID TIMEFRAME

An effective bid process must allow sufficient time for the following:

1. Preparation of the Request for Proposals (RFP)
2. Marketing the RFP
3. Allowing time for interested parties to review the RFP
4. Allowing interested parties to submit questions and receive responses
5. Allowing the interested parties sufficient time to prepare final proposals once questions have been answered
6. Time for review of the proposals by
 - a. Consultant
 - b. NDPERS Staff
 - c. NDPERS Board
7. Allowing time to interview the bidders and get best and final offers.
8. Time for unexpected contingencies. (For example in 2014/15, NDPERS rejected all fully insured bids and rebid it for a second time)

The timeline for the last bid is below. This demonstrates that the process can take over 6 months in the event there is a rebid (this does not include the time to prepare the bid).

- July 9, 2014 – Fully-insured Bid issued
- August 13th – Self-insured Bid issued for medical and prescription drug plans
- September 4th – Fully-insured Proposals Due
- October 10th – Self-Insured Proposals Due
- October 21st – Staff interview with BCBS and Sanford (Fully-insured)

To: Legislative Employee Benefits Programs Committee
 Subject: REVIEW OF PROPOSED BILL 17.0172.01000
 Date: October 24, 2016
 Page 4

- October 23rd – Board Rejects Fully-insured Bids, and issues a new RFP.
- October 29th – Fully-insured RFP released
- November 19th – Fully-insured Proposals due
- November 24th – Staff interview with BCBS and Sanford (Self-Insured)
- November 25th – Staff interview of PBM vendors
- December 4th – approved sending PBM contracts
- December 18th – NDPERS Board reviewed the Health plan bids
- January 2, 2015 – Best and Final Offer (BAFO) responses due
- January 5th – NDPERS Board Interviews BCBS and Sanford (fully-insured)
- January 15th – NDPERS Board interviews PBM vendors
- January 19th – NDPERS Board members and staff conduct a site visit of Sanford Health Plan
- February 5th – NDPERS Board reviews proposals (fully-insured, self-insured, Rx)
- February 13th – NDPERS Board continues its review of proposals (fully-insured, self-insured, Rx)
- February 19th – NDPERS Board awards bid

FULL BIDS VS RENEWALS

Generally full bids occur later and are finalized by February after the development of the Executive Budget thereby allowing for several more recent months of claims data to be used in the premium projection. To the extent that the additional claims data is positive, it may reduce trend, and to the extent it is negative it can increase trend and premium. Also, since the final bid amount is not known until during the legislative session it may be higher or lower than the budget amount in the Executive budget thereby requiring adjustment during the session.

Renewals occur earlier and are finalized by September or October. As a result a final rate is included in the Executive Budget that is fixed as a maximum amount. However, since it is possible that claims data could result in a lower premium, the renewal agreements with BCBS (previous) and Sanford (current) provide(d) for a February re-projection and if the required premium is lower as a result of the additional months of experience, premiums can be reduced. If the amount needed is higher it stays as agreed in the September renewal.

MITIGATION OPTIONS RELATING TO IMPLEMENTATION AND BID TIMELINE

In recognition of the above timelines for implementation and bid process, if this bill did pass with the emergency clause, consideration should be given to providing for processes in order to meet the compressed timeline. For example the bill could provide:

1. An abbreviated bidding process
 - a. Changing the notification process

- b. Recognition that not all vendors will have adequate time to respond
 - c. Automatic certification of existing carrier and previous carrier or closing the process to only existing and previous carrier
 - d. Recognition that not all options can be bid and specifying what options will not be included in the RFP.
2. A mechanism to deal with a late implementation if necessary, such as extending the contract with the existing carrier on a self-insured basis or fully insured if the option to negotiate is available.
3. Funding and funding authorization for a delayed implementation as well as the recognition of potential risk that the extension of the contract with the existing carrier may not be an option on a fully-insured basis. If the contract were extended on a self-insured basis, funding would need to be available to cover claims during this period, taking into consideration that it may not be possible to acquire stop loss insurance for such a short duration or have adequate reserves.

HISTORY OF PAST RENEWALS AND BIDS

Briefly, the history of NDPERS Bids/Renewals is as follows:

- 2016 – Renewal
- 2014 – Full bid
- 2012 – Fully insured bid only (partial)
- 2010 – Fully insured bid only (partial)
- 2008 – Renewal
- 2006 – Renewal
- 2004 – Full bid
- 2002 – Renewal
- 2000 – Renewal
- 1998 – Full bid
- 1996 – Renewal

The following table provides additional detail of the history of the health plan. Please note that since 1994 the plan has had three full bids, two partial bids and seven renewals. Six of the renewals were with BCBS and one is with Sanford. Additionally, note that most years (except the current and upcoming biennium contracts) there were plan design changes or rate buy downs from the NDPERS reserves to reduce the cost of premiums.

To: Legislative Employee Benefits Programs Committee

Subject: REVIEW OF PROPOSED BILL 17.0172.01000

Date: October 24, 2016

Page 6

History of Health Plan Bids/Renewals - fully insured	Consultant	State premium % increase	Plan Changes	Buydown*	Comments
Year					
2016 (2017-19) Renewal	Deloitte	17.40			Renewed with Sanford
2014 (2015-17) Full Bid	Deloitte	15.13			Self Insured Bid released August. Fully Insured bids released in July, decision in February (6-7 months). Received two fully insured bids. One from BCBS (19-20% increase and the other from Sanford (15% increase). Self funded bid estimated to cost 14.9%. Sanford selected
2012(2013-15) Partial bid - Fully Insured Only	Deloitte	10.72		\$5,772,000 (\$20.04 per active contract)	Bid was released in May, Award in Sept (4 months). Partial bid for fully insured product only due to ACA concerns. Received two bids. One from Sanford (25.49% Inc) and the other from BCBS (12.98% Inc). Selected BCBS
2010 (2011-2013) Partial Bid Fully Insured Only	Deloitte	7.40	Additional benefit requirements in the Health Care Reform Bill and the Mental Health Parity Act.		Bid was issued in June, award in Sept (2-3 months). Partial bid for fully insured product only due to ACA concerns. Received one bid from BCBS. Selected BCBS.
2008 (2009-2011) Renewal	GBS	25.50	Eliminated EPO	\$40,000 (\$14 per active contract)	Renewed with BCBS. Plan design changes reduced the carrier rate by about 2%.
2006 (2007-2009) Renewal	GBS	19.00	Increased Cost Sharing		The carrier rate was reduced from 22.9% by approximately 3% in cost shift to members through plan design changes. First \$3 million in risk deposit made.
2004 (2005-07) Full bid	GBS	13.00	Plan design changes added \$1,000 RX coinsurance maximum	\$7,062,000 (\$24.52 per active contract)	Bid was released in May and awarded in Oct (5 months). Approximately \$14.3 million was used to buy down the rate and the Feb reprojction reduced active state rates by about \$5.20 PCPM
2002 (2003-05) Renewal	Deloitte	19.00	Plan design changes	\$2,880,000 (\$10.00 per active contract)	Premium was reduced for two reasons: 1) a gain in the Feb reprojction, 2) changes in the plan design and 3) utilizing reserves to buydown the premium
2000 (2001-2003) Renewal	Deloitte	17.00	Increased Cost Sharing	See comments	Rate was reduced by approx \$7.47 as a result of setting up a reserve account with BCBS and changes in the plan design to increase member out of pocket expenses
1998(1999-2001) Full bid	Deloitte	16.00	Increased Cost Sharing	\$2,693,000 (\$9.35 per active contract)	Bid was released in October and the award was in Feb (5 months)
1996 (1997-1999) Renewal	Deloitte	14.00	Increased Benefits & Lifetime Maximum	\$5,965,000 (\$20.71 per active contract)	Rate was reduced by utilization of reserves

* - Estimated based on 12,000 State budgeted FTE's

EFFECT ON MEMBERSHIP

The effect on membership should be minimal as a result of bidding the plan more often. However if the result was changes in the carrier every two years this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design.

OBSERVATIONS ON RENEWALS AND BIDS:

RFP Process (Full bids)

- RFP's for full bids were done in 1998, 2004 and 2014
- Full bid processes take about 5-7 months (after RFP's were developed). The last RFP took 7 months since more options are now requested in the NDCC.

RFP Process (Partial bids)

- Partial bids were done in 2010 & 2012.
- Partial bids were to continue the existing fully insured contract only and did not include any self-insured arrangements
- Partial bids were done due to the uncertainty of the regulatory environment due to the ACA
- Partial bids took about 3-4 months (after RFP's were developed)

Renewals

- Renewals were done in 1996, 2000, 2002, 2006, 2008 & 2016
- Renewals take about 2-3 months to complete.

NDPERS Reserves

- The existing fully insured contract has a return of premium provision if it is not needed to pay claims
- The existing contract structure with Sanford and previously with BCBS returns premium to NDPERS if expenses are less than premiums. These premium returns have contributed to the NDPERS reserves.
- These reserves have been used to buy down premiums in 97-99, 99-01, 03-05, 05-07 & 13-15 bienniums.
- Since the plan has no substantial risk of loss due to this type of contract, reserves can be used to buy down premiums. If the plan were self-insured the use of reserves would be limited by the requirements in NDCC 54-52.1-04.3 which requires maintaining a minimum reserve level between 2.5 & 4.5 months of claims for adverse risk. This would amount to approximately \$20 million for each month or between \$45 and \$85 million. To the extent this level of reserves is not

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 8

available for a self-insured plan, the board would need to add this to the premium rates to establish the reserves at the required level.

OVERALL CONCLUSIONS AND OBSERVATIONS

- This bill would not have a material actuarial impact on the Health Plan
- This bill could affect the willingness of new carriers to bid on the plan and could have the unintentional effect of reducing future competition for the NDPERS plan
- Having a required two year bid process versus a six year process could result in carriers being less aggressive in the bids knowing that they would face another bid in two years. A six year process may encourage carriers to invest in the relationship by being more aggressive in pricing and other guarantees.
- The emergency provision is in conflict with other timelines in the statute.
- There may be concerns with Section 18 of Article I of the North Dakota Constitution relating to impairment of contract
- If the emergency provision is passed it may not be possible to bid and implement a new plan within the timeframes. Mitigating options may need to be considered and added to the bill.
- The history of the bid process shows that full bids, partial bids and renewals have been used during the past bienniums. It also shows the plan design has changed and NDPERS Reserves have been used to mitigate premium increases. As a result the history does not indicate if any one method is more effective than the others in achieving lower premiums.
- The modified fully insured method has allowed NDPERS reserves to be used to buy down premiums in past bienniums whereas if the plan were self-insured these funds may be needed to be maintained as plan reserves in compliance with the NDCC-54-52.1-04.3
- Timing of bids and renewals is different. Bids are generally not completed until February during the legislative session which can affect the budget process if premiums come in higher than projected. In the case of renewals the amount is determined in advance of the session and is a fixed maximum number. Consequently, renewals do not have an effect on increasing premiums during the budgeting process during the session whereas bids may.
- Since bids could benefit from additional months of claims data in determining the premium, the existing renewal process was modified several years ago to have a February re-projection to take advantage of any improvements due to additional months of actual claims data. If the data shows a need for additional funding the

To: Legislative Employee Benefits Programs Committee
Subject: REVIEW OF PROPOSED BILL 17.0172.01000
Date: October 24, 2016
Page 9

September agreed amount is the maximum. The modified process captures the benefit of a later projection but eliminates the risk of higher premiums.

- The effect on membership should be minimal as a result of bidding the plan more often. However if the result is changes in the carrier every two years this could have an effect on members since networks, formularies and other items may change even though there may not be any changes in the plan design. During the transfer to Sanford even though the plan design did not change some members had the above adjustments.

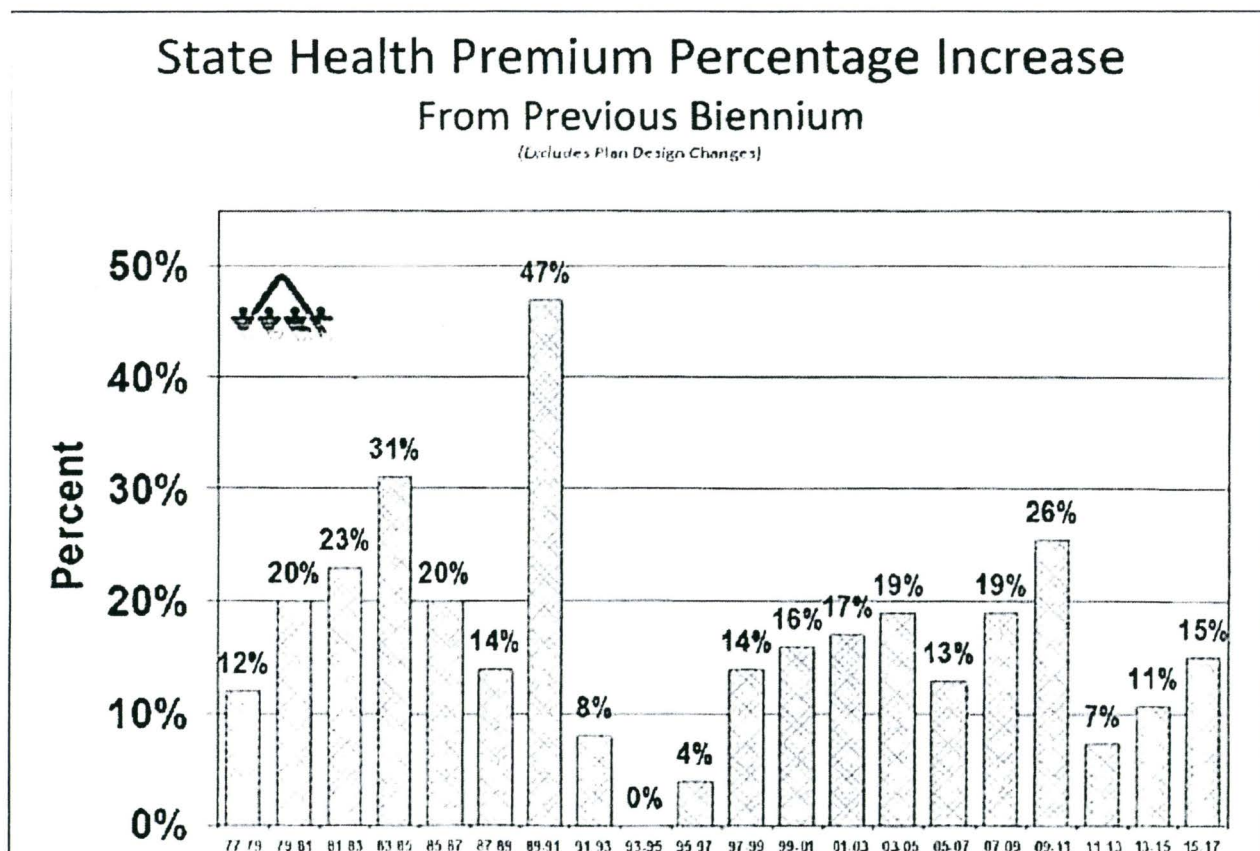
Plan on the best fit.

SANFORD
HEALTH PLAN

Government and Veterans Affairs
Senator Nicole Poolman, Chairwoman
March 2, 2017

Chairwoman Poolman, members of the Government & Veterans Affairs Committee, I am Lisa Carlson, Senior Director of Market Strategy at Sanford Health Plan. I appear before you to oppose HB 1406 and HB 1407 to shorten the fully-insured contract period from 6 years to 2 years.

The PERS health plan will get a rate increase of 8.7% beginning July 1, 2017 (that's a 17.4% increase over the biennium). As a comparison, over the past 20 years, the PERS' rate increases have averaged 7.3% per year, on average. The Sanford Health Plan bid in 2014 was within a mere 5% of the incumbent health carrier's bid. The below grid illustrates prior premium increases.



In the past 20 years, PERS has dipped into reserves 6 times with the incumbent carrier, and for the first time with Sanford Health Plan in the 2017-2019 biennium. The below numbers show the amount per contract (policyholder) that the state used from its reserves. The state was under a fully-insured arrangement during this time period.

Biennium	Amount used from Reserves (per contract)	PERS Carrier
1997-1999	\$20.71	Blue Cross Blue Shield
1999-2001	\$9.35	Blue Cross Blue Shield
2003-2005	\$10.00	Blue Cross Blue Shield
2005-2007	\$24.52	Blue Cross Blue Shield
2009-2011	\$0.14	Blue Cross Blue Shield
2013-2015	\$20.04	Blue Cross Blue Shield
2017-2019	\$18.67	Sanford Health Plan

I share this information to frame up a very important conversation about the impact being fully-insured versus self-funded has on the length of the PERS contract. A short 2 year contract period is inconsequential if the contract is self-funded. However, if the contract is fully-insured, the length of the contract period is critical, and a short contract period will adversely affect the State.

Fully-Insured Contract: Today, North Dakota PERS pays Sanford Health Plan on a capitated basis, which means that PERS pays Sanford Health Plan a fixed monthly premium. Because Sanford Health Plan is paid on fixed fee, we are at risk if the health care services cost more than the amount of premiums collected. When PERS uses a fully-insured contract, the state is protected from financial risk (i.e. fluctuations in utilizations, catastrophic claims, etc). For example, Sanford Health Plan's bid may assume we will need \$20M per month to pay claims for 68,000 members. If the members use \$23M worth of claims that month, Sanford Health Plan is at a loss of \$3M dollars.

Self-Funded Contract: Conversely, if the state pursues a self-funded arrangement, the state assumes financial risk. PERS may budget (estimate) that they'll need \$300M per year to pay for claims. If claims come in at \$310M, the state will need to find \$10M to pay those claims. Also, if the legislators' projections/ assumptions to set the budget at \$300M per year to pay for claims are off by only 2% on a \$300M cost - that equates to \$6 million of losses to the state. Because the state assumes financial risk, the longevity of the contract is irrelevant, because the state will have to fund the claims every month, through all the highs and lows.

But because North Dakota bids its contracts as fully-insured, the bidder is compelled to protect itself from financial loss in the short 2 year period it has to manage the risk.

- A contract this large takes a significant investment to onboard and transition 68K employees from one carrier to another. Cases being managed by nurses such as members in the middle of chemotherapy, high risk pregnancies, transplants, etc. all need to be carefully transitioned to the new carrier. It takes time to communicate to members to ensure a smooth transition and not disrupt care. Because PERS is a July 1 contract year, members' deductibles and out-of-pocket amounts also need to be carried over from one carrier to another. These tasks cannot reasonably be done in a couple of months without being disruptive to members.
- A 2 year contract will discourage potential bidders on a fully-insured contract. In order to control costs and not lose money on a fully-insured contract, carriers must do care management. Nationally renowned actuarial firm, Milliman Inc., estimates the value of managed care can be worth up to 10% of costs. Managed care savings manifests itself in the forms of: prior authorizations, discharge management, drug compliance, disease management programs, formulary usage, etc.
- A carrier needs time to influence individuals' health. Nurses may not reduce the Hemoglobin A1c in a diabetic in four months, but may get a patient compliant in 18

months, thus getting the patient off expensive medications and leading a healthier life, using less healthcare services and fewer prescription drugs.

- Carriers are more likely to be aggressive in their bid when there is enough time to implement their managed care programs to improve health outcomes.
- With a short, 2 year, fully-insured contract, competing carriers may not bid, or if they do, they would be less likely to be aggressive in the premium rates when they know the program will go out to bid every 2 years.
- If there are no competing bidders, the end result will be a single carrier market for PERS, removing competition and possibly dissuading the single carrier from offering competitive, affordable renewals.

Lastly, if this bill is passed, Sanford Health Plan believes it will unconstitutionally impair Sanford Health Plan's existing contract with PERS.

In summary, Sanford Health Plan supports a market that fosters competition and choice for businesses and consumers. Taking a fully-insured contract that currently has a 6 year term and shortening it to 2 years, will only inhibit competition for the PERS program, ultimately driving up costs in the long run.

Thank you for your time and consideration.