

#### PERS BOARD

- SEVEN MEMBERS
  - CHAIR APPOINTED BY GOVERNOR
  - THREE ELECTED BY ACTIVE MEMBERS
  - ONE ELECTED BY RETIRED MEMBERS
  - STATE HEALTH OFFICER
  - ONE APPOINTED BY ATTORNEY GENERAL

# PERS BOARD Jon Strinden Levi Erdmann Joan Ehrhardt Mike Sandal Howard Sage Arvy Smith Tom Trenbeath Chair Elected - Actives Elected - Actives Elected - Retirees Health Officer Attorney General

#### **PROGRAMS**

- RETIREMENT
- **■** GROUP INSURANCE
- FLEX COMP
- EMPLOYEE ASSISTANCE

### RETIREMENT PROGRAMS







#### RETIREMENT

- DEFINED BENEFIT PLANS 5

  Main
  Judges
  National Guard
  Law Enforcement
  Highway Patrol
  Job Service
  OASIS
  DEFINED CONTRIBUTION PLANS 2
  457
  401(a)
  RETIREE HEALTH CREDIT
  ADMINISTRATIVE SERVICES
  PRIOR JUDGES
  JOB SERVICE RETIREE HEALTH CREDIT

#### Retirement Terms

- Actuarial Valuation --
- Actuarial value of assets is a method for valuing assets over a five year p
- Market value of assets the actual value of assets on a given day
- Statutory Rate the employer and employee contribution set in the North Dekota C
- Actuarial Rate the employer contribution for the upcoming year as determined by the actuary be
- Margin The difference

  - 4.12 6.26 = -2.14
     4.12 3.61 = .51

#### **Retirement Equation**

Contributions + Investment = Benefits + Expenses

‡ Economic

Plan return
Salary increases

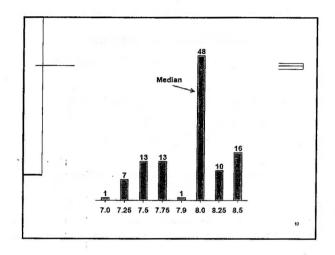
- Experience Study
- Asset Liability Study

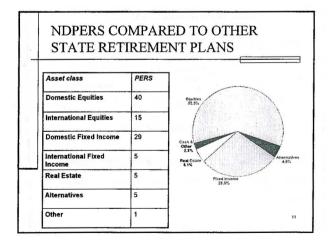
KEY ASSUMPTION

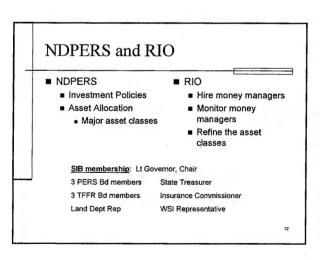
INVESTMENT RETURN

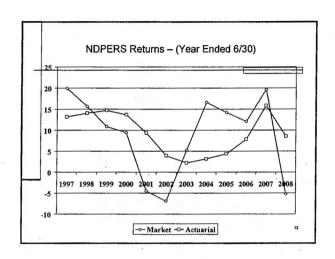
Average return assumption for 127 public plans is 8%

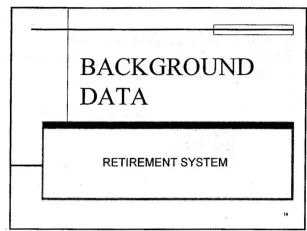
8%

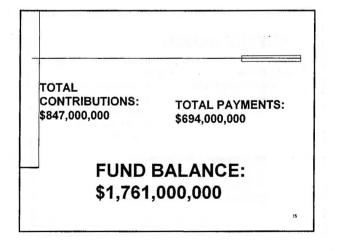


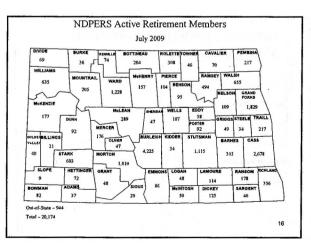


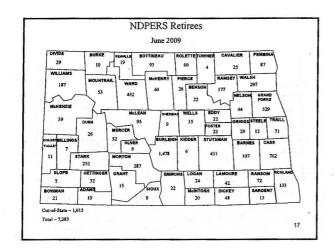


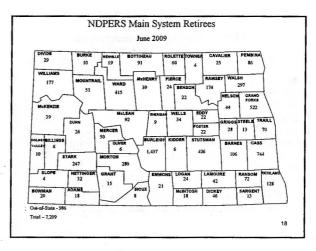


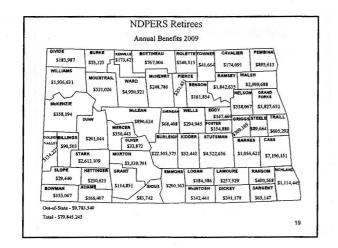


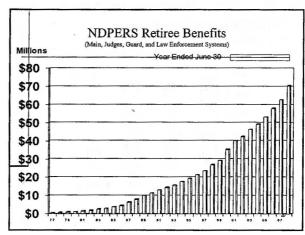


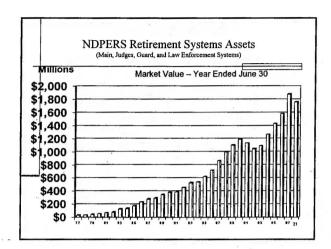


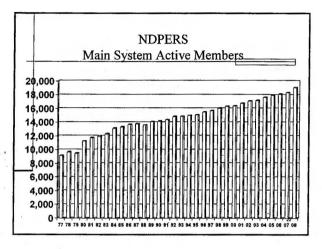


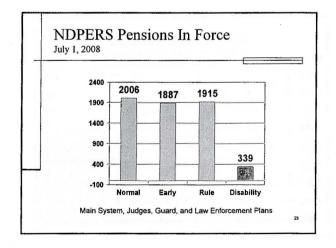


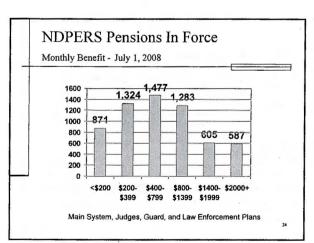


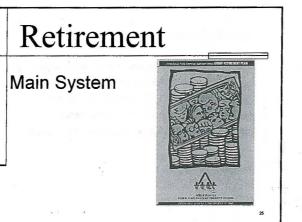


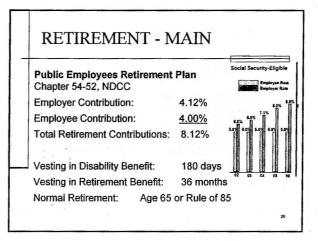


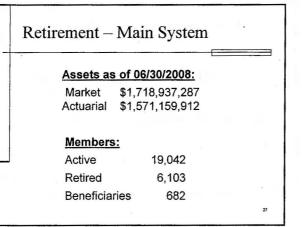


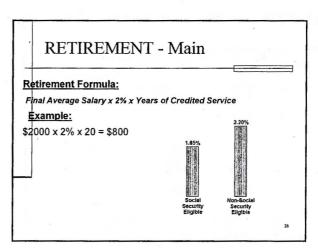












#### PERS - Hybrid Plan

- PEP Portability Enhancement Provision
- Enhancement Provision
  PEP allows the member the option to vest in up to 4.00% of the employer contribution paid into the retirement pool of funds and have this vesting percentage credited to their member account.
  For every dollar you put in a Deferred Compensation plan, NDPERS will transfer one dollar from the retirement pool of funds to your member account balance.



#### Contribution Rate

- Has not increased since inception of plan, in 1989 was decreased by 1% for RHC program
- Is below average for public sector plans
- Effective rate is about 3.80% assuming:
  - 87% of retiree payments go to ND mailing addresses
  - Taxes generated are about \$1,000,000

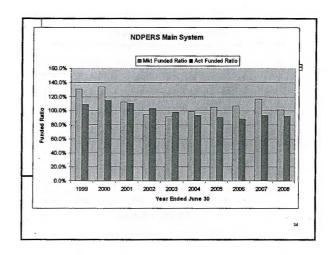
MAINTAIN PURCHASING POWER OF RETIREMENT BENEFITS BY PROVIDING COLA - AD HOC RETIREE ADJUSTMENTS

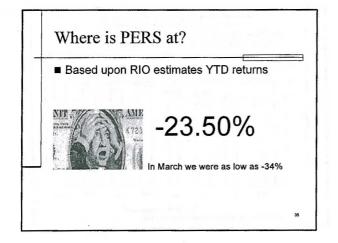
1				L
- 1				1980 Retiree with
- [	Date	Multiplier	Retiree Adjustment	\$500 Benefit
1	7/77	1.04%	1.04%	\$500
	7/83	1.20%	15.38%	\$577
	7/85	1.30%	8.33%	\$625
	7/87	1.50%	15.38%	\$721
	7/89	1.65%	15.76%	\$835
1	7/91	1.69%	2.42%	\$855
	8/93	1.725%	2.00%	\$872
	1/94	1.74%	1.00%	\$881
	8/97	1.77%	5.00%	\$925
	8/99	1.89%	8.00%	\$999
	8/01	2.00%	6.00%	\$1,059

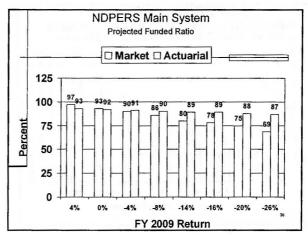
In 2006 there was a 13th check equal to half the monthly payment. In 2008 there was a 13th check equal to 3/4 the monthly payment.

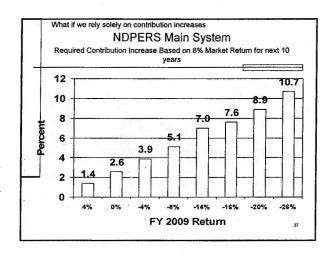
2008 Actuarial Valuation

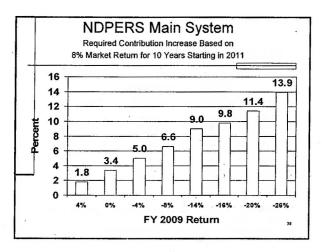
	Actuarial Accrued	Actuarial Value	
	l Liabilities	of Assets	
Year	(millions)	(millions)	Funded Ratio
1999	\$831	\$901	109%
2000	879	1,010	115%
2001	994	1,096	110%
2002	1,087	1,130	104%
2003	1,170	1,145	98%
2004	1,251	1,172	94%
2005	. 1,333	1,210	91%
2006	1,450	1,286	89%
2007	1,576	1,470	93%
2008	1,700	1,571	92%

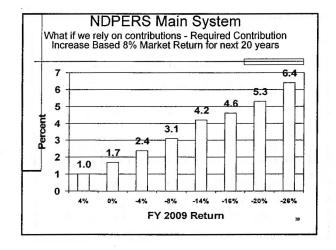


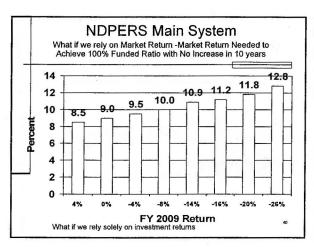


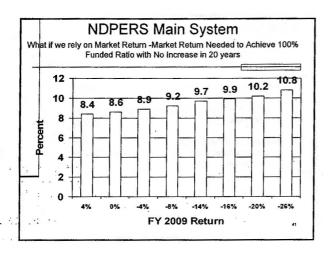


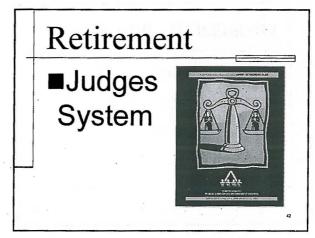












#### Retirement - Judges

Public Employees Retirement Plan-Judge's

Chapter 54-52, NDCC

Employer Contribution:

14.52%

Employee Contribution:

**Total Retirement Contributions:** 

5.00% 19.52%

Vesting in Disability Benefit:

180 days

Vesting In Retirement Benefit:

60 months

Normal Retirement: Age 65 or Rule of 85

#### **RETIREMENT - JUDGES**

#### Retirement Formula:

First Ten Years:

Final Average Salary x 3.5% x First 10 Years of Credited Service

Second Ten Years:

Final Average Salary x 2.80% x Second 10 Years of Credited Service

Remaining Years:

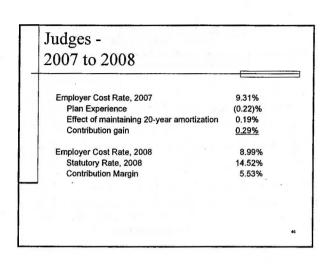
Final Average Salary x 1.25% x Remaining Years of Credited Service

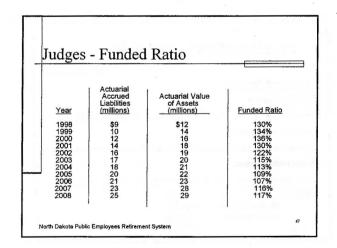
**Example:** \$6861 x 3.50% x 10 = \$2401.35

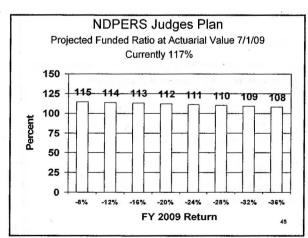
\$6861 x 2.80% x 10 = \$1921.08 \$6861 x 1.25% x 5 =

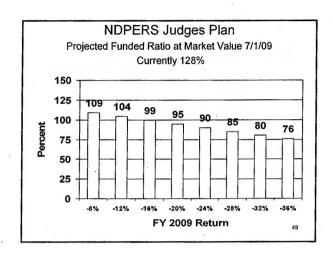
\$ 428.80

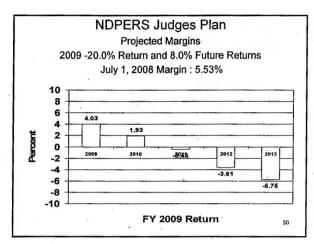
# RETIREMENT - JUDGES Assets as of 06/30/2008: Market - \$31,545,700 Actuarial - \$28,833,710 Members: Active 47 Retired 23 Beneficiaries 7 77





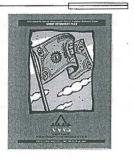






### Retirement

■National
Guard and
Law
Enforcement
Plans



#### RETIREMENT - NATL. GRD.

#### Public Employees Retirement Plan National Guard

Chapter 54-52, NDCC

Employer Contribution:

6.50% of covered payroll

Employee Contribution:

4.00% of salary

Total Retirement Contribution:

10.50%

Vesting In Disability Benefit:

180 days

Vesting In Retirement Benefit:

36 months

Normal Retirement:

Age 55 with 3 years consecutive service as Firefighter or Security Police Officer

National Guard 2005 to 2006

Employer Cost Rate, 2007
Plan Experience (0.13)%
Effect of maintaining 20-year amortization

Employer Cost Rate, 2008
Statutory Rate, 2008
Contribution Margin

3.44%
3.44%
3.06%

Year	Actuarial AccruedActua Liabilities (millions)	rial Value of Assets (millions)	Funded Ratio
1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008	\$1.34 1.61 0.85 1.02 0.94 1.05 1.15 1.36 1.56 1.73	\$1.51 1.81 1.16 1.27 1.31 1.32 1.38 1.46 1.58 1.89 2.05	113% 112% 135% 125% 129% 120% 100% 101% 101%

#### Law Enforcement Plan

- Employee Contribution
  - **4.00%**
- Current Employer Groups
  - 8.31% Employer Contribution
    - Contribution based on Normal Cost and past service credit liability
- New Employer Groups
  - **■** 6.43%
  - Contribution based on Normal Cost and no past service credit liability

#### New Law Enforcement Plan

- Provides for an earlier normal retirement date age 55
- Set up as two systems
  - ■With past service
  - ■Without past service

# New Law Enforcement Plan Number of employer groups: With 9 Without 1 Number of members: With 136 Without 30

### Eligibility

- Peace Officers
  - A public servant authorized by law or government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law.
- Correctional Officers
  - A person who has completed a correctional officer course approved/certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in the North Dakota Century Code section 12-44.1.

Law Enforcement without prior Main Service - 2007 to 2008

Employer Cost Rate, 2007 8.50%
Plan Experience (1.29)%
Effect of maintaining 20-year amortization (0.06)%

Employer Cost Rate, 2008 7.15%
Statutory Rate, 2008 6.43%
Contribution Margin (0.72)%

<u>Year</u>	Actuarial Accrued Liabilities	Actuarial Value of Assets	Funded Ratio
2004	\$10,430 \$86,899	\$11,388 \$42,018	109% 48%
2006	\$123,034	\$73,167	59%
2007 2008	\$367,263 \$368,306	\$127,450 \$175,317	35% 48%

Law Enforcement with prior Main
Service - 2007 to 2008

Employer Cost Rate, 2007 12.39%
Plan Experience 0.94%
Effect of maintaining 20-year amortization (0.15)%
Asset transfer from Main system (4.14%)

Employer Cost Rate, 2008 9.04%
Statutory Rate, 2008 8.31%
Contribution Margin 0.73%

Year	Actuarial Accrued Liabilities	Actuarial Value of Assets	Funded Ratio
2006 2007 2008	\$7.0 \$9.3 \$10.6	\$3.1 \$4.0 \$7.6	45% 43% 72%

### RETIREMENT



HIGHWAY PATROL RETIREMENT SYSTEM

#### Retirement - Highway Patrol

Chapter 39-03.1, NDCC

Employer Contribution:

16.7% of covered payroll

Employee Contribution:

10.3% of salary

Total Retirement Contribution:

27.0%

Vesting In Disability Benefit:

180 days

Vesting in Retirement Benefit:

120 months

Normal Retirement: Age 55 or Rule of 80

#### Retirement - Highway Patrol

#### Retirement Formula:

#### First 25 Years:

Final Average Salary x 3.60% x First 25 Years Remaining Years:

Final Average Salary x 1.75% x Remaining Years

Example: \$3000.92 x 3.60% x 25 = \$2,700.83\*

\*Not eligible for Social Security Benefits

#### Retirement - Highway Patrol

#### Assets as of 06/30/2008:

Market \$55,587,776 Actuarial \$50,808,884

#### Members:

Active 130 Retired 83 Beneficiaries 21

# Highway Patrol Retirement System 2007 to 2008

 Employer Cost Rate, 2007
 15.08%

 Plan Experience
 1.00%

 Effect of maintaining 20-year amortization
 (0.15)%

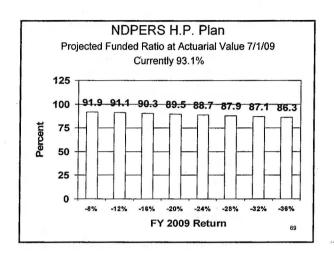
 Contribution Gain
 (0.17)%

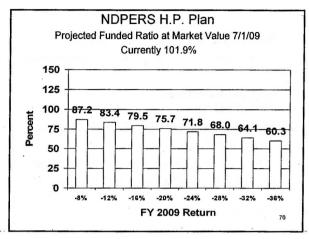
 Employer Cost Rate, 2008
 15.76%

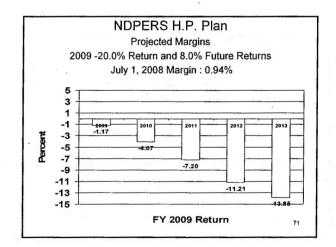
 Statutory Rate, 2008
 16.70%

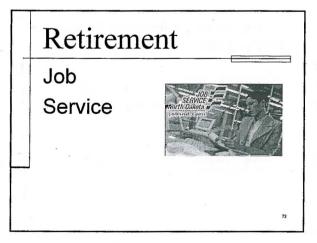
 Contribution Margin
 0.94%

## Highway Patrol Retirement System - Funded Ratio









#### Retirement - Job Service

Employer Contribution:

0% of covered payroll

Employee Contribution:

7% of salary

Total Retirement Contribution:

7%

Vesting In Disability Benefit:

5 years

Vesting in Retirement Benefit:

5 years

Normal Retirement: Age 65

Age 62 with 5 years Age 60 with 20 years

Age 55 with 30 years

#### Retirement - Job Service

#### Retirement Formula:

#### First 5 Years:

Final Average Salary x 1.50% x First 25 Years

#### Next 5 Years:

Final Average Salary x 1.75% x next 5 Years

#### **Remaining Years**

Final Average Salary x 2% x Remaining Years

#### Retirement - Job Service

#### Assets as of 06/30/2008:

Market

\$89,913,883

Actuarial \$77,020,934

Members:

Active

Inactive

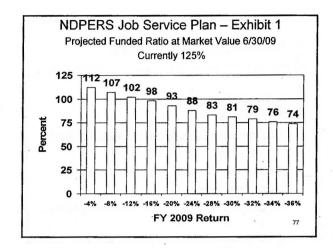
Retired

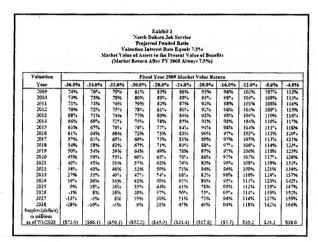
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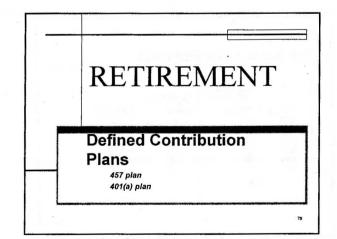
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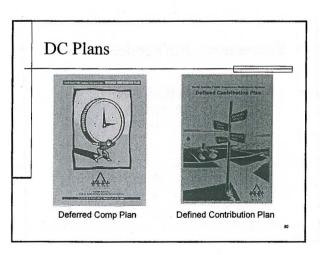
Job Service - Funded Ratio

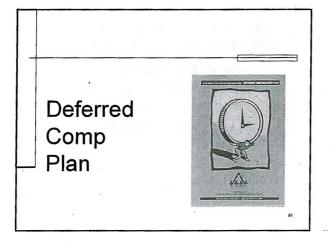
Actuarial Value of Assets (millions) \$57 59 60 61 62 63 70 72 72





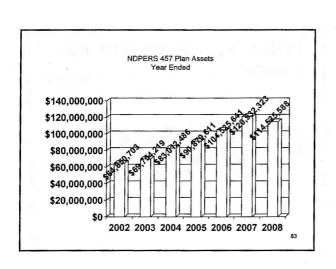


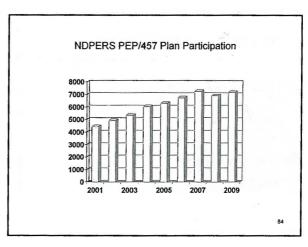


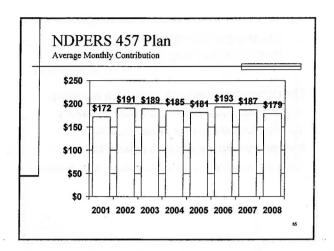


## DEFINED CONTRIBUTION PLAN - DEFERRED COMP PROGRAM

The deferred compensation plan is a voluntary, supplemental retirement plan which allows a member to make pretax deductions from their salary with the intent to receive the deferred amount at a later date, such as retirement.



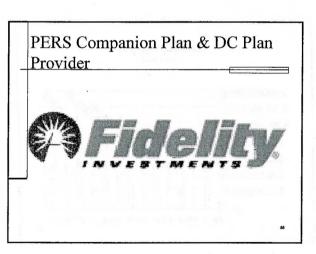




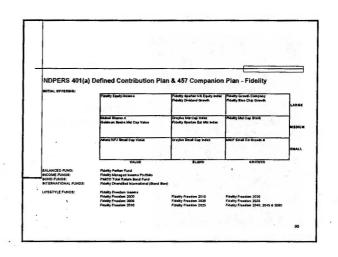
## DEFINED CONTRIBUTION PLAN - DEFERRED COMP PROGRAM

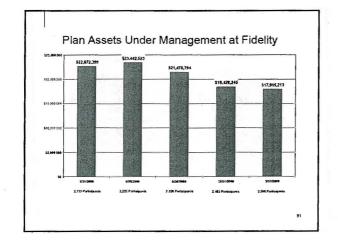
- 11 ACTIVE PROVIDERS
- 250 INVESTMENT PRODUCTS
- 240 AGENTS
- \$114 MILLION IN ASSETS

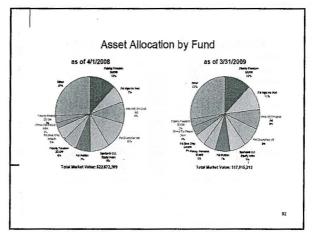


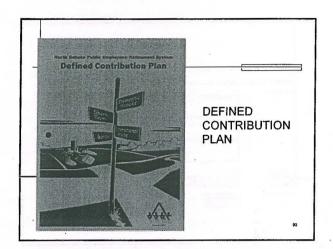


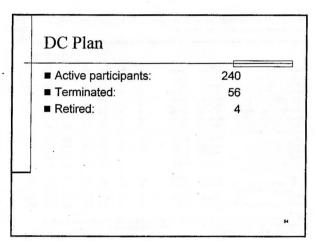
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ed Bossi  Bond-Stee  Lurge Cap  ed Lurge Cap  nd Lurge Cap  nd Lurge Cap  nd Lurge Cap  nd Lurge Cap	20. 40. 20. 10. 61. 60.	N N N N	1.54 -7.79 -11.49 -12.52 -11.94 -10.12	8.82 6.17 1.40 1.11 5.43 II.83	5 63 5 48 8 70 6 27 8 55 7 18	5.05 11.24 13.19 9.29 12.72 15.24	5.45 7.21 5.70 7.13 5.76 4.28
Bond Steel  Large Cap  ed Large Cap  nd Large Cap  nd Large Cap  nd Large Cap  nd Large Cap	98. 26. 12. 01. 02.	N N N	-7.79 -11.49 -12.52 -11.94 -19.12	6.17 1.40 1.11 5.43 11.83	5.48 8.70 6.27 8.55 768	11.24 13 D 9.29 12.72 15.24	721 5 79 7.13 5 76 4.28
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nd Large Cup nd Large Cup	.60	N	-19.EZ	11.83	768	15.24	4.28
nd lange Cup							
	.94	N	-5.48	29.95	14 24	162 27	245
nd Mid Can							
nd Mid Can							
	1.26	×	-3.2	2.91	MB	B.42	20.85
nd Mid Cap	1.07	Y	Ha	192	16.14	13.55	8.58
ed Mid Gap	.51	Y	4.85	256	9.83	15,53	经数
nd Mid Cap	Čį.	Y	.774	5.38	10.17	12 12	248
nei Mid Cap	.96	N	2.13	8.20	E-95	15.14	1939
nd Small Cap	1.07	N	-2.33	6.32	11.72	17.33	E).75
ad Street Cap	16	N	730	41,62	6.94	5.54	8.61
ed Small Cap	3.26	Y	-13.32	2.82	2.15	17.30	63.33
st Foreten	198	Y	2.67	16,43	18.5€	23.23	[3.53
	ad Mid Gap ad Mid Cap ad Small Cap ad Small Cap ad Small Cap ad Small Cap ad Foreign shan 7 days	al Mid Cap 30 al Mid Cap 30 al Mid Cap 36 al Small Cap 157 al Small Cap 126 blan T duys MSIF Small Capo 126 Whitelearnal Provision	al Mid Gap 40 Y et al. Mid Gap 40 Not Can 95 Not at Small Cap 126 Not Small Cap 126 Y et al. Mid	al Maid Gap 10 Y 75% M 512 M 541 Mol Cap 15 N 512 M 57801 Cap 11 N 720 M 58811 Cap 11 N 720 M 58811 Cap 12 G Y 10.52 M 7661 M 10 M	all         Matter Graph         40         Y         724         5.08           all         Mod Care         36         N         5.02         8.09           all         Bread One         1.67         N         5.23         9.03           all         N. Care         1.01         N         7.02         4.82           rd         Small Cap         1.26         Y         10.52         2.48           rd         Phregen         10         Y         2.47         5.05           skan Turn         MSF Stand Company Class R 28 if bell         1.02 </td <td>all         Maid Gosp         20         Y         724         5.08         80.07           all         Mod Guay         35         N         -512         8.56         12.98           all         Bread Coa         L.07         N         -2.38         0.03         11.72           all         Smell Cup         M         N         7.780         4.82         6.94           ct         Small Cup         1.26         Y         -13.52         2.84         E.M           df         Phretign         1.26         Y         -13.52         2.84         E.M           skun 7         All         SSEP Static Company Orwach Class R 2.6 in Public loss than Withdrawn Provincions: Note.         Note: The Public loss than 1.00</td> <td>all         Mad Grap         30         Y         77%         S.38         0.07         EEZ           all         Mod Cast         95         N         -612         S.09         1.29         5.84           all         Bread Chen         LET         N         -2.28         0.23         11.75         2.23           all         Sheed Chen         All         N         -7.79         4.82         6.94         56.44           all         Sheed Chen         1.26         Y         -13.53         2.84         E.84         E.50           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         &lt;</td>	all         Maid Gosp         20         Y         724         5.08         80.07           all         Mod Guay         35         N         -512         8.56         12.98           all         Bread Coa         L.07         N         -2.38         0.03         11.72           all         Smell Cup         M         N         7.780         4.82         6.94           ct         Small Cup         1.26         Y         -13.52         2.84         E.M           df         Phretign         1.26         Y         -13.52         2.84         E.M           skun 7         All         SSEP Static Company Orwach Class R 2.6 in Public loss than Withdrawn Provincions: Note.         Note: The Public loss than 1.00	all         Mad Grap         30         Y         77%         S.38         0.07         EEZ           all         Mod Cast         95         N         -612         S.09         1.29         5.84           all         Bread Chen         LET         N         -2.28         0.23         11.75         2.23           all         Sheed Chen         All         N         -7.79         4.82         6.94         56.44           all         Sheed Chen         1.26         Y         -13.53         2.84         E.84         E.50           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.21         8.36         0.21           all         Sheed         2.22         3.60         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         0.22         8.36         <

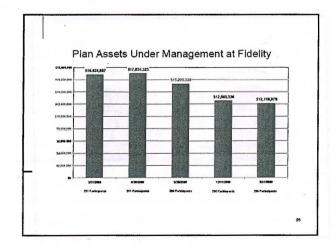


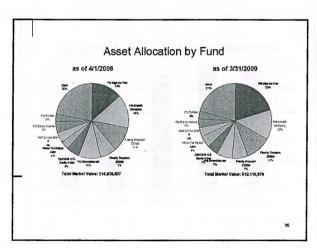


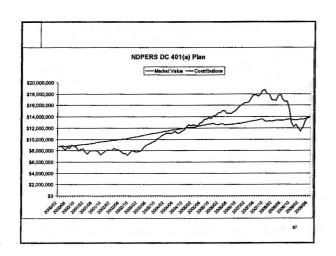


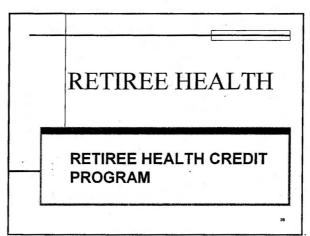












#### RETIREMENT - RETIREE HEALTH CREDIT PROGRAM

Main System
Highway Patrol
National Guard
Judges
Defined Contribution

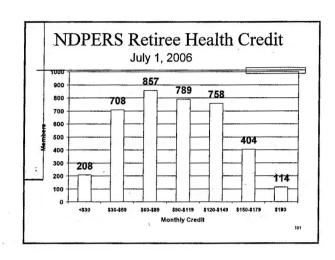
RETIREMENT - RETIREE HEALTH CREDIT PROGRAM

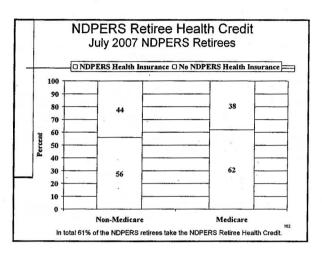
#### **BENEFIT FORMULA:**

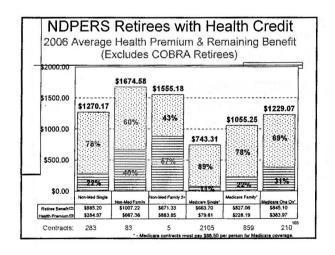
\$4.50 for each year of credited service Example: \$4.50 x 25 = \$112.50

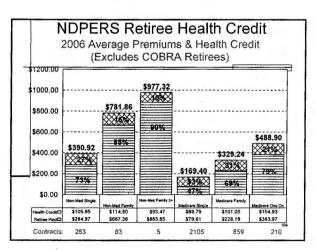
#### CONTRIBUTION

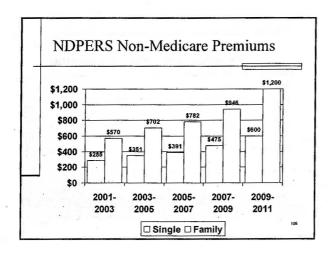
1% of payroll

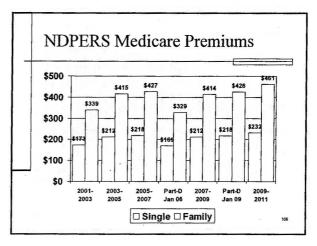




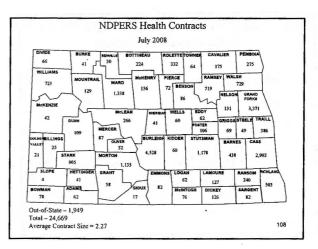


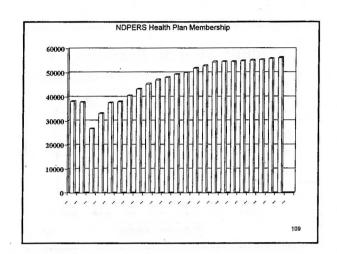


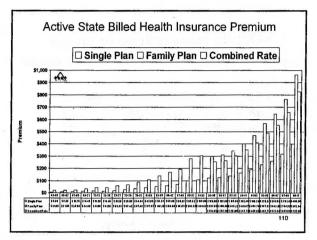


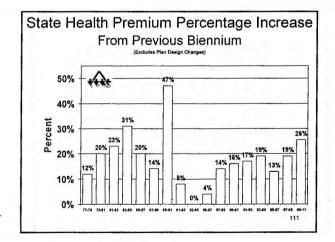












- 5	Total Budget Appropriation	FTE	Health Premium	Health Plan Appropriation	% of Total Appropriation s
1991-93	2,771,064,605	8,179	\$254.00	\$49,859,184	1.80%
1993-95	2,935,767,081	8,216	\$254.00	\$50,084,736	1.71%
1995-97	3,107,356,520	8,024	\$265.00	\$51,032,640	1.64%
1997-99	3,347,823,922	8,118	\$301.00	\$58,644,432	1.75%
1999-01	3,767,007,536	8,400	\$349.72	\$70,503,552	1.87%
2001-03	4,325,559,659	8,538	\$409.09	\$83,827,450	1.94%
2003-05	4,587,351,203	8,392	\$488.70	\$98,428,090	2.15%
2005-07	5,186,963,789	8,438	\$553.94	\$112,179,497	2.16%
2007-09	5,843,419,715	8,808	\$658.08	\$139,111,900	2.38%
2009-11*	6,930,935,156	8,987	\$825.66	\$178,080,198	2.57%

NDPERS Active F	dealth Insurance	o Out-Of-Por	ket					
July-June Fiscal			-					
	2001	2002	2003	2004	2005	2006	2007	2008
Active Contracts	16,565	17,253	17,632	17,573	17,889	18,114	18,303	18,589
Deductibles	\$2,307,596				\$5,080,986			
Coinsurance	\$5,427,972					\$11,358,692		
RX Sanctions	\$0	\$0						
Copayments	\$5,188,715	\$8,445,132						
Exceed Max	\$247,044	\$361,158			\$550,479		\$549,843	
Exclusions	\$1,500,268							
TOTAL	\$15,731,595	\$19,638,986	\$21,680,581	\$26,035,349	\$26,726,314	\$27,428,730	\$28,256,947	\$36,645,143
Per Contract	\$950	\$1,138	\$1,230	\$1,482	\$1,494	\$1,514	\$1,545	\$1,971
						¥	1.5	

#### **Basic Health Equation**

Units of \* Cost - Out of / Number of = Premium service per unit pocket Contracts

-Wellness Programs .PPO •Deductibles ·Disease Mgt •Employer Medical Review •Employee

\$1,000,000(cost) / 166(contracts /12(months) = \$502 per Month

#### Members

#### **Basic Utilization Equation**

		% of	9	6 of Charge	es
NDPERS PAID	% Members	NDPERS Paid	Plan	Member*	Other**
\$0	10.7%	0.0%	0%	11%	89%
\$1 - \$499	41.9%	3.5%	21%	10%	69%
\$500 - \$999	13.6%	4.2%	27%	11%	62%
\$1000 - \$2119	13.9%	8.7%	23%	8%	69%
\$2120+	20.0%	83.6%	45%	5%	50%
* - Includes Deductibles ** - Includes Fee Sched		payments other payers, non-covered,	etc.		

20% of NDPERS members account for 84% of Health Plan medical expenses. 80% of NDPERS members account for 16% of Health Plan medical expenses.

10% of NDPERS members account for 71% of Health Plan medical expenses. 90% of NDPERS members account for 29% of Health Plan medical expenses, 115

#### Contracts

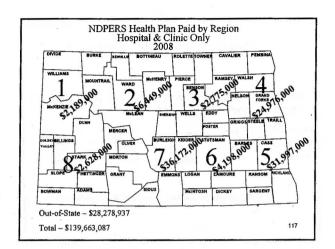
#### **Basic Utilization Equation**

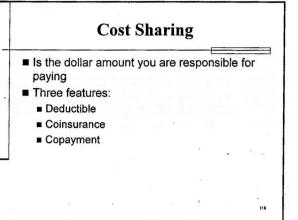
		% of	. 9	6 of Charge	es
NDPERS PAID	% Contracts	NDPERS Paid	Plan	Contract*	Other**
\$0	3.3%	0.0%	0%	7%	93%
\$1 - \$999	32.7%	2.4%	16%	8%	76%
\$1000 - \$1999	17.0%	4.5%	20%	7%	73%
\$2000 - \$2999	10.6%	4.7%	21%	7%	72%
\$3000 - \$3999	7.2%	4.5%	27%	8%	65%
\$4000 - \$4999	4.6%	3.7%	29%	8%	63%
\$5000+	24.7%	80.2%	48%	5%	47%

\* - Includes Deductibles, Coinsurance, and Copayments
- Includes Fee Schedule, UCR, Discounts, other payers, non-covered, etc.

20% of NDPERS Contracts account for 75% of Health Plan medical expenses. 80% of NDPERS Contracts account for 25% of Health Plan medical expenses.

10% of NDPERS Contracts account for 60% of Health Plan medical expenses. 90% of NDPERS Contracts account for 40% of Health Plan medical expenses 116





#### **Definitions**

- <u>Deductible</u> specific dollar amount you are responsible to pay for services before your health plan begins to pay.
- Coinsurance the percentage you pay for covered services after the deductible has been met.
- <u>Copayment</u> the amount you pay each time you seek medical care.
- <u>Total Out of Pocket Maximum</u> ~ is the sum of your annual deductible and coinsurance maximum amounts.

urance maximum amounts.

BCBS Bid

Renewal Bid

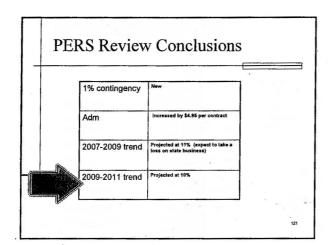
\$846.64

\$188.56

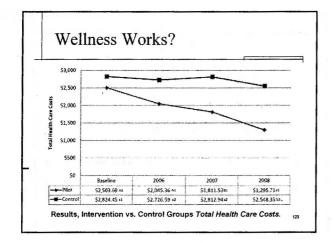
Present Rate
\$658.08

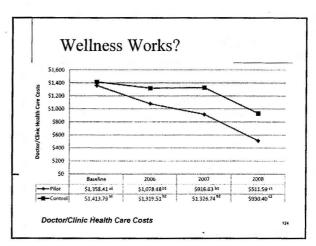
Expected
\$794.61 to \$831.21

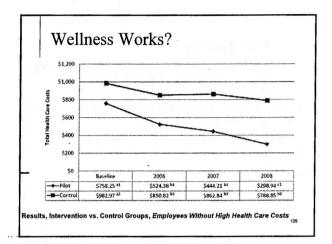
\$15.43

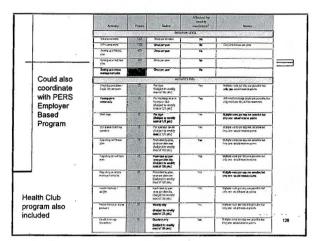


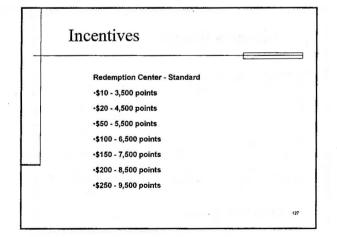
# Future Increase 10% trend could mean a 20% to 25% increase again This would be a significant increase for our active group Combined with retirement this would be dramatic

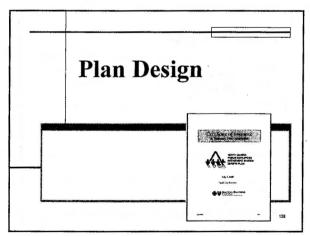












#### **EPO Elimination**

- Reason to eliminate:

  Providers were enrolled who agreed to share risk sharing

  - agreed to share risk sharing In so doing the provider had an incentive to manage care Members were encouraged to go to providers who agree to participate Providers have withdrawn from all risk sharing Funds could be used to provide benefits to all members such as immunization & preventive screening that could have a more direct benefit on plan health
- Concerns with elimination
  50% of active employees are in a EPO and will loss that benefit
  EPO participation uses a contingent on being in the PPO. EPO was the reason some providers joined. Without EPO they could withdraw.

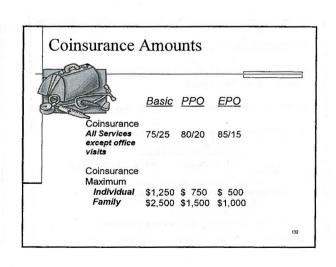
Deductible (Non-Physician Services ONLY)

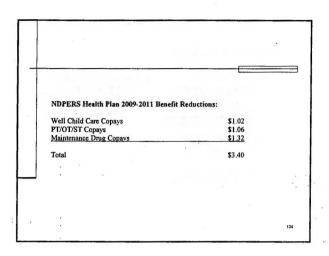
Basic PPO EPO

Individual \$400 \$400 \$200

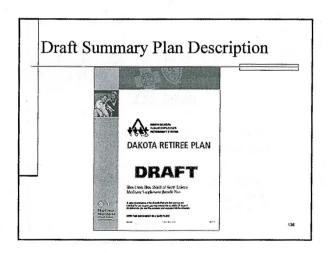
Family \$1200 \$1200 \$600 (3 or more)

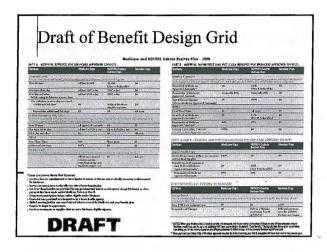
#### Co-payment Amounts Basic PPO EPO Office Visit \$30 \$25 \$20 (No limit) Emergency \$50 \$50 \$50 Room (No limit)

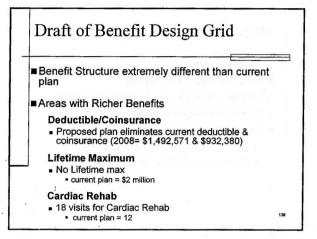


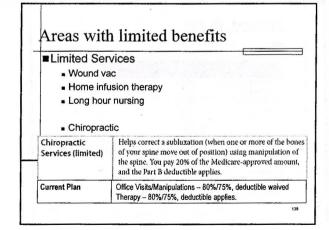


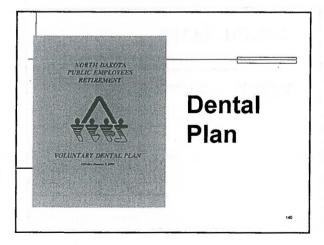
# General Items ■ Proposed Plan - mirrors Plan F benefit design with no variations [not a Qualified Plan F product] ■ Medicare Retirees must have BOTH Part A & B ■ Benefit structure is <u>very</u> different than current plan ■ Follows Medicare and Plan F guidelines for benefits ■ IF Medicare denies, this plan will deny ■ Medicare makes changes to benefits at the beginning of each CY ■ 01/01/10 changes would be incorporated ■ Does not automatically coordinate benefits ■ Member responsible to re-file claims for coordination ■ in 2008, COB was only \$7,492 ■ Overall benefit design is richer than current plan











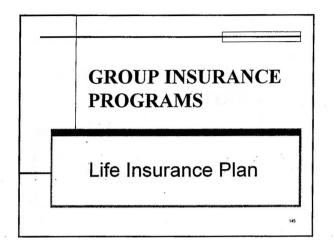
#### DENTAL PLAN

- Started in 1997
- Fully insured with Reliastar
- Available to state employees and retirees
- Changed carriers in 2007
- Now fully insured with Cigna
  - Current rate expires December 2009
  - Renewed for 2010 7% increase

	TOTAL FOR ALL OF NDPERS	TOTAL RETIREE	TOTAL ACTIVE EMPLOYEES	RETIREES AS PERCENTAGE OF PLAN
		-		775
- 16.0				
EMPLOYEE ONLY	2,259	794	1,465	18.
EMPLOYEE AND SPOUSE	878	299	579	7.
EMPLOYEE AND CHILDREN	276	3	273	
EMPLOYEE AND FAMILY	809	13	796	
TOTAL FOR ALL OF NDPERS	4,222	1,109	3,113	26.

#### **DENTAL RATES** The following monthly premiums apply January 1, 2009 through December 31, 2009: COBRA Premium \$35.80 \$69.12 \$80.21 \$113.53 Active Premium \$35.10 \$67.76 \$78.64 \$111.30 Level of Coverage Individual Only Individual & Spouse Individual & Child(ren) Family

**DENTAL PLAN** FC\* other place deductable Strates plea deducate



# Basic Life If your employer is participating in the NDPERS Life Insurance Program, you will receive basic life insurance coverage in the amount of \$1,300. The premium is \$0.28 a month and is paid by your employer.

# Types of Coverage

- Supplemental Life
  - Pretax first \$50,000
- Dependent Life
  - **\$2,000/\$5,000**
- Spouse supplemental coverage
- AD&D coverage
- Accelerated Life Benefit

Amount of Coverage - June 2009

Basic	\$27,628,900
Supplemental	\$910,109,300
Dependent	\$26,836,000
Spouse	\$198,140,000

#### **New Carrier**

- ING since 1998
- Prudential is new carrier effective July 1,
  - Prudential's price was about 10% lower overall.
- GASB -- OPEB
  - Retiree rates were .28 cents for basic coverage
  - Implicit subsidy
  - Rates updated to eliminate subsidy

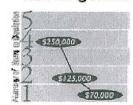
LONG TERM CARE

**GROUP INSURANCE** 

**PROGRAMS** 

#### Long Term Care Insurance

#### How Long Would Your Assets Last?\*



How quickly would your assets disappear without long term care insurance? Based on the average yearly cost of nursing home care,\* a portfolio of \$250,000 would be depleted in less than five

\*"Most Americans Unprepared for Long-Term Care Costs." AARP News Release, December 20, 2001.

#### Long Term Care Plan

#### LEVELS OF CARE

- · Nursing Home/Long-term Care Facility \$3,000 monthly benefit
- Assisted Living Facility \$1,800 monthly benefit
- · Professional Home Care \$50 daily benefit
- · Total Home Care \$1,500 monthly benefit

#### BENEFIT DURATION Lifetime Maximum

3 years, \$108,000 5 years, \$180,000

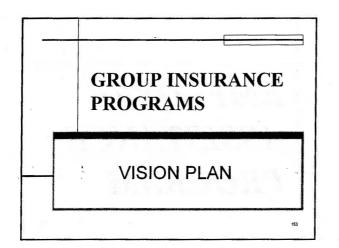
\*Bank of dollars depletes as you receive benefits.

Additional Plan Features:

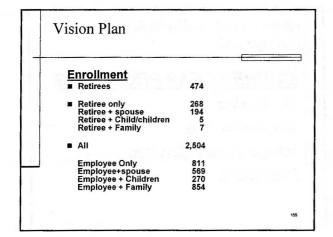
Paid-up Features
Protection for non-payment of premium.
Coverage must be in force for 5 years.

Inflation Protection
Protects benefit from inflation.

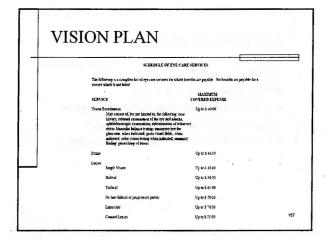
Increase equal to 5% of original benefit.



# DENTAL PLAN Started in 1997 Fully insured with Ameritas Available to state employees and retirees Current rate expires December 2009 Renewed for 2010 – No increase in rates



The following monthly prem	niums apply January 1	, 2009 through December 31,	200
Level of Coverage	Active Premium	COBRA Premium	
Individual Only	\$ 5.16	\$ 5.26	
Individual & Spouse	\$10.32	\$10.53	
Individual & Child(ren)	\$ 9.40	\$ 9.59	
Family	\$14.56	\$14.85	



# EMPLOYEE ASSISTANCE PROGRAM

# EMPLOYEE ASSISTANCE PROGRAM

The EAP is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of treatment to employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems. This assistance is rendered for a specified number of visits and the EAP is responsible for recommending further referrals to clinical or supportive organizations and medical professionals if necessary. They also conduct educational seminars and provide informational brochures.

EMPLOYEE ASSISTANCE PROGRAM

#### **CURRENT EAP PROVIDERS**

St. Alexius Medcenter One Village Family Services Deer Oaks

#### Agency based selection process

- PERS bids the services
- PERS certifies those meeting the minimum requirements
- Agencies select vendors from list

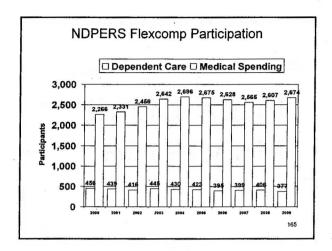
# FLEX COMP PROGRAM

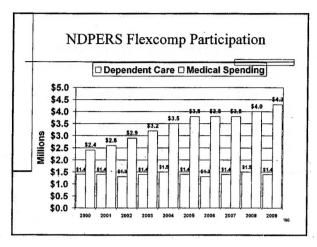
#### FLEX COMP PROGRAM

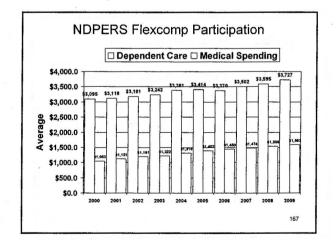
The FlexComp Plan is administered in accordance with Internal Revenue Code Section 125. It is a voluntary benefit program that allows you to set aside a portion of your salary before state and federal taxes are deducted and have it credited to accounts from which you may draw Tax Free reimbursements to pay for eligible out-of-pocket medical and dependent care expenses. You may also have certain eligible payroll deducted insurance premiums deducted on a pre-tax basis. The Plan Year begins on January 1 and ends on December 31.

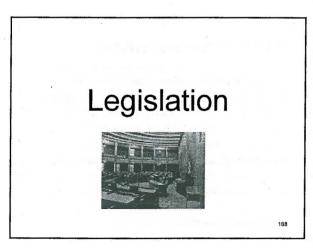
#### FLEX COMP PROGRAM

- THREE TYPES OF ACCOUNTS
  - ■MEDICAL
  - **■**DEPENDENT CARE
  - **■PREMIUM CONVERSION**
  - ■Use it or lose it









SB 2150— This bill proposed numerous administrative and technical changes as well additional options for the PERS and HP retirement plans

- · Graduated benefit option
- · Eligibility for the PERS board
- · Eligibility for SIB
- · Update federal compliance

 $HB\ 1121-$  This bill proposed a percentage increase and 13th check adjustment for PERS & HP retirees that is funded from earnings for the 13th check and from a one time 2 year increase in employer contributions

- · 2% COLA in Jan of 2011 funded by an increase in employer contributions for 2 years
- · 13 check if the following are meet:
  - 50% if 8% return and funded status at market is 105%
  - 75% if 9% return and funded status at market is 110%
  - 100% if 10% return and funded status at market is 115%
- · Optional for Pol. Subs.
- · Proposed an amendment to bill to increase employer contribution

170

HB 1120- This bill proposed to change the PreMedicare calculation method to reduce the cost for these retirees and members (PERS, TFFR, TIAA-Creff, HP, Job Service and former legislators)

Proposals

1. State law presently sets the premedicare rate as:
a. For single plans it is 150% of the state single rate
b. For family plans of 2 it is 2 times the single rate (set in a)
c. For family plans of 3 or more it is 2.5% times the single rate (set in a)
The proposed change in this section would change the 150% to 125%
thereby reducing the premedicare rates. This will increase the active rates
and have an effect on the OPEB liability that will be determined in the
actuarial review actuarial review.

2. Provides an expiration for the bill as July 1, 2011.

\$328,882 \$271,268 \$9,002 \$809,152 \$14,619,654.00 \$8,402 \$568,542 \$13,645,010.40 172

SB 2154- This bill proposed to increase the retiree health credit from \$4.50 to \$5 and fund it with an increase in employer contributions.

1. Increases the employer contribution by 15% to fund the increase in benefits. The amount of the increase is based on the actuarial work from last session and is subject to change.
2. Increases the health credit amount from \$4.50 to \$5. The increase in benefits would be effective August 1 unless an appropriation is added to the bill then it would be July 1, 2009.

HB 1173 - Health care savings

- · Health Care Savings Plan
- · For Judges
- · Vote to establish
- Implementation
  - Developing plan document
  - Developing trust document
  - Setting program components

#### HB 1340

 Authorized metropolitan planning organizations to join PERS

#### HB 1575

- Authorized BCI law enforcement staff to be in law enforcement plan
- Implemented on July 1, 2009

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#### Other PERS Efforts

#### Major Efforts This Biennium

- · Develop legislative proposals for retirement plans
- · Plan RFP's:
  - Defined contribution/deferred comp
  - Health Plan
  - Vision Plan
  - Plan consultants
  - ~ PBM Audit
- · Other Efforts
  - Experience StudyOPEB Valuation
  - Asset Liability Study
  - Part D Renewal

