

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
BCBS, 4510 13th Ave SW

March 28, 2013

Time: 8:30 AM

I. MINUTES

- A. February 21, 2013

II. RETIREMENT

- A. Legislation Update – Sparb (Information)

III. GROUP INSURANCE

- A. BCBS Annual Review – (Information)
- B. BCBS Rates – Sparb (Information)
- C. Legislation Update – Sparb (Information)
- D. Employee Assistance Program RFP – Sparb (Board Action)
- E. Health Savings Account Agreement – Sparb (Board Action)
- F. NDPERS Inpatient Claims Comparison – Bryan (Information)
- G. Long Term Care Insurance – Sparb (Information) (10:00 a.m.)

IV. DEFERRED COMP

- A. Provider Compliance Update – Deb (Information)
- B. 4th Quarter Investment Report – Bryan (Information)

V. MISCELLANEOUS

- A. Audit Committee – (Information)
 - 1. Audit Committee Charter Activity Review
 - 2. Internal Audit Annual Report
 - 3. November 21, 2012 Audit Committee Minutes
- B. RIO Update – Mr. Sandal (Information)

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



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

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

FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 21, 2013
SUBJECT: Retirement Legislation Update

SB 2059 – Recovery Plan

SB 2059 had a hearing before the House GVA Committee on March 7th. No action has been taken by the House as of this date. Attachment #1 is the updated testimony on the bill.

SB 2060 – PERS Administrative Bill

SB 2060 had a hearing before the House GVA Committee on March 7th. No action has been taken by the House as of this date.

HB 1452 – Optional DC Plan

HB 1452 had a hearing before the Senate GVA Committee on March 7th. No action has been taken by the Senate as of this date. Attachment #2 is the update testimony on this bill pursuant to the action of the Board at the last meeting.

At the hearing about 25 members of the DC plan attended. Two gave oral testimony and 15 submitted written testimony requesting an opportunity be added to the bill to allow them to return to the DB plan. Attachment #3 is an updated memo from Segal indicating that if the recovery bill is passed such an opportunity would not have a negative effect of the PERS DB/Hybrid plan.

HB 1304

HB 1304 is the divestiture bill. A hearing was held before the Senate GVA on this bill on March 7th. No action has been taken by the Senate as of this date.

HCR 3003

The hearing on this bill was held on February 25 before the House Judiciary Committee. After the hearing I shared the following information with the bill sponsor and the committee chair. The bill has been amended and received a do pass as amended out of Committee (Attachment #4).

NDPERS UNFUNDED LIABILITY - Paying off the Unfunded Liability

HCR 3003	\$	910	million	State Revenue
SB 2059	\$	2.484	billion	Total
		\$1.242	billion	50% Employee
		\$1.242	billion	50% Employer
Employer Funding source:		\$621	million	Political Subdivisions
		\$621	million	State
State funding source:		\$337	million	General Funds (54.3%)
		\$284	million	Other Funds (45.7%)

Considerations and Implications for each Option

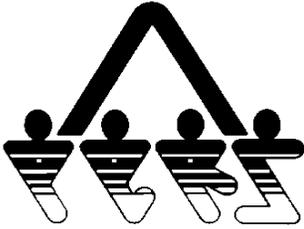
HCR 3003

1. Lowest overall cost if paid off quickly (three payments: \$450 million in 2015 and 2017; \$10 million in 2019). If not, costs rise.
2. Significantly more expensive for the state (46% more expensive in total cost and 70% more expensive than general fund costs or other direct state revenue).

3. “Addressing any unfunded retirement benefit obligations payable by the state” not entirely clear. What is the intended scope of this wording? Does it mean that this is the single source to pay of the unfunded liability?
4. “Public employees retirement system” wording would include PERS Main, Judges, National Guard and Law Enforcement Plans. Wording would not include Highway Patrol, Job service or TFFR plans.
5. If this is the only proposal passed, this would replace other funding from employees, political subdivisions, federal fund income source and all other fund sources.

SB 2059

1. Significantly less expensive for the state.
2. Distributes the cost of paying off the unfunded liability to all parties (state, political subdivision employers and employees).
3. Highest overall cost (costs are paid off over a long time period).



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 21, 2013
SUBJECT: BCBS Annual Review

Attached please find the BCBS annual review of the PERS health plan. Representatives of BCBS will be at the Board meeting to go over this information and to answer any questions you may have.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 21, 2013
SUBJECT: BCBS Rates

Pursuant to our agreement with BCBS, they will review their proposed rates for the next biennium and if they determine trends are lower, they will update the rates. They completed the review in February and I received the following:

Actuarial just finished the NDPERS February rerate. We see trends slightly greater than what we rated with, for both actives and retirees. Accordingly, rates for the 7-13/6-15 biennium will not decrease. The Best & Final Offer will remain in place.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March, 2013
SUBJECT: Health Legislation

HB 1058 – Retiree Health

Passed the Senate and is now on the way to the Governor for his consideration.

HB 1059 – ACA Compliance/HSA for Political Subdivisions

The hearing on this bill was on March 14 before the Senate GVA committee. No action on the bill has been taken as of this date.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 20, 2013
SUBJECT: EAP RFP

Attached is the RFP for the EAP renewal for 2013-2015. We issue the EAP RFP every two years. There are currently three active EAP contracts:

St. Alexius Employee Assistance Program

The Village Business Institute EAP

Deer Oaks

It is time for us to select our EAP vendors for 2013-2015. In this memo, we are seeking your review of the RFP and timeline. Secondly, we are also proposing a change to the selection process for the existing EAPs.

RFP and Timeline

The following is the proposed timeline:

April 1	Issue RFP
April 29	Closing date
May 16	PERS Board Review & Vendor Selection
May 20	Send list of qualified EAP's to agencies to select
June 14	Agencies complete selection process
June 28	Contracts finalized

Process for Existing Vendors

The methodology that PERS has adopted for providing EAP services is called an agency based approach. Pursuant to this method, each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach, the PERS Board establishes through the RFP process a list of qualified vendors. EAP vendors that are able to successfully meet the requirements in the RFP and provide the service at or below the specified price are placed on a list of qualified vendors. Each agency is offered the list and is allowed to select one vendor from that list to provide services for that agency.

Presently PERS has three vendors who are providing services to state agencies in North Dakota. These vendors are:

1. Deer Oaks
2. St. Alexius/Heartview
3. Village Family Services

For the existing EAPs we are proposing that they be allowed to file a renewal instead of having to do an entirely new proposal. This renewal would indicate the price and an indication that all services offered in the original proposal still apply or specify any deviations. If they continue to be able to meet the minimum requirements then we would continue to allow them to offer their services (please note minimums are page 9 of the RFP). Concerning the search for additional vendors, we suggest that we publicize and send out the attached RFP (as updated). This means that we would place ads in the major newspapers around the state and send RFP's to any other vendors that have expressed an interest. We would start the ads in April and close the process at the end of April. We will review the renewal bids and any new proposals with you in May. Notice would then be sent to agencies allowing them to select a vendor.

Board Action Requested

Approve the above process for soliciting EAP's.

REQUEST FOR PROPOSALS

Enrollment in the State of North Dakota's Employee Assistance Program

Prepared by:

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

I. BACKGROUND

The 1995 Legislature authorized an Employee Assistance Program (EAP), for employees of state agencies and higher education. This program allows employees to receive confidential assistance in many areas without accessing the health care system.

EAP coverage applies to approximately 115 agencies. These agencies have about 16,000 employees with about 25,000 dependents. Residence of these members is mainly in North Dakota and border cities. Eligibility for a dependent is spouse or child under ages 26.

II. ADMINISTRATION

The Public Employees Retirement System (PERS) administers the EAP. The PERS EAP is an agency-based program with each individual agency choosing an EAP vendor. PERS does all agency billing and provider payments. Enrollment, orientation, services and reporting is the responsibility of the Provider. Individual agency reports are supplied on at least an annual basis. Overall reporting on utilization shall be reported back to PERS on a quarterly basis. Reporting shall include but not be limited to Cases, Services, Treatments, Referrals, and Management Training.

III. EAP PROGRAM FORMAT, SOLICITATION PROCESS AND TIME FRAMES

PERS has adopted a methodology for providing EAP services that is called an Agency Based Approach. Pursuant to this method each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach the PERS Board establishes a list of qualified vendors based upon this bid process and a renewal procedure for existing providers. EAP vendors that are able to successfully meet the minimum requirements are placed on a list of qualified vendors. Each agency is offered the list and allowed to select one vendor from that list to provide services to that agency's employee base. An agency may select multiple vendors for geographical reasons.

In recognition of the above, this solicitation process involves two steps. First each vendor must complete this RFP and be approved by the PERS Board. The approved vendors will be placed upon a list of qualified vendors that will be sent to each agency. Along with the list will be information on the vendor's EAP and pricing. Each agency will review the list of qualified vendors and select a vendor to provide services to that agency for the upcoming biennium. PERS will then finalize a contract with each of the selected vendors for services. The initial selection by PERS, to place a vendor on the list of qualified vendors, does not guarantee the vendor will be selected by any of the agencies. If not selected by any agency the vendor will not have a contract with PERS for services.

The estimated time frames for this solicitation process are as follows:

April 1, 2013	PERS will issue RFP
April 29, 2013	Proposals are due
May 16, 2013	PERS will select vendors
May 20, 2013	List of qualified vendors will be given to agencies
June 14, 2013	Agencies select vendors
June 28, 2013	PERS enters into contract with selected vendors
July 1, 2013	EAP Contract Effective Date

IV. SCOPE OF WORK

PERS is seeking a vendor(s) to provide the following services:

A. Member Orientation

- 1) The vendor shall conduct the member orientation for state employees in the EAP. This effort will consist of the following activities:
 - a) Prepare and print appropriate informational material for distribution to all employers.
 - b) Conduct all presentations in a courteous, prudent and restrained manner without any pressure or harassment. The emphasis of all presentations and informational material shall be placed upon a factual representation of the features of the EAP.
 - c) Attend and present information at the PERS Payroll Conference, if requested.
 - d) Participate in NDPERS or agency wellness and benefit fairs or meetings.
- 2) If the EAP vendor selected by the agency is not the vendor that provided services during the 2011-2013 biennium, the EAP vendor must:
 - a) Distribute informational material to all agency employees advising them of the change in vendors and supplying appropriate reference material.
 - b) Hold an informational meeting for agency employees.

B. Minimum Services

- 1) Confidential, voluntary, in-person short-term assessment and counseling sessions for employees and families experiencing life problems of any kind. The EAP will provide counseling for problems related, but not limited to: Stress, Family, Work, Grief, Tobacco, Alcohol & Drugs, Marriage & Divorce, Depression, Parent-Child Relationships, Child/Spouse Abuse, Aging, Eating Disorders, Financial, School, Gambling, and Mental Health. Proper referrals will be made if more extensive counseling is needed or further counseling is needed, and the number of personal counseling sessions is exhausted.
- 2) Intervention, assessment, referral, and ongoing consultation with supervisors or employees regarding problems in the work place.
- 3) Consultation and case management regarding challenging work site problems such as harassment, conflict resolution, violence, critical incidents, work performance and change.
- 4) Educational programs including training of State supervisory personnel on the use of EAP services and employee seminars.
- 5) Administrative services including employee communications.
- 6) The table in Section VII - 9 shows the minimum requirements for selected features of the EAP.
- 7) All services proposed, as part of the EAP must be available within the proposed geographic area.
- 8) Before March 1 of each year, the vendor will provide NDPERS an aggregate report of services provided to NDPERS members for the previous calendar year.

C. Consulting

The vendor will be expected to serve as a consultant for the EAP to the agency and to the PERS Board, Executive Director, and PERS staff. In this capacity, the vendor may be expected to attend meetings to present findings and recommendations as required. The PERS Board meets on a monthly basis. The vendor should anticipate attending one of these meetings per biennium. The vendor must provide the following:

- 1) Information on proposed state and federal laws affecting the EAP.
- 2) General assistance to PERS regarding the administration of the EAP.
- 3) Advice in determining the eligibility and services of the EAP.
- 4) The effect of changes in law or administrative interpretations on the operations of the EAP.

V. PERS ACTIVITIES

PERS will assist the vendor in the following:

- 1) Notify the vendor of any new agencies.
- 2) Include information on the EAP in our PERS newsletters.
- 3) Assist the vendor with establishing contacts with each of the agencies. The payroll/personnel staffs of these agencies will set up meetings with their employees.
- 4) Assign an individual to act as the project leader and be the primary contact within each agency.

VI. FEES

PERS receives its funding for this program from the covered state agencies.

PERS is requesting each vendor bid this project on a fixed fee per active employee per month basis for enrollments (any changes beyond the fixed fee will not be allowed).

PERS will make payment to the vendor by multiplying the total monthly per employee fee by the number of employees in the agencies that chose the provider to contract for services. PERS will provide each vendor with details of each monthly premium payment electronically in the HIPAA 820 file format.

Bids exceeding \$1.54 per contract (employee) per month will not meet the minimum qualification and will be disqualified from further consideration. Price per contract must be evenly divisible by two.

VII. INFORMATION REQUESTS

The proposal must contain, in a separate section, your organization's responses to the following requested information:

- 1) Provide a brief description of the size, structure and services provided by your organization, with special emphasis on past experience as an EAP vendor.
- 2) Provide, in detail, your understanding of the services PERS is requesting; specifically addressing the scope of work in Section IV, timeframes for delivery and how you intend to staff the project.
- 3) The vendor should provide the following information:

- An organizational chart of the company which identifies its principal

officers and staff members.

- The qualifications of the vendor's staff members who will be associated with the contract (i.e., education levels and experience with EAP plans). Identify the relationship of staff to the vendor or project manager (i.e., full-time employee, part-time employee, etc.).
 - The day-to-day contact or project manager of the vendor's organization and the qualifications and authority of any such persons.
 - Describe the quality assurance guidelines or ongoing monitoring system you have in place for evaluating professional staff. Who is responsible for assuring high standards of care?
 - Locations the vendor currently maintains or plans to maintain. Offices and staff located in and outside of North Dakota. Any subcontractors for EAP services. Please explain.
 - Please explain how you will provide services in areas you do not have an office.
- 4) If some staff is not yet hired or there are plans for expansion, the vendor should provide detailed descriptions.
 - 5) Experience and reliability of the vendor's organization is considered in the evaluation process. Therefore, the vendor is advised to submit any information, which documents successful and reliable experience in past performances; especially those performances related to the requirements of this RFP.
 - 6) The vendor **MUST** specify the principle business of the vendor and when the vendor began working in this area.
 - 7) Please discuss your capabilities to provide referral and evaluation services under the Omnibus Transportation Employee Testing Act of 1991. However, these services are not being requested as part of the EAP.
 - 8) Please certify that no real or potential conflicts of interest are known. If there is a perceived conflict of interest, please include a statement proposing remedial actions that would be taken to eliminate it. No conflict of interest should exist which would prevent the vendor from representing PERS with respect to this proposal. Each vendor must disclose all potential conflicts of which he or she has knowledge or which may arise with respect to the representation of PERS on this proposal including, without limitation, any circumstances which would create the appearance of a conflict of interest. PERS will disqualify a potential vendor if, in PERS' sole

judgement, such conflict would preclude effective representation by that vendor.

- 9) Complete the following table and questions with information on your proposed EAP. The vendor shall show where they're proposed services meets or exceeds the minimum requirements in the following table.

EAP Features	Minimum	Provider
EAP Established	1 year	
Number of Annual Sessions Per Individual	6	
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	
Coverage	Spouse and Children under age 26	
Staffing	Licensed Social Workers	
Appointment Timing	Within 72 hours	
Emergency Appointments	Within 24 hours	
Weekend/Holiday Appointments	Emergency	
1-800 number	Minimum one line	
Phone Counseling	Minimum one staffed line	
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	
On-site Employee Orientation	1 per year (Smaller groups may be combined)	
On-site Seminars	None, except as noted in IV, A, 1, c & d	
Off-site Seminars	None, except as noted in IV, A,1, c & d	
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	
Management Consulting	Available to all supervisory/management staff	
Additional/Specialty Services Available	@ Additional Cost	
Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	
Agency Reporting - Utilization	Quarterly with Annual to Date	
Price	\$1.54 Maximum	
OTHER UNIQUE FEATURES		

Questions:

1. Indicate how long your organization has been in the EAP market.
2. Specify how long your organization has been in existence and whether it is a division of a parent company. Does it have an affiliation with other business entities? If so, explain the nature of these affiliations. Is it privately or publicly held?
3. Has your organization been through recent reorganization or name changes? If yes, briefly describe the nature of the reorganization and list past names of your organization.
4. Provide a summary of any and all claims, pending litigation and judgements that have been entered against your organization in the past five years that are directly related to its provision of an EAP.
5. For cases in which a plan member requires additional services beyond those available through the EAP, which are not covered by the State health plan, how do you recommend handling referrals so that members do not get the mistaken impression that these services are covered?
6. How are emergency and crisis situations handled? How do you recommend your organization be contacted in the case of emergency admissions? What is your response time?
7. For short-term counseling within the EAP, what number of sessions per individual do you recommend and why? Is this number a total per individual per year or per problem incident? Do you recommend a different number of sessions based upon incident treatment? Explain your answers.
8. Typically, what percent of cases do you resolve within the EAP through short-term counseling and what percent are referred outside the EAP?
9. If treatment outside the EAP is recommended, typically how many visits are made to an EAP counselor before outside referral is made?
10. Describe the range of counseling services available which you recommend be provided within the EAP. Will all services be offered to employees at all your locations?
11. Describe educational courses you would propose for supervisors on use of an EAP and other employee educational programs. Indicate frequency, topics and specify associated costs.
12. Describe the nature and scope of employee communications that are provided as part of your fee. Include a sample of all communication material you customarily prepare.
13. Are you able to customize written materials and communications? Is there an additional cost associated with customization?

14. Under the plan of benefits you indicate a certain number of sessions are available to each member. Please define what constitutes a session (i.e., duration or time).
15. Concerning the management training and consulting services that are part of the services proposed, please define the depth, scope and range of these services (number of sessions, hours of management consulting, etc.).
16. What services does your EAP provide relating to maintaining a drug free workplace and employee testing? To what extent are these services part of your proposal and, to the extent they are not, what is the cost for those additional services?

VIII. SUBMISSION OF PROPOSAL

- A) Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the provider and shall not be chargeable to PERS.
- B) The bidder shall sign the proposal. The signer must be a partner or principal of the firm. An unsigned proposal will be rejected.
- C) Address or deliver the RFP to:

Mr. Sparb Collins
North Dakota Public Employees Retirement System
400 E Broadway, Suite 505
Bismarck, ND 58501
(701) 328-3900

- D) Ten (10) copies of the proposal must be received at the above listed location by: **5:00 p.m., on April 29, 2013.** The package the proposal is delivered in must be plainly marked "**PROPOSAL TO PROVIDE EAP SERVICES**".

A proposal shall be considered late and will be rejected if received at any time after the exact time specified for return of proposals.

- E) The policy of the PERS Board is to solicit proposals with bonafide intent to award a contract. This policy will not affect the right of the PERS Board to reject any or all proposals.
- F) The PERS Board may request representatives of your organization appear before them for interviewing purposes. Travel expenses and related costs will be the responsibility of the organization being interviewed.

- G) The PERS Board will award the contracts for service no later than June 28, 2013.
- H) In evaluating the proposals, price will not be the sole factor. The PERS Board may consider any factors it deems necessary and proper for best value, including but not limited to: price, quality of service, response to this request, experience, staffing and general reputation.
- I) The vendor must sign the attached contract and submit it with their proposal. If the PERS Board accepts the proposal, the contract will be signed and a copy will be returned.
- J) PERS reserves the right to make the decision exclusively based on whatever criteria the Board deems appropriate and will decide by June 28, 2013.

AGREEMENT FOR SERVICES

This Agreement is our, the Vendor's, offer to provide services to the North Dakota Public Employees Retirement System (NDPERS) the client. If NDPERS accepts this offer by signing, the Request for Proposals for the Employee Assistance Program (hereinafter "RFP"), this Agreement, and our proposal shall constitute the consulting services contract documents.

In addition, the Provider, and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** We agree to provide the accepted services as specified in our proposal and the RFP. The terms and conditions of our proposal and the RFP are hereby incorporated as part of the contract documents.
- 2) **TERM:** This agreement shall commence on July 1, 2013 and end on June 30, 2015.
- 3) **FEES:** NDPERS shall pay fees pursuant to the terms of the contract documents.
- 4) **BILLINGS:** The Vendor shall receive monthly payment from NDPERS based on agencies enrolled and the number of active employees within those agencies. Payments shall be made at the (end/beginning) of the month of service.
- 5) **TERMINATION:** Either party may terminate this agreement with respect to tasks yet to be performed with thirty (30) days written notice mailed to the other party.
- 6) **EMPLOYMENT STATUS:** The Vendor acknowledges that any services performed in connection with the Vendor's duties and obligations, as created and provided for in this agreement, are performed in the capacity of an independent contractor. At no time during the performing of services as required by this contract will the Vendor be considered an employee of the State of North Dakota.
- 7) **SUBCONTRACTS:** Sub-vendors to the Vendor shall be considered agents of the Vendor and agree to all accepted services as specified in the contract documents.
- 8) **ACCESS TO RECORDS:** PERS agrees that all participation by its members and their dependents in programs hereunder is confidential. The Vendor shall not disclose any individual employee or dependent information to the covered agency or its' representatives without the prior written consent of the employee or family member. The Vendor will have exclusive control over the direction and guidance of the professionals rendering services under this agreement. The Vendor agrees to keep confidential all PERS information obtained in the course of delivering services.

- 9) **OWNERSHIP OF WORK PRODUCT:** All work products of the Vendor, including but not limited to, data, documents, drawings, estimates and actuarial calculations which are provided to NDPERS pursuant to the contract documents are the exclusive property of NDPERS.
- 10) **APPLICABLE LAW AND VENUE:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be brought in the District Court of Burleigh County, North Dakota.
- 11) **MERGER AND MODIFICATION:** This Agreement, our proposal, and the RFP constitute the entire agreement between the parties. In the event of any inconsistency or conflict among the documents making up this agreement, the documents must control in this order of precedence: First – the terms of this Agreement, as may be amended, Second - the RFP, and Third – our proposal. No waiver, consent, modification or change of terms of the contract documents shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified within the contract documents regarding this agreement.
- 12) **INDEMNITY:** Vendor shall comply with all applicable federal, state, and local laws, rules, and ordinances at all times in the performance of this agreement, and conduct its activities so as not to endanger any person or property. Vendor agrees to indemnify and save and hold harmless NDPERS, its officers and employees from any and all claims of any nature, including claims of employees or agents of Vendor, resulting from or arising out of the activities of the Vendor or its agents, officers or employees under this agreement.
- 13) **INSURANCE:** Vendor shall secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, appropriate professional liability insurance, including a three year “tail coverage endorsement”, with minimum liability limits of \$500,000 per occurrence and \$1,000,000 in the aggregate for each employee conducting counseling services for PERS members. Vendor shall also require all subcontractors to secure and keep in force during the term of the agreement, the same professional liability insurance coverage as Vendor. In the event that Vendor is required to be on-site for the purposes of any training and educational or informational programs pursuant to the terms of this agreement, Vendor shall secure automobile liability insurance, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$500,000 per occurrence and workers compensation coverage meeting all statutory requirements. Any deductible or self insured retention amount or other similar obligation under the policies must be the sole responsibility of the Vendor. Vendor shall furnish a certificate of insurance to NDPERS prior to the commencement of this agreement. Failure to provide insurance as required in this agreement is a material breach of contract entitling NDPERS to terminate this agreement immediately.

- 14) **SEVERABILITY:** If any term in this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

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

**NORTH DAKOTA PUBLIC
EMPLOYEES RETIREMENT SYSTEM**

PROVIDER

By: _____

By: _____

WITNESS:

WITNESS:



**North Dakota
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400 East Broadway, Suite 505 • Box 1657
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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 18, 2013
SUBJECT: Health Savings Account Agreement

Attached please find the HSA agreement for the 2015-2017 biennium. You will note it has been reviewed by Jan and NDPERS staff.

Board Action Requested

To approve the attached agreement for the HSA for 2015-2017.

Health Savings Account Administrative Services Agreement

This Health Savings Account Administrative Services Agreement ("Agreement") is entered into by **North Dakota Public Employees Retirement System** ("Employer") and Blue Cross Blue Shield of North Dakota ("BCBSND") as of **July 1, 2013** ("Effective Date").

WHEREAS, Employer desires to establish Health Savings Accounts ("HSAs") for or on behalf of its members ("Employees").

WHEREAS, BCBSND has a contractual relationship with Discovery Benefits, Inc. ("DBI") whereby DBI performs administrative services related to the establishment and maintenance of HSAs using Healthcare Bank as the HSA custodian.

WHEREAS, BCBSND, in conjunction with services available from DBI, will perform certain recordkeeping and nondiscretionary administrative services, and will facilitate contributions made by or on behalf of Employees to HSAs. Healthcare Bank will serve as custodian of these accounts.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, the parties agree as follows:

1. Scope and Purpose

This Agreement is limited in scope and purpose to establishing the terms and conditions for the transfer of payroll deductions and Employer contributions (if applicable) to HSAs of Employees. As described in Exhibit A, this Agreement also provides for the payment of HSA fees by Employer on behalf of Employees, to the extent required under North Dakota law. Nothing in this Agreement shall modify or amend the terms of any HSA trust agreement entered into between Healthcare Bank and Employees. Employer acknowledges and agrees that each Employee, and not BCBSND and/or DBI, will be responsible for (i) determining that he or she is eligible to maintain an HSA and make contributions under applicable tax laws; (ii) ensuring that all distributions he or she makes are permitted under said laws; (iii) the tax consequences of any contributions (including rollover contributions) and distributions; (iv) paying any fees applicable to the HSA that are not otherwise required to be paid by the Employer under North Dakota law; and (v) complying with all requirements and terms and conditions in connection with the HSA imposed or established by BCBSND, DBI or Healthcare Bank.

2. Opening of Accounts

In accordance with procedures to be agreed upon by the parties, Employer will (i) provide each Employee with any applicable notices, forms and disclosures provided by DBI; and (ii) send to DBI at such time and in such format as DBI requires information with respect to the Employees who are participating in the Employer's HSA program. Employer represents and warrants to BCBSND that information it provides to BCBSND and/or DBI under this Agreement will be true and complete, and that it will not request BCBSND and/or DBI to open an HSA account for any Employee who has not indicated an intent to open such account. Neither BCBSND nor DBI shall be responsible for the accuracy of such information or for its HSA account opening or maintenance activities based on information received from the Employer. BCBSND reserves all rights to decline to open or activate any HSA account or to close any HSA account insofar as its practices and procedures have not been properly observed by the Employer or the Employee.

3. Funding of Accounts

On a schedule and in the form to be agreed upon by the parties, Employer shall remit to DBI the funds to be deposited into the HSA account of each Employee, and shall provide accompanying data which accurately indicates each HSA account and the dollar amount to be credited to each such HSA account. Neither BCBSND nor DBI shall be responsible for any funds not received by DBI, or for any data errors provided by Employer. As soon as administratively practicable, Healthcare Bank will sweep the Employer's contributions into the HSA accounts of the Employees. As applicable, Employer contributions shall be allocated first, to pay applicable administrative and account maintenance fees attributable to HSA accounts of the Employees, and next, directly to the HSA accounts of the Employees. Once deposited, funds may be withdrawn or transferred from an HSA account solely upon the instructions of the respective Employee. BCBSND and/or DBI shall only be obligated to return HSA account funds to Employer to the extent permitted under applicable law.

4. Account Maintenance

In order to administer and maintain the HSA accounts, from time-to-time in accordance with procedures to be agreed upon, Employer will submit to DBI certain information concerning the status of Employees and HSA contributions and DBI may provide certain information about the HSA accounts to Employer and BCBSND. Employer acknowledges that BCBSND and DBI may rely upon all information provided by Employer in maintaining and administering the HSA accounts. Employer shall be responsible for all costs and expenses incurred by BCBSND and/or DBI for error correction or other activities undertaken by BCBSND and/or DBI at Employer's request or as a result of erroneous information provided by Employer to BCBSND and/or DBI. If requested, Employer will certify to BCBSND the personnel authorized by Employer to receive and furnish information under this Agreement.

5. Account Closures

BCBSND and/or DBI will close an HSA account only upon the instructions of the respective Employee. Notwithstanding anything to the contrary herein, at its discretion, BCBSND and/or DBI may refuse to open, or may close any previously established HSA account, as to which the Employee is unable or unwilling to sign DBI forms or otherwise agree to the terms and conditions related to such HSA account, or otherwise violates any terms thereof. Employer acknowledges that upon any such closure, funds in the HSA account will be returned to the Employee, or forwarded to another financial institution upon instructions of the Employee. Employer further acknowledges that such closure may result in tax consequences for which the Employee shall solely be responsible.

Health Savings Account Administrative Services Agreement

6. Fees Paid by Employer

As set forth in Exhibit A, Employer shall be responsible for the payment of fees to DBI (outside of the HSA accounts) within sixty (60) days following the Employer's receipt of the statement of Service Fees. BCBSND shall, as directed and authorized by Employer, remit payment on behalf of Employer to DBI from Employer's cash reserve account maintained by BCBSND. Interest may be charged on the amount of all past due fees at the rate of 1 1/2% per month, or, if lower, the maximum allowable rate under applicable law. If Employer fails to pay fees within ninety (90) days following the Employer's receipt of the statement of Service Fees, and upon written request of DBI to Healthcare Bank, fees (including interest on past due fees) may be deducted directly from the HSA accounts to which they relate; provided, no amount may be deducted from an HSA account to cover unpaid fees from other HSA accounts.

7. Employee Data

Employer represents to the best of its information and belief that all Employees for whom data is provided by the Employer have been positively identified by the direct-employing state agency or political subdivision through either (1) Internal Revenue Service I-9 forms completed by Employees if hired after November 6, 1986, or (2) for Employees hired before that date, review by the direct-employing state agency or political subdivision of the Employees' driver's licenses or other government-issued identifying documentation evidencing nationality or residence and bearing a photograph or similar safeguard. The Employer also represents to the best of its information and belief that the Employees have certified their authorization to work in the United States and have furnished their social security or other taxpayer identification numbers which the Employer will provide to DBI for the purposes of establishing HSAs.

8. Employer Requirements

Employer represents and warrants that it does not (1) limit the ability of eligible individuals to move their funds to another HSA account beyond restrictions imposed by the Internal Revenue Code of 1986, as amended (the "Code"); (ii) impose conditions on uses of HSA funds beyond those permitted under the Code; (iii) make or influence the investment decisions with respect to funds contributed to an HSA account; (iv) represent that HSAs are an employee welfare benefit plan established or maintained by Employer; or (v) receive any payment or compensation from BCBSND and/or DBI in connection with an HSA.

9. Activities Outside the Scope of BCBSND, DBI and Healthcare Bank Responsibility

BCBSND, DBI and Healthcare Bank shall not assume any responsibility or authority under this Agreement for (1) the design, funding or operation of any Employer-sponsored health and welfare benefit plan or for compliance of any such plan with ERISA, including any aspect of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"); (2) duties incumbent upon a "plan sponsor" or "covered entity" under the HIPAA privacy and security rules; (3) funding of claims for benefits under any HSA or employee benefit plan or the payment of fees to third parties providing services or products to Employer or its Employees; or (4) insuring or underwriting any liability to provide benefits under any employee benefit plan.

10. Term of Agreement.

a. Duration.

The term of this Agreement shall commence as of the Effective Date and shall continue for a period of twenty-four months (the "Initial Term").

b. Termination Without Cause

This Agreement may be terminated by either the Employer or BCBSND without cause, by written notice of intention to terminate given to the other party, to be effective as of a date certain set forth in the written notice, which shall not be less than sixty (60) days from the date of such notice.

c. Automatic Termination and Termination With Cause

The Agreement shall automatically terminate:

- a. If any law is enacted or interpreted to prohibit the continuance of this Agreement, upon the effective date of such law or interpretation;
- b. If any monthly administrative fee remains unpaid to DBI beyond thirty (30) days past the due date, upon notification by BCBSND and/or DBI to the Employer in writing that BCBSND intends to exercise its option to enforce this provision;
- c. If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities and term; or
- d. If any license, permit, or certificate required by law or rule, or by the terms of this Agreement, is for any reason denied, revoked, suspended, or not renewed.

If either party is in default under any provision of this Agreement, the other party may give written notice to the other party of such default. If the defaulting party has not used good faith efforts to cure such breach or default within thirty (30) days after it receives such notice, or if good faith efforts to cure have begun within thirty (30) days but such cure is not completed within sixty (60) days after receipt of the notice, the other party shall have the right by further written notice (the "Termination Notice") to terminate the Agreement as of any future date designated in the Termination Notice. In addition, if termination is due to default under any provision of this Agreement by BCBSND, the termination fees applicable to the initial term will not apply.

Health Savings Account Administrative Services Agreement

d. Charges.

Employer shall pay all charges or Service Fees that have accrued up to the date of the termination within thirty (30) days after the date of the termination.

11. Confidentiality

BCBSND shall not use or disclose any information it receives from Employer under this Agreement that Employer has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by Employer. Employer shall not disclose any information it receives from BCBSND and/or DBI that BCBSND and/or DBI has previously identified as confidential and that the Employer determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law. The duty of Employer and BCBSND to maintain confidentiality of information under this section continues beyond the term of this Agreement.

BCBSND understands that, except for disclosures prohibited in this Agreement or permitted exemptions under the North Dakota open records law, Employer must disclose to the public upon request any records it receives from BCBSND. BCBSND further understands that any records that are obtained or generated by BCBSND under this Agreement, except for records that are confidential under this Agreement, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. BCBSND agrees to contact Employer immediately upon receiving a request for information under the open records law and to comply with Employer's instructions on how to respond to the request. In the event that the Employer is requested or required to disclose any confidential information subject to this Agreement pursuant to a judicial, regulatory or other governmental proceeding or act, the Employer will provide BCBSND with prompt written notice of any such requirement so that BCBSND may seek an appropriate protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.

12. Reliance by BCBSND

Employer has authorized and instructed BCBSND in this Agreement to implement its and DBI's standard administrative procedures to provide services in accordance with this Agreement. BCBSND and DBI shall be fully protected in relying upon representations by Employer set forth in this Agreement and communications made by or on behalf of Employer in effecting obligations under this Agreement. Employer and BCBSND agree that if Employer provides BCBSND and/or DBI with specific written instructions (in a form acceptable to BCBSND and/or DBI) to provide services in a manner other than in accordance with BCBSND's and/or DBI's standard procedures, BCBSND and/or DBI may (but need not) comply with Employer's written instructions, provided that, to the extent that BCBSND and/or DBI complies with such instructions, Employer and not BCBSND and/or DBI shall be solely responsible for BCBSND's and/or DBI's actions so taken.

13. Responsibility of the Parties and Indemnification

Employer and BCBSND each agrees to assume its own liability for any and all claims of any nature including all costs, expenses and attorneys' fees which may in any manner result from or arise out of this Agreement. BCBSND shall secure and keep in force during the term of this Agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) Professional errors and omissions with minimum liability limits of \$1,000,000 per occurrence and in the aggregate, BCBSND shall continuously maintain such coverage during the term of the Agreement and for three years thereafter. In the event of a change or cancellation of such coverage, BCBSND shall purchase an extended reporting period to meet the time periods required in this section.
- 3) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$500,000 per occurrence.
- 4) Workers compensation coverage meeting all statutory requirements.

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

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of BCBSND. The amount of any deductible or self retention is subject to approval by Employer, upon request.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by Employer. The policies shall be in form and terms approved by Employer, upon request.
- 3) BCBSND shall furnish a certificate of insurance to the undersigned Employer representative, upon request.
- 4) Failure to provide insurance as required in this Agreement is a material breach of contract entitling Employer to terminate this Agreement immediately.

Health Savings Account Administrative Services Agreement

BCBSND shall not cancel or modify the insurance coverage required by this Agreement without thirty (30) days' prior written notice to the undersigned Employer representative.

14. Red Flag Rule Compliance.

To the extent applicable, BCBSND and/or DBI shall comply with the Red Flag Rules with respect to the Covered Services. For purposes of this provision, (a) "Red Flag Rules" mean the regulations adopted by various federal agencies, including the Federal Trade Commission, in connection with the detection, prevention and mitigation of identity theft, and located at 72 Fed. Reg. 63718 (November 9, 2007), as amended, and (b) "Covered Services" mean the services provided by BCBSND and/or DBI (if any) with respect to the Plan, as designated in Exhibit B, that allow Plan participants to pay for eligible expenses under the Plan with a debit or other stored-value card, and any other services provided by BCBSND and/or DBI under this Agreement that are covered by the Red Flag Rules, as determined by BCBSND and/or DBI in their discretion, provided that any services to HSAs shall not be Covered Services.

As a part of the Red Flag Rule compliance, BCBSND and/or DBI shall adopt, maintain and use appropriate and commercially reasonable rules, procedures and safeguards to detect and identify red flags and to prevent and mitigate identity theft, as required by the Red Flag Rules. Such rules, procedures and safeguards shall be set forth in a written program that complies with the Red Flag Rules (the "Red Flag Program"). BCBSND shall, upon request, make available to Employer a copy of the Red Flag Program. The parties agree that if a Breach of Unsecured PHI (as defined in the Business Associate Agreement between the parties) and a violation of the Red Flag Rules occur with respect to the same incident, both the Red Flag Rules and the Business Associate Agreement provisions shall apply, except that the notice requirements of the Business Associate Agreement shall satisfy any notice obligations of this section. This section shall be effective January 1, 2011 or such later date on which the FTC shall begin enforcement of the provisions of the Red Flag Rules applicable to the Covered Services; provided, however, this section shall be null and void to the extent action is taken by Congress or a federal agency to exempt the Covered Services (or third party administrators that provide Covered Services) from the Red Flag Rules.

15. Limitation of Remedies

[This Section 15 has been intentionally omitted from this Agreement.]

16. General

- (a) This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all existing agreements and all other oral, written or other communications between them concerning its subject matter. This Agreement shall not be modified in any way except by a writing signed by both parties. If any provision of this Agreement (or any portion thereof) shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby. Neither party shall be deemed to have waived any of its rights, powers or remedies hereunder unless such waiver is approved in writing by the other party.
- (b) The parties shall cooperate in good faith to resolve any and all disputes (each, a "Dispute") that may arise under or in connection with this Agreement. The existence or resolution of any Dispute as to a matter shall not reduce or otherwise affect the payment or performance by Employer its obligations under this Agreement as to any other matter, unless pursuant to the terms of any such resolution. Employer and BCBSND shall attempt in good faith to resolve any Dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Either party may give the other party written notice of any Dispute not resolved in the normal course of business. Within fifteen (15) days after delivery of the notice, the receiving party shall submit to the other party a written response. The notice(s) and the response(s) shall each include (i) a statement of each party's position and a summary of arguments supporting that position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Within thirty (30) days after delivery of the disputing party's notice(s), the executives of the parties subject to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to attempt to resolve the Dispute. All reasonable requests for information made by one party to the other will be honored. The parties compliance with this provision is voluntary and in no event is this provision in any way intended to limit either party's ability to have any disputes resolved by a court.
- (c) From time-to-time and in compliance with applicable federal and state laws, BCBSND and/or DBI may monitor and/or record calls which are made to and from the customer service line for quality assurance and training purposes, and/or to ensure that BCBSND's and/or DBI's services fully comply with the terms of this Agreement.
- (d) This Agreement may not be assigned by either party, in whole or in part, without the prior written consent of the other which consent shall not be unreasonably withheld; provided, however, that any legal successor in interest to either party shall continue to be bound by this Agreement until modified or terminated in accordance herewith.
- (e) Neither BCBSND nor Employer, as applicable under the circumstances, shall be liable or deemed to be in default for failure to perform or delay in performance of any of their respective obligations under this Agreement to the extent that such failure or delay results from any act of God; military operation; terrorist attack; national emergency or government restrictions.
- (f) The individuals executing this Agreement on behalf of BCBSND and Employer do each hereby represent and warrant that they are duly authorized by all necessary action to execute this Agreement on behalf of their respective principals.

Health Savings Account Administrative Services Agreement

- (g) Neither Employer nor BCBSND will restrict the ability of HSA owners to move funds to another HSA beyond those restrictions imposed by the Code.
- (h) This Agreement shall be governed and interpreted by the laws of the State of North Dakota. In the event of any conflict of laws, the laws of the State of North Dakota shall prevail.
- (i) By executing this Agreement, the parties agree to extend the term of any ACH Agreement associated herewith to be coterminous with the term of this Agreement and to have such agreement be covered by the terms and provisions hereof.
- (j) The parties agree that in performing their responsibilities under this Agreement, they are in the position of independent contractors. This Agreement is not intended to create, nor does it create and shall not be construed to create, a relationship of partner or joint venturer or any association for profit between Employer and BCBSND.
- (k) All notices or other communications required under this Agreement must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following address: BCBSND: 4510 13th Avenue S, Fargo, ND 58121 or at such other address as it has specified to the Employer. Employer: PO Box 1657, Bismarck, ND 58502 or such other address as it has specified to BCBSND. Notice provided under this provision does not meet the notice requirements for monetary claims against the state found at N.D.C.C. §32-12.2-04.
- (l) Sections 7, 11, 12, 13 and 14 and this subsection shall survive the expiration or termination of this Agreement.
- (m) All records, regardless of physical form, and the accounting practices and procedures of BCBSND relevant to this Agreement are subject to examination by the North Dakota State Auditor or the Auditor's designee, to the extent required under North Dakota law. BCBSND shall maintain all such records for at least three years following completion of this Agreement.

Authorization

This Agreement, including any attachments or other exhibits, is accepted and agreed to by the parties as of the Effective Date of this Agreement.

Signed for Employer by:

By _____

Title _____

Signed for BCBSND by:

By _____

Title President & CEO

Health Savings Account Administrative Services Agreement

Exhibit A HSA Service Fees/Charges

Payment shall be due sixty (60) days following the Employer's receipt of the statement of Service Fees. Interest may be charged on the amount of all past due fees at the rate of 1 1/2% per month, or, if lower, the maximum allowable rate under applicable law. BCBSND will have the right to adjust its Service Fees upon thirty (30) days advance written notice to Employer.

BCBSND may charge Employer reasonable fees for the reproduction or return of records or reports requested by Employer or governmental agencies if the governmental agency has made the request on behalf of the Employer or for reasonable fees charged by other parties for information reasonably required by BCBSND and/or DBI to perform services under this Agreement.

Employer Service Fees

Monthly Administrative Fee (includes debit card)	\$1.50 per HSA Accountholder
Employee Enrollment Meetings	\$350 per day plus travel expenses
Direct Deposit	Included
Online Distribution Request	Included
Emailed Quarterly Account Summary	Included
Rate Guarantee	July 1, 2013 through June 30, 2015
Postage and Handling	Charges apply for special mailings requested by the Employer

Participant Charges

Additional Debit Cards for Spouse/Dependents	No additional charge
Replacement of Lost/Stolen Debit Card	\$10 per card deducted from HSA balance
Paper checks and statements	\$1.50/ charged to the participant's account
Custodial Management Fee	25 basis points

The Custodial Management Fee is calculated quarterly and offset by the 12b1 and STA fund credits annually. If at the end of the year the 12b1 and STA fund credits exceed the participant fee the remaining credits will be allocated to the participant.

BCBSND and DBI will not charge set up fees, renewal fees, or implementation fees.

Fees are quoted net of commission.

Health Savings Account Administrative Services Agreement

Exhibit B Summary of Features

Feature	Cash Account (1)	Interest Bearing Account (2)	Investment Account (3)
Minimum deposit to open HSA account	No Minimum	No Minimum	No Minimum
Minimum Threshold	\$1,500 cash account minimum balance.	\$1,500 cash account minimum balance.	\$1,500 cash account minimum balance.
Automated Sweep	Amounts over minimum threshold automatically sweep into the interest bearing account starting at \$100 above the threshold.	Amounts over minimum threshold automatically sweep into the interest bearing account starting at \$100 above the threshold.	Funds will automatically sweep back to the cash account if the balance is insufficient in the interest bearing account to cover the minimum threshold or to cover requested withdrawals.
Interest Rate	Variable Rate	Variable Money Market Rate	Based on Mutual Fund Selected
Interest Payable	None	Accrued Daily, Paid Monthly	Based on Mutual Fund Selected
Brokerage Fees	None	None	Yes
Transaction Fees	None	None	None
On-Line Enrollment	Yes	Yes	Yes
On-line Account Access	Yes	Yes	Yes
On-line Mutual Fund Purchases and Redemptions	Yes	Yes	Yes
Daily Mutual Fund Trade Processing	Not Applicable	Not Applicable	Yes
On-line Distribution Requests	Yes	Yes	Yes
Quarterly Emailed Account Summary	Yes	Yes	Yes
Daily Processing of Distribution Requests	Yes	Yes	Yes
Debit Card	Yes	No	No
HSA to HSA Transfer	Yes	Yes	Yes
HSA Fund Rollover	Yes	Yes	Yes
One Time IRA to HSA Transfer	Yes	Yes	Yes
One Time FSA/HRA to HSA Rollover	Yes	Yes	Yes
Mistaken/Excess Contribution or Distribution	Yes	Yes	Yes
Ad Hoc Contributions - outside employee payroll deductions	Yes	Yes	Yes
Employer Contributions (lump sum or per pay period)	Yes	Yes	Yes

Memo



To: NDPERS Board
From: Bryan T. Reinhardt
Date: 03/21/2013
Re: 2010 NDPERS Inpatient Comparison

Here is the 2010 comparison of NDPERS inpatient claims with the National Hospital Discharge Survey. Overall, NDPERS has about 73% of the 2010 national average inpatient hospital episodes. The 5-year interval percentages since 1990 were:

1990 – 67.4% 1995 – 66.4% 2000 – 71.6% 2005 – 67.8%

The shaded areas are where the NDPERS rates are higher than the national figures.

Compared to the 2010 results, NDPERS was higher than the national rate in:

- Benign Neoplasms
- Appendicitis
- Diseases of the Musculoskeletal System & Connective Tissue
 - Osteoarthritis and Allied Disorders
 - Intervertebral Disc Disorders
- Symptoms, Signs, and Ill-defined Conditions

These categories are similar to the ones where the NDPERS Health Plan was higher in previous studies.

One thing that changed on this report is a big difference in “Supplementary classifications – Female with deliveries” with a national rate of 128.4 and an NDPERS rate of 3.3 per 10,000. The “Pregnancy, childbirth...” category has a national rate of 15.9 and an NDPERS rate of 110.4 per 10,000. This study takes the first listed diagnosis code, so I’m thinking there is a coding issue that is mixing these two categories up. When combined the U.S. rate is 144.3 compared to NDPERS at 113.7 per 10,000.

2010 INPATIENTS DISCHARGED PER 10,000 POPULATION BY CATEGORY OF FIRST-LISTED ICD-9 DIAGNOSIS, EXCLUDES NEWBORN CARE

Category of first-listed diagnosis and ICD-9 code	UNITED STATES		UNITED STATES				UNITED STATES				UNITED STATES				
	TOTAL	NDPERS	NDPERS		NDPERS		NDPERS		NDPERS		NDPERS		NDPERS		
			MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
All conditions	1139.6	833.5	936.2	1337.1	699.8	958.2	318.3	803.0	1179.9	3352.6	264.7	658.7	792.9	2124.7	
Infectious and parasitic diseases	001-139	44.1	24.9	41.0	47.0	26.1	23.7	*	15.6	44.9	170.2	6.9	7.5	27.1	87.1
Septicemia	038	26.3	19.0	25.4	27.1	20.1	18.0	*	5.2	26.4	129.2	3.9	2.5	21.1	75.6
Neoplasms	140-239	51.9	48.4	46.9	56.9	38.3	57.8	*	20.1	80.0	166.1	0.0	16.0	77.8	119.1
Malignant neoplasms	140-208,230-234	39.4	34.4	40.6	38.3	33.7	35.1	*	9.7	59.0	145.5	0.0	8.0	51.7	102.5
Malignant neoplasm of large intestine and rectum	153-154,197.5	4.4	4.0	4.6	4.2	5.0	3.0	*	0.6	6.7	18.3	0.0	2.0	3.5	15.4
Malignant neoplasm of trachea, bronchus, and lung	162,176.4,197.0,197.3	5.8	5.5	6.3	5.2	5.7	5.3	*	*	7.1	28.5	0.0	0.5	5.5	25.6
Benign neoplasms	210-229	10.9	11.8	4.2	17.4	2.9	20.0	*	9.9	18.7	14.0	0.0	7.5	23.6	7.7
Benign neoplasm of uterus	218-219	6.1	7.1	-	12.1	0.0	13.7	*	7.2	12.2	*	0.0	5.5	15.1	0.0
Endocrine, nutritional and metabolic diseases, and immunity disorders	240-279	57.9	36.5	50.7	64.8	23.3	48.8	*	30.3	78.4	165.4	12.8	27.5	39.6	82.0
Diabetes mellitus	250	20.6	5.4	20.7	20.5	5.7	5.0	*	13.3	31.7	48.9	1.0	1.0	6.5	19.2
Volume depletion	276.5	9.4	5.5	8.0	10.7	3.9	7.0	*	2.7	6.6	36.7	9.8	0.5	3.5	17.9
Diseases of the blood and blood-forming organs	280-289	17.2	9.3	15.2	19.3	9.3	9.4	8.2	11.1	14.5	55.6	7.9	2.5	8.5	30.7
Anemias	280-285	12.7	6.2	10.4	15.0	6.8	5.7	3.1	9.0	10.0	44.4	3.0	1.5	5.0	25.6
Mental disorders	290-319	68.2	43.4	71.2	65.3	49.1	38.1	*	82.0	82.1	65.3	28.5	78.6	22.1	26.9
Psychoses	290-299	50.1	24.4	50.7	49.6	25.8	23.0	*	59.4	61.6	51.6	8.9	43.6	13.0	24.3
Schizophrenic disorders	295	8.6	1.0	9.4	7.9	2.1	0.0	*	10.5	13.8	*	0.0	3.0	0.0	0.0
Major depressive disorder	296.2-296.3	12.8	9.2	10.7	14.9	5.4	12.7	*	15.7	16.1	*	1.0	20.0	4.0	5.1
Diseases of the nervous system and sense organs	320-389	32.8	14.0	29.4	36.1	12.9	15.0	*	18.5	38.5	93.1	6.9	8.0	19.6	24.3
Diseases of the circulatory system	390-459	188.5	114.1	199.2	178.1	136.8	92.8	*	33.5	220.6	885.0	3.0	13.5	120.4	499.5
Essential hypertension	401	9.1	0.5	7.5	10.6	0.4	0.7	*	3.8	16.2	24.9	0.0	0.0	0.5	2.6
Heart Disease	391-392.0,393-398,402,404,410-416,420-429	121.0	79.7	131.9	110.3	97.1	63.5	*	18.6	139.4	581.9	2.0	10.0	90.3	331.7
Acute myocardial infarction	410	19.3	15.9	22.9	15.9	23.3	9.0	*	2.0	26.8	87.4	0.0	1.0	23.1	56.4
Coronary atherosclerosis	414.0	21.1	19.9	27.8	14.5	26.5	13.7	*	2.2	30.8	92.1	0.0	1.0	26.6	76.8
Other ischemic heart disease	411-413,414.1-414.9	3.3	1.2	3.9	2.8	0.7	1.7	*	0.8	5.8	11.4	0.0	0.0	3.0	1.3
Cardiac dysrhythmias	427	24.9	16.2	25.4	24.5	18.3	14.4	*	3.9	25.9	124.4	1.0	2.0	17.6	69.2
Congestive heart failure	428.0,428.2-428.4	32.8	13.5	32.5	33.0	15.0	12.0	*	*	29.1	177.7	1.0	1.5	5.5	80.7
Cerebrovascular disease	430-438	33.0	21.3	32.0	33.9	20.8	21.7	*	3.9	37.3	163.6	0.0	2.0	15.6	112.7
Diseases of the respiratory system	460-519	111.9	59.6	105.0	118.7	64.1	55.4	85.8	25.4	107.9	426.7	69.9	14.0	44.2	202.4
Acute bronchitis and bronchiolitis	466	5.6	2.6	6.0	5.3	2.5	2.7	20.7	*	1.7	5.9	9.8	0.0	1.0	3.8
Pneumonia	480-486	36.6	27.3	35.2	38.1	32.2	22.7	25.2	7.5	32.0	153.1	31.5	7.5	18.6	94.8
Chronic bronchitis	491	19.9	6.4	17.4	22.4	8.6	4.3	*	1.0	25.2	98.3	0.0	0.0	6.5	30.7
Asthma	493	14.3	4.1	10.7	17.7	2.5	5.7	*	7.2	14.7	25.5	9.8	0.0	5.5	3.8
Diseases of the digestive system	520-579	112.8	85.7	102.0	123.3	89.9	81.8	24.8	65.8	145.3	327.8	28.5	55.6	99.4	202.4
Appendicitis	540-543	8.9	9.9	10.3	7.6	11.5	8.3	8.4	11.1	7.3	6.1	7.9	13.5	8.5	6.4
Noninfectious enteritis and colitis	555-558	10.4	7.1	8.0	12.8	4.3	9.7	3.7	8.5	10.4	27.0	0.0	8.0	8.5	10.2
Intestinal obstruction	560	12.5	10.5	11.0	14.0	11.8	9.4	1.4	4.3	14.5	50.5	1.0	5.5	13.5	28.2
Diverticula of intestine	562	9.7	9.3	8.5	11.0	9.3	9.4	*	2.7	13.7	38.6	0.0	2.5	9.5	38.4
Cholelithiasis	574	10.9	7.8	6.8	14.8	7.5	8.0	*	8.9	12.7	29.4	0.0	2.5	13.0	17.9
Acute pancreatitis	577	9.0	8.3	8.9	9.0	7.9	8.7	*	7.2	13.9	17.4	11.8	4.0	7.5	16.6
Diseases of the genitourinary system	580-629	70.2	57.5	50.3	89.5	30.1	83.2	10.7	36.7	72.5	259.5	7.9	39.1	75.3	124.2
Calculus of kidney and ureter	592	5.1	5.4	5.4	4.8	4.7	6.0	*	4.7	4.9	8.4	0.0	5.0	8.5	5.1
Urinary tract infection	599	18.1	6.7	9.4	26.6	4.3	9.0	2.9	3.7	9.2	103.7	1.0	1.0	4.5	34.6
Complications of pregnancy, childbirth, and the puerperium	630-677	15.9	110.4	-	31.3	-	213.4	*	38.8	*	-	0.0	320.1	0.0	0.0
Diseases of the skin and subcutaneous tissue	680-709	24.2	8.8	24.9	23.4	12.2	5.7	11.4	15.4	30.2	58.8	8.9	4.0	6.0	28.2
Cellulitis and abscess	681-682	19.6	6.6	20.5	18.7	9.0	4.3	8.0	13.1	25.2	46.1	3.9	2.5	5.5	23.1
Diseases of the musculoskeletal system and connective tissue	710-739	74.7	101.4	64.1	85.1	92.0	110.2	4.5	21.4	117.0	262.8	12.8	27.5	132.5	326.6
Osteoarthritis and allied disorders	715	34.3	58.4	27.5	41.0	51.9	64.5	*	2.5	56.4	140.5	0.0	4.0	80.3	217.7
Intervertebral disc disorders	722	10.3	14.3	10.0	10.7	14.7	14.0	*	6.9	19.5	18.4	4.9	16.5	17.6	12.8
Congenital anomalies	740-759	5.7	5.0	6.8	4.6	6.8	3.3	*	2.3	3.4	5.0	15.7	2.0	3.0	3.8
Certain conditions originating in the perinatal period	760-779	*	3.3	*	*	3.2	3.3	*	*	*	*	18.7	0.0	0.0	0.0
Symptoms, signs, and ill-defined conditions	780-799	6.0	25.6	4.9	7.1	22.6	28.4	*	3.4	*	*	9.8	8.5	20.1	103.7
Injury and poisoning	800-999	96.9	64.3	92.0	101.7	64.1	64.5	26.1	55.2	106.7	314.7	23.6	28.1	71.3	192.1
Fractures, all sites	800-829	36.2	23.7	30.4	41.8	22.2	25.0	*	16.2	31.8	144.6	8.9	8.0	19.1	94.8
Fracture of neck of femur	820	9.9	5.4	6.2	13.6	5.0	5.7	*	*	4.9	63.6	0.0	0.0	1.0	37.1
Poisonings	960-989	8.4	2.9	7.8	9.0	1.8	4.0	*	10.3	11.1	7.4	0.0	5.5	2.5	1.3
Complications of surgical and medical care	996-999	33.0	26.8	31.5	34.5	26.9	26.7	*	14.3	47.1	107.0	6.9	9.5	39.6	64.0
Supplementary classifications	V01-V84	154.9	21.3	26.1	279.9	19.0	23.4	*	327.5	29.9	85.9	3.0	6.0	26.1	71.7
Female with deliveries	V27	128.4	3.3	-	253.0	-	6.3	*	315.5	*	-	0.0	1.0	3.5	12.8



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

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(701) 328-3900
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FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 20, 2013
SUBJECT: Long Term Care Insurance Program

Bill Hickman from GRS will be available via phone at our next meeting to discuss the LTC insurance program and the attached draft RFP. A couple of months ago we reviewed it at our Board meeting. We can now follow-up on this conversation with Bill.

By way of background, Bill has shared with us the following information on the LTC marketplace from his perspective:

1. He has been speaking with carriers and it appears that there are only two potential group LTC vendors left. One, Genworth, who GRS have dealt with before. The other, MedAmerica. Other companies have gotten out of the group market.
2. In response to a recent RFI for another state client, no company indicated that will be willing to submit a proposal if the state issues an RFP.

The challenge we face is the following:

1. There are only a few companies left in the market that offer group products.
2. The policy we presently offer is not a group product since we were unable to generate sufficient interest by our membership to meet the minimum participation requirement and it is not partnership qualified.
3. If we cannot offer a group product, then any product we do offer can be purchased by our members directly on the market as effectively as through us.

If the above is accurate, then the question is what value are we adding for our members by going through the RFP process?

As we discuss how to proceed with an RFP, we may want to consider alternative approaches to doing the RFP. That is instead of offering a single product, we may want to

consider an approach where we facilitate the flow of information on the importance of this product, how to purchase it in the marketplace and we can sponsor seminars on these products.

At this meeting we can start our discussion on how to proceed. We may also want to consider inviting back Schmidt Insurance Agency (SIA) here in Bismarck to again get their perspective at the April meeting. They spoke to us awhile ago and they are major firm doing business in this area.

I think our goal should be to decide by June how to move forward with this program.



North Dakota Public Employees Retirement System

North Dakota Public Employees Retirement
System (NDPERS)
Voluntary Long Term Care
Request for Proposal

RFP # XXXXXXXXXXXXXXXXX

Issue Date: XXXXX

Cover Letter

DRAFT

NDPERS
Proposal Form

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Intent to Respond

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Section I: General Information

Background

The North Dakota Public Employees Retirement System (NDPERS) is issuing this Request for Proposal (RFP) for Long Term Care Insurance for NDPERS employees, retirees and their spouses. The term “NDPERS” refers to The North Dakota Public Employees Retirement System. NDPERS provides a **participant pay-all** group long term care (LTC) plan to all eligible state and university employees and their dependents. It is possible that participation will be extended in the future to certain political subdivisions eligible to participate in NDPERS. By NDPERS policy, the plan must be competitively bid every 6 years. The LTC plan is currently offered through UNUM. The offeror who is awarded the Contract pursuant to this RFP will be required to provide benefit coverage with an effective date of coverage beginning **DATE**, and begin the necessary implementation immediately upon contract award

NDPERS’s mission is to *design, communicate and efficiently administer a viable employee benefits program within a framework of prudent risk-taking, applicable state and federal laws, and professional and ethical standards so as to provide an employee benefit package that is among the best available from public and private employers in the upper Midwest*. NDPERS currently provides a range of employee benefit plans to approximately 20,695 contributing members and 7,835 retirees and beneficiaries currently receiving benefits. NDPERS is seeking an insurer to provide an equitable, affordable program of insurance for long term care services that proactively addresses the ever-changing and varied needs of its employees. The State of North Dakota has a tax credit up to \$250 for individuals paying premiums on a qualified LTC product. NPERS is seeking an insurer that will provide a LTC product that when combined with the tax credit will be very attractive to our youngest employees.

NDPERS covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters, Peace Officers and Correctional Officers employed by political subdivisions.

The current plan design is included and should be duplicated as closely as possible. The current plan has the choice of a 3 or 5 year benefit period. Creative plan designs, which offer lower premium costs yet are sensitive to the demographics of the employee group, are encouraged.

Performance Requirements and Specifications

The successful carrier will provide all services as specified in the RFP and proposal including but not limited to the following:

The successful carrier will be responsible for all enrollment functions associated with plan enrollment. All enrollment applications will be sent directly to the successful carrier who will process the applications. This includes review of the applications, determination of medical evidence of insurability, as required, and all premium calculations.

Enrollment and premium remittance will be accomplished on a decentralized basis. The carrier will be required to receive and process eligibility and premium remittance for active employees in conjunction with **26** different payroll systems. Retirees are on a direct bill premium basis. It is anticipated (but not guaranteed) that the format and process will be able to be largely standardized.

It will be expected that carriers will prepare multiple billings (currently 26 separate monthly billings) and that NO retroactive adjustments will be made for terminated employees.

Premiums will be eligible for salary reduction.

Premiums are to be 100% employee paid.

Unless quotations are Guaranteed Issue (GI), no minimum participation requirements will be allowed.

Eligible employees and retirees are defined as follows:

Permanent employees who are employed by a governmental unit, as that term is defined in Section 54-52-01. "Eligible employee" includes members of the legislative assembly, judges of the supreme court, paid members of the state or political subdivision boards, commissions or associations, elective state officers, as defined by Subsection 2 of Section 54-06-01, and permanent disabled employees who are receiving compensation from the North Dakota workers' compensation fund. As used in this Subsection, "permanent employee" means one whose services are not limited in duration, who is filling an approved and regularly funded position in a governmental unit, and who is employees at least seventeen and one-half hours per weeks and at least five months each year.

Retirees will be eligible for benefits on the following basis:

A retiree who has accepted a retirement allowance from the public employees retirement system, highway patrolmen's retirement system, the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) for service credit earned while employed by North Dakota institutions of higher education, the retirement system established under Chapter 27-17, or the teachers' fund for retirement will be allowed to elect to participate in the group upon initial offering of the program.

North Dakota insurance law provides that "any carrier underwriting any portion of the state's group insurance plan is exempt from paying premium taxes...on that portion of its business representing premiums collected for the group insurance plan". Thus, your responses should not reflect any amounts for premium taxes.

Retirees are allowed to continue coverage under certain specific situations. Please refer to retiree eligibility covered in the Summary Plan Description (SPD).

Attached in Exhibit A is a model contract. Unless you state otherwise it will be assumed that you agree to fully comply with the terms of the contract.

The carrier awarded the NDPERS voluntary LTC contract must be able to administer all current eligibility and coverage continuation provisions. Please refer to the above and applicable pages in the current SPD (Exhibit B), as well as state contract provisions included in Section V: Exhibits.

Additionally, please note the NDPERS will NOT accept any costs billed to NDPERS including costs for program implementation, enrollment, and/or administration either initially or on an on-going basis.

This RFP is being sent both directly to carriers and to agents/brokers.

Timetable

Below is the preliminary timetable for receiving bids, bid analysis, selection, and implementation of the program:

<u>Milestone</u>	<u>DATE</u>
Proposals due	XX/XX/XX
Evaluate Bids	XX/XX/XX
Final Selection Analysis	XX/XX/XX
Notify Successful Carrier	XX/XX/XX
Begin Implementation Meetings and activities	XX/XX/XX
Finalization of communication materials	XX/XX/XX
Effective Date of Coverage	XX/XX/XX

The dates above are subject to change at NDPERS' request.

General Proposal Requirements

Bidders shall agree to the general requirements noted below. The term "NDPERS" refers to The North Dakota Public Employees Retirement System.

1. Award or Rejection: All qualified proposals will be evaluated and the award will be made to the bidding offeror whose proposal is deemed to be in the best interest of NDPERS. NDPERS reserves the right to reject any or all proposals.
2. Decline to offer: Any bidder who receives a copy of the specifications but declines to make an offer is requested to send a written "Decline to Offer" to XXXX.
3. Costs for Proposal Preparation: Any costs incurred by the bidders in preparing or submitting proposals are the bidders' sole responsibility.
4. Oral Explanations: NDPERS will not be bound by oral explanations or instructions given at any time during the bidding process or after the award of the contract.
5. Reference to Other Data: Only information that is received in response to the specifications will be evaluated; reference to information previously submitted or explained will not be considered unless specifically authorized.
6. Time for Acceptance: The bidder agrees to be bound by its proposal for a period of at least 120 days, during which time the NDPERS and/or) Gabriel, Roeder, Smith and Company, as NDPERS' benefits consultant, may require clarification or correction of the proposal for the purpose of

evaluation. Amendments or clarifications shall not affect the remainder of the proposal, but only the portion so amended or clarified.

7. **Exceptions:** Any exceptions to terms, conditions or other requirements in any part of these specifications must be clearly pointed out in the appropriate section of the proposal, otherwise it will be considered that all items offered are in compliance with the specifications as set forth in the RFP. The successful bidder will be responsible for compliance. Any exceptions will be part of the evaluation process and may constitute grounds for rejection of the proposal.
8. **Bidder’s Representative:** The proposal must be signed by a legal representative of the bidding firm, who is authorized to bind the firm to a contract in the event of the award.

Plan Design Summary

NDPERS current plan is summarized as follows:

The Plan Choices				
Facility Benefit Duration	3 years or 5 years			
Facility Monthly Benefit Amount	\$3,000			
Plans	Plan 1	Plan 2	Plan 3	Plan 4
Assisted Living Facility	60%	60%	60%	60%
Lifetime Maximum – 3 Years	\$108,000	\$108,000	\$108,000	\$108,000
5 Years	\$180,000	\$180,000	\$180,000	\$180,000
Professional Home Care	50%	50%	50%	50%
Total Home Care – Option	N/A	50%	N/A	50%
Inflation Protection* – Option	N/A	N/A	Simple Capped	Simple Capped

**If the individual selects inflation option, and he or she terminates the inflation option at a future date, the individual can purchase the inflated coverage amount at his or her original age*

A second level offers paid-up non-forfeiture across all four plan options.

Benefit Eligibility

Individuals will be deemed eligible for the plan if they are:

- An active employee who works 20 hours per week for 20 or more weeks and his/her spouse of the Sponsoring Organization
- A retired employee/spouse of the Sponsoring Organization

Claim holders are deemed eligible if they are assessed as suffering a covered loss of functional capacity or cognitive impairment. The claimant must be under the regular care of a doctor according to the condition. A monthly benefit will become payable on the day after the elimination period is completed.

Loss of Functional Capacity: loss of 2 or more activities of daily living (ADLs) because of a physical or mental incapacity resulting from an injury or a sickness or because of advanced age.

Cognitive Impairment: deterioration or loss in intellectual capacity resulting from Alzheimer’s disease or similar forms of irreversible dementia.

Elimination Period: there is an Elimination Period of 90 consecutive days that must be satisfied once in the life of the plan.

Activities of Daily Living: consist of bathing, dressing, toileting, transferring, continence and eating.

NOTE: Activities of Daily Living that the claimant cannot perform without standby assistance on the date the individual becomes insured will not be considered when determining the extent of loss.

Proposal Instructions

Responses to this proposal shall be submitted electronically as a Microsoft Word document, excepting those areas where alternative methods of submission are specified. In addition to the electronic copy, it is necessary that one sealed copy of your proposal be received in the NDPERS office by XXXXXX. The address for the NDPERS office is listed below:

XXXXXXXXXX

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

If your organization chooses not to offer a proposal, please submit a letter to our office indicating this is your intention. Questions regarding this RFP may only be submitted in writing to XXXX on or prior to XXXXX

Section II: Offeror Information

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Please provide the following general information about your company and proposed contact with NDPERS.

I. GENERAL INFORMATION	
Offeror's Legal Name	
Address	
City	
State	
Zip	
Website Address	
Year Operations Began	
Corporate Tax Status	Click to Select One
Federal Employer ID Number	
Ownership/Controlling Interest	

Please identify both the primary contact, who can answer questions related to this RFP, and the account manager, who will have overall responsibility for planning, implementing, supervising and performing account services if the Offeror is awarded this contract.

II. CONTACT INFORMATION	
Primary Contact	
Name	
Title	
Address	
City	
State	
Zip	
Telephone Number	
Cell Phone Number	
Fax Number	
E-mail Address	
Account Manager	
Name	
Title	
Address	
City	
State	
Zip	
Telephone Number	
Cell Phone Number	
Fax Number	
E-mail Address	

Please provide three references (preferably public sector), including one terminated/former reference, to whom your company has provided LTC coverage within the past 5 years.

III. REFERENCES	
First Reference-Current	
Company	
Contract Status	Click to Select One
Contact Person	
Title	
City, State	
Telephone Number	
Fax Number	
E-mail Address	
Second Reference-Current	
Company	
Contract Status	Click to Select One
Contact Person	
Title	
City, State	
Telephone Number	
Fax Number	
E-mail Address	
Third Reference-Terminated/Former	
Company	
Contract Status	Click to Select One
If "terminated or former" please state reason for termination	
Contact Person	
Title	
City, State	
Telephone Number	
Fax Number	
E-mail Address	

Section III: Proposal Questionnaire

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Representations made by the Offeror in this proposal become contractual obligations that must be met during the contract term.

Instructions: Please provide a response to each of the following questions. If a drop-down list is available, please select a response from that list. If a response attachment is required, the attachment can be provided in either Microsoft Word or Excel (preferred) or Adobe pdf format unless specified otherwise.

Question		Response
I. ORGANIZATION INFORMATION		
Q-1	a) Describe the Offeror's experience in providing Long Term Care Insurance.	
	b) Please describe your experience with North Dakota based clients.	
Q-2	Please provide a brief history of the organization, its growth on a national level, and its ownership structure.	
Q-3	a) How many years has the Offeror administered Long Term Care Insurance?	
	b) How many years has the Offeror administered Long Term Care Insurance to North Dakota based clients?	
Q-4	a) Please state the name(s) of the LTC insurance product(s) you are proposing to NDPERS.	
	b) Is/Are the product(s) approved under the North Dakota Long-Term Care Partnership Program?	Click to Select One
Q-5	a) Will your organization be involved in any acquisitions or mergers within the next 12 months?	Click to Select One
	If yes, please describe.	
	b) Has your organization been involved in any recent acquisitions or mergers?	
	◆ Within the last year?	Click to Select One
	◆ 1-2 years ago?	Click to Select One
	◆ 2-5 years ago?	Click to Select One
	◆ None in the last five years	Click to Select One
	If yes, please describe.	
Q-6	Because the policy will be issued in the state of North Dakota, the insurance policy must be in full accord with the laws of that jurisdiction. It will be the responsibility of the underwriting carrier to include all provisions	Click to Select One

Question		Response
	required by the laws of the jurisdiction in which the contract is issued. Are you currently able to fulfill this requirement?	
Q-7	Confirm that your organization has the following insurance coverage:	
	a) Worker's Compensation	Please submit a copy of your certificate(s) of insurance indicating coverage. Label as " Response Attachment Q-7a: Certificate of Insurance ".
	b) Errors & Omissions	Please submit a copy of your certificate(s) of insurance indicating coverage. Label as " Response Attachment Q-7b: Certificate of Insurance ".
	c) Commercial General Liability	Please submit a copy of your certificate(s) of insurance indicating coverage. Label as " Response Attachment Q-7c: Certificate of Insurance ".
Q-8	Please attach a copy of the company's two most recent annual reports.	Please submit a copy of your two most recent annual reports. Label as " Response Attachment Q-8: Annual Reports ".
Q-9	a) Please provide a copy of the last two (2) year end audited financial statements or best available equivalent report and an analysis of those financial statements/reports (independently audited preferred).	Please submit a copy of your two most recent audited financial statements. Label as " Response Attachment Q-9a: Audited Financial Reports ".
	b) Abbreviated profit and loss statements and abbreviated balance sheets for the last two (2) years.	and Please submit abbreviated profit and loss statements and abbreviated balance sheets for the last two (2) years. Label as " Response Attachment Q-9b: Profit and loss statements and abbreviated balance sheets ".
Q-10	Provide a copy of your most recent financial ratings and complete the following table.	Please submit a copy of your two most recent financial ratings. Label as " Response Attachment Q-10: Financial Ratings ".
	A.M. Best	
	◆ Current Financial Rating	
	◆ Date of Rating	
	◆ Prior Financial Rating	
	◆ Date of rating	
	Standard & Poor's	
	◆ Current Financial Rating	
	◆ Date of Rating	
	◆ Prior Financial Rating	
	◆ Date of rating	
	Fitch	
	◆ Current Financial Rating	
	◆ Date of Rating	
	◆ Prior Financial Rating	

Question		Response
	♦ Date of rating	
	Weiss	
	♦ Current Financial Rating	
	♦ Date of Rating	
	♦ Prior Financial Rating	
	♦ Date of rating	
	Moody's	
	♦ Current Financial Rating	
	♦ Date of Rating	
	♦ Prior Financial Rating	
	♦ Date of rating	
Q-11	Describe any litigation and/or government action taken, proposed or pending against your company or any entities of your company during the most recent five (5) years. This information shall include notice whether the Offeror's organization has had its registration and/or certification suspended or revoked in any jurisdiction within the last 5 years, along with an explanation.	
Q-12	In the event of contract termination, describe the process by which persons who are insured may continue coverage.	
Q-13	What key features distinguishes your LTC insurance product from your competitors and what do you perceive as your competitive advantages?	
Q-14	Provide the following enrollment history metrics as of January 1st of each year.	
	2010	
	Number of covered lives:	
	Number of employer clients:	
	Number of statewide public entity clients:	
	2011	
	Number of covered lives:	
	Number of employer clients:	
	Number of statewide public entity clients:	
	2012	

Question		Response
	Number of covered lives:	
	Number of employer clients:	
	Number of statewide public entity clients:	
II. CLAIMS PROCESSING		
Q-15	a) What is the location (city/state) of the claims processing center the Offeror will be utilizing for the NDPERS Plan? (Please note that this location cannot be offshore.)	
	b) What is the annual claims volume for this location?	
	c) How many years has this location been in operation?	
	d) What is the turnover rate of claims processors for this location?	
Q-16	a) Please identify any secondary claims processing location(s).	
	b) Describe how these additional location(s) will support the primary location.	
Q-17	Describe the claims processing unit (organization, staffing and services) that would handle the NDPERS account.	
Q-18	Please provide the following statistics for each calendar year.	
	2010	
	Number of appeals	
	Average number of days between initial receipt and final resolution	
	2011	
	Number of appeals	
	Average number of days between initial receipt and final resolution	
	2012 (January through October)	
	Number of appeals	
Average number of days between initial receipt and final resolution		
Q-19	Do you expect to make major changes to the service organization (e.g. moving to a different location, merging units, etc)?	Click to Select One

Question		Response
	If yes, please describe the changes and the expected timing.	
Q-20	Describe the internal auditing protocols for your claims processing area.	
III. CUSTOMER SERVICE AND ACCOUNT MANAGEMENT		
Q-21	a) What is the location (city/state) of the customer service call center the Offeror will be utilizing for the NDPERS Plan? (Please note that this location cannot be offshore.)	
	b) Would a dedicated toll-free customer service line be available to NDPERS?	Click to Select One
	c) How many years has this location been in operation?	
	d) What is the turnover rate of CSRs for this location?	
Q-22	a) Please identify any secondary customer service call center location(s).	
	b) Describe how these additional location(s) will support the primary location.	
Q-23	Describe the customer service unit (organization, staffing and services) that would handle the NDPERS account.	
Q-24	Briefly describe the training program in general as well as the specific training that each associate receives to prepare to manage the NDPERS benefit. Include length of time it takes to go from training to CSR.	
Q-25	What are the hours of operation for the customer service department?	
Q-26	How do you track and monitor phone service on an account-specific basis?	
Q-27	a) Is there an available opt-out to a live representative at any time during an automated voice response?	Click to Select One
	b) Does the automated voice response system provide the estimated wait time until the live operator will pick up the call?	Click to Select One
Q-28	Provide your phone service standard versus actual results for 2010, 2011 and January through October 2012 for the primary customer service center proposed for this contract.	

Question		Response
Average speed to answer		
	Phone service standard	
	2010 Actual	
	2011 Actual	
	2012 Actual (January – October)	
Call abandonment rate		
	Phone service standard	
	2010 Actual	
	2011 Actual	
	2012 Actual (January – October)	
Percent of calls resolved on the first contact		
	Phone service standard	
	2010 Actual	
	2011 Actual	
	2012 Actual (January – October)	
Q-29	Provide an outline of your proposed communication plan. Please provide samples of communication materials (including any electronic media) to be distributed by the Contractor to all eligible participants informing them of the opportunity to purchase Long Term Care insurance including, but not limited to, education about the need for LTC insurance, the coverages available, and procedure for enrolling.	Label as "Response Attachment Q-29: Proposed Communication Plan and Sample Communication Materials" .
Q-30	Please provide copies of your application forms and any health statements that would be required for each participant.	Label as "Response Attachment Q-30: Application Forms and Health Statements" .
Q-31	How does your customer service system support and provide access to individuals with disabilities and individuals with limited English speaking abilities?	
Q-32	Do you expect to make major changes to the service organization (e.g. moving to a different location, merging units, etc)? If yes, please describe the changes and the expected timing.	Click to Select One
Q-33	Will plan members have access to a State dedicated website, which contains the following:	

Question		Response
	a) Access to Member Services;	Click to Select One
	b) Access to plan benefit information;	Click to Select One
	c) Access to self-help information;	Click to Select One
	d) Plan inquiries;	Click to Select One
	e) Other (please specify)	
Q-34	Please describe current services available to Plan Sponsors on your website.	
Q-35	Please describe current services available to Plan participants on your website.	
Q-36	How do you maintain a secure environment for communicating through your website? Please describe.	
Q-37	Do you expect to make major changes to the products being offered by your organization?	Click to Select One
	If yes, please describe the changes and the expected timing.	
Q-38	Provide your standard turnaround time in Business Days to Process an Application for Insurance	
	Guaranteed Issue Application	
	Inside State of North Dakota	
	Outside State of North Dakota	
	Underwritten Application	
	Inside State of North Dakota	
	Outside State of North Dakota	
Q-39	NDPERS may require modification or creation of new reports. Please provide samples of your standard reports.	Label as "Response Attachment Q-39: Standard Reports" .
Q-40	a) Provide a copy of the latest customer satisfaction survey your organization has conducted, including results.	Label as "Response Attachment Q-40: Customer Satisfaction Survey" .
	b) How was the survey instrument developed?	
	c) Do you use an independent outside vendor to conduct the survey? If so, who?	
	d) How are recipients to the survey selected?	
Q-41	Describe the organization and structure of the account services team that will support NDPERS. Include how this structure is particularly responsive to NDPERS' needs	

Question		Response
Q-42	Please provide the following information for the Proposed Account Manager identified in Section II, Offeror Information.	
	a) Where will the account manager be located?	
	b) What percentage of this person's time will be dedicated to the NDPERS account?	
	c) Please provide an organizational chart identifying the names, functions and reporting relationships of key personnel directly responsible for account support services to NDPERS.	Label as " Response Attachment Q-42c: Account Management Team Organizational Chart ".
IV. QUALITY IMPROVEMENT MANAGEMENT		
Q-43	Please indicate whether your organization's Quality Improvement (QI) work plan, or schedule of activities, includes the following:	
	a) Objectives, scope, and planned projects or activities for the year.	Click to Select One
	b) Planned monitoring of previously identified issues, including tracking of issues over time.	Click to Select One
	c) Planned evaluation of the QI program.	Click to Select One
V. PLAN PROVISIONS AND COVERAGE		
Q-44	Do you provide coverage at no additional charge for services in addition to the following: coverage for licensed skilled, intermediate or custodial nursing homes; home health and adult day care services; in-patient and at-home hospice care; assisted living facilities; personal care nursing, habilitation and rehabilitation; social services, case management and other assistive technology; and respite care services?	Click to Select One
	If yes, please list and describe the additional services covered.	
Q-45	Regarding all classes of eligible participants, is there an age limit for those applying for coverage?	
Q-46	What are the underwriting requirements for each classification of participant?	
Q-47	Is "Short-form" underwriting available for eligible participants requiring underwriting?	Click to Select One
Q-48	Under what conditions will you accept	

Question		Response
	participants from NDPERS' current plan?	
Q-49	Explain how your coverage works for those participants who are working or residing outside of the United States.	
Q-50	a) Do you allow family members to continue coverage if the employee terminates coverage or employment?	Click to Select One
	b) Will family members continue to pay current rates?	Click to Select One
Q-51	Describe your lifetime maximum formula with examples. Provide an example of how the lifetime benefit is calculated when the policy includes an inflation protector. If the maximum lifetime benefit does not apply to all covered services, which services are limited?	
Q-52	Describe your elimination period in detail. How are the days counted? Do they have to be consecutive? What documentation is required? Are days of service/expense required? What documentation will the participant receive?	
Q-53	a) If your plan includes a pre-existing condition exclusion/limitation, provide details on how pre-existing conditions are treated in the policy, including information regarding satisfaction of the elimination period as it relates to the pre-existing condition.	
	b) Can pre-existing conditions be covered at any time if the claim begins during the pre-existing period?	Click to Select One
	c) How is the beginning of the claim determined for purposes of the pre-existing condition clause?	
Q-54	Describe your plan's non-forfeiture provision.	
Q-55	Describe your plan's compound automatic inflation option benefit. Include in your description how this benefit works while a participant is in claim status.	
Q-56	Does your plan include a periodic inflation benefit?	Click to Select One
	If so, please describe, including underwriting requirements.	

Question		Response
Q-57	Does your plan include coverage for services provided by a continuing care or life-care retirement community?	Click to Select One
Q-58	Does your plan include a premium "grace period" for direct billed participants?	Click to Select One
	If so, please describe in detail.	
Q-59	Does your plan include an appeals process if benefits are denied?	Click to Select One
	If so, please describe in detail.	
Q-60	Does your plan include a Restoration of Benefits provision?	Click to Select One
	If so, please describe in detail.	
Q-61	Does your plan include a Return of Premium upon death benefit?	Click to Select One
	If so, please describe in detail.	
Q-62	Does your plan include a Transition of Care benefit?	Click to Select One
	If so, please describe in detail.	
Q-63	Does your plan include an Alternate Plan of Care benefit?	Click to Select One
	If so, please describe in detail.	
Q-64	Does your plan include an Information and Referral Services benefit?	Click to Select One
	If so, please describe in detail.	
Q-65	Does your plan include a Waiver of Premium provision?	Click to Select One
	If so, please provide details on how your waiver of premium provision is administered.	
Q-66	Please describe your plan's portability feature.	
Q-67	a) Describe all policy exclusions in detail.	
	b) Are there policy exclusions for employees who may become disabled due to countries in civil conflict, war or through acts of terrorism?	
Q-68	Is your plan guaranteed renewable?	Click to Select One
Q-69	a) What are the criteria for determining benefit eligibility? Please address functional and cognitive impairment separately.	
	b) What information is required by the	

	Question	Response
	<p>attending physician, and what assessments are required by your organization, and at whose expense?</p> <p>c) What is the particular skill level required to complete the assessment (e.g., geriatrician)?</p>	
Q-70	Describe the process used to determine ability or inability to perform each ADL.	
Q-71	<p>a) What criteria are used to measure the need for supervision and monitoring of people with cognitive and other mental impairments?</p> <p>b) How do you measure the service needs of people with cognitive and other impairments?</p>	
Q-72	<p>a) Does your plan provide coverage for informal caregivers, e.g., family members?</p> <p>b) Please explain how the use of informal caregivers may be covered.</p>	Click to Select One
Q-73	When benefits are approved, how often is re-certification required?	
Q-74	What is your acceptance rate for underwritten applications?	
Q-75	Describe your appeals process including time frames for rejected applicants.	
Q-76	Describe your process for making up missed payroll deductions.	
Q-77	<p>a) Describe the process for transferring an insured from the payroll deducted group plan to a direct-billed plan.</p> <p>b) Are there any circumstances in which a participant would not be able to retain coverage on an individual basis?</p> <p>If so, please describe.</p>	Click to Select One
Q-78	<p>a) Describe the process of how an insured applies for benefits.</p> <p>b) Are physical exams or interviews normally required?</p> <p>c) If so, who conducts the exam or interviews, and at whose expense?</p> <p>d) Is there a maximum time period claimants are allowed to submit a claim from the date of occurrence?</p>	Click to Select One

Question		Response
	e) If so, what is the time period?	
Q-79	Please provide copies of all required forms the insured, physician and/or facility needs to complete to file a claim.	Label as " Response Attachment Q-79: Plan Forms ".
Q-80	What is the average turnaround time for the approval of a claim?	
Q-81	a) Are benefit payments made directly to the insured/patient, or can they be assigned to a family member or provider?	
	b) What circumstances would allow benefit payments to be made to a family member?	
Q-82	a) Do you offer case management?	Click to Select One
	If so, please describe.	
	b) Is it voluntary or mandatory?	Click to Select One
	c) Does your organization or another entity provide the case management services?	
	d) What are the qualifications of your case managers?	
	e) What training do they undergo?	
Q-83	Under what conditions may a participant increase or decrease their daily or monthly benefit levels?	
Q-84	Under what conditions can a participant add a nonforfeiture benefit after coverage is in effect?	
Q-85	Under what conditions may a participant increase or decrease their lifetime maximum duration?	
Q-86	What performance standards do you currently monitor?	
Q-87	a) Describe your process for handling complaints and requests for customer service.	
	b) How quickly do you respond to complaints and to requests from participants?	
VI. HIPAA COMPLIANCE		
Q-88	Is the organization compliant with all applicable HIPAA administrative simplification rules?	Click to Select One
Q-89	a) What practices and policies have you implemented to ensure the confidentiality	

Question		Response
	of all confidential information, including protected health information as defined by the HIPAA privacy rule, member information, or other sensitive information of NDPERS and its plan participants?	
	b) How often do you update your HIPAA policies and procedures?	
Q-90	Please identify and describe all breaches of HIPAA privacy and security provisions within the last 18 months.	Label as "Response Attachment Q-90: HIPAA Privacy and Security Breaches" .
VIII. ELIGIBILITY		
Q-91	Please describe the eligibility system that will be used to keep track of NDPERS' eligibility files, including:	
	a) System "trade name"	
	b) System organization	
	c) Date eligibility system was put in place	
	d) Number of system upgrades since inception	
	e) Annual budget and planned system improvements for the hardware and software used in providing the services.	
IX. IMPLEMENTATION PROGRAM / COMMUNICATION		
Q-92	Please discuss your procedures and processes for handling the following during the transition period:	
	a) Transition of care	
	b) Employee communications regarding change in administrators	
Q-93	Implementation Plan	
	a) Name of the person with overall responsibility for planning, supervising and implementing the program for NDPERS.	
	b) Title	
	c) What other duties, if any, will this person have during implementation? Please include the number and size of other accounts for which this person will be responsible during the same time period.	
	d) What percentage of this person's time will be devoted to the NDPERS account during	

	Question	Response
	<p>the implementation process?</p> <p>e) Please provide an organizational chart identifying the names, area of expertise, functions, and reporting relationships of key people directly responsible for implementing the NDPERS account. In addition, resumes of these individuals should be included.</p> <p>f) Provide a detailed implementation plan that clearly demonstrates the Offeror's ability to meet NDPERS' requirements to have a fully functioning program in place and operable on XXX. This implementation plan should include a list of specific implementation tasks/transition protocols, primary party responsible for each step and a time-table for initiation and completion of such tasks, beginning with the contract award and continuing through the effective date of operation. The implementation plan should be specific about requirements for information transfer as well as any services or assistance required during implementation.</p>	<p>Label as "Response Attachment Q-93e: Implementation Team Organizational Chart".</p> <p>Label as "Response Attachment Q-93f: Implementation Plan".</p>
Q-94	Will representatives of your organization meet with participants and/or NDPERS staff to explain how the program works?	Click to Select One
Q-95	<p>Do you anticipate any major transition issues during implementation?</p> <p>If yes, please describe.</p>	Click to Select One

Section IV: Premium Quotation Forms

DRAFT

Complete the tables on the following pages with premium rates that will be offered to the NDPERS participants. Please quote based on the following:

The Plan Choices – A Group				
Plans	Plan 1A	Plan 2A	Plan 3A	Plan 4A
Facility Benefit Duration	3 Years or 5 Years			
Facility Monthly Benefit Amount	\$3,000	\$3,000	\$3,000	\$3,000
Assisted Living Facility	60%	60%	60%	60%
Lifetime Maximum – 3 Years	\$108,000	\$108,000	\$108,000	\$108,000
5 Years	\$180,000	\$180,000	\$180,000	\$180,000
Professional Home Care	50%	50%	50%	50%
Total Home Care – Option	N/A	50%	N/A	50%
Inflation Protection* – Option	N/A	N/A	Simple Capped	Simple Capped

**If the individual selects inflation option, and he or she terminates the inflation option at a future date, the individual can purchase the inflated coverage amount at his or her original age*

The Plan Choices – B Group				
Plans	Plan 1B	Plan 2B	Plan 3B	Plan 4B
Facility Benefit Duration	3 Years or 5 Years			
Facility Monthly Benefit Amount	\$3,000	\$3,000	\$3,000	\$3,000
Assisted Living Facility	60%	60%	60%	60%
Lifetime Maximum – 3 Years	\$108,000	\$108,000	\$108,000	\$108,000
5 Years	\$180,000	\$180,000	\$180,000	\$180,000
Non-Forfeiture	Paid Up	Paid Up	Paid Up	Paid Up
Professional Home Care	50%	50%	50%	50%
Total Home Care – Option	N/A	50%	N/A	50%
Inflation Protection* – Option	N/A	N/A	Simple Capped	Simple Capped

Elimination Period: 90 days for all plans

Medical Underwriting: Yes

Pre-Existing Condition Provision: Yes

Alternative Plan Design: Alternative plan designs can be proposed. Specify in detail how benefits and contract provisions differ from existing plans.

Waiver of Premium:

Yes; included in all plans. (May exclude for respite care benefits only.)

Table A:

3 Year Benefit Period

Age	Plan 1A	Plan 2A	Plan 3A	Plan 4A
30	\$	\$	\$	\$
35	\$	\$	\$	\$
40	\$	\$	\$	\$
45	\$	\$	\$	\$
50	\$	\$	\$	\$
55	\$	\$	\$	\$
60	\$	\$	\$	\$
65	\$	\$	\$	\$
70	\$	\$	\$	\$
75	\$	\$	\$	\$
80	\$	\$	\$	\$

Table B:

3 Year Benefit Period

Age	Plan 1B	Plan 2B	Plan 3B	Plan 4B
30	\$	\$	\$	\$
35	\$	\$	\$	\$
40	\$	\$	\$	\$
45	\$	\$	\$	\$
50	\$	\$	\$	\$
55	\$	\$	\$	\$
60	\$	\$	\$	\$
65	\$	\$	\$	\$
70	\$	\$	\$	\$
75	\$	\$	\$	\$
80	\$	\$	\$	\$

Table C:

5 Year Benefit Period

Age	Plan 1A	Plan 2A	Plan 3A	Plan 4A
30	\$	\$	\$	\$
35	\$	\$	\$	\$
40	\$	\$	\$	\$
45	\$	\$	\$	\$
50	\$	\$	\$	\$
55	\$	\$	\$	\$
60	\$	\$	\$	\$
65	\$	\$	\$	\$
70	\$	\$	\$	\$

Table E:

3 Year Benefit Period

Age	Alternative Plan 1	Alternative Plan 2
30	\$	\$
35	\$	\$
40	\$	\$
45	\$	\$
50	\$	\$
55	\$	\$
60	\$	\$
65	\$	\$
70	\$	\$
75	\$	\$
80	\$	\$

Table F:

5 Year Benefit Period

Age	Alternative Plan 1	Alternative Plan 2
30	\$	\$
35	\$	\$
40	\$	\$
45	\$	\$
50	\$	\$
55	\$	\$
60	\$	\$
65	\$	\$
70	\$	\$
75	\$	\$
80	\$	\$

Section V: Exhibits

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Exhibit B – Current Summary Plan Description

Double-Click below to open full Plan Description as a PDF

DRAFT



Unum Life Insurance Company of America
2211 Congress Street
Portland, Maine 04122
(207) 575-2211

**LONG TERM CARE INSURANCE
OUTLINE OF COVERAGE**
For the Employees of

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
(the Sponsoring Organization)

Group Master Summary of Benefits Form Number 510487

NOTICE TO BUYER: This plan may not cover all costs associated with long term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all plan limitations.

Caution: If you must complete an Application for Long Term Care Insurance which includes evidence of insurability, the issuance of a long term care insurance certificate will be based on your responses to the questions in your application. A copy of your Application for Long Term Care Insurance was retained by you when you applied. If your answers are incorrect or untrue, Unum has the right to deny benefits or rescind your coverage. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact Unum at this address: Unum Life Insurance Company of America, 2211 Congress Street, Portland, Maine 04122.

1. The Summary of Benefits is delivered in and is governed by the laws of the governing jurisdiction of **Maine** and to the extent applicable by the Employee Retirement Income Security Act of 1974.

The Summary of Benefits is a part of the Select Group Insurance Trust situated in Maine. Fleet Bank of Maine is the Trustee.

2. **PURPOSE OF OUTLINE OF COVERAGE**

This outline of coverage provides a very brief description of the important features of the plan. You should compare this outline of coverage to outlines of coverage for other plans available to you. This is not an insurance contract, but only a summary of coverage.

Only the Summary of Benefits contains governing contractual provisions. This means that the Summary of Benefits sets forth in detail the rights and obligations of both you and us (Unum Life Insurance Company of America). Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR CERTIFICATE CAREFULLY!**

B.OOC (11/01)

Exhibit C – Employee Census

Suggest census information including age be included for 1. Current enrollees and 2. All eligibles

DRAFT

From: bill.hickman@gabrielroeder.com [<mailto:bill.hickman@gabrielroeder.com>]

Sent: Friday, November 09, 2012 12:59 PM

To: Collins, J. Sparb

Cc: amy.cohen@gabrielroeder.com; skappel@managedcareadvisors.com

Subject: LTC Draft

Sparb,

Please see the attached draft. I've delayed sending this pending responses to a Request for Information conducted by another state client. That client has been with Prudential and currently covers over 10,000 participants in its group long term care plan. In response to the RFI, no company indicated that it will be willing to submit a proposal if the state issues an RFP. We can go ahead with your solicitation; however it is unlikely that any company will respond.

Please let us know how you want to proceed.

Thanks,

Bill



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

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

FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Deb Knudsen
DATE: March 20, 2013
SUBJECT: Provider Compliance Update

At the February board meeting Srinivas and I proposed an “Amnesty Week” as a solution to a larger than expected group of provider representatives being non-compliant. The non-compliance was caused by them not attending a mandatory training session provided by NDPERS.

A reminder mailing was sent to the home office of those who were not in compliance and also an invitation was sent to the individuals telling them of the amnesty opportunity. Unfortunately, very few took advantage of this and we still have 64 individuals out of compliance. The attached letter was sent to each provider company’s home office containing the names of those out of compliance this week.

We did receive approximately ten back as undeliverable and it is possible that some of the others are no longer working for that company. We will update you at the next Board meeting after we have heard back from the provider companies.

Please let me know if you have any questions or concerns.

March 21, 2013

«Name»
«Company»
«Address1»
«Address2»
«CityStateZip»

Dear «Salutation»:

We previously notified you in writing on January 31, 2013 that you had some agents out of compliance with our training requirements. We included with that letter, a list of representatives affiliated with your company that did not attend one of the training sessions we conducted last fall and were, therefore, out of compliance with the Provider Administrative Agreement. In order to ensure adequate opportunity was provided for agents to meet these requirements, NDPERS conducted an Amnesty Week whereby we made the web version of the training available during the week of February 25 through March 1, 2013. The representatives out of compliance were required to review the training module and certify their completion to the NDPERS office by 5:00 p.m. on March 15, 2013.

As you are aware, it is your responsibility to insure that all your representatives are current on the training requirements as set forth in Section II.A of our agreement which states:

.....All new sales representatives must complete an initial review of the Deferred Compensation Program and be certified by the Retirement Board before the sales representative may enroll or recruit eligible participants. All sales representatives must complete an initial orientation of the deferred compensation program within one year of beginning service and all sales representatives must complete ongoing training orientation every two years as prescribed by the Retirement Board.....

This is to notify you that the representatives on the enclosed list remain out of compliance. We are requesting you to provide us with direction regarding their continued participation with the NDPERS 457 deferred compensation plan by April 12, 2013. If you do not respond, it will be interpreted by the Board as your desire to discontinue your provider status with the NDPERS Deferred Compensation Plan.

The board will take final action on this issue at its April 18, 2013 meeting which could consist of one of the following actions:

1. Loss of Active Provider Status. This would mean that your firm could no longer enroll new members but could continue to receive contributions from existing clients.
2. Loss of Provider Status. Under this type of suspension you would not be able to enroll any new members and you would not be able to receive any new contributions.

3. Maintain Provider Status. Based upon submittal of an appropriate action plan to correct the above noncompliance the Board may not take action 1 or 2.

If you have any questions or need any additional information, please contact me or Srinivas Goluguri, if I am not available. You may also respond by mail, fax or you can e-mail your response to my attention at kallen@nd.gov. We look forward to receiving your response in order to resolve this issue.

Please feel free to contact me with any questions or concerns.

Sincerely,

Kathy M. Allen
Benefit Programs Manager

Attachment



Memo

To: NDPERS Board
From: Bryan T. Reinhardt
Date: 03/21/2013
Re: 457 Companion Plan & 401(a) plan 4th Quarter 2012 Reports

Here is the 4th quarter 2012 investment report for the 401(a) & 457 Companion Plan. The reports are available separately on the NDPERS web site. The NDPERS Investment Sub-committee reviewed the 4th quarter report.

Assets in the 401(a) plan increased to \$24.4 million as of Dec 31, 2012. The number of participants is at 277, about the same as when the plan started. The largest funds are the TIAA-CREF Lifecycle funds with 70% of assets and the PIMCO Total Return fund with 4%.

Assets in the 457 Companion Plan increased to \$44.7 million as of Dec 31, 2012. The number of participants is increasing and is now at 4,166. The largest funds are the TIAA-CREF Lifecycle funds with 74% of assets and the PIMCO Total Return fund with 3%.

Benchmarks:

Fund returns for the quarter were mostly positive. Three large-cap funds were down for the 4th quarter (Vanguard 500 Index – VIFSX, Vanguard Dividend Growth – VDIGX, Wells Fargo Adv Growth – SGRKX). The difference between 3-year, and 5-year returns show the market volatility with the market downturn in 2008 and bull market in 2009. Most of the core funds performed well compared to their benchmarks and peer funds. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund / Investment News:

The NDPERS Investment Sub-Committee reviewed a 4th quarter plan and investment overview with TIAA-CREF and plan statistics. The Investment Sub-Committee did not mark any funds as underperforming for the quarter.

The Vanguard Prime Money Market Fund - VMMXX and the Vanguard Dividend Growth Fund – VDIGX (Replaced the Nuveen Tradewinds Value Fund – NVORX) are now available in the 457 Companion Plan and 401(a) Plan core investment options.

NDPERS
Quarterly Investment Report
4th Quarter
10/1/2012 – 12/31/2012



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

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

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

NDPERS Investment Benchmarks - 4th Quarter 2012

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value / Money Market Fund</u>					
Vanguard Prime Money Market - VMMXX	0.01%	0.04%	0.04%	0.05%	0.68%
Wells Fargo Stable Return Fund J - WFSJ#	0.28%	1.21%	1.21%	1.66%	2.26%
3 Month T-Bill Index	0.02%	0.07%	0.07%	0.09%	0.45%
<u>Fixed Income Fund</u>					
PIMCO Real Return Admin - PARRX	0.93%	8.98%	8.98%	9.26%	7.64%
PIMCO Total Return Bond Fund - PTRAX	1.10%	10.08%	10.08%	7.48%	8.07%
Barclays Aggregate Bond Index	0.21%	4.21%	4.21%	6.19%	5.95%
Taxable Bond Fund Universe	1.24%	8.21%	8.21%	7.01%	5.89%
Prudential High Yield Z - PHYZX	3.01%	14.16%	14.16%	11.23%	9.71%
ML High Yield Bond Fund Index	3.23%	15.59%	15.59%	11.60%	10.01%
High Yield Bond Fund Universe	3.07%	14.67%	14.67%	10.49%	8.02%
Templeton Global Bond Adv - TGBAX	3.83%	16.15%	16.15%	8.68%	10.25%
Citi World Govt Bond Index	1.71%	1.65%	1.65%	4.37%	5.27%
World Bond Fund Universe	0.85%	8.09%	8.09%	6.02%	5.89%
<u>Real Estate Fund</u>					
Cohen & Steers Realty Shares - CSRSX	2.04%	15.72%	15.72%	16.03%	6.31%
FTSE NAREIT All Equity REITs Index	3.11%	19.70%	19.70%	18.37%	5.74%
Real Estate Fund Universe	2.32%	17.60%	17.60%	17.29%	4.86%
<u>Balanced Fund</u>					
T.Rowe Price Capital Appreciation - PACLX	1.74%	14.34%	14.34%	10.20%	5.22%
60% Large Cap Value Univ & 40% Taxable Bond Universe	1.08%	12.03%	12.03%	8.22%	2.55%
60% Russell 1000 Value & 40% Agg Bond Index	1.00%	12.19%	12.19%	8.99%	2.73%
<u>Large Cap Equities - Value</u>					
Hartford Dividend & Growth - HDGTX	0.39%	13.33%	13.33%	9.04%	1.90%
T.Rowe Price Equity Income - PRFDX	1.92%	17.25%	17.25%	10.26%	1.58%
Russell 1000 Value Index	1.52%	17.51%	17.51%	10.86%	0.59%
Large Cap Value Fund Universe	0.98%	14.57%	14.57%	9.02%	0.32%
<u>Large Cap Equities - Blend</u>					
Vanguard 500 Index Signal - VIFSX	-0.38%	15.97%	15.97%	10.85%	1.68%
Vanguard Dividend Growth Fund - VDIGX	-0.40%	10.39%	10.39%	10.41%	4.05%
S&P 500 Index	-0.38%	16.00%	16.00%	10.87%	1.66%
Large Cap Blend Fund Universe	0.49%	14.96%	14.96%	9.05%	0.68%
<u>Large Cap Equities - Growth</u>					
Wells Fargo Adv Growth Adm - SGRKX	-2.40%	16.89%	16.89%	17.01%	7.24%
Russell 3000 Growth Index	-1.19%	15.21%	15.21%	11.46%	3.15%
Franklin Growth Adv - FCGAX	1.30%	13.98%	13.98%	9.81%	3.55%
Russell 1000 Growth Index	-1.32%	15.26%	15.26%	11.35%	3.12%
Large Cap Growth Fund Universe	-0.64%	15.34%	15.34%	9.30%	1.12%
<u>Mid Cap Equities - Value</u>					
RidgeWorth Mid Cap Value Equity I - SMVTX	6.02%	21.79%	21.79%	12.95%	6.67%
Russell Mid Cap Value	3.93%	18.51%	18.51%	13.39%	3.79%
Mid Cap Value Fund Universe	3.35%	16.60%	16.60%	10.77%	2.87%
<u>Mid Cap Equities - Blend</u>					
Columbia Mid Cap Index A - NTIAX	3.46%	17.31%	17.31%	13.11%	4.76%
S&P Mid Cap 400	3.61%	17.88%	17.88%	13.62%	5.15%
ASTON/Fairpointe Mid Cap I - ABMIX	2.89%	16.75%	16.75%	10.49%	5.18%
Wilshire 4500 Index	3.07%	17.99%	17.99%	13.27%	3.95%
Mid Cap Blend Fund Universe	3.38%	16.15%	16.15%	10.83%	2.27%
<u>Mid Cap Equities - Growth</u>					
Prudential Jennison Mid Cap Growth Z - PEGZX	0.14%	16.24%	16.24%	12.72%	5.27%
Russell Mid Cap Growth	1.69%	15.81%	15.81%	12.91%	3.23%
Mid Cap Growth Fund Universe	1.18%	14.07%	14.07%	11.08%	1.73%
Fund Returns in RED do not meet both benchmarks. Fund Returns in BLACK meet both benchmarks.					

NDPERS Investment Benchmarks - 4th Quarter 2012

	Quarter	Y-T-D	1-Year	3-Year	5-Year
<u>Small Cap Equities - Value</u>					
Allianz NFJ Small Cap Value - PVADX	2.73%	10.54%	10.54%	12.24%	5.26%
Russell 2000 Value Index	3.22%	18.05%	18.05%	11.57%	3.55%
Small Value Fund Universe	3.75%	16.00%	16.00%	11.04%	4.20%
<u>Small Cap Equities - Blend</u>					
Parnassus Small Cap - PARSX	4.99%	18.41%	18.41%	12.15%	8.53%
Russell 2000 Index	1.85%	16.35%	16.35%	12.25%	3.56%
Small Blend Fund Universe	2.54%	15.46%	15.46%	11.88%	3.09%
<u>Small Cap Equities - Growth</u>					
Brown Capital Mgmt Small Co Inv - BCSIX	2.51%	17.47%	17.47%	12.96%	7.95%
Russell 2000 Growth Index	0.45%	14.59%	14.59%	12.82%	3.49%
Small Growth Fund Universe	-0.03%	13.15%	13.15%	11.74%	2.55%
<u>International Equity Funds</u>					
Mutual Global Discovery Z - MDISX	2.47%	13.65%	13.65%	7.19%	1.88%
Vanguard Total Intl Stock Index Inv - VGTSX	6.69%	18.21%	18.21%	N/A	N/A
MSCI EAFE	6.57%	17.32%	17.32%	3.56%	-3.69%
International Stock Fund Universe	5.67%	17.91%	17.91%	4.87%	-2.56%
Oppenheimer Developing Markets Y - ODVYX	4.61%	21.29%	21.29%	8.27%	3.81%
MSCI Emerging Markets Index	5.58%	18.22%	18.22%	4.66%	-0.92%
Diversified Emerging Mkts Universe	6.10%	18.15%	18.15%	4.26%	-2.16%
<u>Asset Allocation Funds:</u>					
TIAA-CREF Lifecycle Ret Income - TLIRX	1.47%	11.27%	11.27%	7.96%	3.81%
Income Benchmark	1.10%	9.80%	9.80%	7.35%	3.67%
TIAA-CREF Lifecycle 2010 - TCLEX	1.71%	12.27%	12.27%	8.31%	3.00%
2010 Benchmark	1.13%	10.54%	10.54%	7.61%	3.28%
TIAA-CREF Lifecycle 2015 - TCLIX	1.87%	13.31%	13.31%	8.55%	2.54%
2015 Benchmark	1.17%	11.22%	11.22%	7.84%	2.95%
TIAA-CREF Lifecycle 2020 - TCLTX	2.08%	14.28%	14.28%	8.76%	1.99%
2020 Benchmark	1.24%	12.05%	12.05%	8.09%	2.55%
TIAA-CREF Lifecycle 2025 - TCLFX	2.19%	15.24%	15.24%	8.91%	1.44%
2025 Benchmark	1.30%	12.88%	12.88%	8.35%	2.15%
TIAA-CREF Lifecycle 2030 - TCLNX	2.28%	16.21%	16.21%	8.99%	0.81%
2030 Benchmark	1.40%	13.80%	13.80%	8.60%	1.73%
TIAA-CREF Lifecycle 2035 - TCLRX	2.51%	17.01%	17.01%	9.08%	0.58%
2035 Benchmark	1.52%	14.77%	14.77%	8.85%	1.31%
TIAA-CREF Lifecycle 2040 - TCLOX	2.57%	17.37%	17.37%	9.14%	0.64%
2040 Benchmark	1.57%	15.16%	15.16%	8.95%	1.14%
TIAA-CREF Lifecycle 2045 - TTFRX	2.55%	17.26%	17.26%	9.07%	0.33%
2045 Benchmark	1.57%	15.16%	15.16%	8.95%	1.14%
TIAA-CREF Lifecycle 2050 - TLFRX	2.48%	17.24%	17.24%	9.07%	0.29%
2050 Benchmark	1.57%	15.16%	15.16%	8.95%	1.14%
TIAA-CREF Lifecycle 2055 - TTRLX	2.50%	17.30%	17.30%	N/A	N/A
2055 Benchmark	1.57%	15.16%	15.16%	8.95%	1.14%
Income Benchmark is comprised of 30% Wilshire 5000, 10% MSCI EAFE, 40% LB Agg, 10% ML HY Bond, 10% 3 Month T-Bill					
2010 Benchmark is comprised of 36% Wilshire 5000, 12% MSCI EAFE, 38.4% LB Agg, 6.8% ML HY Bond, 6.8% 3 Month T-Bill					
2015 Benchmark is comprised of 41.1% Wilshire 5000, 13.7% MSCI EAFE, 35.6% LB Agg, 4.8% ML HY Bond, 4.8% 3 Month T-Bill					
2020 Benchmark is comprised of 47.1% Wilshire 5000, 15.7% MSCI EAFE, 31.6% LB Agg, 2.8% ML HY Bond, 2.8% 3 Month T-Bill					
2025 Benchmark is comprised of 53.1% Wilshire 5000, 17.7% MSCI EAFE, 27.6% LB Agg, .8% ML HY Bond, .8% 3 Month T-Bill					
2030 Benchmark is comprised of 59.1% Wilshire 5000, 19.7% MSCI EAFE, 21.2% LB Agg					
2035 Benchmark is comprised of 65.1% Wilshire 5000, 21.7% MSCI EAFE, 13.2% LB Agg					
2040 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% LB Agg					
2045 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% LB Agg					
2050 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% LB Agg					
2055 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% LB Agg					
Wilshire 5000 Index	0.10%	16.06%	16.06%	11.15%	2.03%
MSCI EAFE	6.57%	17.32%	17.32%	3.56%	-3.69%
Barclays Aggregate Bond Index	0.21%	4.21%	4.21%	6.19%	5.95%
ML High Yield Bond Fund Index	3.23%	15.59%	15.59%	11.60%	10.01%
3 Month T-Bill Index	0.02%	0.07%	0.07%	0.09%	0.45%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

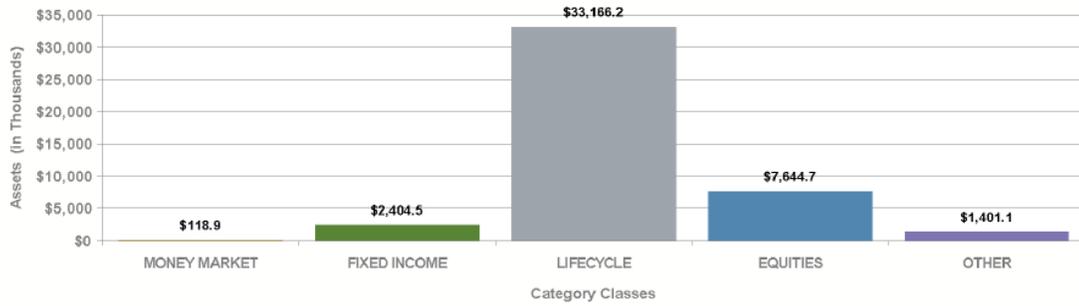
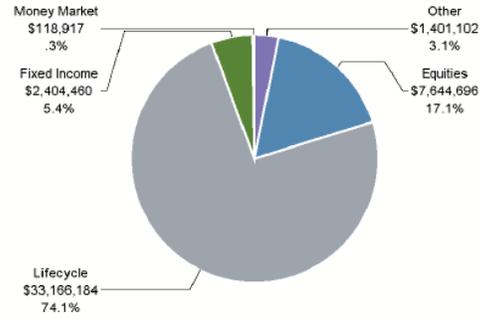
Plan Summary

457(b)	Assets
TIAA-CREF Lifecycle 2025 Fund Retirement	\$7,308,935
TIAA-CREF Lifecycle 2020 Fund Retirement	\$7,053,532
TIAA-CREF Lifecycle 2015 Fund Retirement	\$6,426,360
TIAA-CREF Lifecycle 2030 Fund Retirement	\$3,940,140
TIAA-CREF Lifecycle 2010 Fund Retirement	\$2,501,270
TIAA-CREF Lifecycle 2035 Fund Retirement	\$2,235,968
TIAA-CREF Lifecycle 2040 Fund Retirement	\$1,874,733
TIAA-CREF Lifecycle 2045 Fund Retirement	\$1,180,430
Vanguard Total International Stock Index Fund Signal	\$1,161,437
PIMCO Total Return Fund Admin	\$1,117,175
Allianz NFJ Small Cap Value Fund Administrative	\$1,026,125
Vanguard 500 Index Fund Signal	\$956,599
Wells Fargo Stable Return Fund - J	\$954,610
Wells Fargo Advantage Growth Fund Administrator	\$574,108
Columbia Mid Cap Index Fund A	\$559,510
PIMCO Real Return Fund Administrative	\$550,190
TIAA-CREF Lifecycle 2050 Fund Retirement	\$548,918
Templeton Global Bond Fund Advisor	\$489,312
Franklin Growth Fund Advisor	\$456,123
Self Directed Brokerage Account	\$446,492
T. Rowe Price Equity Income Fund	\$408,582
Hartford Dividend and Growth Fund R5	\$374,104
Cohen & Steers Realty Shares	\$371,247
T. Rowe Price Capital Appreciation Fund Advisor	\$352,857
Brown Capital Management Small Company Fund Institutional	\$297,674
Oppenheimer Developing Markets Fund Y	\$283,288
Prudential High Yield Fund Z	\$247,783
Prudential Jennison Mid-Cap Growth Fund Z	\$171,864
RidgeWorth Mid Cap Value Equity Fund I	\$155,878
Parnassus Small Cap Fund	\$151,151
Mutual Global Discovery Fund Z	\$134,049
Vanguard Dividend Growth Fund Investor	\$119,655
Vanguard Prime Money Market Fund Investor	\$118,917
ASTON/Fairpointe Mid Cap Fund I	\$90,446
TIAA-CREF Lifecycle Retirement Income Fund Retirement	\$64,832
TIAA-CREF Lifecycle 2055 Fund Retirement	\$31,065
TIAA-CREF Money Market Fund Retirement	\$0
Total	\$44,735,360

PLAN ASSETS

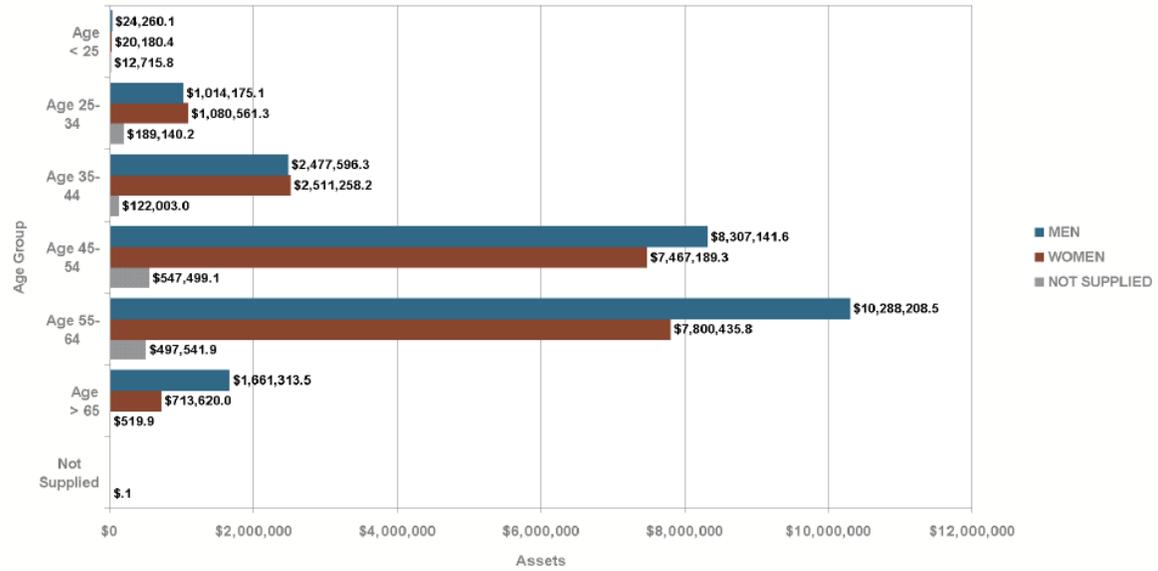
BY CATEGORY CLASS

Total Plan Assets:	\$44,735,360
Average Account Balance:	\$10,738
Default Fund:	AGE-BASED LIFECYCLE FUNDS Retirement



PLAN ASSETS

BY AGE AND GENDER

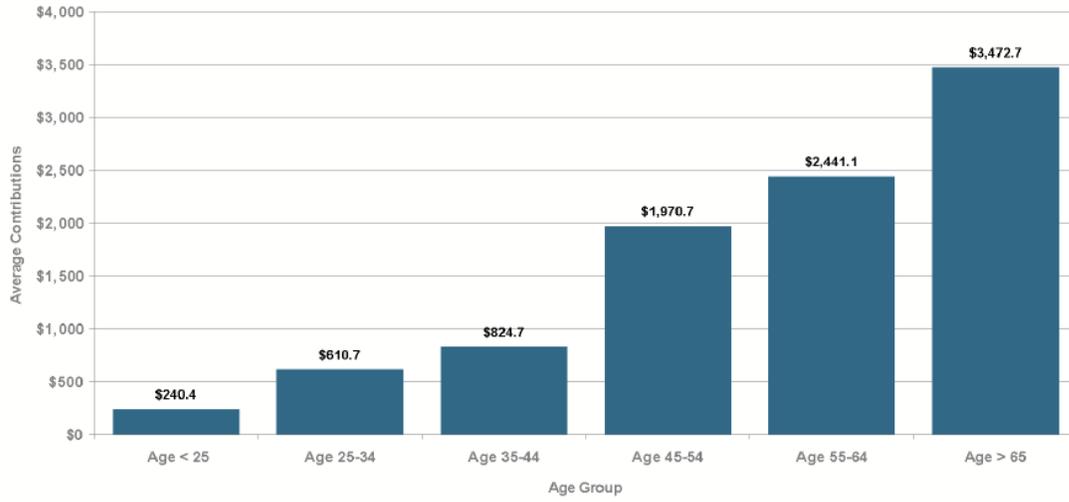


ASSETS	Age < 25	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age > 65	Not Supplied	Totals
MEN	\$24,260	\$1,014,175	\$2,477,596	\$8,307,142	\$10,288,209	\$1,661,314	\$0	\$23,772,695
WOMEN	\$20,180	\$1,080,561	\$2,511,258	\$7,467,189	\$7,800,436	\$713,620	\$0	\$19,593,245
NOT SUPPLIED	\$12,716	\$189,140	\$122,003	\$547,499	\$497,542	\$520	\$0	\$1,369,420
TOTALS	\$57,156	\$2,283,877	\$5,110,857	\$16,321,830	\$18,586,186	\$2,375,453	\$0	\$44,735,360

CONTRIBUTIONS

BY AGE – AVERAGE CONTRIBUTIONS

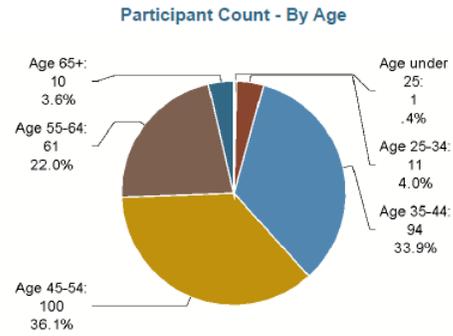
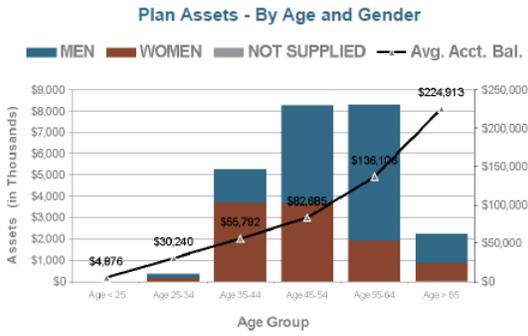
Average Active Contributions: **\$1,391**



401(a)	Assets
TIAA-CREF Lifecycle 2025 Fund Retirement	\$3,854,434
TIAA-CREF Lifecycle 2030 Fund Retirement	\$3,415,824
TIAA-CREF Lifecycle 2035 Fund Retirement	\$2,924,456
TIAA-CREF Lifecycle 2020 Fund Retirement	\$2,828,190
TIAA-CREF Lifecycle 2015 Fund Retirement	\$1,798,767
TIAA-CREF Lifecycle 2010 Fund Retirement	\$1,038,472
TIAA-CREF Lifecycle 2040 Fund Retirement	\$959,578
PIMCO Total Return Fund Admin	\$859,918
Wells Fargo Stable Return Fund - J	\$825,307
Wells Fargo Advantage Growth Fund Administrator	\$735,401
Vanguard Total International Stock Index Fund Signal	\$480,890
PIMCO Real Return Fund Administrative	\$414,171
Allianz NFJ Small Cap Value Fund Administrative	\$401,183
Self Directed Brokerage Account	\$397,193
T. Rowe Price Equity Income Fund	\$303,520
Vanguard 500 Index Fund Signal	\$291,146
RidgeWorth Mid Cap Value Equity Fund I	\$289,441
Oppenheimer Developing Markets Fund Y	\$284,734
Cohen & Steers Realty Shares	\$259,516
Brown Capital Management Small Company Fund Institutional	\$244,391
Prudential Jennison Mid-Cap Growth Fund Z	\$238,324
Vanguard Dividend Growth Fund Investor	\$223,432
Hartford Dividend and Growth Fund R5	\$215,396
Franklin Growth Fund Advisor	\$183,283
Mutual Global Discovery Fund Z	\$151,486
T. Rowe Price Capital Appreciation Fund Advisor	\$146,840
Templeton Global Bond Fund Advisor	\$137,162
TIAA-CREF Lifecycle 2045 Fund Retirement	\$116,088
Columbia Mid Cap Index Fund A	\$101,957
Parnassus Small Cap Fund	\$89,072
ASTON/Fairpointe Mid Cap Fund I	\$75,386
Prudential High Yield Fund Z	\$59,918
TIAA-CREF Lifecycle Retirement Income Fund Retirement	\$28,472
TIAA-CREF Lifecycle 2050 Fund Retirement	\$26,053
TIAA-CREF Lifecycle 2055 Fund Retirement	\$4,876
Vanguard Prime Money Market Fund Investor	\$201
TIAA-CREF Money Market Fund Retirement	\$0
Total	\$24,402,259

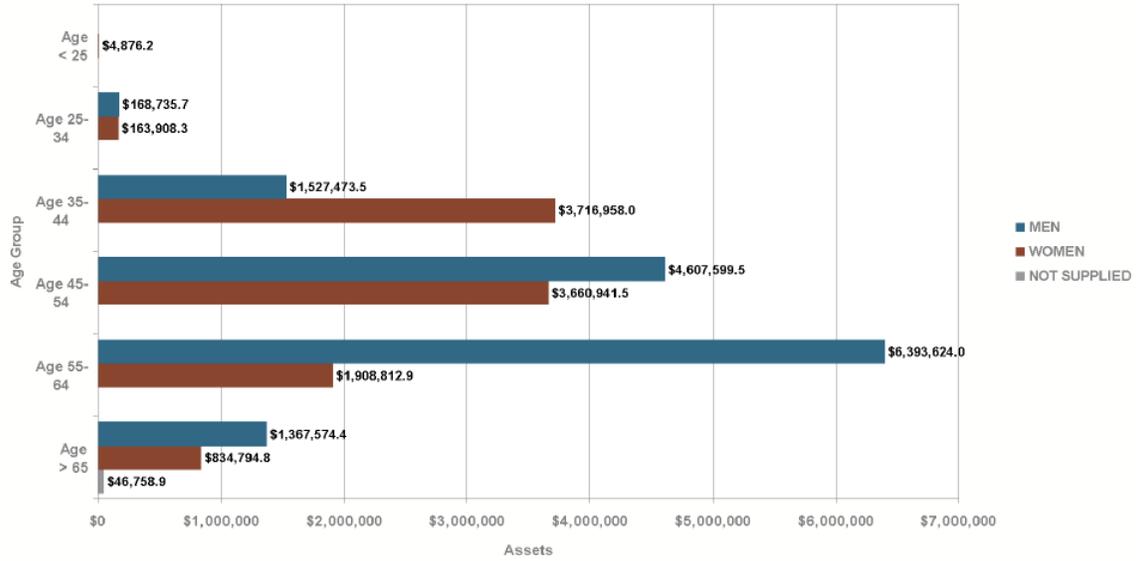
SUMMARY OF PLAN

DATA AS OF: 12/31/2012



Total Participants: 277

PLAN ASSETS BY AGE AND GENDER

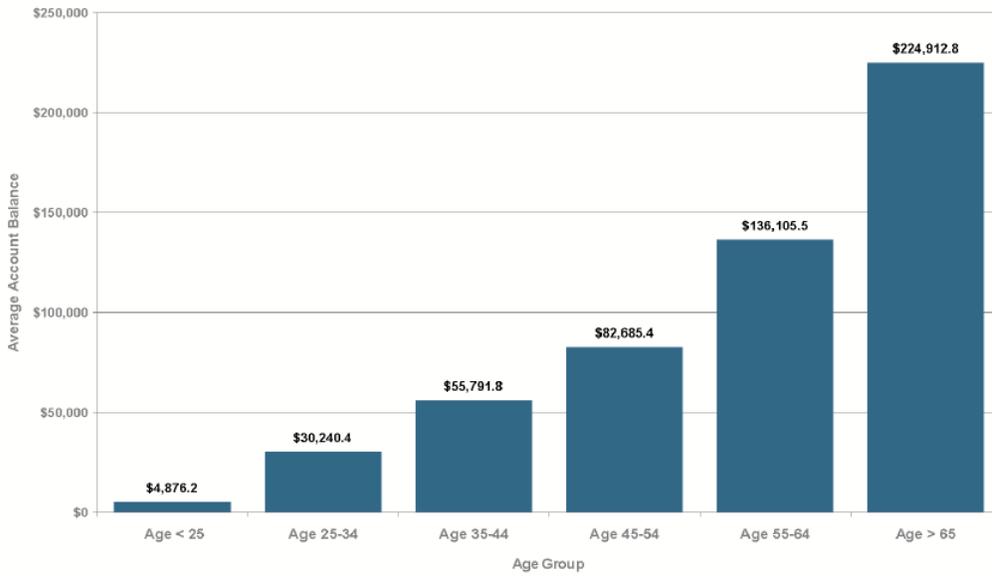


ASSETS	Age < 25	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age > 65	Totals
MEN	\$0	\$168,736	\$1,527,474	\$4,607,600	\$6,393,624	\$1,367,574	\$14,065,007
WOMEN	\$4,876	\$163,908	\$3,716,958	\$3,660,941	\$1,908,813	\$834,795	\$10,290,292
NOT SUPPLIED	\$0	\$0	\$0	\$0	\$0	\$46,759	\$46,759
TOTALS	\$4,876	\$332,644	\$5,244,432	\$8,268,541	\$8,302,437	\$2,249,128	\$24,402,058

PLAN ASSETS

BY AGE - AVERAGE ACCOUNT BALANCE

Average Account Balance: **\$88,094**



North Dakota Public Employees Retirement System

457 Deferred Compensation Companion Plan



Investments Performance as of 12/31/2012

Before making your investment choices and completing your enrollment form, you should consider the investment objectives, risks, charges and expenses carefully. Please call 877 518-9161 for a paper copy of the prospectus that contains this and other information. Please read the prospectus carefully before investing. To view the prospectuses online, go to tiaa-cref.org/PRO and enter your Plan ID: 405546. You can also view TIAA-CREF's privacy policy, business continuity statement, and frequent trading policy at tiaa-cref.org/PRO.

The performance data quoted represents past performance, and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your mutual fund shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance current to the most recent month-end, go to tiaa-cref.org/planinvestmentoptions and enter your Plan ID: 405546 or call 800 TIAA-CREF (800 842-2273). Performance may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursement arrangements, performance results would have been lower. Since Inception performance shown is cumulative for periods less than one year.

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Alliantz NFI Small Cap Value Fund—Administrative ^{40, 45}	1881	PVADX	11/01/95	2.73%	10.54%	10.54%	12.24%	5.26%	11.13%	11.45%	1.12%/1.04%	10/31/13
Benchmark: Russell 2000 Value Index				3.22%	18.05%	18.05%	11.57%	3.55%	9.50%	9.62%		
Aston/Fairpointe Mid Cap Fund—I ⁴⁰	1588	ABMIX	07/06/04	2.89%	16.75%	16.75%	10.49%	5.18%	—	8.19%	0.89%/0.89%	—
Benchmark: S&P MidCap 400 Index				3.61%	17.88%	17.88%	13.62%	5.15%	—	8.16%		
Brown Capital Management Small Company Fund—Institutional ^{40, 1203}	1525	BCSIX	07/23/92	2.51%	17.47%	17.47%	12.96%	7.95%	11.83%	11.25%	1.35%/1.35%	—
Benchmark: Russell 2000 Index				1.85%	16.35%	16.35%	12.25%	3.56%	9.72%	9.11%		
Cohen & Steers Realty Shares ⁴⁰	1306	CSRSX	07/02/91	2.04%	15.72%	15.72%	16.03%	6.31%	12.70%	12.23%	1.03%/1.03%	—
Benchmark: FTSE NAREIT All Equity REITs Index				3.11%	19.70%	19.70%	18.37%	5.74%	11.78%	11.52%		
Columbia Mid Cap Index Fund—A ^{40, 45}	1236	NTIAX	05/31/00	3.46%	17.31%	17.31%	13.11%	4.76%	10.12%	7.19%	0.68%/0.46%	06/30/13
Benchmark: S&P MidCap 400 Index				3.61%	17.88%	17.88%	13.62%	5.15%	10.53%	7.65%		
Franklin Growth Fund—Advisor ^{40, 46}	1586	FCGAX	12/31/96	1.30%	13.98%	13.98%	9.81%	3.55%	8.57%	6.41%	0.69%/0.68%	—
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	7.10%	6.08%		
Hartford Dividend and Growth Fund—R5 ^{40, 45}	1890	HDXIX	12/21/06	0.39%	13.33%	13.33%	9.04%	1.90%	—	3.04%	0.76%/0.75%	02/28/13
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	—	2.38%		
Mutual Global Discovery Fund—Z ⁴⁰	1167	MDISX	12/31/92	2.47%	13.65%	13.65%	7.19%	1.88%	10.60%	12.10%	1.01%/1.01%	—
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	7.10%	8.22%		
Oppenheimer Developing Markets Fund—Y ⁴⁰	1591	ODVYX	09/07/05	4.61%	21.29%	21.29%	8.27%	3.81%	—	12.76%	1.03%/1.03%	—
Benchmark: MSCI Emerging Markets Index				5.58%	18.22%	18.22%	4.66%	-0.92%	—	9.85%		



Financial Services

Investment products, insurance and annuity products: are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

Equities

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Parnassus Small Cap Fund 40, 45	1527	PARSX	04/29/05	4.99%	18.41%	18.41%	12.15%	8.53%	-	8.34%	1.22%/1.20%	05/01/13
Benchmark: Russell 2000 Index				1.85%	16.35%	16.35%	12.25%	3.56%	-	6.54%		
Prudential Jennison Mid-Cap Growth Fund-Z 40	621	PEGZX	12/31/96	0.14%	16.24%	16.24%	12.72%	5.27%	12.77%	9.79%	0.76%/0.76%	-
Benchmark: Russell Midcap Growth Index				1.69%	15.81%	15.81%	12.91%	3.23%	10.32%	7.07%		
RidgeWorth Mid Cap Value Equity Fund-I 40, 137	1284	SMVIX	11/30/01	6.02%	21.79%	21.79%	12.95%	6.67%	11.71%	8.64%	1.07%/1.07%	-
Benchmark: Russell Midcap Value Index				3.93%	18.51%	18.51%	13.39%	3.79%	10.63%	8.94%		
T. Rowe Price Capital Appreciation Fund-Advisor 40, 45	395	PRCLX	12/31/04	1.74%	14.34%	14.34%	10.20%	5.22%	-	6.35%	1.02%/1.01%	-
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	-	4.22%		
T. Rowe Price Equity Income Fund 40	1660	PRFDX	10/31/85	1.92%	17.25%	17.25%	10.26%	1.58%	7.22%	10.69%	0.68%/0.68%	-
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	7.10%	10.25%		
Vanguard 500 Index Fund-Signal 40	296	VIFSX	09/29/06	-0.38%	15.97%	15.97%	10.85%	1.68%	-	3.27%	0.05%/0.05%	-
Benchmark: S&P 500 Index				-0.38%	16.00%	16.00%	10.87%	1.66%	-	3.26%		
Vanguard Dividend Growth Fund-Investor 40	1734	VDIGX	05/15/92	-0.40%	10.39%	10.39%	10.41%	4.05%	8.84%	7.23%	0.31%/0.31%	-
Benchmark: Russell 1000 Index				0.12%	16.42%	16.42%	11.12%	1.92%	7.52%	8.56%		
Vanguard Total International Stock Index Fund-Signal 40	1716	VTSGX	11/29/10	6.69%	18.21%	18.21%	-	-	-	3.85%	0.18%/0.18%	-
Benchmark: MSCI All Country World ex USA Investable Market Index				5.74%	17.04%	17.04%	-	-	-	3.69%		
Wells Fargo Advantage Growth Fund-Administrator 40, 45	1888	SGRXX	09/03/02	-2.40%	16.89%	16.89%	17.01%	7.24%	12.30%	11.68%	1.05%/0.97%	11/30/13
Benchmark: Russell 3000 Growth Index				-1.19%	15.21%	15.21%	11.46%	3.15%	7.69%	7.03%		

Fixed Income

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
PIMCO Real Return Fund-Administrative 40, 51	1820	PARRX	04/28/00	0.93%	8.98%	8.98%	9.26%	7.64%	6.86%	7.85%	0.72%/0.70%	-
Benchmark: Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)				0.69%	6.98%	6.98%	8.90%	7.04%	6.65%	7.71%		
PIMCO Total Return Fund-Admin 40	583	PTRAX	09/08/94	1.10%	10.08%	10.08%	7.48%	8.07%	6.55%	7.46%	0.71%/0.71%	-
Benchmark: Barclays U.S. Aggregate Bond Index				0.21%	4.21%	4.21%	6.19%	5.95%	5.18%	6.53%		
Prudential High Yield Fund-Z 16, 40	1887	PHYZX	03/01/96	3.01%	14.16%	14.16%	11.23%	9.71%	9.97%	6.83%	0.62%/0.62%	-
Benchmark: Merrill Lynch U.S. High-Yield Master II Index				3.23%	15.59%	15.59%	11.60%	10.01%	10.39%	7.55%		
Templeton Global Bond Fund-Advisor 40, 45	1255	TGBAX	12/31/96	3.83%	16.15%	16.15%	8.68%	10.25%	10.84%	8.61%	0.66%/0.65%	-
Benchmark: CIO World Government Bond Index USD				-1.71%	1.65%	1.65%	4.37%	5.27%	6.04%	5.60%		

Money Market

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Current 7-day Yield *	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
					3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Vanguard Prime Money Market Fund-Investor 31, 40, 77	338	VMMXX	06/04/75	0.03%	0.01%	0.04%	0.04%	0.05%	0.68%	1.83%	5.67%	0.16%/0.16%	-
Benchmark: CIO 3-Month Treasury Bill Index				-	0.02%	0.07%	0.07%	0.09%	0.45%	1.69%	-		

* The current yield more closely reflects the earnings of this investment choice.



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Multi-Asset

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses		Fee Waiver Expiration
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net		
TIAA-CREF Lifecycle 2010 Fund—Retirement 45, 132	135	TCLEX	10/15/04	1.71%	12.27%	12.27%	8.31%	3.00%	—	5.26%	0.85%/0.66%	09/30/13	
Benchmark: Lifecycle 2010 Fund Composite Index				0.98%	10.37%	10.37%	8.06%	3.41%	—	5.44%			
Benchmark: Barclays U.S. Aggregate Bond Index				0.21%	4.21%	4.21%	6.19%	5.95%	—	5.34%			
TIAA-CREF Lifecycle 2015 Fund—Retirement 45, 132	136	TCLIX	10/15/04	1.87%	13.31%	13.31%	8.55%	2.54%	—	5.25%	0.85%/0.67%	09/30/13	
Benchmark: Lifecycle 2015 Fund Composite Index				1.07%	11.22%	11.22%	8.28%	2.95%	—	5.40%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2020 Fund—Retirement 45, 132	137	TCLIX	10/15/04	2.08%	14.28%	14.28%	8.76%	1.99%	—	5.09%	0.87%/0.69%	09/30/13	
Benchmark: Lifecycle 2020 Fund Composite Index				1.18%	12.21%	12.21%	8.51%	2.48%	—	5.25%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2025 Fund—Retirement 45, 132	138	TCLFX	10/15/04	2.19%	15.24%	15.24%	8.91%	1.44%	—	4.92%	0.89%/0.71%	09/30/13	
Benchmark: Lifecycle 2025 Fund Composite Index				1.29%	13.19%	13.19%	8.72%	1.99%	—	5.09%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2030 Fund—Retirement 45, 132	139	TCLNX	10/15/04	2.28%	16.21%	16.21%	8.99%	0.81%	—	4.68%	0.90%/0.72%	09/30/13	
Benchmark: Lifecycle 2030 Fund Composite Index				1.41%	14.18%	14.18%	8.90%	1.47%	—	4.92%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2035 Fund—Retirement 45, 132	140	TCLRX	10/15/04	2.51%	17.01%	17.01%	9.08%	0.58%	—	4.75%	0.91%/0.73%	09/30/13	
Benchmark: Lifecycle 2035 Fund Composite Index				1.53%	15.18%	15.18%	9.07%	1.31%	—	5.01%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2040 Fund—Retirement 45, 132	141	TCLOX	10/15/04	2.57%	17.37%	17.37%	9.14%	0.64%	—	5.02%	0.92%/0.74%	09/30/13	
Benchmark: Lifecycle 2040 Fund Composite Index				1.59%	15.54%	15.54%	9.13%	1.34%	—	5.24%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	5.74%			
TIAA-CREF Lifecycle 2045 Fund—Retirement 45, 132	522	TIFRX	11/30/07	2.55%	17.26%	17.26%	9.07%	0.33%	—	0.28%	0.97%/0.74%	09/30/13	
Benchmark: Lifecycle 2045 Fund Composite Index				1.59%	15.54%	15.54%	9.13%	1.35%	—	1.15%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	1.89%			
TIAA-CREF Lifecycle 2050 Fund—Retirement 45, 132	525	TIFRX	11/30/07	2.48%	17.24%	17.24%	9.07%	0.29%	—	0.24%	1.01%/0.74%	09/30/13	
Benchmark: Lifecycle 2050 Fund Composite Index				1.59%	15.54%	15.54%	9.13%	1.35%	—	1.15%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	11.20%	2.04%	—	1.89%			
TIAA-CREF Lifecycle 2055 Fund—Retirement 45, 132	1738	TIFRX	04/29/11	2.50%	17.30%	17.30%	—	—	—	2.21%	1.56%/0.74%	09/30/13	
Benchmark: Lifecycle 2055 Fund Composite Index				1.59%	15.54%	15.54%	—	—	—	2.78%			
Benchmark: Russell 3000 Index				0.25%	16.42%	16.42%	—	—	—	4.33%			
TIAA-CREF Lifecycle Retirement Income Fund—Retirement 45, 132	528	TURX	11/30/07	1.47%	11.27%	11.27%	7.96%	3.81%	—	3.74%	0.91%/0.64%	09/30/13	
Benchmark: Lifecycle Retirement Income Fund Composite Index				0.88%	9.37%	9.37%	7.77%	4.31%	—	4.18%			
Benchmark: Barclays U.S. Aggregate Bond Index				0.21%	4.21%	4.21%	6.19%	5.95%	—	5.90%			



Financial Services

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Other

COLLECTIVE FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Wells Fargo Stable Return Fund - J 34, 37, 40, 86	1389	--	10/01/85	0.28%	1.21%	1.21%	1.66%	2.26%	3.04%	5.23%	1.05%/1.05%	--



Financial Services

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A NOTE ABOUT RISK

Equity mutual funds generally carry a higher degree of risk than fixed income funds and accounts. This risk is heightened for funds that invest in small and mid-cap stocks and foreign securities.

Fixed income mutual funds are not guaranteed and are subject to interest rate, inflation and credit risks. Funds that invest in non-investment grade securities (i.e. high-yield) present special risks, including significantly higher interest rate and credit risk.

Mutual funds that invest in real estate securities are subject to various risks, including fluctuation in property values, higher expenses or lower income than expected, and potential environmental problems and liability.

More detailed information on risks applicable to a particular investment option can be found in the prospectus or other product literature.

About the Benchmark

A benchmark provides an investor with a point of reference to evaluate an investment's performance. One common type of benchmark used to compare investment performance is called an Index. Indexes are unmanaged portfolios of securities designed to track the performance of a particular segment of the market. For example, a large cap stock fund or account will usually be compared to an Index that tracks a portfolio of large-cap stocks. Conversely, a bond fund or account is typically compared to an Index that tracks a portfolio of bonds that is comparable to the fund or account's portfolio in terms of credit quality, maturity and liquidity. Each mutual fund or account shown in the chart includes performance information for an Index that the advisor determined provides a fair comparison of the fund or account's investment performance. Indexes are for comparison purposes only. You cannot invest directly in any Index. Index returns do not reflect a deduction for fees or expenses.

Morningstar Disclosures

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Important Information

16 The comparative indices used for this investment product have been provided by Morningstar, Inc. and may not match those that appear in other websites or publications.

77 An investment in the fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency. The fund will attempt to maintain a stable net asset value of \$1.00 per share, but it is possible to lose money by investing in the fund.

31 The 7-day money market yield listed more closely reflects the current earnings of the money market mutual fund(s) than does the total return.

40 Accumulations in funds not managed by TIAA-CREF may be subject to administrative charges. These charges are subject to change. Please review current documents related to your plan.

132 As Target Retirement Date Funds are actively managed, their asset allocations are subject to change and may vary from those indicated. They invest in many underlying funds and are exposed to the risks of different areas of the market. The higher a fund's allocation to stocks, the greater the risk. After the target date has been reached, some of these funds may be merged into a fund with a more stable asset allocation. In addition to the fund level expenses these funds are also subject to the expenses of their underlying investments. Please consult the prospectus for more complete information.

34 The Wells Fargo Stable Return Fund is a collective investment trust fund for which Wells Fargo Bank, N.A. ("Wells Fargo") is the investment advisor and trustee. Galliard Capital Management, Inc., a wholly-owned subsidiary of Wells Fargo, serves as subadvisor to the Fund. The Fund charges an annualized fee for investment and administrative services equivalent to 0.85% of assets invested in the Fund. From this fee, the Fund will pay a fee equivalent to 0.50% of assets invested in the Fund to the Recordkeeper for administrative and recordkeeping services performed by it, or its agents, related to the purchase, sale and holding of fund units. The difference between the Fund's total annual operating expenses (expense ratio) and the investment and administrative services fee described above is attributable to investment contract fees (wrap fees), acquired fund fees, subadvisor investment management expenses, audit, valuation and 5500 fees. Fund returns reflect all income, realized and unrealized capital gains and losses and all annual fund operating expenses. The Fund is not insured by the FDIC, Federal Reserve Bank, nor guaranteed by Wells Fargo or any affiliate, including Galliard Capital Management. Past performance is not an indication of how the investment will perform in the future. For additional details, please visit https://www.galliard.com/reports/srf_disclosure.pdf or refer to the Fund fact sheet.

37 Data provided by Galliard Capital Management. Neither TIAA-CREF nor its affiliates has independently verified the accuracy or completeness of this information.

45 The net annual expense reflects a contractual reimbursement of various expenses, which will remain in effect until terminated. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Please see the prospectus for details.

46 The net annual expense reflects a voluntary reimbursement of various expenses, which will remain in effect until terminated. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Please see the prospectus for details.

51 The net expense ratio reflects total annual fund operating expenses excluding interest expense. If interest expense was included, returns would have been lower. Please see the prospectus for details.

86 The Wells Fargo Stable Return Fund is not insured or guaranteed by any governmental agency. Investments in the fund are subject to the various risks associated with investing in investment contracts, which include default, interest-rate, and liquidity risk. Default risk is the risk that companies or individuals will not be able to make their required payments on debt obligations. Interest rate risk is the risk that interest payments of debt securities may become less competitive during periods of rising interest rates and declining bond prices. Liquidity risk is the risk that illiquid securities may be difficult to sell at their fair market value. Before investing, please see the fund's Disclosure Document for more detailed information about these and other risks.

137 Prior to December 1, 2012, the fund was known as Wells Fargo Advantage Total Return Bond Fund.

1203 Shares held less than 60 calendar days may be subject to a 2.00% redemption fee. Please see the prospectus for details. The fund performance shown does not reflect the deduction of this fee. Had the fee been deducted, returns would have been lower.



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MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella

Jamie

DATE: February 20, 2013

SUBJECT: Audit Committee Charter Activity Review

The Audit Committee Charter states that it will "17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services."

To meet this requirement a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. The attached copy of this matrix was provided to the audit committee at their February meeting for review. This is for your information.

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2012

J. Kinsella
 02/20/2013
 11:29 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
1. The audit committee (AC) will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair.	The Board of Directors determines who will serve on the AC when they are assigning committees.	Indicate in AC meeting minutes whenever a new member is appointed.	Whenever there is a change in AC members.	No changes to the Audit Committee in 2012.
2. The Board should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.	Ascertain that at least one member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Indicate in AC meeting minutes which member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Whenever there is a change in board members.	No changes to the Audit Committee in 2012.
3. The AC will meet as often as it determines is appropriate, but not less frequently than quarterly.	Hold meetings at least once each quarter.	Prepare minutes that document decisions made and action steps following meetings and review for approval. Meeting minutes should be filed with the board of directors.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	Meeting minutes for 2/22/12, 5/23/12, 8/29/12 and 11/21/12 were prepared and presented for approval at the next quarterly meeting. These minutes are made available on the NDPERS web site after approval. The approved minutes are reported to the board at the next board meeting.
4. All committee members are expected to attend each meeting, in person or via tele- or video-conference.	Accommodations should be made available to committee members to encourage attendance.	Note in the AC meeting minutes the members who were in attendance at the meeting.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	All AC members were in attendance at all meetings.
5. The committee periodically will hold individual meetings with management, the internal auditor and the external auditor.	Establish these sessions in conjunction with quarterly meetings or as necessary.	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	An individual meeting with the Internal Auditor was held 2/22/12. The AC did not meet individually with the external auditors or management.
6. The AC may invite any officer or employee of the agency, the external auditor, the agency's outside counsel, or others to attend meetings and provide pertinent information.	Establish these sessions in conjunction with quarterly meetings or as necessary.	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	Deb Knudsen, Manager, Benefit Program Development and Research was invited and spoke at the August meeting, providing the committee an update on the Loss Control Committee activities.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix

J. Kinsella
 02/20/2013
 11:29 AM

For Year Ending December 31, 2012

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
7. Meeting agendas will be prepared by the Chief Audit Executive (CAE) and provided in advance to members, along with appropriate briefing materials.	The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials.	Prepare and provide meeting agenda, previous meeting minutes, and appropriate briefing materials to members in advance.	Quarterly, or more often if necessary	Meeting agendas were mailed to the AC on 2/15/12, 5/16/12, 8/15/12, and 11/14/12.
8. Minutes will be kept by a member of the AC or a person designated by the AC.	Designate the appropriate person to keep the minutes of meetings.	Prepare minutes documenting decisions made and future action steps and review for approval at the next meeting.	Quarterly, or following each meeting.	The Internal Audit Manager provides meeting minutes to the administrative assistant to prepare for the next quarterly meeting. These minutes were provided to the AC at the next quarterly meeting. See #3.
9. The AC will: <ul style="list-style-type: none"> • Obtain information and/or training to enhance the committee members' expertise in financial reporting standards and processes so that the committee may adequately oversee financial reporting. • Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements. • Review with management, the external auditors, and the internal auditors the results of the audit, including any difficulties encountered. • Review all significant adjustments proposed by the external financial statement auditor and by the internal auditor. • Review all significant 	Provide information related to financial reporting standards and processes to the AC. Bring external auditors to explain new changes to accounting reporting and how they impact NDPERS. Invite the external auditors to present the financial statements upon completion of their audit. Review with management and AC any proposed significant adjustments. Review management letter	Articles, publications, external auditors, speakers with information regarding changes to accounting rules. Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing. Submit reports of audit findings and their status at each AC meeting. Audited Financial Statements, including the Independent Auditor's Report, management Discussion and Analysis, financial Statements,	Quarterly, or as they become available.	Articles from the Institute of Internal Auditors are provided as they become available. External auditors discussed with the AC significant accounting and reporting issues as they develop. External auditors provided the statement of management responsibility and reviewed with staff prior to commencement of audit. There were no legal matters relating to financial statements. Staff reviewed the annual statements for completeness, consistency of information and accounting principles. A system for interim financial information is not in place at this time.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2012

J. Kinsella
 02/20/2013
 11:29 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>suggestions for improved financial reporting made by the external financial statement auditor and by the internal auditor.</p> <ul style="list-style-type: none"> • Review with the General Counsel the status of legal matters that may have an effect on the financial statements. • Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles. • Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing <i>Standards</i>. • Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement. • Review the statement of management responsibility for and the assessment of the effectiveness of the internal control structure and procedures of the organization for financial reporting. Review the attestation on this management assertion by the financial statement auditor as part of the financial statement audit engagement. 	<p>with management and AC.</p> <p>Bring to the General Counsel's attention any legal matters that may have an effect on the financial statements. AC should ask of management if the annual financial statements are complete.</p> <p>Inquire of management and external auditors if there are any matters required to be communicated to the committee under GAAS. Inquire of management their system of developing interim financial information and if the internal or external auditors were involved.</p> <p>Ascertain that the external auditors provided the statement of management responsibility and review with them. Review key internal controls with the CAE, and understand how these controls will be tested during the year.</p>	<p>Required Supplementary Information, Supplementary Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and Special Comments Requested by the Legislative Audit and Fiscal Review Committee.</p>		<p>External auditors discussed with CAE and management the effectiveness of internal controls on 11/20/12.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
Audit Committee Charter Review Matrix
 For Year Ending December 31, 2012

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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>10. The AC will:</p> <ul style="list-style-type: none"> • Obtain information about, training in and an understanding of risk management in order to acquire the knowledge necessary to adequately oversee the risk management process. • Periodically review that the organization has a comprehensive policy on risk management. • Consider the effectiveness of the organization's risk management system, including risks of information technology systems. • Consider the risks of business relationships with significant vendors and consultants. • Review management's reports on management's self-assessment of risks and the mitigations of these risks. • Understand the scope of internal auditor's and external auditor's review of risk management over financial reporting. • Understand the scope of internal auditor's review of risk management over all other processes, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of any other external auditor's or consultant's review of risk 	<p>Provide the AC members with information regarding risk management.</p> <p>Review risk management policy periodically.</p> <p>Create a portfolio that documents the material risks that the agency faces. Update as events occur.</p> <p>Review with management and the CAE periodically to make sure it is up-to-date.</p> <p>Provide AC a summary of results of self-assessment of risks, and how these risks are handled.</p> <p>Provide the AC information on how external and internal audit review risk management over financial reporting.</p> <p>Provide AC a summary of results of self-assessment of risks, and how these risks are handled.</p> <p>Provide the AC an explanation of other external auditor's review of risk management.</p>	<p>Articles, publications, etc. relating to risk management.</p> <p>Current risk management policy and most recent information relating to risk management.</p> <p>Submit a risk report including mitigation strategies and quantifiable risks and insurance to cover such risks, e.g., loss of business.</p>	<p>Quarterly.</p> <p>As necessary.</p>	<p>Articles, publications, etc. relating to risk management are provided as they become available.</p> <p>It is required by Risk Management of OMB to have a Loss Control Committee. The Chairperson presented an overview of the committee at the August 2012 meeting. This will be done every year in August, providing an update annually. In addition, quarterly agendas and minutes of the Loss Control Committee were provided to the Audit Committee at each meeting.</p> <p>Enterprise Risk Management assessment questionnaires will be developed with management's input. This assessment is conducted once every four years. The next scheduled assessment was 2012, however due to staff shortage it was not conducted. This project will be reviewed in 2014.</p> <p>The NDPERS self-assessment questionnaire is developed and in use specifically for benefit programs, business processes and accounting functions. This assessment is conducted every two years, following the legislative session, to include any legislative changes to the programs as part of the assessment process. The next scheduled assessment is the Fall of 2013.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2012

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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
management. • Hire outside experts and consultants in risk management as necessary subject to full board approval.	Develop a request for proposal if an outside expert is deemed necessary.			In addition to the above risk assessments, a separate assessment is made at the beginning of each audit, to ensure the audit focus is on high risk areas.
11. The AC will: • Obtain information about, training in and an understanding of internal control in order to acquire the knowledge necessary to adequately oversee the internal control process. • Ensure that the organization has a comprehensive policy on internal control and compliance. • Review periodically the policy on ethics, code of conduct and fraud policy. • Consider the effectiveness of the organization's internal control system, including information technology security and control. • Consider any internal controls required because of business relationships with significant vendors and consultants. • Understand the scope of internal auditor's and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of internal auditor's review of	Provide the AC members with information regarding internal control process. Review periodically the policy on internal controls, ethics, code of conduct and fraud. Review the reports of the internal audit team for all audits completed since the prior AC meeting. Review key internal controls with the CAE, and understand how these controls will be tested during the year. Review with the CAE the plans for audits of other elements of the control environment. Determine that all internal control weaknesses are	Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing.	Quarterly. Update on anything new, or any changes to the internal control system, at every meeting.	Information relating to internal control is provided as they become available. Internal periodic reviews on ethics, code of conduct and fraud have not been conducted consistently. These issues are addressed during the benefit programs, business processes, accounting functions and enterprise risk management assessments. Internal controls are reviewed as part of each audit project and/or special examinations. External auditors conduct a review of internal accounting controls annually. There have been no areas of concern as a result of these reviews.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
Audit Committee Charter Review Matrix
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<p>internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.</p> <ul style="list-style-type: none"> • Review the role of the internal auditor's involvement in the corporate governance process, including corporate governance documentation and training. • Periodically review contracts with external service providers which should contain appropriate record-keeping and audit language. 	<p>quantified, reviewed, and addressed.</p> <p>Review these plans with the independent auditor to understand their scope with respect to key controls</p>			<p>consulting project, and/or special examinations.</p> <p>At this time the role is to assist in the development of the enterprise risk management questionnaire. The results will be summarized into a report, and this will discuss corporate governance. The 2012-2013 Internal Audit Plan includes developing a process to review contracts.</p>
<p>12. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the role of internal audits so that the committee may adequately oversee the internal audit function. • Oversee the selection process for the Chief Audit Executive. • Assure and maintain, through the organizational structure of the organization and by other means, the independence of the internal audit process. • Review any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information • Review with management and 	<p>Review reports of all internal auditors from the preceding 12 months and planned for the upcoming six months along with the status of each planned audit.</p> <p>Hold special meetings as necessary to address appointment, reassignment, or dismissal of CAE.</p> <p>Discuss internal audit division's budget and</p>	<p>Report on the status of all current internal audits and audits planned for the next quarter and/or year.</p> <p>Report to the full board on the performance of the CAE including the effectiveness of the internal audit function.</p>	<p>Review at each meeting.</p> <p>Conduct ongoing reviews, as changes can be made at any time during the year.</p>	<p>An updated quarterly status report is provided to the AC at each meeting.</p> <p>No change in internal auditors this period. No change in reporting structure this period. Structure is in accordance with best practices.</p> <p>No difficulties encountered.</p> <p>A revised Internal Audit Charter was</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
Audit Committee Charter Review Matrix
 For Year Ending December 31, 2012

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<p>the Chief Audit Executive the charter, objectives, plans, activities, staffing, budget, qualifications, and organizational structure of the internal audit function.</p> <ul style="list-style-type: none"> Receive and review all internal audit reports and management letters. 	<p>staffing with CAE.</p> <p>Maintain workload project management worksheet, audit recommendation worksheets</p>	<p>Internal Audit Activities Report Audit Recommendation Report</p>	<p>Quarterly Quarterly</p>	<p>approved by the Board 9/18/2008. No changes were made since.</p>
<ul style="list-style-type: none"> Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. 	<p>Review and discuss the findings for each audit completed since the prior meeting, and management's response to the report.</p>	<p>Annual Internal Audit Report</p>	<p>Annually</p>	<p>A report of all audit recommendations is provided to the AC quarterly, with a progress update for each audit. An annual report of the Internal Audit Division was presented in February 2012.</p>
<ul style="list-style-type: none"> Receive periodic notices of advisory and consulting activities by internal auditors. 			<p>As needed</p>	<p>A quarterly report of audit activities is provided to the AC, which includes advisory and consulting activities.</p>
<ul style="list-style-type: none"> Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive. 	<p>Meet periodically with other members of executive management and the external auditors to discuss the performance of CAE.</p>	<p>Performance evaluation worksheet</p>	<p>As needed</p>	
<ul style="list-style-type: none"> Review the performance of the Chief Audit Executive periodically. 			<p>Annually</p>	<p>A performance review was written by the Executive Director and approved by the AC in July 2012. Nothing is reported to the full board at this time.</p>
<ul style="list-style-type: none"> Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' <i>Standards for the Professional Practice of Internal Auditing</i>. 	<p>Discuss internal audit's compliance with IIA Standards, including the requirement for a peer review once every five years.</p> <p>Review the internal audit</p>	<p>Quality Assurance Review report Internal Audit Charter</p>	<p>QAR every five years. Annual Internal Audit report Annually</p>	<p>A Quality Assurance Review was not completed in 2012 to review the effectiveness of the internal audit function. AC approved delaying this process to 2012 due to the PERSLink project. Due to staff shortage this project was put on hold.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<ul style="list-style-type: none"> On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately (subject to open meeting laws). Designate the Chief Audit Executive as the lead coordinator for handling all matters related to audits, examinations, investigations or inquiries of the State Auditor and other appropriate State or Federal agencies. 	<p>charter periodically.</p> <p>Assess the appropriateness of each point in the charter from past experience (since the last review). Assess the completeness of the charter against new best practices and new legal or regulatory requirement.</p> <p>The AC chair should be available if any unforeseen issues arise between meetings relating to the CAE.</p> <p>Discuss job satisfaction and other employment issues with the CAE.</p>		Periodically	<p>Private meeting with the Internal Audit Manager was held in February 2012.</p> <p>Due to no updates, Internal Audit Charter was not reviewed in 2012.</p> <p>AC Chair is available at all times if needed.</p> <p>The Internal Audit Division is the primary contact for the external auditors, and coordinated all matters relating to the 2012 financial audits.</p>
<p>13. The AC will:</p> <ul style="list-style-type: none"> Obtain the information and training needed to enhance the committee members' understanding of the purpose of the financial statements audit and the role of external financial statement auditor so that the committee may adequately oversee the financial statement audit function. Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. Review the performance of the 	<p>Provide information and/or training.</p> <p>Meet with independent audit partner, the controller and CAE to discuss scope of the previous year's audit, and lessons learned. Later, discuss planned scope for audit of current year.</p> <p>Provide input on the</p>	Document the meeting in the AC meeting minutes.	Meet with new audit firm at the beginning of a new contract to review the scope of the upcoming audit; discuss audit results, lessons learned and scope for current year at the exit conference. As requested	<p>The contract is for the period 2011 through 2012; a meeting was not held because there was no change in the external audit firm.</p> <p>Nothing to review at this time.</p>
<ul style="list-style-type: none"> Review the performance of the 			Every three years	No comments were requested by the

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 Audit Committee Charter Review Matrix
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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>external financial statement audit firm, and review the State Auditor's recommendation for the final approval on the request for proposal for, and the appointment, retention or discharge of the audit firm. Obtain input from the Chief Audit Executive, management and other parties as appropriate.</p> <ul style="list-style-type: none"> Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the organization, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm. Obtain information from the Chief Audit Executive and other sources as necessary. Review the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements. Review all other reports and communications made by the external financial statement 	<p>external audit performance to the State Auditor's Office.</p> <p>Provide input to the State Auditors Office on the request for proposal for the appointment of the next audit firm.</p> <p>Obtain from external audit firm and/or management any documentation of any activity or issues between the audit firm and organization if information should be provided to the AC.</p> <p>Review at the exit conference with management, and again with the AC.</p> <p>Review as needed.</p>			<p>State Auditor's Office.</p> <p>Input was provided in December 2011 to the State Auditor's Office on the RFP for the 2012-2014 contract period.</p> <p>This was not an issue for 2012.</p> <p>External audit firm presented the financial statements and associated reports to the AC at the November 2012 meeting.</p>

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Audit Committee Charter Review Matrix

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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>auditor.</p> <ul style="list-style-type: none"> Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. On a regular basis, meet separately with the external financial statement audit firm to discuss any matters that the committee or auditors believe should be discussed privately (subject to open meeting laws). Provide guidelines and mechanisms so that no member of the AC or organization staff shall improperly influence the auditors or the firm engaged to perform audit services. Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided. 	<p>Provide a quarterly audit recommendation report to the AC.</p> <p>Provide opportunity at the time external auditors are at meeting to present audit report.</p> <p>Need to draft guidelines.</p> <p>Provide a quarterly report to the board of all external audit costs.</p>	<p>Audit recommendation report</p> <p>Annual audit report presentation</p> <p>External Audit costs report</p>	<p>Quarterly</p> <p>Annually</p> <p>Quarterly</p>	<p>Reports were reviewed during 2012 during each AC meeting.</p> <p>Beginning with the 2012 audit report presentation the audit committee will set aside time to meet with the external audit team separately. <u>This was not accomplished in 2012 due to time constraints.</u></p> <p>Guidelines not needed at this time – State Auditor's Office selects external auditors.</p> <p>Quarterly reports are generally provided to the full board and to the AC. However, this was not done the past few years due to the PERSLink project. As of the February 2012 meeting we are on track to provide this information again.</p>
<p>14. The AC will:</p> <ul style="list-style-type: none"> Obtain the information and training needed to enhance the committee members' understanding of the role of the other external audit firm(s) so that the committee may adequately oversee their function(s). Confirm coordination of efficient and effective audit activities 	<p>Provide the AC members with information regarding the role of the other external audit firm(s).</p> <p>Meet with independent audit partner, the accounting manager and CAE to discuss scope of the previous year's audit,</p>	<p>Document the meeting in the AC meeting minutes.</p>	<p>Provide information and training as needed.</p>	<p>Not applicable at this time as we have not had an "other" external audit firm in conjunction with the external audit firm.</p>

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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>between the internal and external auditors.</p> <ul style="list-style-type: none"> Review the performance of the other external audit firm(s). Review the scope all services to be performed by the other external auditor. Review the reports of the audits and/or agreed-upon-procedures. Provide a forum for follow up of findings from the audit reports or agreed-upon-procedures. Meet separately with the other external audit firm(s) on a regular basis to discuss any matters that the committee or staff of the audit firm(s) believes should be discussed Review a report of all costs of and payments to other external audit firm(s). The listing should separately disclose the costs of any audit, other attest projects, agreed-upon-procedures and any non-audit services provided. 	<p>Steps to Accomplish the Objective and lessons learned. Later, discuss planned scope for audit of current year.</p>			
<p>15. The AC will:</p> <ul style="list-style-type: none"> Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance. Review the findings of any examinations by regulatory agencies, and any auditor 	<p>Review the reports of compliance with laws and regulations. Discuss compliance issues and resolutions.</p>	<p>Record discussion and any action steps in the AC meeting minutes.</p>	<p>Review as necessary.</p>	<p>Compliance with laws and regulations are reviewed for each specific audit by both the external auditors and internal auditors. Any concerns will be brought before management, the AC and/or board as necessary.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
Audit Committee Charter Review Matrix
For Year Ending December 31, 2012

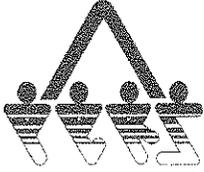
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Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>observations, including investigations of misconduct and fraud.</p> <ul style="list-style-type: none"> • Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to organization personnel, and for monitoring compliance therewith. • Obtain regular updates from management and organization legal counsel regarding compliance matters. • Monitor changes and proposed changes in laws, regulations and rules affecting the organization. 	<p>Require staff to sign off on ethics/code of conduct and fraud policy annually during their performance reviews.</p> <p>Report to AC as necessary.</p> <p>Report to AC as needed.</p>	<p>Review signed form stating the employee read the policies.</p> <p>Report to AC at meeting, if matters arise.</p> <p>Report to AC of changes in laws, regulations and rules.</p>	<p>Annually.</p> <p>As they occur.</p> <p>As they occur.</p>	<p>It is our practice to have staff review and sign off annually on ethics/code of conduct during their annual performance evaluations.</p> <p>During legislative years changes in laws, regulations and rules are monitored by management and reported to the board and to the Audit Committee. None to report in 2012.</p>
<p>16. The AC will:</p> <ul style="list-style-type: none"> • Institute and oversee special investigations as needed. • Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the AC. 	<p>Review procedures with CAE and the general counsel.</p> <p>Review all complaints that have been received and the status of resolution.</p> <p>Ensure proper steps are taken to investigate and resolve complaints timely.</p>	<p>Review an original of each complaint received, no matter the media used to submit. Discuss the status or resolution of each complaint.</p> <p>Review a cumulative list of complaints submitted to date to review for patterns or other observations.</p>	<p>Review at each meeting.</p>	<p>There were none during 2012.</p>
<p>17. The AC will:</p> <ul style="list-style-type: none"> • Regularly report to the Board of Directors about all committee activities, issues, and related recommendations. • Perform other activities related to this charter as requested by the Board of Directors, and report to the Board • Provide an open avenue of communication between 	<p>Submit AC meeting minutes to the board after AC approval.</p> <p>Have at minimum annual meeting with internal</p>	<p>Submit AC meeting minutes after AC approval to the board for their next meeting.</p>	<p>Following each AC meeting provide the approved AC minutes to the Administrative Services Manager to include in the next board meeting materials.</p>	<p>Copies of the AC minutes are provided to the board after the AC's approval of the minutes.</p> <p>An annual meeting was held with the Internal Audit Manager in 2/2012.</p>

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<p>internal audit, the external financial statement auditors, other external auditors, management and the Board of Directors.</p> <ul style="list-style-type: none"> Review any other reports that the organization issues that relates to AC responsibilities. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services. Review and assess the adequacy of the committee charter periodically, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation. 	<p>auditor, external auditor, management, and Board of Directors to discuss issues.</p> <p>Utilize a matrix to determine if all responsibilities outlined in the charter are carried out.</p>	<p>An AC Charter review matrix will be updated each year and presented to the AC to present a report to the Board for approval.</p>	<p>Annually.</p>	<p>The external auditors provided an overview of the financial statements during the December 2012 board meeting. The report will be presented to the audit committee at the November 2012 meeting.</p> <p>An updated AC review matrix was provided to the AC at the February 2012 meeting.</p>
<ul style="list-style-type: none"> Review and assess the adequacy of the committee charter periodically, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation. 	<p>Review charter periodically. Assess the suitability of each point in the charter based on past experiences (since the last review). Evaluate completeness of the charter against best practices and legal or regulatory requirements. Revise charter as needed and obtain AC and Board approval for changes.</p>	<p>Report to the board on the appropriateness of the AC charter and any revisions recommended.</p>	<p>As needed.</p>	<p>AC Charter was reviewed, updated, and approved by the board September 2008. No change has been required since then.</p>



North Dakota
Public Employees Retirement System
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Executive Director
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Memorandum

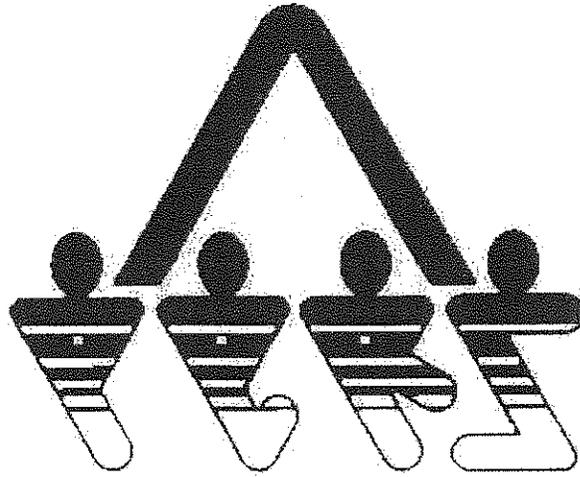
TO: NDPERS Board

FROM: Jamie Kinsella *Jamie*

DATE: February 20, 2013

SUBJECT: 2012 Internal Audit Annual Report

Attached is a copy of the Internal Audit Annual Report for your information. Those who attended the meeting are available to answer any questions you may have. This for your information.

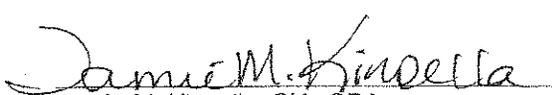


NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT
SYSTEM

INTERNAL AUDIT DIVISION

ANNUAL REPORT

FOR YEAR 2012


Jamie M. Kinsella, CIA, CPA
Internal Audit Manager


Jon Strinden
Chairman, Audit Committee
Board of Directors

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**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
INTERNAL AUDIT DIVISION
Annual Report for the Year 2012**

Introduction

The Annual Report communicates the internal audit activity for year ending December 31, 2012. Our goal is to inform NDPERS management, Board Audit Committee members, and external auditors of the activities taken place in the Internal Audit Division.

As of June 30, 2012, the market value of combined assets of PERS and HPRS were over \$1.77 billion, 1.7% less than 2011. Benefits, refunds and administrative expenses were over \$104.4 million, an increase of 10.0% from 2011. In addition to the various retirement programs, NDPERS administers the retiree health insurance fund, group health and life insurance, dental, vision and long-term-care insurance, deferred compensation, and flexible spending accounts. These areas are reviewed as well to ensure that systems continue to run effectively and efficiently, assets are safeguarded, and programs are operating in compliance with federal and state law. The table below provides statistics to show the growth we've had in these programs. The percentage of change reflects the change between the years 2012 and 2011, and 2012 and 2010.

	2012	2011	1 year % Change	2010	2 years % Change
PERS Contributing Members	28,257	27,391	3.16%	26,226	7.74%
PERS Retirees and Beneficiaries	8,316	7,835	6.13%	7,434	11.86%
HPRS Contributing Members	160	142	12.67%	144	11.11%
HPRS Retirees and Beneficiaries	116	115	0.86%	113	2.65%
JS Contributing Members	22	23	-4.34%	31	-29.03%
JS Retirees and Beneficiaries	212	213	-0.46%	211	0.47%
OASIS Beneficiary	0	0	0.00%	0	0.00%
DC Contributing Members	283	287	-1.39%	293	-3.41%
RHIC Contributing Members	21,462	21,062	1.89%	21,047	1.97%
RHIC Retirees and Beneficiaries	4,442	4,242	4.71%	4,105	8.20%
Participating Agencies					
State	93	93	0.00%	92	1.08%
Political Subdivisions	317	314	0.95%	313	1.27%
Group Health Active and Retired	27,213	25,194	8.01%	25,516	6.65%
Total Covered Lives	62,235	58,600	6.20%	57,577	8.09%
Total Premiums Paid*	\$238.6	\$217.4	9.75%	\$214.77	11.09%
Participating Agencies					
State	93	93	0.00%	92	1.08%
Political Subdivisions	189	187	1.06%	175	8.00%
Group Life Participants					
Actives	18,090	17,958	0.73%	18,441	-1.90%
Retirees	3,044	3,024	0.66%	2,995	1.63%
Total Life Insurance in Force**	\$1,356	\$1,262	7.44%	\$1,215	11.60%
Total Premiums Paid*	\$2.6	\$3.3	-21.21%	\$3.1	-16.12%
Dental Participants	6,847	6,300	8.68%	6,200	10.43%
Vision Participants	7,225	6,000	20.41%	4,600	57.06%
Long Term Care Participants	89	69	28.98%	57	56.14%
Employee Assistance Program	15,600	15,500	0.64%	15,900	-1.88%

INTERNAL AUDIT DIVISION - ANNUAL REPORT



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
INTERNAL AUDIT DIVISION
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	2012	2011	% Change	2010	% Change
Deferred Comp Participants	8,700	8,100	7.40%	9,300	-6.45%
NDPERS Trustee Assets*	\$40.1	\$37.3	7.50%	\$27.9	43.72%
Provider Company Assets*	\$106.2	\$108.5	-2.11%	\$89.5	18.65%
Flex Comp Participants	3,059	3,161	-3.22%	3,178	-3.74%
Flex Comp Contributions*	\$6.2	\$6.2	0.00%	\$6.1	1.63%

*In millions

**In billions

The funding status of the retirement system is as follows (the greater the percentage the stronger the retirement plan):

Fund	Ratio of Assets to Actuarial Accrued Liability		
	2012	2011	2010
PERS	65.1%	70.5%	73.4%
Highway Patrol	70.3%	73.7%	79.8%
Job Service	105.2%	110.0%	104.8%
Retiree Health Insurance Credit	51.9%	49.6%	47.4%

Purpose and Goal

The Internal Audit division was approved during the 1991 legislative session, and established effective July 1, 1991. The internal audit position was filled May 1, 1992 as an independent appraisal function within the Board and is the central point to promote accountability, integrity, efficiency and compliance in Board programs and activities. Due to the growth in programs and membership administered by NDPERS, a second position was approved during the 2003 legislative session effective July 1, 2003, which was filled January 2004.

Our goal for NDPERS Internal Audit, which guides us in our daily work, is as follows:

The North Dakota Public Employees Retirement System Internal Audit Division is committed to providing our clients, which includes management, the Board of Directors, and our members, objective and reliable information useful in appraising performance, maintaining financial integrity, and measuring compliance with policies and procedures.

Audit Charter, Definition and Standards

The audit charter, which is approved by the Board and the Audit Committee, authorizes a full range of financial-related, compliance, and performance audits. The charter also defines reporting relationships, scope of audit work, and audit reporting and follow-up responsibilities.

The definition of internal auditing follows:

Internal auditing is an independent, objective, assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.



Additionally, the definition incorporates references to professional standards:

Professionalism and a commitment to excellence are facilitated by operating within a framework of professional practice established by The Institute of Internal Auditors.

Internal Audit Organization

To ensure the independence of the internal auditors as set forth in *The Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing*, the internal audit division reports functionally to the Board of Directors, and administratively to the Executive Director.

Risk Assessment

The Institute of Internal Auditors defines risk assessment as a "systematic process for assessing and integrating professional judgments about probable adverse conditions and/or events."

The risk assessment is required by the *Standards for the Professional Practice of Internal Auditing*, as well as recommended by the external auditors (see management letter dated June 30, 2000). We develop risk assessment questionnaires for the functions within each division at NDPERS which the managers review and complete the questionnaires. The results of these assessments are evaluated with management to fully understand the outcome, to develop the audit plan, and to assist in developing questionnaires in the areas of internal control and program compliance for future use. In addition, the results of these assessments assist internal audit to determine areas of risk within their audit projects, ensuring resources are utilized in the high risk areas.

Risk Assessment Results

A formal risk assessment for the calendar year 2012 as described above was not completed because of the PERSLink project and internal audit staff shortages. Internal Audit met with management to conduct an informal risk assessment and developed the 2012 audit plan based on discussions with management.

Acceptable Level of Risk

The risk assessment identifies areas of relatively high concern. The Annual Report will discuss project efforts on these high-risk activities. It is important for the Board of Directors and executive management to understand the limitations of the audit coverage and the risks they assume in areas not audited.

Audit Activity

The Annual Report includes carryover projects from the prior year, follow-up audits, and new projects. Audit activity for the year 2012 included the following:

Projects

Current active projects:

- < Interest Batch
 - o Determine if eligible accounts are receiving the correct interest calculations
- < Retirement Benefits
 - o Determine if benefits are calculated accurately
- < Employer Accounts Receivable
 - o Not being generated yet, need to ensure beginning balance is correct
- < Contributor Master Reconciliation



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PERSLink

- ◀ Retirement Payments – determine if calculations for all benefit options for all retirement plans are accurate
- ◀ Retiree Health Insurance Credits
 - Determine if combining/uncombining RHIC credit is working correctly
 - Determine if RHIC are being applied correctly
- ◀ Minimum Guarantee –determine if balance is transferred from contribution summary to payee account correctly
- ◀ Training New Staff – Roles (complete and effective)

Programs

- ◀ Actuary Data Review with ACL Software
- ◀ Annuity Benefits Death Match Reviews
- ◀ P3 Methodology
- ◀ Develop regular internal monitoring of file maintenance changes

Audit Projects

- ◀ Final Average Salary Project

New (will begin if time allows or it is deemed high risk):

- ◀ Compliance audit with Federal Regulations (e.g. HIPAA)
- ◀ Contractual audits
- ◀ Deferred Comp 901-902 (PEP)
- ◀ Flex Comp – Grace Period Audit
- ◀ FICA Tax – Flex Comp
- ◀ Retirement Best Practices
- ◀ Web Maintenance Review

Administrative/Special Projects/Other

- ◀ Annual and Sick Leave Available (432 hours annual accrual)
- ◀ Audit/Board Related
- ◀ Audit Plan
- ◀ Audit Report
- ◀ Consulting
- ◀ Record Retention Purge
- ◀ Review and update internal audit department charter and audit committee charter
- ◀ Review and update internal audit manual annually
- ◀ Training/Continuing Education (80 hours)

Audit Hours

Below is a summary of the hours spent working in each project area.

<u>Projects</u>	<u>2012</u>		<u>2011</u>		<u>2010</u>	
	<u>Project Hours</u>	<u>%</u>	<u>Project Hours</u>	<u>%</u>	<u>Project Hours</u>	<u>%</u>
Financial	387.0	11.64%	252.0	6.73%	96.5	2.07%
Programs	1,659.0	49.90%	2,306.5	61.62%	3,674.5	79.05%
Administrative	1,278.5	38.46%	1,184.5	31.65%	877.5	18.88%
Total	<u>3,324.5</u>	<u>100.00%</u>	<u>3,743.0</u>	<u>100.00%</u>	<u>4,648.5</u>	<u>100.00%</u>
Total Hours Available	<u>4,176</u>	<u>-25.61%</u>	<u>4,160.0</u>	<u>-10.02%</u>	<u>4,176.0</u>	<u>11.31%</u>



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Financial hours increased again in 2012 as more time was spent assisting the external auditors with the financial audit during the summer. Financial hours for 2010 were low due to the PERSLink project. In 2010 we contracted with our external auditors to conduct testing of our records to free up Internal Audit to focus on assisting the project team with PERSLink activities so we could meet our deadlines with the project.

Program hours for 2012 is lower than 2011 due to staff turnover during the calendar year. We were without an auditor for almost 6 months of the year.

Administrative hours for 2012 are higher than 2011 due to unexpected medical leave and annual leave taken during the year. Hours for 2010 were low because of restrictions on annual leave, and limited time to work on administrative type activities. Conversely, they are high in 2011 for time taken so as to use annual leave by April 30th, plus time taken due to the 2011 Missouri River flood.

Total number of budgeted hours for the year was 4,176, we used 3,324.5. This was due to the vacancy of the Internal Auditor II position for almost six months. The position became vacant in the second week in June due to relocation, and was filled September 4th. Then it became vacant again October 25th due to transfer to another state agency. The position was not filled until January 1, 2013.

Consulting Services

In addition to audit projects, an important role for Internal Audit is the area of management consulting. Internal Audit staff members regularly provide consulting to individual managers and staff. Internal Audit staff serves on NDPERS committees and work groups devoted to a variety of programmatic, administrative, and financial topics.

This area can be difficult to anticipate and report because it is performed on an "as needed" basis. Among the consulting or committee topics for this past year are: reconciliation of accounts receivable for insurance programs, PERSLink project, reconciliation processes for minimum guarantee (retired member accounts) and contributor master (active member accounts).

Follow-Up and Reporting

Follow-up is an important part of our audit effort and is required by professional standards. We communicate the status of all internal and external audit recommendations in a quarterly report to the Audit Committee and NDPERS executive management effective October 2001. In addition, this report is reviewed by the Loss Control Committee quarterly which was implemented May 2007. Reporting continues until all recommended actions or management action plans are implemented or otherwise resolved. At the beginning of 2012 we had five formal outstanding audit recommendations and three informal (oral) recommendations. The external auditors made five formal recommendations during their fiscal year June 2012 audit. At the end of 2012 there were seven recommendations and two informal recommendations remaining.

Internal Audit prepares quarterly activity reports for Audit Committee's review. This report summarized program audit activities, progress made on goals and objectives, and is dependent upon management requests, departmental workloads, changes in operations, and Internal Audit staff availability.

Coordination with External Auditors

During this past year Internal Audit worked with Brady Martz & Associates PC in the completion of fiscal year end June 2012 financial audits to facilitate assembling the comprehensive annual



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financial report (CAFR). The contract for auditing PERS financial statements was awarded to Brady Martz & Associates PC for fiscal years ending 2012 through 2014.

Internal Audit serves as the liaison with the North Dakota State Auditor's Office (SAO) and other external audit groups working at NDPERS. The SAO submitted a request for proposal for services for three years after the completion of the final fiscal year's audit, which ended June 30, 2011. A Request for Proposal (RFP) was issued in January 2012, with Brady Martz selected as the final candidate.

Management Controls

We use a nationally recognized model that has five interrelated components in the risk assessment questionnaires to assist management in evaluating internal controls:

- Control Environment – The control environment sets the tone for an organization, influencing the control consciousness of its people.
- Risk Assessment – This is the identification and analysis of relevant risks to the achievement of objectives and forms a basis for determining how the risks should be managed.
- Control Activities – These are the policies and procedures that help ensure management directives are understood and carried out.
- Information and Communication – Information systems produce reports containing operational, financial, and compliance-related information that make it possible to run and control the agency.
- Monitoring – Management control systems need to be monitored – a process that assesses the quality of the system's performance over time.

Management controls are most effective when they are built into the organization's infrastructure and are a fundamental part of management's philosophy. "Built in" controls support quality and empowerment initiatives, avoid unnecessary costs, and enable quick response to changing conditions.

Internal Audit staff continued to promote greater understanding of these management control concepts in audit projects, management meetings, and meetings with individual managers, training activities, and dissemination of information throughout the year. As part of this, management worked toward development of a comprehensive documentation project encompassing all PERSLink and non-PERSLink related processes at NDPERS with Internal Audit's assistance. This documentation will reside as part of the PERSLink system.

Planning and Administrative Projects

Internal Audit responsibilities include the completion of numerous administrative and planning projects including:

- ✓ Quarterly reporting to the Board Audit Committee
- ✓ Development of the Annual Audit Plan
- ✓ Development of the Annual Report
- ✓ Reviewing and reporting on meeting the Audit Committee Charter requirements
- ✓ Reviewing and reporting on meeting the Internal Audit Charter requirements
- ✓ Updating the Internal Audit Manual



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
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- ✓ Writing, update, and revisions to the Audit Procedures Manual
- ✓ Writing, update, and revisions to the Audit Policy Manual
- ✓ Liaison with external audit groups
- ✓ Committee (non-voting) participation on a variety of management topics
- ✓ Meetings
- ✓ Follow-up on audit recommendations
- ✓ Training and Education
- ✓ Automated Workpaper Development

Audit Organization and Staffing

A current organization chart for Internal Audit is attached to this report. The Division consists of two full-time equivalent (FTE) positions. During 2012 the Internal Auditor II position became vacant due to relocation (June), which was filled in September, and vacant again in October due to transfer to another state agency. The position was filled January 1, 2013.

With the new staff member, Internal Audit staff has over 47 years of auditing experience, including over 44 years internal auditing experience, and 3 professional certifications including two Certified Internal Audit (CIA) certifications, and one Certified Public Accountant (CPA).

Continuing Professional Education (CPE)

As a requirement for maintaining the CIA and CPA, minimum hours must be met each year for CPEs. Each organization has different requirements. The American Institute of Certified Public Accountants (AICPA) requires 120 hours of CPE within 3 years with 20 hours minimum per year; the Institute of Internal Auditors (IIA) requires 40 hours of CPE each year; and the Government Accounting Office (GAO) requires 80 hours every 2 years with 20 hours per year minimum.

During 2012 a total of thirty hours was earned attending the following seminars/ conferences:

- Detecting, Preventing and Reporting Internal And External Fraud
- Productivity-Tools, Techniques, Nuts & Bolts
- Productivity & Working Papers; Team Continuous Improvement Opportunities

Professional Organizations

Internal Audit staff members are active participants in several professional auditing and accounting organizations. These groups are excellent sources for information on auditing, accounting, business management, and other professional issues and concerns. Staff members are currently active in the following professional organizations:

- Association of Public Pension Fund Auditors (APPFA)
- Institute of Internal Auditors (IIA)
- Local Chapter of the Institute of Internal Auditors (Central NoDak IIA)
- North Dakota Society of Certified Public Accountants (NDSCPA)

Volunteerism is the foundation that supports these organizations. Due to the new PERSLink project internal audit will be limiting their volunteer work to ensure adequate coverage during this project. However, staff participated on the APPFA Best Practices Committee during 2012.

Quality Assurance

Quality assurance is an important component in assuring that we maintain high quality auditing services. We have developed and implemented an internal peer review in 2005, from which we



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determined where the Internal Audit Division is not in compliance with the *Standards*. With that information the Internal Audit Division strived to work toward compliance before having an external quality assurance review as required within five years of January 1, 2002, or by January 1, 2007, as stated in the IIA's *International Standards for Professional Practice of Internal Auditing*.

Due to the staffing shortage in Accounting (requiring Internal Audit's assistance) during 2006 and 2008, a Quality Assurance Review was not completed by January 1, 2007. Due to the demands of the PERSLink project on management, staff and Internal Audit, as well as staff turnover, this project has been put on hold until a later date.

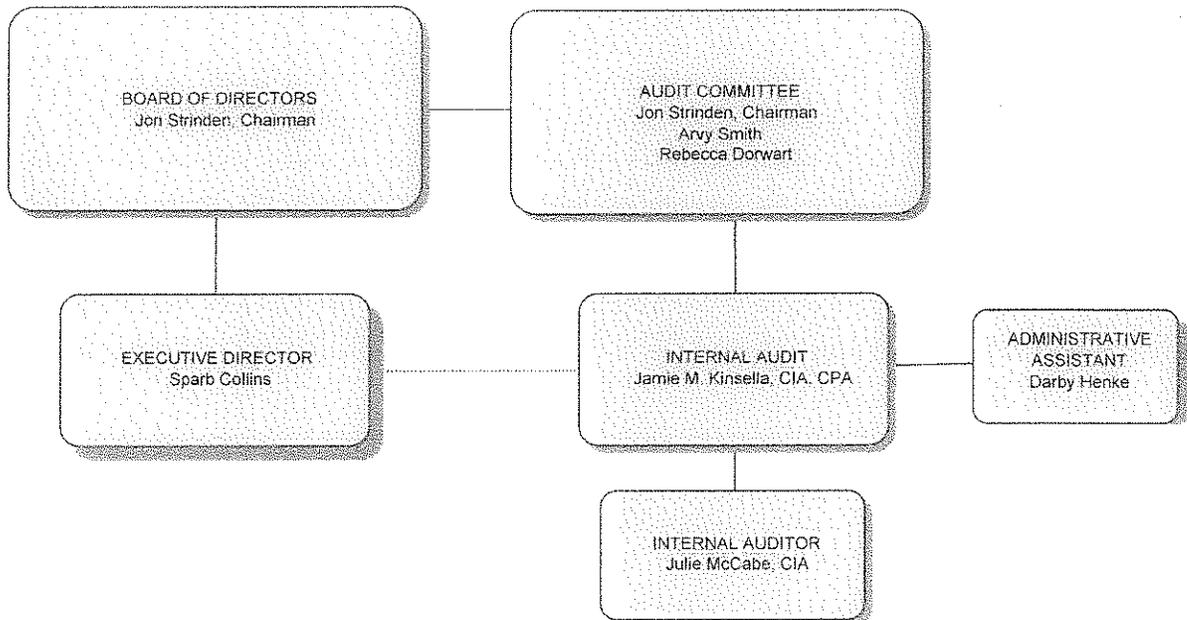
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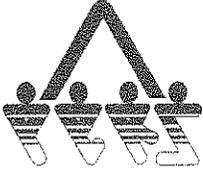
For further information on the Internal Audit Annual Report, please contact Jamie Kinsella at (701) 328-3905 or via e-mail at jkinsell@state.nd.us.



Internal Audit Division Organizational Chart

NORTH DAKOTA PUBLIC
EMPLOYEES RETIREMENT
SYSTEM
Internal Audit Division
January 2013





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

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

FAX: (701) 328-3920 • EMAIL: NDPERS-INFO@ND.GOV • www.nd.gov/ndpers

MEMORANDUM

TO: NDPERS Board
FROM: Jamie Kinsella *Jamie*
DATE: February 20, 2013
SUBJECT: **November 21, 2012 PERS Audit Committee Minutes**

Attached are the approved minutes from the November 21, 2012 meeting. Those who attended the meeting are available to answer any questions you may have.

The minutes may also be viewed on the NDPERS web site at www.nd.gov/ndpers.

The next audit committee meeting is tentatively scheduled for May 15, 2013 10:00 a.m., in the NDPERS Conference Room.

Attachment

• FlexComp Program	• Retirement Programs	• Retiree Health Insurance Credit
• Employee Health & Life Insurance	- Public Employees	• Deferred Compensation Program
• Dental	- Highway Patrol	• Long Term Care Program
• Vision	- National Guard/Law Enforcement	
	- Judges	
	- Prior Service	
	- Job Service	



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MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: January 8, 2013

SUBJECT: **November 21, 2012 Audit Committee Meeting**

In Attendance:

Jon Strinden
Rebecca Dorwart,
Arvy Smith
Jamie Kinsella
Sparb Collins
Sharon Schiermeister
Robyn Goven
John Mongeon

The meeting was called to order at 9:05 a.m.

I. August 29, 2012 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – A summary of the past quarter audit staff time was included with the audit committee materials. In addition to time worked on projects, researched “Remainder Refunds” for the Business Analyst to determine if balances remaining in member’s accounts were still due to the members and assisted accounting with Group Insurance Aging Accounts Receivable Reconciliation.
- B. Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. A copy of the report was included with the audit committee materials.

- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. The forms have been combined into one report and sorted by PERSLink IDs, so if a member had multiple forms they will be together.

This report has 12 retirement and 2 health adjustments.

- D. Internal Audit Plan 2012-2013 Update – A year ago an audit plan was developed for the 2012-2013 calendar year. An update on the progress of the plan was given to the audit committee.

III. Administrative

- A. Audit Committee Meeting Date & Time – Ms. Kinsella proposed a schedule of the audit committee meetings to take place during the next year. The board approved the dates and times for the 2013 audit committee meetings. The next audit committee meeting is scheduled for February 20, 2013 at 10:00 a.m.
- B. Internal Auditor II Position – Jennifer Feigitsch started on September 4th and her last day was October 25, 2012. At the time Ms. Feigitsch applied with NDPERS she did not know that the State Auditor's Office was looking for auditors. When she learned of the openings she applied and was offered a position. NDPERS was sad to see Ms. Feigitsch leave.

NDPERS advertised for a replacement for two weeks and received 11 applications for the position. As of November 8th, after the screening process was finished, Ms. Kinsella was told the applicant pool is looking promising. Interviews were conducted the previous week and an offer is pending.

IV. Miscellaneous

- A. Brady Martz & Associates Presentation FY 2012 Audit Report – John Mongeon and Robyn Goven were at the meeting to present the 2012 audit report. An electronic copy of the draft report was sent to the board on November 16, 2012 via e-mail.
- B. Travel Expenditures Update – Attached was a report incurred by the Board and/or Executive Director for out of state travel submitted from August 1, 2012 through October 31, 2012. This was for informational purposes.
- C. Risk Management Report – The Loss Control Committee will provide quarterly to the Audit Committee a copy of the Loss Control Committee's agenda from their last meeting as well as the approved minutes. Copies of the March 13, 2012 meeting and the agenda for the June 6, 2012 meeting were provided to the audit committee.
- D. PERSLink Update – An update was provided at the meeting on PERSLink from Ms. Schiermeister. This will be the final report provided to the audit committee.

- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." Attached was a copy of the report showing the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended September 30, 2012.

Meeting adjourned at 10:20 a.m.



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Memorandum

TO: NDPERS Board

FROM: Sparb

DATE: March 21, 2013

SUBJECT: RIO Update

Mike Sandal will provide an update to the Board on the recruitment efforts for the RIO Executive Director.