

NDPERS BOARD MEETING

Agenda

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

May 18, 2006

Time: 8:30 AM

I. MINUTES

- A. April 20, 2006

II. RETIREMENT

- A. Segal Renewal – Sparb (Board Action Requested)
- B. Mid Dakota Renewal – Kathy (Board Action Requested)

III. GROUP INSURANCE

- A. Dental-Long Term Care RFP – Gallagher Benefit Services
- B. Coordination of Benefits – BCBS (Board Action Requested)
- C. Prenatal Plus Program Prenatal Vitamins Information – BCBS (Information)
- D. BCBSND Updates: (Information)
 - 1. Medical Management Update
 - 2. Actuarial Update
- E. GBS Renewal – Sparb (Board Action Requested)
- F. Prudential Life Insurance Policy Rider – Cheryle (Board Action Requested)
- G. Wellness Program – Sparb (Board Action Requested)

IV. DEFERRED COMP

- A. Fidelity Review – Sparb (Board Action Requested)

V. MONTHLY TOPICS

- A. Critical Success Factors
- B. IT Project Update – PERS Business Plan Adjustments – Sparb

VI. MISCELLANEOUS

- A. Proposed Legislation – Sparb (Information)
- B. PERS Budget – Sparb (Board Action Requested)
- C. SIB Agenda – (Information)
- D. Deferred Comp Hardship – Kathy (Board Action Requested)

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.

MINUTES

North Dakota Public Employees Retirement System

Thursday, April 20, 2006
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present:

Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Howard Sage
Ms. Arvy Smith
Ms. Sandi Tabor

Via Video Conference:

Ms. Rosey Sand
Chairman Jon Strinden

Others Present:

Mr. Sparb Collins, Executive Director, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Scott Miller, Attorney General's Office
Mr. Kevin Schoenborn, BCBS
Ms. Onalee Sellheim, BCBS
Ms. Jodee Buhr, NDPEA
Mr. Bill Kalanek, AFPE
Mr. Tom Tupa, APT
Ms. Jodi Buhr, NDPEA
Mr. Keith Johnson, Custer District Health Unit

Via Video Conference:

Mr. Larry Brooks, BCBS
Ms. Cheryl Keller-Johnson, BCBS
Mr. Bob Stoup, BCBS
Ms. Nancy Vogeltanz-Holm, UND

Chairman Jon Strinden called the meeting to order at 8:30 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the March 16, and April 4, 2006 Board meetings.

THERE BEING NONE, MS. SAND MOVED APPROVAL OF THE MARCH 16 AND APRIL 4, 2006 BOARD MEETING MINUTES. MS. TABOR SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

District Health Units

Mr. Collins stated we have been evaluating this issue the last couple of months. Mr. Keith Johnson from the Custer District Health Unit presented to the Board proposed legislation relating to Section 54-52.1-03.1, which states "The Garrison Diversion Conservancy District, and district health units required to participate in the public employees retirement system under section 54-52-02, may participate in the uniform group insurance program under the same terms and conditions as state agencies." This legislation attempts to bring district health units in under the same terms and conditions as state agencies. Mr. Collins indicated that the staff recommendation would be "to maintain the status quo until the legislature has an opportunity to address this issue by reviewing the proposed legislation". If no changes are made to the law, then District Health Units would be considered political subdivisions beginning in 2007. Any new health districts that apply with PERS would obtain the political subdivision rate not the state rate for health insurance purposes.

MS. SMITH MOVED TO ACCEPT STAFF RECOMMENDATION. THE MOTION WAS SECONDED BY MS. SAND.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden

Nays: None

PASSED

BCBS Annual Report

Mr. Shoenborn from BCBS presented information relating to their annual report. Topics presented included: claims incurred July 1, 2004 through June 30, 2005; annual comparisons of Total PERS and Total Actives; Annual Comparisons on EPO and PPO actives; Annual Comparisons on Retirees and COBRA; Discounts Comparisons on Active and Retiree Members; Demographics; High Dollar Claims for Actives and Retirees; Case Benefit Management; Prescription Drugs for Actives and Retirees; Member Education; Wellness Benefit Programs Update; Smoking Cessation; and Health Dialog. The complete report is on file at the NDPERS office.

Group Medical Plan – Surplus/Affordability Update

Mr. Reinhardt presented information regarding the February 2006 surplus projection and affordability analysis for the NDPERS group medical plan. The projection for the 2003-2005 biennium shows an ending balance of \$15.6 million; the amount targeted for the 2005-2007 biennium is \$14.3 million.

Pilot Program – Worksite Wellness

Ms. Nancy Vogeltanz-Holm from UND gave an update on the worksite wellness project. There are 4 Bismarck state agencies with approximately 400 employees involved in the pilot project (OMB, Tax Department, Commerce Department, and State Historical Society). Two worksites are receiving high level intervention and 2 are receiving medium level intervention. The preliminary data with health councils reporting various activities including walking/physical activity clubs, weight loss clubs, outside presentations, healthy snacks, and incentives. All worksites reported at least moderate level of activities with moderate employee interest/participation. Planned activities for the period May to December 2006 include continuation of all ongoing activities, 12-month evaluation reports to worksites, initiate Year 2 Personal Behavioral Health Profiles (PBHP's) including immediate feedback, and revise/update self-help materials including health newsletters.

Employer Based Wellness Discount Program

Ms. Knudsen stated the information provided is a follow-up to information received in February. Letters have been sent to the heads of employer groups either informing them they had taken the appropriate steps to achieve the wellness discount or informing them that they had not yet submitted the necessary documentation to receive the discount. It was explained that the wellness discount program is optional and non-participation would result in an increase in premium effective July 1, 2006. Varied activities have been planned by agencies. Some of the smaller entities are partnering with others to develop their wellness program which seems to be working very well. Mr. Collins indicated that Ms. Rebecca Fricke will be taking over the wellness program duties.

BCBS Contract Amendment

Ms. Allen reported that the Summary of Material Modifications and Service Agreement for the Dakota Plan does not include the portion that refers to the prescription drug benefit for Medicare retirees since they are now enrolled in the Medicare BlueRx Prescription Drug Plan effective January 1, 2006. The amendment reflects the adjusted premiums for this group as a result of the implementation of the PDP. PERS staff has reviewed and verified the premium schedule and recommends approval of the changes.

MS. TABOR MOVED APPROVAL OF THE ADMINISTRATIVE SERVICE AGREEMENT AMENDMENT. MS. SMITH SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden.

Nays: None

PASSED

Prenatal Plus Program Prenatal Vitamins

Mr. Reinhardt indicated that at the previous meeting there was discussion regarding an issue with prenatal vitamins copayment amount not being waived when the member is enrolled under the prenatal plus program. Mr. Brooks stated it was unfortunate this happened. The SPD should be followed and BCBS recommendation is to make this change immediately. The Board raised the question what was paid out in error and what was the cost to the members and PERS. BCBS will provide this information at the next Board meeting.

MS. SAND MOVED TO ADOPT OPTION 1 TO HAVE BCBS ADMINISTER THE PRENATAL VITAMIN COST SHARING AS WORDED IN THE SPD. MS. TABOR SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden.

Nays: None

PASSED

Coordination of Benefits – BCBS

Mr. Brooks from BCBS reported the National Association of Insurance Commissioners changed their regulations to no longer mandate banking of coordination of benefit dollars. These new regulations were effective January 1, 2006 and were implemented by the ND Insurance Commissioner. Therefore, BCBSND made the decision to discontinue administering this provision effective January 1, 2007 for all fully insured and self-funded health benefit plans across the state. Ms. Keller-Johnson from BCBS explained that COB banking only affects those members that have dual insurance, when the PERS plan pays secondary. If BCBS's payment as the secondary plan is less than it would have been if BCBS was the primary plan, the calculated amount "saved" accumulates (banks) during the year. These banked amounts are used to reimburse the member for eligible out-of-pocket amounts that are not ordinarily covered (co-pays, deductibles and coinsurance). The Board requested information from BCBS relating to how many employees can coordinate benefits and what effect this change in policy will have on them. Mr. Brooks stated as far as notifying employees, there is no best way to obtain good information relating to all members with dual coverage. BCBS is willing to assist NDPERS with informing members of this change. The Board raised the question as to how many employees are currently using this benefit, and also of the total banked dollars for 2004, how many were professional versus institutional claims. Action was postponed until the May meeting to allow BCBS to share requested information with the Board.

MONTHLY TOPICS

IT Project Update

Mr. Collins requested the Board meeting be moved one week later (June 29) in order to give Wechsler (our IT consultant) an extra week to complete the feasibility study. The meeting is tentatively scheduled for June 29 beginning at 1:30 p.m. Mr. Collins stated the contract with Wechsler has been reviewed and approved by the Attorney General's Office and ITD. We are seeking Board approval for signature.

MS. TABOR MOVED TO APPROVE AND SIGN THE WECHSLER CONTRACT. MR. SAGE SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden

Nays: None

PASSED

MISCELLANEOUS

2005/2006 Business Plans

Mr. Collins indicated the 2005 Business Progress Report and 2006 Business Plan is available for the Board's review. We are currently reviewing the 2006 Plan and will report to the Board in May with any changes resulting from the IT Project.

Legislation

Mr. Collins indicated the proposed legislation was submitted to the Employee Benefits Committee based on the actions at the March meeting. The matrix in the Board book shows the bill language as well as what PERS is trying to accomplish. As we receive the technical evaluations on each bill and review the information, the Board can make any necessary changes.

The State Investment Board agenda and minutes were provided to the Board members for their information.

Mr. Collins stated that this summer Ms. Ehrhardt will attend a retirement training educational session relating to retirement plans and benefits.

MS. TABOR MOVED TO APPROVE MS. EHRHARDT AS WELL AS ANOTHER INDIVIDUAL TO ATTEND THIS SESSION. MR. LEINGANG SECONDED THE MOTION.

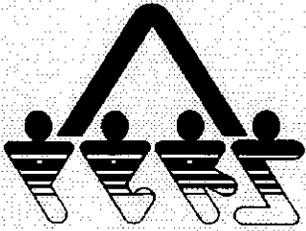
Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, and Chairman Strinden
Nays: None

PASSED

The meeting adjourned at 10:35 a.m.

Prepared by,

Cheryl Stockert
Secretary to the NDPERS Board



**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@state.nd.us • discovernd.com/NDPERS

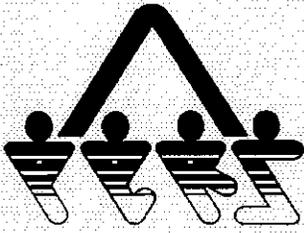
Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 11, 2006
SUBJECT: Segal Review

Pursuant to our last bid the term of the Segal agreement (2004-2010) is 6 years with 2 year reviews and renewals. Segal will be submitting its renewal prior to the meeting and we will bring it to the meeting for your consideration.

Board Action Requested

To approve or deny the renewal with Segal.



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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@state.nd.us • discovernd.com/NDPERS

Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: May 9, 2005

SUBJECT: Disability Consulting Contract

The contract with Mid Dakota Clinic for disability consulting services expires June 30, 2006. The Board must determine whether to go out for bid or renew the present contract. Our current contract rate is \$150.00 an hour and has been in effect since July 1, 2004. Mid Dakota Clinic has indicated they wish to continue to perform these service for NDPERS and have proposed a new rate of \$160 an hour for the July 1, 2006 through June 30, 2007 contract period. The amount paid in consulting fees for this contract period beginning on July 1, 2005 to date is \$4,312.50. Staff has been satisfied with the services provided by the Mid Dakota staff. A copy of the clinic's proposal is included for your information.

Staff recommends that we renew the disability consulting contract for the period July 1, 2006 through June 30, 2007 at the rate of \$160 an hour.

Board Action Requested

Approve renewal of the current contract or direct staff to prepare and release a Request for Proposal.



Mid Dakota Clinic PrimeCare

May 4, 2006

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

RE: ~~North~~ North Dakota Public Employees Retirement System (NDPERS)
Disability Contract Renewal

Dear Kathy:

This letter is in response to your proposal for renewal of the disability determination services contract for the period July 1, 2006 through June 30, 2007. Mid Dakota Clinic does wish to continue to perform these services for NDPERS at an hourly rate of \$160.

If you have any questions, please feel free to contact me at 530-6006 or Mike Tomasko at 530-6010.

Sincerely,

Jane Schlinger
Director, PHO Services

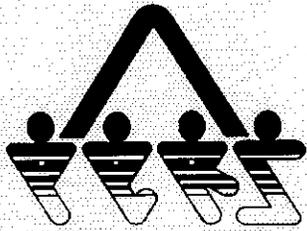


MAILING
PO Box 5538
Bismarck, ND 58506-5538

PHONE
701-530-6000
1-800-472-2113

LOCATIONS:

Main Clinic, 9th & Rosser, 401 N 9th Street, Bismarck
Gateway Mall Clinic, 2700 N State Street, Bismarck
Kirkwood Mall Clinic, 828 Kirkwood Mall, Bismarck
Gateway Dermatology, 2700 N State Street, Bismarck
Center for Women, 1000 E Rosser Avenue, Bismarck
University of Mary Student Health Clinic, Bismarck



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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@state.nd.us • discovernd.com/NDPERS

Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 11, 2006
SUBJECT: Dental and LTC RFP

Attached for your review is the final draft of the Dental and LTC RFP. Bill Robinson for GBS will be available by conference call to review it with you and answer any questions. The proposed schedule for this RFP from section 1.06 is:

RFP released	Monday, May 22, 2006
Vendors' written questions due to GBS	3 :00 PM (MDT) on Monday, June 19, 2006
Q & A released to vendors	Friday, June 23, 2006
Proposals due, as specified in this RFP	3 :00 PM (MDT) on Thursday, July 6, 2006
Finalist interviews, if needed	Late August 2006
NDPERS to award contracts	September 2006
Open enrollment	Beginning mid-October 2006
Contract start date	January 1, 2007

GBS will report back to the Board its findings at the regularly scheduled meeting on August 17th. Finalist interviews are anticipated to occur at a special meeting in late August or early September if necessary.

Also attached is a list of vendors to be solicited. They include the major companies in this area as identified by GBS and others who have requested a copy of the RFP. We will also be placing notices in the newspapers around the state and posting the RFP's on the PERS website as well as on the OMB website.

Board Action Requested

Approve the RFP for Dental and LTC

DRAFT 5/9/06

**STATE OF NORTH DAKOTA
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT
SYSTEM (NDPERS)**

**400 East Broadway, Suite 505
Bismarck, ND 58502**

Request For Proposal (RFP)

RFP SECTION I – Procurement Document

RFP Title: Group Voluntary Dental Coverage and Group Voluntary Long Term Care Insurance

Date of Issue: May 22, 2006

Proposal Due Date: July 6, 2006

Proposed Effective Date: January 1, 2007

Purpose of the RFP:

North Dakota Public Employees Retirement System (NDPERS) is soliciting proposals for the following:

- a) Group Voluntary Dental Coverage – on a self-funded basis
 - Quote to include aggregate stop loss
- b) Group Voluntary Dental Insurance – on a fully insured basis
 - Proposals are being requested on both an experience rated and pooled basis
- c) Group Voluntary Long Term Care Insurance
 - Do NOT provide a quote for individual Long Term Care Insurance.

Background Information:

For background information related to the client and this RFP, refer to Section Two of this document.

Offerors are not required to return this form.

Procurement Officer's Designee:

William F. Robinson, Jr.
Area Vice President
Gallagher Benefit Services, Inc.
6399 South Fiddler's Green Circle, Suite 200
Greenwood Village, CO 80111
bill_robinson@ajg.com

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**SECTION ONE
INTRODUCTION AND INSTRUCTIONS**

1.01

Purpose of the RFP

North Dakota Public Employees Retirement System (NDPERS), hereafter known as "purchasing agency," is soliciting proposals for the following:

- a) Group Voluntary Dental Coverage – on a self-funded basis
 - Quote to include aggregate stop loss
- b) Group Voluntary Dental Insurance – on a fully insured basis
 - Proposals are being requested on both an experience rated and pooled basis
- d) Group Voluntary Long Term Care Insurance
 - Do NOT provide a quote for individual Long Term Care Insurance.

1.02

Plan year

Calendar year (January 1 through December 31)

1.03

Proposed effective date

January 1, 2007

1.04

Proposal due date

Proposals are due no later than 3:00 PM Mountain Daylight Saving Time (MDT) on Thursday, July 6, 2006.

1.05

Contact Person, Address, E-mail

Procurement Officer's Designee -

William F. Robinson, Jr.
Area Vice President
Gallagher Benefit Services, Inc.
6399 South Fiddler's Green Circle, Suite 200
Greenwood Village, CO 80111
bill_robinson@ajg.com

The procurement officer's designee is the point of contact for this RFP. All vendor communications regarding this RFP should be directed to the procurement officer's designee.

1.06

RFP Schedule of Events

The approximate RFP schedule is as follows:

RFP released	Monday, May 22, 2006
Vendors' written questions due to GBS	3 :00 PM (MDT) on Monday, June 19, 2006
Q & A released to vendors	Friday, June 23, 2006
Proposals due, as specified in this RFP	3 :00 PM (MDT) on Thursday, July 6, 2006
Finalist interviews, if needed	Late August 2006
NDPERS to award contracts	September 2006
Open enrollment	Beginning mid-October 2006
Contract start date	January 1, 2007

This schedule of events represents NDPERS' best estimate of the schedule that will be followed for this RFP. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days.

1.07

Deadline for Receipt of Questions and Objections

Offerors must carefully review this solicitation, the contract, risk management provisions, and all attachments for defects, questionable, or objectionable material. Direct all questions and objections to the Procurement Officer's designee, Gallagher Benefit Services, Inc. to determine whether any amendments are necessary and to ensure all vendors receive the same information at the same time.

Questions must be submitted no later than the deadline noted in the RFP Schedule of Events.

All questions must be in writing and directed to the procurement officer's designee (William F. Robinson, Gallagher Benefit Services) as noted below:

William F. Robinson, Jr.
Area Vice President
Gallagher Benefit Services, Inc.
bill_robinson@ajg.com

This will also help prevent the opening of a defective solicitation and exposure of offeror's proposals upon which an award could not be made.

Oral communications are considered unofficial and non-binding on the State.

Responses to vendor questions will be sent, via e-mail, to all vendors no later than the deadline noted in the RFP Schedule of Events.

1.08

Number and Format of Proposals

- a) All complete proposals must be in sealed envelopes and clearly marked "BID – GROUP VOLUNTARY DENTAL COVERAGE AND/OR GROUP VOLUNTARY LONG TERM INSURANCE." The cost proposal(s) should be in a separate sealed envelope within this package and marked "COST PROPOSAL."
- b) Proposals must be received no later than the deadline noted in the RFP Schedule of Events.
- c) Deliver or send one (1) copy and an electronic version (preferably CD-ROM, or via e-mail: Word/Excel) of your proposal to –

Mr. Sparb Collins
Executive Director
North Dakota PERS
400 East Broadway, Suite 505
Bismarck, ND 58502
scollins@nd.gov

- d) Deliver or send two (2) copies and an electronic version (preferably CD-ROM, or via e-mail: Word/Excel) of your proposal to –

William F. Robinson, Jr.
Area Vice President
Gallagher Benefit Services, Inc.
6399 South Fiddler's Green Circle, Suite 200
Greenwood Village, CO 80111
bill_robinson@ajg.com

Proposals must be received at the contacts / locations as specified above. Proposals will not be publicly read at the opening.

Offerors assume the risk of the method of dispatch chosen. State assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual proposal receipt. An offeror's failure to submit its proposal prior to the deadline will cause the proposal to be rejected. Late proposals or amendments will not be opened or accepted for evaluation.

1.09

Pre-proposal Conference

No pre-proposal conference will be held for this RFP. Offerors are advised to carefully review the RFP and all attachments and submit all questions to the procurement officer's designee by the deadline indicated for submission of questions in the schedule of events.

1.10

Amendments to the RFP

If an amendment to this RFP is issued, it will be provided to all offerors that were emailed a Notice of RFP and to those that have formally indicated an interest in bidding on the coverage(s).

1.11

News Releases

News releases related to this RFP will not be made without prior approval of NDPERS.

1.12

Notice of RFP Provided

The Request for Proposal and any amendments to the RFP will be posted on the following website:

<http://www.nd.gov/ndpers>

Click on "Request for Proposals"
(On left side of page, under "Consultant/Provider Services")

Interested vendors should check the website daily for any updates.

1.13

Letter of Interest

Vendors interested in receiving the census information and any notices related to this RFP should contact the procurement officer's designee (Gallagher Benefit Services), at the e-mail address noted above, with the name of their firm, contact person, mailing address, telephone number, fax number, and e-mail address. The sole purpose of the letter of interest is to provide the procurement officer's designee with a contact person to receive any notices related to the RFP. Submission of a letter of interest is not a requirement for submitting a proposal.

SECTION TWO BACKGROUND INFORMATION

2.01

Background Information

a) Client's name and address

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

b) Type of industry

The North Dakota Public Employees Retirement System (NDPERS) is a separate agency created under North Dakota state statute, and while subject to state budgetary controls and procedures (as are all state agencies), is not a state agency subject to direct executive control.

NDPERS is managed by a Board, comprised of seven members:

- Chairman appointed by the Governor
- Member appointed by the Attorney General
- Member elected by retirees
- Members (3) elected by active employees
- State Health Officer

The North Dakota Public Employees Retirement System (NDPERS) is responsible for the administration of the State of North Dakota's retirement, health, life, dental, vision, deferred compensation, flex comp, retiree health insurance credit programs, long term care and EAP programs. Political subdivisions of the state do not participate in the voluntary dental and long term care plans; however, retirees of political subdivisions are allowed to participate as NDPERS pensioners.

c) Number of eligible employees / retirees

- Approximately 12,200 active employees are eligible to participate in the plans.
- Approximately 1,000 new retirees are eligible for coverage per year, in addition to those already participating.

d) Reason for soliciting proposals

- The incumbent dental insurer is exiting the market at the end of 2006.
- NDPERS has elected to periodically review Long Term Care market opportunities.

e) Dental Plan: Eligibility and Effective Date

Dental Plan Eligibility

<p>Eligible Employee</p>	<p>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 Workforce Safety and Insurance fund. As used in this Subsection, "permanent employee" means one whose services are not limited in duration, is at least 18 years of age, who is filling an approved and regularly funded position in a governmental unit, and who is employed at least seventeen and one-half hours per week and at least five months each year or for those first employed after August 1, 2003, is employed at least 20 hours per week and at least 20 weeks each year of employment.</p>
<p>Eligible Retiree</p>	<p>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 by Job Service of North Dakota under section 52-11-01, the judges' 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 and will be allowed to maintain their participation in the program only if they are continuously covered under the respective program.</p> <p>A surviving spouse must be:</p> <ol style="list-style-type: none"> 1. Receiving a beneficiary benefit from the aforementioned retirement plans, or 2. On the Dental Plan as a covered dependent at the time of member's death and there is no lapse in coverage. <p>A non-spouse beneficiary is not eligible to continue on the group Dental Plan.</p> <p>If an eligible retiree or surviving spouse does not enroll when initially offered, they may enroll within 31 days of any one of the following qualifying events:</p> <ul style="list-style-type: none"> • Date of retirement, which is the last day of employment or date of first retirement check. • Retiree's 65th birthday or eligibility for Medicare. • Retiree's spouse's 65th birthday or eligibility for Medicare. • Loss of coverage in another employer sponsored plan, or due to death, divorce, or completion of a COBRA continuation period. • Marriage • Birth, adoption, or legal guardianship. <p>If they do not enroll within 31 days of a qualifying event, they will have forfeited the right to enroll in the future.</p>
<p>Eligible Spouse</p>	<p>The participant's spouse under a legally existing marriage between persons of the opposite sex.</p>
<p>Eligible Child</p>	<ul style="list-style-type: none"> • Unmarried children under the age of 26 years who are financially dependent on the participant or the participant's spouse. • Children beyond the age of 26 who are full-time students at accredited institutions who are financially dependent on the participant or the participant's spouse. <p>The term "child" or "children" includes: children placed for adoption; children for whom the employee or spouse is guardian; grandchildren whose parent is an eligible dependent; children over 26 who are mentally or physically incapacitated.</p>

Military Personnel	<p>THIS IS NDPERS' CURRENT POILCY; HOWEVER THE PROPOSING CARRIERS MAY APPLY THEIR OWN CRITERIA WITH REGARD TO USERRA REQUIREMENTS.</p> <p>The employee may continue the dental coverage for up to 12 months or they may cancel coverage during the leave. If the leave exceeds 12 months, the employee may apply for COBRA continuation for up to 24 months. If they cancel their coverage, and return within 12 months, they may reapply for coverage within 31 days from the date of release from active duty or return to active employment. A copy of the discharge papers must accompany the application. Coverage will be reinstated and they will receive credit for all waiting periods met or accrued up to the time of the leave. If they do not enroll within this period, the 36-month re-enrollment restriction period will apply.</p>
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Dental Plan Effective Date: Coverage is effective on the 1st day of the month after the date the employee starts continuous service with employer.

Exception: If the employee was previously covered by the Dental Plan and then dropped coverage or had coverage cancelled and is no re-enrolling in the Dental Plan, the employee must complete the Re-Enrollment Restriction Period (3 years).

f) Long Term Care Plan: Eligibility and Effective Date

LTC Plan Eligibility

Eligible Employee	<p>To be eligible, an employee must be:</p> <ul style="list-style-type: none"> • At least 18 years of age, • Work at least 20 hours per week for 20 or more per calendar year, and • Be filling positions which are regularly funded and not of limited duration (e.g., permanent).
Eligible Retiree	<p>Same as dental plan eligibility. A retiree under age 85 is eligible for the plan.</p>
Eligible Family Members	Spouse: Same as dental plan eligibility.
	Children: Same as dental plan eligibility.
Others	Not eligible

Long Term Care Plan - Effective Date: An employee and/or spouse may enroll in the plan at any time. Coverage is effective on the 1st day of the month following application approval.

SECTION THREE SCOPE OF WORK

3.01

Scope of Work

Refer to RFP – Section II – Plans, Questions, Costs for a description of the voluntary dental and long term care coverages being requested by NDPERS.

3.02

Required Licenses

At the time specified by the deadline for submission of proposals, the offeror must have and keep current any professional licenses and permits required by federal, state, and local laws for performance of this contract. Offerors that do not possess required licenses at the time proposals are due will be determined non-responsive.

At a minimum, the offeror must be licensed in the State of North Dakota for the coverage(s) proposed.

3.03

Contract Schedule

This schedule of events represents NDPERS' best estimate of the contract schedule that will be followed. If a component of this schedule, such as the award date, is delayed, the rest of the schedule may be shifted by the same number of days.

The contract with the NDPERS will be effective January 1, 2007. In its response to this RFP, the offeror must include a detailed implementation plan. This plan must include employee communication materials and requirements along with the resources the offeror will commit to plan implementation and ongoing operation.

SECTION FOUR GENERAL CONTRACT INFORMATION

4.01

Contract Term, Extension and Renewal Options

The North Dakota Public Employees Retirement System is governed by North Dakota State statutes, which includes a requirement to solicit bids for group voluntary dental and long term care coverage for a specified term for a fully insured arrangement. NDPERS has determined that the specified term for providing such voluntary dental and long term care benefits under a fully insured arrangement shall be six (6) years, subject to renewals every one (1) or two (2) years, depending upon rate guarantee.

NDPERS would prefer an initial 24-month guaranteed rate. Subsequent renewals must be guaranteed for at least twelve (12) months.

NDPERS and the successful proposer will renegotiate the existing contract during the interim of each biennium without resorting to a formal bidding process. If NDPERS and the successful proposer are unable to reach an agreement during renegotiations, a formal bidding process will be initiated. NDPERS also reserves the right to terminate any contract awarded pursuant to this bidding process within thirty (30) days notice.

4.02

Standard Contract Provisions

The successful offeror will be required to sign and submit the Personal Service Contract attached to this RFP (Attachment 1). The contractor must comply with the contract provisions set out in this attachment. Any objections to the contract provisions must be set out in the offeror's proposal.

Offerors are instructed to contact the procurement officer's designee (Gallagher Benefit Services) in writing by the deadline set for questions with any concerns regarding the contract provisions.

4.03

Additional Terms and Conditions

The State reserves the right to add, delete, or modify terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

4.04

Supplemental Terms and Conditions

Proposals including supplemental terms and conditions will be accepted, but supplemental conditions that conflict with those contained in this RFP or that diminish the State's rights under any contract resulting from the RFP will be considered null and void. The State is not responsible for identifying conflicting supplemental terms and conditions before issuing a contract award. After award of contract:

- (a) if conflict arises between a supplemental term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail; and
- (b) if the State's rights would be diminished as a result of application of a supplemental term or condition included in the proposal, the supplemental term or condition will be considered null and void.

4.05

Contract Approval

This RFP does not, by itself, obligate the State. The State's obligation will commence when the purchasing agency approves the contract. Upon written notice to the contractor, the State may set a different starting date for the contract. The State will not be responsible for any administration fees and/or premiums for work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the State.

4.06

Contract Changes - Unanticipated Amendments

During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract. When additional work is required, the project manager designated by the State will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of amendments.

The contractor will not commence additional work until the project director has secured any required State approvals necessary for the amendment and issued a written contract amendment, approved by the purchasing agency.

4.07

Indemnification and Insurance Requirements

Offerors must review the attached Personal Service Contract (Attachment 1) for indemnification and insurance requirements. The indemnification and insurance provisions will be incorporated into the final contract.

Upon receipt of the Notice of Intent to Award, the successful offeror must obtain the required insurance coverage and provide the procurement officer with proof of coverage prior to contract approval.

4.08

Taxes and Taxpayer Identification

The contractor must provide a valid Vendor Tax Identification Number as a provision of the contract.

The State is not responsible for and will not pay local, state, or federal taxes. The State sales tax exemption number is E-2001, and certificates will be furnished upon request by the purchasing agency.

A contractor performing any contract, including service contracts, for the United States Government, State of North Dakota, counties, cities, school districts, park board or any other political subdivisions within North Dakota is not exempt from payment of sales or use tax on material and supplies used or consumed in carrying out contracts. In these cases, the contractor is required to file returns and pay sales and use tax just as required for contracts with private parties. Contact the North Dakota Tax Department at 701-328-3470 or visit its website at www.nd.gov/tax for more information.

A contractor performing any contract, including a service contract, within North Dakota is also subject to the corporation income tax, individual income tax, and withholding tax reporting requirements, whether the contract is performed by a corporation, partnership, or other business entity, or as an employee of the contractor. In the case of employees performing the services in the state, the contractor is required to withhold state income tax from the employees' compensation and remit to the State as required by law. Contact the North Dakota Tax Department at 701-328-3125 or visit its web site for more information.

4.09

Proposed Payment Procedures

The State will make payments based on a negotiated payment schedule.

4.10

Payment Terms

No payment will be made until NDPERS approves the contract.

4.11

Right to Inspect Place of Business

At reasonable times, the State may inspect those areas of the contractor's place of business that are related to the performance of a contract. If the State makes an inspection, the contractor must provide reasonable assistance.

4.12

Inspection & Modification - Reimbursement for Unacceptable Deliverables

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the project manager designated by the State. The State may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. Should the project manager determine that corrections or modifications are necessary in order to accomplish its intent, the project manager may direct the contractor to make changes. The contractor will not unreasonably withhold changes.

Substantial failure of the contractor to perform the contract may cause the State to terminate the contract. In this event, the State may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

4.13

Termination for Default

If the project manager designated by the purchasing agency determines that the contractor has refused to perform the work or has failed to perform the work with diligence as to ensure its timely and accurate completion, the State may, by providing written notice to the contractor, terminate the contractor's right to proceed with part or all of the remaining work.

This clause does not restrict the State's right to termination under the contract provisions of the Service Contract, attached.

4.14

Open Records Laws - Confidentiality

Any records that are obtained or generated by the contractor under this contract are subject to (1) the North Dakota open records law regarding public records and handling of confidential information, (2) the confidentiality requirements of North Dakota Century Code section 54-52.1-11 and the ownership and confidentiality provisions of North Dakota Century Code section 54-52.1-12, and (3) the HIPAA privacy rule and any business associate agreement between NDPERS and the Contractor regarding the NDPERS Dental Plan.

4.15

Work Product, Equipment, and Material

All work product, equipment or materials created or purchased under this contract belong to the State and must be delivered to State at State's request upon termination of this contract, unless otherwise agreed in writing by NDPERS.

4.16

Independent Entity

The contractor is an independent entity under this contract and is not a State employee for any purpose. The contractor retains sole and absolute discretion in the manner and means of carrying out the contractor's activities and responsibilities under the contract, except to the extent specified in the contract.

4.17

Assignment

Contractor may not assign or otherwise transfer or delegate any right or duty without the State's express written consent. However, the contractor may enter into subcontracts provided that the subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments.

4.18

Disputes - Applicable Law and Venue

Any dispute arising out of this agreement will be resolved under the laws of the State of North Dakota.

**SECTION FIVE
EVALUATION CRITERIA AND CONTRACTOR SELECTION**

5.01

Evaluation Criteria

In determining which bid, if any, will best serve the interests of eligible employees and the State, the board shall give adequate consideration to the following factors:

1. The economy to be effected. (5 points)
2. The ease of administration. (5 points)
3. The adequacy of the coverages. (40 points)
4. The financial position of the carrier, with special emphasis as to its solvency. (10 points)
5. The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services. (10 points)
6. Cost. (30 points)

5.02

Oral Presentations

After any discussions for clarifications and the initial evaluation of proposals received, offerors whose proposal receive the highest scores and are determined to be reasonably susceptible for award may be required to make an oral presentation. The presentations will be held:

DATE:	Late August 2006
PLACE:	NDPERS
FLOOR, ROOM:	To be decided
STREET ADDRESS:	To be decided
CITY, STATE:	Bismarck, ND

Offerors will be responsible for all costs associated with the providing the demonstration.

5.03

NDPERS Board Evaluation

In evaluating the proposals, price will not be the sole factor. The NDPERS Board may consider any factors it deems necessary and proper, including but not limited to: price, quality of service, response to this request, experience, staffing, NDPERS staff evaluation, GBS evaluation and general reputation of the carrier.

SECTION SIX STANDARD PROPOSAL INFORMATION

6.01

Authorized Signature

An individual authorized to bind the offeror to the provisions of the RFP must sign all proposals.

6.02

State Not Responsible for Preparation Costs

The State will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

6.03

Conflict of Interest

Offerors must disclose any instances where the firm or any individuals working on the contract has a possible conflict of interest and, if so, the nature of that conflict (e.g. employed by the State of North Dakota). The State reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror's proposal. The State's determination regarding any questions of conflict of interest is final.

6.04

Offeror's Certification

By signature on the proposal, an offeror certifies that it complies with:

- a) the laws of the State of North Dakota;
- b) North Dakota Administrative Code;
- c) all applicable local, state, and federal laws, code, and regulations;
- d) the applicable portion of the Federal Civil Rights Act of 1964;
- e) the Equal Employment Opportunity Act and the regulations issued by the federal government;
- f) the Americans with Disabilities Act of 1990 and the regulations issued by the federal government;
- g) all terms, conditions, and requirements set forth in this RFP;
- h) a condition that the proposal submitted was independently arrived at, without collusion;
- i) a condition that the offer will remain open and valid for the period indicated in this solicitation; and
- j) a condition that the firm and any individuals working on the contract do not have a possible conflict of interest (e.g. employed by the State of North Dakota).

If any offeror fails to comply with the provisions stated in this paragraph, the State reserves the right to reject the proposal, terminate the contract, or consider the contractor in default.

6.05

Offer Held firm

Proposals must remain open and valid for at least **120 DAYS** from the deadline specified for submission of proposals. In the event award is not made within **120 DAYS**, the State will send a written request to all offerors deemed susceptible for award asking offerors to hold their price firm for a longer specified period of time.

6.06

Amendments to Proposals and Withdrawals of Proposals

Offerors may amend or withdraw proposals prior to the deadline set for receipt of proposals. No amendments will be accepted after the deadline unless they are in response to the State's request. After the deadline, offerors may make a written request to withdraw proposals and provide evidence that a substantial mistake has been made. The procurement officer may permit withdrawal of the proposal upon verifying that a substantial mistake has been made, and the State may retain the offeror's bid bond or other bid type of bid security, if one was required.

6.07

Alternate Proposals

Offerors may submit more than one proposal for evaluation.

6.08

Subcontractors

Subcontractors may be used to perform work under this contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform.

If a proposal with subcontractors is selected, the offeror must provide, at the State's request,:

- (a) complete name of the subcontractor;
- (b) complete address of the subcontractor;
- (c) type of work the subcontractor will be performing;
- (d) percentage of work the subcontractor will be providing;
- (e) evidence, as set out in the relevant section of this RFP, that the subcontractor is registered and, if applicable, holds a valid North Dakota business license; and
- (f) a written statement, signed by each proposed subcontractor, that clearly verifies that the subcontractor is committed to render the services required by the contract.

An offeror's failure to provide this information, within the time set, may cause the State to consider its proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and prior written approval of the State's procurement officer or project manager designated by the State.

6.09

Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement that identifies the principles involved and its rights and responsibilities regarding performance and payment.

6.10

Disclosure of Proposal Contents and Compliance with North Dakota Open Records Laws

All proposals and other material submitted become the property of the State and may be returned only at the State's option. All proposals and related information, including detailed cost information, are exempt records and will be held in confidence until an award is made, in accordance with N.D.C.C. § 54-44.4-10(2).

Offerors may make a written request that trade secrets and other proprietary data contained in proposals be held confidential. Material considered confidential by the offeror must be clearly identified, and the offeror must include a brief statement that sets out the reasons for confidentiality. See the North Dakota Office of the Attorney General website for additional information:

<http://www.ag.nd.gov/OpenRecords/ORM.htm>

After award, proposals will be subject to the North Dakota open records law. Records are closed or confidential only if specifically stated in law. If a request for public information is received, NDPERS, in consultation with the Office of the Attorney General, will determine whether the information is an exception to the North Dakota open records law, and the information will be processed appropriately.

6.11

Evaluation of Proposals

All proposals will be reviewed to determine if they are responsive to the requirements of this solicitation. The evaluation will be based primarily on the evaluation factors set forth in this RFP. The evaluation will consider information obtained subsequent to any discussions with offerors determined to be reasonable for award and any demonstrations, oral presentations, or site inspections. The initial evaluation will be done by the Gallagher Benefit Services. GBS will report their findings to the NDPERS evaluation committee. The NDPERS committee will forward the GBS report and their findings and conclusions to the NDPERS Board. The NDPERS Board will review the evaluations and determine if interviews should be conducted and with which firms. The NDPERS Board will make the final decision on which offerer, if any, should be retained.

In evaluating the proposals, price will not be the sole factor. The NDPERS Board may consider any factors it deems necessary and proper, including but not limited to: price, quality of service, response to this request, experience, staffing, NDPERS staff evaluation, GBS evaluation and general reputation of the carrier.

6.12

Right of Rejection

NDPERS reserves the right to reject any proposal that is not responsive to all of the material and substantial terms, conditions, and performance requirements of the RFP.

Offerors may not qualify the proposal nor restrict the rights of the State. If an offeror does so, the procurement officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

NDPERS may waive minor informalities that:

- do not affect responsiveness;
- are merely a matter of form or format;
- do not change the relative standing or otherwise prejudice other offers;
- do not change the meaning or scope of the RFP;
- are insignificant, negligible, or immaterial in nature;
- do not reflect a material change in the work; or
- do not constitute a substantial reservation against a requirement or provision,

NDPERS reserves the right to reject any proposal determined to be not responsive, and to reject the proposal of an offeror determined to be not responsible. NDPERS also reserves the right to refrain from making an award if it determines it to be in its best interest.

6.13

Clarification of Offers

In order to determine if a proposal is reasonably susceptible for award, communications by the procurement officer or NDPERS are permitted with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal and determine responsiveness to the RFP requirements. Clarifications may not result in a material or substantive change to the proposal. The initial evaluation may be adjusted because of a clarification under this section.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

6.14

Discussions and Best and Final Offers

NDPERS may conduct discussions or request best and final offers with offerors that have submitted proposals determined to be reasonably susceptible for award. NDPERS is not obligated to do so, therefore, vendors should submit their best terms (cost and technical). The purpose of these discussions is to ensure full understanding of the requirements of the RFP and the offeror's proposal. Discussions will be limited to specific sections of the RFP or proposal identified by the procurement officer. Discussions, if held, will be after initial evaluation of proposals by the proposal evaluation committee. If modifications to the proposal are made as a result of these discussions, the modifications must be put in writing.

Offerors with a disability needing accommodation should contact the Executive Director of NDPERS prior to the date set for discussions so that reasonable accommodation can be made.

6.15

Preference Laws

The preference given to a resident North Dakota offeror will be equal to the preference given or required by the state of the nonresident bidder. A "resident" North Dakota bidder, offeror, seller, or contractor is one that has maintained a bona fide place of business within this State for at least one year prior to the date on which a contract was awarded. For a listing of state preference laws, visit the following website:

http://egov.oregon.gov/DAS/PFSS/SPO/reciprocal_detail.shtml or contact the North Dakota State Procurement Office at 701-328-2683.

6.16

Contract Negotiation

After final evaluation, NDPERS may negotiate with the offeror of the preferred proposal. Negotiations, if held, will be within the scope of the request for proposals and limited to those items that would not have an effect on the ranking of proposals. If that offeror fails to provide necessary information for negotiations in a timely manner, or fails to negotiate in good faith, NDPERS may terminate negotiations and negotiate with the offeror of the next proposal selected by the NDPERS board.

If contract negotiations are held, the offeror will be responsible for all cost including its travel and per diem expenses.

6.17

Failure to Negotiate

If the selected offeror:

- fails to provide the information required to begin negotiations in a timely manner;
- fails to negotiate in good faith;
- indicates it cannot perform the contract within the budgeted funds available for the project; or
- if the offeror and NDPERS, after a good faith effort, cannot come to terms,

NDPERS may terminate negotiations with the offeror initially selected and commence negotiations with the next highest ranked offeror.

**SECTION SEVEN
ATTACHMENTS**

**7.01
Attachments**

Attachment 1 Personal Service Contract

ATTACHMENT 1

PERSONAL SERVICE CONTRACT

PERSONAL SERVICE CONTRACT

The parties to this contract are the State of North Dakota, acting through its [agency name] (STATE) and [contractor's legal name] (CONTRACTOR);

1. SCOPE OF SERVICE

CONTRACTOR, in exchange for the compensation paid by STATE under this contract, agrees to provide the following services:

[State what is to be done under the contract. This may be a brief statement, or may require an attachment setting out the scope of services in great detail.]

2. TERM OF CONTRACT

The term of this contract is for a period of _____ months, commencing on the ____ day of _____, 20____, and terminating on the ____ day of _____, 20____.

3. COMPENSATION

STATE will pay for the services provided by CONTRACTOR under this contract an amount not to exceed _____ per _____, to be paid _____.

4. TERMINATION OF CONTRACT

a. **Termination without cause.** This contract may be terminated by mutual consent of both parties, or by either party upon 30-days written notice.

i. **Termination for lack of funding or authority.** STATE may terminate this contract effective upon delivery of written notice to CONTRACTOR, or on any later date stated in the notice, under any of the following conditions:

(1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term. The contract may be modified by agreement of the parties in writing to accommodate a reduction in funds.

(2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or

appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.

- (3) If any license, permit or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended or not renewed.

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

- b. **Termination for cause.** STATE by written notice of default to CONTRACTOR may terminate the whole or any part of this contract:
 - i. If CONTRACTOR fails to provide services required by this contract within the time specified or any extension agreed to by STATE; or
 - ii. If CONTRACTOR fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.
 - iii. The rights and remedies of STATE provided in the above clause related to defaults by CONTRACTOR are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

5. FORCE MAJEURE

CONTRACTOR will not be held responsible for delay or default caused by fire, riot, acts of God or war if the event is beyond CONTRACTOR'S reasonable control and CONTRACTOR gives notice to STATE immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

6. RENEWAL

This contract will not automatically renew. STATE will provide written notice to CONTRACTOR of its intent to renew this contract at least 60 days before the scheduled termination date.

7. MERGER AND MODIFICATION

This contract constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this contract. This contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.

8. SEVERABILITY

If any term of 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.

9. ASSIGNMENT AND SUBCONTRACTS

CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE'S express written consent. However, CONTRACTOR may enter into subcontracts provided that any subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor. CONTRACTOR has no the authority to contract for or incur obligations on behalf of STATE.

10. NOTICE

All notices or other communications required under this contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

_____ or _____

Notice provided under this provision does not meet the notice requirements at N.D.C.C. § 33-12.2-04(1).

11. APPLICABLE LAW AND VENUE

This contract is 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.

12. SPOILIATION – NOTICE OF POTENTIAL CLAIMS

CONTRACTOR agrees to promptly notify STATE of all potential claims that arise or result from this contract. CONTRACTOR shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to STATE the opportunity to review and inspect the evidence, including the scene of an accident.

13. INDEMNITY

Contractor agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from claims resulting from the performance of the Contractor or its agent, including all costs, expenses and attorneys' fees, which may in any manner result from or arise out of this agreement. The legal defense provided by Contractor to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Contractor also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

14. INSURANCE

- a. CONTRACTOR shall secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:
 - i. Commercial general liability, including premises or operations, contractual, and products or completed operations coverages, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
 - ii. Automobile liability, including owned (if any), hired, and non-owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
 - iii. Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
 - iv. Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.

- b. The insurance coverages listed above must meet the following additional requirements:
 - i. Any deductible or self insured retention amount or other similar obligation under the policies is the sole responsibility of CONTRACTOR. The amount of any deductible or self retention is subject to approval by State.
 - ii. 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 State. The policies shall be in form and terms approved by State.

- iii. State will be defended, indemnified, and held harmless to the full extent of any coverage actually secured by CONTRACTOR in excess of the minimum requirements set forth above. The duty to indemnify State under this agreement must not be limited by the insurance required in this agreement.
- iv. The State of North Dakota and its agencies, officers, and employees (State) must be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. State must have all the rights and coverages as CONTRACTOR under the policies.
- v. The insurance required in this agreement, through a policy or endorsement, shall include:
 - (1) a "Waiver of Subrogation" waiving any right to recover the insurance company may have against State;
 - (2) a provision that the policy and endorsements may not be canceled or modified without 30-days prior written notice to the undersigned State representative;
 - (3) a provision that any attorney who represents State under this policy must first qualify as, and be appointed by, the North Dakota Attorney General as a special assistant attorney general as required under N.D.C.C. § 54-12-08;
 - (4) a provision that CONTRACTOR's insurance coverage will be primary (i.e., pay first) as respects any insurance, self-insurance or self-retention maintained by the state and that any insurance, self-insurance or self-retention maintained by State must be in excess of CONTRACTOR's insurance and must not contribute with it;
 - (5) cross liability/severability of interest for all policies and endorsements;
- vi. The legal defense provided to State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for State is necessary.
- vii. CONTRACTOR shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements must be provided as soon as practicable.
- viii. Failure to provide insurance as required in this agreement is a material breach of contract entitling State to terminate this agreement immediately.

15. ATTORNEY FEES

In the event a lawsuit is instituted by STATE to obtain performance due of any kind under this contract, and STATE is the prevailing party, CONTRACTOR shall, except when prohibited by N.D.C.C. § 28-26-04, pay STATE'S reasonable attorney fees and costs in connection with the lawsuit.

16. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

STATE does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.

17. CONFIDENTIALITY

CONTRACTOR agrees not to use or disclose any information it receives from STATE under this contract that STATE has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by STATE. STATE agrees not to disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. § 44-04-18. The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this contract, or any extensions or renewals of it.

18. COMPLIANCE WITH PUBLIC RECORDS LAW

CONTRACTOR understands that, except for disclosures prohibited in Section 17, STATE must disclose to the public upon request any records it receives from CONTRACTOR. CONTRACTOR further understands that any records that are obtained or generated by CONTRACTOR under this contract, except for records that are confidential under Section 17 may, under certain circumstances, be open to the public upon request under the North Dakota open records law. CONTRACTOR agrees to contact STATE immediately upon receiving a request for information under the open records law and to comply with STATE'S instructions on how to respond to the request.

19. WORK PRODUCT, EQUIPMENT AND MATERIALS

All work product, equipment or materials created or purchased under this contract belong to STATE and must be delivered to STATE at STATE'S request upon termination of this contract. CONTRACTOR agrees that all materials prepared under this contract are "works for hire" within the meaning of the copyright laws of the United States and assigns to STATE all rights and interests CONTRACTOR may have in the materials it prepares under this contract, including any right to derivative use of the material. CONTRACTOR shall execute all necessary documents to enable STATE to protect its rights under this section.

20. INDEPENDENT ENTITY

CONTRACTOR is an independent entity under this contract and is not a STATE

employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workers' Compensation Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S activities and responsibilities under this contract, except to the extent specified in this contract.

21. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

CONTRACTOR agrees to comply with all applicable laws, rules, regulations and policies, including those relating to nondiscrimination, accessibility and civil rights. CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes and unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the term of this contract all licenses and permits required by law.

22. STATE AUDIT

All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this contract are subject to examination by the North Dakota State Auditor or the Auditor's designee. CONTRACTOR will maintain all such records for at least three years following completion of this contract.

23. REPAYMENT

STATE will not make any advance payments before performance by CONTRACTOR under this contract.

24. TAXPAYER ID

CONTRACTOR'S federal employer ID number is: _____.

25. PAYMENT OF TAXES BY STATE.

State is not responsible for and will not pay local, state, or federal taxes. State sales tax exemption number is E-2001, and certificates will be furnished upon request by the purchasing agency.

26. EFFECTIVENESS OF CONTRACT

This contract is not effective until fully executed by both parties.

CONTRACTOR

BY: _____

ITS: _____

DATE: _____

STATE OF NORTH DAKOTA

BY: _____

ITS: _____

DATE: _____

DRAFT 5/9/2006

STATE OF NORTH DAKOTA

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)**

**400 East Broadway, Suite 505
Bismarck, ND 58502**

Request For Proposal (RFP)

RFP SECTION II – Plans, Questions, Costs

RFP Title: Group Voluntary Dental Coverage and Group Voluntary Long Term Care Insurance

Date of Issue: May 22, 2006

Proposal Due Date: July 6, 2006

Proposed Effective Date: January 1, 2007

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I. COVER MEMO

TO: Selected Vendors

RE: North Dakota Public Employees Retirement System (NDPERS)
RFP for Group Voluntary Dental Coverage and Group Voluntary Long Term
Care Insurance

DATE: May 22, 2006

1. Specifications

The proposal that you submit will constitute your unqualified consent to the following specifications:

- a) RFP, addenda, vendor Q & A will be emailed to all interested vendors.
- b) Proposals will NOT be accepted after the proposal deadline.
- c) In order for your proposal to be considered, you **MUST** complete the following sections of the RFP:
 - Proposal Response Form
 - Minimum Conditions
 - General Questionnaire
 - Claims Administration Questionnaire for Self-funded Voluntary Dental Plan
 - Aggregate Stop Loss Questionnaire for Self-funded Voluntary Dental Plan
 - Dental Questionnaire
 - Dental Network Analysis
 - Group Voluntary Long Term Care Questionnaire
 - Long Term Care Response Spreadsheet
 - Cost Exhibits
 - Signature Page. Any deviations from the specifications must be specifically and clearly noted on the Signature Page. Outline all deviations; do not simply make a general reference to the proposal. Failure to note deviations may exclude the proposal from further consideration.

2. Compensation / Commissions

Gallagher Benefit Services has contacted eligible carriers and vendors directly and requested proposals NET of commissions.

NDPERS will contract directly with the selected carrier / vendor.

3. Premium Tax

NDPERS is exempt from North Dakota premium tax.

4. Questionnaires

If you are submitting a proposal for both the dental and the long term care coverages, and your responses to the General Questionnaire varies by coverage, please respond as applicable for each coverage quoted (e.g., dental claims paid in different location from LTC claims).

I. CURRENT AND PROPOSED PLAN DESIGNS

GROUP VOLUNTARY DENTAL INSURANCE

CURRENT PLAN

Carrier: ING (Reliastar paper). ING is the insurer/underwriter; Wellpoint is the claim administrator. (ING will no longer underwrite dental coverage after 2006.)

Plan Year: Calendar year

Funding: Fully insured (Experience Rated)

Eligibility/Effective Date: See RFP Section I – Procurement Document

Plan Design: The benefit booklet may be found on the NDPERS website: <http://www.nd.gov/ndpers> (See "Member Services")

Summary of Benefits:

Voluntary Dental Insurance	
Calendar Year Deductible	\$50 per person (applies to Basic and/or Major Services; does not apply to Preventive or Orthodontic Services)
Coinsurance	
• Preventive & Diagnostic Services	\$10 copay per visit; then, 100%
• Basic Services Includes Endodontia & Periodontia	80% after deductible
• Major Services	50% after deductible
• Orthodontic Services	50%, no deductible; See NOTE ⁽¹⁾
Waiting Period	
• Preventive & Diagnostic Services	None
• Basic Services	6 months
• Major Services	1 year
• Orthodontic Services	2 years
Benefit Maximums	Annual Dental Max = \$1,000 / Lifetime Ortho Max = \$1,500

⁽¹⁾ **NOTE: Orthodontic Services –**

- For insureds enrolled prior to 1/1/1999: Orthodontic services are available to children AND adults.
- For insureds enrolled on or after 1/1/1999: Orthodontic services are available to children ONLY.

⁽²⁾ **Re-Enrollment Restriction Period: 3 years**

(This applies only if participant was insured and then drops coverage and wishes to reapply)

- For active employees, during the Annual Enrollment Period, or
- For retirees, within 31 days of experiencing 1 or more of the Qualifying Life Events

Rate History:

Active EEs	1/1/2005 through 12/31/2005	1/1/2006 through 12/31/2006	Retirees	1/1/2005 through 12/31/2005	1/1/2006 through 12/31/2006
Individual Only	\$32.56	\$33.54	Retiree Only	\$32.56	\$33.54
Indiv + Spouse	\$62.70	\$64.58	Retiree + Spouse	\$62.70	\$64.58
Indiv + Child(ren)	\$73.02	\$75.22	Retiree + Child(ren)	\$73.02	\$75.22
Family	\$103.20	\$106.30	Family	\$103.20	\$106.30

Contribution:

- EE / Retiree pays 100%

PROPOSED GROUP VOLUNTARY DENTAL PLANS

Please provide a quote based upon the following:

Plan designs:

PLAN DESIGN 1: Current plan of benefits with no provider network

- **Option 1a** Duplicate the current plan of benefits, as is.
- **Option 1b** Restrict orthodontia to children only, regardless of enrollment date.
- **Option 1c** Increase the annual dental maximum to \$1,250.
- **Option 1d** Increase the annual dental maximum to \$1,500.

PLAN DESIGN 2: Dental PPO plan

- **Option 2a** If you have a dental provider network in ND, provide a quote for the following dental PPO plan design:

Voluntary Dental PPO Plan	In-network	Out-of-Network
Calendar Year Deductible	\$50 per person / \$100 per family (Applies to Basic & Major services only)	\$50 per person / \$100 per family (Applies to Basic & Major services only)
Coinsurance		
• Preventive & Diagnostic Services	100%, no deductible	80%, no deductible
• Basic Services	80% after deductible	60% after deductible
• Major Services	50% after deductible	50% after deductible
• Orthodontic Services	50% after deductible (Children only)	50% after deductible (Children only)
Waiting Period		
• Preventive & Diagnostic Services	None	None
• Basic Services	6 months	6 months
• Major Services	1 year	1 year
• Orthodontic Services	2 years	2 years
Benefit Maximums		
• Annual Dental Maximum	\$1,000	\$1,000
• Lifetime Ortho Maximum	\$1,500	\$1,500

- **Option 2b** Increase the annual dental maximum to \$1,250.
- **Option 2c** Increase the annual dental maximum to \$1,500.

PLAN DESIGN 3: Carriers may propose an alternative voluntary dental plan design for NDPERS' consideration.

Dental Plan Funding:

1. Provide a quote for the plans outlined above on a fully insured basis.
2. Provide a quote for the plans outlined above on a self-funded basis.
 - Include a quote for aggregate stop loss. NDPERS reserves the right to add aggregate stop loss to the voluntary dental plan.

Dental Plan Contribution:

1. The plan will be offered on a voluntary basis, with the employee / retiree paying 100% of the premium.
2. Premiums will be eligible for salary reduction on a pre-tax basis, through IRC § 125.

Dental Plan Participation Requirement:

No minimum participation requirements will be allowed.

GROUP VOLUNTARY LONG TERM CARE INSURANCE

CURRENT PLAN

Carrier: UnumProvident
Plan Year: Calendar year
Funding: Fully insured
Eligibility/Effective Date: See RFP Section I – Procurement Document
Plan Design: The benefit booklet may be found on the NDPERS website:
<http://www.nd.gov/ndpers> (See “Member Services”)

Transfer of Reserve: The current contract does not include a transfer of reserve provision.

Current Participation: Approximately 20 to 25 individuals currently participate in the LTC plan.

Schedule of Benefits:

Member selects own plan by reviewing the “A” and “B” plan summaries. (The “B” plans include Non-Forfeiture benefit.)

Group Long Term Care Insurance	Plan 1A	Plan 2A	Plan 3A	Plan 4A
Level of Care	Nursing Home Facility, Professional Home Care	Nursing Home Facility, Professional Home Care, Total Home Care	Nursing Home Facility, Professional Home Care, 5% Simple Inflation	Nursing Home Facility, Professional Home Care, Total Home Care, 5% Simple Inflation
Nursing Home Facility Benefit Amount	\$3,000 per month	\$3,000 per month	\$3,000 per month	\$3,000 per month
Assisted Living Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount
Professional Home Care Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount
Benefit Duration	3 or 5 years	3 or 5 years	3 or 5 years	3 or 5 years
Elimination Period (must be satisfied 1 x per life)	90 days	90 days	90 days	90 days
Lifetime Maximum	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000
Total Home Care Benefit Amount - Option	N/A	50% of LTC Facility Benefit Amount	N/A	N/A
Inflation Protection - Option	N/A	N/A	5% Simple Growth Capped	5% Simple Growth Capped
Non-Forfeiture	N/A	N/A	N/A	N/A
Waiver of Premium	Included	Included	Included	Included

Group Long Term Care Insurance	Plan 1B	Plan 2B	Plan 3B	Plan 4B
Level of Care	Nursing Home Facility, Paid Up Benefit, Professional Home Care	Nursing Home Facility, Paid Up Benefit, Professional Home Care, Total Home Care	Nursing Home Facility, Paid Up Benefit, Professional Home Care, 5% Simple Inflation	Nursing Home Facility, Paid Up Benefit, Professional Home Care, Total Home Care, 5% Simple Inflation
Nursing Home Facility Benefit Amount	\$3,000 per month	\$3,000 per month	\$3,000 per month	\$3,000 per month
Assisted Living Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount	60% of LTC Facility Benefit Amount
Professional Home Care Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount	50% of LTC Facility Benefit Amount
Benefit Duration	3 or 5 years	3 or 5 years	3 or 5 years	3 or 5 years
Elimination Period (must be satisfied 1 x per life)	90 days	90 days	90 days	90 days
Lifetime Maximum	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000	3 years = \$108,000 5 years = \$180,000
Total Home Care Benefit Amount - Option	N/A	50% of LTC Facility Benefit Amount	N/A	50% of LTC Facility Benefit Amount
Inflation Protection - Option	N/A	N/A	5% Simple Growth Capped	5% Simple Growth Capped
Non-Forfeiture	Paid Up	Paid Up	Paid Up	Paid Up
Waiver of Premium	Included	Included	Included	Included

Rate History:

See website – www.nd.gov/ndpers
(See “Member Services” – (1) Active Members, (2) Retirees)

Contribution:

- EE pays 100%
- Retiree pays 100%

PROPOSED PLAN

Please provide a quote based upon the following:

LTC Plan Design:

- Provide a quote for a plan that duplicates (or closely matches) the current LTC plan design.
- Provide a quote for alternative plan design(s) that would increase participation.

LTC Funding:

Fully insured, pooled, group coverage.

LTC Contribution:

The plan will be offered on a group voluntary basis, with the employee / retiree paying 100% of the premium.

LTC Participation Requirement:

No minimum participation requirements will be allowed.

II. EXPERIENCE DATA

1. Dental. Refer to the pdf file: Dental Report Package.pdf

REFERENCE WILL NEED TO BE CHANGED AS INFORMATION IS BEING PUT INTO AN EXCEL FILE.

The report shows the premium and paid claims information by account. The account structure is as follows:

- 101 - NDPERS
- 102 - Retirees of NDPERS
- 103 - Bismarck State College
- 104 - Lake Region State College
- 105 - UND
- 106 - ND State University
- 107 - ND State College of Science
- 108 - Dickinson State University
- 109 - Mayville State University
- 110 - Minot State University
- 111 - Valley City State University
- 112 - Board of Nursing
- 113 - State Board of Law Examiners
- 114 - ND State Board of Cosmetology
- 115 - Plumbing Board
- 116 - Bank of ND
- 117 - Municipal Bond Bank
- 118 - Housing Finance Agency
- 119 - ND Mill & Elevator
- 120 - Rough Rider Industries
- 121 - Technology Transfer, Inc.
- 123 - Education Standards & Practices Board
- 124 - ND State Board of Medical Examiners
- 125 - Williston State College
- 126 - ND Real Estate Commission
- 127 - ND State Electrical Board
- 128 - ND State Board of Accountancy
- 129 - Board of Pharmacy
- 199 - COBRA

NOTE: All of the above groups participate in the NDPERS' dental plan. The report breaks out some of the larger agencies and "bundles" the smaller agencies into Group 101.

2. LTC. No experience data is available.

III. CENSUS

Due to HIPAA, the census is not being released with this RFP. In order to receive the census, interested vendors should contact Gallagher Benefit Services, no later than Monday, June 19, 2006, at the e-mail address shown below.

lori_bowen@ajg.com

Upon request, the census will be e-mailed directly to each vendor. The census information will be password-protected and can only be opened with the passwords indicated below:

DENTAL CENSUS

- The census includes all active employees and retirees currently enrolled in the voluntary dental plan.
- The password is: **ndpers06dental**
- The dental census does not include employee job classification; this information is not available and will not be provided.
- The dental census will not include information on the enrollment tier, by participant. This information is not available and will not be provided. A breakdown of total enrollment numbers, by tier, can be found in the following Word Document:

NDPERS Dental Participation Report.doc

This participation report will be e-mailed along with the census.

All of the groups included in the participation report participate in the NDPERS' dental plan. The report breaks out some of the larger agencies and "bundles" the smaller agencies into Group 101.

LTC CENSUS

- The census includes all active employees and retirees currently enrolled in the voluntary LTC plan.
- The password is: **ndpers06ltc**
- The LTC census does not include employee job classification; this information is not available and will not be provided.

IV. PROPOSAL RESPONSE FORM

VENDORS MUST COMPLETE THIS SECTION.

Please check (X) the box(es) for the coverage(s) quoted in your proposal.

Group Voluntary Dental	Self-funded	Insured
Current plan design		
PPO plan design		
Aggregate stop loss insurance		N/A

Group Long Term Care Insurance	Provided Quote

Name

Date

NOTE: Your typed name and date above will be considered a valid signature for this RFP.

V. MINIMUM CONDITIONS

VENDORS MUST COMPLETE THIS SECTION

The following are minimum requirements. Please complete the following chart by responding in the right-hand column. If you disagree with any of the criteria, you may not be considered; please indicate in your cover letter why you are not willing to agree to the requirement.

1.	The effective date of coverage, January 1, 2007, is acknowledged and accepted.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
2.	NDPERS is required by state statutes to solicit bids for group, voluntary dental and LTC coverage for a specified term. NDPERS has determined that the specified term for providing such benefits under a fully insured arrangement shall be six years, subject to renewals every one (1) or two (2) years, depending upon rate guarantee.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
3.	Administrative fees must be guaranteed for a minimum period of two (2) years, from January 1, 2007 through December 31, 2008. Thereafter, rates may be adjusted no more than once per year. If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
4.	Fully insured premium rates (including aggregate stop loss) must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
5.	Renewals must be submitted to NDPERS 180 days prior to the contract renewal date.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree

6.	Respondent's contract termination provision may not require more than 120-day notice and can occur only at renewal. NDPERS can terminate coverage at any time. There must be no penalties for late notification or for termination off anniversary.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
7.	Respondents must have all applicable licenses required in the state of North Dakota or agree to obtain necessary licensure prior to the effective dates of coverage.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
8.	Your proposal assumes each coverage is purchased on a stand-alone basis. Provide information in the Cost Proposal Response Exhibit of any savings or discounts applicable if your company is awarded two or more lines of coverage.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
9.	You have included detailed plan summaries for all quoted plans.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
10.	The vendor will be responsible for producing the Summary Plan Description. NDPERS reserves the right to review / revise the SPD prior to final printing.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
11.	Vendor agrees to provide an SPD draft within 120 days of the effective date.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
12.	Vendor agrees to provide an electronic version of the SPD that NDPERS can post on their website.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
13.	Insured dental coverage must be provided on a no-loss / no-gain basis for all covered participants so the current group does not suffer a loss of benefit solely due to the transfer of coverages to your firm.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
14.	Respondents agree, should they be selected, they will proactively manage the transition of coverage from the subsequent carrier.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree

15.	Respondents must agree to comply with existing administration of NDPERS. Any modifications needed to accommodate NDPERS data will be done at the vendor's own expense.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
16.	You are in compliance with all HIPAA Privacy and Electronic Data Interface (EDI) requirements.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
17.	You will be in compliance with all HIPAA Security Regulations by the required compliance deadlines.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
18.	You have reviewed and accept the Plan's eligibility provisions outlined in the RFP.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
19.	Vendor agrees there are no participation requirements (applies to Dental and LTC).	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
20.	NDPERS reserves the right to audit the carrier.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
21.	Termination of the master contract must not prejudice any long term care claim related to a disability that commenced prior to the termination. You have continued liability for employees who become disabled prior to the termination of this contract.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
22.	Claims experience must be provided at least annually at renewal.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
23.	Respondent must meet all requirements in the North Dakota Century Code including 54-52.4 and all requirements in the North Dakota Administrative Code including 71-03.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
24.	Carrier must agree to provide a primary corporate contact for NDPERS servicing client support.	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree
25.	Premium rates must be divisible by two (2).	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree

VI. PROPOSED PERFORMANCE GUARANTEES FOR VOLUNTARY DENTAL PLAN

The following are the proposed performance guarantees for claims administration.

Performance Service Area	Standard	Definition	Measurement Frequency / Criteria	Penalty
<p>Claims Processing Accuracy</p> <p>The medical carrier shall accurately process a designated percent of the total claims processed.</p>	95%	<p>The percentage of audited claims processed accurately. Calculated as the total number of audited claims processed without any errors, divided by the total number of audited claims. Definition of "error" includes any type of error that has an affect on the member or provider, e.g., incorrect explanations of benefits or payments. Each type of error is counted as one full error and no more than one error can be assigned to one claim.</p>	<p>Quarterly, with reporting to client. Based on randomly selected statistical audit sample results.</p>	1% of premiums
<p>Financial Payment Accuracy</p> <p>The medical carrier shall correctly pay a designated percent of the total claim dollars paid.</p>	99%	<p>The percentage of audited client claims dollars paid accurately. Calculated as total audited paid dollars minus the absolute value of over and underpayments (without offsetting one against the other) divided by total audited paid dollars.</p>	<p>Quarterly, with reporting to client. Based on randomly selected statistical audit sample results.</p>	1% of premiums

<p>Turnaround time (TAT)</p> <p>The medical carrier shall process a designated percent of claims it receives within the following days.</p>	<ul style="list-style-type: none"> • 95% of clean claims processed and paid within 21 calendar or 15 business days. • 98% of clean claims processed and paid within 28 calendar or 20 business days. • 98% of investigated claims processed and paid within 45 days. 	<p>The percentage of claims processed within a specified number of calendar days. TAT is measured from the date the claim is received by Contractor to the date it is processed (i.e., paid, denied, or pending for external information). The day the claim is received will not be included in this calculation.</p> <p>Business days will mean the days of the week that the Claim Office is open to conduct business, which excludes Saturdays, Sundays and holidays.</p> <p>Number of days will be adjusted to reflect bank account funding delays.</p> <p>Percentage of claims requiring internal investigation and review. Exceptions to be reported monthly to agencies.</p>	<p>Quarterly, with reporting by computer-generated report to client.</p> <p>Quarterly, with reporting to client.</p>	<p>0.5% of premiums</p>
<p>Telephone response time</p>	<p>Average speed of answer within 30 seconds or less</p>	<p>The amount of time that elapses between the time a call is received into the phone system to the time answered by a representative (live voice answer).</p>	<p>Quarterly reporting to client of client-specific results.</p>	<p>0.5% of quarterly premiums</p>
<p>Abandonment rate</p>	<p>Not to exceed 5%</p>	<p>Percentage of calls that are unanswered calls (i.e., caller hangs up)</p>	<p>Quarterly reporting to client of client-specific results.</p>	<p>1% of premiums</p>

<p>Member Appeals & Grievance response time</p> <p>To exclude expedited medical determination requests.</p> <p>To include UM and Non-UM appeal cases.</p>	<ul style="list-style-type: none"> • Respond to 90% of all written member to Client Appeals & Grievances within 5 working days after receipt of inquiry. 98% within 15 days of receipt. • 95% of all Appeals & Grievances resolved within 30 days. 98% of all Appeals & Grievances inquiries resolved within 60 days. 	<p>Measured from date of Appeals & Grievances receipt to date response mailed to member/client. Resolution is defined as a satisfactory result to the member/client within the parameters of the plan specifications.</p> <p>Resolution is defined as closure of cases based on benefit and evidence provided to member/client and committee reviewing cases.</p>	<p>Quarterly reporting to client of client-specific results.</p>	<p>1% of quarterly premiums.</p>
<p>ID card turnaround time</p>	<p>Within 10 working days of receipt of the eligibility information</p>	<p>The amount of time elapsed from the date of receipt of eligibility information to the date ID cards are mailed to members.</p> <p>ID cards for "future" enrollees (reporting 30 days prior) will be mailed 14 business days prior to the effective date.</p>	<p>Quarterly</p>	<p>1% of quarterly premiums.</p>
<p>Report delivery</p>	<p>Annually with renewal at 180 days prior to renewal</p>	<p>Client and professional advisor receipt.</p>	<p>180 days prior to renewal</p>	<p>\$1,000 per late report to client and advisor</p>

VII. GENERAL QUESTIONNAIRE

VENDORS MUST COMPLETE THIS SECTION.

NOTE: THE QUESTIONS CONTAINED IN THIS SECTION ARE APPLICABLE TO ALL LINES OF COVERAGE. If you are submitting a proposal for both the dental and the long term care coverages, and your responses to the General Questionnaire varies by coverage, please respond as applicable for each coverage quoted (e.g., dental claims paid in different location from LTC claims).

FIRM / ORGANIZATION QUESTIONS

1.	<p>Provide a description of your organization, to include, at a minimum: parent company and location; quoting organization and location, if different; and subcontractors/partners, if any.</p> <p><u>For each organization noted, provide:</u></p> <ul style="list-style-type: none"> • Date formed • Ratings of company(s): <ul style="list-style-type: none"> ⇒ A.M. Best ⇒ Moody's ⇒ Standard & Poor's • Where is your corporate headquarters located? • Number of employees • Number of groups over 5,000 employees in force • How many employees are covered by your organization's plan(s)? • Have you recently been acquired or been involved with any merger/acquisition? If yes, describe. • Provide company's organization chart, including client service team and locations of service team. 	
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2.	Provide a copy of your most recent annual financial statement, or other documentation reflecting financial performance.	
3.	Do you carry an Errors & Omissions policy? <ul style="list-style-type: none"> • What are the policy limits and deductible? • Will you hold the client harmless for suits resulting from your actions or omissions? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.	Do you carry a comprehensive general liability policy? <ul style="list-style-type: none"> • What are the policy limits and deductible? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.	Does your company carry a fidelity bond? <ul style="list-style-type: none"> • What are the policy limits and deductible? • What are the co-annual aggregate funds held for all clients? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
6.	Have claims been made against any of these policies within the past two years?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.	What is the average size employer that you cover?	
8.	What customer service office will be responsible for this account? Provide the following: <ul style="list-style-type: none"> • Location of office. • Number of employees. • Days and hours of operation. • Will you provide a toll-free number? 	

9.	<p>What claims office will be responsible for this account? Provide the following:</p> <ul style="list-style-type: none"> • Location of office. • Number of employees. • Days and hours of operation. • Will you provide a toll-free number? 	
10.	<p>Are both the claims processing and customer service functions handled by the same person?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
11.	<p>Will you need to hire additional customer service personnel if awarded this business?</p> <ul style="list-style-type: none"> • If so, how will these hires be assimilated into your operations? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.	<p>Who will be your primary liaison with the client?</p> <ul style="list-style-type: none"> • Identify any other members of the client management team, along with their roles. Provide a resume or an outline of the team members' experience and qualifications. • Where will they be based? 	
13.	<p>Provide a detailed implementation plan assuming a September 2006 contract award date, October 2006 open enrollment and January 2007 plan effective date.</p> <p>Describe the implementation team and their roles.</p>	
14.	<p>For the Dental Plan, will you agree to the proposed Performance Guarantees in Section VII of this RFP?</p> <ul style="list-style-type: none"> • If not, provide your Performance Guarantees. 	<input type="checkbox"/> Yes <input type="checkbox"/> No

15.	Provide samples of the following materials with your proposal: <ul style="list-style-type: none"> • Employee communication materials and forms • Master group contract / policy 	
16.	Please provide the following (preferably public sector): <ul style="list-style-type: none"> • Three (3) client references. At least one of these references should be from a client of similar size. Provide - <ul style="list-style-type: none"> ⇒ Name ⇒ Address ⇒ Telephone number ⇒ Approximate number of employees covered by each contract. • One (1) former client. Provide - <ul style="list-style-type: none"> ⇒ Name ⇒ Address ⇒ Telephone number ⇒ Reason for termination 	

IMPLEMENTATION, ENROLLMENT, ELIGIBILITY AND MAINTENANCE QUESTIONS

17.	What is the normal lead-time required to implement a group?	
18.	Do you require a deposit? <ul style="list-style-type: none"> • If so, how much do you require? • Can the deposit requirement be waived? • What are the requirements for waiving the deposit? 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
19.	What mediums do you accept for plan enrollment?	
20.	Do you offer online eligibility maintenance for all clients? <ul style="list-style-type: none"> • If so, is there a charge? • Is there a charge for hard copy maintenance? 	<input type="checkbox"/> Yes <input type="checkbox"/> No

21.	Describe the procedures used to terminate plan member eligibility.	
22.	How often is membership updated?	
23.	Can you maintain membership by employee and dependent?	<input type="checkbox"/> Yes <input type="checkbox"/> No
24.	NDPERS has <u>very</u> specific administration requirements, as outlined in RFP Section III. You have reviewed and understand all of the administration requirements. <ul style="list-style-type: none"> • You can and agree to comply with all of the administration requirements, as outlined? • If you cannot comply with, or do not agree to comply with, all of the requirements, describe each requirement / provision in detail. 	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree <input type="checkbox"/> Yes <input type="checkbox"/> No

GENERAL ADMINISTRATION QUESTIONS

25.	If you are awarded this business, how soon after the notification of the award would you be able to have a draft of the following: <ul style="list-style-type: none"> • Master Policy • ID Cards 	
26.	What resources can you provide for the open enrollment process? <ul style="list-style-type: none"> • Will you provide staff to assist with open enrollment? ⇒ If so, under what conditions? • Site visits? • Do you require mandatory meetings? ⇒ If so, describe requirements. 	

HIPAA QUESTIONS (FOR VOLUNTARY DENTAL ONLY; DOES NOT APPLY TO LTC)

31.	<p>Have you addressed HIPAA in your contracts with clients?</p> <ul style="list-style-type: none"> If so, provide sample contract language. 	<input type="checkbox"/> Yes <input type="checkbox"/> No
32.	<p>Are you willing to pay any fines the client may be assessed because of inability to comply with HIPAA?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
33.	<p>Indicate if your claims system presently can auto-adjudicate claims electronically, including the origination of electronic payments and credits.</p> <ul style="list-style-type: none"> Describe the process and specify whether this current process is in compliance with HIPAA regulations. Include the name and owner of any leased systems or clearinghouses used. 	
34.	<p>Does your system support on-line, real-time EDI <u>eligibility</u> inquiries?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
35.	<p>Does your system support on-line, real-time EDI <u>claim status</u> inquiries?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

CUSTOMER SERVICE / SATISFACTION QUESTIONS

36.	<p>Describe the structure and staffing of your customer service office.</p> <ul style="list-style-type: none"> How many customer service representatives are there? 	
37.	<p>Identify the client's management team, who they are and what their roles are.</p> <ul style="list-style-type: none"> Where will they be based? 	

38.	<p>Do you utilize a call distribution and tracking system to monitor and measure customer service performance and statistics?</p> <ul style="list-style-type: none"> • Can you track the items outlined below: <ul style="list-style-type: none"> ➤ Number of calls received? ➤ Average speed of answer? ➤ Call abandonment rates? ➤ Length of call? ➤ Others? 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
39.	Describe performance standards for the customer service unit.	
40.	<p>Do you complete customer service surveys?</p> <ul style="list-style-type: none"> • How frequently do you conduct satisfaction surveys? • What percentage of participants are surveyed? • What were the most recent results? • What is your performance standard for patient satisfaction survey results? 	<input type="checkbox"/> Yes <input type="checkbox"/> No

TECHNOLOGY QUESTIONS

41.	Which of the following tasks can members and plan sponsor representatives perform ONLINE?		
		Members	Plan Sponsors
	➤ Enrollment (New Hires and Open Enrollment)	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Changes in Status	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Billing (Plan Administrators only)	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Claim inquiry	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Provider search	<input type="checkbox"/>	<input type="checkbox"/>
	➤ ID card request	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Electronic EOB	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Terminations	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Access provider directories	<input type="checkbox"/>	<input type="checkbox"/>
	➤ Other		
42.	Is there an additional cost for ONLINE services? ➤ If yes, describe.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
43.	Are dental provider directories available ONLINE? ➤ If yes, provide website.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
44.	Describe your company's disaster recovery and contingency plans. • Have you ever tested or actually implemented these plans?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
45.	Do you maintain plan benefits online?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
46.	Can claim processors and customer service representatives view this benefit information online?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

REPORTING QUESTIONS (DENTAL COVERAGE ONLY)

47.	Complete the following chart; identify the standard reports available to the client.	
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Report	Frequency	Additional Cost? If so, indicate amount.	Comments

48.	Can you provide reports on a quarterly basis?	<input type="checkbox"/> Yes <input type="checkbox"/> No
49.	Are special or ad hoc reports available to the client? <ul style="list-style-type: none"> • Are there any additional costs associated with any of these reports? • If there are additional fees, are the fees generated on a fixed cost per report or billed on an hourly basis? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
50.	What are your network reporting capabilities? <ul style="list-style-type: none"> • Provide samples of the reports in your proposal. 	
51.	What is the lag time on reports from your firm?	
52.	Can the reports be provided by division, location, department or union subdivision within a single employer group? <ul style="list-style-type: none"> • If so, can this be done at no additional cost? 	<input type="checkbox"/> Yes <input type="checkbox"/> No

53.	<p>Does the client have the ability to access your database in real time for purposes of:</p> <ul style="list-style-type: none"> ➤ Adds / deletes ➤ Tracking plan experience ➤ Utilization patterns ➤ Other available plan information <ul style="list-style-type: none"> • How is this ability provided? • Is there an additional charge to the client? • What is the minimum size group for this service? 	<table> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> </table>	<input type="checkbox"/> Yes	<input type="checkbox"/> No						
<input type="checkbox"/> Yes	<input type="checkbox"/> No									
<input type="checkbox"/> Yes	<input type="checkbox"/> No									
<input type="checkbox"/> Yes	<input type="checkbox"/> No									
<input type="checkbox"/> Yes	<input type="checkbox"/> No									

VIII. CLAIMS ADMINISTRATION QUESTIONNAIRE FOR SELF-FUNDED VOLUNTARY DENTAL PLAN

VENDORS MUST RESPOND TO ALL QUESTIONS IN THIS QUESTIONNAIRE.

SPECIFICATIONS

1.	You must permit the employer to have access to all files on request (e.g., a claims audit).	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
2.	Run-out claims will be paid by the existing carrier. Your pricing should assume no run-in claims payment.	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree

FIRM / ORGANIZATION

3.	Do you provide a toll-free telephone number? • What are the hours of operation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.	How long has your company been administering dental claims?	_____ years
5.	Show the number of employer groups you service in each of the size categories below: • 1,000 – 5,000 EEs • 5,000 – 10,000 EEs • 10,000 + EEs	

CLAIMS ADMINISTRATION SERVICES

6.	Will you need to hire additional personnel if awarded this business?	
7.	Will the customer service / claims team be dedicated to this account?	
8.	Describe the options available to the group for submitting eligibility data.	
9.	Do you maintain separate bank accounts for each client?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10.	Do you maintain a record for all checks issued, but not cashed? <ul style="list-style-type: none"> • How often will you provide this record to the client (monthly, quarterly, annually)? • Who is responsible for follow-up of uncashed checks? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
11.	What hardware platform does your system use? <ul style="list-style-type: none"> • Do you have security, backup and disaster recovery procedures? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.	What claims adjudication system do you use? (If proprietary, describe the staffing and client response capabilities of your IT staff.) <ul style="list-style-type: none"> • Is your system leased/owned? • When was the system last updated? 	
13.	List the functions your claim system automatically performs.	
14.	Confirm in writing your ability to adjudicate the proposed plan designs. <ul style="list-style-type: none"> • Which provisions would require manual intervention? 	

15.	Describe your claims quality assurance or review process.	
16.	Describe your system edits for identification of fraudulent claims.	
17.	Identify and comment on any major claim / eligibility / reporting system changes or upgrades planned in the next 12 to 24 months.	
18.	Can non-ERISA plans (self-funded, governmental plans) establish their own claims processing / appeal standards?	<input type="checkbox"/> Yes <input type="checkbox"/> No
19.	Describe the claims appeal process and associated timeframes. <ul style="list-style-type: none"> • Are there any additional fees associated with this process? • Do you have the ability to administer the employer's appeal process? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
20.	Does the denial notification letter include detailed information on the appeal process, including timeframe and mailing address?	<input type="checkbox"/> Yes <input type="checkbox"/> No
21.	How often are allowances revised?	<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annually <input type="checkbox"/> Other (Describe)
22.	Can your system accept electronic claims submission? <ul style="list-style-type: none"> • What % of claims are submitted electronically? 	<input type="checkbox"/> Yes <input type="checkbox"/> No
23.	What was the average turnaround time for paid claims for the last two years? <ul style="list-style-type: none"> • 2005 • 2006 YTD 	

24.	<p>Indicate the claims accuracy / error rate for the last two years?</p> <ul style="list-style-type: none"> • 2005 • 2006 YTD 	
25.	<p>Explain in detail your procedures for identification and recovery of third party liability and coordination of benefits claims. For example:</p> <ul style="list-style-type: none"> • Do you outsource this service? • Does your claim system readily identify potential possible subrogation/COB opportunities prior to claim payment? • Do you pend and pursue or pay and pursue these types of claims? 	
26.	<p>Audits:</p> <ul style="list-style-type: none"> • What is the frequency of your internal audits? • What is the frequency of your external audits? • Who performs the external audits? 	
27.	<p>Would you be willing to pay for an outside audit?</p> <ul style="list-style-type: none"> • If so, specify dollar allowance. 	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
28.	<p>Please describe your standard on-line reporting capabilities.</p> <ul style="list-style-type: none"> • Are these features included in your fees? • Describe optional capabilities and any corresponding costs. 	

29.	<p>In the event of contract termination, how will you process the following:</p> <ul style="list-style-type: none"> • Claims in house, but not processed? • Claims submitted prior to termination but not received by your firm until after the termination? • Claims submitted after the termination? 	
30.	<p>In the event of contract termination, how will you process "run-out" claims:</p> <ul style="list-style-type: none"> • Service not available • A predetermined fee per claim processed • A predetermined percentage of paid claims • Duration of run-out claims adjudication <ul style="list-style-type: none"> ➤ 3 months ➤ 6 months ➤ 12 months ➤ Other 	
31.	<p>Would you agree to process run-out claims to match the timely filing provision(s) of the plan?</p>	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
32.	<p>Please describe your fee to administer run-out in the event the contract is terminated. Please express as a percentage of the ASO fee in the final contract period.</p>	

IX. AGGREGATE STOP LOSS QUESTIONNAIRE FOR SELF-FUNDED VOLUNTARY DENTAL PLAN

THE STOP LOSS CARRIER MUST RESPOND TO ALL QUESTIONS IN THIS QUESTIONNAIRE.

A. GENERAL INFORMATION

1.	How long has your organization been in business?	Year established: _____
2.	<p>Is your organization licensed to do business in North Dakota?</p> <p>• Is your organization licensed to do business in all 50 states and U.S. territories?</p> <p>⇒ If no, identify the states/territories in which you are not currently licensed.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
3.	<p>What percentage of the risk does your company assume? If less than 100%, please identify additional reinsurer(s) and the respective percentage of assumed liability.</p> <p>• In what month do your reinsurance treat(ies) renew?</p>	<p>_____ %</p>
4.	<p>How many dental aggregate stop loss clients do you currently have?</p> <p>How much annualized premium do these clients represent?</p>	<p>_____</p> <p>\$ _____</p>
5.	<p>Stop Loss Carrier. Please provide your current A.M. Best, Moodys, Standard & Poors and Duff & Phelps ratings.</p>	<p>AM Best: _____</p> <p>Moodys: _____</p> <p>S & P: _____</p> <p>D & P: _____</p>

6.	If your business is underwritten through a trust, please provide a copy of the trust agreement.	<input type="checkbox"/> N/A <input type="checkbox"/> Provided in Section __
7.	A sample copy of your most current reinsurance contract and any amendments is required. When was the enclosed contract adopted?	Provided in Section _____.
8.	Will you agree to be a party to a HIPAA Business Associate Agreement initiated by our client?	<input type="checkbox"/> Yes <input type="checkbox"/> No

B. PROPOSAL

9.	How long are your aggregate stop loss rates guaranteed? (NOTE: There is a minimum requirement of a 1-year rate guarantee.)	
10.	Are you willing to guarantee these rates for a period longer than twelve (12) months? • If yes, under what conditions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11.	Is your organization's excess loss contract guaranteed renewable? • If not, describe your determination and notification methods.	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.	Coverage is based on a no-loss / no-gain full transfer of coverage basis. If disagree, please explain.	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
13.	The client considers coverage to be "bound" when the new carrier is in receipt of the first month's premium payment and executed application that, in nearly all cases, will be prior to the effective date of coverage. Do you agree with this statement? If disagree, please explain.	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
14.	Does your Aggregate contract impose an annual maximum claim liability amount? If yes, identify the amount.	<input type="checkbox"/> Yes <input type="checkbox"/> No

15.	Once coverage is bound, your organization cannot impose a modification of rates or factors mid-year. If disagree, explain.	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
16.	Fully describe <u>all</u> commissions, overrides, contingencies and service fees to be paid for stop loss insurance. NOTE: NDPERS may audit for compliance.	

C. RENEWAL

17.	NDPERS requires preliminary renewal information from their vendors 180 days in advance of their actual renewal. Is your organization able to comply with this request? If no, explain.	<input type="checkbox"/> Yes <input type="checkbox"/> No
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D. CLAIM REIMBURSEMENT

18.	With respect to Aggregate claims submitted for reimbursement, please describe any limitations (e.g., minimum dollar amounts).	
19.	Does your contract recognize all eligible employees, dependents, FMLA, retirees and COBRA beneficiaries as defined by the Master Plan Document?	<input type="checkbox"/> Yes <input type="checkbox"/> No

X. DENTAL QUESTIONNAIRE

VENDORS MUST RESPOND TO ALL QUESTIONS IN THIS QUESTIONNAIRE

GENERAL

1.	This plan is to be written on a voluntary basis with the employees paying the full premium.	<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
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DENTAL CARE

2.	Describe any pre-authorization requirements and the process.	
3.	Is endodontia covered under Basic Services? <ul style="list-style-type: none"> • If not, what is the % rate increase to move endodontia from Major Services to Basic Services? 	
4.	Is periodontia covered under Basic Services? <ul style="list-style-type: none"> • If not, what is the % rate increase to move periodontia from Major Services to Basic Services? 	

<p>5.</p>	<p>Deviations from the specifications:</p> <ul style="list-style-type: none"> • Will your organization underwrite and administer the benefit program exactly as shown in this material? • Will your organization require any additional information or impose restrictions on benefit selections? • What occurrences would require your organization to change its proposed rates and fees for the proposed effective date? • Please list any other items that can be considered deviations from the specifications. 	
<p>6.</p>	<p>Include detailed plan summaries for all quoted plans.</p>	
<p>7.</p>	<p>How and when do you assume responsibility for orthodontic treatment that is in process on the effective date? Explain.</p>	
<p>8.</p>	<p>Do you have an extension of benefits when an employee initiates treatment while covered and completes it after termination of coverage?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, major restoration _____ Months _____ Until work completion</p> <p>If yes, orthodontia _____ Months _____ Until work completion</p>
<p>9.</p>	<p>The dental plan contains waiting periods. Confirm that you can administer the current waiting periods.</p> <ul style="list-style-type: none"> • If selected, the vendor must agree to honor the portion of the waiting period a current participant has met. Confirm that you can "carry over" the waiting periods for current plan participants. 	

10.	Confirm your ability to "carry over" (from the current carrier / plan) the year-to-date orthodontic benefits which apply toward the orthodontic lifetime maximum (i.e., the lifetime orthodontic maximum will not start over with your plan).	
11.	What is your standard re-enrollment restriction period (e.g., 2 years after drop coverage)?	
12.	<p>With respect to dental coverage, will you use a "universal" claim form, or do you have your own claim form?</p> <ul style="list-style-type: none"> • What are the filing procedures? • Does the provider file the claim? Or, does the member file the claim? • Do you accept electronic claim filing? 	

DENTAL NETWORK

<p>13.</p>	<p>Can you provide a dental PPO plan in the state of ND?</p> <ul style="list-style-type: none"> • If so, is your provider network available nationwide for employees / retirees living outside the state of ND? Provide specifics. • If not, what dental coverage is available to employees / retirees living outside the state of ND? Provide specifics. 	
<p>14.</p>	<p>With regard to network directories, please respond to the following items. (NOTE: Included a provider directory with your proposal.)</p> <ul style="list-style-type: none"> • Is your directory available on the internet on in a website? If so, explain and provide the location. • If your provider directories are not available ONLINE, how frequently are directories distributed? • How are members, plan sponsors and providers notified of changes? • Describe alternative means for plan members to obtain information on network providers (e.g., the internet, an automated voice response system, etc.). 	
<p>15.</p>	<p>Do you own your provider network, or do you subcontract?</p> <ul style="list-style-type: none"> • If you subcontract, please identify network. 	
<p>16.</p>	<p>Is your dental network available statewide in North Dakota?</p> <ul style="list-style-type: none"> • If not, specify the locations your network IS and IS NOT available. 	

17.	Is your dental network available nationwide?	
18.	Describe the following: <ul style="list-style-type: none"> ➤ Provider selection process ➤ Credentialing process ➤ Recredentialing process • What are the minimum criteria for providers to be selected as a network provider? 	
19.	Are you willing to add providers specifically requested by our organization?	
20.	Are there any locations where you cannot administer the plan designs as specified? Please describe.	
21.	Do you have differing network provider arrangements (e.g., "Preferred" vs. "Participating")? Describe: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
22.	If you do have different network provider arrangements, please complete the following chart.	
		Network Discounts Available with plan design differentials
		Network Discounts Available with NO plan design differentials
<input type="checkbox"/> "Preferred" Provider	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> "Participating" Provider	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
23.	How are "Preferred" dentists paid?	<input type="checkbox"/> Discounted fee for service <input type="checkbox"/> Fee schedule: describe _____ <input type="checkbox"/> Other

24.	How are "Participating" dentists paid?	<input type="checkbox"/> Discounted fee for service <input type="checkbox"/> Fee schedule: describe _____ <input type="checkbox"/> Other
25.	How often are the allowances revised?	<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annually <input type="checkbox"/> Other
26.	For purposes of fee allowances, how do you define an "area" (e.g., by zip code, city, etc.)?	
27.	Do the participating dentists have a contractual agreement not to "balance bill" the patient?	<input type="checkbox"/> Yes <input type="checkbox"/> No
28.	If a participating dentist refers a patient outside the network, are benefits paid at the Dental PPO level?	<input type="checkbox"/> Yes <input type="checkbox"/> No

XI. DENTAL DATA REQUEST

VENDORS MUST COMPLETE THE DENTAL DATA REQUEST.

1. Refer to the following Excel Workbook posted on the website: Dental Data Request.xls
2. Complete all of the spreadsheets contained within the workbook as outlined below.

~~~~~

### **A. NETWORK ACCESSIBILITY**

### **B. DENTAL CONTRACTED RATES**

### **C. DISRUPTION ANALYSIS (Network comparison of 50 most highly utilized dentists)**

### **D. DENTAL SAMPLE CLAIMS SCENARIOS**

## XII. GROUP LONG TERM CARE QUESTIONNAIRE

**VENDORS MUST RESPOND TO ALL QUESTIONS IN THIS QUESTIONNAIRE.**

**IN ADDITION, VENDORS MUST COMPLETE THE SEPARATE EXCEL SPREAD SHEET REGARDING LONG TERM CARE: "LTC Response Spreadsheet.xls."**

### GENERAL INFORMATION

|    |                                                                                                                                                                                                                                                                                                     |                                                                  |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| 1. | <p>The group does not currently have a "transfer of reserve" provision. Are you willing to quote on the take-over group business without the "transfer of reserve" provision?</p> <ul style="list-style-type: none"> <li>• Does your proposed plan have a transfer of reserve provision?</li> </ul> |                                                                  |
| 2. | <p>NDPERS will <u>allow</u> open enrollment meetings; employees are not required to attend. The vendor MUST agree not to cross-sell any products other than LTC.</p>                                                                                                                                | <input type="checkbox"/> Agree <input type="checkbox"/> Disagree |
| 3. | <p>Does your proposed plan meet federally qualified LTC plan requirements?</p>                                                                                                                                                                                                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No         |
| 4. | <p>Have you participated in any federal CMS pilot LTC programs?</p> <ul style="list-style-type: none"> <li>• If so, describe.</li> </ul>                                                                                                                                                            | <input type="checkbox"/> Yes <input type="checkbox"/> No         |

**PLAN DESIGN**

|     |                                                                                                                                                                                                                       |  |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 5.  | <p>What are your medical underwriting requirements for:</p> <ul style="list-style-type: none"> <li>• Employees</li> <li>• Dependents</li> <li>• Retirees</li> </ul> <p>Include copies of sample enrollment forms.</p> |  |
| 6.  | <p>Do you reserve the right to have a claimant periodically examined?</p> <ul style="list-style-type: none"> <li>• If so, at what frequency?</li> <li>• At whose expense?</li> </ul>                                  |  |
| 7.  | <p>Will you agree to grandfather in current participants who have satisfied the paid-up provisions of the current policy?</p>                                                                                         |  |
| 8.  | <p>Provide your standard list of exclusions.</p>                                                                                                                                                                      |  |
| 9.  | <p>Describe your waiting period in detail.</p> <ul style="list-style-type: none"> <li>• How are days "counted" towards satisfying the waiting period?</li> <li>• Do they have to be consecutive?</li> </ul>           |  |
| 10. | <p>Do you have special arrangements with long-term care providers or facilities?</p> <p>⇒ Community referral service?</p> <p>⇒ If so, describe.</p>                                                                   |  |

## FINANCIAL

|     |                                                                                                                             |  |
|-----|-----------------------------------------------------------------------------------------------------------------------------|--|
| 11. | Please delineate all assumptions and/or qualifications used in developing your proposed premiums, including your retention. |  |
| 12. | Under what condition(s), if any, could you cancel this group contract?                                                      |  |
| 13. | If the group plan is canceled, will you transfer the reserves to another carrier?                                           |  |

## ADMINISTRATION

|     |                                                                                                                                                                                                                                                                                   |  |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 14. | Provide copies of standard financial and claims reports you will provide to NDPERS and its advisor.<br><br>⇒ What optional reports are available and at what cost?                                                                                                                |  |
| 15. | Performance Guarantees.<br><ul style="list-style-type: none"><li>• Provide standard performance guarantees and financial penalties for non-compliance.</li><li>• Are you willing to offer your standard guarantees to NDPERS?</li></ul> ⇒ If so, under what terms and conditions? |  |

## IMPLEMENTATION & COMMUNICATION

|     |                                                                                                                                                                                                                     |  |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 16. | What recommendations do you have to improve participation in the LTC plan?<br><ul style="list-style-type: none"><li>• If there are costs associated with your recommendations, provide expense estimates.</li></ul> |  |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                          |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 17. | What fees will the employer be responsible for with regard to the production and distribution of you communication materials?                                                                                                                                                                                                                                                                                                                                |                                                          |
| 18. | <p>What assistance are you willing to provide during the initial plan enrollment?</p> <ul style="list-style-type: none"> <li>• Does this include onsite support for meetings conducted with the client?</li> <li>• Do you have personnel in North Dakota that could assist NDPERS with enrollment meeting? Or, is your enrollment staff located elsewhere?</li> <li>• What assistance are you willing to provide for subsequent plan enrollments?</li> </ul> |                                                          |
| 19. | <p>Do you <u>require</u> employee meetings?</p> <ul style="list-style-type: none"> <li>• If so, under what conditions?</li> </ul>                                                                                                                                                                                                                                                                                                                            | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 20. | <p>Describe the communication program to implement the plan.</p> <ul style="list-style-type: none"> <li>• Include copies of standard employee communication materials.</li> </ul>                                                                                                                                                                                                                                                                            |                                                          |
| 21. | What communication do you recommend with respect to re-enrollments for LTC-eligible employees who did not apply during the initial enrollment period?                                                                                                                                                                                                                                                                                                        |                                                          |
| 22. | Provide a copy of you standard LTC master policy.                                                                                                                                                                                                                                                                                                                                                                                                            |                                                          |

# XIII. COST EXHIBITS

**VENDORS MUST PROVIDE PROPOSED RATE INFORMATION IN THE FOLLOWING CHARTS.**

## A. VOLUNTARY DENTAL: FULLY INSURED

### 1. PLAN DESIGN 1 Current plan of benefits with no provider network

- **Option 1a. Duplicate the current plan of benefits as is.**

| Voluntary Dental Insurance                   | 1/1/2007 through 12/31/2007 <sup>(1)</sup> |                   | 1/1/2008 through 12/31/2008 <sup>(1)</sup> |                   |
|----------------------------------------------|--------------------------------------------|-------------------|--------------------------------------------|-------------------|
|                                              | Pooled                                     | Experience Rated* | Pooled                                     | Experience Rated* |
| Premiums must be provided on a 4-tier basis. |                                            |                   |                                            |                   |
| Monthly Premium                              |                                            |                   |                                            |                   |
| ⇒ EE Only                                    |                                            |                   |                                            |                   |
| ⇒ EE + Spouse                                |                                            |                   |                                            |                   |
| ⇒ EE + Child(ren)                            |                                            |                   |                                            |                   |
| ⇒ EE + Family                                |                                            |                   |                                            |                   |
| Monthly Premium                              |                                            |                   |                                            |                   |
| ⇒ Retiree Only                               |                                            |                   |                                            |                   |
| ⇒ Retiree + Spouse                           |                                            |                   |                                            |                   |
| ⇒ Retiree + Child(ren)                       |                                            |                   |                                            |                   |
| ⇒ Retiree + Family                           |                                            |                   |                                            |                   |
| Rate Guarantee <sup>(1)</sup>                |                                            |                   |                                            |                   |
| Commissions                                  |                                            |                   |                                            |                   |

<sup>(1)</sup> Fully insured premium rates must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months

If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.

**For experience rated plans, complete the following retention illustration:**

#### Retention Illustration (1/1/2007 through 12/31/2007)

| Retention        | % of Premium |
|------------------|--------------|
| Premium Taxes    |              |
| Contracts / SPDs |              |
| Commissions      |              |
| Risk Charge      |              |
| Profit           |              |
| Other (explain)  |              |
| <b>Total</b>     |              |

**A. VOLUNTARY DENTAL: FULLY INSURED (Continued)**

- **Option 1b. Restrict orthodontia coverage to children only, regardless of enrollment date.**

| Voluntary Dental Insurance                                                                              | 1/1/2007 through 12/31/2007 <sup>(1)</sup> |                   | 1/1/2008 through 12/31/2008 <sup>(1)</sup> |                   |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|--------------------------------------------|-------------------|
|                                                                                                         | Pooled                                     | Experience Rated* | Pooled                                     | Experience Rated* |
| Premiums must be provided on a 4-tier basis.                                                            |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ EE Only<br>⇒ EE + Spouse<br>⇒ EE + Child(ren)<br>⇒ EE + Family                     |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ Retiree Only<br>⇒ Retiree + Spouse<br>⇒ Retiree + Child(ren)<br>⇒ Retiree + Family |                                            |                   |                                            |                   |
| Rate Guarantee <sup>(1)</sup>                                                                           |                                            |                   |                                            |                   |
| Commissions                                                                                             |                                            |                   |                                            |                   |

<sup>(1)</sup> Fully insured premium rates must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months

If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.

**For experience rated plans, complete the following retention illustration.**

**Retention Illustration (1/1/2007 through 12/31/2007)**

| Retention        | % of Premium |
|------------------|--------------|
| Premium Taxes    |              |
| Contracts / SPDs |              |
| Commissions      |              |
| Risk Charge      |              |
| Profit           |              |
| Other (explain)  |              |
| <b>Total</b>     |              |

- **Options 1c and 1d. Increase annual dental maximums as indicated.**

|                                                                                                                 | Option 1c            | Option 1d            |
|-----------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Maximum annual dental benefit                                                                                   | Increases to \$1,250 | Increases to \$1,500 |
| What is the percentage increase on your premium if the maximum annual dental benefit is increased as indicated. | <u>% increase</u>    | <u>% increase</u>    |

**A. VOLUNTARY DENTAL: FULLY INSURED (Continued)**

**2. PLAN DESIGN 2 Proposed Dental PPO Plan**

- **Option 2a.** If you have a dental provider network in ND, provide a quote for the proposed dental PPO plan design.

| Voluntary Dental Insurance                                                                              | 1/1/2007 through 12/31/2007 <sup>(1)</sup> |                   | 1/1/2008 through 12/31/2008 <sup>(1)</sup> |                   |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|--------------------------------------------|-------------------|
|                                                                                                         | Pooled                                     | Experience Rated* | Pooled                                     | Experience Rated* |
| Premiums must be provided on a 4-tier basis.                                                            |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ EE Only<br>⇒ EE + Spouse<br>⇒ EE + Child(ren)<br>⇒ EE + Family                     |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ Retiree Only<br>⇒ Retiree + Spouse<br>⇒ Retiree + Child(ren)<br>⇒ Retiree + Family |                                            |                   |                                            |                   |
| Rate Guarantee <sup>(1)</sup>                                                                           |                                            |                   |                                            |                   |
| Commissions                                                                                             |                                            |                   |                                            |                   |

<sup>(1)</sup> Fully insured premium rates must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months

If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.

**\* For experience rated plans, complete the following retention illustration:**

**Retention Illustration (1/1/2007 through 12/31/2007)**

| Retention        | % of Premium |
|------------------|--------------|
| Premium Taxes    |              |
| Contracts / SPDs |              |
| Commissions      |              |
| Risk Charge      |              |
| Profit           |              |
| Other (explain)  |              |
| <b>Total</b>     |              |

- **Options 2b and 2c.** Increase annual dental maximums as indicated.

|                                                                                                                 | Option 2b            | Option 2c            |
|-----------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Maximum annual dental benefit                                                                                   | Increases to \$1,250 | Increases to \$1,500 |
| What is the percentage increase on your premium if the maximum annual dental benefit is increased as indicated. | <u>% increase</u>    | <u>% increase</u>    |

**A. VOLUNTARY DENTAL: FULLY INSURED (Continued)**

**3. PLAN DESIGN 3 Carrier-Suggested Dental Plan**

Provide a quote for your suggested dental plan design.

| Voluntary Dental Insurance                                                                              | 1/1/2007 through 12/31/2007 <sup>(1)</sup> |                   | 1/1/2008 through 12/31/2008 <sup>(1)</sup> |                   |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|--------------------------------------------|-------------------|
|                                                                                                         | Pooled                                     | Experience Rated* | Pooled                                     | Experience Rated* |
| Premiums must be provided on a 4-tier basis.                                                            |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ EE Only<br>⇒ EE + Spouse<br>⇒ EE + Child(ren)<br>⇒ EE + Family                     |                                            |                   |                                            |                   |
| Monthly Premium<br>⇒ Retiree Only<br>⇒ Retiree + Spouse<br>⇒ Retiree + Child(ren)<br>⇒ Retiree + Family |                                            |                   |                                            |                   |
| Rate Guarantee <sup>(1)</sup>                                                                           |                                            |                   |                                            |                   |
| Commissions                                                                                             |                                            |                   |                                            |                   |

<sup>(1)</sup> Fully insured premium rates must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months

If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.

**For experience rated plans, complete the following retention illustration:**

**Retention Illustration (1/1/2007 through 12/31/2007)**

| Retention        | % of Premium |
|------------------|--------------|
| Premium Taxes    |              |
| Contracts / SPDs |              |
| Commissions      |              |
| Risk Charge      |              |
| Profit           |              |
| Other (explain)  |              |
| <b>Total</b>     |              |

**B. VOLUNTARY DENTAL: SELF-FUNDED**

**1. PLAN DESIGN 1 (Options 1a, b, c and d). Current Dental Plan Design**

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Dental Plan Administration    | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Set-up Fee                    |                                            | N/A                                        |
| Monthly Admin Fee (pepm)      |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Aggregate Stop Loss           | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Premium (pepm)                |                                            | N/A                                        |
| Aggregate Factor (composite)  |                                            |                                            |
| Expected Claims               |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

**2. PLAN DESIGN 2 (Options 2a, b and c). Proposed Dental PPO Plan**

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Dental Plan Administration    | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Set-up Fee                    |                                            | N/A                                        |
| Monthly Admin Fee (pepm)      |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Aggregate Stop Loss           | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Premium (pepm)                |                                            | N/A                                        |
| Aggregate Factor (composite)  |                                            |                                            |
| Expected Claims               |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

**3. PLAN DESIGN 3 Carrier-Suggested Dental Plan**

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Dental Plan Administration    | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Set-up Fee                    |                                            | N/A                                        |
| Monthly Admin Fee (pepm)      |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

|                               |                                            |                                            |
|-------------------------------|--------------------------------------------|--------------------------------------------|
| Aggregate Stop Loss           | 1/1/2007 through 12/31/2008 <sup>(1)</sup> | 1/1/2008 through 12/31/2009 <sup>(1)</sup> |
| Premium (pepm)                |                                            | N/A                                        |
| Aggregate Factor (composite)  |                                            |                                            |
| Expected Claims               |                                            |                                            |
| Rate Guarantee <sup>(1)</sup> |                                            |                                            |
| Commissions                   |                                            |                                            |

<sup>(1)</sup> Rates must be guaranteed for a minimum of two (2) years. Thereafter, rates may be adjusted no more than once per year. Indicate if you are offering a rate cap for subsequent years.

**C. GROUP VOLUNTARY LONG TERM CARE INSURANCE**

Provide your group Long Term Care insurance rates for all proposed standard and optional coverages and features.

If experience rated, complete the following retention illustration:

**Retention Illustration (1/1/2007 through 12/31/2007)**

| Retention        | % of Premium |
|------------------|--------------|
| Premium Taxes    |              |
| Contracts / SPDs |              |
| Commissions      |              |
| Risk Charge      |              |
| Profit           |              |
| Other (explain)  |              |
| <b>Total</b>     |              |

Fully insured premium rates must be guaranteed for a minimum period of one (1) year, from January 1, 2007 through December 31, 2007. NDPERS would prefer an initial 24-month rate guarantee. Subsequent renewals must be guaranteed for at least twelve (12) months

If you are offering a rate cap for subsequent years, please note this in the Cost Exhibit.

# XIV. SIGNATURE PAGE

**VENDORS MUST COMPLETE THIS SECTION.**

All deviations from the specifications and other standards included in the RFP must be clearly defined in the prior section. An Officer of your organization must sign this Signature Page. In the absence of any identified deviations, your organization will be bound to all of the terms and conditions outlined in the RFP.

We certify that our proposal complies with the contents of this Request for Proposal, unless noted in the following list of exceptions.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Company Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

Phone Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

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

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

**NOTE: In the case of an electronic proposal submission, your typed name and date above, will be considered a valid signature for this RFP.**

**DRAFT 5/10/2006**

**STATE OF NORTH DAKOTA**

**NORTH DAKOTA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (NDPERS)**

**400 East Broadway, Suite 505  
Bismarck, ND 58502**

**Request For Proposal (RFP)**

**RFP SECTION III – Administration Requirements**

**RFP Title:** Group Voluntary Dental Coverage and Group Voluntary Long Term Care Insurance

**Date of Issue:** May 22, 2006

**Proposal Due Date:** July 6, 2006

**Proposed Effective Date:** January 1, 2007

**NDPERS SHOULD REVIEW ENTIRE SECTION CAREFULLY TO MAKE SURE IT IS SATISFACTORY AND THAT ALL ADMIN REQUIREMENTS HAVE BEEN INCLUDED.**

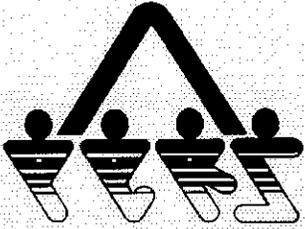
# ADMINISTRATION REQUIREMENTS

**VENDORS MUST COMPLETE THIS SECTION**

## ADMINISTRATIVE REQUIREMENTS FOR THE DENTAL AND LTC PLANS

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                              |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <p><b>PLEASE NOTE:</b> NDPERS currently self-administers the premium and eligibility functions for the dental and LTC plans and wishes to continue doing so.</p>                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/> Noted and understood                                                                                                                |
| 2. | <p>Refer to the following Word Document posted on the website:</p> <p style="text-align: center;">NDPERS Administration Manual.doc</p> <p>Are you able to comply with all of the administration requirements outlined in this manual?</p>                                                                                                                                                                                                                                                  | <input type="checkbox"/> Able to comply with all requirements as outlined<br><br><input type="checkbox"/> Unable to comply with all requirements as outlined |
| 3. | <p>If you are not able to comply with all of the administration requirements as outlined in the NDPERS Administration Manual, provide a <b>DETAILED</b> explanation of those requirements you cannot meet.</p> <p style="text-align: center;">NOTE: It will be assumed you can comply with the requirements as outlined in the NDPERS Administration Manual, unless otherwise noted above.</p>                                                                                             |                                                                                                                                                              |
| 4. | <p>Enrollment and premium remittance will be accomplished on a decentralized basis.</p> <p>The vendor will be expected to receive and process eligibility and premium remittance for active employees in conjunction with 26 different payroll systems. It is anticipated (but not guaranteed) that the format and process will be largely standardized.</p> <p>Retirees must have deductions withheld from PERS Retirement Benefits or arrange for automatic bank payments to NDPERS.</p> | <input type="checkbox"/> Able to comply<br><input type="checkbox"/> Unable to comply                                                                         |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| 5.  | It will be expected that vendor will prepare multiple billings (currently 26 separate monthly billings) and that NO retroactive adjustments will be made for terminated employees.                                                                                                                                                                                                                                                                                                                                          | <input type="checkbox"/> Able to comply<br><input type="checkbox"/> Unable to comply        |
| 6.  | <p>With respect to the dental coverage, is NDPERS allowed to use their own version of enrollment / change forms?</p> <ul style="list-style-type: none"> <li>Note: NDPERS currently uses an "active" and "retiree" form.</li> </ul>                                                                                                                                                                                                                                                                                          | <input type="checkbox"/> Yes <input type="checkbox"/> No                                    |
| 7.  | <p>The vendor will be expected to use "fillable" forms in a pdf format that new hires, retirees and ongoing employees can access on the NDPERS website, print, complete and file with NDPERS.</p> <p><u>NEED NDPERS TO CONFIRM / EDIT ABOVE LANGUAGE ARE THE FORMS PRINTED AND COMPLETED IN HARD COPY? OR ARE THEY FILLED IN ONLINE?</u></p> <p>NDPERS currently incorporates enrollment forms into New Hire, Retirement, Transfer kits which employees access on our website and print, complete and file with NDPERS.</p> | <input type="checkbox"/> Able to comply<br><input type="checkbox"/> Unable to comply        |
| 8.  | The annual open enrollment process will be held each fall. Please provide your timelines for the open enrollment process.                                                                                                                                                                                                                                                                                                                                                                                                   | <input type="checkbox"/> Provided in Section _____<br><input type="checkbox"/> Not provided |
| 9.  | NDPERS staff develops a flyer page for the annual open enrollment. The vendor agrees to review the document prior to circulation for accuracy.                                                                                                                                                                                                                                                                                                                                                                              | <input type="checkbox"/> Agree<br><input type="checkbox"/> Disagree                         |
| 10. | <p>NDPERS periodically requires a mailing label list. Vendor agrees to provide such list.</p> <ul style="list-style-type: none"> <li>In what format will you provide the list?</li> <li>How much time does it take to process a request?</li> </ul>                                                                                                                                                                                                                                                                         | <input type="checkbox"/> Agree<br><input type="checkbox"/> Disagree                         |
| 11. | <p>With regard to the dental plan, vendor agrees to track individual subscriber eligibility for COBRA and alert NDPERS when member approaches limiting age?</p> <p><u>NEED? OR IS THIS ADEQUATELY COVERED IN ADMIN MANUAL?</u></p> <ul style="list-style-type: none"> <li>If you agree, is there an additional cost?</li> </ul>                                                                                                                                                                                             | <input type="checkbox"/> Agree<br><input type="checkbox"/> Disagree                         |



**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

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FAX: (701) 328-3920 • EMAIL: [NDPERS@state.nd.us](mailto:NDPERS@state.nd.us) • [discovernd.com/NDPERS](http://discovernd.com/NDPERS)

# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2006  
**SUBJECT:** Coordination of Benefits

At the last meeting we reviewed a memo from BCBS on coordination of benefits (Attachment #1). As noted in the minutes the Board asked:

The Board raised the question as to how many employees are currently using this benefit, and also of the total banked dollars for 2004, how many were professional versus institutional claims.

Attachment #2 is the response from BCBS.

**BlueCross BlueShield  
of North Dakota**

An independent licensee of the  
Blue Cross & Blue Shield Association



4510 13th Avenue South  
Fargo, North Dakota 58121-0001



April 7, 2006

Mr. Sparb Collins  
Executive Director  
North Dakota Public Employees Retirement System  
400 East Broadway – Suite 505  
P.O. Box 1657  
Bismarck, ND 58501

**SUBJECT: Discontinue COB Banking**

Dear Sparb:

As we previously discussed in March, I indicated that Blue Cross Blue Shield of North Dakota (BCBSND) intended to discontinue administering the "banking" provision currently associated with the Coordination of Benefits (COB) language in the PERS benefit plan, as had been required by the North Dakota Department of Insurance (Department), and that additional information regarding this change was forthcoming. Below please find information regarding this upcoming change.

**COB "Banking" Is No Longer Required**

Under the COB regulations previously adopted by the Department, BCBSND was required to administer these regulations to account for the COB "banking" feature discussed below. In 2004-05, a new National Association of Insurance Commissioners (NAIC) model regulation was drafted, which regulation was adopted by the Department in September 2005 and which became effective on January 1, 2006. The COB "banking" provision is no longer a requirement under these new regulations.

Under the previous regulations, this COB "banking" requirement only impacted those individuals who have dual insurance coverage. As a result of the new COB regulations, even though effective as of January 1, 2006, **BCBSND determined to discontinue administering this provision effective January 1, 2007**, for all health benefit plans. BCBSND determined to continue to offer this provision through 2006 in order to provide time for notification of the upcoming change to employer groups and inform individuals affected by the discontinuation.

### What Is COB "Banking"?

The COB "banking" benefit only affects members with dual insurance when the PERS plan pays secondary.

Under the previous COB regulations as carried through 2006, as the secondary plan, BCBSND (on behalf of the PERS health plan) pays the allowable expenses not paid by the primary plan – up to the primary plan's allowed amount – as long as these charges do not exceed what BCBSND would have paid as the primary plan. If BCBSND's payment as the secondary plan is less than it would have been if BCBSND had been the primary plan, the BCBSND claims processing system calculates what was "saved" on that claim and accumulates ("banks") this amount in the member's name during that year. Amounts accumulated in a member's COB "bank" can only be used for claims for care that the member receives during the same year. The COB "bank" restarts with a zero balance each year.

During the year, as the "savings" in the member's COB "bank" accumulates, the savings is used to reimburse the member for eligible out-of-pocket amounts that are not ordinarily covered, such as copays, deductibles and coinsurance.

The chart below shows COB banking activity for the entire PERS group during 2004 and 2005:

| <b>NDPERS<br/>COB Banking Activity<br/>2004 - 2005</b> |             |             |
|--------------------------------------------------------|-------------|-------------|
|                                                        | <b>2004</b> | <b>2005</b> |
| Total Dollars Banked                                   | \$2,298,797 | \$5,416,286 |
| Total Banked Dollars Used                              | \$206,592   | \$160,654   |
| Percent of Banked Dollars Used                         | 8.99%       | 2.97%       |

*\* "Total Banked Dollars Used" would be savings to the group when the banking process is discontinued.*

*\*\* Banked dollars can only be used for claims incurred during the same calendar year.*

**NOTE: 2004 data reflects professional claims only. 2005 contains both professional and institutional claims activity.**

### COB Banking – Benefits and Challenges of Discontinuing

Benefits of discontinuing this provision:

- PERS will save money;
- Administration of COB is easier for members with dual coverage;

- Confusion for members who have difficulty understanding COB banking is eliminated; and
- Ensures that BCBSND and PERS are compliant with the new COB regulations adopted by the Department.

Challenges in discontinuing this provision:

- Negative feedback from members that currently utilize COB banking.

If you have any questions or would like to discuss further, please call me at (701) 282-1259.

Sincerely,

A handwritten signature in cursive script that reads "Larry Brooks".

Larry Brooks  
Manager, Marketing Consulting Services  
Blue Cross Blue Shield of ND

cc: Chad Niles, BCBSND  
Kathy Allen, PERS  
Bryan Reinhardt, PERS

# BlueCross BlueShield of North Dakota

An Independent licensee of the  
Blue Cross & Blue Shield Association



4510 13th Avenue South  
Fargo, North Dakota 58121-0001

## Memorandum

Date: May 8, 2006  
To: Sparb Collins, NDPERS  
From: Larry Brooks, BCBSND

### SUBJECT: Discontinue COB Banking – Follow up information

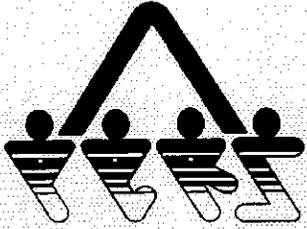
At the April 20 NDPERS Board meeting, BCBSND staff informed the Board our intention to discontinue the COB Banking process. After reviewing the reasons for discontinuance, pros and cons, members of the Board presented 3 additional questions to BCBSND for response. The questions are:

1. How many members represent the \$5,416,286 (from the 2005 figure)
2. How many members represent the \$160,654 (from the 2005 figure)
3. Include institutional figures for the 2004 total dollars banked and for total banked dollars used

Responses to the questions above are contained in the table below.

| NDPERS COB Banking Activity - 2004-2005                                                                |             |               |
|--------------------------------------------------------------------------------------------------------|-------------|---------------|
|                                                                                                        | 2004        | 2005          |
| Total Dollars Banked                                                                                   | \$4,419,244 | \$5,416,286 * |
| Total Dollars Used                                                                                     | \$224,956   | \$160,654 **  |
| Percent of Banked Dollars Used                                                                         | 5.10%       | 2.97%         |
| * The \$5,416,286 represents 3,315 members                                                             |             |               |
| ** The \$160,654 represents 2,158 members                                                              |             |               |
| Percent of members "banking dollars" actually using banked dollars                                     | 65.10%      |               |
| Of 2,158 members using "banked dollars", percent of total members                                      | 3.92%       |               |
| <b>Notes:</b>                                                                                          |             |               |
| 1. "Total Banked Dollars Used" would be savings to the group when the banking process is discontinued. |             |               |
| 2. Banked dollars can only be used for claims incurred during the same calendar year.                  |             |               |

If you have additional questions or would like to discuss further, please call me at (701) 282-1259.



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**Sparb Collins**  
Executive Director  
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---

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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** May 11, 2006

**SUBJECT:** Prenatal Plus Program

At the last meeting the Board reviewed a memo relating to the Prenatal Plus Program (Attachment #1). The Board asked what was paid out in error. Attachment #2 is the response from BCBS.



# Memo

**To:** NDPERS Board  
**From:** Bryan T. Reinhardt  
**Date:** 5/11/2006  
**Re:** Prenatal Plus Program Prenatal Vitamins

The Prenatal Plus Program description on Page 32 of the SPD says, "The Copayment Amount for prenatal vitamins is waived when the Member is enrolled under the prenatal plus program."

The BCBS Pharmacy Benefit Manager, Prime Therapeutics, previously did not have the Prenatal Plus information available, so they processed all prenatal vitamin claims like the member was on Prenatal Plus. They also always used the 15% generic coinsurance, since all available vitamins were generic. There are now some non-formulary prenatal vitamins.

The current prescription drug benefits are:

|              | <u>Generic</u> | <u>Brand Name</u> | <u>NonFormulary</u> |
|--------------|----------------|-------------------|---------------------|
| Copayment:   | \$5.00         | \$15.00           | \$25.00             |
| Coinsurance: | 15%            | 25%               | 50%                 |

The attached email from Onalee says that BCBS can now update Prime Therapeutics on the Prenatal Plus enrollment, and benefits can be properly administered.

If you have any questions I will be available at the NDPERS Board Meeting.

## **BOARD ACTION REQUESTED**

Option 1: Have BCBS administer the prenatal vitamin cost sharing as worded in the SPD. Meaning only members of Prenatal Plus get the copayment waived and the coinsurance applied depends on whether the script is generic, brand, or nonformulary.

Option 2: Process prenatal vitamin claims as they have been processed.

Option 3: Some other variation.

Bryan, here is the current process and I have indicated what we can do to correct this as well. Please take a look and let me know what questions you have ect.

Please review:

Currently the process for the Prenatal Plus Program allows for the copayment to be waived on all prenatal vitamins and 15% coinsurance to apply once that copay is waived on the remainder of the \$'s. This process has been in place since Prime took over BCBSND's RX claims in 1997. The issue with this is that BCBSND and Prime have had no way to talk between the systems to verify that a member actually enrolled in the Prenatal Plus Program so Prime has always just waived the copayment on all prenatal vitamins. In 1997 there were no Non-Formulary Prenatal Vitamins so it was just the 15% coinsurance at that time, so we have just left that process in place, however the SPD does not specifically address the coinsurance amount applied to Prenatal Vitamins. The SPD just addresses that the copayment will be waived for prenatal vitamins once enrolled into the program.

In talking with Prime we can now put a flag out into their system telling them when to waive the copayment as well as allowing the system to apply coinsurance based on what the RX is, whether its generic, brand or non-formulary. We currently have two ways to enroll the member and that is through our Member Service Unit or they can do it via the website, once they are enrolled we send a correspondence down to our Medical Management Dept. and they get them into the system and send out mailings and contact the member to briefly discuss different things with them.

In order to fix how this process works we will now have Medical Management contact our PPN (Pharmacy Staff) here and they will work with Prime to get a Prior Approval out into Prime's system telling them to waive the copayment as they are enrolled into the program. We will also work with prime to allow the system to apply the correct coinsurance based on what the prescription is (i.e. Generic, Brand, Non-Formulary).

Onalee Sellheim  
Consulting Services-Marketing  
701-282-1180

*Confidentiality Notice: This e-mail message and any attachments are for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, distribution or copying is prohibited. If you are not the intended recipient(s), please contact the sender by replying to this e-mail and destroy/delete all copies of this e-mail message*

## Attachment #2

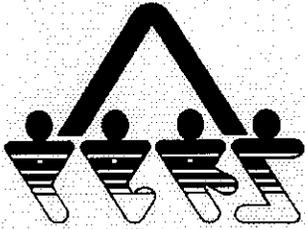
### Memorandum

Date: May 9, 2006  
To: Sparb Collins, NDPERS  
From: Larry Brooks, BCBSND

**SUBJECT: Prenatal Plus Program Prenatal Vitamins – Follow up information**

At the April 20 NDPERS Board meeting, BCBSND was asked to provide the estimated costs of the copayments being waived for all prenatal vitamins claims like the member was on Prenatal Plus, as well as the coinsurance always applying at 15% for these vitamins. A total of 1,194 scripts were identified during the last biennium (claims incurred 7/1/2003 – 6/30/2005 paid through 3/31/2006) with an estimated cost to the plan of \$11,205.

If you have additional questions or would like to discuss further, please call me at (701) 282-1259.



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**Sparb Collins**  
Executive Director  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb & Kathy  
**DATE:** May 11, 2006  
**SUBJECT:** Health Plan Renewal

BCBS will be at the Board meeting to continue our discussions of the health plan as we approach the renewal this August. At this meeting we will be updated on:

1. Medical Management
2. Actuarial Trends

At the June meeting we will be given updates on:

1. Pharmacy
2. Health Dialog

At the last meeting we had an overview from BCBS on the plan performance for the last year. As you may recall, they indicated the health plan trend for the last year was about 10% - 13%. The following table shows what the potential increase in premiums would be based upon that trend.

## Active State Renewal Rate

| NDPERS 2005- 2007 Allocation and 2007-2009 Projection  | NDPERS 2007-2009 Planning Projections |              |              |              |
|--------------------------------------------------------|---------------------------------------|--------------|--------------|--------------|
|                                                        | 5% Trend                              | 7.5% Trend   | 10% Trend    | 13% Trend    |
| 2001-2003 reserve option rate                          | \$409.09                              | \$409.09     | \$409.09     | \$409.09     |
| 2003-2005 reserve option rate                          | \$488.70                              | \$488.70     | \$488.70     | \$488.70     |
| 2005-2007 BCBS full rate                               | \$578.46                              | \$578.46     | \$578.46     | \$578.46     |
| 2005-2007 reserve option rate                          | \$553.94                              | \$553.94     | \$553.94     | \$553.94     |
| 2005-2007 % increase                                   | 13.3%                                 | 13.3%        | 13.3%        | 13.3%        |
| Expected 2007-2009 BCBS rate                           | \$637.75                              | \$668.48     | \$699.94     | \$738.64     |
| Expected available surplus in 2007-2009 (\$0 million)? | \$0                                   | \$0          | \$0          | \$0          |
| Expected 2007-2009 buy down rate                       | \$637.75                              | \$668.48     | \$699.94     | \$738.64     |
| 2007-2009 \$ increase                                  | \$83.81                               | \$114.54     | \$146.00     | \$184.70     |
| 2007-2009 % increase                                   | 15.1%                                 | 20.7%        | 26.4%        | 33.3%        |
| Total additional funds*                                | \$15,836,000                          | \$21,643,000 | \$27,587,000 | \$34,899,000 |
| Total additional general funds**                       | \$7,285,000                           | \$9,956,000  | \$12,690,000 | \$16,054,000 |

\* - For biennium assuming 7,873 FTE's (excludes H.E.)

\*\* - Assumed to be 46% of total funds

Starting in May PERS staff will begin meeting with the PERS Benefits Committee. The focus of these discussions will be on the *health plan design* and the *scope of benefits*. *Health plan design* refers to the deductibles, co-payments and co-insurance. *Scope of benefits* refers to the range of services covered and how they are reimbursed. The primary purpose of this effort is to assist the PERS Board with developing several alternative plan designs to demonstrate the effect funding reductions have on plan design. Second, we need to review the scope of benefits to determine if any changes are necessary and the effect on premiums.

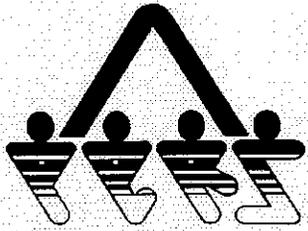
The reason we develop and submit a range of alternatives is so the Governor and the Legislature can see the effects that various levels of funding have on the benefits provided. Back in the 80's the process was different. The Board did not address plan design until final funding was approved by the Legislature. Consequently, the Governor and Legislature considered and debated the percentage increase in health premiums and made a decision on the appropriate increase without considering the effect on plan design or scope of benefits. After this discussion and decision the PERS Board adjusted the benefits to align with the approved funding. The problem with this approach

was that the effect on benefits could be greater than anyone may have anticipated, but by then the legislature had concluded its session. Therefore, since the 90's the Board has used the approach of showing the costs of maintaining the existing plan design and showing several lower cost designs so everyone will have a concept of the effect on benefits that occurs as a result of a lower level of funding.

As we go forward with the renewal the next steps are:

|           |                                                                                                                                                                                                                                   |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June      | PERS reviews the work of the benefits committee and approves the plan designs and scope of benefits. PERS sends to BCBS the plan designs and scope of benefits for renewal.                                                       |
| July      | BCBS and GBS concurrently and independently develop renewal rates for the 2007-2009 biennium.                                                                                                                                     |
| August    | <ol style="list-style-type: none"> <li>1. PERS, BCBS and GBS meet to review the renewal rates developed by both parties.</li> <li>2. PERS Board reviews the renewal rates at a late August or early September meeting.</li> </ol> |
| September | <ol style="list-style-type: none"> <li>1. PERS Board decides to accept the final BCBS renewal rate or go to a general bid.</li> <li>2. PERS Board submits to the OMB the proposed rate for 2005-2009.</li> </ol>                  |

We will likely want to schedule a special meeting to review the renewal estimate and hear from BCBS and GBS. I am suggesting that meeting be sometime the week of August 28.



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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** May 11, 2006

**SUBJECT:** GBS Review and Renewal

Pursuant to our last bid the term of the GBS agreement (2004-2010) is 6 years with 2 year reviews and renewals. Attached is a proposed renewal for 2006-2008. Staff is recommending approval.

## Board Action Requested

To approve the attached renewal with GBS.



May 9, 2006

Mr. Sparb Collins  
Executive Director  
North Dakota Public Employees Retirement System  
P.O. Box 1657  
400 E. Broadway, Suite 505  
Bismarck, ND 58502-1657

Re: Consulting and Actuarial Services

Dear Sparb,

As requested, Gallagher Benefit Services, Inc. (GBS) is providing this letter that summarizes our proposed time charge rates for the continuation of our technical and legislative consulting services. We have also provided our proposed not to exceed fee to provide actuarial and consulting services to assist NDPERS with its 2007 medical plan renewal with BCBSND.

Technical and Legislative Consulting Services

GBS proposes a continuation of our current time charge arrangement that calls for a maximum increase in rates of 5% every July 1<sup>st</sup> of the agreement's term. Our current time charge rates, as provided in our February 23, 2004 proposal (adjusted by the 5% increase) are as follows:

- Actuarial Principal: \$394
- Actuarial Senior Manager: \$299
- Senior Managing Consultant: \$299
- Senior Underwriter: \$184
- Account Manager: \$147
- Administrative Assistant: \$53

We propose that the above rates increase by 5% effective July 1, 2006 and remain in effect through the following June 30, 2007.

6399 South Fiddler's Green Circle  
Suite 200  
Greenwood Village, Colorado 80111-4949  
303.220.7575  
Fax 303.220.7010

Medical Plan Renewal Project

Our estimated not to exceed fee proposal for this project is \$7,965. This fee was developed as follows.

| <u>Position</u>         | <u>Hourly Rate*</u> | <u>Hours</u> | <u>Total</u> |
|-------------------------|---------------------|--------------|--------------|
| Actuarial Principal     | \$394               | 10           | \$3,940      |
| Actuarial Analyst       | \$184               | 10           | \$1,840      |
| Sr. Underwriter         | \$184               | 7            | \$1,288      |
| Sr. Managing Consultant | \$299               | 3            | \$897        |
| Totals                  |                     | 30           | \$7,965      |

\* Hourly rate through 6/30/06. Increase 5% effective 7/1/06

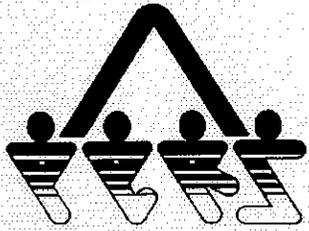
The above assumes that there will be no need for onsite meetings. If meetings are necessary, the time would be billed at our current time charge rates plus actual travel expenses.

Please let me know if we can provide any additional information for you or the Board. We have sincerely appreciated the opportunity to serve NDPERS the past two years and look forward to continuing as its benefit consultant and actuary.

Sincerely,



William F. Robinson, Jr.  
Area Vice President



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# Memorandum

**TO:** PERS Board  
**FROM:** Cheryle  
**DATE:** May 11, 2006  
**SUBJECT:** Rider to Prudential Life Insurance Policy

Attached is a rider to be included in the group life insurance plan booklet. The rider is being added to include contract language concerning coverage for an incapacitated child. This coverage was effective 7/1/05, but Prudential indicated they neglected to forward the update to NDPERS.

The signature of Chairman Jon Strinden is requested.

## RIDER TO BE ATTACHED TO YOUR BOOKLET

### NOTICE OF CHANGE

**Covered Classes:** The "Covered Classes" are these Employees of the Contract Holder (and its Associated Companies): All Employees who are:

#### **Class I**

Permanent Employees employed by a governmental unit, as that term is defined in section 54-52-01. This includes members of the legislative assembly, judges of the supreme court, paid members of state or political subdivision boards, commissions, or associations, full-time Employees of political subdivisions, elective state officers as defined by subsection 2 of section 54-06-01, and disabled permanent Employees who are receiving compensation from the North Dakota workers' compensation fund;

#### **Class II**

Temporary Employees employed by the state, a participating county, city or school district, or any combination thereof, members of the legislative assembly, judges of the supreme or district courts, and elected state officers as defined by the state;

#### **Class III**

Eligible Retirees who are age 55 but less than age 65; have 10 years or more of service; and have an early retirement agreement with a State University or College; and

#### **Class IV**

Individuals entitled to a retirement allowance from a department, board or agency and participates in Basic Employee Term Life Coverage.

Regardless to any provisions of the Booklet to the contrary, for each Class III or IV Employee retired prior to July 1, 2005 and each Class I Employee who was receiving compensation from the North Dakota workers' compensation fund prior to July 1, 2005; if they were covered on June 30, 2005 under a group insurance contract issued by another insurance carrier to cover employees of the Contract Holder for employee term life coverage, then they shall be considered a Covered Person for Coverage mentioned in this Booklet. The Contract Holder decides which Employees will be Covered Persons and for how long. In doing this, the Contract Holder must not discriminate among persons in like situation.

**Effective Date of Change:** The first day on or after July 1, 2005 on which you are insured (see the Booklet-certificate's When You Become Insured section). The Delay of Effective Date section applies to this change.

**Group Contract No.:** G-44374-ND

Your Booklet coded "44374, LIFE-ADD-DEP LIFE, All Ees, Ed -8-2005, 1" is changed as follows:

The **EMPLOYEE AND DEPENDENTS INSURANCE** section of the **When Your Insurance Ends** is enlarged to include the following:

**Continued Coverage for an Incapacitated Child:** This applies to the Dependents Insurance you have for a child. The insurance for the child will not end on the date the age limit in the definition of Qualified Dependent is reached if both of these are true:

- (1) The child is then mentally or physically incapable of earning a living. Prudential must receive proof of this within the next 31 days.
- (2) The child otherwise meets the definition of Qualified Dependent.

If these conditions are met, the age limit will not cause the child to stop being a Qualified Dependent under that Coverage. This will apply as long as the child remains so incapacitated.

All other provisions in your Booklet remain unchanged.

---

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

**AMENDMENT TO GROUP CONTRACT NO. G-44374-ND**

By their signatures below, the Contract Holder and Prudential agree that the Group Contract is changed as follows:

- The Notice of Change listed below is attached to this Amendment and forms part of the Group Contract as of its Effective Date.

Notice of Change coded 83500 BNC 1001 "(44374, BNC, All Ees, 07-01-2005, 3)", effective July 1, 2005.

Date: \_\_\_\_\_, 20

\_\_\_\_\_  
- NORTH DAKOTA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM -  
(Contract Holder)

Witness: \_\_\_\_\_

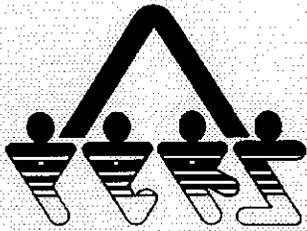
By: \_\_\_\_\_  
(Signature and Title)

Livingston, NJ

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA

April 18, 2006

By: Michael G. Fawcett  
Vice President, Contracts



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# Memorandum

**TO:** PERS Board

**FROM:** Sparb, Deb and Rebecca

**DATE:** May 11, 2006

**SUBJECT:** Employer Based Wellness Program

We are seeking the Board's direction on the question of when an employer group can rejoin the employer based wellness program after terminating participation. As we reported at the last meeting, we have 49 employer groups that have not renewed their participation for the upcoming year (please note that when referring to year we mean the existing worksite wellness program year from July to June). We have corresponded with the wellness coordinator and the head of the employer group concerning this decision and provided them opportunities to reconsider.

Presently we have 160 employer groups that have developed an approved employer worksite program pursuant to the guidelines and will be continuing to receive the discount for the upcoming year. Looked at in terms of members the 160 employer with worksite wellness have 97% of our membership. The 96 (the 49 who did not continue and the 47 who did not start) without a program have 3% of our members.

As we look to the future, we anticipate that one or more of the employers that did not elect to continue may decide at some point in time during the upcoming year that they want to restart their participation and get the discount. The question is should we develop a special procedure to allow this during the year or should we only allow them to rejoin or start the program at the beginning of a new year? The requirements to have an approved program are that they

Employer Based Wellness Program  
Page 2

need to develop a worksite wellness program, submit it to PERS and get our approval. This last year all applications were due by January and we had reviewed and approved them all by April. The premium rates are then set in the system by June and go into effect in July. If we were to allow those employers that elected not to participate to rejoin during the year they would need to submit a worksite program for a short year, get it approved and then their rate would need to be changed prospectively for the remaining part of the year. An advantage of this approach is that it would facilitate more worksite programs. The disadvantages are that whatever would be done would be for a shorter period of time, would have an additional administrative burden and our other employers who followed the procedure may not perceive this to be equitable. The last item we need to consider is that if we are going to allow employers to rejoin the program during the year at some point it becomes too late and when would that time occur. For example an employer wanting to restart about mid year would need to take about a month or two to develop, submit and get approved for a worksite program. This would leave only 4 months to do it which may not be enough time. Therefore, when would be the latest date to submit a program?

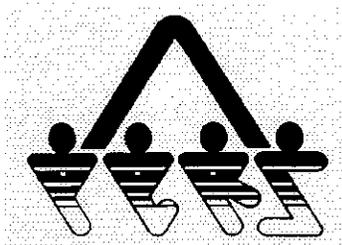
If the board wishes to establish a procedure for allowing employers to restart the program during the year, staff will develop an outline for your consideration at the June meeting.

**Board Action Requested**

To determine if employers should be able to restart participation in the worksite wellness program between the annual renewal date.

**Staff Recommendation**

Allow annual elections only. (Please note that new employers are given the same opportunity that all existing employers did and that is for the first they need to appoint a wellness contract and prepare a plan to get the discount).



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# Memorandum

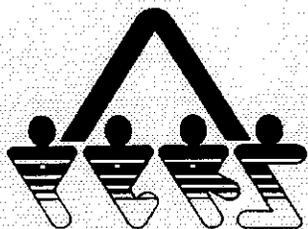
**TO:** PERS Board  
**FROM:** Sparb & Kathy  
**DATE:** May 11, 2006  
**SUBJECT:** Fidelity Review

Two years ago we awarded the contract to Fidelity for the 457 plan and defined contribution plan for 6 years subject to two year reviews. In anticipation of this review several months ago we begin discussions with Fidelity about reducing the administration fee for the 457 plan which is at \$39 per year. While discussions have been ongoing on this we do not have an answer yet but have been advised that we will by the time of the meeting.

From a service perspective we find that Fidelity has been good partner for these programs. They continue to provide sound administrative support, investment services, member services and financial reporting. Based upon these areas staff would recommend continuing with Fidelity subject to finding out what the administrative fee will be for the next two years for the 457 plan.

## **Board Action Requested**

To determine if we should renew the defined contribution plan and 457 with Fidelity.



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**Public Employees Retirement System**  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2006  
**SUBJECT:** Critical Success Factors

Attached for your review and comment are the critical success factors that we have identified for our IT project. Critical Success Factors (CSFs) are the things that have to go right for the project to be a success and are tied to the organizations' vision (what we call our drivers). If they are defined well, CSFs should be:

- Simple to understand
- Able to focus attention on major concerns
- Easily communicated to stakeholders
- Easily monitored
- Easily associated with strategic plans.

Our agency drivers that have been adopted by the Board and are the basis for our business plan are on the left hand side of the matrix and the associated CSF's are on the right hand side. Please let me know if you would like to add any other CSF's or if you think some should be deleted.

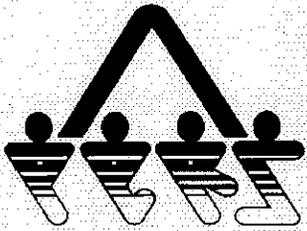
**North Dakota Public Employees Retirement System**  
**Agency Vision and Critical Success Factors**  
**Business System Replacement Project**  
**Phases I & II**

| <u>Agency Vision</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>Critical Success Factors</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Provide an employee benefit package that is among the best available from public and private employers in the upper Midwest.</i></p> <p style="text-align: center;"><b>Philosophy</b></p> <ol style="list-style-type: none"> <li>1. Exercise prudent risk taking</li> <li>2. Administer the law effectively, efficiently and fairly</li> <li>3. Operate at the highest ethical and professional standards</li> <li>4. Provide the highest quality services and benefit programs</li> </ol> | <ol style="list-style-type: none"> <li>1. Ensure new business system will not limit the benefits provided by existing programs.</li> <li>2. Ensure commitment and participation of the Legislature, Governor, ITD, PERS Board, senior management and other decision makers.</li> <li>3. Insure that the cost of the new business system is equitably allocated to all programs</li> <li>4. Foster support and commitment to project success among operational staff, management, PERS Board, ITD, the legislature, and PERS employers and members.</li> <li>5. Develop and publish a well-crafted RFP with effective evaluation criteria.</li> <li>6. Develop understanding of the significance of and difference among: lowest price, best value, and low risk within the context of the needs of our programs.</li> <li>7. Actively pursue a business solution and not a technical masterpiece.</li> <li>8. Maintain an environment that supports prompt decision making, in both the RFP development process and the implementation process.</li> <li>9. Develop a project plan in compliance with state requirements</li> <li>10. Ensure risks have been identified and adequate risk management techniques utilized.</li> <li>11. Ensure the intended purpose and objectives of the system implementation have been met.</li> <li>12. Use good PM processes &amp; meet the requirements of EA Standard STD009-05. (Dirk)</li> </ol> |

| Agency Vision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Critical Success Factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>DRIVER</b><br/><i>Research and evaluate benefit products &amp; services</i></p> <p><b>Philosophy</b></p> <ol style="list-style-type: none"> <li>1. Listen to our members</li> <li>2. Have the best Employee Benefit package in the upper Midwest</li> </ol> <p><b>DRIVER</b><br/><i>Ensure the efficient &amp; accurate administration of member benefits.</i></p> <p><b>Philosophy</b></p> <ol style="list-style-type: none"> <li>1. Meet or exceed published quality standards for our services</li> <li>2. Effectively manage resources for the benefit of our clients.</li> <li>3. Use cost effective technology to support quality service for our clients.</li> <li>4. Plan carefully and follow implementation plans so we “do it right the first time”</li> </ol> | <ol style="list-style-type: none"> <li>1. Ability to set up and run standard reports in publishable format (html, Excel, pdf).</li> <li>2. Provide ability to extract pertinent management and operational metrics.</li> </ol> <ol style="list-style-type: none"> <li>1. Ensure that all business transactions are identified and recorded in the General Ledger.</li> <li>2. Provide accurate tax and compliance reporting to members and tax authorities</li> <li>3. Provide continued timely reporting of member contribution data.</li> <li>4. Deliver a correct retirement check or EFT the first time it is paid and successively thereafter.</li> <li>5. Provide as smooth a transition from old to new as possible with great attention paid to training and to change management.</li> <li>6. Ensure that all changes to member account balances are recorded in the G/L and to Accounts Receivable.</li> <li>7. Ability to post transactions with an effective date</li> <li>8. Ability to process any transaction at any time of the month through the business application systems (including the 13<sup>th</sup> Check).</li> <li>9. Provide sufficient real-time validation to prevent incorrect data from entering the system.</li> <li>10. Apply business rules to consistently enforce processing and eliminate manual and individualized application of rules.</li> <li>11. Provide a workflow system to automate work processes, enforce processing consistency, and allow flexibility to change and modify processes when appropriate.</li> <li>12. Provide a system to allow for an automated testing environment.</li> </ol> |

| Agency Vision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Critical Success Factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p data-bbox="224 1050 251 1923"><b>DRIVER</b></p> <p data-bbox="251 1050 349 1923"><i>Educate members, employers and the public on the value of PERS policies &amp; programs</i></p> <p data-bbox="349 1050 381 1923"><b>Philosophy</b></p> <ol data-bbox="381 1050 734 1923" style="list-style-type: none"> <li data-bbox="381 1050 446 1923">1. Listen with concern to understand and be responsive to our clients.</li> <li data-bbox="446 1050 511 1923">2. Treat our clients with courtesy, dignity and respect.</li> <li data-bbox="511 1050 576 1923">3. Make ourselves and our services as accessible as possible by eliminating physical barriers.</li> <li data-bbox="576 1050 734 1923">4. Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.</li> </ol> <p data-bbox="734 1050 766 1923"><b>DRIVER</b></p> <p data-bbox="766 1050 812 1923"><i>Earn the respect and trust of our clients</i></p> <p data-bbox="812 1050 844 1923"><b>Philosophy</b></p> <ol data-bbox="844 1050 1442 1923" style="list-style-type: none"> <li data-bbox="844 1050 909 1923">1. Operate at the highest ethical and professional standards.</li> <li data-bbox="909 1050 974 1923">2. Treat every person with dignity, respect, courtesy, concern and understanding.</li> <li data-bbox="974 1050 1039 1923">3. Provide the highest quality services and benefit programs</li> <li data-bbox="1039 1050 1442 1923">4. Listen with concern to understand and be responsive to our</li> </ol> | <ol data-bbox="224 172 734 1050" style="list-style-type: none"> <li data-bbox="224 172 289 1050">13. Provide a system which will automate and integrate the current manual processes.</li> <li data-bbox="289 172 354 1050">14. Provide a system which is flexible enough to allow internal IT staff to make minimal modifications when necessary (i.e. legislative changes, etc.).</li> <li data-bbox="354 172 418 1050">15. Ensure adequate controls are incorporated to provide efficient and accurate administration of member benefits.</li> <li data-bbox="418 172 483 1050">16. Ensure thorough systems testing is performed at appropriate stages.</li> <li data-bbox="483 172 734 1050">17. Provide a system where, on demand, complete, user friendly logs and audit reports to track adjustments and changes to data, especially when there are special conditions or when using override procedures is available.</li> </ol> <ol data-bbox="734 172 1442 1050" style="list-style-type: none"> <li data-bbox="734 172 799 1050">1. Allow no retreat from the current level of operational member services</li> <li data-bbox="799 172 1442 1050">2. Deliver information to members and users through a variety of means including the Web, IVR, PC desktop and printed media.</li> </ol> <ol data-bbox="1442 172 1487 1050" style="list-style-type: none"> <li data-bbox="1442 172 1507 1050">1. Continue to achieve high marks from members when asked their opinion of the service they receive from the organization.</li> <li data-bbox="1507 172 1572 1050">2. Maintain a positive working relationship with our participating employers.</li> <li data-bbox="1572 172 1624 1050">3. Provide member access to personal information through a variety of means including the Web, IVR, PC desktop and printed media.</li> <li data-bbox="1624 172 1624 1050">4. Maintain system security to protect the privacy and</li> </ol> |

| Agency Vision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Critical Success Factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>clients.</p> <ol style="list-style-type: none"> <li>5. Treat our clients with courtesy, dignity and respect.</li> <li>6. Make ourselves and our services as accessible as possible by eliminating physical barriers</li> <li>7. Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.</li> </ol>                                                                                                                                                                                                                                                                                                                                                               | <p>confidentiality of personal member information in compliance with federal and state laws.</p> <ol style="list-style-type: none"> <li>5. Ensure thorough testing is performed at appropriate stages.</li> </ol>                                                                                                                                                                                                                                                                                                   |
| <p><i>Attract and retain a competent and highly motivated work force</i></p> <p><b>DRIVER</b></p> <p><b>Philosophy</b></p> <ol style="list-style-type: none"> <li>1. Foster a climate where staff supports team efforts, focuses on positive solutions and assumes responsibility for team results.</li> <li>2. Encourage staff to question, innovate and grow by authorizing staff to assume responsibility.</li> <li>3. Support and encourage continuous personal and professional growth.</li> <li>4. Contribute to each others success by offering training, guidance, support, assistance and opportunities for growth.</li> <li>5. Demonstrate respect for coworkers and recognize the value of our diversity.</li> </ol> | <ol style="list-style-type: none"> <li>1. Ensure that staff has buy-in in the solution and the change process.</li> <li>2. Develop a project implementation methodology that recognizes the additional workload and responsibility associated with implementation of a new business system and minimizes the associated stress on PERS staff.</li> </ol>                                                                                                                                                            |
| <p><i>Maintain actuarial and financial soundness of the funds</i></p> <p><b>DRIVER</b></p> <p><b>Philosophy</b></p> <ol style="list-style-type: none"> <li>1. Prudent risk taking</li> <li>2. Efficient administration</li> <li>3. Effectively manage resources for the benefit of our clients</li> <li>4. Meet or exceed published quality standards</li> </ol>                                                                                                                                                                                                                                                                                                                                                                | <ol style="list-style-type: none"> <li>1. Provide continued provision of timely, accurate data to actuaries</li> <li>2. Provide continued provision of timely, accurate data to external auditors, State Auditors and the Office of Management &amp; Budget</li> <li>3. To incorporate in new system appropriate internal financial controls</li> <li>4. Ensure adequate appropriate internal financial controls in the systems.</li> <li>5. Ensure thorough testing is performed at appropriate stages.</li> </ol> |



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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** May 11, 2006

**SUBJECT:** Business Replacement Project – Business Plan/Board Planning Efforts

This memo will begin a two part assessment of how we can accommodate the additional workload associated with the business replacement project. This assessment will look at our available resources and our ability to reduce our workload. In this memo we will provide a background discussion of our available resources and an overview of which work efforts we can reduce or defer. In June we will look at our available resources with a specific plan of action along with its staffing/budget implications.

## Background – Available Resources

In terms of our available resources please note that the business replacement plan comes at a time when we are already thin in our staff resources because of many efforts that have come to the agency in the last 24 months including:

- Providing support, training and oversight for the benefits component of PeopleSoft.
- The increase in purchases
- Managing the deferred comp contributions in house

- The Medicare Rx program
- The new wellness program administration
- The mainframe migration project
- Greater demand for counseling for retirement and health.
- More retirements (see attached projections)

In addition to the added workload and due to turnover in the accounting area and our support area for PeopleSoft we are backlogged in these areas at this time as well. Due to the efforts that we have absorbed and the turnover in certain areas we know that we have no available resources to draw upon. Therefore as we examine this area in June we will be looking at the level of additional staff resources necessary for the project.

### **Workload Changes**

As we look at what workload changes we can make in the business plan we find that most of our work efforts we are required to do, and therefore we cannot defer them. For those we can change, most are high profile and relate to added employer/member services we have been providing. Attached is the business plan with the efforts highlighted that we think will be altered as a result of the project or for other reasons. Generally some of the major items are:

- We do certain outreach efforts such as the two major PreRetirement Seminars and we are available for one employer based seminar each month. We will no longer be able to support this level of effort. Consequently we are thinking of limiting this to one major PreRetirement Seminar and one employer based each quarter or six months.
- We go out to work sites to explain our programs to employers who are thinking about joining one or more of our plans. We will need to limit these to mainly telephone call orientations.
- We had as a goal in our business plan to begin doing one on one counseling at employer work sites. We will not be able to start this effort.

- We are doing the Medora Seminar this year for retirees. Our ability to continue this will need to be reviewed with the next business plan.
- Timeframes will need to be moved back for the purchase efforts.
- Internal Audit activities will need to be reoriented to more external activities since our business environment will be changing and PERS staff will not be available
- We are going to continue to try and do active annual statements but whether or not we will be able to will be contingent upon some changes that were made this last winter. We will be testing it in the next several weeks, however if problems persist or new problems develop we may need to talk about suspending this effort. Similarly we are going to continue to try do the retiree annual statements.

In addition to the office work efforts, there are also the special efforts identified by the Board at the planning meeting in October. The following is a list of those efforts, their present status and our thoughts on whether or not we will be able to proceed on them this year (those in italics staff would propose deferring).

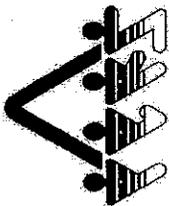
| <b>Board Planning Effort</b>                        | <b>Status</b>                     |
|-----------------------------------------------------|-----------------------------------|
| High Deductible Health Plan Health Savings Accounts | Done                              |
| Education for Membership                            | Ongoing                           |
| Gain Sharing/Political Subdivisions                 | Will be reviewed this summer      |
| Purchases of Airtime                                | Done                              |
| Interest on Member Accounts                         | Done - Legislation Proposed       |
| Retiree Health Credit on Family Coverage            | Done - Legislation Proposed       |
| Retiree Health Credit Increase                      | Done - Legislation Proposed       |
| VEBA                                                | Done - Legislation Proposed       |
| <i>CEM Report</i>                                   | <i>Need to consider deferring</i> |
| New Board Member/Trustee Education                  | Done                              |
| <i>Communications Review</i>                        | <i>Need to consider deferring</i> |

As the attached and the above show, our ability to reduce efforts is limited.

NDPERS Main System (Analysis does not include non-retirement turnover)

|                    | 7/1/2001 | 7/1/2002 | 7/1/2003 | 7/1/2004 | 7/1/2005 | 7/1/2006  | 7/1/2007  | 7/1/2008  | 7/1/2009  | 7/1/2010  |
|--------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| <b>Retirements</b> |          |          |          |          |          | Projected | Projected | Projected | Projected | Projected |
| Normal             | 92       | 89       | 114      | 110      | 91       | 117       | 127       | 132       | 155       | 188       |
| Rule of 85         | 95       | 92       | 145      | 122      | 143      | 168       | 192       | 216       | 236       | 238       |
| Early              | 109      | 100      | 106      | 82       | 116      | 118       | 122       | 133       | 143       | 153       |
| Disability         | 23       | 24       | 34       | 25       | 24       | 27        | 27        | 26        | 26        | 25        |
| <b>Total</b>       | 319      | 305      | 399      | 339      | 374      | 430       | 468       | 507       | 560       | 604       |

|                       | 7/1/2001 | 7/1/2002 | 7/1/2003 | 7/1/2004 | 7/1/2005 | 7/1/2006  | 7/1/2007  | 7/1/2008  | 7/1/2009  | 7/1/2010  |
|-----------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| <b>Active Members</b> |          |          |          |          |          | Projected | Projected | Projected | Projected | Projected |
| Normal Eligible       | 336      | 426      | 466      | 442      | 481      | 523       | 542       | 637       | 772       | 922       |
| Rule 85 Eligible      | 361      | 470      | 484      | 532      | 619      | 708       | 797       | 870       | 879       | 894       |
| Early Eligible        | 1945     | 2281     | 2452     | 2511     | 2662     | 2745      | 3000      | 3228      | 3456      | 3431      |
| Vested                | 9599     | 9441     | 9527     | 9840     | 9850     | 9795      | 10198     | 10763     | 11493     | 10793     |
| Non-Vested            | 4453     | 4421     | 4172     | 4197     | 4133     | 4234      | 3468      | 2507      | 1405      | 1965      |
| <b>Total Members</b>  | 16694    | 17039    | 17101    | 17522    | 17745    | 18005     | 18005     | 18005     | 18005     | 18005     |



# North Dakota Public Employees Retirement System 2006 Business Plan

## Agency Driver and Philosophy

### Driver

*Provide an employee benefit package that is among the best available from public and private employers in the upper mid-west.*

### Philosophy

- Exercise prudent risk taking.
- Administer the law effectively, efficiently and fairly.
- Operate at the highest ethical and professional standards.
- Provide the highest quality services and benefit programs.

## DEFINED BENEFIT HYBRID PLAN

### Goals and Objectives

1. The goal of NDPERS is to enable career employees to care for themselves and their dependents at retirement and to provide a plan that will reduce personnel turnover and encourage career employment to high grade men and women.
2. The goal of NDPERS is to establish a mechanism to insure that career employees can care for themselves and their dependents in retirement by maintaining the purchasing power of current retirement benefits.
3. In order to improve the desirability of state and political subdivision employment the goal of NDPERS is to develop more options on how a member could access, contribute to, supplement, and draw their retirement funds.
4. In order to insure that members will be better able to care for themselves and their dependents in retirement and to improve the desirability of state and political subdivision employment the goal of NDPERS is to provide incentives and rewards to members who engage in supplemental retirement savings.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Comments |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <ol style="list-style-type: none"> <li>1. Continue benefits planning process for retirement plan in 2006.</li> <li>2. Prepare and submit legislation to PERS Board by February 2006.</li> <li>3. Work with consultants to do technical and actuarial analysis at request of Board or legislative committees in preparation for 2007 session.</li> <li>4. Initiate renewal process for disability consulting service by May 1.</li> <li>5. Confer with Highway Patrol administration to determine indexing rate and submit to Board at August meeting.</li> <li>6. Revise administrative rules and provide to BPR division by designated date.</li> <li>7. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. Summer 2006</li> </ol> |          |

## HEALTH PLAN

### Goals and Objectives

1. The goal of the health program is to provide understandable options at affordable premiums which protect public employees and their families from excessive medical expense.
2. Promote positive competition through PERS or group purchasing initiatives with providers who emphasize and practice the principles of continuous quality improvement.
3. To develop and maintain an information data base on quality and costs.
4. To provide information and assistance in community, legislative and national matters related to health care services.
5. To consider modifications and improvements to the benefit plan design that can be accomplished within the constraint of available funding.
6. The goal of the Group Medical Insurance Program is to encourage healthy lifestyles and preventative attitudes in an effective and cost efficient manner.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Comments</b>                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. To maintain the PPO and monitor expansion of the PPO program and report number of new additions to the network to Board annually.</li> <li>2. Continue to evaluate EPO program.</li> <li>3. To investigate the feasibility of providing a flu shot program (fall 2006)</li> <li>4. To work with the Employee Council on an annual wellness day at the Capital (fall 2006)</li> <li>5. Begin Benefits Planning Process for health plan for 7/1/2007 renewal.</li> <li>6. Monitor and promote smoking cessation program for state employees.</li> <li>7. Monitor implications of MedicareBlue PDP plan on PERS retiree health plan.</li> <li>8. Provide notice of rate increase to participating employers and direct billed and ACH participants that joined plan after 7/1/05 by July 1, 2006.</li> <li>9. Provider notice of rate increase to all members on Medicare rates prior to January 1, 2007.</li> <li>10. Promote My HealthConnection program to PERS active employees in conjunction with Health Dialog and BCBS.</li> <li>11. To continue to promote application process for Wellness Benefit Program funding for agency based on-site wellness programs (ongoing).               <ol style="list-style-type: none"> <li>a. Coordinate with committee for evaluation of applications.</li> <li>b. Communicate status of application to employers.</li> <li>c. Verify and submit program expenses for reimbursement.</li> <li>d. Track program statistics regarding number of programs approved and dollars reimbursed and report to board on quarterly basis.</li> </ol> </li> <li>12. Monitor and evaluate wellness initiatives for Employer Based Wellness Program at agency &amp; participating sub level in conjunction with premium incentive policy.               <ol style="list-style-type: none"> <li>a. Correspond with all participating employers regarding program and application process for 2007.</li> <li>b. Review and verify applications in conjunction with premium incentive policy and notify employers of application status.</li> </ol> </li> </ol> | <p>This is an effort that Sharmain does, while we may be able to do this again this year, during the project it will become very difficult. It may be something that COSE will have to take on.</p> |

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Comments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>13. Maintain employer distribution list.</p> <p>14. Assist in designing and conducting Wellness Forum for participating employers. September 2006</p> <p>15. Maintain database of BCBS monthly data on health plan performance, specifically, Surplus/Affordability report; quarterly and annual utilization; (ongoing)</p> <p>16. Medicare data match (federally mandated) ongoing</p> <p>17. Prepare and distribute large agency/employer report annually. Summer 2006</p> <p>18. Annually track health plan changes, analyze their effects and report to NDPERS Board.</p> <p>19. Finalize analysis of health rates for 2007-09 (Summer/Fall 2006)</p> <p>20. Assist in evaluating and analyzing rate information for health insurance program. (Spring 2006?)</p> <p>21. Continue to work on aligning health care plan with Medicare Part D with retiree group and the NDPERS Board.</p> <p>22. Work with UND Medical School and employers to pilot employee based wellness initiative.</p> <p>23. Measure employer based wellness health utilization and report outcomes to NDPERS Board. Dec 2006</p> <p>24. Collect and evaluate employer based wellness plan updates Dec 2006</p> <p>25. Collect and evaluate employer based wellness plan proposals Jan 2007</p> <p>26. Provide support to Worksite Wellness Steering Committee by being a member of the committee, attending meetings and providing input to the group. Ongoing</p> |          |

**LIFE INSURANCE PLAN**

**Goals and Objectives**

1. The goal of the Group Life Insurance Program is to provide for a single, understandable and non-discriminatory life insurance plan to members at affordable premiums.
2. To supplement the existing life insurance program with other programs.
3. Have a premium structure that is the lowest and best available.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Develop proposed legislation and submit to Board by February 2006 board meeting.</li> <li>2. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. Summer 2006</li> <li>3. Review and create rate tables' life and health as is necessary. June 2006</li> </ol> |  |

**VOLUNTARY GROUP INSURANCE PLAN**

**Goals and Objectives**

The goal of the Voluntary Group Insurance Programs is to provide for comprehensive and non-discriminatory plans to members at affordable premiums.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
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| <ol style="list-style-type: none"> <li>1. Initiate RFP process for dental plan;               <ol style="list-style-type: none"> <li>a. Develop RFP for consultant services</li> <li>b. Coordinate with selected consultant to develop draft RFP</li> <li>c. Submit final draft to board at May 2006 meeting</li> <li>d. Submit final proposal review analysis and recommendation to board at August 2006 meeting.</li> <li>e. Work consultant and new carrier on plan transition and implementation on 1/1/07</li> </ol> </li> <li>1. Initiate RFP process for LTC plan.               <ol style="list-style-type: none"> <li>a. Same as 1-e above</li> </ol> </li> </ol> |  |

**457 DEFERRED COMPENSATION PLAN**

**Goals and Objectives**

Provide a supplemental retirement plan that will allow employees to augment their retirement benefits.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                            |  |
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| <ol style="list-style-type: none"> <li>1. Coordinate with Companion plan administrator to conduct at least two financial planning education seminars for plan participants during the year; one in the spring and the other in the fall.</li> <li>2. Monitor enrollment through expedited process and continue to promote program to employers.</li> </ol> |  |

**401 (a) DEFINED CONTRIBUTION PLAN**

**Goals and Objectives**

1. To provide an alternate defined contribution retirement plan that offers a diversified set of mutual fund options.
2. To provide information to each eligible employee in a timely manner.
3. To establish investment guidelines for the funds and review their performance on a regular basis.
4. To provide the members the opportunity for investment education.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
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| <ol style="list-style-type: none"> <li>1. To provide to each employee an election packet and seek their response within the first six months of employment. Track number of contacts and new enrollees in program for annual report to Board.</li> <li>2. Coordinate with 401(a) plan administrator to conduct at least two financial planning education seminars for plan participants during the year; one in the spring and the other in the fall.</li> </ol> |  |

**FLEXCOMP PROGRAM**

| Projects                                                                                                                                                                                                                                                                                                                                                                                                         |  |
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| <ol style="list-style-type: none"> <li>1. Continue to monitor and assess the PeopleSoft claims processing software.</li> <li>2. Implement new grace period option working with IT to program PeopleSoft system to accommodate the required recordkeeping.</li> <li>3. Communicate the new grace period option to employers and employees. Update all communication materials and amend Plan Document.</li> </ol> |  |

**AGENCY**

**Agency Driver and Philosophy**

**Driver**

*Ensure the efficient & accurate administration of member benefits.*

**Philosophy**

- Meet or exceed published quality standards for our services.
- Effectively manage resources for the benefit of our clients.
- Use cost effective technology to support quality service for our clients.
- Plan carefully and follow implementation plans so we "do it right the first time".

**Goals and Objectives**

Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comments                                                                                    |
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| <ol style="list-style-type: none"> <li>1. Conduct monthly Programs Meetings as a forum to discuss and communicate program, policy, or procedural changes in process or implementation phase at working group level to facilitate integration across program areas.</li> <li>2. Conduct and monitor the monthly program specific "Quality Working Group" meeting concept as a catalyst to identify issues affecting services and to assess, recommend, implement and communicate changes or new administrative policies and procedures.</li> <li>3. Retain and maintain a qualified, fully trained staff to counsel members and maintain ongoing relationship throughout retirement career.</li> <li>4. Respond to purchase &amp; repurchase inquiries within 10 business days</li> <li>5. Respond to benefit calculation requests and member inquiries related to all benefit programs within 5 business days of receipt.</li> <li>6. Generate and distribute annuitant checks by the 1<sup>st</sup> business day of the month.</li> <li>7. Process 90% of verified FlexComp claims within 3-5 business days and within 4-7 business days from January – April of calendar year when dual plan year processing occurs.</li> <li>8. To maintain/increase member understanding of the PERS benefits as measured in the biennial survey</li> <li>9. To maintain a 3.5 average on the daily report cards for each program area.</li> <li>10. Continue to provide benefit programs support for phase II of ConnectND project.</li> <li>11. Provide support and service to employers that elect to join the law enforcement plan.</li> <li>12. Promote ACH services for direct billed members for health and COBRA premiums effective 8/1/06.</li> <li>13. Prepare COLA calculation and provide recommendation for increase to Board at its October meeting and calculate increase and update all Job Service and Travelers member records by 12/1/06.</li> <li>14. Investigate feasibility of terminating Travelers contract for administrative services and assuming responsibility of COLA payments to Job Service retirees.</li> </ol> | <p>Time frames for these tasks will need to be extended to may be 15/20 and 10/15 days.</p> |

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Comments                                                                                               |
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| <p>15. Investigate feasibility of Travelers transferring balance of paid-up annuity account to PERS to make 100% payment to annuitants.</p> <p>16. Work with PERS IT to review and recommend new software for administration of Job Service program.</p> <p>17. Assist in review and update of the PeopleSoft Benefits Administration open enrollment procedures and materials provided to state agencies. Summer 2006</p> <p>18. Assist in developing user guide for employees to access benefit information through PeopleSoft e-benefits.</p> <p>19. Support and develop distribution of outreach programs</p> <ul style="list-style-type: none"> <li>• Pre-Retirement Education Program (PREP)</li> <li>• Portability Enhancement Provision (PEP)</li> <li>• New Employer Groups</li> <li>• Provider Training-Deferred Comp</li> <li>• PeopleSoft Benefit Administration User Trainings</li> </ul> <p>20. Coordinate a Retiree Seminar in Medora, North Dakota, August 15 and 16, 2006</p> <p>21. Participate on the project team for the business system replacement project.</p> <p>22. Provide ACH files to Bank of North Dakota to facilitate direct deposit of retirement checks on the first working day of each month.</p> <p>23. Provide ACH files to Bank of North Dakota to facilitate payment of insurance premiums by the 5<sup>th</sup> of each month.</p> <p>24. Generate and mail monthly IBS billings by the end of each month.</p> <p>25. Process enrollment forms, designation of beneficiary forms and address changes daily/weekly.</p> <p>26. Process batch data entry within one day of receiving.</p> <p>27. Prepare calculations for transfers to other retirement plans (DC &amp; TIAA CREF) within 3 business days.</p> <p>28. Post contributions for defined contribution participants and transfer funds to carrier within 3 business days of receiving information in good order.</p> <p>29. Post contributions for deferred compensation participants and transfer funds to providers within 3 business days of receiving information in good order.</p> <p>30. Coordinate programming requests for modifications to the PeopleSoft FSA module with ConnectND IT project team. (ongoing)</p> <p>31. Determine why the program that compares the electronic billing files from the vision insurance carrier to the premium payment files does not prepare accurate exception reports that can be used when reconciling the monthly billing. Work with ITD and vision carrier as necessary.</p> <p>32. Develop procedures for notifying retirees of insurance premium adjustments and documenting adjustment in member file.</p> <p>33. Review and update the PeopleSoft Benefits Administration open enrollment procedures and materials for the Fall 2006 enrollment.</p> <p>34. Participate as a member of the ConnectND project team.</p> <p>35. Update benefit eligibility tables in PeopleSoft to allow part time/temporary employees the ability to enroll in the defined contribution plan.</p> <p>36. Participate on the project team for the business system replacement project.</p> | <p>This project will likely be deferred to next year due to system changes relating to PeopleSoft.</p> |

**Goals and Objectives**  
 Promote consistent administration of benefit programs for participating employer groups.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Comments                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>Projects</b></p> <ol style="list-style-type: none"> <li>1. Publish and distribute quarterly PERSONNEL Updates newsletter to all authorized agent/payroll contacts.</li> <li>2. Develop an on-line presentation segregated by plan for new authorized agent training.</li> <li>3. Review and update all kits, forms, SPDs, communication materials, and employer guide as in compliance with schedule to assist participating employers in the consistent administration of benefits for members hired or leaving employment.</li> <li>4. Develop and implement web based education program for authorized agents.</li> <li>5. Staff committee to research and provide recommendations to facilitate the implementation of an e-mail based communication model for participating employers.</li> <li>6. Coordinate revision and promulgation of administrative rules as needed.</li> <li>7. Submit final draft of rules to NDPERS Board for approval. January 2006</li> <li>8. Submit approved rules with required documentation to Attorney General's office for review. February 2006</li> <li>9. Submit approved, reviewed rules to legislative counsel for formal promulgation. June 2006</li> <li>10. Attend Legislative Rules Committee follow-up meeting for promulgated rules. June 2006.</li> <li>11. Assist in providing training to Peoplesoft/HR payroll users as needed.</li> <li>12. Assist in updating Peoplesoft Benefits Administration user manuals and training exercises as is necessary.</li> <li>13. Provide feedback and other assistance as necessary to publish Peoplesoft benefits administration bulletins and distribute to payroll users.</li> <li>14. Assist in effort to follow-up with state agencies to assist in processing open events on PeopleSoft Benefits Administration prior to monthly payroll cutoff as needed.</li> </ol> <p>Provide support in the following areas:</p> <ol style="list-style-type: none"> <li>15. Updating PeopleSoft Benefits Administration user manuals and training exercises.</li> <li>16. Publishing PeopleSoft Benefits Administration Bulletins and distribute to payroll users on an as needed basis.</li> <li>17. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month.</li> <li>18. Train new PeopleSoft HR/Payroll Users</li> <li>19. Coordinate a Retiree Seminar in Medora in August 2006.</li> <li>20. Provide employers with monthly retirement transmittals by the end of each month; deferred comp transmittals according to employer payroll frequencies; and group insurance billings by the 5<sup>th</sup> of each month.</li> <li>21. Update employer manual within 60 days of making a change in any employer reporting procedures.</li> <li>22. Follow up on employer retirement contribution reporting errors within 30 days of discovery. Calculate</li> </ol> | <p>While we are presently working on this project, it may not get completed this year.</p> <p>While we need to continue to do these efforts, we will need to broaden the number of staff that is trained in this area which may have an effect on some other duties yet to be identified.</p> <p>Due to turnover, PeopleSoft and the IT</p> |

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comments                                                                                                                                                             |
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| <p>amount due to/from the employer within 30 days of receiving necessary information from employer. Prepare adjustments to member accounts within 30 days of posting contributions to member's account. (Additional processing time may be necessary depending on the number of employees/years affected by the error)</p> <p>23. Determine if a purchase transmittal form needs to be developed to accommodate employer reporting of pre-tax and after tax purchase payments. If necessary, develop the form.</p> <p>24. Work with OMB to provide training for new PeopleSoft HR/Payroll users</p> <p>25. Update PeopleSoft Benefits Administration user manuals and training exercise to reflect the upgrade to version 8.9</p> <p>26. Publish PeopleSoft Benefits Administration Bulletins and distribute to payroll users on an as needed basis.</p> <p>27. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month.</p> | <p>replacement project we are not able to keep this schedule. As we discuss resources in June we will need to discuss additional staffing to assist in this area</p> |

**Goals and Objectives**

Continue to work with ITD to identify, from a records management perspective, the specifications and standards necessary for implementation of an electronic information and records system program for PERS.

| Projects                                                                                                                                                                                                                                                                                                                                                                  | Comments                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Continue to work with ITD on developing and upgrading FileNet.</li> <li>2. Work towards electronic paper flow (paperless office), including 3 phases: Phase 1 research other companies/agencies who have completed an electronic paper flow project; Phase 2 research agency paper flow; and Phase 3 implementation.</li> </ol> | <p>Note: Will do the research/education phase but major actions on this are deferred as a result of our emphasis on the business replacement project.</p> |

**Goals and Objectives**

Promote centralization of agency records, publications, marketing materials, forms, & e-mail.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
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| <ol style="list-style-type: none"> <li>1. Purge records according to the North Dakota Century Code annually.</li> <li>2. Continue to work with the task force on electronic forms completion. Test several forms with electronic signature and submission.</li> <li>3. Update Business Plan to include project time lines.</li> <li>4. Maintain all forms development and design in house.</li> <li>5. Maintain the design and layout of kits.</li> <li>6. Maintain forms and kits on the web.</li> </ol> |  |

**Goals and Objectives**

Continue to work with in all areas of the agency to monitor workflow changes. Analyze service delivery operations to determine methods for increasing efficiency or quality.

| Projects                                                                                                                                                                     |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Continue to work through the program areas to streamline processes and procedures where possible or requested by staff.</li> </ol> |  |

**Goals and Objectives**

To seek out ways to provide, store, and record board materials and actions in a timely, efficient and paperless manner.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                           |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"><li>1. Produce and deliver Board books within 5 days of Board meeting.</li><li>2. Have meeting minutes prepared for the next meeting.</li><li>3. Provide all Board materials via website to download for the interest groups.</li><li>4. Create an electronic copy of all Board materials beginning with 1989</li></ol> |

**Goals and Objectives**

Promote the efficient delivery of services and administration of the Administrative Division to the Programs Division, Accounting/IT Division, FlexComp, and Member Services.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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|  | <p><u>Group Insurance – (Active)</u></p> <ol style="list-style-type: none"><li>1. Continue to process all applications accurately on a daily basis.</li><li>2. Start data verification process on all active applications.</li><li>3. Respond to deadlines for billings</li><li>4. Process dependent drop letters within 2 business days of receipt from BCBS.</li><li>5. Process COBRA notices within 1 business day.</li><li>6. Provide BCBS with daily delivery of applications.</li><li>7. Respond to deadlines outlined on the operational calendar.<ul style="list-style-type: none"><li>• Keying adjustments</li><li>• Mailing billings</li></ul></li></ol> <p><u>Group Insurance – (Retiree)</u></p> <ol style="list-style-type: none"><li>1. Process retiree applications accurately on a daily basis.</li><li>2. Start data verification on all retiree applications.</li><li>3. Maintain excel file (file used by member services and administrators to respond to phone calls)</li><li>4. Process nearing age 65 letters within 2 business days of receipt from BCBS.</li><li>5. Process Medicare Part D applications accurately and timely and maintain spreadsheet to be e-mailed to BCBS weekly.</li></ol> <p><u>Life Insurance –</u></p> <ol style="list-style-type: none"><li>1. Maintain daily process and communication to payroll and member on Life Insurance applications</li><li>2. Maintain procedures established and approved by the NDPERS Board for annual enrollment.</li></ol> |

## Projects

Retirement –

1. Process new retiree applications on a daily basis
2. Continue to process all other applications on a daily basis.
3. Respond to benefit estimates on a daily basis.
4. Respond to correspondence on a daily basis.
5. Respond to deadlines outlined on the operations calendar.
6. Process defined contribution eligibles' on a daily basis.
7. Process for mailing on the first business day of the month.
  - First Retirement Check & Letter
  - Refund/Rollover checks
  - TIAA-CREF letters
  - 1099r for deceased

Deferred Comp –

1. Continue to process all applications on a daily basis.
2. Provide accurate and timely correspondence to agents and provider companies.
3. Maintain accurate continuing education records on the company agents.
4. Maintain deferred comp database in a timely manner

Incoming and outgoing Mail –

1. Ensure proper handling of incoming and out going mail.
2. Meet the deadline given on large mailings
3. Ensure that the 4 postage accounts balance
4. Ensure that the 4 postage accounts have adequate funds
5. Ensure the most cost effective way of sending out information.
6. Have incoming and outgoing mail backed up 5 deep.

Procurement –

1. Ensure an ample supply of office supplies, paper, and envelopes are available.
2. Ensure and maintain efficient use of the office equipment. (Copiers, postage equipment, inserter/stuffing machine, smart mailer, phones)

Back-up Duties –

1. Have incoming and outgoing mail duties backed up by all Administrative Services staff.
2. Have day-to-day duties backed up.

Assess the administrative services needs of the agency.

| Projects                                                                                                                                                                                                                                                                     |  |
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| <ol style="list-style-type: none"> <li>1. Survey Managers, Administrators, Specialists and Auditor to identify level of needs by 7/31/06</li> <li>2. Categorize and prioritize the needs by 9/30/06</li> <li>3. Develop a plan to implement the needs by 10/30/06</li> </ol> |  |

**Goals and Objectives**

Retain and maintain a qualified, fully trained staff to support the program division, accounting/IT division, FlexComp, Internal Auditor and member services.

| Projects                                                                                                                                                                                                                                                                                                 |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Conduct monthly team meetings and individual meetings to discuss and communicate program, policy or procedural changes in process or implementation phase.</li> <li>2. Update each employee's PIQ to accurately reflect their job responsibilities.</li> </ol> |  |

**Goals and Objectives**

Monitor software and mainframe applications to ensure consistent and accurate administration of benefit programs.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Comments                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <ol style="list-style-type: none"> <li>1. Provide input and make recommendations for programming changes through monthly Steering Committee meetings.</li> <li>2. Assist in testing new applications and data provided for active and retiree annual statements. 8/06 &amp; 12/06</li> <li>3. Provide staff support to IT division to facilitate migration of mainframe software programs to a windows based environment.</li> <li>4. Provide staff support to IT Division to evaluate and make recommendations regarding replacement of existing mainframe benefits administration system.</li> <li>5. Conduct cross reference audits of retiree data.             <ul style="list-style-type: none"> <li>- Complete quarterly cross reference of retiree data against Dept of Vital Records death database</li> <li>- Conduct annual cross match with private vender, subject to price.</li> <li>- Conduct cross match with Social Security Administration periodically, subject to price and availability. (annually)</li> </ul> </li> <li>7. Provide matches to Programs Division for follow-up.</li> <li>8. Test PeopleSoft FSA &amp; Benefits Administration modules as needed in conversion to 8.9.</li> <li>9. Report issues that are discovered with PeopleSoft FSA or Benefits Administration.</li> </ol> | <p>We are still planning on doing annual statements this year for actives; however, the testing for this is behind schedule since ITD is behind schedule in getting us the information. This is an effort we will need to monitor and the status may change in the next month or so. Depending on how the changes go this will influence our decision on whether or not we will be able to do this during the project.</p> |

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comments                                                                                                                          |
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| <p>10. Conduct monthly steering committee meetings, prioritize and assign programming requests that are submitted, and distribute an updated programming request list to steering committee members.</p> <p>11. Complete all projects with critical or legislative deadlines on time and on budget.</p> <p>12. Provide support for PeopleSoft queries.</p> <p>13. Provide a more formal testing process to include checklists of the business processes that have been affected by a program change. Develop a standard method for end-users to document what was tested and their results.</p> <p>14. Participate with ITD in the Mainframe Migration Project.</p> <p>15. Participate in testing PeopleSoft FSA and Benefits Administration modules when software is upgraded to version 8.9.</p> <p>16. Maintain a log of issues that are discovered with PeopleSoft FSA or Benefits Administration and determine if the problem can be solved through system configuration, by changing the business process or through new development.</p> <p>17. Update tables on PeopleSoft to reflect insurance rate changes, new legislation, 457 limits, and any other changes that impact the system.</p> <p>18. Continue to participate in the State of ND Enterprise Architecture initiative.</p> | <p>Emphasis will be moving to the business replacement project.</p> <p>This will be a part of the system replacement project.</p> |

**Goals and Objectives**

Supervise the performance of all service vendors retained on contract for NDPERS group insurance and retirement programs.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
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| <ol style="list-style-type: none"> <li>1. Monitor performance relative to standards set forth in provider and administrative contracts/agreements.</li> <li>2. At least annually, review deferred comp agent list for compliance with training requirements and provide notification of non-compliance to the provider companies.</li> <li>3. Promote education standards for provider services to deferred comp members by maintaining updated Provider Handbook and enforcing administrative policies and procedures in compliance with contracts.</li> <li>4. Assess the performance of member service unit at BCBS based on monthly accuracy and timeliness reports and semi-annual service unit survey.</li> <li>5. Conduct at least annual meetings with EPO providers to address areas of concern, gather input, monitor plan performance and review annual EPO satisfaction survey.</li> <li>6. Conduct annual health claims audit at BCBS. (January 2006)</li> <li>7. Report results to BCBS for comment and report to NDPERS Board. Mar 2006</li> <li>8. Work with BlueCross BlueShield to resolve any outstanding issues. Ongoing</li> </ol> |  |

**Goals and Objectives**

Ensure compliance of all programs with federal regulations, administrative rules and state statutes.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Monitor and ensure ongoing compliance with HIPAA Privacy Rule provisions:<ul style="list-style-type: none"><li>• Conduct ongoing training as necessary.</li><li>• Maintain required documentation.</li><li>• Review current procedures for compliance (report to board each December).</li><li>• Send privacy notification by April 14, 2006 (required every three years).</li></ul></li><li>2. Comply with federal requirements to submit annual Credible Coverage Disclosure to CMS.</li><li>3. Complete compliance testing on FlexComp program annually. Spring 2006</li><li>4. Document procedures for monitoring compliance of pretax purchase agreements.</li><li>5. Document procedures for USERRA refunds of employee payments and reimbursements from employers</li><li>6. Implement federal regulations for Medicare Part D, relating to low income subsidies and penalties for delayed enrollments, into the group insurance billing system.</li><li>7. Continue to participate in the Enterprise Architecture project.</li></ol> |  |

**Goals and Objectives**

Develop knowledge and procedural basis to ensure ongoing compliance with HIPAA Security Rule provisions.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Review and maintain HIPAA security provisions.</li><li>2. Conduct staff training annually.</li><li>3. Monitor and ensure ongoing compliance with HIPAA Security Rule provisions.</li><li>4. Acquire and maintain required documentation.</li><li>5. Conduct annual review of policies and procedures manual to ensure it stays current.</li><li>6. Survey other agencies about compliance practices. Summer 2006</li></ol> |  |

**Goals and Objectives**

Provider certification/education program for 457 reps.

| Projects |                                                                                                                                            |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------|
|          | <p>1. Conduct training a minimum of twice per year, subject to demand, rotating locations throughout the state. Spring 2006, Fall 2006</p> |

**Goals and Objectives**

Develop and maintain programs designed to protect the assets of the retirement systems, its members, staff, property and equipment to ensure that the retirement system can continue to meet its obligations to members.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comments                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Maintain a business disaster recovery plan designed to ensure NDPERS services are available to members at all times with as little disruption as possible. (ongoing)</p> <p>2. Maintain a program designed to minimize injuries and personal risk to NDPERS employees and members during the course of their daily work. (ongoing)</p> <p>3. Conduct quarterly meetings of Loss Control Committee designed to review NDPERS loss control policies, procedures, loss control claims and incident reports and recommend revisions and updates. (quarterly)</p> <p>4. Attend annual Risk Management Seminar. April 2006</p> <p>5. Complete and submit risk management discount applications for workers compensation and risk management premiums. (April 2006)</p> <p>6. Revise and enter COOP Plan on statewide Strohl system. (ongoing)</p> <p>7. Establish risk management/business disaster recovery component to be included in monthly staff meetings.</p> | <p>Deb's time will be allocated to the business replacement project as our project manager for this year; therefore, only minimal efforts will be able to be allocated to this task.</p> |

**Goals and Objectives**

Develop and maintain a comprehensive accounting policy and procedure manual.

| Projects |                                                                                                                                                                                                                                                                                                                                             |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | <p>1. Move all documented procedures and desk manuals into the business recovery folder</p> <p>2. Identify accounting duties that are not documented and prepare procedures as necessary;</p> <p>3. Document procedures for processing the following types of purchases in the DB and DC plan: employers, USERRA, rollovers and pretax.</p> |

**Goals and Objectives**

Provide online access to as much data as feasible.

**2006 Business Plan**

|                                                                                                                                                                                                                             |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Projects</b>                                                                                                                                                                                                             |  |
| <ol style="list-style-type: none"> <li>1. Work with ITD to migrate reports stored on COM to FileNet.</li> <li>2. Work with BND to get PERS accounting department set up for on-line access to our bank accounts.</li> </ol> |  |

**Goals and Objectives**

Automate as many processes as feasible.

|                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                        | <b>Comments</b>                                                                                                                                      |
| <ol style="list-style-type: none"> <li>1. Set up PeopleSoft "speed charts", where applicable, to more efficiently process accounts payable and other accounting transactions.</li> <li>2. Identify requirements for bar coding BS form</li> <li>3. Continue to work with ITD to identify and prioritize documents to move to Wappapello. Approximately 100 reports/letters.</li> </ol> | <p>Due to staff turnover, the mainframe migration project and the business replacement project this will need to be deferred for at least a year</p> |

**Goals and Objectives**

Upgrade computer hardware and software according to agency replacement schedule.

|                                                                                                                                                                                                       |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Projects</b>                                                                                                                                                                                       |  |
| <ol style="list-style-type: none"> <li>1. Determine hardware and software upgrades necessary to remain in compliance with ITD standards and agency's 4 year hardware replacement schedule.</li> </ol> |  |

**Goals and Objectives**

Administer a local area network that is accessible 99% of the time.

|                                                                                                              |  |
|--------------------------------------------------------------------------------------------------------------|--|
| <b>Projects</b>                                                                                              |  |
| <ol style="list-style-type: none"> <li>1. Monitor ITD's LAN availability data on a monthly basis.</li> </ol> |  |

**Goals and Objectives**

insure the integrity of the mainframe database by maintaining an on-line data entry accuracy rate of 95% or better.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Verify retirement enrollment forms, retirement beneficiary forms, deferred comp enrollment forms and address changes after the information has been entered on the mainframe and calculate accuracy rate.</li><li>2. Work with Administrative Services and Benefits Divisions to implement a data verification process for group insurance applications and insurance beneficiary forms.</li></ol> |  |

**Goals and Objectives**

Develop and execute a comprehensive performance and operations audit and risk assessment program for the evaluation of management and its controls provided over all agency activities as approved by the audit committee.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Comments</b>                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Review with management to obtain final enterprise risk management (ERM) assessment.</li><li>2. Determine if questionnaire is adequate.</li><li>3. Make adjustments as needed.</li><li>4. Facilitate an enterprise risk management (ERM) assessment at least annually with the input of senior management, audit committee and the board.</li><li>5. Issue report to Executive Management.</li></ol> | Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically. |

**Goals and Objectives**

Execute a comprehensive control self-assessment program for benefit programs area.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Comments</b>                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Review questionnaires that address control and risk issues for each program with management and staff.</li><li>2. Make adjustments as needed.</li><li>3. Facilitate a control self-assessment program at least annually with the input of senior management, audit committee and the board to be completed by October 1.</li><li>4. Issue report to Management.</li></ol> | Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically. |

**Goals and Objectives**

Develop and execute an audit plan utilizing the Control Self-Assessment results to ensure value added services to management.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                       | <b>Comments</b>                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks.</li><li>2. Develop and audit plan by the November Audit Committee meeting.</li><li>3. Review audit plan with Executive Management and Audit Committee and obtain their approval.</li><li>4. Implement the audit plan.</li></ol> | Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically. |

**Goals and Objectives**

Develop and execute an improved audit process.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Comments</b>                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Improve communications with staff regarding upcoming audits and throughout audit process.</li><li>2. Develop and document understanding of work process before conducting audit.</li><li>3. Utilize the risk evaluation worksheet for each audit before developing audit program.</li><li>4. Conduct audit focusing on high risk areas.</li><li>5. Issue final report in a timely manner for value added services to management and staff.</li></ol> | All audits may be put on hold, but some may be done if circumstances deem it necessary. More emphasis will be placed on external audits of vendors. |

**Goals and Objectives**

Improve the effectiveness of the Internal Audit Division.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Comments                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Review and update the policy and procedure manual and all audit templates prior to calendar year end.</li> <li>2. Purge records per records retention schedule in November of each year.</li> <li>3. Maintain daily and update periodically worksheets in Excel to track time spent on audits and projects.</li> <li>4. Conduct an annual review of the Internal Audit division to determine if it is complying with the Internal Audit Charter and issue a report to the Audit Committee and Board.</li> <li>5. Periodically review the Internal Audit Charter and update if necessary.</li> <li>6. Conduct an internal quality assessment of the internal audit division in preparation of an external quality assurance review to ensure the Internal Audit division achieves a minimum rating of "good"</li> </ol> | <p>Updates will be kept to an absolute minimum due to the business replacement project.</p> <p>This may not be done in 2006 due to Internal Audit changes in duties during the business replacement project.</p> |

**Goals and Objectives**

Provide consulting services to management and staff as necessary.

| Projects                                                                                                                                                                                                                           |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Determine area of concern and plan of action</li> <li>2. Communicate with management and staff during engagement</li> <li>3. Issue a report summarizing results of engagement</li> </ol> |  |

**Goals and Objectives**

Provide assistance to special projects to management as necessary.

| Projects                                                                                                                                                                                                                           |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Determine area of concern and plan of action</li> <li>2. Communicate with management and staff during engagement</li> <li>3. Issue a report summarizing results of engagement</li> </ol> |  |

**Goals and Objectives**  
Participate in assigned committees.

|                                                                                                            |  |
|------------------------------------------------------------------------------------------------------------|--|
| <b>Projects</b>                                                                                            |  |
| <ol style="list-style-type: none"> <li>1. Attend meetings</li> <li>2. Provide input as required</li> </ol> |  |

**Goals and Objectives**  
Conduct special examinations at the request of management, including the reviews of representations made by clients outside the agency.

|                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                         |
| <ol style="list-style-type: none"> <li>1. Develop questionnaires that address control and risk issues for each program to be audited with input from management and staff.</li> <li>2. Develop action plan based on the results of responses on questionnaires.</li> <li>3. Conduct special examinations requested by management and staff in a timely manner.</li> <li>4. Write summary of results of engagement.</li> </ol> | <p>Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically.</p> |

**Goals and Objectives**  
Provide consulting services at the request of management to improve effectiveness of risk management, control, and governance processes.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                         |
| <ol style="list-style-type: none"> <li>1. Develop questionnaires that address control and risk issues for each program to be audited with input from management and staff.</li> <li>2. Develop consulting engagement plan based on the results of responses on questionnaires.</li> <li>3. Conduct consulting services requested by management and staff in a timely manner.</li> <li>4. Write summary of results of consulting engagement.</li> <li>5. Participate in Loss Committee activities.</li> </ol> | <p>Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically.</p> |

**Goals and Objectives**  
 Work with Information Technology Division to provide access to electronic data for automated computer assisted audit techniques.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Meet with IT to discuss availability of information for each program.</li> <li>2. Determine best access to information</li> <li>3. Develop plan to obtain data</li> <li>4. Develop and implement ACL audit projects.</li> <li>5. Complete ACL audit projects.</li> <li>6. Issue a report summarizing results.</li> </ol> | <p>Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically.</p> |

**Goals and Objectives**  
 Ensure compliance with federal and state tax reporting regulations.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Deposit federal and state tax withholding by established deadlines.</li> <li>2. File quarterly and annual federal returns with the Internal Revenue Service by established deadlines.</li> <li>3. File W-2 and 1099R forms with the appropriate agencies and provide copies to recipients by established deadlines.</li> <li>4. Reconcile monthly 1099R reports.</li> <li>5. Implement procedure to reconcile 1099R files with general ledger.</li> <li>6. Conduct annual Section 415 testing on service purchase contributions by April 15 of each year.</li> <li>7. Follow up with employers who internal audit has identified as having retirement contribution reporting discrepancies. Make corrections to member records, as necessary.</li> </ol> |  |

## Agency Driver and Philosophy

### Driver

Research and evaluate benefit products & services

### Philosophy

- Listen to our members.
- Have the best Employee Benefit package in the upper Midwest.

### Goals and Objectives

Improve the efficiency and convenience of the enrollment process through the use of e-business applications.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Comments                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Investigate on-line enrollment options for all benefit programs and implement effective with 2006 annual enrollment season.</p> <p>2. Continue to test and make recommendations for enhancements to on-line services program.</p> <p>3. Continue to promote on-line services by increasing employee awareness through education and communication.</p> <p>4. Develop and implement a web based new employee orientation program on PERS benefits.</p> <p>5. Utilize PeopleSoft e-benefits for the Fall 2006 annual enrollment, contingent upon timing of PeopleSoft 8.9 upgrade.</p> | <p>As noted above, this project is likely going to be deferred to next year as a result of changes in the PeopleSoft system.</p> |

### Goals and Objectives

Monitor investment options available under NDPERS Companion Plan and Defined Contribution plan to ensure the needs and expectations of the members are met.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>1. Collect and communicate investment returns quarterly to the NDPERS Board for the Companion Plan in the 457 program.</p> <p>2. Collect and communicate investment returns quarterly to the NDPERS Board for the Defined Contribution Plan retirement program.</p> <p>3. Post quarterly investment return reports on NDPERS website to insure access for membership.</p> <p>4. Realign 401(a) and 457 Companion Plan lineup with investment subcommittee to adequately cover the investment spectrum. Fall 2006</p> <p>5. Review statement of investment policy for 401(a), 457, Defined Benefit and Job Service retirement systems. Annually – Fall 2006</p> |  |

**Goals and Objectives**

Investigate alternative methods of delivering/receiving benefit information.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Comments</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <ol style="list-style-type: none"><li>1. Keep benefit estimate program updated and accessible on website for new employer groups to use and explore changes as requested.</li><li>2. Explore revision of purchase program contained on benefit estimate program to make it more menu driven and user friendly and implement change if feasible. Fall 2006</li><li>3. Explore making the purchase program available in online services so it doesn't have to be a download. Dec 2006</li><li>4. Provide support through helpdesk inquiries and as needed if Peoplesoft e-benefits are used to allow state/higher ed employees to enroll in benefits for the Fall annual enrollment.</li></ol> |                 |

## Agency Driver and Philosophy

### Driver

Educate members, employers and the public on the value of PERS policies & programs

### Philosophy

- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

### Goals and Objectives

Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.

| Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comments                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <p>1. Update SPDs, Plan Documents, brochures, or pamphlets for Defined Contribution Plan and Deferred Comp plans</p> <p>2. Produce annual statements for actives and retirees. 8/06 &amp; 12/06</p> <p>3. Develop and distribute consolidated annual enrollment notifications for health, life, dental, vision, LTC and FlexComp plans fall 2006.</p> <p>4. Gather product information and coordinate revision of Investment Summary booklet for the 457 program. Fall 2006</p> <p>5. Promote updated Investment Summary in newsletter.</p> <p>6. Send updates in newsletter format, as needed, to deferred comp providers in 2006.</p> <p>7. Conduct monthly Website committee meetings.</p> <p>8. Update website within 3 business days of receiving new information or changes.</p> <p>9. Work with Web Committee to determine ways to attract visitors to our website.</p> | <p>See above discussion</p> |

### Goals and Objectives

Provide members with information on financial planning, supplemental retirement savings, estate planning, and other topics relevant to successful transition to retirement.

| Projects                                                                                                                                                                                                                      | Comments                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Conduct agency based Pre-retirement Education Programs (PREP) by request</p> <p>2. Conduct two PERS sponsored pre-retirement seminars in 2006.</p> <p>3. Conduct retiree education program in August 2006 in Medora</p> | <p>We presently do two large PREP sessions each year and about one agency based PREP per month. These may need to be changed to one large per year and one agency based each six months.</p> |

**Goals and Objectives**

Act as liaison for different NDPERS pension plans and the retirement board (Judges, Law Enforcement, Job Service, HP, Main system).

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. To publish every 3 to 5 months a newsletter for the active and retired members</li><li>2. To provide notice of annual EPO open enrollment to members at least one week before the beginning of the enrollment period.</li><li>3. Meet with pension plan contacts concerning proposed legislation, to communicate progress and discuss actuarial review and technical comments and discuss any necessary amendments.</li></ol> |  |

**Agency Driver and Philosophy**

**Driver**

*Earn the respect and trust of our clients*

**Philosophy**

- Operate at the highest ethical and professional standards.
- Treat every person with dignity, respect, courtesy, concern and understanding.
- Provide the highest quality services and benefit programs.
- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

**Goals and Objectives**

Provide liaison services to members with insurance claim and coverage disputes, pension service and benefit issues, and compliance issues arising from provider performance.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"> <li>1. Research members problems or internal issues detected by staff by referencing codes, rules, contract provisions, performance guidelines, or seeking Attorney General's opinion. Apply appropriate compliance procedures or assist member in attaining resolution. (Ongoing)</li> <li>2. Maintain tracking procedure to monitor application processing during life annual enrollment. Fall 2006.</li> </ol> |

**Goals and Objectives**

Maintain a customer service center that provides accurate, comprehensive information to member inquiries regarding the provisions and requirements related to the benefit programs managed and administered by NDPERS.

|  | <b>Projects</b>                                                                                                                                                                                                                                                               |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"> <li>1. Maintain a qualified, fully trained member services staff by providing ongoing training on benefit program changes.</li> <li>2. Evaluate ability of member service staff to assist office in other administrative areas.</li> </ol> |

**Goals and Objectives**

Provide a one-on-one counseling service that provides members with benefit options and assists them with the enrollment process.

| Projects                                                                                                                                                                                                                                                                                                                                           | Comments                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <ol style="list-style-type: none"><li>1. To continue to provide 500 to 700 one on one counseling sessions annually.</li><li>2. Investigate other communication media for the delivery of NDPERS services to members.</li><li>3. Do a pilot program to conduct one on one counseling session at employer locations in second half of 2006</li></ol> | These we will not be able to start. |

**Goals and Objectives**

Communicate with our members and clients via NDPERS web site.

| Projects                                                                                                                                                                                             |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Maintain current information and update as needed the information for the Internal Audit division and the Audit Committee on the NDPERS web site.</li></ol> |  |

**Goals and Objectives**

Produce an Internal Audit Annual Report following the end of each calendar year.

| Projects                                                                                                                                                                                                                                            |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Develop an audit report by the February Audit Committee meeting.</li><li>2. Review the audit report with Executive Management and the Audit Committee and obtain the Audit Committee's approval.</li></ol> |  |

**Goals and Objectives**

Communicate with our members and clients by providing an Internal Audit Annual Report.

| Projects                                                                                                                                                                     |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Write an Internal Audit Annual Report at the end of each calendar year.</li><li>2. Obtain the Audit Committee's approval.</li></ol> |  |

**Goals and Objectives**

Participate in professional organizations.

| <b>Projects</b>                                                                                                                                                                                     |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Maintain membership in professional organizations.</li><li>2. Volunteer services for organizations.</li><li>3. Network with other professionals.</li></ol> |  |

**Goals and Objectives**

Assist the Audit Committee in managing their function of the Board.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                   |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Plan quarterly audit committee meetings.</li><li>2. Attend quarterly audit committee meetings.</li><li>3. Provide audit committee agenda to the audit committee a minimum of one week prior to meeting.</li><li>4. Review annually the audit committee charter, determine if the audit committee has met their responsibility and issue a report to the board.</li></ol> |  |

**Goals and Objectives**

Maintain a support team for PeopleSoft Benefit Administration that provides consistent and timely responses to inquiries from agency users.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Comments</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <ol style="list-style-type: none"><li>1. Assist in developing a log of common questions/problems and document appropriate action.</li><li>2. Respond to problems logged through the ITD help desk within 24 hours.</li><li>3. Develop a log of common questions/problems and documents appropriate response.</li><li>4. Respond to problems logged through the ITD help desk within 24 hours.</li><li>5. Provide training to Administrative Services Manager on PeopleSoft Benefits Administration to expand the depth of the support team.</li></ol> |                 |

**Agency Driver and Philosophy**

**Driver**

*Attract and retain a competent and highly motivated work force*

**Philosophy**

- Foster a climate where staff supports team efforts on positive solutions and assumes responsibility for team results.
- Encourage staff to question, innovate and grow by authorizing staff to assume responsibility.
- Support and encourage continuous personal and professional growth.
- Contribute to each others success by offering training, guidance, support, assistance and opportunities for growth.
- Demonstrate respect for coworkers and recognize the value of our diversity.

**Goals and Objectives**

Conduct recruitment activities using a standard screening and rating process that identifies the candidates whose qualifications best fit our requirements.

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|                                                                                                                                                                                                                                                                                                    |  |
| <b>Projects</b>                                                                                                                                                                                                                                                                                    |  |
| <ol style="list-style-type: none"> <li>1. Coordinate recruitment activities with HRMS and provide assistance to management staff in developing job postings, interview questionnaires, evaluation criteria and rating sheets to fill vacancies within time period specified in posting.</li> </ol> |  |

**Goals and Objectives**

Maintain a performance evaluation system that is comprehensive and equitable.

|                                                                                                                                                                                                                                                                                                                                                                                                      |  |
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|                                                                                                                                                                                                                                                                                                                                                                                                      |  |
| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                      |  |
| <ol style="list-style-type: none"> <li>1. Monitor system to ensure 6 month probationary reviews are conducted for new hires.</li> <li>2. Reviews are conducted at least annually for all classified staff and filed in respective employee file.</li> <li>3. Review evaluation forms.</li> <li>4. Monitor performance evaluation system and make adjustments as identified by management.</li> </ol> |  |

**Goals and Objectives**

Maintain an updated internal policy and procedure manual.

|                                                                                                                                                                                                                        |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|                                                                                                                                                                                                                        |  |
| <b>Projects</b>                                                                                                                                                                                                        |  |
| <ol style="list-style-type: none"> <li>1. Monitor changes affecting policies as mandated by state or federal law, Board action, or precedence as established by HRMS or internally and update as necessary.</li> </ol> |  |

**Goals and Objectives**

Maintain file of Position Information Questionnaires that accurately reflects the responsibilities and duties of each agency FTE position.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                              |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"><li>1. Update PIQ records for all classified positions as indicated by adjustments to job tasks/duties.</li><li>2. Submit PIQs to HRMS for reclassification as necessary.</li><li>3. Update PIQs for HIPPA privacy and security duties as applicable and include HIPPA reverence in the confidentiality provisions as necessary.</li></ol> |

**Goals and Objectives**

Process payroll accurately and timely and maintain an accurate accounting of accrued leave.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                         |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"><li>1. Process monthly payroll and leave reporting within the timeframes established by OMB.</li><li>2. Reconcile source documents to accrued leave report, monthly.</li><li>3. Attend payroll training sessions provided by OMB. (ongoing)</li></ol> |

**Goals and Objectives**

Maintain professional proficiency through continuing professional education and training to meet GAO, AICPA, and IIA standards.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                              |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ol style="list-style-type: none"><li>1. Budget for continuing education program to obtain no less than 20 hours per fiscal year (120 hours every three years).</li><li>2. Maintain a periodic quality assurance activity within the division to prepare for the five year quality assurance review beginning January 1, 2007.</li><li>3. Provide sufficient training to each auditor to compete work as assigned.</li></ol> |

**Agency Driver and Philosophy**

Driver

*Maintain actuarial and financial soundness of the funds*

**Philosophy**

- Prudent risk taking
- Efficient administration
- Effectively manage resources for the benefit of our clients
- Meet or exceed published quality standards

**Goals and Objectives**

Monitor cost management and utilization review reports and assist in developing and reviewing options for cost management of plans.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"> <li>1. Have prepared annually an actuarial report of the PERS Defined Benefit plans.</li> <li>2. Review financial projections and annual actuarial reports and develop strategies to address areas of concern and present information to PERS Board for review, consideration, and input.</li> <li>3. Report to the Board annually, status of employers subject to minimum participation requirements under the health plan.</li> <li>4. Initiate formal request for consultant to conduct annual actuarial study as of close of current fiscal year.</li> <li>5. Review and prepare information on potential cost management and utilization management programs developing for health plan and report to the PERS Board.</li> <li>6. Review disease management services, monitor effectiveness of program and evaluate service provider. (Fall 2006)</li> <li>7. Monitor and analyze employee focused wellness program conducted in conjunction with UND Family Practice Center.</li> <li>8. Monitor implementation of mail order prescriptions and use and periodically report to NDPERS Board.</li> <li>9. Monitor and analyze cost effectiveness of Prime Therapeutics. Winter 2005</li> <li>10. Identify and refine concepts of quality improvement in healthcare, focusing on identified protocols and treatments. ongoing</li> <li>11. Review, revise and update NDPERS procurement policy. Winter 2006</li> <li>12. Review DC expenses and set administrative costs for DC plan annually</li> </ol> |  |

**Goals and Objectives**

Conduct and evaluate vendor renewal proposals for 457 deferred comp plan, Programs Division and 401(a) defined contribution plan and assess feasibility of initiating the Request for Proposal process.

| <b>Projects</b> |  |
|-----------------|--|
|                 |  |



**Goals and Objectives**

Receive an unqualified opinion on the annual financial statement audit performed by external auditors and no reportable conditions or material weaknesses on the report of compliance and internal controls.

|  | <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <ol style="list-style-type: none"><li>1. Prepare monthly bank account reconcilements.</li><li>2. Prepare monthly reconciliation of retirement contributions and deferred comp contributions posted to mainframe database.</li><li>3. Prepare monthly reconciliation of insurance premiums received and remitted to insurance carriers.</li><li>4. Prepare monthly reconciliation of retirement check write.</li><li>5. Prepare quarterly reconciliation of deferred comp provider reports and transfers, and monitor distribution compliance.</li><li>6. Reconcile deferred comp contributions reported on provider reports to cash receipts journal.</li><li>7. Transfer monthly FlexComp reconciliation from internal audit to accounting division when staff becomes available</li><li>8. Transfer reconcilements of contributor account balances and annuitant minimum guarantees to accounting division when staff becomes available</li><li>9. Develop and implement procedures for reconciling retirement contributions to Central Payroll reports, monthly</li><li>10. Develop and implement procedures to reconcile FlexComp FICA savings received from Central Payroll when preparing the monthly financial statements.</li><li>11. Implement audit recommendations from internal and external auditors.</li><li>12. Document all security requests to ITD and their responses.</li><li>13. Conduct annual review of who has access to PERS' systems and what those privileges are.</li><li>14. Monitor and record monthly reporting of all access to PERS' production environment.</li></ol> |  |

**Goals and Objectives**

Prepare the agency's biennial budget for submission to the legislature by the due date specified by OMB

|  | <b>Projects</b>                                                                                                                                                                                                                                                    |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <ol style="list-style-type: none"><li>1. Prepare a budget that is consistent with the agency's business plan and reflects the Board's priorities for each program. Submit the budget in the format specified by OMB in June of each even- numbered year.</li></ol> |  |

**Goals and Objectives**

Monitor budgeted expenditures to actual expenditures, monthly

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                     |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Update actual expenditures each month within one week of receiving accounting reports. Report unusual variances to Executive Director immediately.</li><li>2. Prepare a schedule of cash flows for FICA tax savings to determine adequacy as a funding source for the FlexComp, Deferred Comp and Defined Contribution programs.</li></ol> |  |

**Goals and Objectives**

Allocate costs to accurately reflect the administrative expenses for each program.

| <b>Projects</b>                                                                                                                                                                                                                                                             |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Prepare retirement plan allocation for RIO, monthly</li><li>2. Allocate expenditures to appropriate benefit program, monthly and annually.</li><li>3. Review existing expenses allocation policy and update if necessary</li></ol> |  |

**Goals and Objectives**

Prepare information technology plan for submission to the legislature by the due date specified by ITD.

| <b>Projects</b>                                                                                                                                                                                                                                                                       |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Prepare an information technology plan that is consistent with the agency's business plan and reflects the Board's priorities for each program. Submit the plan in the format specified by ITD in July of each even-numbered year.</li></ol> |  |

**Goals and Objectives**

Maximize the investment return on deposits through an effective cash management program.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                              |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Deposit cash receipts daily.</li><li>2. Transfer excess cash balances from the Bank of North Dakota to be invested by RIO.</li><li>3. Allocate deposits to appropriate bank accounts, daily.</li><li>4. Implement a more aggressive cash management program to minimize the balance kept on deposit in the retirement and insurance accounts at the Bank of North Dakota.</li></ol> |  |

**Goals and Objectives**

Prepare accurate monthly financial statements within 45 days of months end.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                   |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Prepare cash receipts journals, cash disbursement journals, subsidiary ledgers and other supporting schedules, monthly.</li><li>2. Allocate expenditures to appropriate benefit program, monthly and annually.</li><li>3. Train new Accounting/Budget Specialist III position.</li></ol> |  |

**Goals and Objectives**

Provide accurate and timely census data and financial information to the agency's actuary for preparation of the annual actuarial valuations.

| <b>Projects</b>                                                                                                                                                                                                                                                                                             |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Provide the actuary with electronic census data by July 31 and financial data by September 5 of each year.</li><li>2. Test programming changes that will allow electronic preparation of census data for Job Service retirees who are paid through PERS.</li></ol> |  |

**Goals and Objectives**

Execute a comprehensive control self-assessment program for the accounting area.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Comments</b>                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Develop questionnaires that address control and risk issues for each program to be examined with input from management and staff.</li> <li>2. Make adjustments as needed.</li> <li>3. Facilitate a control self-assessment program at least annually with the input of senior management, audit committee and the board to be completed by October 1.</li> <li>4. Issue report to Management.</li> </ol> | <p>Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically.</p> |

**Goals and Objectives**

Develop and execute a working audit plan utilizing the Control Self-Assessment results that will provide value added services to management.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                            | <b>Comments</b>                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks.</li> <li>2. Develop and audit plan by the November Audit Committee meeting.</li> <li>3. Review audit plan with Executive Management and Audit Committee and obtain their approval.</li> <li>4. Implement the audit plan.</li> </ol> | <p>Many Internal Audit functions such as this will not move forward within this environment since the business replacement project will change things dramatically.</p> |

**Goals and Objectives**

Test NDPERS actuarial data at mid and fiscal year end of accuracy.

| <b>Projects</b>                                                                                                                                                                                                                                                   | <b>Comments</b>                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> <li>1. Obtain from IT actuary data in January and July.</li> <li>2. Conduct tests on actuary data utilizing ACL software</li> <li>3. Follow up on discrepancies found</li> <li>4. Provide management with a report.</li> </ol> | <p>May be done if circumstances deem it necessary.<br/>More emphasis will be placed on external audits of vendors.</p> |

**Goals and Objectives**

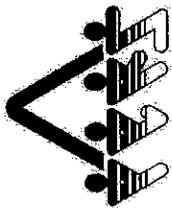
Develop and execute an improved audit process.

| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Comments</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <ol style="list-style-type: none"><li>1. Improve communications with staff regarding upcoming audits and throughout audit process.</li><li>2. Develop and document understanding of work process before conducting audit.</li><li>3. Utilize the risk evaluation worksheet for each audit before developing audit program.</li><li>4. Conduct audit focusing on high risk areas.</li><li>5. Issue final report in a timely manner for value added services to management and staff.</li></ol> |                 |

**Goals and Objectives**

Coordinate and supplement external audit efforts.

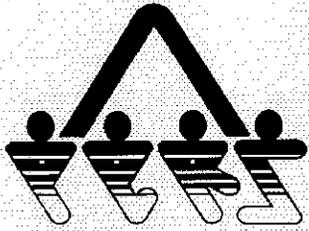
| <b>Projects</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ol style="list-style-type: none"><li>1. Assist State Auditors Office with review of RFP as requested</li><li>2. Provide input to State Auditors Office on proposals.</li><li>3. Contact audit firm to schedule conference room</li><li>4. Discuss with audit firm coordination of audits to minimize duplicated efforts.</li><li>5. Communicate with audit firm as necessary.</li><li>6. Provide information to audit firm as requested.</li></ol> |  |



# North Dakota Public Employees Retirement System 2006 Business Plan

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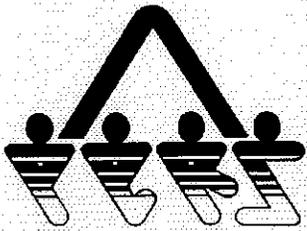
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2006  
**SUBJECT:** Proposed Legislation

The Legislative Employee Benefits Committee meeting is scheduled for May 17. Based upon the agenda for the meeting we know the following bills have been submitted relating to PERS in addition to the 7 bills we submitted:

| <b>Proposed Legislation</b>                                                                                                                                                                                                                                                                                                                     | <b>Sponsor</b>                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Allows employees of the State Board for Career and Technical Education currently participating in TFFR to participate in the Public Employees Retirement System (PERS)                                                                                                                                                                          | State Board for Career and Technical Education |
| Authorizes employees of the North Dakota Association of Counties to participate in PERS, the uniform group insurance program, and the deferred compensation program                                                                                                                                                                             | Senator Krebsbach                              |
| Creates a healthy lifestyle program and an employee incentive for not participating in the state health insurance program, provides for an employee health insurance contribution, and precludes state agencies from requesting funding for health insurance premiums for employees who are not enrolled in the uniform group insurance program | Representative Carlson                         |
| Allows public health districts to participate in the uniform group insurance program under the same conditions as a state agency                                                                                                                                                                                                                | Representative Price                           |
| Expands the uniform group insurance program to allow participation by members of the North Dakota National Guard                                                                                                                                                                                                                                | Senator Mathern                                |
| Expands the uniform group insurance program to allow participation by permanent employees of nonprofit organizations                                                                                                                                                                                                                            | Senator Mathern                                |
| Expands the uniform group insurance program to allow participation by employees of small private sector employers                                                                                                                                                                                                                               | Senator Mathern                                |



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 11, 2006  
**SUBJECT:** PERS Budget

We are beginning our process of budget preparation and need your guidance on the number of educational meetings to plan for the PERS Board for 2007-2009. In the past we have planned on about one per member per biennium. The average cost is about \$1,600 for the 07-09 Biennium. This includes air fare, meals, hotel, transportation, etc

## **Board Action Requested**

To provide the number of educational meetings that should be included in the 07-09 biennium budget.