

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Box 1657, Bismarck, ND 58502
701-328-3900

Toll free: 1-800-803-7377
nd.gov/ndpers

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Special Edition: Annual Enrollment Season 2013 PLAN YEAR

This newsletter edition is your notification about the upcoming annual enrollment and to provide you with important updates and information about your benefits which includes:

- Annual Open Enrollment Season
- New Dental Plan carrier
- High Deductible Health Plan with Health Savings Account (HDHP/HSA) option
- Change in FlexComp Plan claims administration services
- Importance of supplemental retirement savings

The NDPERS Annual Enrollment Season is from October 22 through November 9, 2012, and gives you the opportunity to:

- Enroll for coverage in insurance plans in which you currently do not participate
- Add dependents
- Increase coverage levels
- Enroll in the NDPERS FlexComp Plan for 2013
- Discontinue coverage
- Enroll in or discontinue coverage in the HDHP/HSA

Annual Enrollment information regarding the NDPERS FlexComp, Deferred Compensation, Health, Life, Dental, and Vision plans will be available October 22, 2012, on the NDPERS home page at www.nd.gov/ndpers. Enrollment forms will be available from the NDPERS website or your payroll office.

NDPERS FlexComp Plan Important Plan Changes

For eligible state and participating district health unit employees and members of the legislative assembly.

NDPERS recognizes the value of participation in the FlexComp Plan, so we are pleased to announce that effective with the 2013 plan year, we have made some significant administrative changes that will expedite claim payments, reduce paperwork and save you time. To provide these improved services, NDPERS has contracted with a Third Party Administrator (TPA) to process healthcare

spending account and dependent care claims beginning with the 2013 plan year. Your new TPA company for 2013 is ADP.

This change to ADP will simplify and expedite the way you submit and get reimbursed for your claims. You will now have access to the benefits of a debit card to pay for eligible medical, dental and vision expenses for you and your eligible dependents. When you pay with your ADP Spending Account Card, eligible expenses are directly applied against your flexible spending account at the time of purchase.

High Deductible Health Insurance Plan

Annual Enrollment Season is an opportunity for permanent state, district health unit and university system employees to elect to begin or to discontinue participation in the NDPERS High Deductible Health Plan and Health Savings Account (HDHP/HSA). The HDHP is underwritten by BCBSND with HSA services provided by Discovery Benefits. The HDHP/HSA option has higher annual deductibles and larger out-of-pocket costs for medical services. However, the higher initial out-of-pocket costs are partially offset by an employer contribution to an HSA created in your name. The NDPERS HDHP/HSA has a cap on how much you will pay out-of-pocket during a year, and covers preventive services as designated by the Affordable Care Act (ACA) with no out-of-pocket costs to you.

The HSA helps cover medical expenses until your annual deductible and copayment are met. NDPERS will contribute to your HSA for each month you participate as follows:

	Month	Annual
Single	\$ 54.84	\$ 658.08
Family	\$132.74	\$1,592.88

The plan is offered as an option to the Dakota PPO/Basic plan and a change in participation will become effective January 1, 2013. Participation in the HDHP/HSA plan is optional. For more information about the plan, please visit our webpage www.nd.gov/ndpers and click on the HDHP/HSA icon or call BCBSND NDPERS member service unit at 1-800-223-1704; in the Fargo area, call 701-282-1400.

ND PERS FlexComp Plan *(Continued)*

This means you don't have to fill out paperwork and wait to be reimbursed later.

ADP will allow you to choose the way you are reimbursed for eligible expenses by allowing you the following options:

1. File a Claim for Reimbursement

- This is the same procedure that we use today. You incur a claim, download, complete, and print the Reimbursement Request form and fax or mail the form and required documentation to ADP.
- You can have your funds direct-deposited into your checking or saving account or receive a check.

2. Pay eligible expenses with your ADP Spending Account Card

- Payments are automatically withdrawn from your FSA account, so you don't experience any out-of-pocket costs at the time of service. Your medical, dental, vision and prescription and over-the-counter drug expenses paid on your ADP debit card often can be verified electronically right at the point of service, so there's no need for additional substantiation. Look for providers that have the Inventory Information Approval System (IIAS) in place.
- Other services will need to be verified with valid receipts for claims substantiation.

3. Online Claim Submission

- You can submit spending account reimbursement requests online at myspendingaccount.adp.com. Enter your claim information and upload scanned images of your receipts, or elect to receive a completed claim form via e-mail.

4. Mobile Phone Application

- Submit claims online through the smart phone applications using your iPhone, Blackberry or Android.

5. Other Customer Service Options

- A secure website lets you set up a personal login to access your account 24/7 to file a claim, check account balance and claim status, view account history, or manage your personal profile.

- Customer service representatives available from 7:00 a.m. to 7:00 p.m. Central Time.

- Toll-free Interactive Voice Response system (IVR) available 24/7.
- Texting service that allows you to check account balances and view transactions on your mobile phone.

More detailed information will be available on our website home page at www.nd.gov/ndpers on October 22nd and throughout the implementation process.

2012 Plan Year and 2013 Grace Period (1/1/13 through 3/15/13)

As part of our contract, ADP will be handling all claims processing for the 2012 plan year run-out and grace period claims. In order for ADP to receive accurate data from NDPERS, a blackout period will be applied sometime later this year in order for us to transfer any remaining FSA balances to the new vendor. During the blackout period, claims will be pended until the transfer has been completed and the accounts have been audited for accuracy. The blackout dates will be determined during the implementation process and you will be notified in advance so you may plan accordingly.

Medical Spending Account Limit

Notice 2012-40, which is a provision of the Affordable Care Act (ACA), changes the annual contribution limit for medical spending accounts (MSA) under the Section 125 FlexComp Plan. Currently, the annual limit is \$6,000. Effective January 1, 2013, the annual limit will be reduced to \$2,500. Therefore, please plan accordingly when making your 2013 salary reduction elections during open enrollment. If you have a spouse who is also eligible to contribute to a health MSA, you are each eligible to make a \$2,500 salary reduction contribution, even if you both participate in the MSA administered by NDPERS.

For plan years beginning after 2013, the \$2,500 limit will be adjusted for inflation in multiples of \$50.

NDPERS Welcomes Delta Dental as our New Dental Provider



Effective January 1, 2013, Delta Dental will provide dental plan benefits to NDPERS members. The dental plan is available to active permanent state, district health unit and university system employees and eligible retirees. Delta Dental is providing dental coverage that duplicates our current coverage but at lower premium levels. In addition, they have a national dental preferred provider organization (PPO) network available. The dentists in the network have agreed to accept a pre-negotiated fee which means if your dentist is in the network, you may benefit by having lower out-of-pocket expenses.

If you are currently participating in the NDPERS dental plan (CIGNA), your plan participation will automatically transfer to Delta Dental on January 1, 2013, unless you take action to cancel your coverage. If you do not currently participate in the dental plan, you will have the opportunity to enroll during the NDPERS Annual Enrollment Season which begins on Monday, October 22, and ends on Friday, November 9, 2012. More detailed information will be available on our website home page at www.nd.gov/ndpers on October 22.

New Rates Effective January 1, 2013

Employee Only:	\$ 38.26
Employee & Spouse:	\$ 73.84
Employee & Child(ren):	\$ 85.72
Family:	\$122.08

The following is a summary of some key plan information. More detailed information about the benefit schedule, PPO network, participating dentists and frequently asked questions will be available on the NDPERS website at www.nd.gov/ndpers on October 22, 2012.

Welcome to Delta Dental of Minnesota

We've designed your dental plan so it is easy to use and gives you and your family maximum flexibility, network savings, an unparalleled commitment to service and peace of mind. Together with your employer, our goal is to help you maintain healthy, happy smiles all year round.

New Delta Dental ID Card

Prior to January 1, 2013, you will receive a new dental ID card. Please present this to your dentist at your first visit after January 1 to provide them the information on where to send claims for processing.

May I go to any dentist?

You have the freedom to see any dentist. However, dentists who participate in the Delta Dental PPO or Delta Dental Premier network have agreed not to charge more than our maximum allowable amount. This can result in lower out-of-pocket costs. Choosing a dentist in the Delta Dental PPO network may save you even more money. As an added convenience, you never have to file a claim when you use a participating dentist – the dentist files the claim for you.

Through a unique contractual agreement, Delta Dental maintains a network of participating dentists that includes more than 226 licensed dentists in North Dakota. Delta Dental PPO has about 1,744 participating dentists, while Delta Dental Premier has about 3,000 participating dentists representing about 85% of the licensed, practicing dentists.

How is work in progress handled for Major Services?

For all services other than orthodontics, (e.g., root canals, crowns, bridges, dentures) that started prior to the subscriber's effective date under the Delta Dental plan, payment of the claim is based on the service completion date.

Delta Dental will honor the prior carrier's pre-estimate, but only in determining coverage. Pricing and network status are not guaranteed and will be based on the provider's participating status with Delta Dental.

The provider/subscriber should attach the prior plan's pre-estimate to the claim when submitting to Delta Dental for consideration.

Orthodontic Work-In-Progress

If a covered, dependent child or adult is in the midst of active orthodontic treatment (bands have been placed), the provider needs to supply Delta Dental with a copy of the original claim that must include the following information:

- 1) Treatment type (procedure number)
- 2) Total fee for treatment
- 3) Number of months treatment will take place
- 4) Provider signature

The amount of the benefit that will be paid will be pro-rated based on the number of months of active treatment remaining following the effective date (minus any amount paid by the prior carrier if history is loaded.)

Example:

Treatment Plan Length and Cost:
24 months for \$5,200

Remaining Months of Treatment:
10 months

Monthly Treatment Cost:
\$5,200/24 months = \$216.66 monthly

Ineligible Monthly Cost:
14 months x \$216.66 = \$3,033.24

Eligible Treatment Cost:
\$5,200 - \$3,033.24 = \$2,166.76

Amount Paid by Delta Dental:
\$2,166.76 x 50% = \$1,083.38*

** The total amount paid will be limited to the total Lifetime Maximum Benefit minus any prior carrier history, if loaded.*

Don't Lose Sight of Tomorrow's Retirement Needs

Take the first step today.

We understand you have competing financial priorities in your life. The good news is there are things you can do right now to help you save more for your future.

Here are a few quick facts you should be aware of:

- Social Security only provides a portion of what the average retiree needs.
- The cost of healthcare continues to rise faster than inflation.
- Experts say you need at least 80% of your preretirement income to retire.
- The NDPERS defined benefit hybrid plan does not provide for an automatic annual cost of living adjustment (COLA). Therefore, when you plan for your retirement, you need to consider that your PERS benefit is fixed and, based upon the existing plan provisions, will not increase to offset the effects of inflation.

There's an easy way to help bridge the gap.

Having a supplemental retirement savings plan is a vital key to a secure financial future when you retire. Saving even a little bit more each month – say \$50 a pay period – can add up to a lot more over time. Making voluntary contributions to your employer's supplemental retirement plan is a great way to do it. As an example ...

Have you recently received a salary increase? Well, congratulations. You deserve it! Why not take that increase and reward yourself by putting all or part of the increase into the NDPERS 457 Deferred Compensation Plan? In fact, make this a personal goal each time you receive a salary increase.

The NDPERS 457 Deferred Compensation Plan provides several advantages for your consideration.

- There are 9 approved provider companies

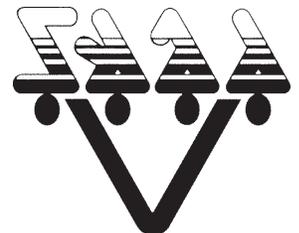
comprising more than 300 investment fund options,

- Convenience of pretax payroll deductions,
- Automatic enrollment in the Portability Enhancement Provision (PEP),
- A Saver's Credit,
- Convenience of an expedited enrollment option in the NDPERS Companion Plan,
- The option to rollover/transfer funds to consolidate savings from other eligible retirement plans,
- The option to use funds to purchase service credit in the defined benefit plan, and
- Upon termination, the option to defer on a pretax basis, lump sum payments for accrued annual and sick leave.

For more information about the 457 Deferred Compensation Plan, visit the PERS website at www.nd.gov/ndpers and select the deferred compensation enrollment icon on our home page or call the PERS office at 701.328.3900 or toll free at 800.803.7377. Remember, it's never too late or too early to start saving more. Even a little can make a big difference. So take one small step toward financial security. It all starts with a plan.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

North Dakota Public Employees Retirement System
Box 1657
Bismarck, ND 58502-1657



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