

NDPERS BOARD MEETING

Agenda

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

January 17, 2008

Time: 8:30 AM

I. MINUTES

- A. November 15, 2007
- B. December 3, 2007
- Audit Report – Brady Martz (Information)

II. RETIREMENT

- A. Segal Update – Sparb (Information)
- B. South Dakota Economic Study – Sparb (Information)
- C. Segal COLA Review – (Board Action)
- D. Benefit Options Review – Sparb (Board Action)

III. GROUP INSURANCE

- A. Service Agreement Amendment – Sparb (Board Action)
- B. Minimum participation and contribution review – BCBSND (Information)
- C. HB1433 - Proposal from the ND Pharmacists Association - Sparb (Board Action)
- D. BCBSND Agreements – Sparb (Board Action)
- E. Minute Clinics Information – Sparb (Information)
- F. Vision Plan – Kathy (Board Action)
- G. Surplus/Affordability Update – Bryan (Information)

IV. DEFERRED COMPENSATION

- A. 3rd Quarter 457 and 401(a) Plan Reports – Bryan (Information)

V. MISCELLANEOUS

- A. Administrative Rules – Deb Knudsen (Board Action)
- B. Quarterly Consultant Fees – Jim Smrcka (Information)
- C. 2007 Business Plan – Sparb (Information)
- D. PERSLink Quarterly Update – Sharon/Bryan (Information)
- E. 2007 Comprehensive Annual Financial Report – Sharon (Information)
- F. Audit Committee Minutes (Information)
- G. SIB Agenda

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.

Memorandum

DATE: November 30, 2007
TO: NDPERS Board
FROM: Jamie
SUBJECT: 2007 Audit Report Presentation

Included is the 2007 audit report for the PERS agency. John Mongeon and Patrick Brown from Brady Martz & Associates will be at the board meeting to review the report with you and answer any questions you may have. This report was reviewed by the Audit Committee at its November meeting.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Segal Update

Mike Moehle, our actuary with Segal for the last year and half has accepted employment with another firm. Effective January 7, 2008 Segal is assigning a new actuary to our account. Brad Ramirez from the Denver office will be assigned to us. He is with their Denver office and has worked on our account in the past with Leslie Thompson. He recently completed his actuarial certifications. While Brad will be the lead actuary, it is our understanding that at this point the work will continue to be done out of the San Francisco office.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Economic Effect of Pensions

At the December meeting we discussed the economic effect of pensions. Attached is an illustration of that type of analysis that was done for the state of South Dakota. Other approaches are also available and can be viewed at the following web site:

<http://www.nasra.org/resources/economic.htm>

The question is should NDPERS consider developing this type of information for our system?



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Segal COLA Assistance

At the last meeting we discussed the possibility of having Segal assist with developing planning information relating to a possible COLA approach based upon earnings. Specifically it was relating to our discussion of the following:

Wisconsin

Do my retirement checks increase after I retire?

- There may be an annuity increase (or decrease) applied to your annuity payment each May 1, ***based on the previous year's investment results***. The fixed annuity adjustment is applied to the fixed portion of your annuity, and if you participate in the variable fund, a variable adjustment is applied to the variable portion of your annuity. (If you do not participate in the variable trust your entire annuity is invested in the fixed fund, and the fixed adjustment will apply to your entire annuity.) ***This is not a cost-of-living increase; it is an adjustment based on the investment results of the fixed investment trust.*** Your fixed monthly annuity is guaranteed by law never to be less than the original amount; however, there is no such guarantee for the variable portion of your annuity (if applicable). Annuity adjustments are a percentage increase or decrease in your monthly annuity. The fixed annuity adjustment paid on May 1 during the first year after you retire is prorated based on the number of months you were retired during the previous calendar year; you receive the full fixed annuity adjustment in subsequent years. If you participate in the variable fund, you receive the full variable adjustment to the variable portion of your annuity in the first year after you retire. If a fixed annuity adjustment would be less than 0.5%, and/or the variable adjustment would be less than 2%, by law no adjustment is made. Instead, ***the gains or losses are held over until the following year and included in that year's adjustment.***

Elements

- Based upon previous years returns
- Not called a “cost of living adjustment” but an earnings dividend
- Gains and losses carried forward and into retirees adjustment
- Base annuity is not subject to adjustment but is guaranteed

1

Operational parameters

- Earnings dividends would be given to members and accounted for separately
- Additions and reductions would be applied to the separate account
- At 100% of market retirees would get 1% a year if the return was 10% or greater
- At 100% of actuarial value the goal would be to give up to 2% a year if the return was greater than 10%
- At 115% of market value the goal would be to give up to 2% a year
- At less than 100% of market value no increase would be considered
- At less than 90% of actuarial value reduction to the account would occur based upon the advice of the consultants and the action of the board
- At less than 80% of actuarial value all increases would be reversed

62

Retiree committee

- Suggests collecting more information
 - On the above option
 - On an option that would include additional contributions by the employer, retiree and employee

63

The following is the response from Segal concerning the level of effort for this assistance:

Question 4: The Board is interested in exploring the idea of providing benefit increases to retirees which depend on various asset levels and/or investment returns. For example, providing a 1% increase to retirees if the actuarial funded ratio exceeds 110% and market returns exceed 10% with the ability to reduce or eliminate the 1% benefit if the actuarial funded ratio then drops below 90%. The Board would like Segal to flush out the asset level and asset return parameters on which the benefit increases would depend and provide deterministic projections of outcomes under various investment return scenarios (optimistic, middle-of-the-road and pessimistic, for example). How many hours of Segal's time would be necessary to assist the Board on this project?

We anticipate that this project would require 20 hours of time to work with the Board and you to establish one set of desirable parameters and prepare three investment return scenario projections. Attendance at a meeting with the Board would add 6 hours of time plus travel expenses.

Board Action Requested:

To determine if we should move forward with the above assessment and have Segal do the work?

Staff Recommendation:

To move forward with Segal



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Benefit Options

Attached is a matrix of potential benefit options for inclusion in proposed legislation. Also included on the matrix is staff recommendation.

At this point we are seeking the Board's direction on whether or not these options should be included in draft proposed legislation that will be presented to you in March. As you are aware, we need to submit our proposed legislation to the Legislative Employee Benefits Committee by the end of March.

Board Action Requested:

To determine if all or some of the attached should be included in the proposed legislation.

Legislative Employee Benefits Committee

Discussion Topics

December 2007

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
<p>1. Amend the Hybrid Plan to allow PERS retiree to designate a subsequent beneficiary, either after the death of the original beneficiary or upon a divorce, similar to other plans.</p>	<p>None</p>	<p>Administrative Issues: Would lead to additional administrative costs associated with setting up records for new beneficiaries. Trustee payment records would also have to be updated to reflect the beneficiaries.</p> <p>Actuarial/Cost Issues: Presuming that there would be an actuarial reduction in the member's benefit to provide for the beneficiary continuance, there could be no cost impact. On the other hand, there is the potential for anti-selection if retirees in poor health choose this option.</p>	<p>Staff and the Benefits Committee would recommend submitting this idea.</p>
<p>2. Amend the Hybrid Plan to allow PERS members to purchase service credit unrelated to other eligible service in excess of five years. However, such excess service would not be counted towards attaining normal retirement date under the Rule of 85.</p>	<p>Amendments to IRC, 415(n) made by the PPA of 2006 permit purchase of service credit via trustee to trustee transfer from a 457 or 403(b) plan to a governmental defined benefit plans for amounts in excess of the 5 year limit on nonqualified service credit.</p>	<p>Administrative Issues: In order to implement this item of proposed legislation, PERS would need to develop systems and processes for tracking service purchases for benefits purposes only and service towards retirement eligibility separately.</p> <p>Actuarial/Cost Issues: It appears that by not counting purchased service credit unrelated to other eligible service in excess of 5 years towards the Rule of 85, the actuarial cost to the fund of providing the credit can be calculated with more accuracy and is more</p>	<p>Staff and the Benefits Committee would recommend submitting this idea.</p>

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
		<p>affordable for the member than if such service counted towards the Rule of 85. However, the additional purchased service credit provides a higher retirement benefit for the member, and therefore may influence retirement patterns of members purchasing service credit. This may affect the accuracy of the actuarial cost calculation of purchasing this service credit, although to a lesser degree than not counting the purchased service credit towards the Rule of 85.</p> <p>For purposes of benefits equity, may want to consider a similar change to the Defined Contribution Plan.</p>	
<p>3. Eliminate the benefit option for surviving spouses whereby unreduced normal retirement benefits are payable for 60 months. This is a concern for PERS because a 60-month certain form of payment is an eligible rollover distribution under IRC 402(c) and therefore each monthly payment is subject to an automatic 20% tax withholding, unless the surviving spouse elects to rollover each payment.</p>	<p>None</p>	<p>Administrative Issues: If the 60 month certain form of surviving spouse benefits was eliminated, surviving spouses could elect between the following death benefits:</p> <ul style="list-style-type: none"> a. lump sum payment of the member's retirement account, which is also an eligible rollover distribution and thus subject to the 20% tax withholding; or b. monthly annuity payments equal to 50% of the member's accrued retirement benefits for the life of the spouse, which is not an eligible rollover distribution and 	<p>Staff and the Benefits Committee would recommend submitting this idea.</p>

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
		<p>thus not subject to the 20% tax withholding; or</p> <p>c. if the member died on or after normal retirement age, a monthly annuity for the life of the spouse equal to the survivor's portion of a 100% joint and survivor annuity, which is also not an eligible rollover distribution.</p> <p>Actuarial/Cost Issues: For a certain group of surviving spouses, the 60-month certain form would be the death benefit with the highest actuarial present value. If this form is eliminated, it may result in actuarial gains to the Hybrid Plan.</p>	
<p>4. Permit members of the Hybrid Plan to select a non-spouse annuitant for the joint and survivor annuity benefit options (50% and 100%).</p>	<p>It may be necessary to determine whether permitting a member to elect a 100% JS annuity with a non-spouse annuitant that is more than 10 years younger than the member satisfies a reasonable, good faith interpretation of the required minimum distribution rules under IRC 401(a)(9), including incidental benefit requirements. The</p>	<p>Administrative Issues: In considering this item of proposed legislation, it is important to determine whether this change would apply to both married and unmarried members, and if applicable to married members, whether PERS would require a married member's spouse to consent to the non-spouse annuitant.</p> <p>Actuarial/Cost Issues In order to implement this item of proposed legislation, it would be necessary to develop separate actuarial factors for joint and survivor annuities with non-spouse annuitants. Until the</p>	<p>Staff and the Benefits Committee would recommend submitting this idea.</p>

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
	<p>incidental benefit rules for pension plans require that the plan be established and maintained primarily to provide systematically for the payment of benefits to employees over a period of years, usually for life, after retirement, and any other benefits provided under the plan should be incidental to retirement benefits. Where a spouse elects a 100% JS annuity with a much younger (non-spouse) annuitant, such as a child or grandchild, it is likely that the majority of benefit amounts will be paid to the non-spouse annuitant, rather than to the member. In this way, the incidental benefit rule may be violated. Please note that, although the PPA, considerably relaxed the required minimum distribution rules for governmental plans, such plans must still comply</p>	<p>Hybrid Plan has sufficient actuarial experience with non-spouse annuitants, this item may lead to a measure of uncertainty of the accuracy of the actuarial assumptions used to develop such factors, although it is anticipated that this will have minimal impact on PERS overall.</p>	

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
	with the statutory requirements under IRC 401(a)(9).		
5. Permit members of the Law Enforcement and National Guard Systems Plan to provide a normal form (a free 50% Joint and Survivor benefit) of benefit.	None	<p>Administrative Issues: Would lead to additional administrative costs associated with setting up records for all married retirees. Trustee payment records would also have to be updated to reflect the beneficiaries.</p> <p>Actuarial/Cost Issues: Allowing a free 50% Joint and Survivor benefit would certainly have a cost impact. In general, for beneficiaries who are roughly the same age as the retiree, a free 50% Joint and Survivor benefit will add approximately 10% to the liability for each married retiree.</p>	Staff would recommend removing this from our list of proposed legislation
6. Allow participants in the 457 plan to purchase service credit via in-service transfer of their 457 plan account balance based on paying only the employee and employer contribution rate under the Hybrid Plan (9.12% of salary or wages), rather than full actuarial cost to the fund for providing the service credit. For example for each year a member participated in PEP they could purchase one month of service credit at 9.12%	None	<p>Administrative Issues: None</p> <p>Actuarial/Cost Issue: Subsidizing the cost of the service credit would provide a valuable incentive for members to participate in the 457 plan. However, it would also result in an actuarial cost for the Hybrid Plan. The magnitude of such cost depends on several factors, including utilization rate by members and whether any restrictions are placed on the purchase (e.g., transfer can only take place at or near retirement, purchased service credit not counted</p>	We are awaiting some additional information and would recommend deferring a decision on this issue until February.

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
		<p>towards Rule of 85). For purposes of benefits equity, may want to consider a similar change to the Defined Contribution Plan.</p> <p>Also see attachment #1</p>	
<p>7. Allow participants in the Hybrid Plan to purchase an inflation adjusted benefit. The monthly benefit would be actuarially reduced depending on the annual inflation increase the member would like to have.</p>	<p>An automatic COLA must comply with the required minimum distribution rules applicable to governmental plans under Code section 401(a)(9). Please note that Section 823 of the Pension Protection Act of 2006 relaxed the required minimum distribution rules applicable to governmental plans so that such plans may comply with a reasonable, good faith interpretation of the Code provisions, rather than the detailed rules under related Treasury Regulations. Thus, it appears that the restrictions on COLAs under those Treasury Regulations no longer apply.</p>	<p>Administrative Issues: An automatic COLA would normally be payable directly from the existing trust fund assets of the System. Generally, an automatic COLA is payable as a percentage increase in existing monthly benefits, either a constant percentage or a variable percentage based on a consumer price index, at regular intervals (such as annually or biannually) with or without a cap. An automatic COLA could also be based on a flat dollar amount per year of service.</p> <p>Actuarial/Cost Issues: As an example, a retiree's \$1,000 monthly benefit would be reduced to approximately \$900 in order to provide a 1% automatic annual COLA. The \$900 would increase to \$909 in the 2nd year, \$918 in the 3rd year and so on. We would have to prepare a table of reduction factors which would depend on the age of the retiree and the option chosen. This option would be made available only at the time a member elects his/her form of</p>	<p>Staff and the Benefits Committee would recommend submitting this idea.</p>

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
		benefit payments. Also see attachment #2	
8. Allow employers to contribute a “bonus” contribution to a participant’s 457 plan account.	As an employer contribution, the “bonus” contribution would count towards the maximum 457 plan annual contribution limit (\$15,500 for 2007). The “bonus” employer contribution would also count as FICA wages resulting in additional taxes for the employer and the employee.	Administrative Issues: None Actuarial/Cost Issues: None	Staff and the Benefits Committee would recommend not including this idea in our list of proposed legislation
Change Rule of 85 to Rule of 90		This change would reduce plan costs by about .83%. Because this provision would affect only newly hired participants, the effect of the change would gradually occur as current participants leave the System and are replaced by participants covered under the new provisions. To estimate the magnitude of this change, we have calculated the cost difference for current participants, as if the change were made Immediately.	We are awaiting some additional information and would recommend deferring a decision on this issue until February.
Add Legislators to the retiree health plan		Would the cost for adding approximately 100 Legislators to the Retiree Health Insurance Credit Fund eliminates	We are awaiting some additional information and would recommend deferring a decision on this issue until

Proposed Legislation	Legal Issues	Segal Comment	Staff Recommendation
		<p>the 0.05% contribution margin shown in the July 1, 2007 actuarial valuation report?</p> <p>No, the cost for adding approximately 100 Legislators would not eliminate the 0.05% contribution margin.</p>	February.
<p>Allowing the Judges and the HP members to pretax their employee contributions</p>		See attachment #3	
<p>Other Changes:</p> <ul style="list-style-type: none"> • Allow the employer the option of paying health and life insurance premiums for permanent employees on unpaid LOA • Consider eliminating the provision that allows non-eligible employees to join the health plan. • 54-52.1-03.4 – update the wording to reflect term different then 9 months and change “teacher” to “faculty” • Determine if the HP want to allow member to purchase other types of previous public employment including i-state, federal & out-of-state. 			<p>Include these provisions in the proposed legislation</p>

Attachment #1

Question 5: What are the actuarial cost implications of allowing PEP (457) plan members to purchase 1 month of PERS service for each year of PEP participation? The maximum allowable purchase will be 2 years and the purchase would only be allowed at the time of retirement at a cost of 9.12% of final average salary.

It is our understanding that the PEP provisions have been in place for approximately 9 years and that 6,200 members are currently contributing to the PEP plan. This represents approximately 33% of the total Main plan active membership of 18,299 as of July 1, 2007. We have estimated the total additional employer contribution rate using broad based averages, described below. If the Board wished to pursue this proposal further, we recommend that a more exact actuarial analysis be performed using actual data for the 6,200 participating members.

Approximate additional employer contribution rate:

If all 6,200 purchase 2 years of service	0.25%
If all 6,200 purchase 1 year of service	0.12%

Attachment #2

Question 3: The Board is exploring the option of providing a “graduated” benefit to retirees at retirement. A retiree would be buying future COLA benefits at the time of retirement via a reduction in his/her initial monthly benefit. We have provided some examples of how the option would work in practice. Would such an option be considered a “COLA” benefit for purposes of the tax code restrictions?

It is our understanding that such a benefit payment form would be considered an “optional” form of benefit, as opposed to a true COLA benefit. As such, it would not be subject to the tax code restrictions that apply to COLA benefits.

The following examples illustrate the benefits payable under the “graduated” benefit option. Example 1 is for a 60 year old retiree electing a life only benefit option of \$1,000 per month at retirement and shows the benefits under both a 1% and a 2% graduated benefit option. Example 2 is for a 65 year retiree electing a life only benefit option of \$1,000 per month at retirement and shows the benefits under both a 1% and a 2% graduated benefit option.

The examples are based on a 50/50 male/female unisex mortality blend of the 1983 Group Annuity Mortality Table used for funding the Main plan and an 8% interest assumption. Note that the reduction for either a 1% or 2% graduated benefit is larger for a younger retiree. This is because a younger retiree, with a longer life expectancy, will have more graduated increases paid over his/her lifetime, hence there must be an additional charge for these additional increases.

Since the benefit would be an optional form of payment elected at retirement with the reduction in benefit calculated on an actuarially equivalent basis, we do not anticipate any increase or decrease in plan liabilities or costs if it is made available.

Retiree Age	Monthly Single Life Benefit	Example 1a Monthly Graduated Benefit with 1% Annual Increases	Example 1b Monthly Graduated Benefit with 2% Annual Increases
60	1,000.00	917.26	837.62
61	1,000.00	926.43	854.38
62	1,000.00	935.70	871.46
63	1,000.00	945.06	888.89
64	1,000.00	954.51	906.67
65	1,000.00	964.05	924.81
66	1,000.00	973.69	943.30
67	1,000.00	983.43	962.17
68	1,000.00	993.26	981.41
69	1,000.00	1,003.20	1,001.04
70	1,000.00	1,013.23	1,021.06
71	1,000.00	1,023.36	1,041.48
72	1,000.00	1,033.59	1,062.31
73	1,000.00	1,043.93	1,083.56
74	1,000.00	1,054.37	1,105.23
75	1,000.00	1,064.91	1,127.33
76	1,000.00	1,075.56	1,149.88
77	1,000.00	1,086.32	1,172.88
78	1,000.00	1,097.18	1,196.33
79	1,000.00	1,108.15	1,220.26
80	1,000.00	1,119.23	1,244.67

Retiree Age	Monthly Single Life Benefit	Example 2 Monthly Graduated Benefit with 1% Annual Increases	Example 2 Monthly Graduated Benefit with 2% Annual Increases
65	1,000.00	925.67	853.93
66	1,000.00	934.93	871.00
67	1,000.00	944.28	888.42
68	1,000.00	953.72	906.19
69	1,000.00	963.26	924.32
70	1,000.00	972.89	942.80
71	1,000.00	982.62	961.66
72	1,000.00	992.45	980.89
73	1,000.00	1,002.37	1,000.51
74	1,000.00	1,012.39	1,020.52
75	1,000.00	1,022.52	1,040.93
76	1,000.00	1,032.74	1,061.75
77	1,000.00	1,043.07	1,082.98
78	1,000.00	1,053.50	1,104.64
79	1,000.00	1,064.04	1,126.74
80	1,000.00	1,074.68	1,149.27
81	1,000.00	1,085.42	1,172.26
82	1,000.00	1,096.28	1,195.70
83	1,000.00	1,107.24	1,219.62
84	1,000.00	1,118.31	1,244.01
85	1,000.00	1,129.50	1,268.89



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MEMORANDUM

To: Sparb Collins
Deb Knudsen

From: Melanie Walker, JD

Date: January 3, 2008

Re: North Dakota Highway Patrol Retirement System

At your request, we are providing background information regarding the legal requirements for changing mandatory employee contributions to the above referenced Retirement System from after-tax to pre-tax contributions. In addition, we included a brief discussion of the implications of taking such action.

The only method available to make mandatory employee contributions on a pre-tax basis is for the contributions to be “picked up” by the employer in accordance with Code section 414(h). Under this Code section, employee contributions picked up by a governmental employer are treated as employer contributions for federal income tax purposes, and thus are not taxable to the employee.

Revenue Ruling 81-35 sets forth the requirements for employee contributions to be picked up by the employer. This guidance provides that in order for employee contributions to be excluded from an employee’s gross income, the following criteria must be met:

1. The employer must specify that the contributions, although designated as employee contributions, are being paid by the employer in lieu of contributions by the employee;
2. The employee must not be given the option of choosing to receive the contributions directly instead of having them paid by the employer to the plan; and
3. This pick up arrangement cannot apply to periods before the employer takes the actions necessary to cause the contributions to be picked up.

Recently, the IRS provided additional guidance on what employer actions are necessary to implement a pick up of employee contributions. Revenue Ruling 2006-43 clarifies that the

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employing unit must take formal action by a duly authorized person that is evidenced by a contemporaneous written document and applied only to contributions made after the formal action. The IRS indicated that written evidence of a pick up arrangement may include meeting minutes, a resolution or an ordinance/statute.

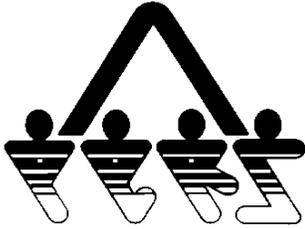
Therefore, it appears that in order to change employee contributions to the Highway Patrol Retirement System from after-tax to pre-tax contributions, the System must take formal, written action to indicate that contributions made after a future date will be picked up by the employer for a specific class of employees.

The main advantage of changing employee contributions from after-tax to pre-tax contributions is the ability of employees to defer federal income taxes on a specific amount of wages (the contribution amounts) until retirement benefits are received, when the tax rate is usually lower than during active employment. In addition, it may be possible to implement the employer pick up arrangement in such a manner as to eliminate payment of FICA taxes on the contribution amounts, which benefits both the employer and the employee. However, in order for FICA taxes to not apply to picked up employee contributions, additional requirements must be met.

In general, there are no major disadvantages to changing employee contributions from after-tax to pre-tax contributions. Of course, there may be some employees who, for whatever reason, prefer to pay taxes on the contribution amounts now rather than later. Also, it is important to satisfy the legal requirements to properly implement an employer pick up arrangement, as described above. Otherwise, the pick up arrangement may be deemed to be a taxable event for employees. Furthermore, changing employee contributions from after-tax to pre-tax contributions causes an administrative burden to implement changes to the payroll processes and method of accounting for employee contributions.

We hope this discussion is helpful. If you have additional questions, please do not hesitate to contact me. As always, the information set forth in this memorandum is provided within our role as your benefits consultant, and is not intended to provide tax or legal advice.

cc: Brad Ramirez, FSA, MAAA, EA



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Service Agreement Amendment

Attached for your consideration and approval is an amendment to our service agreement with BCBS. The only change in the amendment is the change in the Medicare Rx rates which were previously approved by the Board.

Board Action Requested:

Approve the attached amendment to the administrative agreement and authorize the chair to sign it pursuant to 53-52.1 NDCC.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DAKOTA PLAN

DAKOTA RETIREE PLAN

AMENDMENT

This amendment is to be effective January 1, 2008 through June 30, 2009. Please read this amendment carefully and keep it with your Benefit Plan document for future reference.

Section 6.0, FEES AND CHARGES, of the Administrative Service Agreement is amended as outlined in the attached table of contract rates.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, in their names by their undersigned officers, the same being duly authorized to do so.

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Box 1657
Bismarck, North Dakota 58502

BLUE CROSS BLUE SHIELD OF NORTH DAKOTA*
4510 13th Avenue South
Fargo, North Dakota 58121-0001

By: _____



Title: _____

Its President and CEO

Date: _____

Date: December 5, 2007

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM**
(PLAN ADMINISTRATOR)
400 East Broadway, Suite 505
Box 1657
Bismarck, North Dakota 58502

By: _____

Title: _____

Date: _____

Effective Dates: 01/01/2008 – 06/30/2009
Amendment

* An Independent Licensee of the Blue Cross and Blue Shield Association.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
July 1, 2007 - December 31, 2007								(3)+(4)+(5)		
Code	Description	Total BCBSND Bid	Less NDPERS Retention	(1)-(2) Total Premium to BCBSND	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate	
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	4	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$2.80	\$339.56	
2	4	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$2.80	\$817.58	
COBRA										
4	4	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$9.51	\$346.27	
5	4	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$19.07	\$833.85	
Active EPO/Basic										
1	6	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$2.80	\$316.30	
2	6	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$2.80	\$760.86	
COBRA										
4	6	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$9.04	\$322.54	
5	6	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$17.93	\$775.99	
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	3	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$6.20	\$342.96	
2	3	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$10.98	\$825.76	
COBRA										
4	3	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$9.51	\$346.27	
5	3	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$19.07	\$833.85	
Active EPO/Basic										
1	5	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$5.96	\$319.46	
2	5	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$10.41	\$768.47	
COBRA										
4	5	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$9.04	\$322.54	
5	5	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$17.93	\$775.99	
State Contracts with Wellness Program										
Active										
1-3	2	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25	\$655.28	\$2.80	\$658.08	
COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$9.08	\$324.58	
5	2	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$18.00	\$779.22	
Part-Time/Temporary/LOA										
6	2	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$2.80	\$318.30	
7	2	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$2.80	\$764.02	
State Contracts w/o Wellness Program										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25	\$655.28	\$9.38	\$664.66	
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$9.08	\$324.58	
5	1	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$18.00	\$779.22	
Part-Time/Temporary/LOA										
6	1	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$5.98	\$321.48	
7	1	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$10.44	\$771.66	

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A (cont'd)			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
July 1, 2007 - December 31, 2007								(3)+(4)+(5)		
Code	Description		Total BCBSND Bid	Less NDPERS Retention	(1)-(2) Total Premium to BCBSND	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Non-Medicare Retiree										
21	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34
22	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42
23	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98
COBRA										
24	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51
25	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00
26	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27
Medicare Retiree										
41	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	\$60.14	\$211.40	\$2.80	\$214.20
42	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	\$120.28	\$415.66	\$2.80	\$418.46
50	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	\$180.42	\$494.64	\$2.80	\$497.44
51	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	\$240.56	\$432.42	\$2.80	\$435.22
43	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	\$60.14	\$619.08	\$2.80	\$621.88
49	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	\$120.28	\$556.86	\$2.80	\$559.66
55	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	\$180.42	\$494.64	\$2.80	\$497.44
44	11	Part A Single	\$424.32	\$2.80	\$421.52	\$0.00	\$60.14	\$481.66	\$2.80	\$484.46
COBRA										
46	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	\$60.14	\$211.40	\$7.08	\$218.48
47	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	\$120.28	\$415.66	\$11.16	\$426.82
53	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	\$180.42	\$494.64	\$12.74	\$507.38
54	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	\$240.56	\$432.42	\$11.50	\$443.92
48	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	\$60.14	\$619.08	\$15.24	\$634.32
52	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	\$120.28	\$556.86	\$13.98	\$570.84
56	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	\$180.42	\$494.64	\$12.74	\$507.38
Medicare Low Income Subsidy										
41	13	1 Medicare only (1cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$32.79	\$184.05	\$2.80	\$186.85
42	13	2 Medicare only (2cr)	\$298.18	\$2.80	\$295.38	\$0.00	\$65.58	\$360.96	\$2.80	\$363.76
50	13	3 Medicare only (1cr)	\$317.02	\$2.80	\$314.22	\$0.00	\$153.07	\$467.29	\$2.80	\$470.09
43	13	1 Medicare+Others (1cr)	\$561.74	\$2.80	\$558.94	\$0.00	\$32.79	\$591.73	\$2.80	\$594.53
49	13	2 Medicare+Others (1cr)	\$439.38	\$2.80	\$436.58	\$0.00	\$92.93	\$529.51	\$2.80	\$532.31
61	13	1 Medicare only (.75cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$39.63	\$190.89	\$2.80	\$193.69
71	13	1 Medicare only (.5cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$46.46	\$197.72	\$2.80	\$200.52
72	13	2 Medicare only (1cr)	\$298.18	\$2.80	\$295.38	\$0.00	\$92.93	\$388.31	\$2.80	\$391.11

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2008 - December 31, 2008								(3)+(4)+(5)		
Code	Description	Total BCBSND Bid	Less NDPERS Retention	(1)-(2) Total Premium to BCBSND	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate	
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	4	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$2.80	\$339.56	
2	4	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$2.80	\$817.58	
COBRA										
4	4	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$9.51	\$346.27	
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1	6	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$2.80	\$316.30	
2	6	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$2.80	\$760.86	
COBRA										
4	6	Single	\$312.05	\$2.80	\$309.25	\$4.25	\$313.50	\$9.04	\$322.54	
5	6	Family	\$756.61	\$2.80	\$753.81	\$4.25	\$758.06	\$17.93	\$775.99	
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	3	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$6.20	\$342.96	
2	3	Family	\$813.33	\$2.80	\$810.53	\$4.25	\$814.78	\$10.98	\$825.76	
COBRA										
4	3	Single	\$335.31	\$2.80	\$332.51	\$4.25	\$336.76	\$9.51	\$346.27	
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COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$9.08	\$324.58	
5	2	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$18.00	\$779.22	
Part-Time/Temporary/LOA										
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7	2	Family	\$759.77	\$2.80	\$756.97	\$4.25	\$761.22	\$2.80	\$764.02	
State Contracts w/o Wellness Program										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25	\$655.28	\$9.38	\$664.66	
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25	\$315.50	\$9.08	\$324.58	
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Part-Time/Temporary/LOA										
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**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A (cont'd)			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2008 - December 31, 2008								(3)+(4)+(5)		
Code	Description		Total BCBSND Bid	Less NDPERS Retention	(1)-(2) Total Premium to BCBSND	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Non-Medicare Retiree										
21	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34
22	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42
23	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98
COBRA										
24	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51
25	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00
26	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27
Medicare Retiree										
41	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	\$56.40	\$207.66	\$2.80	\$210.46
42	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	\$112.80	\$408.18	\$2.80	\$410.98
50	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	\$169.20	\$483.42	\$2.80	\$486.22
51	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	\$225.60	\$417.46	\$2.80	\$420.26
43	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	\$56.40	\$615.34	\$2.80	\$618.14
49	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	\$112.80	\$549.38	\$2.80	\$552.18
55	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	\$169.20	\$483.42	\$2.80	\$486.22
44	11	Part A Single	\$424.32	\$2.80	\$421.52	\$0.00	\$56.40	\$477.92	\$2.80	\$480.72
COBRA										
46	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	\$56.40	\$207.66	\$7.00	\$214.66
47	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	\$112.80	\$408.18	\$11.02	\$419.20
53	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	\$169.20	\$483.42	\$12.52	\$495.94
54	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	\$225.60	\$417.46	\$11.20	\$428.66
48	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	\$56.40	\$615.34	\$15.16	\$630.50
52	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	\$112.80	\$549.38	\$13.84	\$563.22
56	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	\$169.20	\$483.42	\$12.52	\$495.94
Medicare Low Income Subsidy										
41	13	1 Medicare only (1cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$28.50	\$179.76	\$2.80	\$182.56
42	13	2 Medicare only (2cr)	\$298.18	\$2.80	\$295.38	\$0.00	\$57.00	\$352.38	\$2.80	\$355.18
50	13	3 Medicare only (1cr)	\$317.02	\$2.80	\$314.22	\$0.00	\$141.30	\$455.52	\$2.80	\$458.32
43	13	1 Medicare+Others (1cr)	\$561.74	\$2.80	\$558.94	\$0.00	\$28.50	\$587.44	\$2.80	\$590.24
49	13	2 Medicare+Others (1cr)	\$439.38	\$2.80	\$436.58	\$0.00	\$84.90	\$521.48	\$2.80	\$524.28
61	13	1 Medicare only (.75cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$35.50	\$186.76	\$2.80	\$189.56
71	13	1 Medicare only (.5cr)	\$154.06	\$2.80	\$151.26	\$0.00	\$42.40	\$193.66	\$2.80	\$196.46
72	13	2 Medicare only (1cr)	\$298.18	\$2.80	\$295.38	\$0.00	\$84.90	\$380.28	\$2.80	\$383.08
	13	4 Medicare only (1cr)	\$194.66	\$2.80	\$191.86	\$0.00	\$197.70	\$389.56	\$2.80	\$392.36

- (1) - BCBSND premium rates, per bid.
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PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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COBRA										
4	4	Single	\$335.31	\$2.80	\$332.51	\$4.25		\$336.76	\$9.51	\$346.27
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State Contracts with Wellness Program										
Active										
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COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
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State Contracts w/o Wellness Program										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$9.38	\$664.66
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$5.98	\$321.48
7	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$10.44	\$771.66

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure A (cont'd)			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2009 - June 30, 2009								(3)+(4)+(5)		
Code	Description		Total BCBSND Bid	Less NDPERS Retention	(1)-(2) Total Premium to BCBSND	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Non-Medicare Retiree										
21	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34
22	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42
23	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98
COBRA										
24	11	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51
25	11	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00
26	11	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27
Medicare Retiree										
41	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	TBD	TBD	\$2.80	TBD
42	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	TBD	TBD	\$2.80	TBD
50	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	TBD	TBD	\$2.80	TBD
51	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	TBD	TBD	\$2.80	TBD
43	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	TBD	TBD	\$2.80	TBD
49	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	TBD	TBD	\$2.80	TBD
55	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	TBD	TBD	\$2.80	TBD
44	11	Part A Single	\$424.32	\$2.80	\$421.52	\$0.00	TBD	TBD	\$2.80	TBD
COBRA										
46	11	1 Medicare only	\$154.06	\$2.80	\$151.26	\$0.00	TBD	TBD	TBD	TBD
47	11	2 Medicare only	\$298.18	\$2.80	\$295.38	\$0.00	TBD	TBD	TBD	TBD
53	11	3 Medicare only	\$317.02	\$2.80	\$314.22	\$0.00	TBD	TBD	TBD	TBD
54	11	4 Medicare only	\$194.66	\$2.80	\$191.86	\$0.00	TBD	TBD	TBD	TBD
48	11	1 Medicare+Others	\$561.74	\$2.80	\$558.94	\$0.00	TBD	TBD	TBD	TBD
52	11	2 Medicare+Others	\$439.38	\$2.80	\$436.58	\$0.00	TBD	TBD	TBD	TBD
56	11	3 Medicare+Others	\$317.02	\$2.80	\$314.22	\$0.00	TBD	TBD	TBD	TBD
Medicare Low Income Subsidy										
41	13	1 Medicare only (1cr)	\$154.06	\$2.80	\$151.26	\$0.00	TBD	TBD	\$2.80	TBD
42	13	2 Medicare only (2cr)	\$298.18	\$2.80	\$295.38	\$0.00	TBD	TBD	\$2.80	TBD
50	13	3 Medicare only (1cr)	\$317.02	\$2.80	\$314.22	\$0.00	TBD	TBD	\$2.80	TBD
43	13	1 Medicare+Others (1cr)	\$561.74	\$2.80	\$558.94	\$0.00	TBD	TBD	\$2.80	TBD
49	13	2 Medicare+Others (1cr)	\$439.38	\$2.80	\$436.58	\$0.00	TBD	TBD	\$2.80	TBD
61	13	1 Medicare only (.75cr)	\$154.06	\$2.80	\$151.26	\$0.00	TBD	TBD	\$2.80	TBD
71	13	1 Medicare only (.5cr)	\$154.06	\$2.80	\$151.26	\$0.00	TBD	TBD	\$2.80	TBD
72	13	2 Medicare only (1cr)	\$298.18	\$2.80	\$295.38	\$0.00	TBD	TBD	\$2.80	TBD
	13	4 Medicare only (1cr)	\$194.66	\$2.80	\$191.86	\$0.00	TBD	TBD	\$2.80	TBD

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year								(3)+(4)+(5)		
July 1, 2007 - December 31, 2007					(1)-(2)	Wellness Programs	Medicare	Total	Plus	(6)+(7)
Code	Description		Total BCBSND Bid	Less NDPERS Retention	Premium to BCBSND	& Disease Mgmt	Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	8	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$2.80	\$324.36
2	8	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$2.80	\$780.70
COBRA										
4	8	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$9.20	\$330.76
5	8	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$18.33	\$796.23
Active EPO/Basic										
1	10	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$2.80	\$302.16
2	10	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$2.80	\$726.56
COBRA										
4	10	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$8.76	\$308.12
5	10	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$17.25	\$741.01
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	7	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$6.04	\$327.60
2	7	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$10.61	\$788.51
COBRA										
4	7	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$9.20	\$330.76
5	7	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$18.33	\$796.23
Active EPO/Basic										
1	9	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$5.82	\$305.18
2	9	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$10.07	\$733.83
COBRA										
4	9	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$8.76	\$308.12
5	9	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$17.25	\$741.01
State Contracts with Wellness Program (see Rate Structure 'A')										
Active										
1-3	2	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$2.80	\$658.08
COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$2.80	\$318.30
7	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$2.80	\$764.02
State Contracts w/o Wellness Program (see Rate Structure 'A')										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$9.38	\$664.66
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$5.98	\$321.48
7	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$10.44	\$771.66

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year (cont'd)								(3)+(4)+(5)		
July 1, 2007 - December 31, 2007					(1)-(2)	Wellness		Total		(6)+(7)
Code	Description	Total BCBSND Bid	Less NDPERS Retention	Total Premium to BCBSND	Programs & Disease Mgmt	Medicare Part D Premium	Monthly Paid to BCBSND	Plus NDPERS Retention	NDPERS Billing Rate	
Non-Medicare Retiree (see Rate Structure 'A')										
21	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34	
22	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42	
23	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98	
COBRA										
24	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51	
25	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00	
26	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27	
Medicare Retiree										
41	12 1 Medicare only	\$147.08	\$2.80	\$144.28	\$0.00	\$60.14	\$204.42	\$2.80	\$207.22	
42	12 2 Medicare only	\$284.66	\$2.80	\$281.86	\$0.00	\$120.28	\$402.14	\$2.80	\$404.94	
50	12 3 Medicare only	\$302.66	\$2.80	\$299.86	\$0.00	\$180.42	\$480.28	\$2.80	\$483.08	
51	12 4 Medicare only	\$185.84	\$2.80	\$183.04	\$0.00	\$240.56	\$423.60	\$2.80	\$426.40	
43	12 1 Medicare+Others	\$536.28	\$2.80	\$533.48	\$0.00	\$60.14	\$593.62	\$2.80	\$596.42	
49	12 2 Medicare+Others	\$419.46	\$2.80	\$416.66	\$0.00	\$120.28	\$536.94	\$2.80	\$539.74	
55	12 3 Medicare+Others	\$302.66	\$2.80	\$299.86	\$0.00	\$180.42	\$480.28	\$2.80	\$483.08	
COBRA										
46	12 1 Medicare only	\$147.08	\$2.80	\$144.28	\$0.00	\$60.14	\$204.42	\$6.95	\$211.37	
47	12 2 Medicare only	\$284.66	\$2.80	\$281.86	\$0.00	\$120.28	\$402.14	\$10.91	\$413.05	
53	12 3 Medicare only	\$302.66	\$2.80	\$299.86	\$0.00	\$180.42	\$480.28	\$12.47	\$492.75	
54	12 4 Medicare only	\$185.84	\$2.80	\$183.04	\$0.00	\$240.56	\$423.60	\$11.33	\$434.93	
48	12 1 Medicare+Others	\$536.28	\$2.80	\$533.48	\$0.00	\$60.14	\$593.62	\$14.73	\$608.35	
52	12 2 Medicare+Others	\$419.46	\$2.80	\$416.66	\$0.00	\$120.28	\$536.94	\$13.60	\$550.54	
56	12 3 Medicare+Others	\$302.66	\$2.80	\$299.86	\$0.00	\$180.42	\$480.28	\$12.47	\$492.75	

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year								(3)+(4)+(5)		
January 1, 2008 - June 30, 2008					(1)-(2)	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Code	Description	Total BCBSND Bid	Less NDPERS Retention	Premium to BCBSND						
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	8	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$2.80	\$324.36
2	8	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$2.80	\$780.70
COBRA										
4	8	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$9.20	\$330.76
5	8	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$18.33	\$796.23
Active EPO/Basic										
1	10	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$2.80	\$302.16
2	10	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$2.80	\$726.56
COBRA										
4	10	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$8.76	\$308.12
5	10	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$17.25	\$741.01
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	7	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$6.04	\$327.60
2	7	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$10.61	\$788.51
COBRA										
4	7	Single	\$320.11	\$2.80	\$317.31	\$4.25		\$321.56	\$9.20	\$330.76
5	7	Family	\$776.45	\$2.80	\$773.65	\$4.25		\$777.90	\$18.33	\$796.23
Active EPO/Basic										
1	9	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$5.82	\$305.18
2	9	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$10.07	\$733.83
COBRA										
4	9	Single	\$297.91	\$2.80	\$295.11	\$4.25		\$299.36	\$8.76	\$308.12
5	9	Family	\$722.31	\$2.80	\$719.51	\$4.25		\$723.76	\$17.25	\$741.01
State Contracts with Wellness Program (see Rate Structure 'A')										
Active										
1-3	2	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$2.80	\$658.08
COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$2.80	\$318.30
7	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$2.80	\$764.02
State Contracts w/o Wellness Program (see Rate Structure 'A')										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$9.38	\$664.66
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$5.98	\$321.48
7	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$10.44	\$771.66

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year (cont'd)								(3)+(4)+(5)		
January 1, 2008 - June 30, 2008					(1)-(2)	Wellness	Medicare	Total	Plus	(6)+(7)
Code	Description	Total BCBSND Bid	Less NDPERS Retention	Total Premium to BCBSND	& Disease Mgmt	Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate	
Non-Medicare Retiree (see Rate Structure 'A')										
21	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34	
22	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42	
23	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98	
COBRA										
24	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51	
25	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00	
26	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27	
Medicare Retiree										
41	12 1 Medicare only	\$147.08	\$2.80	\$144.28	\$0.00	\$56.40	\$200.68	\$2.80	\$203.48	
42	12 2 Medicare only	\$284.66	\$2.80	\$281.86	\$0.00	\$112.80	\$394.66	\$2.80	\$397.46	
50	12 3 Medicare only	\$302.66	\$2.80	\$299.86	\$0.00	\$169.20	\$469.06	\$2.80	\$471.86	
51	12 4 Medicare only	\$185.84	\$2.80	\$183.04	\$0.00	\$225.60	\$408.64	\$2.80	\$411.44	
43	12 1 Medicare+Others	\$536.28	\$2.80	\$533.48	\$0.00	\$56.40	\$589.88	\$2.80	\$592.68	
49	12 2 Medicare+Others	\$419.46	\$2.80	\$416.66	\$0.00	\$112.80	\$529.46	\$2.80	\$532.26	
55	12 3 Medicare+Others	\$302.66	\$2.80	\$299.86	\$0.00	\$169.20	\$469.06	\$2.80	\$471.86	
COBRA										
46	12 1 Medicare only	\$147.08	\$2.80	\$144.28	\$0.00	\$56.40	\$200.68	\$6.88	\$207.56	
47	12 2 Medicare only	\$284.66	\$2.80	\$281.86	\$0.00	\$112.80	\$394.66	\$10.76	\$405.42	
53	12 3 Medicare only	\$302.66	\$2.80	\$299.86	\$0.00	\$169.20	\$469.06	\$12.24	\$481.30	
54	12 4 Medicare only	\$185.84	\$2.80	\$183.04	\$0.00	\$225.60	\$408.64	\$11.04	\$419.68	
48	12 1 Medicare+Others	\$536.28	\$2.80	\$533.48	\$0.00	\$56.40	\$589.88	\$14.66	\$604.54	
52	12 2 Medicare+Others	\$419.46	\$2.80	\$416.66	\$0.00	\$112.80	\$529.46	\$13.46	\$542.92	
56	12 3 Medicare+Others	\$302.66	\$2.80	\$299.86	\$0.00	\$169.20	\$469.06	\$12.24	\$481.30	

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year								(3)+(4)+(5)		
July 1, 2008 - December 31, 2008					(1)-(2)	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Code	Description	Total BCBSND Bid	Less NDPERS Retention	Premium to BCBSND						
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	8 Single	\$350.51	\$2.80	\$347.71	\$4.25			\$351.96	\$2.80	\$354.76
2	8 Family	\$850.21	\$2.80	\$847.41	\$4.25			\$851.66	\$2.80	\$854.46
COBRA										
4	8 Single	\$350.51	\$2.80	\$347.71	\$4.25			\$351.96	\$9.81	\$361.77
5	8 Family	\$850.21	\$2.80	\$847.41	\$4.25			\$851.66	\$19.80	\$871.46
Active EPO/Basic										
1	10 Single	\$326.19	\$2.80	\$323.39	\$4.25			\$327.64	\$2.80	\$330.44
2	10 Family	\$790.91	\$2.80	\$788.11	\$4.25			\$792.36	\$2.80	\$795.16
COBRA										
4	10 Single	\$326.19	\$2.80	\$323.39	\$4.25			\$327.64	\$9.32	\$336.96
5	10 Family	\$790.91	\$2.80	\$788.11	\$4.25			\$792.36	\$18.62	\$810.98
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	7 Single	\$350.51	\$2.80	\$347.71	\$4.25			\$351.96	\$6.35	\$358.31
2	7 Family	\$850.21	\$2.80	\$847.41	\$4.25			\$851.66	\$11.34	\$863.00
COBRA										
4	7 Single	\$350.51	\$2.80	\$347.71	\$4.25			\$351.96	\$9.81	\$361.77
5	7 Family	\$850.21	\$2.80	\$847.41	\$4.25			\$851.66	\$19.80	\$871.46
Active EPO/Basic										
1	9 Single	\$326.19	\$2.80	\$323.39	\$4.25			\$327.64	\$6.10	\$333.74
2	9 Family	\$790.91	\$2.80	\$788.11	\$4.25			\$792.36	\$10.75	\$803.11
COBRA										
4	9 Single	\$326.19	\$2.80	\$323.39	\$4.25			\$327.64	\$9.32	\$336.96
5	9 Family	\$790.91	\$2.80	\$788.11	\$4.25			\$792.36	\$18.62	\$810.98
State Contracts with Wellness Program (see Rate Structure 'A')										
Active										
1-3	2 S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25			\$655.28	\$2.80	\$658.08
COBRA										
4	2 Single	\$314.05	\$2.80	\$311.25	\$4.25			\$315.50	\$9.08	\$324.58
5	2 Family	\$759.77	\$2.80	\$756.97	\$4.25			\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	2 Single	\$314.05	\$2.80	\$311.25	\$4.25			\$315.50	\$2.80	\$318.30
7	2 Family	\$759.77	\$2.80	\$756.97	\$4.25			\$761.22	\$2.80	\$764.02
State Contracts w/o Wellness Program (see Rate Structure 'A')										
Active										
1-3	1 S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25			\$655.28	\$9.38	\$664.66
COBRA										
4	1 Single	\$314.05	\$2.80	\$311.25	\$4.25			\$315.50	\$9.08	\$324.58
5	1 Family	\$759.77	\$2.80	\$756.97	\$4.25			\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	1 Single	\$314.05	\$2.80	\$311.25	\$4.25			\$315.50	\$5.98	\$321.48
7	1 Family	\$759.77	\$2.80	\$756.97	\$4.25			\$761.22	\$10.44	\$771.66

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)								(3)+(4)+(5)		
July 1, 2008 - December 31, 2008					(1)-(2)	Wellness Programs & Disease Mgmt	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(6)+(7) NDPERS Billing Rate
Code	Description		Total BCBSND Bid	Less NDPERS Retention	Total Premium to BCBSND					
Non-Medicare Retiree (see Rate Structure 'A')										
21	12	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34
22	12	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42
23	12	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98
COBRA										
24	12	Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51
25	12	Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00
26	12	Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27
Medicare Retiree										
41	12	1 Medicare only	\$161.04	\$2.80	\$158.24	\$0.00	\$56.40	\$214.64	\$2.80	\$217.44
42	12	2 Medicare only	\$311.70	\$2.80	\$308.90	\$0.00	\$112.80	\$421.70	\$2.80	\$424.50
50	12	3 Medicare only	\$331.38	\$2.80	\$328.58	\$0.00	\$169.20	\$497.78	\$2.80	\$500.58
51	12	4 Medicare only	\$203.48	\$2.80	\$200.68	\$0.00	\$225.60	\$426.28	\$2.80	\$429.08
43	12	1 Medicare+Others	\$587.20	\$2.80	\$584.40	\$0.00	\$56.40	\$640.80	\$2.80	\$643.60
49	12	2 Medicare+Others	\$459.30	\$2.80	\$456.50	\$0.00	\$112.80	\$569.30	\$2.80	\$572.10
55	12	3 Medicare+Others	\$331.38	\$2.80	\$328.58	\$0.00	\$169.20	\$497.78	\$2.80	\$500.58
COBRA										
46	12	1 Medicare only	\$161.04	\$2.80	\$158.24	\$0.00	\$56.40	\$214.64	\$7.14	\$221.78
47	12	2 Medicare only	\$311.70	\$2.80	\$308.90	\$0.00	\$112.80	\$421.70	\$11.28	\$432.98
53	12	3 Medicare only	\$331.38	\$2.80	\$328.58	\$0.00	\$169.20	\$497.78	\$12.80	\$510.58
54	12	4 Medicare only	\$203.48	\$2.80	\$200.68	\$0.00	\$225.60	\$426.28	\$11.38	\$437.66
48	12	1 Medicare+Others	\$587.20	\$2.80	\$584.40	\$0.00	\$56.40	\$640.80	\$15.66	\$656.46
52	12	2 Medicare+Others	\$459.30	\$2.80	\$456.50	\$0.00	\$112.80	\$569.30	\$14.24	\$583.54
56	12	3 Medicare+Others	\$331.38	\$2.80	\$328.58	\$0.00	\$169.20	\$497.78	\$12.80	\$510.58

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year								(3)+(4)+(5)		
January 1, 2009 - June 30, 2009					(1)-(2)	Wellness	Medicare	Total	Plus	(6)+(7)
Code	Description		Total BCBSND Bid	Less NDPERS Retention	Premium to BCBSND	& Disease Mgmt	Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
1	8	Single	\$350.51	\$2.80	\$347.71	\$4.25		\$351.96	\$2.80	\$354.76
2	8	Family	\$850.21	\$2.80	\$847.41	\$4.25		\$851.66	\$2.80	\$854.46
COBRA										
4	8	Single	\$350.51	\$2.80	\$347.71	\$4.25		\$351.96	\$9.81	\$361.77
5	8	Family	\$850.21	\$2.80	\$847.41	\$4.25		\$851.66	\$19.80	\$871.46
Active EPO/Basic										
1	10	Single	\$326.19	\$2.80	\$323.39	\$4.25		\$327.64	\$2.80	\$330.44
2	10	Family	\$790.91	\$2.80	\$788.11	\$4.25		\$792.36	\$2.80	\$795.16
COBRA										
4	10	Single	\$326.19	\$2.80	\$323.39	\$4.25		\$327.64	\$9.32	\$336.96
5	10	Family	\$790.91	\$2.80	\$788.11	\$4.25		\$792.36	\$18.62	\$810.98
Political Subdivision Rates w/o Wellness Program										
Active EPO/PPO/Basic										
1	7	Single	\$350.51	\$2.80	\$347.71	\$4.25		\$351.96	\$6.35	\$358.31
2	7	Family	\$850.21	\$2.80	\$847.41	\$4.25		\$851.66	\$11.34	\$863.00
COBRA										
4	7	Single	\$350.51	\$2.80	\$347.71	\$4.25		\$351.96	\$9.81	\$361.77
5	7	Family	\$850.21	\$2.80	\$847.41	\$4.25		\$851.66	\$19.80	\$871.46
Active EPO/Basic										
1	9	Single	\$326.19	\$2.80	\$323.39	\$4.25		\$327.64	\$6.10	\$333.74
2	9	Family	\$790.91	\$2.80	\$788.11	\$4.25		\$792.36	\$10.75	\$803.11
COBRA										
4	9	Single	\$326.19	\$2.80	\$323.39	\$4.25		\$327.64	\$9.32	\$336.96
5	9	Family	\$790.91	\$2.80	\$788.11	\$4.25		\$792.36	\$18.62	\$810.98
State Contracts with Wellness Program (see Rate Structure 'A')										
Active										
1-3	2	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$2.80	\$658.08
COBRA										
4	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	2	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$2.80	\$318.30
7	2	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$2.80	\$764.02
State Contracts w/o Wellness Program (see Rate Structure 'A')										
Active										
1-3	1	S/F/Dual	\$653.83	\$2.80	\$651.03	\$4.25		\$655.28	\$9.38	\$664.66
COBRA										
4	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$9.08	\$324.58
5	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$18.00	\$779.22
Part-Time/Temporary/LOA										
6	1	Single	\$314.05	\$2.80	\$311.25	\$4.25		\$315.50	\$5.98	\$321.48
7	1	Family	\$759.77	\$2.80	\$756.97	\$4.25		\$761.22	\$10.44	\$771.66

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2007-2009 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)								(3)+(4)+(5)		
January 1, 2009 - June 30, 2009					(1)-(2)	Wellness		Total	Plus	(6)+(7)
Code	Description	Total BCBSND Bid	Less NDPERS Retention	Total Premium to BCBSND	& Disease Mgmt	Medicare Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate	
Non-Medicare Retiree (see Rate Structure 'A')										
21	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$2.80	\$475.34	
22	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$2.80	\$946.42	
23	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$2.80	\$1,181.98	
COBRA										
24	12 Single	\$471.09	\$2.80	\$468.29	\$4.25		\$472.54	\$7.97	\$480.51	
25	12 Family	\$942.17	\$2.80	\$939.37	\$4.25		\$943.62	\$17.38	\$961.00	
26	12 Family (3+)	\$1,177.73	\$2.80	\$1,174.93	\$4.25		\$1,179.18	\$22.09	\$1,201.27	
Medicare Retiree										
41	12 1 Medicare only	\$161.04	\$2.80	\$158.24	\$0.00	TBD	TBD	\$2.80	TBD	
42	12 2 Medicare only	\$311.70	\$2.80	\$308.90	\$0.00	TBD	TBD	\$2.80	TBD	
50	12 3 Medicare only	\$331.38	\$2.80	\$328.58	\$0.00	TBD	TBD	\$2.80	TBD	
51	12 4 Medicare only	\$203.48	\$2.80	\$200.68	\$0.00	TBD	TBD	\$2.80	TBD	
43	12 1 Medicare+Others	\$587.20	\$2.80	\$584.40	\$0.00	TBD	TBD	\$2.80	TBD	
49	12 2 Medicare+Others	\$459.30	\$2.80	\$456.50	\$0.00	TBD	TBD	\$2.80	TBD	
55	12 3 Medicare+Others	\$331.38	\$2.80	\$328.58	\$0.00	TBD	TBD	\$2.80	TBD	
COBRA										
46	12 1 Medicare only	\$161.04	\$2.80	\$158.24	\$0.00	TBD	TBD	TBD	TBD	
47	12 2 Medicare only	\$311.70	\$2.80	\$308.90	\$0.00	TBD	TBD	TBD	TBD	
53	12 3 Medicare only	\$331.38	\$2.80	\$328.58	\$0.00	TBD	TBD	TBD	TBD	
54	12 4 Medicare only	\$203.48	\$2.80	\$200.68	\$0.00	TBD	TBD	TBD	TBD	
48	12 1 Medicare+Others	\$587.20	\$2.80	\$584.40	\$0.00	TBD	TBD	TBD	TBD	
52	12 2 Medicare+Others	\$459.30	\$2.80	\$456.50	\$0.00	TBD	TBD	TBD	TBD	
56	12 3 Medicare+Others	\$331.38	\$2.80	\$328.58	\$0.00	TBD	TBD	TBD	TBD	

- (1) - BCBSND premium rates, per bid.
- (2) - Per contract charge retained by NDPERS
- (3) - Total premium paid to BCBSND.
- (4) - Wellness Programs and Disease Management submitted to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND. (rates for January 1, 2008 and after are to be determined (TBD))
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.



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

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

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

Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: January 9, 2008

SUBJECT: Minimum Participation & Contribution Requirements

BCBS completed its annual compliance review of our participating employers for the 2007 calendar year. All participating groups responded and there were no employers found to be out of compliance with the minimum participation and contribution requirements.

Representatives of BCBS will be available to respond to any questions.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: HB 1433

Attached is the proposal from the NDPHA relating to implementation of the provisions of HB 1433. Representatives of the NDPHA will be present at the January meeting and be available to answer your questions. As we have discussed, the legislature authorized this effort and the fiscal note to this bill allocated \$800,000 of the health plan reserves to implementation including incentives. At this point, staff is seeking your approval to move forward with the project based upon this proposal. If approved, the next steps will be to develop the incentives proposal for your consideration in February or March and develop a contract with the NDPHA for your approval. The final step would be to implement this project.

Board Action Requested:

To approve moving forward with the project based upon the proposal submitted.

Staff Recommendation:

To authorize moving forward based upon the proposal.

Disease State Management Of Diabetes Program

A Collaborative Health Care Approach

Prepared by:

The ND Pharmacy Service Corporation in collaboration with, the ND
Pharmacists Association, the ND Society of Health-System Pharmacists, and
NDSU College of Pharmacy, Nursing and Allied Sciences

Disease State Management Of Diabetes Program

Mission: The mission of the North Dakota Pharmacists Association Disease State Management program for Diabetes is to empower and educate patients with diabetes mellitus to develop and improve self-management skills in order to improve quality of life, and to reduce complications.

Goal: Our goal is to provide an integral component of diabetes care using the National Standards for Diabetes Self-Management Education thru certified pharmacists, or other certified health care professionals, as determined by the NDPhA.

Guidelines: This program will consist of an established system including a coordinator and advisory board. The coordinator will oversee the planning, implementation and evaluation of the program. The coordinator and advisory board will participate annually in a planning and review process of the program. A continuous quality improvement process will be used to evaluate the effectiveness of the program and determine opportunities for improvement. Our target population will be patients with diabetes mellitus currently obtaining health care coverage through their employer. Our statewide network of certified pharmacists and other certified health care providers would obtain regular continuing education in the areas of diabetes management as required by certification. A standardized written curriculum shall be used by, all participating providers to provide successful learning outcomes. The program will include documentation of patient assessment, planning, and evaluation. Outcomes data will be collected using electronic means of data collection.

Project Overview

An essential ingredient that has been missing from the health care delivery system is the active participation of the patient, who is key to achieving desired outcomes in care. When patients are engaged, empowered, and understand their role, they become more active, knowledgeable, and capable of achieving improvements in their overall care. Employers are always looking at ways to decrease their overall health care costs, to reduce employee's medical appointments (absenteeism), and to create happier/healthier employees. Individuals with chronic conditions can account for more than 50% of an employer's health care costs. We need to look at health care as an investment in ones well being compared to an expense for sickness. The ND Pharmacy Service Corporation (NDPSC) wants to help promote better health and social advancement and to reduce medical costs for individuals with diabetes and their employer(s) through a program called Disease State Management of Diabetes.

During the 2007 ND Legislative session, House Bill 1433 passed and was signed by the Governor. House Bill 1433 allows pharmacists and other qualified North Dakota health care providers to provide Disease State Management (DSM) to North Dakota public employees that suffer from chronic diseases and specifically have diabetes. The North Dakota Pharmacy Service Corporation wants to offer a disease state management program of diabetes. The intent of this program, as it relates to House Bill 1433, is to deliver services and support to individuals (NDPERS members) that have a chronic disease identified as diabetes (Type 1 or Type 2). By implementing a program of this nature, NDPSC will increase access to health care, redefine how services are delivered, increase the participant's knowledge base regarding their disease, increase the quality of life for participants, improve overall health status and medication adherence for their participants, and reduce health care costs on multiple levels for numerous interest groups.

The practice model is designed to bring about a high level of collaborative care by increasing the communications among patients, pharmacists, physicians, nutritionists and other health care providers. Enhanced communications promotes sharing of pertinent clinical data, including the objective measures obtained in the pharmacy, and the

facilitation of evaluation of patient's progress towards clinical goals and adjustments in the patient's treatment plans.

Because of the success of the "Asheville Project" and other collaborative care programs involving pharmacists, interest has increased in developing a model that can be replicated and scaled up in diverse communities, payer settings, and that would have the capacity to transform the health care system, improve diabetes outcomes and control costs. Pharmaceutical care services will be provided by a network of pharmacists and other providers who have completed an accredited diabetes certification program and they will "coach" patients on how to self-manage their diabetes.

Scope of Work

(Goals, Objectives and Activities-Methodology)

Goal # 1 – Provider Network Training and Accreditation

The first goal of the program is to establish a statewide diabetes network of trained certified providers. The network will consist of pharmacists, certified diabetes educators, and other appropriate health care providers with oversight of the network being provided by a Clinical Coordinator and a Peer Review Board.

Objective # 1

A network of trained certified providers will be created with oversight being provided by a Clinical Coordinator and a Peer Review Board.

Activity # 1

A co-license agreement will be sought between NDSU College of Pharmacy, ND Pharmacy Service Corporation (NDPSC) and the National Institute of Pharmacists Care Outcomes (NIPCO) for training and certification purposes. The training and certification process will be conducted by, the NDSU College of Pharmacy, Nursing and Allied Sciences with Dr. Tara Schmitz, Pharm. D. taking the lead role in collaboration with the Clinical Coordinator. Training and accreditation of providers is to be completed prior to May 2008. Network providers will also be trained on how to develop a plan for implementing such a program in their practice setting and will also learn to develop a

“patient-centered” self-management planning model using American Diabetes Association materials and other appropriate means.

By gathering claims data from Blue Cross Blue Shield of North Dakota, participants will be identified by location, so we can develop a network around the greatest need to begin with. A provider network database will be created monitored and updated. Provider commitments have already been made by a number of pharmacies. All network providers will be required to sign a “network agreement” document that will outline their role and responsibilities as a provider. A Clinical Coordinator will be hired no later than March 1, 2008 to provide coordination, general oversight, and to fill in any possible “gaps” in service. A Peer Review Board will be established with 4-6 practitioners of the specialty. Each network provider will be required to take a minimum of 6 hours of related CE per year. The Peer Review Board will also serve as the peer review committee for continuing competence. After initial certification has been issued, there will be a requirement for renewal. Some of the requirements for renewal may include the following; (1) renewal required every 2 years, due 90 days before expiration, (2) six hours of ACPE approved related CE required each year, (3) submit a summary of diabetes therapy management activities performed over the previous 20 months, (4) state number of patients served and number of practitioners with whom you have collaborated, along with 1 physician whom the committee can contact, and (5) submit 2 care plans, and outcomes data for patients seen during this 2-year period for committee review.

The Review Committee will issue a renewal card for display with the original certificate. Renewal cards will be mailed out by, the ND Pharmacists Association. The work of the review committee is allowable under HIPPA. If you are not actively seeing patients, you must retake the training course

Goal # 2 – Provider Network Training - Additional

The second goal is to make sure that each provider in the network is trained on how to use the same blood glucose monitor and software application. In addition, each provider will be trained on how to access and use the same web-based data management software documentation system.

Objective # 2

A supplier will provide identical blood glucose monitors for participating providers and will provide training on how to use the monitors and the application for such monitors. In addition, a data management documentation system will be identified to provide data collection and training to providers on such a system.

Activity # 2

Entities will be contacted to possibly provide identical blood glucose monitors and training associated with the devices (i.e. Life Scan). Training sites will be established statewide for network providers. A contract will be executed prior to March 1, 2008 with a valid data management documentation system (i.e. Medication Management Systems). MMS will provide training sites to educate network providers on how to access and use the common web-based system. We have not entered into a contract with MMS yet, but anticipate doing such in the near future. The training will be organized by the Clinical Coordinator and will be conducted prior to seeing program participants and in conjunction with blood glucose monitor training, if feasible.

Goal # 3 – Program Promotion and Enrollment

The third goal of the program is to send program notification out to eligible participants, start enrolling and seeing participants. The development of a “communication” network will be established.

Objective # 3

A formal letter will be developed and mailed, notifying eligible participants of the program, its services and incentives. Enrollment and provider services will begin no later than July 1, 2008. Clinical Coordinator will establish a communication network or central communication hub.

Activity # 3

Example letters used in the Asheville Project will be used appropriately. A letter notifying participants of the project, its services and incentives will be issued by, the ND Public Employees Retirement System in collaboration with the ND Pharmacy Service

Corporation. NDPERS will decide on how to officially promote or advertise the program. Enrollment will begin no later than July 1, 2008. Participant non-compliance policy will also be used just as in the Asheville Project. NDPERS and the data management system will collaborate with Blue Cross Blue Shield of North Dakota regarding the identification of participants for related waived co-pays once enrolled. Being able to waiver co-pays at the “point-of-sale” would be ideal. Participants will be able to choose which network provider they want to access. If a network provider is not available, the Clinical Coordinator will review possible options with participant. Clinical Coordinator may provide on-site visits at a central location that is accessible and feasible for the participant. Network providers will begin seeing participants no later than July 1, 2008. Clinical Coordinator will establish a “communication network” among project participants, NDPSC, NDPERS, BC/BS of ND, Prime, physicians, and the “provider network.” The establishment of a communication network will be accomplished prior to July 1, 2008.

Goal # 4 – Clinical, Humanistic and Economic Measures – Data Management Plan

A fourth goal of this program is to collect clinical indicators, humanistic measures and economic data for statistical analysis.

Objective # 4

Using a common data management system, all network providers will collect the same data, and use the same evaluation form(s). The Clinical Coordinator will ensure all information is collected and recorded appropriately while accessing the online data software system.

Activity # 4

The data management system will be web-based and accessible anywhere there is Internet access. All providers that have previously received training on how to access and use the system will begin entering the same data for consistency and accuracy. A contract will be executed prior to March 1, 2008 with Medication Management Systems of Minneapolis, MN. Parameters will be collected including hemoglobin A1C as the primary clinical outcome. Hemoglobin A1C collected at baseline and every 6 months.

Secondary outcomes to be collected include lipid panel (HDL, LDL) at baseline and each subsequent visit. Other measures to be tracked and recorded include but not limited to weight, smoking, depression, diet, exercise, testing of blood sugars at home and ACE inhibitor use. Annual foot and eye exams will be recommended and problems will be referred to the appropriate professional. The Asheville Project will be used as a model and American Diabetes Association materials and research will be used as a guide when looking for targeted outcomes. A Diabetes Quality of Life (DQOL) questionnaire will be developed using American Diabetes Association and Asheville Project materials as a guide. DQOL will be conducted 12 months after entering the program. At a minimum, the following economic data will be collected: (1) medical claims history; (2) diabetes related medications; and (3) non-diabetes related medications. Pre-post analysis will be conducted based on claims data going back at least 12 months prior to the start of the program and 12 months after enrollment.

Statistical Analysis: Assessment measures (A1C, lipid panels, blood pressures, weight, smoking and others) will be documented and entered into a web-based documentation system and transferred to a SAS database for analysis. DQOL will be scored based on published criteria. The Chi-square test of independence will be used to assess similarity in demographics of both groups. Intervention groups at 12 months will be compared to baseline measures using the General Linear Model (GLM) procedure (one-way ANOVA) and t-tests (A1C levels). An alpha level of .05 will be used. The web-based documentation system will be used by, all pharmacists participating in the project for consistency, accuracy and efficiency. Dr. David Scott (Associate Professor of Pharmacy Practice and Director of the ND Institute for Pharmaceutical Care at the NDSU College of Pharmacy) and Charles Peterson (Dean – College of Pharmacy, Nursing and Allied Sciences) have offered to complete the analysis of the data collected and report significant findings. Medication Management Systems can generate reports daily, weekly, monthly, quarterly, or yearly. At a minimum, reports will be generated every 12 months. Please see **Attachment C** for a list of possible reports to be generated. The employer has the ability to decide if they would like additional reports to be generated.

Goal # 5 – Advisory Board

An Advisory Board will be established to monitor and access the whole program moving forward.

Objective # 5

The establishment of an Advisory Board will be completed prior to July 1, 2008.

Activity # 5

The Advisory Board will consist of members appointed by the ND Pharmacy Service Corporation. Members may be included from the following: (1) ND Pharmacists Association; (2) ND Pharmacy Service Corporation; (3) ND Society of Health System Pharmacists; (4) NDPERS; (5) BC/BS of ND; (6) NSDU College of Pharmacy; (7) ND Board of Pharmacy; ND Diabetes Coalition; (8) ND Department of Health; and (9) Legislator(s).

Goal # 6 – Yearly Reports

Year-end report will be developed.

Objective # 6

Data that has been collected will be gathered and examined.

Activity # 6

NDSU College of Pharmacy has offered to assist in the process of gathering data, analyzing and reporting of findings or NDPERS has expressed interest in issuing an RFP to accomplish this identified goal. One-year Report (12-month prior comparison with 12-month enrollment period) will be completed prior to September 2009. Please see Attachment C for a list of possible reports to be generated for analysis. Reports can be generated daily, weekly, monthly, quarterly and/or yearly. The employer can decide how frequently reports are to be generated.

Goal # 7 – Expansion into 2nd year

The fifth goal of this program is to utilize the ND NDSU Telepharmacy Network and the utilization of NDSU pharmacy students.

Objective # 7

During the last quarter of 1st program year or at the end of the 1st year, the utilization of the ND NDSU Telepharmacy Network will be implemented and students at the NDSU College of Pharmacy will begin contributing to the Disease State Management of Diabetes – A Collaborative Health Care Approach Program.

Activity # 7

Students in the Concept Pharmacy Laboratory at NDSU College of Pharmacy will connect to remote telepharmacy sites across the state through the telepharmacy technology (audio and video link) to provide patient education counseling services to the identified pharmacies, to provide drug information to the practicing pharmacies serving patients, and to participate in drug therapy monitoring and disease state management of diabetes patients.

Students will also have an opportunity to participate in on-site patient education counseling, drug therapy monitoring and disease state management activities through clinical rotations at the established pharmacies throughout the state as part of the student's experiential program of study. Students will also be trained and certified in diabetes care as part of their experiential program of study.

Goal # 8 – Expansion into 2nd year

The sixth goal of this program is to establish a patient “peer-to-peer” mentoring program.

Objective # 8

During the second year of the program, a patient “peer-to-peer” mentoring program will be implemented.

Activity # 8

In order to create sustainable behavior changes in individuals with diabetes, a peer-to-peer mentoring program will be created. It is believed that patient outcomes will improve through community-based interactions and interventions. This is a great cost

effective supportive care model for individuals with diabetes. Launched by the American Academy of Family Physicians Foundation, Peers for Progress is in the process of developing a peer-to-peer mentoring model that can be replicated in various environments. We will look to Peers for Progress for their expertise and guidance in developing our own peer-mentoring network. Funding for this effort may be made available through Peers for Progress during 2008. A peer-mentoring network will be developed with expectations of having peer mentors in each of our Districts that we serve to start with. We have already started discussions with Peers for Progress and their Executive Director, Larry Ellingson R.Ph.

Participant Eligibility and Responsibilities

According to the North Dakota Public Employees Retirement System (NDPERS), the defined population is estimated to exceed 2,300 diagnosed diabetics and it is estimated that this program will support an educational and therapeutic intervention for approximately 800 individuals. NDPERS expects that most of the participants will be centered around the Fargo, Bismarck, Minot, Grand Forks, and Dickinson areas. A concerted effort will be made to develop a network of providers that can address the needs of participants living in rural North Dakota, as well as urban. Our network will try to serve as many participants in the community of their choice whenever possible. To be eligible for this program, participants have to be a current NDPERS member and have a diagnosis of diabetes type 1 or type 2. The NDPERS group will be sending out information to all eligible participants regarding the availability of this program and the services and incentives of the program.

All participants will be required to give written consent once they are informed of the pertinent background information of the program, what their participation involves (including potential risks, benefits, inconveniences, discomforts, etc...), their right to confidentiality and right to withdraw at any time. After signing an informed consent form, an enrollment form to participate, and an authorization for medical information to be sent to the pharmacist by other health care providers, the participant will be enrolled

and assigned a patient code. The provider network will allow the participant to choose which provider they want to use or the provider network will assign participants to an appropriate provider (local participating pharmacist or other appropriate health care professional), if no preference is desired.

The implementation of a patient self-management training and assessment program will be addressed and implemented. Successful completion will equip participants with the knowledge and skills to actively manage their diabetes away from the healthcare practice setting. A patient-centered planning model will be used (the participant lives 24-7 with their disease and are the key to their own success) for the delivery of services and support, including goal setting. The planning and delivery of services will be implemented in accordance with each participant's unique needs, expressed preferences, limitations, and resources available. Environmental issues and/or concerns will also be addressed, when appropriate.

The program will consist of interventions and education conducted through scheduled appointments. The structured visits will focus on knowledge, skills and performance of the patient participating in the program. Nutrition, depression, exercise, weight, and medication compliance will be addressed during this process as well. A typical participant may experience the following: 1) start with an initial (baseline) appointment, that is scheduled for one hour, that consists of making sure the proper paperwork is completed, 2) check the participants history, blood pressure, weight, diet, medication history and compliance with medications and glucose monitoring equipment, 3) an educational plan (person-centered) and goals will be established that identify one or more diabetes related goals to work on, 4) referral for an A1C level and lipid panel, and 5) the pharmacist entering pertinent information into a common web-based documentation system.

Each follow-up appointment (approx 30 minutes) will focus on disease management, (1) accessing participant compliance with diet, medication regimen, and monitoring outcomes identified, (2) follow-up on education and (3) goal setting. Follow-up appointments may be scheduled at 14 to 28 days, and 30 to 45 days and 6, 9, and 12 months the first year. During the second year, follow-up visits may be scheduled at 15, 18, 21, and 24 months. Using and entering pertinent information on the web-based

documentation system will be done for all appointments. The overall impact is to create a positive patient relationship, ensure follow-up, and provide pharmacotherapy interventions to reach American Diabetes Association standards of care and goal setting. Throughout the program appropriate referrals, will be made by the pharmacist to physicians and other professional health care providers.

Participants will receive incentives that are created to increase motivation and participation. Participants will receive waived co-payments for diabetes related medications and supplies (possibly free glucose monitor and refillable blood glucose strips) for health plan members who fulfill their responsibilities while in the program. Participants not adhering to goals that were established and/or not keeping appointments will be notified and continued non-compliance will cause the participant to be ineligible for the program and the benefits of the program. Pharmacist will notify the participant and the NDPERS of non-compliance issues and the participant will no longer be eligible for services and incentives of the program.

Patient Commitment/responsibilities:

- Patient participation is voluntary. Patients can choose to enroll in the program or drop from the program at any time. If they drop out or fail to cooperate with program elements, the financial incentives will be stopped.
- Agree to provide baseline health status information, complete quality of life survey, consent form and other appropriate documents.
- Agree to baseline and follow-up laboratory and physical assessment evaluation.
- Agree to attend educational classes, when appropriate.
- Agree to work on established goals set.
- Agree to obtain all medication history from a participating pharmacy so that the pharmacist has a complete record of all medications, and agrees to discuss OTC data with the pharmacist. Exceptions are made in the time of an emergency or other extenuating situations.

- Will indicate pharmacy location preferences from a list of trained pharmacists. The program will attempt to match the patients with a pharmacy location that is most convenient for them.
- Agree to meet the pharmacist or other provider for follow-up visits. These sessions will be scheduled at a time that is convenient for both the patient and the pharmacist, and can be expected to last about 30 minutes each appointment.

Pharmacist Education and Standards of Care

Many of our pharmacists are the first primary care providers patients see and are extremely accessible. The 2006 Medicare Prescription Drug Benefit (Plan D) and Medication Therapy Management (MTM) services support the pharmacist's recognition and payment for pharmacist-provided DSM services. The NDPERS diabetes program also recognizes the pharmacist's expanding role into DSM of chronic health conditions in North Dakota.

Pharmacist's responsibilities have evolved from the traditional dispensing of medications to an expanded patient-oriented profession known as pharmaceutical care. Studies conducted over the last two decades have confirmed the effectiveness of pharmacists' clinical services in helping to assure the safe, effective, and cost-conscious use of medications. These studies suggests that for every \$1 invested in clinical pharmacy services, nearly \$17 is saved in the form of reduced medication expenditures associated with a reduction in drug-related morbidity.³ Two pharmaceutical care studies include Project ImPACT and the Asheville Project. Project ImPACT (Improve Persistence and Compliance with Therapy) included 26 ambulatory care pharmacists that managed patients with lipid disorders requiring pharmacological intervention. During this three-year project, observed rate of compliance with lipid-lowering drug therapy improved to about 90%, and nearly two-thirds of participants maintained accepted treatment goals.⁴

Pharmacists will take an initial course of diabetes study, followed by training sessions regarding diabetes management. Validated materials [National Institute for Pharmacist Care Outcomes (NIPCO), (<http://www.ncpanet.org/nipco/index.php>)⁵ and

American Association of Diabetes Educators (ADA)] materials ⁶ will be used in the training program on diabetes.

Launched by the National Pharmacists Association (NCPA) in 1995, NIPCO is the national accrediting organization for pharmacist care education and training programs leading to the pharmacist care Diplomat credential and a leading authority in helping pharmacists develop new market niches focused on patient care services. This program can be applied toward the attainment of the [NIPCO Pharmacist Care Diplomat Credential](#) and will provide participants with 16 to 20 ACPE CE contact hours (1.6 to 2.0 CEUs) of continuing education, and is available in both live and home study formats.

This course focuses on how to help patients better understand and manage a complex and chronic condition—diabetes. The pharmacist will become familiar with the disease characteristics of diabetes, methods of treatment ranging from diet to medication, and techniques for helping patients manage their disease. Topics include: physiology and pathophysiology, clinical management, diet and nutrition, psychosocial assessment and management, contemporary issues in diabetes care, and utilization of online data collection services. Participants will learn how to develop a diabetes care center in their pharmacy.

Professional Competencies

- Define and contrast type 1 and type 2 diabetes.
- Describe key educational issues associated with each therapeutic agent.
- List six important educational areas in teaching self glucose monitoring and demonstrate a glucose measurement method.
- List the identification, treatment and prevention of hypoglycemia and hyperglycemia.
- Demonstrate how to document the essential components of a diabetes care plan and billing methods for pharmacist care of patients with diabetes.
- Demonstrate how to teach the proper technique for drawing and injecting insulin.
- Relate the state and federal regulations pertaining to community pharmacy-based whole blood technology testing and screening procedures, e.g., OSHA, CLIA.
- Discuss the nutritional recommendations of the American Diabetes Association.
- Explain the importance of patient education issues related to diabetes and exercise, illness and hypoglycemia.
- Discuss the emotional, social and financial barriers to adherence with diabetes.

A curriculum obtained through a co-licensing agreement with NIPCO will be used for training of pharmacists through home-based study to learn therapeutics and a 2-

day seminar and clinical skills lab. To accomplish this objective, the following action steps will be taken.

1. Through self-study (12 hours), pharmacists will complete a therapeutic diabetes module and pass a competency-based examination (minimum score of 70%) prior to on-site training.
2. Through a 2-day seminar and clinical skills lab (16 hours), pharmacists will enhance their DSM skills in developing collaborative practice agreements with local providers, documenting patient interventions, and drug information **(Attachment A)**.
3. Each pharmacist will write a strategic (action) plan to implement DSM in their pharmacy setting. Before finishing the training, each pharmacist will be requested to complete a diabetes action plan for their setting based upon how this program can be adapted to his/her setting.² Action plan components to be included are the needs' assessment, marketing of the plan to physicians and patients, workflow changes incorporating technicians, proposed design changes, and an assessment plan.

Provider/Patient Initial Assessment (typical baseline): Patients will be monitored frequently by, specially trained providers, who have completed training and agree to the following minimum program protocol.

- Pharmacist to complete data documentation software.
- Check patient's blood pressure at least two times at rest (at least 30 minutes after caffeine ingestion or nicotine product use).
- Weight the patient.
- Review any previously established educational/self-monitoring goals the patient may have.
- Identify one to three diabetes-related goals for the patient to work on until the next visit.
- Review definitions, benefits, and components of "good control."
- Determine if patient is aware of physician treatment goals for them (blood sugar, weight loss, monitoring frequency, etc...)
- If unaware, educate the patient on general American Diabetes Association goals. Contact primary care provider if additional intervention is needed or requested.
- Determine glucose meter needs and frequency of use.
- Download glucose meter as needed and analyze control pattern for potential problems.
- Review medication history including over-the-counter and complimentary or alternative medication use.
- Assess patient understanding of medication, diet, and monitoring regimen.
- Assess compliance with medications, diet, and monitoring.

- Assess for side effects/adverse reactions to medications.
- Assure that the patient understands when to seek physical or emergency care.
- Complete “SOAP: note (Subjective, Objective, Assessment, Plan) or “FARM” note (Findings, Assessment, Recommendations, Monitoring).
- Communicate pertinent patient encounter information/findings to primary care provider.

Follow-up Sessions with Patients:

- Pharmacists to complete follow-up records using data documentation system.
- Check patient’s blood pressure at least two times at rest (at least 30 minutes after caffeine ingestion or nicotine product use).
- Weight patient.
- Review American Diabetes Association standards of diabetes care or equivalent.
- Review definitions, benefits, and components of “good control.”
- Follow-up on education plan and goals. Assist patient in establishing new goals, as needed, using ADA guidelines or equivalent.
- Provide educational material to supplement counseling (tailored to each individual patient).
- At every opportunity reinforce the physician’s treatment plan and when necessary request the initiation of individualized goals by the physician.
- Refer patients with significant findings to their primary physician.
- Refer patients who are consistently failing to make progress toward goals to their primary care provider.
- Refer patients to certified diabetes educators, if assessment indicates patient needs a more focused educational intervention.
- Cover self-monitoring blood glucose testing again– what it is, what it can do for them.
- If patient chooses to begin self-managed blood glucose (SMBG) testing, providers will train patient. If patient is already performing SMBG testing, provider will check and download meter readings, reinforce testing techniques, and inform physician of any undesirable trends that are noted.
- Assess patient compliance with diet, medication regimen, and monitoring.
- “Coach” the patient to the next higher level of willingness to change with respect to diet changes, medication compliance, and monitoring.
- Examine feet; emphasize self-examination and foot care, skin care, and hygiene.
- Review general guidelines for nutrition in diabetes.
- Complete “SOAP: note (Subjective, Objective, Assessment, Plan) or “FARM” note (Findings, Assessment, Recommendations, Monitoring).
- Communicate pertinent patient encounter information/findings to primary care provider.

Please see **Attachment B1** for “**Standards of Care**” outline prepared by the data management entity - Medication Management Systems (MMS) and **Attachment B2 for “Patient Education Outline.”**

Financial Component

(Flow of finances and reimbursement)

The ND Pharmacy Service Corporation will provide the initial start up money for the program with expectations of getting reimbursed on a bi-weekly basis to start. Reimbursement may need to be provided on a weekly basis as the programs moves forward. Every time a provider accesses and completes the required data entry documentation, a claim form is automatically created for processing based on the care/services provided. Providers will submit the claims to Medication Management Systems (MMS). MMS will forward a summary of claims to BC/BS of ND or Prime for payment to be sent to the ND Pharmacy Service Corporation. The ND Pharmacy Service Corporation will then issue reimbursement checks to the appropriate providers.

Flow: Providers – Medication Management Systems – BC/BS of ND – ND Pharmacy Service Corporation – Back to Providers.

The ND Pharmacy Service Corporation is offering their services at a “flat rate” of \$800 per participant enrolled in the program during the first year. The “flat rate” will cover costs associated with data management, travel, clinical coordinator, reimbursement to providers, and administrative costs associated with the program. It is anticipated that the “flat rate” per participant would drop per participant moving into the second year of the program. With the funding that is available, we anticipate the number of lives to be covered to be approximately 800 during the first year of the program. MMS is fully auditable and financial records will be kept and available for review by NDPERS, if and when requested.

The ND Pharmacy Service Corporation will develop infrastructure (network agreement) for contracting with pharmacists and other providers. This will be done through a network agreement form. The ND Pharmacy Service Corporation will contract

with a qualified provider to be the Clinical Coordinator of this program. The ND Pharmacy Service Corporation will also contract with a data management entity - Medication Management Systems (MMS).

The ND Pharmacy Service Corporation will also contract with the NDSU College of Pharmacy, Nursing and Allied Sciences to provide the educational and accreditation for pharmacists and other participating providers. The NDPERS group will issue an RFP for an independent consultant to evaluate and assess the program. NDPERS will also explore the option of having NDSU College of Pharmacy provide their expertise in data collection and analysis. NDSU has expressed interest in providing the data analysis and evaluation of findings for the program.

In working with BC/BS of ND, their role will be limited to waiving co-payments for program participants at the point of sale (flag them upon enrollment) or other feasible method. BC/BS will also identify potential participants by zip codes to provide the NDPSC with an outline of potential geographic participation.

BC/BS of ND will also have a role in providing pharmacy claim information for participants going back at least 12 months prior to the start of the program for comparison 12 months after enrollment begins. BC/BS will also receive a billing summary for services rendered and will issue a reimbursement check back to the NDPSC. This is an insurance company's typical role in working with disease state management vendors.

Expected Outcomes – Trends

Success in this ongoing program is defined as improvement in glycosylated hemoglobin (A1C) concentration, continued program compliance, and improvements in other clinical areas. Success will also be defined based on increased patient satisfaction with provider services, and decreased costs of medical care for patients with diabetes. Please see **Attachment C** for a **listing of reports to be generated**.

Project Timetable/Timelines:

- 1) August 31, 2007: Develop DSM concept proposal and submit to NDPERS.
- 2) September 2007 – Meet with NDPERS staff to review proposal
- 3) December 31, 2007 – Develop and submit “technical” proposal to NDPERS.
- 4) January 2008 - Meet with NDPERS Board of Directors to go over details of program before moving forward – provide presentation.
- 5) February 1, 2008 – Start to develop network of pharmacists and start to train pharmacists on diabetes care, blood glucose monitors and web-based documentation system.
- 6) April 1, 2008 – NDPERS will start to send notification to members regarding the availability of the program (target start date of May 1, 2008).
- 7) Through March 2008 – # 2,3, and 4 above will continue until initial enrollment date (target date of May 1, 2008).
- 8) May 1, 2008 – June 1, 2008 – test program - data collection.
- 9) July 1-31, 2008 – Advisory Board will be developed.
- 10) June 1, 2008 – June 30, 2009 – Implementation of program – roll out, data collection and analysis of data.
- 11) August 1, 2009 – Submit final report and continue into 2nd year of the program.

Description of the Qualification of Key Staff

David J. Olig, R.Ph. is the pharmacy owner of Southpointe in Fargo. He is a graduate of North Dakota State University and is a practicing pharmacist. He has developed and implemented DSM programs in his pharmacies including asthma. He is the chairman of the North Dakota Pharmacy Economics Advisory Committee that has devoted considerable time to the passage of HB 1433 in the North Dakota Legislature. Dave is also the current Vice-President of the ND Pharmacy Service Corporation. He will continue to serve in a leadership capacity to organize and implement the project including the recruitment of pharmacists in the delivery of this program.

Dr. David Scott, Associate Professor of Pharmacy Practice, is the Director of the North Dakota Institute for Pharmaceutical Care. He earned his Bachelor of Science degree in Pharmacy and Ph.D. in Social and Administrative Pharmacy from the University of Minnesota in 1972 and 1987, respectively. He also earned a M.P.H. in Health Education and Interdisciplinary Studies at the University of Minnesota in 1982. He served on the faculty of the College of Pharmacy at the University of Nebraska Medical Center from 1986 to 2003. He has conducted investigations in the area of DSM, rural health, and outcomes research. Dr. Scott has been a PI on a previous AACP GAPS project on pharmaceutical-care training of pharmacists and served as the PI on the U.S. Department of Health and Human Services funded Siouland Pharmacist Managed Diabetes Project. Dr. Scott has participated in numerous research studies and has more than 60 peer-reviewed publications and book chapters. In this project, Dr. Scott will be responsible for assessment and analysis of program data.

Howard Anderson, R.Ph., is Executive Director of the North Dakota Board of Pharmacy. He will assist the ND Pharmacy Service Corporation in the implementation of the overall project, including selection of the targeted communities, recruitment of pharmacy sites and licensed pharmacist store owners, and assurance that the DSM services delivered, the qualifications and training of the pharmacists, and the technology used for the project are in compliance with the Board of Pharmacy rules and regulations established for the State of North Dakota. He earned a Bachelor of Science in pharmacy from North Dakota State University in 1968. Since 1968 he has been a licensed pharmacist storeowner of Turtle Lake Rexall Drug in Turtle Lake, North Dakota.

Dr. Charles D. Peterson is Dean and Professor of the College. Dr. Peterson earned his Bachelor of Science in Pharmacy and Doctor of Pharmacy degrees from the University of Minnesota's College of Pharmacy in 1976 and 1977, respectively. He was hired by NDSU in 1989 as associate dean and Chair of the Department of Pharmacy Practice where he facilitated the development of the College's six-year entry level Doctor of Pharmacy degree program in 1990. Dr. Peterson has served as chair of the University's Institutional Review Board for the Protection of Human Research Subjects and as an evaluation team member for the American Council on Pharmaceutical Education, the accrediting agency for schools and colleges of pharmacy nationally. He has published over 50 peer-reviewed publications and has procured over \$9 million in grants and contracts as principal investigator (PI) from private, state, and federal funding agencies.

Dr. Tara Schmitz, Pharm. D. is an Assistant Professor, College of Pharmacy, Nursing, and Allied Sciences, North Dakota State University. She is the Director of Pharmacy Continuing Education. She obtained the Doctor of Pharmacy in 1995 from North Dakota State University. Areas of expertise include retail pharmacy practice (chain and independent), long-term care (provider and consultant), and pharmaceutical care. She teaches courses Pharmacy 351, 352, 451, 452 - Pharm Care Series I-IV. She is certified in DSM in cholesterol. Dr. Schmitz will coordinate the delivery of the home-site and clinical skills training components of the DSM training program for pharmacists.

Michael Schwab is Executive Vice President of the North Dakota Pharmacists Association and the ND Pharmacy Service Corporation. He assists the College of Pharmacy in the implementation of the overall telepharmacy project by serving as an Association liaison to the College and the State Board of Pharmacy. He earned a Bachelor of Science in social work from the University of Mary in Bismarck in 2001. Prior to his position with the NDPhA, he was the executive director for The Arc of Bismarck, a private, nonprofit disability advocacy, research and educational organization. He has received extensive training regarding public policymaking and legislative processes at state and federal levels. He has been a registered lobbyist in ND for the past 4 legislative sessions. He has worked with the ND Department of Human Services and CMS on collaborative projects, including the implementation of legislation.

Clinical Coordinator - Job Description Outline – See **Attachment D** – Position will be filled by March 2008.

Background on Proposing Organization

The ND Pharmacists Association (NDPhA) was organized in 1885. NDPhA is a private non-profit organization located in Bismarck, ND. The mission for the profession of pharmacy in ND is as follows: Pharmacy in ND exists as a force in society for the safe, rational, and cost effective use of pharmaceuticals and medical devices. Through the provision of pharmaceutical care, the profession is responsible for the appropriate use of medications and devices to achieve the optimal therapeutic outcomes. The profession endeavors to enhance the pharmacist's ability to provide pharmaceutical care as a primary health care provider and to further the public's recognition of the profession's value. NDPhA values: (1) service; (2) ethics; and (3) professional competence. NDPhA envisions a profession that is recognized as a primary health care provider capable of responding to society's health care needs. As the professional society representing pharmacists in the state, the objectives of the NDPhA are to act as the leader: (1) advocating the role of the pharmacist as an essential provider of health care; (2) to support pharmacists in providing optimal pharmaceutical care; (3) to encourage and assist pharmacists to use profitable methods to add value to their pharmacy knowledge base; and (4) by working to improve pharmacists' services and delivery of products needed by health care consumers.

NDPhA represents over 700 hundred licensed pharmacists throughout the state and cover all practice settings. NDPhA is made up of community pharmacists, health-system pharmacists, pharmacy technicians and various associate memberships. NDPhA has a Board of Directors that over see all operations and activities of the Association. The ND Pharmacy Service Corporation (NDPSC) is a wholly owned subsidiary of the NDPhA. The NDPSC is made up of over 100 pharmacy owners throughout the state. The NDPSC has its own Board of Directors and operates under the umbrella of NDPhA. The NDPSC Board of Directors consists of one Director from each of the 8 Districts of the NDPhA and the Association's President.

The purpose of the NDPSC is to form a network of pharmacies in ND that can provide services for, governmental agencies, employer groups, educational entities, and

members of the public. NDPSC works to negotiate incentive programs that provide new opportunities through pharmacy practice concentrating on wellness and prevention.

Some of the main activities the NDPhA and the NDPSC are involved with include but limited to: (1) collaborative partner in a statewide run “telepharmacy” network in partnership with the North Dakota State University – College of Pharmacy, Nursing and Allied Sciences and the ND Board of Pharmacy; (2) network and collaborate with the ND Department of Health and Human Services on various initiatives; (3) promote and encourage a Pharmacy Quality Commitment Program; (4) work to improve health outcomes for patients through medication therapy management services; and (5) provide individual and systems advocacy efforts on local, state and federal levels on behalf of patients, pharmacists and communities. National and State organizations we are involved with include but not limited to: (1) ND Diabetes Coalition; (2) ND Rexall Club; (3) ND Institute on Pharmaceutical Care; (4) Mid-West State Executives Alliance; (5) National Alliance of State Pharmacy Associations; (6) National Community Pharmacists Association; (7) American Society of Health-System Pharmacists; and (8) ND Health Information Technology Steering Committee.

Identification and Role of Subcontractors

Initially, the NDPSC will enter into two subcontracts. One contract with Medication Management Systems and one contract for clinical coordinator services will be executed prior to March 1, 2008. Please read subcontractor’s information listed below.

Medication Management Systems (MMS): MMS is a Minnesota-based company whose technology-based system delivers the support and resources providers need to be reimbursed for medication therapy management services when providing pharmaceutical care services to patients. The company’s Assurance SystemTM includes a comprehensive documentation process that automatically generates billing information in the required format, provides practitioner training, practice management, computer system support, practice outcomes reporting, and secure 24-hour online access. Over 35,000 patients have been cared for with this system and over 80,000 interventions have been documented.

Some of the features of the Assurance System™ include:

- Building a Patient Electronic Therapeutic Record
- Identifying, Tracking and Resolving Drug Therapy Problems
- Creating Custom Patient Care Plans and Care Protocols
- Documenting and Reporting Patient Therapeutic Goals
- Demonstrating Clinical Outcomes and Economic Benefits
- 150 Custom Practice Evaluation and Management Reports
- Integrated Disease State Management Modules

MMS is the leader in designing, implementing and integrating successful, standards-driven medication therapy management programs in any practice setting, from solo practitioners, provider networks, health systems and call centers. Their program, measured by performance criteria, improves medication efficacy, safety, and adherence through service, technology, data, and outcomes.

Clinical Coordinator Position: The NDPSC will enter into a contract for clinical coordination services of the program. This will be executed prior to March 1, 2008. Job description outline is provided in Attachment D.

Project Progress Reports

Ultimately, the employer can decide how often they would like to be provided with an update. Program Clinical Coordinator will be the individual providing the update. We anticipate progress reports or project status to be provided at least quarterly. In addition to the quarterly progress reports, a “full” report will be generated after 12 months of operation. Project progress reports will be shared at NDPERS Board meetings and/or with the Executive Director of NDPERS and other appropriate program partners. The employer ultimately can decide how often reports are to be generated.

Attachment A

Pharmacist Diabetes Management and Accreditation Program Schedule

Friday

8:00 AM	Welcome and Pre-test
8:30 AM	Diabetes overview/complications
10:30 AM	Pharmacotherapy treatment/Diabetes cases
12:30 PM	Lunch
1:30 PM	Pharmaceutical Care plans for patients with diabetes
3:00 PM	Documentation, collaborative practice agreements, pharmacy interventions, reimbursement
4:30 PM	Planning and implementing your program: marketing/action plans
6:00 PM - on	Open - Pharmacists networking

Saturday

8:00 AM	Assessment and education of the patient with diabetes
10:00 AM	Insulin devices and injection skills training
11:00 AM	Glucose self-monitoring blood glucose meters/strips skills training
12:30 PM	Lunch
1:30 PM	Diabetes skills building cases: assessment and education of patients
4:00 PM	DSM session
5:00 PM - on	Post-test and Evaluation
6:00 PM	Adjournment

Attachment B1

STANDARDS FOR THE SERVICE

The service delivered by providers will adhere to the following care standards. All patient encounters will be documented and recorded in the Assurance System™.

STANDARDS OF CARE PRACTITIONERS

Category	Standard
I. Assessment	<p>1. The practitioner collects relevant patient-specific information to use in decision-making concerning all drug therapies.</p> <p>2. The practitioner analyzes the assessment data to determine if the patient's drug-related needs are being met, that all the patient's medications are appropriately indicated, the most effective available, the safest possible, and the patient is able and willing to take the medication as intended.</p> <p>3. Identification of drug therapy problems: The practitioner analyzes the assessment data to determine if any drug therapy problems are present.</p>
II. Care plan development	<p>4. The practitioner identifies goals of therapy that are individualized to the patient.</p> <p>5. The practitioner develops a care plan that includes interventions to: resolve drug therapy problems, achieve goals of therapy, and prevent drug therapy problems.</p> <p>6. The practitioner develops a schedule to follow-up and evaluates the effectiveness of drug therapies and assesses any adverse events experienced by the patient.</p>
III. Follow-up evaluation	<p>7. The practitioner evaluates the patient's actual outcomes and determines the patient's progress toward the achievement of the goals of therapy, determines if any safety or compliance issues are present, and assesses whether any new drug therapy problems have developed</p>

Standard of Care 1: Collection of Patient-specific Information

The practitioner collects relevant patient-specific information to use in decision-making concerning all drug therapies.

Measurement criteria

1. Pertinent data are collected using appropriate interview techniques.
2. Data collection involves the patient, family and caregivers, and health care providers when appropriate.
3. The medication experience is elicited by the practitioner and incorporated as the context for decision-making.
4. The data are used to develop a pharmacologically relevant description of the patient and the patient's drug-related needs.
5. The relevance and significance of the data collected are determined by the patient's present conditions, illnesses, wants, and needs.
6. The medication history is complete and accurate.
7. The current medication record is complete and accurate.
8. The data collection process is systematic and ongoing.
9. Only data that are required and used by the practitioner are elicited from the patient.
10. Relevant data are documented in a retrievable form.
11. All data elicitation and documentation is conducted in a manner that ensures patient confidentiality.

Standard of Care 2: Assessment of Drug-related Needs

The practitioner analyzes the assessment data to determine if the patient's drug-related needs are being met, that all the patient's medications are appropriately indicated, the most effective available, the safest possible, and the patient is able and willing to take the medication as intended.

Measurement criteria

1. The patient-specific data collected in the assessment are used to decide if all of the patient's medications are appropriately indicated.
2. The data collected are used to decide if the patient needs additional medications that are not presently being taken.
3. The data collected are used to decide if all of the patient's medications are the most effective products available for the conditions.
4. The data collected are used to decide if all of the patient's medications are dosed appropriately to achieve the goals of therapy.
5. The data collected are used to decide if any of the patient's medications are causing adverse effects.
6. The data collected are used to decide if any of the patient's medications are dosed excessively and causing toxicities.
7. The patient's behavior is assessed to determine if all of his/her medications are being taken appropriately in order to achieve the goals of therapy.

Standard of Care 3: Identification of Drug Therapy Problems

The practitioner analyzes the assessment data to determine if any drug therapy problems are present.	
Measurement Criteria:	
1.	Drug therapy problems are identified from the assessment findings.
2.	Drug therapy problems are validated with the patient, his/her family, caregivers, and/or health care providers, when necessary.
3.	Drug therapy problems are expressed so that the medical condition and the drug therapy involved are explicitly stated and the relationship or cause of the problem is described.
4.	Drug therapy problems are prioritized, and those that will be resolved first are selected.
5.	Drug therapy problems are documented in a manner that facilitates the determination of goals of therapy within the care plan.

Standard of Care 4: Development of Goals of Therapy

The practitioner identifies goals of therapy that are individualized to the patient.	
Measurement Criteria	
1.	Goals of therapy are established for each indication for drug therapy.
2.	Desired goals of therapy are described in terms of the observable or measurable clinical and/or laboratory parameters to be used to evaluate effectiveness of drug therapy.
3.	Goals of therapy are mutually negotiated with the patient and health care providers when appropriate.
4.	Goals of therapy are realistic in relation to the patient's present and potential capabilities.
5.	Goals of therapy are attainable in relation to resources available to the patient.
6.	Goals of therapy include a timeframe for achievement.

Standard of Care 5: Statement of Interventions

The practitioner develops a plan of care that involves interventions to resolve drug therapy problems and interventions to achieve goals of therapy.	
Measurement criteria:	
1.	Each intervention is individualized to the patient's condition, needs, and drug therapy problems.
2.	All appropriate therapeutic alternatives to resolve the drug therapy problems are considered, and the best are selected.
3.	The plan is developed in collaboration with the patient, his/her family and/or caregivers, and health care providers, when appropriate.
4.	All interventions are documented.
5.	The plan provides for continuity of care by including a schedule for follow-up.

Standard of Care 6: Establishing a Schedule for Follow-up Evaluations

The practitioner develops a schedule to follow-up and evaluates the effectiveness of the outcomes from drug therapies and assesses any adverse events experienced by the patient.

Measurement criteria:

1. The clinical and laboratory parameters to evaluate effectiveness are established, and a timeframe for collecting the relevant information is selected.
2. The clinical and laboratory parameters that reflect the safety of the patient's medications are selected, and a timeframe for collecting the relevant information is determined.
3. A schedule for the follow-up evaluation is established with the patient.
4. The plan for follow-up evaluation is documented.

Standard of Care 7: Follow-up Evaluation

The practitioner evaluates the patient's actual outcomes and determines the patient's progress toward the achievement of the goals of therapy, determines if any safety or compliance issues are present, and assesses whether any new drug therapy problems have developed.

Measurement Criteria:

1. The patient's actual outcomes from drug therapies and other interventions are documented.
2. The effectiveness of drug therapies is evaluated, and the patient's status is determined by comparing the outcomes within the expected timeframe to achieve the goals of therapy.
3. The safety of the drug therapy is evaluated.
4. Patient compliance is evaluated.
5. The care plan is revised, as needed.
6. Revisions in the care plan are documented.
7. Evaluation is systematic and ongoing until all goals of therapy are achieved.
8. The patient, family and/or caregivers, and health care providers are involved in the evaluation process, when appropriate.



Diabetes Disease State Management Services NDPhA

Program Design

The Diabetes Disease State Management program is designed to incorporate patients with diabetes and health care professionals to receive the education and support necessary to comprehend the basic pathology of DSM; its natural history, consequences, preventive measures and the coping skills necessary to work with the disease. This program is intended to introduce risk-modifying behaviors for all afflicted or at-risk patients including but not limited to diet, exercise, and cholesterol control, the proper use of oral and injectable medications. It reviews and encourages the self and medical monitoring of blood glucose levels to achieve better control. The program is designed to improve the patient's self-management skills and ability to navigate in a health care delivery system. The program is intended to be tailored to the patient and may include the items listed below. Patients in the program will have a minimum of four visits with health care professionals trained in Diabetes to provide education and monitoring of glucose levels, weight, blood pressure, cholesterol and other indicators.

Self-monitoring blood glucose

- Set blood glucose goals
- Learn to use a meter for accurate results
- Follow a monitoring schedule
- Interpret blood glucose values
- Make treatment plan decisions based on values
- Clean and maintain the meter
- Store supplies

Insulin or diabetes medications

- Understand actions and side effects of medication
- Correctly follow medication timing and dosing schedule
- Demonstrate proper insulin injection techniques
- Follow an injection site rotation schedule
- Properly store, refrigerate, and dispose of supplies
- Know what to do if you miss a dose

Sick day management

- Prevent life-threatening problems during illness
- Know what to eat and drink
- Adjust glucose monitoring and medication schedules
- Know when to call the doctor

Exercise

Follow exercise guidelines for length, intensity, interval, and timing of workouts adjust snacks for exercise levels to prevent high and low blood sugar when exercising.

Knowledge of blood sugar levels

- Understand causes of blood sugar fluctuations
- Recognize symptoms of high or low blood sugar
- Follow proper treatment guide-lines for sugar imbalance
- Work to prevent sugar imbalance
- Know when to call a doctor

Meal planning skills

- An overview of meal planning will be discussed with participants
- Participants will be referred to dieticians and nutritionists when appropriate or requested

Foot care

- Follow daily foot care guidelines
- Know emergency treatment for cuts, sores, scrapes
- Practice self-examination of feet
- Select and use proper footwear

Urine testing for ketones (insulin-dependent diabetes)

- Know when and how to check for ketones
- Understand what it means when ketones are present
- Know when to call the doctor

The following will be included in the educational process with participants and appropriate referrals will be made to the participant's primary care provider.

- Hemoglobin A1c (2 to 4 times/year)
 - Kidney function (microalbumin)
 - Cholesterol, LDL, HDL, and triglycerides
 - Foot exam
 - Eye exam
 - Blood pressure
 - General health exam
 - Review diabetes management skills, including
 - Meal plan
 - Skills in taking medication
 - Glucose monitoring technique
 - Treating high or low blood sugar
 - Sick day management
 - Risk factors for health care problems
-

QUARTERLY REPORTS

The following reports will be generated for the Program (unless directed otherwise):

Patient Reports

- Number of patients served.
- Number of total patient encounters.
- Distribution of ages of patients served.
- Distribution of gender of patients served.
- Complexity of patients served as determined by number of conditions, drug therapy problems, and medications.

Medical Conditions Reports

- Frequency of number of medical conditions by patient being treated or prevented with drug therapies
- Most frequent indications for drug therapy encountered by practitioners.

Medication Reports

- Frequency of number of drug therapies by patient.
- Distribution of source [prescription, OTC, sample, friends/family] medications used by patients.
- Drug therapy problem reports (compliance).
- Number and percent of patients with drug therapy problems.
- Total number and distribution of drug therapy problems identified and resolved by practitioners.
- Causes of drug therapy problems identified and resolved.
- Drugs associated with drug therapy problems.
- Medical conditions of drug therapy problems.
- Interventions applied to resolve drug therapy problems.

Clinical Outcome Reports

- Clinical outcomes of all patients served.
- Clinical outcomes of patients treated for specific medical conditions.
- Distribution of patients who achieved goals of therapy after receiving services.
- Number and percent of patient whose clinical condition improved and those who remained stable after receiving service.
- Referrals as interventions to other providers.

Economic Outcome Reports

- Drug cost avoidance resulting from services provided.
- Health care cost avoidance resulting from services provided.
- Number of emergency department visits avoided as a result of providing services.
- Number of urgent care visits avoided.
- Number of office or medical clinic visits avoided.
- Number of hospitalizations avoided.

Attachment D

Clinical Coordinator Position

Basic Functions and Responsibilities:

- Champions the principles of pharmaceutical care in drug therapy management
- Ensure strict compliance with all standardized professional policies and procedures
- Mentoring of pharmacists and pharmacy management team to increase their clinical effectiveness and counseling skills
- Recruit Pharmacists and other possible providers
- Work with employer (in this case BC/BS) to set up appropriate billing for pharmacists fees
- Notify employer/PBM of appropriate providers
- Maintain the highest HIPPA standards possible.
- Assure that employer/PBM have a method for flagging participating patients in their systems
- Work with employer/PBM to set up waiver/reduced co-payments for medications
- Contact person for information on the program
- Work with employer/PBM to arrange for needed reports
- Work with employer/PBM to promote program
- Notify employer/PBM of patient's enrollment
- Point person for resolving billing problems (Example: patients being billed for things that should be covered)
- Coordinate lab testing, when appropriate
- Track outcomes and work with the College of Pharmacy (NDSU) regarding the statistical significance/analysis or outcomes
- Present and publish findings
- Other duties as assigned

Experience Guidelines and Leadership Competencies:

- B.S. Pharmacy or Pharm. D. with licensure. Advanced degree helpful but not required
- Highly motivated and resilient professional
- Demonstrated leadership and supervisory skills
- Strong clinical decision-making skills
- Grant writing experience
- Excellent communications skills (verbal and written) and scientific writing skills
- Strong presentation skills
- Strong critical-thinking/problem solving skills

- Demonstrated ability to balance economic, business and operational factors with care responsibilities
- High professional ethics and standards
- Strong team player and team building skills
- Ability to collaborate with all levels and areas
- Proven relationship-building and management skills
- 3-5 years clinical experience preferred, but not required

References:

1. Healthy People 2010. Objectives for Improving Health. Volume II. U.S. Department of Health and Human Services. International Medical Publishing, Inc., McLean, Virginia, November 2000, Chapter 5: 1-40.
2. Scott DM, Miller LG, Letcher AL. Assessment of desirable pharmaceutical care practice skills by urban and rural Nebraska pharmacists. *Am. J. Pharm. Educ.*, **62**, 243-252 (1998).
3. Schumock GT, Meek PD, Ploetz PA, Vermeulen LC: Economic evaluations of clinical pharmacy services – 1988-1995. *Pharmacotherapy*. 16:1188-2008, 1996.
4. Bluml BM, McKenney JM, Cziraky MJ: Pharmaceutical care services and results in Project ImPACT: Hyperlipidemia. *J Am Pharm Assoc.* 40:157-165, 2000.
5. National Institute for Pharmacist Care Outcomes (NIPCO), (<http://www.ncpanet.org/nipco/index.php>)
6. American Diabetes Association. Standards of medical care in diabetes (position statement). *Diabetes Care*. 2007 307:S4-S414.
7. Dr. Barry Bunting – Mission Hospitals, Asheville, NC. – Asheville Project Coordinator Diabetes and Health Education Center; Mission Hospitals, 445 Biltmore Ave., Asheville, NC 28802 - # 828-213-4782

ND Disease State Management of Diabetes Cost Proposal

Cost Per Participant/Patient:

Patient care costs: The ND Pharmacy Service Corporation (NDPSC) is proposing to provide program services to all eligible participants at a flat rate of \$800 per participant. The flat rate per participant will cover costs associated with operating and managing the DSM program of diabetes for the NDPERS eligible population. The flat rate will cover administrative costs, data management costs, clinical coordinator costs, pharmacist/provider reimbursement, and travel. During the second and third year of the program, we anticipate a reduction in enrollment rates.

Estimated Number of Eligible Participants Served:

Based on the current funding available, it is anticipated that a maximum of 800 program participants can be enrolled and receive services through the ND Pharmacy Service Corporations provider network. Moving forward into year 2 and 3, we anticipate the number of participants covered to increase to about 1,200 to 1,400. Everything is dependent upon additional and/or future funding for this program based on results (return on investment).

Billing Points (flow and frequency):

Network providers will automatically be creating a CMS 1500 claim form in the background of the data management software system every time they provide services. The claim form will outline the services (standards of care) that were completed with each visit. The providers will then submit the electronic claim to Medication Management Systems (MMS). MMS will then provide a billing summary to BC/BS of ND for processing. BC/BS will then send payment to the ND Pharmacy Service Corporation. The ND Service Corporation will then send payments back to the network providers.

The ND Pharmacy Service Corporation would prefer to be reimbursed at least bi-weekly to start. There might be a need to have reimbursement take place on a weekly basis as things develop more. Again, this can be reevaluated during the first year of operation or after completion of the first year.

Reimbursement Methodology:

Below is a breakdown of what the reimbursement schedule would look like.

- Baseline Visit - \$400 reimbursed to the NDPSC
- Visit 2 (14 – 28 days) - \$80 reimbursed to the NDPSC
- Visit 3 (30-45 days) - \$80 reimbursed to the NDPSC
- Visit 4 (6 months) - \$80 reimbursed to the NDPSC
- Visit 5 (9 months) - \$80 reimbursed to the NDPSC
- Visit 6 (12 months) - \$80 reimbursed to the NDPSC

In-Kind Support for Program:

Personnel:

A number of pharmacists are willing and have donated a number of hours to this effort already. Four or five pharmacists will volunteer on average 15 hours of their time at a rate comparable to their average hourly wage/salary (\$120.00 an hr). Other volunteers will be identified as this process moves forward.
\$9,000 per year

ND Pharmacy Service Corporation's Executive Vice President's time developing all aspects of such a program and time spent meeting with partners. \$4,000

Provider Certification:

North Dakota pharmacists will go through an accreditation process using the National Institute for Pharmacist Care Outcomes (NIPCO) training curriculum. NDSU will establish a co-licensing agreement with NIPCO to provide the training, home study materials, "live" training materials, staff time, meeting rooms, etc... Pharmacists will pay the costs associated with becoming accredited. Pharmacists will also be expected to take care of their own travel and other costs associated with becoming accredited through NDSU/NIPCO.
\$15,000-20,000

Grant Requests Submitted to Leverage Existing Dollars for such a Program:

BRIDGES - \$400,000 request
Should hear by the end of January if grant request is awarded.

Pfizer - \$2,000 request
Educational/Promotional materials for training of pharmacists – Awarded

Novo Nordisk - \$5,000 request
Training and Co-license agreement – Should hear by the end of January if grant request is awarded.

State Board of Pharmacy - \$20,000
Training and Accreditation of network providers, including College of Pharmacy students – Should hear from them by the end of January as well.



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb & Kathy
DATE: January 9, 2008
SUBJECT: BCBS Attachments for Contract Renewal

As discussed at a previous meeting with this renewal, we are proposing to add several attachments that outline the understanding between BCBS and PERS relating to:

- Attachment A, Tobacco Cessation
- Attachment B, Wellness Benefit Program
- Attachment C, UND Wellness Center
- Attachment D, Disease Management Service Agreement

Attached for your review is the final draft which has been reviewed and approved by legal counsel.

Board Action Requested

Approve or disapprove the attachments to the BCBS contract.

ATTACHMENT A

TOBACCO CESSATION PROGRAM AGREEMENT

THIS TOBACCO CESSATION PROGRAM AGREEMENT (TCP Agreement), is entered into this first day of July, 2007, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, the state of North Dakota, acting through the Department of Health, has received an appropriation from the state legislature in the amount of \$150,000 for the purpose of funding employee tobacco education and cessation programs for state employees; and

WHEREAS, as it relates to this appropriation, the Department of Health has determined that NDPERS is to sponsor this tobacco cessation program based on its responsibilities related to the management of the group health plan and the program objectives for monitoring and containing health care; and

WHEREAS, because BCBSND is contracted with NDPERS to provide health care benefits to NDPERS Members (as defined by the Administrative Services Agreement between NDPERS and BCBSND) (ASA Agreement), NDPERS has determined that BCBSND is to act as the administrator of the tobacco cessation program.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I. RECOGNIZING THE TOBACCO CESSATION PROGRAM.

BCBSND acknowledges and agrees that it has reviewed the tobacco cessation program contained in the "Notice of Grant Award – Health Department Grant Code Number HL12498 – State Employee Cessation Program" (Grant Award) and that the program as outlined in this Grant Award provides services consistent with the wellness initiative reflected in the Administrative Services Agreement between BCBSND and NDPERS.

II. TERM.

This TCP Agreement shall begin on July 1, 2007, and shall extend to June 30, 2009.

III. SCOPE OF PROGRAM.

The tobacco cessation program as outlined in this TCP Agreement shall be made available to state employees and their eligible family members that are at least 18 years of age. An estimate of the total number of eligible employees and family members and those anticipated will participate are outlined in the Grant Award.

IV. BENEFITS AVAILABLE.

Tobacco Cessation Benefits pursuant to this TCP Agreement are as follows:

- \$200.00 per Member/per Benefit Period for counseling services.
- \$500.00 per Member/per Benefit Period for office visit, prescription drugs and over-the-counter drugs prescribed for tobacco cessation.
- \$700.00 is the total amount of expenses available per Member/per Benefit Period under the program.

Each participant is eligible to participate in the tobacco cessation program for a maximum benefit of \$700.00 for each 6-month period under the term of this TCP Agreement.

All funds shall be billed by and paid directly to BCBSND. NDPERS will not charge any fees to the tobacco cessation program nor will it administer any funds for the program.

BCBSND shall reimburse providers monthly based on the paper billings submitted by those providers participating in the program. BCBSND will then submit the total claims received for reimbursement to the Department of Health on a monthly basis. The final invoice for services shall be submitted to the Department of Health no later than July 15, 2009. Funds shall be allocated on a first come first serve basis until all available funds are exhausted. Reimbursement shall be made to BCBSND on a monthly basis based on actual costs accrued by local providers participating in the tobacco cessation program for services provided to eligible state employees and family members plus the administrative fee paid to BCBSND up to a total maximum amount of \$130,000.00.

A Member is eligible to participate in the tobacco cessation program during each of four separate benefit periods as follows:

07/01/2007 through 12/31/2007
01/01/2008 through 06/30/2008
07/01/2008 through 12/31/2008
01/01/2009 through 06/30/2009

The tobacco cessation program shall provide a combination of counseling to include initial assessment, physician office visit, nicotine replacement therapy, and prescription medication, if indicated, and follow-up support counseling as necessary by individual, group or telephone. Follow-up support must be conducted at 3-, 6-, 9- and 12-month intervals after the Member's "quit date." Local cessation programs will be strongly encouraged to develop incentives to complete counseling.

Re-treatment shall be made available within 6 months and will be the responsibility of the counseling program with reimbursement available on the same basis as during any initial treatment phase.

V. PROVIDERS PARTICIPATING IN THE TOBACCO CESSATION PROGRAM.

BCBSND is required to contact with providers interested in providing tobacco cessation services pursuant to the program outlined in this TCP Agreement. Providers of health care services under the tobacco cessation program shall participate in the program pursuant to a contract as established between BCBSND and each provider.

Providers participating in the tobacco cessation program shall be responsible for providing the following to BCBSND.

- Reporting admission and follow-up to BCBSND as well as medication recommendations and prescriptions.
- Reporting the number of counseling sessions and whether the sessions are group or individual.
- Reporting outgoing telephone call results as well as any telephone counseling sessions.
- Arrange for the physician office visit, if necessary, and collect receipts.
- Reporting prescriptions and receipts collected.
- Producing and submitting a monthly paper roster bill to BCBSND.
- Submitting encounter and follow-up data monthly to BCBSND.
- Verifying participant eligibility through BCBSND.
- Disburse reimbursement funds for nicotine replacement therapy, prescription drugs and physician visits based on receipts from the Member.
- Reporting over the counter recommendations and receipts collected.

VI. FEES.

As a result of the responsibilities assigned to BCBSND under the terms of the Grant Award and this TCP Agreement, BCBSND shall be paid an administrative fee for administering the tobacco cessation program that shall be equal to ten percent (10%) of claims paid to providers to pay costs incurred by BCBSND as program administrator and granting entity. For example, if total claims submitted by the providers are \$60,000.00, BCBSND will add a 10% administration fee for a total of \$6,000.00. This administration fee shall not include any amounts payable to BCBSND for preparing promotional materials supporting the smoking cessation program as set forth in this TCP Agreement.

VII. REPORTING.

BCBSND agrees to provide the following reports:

- Track each patient receiving therapy and level of therapy.
- Develop a database to track the program and have the database format available to counseling programs for tracking.
- Report quit rates by counseling program at 3, 6, 9 and 12 months.

- Report every six months to the NDPERS and Department of Health program results and participation rates.

VIII. PROMOTION.

BCBSND shall develop and implement a plan to promote the tobacco cessation services including but not limited to agency notes, paycheck stuffers, e-mail notices, posters, and notices to home addresses to be distributed at periodic intervals throughout the term of this TCP Agreement. The proposed promotion schedule for the term of this TCP Agreement is set forth in detail in the Grant Award. BCBSND shall be reimbursed \$20,000 for the costs of these promotional activities.

IV. OTHER TERMS AND CONDITIONS.

The parties to this TCP Agreement acknowledge, understand and agree that the terms of the Grant Award in place between the Department of Health, NDPERS and BCBSND, including but not limited to terms that specifically relate to the administration, cancellation, termination and payment terms, are hereby incorporated into this TCP Agreement and applicable to this TCP Agreement related to the tobacco cessation program as if fully incorporated herein.

V. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this TCP Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire TCP Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this TCP Agreement shall, in all cases, be construed under the notice provision in the ASA.

Assignment. No party may assign this TCP Agreement, or any of the obligations or duties mandated under the terms of this TCP Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this TCP Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this TCP Agreement or additional obligations assumed by any party in connection with this TCP Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This TCP Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this TCP Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this TCP Agreement, such recitals are deemed to be a part of the TCP Agreement. The titles to the paragraphs of this TCP Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this TCP Agreement.

Binding Effect. This TCP Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this TCP Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 55416

BLUE CROSS BLUE SHIELD OF NORTH
DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

Name Date

Michael B. Unhjem Date

Title

President and CEO

ATTACHMENT B

NDPERS WELLNESS BENEFIT PROGRAM AGREEMENT

THIS NDPERS WELLNESS BENEFIT PROGRAM AGREEMENT (Wellness Agreement), is entered into this first day of July, 2007, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, the state of North Dakota, acting through NDPERS, and BCBSND, in an effort to create healthier lifestyles for NDPERS Members (as defined by the Administrative Services Agreement between the parties) (ASA Agreement) and to help contain health care costs desire to promote, support and sponsor health and wellness initiatives; and

WHEREAS, pursuant to this Wellness Agreement, NDPERS and BCBSND have agreed to establish a Wellness Benefit Program related to health and wellness promotion for NDPERS Members subject to this Wellness Agreement; and

WHEREAS, the Wellness Benefit Program created through this Wellness Agreement between BCBSND and NDPERS anticipates there will be costs and fees associated with supporting such health and wellness programs provided to NDPERS Members and to be administered through this agreement with BCBSND.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I. TERM.

The Wellness Benefit Program shall be effective from July 1, 2007 through June 30, 2009.

II. FEES.

NDPERS has approximately 51,000 non-Medicare lives and this Wellness Agreement requires that a fee be imposed in the amount of **\$.12 per contract** per month, not including Medicare contracts, which monies shall be deposited into a separate account in support of the Wellness Benefit Program. Interest will not be paid on this account.

NDPERS agrees to pay this Wellness Agreement fee to BCBSND, on or before the last day of each month, as a part of the premium payment established in the ASA Agreement in place between the parties.

IV. OTHER TERMS AND CONDITIONS.

The Wellness Benefit Program is available to employer groups that participate in the NDPERS group health plan and participate in the Employer Based Wellness Program.

Applications for approval in the Wellness Benefit Program shall be submitted to the Bismarck NDPERS office to the attention of the Wellness Benefit Program Manager by each agency interested in establishing such a program.

A Wellness Committee shall be established to review any such applications submitted. The Wellness Committee shall be comprised of: one (1) NDPERS staff member, one (1) NDPERS board member and one (1) BCBSND staff member. Upon appointment, the Wellness Committee shall establish criteria to ensure a uniform basis upon which it may grant or deny each agency application. Wellness benefits or healthy lifestyle programs, such as smoking cessation, nutrition, exercise, stress management, weight control, wellness education and the number of people affected by each program will be taken into consideration and shall be part of the criteria established by the Wellness Committee.

The applying agency will be notified by the Wellness Committee within thirty (30) days of application of the approval or denial of the proposed program.

Funds may either be distributed directly to the applying agency or, preferably, paid directly to the vendor providing said service or facilitating said Wellness Benefit Program.

All funds distributed shall be for Wellness Benefit Programs completed within the current 2007-2009 biennium budget.

The program funds wellness benefits for healthy lifestyle programs. Individual memberships in diet programs, health, athletic or fitness clubs are not eligible for reimbursement. Also, the program will not fund the expense of incentives, prizes or gift certificates, services for massages, food items or services, bottled water or water dispenses, exercise equipment or health monitoring equipment or printing expenses. In addition, funds cannot be used for the benefit of dependents, the general public, or in the case of a campus or school, for students.

V. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this Wellness Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire Wellness Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this Wellness Agreement shall, in all cases, be construed under the notice provision in the Health Dialogue Agreement.

Assignment. No party may assign this Wellness Agreement, or any of the obligations or duties mandated under the terms of this Wellness Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this Wellness Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained,

and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this Wellness Agreement or additional obligations assumed by any party in connection with this Wellness Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This Wellness Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this Wellness Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this Wellness Agreement, such recitals are deemed to be a part of the Wellness Agreement. The titles to the paragraphs of this Wellness Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this Wellness Agreement.

Binding Effect. This Wellness Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Wellness Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 55416

BLUE CROSS BLUE SHIELD OF NORTH
DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

Name Date

Michael B. Unhjem Date

Title

President and CEO

ATTACHMENT C

UNIVERSITY OF NORTH DAKOTA (UND) WELLNESS CENTER PROGRAM AGREEMENT

THIS UNIVERSITY OF NORTH DAKOTA WELLNESS CENTER PROGRAM AGREEMENT (UND Agreement), is entered into this first day of July, 2007, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, the state of North Dakota, acting through NDPERS, has entered into an agreement (Interagency Agreement) with the University of North Dakota School of Medicine & Health Sciences Center for Health Promotion (UND) dated June 9, 2005, to offer to certain NDPERS Members (as defined by the Administrative Services Agreement between the parties) (ASA Agreement) certain employee health promotion and wellness programs at various worksites in and around the state of North Dakota; and

WHEREAS, pursuant to this UND Agreement, BCBSND has agreed to assist in providing certain administrative services related to the health promotion and wellness program subject to the Interagency Agreement; and

WHEREAS, the Interagency Agreement between UND and NDPERS reflects a fee for the services UND is providing to NDPERS Members to be administered through an arrangement with BCBSND.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I. RECOGNIZING THE UND WELLNESS PROGRAM.

BCBSND acknowledges and agrees that it has reviewed the health promotion and wellness initiative program contained in the Interagency Agreement and that the program outlined in the Interagency Agreement provides services consistent with the wellness initiative reflected in the Administrative Services Agreement between BCBSND and NDPERS.

II. FEES.

BCBSND agrees that monies made available for wellness services pursuant to the ASA Agreement in place between NDPERS and BCBSND are appropriate for the costs of services anticipated in the Interagency Agreement, and that BCBSND will pay these costs as appropriate as directed by NDPERS pursuant to this Interagency Agreement up to the amount reflected and made available through the Interagency Agreement.

III. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this UND Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire UND Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this UND Agreement shall, in all cases, be construed under the notice provision in the Health Dialogue Agreement.

Assignment. No party may assign this UND Agreement, or any of the obligations or duties mandated under the terms of this UND Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this UND Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this UND Agreement or additional obligations assumed by any party in connection with this UND Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This UND Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this UND Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this UND Agreement, such recitals are deemed to be a part of the UND Agreement. The titles to the paragraphs of this UND Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this UND Agreement.

Binding Effect. This UND Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this UND Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 55416

BLUE CROSS BLUE SHIELD OF NORTH
DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

Name Date

Michael B. Unhjem Date

Title

President and CEO

ATTACHMENT D

DISEASE MANAGEMENT SERVICES AGREEMENT

THIS DISEASE MANAGEMENT SERVICES AGREEMENT (DMS Agreement), is entered into this first day of July, 2007, by and between the North Dakota Public Employees Retirement System (NDPERS), a public agency created under North Dakota state law, and Blue Cross Blue Shield of North Dakota (BCBSND), a North Dakota nonprofit mutual insurance company, located at 4510 13th Avenue South, Fargo, North Dakota.

RECITATIONS:

WHEREAS, BCBSND has entered into an agreement with NDPERS to offer to NDPERS Members (as defined by the Administrative Services Agreement between the parties) (ASA Agreement) an integrated approach to care management services, including tools and capabilities to identify, reach, and engage Members and populations of Members who have, or are at risk of having, chronic or other preference sensitive medical conditions, and to provide medical decision support services and to disseminate medical decision support content to these Members and Member populations (hereinafter referred to as a “Disease Management Program”); and

WHEREAS, pursuant to this DMS Agreement, BCBSND has entered into a Shared Decision-Making and Collaborative Care Support Services Agreement (Health Dialog Agreement), dated August 6, 2004, as amended through Health Dialog Work Order (NDPERS Work Order Number 2), dated July 1, 2007, with an outside vendor, Health Dialog, to assist in providing these services and administering the Disease Management Program, and which contains certain provisions related to the Disease Management Program, and

WHEREAS, the Health Dialog Agreement reflects a fee for these services for NDPERS Members to be administered through an arrangement with BCBSND pursuant to certain performance guarantees and premium at risk as set forth below.

NOW, WHEREFORE, in recognition of the mutual promises herein contained and for other good and valuable consideration hereby acknowledged by the parties hereto, NDPERS and BCBSND agree to the following.

I. BENEFITS AND SAVINGS RESULTING FROM THE DISEASE MANAGEMENT PROGRAM.

BCBSND acknowledges, understands and agrees that any benefits or monetary savings resulting from the administration of the Disease Management Program, as this program relates to NDPERS Members as determined by BCBSND, are to be passed directly through to NDPERS.

II. FEES.

NDPERS has approximately 51,000 non-Medicare lives and this DMS Agreement requires that a fee be imposed in the amount of \$3.88 per member per month, not including Medicare contracts.

III. PARAMETERS OF THE PROGRAM.

If the following criteria are not met for the NDPERS population, Health Dialogue will refund to BCBSND the percentage of dollars as set forth in the parentheses below of dollars received for the purchase of services from Health Dialogue.

During the initial twelve (12) months of the program at the call center:

1. Average telephone answer time is less than or equal to forty (40) seconds [three percent (3%) of fee].
2. Average telephone hold time is less than or equal to thirty (30) seconds [three percent (3%) of fee].
3. Average blockage rate on telephone is less than or equal to three percent (3%) [three percent (3%) of fee].

By the end of the initial twelve (12) months of the program:

The savings achieved by the program (measured using the standard Health Dialogue methodology for computing savings for both Preference Sensitive Conditions and Chronic Conditions) will equal the fees paid during the previous twelve (12) months [eleven percent (11%) of the fee].

A total of twenty percent (20%) of the program fee is at risk.

The second year of the contract will be guaranteed and measured on the same criteria for the call center, and the savings will increase to 1.3 times the fees paid during the second twelve (12) months.

BCBSND will pass the entire amount of this guarantee through to the NDPERS plan.

IV. OTHER TERMS AND CONDITIONS.

NDPERS acknowledges and agrees that the terms of the agreement between Health Dialogue and BCBSND (Health Dialogue/BCBSND Agreement), in particular the NDPERS Work Order attached to this Health Dialogue/BCBSND Agreement, will not be limited in any way by this Agreement. To the extent there is a conflict between the terms of the existing agreement between Health Dialogue and BCBSND with this Agreement, the Health Dialogue/BCBSND Agreement will control.

V. GENERAL PROVISIONS.

The following general conditions, covenants and obligations apply equally to both NDPERS and BCBSND under the terms of this DMS Agreement.

Time is of the Essence. Time is of the essence of each provision of this entire DMS Agreement and all of its terms and conditions.

Notice. Any notice required or permitted under the terms of this DMS Agreement shall, in all cases, be construed under the notice provision in the Health Dialogue Agreement.

Assignment. No party may assign this DMS Agreement, or any of the obligations or duties mandated under the terms of this DMS Agreement, without the prior written consent of the other parties hereto.

Waiver. No delay or omission by any party to exercise any right or power under the terms of this DMS Agreement shall preclude the exercise of such right or power in subsequent instances or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants to be performed by any other party shall not be construed to be a waiver of any covenant herein contained, and the waiver of any breach of covenant shall not be construed to be a waiver of any succeeding breach thereof.

Modification. Any modification of this DMS Agreement or additional obligations assumed by any party in connection with this DMS Agreement shall be binding only if evidenced in writing and signed by each party or an authorized representative of each party hereto.

Counterparts. This DMS Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Recitals and Paragraph Headings. The recitals to this DMS Agreement are deemed to be an expression of the intent of the parties hereto, and to the extent the recitals create any duties for or obligations on the parties to this DMS Agreement, such recitals are deemed to be a part of the DMS Agreement. The titles to the paragraphs of this DMS Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify or aid in the interpretation of this DMS Agreement.

Binding Effect. This DMS Agreement is binding on the parties hereto, and to their successors and assigns, including any parent or subsidiary corporation.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this DMS Agreement as of the date first written above.

NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (NDPERS)
PO Box 1657
Bismarck, ND 55416

BLUE CROSS BLUE SHIELD OF NORTH
DAKOTA (BCBSND)
4510 13th Avenue South
Fargo, ND 58121-0001

Name Date

Michael B. Unhjem Date

Title

President and CEO



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: January 9, 2008
SUBJECT: Minute Clinics

At the November meeting the Board was given an update on the Minute Clinic program by BCBS. The minutes noted the following request:

MINUTE CLINIC YEAR 1 UPDATE

Mr. Steve Lindemann, BCBSND, reviewed with the Board the effectiveness of the minute clinic concept during 2007. The Board previously approved waiving discount for the Meritcare Minute Clinic which is located in Hornbachers grocery store in south Fargo. Claims were processed on site (real time). Patients seem to be satisfied with this clinic concept, it is convenient, quick and easy. Average cost per visit is approximately 50% less. Mr. Lindemann asked the Board to consider support of this clinic during the next year. *The Board requested that the customer satisfaction survey should include a utilization question so more specific data can be gathered for future consideration.*

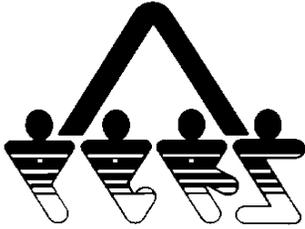
BCBS followed up on the request and the following is what they found out:

Larry,

When I asked MeritCare about adding a survey question regarding whether or not the patient would have sought care elsewhere if Fast Track weren't an option, they pointed out that there is a RapidCare clinic in the same building as Fast Track -- so they felt that their location and ease of use (since Rapid Care is also a 'walk in' type clinic) really didn't have any impact on utilization. If neither clinic were there, the next nearest clinic for the folks living in Osgood would be at least 15 blocks away at Innovis, then there might be some utilization impact.

Steve Lindemann, SSBB, FHFMA
Director of Provider Process Improvement
(701) 282-1965

BCBS will be at the Board meeting to answer any questions you may have about the above information.



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

Memorandum

TO: NDPERS Board
FROM: Kathy
DATE: January 7, 2008
SUBJECT: Vision Plan Renewal

The original effective date of our vision plan contract with Ameritas was January 1, 2003. This contract has been subject to two year renewals since that time; however, 2008 will conclude the sixth year of the contract. Typically, we would go out to bid at this time. However, due to staff involvement with the PERSLink project over the next year, we are requesting the Board to consider allowing us to extend our vision contract rather than go out to bid this year.

We contacted Ameritas regarding the extension of the contract for an additional year. They proposed to extend the contract and will guarantee the current rates for an additional year or through December 31, 2009. Included is the Ameritas response for your information.

Staff recommends that we accept the Ameritas proposal.

Board Action Requested

- Accept the Ameritas proposal extending the vision contract and guaranteeing the current rates through December 31, 2009.
- Direct staff to issue a Request for Proposal in 2008.

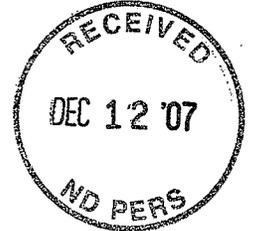


The Dental and Eye Care Experts™

A Division of Ameritas Life Insurance Corp.
A UNIFI Company

Daniel J. Snyder, CLU, FLMI
Regional Manager - Group Sales

Greentree Court / 210 Gateway Mall, Suite 420 / Lincoln, NE 68505-2449
Toll Free: 800-527-0043 / Bus: 402-466-4885 / Fax: 402-466-4910
E-mail: dsnyder@ameritas.com



Kathy Allen
Benefit Programs Manager
North Dakota Public Employees Retirement System
P.O. Box 1657
Bismarck, Nd 58502

Dear Kathy:

It was very nice to visit with you again.

As discussed, we are willing to extend the guarantee on the vision rates. Thus, the current rates (shown below) will be guaranteed until 1/1/2010.

Employee	\$ 5.16
Employee & Spouse	\$10.32
Employee & Child(ren)	\$ 9.40
Employee, Spouse & Child(ren)	\$14.56

Kathy, please let us know anytime we can be of service.

Sincerely,

Daniel J. Snyder CLU,FLMI
Regional Group Manager

DJS:me



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

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

M E M O R A N D U M

TO: NDPERS BOARD
SPARB COLLINS, NDPERS
KATHY ALLEN, NDPERS

FROM: *BTK*
BRYAN T. REINHARDT

DATE: December 19, 2007

SUBJECT: GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

Here is the November surplus projection and affordability analysis for the NDPERS group medical plan. The plan made it through the 2005-2007 biennium. We will start to analyze the 07-09 period after about six months of experience.

Net premium sent to BCBS in July 2007 was \$13,406,858. In July 2005 it was \$10,853,370. There are now 24,590 contracts on the NDPERS Health Plan. The NDPERS health plan ended up with 23,580 contracts in June, 2005. There were 22,947 contracts in June, 2003, and 21,792 in July 2001.

The 2003 - 2005 biennium settlement is on account at BCBS with a balance of over \$2 million. The remaining \$14.3 million was used to buy down premiums for the 05-07 biennium. These amounts are at BCBS and receiving interest.

The projection for the 2005 - 2007 biennium shows total surplus at \$4.3 million. We share 50/50 in the first \$3.0 million surplus with BCBS, so the June 30, 2007 NDPERS estimated gain is \$2.8 million. BCBS has the IBNR estimate for this projection at \$400,000.

If you have any questions or you should need anymore information, please contact me.

NDPERS - ESTIMATED SURPLUS PROJECTION: 2005-2007 BIENNIUM

November, 2007

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2005-2007 biennium. The estimate has been updated to include account activity through November, 2007.

1) Preliminary Underwriting Gain for the 2005-2007 Biennium	(\$11,314,700)
2) Cash Balance Interest Accumulation	\$1,366,481
3) Estimated Underwriting Gain for the 2005-2007 Biennium	(\$9,948,219)
5) Refunds and Settlements	
07/01/05 - 6/30/07 Perform Rebates (Included as claim rebates)	\$3,323,881
EPO Settlement Payments 7/05 - 6/06 (Included as rebates & paid)	\$1,277,000
EPO Settlement Payments 7/06 - 6/07 (Included as rebates & paid)	\$0
6) Cash Reserve Account Balance	\$15,666,912
2003-2005 Settlement Cash Out:	(\$1,439,151)
Future Interest:	\$0
Total	\$14,227,761
7) Total Estimated Surplus Held by BCBS	\$4,279,542
8) BCBS Portion of Surplus (50% upto \$1,500,000)	\$1,500,000
9) PERS Portion of Surplus Held by BCBS	\$2,779,542
10) NDPERS Wellness Accounts	
My Health Connection	\$0
Employer Based Wellness	\$0
Wellness Benefit Program	\$0
SubTotal	\$0
Total Adjusted for Usage	\$0
11) Total Estimated Funds Available to PERS on June 30, 2007	\$2,779,542

NDPERS - Projected Underwritten Experience for the 2005-2007 Biennium

November, 2007

MONTH	NET PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$26.98/CON	NET PREMIUM	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS (1)	ESTIMATED GAIN / LOSS
Jul-05	\$11,491,070	(\$2,387)	\$11,488,683	\$637,699	\$10,850,984	\$10,937,425	\$0	\$10,937,425	(\$86,441)
Aug-05	\$11,486,984	\$0	\$11,486,984	\$635,676	\$10,851,308	\$10,786,473	\$0	\$10,786,473	\$64,835
Sep-05	\$11,592,130	\$0	\$11,592,130	\$641,396	\$10,950,735	\$9,700,902	\$0	\$9,700,902	\$1,249,833
Oct-05	\$11,564,639	(\$995)	\$11,563,644	\$640,748	\$10,922,896	\$10,048,999	\$0	\$10,048,999	\$873,897
Nov-05	\$11,565,139	\$1,417	\$11,566,556	\$640,478	\$10,926,078	\$11,387,066	\$0	\$11,387,066	(\$460,988)
Dec-05	\$11,575,731	\$7,675	\$11,583,406	\$640,829	\$10,942,577	\$11,754,308	\$0	\$11,754,308	(\$811,731)
Jan-06	\$11,053,969	\$332	\$11,054,300	\$644,606	\$10,409,694	\$10,005,969	\$0	\$10,005,969	\$403,725
Feb-06	\$11,053,628	\$0	\$11,053,628	\$645,308	\$10,408,320	\$9,716,930	\$0	\$9,716,930	\$691,390
Mar-06	\$11,049,994	(\$26,775)	\$11,023,218	\$645,146	\$10,378,073	\$12,100,205	\$0	\$12,100,205	(\$1,722,132)
Apr-06	\$11,066,004	(\$36,321)	\$11,029,683	\$645,820	\$10,383,862	\$10,978,380	\$0	\$10,978,380	(\$594,518)
May-06	\$11,064,390	\$3,501	\$11,067,891	\$646,198	\$10,421,693	\$11,084,063	\$0	\$11,084,063	(\$662,370)
Jun-06	\$11,076,821	\$0	\$11,076,821	\$647,385	\$10,429,436	\$11,677,331	\$0	\$11,677,331	(\$1,247,895)
Jul-06	\$11,056,557	\$0	\$11,056,557	\$646,495	\$10,410,063	\$10,356,874	\$0	\$10,356,874	\$53,189
Aug-06	\$11,052,995	\$0	\$11,052,995	\$646,414	\$10,406,581	\$11,512,202	\$0	\$11,512,202	(\$1,105,621)
Sep-06	\$11,153,014	\$0	\$11,153,014	\$650,785	\$10,502,229	\$10,107,735	\$0	\$10,107,735	\$394,494
Oct-06	\$11,116,487	\$6,351	\$11,122,838	\$650,515	\$10,472,323	\$11,310,863	\$0	\$11,310,863	(\$838,540)
Nov-06	\$11,146,017	(\$8,222)	\$11,137,795	\$652,916	\$10,484,879	\$11,246,773	\$0	\$11,246,773	(\$761,894)
Dec-06	\$11,130,343	(\$12,813)	\$11,117,530	\$651,972	\$10,465,558	\$11,490,689	\$0	\$11,490,689	(\$1,025,131)
Jan-07	\$11,173,395	(\$5,016)	\$11,168,379	\$654,643	\$10,513,737	\$11,611,875	\$0	\$11,611,875	(\$1,098,138)
Feb-07	\$11,192,661	\$1,098	\$11,193,759	\$658,177	\$10,535,582	\$9,826,428	\$0	\$9,826,428	\$709,154
Mar-07	\$11,192,066	\$4,290	\$11,196,356	\$656,154	\$10,540,202	\$12,051,372	\$30,000	\$12,081,372	(\$1,541,170)
Apr-07	\$11,212,566	\$6,117	\$11,218,683	\$657,017	\$10,561,666	\$11,222,223	\$80,000	\$11,302,223	(\$740,557)
May-07	\$11,213,832	\$6,568	\$11,220,400	\$656,909	\$10,563,491	\$12,120,494	\$90,000	\$12,210,494	(\$1,647,003)
Jun-07	\$11,210,872	\$4,950	\$11,215,822	\$657,125	\$10,558,697	\$11,769,818	\$200,000	\$11,969,818	(\$1,411,121)
BIENNIAL									
TOTAL	\$269,491,302	(\$50,231)	\$269,441,072	\$15,550,409	\$253,890,663	\$264,805,397	\$400,000	\$265,205,397	(\$11,314,734)

(1) Future Months are Estimated based on Projection from NDPERS.



Memo

To: NDPERS Board
From: Bryan T. Reinhardt
Date: 1/11/2008
Re: 457 Companion Plan & 401(a) plan 3rd Quarter 2007 Reports

Here is the 3rd quarter 2007 investment report for the 401(a) & 457 Companion Plan. The reports are available separately on the NDPERS web site. The NDPERS Investment Sub-committee reviewed the 3rd quarter report and has no Board action.

Assets in the 401(a) plan increased to \$18.6 million as of September 30, 2007. The number of participants is at 297, about the same as when the plan started. The largest funds are Fidelity Growth Company with 14% and the Fidelity Managed Income Portfolio with 12% of the assets.

Assets in the 457 Companion Plan increased to about \$24.0 million as of September 30, 2007. This is up from \$12.1 million on 12/31/03 (98% increase). The number of participants dropped from 1,319 after the transition to Fidelity, but is increasing and is now at 1,872. The largest funds are the Fidelity Freedom 2020 Fund and the Fidelity Diversified International Fund with 12% of the assets each.

Benchmarks:

Fund returns for the quarter were mixed. **Fidelity Managed Income Portfolio, Fidelity Dividend Growth, and Fidelity Freedom Income** were the only funds that performed lower than their benchmarks for all periods (QTR, Y-T-D, 1-year, 3-year, and 5-year). Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund / Investment News:

Representatives from Fidelity attended the Investment Sub-Committee meeting and presented a 3rd Quarter market overview and core fund performance update. Fidelity presented information on using a brokerage link in place of the mutual fund window. Staff will work our more details with Fidelity. They also presented their new Retirement Income Advantage product. The Investment Sub-Committee marked **Dividend Growth (FDGFX), Blue Chip Growth (FBGRX), Fidelity Freedom Income (FFFAX)** and the **Fidelity Freedom 2000 Fund (FFFBX)** as underperforming for the quarter.

NDPERS
Quarterly Investment Report
3rd Quarter
7/1/2007 – 9/30/2007



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



Memo

To: NDPERS Board
From: ^{BTR} Bryan T. Reinhardt
Date: 12/7/2007
Re: 457 Companion Plan & 401(a) plan 3rd Quarter 2007 Reports

Here is the 3rd quarter 2007 investment report for the 401(a) & 457 Companion Plan. The reports are available separately on the NDPERS web site. The NDPERS Investment Subcommittee reviewed the 3rd quarter report and has no Board action.

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Fund returns for the quarter were mixed. **Fidelity Managed Income Portfolio, Fidelity Dividend Growth, and Fidelity Freedom Income** were the only funds that performed lower than their benchmarks for all periods (QTR, Y-T-D, 1-year, 3-year, and 5-year). Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund / Investment News:

Representatives from Fidelity attended the Investment Sub-Committee meeting and presented a 3rd Quarter market overview and core fund performance update. Fidelity presented information on using a brokerage link in place of the mutual fund window. Staff will work out more details with Fidelity. They also presented their new Retirement Income Advantage product. The Investment Sub-Committee marked **Dividend Growth (FDGFX), Blue Chip Growth (FBGRX), Fidelity Freedom Income (FFFAX)** and the **Fidelity Freedom 2000 Fund (FFFBX)** as underperforming for the quarter.

NDPERS
Quarterly Investment Report
3rd Quarter
7/1/2007 – 9/30/2007



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

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

INITIAL OFFERING:

Fidelity Equity-Income Mutual Shares A	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
Goldman Sachs Mid Cap Value	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index	Fidelity Mid Cap Stock	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

BALANCED FUND:

Fidelity Puritan Fund

INCOME FUNDS:

Fidelity Managed Income Portfolio

BOND FUNDS:

PIMCO Total Return Bond Fund

INTERNATIONAL FUNDS:

Fidelity Diversified International (Blend Bias)

LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2000

Fidelity Freedom 2005

Fidelity Freedom 2010

Fidelity Freedom 2015

Fidelity Freedom 2020

Fidelity Freedom 2025

Fidelity Freedom 2030

Fidelity Freedom 2035

Fidelity Freedom 2040, 2045 & 2050

FUND STYLE CHANGES:

			LARGE
	→	Goldman Sachs Mid Cap Value	MEDIUM
			SMALL
VALUE	BLEND	GROWTH	

INCOME FUNDS:

BOND FUNDS:

INTERNATIONAL FUNDS:

Fidelity Diversified International (Growth Bias)

BALANCED FUNDS:

LIFESTYLE FUNDS:

CURRENT LINEUP:

Fidelity Equity-Income Mutual Shares A	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index Goldman Sachs Mid Cap Value	Fidelity Mid Cap Stock	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

BALANCED FUND:

Fidelity Puritan Fund

INCOME FUNDS:

Fidelity Managed Income Portfolio

BOND FUNDS:

PIMCO Total Return Bond Fund

INTERNATIONAL FUNDS:

Fidelity Diversified International (Growth Bias)

LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2000

Fidelity Freedom 2005

Fidelity Freedom 2010

Fidelity Freedom 2015

Fidelity Freedom 2020

Fidelity Freedom 2025

Fidelity Freedom 2030

Fidelity Freedom 2035

Fidelity Freedom 2040, 2045 & 2050

NDPERS Investment Benchmarks - 3rd Quarter 2007

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value Fund</u>					
Fidelity Managed Income Portfolio	1.08%	3.23%	4.33%	4.04%	4.17%
GIC 5 Year	1.22%	3.65%	4.87%	4.98%	5.30%
<u>Fixed Income Fund</u>					
PIMCO Total Return Bond Fund - PTRAX	4.52%	4.77%	5.67%	4.16%	4.75%
Lehman Aggregate Bond Index	2.84%	3.85%	5.14%	3.86%	4.13%
Taxable Bond Fund Universe	1.83%	3.30%	5.11%	4.19%	5.54%
<u>Balanced Fund</u>					
Fidelity Puritan - FPURX	1.43%	7.40%	13.36%	11.18%	13.00%
60% Large Cap Value Univ & 40% Taxable Bond Universe	1.24%	6.28%	11.66%	9.79%	11.64%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	0.69%	4.67%	10.29%	10.55%	12.51%
<u>Large Cap Equities - Value</u>					
Fidelity Equity-Income - FEQIX	-0.41%	8.00%	16.03%	14.31%	16.71%
Franklin Mutual Shares A - TESIX	-3.47%	5.52%	13.82%	14.39%	15.02%
Russell 1000 Value Index	-0.24%	5.97%	14.45%	15.25%	18.07%
Large Cap Value Fund Universe	0.84%	8.26%	16.03%	13.52%	15.71%
<u>Large Cap Equities - Blend</u>					
Fidelity Spartan US Equity Index - FUSEX	2.04%	9.10%	16.37%	13.07%	15.35%
Fidelity Dividend Growth - FDGFX < Under Review 3/2007 >	0.11%	7.35%	13.63%	11.47%	12.92%
S&P 500 Index	2.03%	9.13%	16.44%	13.14%	15.45%
Large Cap Blend Fund Universe	3.01%	10.62%	18.05%	13.09%	14.30%
<u>Large Cap Equities - Growth</u>					
Fidelity Growth Company - FDGRX	9.04%	18.89%	28.96%	18.85%	21.24%
Russell 3000 Growth Index	3.85%	12.39%	19.31%	12.36%	14.19%
Fidelity Blue Chip Growth - FBGRX < Under Review 3/2007 >	5.15%	12.55%	17.22%	10.20%	11.85%
Russell 1000 Growth Index	4.21%	12.68%	19.35%	12.20%	13.84%
Large Cap Growth Fund Universe	6.86%	15.62%	22.23%	12.86%	13.63%
<u>Mid Cap Equities - Value</u>					
Goldman Sachs Mid Cap Value - GCMAX	-3.07%	6.32%	15.19%	15.85%	17.96%
Russell Mid Cap Value	-3.55%	4.83%	13.75%	17.22%	21.02%
Mid Cap Value Fund Universe	-1.86%	7.95%	16.39%	14.21%	17.79%
<u>Mid Cap Equities - Blend</u>					
Dreyfus Mid Cap Index - PESPX	-0.95%	10.42%	18.21%	15.13%	17.63%
S&P Mid Cap 400	-0.87%	11.01%	18.76%	15.63%	18.17%
Fidelity Spartan Extended Mkt Index - FSEM X	-0.63%	8.90%	18.71%	16.21%	19.72%
Wilshire 4500 Index	-0.60%	8.97%	18.83%	16.23%	19.94%
Mid Cap Blend Fund Universe	-0.21%	19.31%	10.79%	14.74%	18.03%
<u>Mid Cap Equities - Growth</u>					
Fidelity Mid Cap Stock - FMCSX	-0.19%	14.55%	20.23%	19.29%	19.13%
Russell Mid Cap Growth	2.15%	13.35%	21.22%	17.01%	20.39%
Mid Cap Growth Fund Universe	5.16%	18.23%	26.47%	16.47%	17.62%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Investment Benchmarks - 3rd Quarter 2007

	Quarter	Y-T-D	1-Year	3-Year	5-Year
Small Cap Equities - Value					
Allianz NFJ Small Cap Value - PVADX	-0.92%	10.43%	19.84%	17.57%	19.28%
Russell 2000 Value Index	-6.26%	-2.70%	6.09%	12.51%	18.70%
Small Value Fund Universe	-4.08%	2.92%	11.51%	11.84%	17.50%
Small Cap Equities - Blend					
Dreyfus Small Cap Index - DISSX	-1.92%	6.29%	14.55%	13.87%	18.20%
Russell 2000 Index	-3.09%	3.16%	12.34%	13.36%	18.75%
S & P 600 Index	-1.82%	6.58%	14.93%	14.29%	18.73%
Small Blend Fund Universe	-1.74%	6.73%	15.86%	13.61%	18.32%
Small Cap Equities - Growth					
MSI Small Co Growth B - MSSMX	2.32%	8.23%	20.38%	15.76%	19.90%
Russell 2000 Growth Index	0.02%	9.35%	18.94%	14.10%	18.70%
Small Growth Fund Universe	2.75%	13.57%	22.56%	14.17%	17.79%
International Equity Funds					
Fidelity Diversified International - FDIVX	4.87%	16.51%	27.92%	24.00%	24.77%
MSCI EAFE	2.18%	13.29%	25.04%	23.42%	23.80%
International Stock Fund Universe	6.35%	18.98%	33.51%	25.21%	24.89%
Asset Allocation Funds:					
Fidelity Freedom Income - FFFAX	1.30%	4.65%	7.31%	5.77%	5.61%
Income Benchmark	1.78%	4.83%	7.59%	6.11%	6.50%
Fidelity Freedom 2000 - FFBFX	1.42%	5.41%	8.52%	6.43%	6.50%
2000 Benchmark	1.73%	5.35%	8.74%	7.11%	7.74%
Fidelity Freedom 2005 - FFFVX	2.08%	7.89%	12.68%	9.46%	N/A
2005 Benchmark	1.92%	6.87%	11.99%	10.06%	11.32%
Fidelity Freedom 2010 - FFFCX	2.12%	8.06%	12.98%	9.76%	10.43%
2010 Benchmark	1.92%	6.98%	12.23%	10.26%	11.59%
Fidelity Freedom 2015 - FFFVX	2.13%	8.66%	14.10%	11.14%	N/A
2015 Benchmark	1.89%	7.38%	13.13%	11.08%	12.62%
Fidelity Freedom 2020 - FFFDX	2.29%	9.82%	16.15%	12.62%	13.90%
2020 Benchmark	1.80%	8.10%	14.74%	12.52%	14.40%
Fidelity Freedom 2025 - FFTWX	2.24%	10.10%	16.64%	13.16%	N/A
2025 Benchmark	1.78%	8.24%	15.06%	12.82%	14.72%
Fidelity Freedom 2030 - FFFEX	2.43%	11.15%	18.47%	14.30%	15.68%
2030 Benchmark	1.63%	8.87%	16.45%	14.02%	16.15%
Fidelity Freedom 2035 - FFFHX	2.44%	11.31%	18.63%	14.56%	N/A
2035 Benchmark	1.62%	8.90%	16.55%	14.15%	16.31%
Fidelity Freedom 2040 - FFFFX	2.30%	11.40%	19.02%	14.99%	16.73%
2040 Benchmark	1.54%	9.00%	16.84%	14.43%	16.72%
Fidelity Freedom 2045 - FFFGX	2.59%	11.77%	19.67%	N/A	N/A
2040 Benchmark	1.51%	9.24%	17.36%	14.92%	17.24%
Fidelity Freedom 2050 - FFFHX	2.67%	12.14%	20.18%	N/A	N/A
2040 Benchmark	1.49%	9.39%	17.68%	15.22%	17.56%

Income Benchmark is comprised of 20% Wilshire 5000, 35% LB Agg, 5% ML HY Bond, 40% 3 Month T-Bill

2000 Benchmark is comprised of 28% Wilshire 5000, 1% MSCI EAFE, 30% LB Agg, 5% ML HY Bond, 36% 3 Month T-Bill

2005 Benchmark is comprised of 40% Wilshire 5000, 10% MSCI EAFE, 34% LB Agg, 5% ML HY Bond, 11% 3 Month T-Bill

2010 Benchmark is comprised of 42% Wilshire 5000, 10% MSCI EAFE, 34% LB Agg, 5% ML HY Bond, 9% 3 Month T-Bill

2015 Benchmark is comprised of 46% Wilshire 5000, 12% MSCI EAFE, 31% LB Agg, 6% ML HY Bond, 5% 3 Month T-Bill

2020 Benchmark is comprised of 56% Wilshire 5000, 14% MSCI EAFE, 23% LB Agg, 7% ML HY Bond

2025 Benchmark is comprised of 57% Wilshire 5000, 15% MSCI EAFE, 21% LB Agg, 7% ML HY Bond

2030 Benchmark is comprised of 67% Wilshire 5000, 16% MSCI EAFE, 10% LB Agg, 7% ML HY Bond

2035 Benchmark is comprised of 66% Wilshire 5000, 17% MSCI EAFE, 9% LB Agg, 8% ML HY Bond

2040 Benchmark is comprised of 68% Wilshire 5000, 17% MSCI EAFE, 5% LB Agg, 10% ML HY Bond

2045 Benchmark is comprised of 69% Wilshire 5000, 19% MSCI EAFE, 2% LB Agg, 10% ML HY Bond

2050 Benchmark is comprised of 70% Wilshire 5000, 20% MSCI EAFE, 0% LB Agg, 10% ML HY Bond

Wilshire 5000 Index	1.46%	9.13%	16.99%	13.98%	16.50%
MSCI EAFE	2.18%	13.29%	25.04%	23.42%	23.80%
Lehman Aggregate Bond Index	2.84%	3.85%	5.14%	3.86%	4.13%
ML High Yield Bond Fund Index	0.33%	3.40%	7.75%	7.47%	12.51%
3 Month T-Bill Index	1.19%	3.71%	5.01%	3.97%	2.83%
Russell 3000 Value Index	-0.75%	5.21%	13.73%	15.01%	18.10%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Mutual Fund Research - 9/30/2007

Large Value

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Puritan	FPURX	26.4 Billion	4/16/1947	7 Years		0.61%	3276	44%	14.6	38.0 Bil	4-Stars	28	24	1.43	13.36	11.18	13.00	7.59				5.29	1.25
Fidelity Equity-Income	FEQIX	32.8 Billion	5/16/1966	14 Years		0.67%	259	24%	11.0	53.8 Bil	3-Stars	30	37	-0.41	16.03	14.31	16.71	7.61	94	1.00	1.10	7.74	1.24
Franklin Mutual Shares A	TESIX	25.9 Billion	11/11/1996	3 Years		1.10%	303	33%	15.9	27.3 Bil	3-Stars	27	44	-3.47	13.82	14.39	15.02	9.29	75	0.79	2.87	6.83	1.40

Large Blend

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Spartan US Equity Index	FUSEX	30.6 Billion	3/6/1990	Team		0.09%	503	7%	15.6	55.9 Bil	3-Stars	46	39	2.04	16.37	13.07	15.35	6.43	100	1.00	-0.05	7.52	1.12
Fidelity Dividend Growth <Under Review>	FDGFX	16.7 Billion	4/27/1993	10 Years		0.59%	96	30%	14.7	73.7 Bil	3-Stars	79	87	0.11	13.63	11.47	12.92	7.94	89	0.91	-0.76	7.31	0.96
Fidelity Diversified International	FDIVX	56.0 Billion	12/27/1991	6 Years		0.97%	356	59%	17.1	32.1 Bil	4-Stars	42	20	4.87	27.92	24.00	24.77	12.94				10.23	1.76

Large Growth

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Growth Company	FDGRX	36.2 Billion	1/17/1983	10 Years		0.96%	301	54%	13.4	20.6 Bil	4-Stars	5	3	9.04	28.96	18.85	21.24	9.16	73	1.26	3.12	11.04	1.25
Fidelity Blue Chip Growth <Under Review>	FBGRX	18.9 Billion	12/31/1987	0 Years		0.61%	131	48%	19.5	52.0 Bil	3-Stars	79	78	5.15	17.22	10.20	11.85	4.45	87	1.00	-2.60	8.02	0.73

Medium Value

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Goldman Sachs Mid Cap Value	GCMAX	8.0 Billion	8/15/1997	Team		1.17%	157	49%	16.7	8.0 Bil	3-Stars	32	47	-3.07	15.19	15.85	17.96	10.83	75	1.11	1.65	9.58	1.15

Medium Blend

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Dreyfus Mid Cap Index	PESPX	2.4 Billion	6/19/1991	Team		0.50%	403	16%	16.8	3.6 Bil	4-Stars	38	47	-0.95	18.21	15.13	17.63	11.01	76	1.20	0.27	10.39	1.01
Fidelity Spartan Extended Mkt Index	FSEMXX	3.5 Billion	11/5/1997	Team		0.09%	3582	16%	18.1	3.0 Bil	4-Stars	25	23	-0.63	18.71	16.21	19.72	N/A	76	1.27	0.72	10.93	1.05

Medium Growth

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Mid-Cap Stock	FMCSX	16.0 Billion	3/29/1994	2 Years		0.82%	162	52%	20.0	6.8 Bil	4-Stars	20	39	-0.19	20.23	19.29	19.13	11.58	67	1.27	3.45	11.69	1.22

Small Value

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Allianz NFJ Small Cap Value Admin	PVADX	4.6 Billion	11/1/1995	13 Years		1.07%	123	27%	14.6	2.0 Bil	4-Stars	3	17	-0.92	19.84	17.57	19.28	11.35	61	1.09	3.35	10.49	1.20

Small Blend

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Dreyfus Small Cap Index	DISSX	978 Million	6/30/1997	Team		0.50%	601	25%	17.1	1.3 Bil	3-Stars	39	50	-1.92	14.55	13.87	18.20	8.99	68	1.33	-1.75	12.19	0.78

Small Growth

Fund	Symbol	Assets	Inception	Manager		Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Mom-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio
				Tenure	Ratio							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Morgan Stanley Small Cap Growth B	MSSMX	2.0 Billion	1/2/1996	Team		1.26%	70	76%	27.1	1.4 Bil	4-Stars	31	26	2.32	20.38	15.76	19.90	13.41	65	1.39	-0.48	12.95	0.87

Lifestyle / Others

Fund	Symbol	Assets	Inception	Manager Expense			Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank		Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
				Tenure	Ratio	Ratio						3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta			Alpha	
Fidelity Managed Income Portfolio		8.1 Billion	9/7/1989	15 Years	0.55%								1.08	4.33	4.04	4.17	4.96							
PIMCO Total Return Bond Fund	PTRAX	106.0 Billion	9/8/1994	20 Years	0.68%		257%		70.7 Bil	5-Stars	11	24	4.52	5.67	4.16	4.75	6.35					3.06	-0.01	
Fidelity Freedom Income	FFFAX	2.5 Billion	10/17/1996	10 Years	0.55%	22	26%	14.8	42.7 Bil	3-Stars	77	83	1.30	7.31	5.77	5.61	5.39					2.10	0.70	
Fidelity Freedom 2000	FFFBX	1.8 Billion	10/17/1996	10 Years	0.57%	27	34%	14.8	37.7 Bil	4-Stars	65	69	1.42	8.52	6.43	6.50	5.95					2.50	0.84	
Fidelity Freedom 2005	FFFVX	1.0 Billion	11/6/2003	10 Years	0.68%	27	12%	15.0	35.1 Bil	4-Stars	11	N/A	2.08	12.68	9.46	N/A	N/A	N/A	N/A	N/A	N/A	4.29	1.16	
Fidelity Freedom 2010	FFFCX	14.5 Billion	10/17/1996	10 Years	0.68%	27	12%	15.0	35.1 Bil	5-Stars	7	20	2.12	12.98	9.76	10.43	7.23					4.48	1.17	
Fidelity Freedom 2015	FFVFX	6.4 Billion	11/6/2003	10 Years	0.72%	27	4%	15.0	35.1 Bil	3-Stars	46	N/A	2.13	14.10	11.14	N/A	N/A	N/A	N/A	N/A	N/A	5.27	1.24	
Fidelity Freedom 2020	FFFDX	20.9 Billion	10/17/1996	10 Years	0.76%	27	7%	15.0	25.4 Bil	3-Stars	13	8	2.29	16.15	12.62	13.90	7.65					6.25	1.27	
Fidelity Freedom 2025	FFTWX	5.8 Billion	11/6/2003	10 Years	0.78%	24	3%	15.0	35.1 Bil	4-Stars	5	N/A	2.24	16.64	13.16	N/A	N/A	N/A	N/A	N/A	N/A	6.60	1.28	
Fidelity Freedom 2030	FFFEY	14.0 Billion	10/17/1996	10 Years	0.80%	24	6%	15.0	25.2 Bil	4-Stars	27	23	2.43	18.47	14.30	15.68	7.66					7.32	1.30	
Fidelity Freedom 2035	FFTHX	3.4 Billion	11/6/2003	10 Years	0.81%	24	3%	15.0	35.1 Bil	4-Stars	18	N/A	2.44	18.63	14.56	N/A	N/A	N/A	N/A	N/A	N/A	7.44	1.31	
Fidelity Freedom 2040	FFFFX	7.2 Billion	9/6/2000	10 Years	0.82%	24	4%	15.0	26.8 Bil	4-Stars	8	6	2.30	19.02	14.99	16.73	N/A					7.75	1.31	
Fidelity Freedom 2045	FFFGX	0.4 Billion	9/6/2006	10 Years	0.83%	24	4%	15.0	26.8 Bil	N/A	N/A	N/A	2.59	19.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fidelity Freedom 2050	FFFHX	0.4 Billion	9/6/2006	10 Years	0.84%	23	4%	15.0	26.8 Bil	N/A	N/A	N/A	2.67	20.18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

R-squared - This compares a fund's performance to a given index. If R-squared is 100, the fund moves in lockstep with the index to which it is being compared. Generally, a higher R-squared will indicate a more useful beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance.

Beta - This compares a fund's volatility to a given index. If beta is greater than 1, the fund is more volatile than the index to which it is being compared. If beta is lower than 1, the fund is less volatile than the index. If a fund's R-squared is low, beta is less reliable as a predictor of volatility.

Alpha - This is a measure of risk-adjusted performance. The higher a fund's alpha, the better it has done. A fund's alpha is only reliable when its R-squared is relatively high.

Standard Deviation - The higher this number is, the more volatile the fund's returns have been. It indicates how much the fund has deviated from its mean total return over the past three years.

Sharpe Ratio - This measure combines standard deviation and mean total return to show a risk-adjusted measure of the fund's performance. The higher this number is, the better. As a rule of thumb, a Sharpe ratio of more than 1.00 is very good.



FIDELITY® PERFORMANCE UPDATE



Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com.

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending Sept. 30, 2007			Average Annual Total Returns % Periods Ending Sept. 30, 2007					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
LIFECYCLE FUNDS †												
369	Fidelity Freedom Income Fund®	1.65	1.30	4.65	7.31	5.77	5.61	5.39	5.91	10/17/1996	N/A	0.55
370	Fidelity Freedom 2000 Fund®	1.90	1.42	5.41	8.52	6.43	6.50	5.95	6.91	10/17/1996	N/A	0.57
1312	Fidelity Freedom 2005 Fund®	2.94	2.08	7.89	12.68	9.46	N/A	N/A	8.44	11/06/2003	N/A	0.68
371	Fidelity Freedom 2010 Fund®	3.08	2.12	8.06	12.98	9.76	10.43	7.23	8.58	10/17/1996	N/A	0.68
1313	Fidelity Freedom 2015 Fund®	3.18	2.13	8.66	14.10	11.14	N/A	N/A	9.87	11/06/2003	N/A	0.72
372	Fidelity Freedom 2020 Fund®	3.70	2.29	9.82	16.15	12.62	13.90	7.65	9.21	10/17/1996	N/A	0.76
1314	Fidelity Freedom 2025 Fund®	3.70	2.24	10.10	16.64	13.16	N/A	N/A	11.50	11/06/2003	N/A	0.78
373	Fidelity Freedom 2030 Fund®	4.10	2.43	11.15	18.47	14.30	15.68	7.66	9.27	10/17/1996	N/A	0.8
1315	Fidelity Freedom 2035 Fund®	4.15	2.44	11.31	18.63	14.56	N/A	N/A	12.68	11/06/2003	N/A	0.81
718	Fidelity Freedom 2040 Fund®	4.18	2.30	11.40	19.02	14.99	16.73	N/A	3.00	09/06/2000	N/A	0.82
1617	Fidelity Freedom 2045 Fund®	4.40	2.59	11.77	19.67	N/A	N/A	N/A	15.98	06/01/2006	N/A	0.83
1618	Fidelity Freedom 2050 Fund®	4.47	2.67	12.14	20.18	N/A	N/A	N/A	16.26	06/01/2006	N/A	0.84
ASSET ALLOCATION FUNDS												
328	Fidelity Asset Manager® 20%	1.54	1.58	4.66	7.17	7.60	8.53	6.14	7.38	10/01/1992	N/A	0.58
314	Fidelity Asset Manager® 50%	2.89	2.06	7.62	12.02	8.87	10.10	6.42	9.75	12/28/1988	N/A	0.72
321	Fidelity Asset Manager® 70%	3.61	2.07	9.42	15.07	10.40	12.06	5.67	9.53	12/30/1991	N/A	0.81
347	Fidelity Asset Manager® 85%	4.22	2.14	10.94	17.77	13.94	17.89	N/A	6.67	09/24/1999	N/A	0.91
MONEY MARKET FUNDS												
55	Fidelity Cash Reserves 7-Day Yield* % as of 09/30/2007: 5.06	0.42	1.27	3.79	5.10	3.96	2.75	3.68	6.38	05/10/1979	N/A	0.45
631	Fidelity Retirement Government Money Market Portfolio 7-Day Yield* % as of 09/30/2007: 4.74	0.40	1.24	3.75	5.05	3.92	2.70	3.64	4.52	12/16/1988	N/A	0.42
630	Fidelity Retirement Money Market Portfolio 7-Day Yield* % as of 09/30/2007: 5.17	0.43	1.29	3.84	5.16	4.01	2.77	3.71	4.60	12/02/1988	N/A	0.42
50	Fidelity U.S. Government Reserves 7-Day Yield* % as of 09/30/2007: 4.77	0.40	1.25	3.77	5.08	3.97	2.76	3.67	5.46	11/03/1981	N/A	0.38
An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.												
MANAGED INCOME PORTFOLIOS ▼												
632	Managed Income Portfolio 7-Day Yield* % as of 09/30/2007: 4.23	0.35	1.08	3.23	4.33	4.04	4.17	4.96	5.67	09/07/1989	N/A	N/A
633	Managed Income Portfolio II - Class 1 7-Day Yield* % as of 09/30/2007: 4.31	0.35	1.09	3.25	4.35	4.00	4.07	4.95	5.27	04/20/1993	N/A	N/A
768	Managed Income Portfolio II - Class 2 7-Day Yield* % as of 09/30/2007: 4.38	0.36	1.11	3.32	4.45	4.10	4.17	5.05	5.37	04/20/1993	N/A	N/A
769	Managed Income Portfolio II - Class 3 7-Day Yield* % as of 09/30/2007: 4.56	0.37	1.15	3.43	4.60	4.25	4.33	5.18	5.50	04/20/1993	N/A	N/A

* The current 7-day yield reflects the current earnings of the fund, while the total return refers to a specific past holding period.

30-day yield as of 09/30/07 for Managed Income Portfolio is 4.27%.

30-day yields as of 09/30/07 for Managed Income Portfolio II Class 1, Class 2 and Class 3 are 4.31%, 4.42% and 4.56%, respectively.

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending Sept. 30, 2007			Average Annual Total Returns % Periods Ending Sept. 30, 2007					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
BOND FUNDS □												
15	Fidelity Ginnie Mae Fund	0.69	2.67	3.53	5.10	3.77	3.65	5.28	7.09	11/08/1985	N/A	0.45
54	Fidelity Government Income Fund	0.67	3.30	4.34	5.24	3.69	3.32	5.50	8.24	04/04/1979	N/A	0.45
662	Fidelity Institutional Short-Intermediate Government Fund	0.69	2.62	4.52	5.33	3.20	2.70	4.85	6.07	11/10/1986	N/A	0.45
32	Fidelity Intermediate Bond Fund	0.80	1.42	2.59	3.67	3.06	3.74	5.45	8.26	05/23/1975	N/A	0.45
452	Fidelity Intermediate Government Income Fund	0.67	3.08	4.55	5.45	3.30	3.00	5.22	6.23	05/02/1988	N/A	0.45
26	Fidelity Investment Grade Bond Fund	0.85	1.00	1.64	2.96	3.43	4.17	5.63	7.68	08/06/1971	N/A	0.45
40	Fidelity Mortgage Securities FundΔ	0.90	0.46	0.08	1.51	2.81	3.41	5.30	7.57	12/31/1984	N/A	0.45
450	Fidelity Short-Term Bond Fund	0.88	0.20	1.61	2.81	2.87	3.12	4.67	5.65	09/15/1986	N/A	0.45
368	Fidelity Strategic Income Fund❖	2.08	2.26	4.08	6.88	6.90	9.81	N/A	7.32	05/01/1998	N/A	0.75
820	Fidelity Total Bond Fund	0.92	1.70	2.48	3.95	3.89	N/A	N/A	5.01	10/15/2002	N/A	0.45
651	Fidelity U.S. Bond Index Fund✖	0.78	2.11	3.12	4.25	3.58	4.21	5.91	7.24	03/08/1990	N/A	0.50
812	Fidelity Ultra-Short Bond Fund	0.88	-2.80	-1.01	0.21	2.40	2.13	N/A	2.14	08/29/2002	0.25/60	0.45
1564	Spartan® Intermediate Treasury Bond Index Fund - Adv	0.45	4.52	5.18	5.78	N/A	N/A	N/A	4.75	12/20/2005	N/A	0.10
1561	Spartan® Intermediate Treasury Bond Index Fund - Inv	0.44	4.50	5.10	5.68	N/A	N/A	N/A	4.65	12/20/2005	N/A	0.20
1565	Spartan® Long Term Treasury Bond Index Fund - Adv	0.29	4.95	3.86	4.35	N/A	N/A	N/A	3.88	12/20/2005	N/A	0.10
1562	Spartan® Long Term Treasury Bond Index Fund - Inv	0.28	4.93	3.78	4.25	N/A	N/A	N/A	3.78	12/20/2005	N/A	0.20
1563	Spartan® Short-Term Treasury Bond Index Fund - Adv	0.74	3.10	5.01	5.88	N/A	N/A	N/A	5.00	12/20/2005	N/A	0.10
1560	Spartan® Short-Term Treasury Bond Index Fund - Inv	0.73	3.07	4.94	5.77	N/A	N/A	N/A	4.90	12/20/2005	N/A	0.20
HIGH YIELD †												
38	Fidelity Capital & Income Fund	2.78	-0.49	5.01	10.63	10.09	17.07	7.21	10.55	11/01/1977	1.00/90	0.76
814	Fidelity Floating Rate High Income Fund	2.02	-0.24	2.71	4.70	4.95	5.23	N/A	4.58	08/16/2000	1.00/60	0.71
1366	Fidelity Focused High Income Fund✖	2.25	0.91	2.59	6.32	5.64	N/A	N/A	5.83	09/08/2004	1.00/90	1.00
455	Fidelity High Income Fund	2.54	0.58	3.17	7.47	7.52	12.09	4.53	9.79	08/29/1990	1.00/90	0.75
INFLATION-PROTECTED Ω												
794	Fidelity Inflation-Protected Bond Fund	1.30	3.63	4.95	3.58	3.26	4.73	N/A	5.91	06/26/2002	N/A	0.45
INTERNATIONAL/GLOBAL ❖												
331	Fidelity New Markets Income Fund	2.88	2.25	3.55	7.58	11.00	16.57	10.33	12.90	05/04/1993	1.00/90	0.91
BALANCED/HYBRID FUNDS												
304	Fidelity Balanced Fund†	3.10	2.01	10.63	16.40	14.05	15.82	9.81	10.83	11/06/1986	N/A	0.64
4	Fidelity Puritan® Fund†	3.02	1.43	7.40	13.36	11.18	13.00	7.59	11.72	04/16/1947	N/A	0.62
1329	Fidelity Strategic Dividend & Income® Fund	3.33	0.95	8.43	14.80	13.89	N/A	N/A	12.74	12/23/2003	N/A	0.80
1505	Fidelity Strategic Real Return Fund	3.53	1.51	3.45	5.89	N/A	N/A	N/A	4.69	09/07/2005	0.75/60	0.80
CONVERTIBLES												
308	Fidelity Convertible Securities Fund	5.00	1.88	17.82	27.36	15.90	16.77	11.61	13.22	01/05/1987	N/A	0.83
INTERNATIONAL/GLOBAL ❖												
334	Fidelity Global Balanced Fund	5.28	5.55	12.48	19.55	15.97	16.24	8.94	9.87	02/01/1993	1.00/30	1.18
DOMESTIC EQUITY FUNDS												
LARGE VALUE												
23	Fidelity Equity-Income Fund	2.59	-0.41	8.00	16.03	14.31	16.71	7.61	13.12	05/16/1966	N/A	0.68
319	Fidelity Equity-Income II Fund	3.36	1.24	8.97	16.00	12.28	15.84	7.77	13.49	08/21/1990	N/A	0.67
1828	Fidelity Large Cap Value Enhanced Index Fund	3.58	-0.69	N/A	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
708	Fidelity Large Cap Value Fund	4.01	0.32	7.99	15.56	15.45	17.51	N/A	10.27	11/15/2001	N/A	0.90
LARGE BLEND												
1271	Fidelity Blue Chip Value Fund	4.14	0.15	9.49	17.74	15.29	N/A	N/A	14.37	06/17/2003	N/A	0.87
315	Fidelity Disciplined Equity Fund	4.26	0.98	10.51	18.22	15.49	15.65	7.42	12.93	12/28/1988	N/A	0.92
330	Fidelity Dividend Growth Fund	1.82	0.11	7.35	13.63	11.47	12.92	7.94	13.40	04/27/1993	N/A	0.61
333	Fidelity Focused Stock Fund✖	6.73	5.35	16.64	21.50	17.08	16.53	4.04	6.42	11/12/1996	N/A	1.08
355	Fidelity Four-in-One Index Fund✖	3.43	1.65	8.76	16.11	13.56	15.52	N/A	5.05	06/29/1999	N/A	0.23

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending Sept. 30, 2007			Average Annual Total Returns % Periods Ending Sept. 30, 2007					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
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LARGE BLEND continued												
3	Fidelity Fund	6.34	4.54	13.94	20.62	14.37	15.55	7.09	10.53	04/30/1930	N/A	0.57
27	Fidelity Growth & Income Portfolio	3.19	-0.52	6.36	13.59	9.32	10.79	5.38	12.94	12/30/1985	N/A	0.68
361	Fidelity Growth & Income II Portfolio	4.99	4.70	13.13	19.64	13.71	14.01	N/A	4.02	12/28/1998	N/A	0.81
1827	Fidelity Large Cap Core Enhanced Index Fund	3.88	1.46	N/A	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
832	Fidelity Value Discovery Fund	4.22	1.91	13.34	20.48	19.90	N/A	N/A	18.71	12/10/2002	N/A	0.87
1519	Spartan® 500 Index Fund - Adv	3.73	2.03	9.11	16.40	13.09	15.36	6.45	11.09	03/06/1990	N/A	0.07
317	Spartan® 500 Index Fund - Inv	3.73	2.02	9.08	16.36	13.07	15.34	6.44	11.08	03/06/1990	N/A	0.10
1520	Spartan® Total Market Index Fund - Adv	3.56	1.46	9.12	16.99	13.97	16.34	N/A	7.02	11/05/1997	0.50/90	0.07
397	Spartan® Total Market Index Fund - Inv	3.58	1.46	9.11	16.95	13.96	16.33	N/A	7.01	11/05/1997	0.50/90	0.10
1523	Spartan® U.S. Equity Index Fund - Adv	3.73	2.05	9.12	16.40	13.09	15.36	6.44	11.71	02/17/1988	N/A	0.07
650	Spartan® U.S. Equity Index Fund - Inv	3.75	2.04	9.10	16.37	13.07	15.35	6.43	11.71	02/17/1988	N/A	0.10
782	U.S. Equity Index Commingled Pool	3.73	2.04	9.09	16.40	13.08	15.38	6.54	10.69	12/31/1992	N/A	0.10
LARGE GROWTH												
312	Fidelity Blue Chip Growth Fund	4.57	5.15	12.55	17.22	10.20	11.85	4.45	12.17	12/31/1987	N/A	0.60
307	Fidelity Capital Appreciation Fund	4.99	3.09	13.35	21.54	14.78	20.48	8.51	12.59	11/26/1986	N/A	0.91
22	Fidelity Contrafund®	6.12	7.16	16.83	24.38	18.20	17.67	10.31	13.49	05/17/1967	N/A	0.90
332	Fidelity Export and Multinational Fund	6.19	4.64	14.88	21.48	16.41	19.72	11.45	16.47	10/04/1994	0.75/30	0.83
500	Fidelity Fifty®	4.65	4.85	18.11	27.58	17.42	16.10	9.84	12.95	09/17/1993	N/A	0.84
25	Fidelity Growth Company Fund	6.96	9.04	18.89	28.96	18.85	21.24	9.16	14.57	01/17/1983	N/A	0.97
339	Fidelity Growth Discovery Fund ¹	7.10	10.43	23.41	29.53	16.34	15.91	N/A	8.16	03/31/1998	N/A	0.81
73	Fidelity Independence Fund	9.05	9.31	24.00	32.33	19.62	18.62	9.61	13.73	03/25/1983	N/A	0.87
1829	Fidelity Large Cap Growth Enhanced Index Fund	3.64	2.23	N/A	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
763	Fidelity Large Cap Growth Fund*	3.21	0.34	3.22	11.32	11.89	13.76	N/A	4.08	11/15/2001	N/A	1.10
338	Fidelity Large Cap Stock Fund	5.19	3.56	14.79	22.75	15.14	14.39	5.99	9.34	06/22/1995	N/A	0.82
21	Fidelity Magellan® Fund	6.20	5.48	16.85	22.74	12.98	13.97	6.09	18.49	05/02/1963	N/A	0.54
1282	Fidelity Nasdaq Composite® Index Fund*	4.00	3.94	12.41	20.34	13.02	N/A	N/A	10.76	09/25/2003	0.75/90	0.58
93	Fidelity OTC Portfolio	6.39	10.99	23.60	33.44	19.16	18.68	7.11	14.58	12/31/1984	N/A	0.96
320	Fidelity Stock Selector	4.93	4.65	13.19	19.65	15.21	16.21	5.92	12.91	09/28/1990	N/A	0.88
5	Fidelity Trend Fund	6.07	7.22	15.22	22.11	15.16	16.70	4.78	12.33	06/16/1958	N/A	0.81
MID VALUE												
762	Fidelity Mid Cap Value Fund	3.18	-3.63	7.17	14.37	16.29	18.81	N/A	13.28	11/15/2001	0.75/30	0.84
39	Fidelity Value Fund	2.34	-1.60	9.64	17.47	17.11	20.81	10.43	14.41	12/01/1978	N/A	0.67
MID BLEND												
122	Fidelity Leveraged Company Stock Fund	5.23	0.27	20.55	30.63	24.45	38.97	N/A	23.36	12/19/2000	1.50/90	0.83
316	Fidelity Low-Priced Stock Fund	2.70	-2.57	6.29	16.68	15.68	19.92	13.32	17.08	12/27/1989	1.50/90	0.97
14	Fidelity Value Strategies Fund	2.87	-3.01	12.12	22.29	15.92	21.24	10.24	14.01	12/31/1983	N/A	0.93
1521	Spartan® Extended Market Index Fund - Adv	2.95	-0.65	8.90	18.71	16.22	19.73	N/A	8.03	11/05/1997	0.75/90	0.07
398	Spartan® Extended Market Index Fund - Inv	2.98	-0.63	8.90	18.71	16.21	19.72	N/A	8.03	11/05/1997	0.75/90	0.10
MID GROWTH												
324	Fidelity Aggressive Growth Fund	6.14	7.30	22.13	34.17	16.21	20.63	2.79	10.94	12/28/1990	1.50/90	0.77
793	Fidelity Mid Cap Growth Fund	2.61	-1.02	4.15	13.23	13.55	17.15	N/A	7.52	11/15/2001	0.75/30	1.02
337	Fidelity Mid-Cap Stock Fund	3.51	-0.19	14.55	20.23	19.29	19.13	11.58	14.85	03/29/1994	0.75/30	0.83
300	Fidelity New Millennium Fund®	5.24	4.51	15.41	24.73	16.85	17.26	11.96	16.91	12/28/1992	N/A	0.93
SMALL BLEND												
384	Fidelity Small Cap Retirement Fund*	-2.70	-9.79	1.12	7.64	11.05	12.45	N/A	10.16	09/26/2000	1.50/90	1.04
340	Fidelity Small Cap Stock Fund	1.91	-0.65	11.38	18.99	14.86	19.09	N/A	11.67	03/12/1998	2.00/90	0.96
1389	Fidelity Small Cap Value Fund	1.11	-5.42	4.51	13.85	N/A	N/A	N/A	17.22	11/03/2004	1.50/90	1.11

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending Sept. 30, 2007			Average Annual Total Returns % Periods Ending Sept. 30, 2007					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
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SMALL GROWTH ◆												
1388	Fidelity Small Cap Growth Fund	2.64	-0.29	16.07	25.99	N/A	N/A	N/A	20.35	11/03/2004	1.50/90	1.10
336	Fidelity Small Cap Independence Fund	2.93	-2.73	11.73	24.92	17.20	16.21	7.47	10.19	06/28/1993	1.50/90	0.86
INTERNATIONAL/GLOBAL FUNDS ◆												
335	Fidelity Aggressive International Fund	5.25	0.11	11.54	23.12	18.64	19.41	7.86	8.94	11/01/1994	1.00/30	0.87
309	Fidelity Canada Fund	9.01	9.53	32.65	38.94	30.03	31.11	14.83	13.42	11/17/1987	1.50/90	1.00
352	Fidelity China Region Fund	17.21	31.06	49.71	67.49	34.64	29.81	10.50	13.35	11/01/1995	1.50/90	1.14
325	Fidelity Diversified International Fund	6.77	4.87	16.51	27.92	24.00	24.77	12.94	12.93	12/27/1991	1.00/30	1.01
341	Fidelity Europe Capital Appreciation Fund	7.43	4.31	14.47	28.22	27.51	24.82	11.38	13.63	12/21/1993	1.00/30	1.09
301	Fidelity Europe Fund	6.76	3.13	13.19	24.98	25.87	29.31	10.06	11.99	10/01/1986	1.00/30	1.16
305	Fidelity International Discovery Fund	7.38	5.68	18.25	31.52	26.72	25.59	11.78	10.74	12/31/1986	1.00/30	1.09
818	Fidelity International Small Cap Fund	6.03	-0.64	17.73	28.56	26.91	35.01	N/A	33.55	09/18/2002	2.00/90	1.28
1504	Fidelity International Small Cap Opportunities Fund	6.27	0.34	13.81	31.26	N/A	N/A	N/A	31.16	08/02/2005	2.00/90	1.28
1597	Fidelity International Value Fund	6.05	2.52	13.27	24.67	N/A	N/A	N/A	19.09	05/18/2006	1.00/30	1.50
350	Fidelity Japan Fund	2.64	-0.56	4.69	8.41	16.55	15.80	7.04	6.37	09/15/1992	1.50/90	1.08
360	Fidelity Japan Smaller Companies Fund	1.90	-1.59	-3.82	-4.85	5.77	13.65	12.00	6.31	11/01/1995	1.50/90	1.02
349	Fidelity Latin America Fund	13.02	10.49	36.82	63.98	55.33	53.79	14.38	15.05	04/19/1993	1.50/90	1.05
342	Fidelity Nordic Fund	9.37	7.85	26.73	50.31	33.84	32.64	14.27	17.14	11/01/1995	1.50/90	1.14
94	Fidelity Overseas Fund	8.37	7.22	21.38	34.31	25.84	24.28	8.47	13.93	12/04/1984	1.00/30	1.00
302	Fidelity Pacific Basin Fund	7.88	6.1	24.8	39.64	29.92	24.49	11.07	8.38	10/01/1986	1.50/90	1.14
351	Fidelity Southeast Asia Fund	12.48	23.16	58.58	86.89	48.35	38.51	14.43	12.16	04/19/1993	1.50/90	1.21
318	Fidelity Worldwide Fund	6.48	5.39	17.65	28.56	20.74	20.83	8.25	9.58	05/30/1990	1.00/30	1.08
1522	Spartan® International Index Fund - Adv *	5.46	2.3	13.28	25.04	23.17	23.42	N/A	9.00	11/05/1997	1.00/90	0.17
399	Spartan® International Index Fund - Inv *	5.46	2.28	13.25	25.01	23.15	23.41	N/A	8.99	11/05/1997	1.00/90	0.20
EMERGING MARKETS												
322	Fidelity Emerging Markets Fund	11.52	13.62	36.12	60.27	45.88	39.02	10.96	8.40	11/01/1990	1.50/90	1.11
SPECIALTY FUNDS ● ■												
1368	Fidelity International Real Estate Fund	6.69	4.07	2.18	21.53	25.87	N/A	N/A	25.22	09/08/2004	1.50/90	1.07
833	Fidelity Real Estate Income Fund	1.79	-4.41	-3.87	-0.11	5.41	N/A	N/A	8.88	02/04/2003	0.75/90	0.88
303	Fidelity Real Estate Investment Portfolio	3.60	0.59	-7.25	1.44	18.16	20.89	12.06	12.40	11/17/1986	0.75/90	0.83
34	Fidelity Select Air Transportation Portfolio	3.79	5.48	12.20	25.96	22.81	22.04	13.35	11.99	12/16/1985	0.75/30	1.00
502	Fidelity Select Automotive Portfolio *	5.92	-4.02	14.34	26.22	12.79	14.69	6.02	10.28	06/30/1986	0.75/30	1.42
507	Fidelity Select Banking Portfolio	-0.16	-3.88	-6.14	-2.41	4.72	9.78	6.42	13.37	06/30/1986	0.75/30	0.93
42	Fidelity Select Biotechnology Portfolio	6.32	8.91	8.25	15.70	8.65	14.66	9.09	12.98	12/16/1985	0.75/30	0.93
68	Fidelity Select Brokerage & Investment Management	7.28	-3.81	-0.44	6.34	22.41	22.07	12.89	14.07	07/29/1985	0.75/30	0.90
69	Fidelity Select Chemicals Portfolio	7.19	8.53	27.50	39.41	19.83	22.97	10.57	15.26	07/29/1985	0.75/30	0.99
518	Fidelity Select Communications Equipment Portfolio ²	5.92	5.79	19.75	20.99	15.19	23.46	6.47	12.92	06/29/1990	0.75/30	0.94
7	Fidelity Select Computers Portfolio	3.56	8.96	20.76	31.05	17.05	20.13	5.39	13.12	07/29/1985	0.75/30	0.95
511	Fidelity Select Construction and Housing Portfolio	-4.10	-9.67	-6.81	4.43	7.74	16.81	9.92	12.50	09/29/1986	0.75/30	0.95
517	Fidelity Select Consumer Discretionary Portfolio ³ *	-0.04	-4.51	0.92	6.20	10.06	10.04	5.50	10.51	06/29/1990	0.75/30	1.14
9	Fidelity Select Consumer Staples Portfolio ⁴	5.54	8.52	17.26	23.11	19.43	15.09	8.92	14.75	07/29/1985	0.75/30	1.01
67	Fidelity Select Defense and Aerospace Portfolio	6.97	10.80	23.17	35.39	23.60	23.09	12.98	13.15	05/08/1984	0.75/30	0.92
8	Fidelity Select Electronics Portfolio	2.38	2.65	15.89	20.17	15.63	18.94	5.74	12.45	07/29/1985	0.75/30	0.91
60	Fidelity Select Energy Portfolio	8.46	8.63	33.39	45.97	35.10	31.81	15.04	11.55	07/14/1981	0.75/30	0.89
43	Fidelity Select Energy Service Portfolio	9.06	17.18	52.90	65.90	38.82	33.17	13.29	12.95	12/16/1985	0.75/30	0.88
516	Fidelity Select Environmental Portfolio	6.61	4.91	10.07	15.69	13.88	14.49	1.13	4.33	06/29/1989	0.75/30	1.11
66	Fidelity Select Financial Services Portfolio	3.20	-3.04	-2.22	3.69	10.05	13.69	8.63	15.61	12/10/1981	0.75/30	0.93
41	Fidelity Select Gold Portfolio	24.57	24.94	21.85	36.95	29.38	23.28	11.21	9.31	12/16/1985	0.75/30	0.90
63	Fidelity Select Health Care Portfolio	4.56	3.64	11.26	13.39	13.21	12.36	8.84	16.91	07/14/1981	0.75/30	0.88

Fund No.	Name	Cumulative Total Returns %			Average Annual Total Returns %					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending Sept. 30, 2007			Periods Ending Sept. 30, 2007							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
SPECIALTY FUNDS ■ <i>continued</i>												
98	Fidelity Select Home Finance Portfolio	-0.15	-13.59	-17.06	-12.68	-2.91	7.33	4.20	14.62	12/16/1985	0.75/30	0.93
510	Fidelity Select Industrial Equipment Portfolio	6.36	6.99	23.02	32.14	20.00	21.63	8.19	11.39	09/29/1986	0.75/30	0.99
515	Fidelity Select Industrials Portfolio ⁵	4.94	5.13	19.38	27.28	19.59	22.75	10.57	11.99	03/03/1997	0.75/30	1.03
45	Fidelity Select Insurance Portfolio	5.03	-1.07	2.79	9.50	11.94	14.64	11.94	14.05	12/16/1985	0.75/30	0.98
353	Fidelity Select IT Services Portfolio ⁶ x	3.65	-5.29	10.24	22.30	14.55	17.15	N/A	10.86	02/04/1998	0.75/30	1.19
62	Fidelity Select Leisure Portfolio	4.83	2.82	8.24	21.22	14.11	18.10	10.18	15.31	05/08/1984	0.75/30	0.96
509	Fidelity Select Materials Portfolio ⁷	8.55	7.08	28.15	42.91	23.61	27.84	11.00	11.56	09/29/1986	0.75/30	1.01
505	Fidelity Select Medical Delivery Portfolio	1.79	-0.73	9.01	12.02	21.55	15.80	9.63	12.89	06/30/1986	0.75/30	0.95
354	Fidelity Select Medical Equipment and Systems Portfolio	5.84	9.51	18.07	23.23	12.40	16.80	N/A	15.73	04/28/1998	0.75/30	0.93
503	Fidelity Select Multimedia Portfolio	0.71	-5.86	-0.99	11.51	11.04	16.45	9.39	13.39	06/30/1986	0.75/30	1.04
513	Fidelity Select Natural Gas Portfolio	9.19	2.06	27.26	37.69	27.80	29.78	15.49	13.99	04/21/1993	0.75/30	0.90
514	Fidelity Select Natural Resources Portfolio	9.91	9.43	37.26	53.36	35.65	32.55	14.73	15.98	03/03/1997	0.75/30	0.93
912	Fidelity Select Networking and Infrastructure Portfolio	4.18	3.79	10.93	17.60	12.39	17.95	N/A	-16.83	09/21/2000	0.75/30	1.00
506	Fidelity Select Paper and Forest Products Portfolio x	1.77	-6.42	4.98	16.60	3.95	9.01	4.47	8.81	06/30/1986	0.75/30	1.16
580	Fidelity Select Pharmaceuticals Portfolio	3.25	0.51	11.18	12.53	14.25	13.28	N/A	3.51	06/18/2001	0.75/30	1.02
46	Fidelity Select Retailing Portfolio	-2.20	-6.50	0.24	5.09	10.97	13.74	7.87	13.27	12/16/1985	0.75/30	1.06
28	Fidelity Select Software and Computer Services Portfolio	6.25	5.06	13.10	23.03	19.05	22.00	11.97	16.61	07/29/1985	0.75/30	0.92
64	Fidelity Select Technology Portfolio	6.80	8.13	22.89	31.93	17.70	21.80	7.53	13.47	07/14/1981	0.75/30	0.95
96	Fidelity Select Telecommunications Portfolio	5.42	3.82	22.75	31.52	22.44	26.95	6.02	13.16	07/29/1985	0.75/30	0.99
512	Fidelity Select Transportation Portfolio	-0.07	-2.91	7.23	13.72	15.61	20.15	10.99	13.74	09/29/1986	0.75/30	1.03
65	Fidelity Select Utilities Growth Portfolio@	4.11	0.43	11.01	21.02	20.75	22.58	8.60	13.15	12/10/1981	0.75/30	0.93
963	Fidelity Select Wireless Portfolio	9.23	13.72	38.57	48.09	26.24	34.85	N/A	0.44	09/21/2000	0.75/30	0.97
311	Fidelity Utilities Fund	3.54	-0.38	12.51	22.96	21.96	22.27	7.90	11.01	11/27/1987	N/A	0.85
EQUITY BENCHMARKS												
	Dow Jones Industrial Average	4.15	4.19	13.31	21.69	13.87	15.44	7.86				
	Dow Jones Wilshire 4500 Completion	3.03	-0.60	8.97	18.83	16.23	19.94	7.90				
	Dow Jones Wilshire 5000 Composite	3.59	1.46	9.13	16.99	13.98	16.50	6.84				
	NASDAQ Composite@	4.09	3.98	12.48	20.52	13.36	18.94	5.33				
	Russell 1000@	3.82	1.98	9.30	16.90	13.77	15.98	6.86				
	Russell 1000@ Growth	4.19	4.21	12.68	19.35	12.20	13.84	4.06				
	Russell 1000@ Value	3.43	-0.24	5.97	14.45	15.25	18.07	8.80				
	Russell 2000@	1.72	-3.09	3.16	12.34	13.36	18.75	7.22				
	Russell 2000@ Growth	2.91	0.02	9.35	18.94	14.10	18.70	3.65				
	Russell 2000@ Value	0.45	-6.26	-2.70	6.09	12.51	18.70	10.07				
	Russell 3000@	3.65	1.55	8.77	16.52	13.74	16.18	6.83				
	Russell 3000@ Growth	4.08	3.85	12.39	19.31	12.36	14.19	3.97				
	Russell 3000@ Value	3.19	-0.75	5.21	13.73	15.01	18.10	8.84				
	Russell MidCap™	3.29	-0.39	9.48	17.87	17.34	20.90	10.43				
	Russell Midcap™ Growth	3.92	2.15	13.35	21.22	17.01	20.39	7.47				
	Russell Midcap™ Value	2.46	-3.55	4.83	13.75	17.22	21.02	11.31				
	S&P 500@	3.74	2.03	9.13	16.44	13.14	15.45	6.57				
	S&P MidCap@ 400	2.65	-0.87	11.01	18.76	15.63	18.17	11.60				
BLENDED BENCHMARKS												
	Fidelity Asset Manager 20% Composite	1.22	2.15	4.99	7.53	5.75	6.02	5.64				
	Fidelity Asset Manager 50% Composite	2.23	2.08	6.77	11.41	8.52	9.68	6.38				
	Fidelity Asset Manager 70% Composite	2.90	1.91	8.02	14.18	10.42	12.04	6.58				
	Fidelity Asset Manager 85% Composite	3.43	1.80	9.00	16.37	11.88	13.85	6.69				
	Fidelity Balanced Hybrid Composite	2.35	1.41	5.82	11.14	10.16	11.92	7.41				

Fund No.	Name	Cumulative Total Returns %			Average Annual Total Returns %				Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending Sept. 30, 2007			Periods Ending Sept. 30, 2007						
		1	3	YTD	1	3	5	10	LOF		
BLENDED BENCHMARKS <i>continued</i>											
	Fidelity Four-in-One Composite	3.43	1.80	8.98	16.36	13.73	15.68	7.24			
	Fidelity Freedom Income Composite	1.26	1.88	4.96	7.62	6.04	6.15	5.51			
	Fidelity Freedom 2000 Composite	1.48	1.83	5.38	8.48	6.63	6.84	5.84			
	Fidelity Freedom 2005 Composite	2.35	1.97	6.88	11.69	9.32	N/A	N/A			
	Fidelity Freedom 2010 Composite	2.42	1.98	6.95	11.89	9.54	10.64	6.87			
	Fidelity Freedom 2015 Composite	2.64	1.94	7.43	13.07	10.88	N/A	N/A			
	Fidelity Freedom 2020 Composite	3.05	1.84	8.08	14.55	12.24	14.18	7.11			
	Fidelity Freedom 2025 Composite	3.15	1.81	8.26	14.98	12.76	N/A	N/A			
	Fidelity Freedom 2030 Composite	3.49	1.66	8.88	16.35	13.78	15.95	7.03			
	Fidelity Freedom 2035 Composite	3.52	1.65	8.93	16.47	14.02	N/A	N/A			
	Fidelity Freedom 2040 Composite	3.62	1.56	9.03	16.79	14.41	17.02	N/A			
	Fidelity Freedom 2045 Composite	3.72	1.54	9.28	17.36	N/A	N/A	N/A			
	Fidelity Freedom 2050 Composite	3.81	1.51	9.41	17.63	N/A	N/A	N/A			
	Fidelity Global Balanced Composite	3.85	4.35	10.01	16.36	12.73	14.47	6.92			
INTERNATIONAL/GLOBAL BENCHMARKS											
	MSCI AC World xU.S. (Net MA Tax)	6.60	4.62	17.56	30.71	26.19	26.07	9.04			
	MSCI EAFE® (Net MA Tax)	5.34	2.18	13.29	25.04	23.42	23.80	8.20			
	MSCI Emerging Markets (Net Luxembourg Tax)	11.04	14.42	34.50	58.17	40.82	38.67	N/A			
	MSCI Europe (Net MA Tax)	5.07	1.70	14.59	27.75	24.96	25.77	9.86			
	MSCI World® (Net MA Tax)	4.77	2.43	12.03	21.50	18.44	19.73	7.23			
FIXED INCOME BENCHMARKS											
	CitiGroup 3-Month Treasury Bill	0.38	1.19	3.71	5.01	3.97	2.83	3.65			
	Fidelity Strategic Income Composite	2.01	2.83	4.75	7.63	6.62	9.75	6.81			
	LB 1-3 Year Government/Credit Bond	0.74	2.35	4.57	5.63	3.56	3.18	4.94			
	LB Aggregate Bond	0.76	2.84	3.85	5.14	3.86	4.13	5.97			
	LB GNMA	0.75	2.74	3.64	5.22	4.23	4.02	5.75			
	LB Government/Credit Bond	0.70	3.01	4.00	5.08	3.66	4.16	6.03			
	LB Int Government/Credit Bond	0.69	2.87	4.35	5.43	3.48	3.82	5.68			
	LB U.S. Treasury 1-5 Year	0.69	3.09	5.06	5.95	3.37	2.87	4.98			
	LB U.S. Treasury 5-10 Year	0.41	4.55	5.17	5.80	3.48	3.29	6.11			
	ML U.S. High Yield Master II	2.44	0.33	3.40	7.75	7.47	12.51	5.90			

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of Fund figures are reported as of the inception date to the period indicated. These figures do not include the effect of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plans. If sales charges were included, returns would have been lower.

Although the information contained in this report has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited.

The funds are arranged according to Morningstar categories. Categories for some equity funds may change over time. For details, please consult the fund's prospectus at fidelity.com.

For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

Specific Funds

@ Prior to 10/1/06, the fund operated under certain different investment policies, and compared its performance to a different benchmark. The fund's historical performance may not represent its current investment policies.

● On 10/1/06, most Fidelity Select Portfolios began comparing their performance to different benchmarks and adjusted their investments. Please see the prospectus for details.

¹ Formerly known as Fidelity Discovery Fund.

² Formerly known as Select Developing Communications Portfolio.

³ Formerly known as Select Consumer Industries Portfolio.

⁴ Formerly known as Select Food & Agriculture Portfolio.

⁵ Formerly known as Select Cyclical Industries Portfolio.

⁶ Formerly known as Select Business Services and Outsourcing Portfolio.

⁷ Formerly known as Select Industrial Materials Portfolio.

* The fund's investment adviser voluntarily reimbursed a portion of the fund's expenses for the period ending 05/31/2007. Please consult the fund's current prospectus for complete details. Absent reimbursement, the returns for these funds would have been lower.

⊙ Closed to most new plans/accounts. Please consult the prospectuses for more details.

⌘ Spartan® 500 Index Fund is not offered to new plans; Spartan® U.S. Equity Index Fund is offered to new plans.

€ U.S. Equity Index Commingled Pool is not a mutual fund, it is a commingled pool managed by Fidelity Management Trust Company. Minimum plan assets apply

▼ Managed Income Portfolio and Managed Income Portfolio II are not mutual funds. They are commingled pools managed by Fidelity Management Trust Company.

Investment Risk

+ The Fidelity Freedom Funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high yield, small cap and foreign securities.

□ In general bond prices rise when interest rates fall, and vice versa. The effect is usually more pronounced for larger-term securities.

△ Investments in mortgage securities are subject to prepayment risk, which can limit the potential for gain during a declining interest rate environment and increase the potential for loss in a rising interest rate environment.

† Lower-quality debt securities involve greater risk of default and/or price changes due to changes in the credit quality of the issuer.

Ω The value of inflation-protected debt securities tends to change less due to changes in inflation than other types of bonds but may decrease with decreases in inflation or, as other debt securities, with increases in interest rates.

◆ Investments in smaller companies may involve greater risks than those of larger, more well-known companies.

❖ Foreign investments, especially those in emerging markets involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations.

■ Because of their narrow focus, sector funds may be more volatile than funds that diversify across many sectors.

Indices are unmanaged and you cannot invest directly in an index.

Not all funds may be available for your plan.

For Plan Sponsor Use Only.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.

Brokerage products and services are offered through Fidelity Brokerage Services LLC, Member NYSE, SIPC. Workplace retirement savings plans provided by Fidelity Investments Institutional Services Company, Inc., 82 Devonshire St., Boston, MA 02109 through December 31, 2007 and provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC, 100 Summer Street, Boston, MA 02110 on or after January 1, 2008.

FUNDSNET FUNDS PERFORMANCE

PERFORMANCE UPDATE

AS OF SEPTEMBER 30, 2007

UNDERSTANDING INVESTMENT PERFORMANCE

As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity at 1-800-343-0860 or visit www.fidelity.com.

Fund No.	Fund Name	Cumulative Total Returns % Period Ending September 30, 2007		Average Annual Total Returns % Period Ending September 30, 2007					Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund				
BOND FUNDS											
93070	Calvert Social Investment Bond - A Class	2.66	4.10	5.31	5.66	6.19	7.44	8/24/87	n/a	1.14	
93886	Lehman Brothers Core Bond - NB Investor Class	1.79	2.39	3.98	3.70	5.15	5.35	2/01/97	n/a	1.46	
20269	Managers Bond	3.24	4.16	5.97	6.61	6.78	9.55	6/01/84	n/a	1.03	
99938	MSIF Trust Core Plus Fixed Income - Adviser Class	2.09	3.38	4.42	4.69	5.59	5.85	11/07/96	2.00/7	0.69	
93896	PIMCO Long-Term U.S. Govt - Administrative Class	5.36	3.31	3.42	3.95	7.14	7.11	9/23/97	2.00/30	0.73	
99833	PIMCO Low Duration - Administrative Class	3.64	4.89	5.68	3.30	4.83	5.63	1/03/95	n/a	0.68	
45805	PIMCO Real Return - Administrative Class	4.77	5.84	4.15	5.20	n/a	7.68	4/28/00	2.00/0	0.70	
99474	PIMCO Total Return - Administrative Class	4.52	4.77	5.67	4.75	6.35	7.07	9/08/94	n/a	0.68	
45352	Western Asset Core Bond - FI Class	1.27	1.70	3.77	4.90	n/a	6.25	7/21/99	n/a	0.72	
48553	Western Asset Core Plus Bond - FI Class	1.77	1.90	3.90	6.10	n/a	5.99	1/07/02	n/a	0.69	
BOND FUNDS - HIGH YIELD*											
46574	Columbia Conservative High Yield - Class Z	1.62	3.06	6.17	6.84	5.40	6.55	10/01/93	n/a	0.76	
46108	Lehman Brothers High Income Bond - Investor Class	0.43	3.43	7.39	7.17	6.22	7.04	4/01/96	n/a	0.90	
99940	MSIF Trust High Yield Portfolio - Adviser Class	1.07	3.20	7.26	11.25	2.85	3.82	1/31/97	2.00/30	0.86	
99862	PIMCO High Yield - Administrative Class	0.99	3.23	7.00	11.50	6.09	8.03	1/16/95	2.00/30	0.75	
BOND FUNDS - INTERNATIONAL/GLOBAL††											
99860	PIMCO Global Bond - Administrative Class	6.76	5.10	6.61	7.25	5.84	5.93	7/31/96	2.00/30	0.80	
99856	Templeton Global Bond - A Class	3.68	9.39	14.87	12.46	8.01	8.16	9/18/86	2.00/7	1.03	
BALANCED/HYBRID FUNDS											
93157	American Beacon Balanced - Plan Ahead Class	0.40	5.19	10.94	13.43	7.25	9.70	8/01/94	n/a	0.88	
93068	Calvert Social Investment Balanced - A Class	1.04	4.42	8.47	9.59	4.45	8.89	10/21/82	n/a	1.34	
22433	Oakmark Equity and Income - Class I	3.17	10.78	15.77	13.98	11.87	13.56	11/01/95	n/a	0.86	
44318	Van Kampen Equity & Income - Class A	-0.25	5.46	10.52	13.10	9.34	11.08	8/03/60	2.00/7	0.78	

For explanations of symbols and important disclosures, please see last page(s) of this report.

continued

AS OF SEPTEMBER 30, 2007

Fund No.	Name	Cumulative Total Returns % Period Ending September 30, 2007		Average Annual Total Returns % Period Ending September 30, 2007			Life of Fund	Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↕
		3 Month	YTD	1 Year	5 Year	10 Year				
DOMESTIC EQUITY FUNDS - LARGE-CAP VALUE										
93159	American Beacon Large Cap Value - Plan Ahead Class	0.57	8.30	15.89	19.67	8.14	11.79	8/01/94	n/a	0.87
47031	American Century Large Company Value - Investor Class	-0.56	5.43	13.15	16.26	n/a	7.89	7/23/99	n/a	0.83
44254	Credit Suisse Large Cap Value - Class A	-0.15	5.67	13.53	14.82	8.50	11.70	7/10/92	n/a	1.08
23627	DWS Dreman High Return Equity - Class A	0.02	5.03	12.20	16.73	8.90	14.07	3/18/88	2.00/15	1.14
23600	Lord Abbett Affiliated - Class A	1.90	7.49	13.34	16.22	8.29	11.29	5/14/34	n/a	0.80
20275	Managers Value	-1.96	3.57	11.86	15.05	6.64	11.77	10/31/84	n/a	1.23
99943	MSIF Trust Value Portfolio - Adviser Class	-2.06	4.13	10.69	17.25	6.31	9.88	7/17/96	2.00/7	0.87
93202	Mutual Shares - A Class	-3.47	5.52	13.82	15.02	9.29	11.33	11/01/96	2.00/7	1.18
23219	Van Kampen Growth & Income Fund - Class A	-1.48	5.78	12.56	16.23	9.49	10.08	8/01/46	2.00/7	0.79
DOMESTIC EQUITY FUNDS - MID-CAP VALUE										
46350	Alliance Bernstein Small-Mid Cap Value - Class A	-4.65	8.63	17.52	19.92	n/a	14.98	3/29/01	n/a	1.32
45739	Artisan Mid Cap Value	-4.41	7.53	15.88	21.95	n/a	15.24	3/28/01	n/a	1.20
20913	Lord Abbett Mid-Cap Value - Class A	-3.76	7.13	16.70	16.57	12.31	13.19	6/28/83	n/a	1.03
46442	Lord Abbett Mid-Cap Value - Class P	-3.81	6.97	16.50	16.43	n/a	10.77	11/24/97	n/a	1.18
48547	Neuberger Berman Regency - Trust Class	-3.40	6.20	18.71	18.07	n/a	12.92	6/10/99	n/a	1.33
48545	Phoenix Mid Cap Value - Class A	-3.36	5.30	16.07	20.44	n/a	11.34	12/30/97	n/a	1.42
48535	Wells Fargo Advantage Mid Cap Disciplined - Investor Class	-1.86	2.29	8.87	19.36	n/a	16.00	12/31/98	n/a	1.54
DOMESTIC EQUITY FUNDS - SMALL-CAP VALUE										
46224	Allianz NFJ Small Cap Value - Administrative Class	-0.92	10.43	19.84	19.28	11.35	14.78	11/01/95	n/a	1.11
48277	Royce Opportunity - Service Class	-5.89	5.93	14.66	24.12	n/a	14.62	5/23/00	n/a	1.40
48201	Royce Total Return - Service Class	-2.61	5.93	13.52	16.10	n/a	12.24	1/03/02	n/a	1.34
46318	Wells Fargo Advantage Small Company Value - Administrator Class	-7.11	-1.71	6.28	18.87	n/a	13.06	1/31/02	n/a	1.39
DOMESTIC EQUITY FUNDS - LARGE-CAP BLEND										
21201	AIM Basic Value - A Class	-3.17	4.26	12.41	14.78	9.10	12.18	10/18/95	n/a	1.15
93967	Domini Social Equity	-1.91	4.90	11.63	12.78	5.28	9.85	6/03/91	2.00/60	1.19
22077	Legg Mason Value Trust - FI Class	-1.65	3.41	13.69	16.67	n/a	6.56	3/23/01	n/a	1.03
99839	Neuberger Berman Focus - Trust Class	1.21	8.64	13.24	19.07	6.42	10.77	8/30/93	n/a	1.07
99662	Neuberger Berman Guardian - Trust Class	0.06	9.49	17.23	17.46	4.38	8.79	8/03/93	n/a	1.05
99910	Neuberger Berman Partners - Trust Class	-0.72	8.55	20.86	19.95	6.75	10.93	8/30/93	n/a	1.00
93895	Neuberger Berman Socially Responsive - Trust Class	-0.56	9.55	17.44	17.75	7.43	8.94	3/03/97	n/a	1.13
93542	Oakmark Fund	-2.94	2.96	11.51	12.58	6.29	15.01	8/05/91	n/a	1.05
92778	Oakmark Select Fund **	-6.48	-1.28	7.00	12.86	12.78	16.80	11/01/96	n/a	0.99
DOMESTIC EQUITY FUNDS - MID-CAP BLEND										
44527	AIM Mid Cap Core Equity - Class A	-1.29	8.90	15.65	14.79	10.01	12.72	6/09/87	n/a	1.30
93885	Ariel Appreciation	-4.67	4.80	12.09	13.31	10.42	12.29	12/01/89	n/a	1.14
93884	Ariel Fund	-6.02	5.39	11.97	13.26	10.77	13.32	11/06/86	n/a	1.03
99275	Credit Suisse Mid Cap Core - Common Shares	1.06	12.32	15.85	16.40	3.02	10.49	1/21/88	n/a	1.18
46652	CRM Mid Cap Value - Investor Class	-0.36	12.41	21.41	20.82	n/a	16.11	9/19/00	n/a	1.08
48539	RS Value	-6.09	5.69	14.76	24.85	8.16	8.83	6/30/93	n/a	1.34
45775	Wells Fargo Advantage C&B Mid Cap Value - Class D	-6.10	3.15	12.90	18.11	n/a	13.60	2/18/98	n/a	1.40

AS OF SEPTEMBER 30, 2007

Fund No.	Name	Cumulative Total Returns % Period Ending September 30, 2007		Average Annual Total Returns % Period Ending September 30, 2007			Life of Fund	Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year				
DOMESTIC EQUITY FUNDS - SMALL-CAP BLEND◆										
47033	American Century Small Company - Investor Class	-6.94	1.45	9.85	18.67	n/a	11.55	7/31/98	n/a	0.87
93880	FMA Small Company - Institutional Class	0.57	8.01	15.56	17.56	9.37	13.03	7/31/91	n/a	1.29
99754	Managers Special Equity	-2.69	6.88	15.19	16.82	8.04	13.47	6/01/84	n/a	1.48
99906	Neuberger Berman Genesis - Trust Class***	2.60	16.47	23.85	18.68	11.76	15.18	8/26/93	n/a	1.10
22434	Royce Low Priced Stock - Service Class	-3.40	6.24	16.35	19.75	14.26	15.46	12/15/93	n/a	1.51
46345	RS Partners	-8.42	0.88	8.84	23.42	12.00	15.21	7/12/95	n/a	1.50
22796	Wells Fargo Advantage Small Cap Value - Z Class	1.01	15.16	23.02	23.02	n/a	18.15	12/31/97	n/a	1.61
DOMESTIC EQUITY FUNDS - LARGE-CAP GROWTH										
93022	AIM Constellation - A Class	4.28	14.34	19.78	13.68	3.83	14.22	4/30/76	n/a	1.24
99843	Allianz CCM Capital Appreciation - Administrative Class	6.30	16.27	21.57	14.47	7.17	10.75	7/31/96	n/a	0.97
91507	American Century Ultra - Investor Class	9.07	16.67	21.40	10.68	4.52	12.82	11/02/81	n/a	0.99
93071	Calvert Social Investment: Equity - A Class	5.04	10.05	15.23	12.80	7.57	8.68	8/24/87	n/a	1.23
99287	Credit Suisse Large Cap Growth - Common Shares	2.82	11.04	15.25	11.20	4.20	9.25	8/17/87	n/a	1.00
48555	Hartford Growth - Class Y	6.11	15.01	21.05	15.50	n/a	7.95	2/15/02	n/a	0.83
45813	Legg Mason Partners Aggressive Growth - Class A	-0.55	4.05	8.19	15.97	11.24	13.69	11/21/83	n/a	1.11
48186	Legg Mason Partners Large Cap Growth - Class A	5.54	9.68	15.61	13.82	8.16	8.39	8/29/97	n/a	1.11
48549	Loomis Sayles Growth - Class A	6.70	15.30	20.03	13.94	3.59	5.78	12/31/96	n/a	1.17
20272	Managers AMG Essex Large Cap Growth	6.88	15.49	22.99	12.04	6.55	11.92	6/01/84	n/a	1.32
93899	MSIF U.S. Large Cap Growth - B Class	10.10	20.75	29.10	15.73	6.18	9.80	1/02/96	2.00/7	0.88
20293	TCW Select Equities - Class N	5.15	13.90	18.57	15.85	n/a	4.17	3/01/99	n/a	1.17
48551	Touchstone Sands Capital Select Growth - Class Z	9.40	16.86	19.95	15.96	n/a	-1.34	8/11/00	n/a	1.45
DOMESTIC EQUITY FUNDS - MID-CAP GROWTH⊕										
99837	Allianz CCM Mid-Cap - Administrative Class	4.69	19.77	24.39	16.79	8.16	13.39	11/30/94	n/a	0.96
48203	American Century Vista - Investor Class	9.58	33.66	45.58	19.93	8.73	11.58	11/25/83	n/a	1.00
22185	Artisan Mid Cap - Investor Class	5.67	21.67	29.83	18.87	16.03	18.18	6/27/97	n/a	1.18
93682	Baron Asset	2.48	11.32	19.56	18.31	7.60	13.39	6/12/87	n/a	1.33
93072	Calvert Capital Accumulation - A Class	1.55	11.33	17.03	12.23	4.58	8.66	10/31/94	n/a	1.71
46572	Columbia Acorn Select - Class Z	-1.30	15.24	27.36	20.27	n/a	15.76	11/22/98	n/a	0.98
93392	Franklin Small-Mid Cap Growth - Class A	4.90	19.06	26.48	19.29	7.25	13.02	2/14/92	2.00/7	1.00
99942	MSIF Trust Mid Cap Growth - Adviser Class	9.67	23.33	33.89	23.44	11.16	13.02	1/31/97	2.00/7	0.88
48543	Phoenix Small-Mid Cap - Class X	0.60	5.71	10.92	12.56	8.22	9.97	10/18/96	n/a	1.22
93989	Rainier Small/Mid Cap Equity - Investor Class	5.11	25.14	35.45	24.79	11.27	16.02	5/11/94	n/a	1.18
DOMESTIC EQUITY FUNDS - SMALL-CAP GROWTH◆										
47664	Artisan Small Cap - Investor Class	0.66	9.29	15.84	19.07	5.72	9.88	3/28/95	n/a	1.15
93894	Baron Growth	2.27	9.36	21.41	17.32	11.80	17.44	1/03/95	n/a	1.31
45596	Baron Small Cap	1.23	11.56	22.54	18.06	12.45	12.45	10/01/97	n/a	1.33
93065	Calvert New Vision Small Cap - A Class	-1.30	5.70	9.55	8.20	3.71	3.89	1/31/97	n/a	1.74
48559	Hartford Small Cap Growth - Class Y	-4.20	4.17	12.81	18.45	n/a	9.55	2/15/02	n/a	0.92
48358	Lord Abbett Small-Cap Blend - Class A	-1.09	12.99	18.93	21.12	n/a	14.18	6/29/01	n/a	1.36
93098	MSIF Small Company Growth - B Class	2.32	8.23	20.38	19.90	13.41	13.24	1/02/96	2.00/30	1.26
22083	Neuberger Berman Fasciano - Investor Class	-5.88	4.11	10.31	10.51	6.38	11.07	8/03/87	n/a	1.21
48541	Royce Value Plus - Service Class	-1.89	10.65	22.20	31.04	n/a	22.41	6/14/01	n/a	1.40

For explanations of symbols and important disclosures, please see last page(s) of this report.

continued

AS OF SEPTEMBER 30, 2007

Fund No.	Name	Cumulative Total Returns % Period Ending September 30, 2007		Average Annual Total Returns % Period Ending September 30, 2007				Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund			
DOMESTIC EQUITY FUNDS - SMALL-CAP GROWTH◆ (CONTINUED)										
92850	RS Emerging Growth	5.57	18.96	28.55	19.10	9.24	15.84	11/30/87	n/a	1.49
20264	RS Smaller Company Growth	0.78	10.00	18.28	19.38	8.19	11.95	8/15/96	n/a	1.51
INTERNATIONAL/GLOBAL FUNDS††										
20306	AIM Global Aggressive Growth - A Class	3.76	18.01	32.88	25.48	8.78	12.12	9/15/94	n/a	1.51
93161	American Beacon International Equity - Plan Ahead Class	0.31	10.03	20.53	23.74	9.40	10.97	8/01/94	2.00/90	0.97
91868	Artisan International - Investor Class	5.34	16.42	28.69	21.95	13.48	15.16	12/28/95	2.00/90	1.20
99534	DWS Global Opportunities - Class S	0.69	9.41	22.16	25.47	11.95	12.51	9/10/91	2.00/30	1.34
99531	DWS International - Class S	5.52	16.36	29.82	21.72	8.27	n/a	1/16/57	2.00/30	1.00
48557	Hartford International Growth - Class Y‡	8.55	19.89	33.91	25.62	n/a	11.59	4/30/01	n/a	1.06
93020	MSIF Global Value Equity - B Class	-1.15	8.58	18.52	16.14	7.33	9.93	1/02/96	2.00/30	1.16
91888	MSIF International Equity - B Class	0.40	10.59	19.31	19.32	10.86	12.46	1/02/96	2.00/30	1.19
93876	Mutual Discovery - A Class	-0.85	11.77	21.67	20.07	12.02	13.60	11/01/96	2.00/7	1.36
47135	Neuberger Berman International - Trust Class	-0.95	8.44	21.93	26.94	n/a	10.42	6/29/98	n/a	1.33
99500	Templeton Foreign - A Class	4.48	14.52	25.56	19.72	8.72	13.80	10/05/82	2.00/7	1.16
93875	Templeton Foreign Smaller Companies - A Class	0.60	19.33	33.52	25.04	10.08	11.58	9/20/91	2.00/7	1.50
99829	Templeton Growth - A Class	-1.79	4.99	13.71	18.13	9.16	13.95	11/29/54	2.00/7	1.05
99858	Templeton World - A Class	1.38	9.32	18.65	19.49	8.46	14.11	1/17/78	2.00/7	1.06

INTERNATIONAL/GLOBAL FUNDS - EMERGING MARKETS††

93100	MSIF Emerging Markets - B Class	14.59	34.29	60.79	38.70	11.97	13.14	1/02/96	2.00/30	1.66
99854	Templeton Developing Markets Trust - A Class	10.52	26.93	47.34	34.24	9.26	10.87	10/16/91	2.00/7	1.86

MARKET INDICATORS^^

For comparison purposes only. It is not possible to invest directly in these indicators.

Dow Jones Industrial Average	4.19	13.31	21.69	15.44	7.86
Lehman Brothers Intermediate Gov't/Credit Bond Index	2.87	4.35	5.43	3.82	5.68
MSCI EAFE® Index	2.18	13.29	25.04	23.80	8.20
Standard & Poor's 500 SM Index	2.03	9.13	16.44	15.45	6.57

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the inception date to the period indicated. The figures do not include the effects of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plan. If sales charges were included, returns would have been lower.

With the exception of domestic equity mutual funds, investment options have been assigned to investment categories based on Fidelity's analysis. Fidelity has verified the accuracy of the placement of certain third party non-mutual funds with either the plan sponsor or the plan sponsor's consultant. Within Domestic Equities, mutual funds are listed according to their actual Morningstar categories as of the date indicated. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past 3 years and may change at any time. These style calculations do not represent the funds' objectives and do not predict the funds' future styles.

SPECIFIC FUNDS

Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

↔ Expense Ratio is the total annual fund operating expense ratio from the fund's most recent prospectus. For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

☞ Formerly known as Neuberger Berman High Income Bond - Investor Class (2/28/07).

*** Effective December 17, 2001, Neuberger Berman Genesis Fund - Trust Class was closed to new accounts.

Effective June 30, 2002, Oakmark Select Fund was closed to new accounts.

Participants may continue to invest in these funds if they are already offered through their employer's plan. They are no longer available as new investment options.

‡ Formerly known as Hartford International Capital Appreciation - Class Y (6/29/07).

AS OF SEPTEMBER 30, 2007

MARKET INDICATORS

^^ Indices are unmanaged and you cannot invest directly in an index.

Dow Jones Industrial Average (DJIA), published by Dow Jones and Company, is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends. It is not offered as a comparison for any investment option but rather as a general stock market indicator.

Lehman Brothers Intermediate Government/Credit Bond Index is an unmanaged, market-value weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between one and ten years.

MSCI EAFE® Index (Morgan Stanley Capital International Europe, Australasia, Far East Index) is an unmanaged index of over 1,000 foreign common stock prices and includes the reinvestment of dividends. The EAFE® Index is a registered service mark of Morgan Stanley and has been licensed for use by FMR Corp. The investment options offered through the plan are neither sponsored by nor affiliated with Morgan Stanley.

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INVESTMENT RISK

- ⌘ Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.
- †† Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.
- ⊕ Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.
- ◆ Investments in smaller companies may involve greater risks than those of larger, more well-known companies.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit www.fidelity.com for a free mutual fund prospectus. Read it carefully before you invest.

NOTES:

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Memorandum

TO: PERS Board

FROM: Deb Knudsen

DATE: January 8, 2008

SUBJECT: Administrative Rules Hearing

A hearing soliciting comments for the administrative rules proposed amendments, additions and deletions was held on Wednesday, November 21, 2007 at 11:00 p.m. in the Peace Garden Room at the State Capitol. There were no members of the public in attendance, only NDPERS staff attended. The minutes from the hearing are attached as well as the proposed rules and small entity regulatory analysis and impact statement. The comment period was held open until 5:00 p.m. on December 10, 2007. Staff did not receive any written comment on the rules. Pursuant to NDCC 28-32-11, an agency must fully consider all oral and written submissions concerning the rules prior to adoption. However, there were none submitted, so there are none to consider.

There has been no request for a regulatory analysis or a takings assessment received and the proposed rules are not anticipated to have a cost impact on the regulated community. However, staff has reviewed and discussed the questions provided by the Attorney General's Office regarding small entity impact analysis as well as economic impact. There were no significant findings to report. In addition, as NDPERS was the sponsor of the legislation associated with the rule changes, no further action for sponsor notification purposes was taken.

Staff is requesting the Board's approval to submit the enclosed rules to the Attorney General's Office for review. Subject to obtaining the Attorney General's approval, staff will then submit the rules to Legislative Council for final promulgation.

Board Action Requested: **Approve proposed rules and authorize staff to submit required materials to Attorney General's office and Legislative Council.**

Public Hearing Meeting Minutes
Wednesday, November 21, 2007
Peace Garden Room
State Capitol
11:00 A.M.

Staff Present: Ms. Deb Knudsen
 Ms. Sharmain Dschaak
 Ms. Cindy Aaser

Others Present: None

Deb Knudsen called the meeting to order at 11:00 p.m. on Wednesday, November 21, 2008 in the Peace Garden Room. The public hearing was called for the purpose of allowing all interested individuals an opportunity to submit information concerning proposed additions, amendments, and deletions to existing rules in the following chapters in the North Dakota Administrative code: 71-01 General Administration 71-02 Public Employees Retirement System, 71-03 Uniform Group Insurance Program, 71-05 Highway Patrol Retirement System, 71-06 Retiree Health Insurance Credit 71-08 Defined Contribution Retirement Plan.

Ms. Knudsen indicated that information gathered at the hearing will be transmitted to the Board of the North Dakota Public Employees Retirement System (NDPERS) for its deliberation and final decision.

The hearing was opened for comments. However, no comments were received.

Ms. Knudsen noted that the record will be held open for written comment until the close of business on December 10, 2007. The hearing was closed at 12:01 p.m.

* No additional comments were received after the hearing and within the written comment period.

Last Rev. 9/12/2007

CHAPTER 71-01-02 ELECTION RULES

Section

71-01-02-01	Election Committee
71-01-02-02	Eligible Voters
71-01-02-03	Candidate Eligibility
71-01-02-04	Election Notification
71-01-02-05	Petition Format
71-01-02-06	Procedure for Completing and Filing Petitions
71-01-02-07	Election Ballots
71-01-02-08	Election
71-01-02-09	Canvassing Rules
71-01-02-10	Notification of Election Results
71-01-02-11	Special Elections
71-01-02-12	Penalties

71-01-02-01. Election committee.

1. The retirement board must appoint a committee of three, one of whom will be designated as chair, from its membership to oversee elections to the board.
2. Committee members, or their authorized representatives, are responsible for reviewing the election rules for the retirement board membership of the North Dakota public employees retirement system, for counting ballots, and for reporting the election results to the board.
3. Committee members will be appointed at the February meeting of the North Dakota public employees retirement system board to serve until the retirement board meeting for the following February.

History: Effective April 1, 1992.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-02. Eligible voters.

1. All active employees, eligible to serve as elected members of the board in accordance with N.D.C.C. §54-52-03(4), of the state of North Dakota and political subdivisions which participate in the North Dakota public employees retirement system are eligible to cast one vote for each active member vacancy on the retirement board.

2. All persons receiving retirement benefits or who are eligible to receive deferred vested retirement benefits are eligible to cast one vote for a retiree member vacancy on the retirement board.
3. Persons participating in the health insurance program but not in the retirement system are ineligible to cast votes in retirement board elections.

History: Effective April 1, 1992; amended effective July 1, 1994.

General Authority: NDCC 54-52-04, 54-52-17(5)

Law Implemented: NDCC 54-52-03

71-01-02-03. Candidate eligibility.

1. Any active employee, eligible to serve as an elected member of the board in accordance with N.D.C.C. §54-52-03(4), of a department of the state of North Dakota, or a political subdivision, who participates in the North Dakota public employees retirement system may become a candidate for election to the board. A department or political subdivision may not be represented by more than one elected member.

2. Any person, as of ~~the first day of July~~ April fifteenth of the election year, who is ~~receiving a~~ has accepted a retirement allowance benefit or who is eligible to receive deferred vested retirement benefits, may become a candidate for the retiree member to the board.

History: Effective April 1, 1992; amended effective July 1, 1994; July 1, 2000.

General Authority: NDCC 54-52-04, 54-52-17(5)

Law Implemented: NDCC 54-52-03

71-01-02-04. Election notification.

1. The director of the North Dakota public employees retirement system shall ensure that notification of an active member vacancy and the election is given to all employees through publication of a notice in the North Dakota public employees retirement system newsletter and any other method of communication as deemed appropriate by the director at least three weeks in advance of a filing date for nomination petitions. The director shall ensure that notification of the vacancy of a retiree member and the election is given to all persons who have accepted a ~~receiving~~ retirement benefits allowance or who are eligible to receive deferred vested retirement benefits through publication of a notice in the North Dakota public employees retirement system newsletter and any other method of communication as deemed appropriate by the director at least three weeks in advance of a filing date for nomination petitions.

2. The notice must include a statement of voter and candidate eligibility, the candidate nomination requirements, the date of election, and where to obtain the nomination petitions for filing.

History: Effective April 1, 1992; amended effective July 1, 2000.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-05. Petition format.

1. The nomination petition for an active member on the board must include the signatures of at least one hundred active eligible voters, ~~as determined by the current North Dakota public employees retirement system's membership role and their mailing addresses.~~ The nomination petition for the retiree member on the board must include the signature of at least twenty-five persons receiving a retirement allowance or who are eligible to receive a deferred vested retirement benefits, allowance. ~~as determined by North Dakota public employees retirement system's retirement membership role and their mailing addresses.~~

2. The nomination petition must include the following statement: "We, the petitioners, who are members of the North Dakota Public Employees Retirement System, nominate _____ for election to the North Dakota Public Employees Retirement System board."

3. The nomination petition must include a certification by the candidate, as follows: "I accept the nomination and if elected will fulfill the responsibilities as a member of the North Dakota Public Employees Retirement System board."

4. If there is not room for the required signatures on a single nomination petition, additional petitions may be used. Candidates may reproduce, at their own expense, blank nomination petitions that meet the format requirements without requesting additional petitions from the North Dakota public employees retirement system. All nomination petitions used must be certified and signed by the nominee when submitted to the North Dakota public employees retirement system office.

History: Effective April 1, 1992; amended effective May 1, 2004.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-06. Procedure for completing and filing petitions.

1. ~~No public service or funds~~ period of time, on which an employee is entitled to receive wages or salary from the state of North Dakota or a political subdivision, may be used by the candidates to promote their election except as permitted by the employing agency. In addition, no public funds may be used for the purpose of promoting an election unless permitted by the employing agency.

2. Nomination petitions must be filed with the North Dakota public employees retirement system no later than four p.m. on the first Friday of May and must be validated by the

election committee or their representatives following the filing deadline and prior to ballots being distributed.

3. Nomination petitions not furnished by the North Dakota public employees retirement system will be accepted provided they are submitted in the prescribed form.

4. A candidate may withdraw that candidate's nomination petition up until ~~the time~~ one week prior to the date the ballots are printed. The notice must be in writing and duly witnessed.

5. Nomination petitions may be accompanied by a three-inch [76.20-millimeter] by five-inch [127.00-millimeter] photograph of the candidate and a narrative not to exceed two hundred words. ~~The narrative must be signed to be valid.~~ The absence of a photo or narrative will not invalidate the candidate's eligibility, but only the candidate's name will then appear with the other candidates' information that accompanies the ballots.

6. The retirement board or its representative reserves the right to edit lengthy narratives to the two hundred word limit. ~~Board decisions are final.~~

7. The board or its representative shall inform all candidates of the validation of their candidacy, ~~by first-class United States mail.~~

History: Effective April 1, 1992; amended effective July 1, 2000.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-07. Election ballots.

1. Ballots must be prepared by the North Dakota public employees retirement system staff in accordance with the election rules.

2. Ballots must be printed on postcards with return postage supplied and will be mailed to all eligible voters with a narrative on candidates who have provided that information, ~~to the North Dakota public employees retirement system.~~

3. Ballots must first be arranged with the names of each candidate on the ballot, ~~in an order determined by lot.~~ In printing the ballots, the position of the names must be changed as many times as there are candidates' names on the ballot. The change must be accomplished by taking the name at the head of the ballot and placing it at the bottom and moving the name that was second before the change to the head of the names on the ballot. The same number of ballots must be printed after each change of position so as to result in an equal number of ballots with each candidate's name at the head of the ballot. The ballot must provide a space for write-in candidates.

4. If there is only one candidate for an election, the election will nonetheless be conducted in compliance with the provisions of this chapter.

5. If there is no candidate, the board shall solicit at least two persons from the eligible pool of candidates to run for election to the board. The election will then be conducted in compliance with the provisions of this chapter.

History: Effective April 1, 1992; amended effective July 1, 2000.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-08. Election.

1. Ballots must be mailed by first-class United States mail to the home address of all eligible active voters for an election of an active board member, or all eligible retired voters for an election of a retired board member, ~~who are actively at work or retired~~ as determined by the North Dakota public employees retirement system's membership roles as of April fifteenth in the year of the election.

2. North Dakota public employees retirement system members who become eligible to vote after April fifteenth, but before the deadline for the receipt of ballots, may be issued a special election ballot by making their request for such ballot in writing to the North Dakota public employees retirement system office no later than the second Monday in June.

3. Ballots must be returned to the North Dakota public employees retirement system office no later than the close of business on the Friday immediately preceding the third Monday in June.

4. The candidate receiving the highest number of votes must be considered elected. When there is more than one active member board vacancy to be filled, the candidate with the second highest number of votes must be considered elected. If there are three active member board vacancies to be filled, the person with the third highest number of votes must be considered elected.

History: Effective April 1, 1992.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-09. Canvassing rules.

1. Ballot counting by election committee members or their authorized representatives will commence at nine a.m. on the third Monday of June and will continue until complete.

2. Each candidate may have one overseer present at the canvassing who may examine each ballot as to its sufficiency after the canvassers have completed the canvassing of

all ballots. No overseer may possess a pen, pencil, or other device which could be considered capable of altering a ballot in any manner.

3. A candidate may act as his or her overseer. If a candidate wishes to designate a representative to act as his or her overseer, that candidate must provide a written authorization, duly witnessed, to the election committee at the canvassing. An overseer may act on behalf of more than one candidate; however, each person must show the required authorization from each candidate represented.

4. The overseer may question the decision of the canvassers regarding a ballot after completion of the canvassing. If questioned, the comments of an overseer will be heard. The canvassers will then vote regarding the acceptability of the ballot with the majority vote ruling.

5. A ballot is not valid where the number of votes on the ballot exceeds the number of vacancies in the election. A ballot that does not, in the opinion of a majority of the canvassers, show a clear indication of the voter's intention, may not be counted.

6. If the percentage of votes received by the candidate receiving the highest number of votes is less than one percent more than the votes received by the candidate receiving the next highest number of votes, the board shall order a recount.

7. Tie votes will be determined by a roll of two dice coin toss, by each of the tied candidates; ~~the successful candidate must have the highest total~~. If this procedure is necessary, the election committee will establish and notify the tied candidates of the procedure and location for resolving the tie.

History: Effective April 1, 1992.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

71-01-02-10. Notification of election results.

1. Election results must be presented to the retirement board following the canvassing of votes. Such report must include an itemization of the number of ballots returned, votes cast for each candidate, votes invalidated, and votes not counted due to late receipt.

2. All candidates will be notified of the election results ~~by mailing a copy of the election report by first class United States mail~~ no later than the business day following the June meeting of the retirement board.

3. Departments and agencies participating in the North Dakota public employees retirement system will be notified of the election results, ~~by mailing a copy of the election report~~. In addition, a report of the election results will be included in the North Dakota public employees retirement system newsletter.

History: Effective April 1, 1992.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-11. Special elections.

1. A special election will be called for by the retirement board in the event of a vacancy resulting from the death, resignation, or termination of North Dakota public employees retirement system membership by any elected board members.
2. Special elections must be conducted in accordance with the regular elections rules, except that the board will determine a new election schedule.
3. In the case of a special election, the term to be filled is the unexpired portion of the vacant board position.

History: Effective April 1, 1992.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-12. Penalties.

A violation of any provision under this chapter may result in one or more of the following penalties, as determined by the board:

1. A candidate's petitions may be declared void.
2. A candidate's nomination may be declared void.
3. A candidate's election may be declared void.
4. Within thirty days of beginning an elected member's term in office, the elected member may be removed.

History: Effective July 1, 2000.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

CHAPTER 71-02-03 SERVICE CREDIT

Section

- 71-02-03-01 Service Credit - General Rule
 - 71-02-03-01.1 Noneligible Service Credit
 - 71-02-03-01.2 Service Credit Given for Leave Taken
- 71-02-03-02 Military Credit [Repealed]
 - 71-02-03-02.1 Purchase of Additional Service Credit and Repurchase of Past Service
 - 71-02-03-02.2 Payment

- 71-02-03-02.3 Delinquent Payment
- 71-02-03-02.4 Crediting Purchased or Repurchased Service
- 71-02-03-02.5 Costs
- 71-02-03-03 Service After Age Sixty-Five [Repealed]
- 71-02-03-04 Cancellation of Credits
- 71-02-03-05 Coordination of Multiple Plan Membership
- 71-02-03-06 Conversion of Sick Leave
- 71-02-03-07 Employer Purchase of Service Credit or Sick Leave Program
- 71-02-03-08 Eligible Sick Leave

71-02-03-06. Conversion of sick leave. To convert unused sick leave to service credit, the member must notify the office, in writing, of the amount of unused sick leave to be converted and the member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member terminates employment. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer. One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The employer and employee contributions rates used to calculate the cost must be the rate of the retirement program of the member at termination.

1. After tax payments may be accepted from the member as early as six months prior to termination if the following requirements are met:

a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.

c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of that date. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the fifteenth of the month following the month of the member's date~~within sixty days~~ of termination.

2. The member's record must be updated with the additional service credit once payment is made in full and the member has terminated employment.

3. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to termination if the following requirements are met:

a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date of termination, is on file with the public employees retirement system. This certification must also include a certification by the employer of the projected salaries to be reported to the public employees retirement system during the final months of employment.

c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer and the member's final average salary as of that date. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the termination date will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.

d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month of the member's date~~within sixty days~~ of termination.

e. The retiree health credit portion must be paid as a personal after tax payment.

4. The member's record must be updated with the additional service credit once payment is made and the member has terminated employment.

History: Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004; July 1, 2006.

General Authority: NDCC 54-52-04

Law Implemented: NDCC ~~54-52-17.8~~, 54-52-27

71-02-03-07. Employer purchase of service credit or sick leave program. An employer may elect to purchase up to five years of service credit for an employee and purchase an employee's unused sick leave that meets the requirements of section 71-02-03-08. Before offering a purchase program to its employees, the employer must create a program and an employer must document the program in writing and submit a copy to the public employees retirement system. The governing authority of the employer shall also submit to the executive director of the public employees retirement system a letter indicating:

1. The program meets all the requirements of the North Dakota Century Code.
2. The program meets all applicable federal requirements.
3. The employer agrees to remit to the public employees retirement system a lump sum payment of the cost of the purchase upon being billed.
4. The employer has not given the employee the option of a cash payment in lieu of the employer purchase.
5. The employer shall clearly specify who is eligible for the program and indicate if the program is intended to be permanent or will be for a specific time period only.
6. The employer agrees that all purchases for service credit will be based upon actuarial cost as determined by the public employees retirement system and all unused sick leave purchases will be based upon the computation specified in the North Dakota Century Code. The employer also agrees that all purchases will be completed no later than the employee's retirement or sixty days from the date the employer and employee agree to the purchase, whichever comes first.
7. The employer agrees that in offering such a program the employer will direct each employee interested in the program to first apply to the employer's authorized agent who will then certify the eligibility of the member, the amount of service credit to be purchased or sick leave to be converted, and send such certification to the public employees retirement system. The employer also agrees that the employer's authorized agent will coordinate the program, authorize all purchases in writing to the public employees retirement system, and be the focal point for communications between the public employees retirement system, the employer, and the employee.
8. The employer agrees that for each employee certified to be eligible to have service credit purchased or sick leave converted, the employer will first obtain from the employee authorization for the public employees retirement system to share confidential information with the employer.
9. The employer certifies that in offering the program, the employer is making it available to all employees or a specified class of employees on a nondiscriminatory basis.
10. The employer agrees to provide information and policies relating to an employer purchase program pursuant to NDCC 54-52-26.

When an employer files the above letter with the public employees retirement system, it may offer the program to its employees. An employer may terminate this program at any time upon the governing authority of the employer sending to the executive director of the public employees retirement system a letter indicating when the program is to be canceled.

History: Effective May 1, 2004; amended effective July 1, 2006.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17.4, 54-52-29

CHAPTER 71-02-04 RETIREMENT BENEFITS

Section

71-02-04-01 Retirement Benefits - Application

71-02-04-02 Special Retirement Options - Application

71-02-04-02.1 Application Processing

71-02-04-03 Payment Date - Retirement Benefits

71-02-04-03.1 Payment Date - Retirement Benefits for Late Retirees

71-02-04-04 Optional Benefits

71-02-04-05 Designation of Beneficiary

71-02-04-06 Lack of a Designated Beneficiary [Repealed]

71-02-04-07 Amount of Early Retirement Benefit

71-02-04-08 Assignment or Alienation of Plan Benefits [Repealed]

71-02-04-09 Dual Membership - Receipt of Retirement Benefits While Contributing to the Teachers' Fund for Retirement, the Highway Patrolmen's Retirement System, or the Teachers' Insurance and Annuity Association of America-College Retirement Equities Fund

71-02-04-09.1 Dual Membership Limitations

71-02-04-10 Erroneous Payment of Benefits - Overpayments

71-02-04-11 Erroneous Payment of Benefits - Underpayments

71-02-04-12 Erroneous Payment of Benefits - Appeals

71-02-04-13 Reduced Benefit Option

71-02-04-03.1. Payment date - Retirement benefits for late retirees.

Except for retirement options provided in sections 71-02-04-02 and 71-02-04-03, for members who are terminated and older than the age at which they reach their normal retirement date, but who have delayed or inadvertently failed to apply for retirement benefits, the regular accrued annuity benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to their normal retirement date unless the deferred normal retirement option is elected or otherwise approved by the North Dakota public employees retirement system board. There will be no retroactive payment for the retiree health insurance credit program.

History: Effective April 1, 2002; amended effective July 1, 2006.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

71-02-04-04. Optional benefits. A member may elect, as provided in section 71-02-04-02, to receive one of the following optional benefits in lieu of the regular single life retirement benefit.

1. One hundred percent joint and survivor benefit. A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member, or in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life amount. Payment of the single life amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

2. Fifty percent joint and survivor benefit. A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member, or in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life amount. Payment of the single life amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

3. Level social security option. A member who retires prior to receiving social security benefits may elect the level social security option. Under this option, the member's monthly benefit is adjusted so the combined benefits received from the fund and social security remain level before, and after, the date social security benefits begin. The adjusted benefit payable from the fund must be determined on an actuarial equivalent based on an age no earlier than sixty-two and no later than full retirement age as specified by the social security administration as chosen in writing by the member.

A member is not eligible for the level social security option if it results in a benefit payment of less than one hundred dollars per month.

A member shall submit an estimated benefit from social security that was computed no more than six months before commencement of retirement benefits.

4. Twenty-year or ten-year certain option. A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

5. Partial lump sum option. The partial lump sum option will only be available to members who retire on or after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is equal to twelve monthly payments determined under the single life annuity option. The member is permitted to choose one of the optional forms of payment, excluding the level social security income option, for ongoing benefits. The ongoing benefits will be actuarially reduced to reflect the partial lump sum payment.

6. Deferred normal retirement option. The deferred normal retirement option will only be available to members who retire after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is in lieu of a lump sum equal to the amount of missed payments, without interest, retroactive to the member's normal retirement date. The ongoing benefits will be actuarially increased to reflect the lump sum.

History: Amended effective September 1, 1982; November 1, 1990; July 1, 1994; May 1, 2004; July 1, 2006.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

71-02-04-10. Erroneous payment of benefits - Overpayments.

1. An "overpayment" means a payment of money by the public employees retirement system that results in a person receiving a higher payment than the person is entitled to under the provision of the retirement plan of membership.

2. A person who receives an overpayment is liable to refund those payments upon receiving a written explanation and request for the amount to be refunded. All overpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the amount of the overpayment is estimated to exceed the overpayment, the repayment is considered to be unrecoverable.

3. If the overpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the recipient, the recipient may make repayment arrangements subject to the executive director's approval within sixty days of the written request for refund with the minimum repayment amount no less than fifty dollars a month with the total repayment period not to exceed 36 months. If repayment

arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the individual's benefit payment period.

4. If the overpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the recipient, the recipient is liable to pay interest charges at the rate of six percent on the outstanding balance, from the time the erroneous benefit was paid through the time it has been refunded in full, plus applicable interest. The recipient may make repayment arrangements, subject to the executive director's approval, within sixty days of the written request for refund with the minimum repayment amount no less than fifty dollars a month with the total repayment period not to exceed thirty-six months. If repayment arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the individual's benefit payment period.

5. If an individual dies prior to fully refunding an erroneous overpayment of benefits, the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.

History: Effective June 1, 1996; amended effective April 1, 2002; July 1, 2006.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 39-03.1-25, 54-52-17

71-02-04-11. Erroneous payment of benefits - Underpayments.

1. An "underpayment" means a payment of money by the public employees retirement system that results in a person receiving a lower payment than the person is entitled to under the provisions of the retirement plan of membership.

2. If an underpayment occurs, the amount of the lump sum payment must be paid within sixty days of the discovery of the error, ~~with interest at the rate of six percent from the time underpayment occurred.~~

3. If the underpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the employer or recipient, the underpayment of benefits is to include interest at the rate of six percent from the time the underpayment occurred.

4. If the underpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the employer or recipient, the underpayment of benefits will not include interest.

5. If an individual dies prior to receiving the underpayment of benefits, the public employees retirement system must pay the designated beneficiary on record, or in the absence of a designation of beneficiary, to the estate.

History: Effective June 1, 1996; amended effective May 1, 2004.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 39-03.1-25, 54-52-17

CHAPTER 71-02-05 DISABILITY

Section

71-02-05-01 Eligibility [Repealed]

71-02-05-02 Commencement of Benefit [Repealed]

71-02-05-03 Cancellation of Disability Benefit

71-02-05-04 Calculation of Disability Benefit [Repealed]

71-02-05-05 Conditions for Changing to a Disability Retirement Benefit From an Early Reduced Retirement Benefit

71-02-05-06 Determination of Disability - Procedures

71-02-05-07 Optional Benefits

71-02-05-07.1 Judges' Retirement Plan Optional Benefits

71-02-05-08 Transitional Period

71-02-05-09 Interest Accrual on Accumulated Contributions for Disabled Annuitants

71-02-05-07. Optional benefits. For the main system and national guard or law enforcement retirement plans, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.

1. One hundred percent joint and survivor benefit. A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary is still living and has supplied a marriage certificate and the member's death certificate. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member, or in the event of divorce, the option must be canceled and the member's benefit must be returned to the single life amount. Payment of the single life amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

2. Fifty percent joint and survivor benefit. A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member, or in the event of divorce, the option must be canceled and the member's benefit must be returned to the single life amount. Payment of the single life amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

3. Twenty-year or ten-year certain option. A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective January 1, 1992; amended effective July 1, 1994; May 1, 2004; July 1, 2006.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17

71-02-05-07.1. Judges' retirement plan optional benefits. For the judges' retirement plan, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.

1. One hundred percent joint survivor benefit. A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary is still living and has supplied a marriage certificate and the member's death certificate. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member, or in the event of divorce, the option must be canceled and the member's benefit must be returned to the single life amount. Payment of the single

life normal retirement amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

2. Twenty-year or ten-year certain option. A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective May 1, 2004; amended effective July 1, 2006.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17

CHAPTER 71-02-06 CONTRIBUTIONS

Section

71-02-06-01 Conditions for Return

71-02-06-02 Effect of Return

71-02-06-03 Inapplicability of Return of Contribution Guarantee [Repealed]

71-02-06-04 Adjustment for Bonuses, Profit Sharing, and Contributions Paid in a Month Other Than Month Earned

71-02-06-05 Basis for Calculating Contribution - Salary Reduction – Salary Deferral Arrangements

71-02-06-06 Employer Payment of Employee Contributions

71-02-06-07 Employer Contribution - National Guard/Law Enforcement

71-02-06-08 Retirement Contributions for Individuals Working Less Than a Forty-Hour Workweek

71-02-06-09 Individual Employee Incentive Payments

71-02-06-04. Adjustment for bonuses, profit sharing, and contributions paid in a month other than month earned. Adjustments for the following must be made for all members:

1. Participating employers shall report bonuses or profit-sharing amounts paid when remitting the contribution associated with the bonus. Recruitment and retention bonuses under North Dakota Century Code section 54-06-31 are not eligible for consideration as salary and no contributions associated with those types of bonuses shall be submitted.

2. Bonuses or profit-sharing amounts paid by a participating employer other than pursuant to North Dakota Century Code section 54-06-31 will be retroactively prorated equally to the actual compensation paid over the term of the intended bonus or profit-sharing period. Bonuses or profit-sharing amounts may not be submitted to the public employees retirement system for future months.

3. Upon receiving notice, contributions received in a month other than the month earned will be assigned to the appropriate month.

History: Effective June 1, 1993; amended effective June 1, 1996; July 1, 1998; July 1, 2000; April 1, 2002.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-05, 54-52-06

ARTICLE 71-03 UNIFORM GROUP INSURANCE PROGRAM

Chapter

71-03-01 Bid Process

71-03-02 Health Maintenance Organization Coverage [Repealed]

71-03-03 Employee Responsibilities

71-03-04 Employer Responsibilities

71-03-05 Board Responsibilities

71-03-06 Participation of Political Subdivisions Employee Responsibilities

71-03-07 Participation of Political Subdivisions Employer Responsibilities

CHAPTER 71-03-01 BID PROCESS

Section

71-03-01-01 Bid Contracts

71-03-01-02 Bid Specifications

71-03-01-03 Bid Deadlines

71-03-01-04 Bid Letting

71-03-01-01. Bid contracts. Contracts for the uniform group insurance programs must be awarded through a competitive bidding process. In order to ensure uniformity, the board will utilize services of the actuarial consultant to formulate bid specifications.

History: Effective October 1, 1986.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-04

71-03-01-02. Bid specifications. Bid solicitations will be for:

1. Life insurance.
2. Hospital and medical coverages - fully insured contract.
3. Individual and aggregate stop-loss insurance.
4. Administrative services only.
5. Third-party administrators.
6. Dental insurance.
7. Vision insurance.
8. Long-term care insurance.
9. Retired medicare-eligible employee group prescription drug coverage.

CHAPTER 71-03-05 BOARD RESPONSIBILITIES

Section

71-03-05-01 Premium Billing

71-03-05-02 Retiree Billing

71-03-05-03 Late Premium for Retirees

71-03-05-04 Late Premium for Terminated Employees

71-03-05-05 Appeal Process

71-03-05-06 Recovery of Benefit Payments

71-03-05-07 Erroneous Payment of Premiums - Overpayments

71-03-05-08 Erroneous Payment of Premiums - Underpayments

71-03-05-09 Erroneous Payment of Premiums - Appeals

71-03-05-10 Determining Amount of Premium Overpayments and Underpayments

71-03-05-11 Failure to Provide Notification and Errors

71-03-05-02. Retiree billing. Retirees receiving a monthly retirement benefit from the board in a sufficient amount to pay premium will have the total monthly premium deducted from their benefit check. Retirees not paying a premium from their benefit check will receive a monthly billing. ~~The billing will be mailed on or about the twenty-fifth of the month preceding the month of coverage. Premium is due no later than the fifteenth of the month for which coverage is intended.~~

History: Effective October 1, 1986; amended effective November 1, 1990.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-03

~~**71-03-05-03. Late premium for retirees.** If the premium is not received by the due date, coverage will be canceled and a notice will be sent by certified mail. The notice advises the retiree that payment in full must be received within ninety days from the due date to reinstate coverage retroactively to the day of the month following the last month for which payment was received.~~

History: Effective October 1, 1986; amended effective November 1, 1990; May 1, 2004.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-03

71-03-05-08. Erroneous payment of premiums - Underpayments.

1. An "underpayment" means a payment of money to the public employees retirement system for group insurance premiums that is less than the premiums due for the level of coverage that should have been in effect. Underpayment of premium is solely an error in the amount of premium billed to the individual.

2. An individual who underpays premiums is liable to pay those premiums upon receiving a request for repayment and an explanation of the amount due from the

executive director. All underpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the underpayment is estimated to exceed the amount of the underpayment, the underpayment is considered to be unrecoverable.

3. If an underpayment is discovered in the first month it occurs, the individual must pay the amount due in a lump sum within thirty days of the discovery of the error.

4. If an underpayment is not discovered within the first month it occurs, the following will apply:

a. If not the result of any wrongdoing, negligence, misrepresentation, or omission by the individual, then the individual must make arrangements within sixty days of receiving written notification to either pay by lump sum or installments. The installment payment schedule is subject to approval by the executive director with the minimum repayment amount no less than fifty dollars a month with the total repayment period not to exceed thirty-six months. If repayment arrangements are not in place within sixty days of the date of the written request for repayment, the executive director shall authorize payment to be made in three equal installments, using the same payment method the individual has authorized for paying current monthly premiums.

b. If underpayment is the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the individual, underpayments must be made in full within sixty days of written notification.

~~5. If the individual dies prior to paying in full, then the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.~~ If an underpayment occurs and the individual no longer participates in the group insurance, any premium amounts due are immediately payable.

~~6. If the individual dies prior to paying in full, then the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.~~

~~7. If the individual refuses to repay the underpayment, or the underpayment is not paid in full, coverage will be canceled retroactive to the first day of the month following the month for which full premium payment was received. †The public employees retirement system will provide written notice advising the individual that payment in full must be received notify the individual in writing that payment of claims will be suspended until payment is received in full. Coverage will be canceled if repayment is not made within thirty days of the written notification.~~ to reinstate coverage retroactively to the date that coverage was canceled.

History: Effective April 1, 2002.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-08

71-03-05-10. Determining amount of premium overpayments and underpayments.

1. The amount of the health premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or July of the earliest contract period still open, whichever is more recent.

2. The amount of the life premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred.

3. The amount of the dental premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred.

4. The amount of the vision premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred.

History: Effective April 1, 2002.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-08

**CHAPTER 71-03-07
PARTICIPATION OF POLITICAL SUBDIVISIONS EMPLOYER
RESPONSIBILITIES**

Section

71-03-07-01 Employer Contribution

71-03-07-02 Information to Employee

71-03-07-03 Collecting Employee Contributions

71-03-07-04 Termination of Employment

71-03-07-05 Premium for Basic Term Life Insurance

71-03-07-06 Requirements for Enrolling Temporary Employees and Paid Members of Political Subdivision Boards, Commissions, or Associations

71-03-07-07 Minimum Requirements for Political Subdivisions

71-03-07-06. Requirements for enrolling temporary employees and paid members of political subdivision boards, commissions, or associations.

Each employer shall inform temporary employees and the paid members of its board, commission, or association of their right to the group insurance plan and the process necessary to enroll. Each employer shall provide each eligible member such forms as necessary to enroll in the group insurance plan. Each employer shall collect any

member contribution due and submit it along with any employer contribution to the retirement board each month. The minimum employer contribution will be determined by the retirement board. ~~The political subdivision may not make a contribution for coverage for temporary employees.~~ Each employer shall notify the retirement board when an eligible member is no longer eligible for the group insurance plan. The retirement board shall inform such member of options available for continuation of coverage.

History: Effective June 1, 1996; amended effective May 1, 2004.

General Authority: NDCC 54-52-04, 54-52.1-03.1

Law Implemented: NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1

CHAPTER 71-05-02 DISABILITY

Section

71-05-02-01 Disability Retirement Eligibility

71-05-02-01.1 Conditions for Changing to a Disability Retirement Benefit From an Early Reduced Retirement Benefit

71-05-02-02 Determination of Disability - Procedures

71-05-02-03 Aggrieved Parties' Rights [Repealed]

71-05-02-04 Optional Benefits

71-05-02-05 Interest Accrued on Accumulated Contributions for Disabled Annuitants

71-05-02-06 Cancellation of Disability Benefit

71-05-02-04. Optional benefits. An individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. These options are not available if the calculation of the optional benefit to which the member is entitled would result in an amount that is less than one hundred dollars.

1. One hundred percent joint and survivor benefit. A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision d of subsection 3 of North Dakota Century Code section 39-03.1-11 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary supplies a marriage certificate and death certificate and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs. If the designated beneficiary predeceases the member, or in the event of divorce, the member's benefit must be returned to the normal retirement amount. Payment of the normal retirement amount must commence on the first day of the month following the spouse's death if written notification of death, provided a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree. Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.

2. Twenty-year or ten-year certain option. A member may receive the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective July 1, 1998; amended effective May 1, 2004; July 1, 2006.

General Authority: NDCC 39-03.1-06, 39-03.1-11

Law Implemented: NDCC 39-03.1-11.4(d)

CHAPTER 71-05-04 SERVICE CREDIT

Section

71-05-04-01 Service Credit - General Rule

71-05-04-02 Military Credit

71-05-04-03 Repurchase of Service Credit and Purchase of Additional Service Credit

71-05-04-03.1 Purchase of Additional Years of Service [Repealed]

71-05-04-04 Payment

71-05-04-04.1 Costs

71-05-04-05 Delinquent Payment

71-05-04-06 Crediting Purchased or Repurchased Service

71-05-04-07 Cancellation of Credits

71-05-04-08 Conversion of Sick Leave

71-05-04-09 Employer Purchase of Service Credit or Sick Leave Program

71-05-04-08. Conversion of sick leave. To convert unused sick leave to service credit, the member must notify the office, in writing, of the amount of unused sick leave to be converted and the member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member terminates employment. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer. One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The cost to convert unused sick leave into service credit must be paid with after tax employee contributions.

1. After tax payments may be accepted from the member as early as six months prior to termination if the following requirements are met:

a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.

c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave, confirmed by the member's employer, and the member's final average salary as of that date.

d. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the fifteenth of the month following the month of member's date~~within sixty days~~ of termination.

e. The member's record must be updated with the additional service credit once payment is made in full and the member has terminated employment.

2. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to termination if the following requirements are met:

a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date of termination, is on file with the public employees retirement system. This certification must also include a certification by the employer of the projected salaries to be reported to the public employees retirement system during the final months of employment.

c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of that date. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the termination date will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.

d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month of member's date~~within sixty days~~ of termination.

e. The retiree health credit portion must be paid as a personal after tax payment.

The member's record must be updated with the additional service credit once payment is made and the member has terminated employment.

History: Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004;

July 1, 2006.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-30

71-05-04-09. Employer purchase of service credit or sick leave program. An employer may elect to purchase up to five years of service credit for an employee and purchase an employee's unused sick leave that meets the requirements of section 71-02-03-08. Before offering a purchase program to its employees the employer must create a program and document the program in writing and submit a copy to the public employees retirement system. The governing authority of the employer shall also submit to the executive director of the public employees retirement system a letter indicating:

1. The program meets all the requirements of the North Dakota Century Code.
2. The program meets all applicable federal requirements.
3. The employer agrees to remit to the public employees retirement system a lump sum payment of the cost of the purchase upon being billed.
4. The employer has not given the employee the option of a cash payment in lieu of the employer purchase.
5. The employer shall clearly specify who is eligible for the program and indicate if the program is intended to be permanent or will be for a specific time period only.
6. The employer agrees that all purchases for service credit will be based upon actuarial cost as determined by the public employees retirement system. The employer also agrees that all purchases will be completed no later than the employee's retirement or sixty days from the date the employer and employee agree to the purchase, whichever comes first.
7. The employer agrees that in offering such a program the employer will direct each employee interested in the program to first apply to the employer's authorized agent who will then certify the eligibility of the member, the amount of service credit to be purchased, and send such certification to the public employees retirement system. The employer also agrees that the employer's authorized agent will coordinate the program, authorize all purchases in writing to the public employees retirement system, and be the focal point for communications between the public employees retirement system, the employer, and the employee.
8. The employer agrees that for each employee certified to be eligible to have service credit purchased, the employer will first obtain from the employee authorization for the public employees retirement system to share confidential information with the employer.
9. The employer certifies that in offering the program, the employer is making it available to all employees or a specified class of employees on a nondiscriminatory basis.
10. The employer agrees to provide information and policies pertaining to the employer purchase program pursuant to 39-03.1-28.

When an employer files the above letter with the public employees retirement system, it may offer the program to its employees. An employer may terminate this program at any time upon the governing authority of the employer sending to the executive director of the public employees retirement system a letter indicating when the program is to be canceled.

History: Effective May 1, 2004; amended effective July 1, 2006.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-10.2

CHAPTER 71-05-05 NORMAL AND EARLY RETIREMENT BENEFITS

Section

71-05-05-01 Normal and Early Retirement Benefits - Application

71-05-05-02 Special Retirement Options - Application

71-05-05-03 Payment Date - Regular Early and Normal Retirement Benefits

71-05-05-03.1 Payment Date – Retirement Benefits for Late Retirees

71-05-05-04 Optional Benefits

71-05-05-05 Designation of Beneficiary

71-05-05-06 Lack of a Designated Beneficiary

71-05-05-07 Amount of Early Retirement Benefit

71-05-05-08 Retirement - Dual Membership

71-05-05-09 Assignment or Alienation of Plan Benefits

71-05-05-10 Erroneous Payment of Benefits - Overpayments

71-05-05-11 Erroneous Payment of Benefits - Underpayments

71-05-05-12 Erroneous Payment of Benefits - Appeals

71-05-05-03.1 Payment date - Retirement benefits for late retirees.

Except for retirement options provided in sections 71-05-05-02 and 71-05-05-03, for members who are terminated and older than the age at which they reach their normal retirement date, but who have delayed or inadvertently failed to apply for retirement benefits, the regular accrued annuity benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to their normal retirement date unless the deferred normal retirement option is elected or otherwise approved by the North Dakota public employees retirement system board. There will be no retroactive payment for the retiree health insurance credit program.

History: Effective.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-11

71-05-05-04. Optional benefits. A member may elect, as provided in section 71-05-05-02, to receive one of the following optional benefits in lieu of the regular early or normal retirement benefit.

1. One hundred percent joint and survivor benefit. A member may receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. In the event the member's spouse predeceases the member, or in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the normal retirement amount. Payment of the normal retirement amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree. Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.

Payments of benefits to a member's surviving spouse must be made on the first day of each month, commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate, death certificate, birth certificate verifying age, and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs.

2. Twenty-year or ten-year term certain. A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

3. Partial lump sum option. The partial lump sum option will only be available to members who retire on or after reaching their normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is equal to twelve monthly payments determined under the normal annuity option. The member is permitted to choose one of the optional forms of payment for ongoing benefits. The ongoing benefits will be actuarially reduced to reflect the partial lump sum payment.

4. Deferred normal retirement option. The deferred normal retirement option will only be available to members who retire after reaching their normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is in lieu of a lump sum equal to the amount of missed payments, without interest, retroactive to the member's normal retirement date. The ongoing benefits will be actuarially increased to reflect the lump sum.

History: Effective October 1, 1991; amended effective July 1, 2006.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-11

71-05-05-11. Erroneous payment of benefits - Underpayments.

1. An "underpayment" means a payment of money by the public employees retirement system that results in a person receiving a lower payment than the person is entitled to under the provisions of the retirement plan of membership.

2. If an underpayment occurs, the amount of the lump sum payment must be paid within sixty days of the discovery of the error, ~~with interest at the rate of six percent from the time underpayment occurred.~~

3. If the underpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the employer or recipient, the underpayment of benefits is to include interest at the rate of six percent from the time the underpayment occurred.

4. If the underpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the employer or recipient, the underpayment of benefits will not include interest.

5. If an individual dies prior to receiving the underpayment of benefits, the public employees retirement system must pay the designated beneficiary on record, or in the absence of a designation of beneficiary, to the estate.

History: Effective April 1, 2002; amended effective May 1, 2004.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-25

ARTICLE 71-06 RETIREE HEALTH INSURANCE CREDIT

Chapter

71-06-01 Retiree Health Insurance Credit

CHAPTER 71-06-01 RETIREE HEALTH INSURANCE CREDIT

Section

71-06-01-01 Eligibility for Retiree Health Insurance Credit Applied to Premiums for Annuitants and Surviving Spouses Under the North Dakota Public Employees Retirement System, the North Dakota Highway Patrolmen's Retirement System, the Retired Judges Under North Dakota Century Code Chapter 27-17, Annuitants of the Job Service Retirement Program, and Former Participating Members of the Defined Contribution Retirement Plan Receiving Periodic Distributions

71-06-01-02 Calculation of Retiree Health Insurance Credit

71-06-01-03 For ~~Individuals~~ Retirees Receiving More Than One Benefit Entitled to Retiree Health Insurance Credit

71-06-01-04 Employer Paid Health Premiums [Repealed]

71-06-01-05 Member Contributions

71-06-01-06 Erroneous Crediting of the Retiree Health Insurance Credit

71-06-01-06.1 Retroactive Payment of the Retiree Health Insurance Credit

71-06-01-07 Optional Benefits

71-06-01-08 Vesting in Retiree Health Credit for Members of the Defined Contribution Retirement Plan

71-06-01-03. For individuals retirees receiving more than one benefit entitled to retiree health insurance credit.

1. If an individual retiree is receiving more than one benefit from the public employees retirement system, or other participating system; one as a surviving spouse, and the other based upon their own service credit, ~~the higher of the two retiree health insurance credits will be applied toward the individual's uniform group health insurance premium. Under no circumstances will these two benefits be combined. If the surviving spouse benefit is the larger of the two benefits, and is limited in duration, the individual will be eligible to utilize his or her own retiree health insurance credit upon cessation of surviving spouse benefits~~ the retiree may make application with the public employees retirement system to combine retiree health insurance credits.

2. If an individual retiree is receiving a public employees retirement system retirement benefit as a surviving spouse and is also an active contributor to either the public employees retirement system, the highway patrol retirement system, the judges retirement system, or the job service retirement program, the individual will not be eligible for retiree health insurance credit until one of the following events occurs:

a. The individual active contributor terminates employment, at which time they may receive the retiree health insurance credit as any other surviving spouse.

b. The individual active contributor retires and begins receiving a benefit through an eligible retirement system, at which time they may ~~receive the greater of their own retiree health insurance credit or the credit available as a surviving spouse~~ make application with the public employees retirement system to combine retiree health insurance credits.

3. If the individual retiree is was employed by a political subdivision which does not participate in the public employees retirement system health plan, and is drawing a retirement benefit or a surviving spouse benefit, the individual may receive the retiree health insurance credit as any other annuitant based upon a retiree premium.

4. If a husband and wife are both participants of a retirement system that provides the retiree health insurance credit, and are both receiving a benefit, the retiree health insurance credit will be applied as follows:

a. If each individual retiree takes a single health insurance plan under the uniform group health insurance program, each will have their respective retiree health insurance credit applied to their respective premiums.

b. If only one individual retiree takes a family health plan under the uniform group health insurance program, ~~only that individual will be able to utilize his or her retiree health insurance credit applied to the premium~~ they may make application with the public employees retirement system to combine retiree health insurance credits.

~~c. In no event will the retiree health insurance credits for both spouses be combined and applied to only one premium.~~

5. Persons with service credit in more than one of the participating systems may combine that credit for retiree health insurance purposes, using the credit earned from the system the member contributed to most recently as primary.

6. Retirees are responsible for making application with the public employees retirement system to combine and discontinue combining retiree health insurance credits.

History: Effective April 1, 1992; amended effective June 1, 1996; July 1, 1998.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

71-06-01-07. Optional benefits. A married member may elect to receive one of the following optional retiree health credit benefits in lieu of the retiree health insurance credit option provided in section 71-06-01-01:

1. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced retiree health insurance credit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Benefits shall terminate in the month in which the death of the beneficiary occurs. If the member's spouse predeceases the member, or in the event of divorce, the member's benefit must be returned to the standard option amount. The standard option amount must commence on the first day of the month following the spouse's death if a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

2. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced retiree health insurance credit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Benefits shall terminate in the month in which the death of the beneficiary occurs. If the member's spouse predeceases the member, or in the event of divorce, the member's benefit must be returned to the standard option amount. The standard option amount shall commence on the first day of the month following the spouse's death providing written notification of the death and a death certificate has been submitted or in the event of divorce, a photocopy of the divorce decree.

History: Effective July 1, 1998.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

CHAPTER 71-08-07
ADDITIONAL CONTRIBUTIONS

Section

71-08-07-01 Additional Employer Contributions

71-08-07-02 Eligible Sick Leave

71-08-04-09. Employer purchase of service credit or sick leave program. An employer may elect to purchase up to five years of service credit for an employee and purchase an employee's unused sick leave that meets the requirements of section 71-02-03-08. Before offering a purchase program to its employees the employer must create a program and document the program in writing and submit a copy to the public employees retirement system. The governing authority of the employer shall also submit to the executive director of the public employees retirement system a letter indicating:

1. The program meets all the requirements of the North Dakota Century Code.
2. The program meets all applicable federal requirements.
3. The employer agrees to remit to the public employees retirement system a lump sum payment of the cost of the purchase upon being billed.
4. The employer has not given the employee the option of a cash payment in lieu of the employer purchase.
5. The employer shall clearly specify who is eligible for the program and indicate if the program is intended to be permanent or will be for a specific time period only.
6. The employer agrees that all purchases for service credit will be based upon actuarial cost as determined by the public employees retirement system. The employer also agrees that all purchases will be completed no later than the employee's retirement or sixty days from the date the employer and employee agree to the purchase, whichever comes first.
7. The employer agrees that in offering such a program the employer will direct each employee interested in the program to first apply to the employer's authorized agent who will then certify the eligibility of the member, the amount of service credit to be purchased, and send such certification to the public employees retirement system. The employer also agrees that the employer's authorized agent will coordinate the program, authorize all purchases in writing to the public employees retirement system, and be the focal point for communications between the public employees retirement system, the employer, and the employee.
8. The employer agrees that for each employee certified to be eligible to have service credit purchased, the employer will first obtain from the employee authorization for the public employees retirement system to share confidential information with the employer.
9. The employer certifies that in offering the program, the employer is making it available to all employees or a specified class of employees on a nondiscriminatory basis.

10. The employer agrees to provide information and policies pertaining to the employer purchase program pursuant to NDCC 54-52-26.

When an employer files the above letter with the public employees retirement system, it may offer the program to its employees. An employer may terminate this program at any time upon the governing authority of the employer sending to the executive director of the public employees retirement system a letter indicating when the program is to be canceled.

History: Effective May 1, 2004; amended effective July 1, 2006.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-10.2

Small Entity Regulatory Analysis

- 1. Was establishment of less stringent compliance or reporting requirements for small entities considered? No**
To what result? *The proposed rules do not require any new reporting requirements nor do they add any additional compliance responsibility to any of our existing employers.*
- 2. Was establishment of less stringent schedules or deadlines for compliance or reporting requirements considered for small entities? No**
To what result? *The proposed rules do not require any new reporting requirements nor do they add any additional compliance responsibility to any of our existing employers.*
- 3. Was consolidation or simplification of compliance or reporting requirements for small entities considered? No**
To what result? *The proposed rules do not require any new reporting requirements nor do they add any additional compliance responsibility to any of our existing employers.*
- 4. Were performance standards established for small entities for replacement design or operational standards required in the proposed rule? No. To what result?** *There were no replacement design or operational standards required in the proposed rules.*
- 5. Was exemption of small entities from all or any part of the requirements in the proposed rule considered? No To what result?** *As none were required, none were considered.*

Small Entity Economic Impact Statement

- 1. Which small entities are subject to the proposed rule?** Any participating entity is subject to the proposed rule.
- 2. What are the administrative and other costs required for compliance with the proposed rule?** There are no costs for compliance with the proposed rules. The proposed rules provide additional options for employers and include 71-03-07-06, 71-02-03-07, 71-08-04-09, 71-02-06-04.
- 3. What is the probable cost and benefit to private persons and consumers who are affected by the proposed rule?** Since the proposed rule changes are optional, there is no specific cost or benefit to private persons or consumers. Specific to employer purchases, if a small entity elects to offer an employer purchase program, then the cost is determined specific to the individual that they are purchasing time for and therefore, the exact cost can not be determined at this time.
- 4. What is the probable effect of the proposed rule on state revenues?** Since the proposed rule changes are optional, there is no probable effect or cost on state revenues.
- 5. Is there any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule?** None were identified at this time.



North Dakota
Public Employees Retirement System
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MEMORANDUM

TO: NDERS Board
FROM: Jim Smrcka
DATE: January 07, 2008
SUBJECT: Consultant Fees

Attached is a report showing the consulting, investment and administrative fees paid during the quarter ended December 31, 2007 Please let me know if you have any questions on the report.

Attachment

- FlexComp Program
- Employee Health & Life Insurance
- Dental
- Vision

- Retirement Programs
 - Public Employees
 - Highway Patrol
 - National Guard/Law Enforcement
 - Judges
 - Prior Service
 - Job Service

- Retiree Health Insurance Credit
- Deferred Compensation Program
- Long Term Care Program

**North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter Ended DECEMBER 31, 2007**

	<u>Program/Project</u>	<u>Fee Type</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Fees Paid During The Quarter</u>	<u>Fees Paid Year-To-Date</u>
Actuary/Consulting Fees:							
Gallagher Benefit Services, Inc	Insurance	Fixed Fee	9,500			9,500	9,500
Gallagher Benefit Services, Inc	Ongoing consulting	Time charges		1,159		1,159	19,883
LR Wechsler, LTD	Phase IV	Contract			34,209	34,209	34,209
LR Wechsler, LTD	IT Project	Fixed Fee		2,470		2,470	139,680
LR Wechsler, LTD	Travel Expenses	Actual				-	14,150
Mid Dakota Clinic	Retirement Disability	Time charges	720	-	960	1,680	5,680
The Segal Company	Retirement (DB)	Fixed Fee	14,250			14,250	64,194
The Segal Company	Ret Health Credit	Fixed Fee	2,750			2,750	12,375
The Segal Company	FlexComp	Fixed Fee	3,000			3,000	10,400
The Segal Company	Job Service	Fixed Fee	4,000			4,000	16,400
The Segal Company	QDRO/Compliance	Time charges		1,544	1,621	3,165	10,695
The Segal Company	Legislation	Time charges		344	1,031	1,375	35,406
The Segal Company	Retirement (DC)	Time charges				-	-
The Segal Company	Deferred Comp	Time charges		963	550	1,513	6,463
The Segal Company	Travel Expenses	Actual				-	-
			\$ 34,220	\$ 6,479	\$ 38,372	\$ 79,070	\$ 379,035
Audit Fees:							
Brady Martz	Annual audit	Fixed Fee	\$ 10,000	\$ 4,600		\$ 14,600	48,850
Brady Martz	GSAB 43 and 45 research			\$ 875		\$ 875	875
Legal Fees:							
ICEMILLER llp	IT Project	Time charges				\$ -	7,700
ND Attorney General	Administrative	Time charges	\$ 7,839	\$ 4,031		\$ 11,869	25,604
Calhoun Law Group	Administrative	Time charges				\$ -	-
Investment Fees:							
SIB - Investment Fees	Retirement (DB)	% Allocation	448,601	844,685	*	1,293,286	10,155,976
SIB - Investment Fees	Ret Health Credit	% Allocation	401	328	*	729	148,420
SIB - Investment Fees	Insurance	% Allocation	206	32	*	238	1,002
SIB - Administrative Fees	Retirement (DB)	% Allocation	17,453	15,864	*	33,317	160,017
						\$ 1,327,570	\$ 10,465,415
Administrative Fee:							
Blue Cross Blue Shield	Health Plan	Fixed fee	\$ 736,018	\$ 734,822	\$ 735,480	\$ 2,206,320	8,252,055

* December figures not yet available



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: January, 9, 2008
SUBJECT: Business Plan

Attached please find the final draft report of our agency business plan for 2007. The 2008 plan will be provided in February or March. This document is provided to you for your information. The 2007 plan is provided to give you a perspective of the activities that happened in the last year. This document guides our many business activities for the year and is broken out by program agency drivers or guiding principles. You will note that many activities were completed during the last year and in terms of our internal monitoring of activities we met most of our performance objectives. You will also note that during the last year we received two national recognitions:

- Certificate for Excellence in Financial reporting from GFOA
- Public Pension Coordinating Council Award from the PPCC

We started several new efforts during the last year including:

- A retiree outreach effort in Bismarck
- Expanded our active member outreach programs
- Started our implementation phase of the business system replacement project
- Started an effort to document our administrative processes called P3

Please let me know if you have any questions.



North Dakota Public Employees Retirement System 2007 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 midwest.

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	Progress
<ol style="list-style-type: none"> 1. Begin benefits planning process for retirement plan in 2007. 2. Prepare and submit legislation to PERS Board by December 2007. 3. Work with consultants to do technical and actuarial analysis at request of Board or legislative committees in preparation for 2009 session. 4. Initiate renewal process for disability consulting service by May 1, 2007. 5. Confer with Highway Patrol administration to determine indexing rate and submit to Board at August meeting. 6. Revise administrative rules and provide to BPR division by designated date. 7. Implement new legislation: <ol style="list-style-type: none"> a. HB1078 – policies & procedures for participation by employees of Career & Technical Ed; 	<ol style="list-style-type: none"> 1. PERS Benefits Committee has met and reviewed program and options on 9/4 and 10/3. 2. No action to date 3. Segal provided preliminary technical comments on proposed items for pension plan 4. Board approved new contract at May meeting. 5. Board approved new index at August meeting. 6. Rules were amended and submitted within designated time frame. 7. Conducted meetings with affected employees in

Projects	Progress
<p>coordinate with TFFR</p> <ul style="list-style-type: none"> b. SB2044 – Provide a 13th check in January of 2008 or January of 2009 <ul style="list-style-type: none"> i. Provide for a 2% increase for judges 1/1/08 & 1/1/09 c. SB2045 – Develop policies & procedures for combined health credits d. SB2048 – Develop policies & procedures for deferred normal retirement option (DNRO) <p>8. Conduct board election for active opening:</p> <ul style="list-style-type: none"> a. Appoint election committee; b. Publish notice of election; c. Validate mailing roster and nomination petitions; d. Send out ballots to active membership; e. Canvass ballots and report results to board at June 2007 meeting; f. Notify candidate and departments/agencies of results. <p>9. 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 12/1/07.</p> <p>10. Identify 3 to 5 items for P3 Methodology project.</p> <ul style="list-style-type: none"> a. Legislation: 13th check DNRO Judges 2% Combining RHICs b. Disability recertification c. EPO annual enrollment d. PLSO e. Purchase of Eligible Service Credit f. Sick Leave Conversions g. USERRA purchases h. Enrollments i. Pre-Note j. QDROs <p>11. Implement provisions of Pension Protection Act of 2006:</p> <ul style="list-style-type: none"> a. Allow retired public safety officers to direct up to \$3,000 of retirement income, tax free, to pay for health or LTC premiums. 	<p>August; records have been established; transfer of the account values scheduled for November.</p> <ul style="list-style-type: none"> b. Testing complete for main system; in process for Judges. c. Completed 8/1/07 d. Completed 8/1/07 <p>8. Completed all steps for active member opening within designated time period.</p> <p>9. Board approved increase at October meeting effective for 12/1 benefit payment.</p> <p>10a.</p> <p>Completed.</p> <ul style="list-style-type: none"> d. Completed e. Completed f. Completed g. Completed <p>11. Board approved communication effort proposed by staff at August meeting; have published letter in Fall retiree newsletter. Notices were sent to members of Judges, Law Enforcement and Highway Patrol systems.</p>

Projects	Progress
<p>b. Public safety employees who separate from service after age 50 will not be subject to a 10% early withdrawal penalty.</p> <p>12. 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 2007</p>	<p>b. No action required by PERS.</p> <p>12. Met with Employee Benefit representatives for actives three different times and with representatives for retirees three times.</p>

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.

Projects	Progress
<ol style="list-style-type: none"> 1. To maintain the PPO and monitor expansion of the PPO program and report number of new additions to the network to Board annually. 2. Continue to evaluate EPO program. 3. To investigate the feasibility of providing a flu shot program (fall 2007) 4. To work with the Employee Council on an annual wellness day at the Capital (fall 2007) 5. Begin Benefits Planning Process for health plan for 7/1/2009 renewal. 6. Monitor and promote smoking cessation program for state employees. <ol style="list-style-type: none"> a. Update BCBS contract for approval for 2007-2009 biennium b. Develop new promotion program for biennium 	<ol style="list-style-type: none"> 1. 2. The use of targets was eliminated for the 2007-09 contract period. 3. Completed; conducted 10/16-17 and 10/24-25. 4. Wellness screening was conducted on 9/11 in conjunction with State Employee Recognition Week. 5. Benefits Committee has met on 9/4 & 10/3; Retiree Committee has met on 9/11 & 10/23. 6. Contract updated and approved at June Board meeting; developed new promotion materials in conjunction with BCBS and Health Department; promoted program at Payroll Conference on 6/13 and Wellness Forum on 11/14; notices to employers for distribution to employees sent on 1/26, 3/13, 3/27, 4/1, 8/23.

Projects	Progress
<p>7. Monitor implications of MedicareBlue PDP plan on PERS retiree health plan.</p> <p>8. Provide notice of rate increase to participating employers and direct billed and ACH participants prior to July 1, 2007.</p> <p>9. Provider notice of rate increase to all members on Medicare prior to July 1, 2007 & January 1, 2008</p> <p>10. Promote My HealthConnection program to PERS active employees in conjunction with Health Dialog and BCBS.</p> <p>11. To continue to promote application process for Wellness Benefit Program funding for agency based on-site wellness programs (ongoing).</p> <ol style="list-style-type: none"> Coordinate with committee for evaluation of applications. Communicate status of application to employers. Verify and submit program expenses for reimbursement. Track program statistics regarding number of programs approved and dollars reimbursed and report to board on quarterly basis. <p>12. Monitor and evaluate wellness initiatives for Employer Based Wellness Program at agency & participating sub level in conjunction with premium incentive policy.</p> <ol style="list-style-type: none"> Correspond with all participating employers regarding program and application process for 2007. Review and verify applications in conjunction with premium incentive policy and notify employers of application status. <p>13. Develop & implement policy for participation of District Health Units in Uniform Group Insurance Plan. (HB 1078)</p> <p>14. Initiate dialog with BCBS, Retiree Group, and plan consultants to study feasibility of separately consider the medical and Rx coverage for Medicare Rx coverage. (SB 2045)</p> <p>15. Implement provision of HB 1433 for a collaborative drug therapy program for individuals with diabetes.</p> <p>16. Review proposal by Heart of American Health Plan to continue services in the Rugby Service Area.</p> <ol style="list-style-type: none"> Review rate methodology for Heart of America. <p>17. Report outcome of Minute Clinic project to Board at December 2007 meeting.</p> <p>18. Develop policy and implement late premium payment policy for retirees.</p> <p>19. Monitor and evaluate UND pilot wellness program for the 4 participating agencies.</p>	<p>7. SB 2045 was passed which allows PERS to bid health and Rx coverage separately; currently under review.</p> <p>8. Notices were sent out the last week of May 2007.</p> <p>9. Notices were sent last week of May for July 1 increase; January 1, 2008 notification in process.</p> <p>10. Promoted program by offering a drawing for an IPOD to encourage employees to complete the on-line HRA; notices were sent to employers for distribution on 2/1, 2/16, 2/28, 3/8, 3/12, 3/19, 3/26, 5/7, 8/6; 9/5.</p> <p>11. Addressed at Payroll Conference on 6/13 and Wellness Forum on 11/14; updated funding application and posted to web site; currently working on coordination of funding program with discount program application for 2008. Program statistics tracked by BCBS and reported to PERS.</p> <p>12. Premiums for non-participating employers were adjusted 7/1/07. All employers were notified in March of approval for 2007-08 plan year.</p> <p>13. HB 1179; eligible districts were identified; communicated effect of legislation; conducted in service training on 6/5 and 14; assisted employers with enrollment for 8/1 effective date</p> <p>14. Retiree group formulated and met on 9/11 and 10/23; group recommended selecting the Ideal formulary for the Blue Rx product effective 1/1/08.</p> <p>15. In process; proposal submitted by ND Pharmacy Association is under review;</p> <p>16. Board approved premium for 7/1/07 at January meeting; rate methodology has not been reviewed.</p> <p>17. Scheduled for review at November meeting.</p> <p>18. Accounting is working on this.</p> <p>19. Staff has met with UND several times during the</p>

Projects	Progress
<p>20. Identify 3 to 5 items for P3 Methodology Project.</p> <ul style="list-style-type: none"> a. Medical Support Notices b. New Group Enrollment Health c. Rate Increase letters, general rate increase and PDP (Medicare D) annual rate increase <p>21. Establish a wellness advisory committee of participating employers to help develop initiatives for consideration by the PERS Board (summer of 2007)</p> <p>22. Assist in designing and conducting Wellness Forum for participating employers. September 2007</p> <p>23. Maintain database of BCBS monthly data on health plan performance, specifically, Surplus/Affordability report; quarterly and annual utilization; (ongoing)</p> <p>24. Medicare data match (federally mandated) ongoing</p> <p>25. Prepare and distribute large agency/employer report annually. Summer 2007</p> <p>26. Annually track health plan coverage issues and inconsistencies between NDPERS Plan and BCBS Standard Lines of Business, analyze their effects and report to NDPERS Board.</p> <p>27. Finalize analysis of health rates for 2007-09 (Summer/Fall 2007)</p> <p>28. Assist in evaluating and analyzing rate information for health insurance program. (Spring 2007)</p> <p>29. Work with UND Medical School and employers to pilot employee based wellness initiative.</p> <p>30. Measure employer based wellness health participation and report to NDPERS Board. Dec 2007</p> <p>31. Collect and evaluate employer based wellness plan updates Dec 2007</p> <p>32. Collect and evaluate employer based wellness plan proposals Jan 2007</p> <p>33. Provide support to Worksite Wellness Steering Committee by being a resource to the committee, attending meetings and providing input to the group. Ongoing</p>	<p>year and UND has reported to the Board 3 times this year.</p> <p>20. a. Completed</p> <p>21.</p> <p>22. Assisted in designing and producing the Wellness Forum. Also acted as 2 of 3 moderators and facilitated where needed during the actual forum.</p> <p>23. Provided monthly Board updates and quarterly and annual utilization figures.</p> <p>24. Medicare data matches continue to be processed as they come in.</p> <p>25. Large Agency health reports were provided to employer groups who had 100+ employees. (45 were prepared)</p> <p>26. A report was prepared for the Benefits Committee and presented both there as well as for the NDPERS Board.</p> <p>27. The health rates analysis was completed and new rates were implemented in July 2007.</p> <p>28. Analyzing and evaluating rate information for the health insurance plan was completed from April through June 2007.</p> <p>29. Provide assistance as requested, Rebecca Fricke has primary responsibility here.</p> <p>30. Measuring employer based wellness health participation has not been completed as of this date.</p> <p>31. Employer based wellness plan updates are not due until May 2008. Assistance will be provided as needed at that time.</p> <p>32. Assistance to employer based wellness plan has been provided on an "as needed" basis.</p> <p>33. This item was assigned to Rebecca Fricke due to LASR project responsibilities. Status of this committee is unknown at this time.</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	Progress
<ol style="list-style-type: none"> 1. Review options for renewal of contract and provide proposal to Board at May meeting. 2. Identify 3 to 5 items for P3 Methodology Project. <ul style="list-style-type: none"> • Life Insurance – Disability Retirement 3. 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 2007 4. Review and create rate tables' life and health as is necessary. June 2007 	<ol style="list-style-type: none"> 1. Negotiated with carrier for a 3-year renewal; Board approved the proposal for renewal in 2008. 2. In process. 3. Met in October and November with both active and retiree benefits committees. 4. No change for life insurance rates. A life census was compiled and sent to the provider for the upcoming rate renewal.

VOLUNTARY GROUP INSURANCE PLANS

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. Includes dental, vision, LTC and EAP.

Projects	Progress
<ol style="list-style-type: none"> 1. Initiate RFP process for EAP. <ol style="list-style-type: none"> a. Submit final proposal review analysis and recommendation to board at May 2007 meeting. b. Send notification to employers by June 1, 2007 c. Address issue at Payroll conference in June 2. Continue to work with dental carrier to resolve administrative issues with regard o billing and eligibility updates to participant records. 3. Review options regarding LTC plan 4. Review the merits of extending the vision contract so it does not have to bid during the LASER project. 5. Identify 3 to 5 items for P3 Methodology Project. <ul style="list-style-type: none"> • Drop Dependent Dental 	<ol style="list-style-type: none"> 1. This was done by Research and Planning. 2. Ongoing; have resolved some coverage issues. 3. Unum contact is currently reviewing the plan design. 4. Have received written verification from Ameritas proposing extending renewal to December 2009 at current rates. Will refer to Board for action at January 2008 meeting. 5. In process.

457 DEFERRED COMPENSATION PLAN

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 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. 2. Implement automatic enrollment option for employees hired on and after August 1, 2007: <ol style="list-style-type: none"> a. Coordinate with companion plan administrator to develop administrative policies and procedures. b. Develop reporting format for eligibility and contributions. c. Develop communication materials for new hire kit. d. Develop notifications for employers and also present at Payroll Conference in June. e. Update Plan Document and SPD. f. Develop opt out form. 3. Monitor enrollment through expedited process and continue to promote program to employers. 4. Implement SB 2047 – automatic enrollment. 5. Identify 3 to 5 items for P3 Methodology Project. <ol style="list-style-type: none"> a. Rollover/Transfer of funds b. Mutual Fund Window enrollment c. Financial Hardship application 	<ol style="list-style-type: none"> 1. Conducted in 2007: Bismarck 5/21-23; Fargo & Grand Forks 9/12-14; Bismarck 10/29-31 at WSI and Commerce. 2. Bill failed. No action required. 3. Promoted through publication in Summer 2007 active newsletter 4. Bill did not pass; no further action required. 5. In process.

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	Progress
<ol style="list-style-type: none"> 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. 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. 3. Identify 3 to 5 items for P3 Methodology Project. <ol style="list-style-type: none"> a. USERRA purchases b. Mutual Fund Window enrollment c. Transfer/Rollover procedures d. DC plan retirement benefit distribution 	<ol style="list-style-type: none"> 1. Was informed in November that distribution of these materials had not been done for approximately a year. A list of eligibles for the time period was provided; 64 members were affected; obtained approval from executive director to provide a 3 month special election window to those individuals. Project completed by 12/14. For future monitoring, have implemented a requirement that the division manager will be provided with a monthly report of eligible members and date action taken. 2. Conducted in 2007: Bismarck 5/21-23; Fargo & Grand Forks 9/12-14; WSI & Commerce 10/29-31. 3. a. Completed.

FLEXCOMP PROGRAM

Projects	Progress
<ol style="list-style-type: none"> 1. Continue to monitor and assess the PeopleSoft claims processing software to address implementation and processing issues related to grace period option. 	<ol style="list-style-type: none"> 1. Tested programming changes for Grace Period processing and implemented for 2007 PY; provided 2006 annual enrollment update to Board at February meeting.

<ol style="list-style-type: none"> 2. 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. 3. Incorporate any changes to Plan Document. 4. Implement PeopleSoft portal access for non-central payroll agencies. 5. Identify 3 to 5 items for P3 Methodology Project. <ol style="list-style-type: none"> a. Determine status of eligible medical or dependent care expenses. b. Payment of Claims. c. Ability to perform COBRA notifications in compliance with Federal Regulations. d. Ability to enroll terminated employee in COBRA benefits for medical spending reimbursement in compliance with Federal regulations. e. Procedures to enroll District Health Units in FlexComp Plan. 	<ol style="list-style-type: none"> 2. First 9 mos. @ 97% between 3-7 business days. 3. None in 2007. 4. Implemented 11/1/07 5. <ol style="list-style-type: none"> a. Completed b. Completed
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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	Progress
<ol style="list-style-type: none"> 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. 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. 3. Retain and maintain a qualified, fully trained staff to counsel members and maintain ongoing relationship throughout retirement career. 4. Respond to purchase & repurchase inquiries within 10 business days. 5. Respond to benefit calculation requests and member inquiries related to all benefit programs within 5 business days of receipt. 6. Generate and distribute annuitant checks by the 1st business day of the month. 7. To maintain/increase member understanding of the PERS benefits as measured in the biennial survey 8. To maintain a 3.5 average on the daily report cards for each program area. 9. Continue to provide benefit programs support for phase II of ConnectND project. 10. Provide support and service to employers that elect to join the law enforcement plan. 11. Promote ACH services for direct billed members for health and COBRA premiums. 12. Investigate feasibility of terminating Travelers contract for administrative services and assuming responsibility of COLA payments to Job Service retirees. 	<ol style="list-style-type: none"> 1. Meetings were conducted monthly according to schedule. 2. Retirement and group insurance meetings were conducted at least monthly throughout the year; deferred comp and defined contribution and member service group meetings were conducted at least monthly throughout the year. Meetings on flex program were conducted on as needed basis. 3. Pending year end update from Rebecca 4. No deviations documented or reported. 5. No deviations documented or reported. 6. No deviations documented or reported. 7. Survey not conducted. 8. Information not available until after end of year. 9. Support provided as required. 10. Ongoing; one group joined in 2007. 11. Sent out mailing to direct bill participants in September. 12. Address through new Business System.

Projects	Progress
<p>13. Investigate feasibility of Met Life transferring balance of paid-up annuity account to PERS to make 100% payment to annuitants.</p> <p>14. Develop operating plan for 3 year LASR to include utilization of staff resources.</p> <p>15. Assist in review and update of the PeopleSoft Benefits Administration open enrollment procedures and materials provided to state agencies. Summer 2007</p> <p>16. Assist in developing user guide for employees to access benefit information through PeopleSoft e-benefits.</p> <p>17. Support and develop distribution of outreach programs</p> <ul style="list-style-type: none"> • Pre-Retirement Education Program (PREP) • Portability Enhancement Provision (PEP) • New Employer Groups • Provider Training-Deferred Comp • PeopleSoft Benefit Administration User Trainings <p>18. Participate on the project team for the business system replacement project.</p> <p>19. Assist with the coordination and planning of the 2007 Payroll Conference to be scheduled for June 2007 in Bismarck</p> <p>20. Investigate the possibility of hosting a Retiree Forum in Bismarck at the Heritage Center the Fall of 2007.</p> <p>21. 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>22. Provide ACH files to Bank of North Dakota to facilitate payment of insurance premiums by the 5th of each month.</p> <p>23. Generate and mail monthly IBS billings by the end of each month.</p> <p>24. Process enrollment forms, designation of beneficiary forms and address changes daily/weekly.</p> <p>25. Process batch data entry within one day of receiving.</p> <p>26. Prepare calculations for transfers to other retirement plans (DC & TIAA CREF) within 3 business days.</p> <p>27. Post contributions for defined contribution participants and transfer funds to carrier within 3 business days of receiving information in good order.</p> <p>28. Post contributions for deferred compensation participants and transfer funds to providers within 3 business days of receiving information in good order.</p> <p>29. Coordinate programming requests for modifications to the PeopleSoft FSA module with ConnectND IT project team. (ongoing)</p> <p>30. Work with dental and vision carriers to establish more effective list bill system for central payroll agencies (July 2007)</p> <p>31. Review and update the PeopleSoft Benefits Administration open enrollment procedures and materials for the Fall 2007 enrollment.</p> <p>32. Participate as a member of the ConnectND project team.</p> <p>33. Project manager for the business system replacement project.</p> <p>34. Implement PeopleSoft A/R-Billing modules to replace manual spreadsheets for the group insurance</p>	<p>13. No action taken.</p> <p>14. Plan submitted June 2007; have hired benefit technician and benefit specialist; have made and offer was accepted for another benefit specialist.</p> <p>15. Provided assistance as requested in reviewing and updating of open enrollment materials.</p> <p>16. Assisted in updating user materials, suggesting subject matter and providing written procedure as needed.</p> <p>17. Provided administrative support to 10 PREPs, 9 PEPs, and 26 new group/employee.</p> <p>18. Participated on the LASR steering committee.</p> <p>19. Administrative Services staff participated in the 2007 Payroll Conference with 270 plus attendees.</p> <p>20. A Retiree Forum was held on Monday, November 19, 2007 at the Bismarck Civic Center with 147 registered.</p> <p>21-28. No deviations documented or reported</p> <p>29. No requests were completed during this reporting period</p> <p>30. Staff was set up and trained to access CIGNA's employer portal in July. Retiree and Central Payroll enrollments/changes are entered by PERS instead of sent to carrier. Exception reports are being used to reconcile the billings; changes that need to be made to CIGNA's system are able to be entered in-house. This same feature was implemented for the Ameritas vision plan in September. This has significantly improved the accuracy and timeliness of information on the carrier's system which has greatly improved the billing reconciliation process. The next step will be to expand this functionality to non-central payroll agencies.</p> <p>31. This was completed in September 2007</p> <p>32. Participate at least monthly in bi-weekly status update meetings. Coordinate PERS testing for software updates.</p> <p>33. These duties started 10/1/07. The changes in staffing in the accounting department appear to be</p>

Projects	Progress
<p>cash receipts journal and subsidiary ledgers</p> <p>35. Utilize PeopleSoft billing module to generate billings for COBRA dental and vision participants</p> <p>36. Coordinate effort to set up FlexComp participants who are not on PeopleSoft payroll to access their spending account information through the PeopleSoft portal.</p> <p>37. Draft policy, process and procedure documents for risk management incident reporting, establishing a fiscal note on legislation, monthly health insurance analysis, Quarterly Investment Reporting & Investment Subcommittee Meetings.</p>	<p>adequate to allow me to spend approximately 80% of my time directly on the project.</p> <p>34. PeopleSoft A/R-Billing modules were implemented 7/1/07 for the group insurance employer billings. The new processes have been implemented and are working very well. It has allowed us to produce invoices and monthly statements to employers who have outstanding balances. Transactions are entered daily and are integrated with the general ledger, which allows us to updated balances daily.</p> <p>35. Work has not started on this project as we want to stabilize the new processes for a/r-billing first.</p> <p>36. This was completed in November 2007</p> <p>37. P3 methodology has been drafted for Incident Reporting and Quarterly Investment Reporting.</p>

Goals and Objectives

Promote consistent administration of benefit programs.

Projects	Progress
<ol style="list-style-type: none"> 1. Publish and distribute quarterly PERSonnel Updates newsletter to all authorized agent/payroll contacts. 2. Develop and implement web based education program for authorized agents. 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. 4. Coordinate revision and promulgation of administrative rules as needed. 5. Submit final draft of rules to NDPERS Board for approval. January 2008 6. Submit approved rules with required documentation to Attorney General's office for review. February 2008 7. Submit approved, reviewed rules to legislative counsel for formal promulgation. June 2008 8. Attend Legislative Rules Committee follow-up meeting for promulgated rules. June 2008. 9. Assist in providing training to Peoplesoft/HR payroll users as needed. 10. Assist in updating Peoplesoft Benefits Administration user manuals and training exercises as is necessary. 11. Provide feedback and other assistance as necessary to publish Peoplesoft benefits administration bulletins and distribute to payroll users. 12. Assist in effort to follow-up with state agencies to assist in processing open events on People Soft Benefits Administration prior to monthly payroll cutoff as needed. Provide support in the following areas: 13. Update PeopleSoft Benefits Administration training exercises. 14. Publish PeopleSoft Benefits Administration Bulletins on the portal for payroll users on an as needed basis. 15. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month. 16. Train new PeopleSoft HR/Payroll Users 17. 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 5th of each month. 18. Update employer manual within 60 days of making a change in any employer reporting procedures. 19. Follow up on employer retirement contribution reporting errors within 30 days of discovery. Calculate 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) 	<ol style="list-style-type: none"> 1. Ongoing; have published and distributed 2 active and two retiree editions in 2007. 2. Have powerpoint for in-house training; has not transitioned to web. 3. All communication materials were updated effective 6/1/07 in conjunction with biannual payroll conference. 4. Met with staff and established timeframe for rule promulgation as well as coordinated the revision efforts. 5. Final draft of rules was submitted at the October Board meeting, hearing and comment period was conducted and results and final draft of rules is being submitted to the board for the January 2008 meeting. 6. This step is pending, subject to Board approval of final draft of rules. 7. This step will be completed subject to the Attorney General's approval of the proposed rules. 8. The Legislative Rules Committee has not yet met regarding NDPERS proposed rules, but will do so subject to the successful completion of the promulgation process. 9. Have not been needed for training activities in 2007. 10. Have worked on revising training exercises which were posted on the website in fall of 2007. 11. Have provided feedback when requested 12. Assist in monthly follow-up efforts to facilitate the timely processing of agency benefits administration events. 13. PeopleSoft Benefits Administration training exercises 1 through 12 have been updated November 2007 and posted to the PERS website. All payroll personnel are notified through a PeopleSoft portal article. 14. Benefits administration articles are published on the PeopleSoft portal monthly and as necessary and requested.

Projects	Progress
<p>20. Work with OMB to schedule & provide training for new PeopleSoft HR/Payroll users</p> <p>21. Update PeopleSoft Benefits Administration user manuals and training exercise to reflect the upgrade to version 8.9</p> <p>22. Publish PeopleSoft Benefits Administration Bulletins on the PeopleSoft portal for payroll users on an as needed basis.</p> <p>23. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month.</p> <p>24. P3 Methodology Project:</p> <ul style="list-style-type: none"> a. Daily deposits b. Daily batches c. Bank Reconcilements d. Accounts Payable e. IDBS <p>27. P3 Methodology Project:</p> <ul style="list-style-type: none"> a. Incoming Mail Process b. Outgoing Mail Process c. Address Correction Process d. Indexing and Imaging Process e. Mass Mailing Process f. Printing Request Process 	<p>15. The PERS team responds to HEAT tickets (requests through the ITD Service Desk) from the ITD Service Desk relating to PeopleSoft Benefits Administration problems.</p> <p>17.No deviations documented or reported</p> <p>18.Employer guide was updated in April</p> <p>19. Progress is being made on following up on discrepancies with 30 days as a result of adding additional staff in the accounting division.</p> <p>20. No training has been scheduled with OMB. Benefits Administration session was provided at NDPERS Payroll Conference in June.</p> <p>21. The training exercises were updated and put on the NDPERS website in November; work needs to continue on updating the user manual.</p> <p>22. Articles were placed on the portal as needed</p> <p>23. Deb and Cheryl are following up with state agencies who have open events each month. An article is also posted on the PeopleSoft portal reminding agencies to process their open events prior to payroll cutoff.</p> <p>24. The P3 project is in progress with the 5 areas identified expected to be completed in February 2008.</p> <p>27. P3 methodology processes have been drafted and some completed.</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	Progress
<p>1. Continue to work with ITD on developing and upgrading FileNet.</p> <p>2. Keep up to date and coordinate with ITD relating to electronic records retention.</p>	<p>1. Upgraded FileNet to include Contracts/Agreements, the lookup tables for the TFFR members, and update lookup table to process flexcomp using the PeopleSoft Employee ID.</p>

	<ol style="list-style-type: none"> Attend the ITD EDMS Working Group meetings to obtain relevant and up-to-date information relating to electronic records retention. Will need to update agency procedures and train staff.
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Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> Purge records on an annual basis according to the North Dakota Century Code. Formalize the process of retention of electronic documents. Maintain all forms development and design in house. Maintain the design and layout of kits. Maintain forms and kits on the web. 	<ol style="list-style-type: none"> Records were purged prior to October 31, 2007. Research is in process. Forms are developed inhouse. Forms used for open enrollment are finalized at ITD in order to bar code. Kits are designed inhouse. All forms and kits are maintained on the web.

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	Progress
<ol style="list-style-type: none"> Continue to work through the program areas to streamline processes and procedures where possible or requested by staff. 	<ol style="list-style-type: none"> On an ongoing basis Administrative Services staff brings ideas to streamline or update processes. Consult with Accounting, Benefits, and IT to determine more efficient ways to do processes.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> Produce and deliver Board books within 5 days of Board meeting. Have meeting minutes prepared for the next meeting. 	<ol style="list-style-type: none"> Board books are produced and delivered within 5 days of Board meetings.

<ol style="list-style-type: none"> 3. Provide all Board materials via website to download for the interest groups. 4. Create an electronic copy of all Board materials beginning with 1989. 5. Provide website support for displaying and storing Board materials. 	<ol style="list-style-type: none"> 2. Meeting minutes are prepared for the next meeting. 3. Board materials are provided on the website prior to each Board meeting and are sent via email to those requesting the electronic Board book. 4. In process. All Board books since January 2006 have been saved as a pdf and saved on the U drive. 5. Website is maintained for Board materials.
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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.

Projects	Progress
<p><u>Group Insurance – (Active)</u></p> <ol style="list-style-type: none"> 1. Continue to process all applications accurately on a daily basis. 2. Data verification process on all active applications (95% accuracy). 3. Respond to deadlines for billings 4. Process dependent drop letters within 2 business days of receipt from BCBS. 5. Process COBRA notices within 1 business day. 6. Provide BCBS with daily delivery of applications. 7. Respond to deadlines outlined on the operational calendar. <ul style="list-style-type: none"> • Keying adjustments • Mailing billings <p><u>Group Insurance – (Retiree)</u></p> <ol style="list-style-type: none"> 1. Process retiree applications accurately on a daily basis. 2. Data verification on all retiree applications (95% accuracy). 3. Maintain excel file (file used by member services and administrators to respond to phone calls) 4. Process nearing age 65 letters within 2 business days of receipt from BCBS. 5. Process Medicare Part D applications accurately and timely and maintain spreadsheet to be e-mailed to BCBS weekly. <p><u>Life Insurance –</u></p> <ol style="list-style-type: none"> 1. Maintain daily process and communication to payroll and member on Life Insurance applications 2. Maintain procedures established and approved by the NDPERS Board for annual enrollment. 3. Data verification process on life insurance applications (95% accuracy). <p><u>Retirement –</u></p> <ol style="list-style-type: none"> 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. 	<p>Group Insurance –Active: Applications are processed daily with a 90% accuracy rate (as validated through the data verification process. Errors are corrected).</p> <p>Group Insurance – Retiree: Applications are processed daily with a 90% accuracy rate (as validated through the data verification process and all errors are corrected).</p> <p>Life Insurance: Applications are processed timely with a 91% accuracy rate (as validated through the data verification process and all errors are corrected).</p> <p>Retirement: New retiree files are maintained on a daily basis and kept as up to date as possible. Follow-up is done immediately when paperwork is not received in the office or is not completed accurately.</p> <p>Deferred Comp: Applications are processed daily with accurate and timely responses to agents and provider companies.</p>

Projects	Progress
<p>5. Respond to deadlines outlined on the operations calendar.</p> <p>6. Process defined contribution eligibles on a daily basis.</p> <p>7. Process for mailing on the first business day of the month.</p> <ul style="list-style-type: none"> • First Retirement Check & Letter • Refund/Rollover checks • TIAA-CREF letters • 1099r for deceased <p><u>Deferred Comp –</u></p> <p>1. Continue to process all applications on a daily basis.</p> <p>2. Provide accurate and timely correspondence to agents and provider companies.</p> <p>3. Maintain accurate continuing education records on the company agents.</p> <p>4. Maintain deferred comp database in a timely manner</p> <p><u>Incoming and outgoing Mail –</u></p> <p>1. Ensure proper handling of incoming and out going mail.</p> <p>2. Meet the deadline given on large mailings</p> <p>3. Ensure that the 4 postage accounts balance</p> <p>4. Ensure that the 4 postage accounts have adequate funds</p> <p>5. Ensure the most cost effective way of sending out information.</p> <p>6. Have incoming and outgoing mail backed up 5 deep.</p> <p><u>Procurement –</u></p> <p>1. Ensure an ample supply of office supplies, paper, and envelopes are available.</p> <p>2. Ensure and maintain efficient use of the office equipment. (Copiers, postage equipment, inserter/stuffing machine, smart mailer, phones)</p> <p><u>Back-up Duties -</u></p> <p>1. Have incoming and outgoing mail duties backed up by all Administrative Services staff.</p> <p>2. Have critical day-to-day duties backed up.</p>	<p>Mail: All areas of incoming and outgoing mail functions are being met. Currently working with the USPS on the most efficient and cost effective method to track returned mail using new software.</p> <p>Procurement: Office supplies, etc. are ordered on a scheduled twice a month basis.</p> <p>Back-up Duties: The mail function is backed up by all Administrative Services staff. The individual that backed up FileNet is in a different position in the division, so it is necessary to train another individual (in progress). All other duties are provided back up.</p>

Goals and Objectives

Assess the administrative services needs of the agency.

Projects	Progress
<p>1. Meet annually with Managers, Administrators, and Auditor to identify level of needs</p> <p>2. Categorize and prioritize the needs.</p> <p>3. Develop a plan to implement the needs.</p> <p>4. Continue to be part of the various PERS working groups, (Retirement, Group Insurance, Deferred Compensation, and IT).</p>	<p>There continues to be open communication with Managers, Administrators, Specialists, Auditor. There was opportunity to discuss needs during the time when Administrative Services Manager was conducting performance evaluations and also with</p>

	the hiring of an Office Assistant III, job duties were reallocated and needs were discussed with the support staff, managers and administrators at that time. Administrative Services staff is involved in the various working groups and discussion involves workload and upcoming projects.
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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	Progress
<ol style="list-style-type: none"> 1. Conduct monthly team meetings and individual meetings to discuss and communicate program, policy or procedural changes in process or implementation of these changes. 2. Encourage staff to attend seminars relevant to their job duties. 3. Continue membership in and attend meetings of the American Records Management Association (Bismarck/Mandan Chapter). 	<ol style="list-style-type: none"> 1. Monthly team meetings are conducted communicating updates, discussion of processes, projects, or ideas for improvement. 2. Staff is encouraged to attend at least 1 workshop each year. 3. NDPERS continues its membership in the ARMA, Bismarck/Mandan Chapter.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Provide input and make recommendations for programming changes through monthly Steering Committee meetings. 2. Assist in testing new applications and data provided for active and retiree annual statements. 3. Provide staff support to IT division to facilitate migration of mainframe software programs to a windows based environment. 4. Provide staff support to IT Division to evaluate and make recommendations regarding replacement of existing mainframe benefits administration system. 5. Provide staff support for Project Management oversight of LASR project. 6. Conduct cross reference audits of retiree data. <ul style="list-style-type: none"> - Complete quarterly cross reference of retiree data against Dept of Vital Records death database 	<ol style="list-style-type: none"> 1. Meetings are staffed by division. 2. Testing for active statements conducted in compliance with time frame and feedback provided to IT staff. 3. Staff support provided; migration project was withdrawn. 4. Staff support provided as requested. 5. Have dedicated on staff for project management oversight (Sharmain). 6. Quarterly cross reference of retiree data against Vital Records database was completed each quarter and an annual cross match was conducted with

Projects	Progress
<p>- Conduct annual cross match with private vender, subject to price.</p> <ol style="list-style-type: none"> 7. - Conduct cross match with Social Security Administration periodically, subject to price and availability. (annually) 8. Provide matches to Programs Division for follow-up. 9. Test PeopleSoft FSA & Benefits Administration modules as needed in conversion to 8.9. (Sharon should this be removed or will I be needed for testing, etc on the self service portal.) 10. Report issues that are discovered with PeopleSoft FSA or Benefits Administration. 11. Conduct monthly steering committee meetings, prioritize and assign programming requests that are submitted, and distribute an updated programming request list to steering committee members. 12. Complete all projects with critical or legislative deadlines on time and on budget. 13. Provide support for PeopleSoft queries. 14. 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. 15. Participate with ITD in the Mainframe Migration Project. 16. Work with selected vendor on the system replacement project. 17. Test PeopleSoft FSA and Benefits Administration modules as required for patches, upgrades, etc 18. 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. 19. Update tables on PeopleSoft to reflect insurance rate changes, new legislation, 457 limits, and any other changes that impact the system. <ol style="list-style-type: none"> a. Pt/temp eligible to participate in DC plan b. Limit pt/temp enrollment in health & life insurance to 20/20 rule c. Set up new retirement plan for Career & Tech Ed d. Set up separate benefit plans for state dental and vision and higher education dental and vision e. Determine best way to update deferred comp provider name changes on benefit plan tables 20. Implement PeopleSoft savings management functionality to more efficiently monitor 457 50+ and catch up limits (June 2007) 21. Participate in user acceptance testing as required for mainframe migration project (summer 2007) 22. Initiate, test and implement programming required for 457 plan auto enrollment (August 2007) 	<p>Comserv in spring of 2007</p> <ol style="list-style-type: none"> 7. A cross match was also conducted with the Social Security Administration in the fall of 2007. 8. The results or matches from the above cross reference initiatives were provided to the Benefits Division for follow-up as well as to Internal Audit. 9. Testing of 8.9 version was not requested during this time period. 10. Issues that are discovered with Peoplesoft are reported to Sharon S as they are discovered and monitored on the Heat ticket system. 11. For the most part, Steering Committee meetings are held on a monthly basis. 12. A few projects during the past year missed their "critical deadlines". However, no serious problems were reported as a result of the delays. 13. IT staff continues to provide support for PeopleSoft queries. 14. The formal testing process has hit a roadblock since ITD has not offered the software we were expecting to use. However, the process we expected to employ will be included in the LASR project. 15. Due to several delays in our start date for testing the mainframe migration project and the potential conflict with the start date for the LASR project, we are no longer participating in the mainframe migration project. NDPERS' migration from the mainframe will be completed when the LASR project is complete. 16. IT staff is currently working with Sagitec on the LASR project. 17. Coordinated testing for tools upgrade in October and tax patch in December 18. Issues are being kept track of, however a formal issue log has not been developed yet. Work will continue on this project. 19. Updated health insurance rates, EAP rates, EAP providers, employer wellness, TFFR return to teach contribution rates, career & tech ed retirement. Changes for a, b, d & e will be worked on in 2008 20. Savings management was implemented June

Projects	Progress
	2007, procedures were developed and implemented for the State and BND. 21. N/A – mainframe migration project was cancelled 22. N/A – 457 auto enrollment bill was vetoed

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor performance relative to standards set forth in provider and administrative contracts/agreements. 2. At least annually, review deferred comp agent list for compliance with training requirements and provide notification of non-compliance to the provider companies. 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. 4. Assess the performance of member service unit at BCBS based on monthly accuracy and timeliness reports and semi-annual service unit survey. 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. 6. Conduct annual health claims audit at BCBS. (January 2007) 7. Report results to BCBS for comment and report to NDPERS Board. March 2007 8. Work with BlueCross BlueShield to resolve any outstanding issues. Ongoing 	<ol style="list-style-type: none"> 1. Had some issues with CIGNA contract with regard to coverage and reimbursement for periodontal cleaning services which have been resolved. Had issue with Prudential regarding payment of interest on claims; we have been notified this has been addressed. 2. Notices were sent to contact representatives of those companies with agents out of compliance in December 2007. Response deadline is January 18, 2008. 3. Updated plan document, provider handbook, and SPD and posted to web site. 4. Review monthly performance standards reports; standards are being met. Review results of member satisfaction surveys conducted by BCBS in February and August. 5. No meetings scheduled. 6. Annual health claims audit was conducted in January 2007. 7. Results were reported to BCBS and the NDPERS Board in February 2007. 8. There are currently no outstanding audit issues.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor and ensure ongoing compliance with HIPAA Privacy Rule provisions: <ul style="list-style-type: none"> • Conduct ongoing training as necessary. • Maintain required documentation. • Review current procedures for compliance (report to board each December). • Send privacy notification by April 14, 2009 (required every 3 years) 2. Comply with federal requirements to submit annual Credible Coverage Disclosure to CMS by March 2007. 3. Complete compliance testing on FlexComp program annually. Spring 2007 4. Document procedures for monitoring compliance of pretax purchase agreements. 5. Document procedures for USERRA refunds of employee payments and reimbursements from employers 6. Implement federal regulations for Medicare Part D, relating to penalties for delayed enrollments, into the group insurance billing system. 7. Continue to participate in the Enterprise Architecture project. 	<ol style="list-style-type: none"> 1. Updated privacy policy on web. Training for some new staff not yet scheduled. 2. Disclosure completed and submitted to CMS in March. 3. Compliance testing was completed in March 2007. 4-5. No progress was made on these projects in 2007. Service purchase is an area that will be worked on in 2008 as part of the P3 methodology project. 6. Regulations have not been received yet so no progress could be made on this project. 7. NDPERS is represented by the IT staff on 5 Enterprise Architecture teams.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Review and maintain HIPAA security provisions. 2. Conduct staff training annually. 3. Monitor and ensure ongoing compliance with HIPAA Security Rule provisions. 4. Acquire and maintain required documentation. 5. Conduct annual review of policies and procedures manual to ensure it stays current. 	<ol style="list-style-type: none"> 1. HIPAA security provisions were reviewed at Dec 2006 Loss Control Committee Meeting. 2. Staff training was completed in March 2007. 3. Security Rule provisions are monitored on an ongoing basis. Annual meetings are held with IT staff as well. 4. This is an ongoing process. 5. In addition to the review conducted in #1 of this section, Mike Mullen of the attorney general's office was asked to review to ensure compliance.

Goals and Objectives

Provider certification/education program for 457 reps.

Projects	Progress
1. Conduct training each year, subject to demand, rotating locations throughout the state., Fall 2007	1. Eight sessions were conducted in Minot, Williston, Bismarck, Fargo and Grand Forks. Two more were conducted in Bismarck in November.

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	Progress
<ol style="list-style-type: none"> 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) 2. Maintain a program designed to minimize injuries and personal risk to NDPERS employees and members during the course of their daily work. (ongoing) 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) 4. Attend annual Risk Management Seminar. May 2007 5. Complete and submit risk management discount applications for workers compensation and risk management premiums. (May 2007) 6. Revise and enter COOP Plan on statewide Strohl system. (ongoing) 7. Establish risk management/business disaster recovery component to be included in monthly staff meetings. 	<ol style="list-style-type: none"> 1. Conducted review of functional priorities and identified primary and back-up teams for all identified functions. 2. Loss control program to minimize injuries and personal risk is ongoing. Reminders provided to staff via staff meetings and periodic emails. 3. Quarterly Loss Control Meetings have been conducted with active participation from Loss Control committee, minutes are available. 4. Attended the Risk Management seminar over two half days in April. 5. Discount applications were completed and submitted for both Workers Safety and risk management premiums. Premium discount was awarded for both programs. 6. Updated personal attributes for NDPERS staff and updated staff contact information and listings. Participated in Lignite Winds Pandemic Exercise. 7. Risk management component was not provided at all staff meetings. However, various components were highlighted for a majority of the meetings.

Goals and Objectives

Develop and maintain a comprehensive accounting policy and procedure manual.

Projects	Progress
<ol style="list-style-type: none"> 1. Identify accounting duties that are not documented and prepare procedures as necessary; 2. Document procedures for processing the following types of purchases in the DB and DC plan: employers, USERRA, rollovers and pretax. 	<ol style="list-style-type: none"> 1 Several policies in the group insurance area were documented as a result of training a new staff member in this area. 2. No progress was made on this project in 2007. Service purchase is an area that will be worked on in 2008 as part of the P3 methodology project.

Goals and Objectives

Provide online access to as much data as feasible.

Projects	Progress
<ol style="list-style-type: none"> 1. Work with ITD to migrate reports stored on COM (Computer Output to Microfiche) to FileNet. 2. Work with BND to get PERS accounting department set up for on-line access to our bank accounts. 	<ol style="list-style-type: none"> 1. This has been completed. 2. On-line access was established for the accounting department in June.

Goals and Objectives

Automate as many processes as feasible.

Projects	Progress
<ol style="list-style-type: none"> 1. Identify requirements for bar coding IBS form 2. Continue to work with ITD to identify and prioritize documents to move to Wappapello/FileNet. Approximately 100 reports/letters. 3. Work with agency staff to determine workflow processing needs for the system replacement project. 	<ol style="list-style-type: none"> 1. No progress was made on this project due to PERS and ITD staff limitations. 2. To date, approximately 40 reports and letters have been moved to File/Net.

Goals and Objectives

Upgrade computer hardware and software according to agency replacement schedule.

Projects	Progress
1. Determine hardware and software upgrades necessary to remain in compliance with Enterprise Architecture standards and agency's 4 year hardware replacement schedule.	1. Hardware and software are in compliance with Enterprise Architecture Standards. Our next planned upgrade will be during the 09-11 biennium.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor ITD's LAN availability data utilizing ITD's services. 2. Update LAN Administrator's Manual. 3. Upgrade server hardware & software to accommodate disk space and performance requirements. 	<ol style="list-style-type: none"> 1. PERS has not found an effective way to monitor the LAN availability. New software might need to be purchased to accomplish this task. 2. LAN Administrator's Manual has not been updated as of 10/26/2007. Update will be made in 1st quarter of 2008. 3. The server hardware and software are in the process of being upgraded. This task is expected to be completed by the end of 1st quarter of 2008.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 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. 2. Expand insurance verification process to include retiree applications, ACH forms and COBRA elections 	<ol style="list-style-type: none"> 1. Forms were verified and overall accuracy was acceptable. 2. Due to turnover in the administrative services division, resources were unavailable to implement this process. Work will proceed on this once the division is fully staffed and trained.

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.

Projects	Progress
<ol style="list-style-type: none"> 1. Review with management to obtain final enterprise risk management (ERM) assessment every four years (in even years). 2. Determine if questionnaire is adequate. 3. Make adjustments as needed. 4. Facilitate an enterprise risk management (ERM) assessment with the input of senior management, Audit Committee and the board to be completed by October 1 (every four years in even years). 5. Issue report to Executive Management. 	<ol style="list-style-type: none"> 1. This is to be done in 2008.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Review questionnaires that address control and risk issues for each benefit program and services with management and staff every two years (in odd years after new legislation is in place) and determine if it is meeting division needs. 2. Make adjustments as needed. 3. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October 1 of each odd year. 4. Issue report to Management. 	<ol style="list-style-type: none"> 1. Reviewed questionnaire September 2007. 2. Made adjustments as needed. 3. Sent via email the questionnaires for each benefit program and member services area 10/2/07 – responses due by 11/1/07. 4. Report was issued November 14, 2007.

Goals and Objectives

Develop and execute an audit plan utilizing the control self-assessment results to ensure value added services to management.

Projects	Progress
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 	<ol style="list-style-type: none"> 1. Matrix was completed with results of questionnaires and reviewed. 2-4. An audit plan was developed and approved for 2008.

Goals and Objectives

Develop and execute an improved audit process for benefit programs and member services.

Projects	Progress
<ol style="list-style-type: none"> 1. Improve communications with staff regarding upcoming audits and throughout audit process. 2. Develop and document understanding of work process before conducting audit, including flowcharting of processes and internal controls. 3. Utilize the risk evaluation worksheet for each audit before developing audit program. 4. Examine internal operating controls to ensure efficiency and effectiveness. 5. Conduct audit focusing on high risk areas. 6. Issue final report in a timely manner for value added services to management and staff. 	<p>1-6. This will be implemented with the first assigned audit starting in October/November 2007</p>

Goals and Objectives

Improve the effectiveness of internal audit services.

Projects	Progress
<ol style="list-style-type: none"> 1. Review and update the policy and procedure manual and all audit templates prior to calendar year end. 2. Conduct records review and purge per records management retention schedule in November of each year. 3. Maintain daily and update periodically worksheets in Excel to track time spent on audits and projects. 4. Issue an annual audit plan that includes the working plans developed using the risk assessment process for the benefit programs, member services, information technology and accounting divisions. 5. 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. 6. Periodically review the Internal Audit Charter and update if necessary. 7. Develop internal quality assessment program to assure the internal audit division achieves the "generally conforms to standards" rating. 8. Schedule an external quality assurance review in accordance with IIA Standards. 	<ol style="list-style-type: none"> 1. To be done December 2007. This was not done in 2006 due to staffing shortage in accounting in 2006, which carried over to July 2007. 2. Completed record purge in September 2007. 3. Daily input into the Project Management workbook to track time is completed by both auditors. 4. Annual audit plan will be submitted to the audit committee 11/21/07 for approval. 5. This was completed in December 2007. 6. This was completed in December 2007. 7. Started in December 2007, to be finished in January 2008. 8. Developing a RFP at this time, to be reviewed with the audit committee at the February meeting.

Goals and Objectives

Participate in assigned committees.

Projects	Progress
<ol style="list-style-type: none"> 1. Attend meetings 2. Provide input as required 3. Periodically provide reports to executive director and Audit Committee regarding internal audit's involvement in committees and other consulting services. 	<ol style="list-style-type: none"> 1. Attended scheduled steering committee, LASR steering committee, Loss Control, Insurance working group, and staff meetings as required 2. Provided input as needed 3. Reports/memos were issued as needed.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Develop questionnaires that address control and risk issues for each program to be audited with input from management and staff. 2. Develop action plan based on the results of responses on questionnaires. 3. Conduct special examinations requested by management and staff in a timely manner. 4. Issue a report summarizing results of engagement. 	<ol style="list-style-type: none"> 1. There was no need for questionnaires this year. 2. No action plan developed based on questionnaires 3. Conducted a review of BCBS interest calculation reports, and reviewed several benefit adjustment files for staff.

Goals and Objectives

Provide consulting services at the request of management to improve effectiveness of risk management, control, and governance processes, including the integrated business system, P³ methodology and mainframe migration.

Projects	Progress
<ol style="list-style-type: none"> 1. Develop questionnaires that address control and risk issues for each program with input from management and staff. 2. Develop consulting engagement plan based on the results of responses on questionnaires. 3. Conduct consulting services requested by management and staff in a timely manner. 4. Write summary of results of consulting engagement. 5. Participate in Loss Committee activities. 6. P3 Methodology Project: <ol style="list-style-type: none"> a. Identify Internal Audit Policies b. Determine processes to implement policies 	<ol style="list-style-type: none"> 1. There were no questionnaires developed due to time constraints 2. No plan developed based on questionnaire responses. 3. Reviewed the LASR Project Hours reports for accuracy as requested. 4. Issued a consulting observation report on the LASR Project Hours review. 5. Attended 3 of 4 Loss Control meetings.

c. Define how processes are completed	6. P3 Methodology project in progress – 14 narratives completed, working on flowcharting
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Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Meet with IT to discuss availability of information for each program. 2. Determine best access to information 3. Develop plan to obtain data 4. Develop and implement ACL audit projects. 5. Complete ACL audit projects. 6. Issue a report summarizing results. 	<ol style="list-style-type: none"> 1. Worked with IT to obtain group insurance premium information as needed 2. Information in a text or excel file format works 3-6. Did not use ACL due to staffing shortage in accounting

Goals and Objectives

Ensure compliance with federal and state tax reporting regulations.

Projects	Progress
<ol style="list-style-type: none"> 1. Deposit federal and state tax withholding by established deadlines. 2. File quarterly and annual federal returns with the Internal Revenue Service by established deadlines. 3. File W-2 and 1099R forms with the appropriate agencies and provide copies to recipients by established deadlines. 4. Reconcile monthly 1099R reports. 5. Implement procedure to reconcile 1099R files with general ledger. 6. Conduct annual Section 415 testing on service purchase contributions by April 15 of each year. 7. Follow up with employers who internal audit has identified as having retirement contribution reporting discrepancies. Make corrections to member records, as necessary. 	<ol style="list-style-type: none"> 1-4 No deviations documented or reported 5. Procedures will be developed and implemented starting in 2008 6. No deviations documented or reported 7. This has been done as required.

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	Progress
<ol style="list-style-type: none"> 1. Continue to test and make recommendations for enhancements to on-line services program. 2. Investigate on-line enrollment options for all benefit programs and implement effective with 2008 annual enrollment season. 3. Continue to promote on-line services by increasing employee awareness through education and communication. 4. Develop and implement a web based new employee orientation program on PERS benefits. 	<ol style="list-style-type: none"> 1. No updates in past year. 2. All forms were made fillable on line. 3. 4. No action on this item. New Hire Kit is available on line.

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	Progress
<ol style="list-style-type: none"> 1. Collect and communicate investment returns quarterly to the NDPERS Board for the Companion Plan in the 457 program. 2. Collect and communicate investment returns quarterly to the NDPERS Board for the Defined Contribution Plan retirement program. 3. Post quarterly investment return reports on NDPERS website to insure access for membership. 4. Realign 401(a) and 457 Companion Plan lineup with investment subcommittee to adequately cover the investment spectrum. Fall 2007 5. Review statement of investment policy for 401(a), 457, Defined Benefit and Job Service retirement systems. Annually – Fall 2007 	<ol style="list-style-type: none"> 1. Investment returns for the companion plan were collected, reviewed and provided to the NDPERS board each quarter. 2. Investment returns for the defined contribution retirement plan were collected, reviewed and provided to the NDPERS board each quarter. 3. Investment return reports were posted each quarter for both the Companion Plan and the Defined Contribution Plan. 4. Investment subcommittee reviews fund line-up on an ongoing basis. Recently a new midcap value option was added. 5. A major rewrite project was concluded last Spring and was presented to the NDPERS Board as well.

Goals and Objectives

Investigate alternative methods of delivering/receiving benefit information.

Projects	Progress
<ol style="list-style-type: none"> 1. Keep benefit estimate program updated and accessible on website for new employer groups to use and explore changes as requested. 2. Explore making the purchase program available in online services so it doesn't have to be a download. Dec 2007 3. Provide support through helpdesk inquiries and as needed if Peoplesoft e-benefits are used to allow state/higher education employees to enroll in benefits for the Fall annual enrollment. 	<ol style="list-style-type: none"> 3. Benefit estimate program has been maintained on NDPERS website on an ongoing basis. Support is also provided upon request. 4. No work has been completed in this area. 5. Help desk support is provided on an ongoing basis. Although e-benefits was not used for open enrollment, support was provided for payroll.

Goals and Objectives

Investigate and procure a solution to replace the existing Legacy System

Projects	Progress
<ol style="list-style-type: none"> 4. Review and evaluate proposals received in RFP process started in 2006. 5. Conduct LASR steering committee meetings and coordinate consulting services and budget. 6. Attend and evaluate demonstration sessions provided by invited bidders. Feb 2006 7. Conduct and evaluate reference checks via teleconference for bidders 8. Conduct on site visit and evaluate vendor references 9. Report results of above activities to NDPERS Board 10. Initiate and assist in contract negotiation with chosen bidder 11. Provide quarterly reporting to ITD Large Project Committee 	<ol style="list-style-type: none"> 1. Received two proposals, evaluated one and rejected one due to missed deadline. 2. Coordinated and conducted LASR steering committee and successfully coordinated consulting services, coming in under budget. 3. Coordinated, attended and evaluated demonstration provided by Sagitec. 4. Conducted and evaluated reference check for Sagitec and subcontractor for file conversion. 5. Onsite visits were conducted and evaluated, concluding in April 07. 6. Monthly reports were reported to NDPERS Board. 7. Contract negotiation was initiated and successfully completed in August. 8. Timely quarterly reporting was provided to ITD Large Project committee as well as pre and post implementation reporting. Also provided a final implementation report to the Legislative ITD Committee in November.

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	Progress
<ol style="list-style-type: none"> 1. Update all communication materials as indicated by new legislation, plan design, administrative or federal changes and have available on web site by August 1, 2007. 2. Produce annual statements for actives and retirees. 8/07 & 12/07 3. Develop and distribute consolidated annual enrollment notifications for health, life, dental, vision, LTC and FlexComp plans fall 2007. 4. Gather product information and coordinate revision of Investment Summary booklet for the 457 program. Fall 2007 5. Promote updated Investment Summary in newsletter. 6. Send updates in newsletter format, as needed, to deferred comp providers in 2007. (July 2007) 7. Conduct monthly Website committee meetings. 8. Update website within 3 business days of receiving new information or changes. 9. Work with Web Committee to determine ways to attract visitors to our website. Discuss possibility of "auto enrolling" new hires. 	<ol style="list-style-type: none"> 1. Project completed. 2. Annual statements for actives produced and mailed in early August; 3. Completed on time; all applications forms were made fillable on line. 4. Product information was gathered and document was revised and posted to NDPERS Website in October. 5. Investment Summary was promoted in Provider Newsletter and will be in the next member newsletter. 6. Newsletter update was sent to 457 Provider representatives in July 2007. 4. For the most part, web committee meetings are held monthly. 5. Web site is generally updated within 3 business days of receiving new information or changes. 6. No work has been done on this item so far this year. "Auto enrolling" is being discussed as part of the PERSLink project.

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	Progress
1. Conduct agency based Pre-retirement Education Programs (PREP) by request. 2. Conduct two PERS sponsored pre-retirement seminars in 2007.	1. Conducted five PREPs in conjunction with TFFR – 466 attendees; Conducted PREP in Williston on 4/30 with 33 attendees. Conducted 8 PEP presentations with 169 attendees. 2. Conducted Biggie in Bismarck on 10/10 with 370 attendees.
3. Conduct retiree forum in fall 2007.	Conducted in Bismarck on November 19, 2007.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none">1. To publish every 3 to 5 months a newsletter for the active and retired members2. To provide notice of annual EPO open enrollment to members at least one week before the beginning of the enrollment period.3. Meet with pension plan contacts concerning proposed legislation, to communicate progress and discuss actuarial review and technical comments and discuss any necessary amendments.	<ol style="list-style-type: none">1. Published and distributed 3 retiree editions and 2 active editions.2. Completed on schedule.3. Have met with Highway Patrol, Judges & Job Service in November regarding actuarial review and preliminary legislation discussions. Follow-up meeting is scheduled in January to finalize legislative agenda to be reported to NDPERS Board. Air National Guard were not available to meet, but were sent actuarial information and potential legislation ideas were requested.

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.

Projects	Progress
<ol style="list-style-type: none"> 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) 2. Maintain tracking procedure to monitor application processing during life annual enrollment. 	<ol style="list-style-type: none"> 1. No deviations documented or recorded. 2. Carrier continues to provide an electronic file each month for tracking purposes.

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.

Projects	Progress
<ol style="list-style-type: none"> 1. Maintain a qualified, fully trained member services staff by providing ongoing training on benefit program changes. 2. Evaluate ability of member service staff to assist office in other administrative areas. 3. Meet goal of assisting at least 68% of incoming calls. 	<ol style="list-style-type: none"> 1. In 2007, training occurred this year on HIPAA, Incident Reports, Revised Cancellation of Health Procedures, New Group Inquiries for retirement & health insurance, Cigna & Ameritas websites, Legislative changes for RHIC, PHI contact list, public safety officers & federal law, & annual enrollment period for 2007. 2. Provided assistance as requested. 3. As November, 2007 the unit assisted 72% of incoming calls.

4. Develop response letter for retirees inquiring about dental or vision coverage.	4. Letter template was developed and implemented 11/2007.
5. Revise group health matrix letters to incorporate Medicare Part D information.	5. Letter template developed and implemented June 2007.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> To continue to provide 500 to 700 one on one counseling sessions annually. Investigate other communication media for the delivery of NDPERS services to members. Do a pilot program to conduct one on one counseling session at employer locations in second half of 2007. 	<ol style="list-style-type: none"> Join a meeting; Pilot conducted in August. Program formally implemented 9/1/07. Have conducted a little over 170 individual sessions since inception.

Goals and Objectives

Communicate with our members and clients via NDPERS web site.

Projects	Progress
<ol style="list-style-type: none"> Maintain current information and update as needed the information for the Internal Audit division and the Audit Committee on the NDPERS web site. 	<ol style="list-style-type: none"> IT posted audit committee meeting minutes as they become available. Updated data on web site in July 2007.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> Develop an audit report by the February Audit Committee meeting. Review the audit report with Executive Management and the Audit Committee and obtain the Audit Committee's approval. 	<ol style="list-style-type: none"> 2.A formal audit report was not developed due to staffing shortage in accounting.

Goals and Objectives

Participate in professional organizations.

Projects	Progress
<ol style="list-style-type: none"> 1. Maintain membership in professional organizations. 2. Volunteer services for organizations. 3. Network with other professionals. 	<ol style="list-style-type: none"> 1. Member of APPFA and NoDak Chapter of IIA, attended one APPFA conference, 2 IIA seminars, and 2 monthly IIA meetings. 2. Volunteered to participate in APPFA's Best Practices Committee, assist the local IIA chapter Newsletter Editor and Treasurer with their duties. 3. Network with professionals at meetings and through email as needed.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Plan quarterly Audit Committee meetings. 2. Attend quarterly Audit Committee meetings. 3. Provide Audit Committee agenda to the Audit Committee members a minimum of one week prior to meeting. 4. Review annually the Audit Committee charter, determine if the Audit Committee has met their responsibility and issue a report to the board. 5. Periodically review the Audit Committee charter and update if necessary. 6. Build and strengthen relationship with executive management and the Audit Committee. 	<ol style="list-style-type: none"> 1. Audit committee meetings were conducted in February, May, and August. 2. Attended all quarterly meetings 3. Audit Committee agenda was provided to audit committee members at least 5 days prior to each meeting 4. The Audit Committee Charter review and report was completed by the November meeting 5. Audit Committee Charter will be updated to include verbiage on compensation for Audit Committee's consideration February 2008 6. Continue to work with Audit Committee so they play a more active part

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Assist in developing a log of common questions/problems and document appropriate action. 2. Respond to problems logged through the ITD help desk within 24 hours. 3. Continue to update a log of common questions/problems and document appropriate response. 4. Respond to problems logged through the ITD Service desk within 24 hours. 5. Initiate discussions with OMB to clarify roles for supporting PeopleSoft Benefits Administration. 	<ol style="list-style-type: none"> 1. This is an ongoing process and as situations arise, they are documented and added to the trouble shooting log. 2. Heat tickets are responded to during my regular hours of work, but 24 hours is not always possible for resolution, as research needs to be done before problem is addressed. 3. Benefits administration troubleshooting log is being updated as new questions/problems are identified. Cheryl has been cross-trained to assist with FlexComp troubleshooting. 4. Responses are not always made within 24 hours on problems logged through the ITD Service desk when staff has conflicting priorities. However, responses are provided by critical payroll deadlines. 5. This will be done in 2008.

Goals and Objectives

Work with employers to ensure satisfaction with NDPERS service and provide excellent service to our members.

Projects	Progress
<ol style="list-style-type: none"> 1. Explore concept of establishing employer user group, including group size, frequency of meeting, subject matter to cover, etc. Summer 2007 2. Establish Employer User Group to meet periodically to obtain feedback on NDPERS programs and service from an employer perspective. Fall 2007 	<ol style="list-style-type: none"> 1. Met and identified potential participants and have invited them to participate. Target group size is under ten, meeting approximately three times per year to cover NDPERS administration as well as rollout new processes in this area and the LASR project. 2. User group is presently being established, first meeting is anticipated to be early March.

Agency Driver and Philosophy

Driver

Attract and retain a competent and highly motivated work force

Philosophy

- Foster a climate where staff supports team efforts focuses 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.

Projects	Progress
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.	1. Assisted with job announcements for Administrative Services and Accounting Divisions; recruited benefit specialist and benefit technician for Benefits Division.

Goals and Objectives

Maintain a performance evaluation system that is comprehensive and equitable.

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor system to ensure 6 month probationary reviews are conducted for new hires. 2. Ensure reviews are conducted at least annually for all classified staff and filed in respective employee file. 3. Review evaluation forms. 4. Monitor performance evaluation system and make adjustments as identified by management. 	<ol style="list-style-type: none"> 1. Reviews were conducted on 6 month basis. 2. Reviews for calendar year 2006 conducted for all staff in first quarter of 2007. 3. Evaluation forms were reviewed and filed in personnel files. 4. System is currently under review.

Goals and Objectives

Maintain an updated internal policy and procedure manual.

Projects	Progress
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.	1. Changes are monitored.

Goals and Objectives

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

Projects	Progress
1. Update PIQ records for all classified positions as indicated by adjustments to job tasks/duties. 2. Submit PIQs to HRMS for reclassification as necessary. Retain records in personnel files. 3. Develop PIQ for new accounting FTE's, submit for classification, recruit & fill positions	1. Developed PIQ for benefit technician & benefit specialist positions and two accountant II positions; updated PIQs for flexcomp coordinator, administrative assistant I & office assistant III positions. 2. Prepared and submitted reclassification requests for positions 1223, 225, 1243 & 1245; prepared and submitted classification requests for positions 25544, 25561, and 25545. 3. PIQs were submitted for classification in May; account tech position was filled in July; deferred comp accountant was filled in August ; insurance accountant was reclassified and filled in October

Goals and Objectives

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

Projects	Progress
1. Process monthly payroll and leave reporting within the timeframes established by OMB. 2. Reconcile source documents to accrued leave report, monthly. 3. Attend payroll training sessions provided by OMB. (ongoing)	1-3 No deviations documented or reported

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none">1. Budget for continuing education program to obtain no less than 20 hours per fiscal year (120 hours every three years).2. Maintain a periodic quality assurance activity within the division to prepare for the five year quality assurance review beginning January 1, 2007.3. Provide annual professional development opportunities to each audit staff member to meet requirements of professional auditing standards.	<ol style="list-style-type: none">1. Funding is provided for staff to attend continuing education2. This has not been completed due to time constraints. It will be done in conjunction with the "Improve the effectiveness of internal audit services" goal and objective #7 listed above. An RFP is in the development stage.3. Seminars and conferences have been provided to staff to attend. A total of 94.5 hours was earned in 2007. Jamie earned 48.5 hours, and Leon earned 46 hours.

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.

Projects	Progress
<ol style="list-style-type: none"> 1. Have prepared annually an actuarial report of the PERS Defined Benefit plans. 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. 3. Report to the Board annually, status of employers subject to minimum participation and contribution requirements under the health plan. 4. Review and prepare information on potential cost management and utilization management programs developing for health plan and report to the PERS Board. 5. Review disease management services, monitor effectiveness of program and evaluate service provider. (Fall 2007) 6. Monitor and analyze employee focused wellness program conducted in conjunction with UND Family Practice Center as requested. 7. Monitor implementation of mail order prescriptions and use and periodically report to NDPERS Board. 8. Monitor and analyze cost effectiveness of Prime Therapeutics. Subject to information being available. Winter 2007 9. Identify and refine concepts of quality improvement in healthcare, focusing on identified protocols and treatments. ongoing 10. Review, revise and identify procurement policy that does not pertain to NDPERS and draft proposed policy. Winter 2007 11. Review DC expenses and set administrative costs for DC plan 	<ol style="list-style-type: none"> 1 & 2: Annual valuations were prepared by Segal and reviewed with Board at October meeting. 3. Results not yet available 4. This information has not been requested to date, so has not been provided. 5. Have attended ongoing meetings with Health Dialog and Wellness team, assisting when requested. 6. There has been no activity recently in this area. Will provide assistance upon request. 7. Last report to the NDPERS Board was November 2007. 8. This initiative was not possible, as pertinent information is not available. 9. Coordinated with BCBS to provide Board updates. 10. The Loss Control is currently reviewing procurement compliance. 11. This project will be worked on in 2008.

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.

Projects	Progress
1. Participate in RFP process for all programs, as necessary, analyzing responses received from vendors and participating in the selection of successful vendor.	Have participated in Procurement Consultant & Quality Control RFP and LASR RFP processes.

Goals and Objectives

Administer the DB Plan utilizing the principles of excellence established for the pension community by the Pension Benefit Coordinating Council.

Projects	Progress
1. Review requirements for Pension Benefit Coordinating Council Award and submit if NDPERS plan qualifies.	Initial assessment was done and submitted in November. NDPERS qualifies for and has received the PBCC Award for 2007.

Goals and Objectives

Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting annually.

Projects	Progress
<ol style="list-style-type: none"> 1. Publish a comprehensive annual financial report and submit it to the GFOA by December 31 of each year. 2. Implement new GASB reporting requirements for Other Post-employment Benefits 	<ol style="list-style-type: none"> 1. Received the GFOA Certificate of Excellence in Financial Reporting for the 2006 annual report. The 2007 annual report was submitted to the GFOA in December. 2. GASB 43 reporting requirements for the Retiree Health Insurance Credit Fund were implemented in the audit report for fiscal year end June 30, 2007.

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.

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare monthly bank account reconcilements. 2. Prepare monthly reconciliation of retirement contributions and deferred comp contributions posted to mainframe database. 3. Prepare monthly reconciliation of insurance premiums received and remitted to insurance carriers. 4. Prepare monthly reconciliation of retirement check write. 5. Prepare quarterly reconciliation of deferred comp provider reports and transfers, and monitor distribution compliance. 6. Reconcile deferred comp contributions reported on provider reports to cash receipts journal. 7. Prepare monthly FlexComp reconciliation 8. Prepare monthly reconcilements of contributor account balances and annuitant minimum guarantees 9. Develop and implement procedures for reconciling retirement contributions to Central Payroll reports and Higher Ed reports, monthly 10. Develop and implement procedures to reconcile FlexComp FICA savings received from Central Payroll when preparing the monthly financial statements. 11. Implement audit recommendations from internal and external auditors. 12. Document all security requests to ITD and their responses. 13. Conduct annual review of who has access to PERS' systems and what those privileges are. 14. Monitor and record monthly reporting of all access to PERS' production environment. 	<ol style="list-style-type: none"> 1-5 Tasks were completed within established timeframes. 6. Procedures will be developed and implemented for this reconciliation in 2008 7-9 These reconcilements are being done on a monthly basis 10. Procedures were developed and implemented in May. 11. Several audit recommendations were implemented in 2007. Work will continue on the recommendations from the 6/30/07 audit 12. This is currently in practice and ongoing. 13. This review is scheduled for Dec 2007. 14. ITD supplies PERS with a monthly report of all access to PERS' production environment.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 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. 	<p>N/A for 2007</p>

Goals and Objectives

Monitor budgeted expenditures to actual expenditures, monthly

Projects	Progress
<ol style="list-style-type: none"> 1. Update actual expenditures each month within one week of receiving accounting reports. Report unusual variances to Executive Director immediately. 2. Monitor cash flows for FICA tax savings to determine adequacy as a funding source for the FlexComp and Deferred Comp programs and LASR project 3. Monitor consultant expenses and report to Board, quarterly. 	<ol style="list-style-type: none"> 1-2 No deviations documented or reported 3. Accounting Supervisor has been trained in this duty and is reporting to the Board quarterly.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare retirement plan allocation for RIO, monthly. 2. Allocate expenditures to appropriate benefit program, monthly and annually. 3. Review existing expenses allocation policy each year and update if necessary 	<ol style="list-style-type: none"> 1. This project is not being completed monthly, as a result of accounting staff turnover. However, the information is being provided to RIO at fiscal year end in order to complete the required fund allocation for the annual audit. The account tech will be trained on this task in 2008. 2. No deviations documented or reported 3. Accounting Supervisor will be trained on this task in 2008

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 1. This process will begin in Jan 2008 for the 2009-2011 plan.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Deposit cash receipts daily. 2. Transfer excess cash balances from the Bank of North Dakota to be invested by RIO. 3. Allocate deposits to appropriate bank accounts, daily. 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. 	<ol style="list-style-type: none"> 1-3 No deviations documented or reported. 4. This project will be worked on in 2008

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare cash receipts journals, cash disbursement journals, subsidiary ledgers and other supporting schedules, monthly. 2. Allocate expenditures to appropriate benefit program, monthly and annually. 	<ol style="list-style-type: none"> 1. This project was not able to be completed timely during the 1st half of the year as a result of staff shortages in the accounting division. Now that the division is fully staffed, we are meeting the monthly timeframes. 2. Allocations were made within established timeframes.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Provide the actuary with electronic census data by July 31 and financial data by September 5 of each year. 2. Test programming changes that will allow electronic preparation of census data for Job Service retirees who are paid through PERS. Work with Benefits/Audit divisions to gather information to be populated (June 2008) 	<ol style="list-style-type: none"> 1. Data was provided to actuary within established timeframes. 2. This project will be worked on in 2008.

Goals and Objectives

Evaluate and execute a comprehensive control self-assessment program for the Accounting and Information Technology area.

Projects	Progress
<ol style="list-style-type: none"> 1. Develop or evaluate questionnaires that address control and risk issues for each program to be examined with input from management and staff every two years (off years after new legislation is in place). 2. Determine if it is meeting needs of the accounting division. 3. Make adjustments as needed. 4. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October 1, 2007. 5. Issue report to Management. 	<ol style="list-style-type: none"> 1. Reviewed questionnaire September 2007 2. Made adjustments as needed 3. Sent via email the questionnaires for each accounting function area 10/2/07 – responses due by 11/1/07 4. Report was issued November 9, 2007 and reviewed with management

Goals and Objectives

Develop and execute a working audit plan utilizing the control self-assessment results that will provide value added services to management.

Projects	Progress
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 	<ol style="list-style-type: none"> 1. This was completed 11/21/07 2-4. An audit plan was developed and approved for 2008.

Goals and Objectives

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

Projects	Progress
<ol style="list-style-type: none"> 1. Obtain from IT actuary data in January and July. 2. Conduct tests on actuary data utilizing ACL software 3. Follow up on discrepancies found 4. Provide management with a report. 	<ol style="list-style-type: none"> 1. Did not receive January 2007 data, but did receive July 2007 data the end of July. 2. No tests completed this year, but plan to start in 2008 when January data is available.

Goals and Objectives

Develop and execute an improved audit process for accounting and information technology.

Projects	Progress
<ol style="list-style-type: none"> 1. Improve communications with staff regarding upcoming audits and throughout audit process. 2. Develop and document understanding of work process before conducting audit, including flowcharting processes 3. Utilize the risk evaluation worksheet for each audit before developing audit program. 4. Examine internal accounting and application controls to ensure efficiency and effectiveness. 5. Conduct audit focusing on high risk areas, including health insurance premium, claims and interest report and pharmacy benefit managers. 6. Issue final report in a timely manner for value added services to management and staff. 	<p>1-6. This will be implemented with the first assigned audit starting in October/November 2007</p>

Goals and Objectives

Coordinate and supplement external audit efforts.

Projects	Progress
<ol style="list-style-type: none"> 1. Assist State Auditors Office with review of RFP as requested 2. Provide input to State Auditors Office on proposals. 3. Contact audit firm to schedule conference room 4. Discuss with audit firm coordination of audits to minimize duplicated efforts. 5. Communicate with audit firm as necessary. 6. Provide information to audit firm as requested. 7. Coordinate reporting of audit results to executive management and the Audit Committee. 	<ol style="list-style-type: none"> 1-2. No RFP issued in 2007 3. Scheduled auditors in June for June preliminary work and August field work 4. Discuss with audit manager how we can assist them in their audit this year 5. Communicated frequently with auditors throughout period 6. Provided information as requested to the auditors 7. Scheduled exit conference with staff and management, with audit committee, and with the board.



North Dakota Public Employees Retirement System 2007 Business Plan

Table of Contents

Agency Drivers	Page
• Provide an employee benefit package that is among the best available for public and private employers in the upper Midwest.	1
• Ensure the efficient and accurate administration of member benefits.	11
• Research and evaluate benefit products and services.	30
• Educate members, employers and the public on the value of PERS policies and programs.	32
• Earn the respect and trust of our clients.	35
• Attract and retain a competent and highly motivated work force.	39
• Maintain actuarial and financial soundness of the funds.	42



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Memorandum

TO: PERS Board

FROM: Bryan and Sharon

DATE: **January 17, 2008**

SUBJECT: **PERSLink Project**

Attached is the first PERSLink quarterly status report. NDPERS is required to file this report with ITD throughout the duration of our system replacement project. The first three months were the planning phase, so the report isn't as detailed as future reports will be. Note that the planning phase went well and the project is on time and on budget.

If you have any questions, Sharon or Bryan will be available at the NDPERS Board meeting.

For period:	October 1, 2007-December 31, 2007
Submitted by:	Sharon Schiermeister

EXECUTIVE SUMMARY

Status Item	Current Status	Prior Status	Summary
Overall Project Planning Status	Green	Green	<i>Establish an effective project management environment, launch team building exercises, define team roles, gain a better understanding of NDPERS needs and produce contractual deliverables. Mission Statement: "WE commit to successfully implement a robust, reliable, secure web-enabled, integrated benefit administration system that improves NDPERS' business operations and services."</i>

Accomplishments:

The project completed the first three phases of the project: Initiation, Expectation Management and Infrastructure Creation. This was accomplished by holding weekly team status and planning meetings, facilitating 17 team building meetings with training in a variety of topics including the use of SharePoint(project repository), risk identification, minimizing staff burnout, developing a team mission statement, etc. review of 19 legacy business processes and related data, and a review of 2100 business and other requirements. The following deliverables were produced, reviewed, modified and accepted:

Statement(s) of Work for Phases I, II and III with corresponding WBS, Risk Management Plan, Communications Plan, Issue Management Process, Change Management Process, Development Methodology Overview, Concept of Operations, Process Change and Transition Management Plan. A kickoff meeting was held with NDPERS staff and the staff was given training on the Development Methodology that the vendor (Sagitec) will be using.

The following deliverables were also completed as part of the planning phases:

Infrastructure Delivery: The Sagitec team worked with ITD to establish the infrastructure needed for the development environment, including SharePoint, and the Framework and Reference Model to be used for the development of PERSLink. The development environment was set-up by ITD and tested by Sagitec for readiness for the next Phase of the project.

Requirements Traceability Matrix (RTM) Update: Requirements listed in the initial RFP were discussed, categorized and loaded into a software tool, SCOUT, for future tracking to insure that the software delivered by Sagitec meets the needs of NDPERS. In addition, Sagitec prepared a detailed Project Work Plan using Microsoft Project for the first two Pilots.

Overall WBS and detailed project plan: As part of the planning effort, Sagitec presented NDPERS with their proposed rollout of functionality and the detailed project plan for Pilot 1.1 (through deployment) and Pilot 2.1 (through parallel testing). The overall rollout plan was shared with the Steering Committee and NDPERS staff. The detailed project plan was also reviewed by ITD OPM and their suggestions incorporated into the final version.

The project team started on the following tasks for the next phase:

Phase planning: The Statement of Work (SOW) for Pilot 1.1 and Pilot 2.1 were presented for review by NDPERS.

Scope Definition and Analysis: The initial draft of the Use Case Model for Pilot 1.1 and Pilot 2.1 was developed.

Expected Accomplishments:

During the next reporting period the project will enter the execution phase. Two major groups of activities will be initiated in parallel: Phase 4: System Release 1.0, Pilot 1.1 and Phase 5: System Release 2.0, Pilot 2.1. The project activities are planned to be performed following the System Development Life Cycle within each pilot, using an iterative approach. For each Pilot the following activities will be initiated: Functional Analysis and Design (includes a series of JAD sessions), Technical Analysis and Design, Construction, and Unit Testing (includes a series of iterations linked to the JAD sessions), and Data Conversion. The project team will continue to hold weekly team status and planning meetings, review bi-weekly WBS updates, and will continue to execute the Risk Management Plan, the Communications Plan, the Issue Management Process and the

Change Management Process.

Pilot 1.1 includes the following functionality:

PERSLink System Administration

Front-end document imaging

Call Center - Contact Management

Pilot 2.1 includes the following functionality:

Member Account Maintenance

Employer Maintenance

Employer Reporting

Individual Billing for non-payees

Purchase of Service

General Ledger Interface and setup

Cash Deposits

Vendor/Provider Payments for non-payees

During the next reporting period the following deliverables will be presented, reviewed and accepted:

- *Phase SOW and associated WBS for both Pilot 1.1 and 2.1*
- *Scope Definition/Analysis Package for both Pilot 1.1 and 2.1, including the following:*
 - *Use Case Model*
 - *Problem/Opportunity Analysis*
 - *Updated RTM*
 - *Current/Target Performance Analysis*

We also plan to complete 90% of the JAD Sessions for Pilot 1.1 and 50% of the JAD sessions for Pilot 2.1

Additional Comments:

SCHEDULE

Project Planning Start Date	Estimated Project Execution Start Date	Estimated Project Completion Date
10/01/2007	01/02/2008	09/30/2010
Comments: All activities and deliverables for the project planning phase (the first three phases of the project: Initiation, Expectation Management and Infrastructure Creation) were completed on 12/20/2007.		

COST

Project Spending Authorized	Estimated Budget	Expenditures to Date
\$9,594,000.00	\$10,502,214.00	\$458,375.00
Comments: <i>The amount reported as Project Spending Authorized is the amount included in the agency's 2007-09 appropriation. Estimated budget includes the appropriation plus the estimated cost for approximately 24,000 hours of PERS staff time. The expenditures to date include external costs plus PERS staff time.</i>		

MEMORANDUM

TO: NDPERS Board
FROM: Sharon Schiermeister
DATE: December 28, 2007
SUBJECT: **2007 Annual Report**

The 2007 comprehensive annual financial report has been included in your board materials. The report is also available on the NDPERS website under Forms and Publications.

Instead of mailing a copy of the report to each participating employer, an email notice was sent notifying them that the annual report is available on the NDPERS website. The report was submitted to the Government Finance Officers Association with an application for the GFOA Certificate of Excellence in Financial Reporting.

Please let me know if you have any questions on the report.

CAFR can be found at:

<http://www.nd.gov/ndpers/forms-and-publications/publications/2007-annual-report.pdf>



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MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: August 23, 2007

SUBJECT: August 22, 2007 Audit Committee Meeting

In Attendance:

Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sharon Schiermeister
Sparb Collins

The meeting was called to order at 10:30 a.m.

I. May 23, 2007 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Status Update – Included with the audit committee minutes was the Internal Audit quarterly report which listed all of the projects that are in active status. Ms. Kinsella revised the report to provide more information for the audit committee, as well as make it easier for the internal auditors to update.
- B. Quarterly Audit Finding Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit findings of the external auditors, as well as any found by the internal auditor. It was requested at the last audit committee meeting that management review the report with the external auditors to determine if each recommendation was still valid, and should remain on the report. Ms. Kinsella and Ms. Schiermeister met with Mr. Pat Brown, Brady Martz, in June to review this report. A total of five recommendations were removed from the report. The other 11 recommendations remained on the report as it was felt they were importation to NDPERS operations and should be completed.

There were six new recommendations added from the IT risk assessment review conducted earlier this year even though some of them have been implemented already. This is to show what issues were found and the action that has been taken to date.

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

A review of the final updated report shows a total of 17 recommendations of which five were 100% implemented this quarter and progress was made on one. This leaves a total of 12 remaining recommendations for staff to work on.

III. Administrative

- A. Internal Audit Plan for 2007 – Included with the audit committee materials was the Internal Audit Plan for the remainder of 2007. Mr. Leingang approved the Internal Audit Plan for the remainder of 2007. Ms. Dorwart seconded the motion.
- B. Audit Committee Self-Assessment Questionnaire – Included with the audit committee materials was a self-assessment questionnaire for the audit committee to complete. It is recommended to have the audit committee conduct a self-assessment on their business practice. This questionnaire should be reviewed on an annual basis. The last one was conducted in 2004. Ms. Kinsella requested this questionnaire to be filled out and returned to her by September 30. By general consensus the audit committee approved the questionnaire. However, the committee requested staff to review the last questionnaire results and send a list of the questions that were not applicable.
- C. Audit Committee Meeting - The next Audit Committee meeting will be held on November 21, 2007 at 10:30am in the NDPERS Conference room, Wells Fargo Bank Building.

IV. Miscellaneous

- A. Update on NDPERS Staffing Status – Included with the audit committee materials was an update on the status of the new staff positions which were approved by the legislature.
- B. Update on the Group Insurance Staffing Status - An update was provided to the audit committee on the group insurance staffing status since the last audit committee meeting.
- C. Pharmacy Benefits Manager (PBM) Project – An email from Larry Brooks, Blue Cross Blue Shield (BCBS) was included with the audit committee materials. Mr. Collins indicated that BCBS is still not willing to provide information. It was recommended that staff draft a letter stating NDPERS felt they should have access to this information and request their response by the next audit committee meeting. Discussion followed.
- D. Mainframe Migration – Included with the audit committee materials was an explanation from Mr. Ron Gilliam, IT Coordinator, regarding the decision to not participate in Phase 2 of the mainframe migrations project.
- E. LASR Project Status – Ms. Deb Knudsen provided an update on LASR project status.

- F. Joint Audit Efforts with Retirement & Investment Office – It was suggested by the audit committee that staff explore whether there could be some efficiency achieved by sharing staff with RIO to create more specialization and efficiency. Ms. Kinsella conveyed she discussed this with Mr. Les Mason, RIO, and Mr. Collins. All of the audits conducted by RIO are employer or TFFR related audits. They do not conduct any financial audits. NDPERS does not do employer audits and allocates its resources to financial and program audits in addition to special projects. Both RIO and NDPERS conduct actuarial testing for the external auditors. This is done over the summer, verifying the sample selected by the external auditors.

Based upon the above analysis, there is little overlap in the types of audits conducted by the two entities. It would appear that due to the differing approaches the two staffs are already specializing in their respective areas. Therefore, it would appear that at this point in time the opportunities for sharing staff are limited. However, should NDPERS start doing employer audits or should RIO start doing more financial audits this should be reviewed again since more opportunities may then be available.

- G. Brady Martz & Associates – Brady Martz's audit staff was in the office the week of June 25 to conduct their preliminary audit work. It was discussed and decided that since the internal auditors did not have any audit work for their review, staff would assist with their field work. This consisted of sending out confirmation letters to the sample the auditors selected and testing the benefit data. The information technology auditor was in the NDPERS office on August 7, 2007 to conduct an audit on the information technology division in the office. Brady Martz & Associates are scheduled to return to NDPERS on August 27 and plan to complete their field work by September 7.

The meeting adjourned at 11:25 a.m.