

NDPERS BOARD MEETING

Agenda

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

June 19, 2008

Time: 8:30 AM

I. MINUTES

- A. May 15, 2008

II. ADMINISTRATIVE

- A. 2009-2011 Budget – Sharon (Board Action)
- B. 2009-2011 IT Strategic Plan – Ron (Board Action)

III. RETIREMENT

- A. Legislation – Segal (Board Action)
- B. Disability Consultant Agreement – Kathy (Board Action)
- C. Job Service Retirement Plan – Kathy (Information)
- D. Asset Allocation Studies – Bryan (Information)

IV. GROUP INSURANCE

- A. BCBS Update – BCBS (Information)
 - 1. Medicare Blue Rx:
 - a) Survey
 - b) Performance Guarantees
 - 2. Advanced Medical Home
- B. Health Plan – Sparb (Board Action)
 - 1. Plan Design/Scope of Benefits
 - 2. Retiree Plan
 - 3. PBM Audit
- C. Dental Renewal – Kathy (Board Action)
- D. HB 1433 Implementation Update – Sparb (Information)
- E. Medicare Blue Rx Contract – Kathy (Board Action)
- F. Surplus/Affordability Update – Bryan (Board Information)

V. DEFERRED COMPENSATION

- A. Provider Training Pilot Program – Deb (Information)
- B. 457 Companion Plan and 401(a) Plan 1st Quarter
2008 Reports – Bryan (Information)

VI. MISCELLANEOUS

- A. Investment Committee Meeting Minutes – Sparb (Information)
- B. Contact Information – Deb (Board Action)
- C. Board Election – Election Committee (Board Action)
- D. Audit Committee Meeting Minutes – Jamie (Information)
- E. SIB Agenda
- F. August PERS Board meeting (Board Action)
- G. Executive Director Review - Jon

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



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: 2009-2011 Budget

The budget documents will be sent under separate cover via email prior to the Board meeting.



North Dakota
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Memorandum

TO: PERS Board

FROM: Ron Gilliam

DATE: June 11, 2008

SUBJECT: Information Technology Strategic Plan

We are in the process of putting together our Information Technology Strategic Plan for the 2009-2011 biennium. We are required to submit our plan to the Information Technology Department by July 15, 2008.

In early April, we surveyed staff to determine potential IT projects that will assist PERS in achieving its business objectives. Among the list of the projects we identified are proposed legislation and the PERSLink project. The list will be prioritized and timeframes for completing the projects will be established.

We would like to gather input from the Board on these and any other IT projects you feel should be added to the list for consideration for the 2009-2011 IT Plan.

I will be available at the Board meeting to answer any questions you may have on the IT Plan.

Enclosure

**North Dakota Public Employees
Retirement System**

IT Plan

for

2009-2011

Agency Overview

Agency Mission Statement

“Design, communicate and efficiently administer a viable employee benefits program within a framework of prudent risk taking, applicable state and federal laws, and professional and ethical standards so as to provide an employee benefit package that is among the best available from public and private employers in the upper Midwest.”

Agency Programs and Services

The Public Employees Retirement System is the administrator of several employee benefit plans for state employees and employees of participating political subdivisions. A brief description of each plan follows:

Defined Benefit Pension Plans: The Public Employees Retirement System covers substantially all employees of the State of ND, its agencies, and various political subdivisions. It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters and participating Law Enforcement entities.

Defined Contribution Pension Plan: The defined contribution pension plan is an option available to non-classified state employees.

Retiree Health Insurance Credit Program: This program is designed to provide eligible retirees with a benefit that can be used to offset the cost of their health insurance premiums during their retirement.

Group Health Insurance Plan: This program provides health insurance coverage to active and retired public employees and their families. The plan covers substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions.

Group Life Insurance Plan: This program provides basic life insurance to active and retired employees. Active employees have the option of purchasing additional life insurance under the employee supplemental, dependent supplemental, and spouse supplemental provisions of the plan. The plan covers substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions.

Agency Programs and Services (cont'd)

Voluntary Insurance Products: The agency is authorized to offer voluntary dental, vision and long-term care insurance. Currently, these plans are offered only to state employees.

Employee Assistance Program: This program is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of

treatment to state employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems.

Deferred Compensation Program: This is a voluntary, supplemental retirement plan provided in accordance with Section 457 of the Internal Revenue Code. It allows state employees, and employees of participating political subdivisions to defer and invest income on a pre-tax basis to be withdrawn at a later date, usually at retirement.

Pretax Benefit Program (FlexComp): This program allows eligible state employees to elect to reduce their salaries to pay for qualified insurance premiums, medical expenses, and dependent care expenses on a pre-tax basis.

Current Use and Impact of Technology

The agency has a number of systems maintained on the State's mainframe computer at ITD. The largest systems consist of the database and major business applications for the retirement, group insurance, retiree health credit, and deferred compensation programs. The database contains detailed information for each participating employee and participating employer. The application systems provide for the various benefit calculations, tax reporting statements, insurance premium billings and eligibility listings. It also has the ability to integrate the deferred compensation with the retirement system to determine eligibility for vesting in the employer contributions. Currently, the central payroll system, Bank of ND and University System provide monthly employee retirement contribution, deferred compensation deduction, and insurance premium updates electronically. The agency has a secure FTP site that employers can use to submit monthly contribution reports.

The agency has two smaller systems. One system is maintained on the State's mainframe and access information provided by the Bank of North Dakota to update the agency's outstanding check list. The other system is located on the PeopleSoft ERP system and is used to maintain FlexComp account information and process FlexComp claims.

The agency has a local area network that is maintained in-house. The network consists of 2 file and print servers, 34 client workstations and 6 printers. Each staff member can access word processing and spreadsheet applications, E-mail, Internet, and the mainframe from their workstations.

There are three in-house developed business applications residing on the LAN. The Service Purchase System provides record-keeping functions for employees purchasing retirement service credit. The Batch Entry System allows for batch data entry of monthly retirement contributions, insurance premiums and deferred compensation deductions which are entered and uploaded to the mainframe system. The agency also maintains the Job Service Retirement System.

The agency has a web site which is being used primarily to provide general benefit plan information to participants. Online services from the web site include: benefit estimates, account balance, and annual statement print and view.

The agency is using the State's electronic document management system (EDMS) for imaging and electronic storage of member data.

Future Uses and Impact of Technology

In the 07-09 biennium, the Legislature approved funding for the PERSLink project. The project began in October, 2007 and is scheduled for completion in October, 2010. Pilot 1.1 of the project will introduce contact management and workflow and is scheduled for implementation in October, 2008.

Agency Goals and Objectives

- 1) Ensure the efficient & accurate administration of member benefits
Objective(s)
 - i) Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.
 - ii) Provide online access to as much data as feasible.
 - iii) Automate as many processes as feasible.
 - iv) Upgrade computer hardware and software according to agency replacement schedule.
 - v) Administer a local area network that is accessible at least 99% of the time.
- 2) Research and evaluate benefit products and services
Objective(s)
 - i) Investigate alternative methods of delivering/receiving benefit information.
- 3) Educate members, employers and the public on the value of PERS policies and programs.
Objective(s)
 - i) Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.

IT Capture Projects

Number INF-001

Description Legacy Application System Replacement Project (PERSLink)

Agency Project Identifier 1

Agency Priority 1

Project Type Ongoing Initiative (This project began in the 2007-2009 biennium.)

1. Project description

The purpose of the Legacy Application System Replacement Project is to implement a new business administration system which will efficiently administer benefits for employees and retirees of the State of ND and other participating employer groups. The project is currently underway with the first pilot scheduled for implementation in October, 2008. Project completion is scheduled for October, 2010.

2. Total project cost Sharon will supply the costs for this

Number INF-002

Description Legacy System Maintenance

Agency Project Identifier 1

Agency Priority 1

Project Type Ongoing Initiative

3. Project description

Perform system maintenance; initiate programming requests; and pay monthly charges based on FTE count.

4. **Total project cost** Sharon will supply the costs for this

Number Leg-001

Description Allow HP members to purchase 120 of additional service

Agency Project Identifier 1

Agency Priority 1

Project Type New initiative

1. Project description

This legislative change would allow members of the Highway Patrol Retirement System to purchase up to 120 months (ten years) of additional services with only 60 months (5 years) eligible toward meeting the rule of 80.

2. Total Cost of Project

\$21,580.00

Number Leg-002

Description Allow members of the NDPERS Retirement Plan to purchase 120 months additional service.

Agency Project Identifier 2

Agency Priority 2

Project Type New initiative

1. Project description

This legislative change would allow members of the NDPERS Retirement System to purchase up to 120 months (ten years) of additional services with only 60 months (5 years) eligible toward meeting the rule of 85.

2. Total Cost of Project

\$21,580.00

Number Leg-003

Description Remove S6 surviving spouse option as of August 2009

Agency Project Identifier 3

Agency Priority 3

Project Type New initiative

1. Project description

This provision will allow for the elimination of the S6 surviving spouse option as of August 2009

2. Total Cost of Project

\$1,984.00

Number Leg-004

Description Remove 50% Joint & Survivor Option for HP as of July, 2009

Agency Project Identifier 4

Agency Priority 4

Project Type New initiative

1. Project description

This provision allows for the elimination of the 50% Joint & Survivor Option and add 100% Joint & Survivor Option for members of the Highway Patrol Retirement System as of July, 2009.

2. Total Cost of Project

\$2,070.00

Number Leg-005

Description Change employer contribution rate for HP members

Agency Project Identifier 5

Agency Priority 5

Project Type New initiative

1. Project description

This provision will change the employer contribution rate for members of the Highway Patrol Retirement System from 16.70% to 22.00%.

2. Total Cost of Project

\$1,880.00

Number Leg-006

Description Allow a new retirement benefit option for HP

Agency Project Identifier 6

Agency Priority 6

Project Type New initiative

1. Project description

This provision will allow members of the Highway Patrol Retirement System to 'spread' their benefit payments so that they would increase over time at a 1% or 2% rate.

2. Total Cost of Project

\$27,538.00

Number Leg-007

Description Allow a new retirement benefit option for NDPERS members

Agency Project Identifier 7

Agency Priority 7

Project Type New initiative

3. Project description

This provision will allow members of NDPERS to 'spread' their benefit payments so that they would increase over time at a 1% or 2% rate.

4. Total Cost of Project

\$27,538.00

Number Leg-008

Description Retiree Health Credit Increase

Agency Project Identifier 8

Agency Priority 8

Project Type New initiative

1. Project description

This provision allows for an increase Retiree Health Insurance Credit (RHIC) from \$4.50 per year of service to \$5.00 per year of service.

2. Total Cost of Project

\$10,178.00

Number Leg-009

Description Allow NDPERS member who has engaged in supplemental retirement savings to purchase additional service credit.

Agency Project Identifier 9

Agency Priority 9

Project Type New initiative

1. Project description

This provision allows a member who has engaged in supplemental retirement savings to purchase service credit in the NDPERS plan at a fixed rate of 9.12%. The service purchased is limited to 2 years and does not apply to eligibility for the rule of 85.

2. Total Cost of Project

\$23,840.00

Number Leg-010

Description Change Employer Contribution Rate from 4.12% to 5.12% for NDPERS members as of July, 2009.

Agency Project Identifier 10

Agency Priority 10

Project Type New initiative

1. Project description

This provision would allow for the Employer Contribution Rate from 4.12% to 5.12% for NDPERS members as of July, 2009.

2. Total Cost of Project

\$3,588.00

Number Leg-011

Description Allow non-spouse beneficiary

Agency Project Identifier 11

Agency Priority 11

Project Type New initiative

3. Project description

This provision would allow a non-spouse primary beneficiary for an NDPERS or HP retiree.

4. Total Cost of Project

\$7,711.00

IT Capture Infrastructure

1. **Total number of desktop computers:** 36
Number of desktops for which you are requesting replacement funding: 34
Average replacement cost per desktop: \$890.00
2. **Total number of laptop computers:** 7
Number of laptops for which you are requesting replacement funding: 4
Average replacement cost per laptop: \$1,500.00
3. **What state planning region are these desktop/laptop computers located?** 7 (Bismarck/Mandan)
4. **What percentage of these pc's are running the following operating systems:**
 - a. Windows XP 100%
 - b. Windows Vista 0%
 - c. MAC OS 0%
 - d. Open Source OS 0%
 - e. Other 0%
5. **Total cost of PC infrastructure:** \$36,260.00



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: Legislation

Since we have submitted the proposed legislation, several items have arisen that staff would appreciate the Board's guidance on how to proceed.

First, I recently realized that we did not include in our legislation with retiree increases an increase for our OASIS member. Therefore, I would suggest that we request the Legislative Employee Benefit Committee's approval to amend bill 90112.01 to include a 5% increase for OASIS members.

Second, Attachment #1 is a memo from Segal on the graduated benefit proposal and its scope. Please note their suggestion relating to the level social security option and not allowing this option for that benefit. Staff agrees with this recommendation. If the Board also agrees, we will proceed with the analysis on this bill based upon it not applying to the level security option.

Third, Attachment #2 is another memo from Segal relating to how the cost of living adjustment is valued during the actuarial review. This benefit is funded by a contribution increase for two years and the earnings on that contribution. As presented in the memo, the way this type of enhancement is usually priced is to discount the benefit at the 8% return rate. This is our assumed rate of return. However, if we want to be more conservative on the earnings assumption and reduce our earnings risk, two other options are presented. One option is to discount the improvement at a more conservative rate (Citigroup Pension Discount Curve which would be about 6.52). The other option is to discount it at the 10 year treasury rate of about 4%. You note in the Segal memo these options increase the contribution since less money is anticipated from earnings. In today's environment, staff would recommend using a lower risk rate which would be the treasury rate.

Fourth, I asked our attorney to look at the Healthy North Dakota legislation submitted by Senator Mathern and review its legal effect on PERS. Attachment #3 is his review. He will also be at the meeting to review this and answer any of your questions.

Staff Recommendation:

- Amend our legislation to include an increase for OASIS members
- Do not allow the graduated benefit for Level Social Security Option
- Value the COLA using the treasury rate.

Board Action Requested

- Decide if OASIS members should be added to our legislation for a 5% increase
- Decide whether or not the graduated benefit should be a part of the Level Social Security Option
- Determine if the COLA should be valued using a rate less than our actuarial assumed rate.



THE SEGAL COMPANY
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June 6, 2008

Mr. Sparb Collins, Executive Director
North Dakota Public Employees Retirement System
P.O. Box 1657
Bismarck, ND 58502

RE: Proposed Graduated Benefit Option

Dear Sparb:

Segal was asked to analyze the current North Dakota Public Employees Retirement System retirement benefit options in conjunction with the proposed 1% or 2% "Graduated Benefit Option." Under this option, retiring participants would be given the option to elect an actuarially equivalent benefit that would increase a set amount (1% or 2%) each year.

For each of the current options available, we have discussed how the graduated benefit could be applied. In each case, a separate table of factors would be needed for each of the 1% and 2% increase options.

Single Life Benefit

To apply graduated increases to a Single Life benefit, a table of graduated benefit factors could be constructed that would determine the actuarially equivalent benefits with annual increase.

The graduated benefit factor would be applied to the Single Life benefit to determine the increasing Life benefit. These factors would be based upon the age of the pensioner when benefits begin.

50% or 100% Joint and Survivor Benefit

To apply graduated increases to a J&S benefit, another table of graduated benefit factors could be constructed that would determine the actuarially equivalent benefits with annual increase.

First, the current plan factor would be applied to the Single Life benefit to determine the standard J&S benefit. Then, the graduated benefit factor would be applied to convert the standard J&S



benefit to an increasing J&S benefit. The graduated benefit factor would be based upon the age of the pensioner and the age of the beneficiary (two ages) when benefits begin.

20 or 10 Year Term Certain

To apply graduated increases to a Certain benefit, another graduated benefit factor could be calculated that would determine the actuarially equivalent benefits with annual increase.

First, the current plan factor would be applied to the Single Life benefit to determine the standard Certain benefit. Then, the graduated benefit factor would be applied to convert the standard Certain benefit to an increasing Certain benefit. Since Certain benefits are not age-dependent, this factor would not be based upon the age of the pensioner when benefits begin, and a single factor could be used for each of the 20 or 10 Year options.

Social Security Level Income

In this case, the current benefit decreases when Social Security benefits begin, creating a level amount when combined with the Social Security benefit. Theoretically, a program could be derived that could implement a 1% or 2% increase over the participant's payment period, allowing for the estimated Social Security amount and age when Social Security payments begin. However, this would be administratively complex. Since the purpose of the current Level Income benefit is designed to maintain a generally steady benefit amount, it is not recommended that graduated increases be offered with this benefit form.

Partial Lump Sum Option (PLSO)

Applying graduated increases to PLSO benefits would require the use of the current PLSO factors and the factors determined for each of the benefits above.

The process for calculating an increasing PLSO benefit would be:

1. The current PLSO repayment reduction factor would be applied to the Single Life amount to get the reduced Single Life Benefit.
2. The current optional form factor would be applied to the reduced Single Life Benefit to convert this benefit to a Joint & Survivor or Term Certain benefit (if necessary).
3. The graduated benefit factor (as outlined above) would be applied to the benefit resulting in #2 to convert this benefit to an increasing benefit.

In this calculation, we assume that the 12 months of payments that form the basis for the lump sum are non-increasing and are based upon the Single Life Benefit. This allows for the use of the plan's current factors and provides for the simplest administration of the benefit.

Mr. Sparb Collins, Executive Director
North Dakota Public Employees Retirement System
June 6, 2008
Page 3

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Ramirez", with a long horizontal flourish extending to the right.

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

/cz/dqm

cc: John Monroe
Kurt Schneider

June 9, 2008

Mr. Sparb Collins
Executive Director
North Dakota Public Employees
Retirement System
P.O. Box 1214
Bismarck, ND 58502

**Re: Actuarial Cost Analysis
North Dakota Public Employees Retirement System**

Dear Sparb:

The purpose of this letter is to provide you with the estimated cost of a one time 2% benefit increase for retirees and beneficiaries in pay status as of January 1, 2011 for members of the PERS and Highway Patrol Plans. The cost is calculated under three sets of assumptions.

1. The increase will be pre-funded, and the assets will earn 8.00% per year, which is the assumed rate of return used for the funding valuation.
2. The increase will be pre-funded, and this amount will be used to purchase cash flow matched bonds. The Citigroup Pension Discount Curve of May 31, 2008 was used to discount the projected benefit payments. This is equivalent to discounting these payments at 6.52% per year. No transaction costs have been assumed in purchasing these bonds.
3. The increase will be pre-funded, and this amount will be used to purchase risk-free cash flow matched bonds. The U.S. Treasury Yield Curve of June 10, 2008 was used to discount the projected benefit payments. This is equivalent to discounting these payments at 4.25% per year. No transaction costs have been assumed in purchasing these bonds.

Assumptions

Unless otherwise noted, the actuarial assumptions used for the studies are provided in Exhibit II of the Actuarial Valuation reports as of July 1, 2007, for the North Dakota Highway Patrolmen's Retirement System and the North Dakota Public Employees Retirement System.

Results

We have estimated the cost of each proposed plan change as the increase in unfunded liability as of January 1, 2011, as well as the percentage of pay from July 1, 2008 through June 30, 2010 that would be required to fund that liability.

The following table summarizes our results:

Plan Provision	Valuation Interest Rate (8.00%)		Citigroup Pension Discount Curve (6.52%)		Treasury Yield Curve (4.25%)	
	Additional Liability	Cost	Additional Liability	Cost	Additional Liability	Cost
Main System	\$15,800,686	1.15%	\$17,577,264	1.31%	\$21,094,601	1.62%
Judges	319,363	2.75%	355,808	3.13%	430,327	3.91%
National Guard	23,497	0.66%	26,149	0.75%	31,467	0.94%
Law Enforcement with prior Main service	78,662	0.67%	87,923	0.77%	108,076	0.98%
Law Enforcement without prior Main service	563	0.03%	629	0.04%	771	0.05%
Highway Patrol	763,029	5.19%	857,031	5.95%	1,080,414	7.75%

The current plan provisions are summarized in Exhibit V of the Actuarial Valuation reports as of July 1, 2007, for the North Dakota Highway Patrolmen's Retirement System and the North Dakota Public Employees Retirement System. The current statutory contribution rates are as follows:

	Statutory/ Approved Rate
Main System	4.12%
Judges	14.52%
National Guard	6.50%
Law Enforcement with prior Main service	8.31%
Law Enforcement without prior Main service	6.43%
Highway Patrol	16.70%

Calculations were completed under the supervision of Kurt Schneider, ASA, MAAA, Enrolled Actuary.

If you have any questions concerning this actuarial cost analysis, or if we can be of further assistance, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "BRAMIREZ", written in a cursive style.

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

cc: John Monroe, ASA, MAAA, EA
Kurt Schneider, ASA, MAAA, EA

4048895v2/01640.004



Wayne Stenehjem
ATTORNEY GENERAL

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June 11, 2008

Mr. Sparb Collins
North Dakota Public Employees Retirement System
PO Box 1657
Bismarck, ND 58502-1657

Dear Sparb:

You have asked me to review the affects of Senator Mathern's proposed Bill 90033.0300 on PERS and its membership. After reviewing the proposed bill, I have found what would amount to a few minor modifications on current PERS operations, and some potential changes affecting its membership. I will first address the proposed bill's modifications to PERS operations under its uniform group insurance program, and then address potential changes affecting PERS membership.

Modifications to current NDPERS operations:

First, under section 1 of the proposed bill, N.D.C.C. § 54-52.1-02 would be amended to include the "healthy North Dakota health insurance coverage" as one of the subgroups under the uniform group insurance program. This amendment to N.D.C.C. § 54-52.1-02, would require the PERS board to apply for exempt status with regard to any federal law that the "healthy North Dakota health insurance coverage" would potentially violate. Although this proposed health insurance coverage is referenced in chapter 54-52.1 of the code, it would be run by its own board of trustees and have a membership much different from that of PERS (including non-state employees).

Second, under section 3 of the proposed bill, the executive director of PERS would be required to serve as initial chairman of the board of trustees for the "healthy North Dakota authority" until such time as the board elects a chairman from its voting membership. After the election is made, the executive director would serve as a non-voting member of the board.

Third, under section 3 of the proposed bill, the "healthy North Dakota authority" would consult with the PERS board as to the most effective and efficient method of purchasing health care benefits.

Mr. Sparb Collins
June 11, 2008
Page 2

Finally, the new "healthy North Dakota authority" is tasked with providing the same benefits (Section 6) and replicating the prescription drug buying system (Section 8) as is currently held by the uniform group insurance plan administered by PERS under chapter 54-52.1.

Outside of the modifications addressed above, this proposed bill does not create any other obligations on behalf of the PERS board. Again, the healthy North Dakota authority has a separate board that would oversee a separate plan with broader membership.

Potential changes affecting PERS membership:

The proposed bill could have various affects on PERS membership participating under the current uniform group insurance program. The proposed bill is to be financed by taxing employees and employers in the State of North Dakota. As written, this proposed bill seems to place a tax on all employees and self employed individuals located within North Dakota. As defined in the proposed bill, "employee" would include both state employees and non-state employees. In addition, for taxing purposes, the proposed bill does not differentiate between employees who already have insurance coverage and those who are uninsured. Therefore, under the proposed bill, all North Dakotans (who are not receiving federal health insurance coverage) appear to be required to pay for this program (0-10% of social security wages), regardless of whether they participate in the plan. In addition, the proposed bill would require all employers to pay anywhere from 9-12% of aggregate social security wages to the state in order to fund the program.

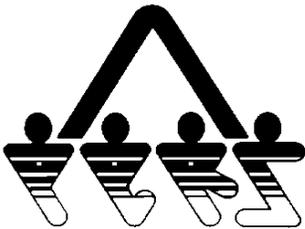
It also looks as though employers would be responsible for making contributions to the program on behalf of their employees, in addition to the amount it is already paying for the current program administered by PERS. This could create duplicative insurance coverages for the PERS members involved. Although the new legislation does not do away with the current uniform group insurance program administered by PERS, it could have significant affects for membership participating in the plan.

Sincerely,



Aaron K. Webb
Assistant Attorney General

vkk



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: June 4, 2008

SUBJECT: Disability Consultant Agreement

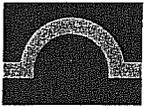
The contract with Mid Dakota Clinic for disability consulting services expires June 30, 2008. The Board must determine whether to go out for bid or renew the present contract. Mid Dakota clinic has indicated they wish to continue to perform these service for NDPERS and has proposed a rate increase from \$160 to \$200 an hour for the July 1, 2008 through June 30, 2009 contract period. A copy of the clinic's proposal is included for your information.

Because the proposed increase represents a \$40 or 25% increase over the current rate, which is substantially higher than increases proposed in past years, we requested that Mid Dakota provide us with details as to what factors contributed to this decision. Attached for your information is their response along with supporting documentation. Staff has reviewed the information provided and is satisfied that the proposed increase maintains an hourly rate that is within industry standards.

The amount paid in consulting fees for this contract period beginning on July 1, 2007 through May 2008 is \$5,920. Staff has been satisfied with the services provided by Mid Dakota and recommends that we renew the disability consulting contract for the period July 1, 2008 through June 30, 2009 at the rate of \$200 an hour.

Board Action Requested

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



Mid Dakota Clinic
PrimeCare



Attachment 1

May 7, 2008

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

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

Dear Kathy:

This letter is in response to your proposal for renewal of the disability determination services contract for the period July 1, 2008 through June 30, 2009. Mid Dakota Clinic does wish to continue to perform these services for NDPERS at an hourly rate of \$200.

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

Sincerely,

Jane Schlinger
Director, PHO Services

MAILING
PO Box 5538
Bismarck, ND 58506-5538

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

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

- Mid Dakota Clinic
- Gateway Dermatology
- Dermatologic Surgery, Cosmetic & Laser Center

Attachment 2

(Copied from e-mail response sent 5/13/08)

Hi Kathy,

I received your letter regarding our most recent proposal for disability determination services. The main reason we proposed a \$40 increase is because the rates we proposed in the past were very "unscientific". Each year at renewal, our former CEO would suggest a random increase and that is what we went with. Our current CEO likes to do things a bit more scientifically and this is how we arrived at our current proposal:

MGMA statistics indicate that a median family practitioner in the United States collects \$356,060 in professional revenue from their practice each year (I have included a highlighted copy of the statistics for your review).

Assuming that there are 260 weekdays in a year but that a physician receives 6 paid holidays, 10 days CME time, and 15 days vacation, that physician will work 229 days per year (260 days - 6 days - 10 days - 15 days = 229 days).

On the average, a physician sees patients for 7 hours per day (9:00 a.m. to 5:00 p.m. with a one hour lunch break). If we multiply days worked times hours worked per day we derive a total of 1603 worked hours per year (229 days x 7 hours per day).

If we divide the lost professional revenue (\$356,060) by the average worked hours per year (1603) we will find that our physician's opportunity cost while not in practice is \$222.12 per hour (\$356,060/1603 hours).

I hope this is helpful to your Board. We look forward to your response.

Thanks!

Jane Schlinger

Director, PHO Services/Marketing & Communications Specialist
PrimeCare health group/Mid Dakota Clinic
PO Box 5538
Bismarck, ND 58506
701-530-3000 or 1-888-677-3456 (p)
701-530-6092 (f)

Table 15: Collections for Professional Charges (TC/NPP Excluded)

	Phys	Med Pracs	Mean	Std. Dev.	25th %tile	Median	75th %tile	90th %tile
Allergy/Immunology	93	53	\$542,613	\$310,829	\$314,357	\$510,342	\$721,035	\$855,446
Anesthesiology	2,985	138	\$521,509	\$257,097	\$376,977	\$468,413	\$603,226	\$761,169
Anes: Pain Management	88	33	\$749,656	\$342,064	\$527,209	\$719,503	\$898,113	\$1,144,648
Anes: Pediatric	23	3	\$428,791	\$111,159	\$329,339	\$464,218	\$523,109	\$551,203
Cardiology: Electrophysiology	56	28	\$799,007	\$299,071	\$588,740	\$763,961	\$943,901	\$1,168,289
Cardiology: Invasive	160	50	\$681,145	\$321,763	\$438,309	\$649,733	\$842,509	\$1,021,089
Cardiology: Inv-Intvl	211	59	\$833,540	\$402,949	\$597,951	\$784,888	\$955,914	\$1,251,517
Cardiology: Noninvasive	172	47	\$620,545	\$359,983	\$399,587	\$544,364	\$722,563	\$996,274
Critical Care: Intensivist	31	11	\$253,891	\$99,861	\$185,287	\$232,321	\$285,699	\$411,333
Dentistry	13	5	\$319,172	\$246,487	\$146,374	\$251,080	\$398,900	\$818,575
Dermatology	178	72	\$789,219	\$388,606	\$549,774	\$699,424	\$925,943	\$1,373,578
Dermatology: Mohs Surgery	22	14	\$1,571,426	\$589,306	\$1,172,626	\$1,520,209	\$2,030,171	\$2,390,979
Emergency Medicine	273	20	\$327,527	\$110,163	\$257,897	\$314,190	\$395,944	\$476,934
Endocrinology/Metabolism	124	65	\$359,810	\$155,236	\$267,197	\$331,612	\$393,771	\$570,772
Family Practice (w/ OB)	501	91	\$383,363	\$143,166	\$290,230	\$367,744	\$447,420	\$569,950
Family Practice (w/o OB)	2,597	299	\$365,757	\$129,748	\$280,815	\$356,060	\$435,456	\$524,206
Family Practice: Sports Med	19	14	\$384,148	\$201,244	\$220,128	\$356,307	\$499,626	\$777,126
Family Practice: Urgent Care	72	18	\$444,349	\$197,873	\$343,276	\$396,513	\$535,246	\$682,511
Gastroenterology	369	104	\$799,701	\$319,154	\$596,416	\$741,927	\$971,362	\$1,212,230
Gastroenterology: Hepatology	21	5	\$651,037	\$283,300	\$307,006	\$739,858	\$864,469	\$983,647
Genetics	1	1	*	*	*	*	*	*
Geriatrics	30	16	\$211,230	\$91,322	\$125,353	\$194,239	\$292,056	\$363,778
Hematology/Oncology	181	59	\$693,833	\$605,069	\$308,868	\$566,343	\$795,282	\$1,400,272
Hem/Onc: Oncology (only)	27	15	\$775,162	\$993,703	\$167,206	\$522,918	\$756,616	\$2,277,537
Infectious Disease	57	32	\$326,367	\$194,505	\$208,256	\$298,985	\$385,341	\$481,750
Internal Medicine: General	1,864	217	\$349,053	\$134,484	\$259,875	\$335,592	\$417,874	\$504,298
Internal Med: Hospitalist	423	71	\$217,619	\$90,715	\$156,485	\$194,548	\$258,359	\$357,535
Internal Med: Pediatric	37	17	\$382,778	\$140,466	\$295,740	\$360,762	\$465,664	\$532,291
Nephrology	124	40	\$453,314	\$189,720	\$321,889	\$417,821	\$577,251	\$705,158
Neurology	260	90	\$449,882	\$246,000	\$303,044	\$396,279	\$534,813	\$734,820
OB/GYN: General	620	131	\$601,511	\$235,052	\$447,151	\$583,752	\$730,371	\$901,326
OB/GYN: Gynecology (only)	107	48	\$454,221	\$222,784	\$301,436	\$410,395	\$581,687	\$754,285
OB/GYN: Gyn Oncology	20	15	\$546,284	\$331,438	\$318,299	\$535,635	\$673,081	\$946,333
OB/GYN: Maternal & Fetal Med	21	10	\$664,131	\$271,608	\$424,369	\$684,456	\$782,861	\$1,154,243
OB/GYN: Repro Endocrinology	14	5	\$662,678	\$376,630	\$343,157	\$538,121	\$1,139,267	\$1,267,616
OB/GYN: Urogynecology	2	1	*	*	*	*	*	*
Occupational Medicine	54	23	\$394,747	\$169,445	\$314,142	\$385,310	\$470,074	\$586,762
Ophthalmology	193	67	\$742,116	\$403,204	\$503,760	\$660,962	\$883,597	\$1,236,019
Ophthalmology: Pediatric	18	11	\$723,492	\$611,677	\$488,924	\$571,382	\$722,903	\$1,149,397
Ophthalmology: Retina	19	13	\$1,272,849	\$593,196	\$919,544	\$1,116,025	\$1,370,911	\$2,125,395
Orthopedic (Nonsurgical)	19	11	\$373,907	\$198,330	\$216,008	\$340,645	\$505,386	\$590,463
Orthopedic Surgery: General	351	95	\$823,111	\$339,793	\$616,699	\$777,039	\$1,000,974	\$1,226,701
Ortho Surg: Foot & Ankle	17	13	\$965,806	\$266,951	\$768,016	\$964,176	\$1,132,591	\$1,386,634
Ortho Surg: Hand	46	29	\$959,365	\$397,079	\$719,528	\$938,241	\$1,086,346	\$1,341,791
Ortho Surg: Hip & Joint	39	20	\$935,317	\$334,661	\$644,959	\$1,008,146	\$1,150,066	\$1,345,614
Ortho Surg: Oncology	0	*	*	*	*	*	*	*
Ortho Surg: Pediatric	11	7	\$923,898	\$168,110	\$854,866	\$964,122	\$1,061,574	\$1,139,496
Ortho Surg: Spine	46	27	\$1,193,178	\$489,467	\$847,254	\$1,089,493	\$1,440,458	\$1,758,489
Ortho Surg: Trauma	12	10	\$1,036,013	\$390,123	\$757,422	\$994,661	\$1,283,635	\$1,670,759
Ortho Surg: Sports Med	64	29	\$1,058,265	\$339,243	\$877,941	\$1,082,836	\$1,261,197	\$1,422,970
Otorhinolaryngology	253	87	\$735,451	\$372,294	\$507,180	\$670,485	\$874,853	\$1,139,055
Otorhinolaryngology: Pediatric	0	*	*	*	*	*	*	*
Pathology: Anatomic & Clinical	69	15	\$552,563	\$410,598	\$281,890	\$447,735	\$638,495	\$1,167,811
Pathology: Anatomic	19	2	*	*	*	*	*	*
Pathology: Clinical	22	7	\$493,633	\$224,861	\$390,954	\$439,510	\$528,661	\$820,107



**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 & Sparb
DATE: June 6, 2008
SUBJECT: Job Service Retirement Plan

According to the plan document for the Job Service Retirement Plan, “Each July 1st, interest credit is calculated as 4% times the previous year’s July 1st employee account balance.....” Currently this is a manual calculation. With the implementation of our new business system we have the opportunity to automate the interest calculation and do it on a monthly basis. This will make it consistent with how we currently calculate interest for the other retirement systems PERS administers. Staff recommends that we incorporate this change as part of our new business system and that it be effective when it goes live in 2010.

Board Action Requested

Approve staff’s recommendation to change the calculation of interest for the Job Service Plan from an annual calculation to a monthly calculation effective in 2010.



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Public Employees Retirement System**
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Memorandum

TO: PERS Board
FROM: Sparb & Bryan
DATE: June 11, 2008
SUBJECT: Asset Allocation Studies

The NDPERS Investment Subcommittee had its quarterly meeting on May 23, 2008. At this meeting we invited Steve Cochrane from the Retirement and Investment Office and representatives from State Street Global Advisors to discuss the poor performance of the investments in the NDPERS Retiree Health Credit Fund. The funds assets are invested in Index Plus funds in four asset classes (US Large Cap, US Small Cap, International, and Fixed Income). The Investment Subcommittee recommends that NDPERS should work with Steve and do an asset allocation study for the fund. If we go ahead with this, a first step might be to contact SEI since they performed the most recent study for us.

The NDPERS Investment Subcommittee also took a look at the Job Service Retirement Plan. The Job Service Plan has a 55% fixed income allocation. This fund is comingled with the other retirement plans. Since timberland makes up a large portion of the fixed income portfolio, it comprises 17% of the Job Service Plan's assets. The timberland is being slowly divested, but due to its good performance (and lower performance of other assets) it is actually growing as a percentage of assets in the plan. Since this plan is entering maturity, it was observed that now might be a good time to study the plan's asset allocation. The Investment Subcommittee recommends that NDPERS should work with Steve and possibly Callan or SEI to review the asset allocation of this plan.

If you have any questions, Sparb or Bryan will be available at the NDPERS Board meeting.

Board Action Requested

Approve staff to move forward with studying the asset allocation of the Retiree Health Credit Fund and the Job Service Retirement Plan.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: BCBS Update

Attached please find two presentations from BCBS. The first (Attachment #1) relates to the Medicare Part D program. Discussed in this presentation is the result of a recent survey of our retirees relating to the new Rx benefit. Also provided in this presentation is an update on our efforts to negotiate performance standards with the Rx carrier.

The second presentation (Attachment #2) is about a new disease management program which BCBS is starting next year called the Advanced Medical Home Program.



2007 Medicare Part D NDPERS Survey Results

Presented by:

Larry Brooks, BCBSND

June, 2008



- Review 2007 survey results
- Opportunities and Improvements
- Proposed performance penalties
- 2009 Medicare Group Part D



- The goal was to establish a baseline for the NDPERS product after a period of steady state following their 2006 implementation
- The survey was conducted in December by Kenexa, a third party vendor Prime has great experience with
- The results provided great insight into NDPERS members satisfaction and understanding of their benefit...



Methodology

- Medicare Part D Customer Satisfaction Survey - NDPERS
 - Satisfaction with pharmacy
 - Satisfaction with enrollment process
 - Satisfaction with benefits
 - Satisfaction with features (website, CSR)
- December, 2007
- 8-Page survey booklet mailed to 1,834 NDPERS retirees (out of 6,226)
- Reminder postcard
- 1,073 completed surveys returned – 59% response rate
- Margin of error is +/-3%



Demographic profile

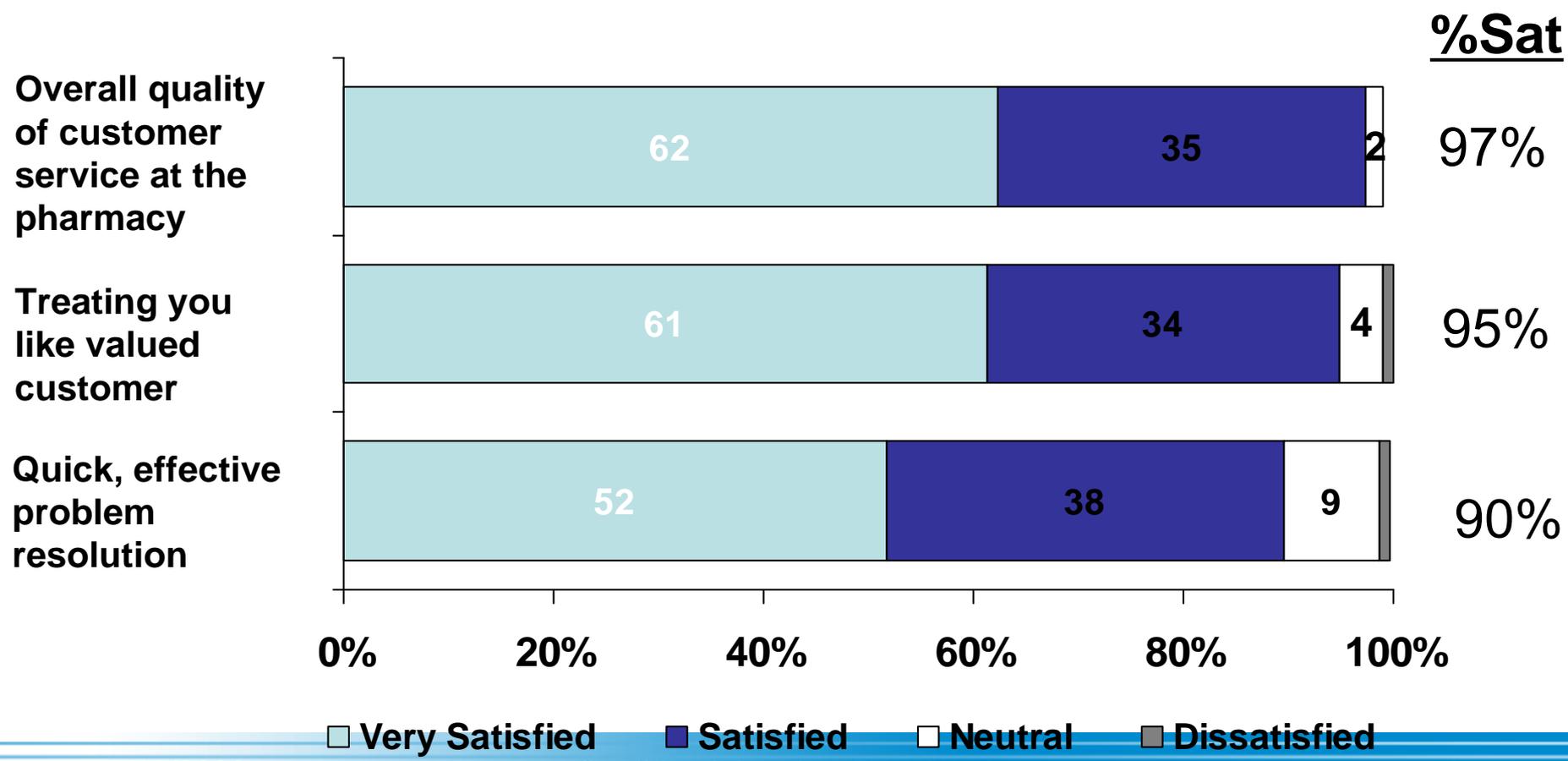
- NDPERS members are likely to place their orders for themselves and are slightly more likely to be female. Nearly all of the surveyed members have been on their retirement plan 1 year or more.

Demographic	NDPERS %
Placed order for: <ul style="list-style-type: none">•Self•A family member•Other	86% 13% 1%
Female	61%
Age: <ul style="list-style-type: none">65-7475+Other	58% 37% 5%
1 year or more on retirement plan	96%



Satisfaction with service

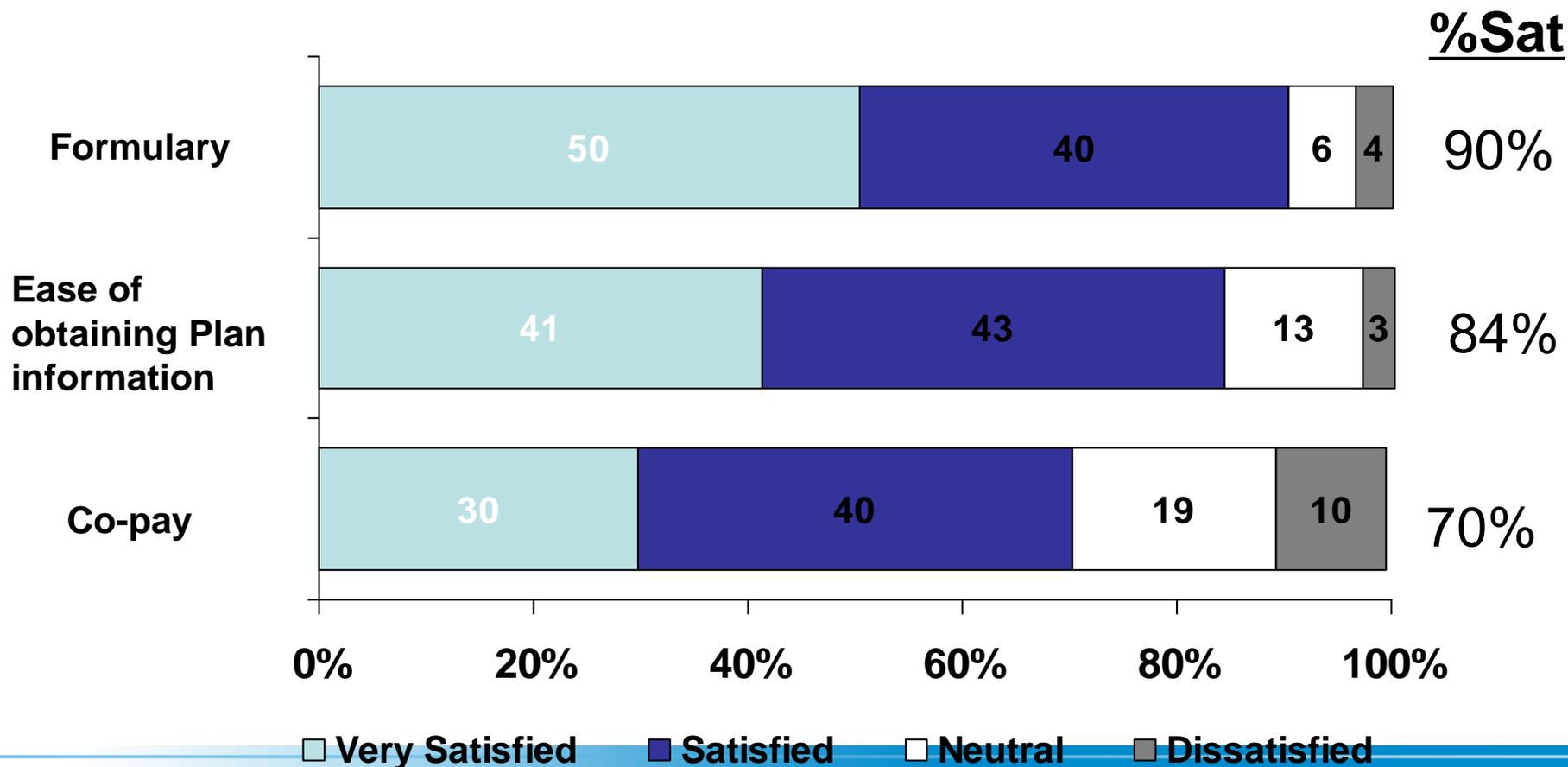
- NDPERS members are satisfied with key elements of customer service. Nearly every member is satisfied with being treated like a valued customer, customer service at the pharmacy, and effective problem resolution. Members are less likely to be very satisfied with problem resolution.





Satisfaction with Plan features

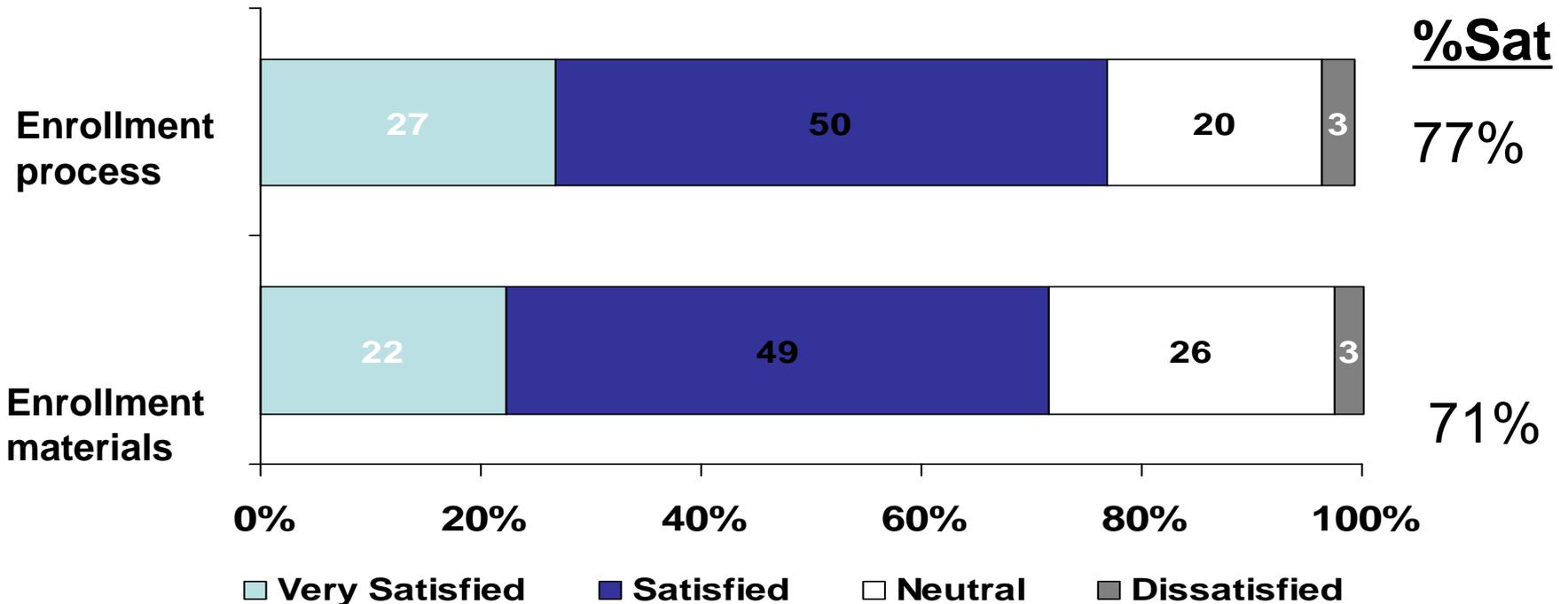
- NDPERS members are mostly satisfied with key aspects of their Medicare Part D Plan. Satisfaction is lowest with co-pay, where 10% are dissatisfied and only 30% are very satisfied.





Satisfaction with enrollment

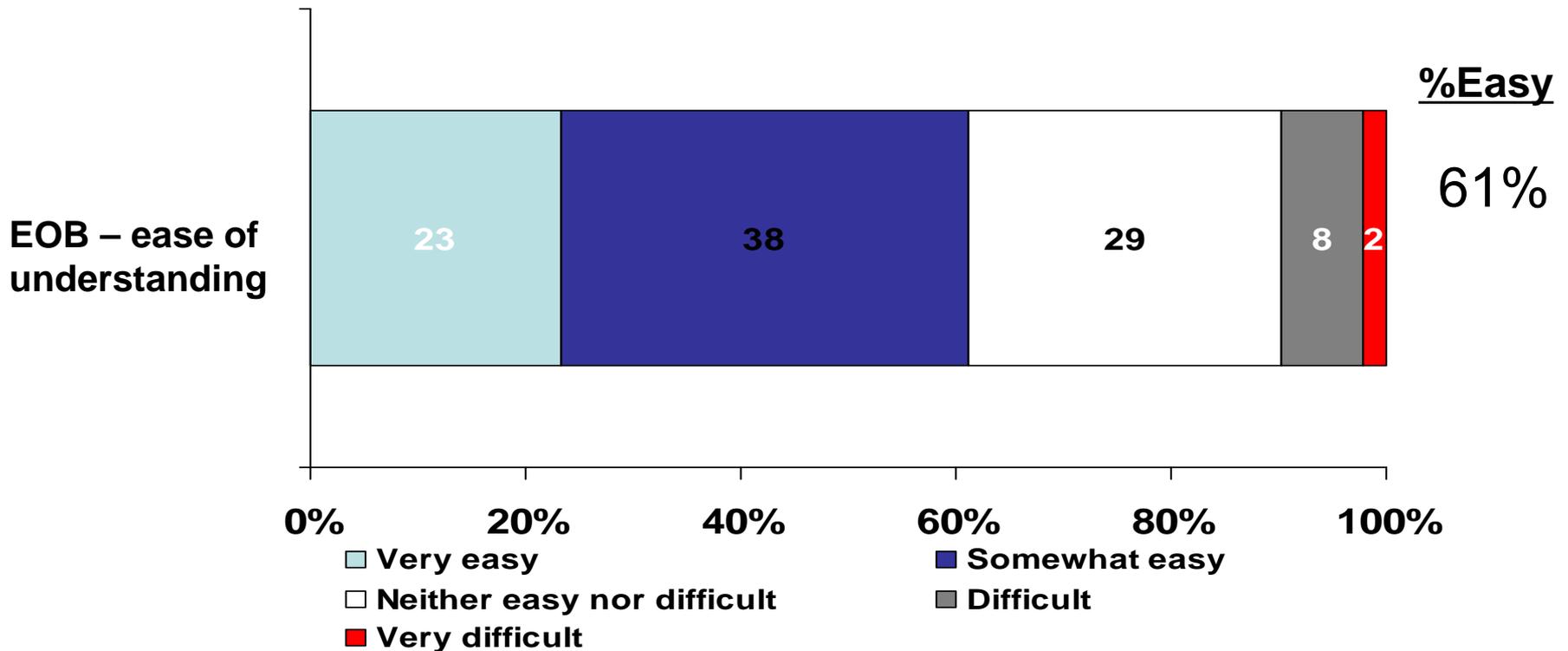
- The majority of members are satisfied with both the enrollment process, as well as the enrollment materials such as the welcome packet and the acknowledgment letter.
- While members are satisfied, only one in four were very satisfied with the enrollment process and one in five were very satisfied with the enrollment materials, indicative that there is room for improvement. This is further substantiated by the relatively high neutral scores.





Explanation of Benefits

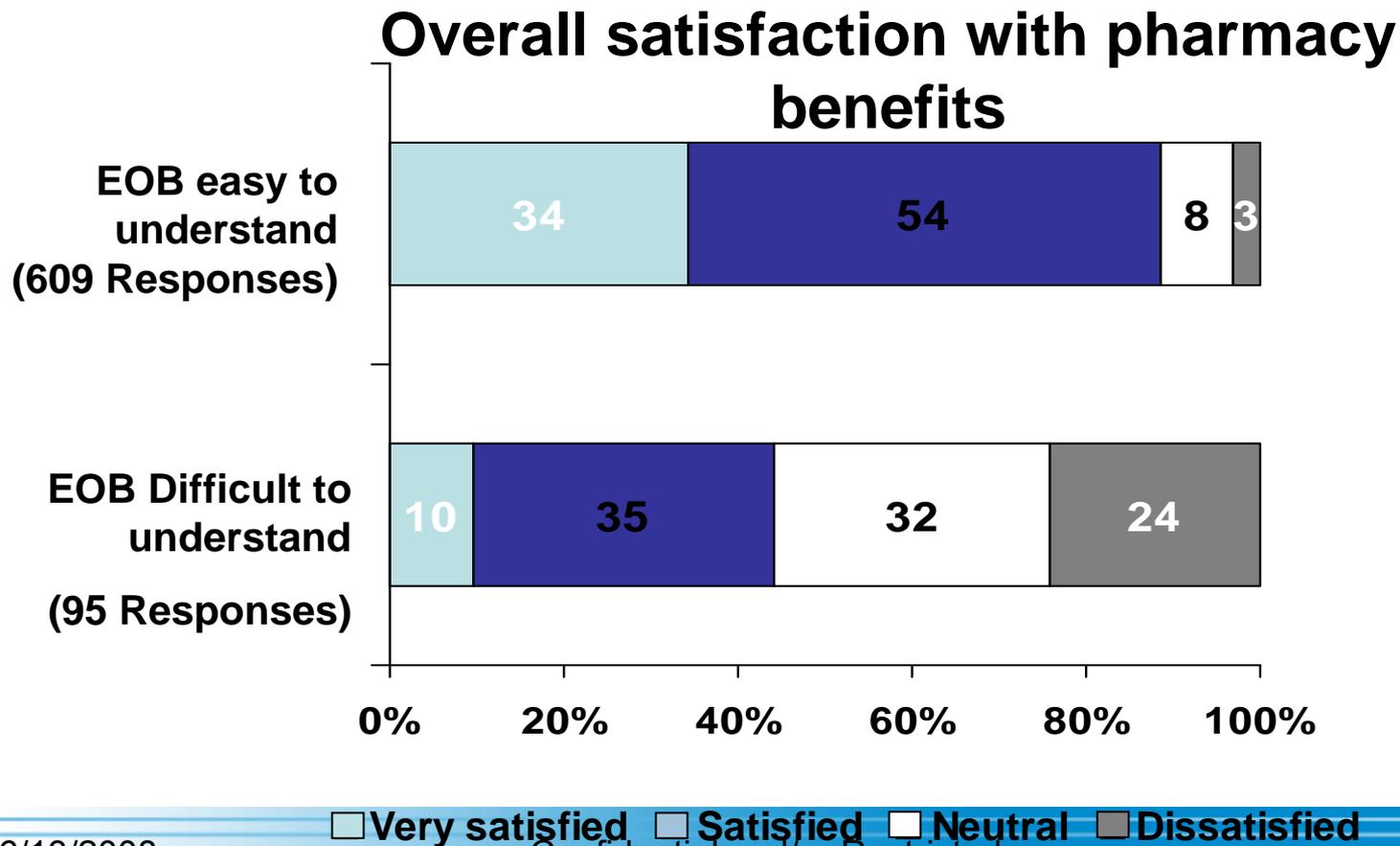
- Nearly every member (94%) both received and read their Explanation of Drug benefits.
- Nearly two-thirds, 61% have no trouble understanding their EOB statements
- Nonetheless, one in ten members (10%) have trouble understanding their EOB





Ease of interpreting EOB tied to overall satisfaction

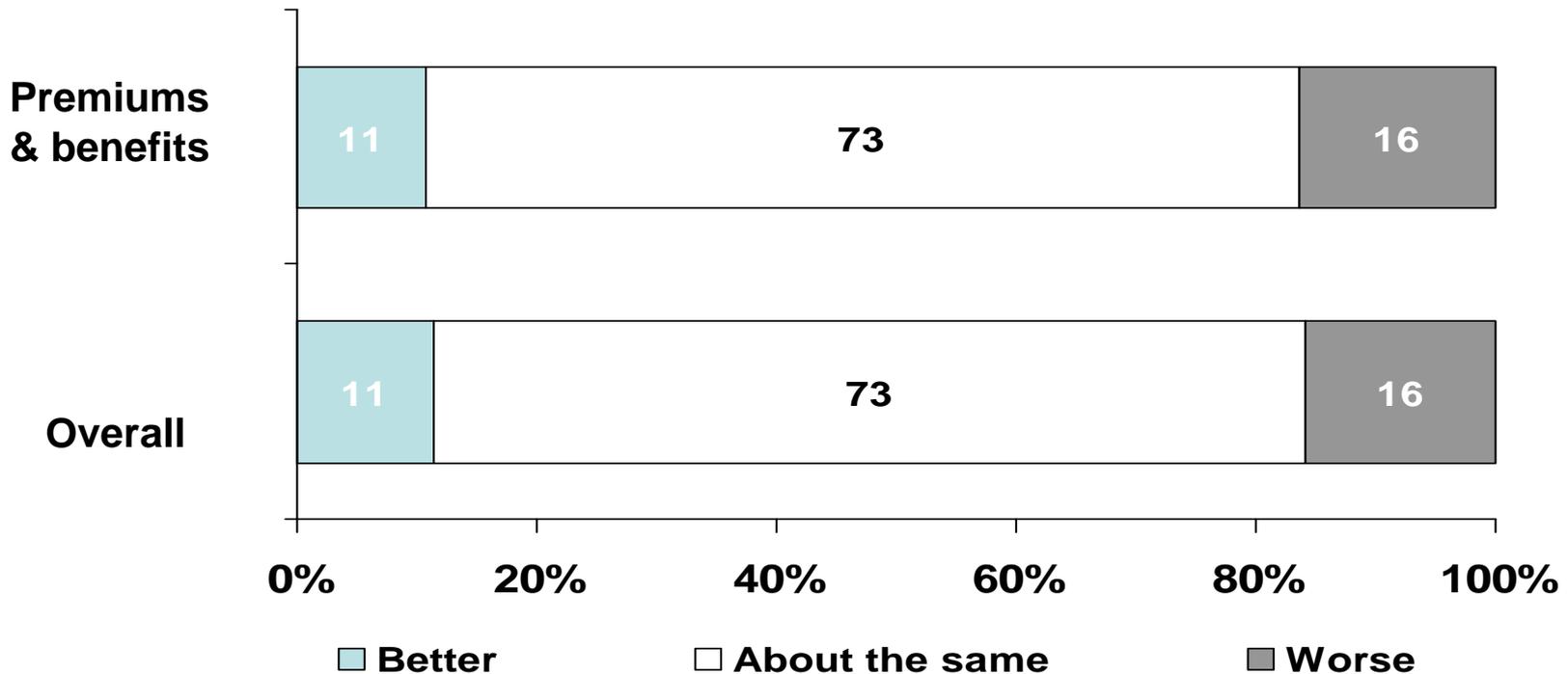
- Those who thought the Explanation of Benefits were difficult to understand were much less satisfied with their pharmacy benefits than those who thought it was easy to understand





Comparison to previous coverage

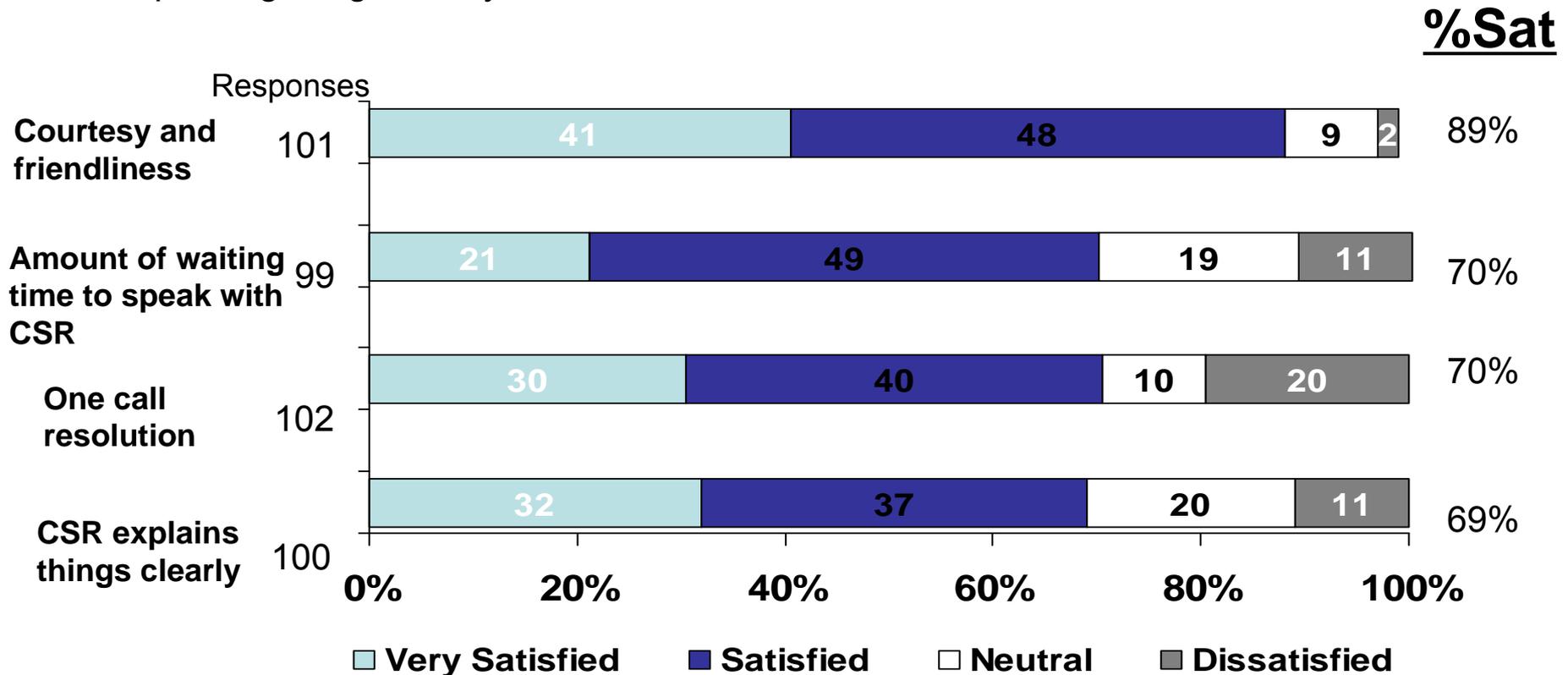
- Three in four members rate their Medicare Part D drug coverage overall and their premiums and benefits as about the same as their previous coverage.
- Nonetheless, 16% of members believe their new Medicare Part D coverage is worse than their previous coverage.





Group MedicareBlue Rx Customer Service

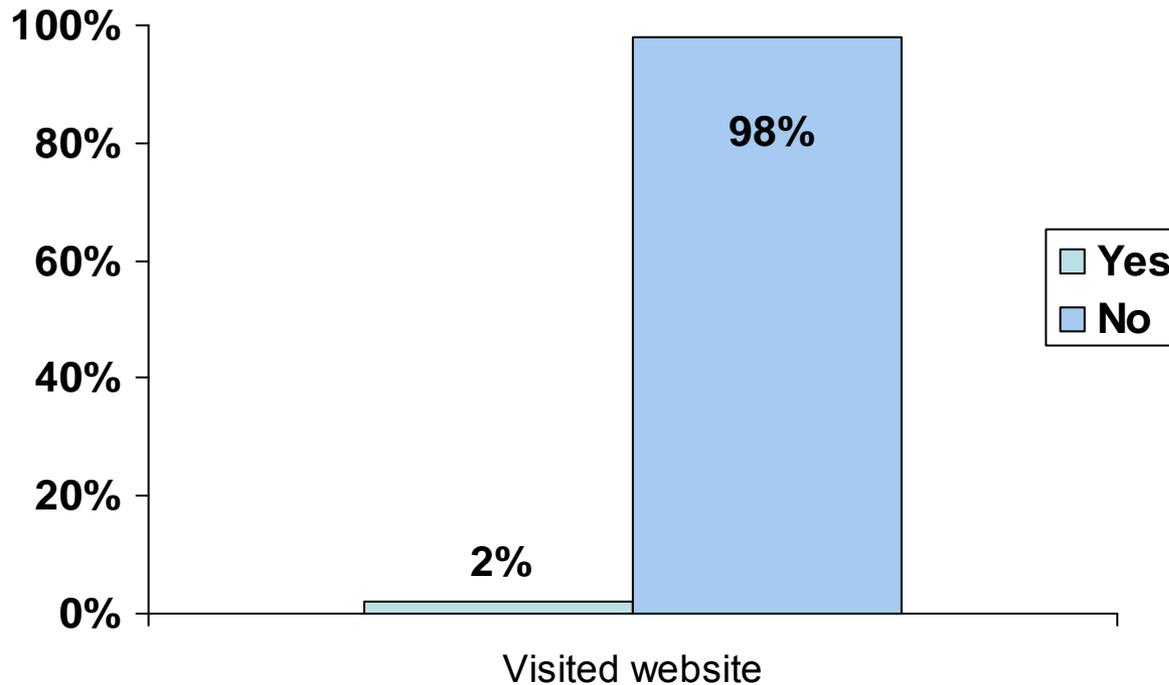
- One in ten (10%) of members spoke with a Group MedicareBlue Rx Customer Service Representative during the past three months.
- While members are satisfied with the courtesy and friendliness of the customer service agents, they are less satisfied with wait time, one call resolution, and the agents explaining things clearly. One in five are dissatisfied with one call resolution.





Website usage

- Only 2% of NDPERS members used their health plan's website to get medication information, to locate a retail pharmacy, or to calculate medication costs.
- This number, while low, is comparable to commercial retail members' website usage, which is 4%.





Top ten most favorable items

- NDPERS members are most satisfied with key order fulfillment aspects and how they are treated at their local pharmacy.

Item	% Very Satisfied
The accuracy of your order?	67
The overall quality of customer service provided by the pharmacy?	62
Treating you like a valued customer?	61
Overall, how satisfied are you with your most recent experience?	57
Providing you with convenient access to retail pharmacy locations?	53
The amount of time it took to fill your prescription?	53
Providing quick, effective resolution of problems or questions?	52
The availability of medicines covered under your health plan?	50
Ease of obtaining information such as co-pays and medicines?	41
The courtesy and friendliness of the Customer Service Representatives?	41



Ten least favorable items

- NDPERS members who use the websites are dissatisfied with its features.
- Dissatisfaction with CSR one call resolution, wait time and their ability to explain things clearly is also relatively high.
- One out of every 10 members have trouble understanding the EOB.

Item	% Dissatisfied
The ability to calculate the cost of your prescription medications online?	28
The ability of the CSR to handle your question or problem in one call?	20
The ease of ordering refills on the website?	20
The MyRxAssistant.com website overall?	13
How satisfied are you with the way they responded to your problem?	12
The ability of the Customer Service Representatives to explain things clearly?	11
The amount of waiting time to speak with a CSR?	11
The co-pay associated with your prescriptions?	10
How easy or difficult was it to understand the EOB?	10
The ease of finding out what medications are covered on website?	10



Key Findings

- The majority (78%) of NDPERS members are satisfied with their retail pharmacy benefits. This is very comparable to commercial members who are about equally satisfied.
- Overall, NDPERS members are about as satisfied as commercial members with their most recent prescription.
- Satisfaction with customer service and order fulfillment at the retail pharmacy is high.
- Satisfaction with the enrollment process, enrollment materials and EOB is correlated with overall satisfaction with Medicare Part D; improving satisfaction in these key areas will likely increase overall satisfaction.
- There is an 86% satisfaction rate among those that found their EOB easy to understand
- There is a general overall theme of satisfaction with their Part D benefit and MedicareBlue Rx

- Overall service levels are steady
- Data represents all Employer Groups averaging 20,000 lives

Beneficiary Services Monthly Report

Summary Data

2007-2008 Group MedicareBlue Rx

	Month	Calls Offered	Calls Handled	Abandoned Calls	Service Level	Abandon Rate	Avg Speed of Answer (seconds)	Avg Handle Time (seconds)	Avg Hold Time (seconds)
2007	April	932	919	13	94.69%	1.39%	7.4	402.4	50.9
	May	832	817	15	95.61%	1.80%	7.0	392.3	46.0
	June	835	829	6	93.73%	0.72%	8.2	399.2	43.5
	July	810	806	4	96.40%	0.49%	6.4	384.2	38.5
	August	927	915	12	94.43%	1.29%	8.8	407.1	42.6
	September	755	749	6	91.87%	0.79%	10.3	415.3	36.1
	October	1,975	1,957	18	91.42%	0.91%	10.8	395.7	30.1
	November	1,574	1,555	19	89.93%	1.21%	11.1	417.7	29.9
	December	1,626	1,593	33	83.47%	2.03%	17.8	414.3	43.5
2008	January	2,394	2,342	52	72.83%	2.17%	29.2	426.9	43.4
	February	2,023	1,995	28	80.35%	1.38%	20.8	400.8	40.5
	March	1,269	1,255	14	89.44%	1.10%	14.1	454.6	48.2
	Annual	15,952	15,732	220	89.51%	1.27%	12.7	409.2	41.1

(Data representative of Northern Plains Alliance Entire Employer Group population averaging 20,000 lives)

Provided by Prime Therapeutics LLC

The content of this report is confidential and Unauthorized use is prohibited.



Opportunities and Improvements

Service	Education	Communications
<p>Development of automated electronic enrollment</p> <p>Completed</p>	<p>Opportunity to reinforce product info to members</p> <ul style="list-style-type: none"> ● NDPERS Newsletter <p>Opportunity</p>	<p>Policy and Procedures for benefit communications</p> <p>Completed</p>
<p>Ongoing beneficiary services training</p> <ul style="list-style-type: none"> ● First call resolution ● Ease of understanding explanation of benefits <p>In Progress</p>	<p>When members move to Part D product</p> <ul style="list-style-type: none"> ● Formulary ● Enrollment process ● No deductible ● No coverage gap <p>Opportunity</p>	<p>CMS required 2008 EOB (Explanation of Benefits) changes</p> <ul style="list-style-type: none"> ● Opportunity to make changes that may be easier for member to understand <p>In Progress</p>



Performance Penalties

- BCBSND working with RAS and Prime to develop initial performance penalties
- Amounts at risk are more symbolic than anything (just to get started, see how things go)
- Metrics monitored on a quarterly basis
- Effective for 2009 to coincide with the upcoming renewal



Performance Penalties

- Proposed Metrics:
 - BCBSND to provide at least 4 educational items for newsletter
 - \$1,000 for coming in under 4 items
 - Mass mailings must be reviewed by BCBSND, and PERS office notified before mailing begins
 - \$2,000 to \$5,000 penalty based on severity
 - One penalty per year



Performance Penalties

- Proposed Metrics:
- Customer Service
 - Customer wait time to speak with CSR
 - Once call resolution
 - Call abandonment rate
 - Speed of answer
 - CSR attrition rates
- Still researching appropriateness, methods of measurement and amounts at risk.
 - Meeting with RAS and Prime later in June



2009 Medicare Group Part D

- At this time, there are no benefit changes for the group Part D product for 2009
- For 2008, new Ideal Formulary introduced
 - Members told that continued scripts for non-Formulary drugs will be “grand-fathered” during 2008
 - Gives member a year to visit with doctor to make change to a formulary drug within the class of drugs
 - Reminder letter to member coming out Oct/Nov, 2008



Questions?

ND Advanced Medical Home Project

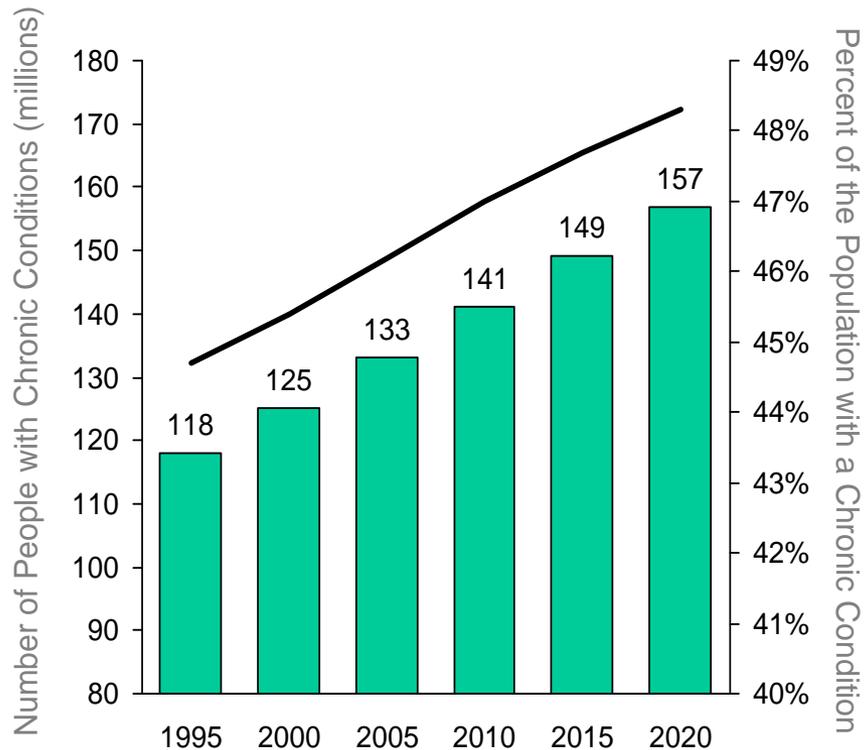
Jon Rice, M.D.

CMO

BCBSND

More than 130 million Americans suffer from chronic conditions – this will increase in the future, further increasing costs

Prevalence of Chronic Conditions



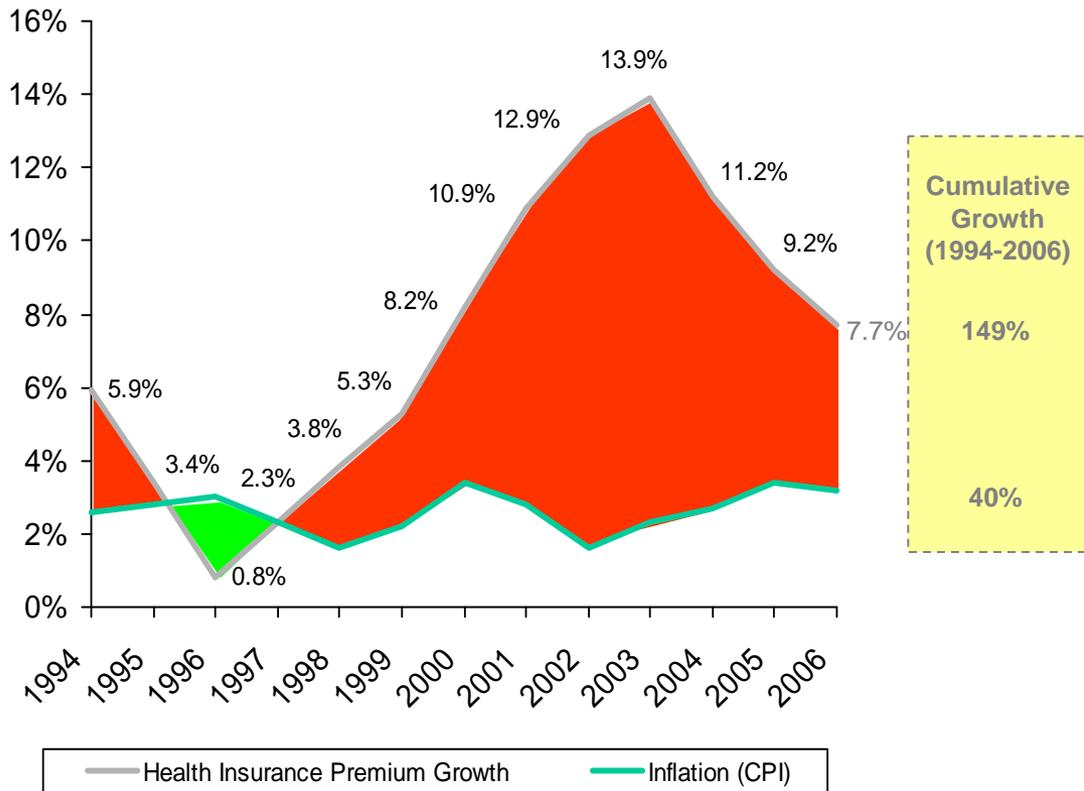
Cost of Specific Chronic Conditions

Chronic Condition	Prevalence	Annual Cost
Cardiovascular Disease	80MM	<ul style="list-style-type: none"> \$283BN of direct healthcare costs \$149BN in indirect costs/ lost productivity
Diabetes	18MM	<ul style="list-style-type: none"> \$92BN of direct healthcare costs \$40BN in indirect costs/ lost productivity
Asthma	~20MM	<ul style="list-style-type: none"> \$20BN, including direct healthcare costs and indirect costs/ lost productivity (includes asthma and allergies)
Depression	~20MM	<ul style="list-style-type: none"> ~\$100BN of direct healthcare costs (across all mental illnesses) ~\$100BN in indirect costs/ lost productivity (across all mental illnesses)

Source: Wu, Shin-Yi, and Green, Anthony. *Projection of Chronic illness Prevalence and Cost Inflation*. RAND Corporation, October 2000; American Heart Association, Centers for Disease Control (CDC), American Diabetes Association (ADA), Asthma and Allergy Foundation of America (AAFA), National Alliance on Mental Illness (NAMI); *Disease Prevalence and Economic Impact 2007* R. Miller, Booz Allen Hamilton analysis

While somewhat mitigated, health premiums continue to grow at 2-3X inflation, a level considered unsustainable by employers

Annual Growth in Employer-Sponsored Health Insurance Premiums¹



Discussion

- Employers are finding it increasingly difficult to afford healthcare benefits
 - Small employers are dropping coverage – 68% of employers with 3-199 employees offered coverage in 2001 vs 60% in 2006
 - Large self-insured employers are not dropping coverage yet, but are trying to manage their own portion of the healthcare costs through higher member premium sharing/out of pocket costs, and an increased emphasis on healthcare management
- The continued growth in premiums/ medical costs at 2-3X inflation has led to an affordability crisis in healthcare
- The situation is considered unsustainable by many employers, who view it as a threat to their long-term global competitiveness
- Healthcare management is becoming a major priority for large employers – there is decreased ability for Blues to differentiate on network discounts as the gap between Blue and competitor discount shrinks

(1) Annual health insurance premium for a family of four

Source: Kaiser / HRET Survey of Employer-Sponsored Health Benefits 1999-2006, Booz Allen Hamilton analysis

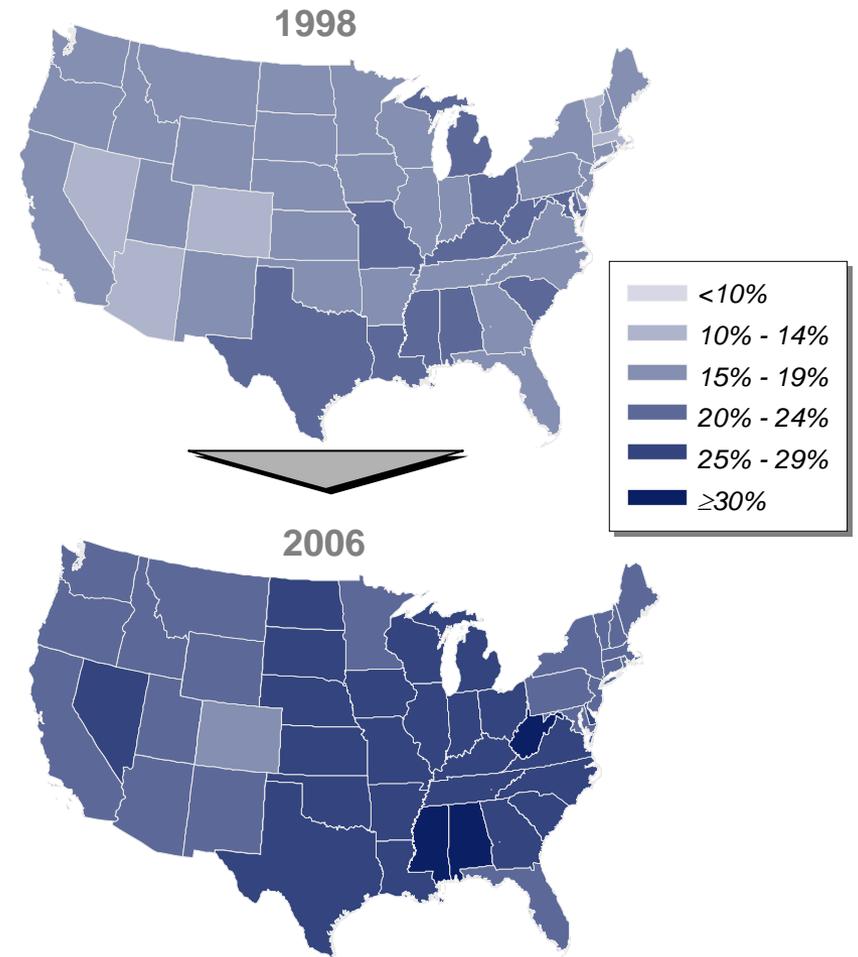
The state of US population health continues to deteriorate – risk factors like obesity are increasing rapidly

Obesity Trends* Among U.S. Adults
BRFSS, 1998, 2006

(*BMI ≥ 30 , or about 30 lbs. overweight for 5'4" person)

Key Drivers of Health Status (2002)

Driver	Prevalence
Obesity	59% obese or overweight
Physical Activity	25% have no leisure time physical activity
Smoking	23% smokers
Aging	22% > 55 years, aging population



Source: Centers for Disease Control (CDC), Chronic Diseases and their Risk Factors 2004, Booz Allen Hamilton analysis

Advanced Medical Home

- Multiple, varied definitions. In essence:
 - A medical practice that is able to provide appropriate, evidenced-based medical care to a patient in a longitudinal fashion that meets the needs of all parties involved whilst providing high quality care and improved outcomes in a cost effective manner. This process is supported by a strong reliance on accurate, actionable data at the point of care, in order to deliver the desired outcomes.

Why have an Advanced Medical Home?

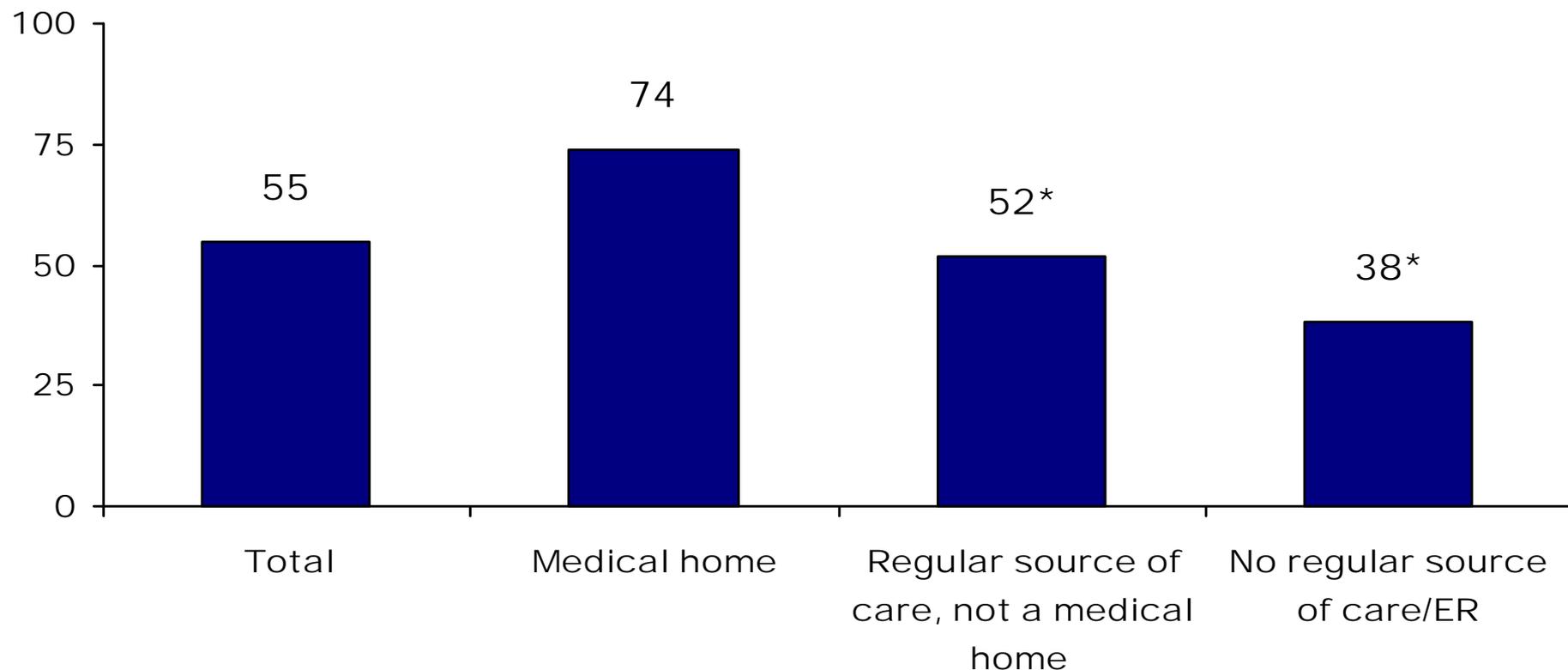
- Quality and quantity of primary care directly influences population health status.
 - Each additional primary care physician per 10,000 persons is associated with a mortality rate decrease of 3-10%.
 - Adults with a primary care physician had 33% lower costs of care and were 19% less likely to die from their conditions than those who received care from a specialist.
- Comprehensiveness of primary care directly influences outcomes of disease management.
 - People in states that relied more on primary care
 - Have lower Medicare spending
 - Have lower utilization
 - Have better quality

Why AMH??

- Chronic diseases, such as diabetes, obesity, hypertension and coronary artery disease dominates as morbidity drivers in health.
 - Care provided with AMH principles
 - Diabetes patients have significant reductions in CV risk
 - CHF patients have 35% fewer hospital days
 - Asthma and diabetes patients are more likely to receive appropriate therapy.
- Cost effective management of chronic disease will have biggest influence on long term costs.

The Majority of Adults with a Medical Home Always Get the Care They Need

Percent of adults 18–64 reporting always getting care they need when they need it

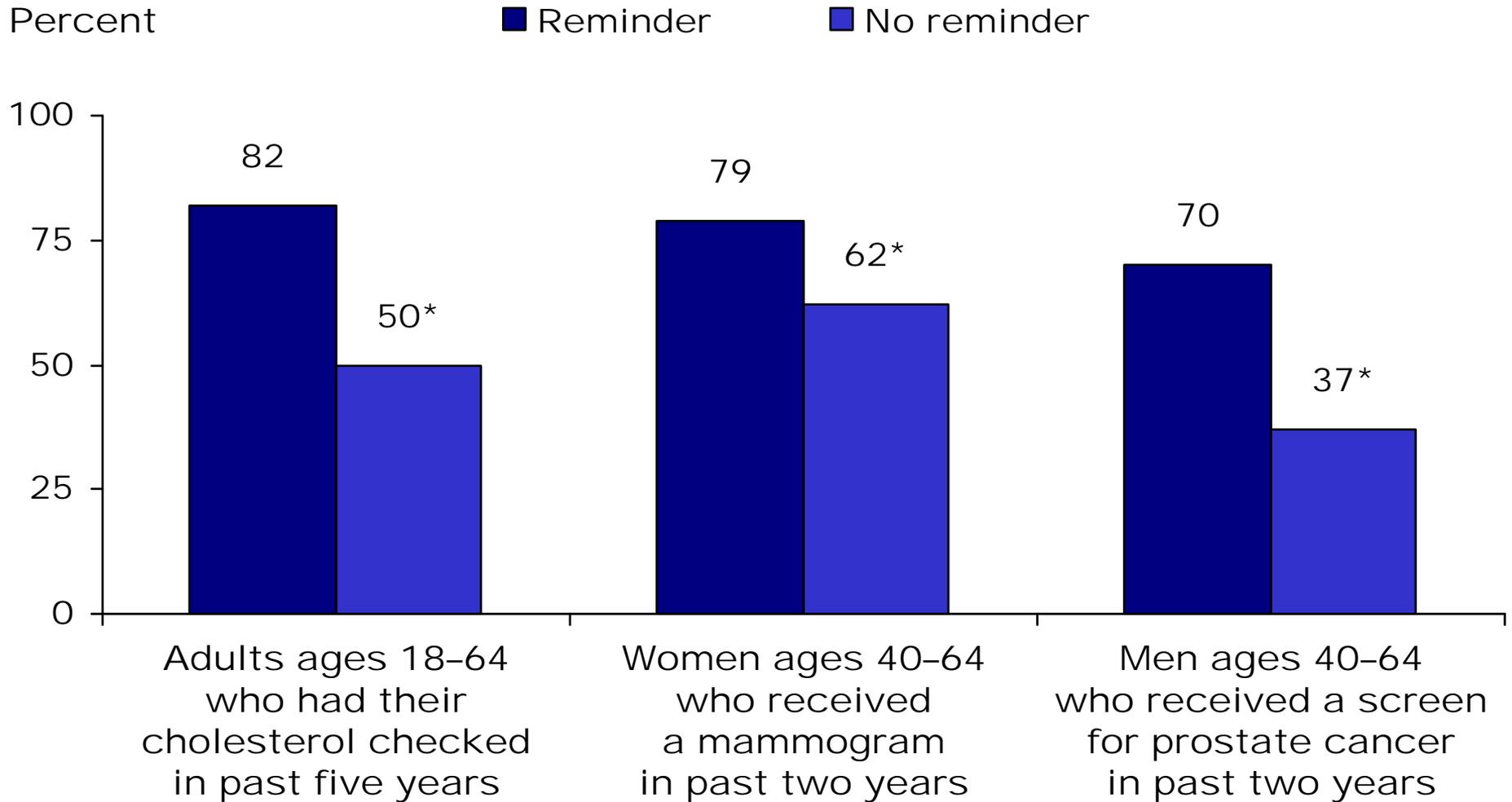


Note: Medical home includes having a regular provider or place of care, reporting no difficulty contacting provider by phone or getting advice and medical care on weekends or evenings, and always or often finding office visits well organized and running on time.

* Compared with medical home, differences remain statistically significant after adjusting for income or insurance.

Source: Commonwealth Fund 2006 Health Care Quality Survey.

Adults Who Are Sent Reminders Are More Likely to Receive Preventive Screening

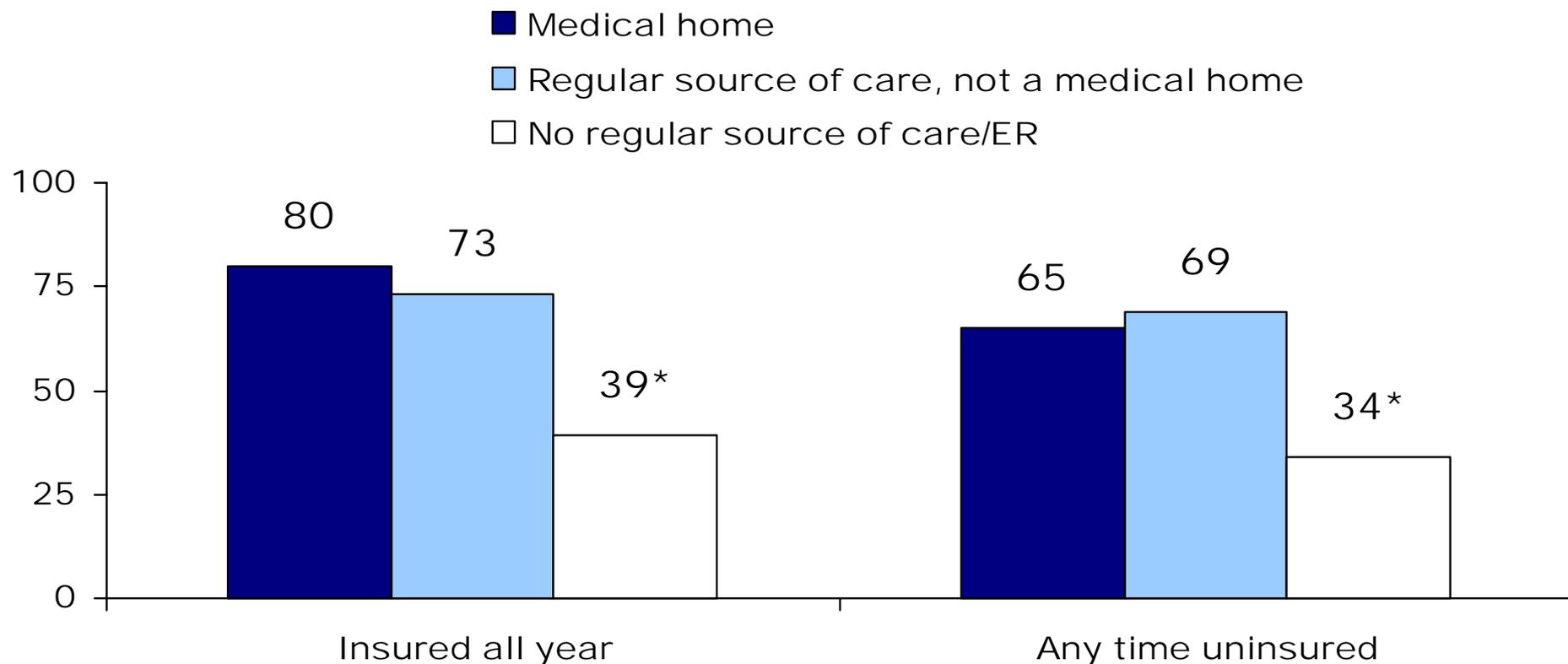


* Compared with reminders, differences remain statistically significant after adjusting for income or insurance.

Source: Commonwealth Fund 2006 Health Care Quality Survey.

Adults with a Medical Home Have Higher Rates of Counseling on Diet and Exercise Even When Uninsured

Percent of obese or overweight adults 18–64 who were counseled on diet and exercise by doctor



Note: Medical home includes having a regular provider or place of care, reporting no difficulty contacting provider by phone or getting advice and medical care on weekends or evenings, and always or often finding office visits well organized and running on time.

* Compared with medical home, differences are statistically significant.

Source: Commonwealth Fund 2006 Health Care Quality Survey.

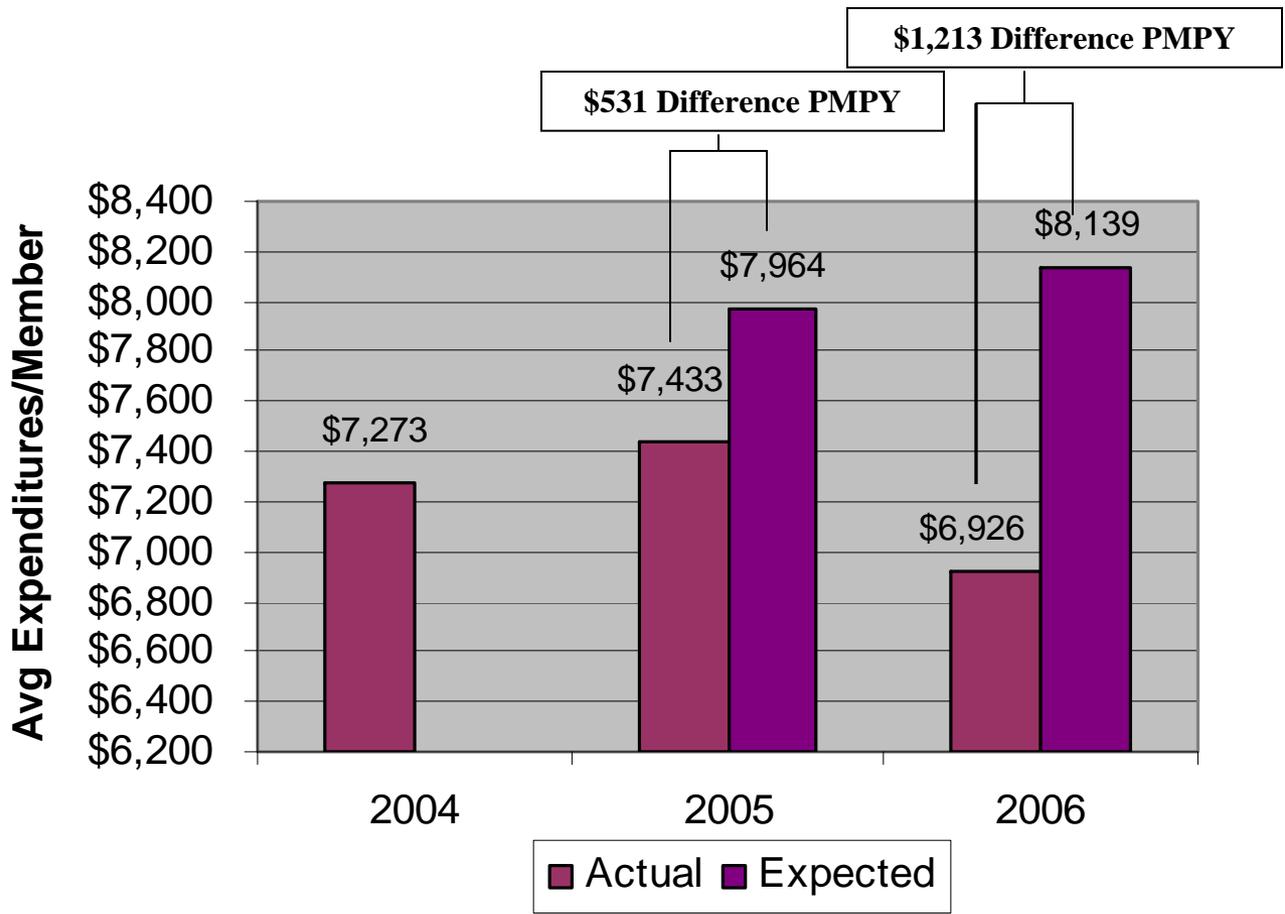
Experience

- Past “Disease Management” project
 - Diabetes
 - If office base disease management services are enhanced decreased ER utilization and inpatient stay will occur resulting in overall cost savings while care improves.
 - One year pilot with IM clinic at MeritCare

Results

- Diabetes care measures improved compared to prior year and control group
- Decrease in ER visits
- Decrease in inpatient claims
- Per member savings of \$500 PMPY

Figure 6. Study Population Average Savings per Member Calculation



Overall Savings:

2005: $\$531 \times 192 \text{ members} = \$101,940$
 2006: $\$1,213 \times 192 \text{ members} = \$232,923$

Plan

- Expand on a statewide basis
- Reward primary care
- Set quality expectations
- Measure quality
- Continue primary care rewards based on quality achievement

What is required for an AMH to function?

- Cooperative relationship between the health care team and the patient.
- Longitudinal care as opposed to episodic care.
- Absolute focus on primary prevention.
- Competency in secondary prevention.
- Active management of referrals to specialists.
- Commitment to acting as the patient advocate in navigating the complexities of the health care system.
- Commitment to medical quality processes and data sharing in order to continually improve the care process.
- Financial and policy support of AMH functionality development and maintenance.

Principles

- Advanced Medical Home Demonstration Project
- All patients, no matter who the payor is
- Information exchange – bidirectional
- Information sharing to promote disease management and primary prevention using evidenced based medicine
- Quality measures based on nationally recognized and accepted criteria, attainable and relevant
- Member access to quality information through a PHR

Components

- Change reimbursement to recognize and reinforce primary care
- Provide a tool to measure and report quality and provide point of service summary and quality information
- Determine appropriate incentives and goals for the ongoing program

What Happens When?

- Currently – educating the medical community about the project and plan
 - Negotiating contract with MDDatacor.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: Health Plan Design

INTRODUCTION

This summer we begin the renewal process with BCBS. The sequence of events from here forward will be:

June	PERS reviews the work of the benefits committee and approves the plan designs and scope of benefits for the renewal. PERS sends to BCBS the plan designs and scope of benefits for renewal.
July	BCBS and GBS concurrently and independently develop renewal rates for the 2007-2009 bienniums.
August	<ol style="list-style-type: none">1. PERS, BCBS and GBS meet to review the renewal rates developed by both parties.2. PERS Board reviews the renewal rates at a late August or early September meeting.
September	<ol style="list-style-type: none">1. PERS Board decides to accept the final BCBS renewal rate or go to a general bid.2. PERS Board submits to OMB the proposed rate for 2009-2011.

In this memo we will approach the renewal by discussing the following topics:

1. Background information,
2. Health plan trends,
3. Plan design/ scope of benefits,
4. Other health plan considerations, and
5. Wellness efforts.

Following this will be recommendations from staff and the suggestions from the PERS Benefits Committee on how to proceed.

Background

At this point in time our goal is to initiate the renewal process with BCBS. To accomplish this we need to set forth our expectations on what we want prepared as part of the renewal. First, we need to get the renewal cost of the existing plan. Second, and as was done in the past, we also ask them to price a range of alternative plan designs/scope of benefits so the Governor and the Legislature can see the effects that various levels of funding have on the benefits provided or the implications of adding certain benefits. In the 1980's PERS used a different process. The Board did not address plan design until final funding was approved by the Legislature. Consequently, the Governor and Legislature considered and debated the percentage increase in health premiums and made a decision on the appropriate increase without considering the effect on plan design or scope of benefits. We learned the problem with this approach was that the effect on benefits could be greater than anyone may have anticipated, but by then the Legislature had concluded its session. Therefore, since the 1990's the Board has also included this second step as part of the renewal so everyone has a clear understanding of the plan that is being purchased for the premium that is proposed or approved. In addition, we have also presented the cost of changes in the scope of benefits so they can be considered as part of the health plan renewal. Third, as we approach the renewal this year the PERS Board also decided at the Board planning meeting to have staff develop a concept relating to wellness as well as alternatives to the EPO.

Therefore, what we need to decide today to get the renewal started is:

- What alternative plan designs should be suggested?
- What additions to the scope of benefits should be priced as part of the renewal?

Health Plan Trends

At the Board planning meeting we reviewed the following table:

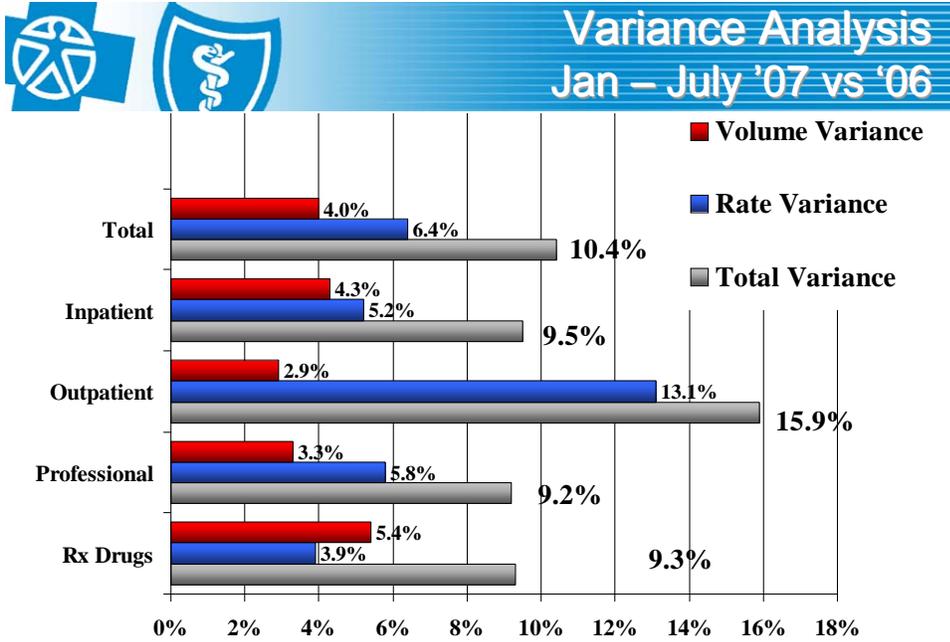
Active State Renewal Rate

NDPERS 2007- 2009 Allocation and 2009-2011 Projection	NDPERS 2009-2011 Planning Projections			
	7.5% Trend	10% Trend	12.5% Trend	15% Trend
1999-2001 buy down rate	\$349.72	\$349.72	\$349.72	\$349.72
2001-2003 reserve option rate	\$409.09	\$409.09	\$409.09	\$409.09
2003-2005 reserve option rate	\$488.70	\$488.70	\$488.70	\$488.70
2005-2007 reserve option rate	\$553.94	\$553.94	\$553.94	\$553.94
2007-2009 rate	\$658.08	\$658.08	\$658.08	\$658.08
2007-2009 % increase	18.8%	18.8%	18.8%	18.8%
Expected 2007-2009 BCBS rate	\$760.49	\$796.28	\$832.88	\$870.31
Expected available surplus in 2007-2009 (\$1 million)?	\$1.67	\$1.67	\$1.67	\$1.67
Expected 2009-2011 buy down rate	\$758.82	\$794.61	\$831.21	\$868.64
2009-2011 \$ increase	\$100.74	\$136.53	\$173.13	\$210.56
2009-2011 % increase	15.3%	20.7%	26.3%	32.0%
Total additional funds*	\$27,804,000	\$37,862,000	\$47,784,000	\$58,115,000
Total additional general funds**	\$16,683,000	\$22,609,000	\$28,670,000	\$34,869,000

* - For biennium assuming 11,500 FTE's

** - Assumed to be 60% of total funds

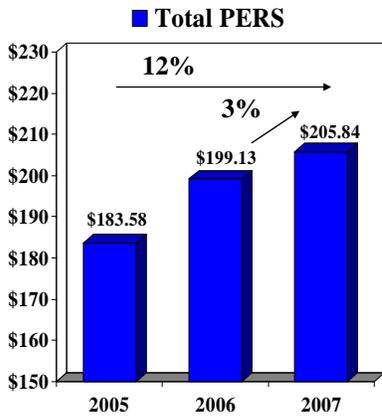
We also discussed at the time that our health trends were in the range of 10%-12.5%. Factors contributing to this trend were discussed in our November meeting relating to the following:



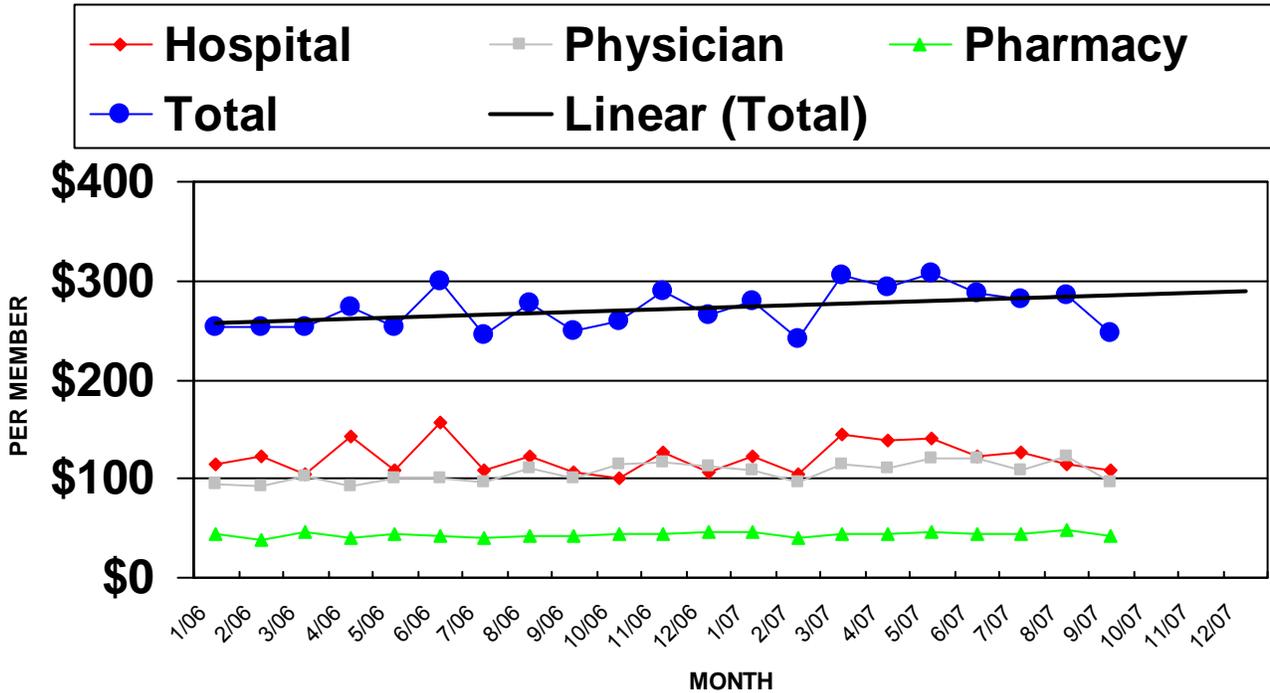
Confidential and Proprietary Information, BCBSND 5

We also learned at our February meeting:

Annual Comparisons



And as Bryan has reported to us for active members:



These trends have several implications for us as we approach the renewal:

- Trend is going to result in a health premium increase that will consume almost all available dollars.
- There is little room to request additional enhancements that will add cost to the plan.
- If we are going to mitigate costs in the long term, we need to transition to a new strategy relating to plan design and scope of benefits.
- The existing strategy has allowed us to stay at a trend that is comparable to other plans and maybe even better.
- Wellness is an opportunity to help reduce costs.
- PERS has started to migrate to a wellness strategy.
- PERS has started wellness efforts in the plan by providing incentives to employers to incorporate employer based wellness programs at their work sites.

In the next section of this memo we will discuss the suggestions of the PERS Benefits Committee and staff relating to the implications of rising costs on the plan design/scope of benefits. In the section of the memo titled “Other Considerations” we will review the EPO issue and suggestions. In the section entitled “Wellness” we will discuss the Benefits Committee and staff suggestion relating to a wellness plan design/scope of benefits for the PERS plan.

Plan Design and Scope of Benefits

At the PERS Planning meeting in December we reviewed the work efforts of the PERS Benefits Committee. The committee's suggestions were to move forward with the renewal of the existing plan design and for the alternative plan designs in Attachment #1. The thought was that this range of plan designs would provide a good overview of the effect of changes in the scope of benefits on the cost of the plan.

Concerning the scope of benefits the committee reviewed the following information that we discussed at the planning meeting.

Issue	PERS Benefit	Standard Benefit	Additional Monthly Cost	PERS Approve?
* Maintenance Drugs	PERS benefits applies 1 copayment per dispense	Benefit Re-write issue - Apply 2 copayments for supplies greater than 34 days	-\$1.08 per contract (savings to group)	
Occupational Therapy	PERS requires prior approval for OT after 90 th day.	Standard benefits do not allow after the 90 th day. No prior approval	No rate change Ease administration	In progress, not finished
Speech Therapy	PERS requires prior approval for ST at first visit	Standard benefits do not allow after the 90 th day. No prior approval	No rate change Ease administration	In progress, not finished
Oral Brush Biopsies	PERS does not cover Oral Brush Biopsies.	2001 Re-Write. Standard benefits cover these services.	No rate change	Yes
Routine circumcisions	NDPERS does not allow for routine circumcisions	Standard contracts pay for all circumcisions	\$.16 per contract	
Habilitative care	NDPERS did not take the 2001 Rewrite for Habilitative Therapy. NDPERS has the exclusion for electronic speech aids, which is included in the benefit for Habilitative Therapy. NDPERS does allow for electronic speech aids through Case Management under the Rehabilitative changes.	Standard contracts pay for services related to rehabilitative and habilitative care	\$.30 per contract	
Immunizations	NDPERS covers flu shots and immunizations for children up to age 18, subject to cost share.	Standard will cover (benefit re-write issue) services at 100%. These services not subject to preventive screening dollar maximum. EPO and PPO	\$.19 per contract	Yes
HPV immunizations over age 18	NDPERS currently does not cover immunizations for members age 19+ (except flu shot)	Standard covers CDC approved immunizations. Pay at 100% EPO and PPO	\$.32 per contract	
* Tetanus	NDPERS currently does not cover immunizations for members over age 18 (except flu shot)	Standard covers CDC approved immunizations. Pay at 100% EPO and PPO	\$.18 per contract	
Flu shots	NDPERS covers adult flu shots, apply coinsurance	To be consistent with adult immunizations quoted above, adjust to allow payment at 100% EPO and PPO	\$.09 per contract	
* Well Child Visits	NDPERS covers 5 visits (apply coinsurance) for children age 0-12 months	Benefit re-write will be covering 7 visits for children	\$.11 per contract	
* Chiropractic	NDPERS applies 2 copayments per day if office visit and manipulation billed on same day.	Benefit re-write will apply just one copayment for office visit and manipulation on same day of service	\$.20 per contract	
* Home Medical Equipment	Currently services applied to HME maximum. The "microprocessor knee" might cost more than the entire maximum.	Benefit re-write, allowing services for "microprocessor knee" limb prosthetics so can exceed maximum	\$.26 per contract	
* Tobacco Cessation Benefit	NDPERS has benefit provided by grant from Health Department	Benefit pays for office call and meds	\$.98 per contract	
* Licensed Registered Dietician (LRD)	Currently, NDPERS covers for specific situations (not obesity)	Benefit re-write, allowing one visit per year to LRD to educate members on obesity.	\$.65 per contract	
* Bone Density Scans	NDPERS covers if medical, denies if preventive	Preventive benefits allow payment at 100%	\$.44 per contract	

Consider Coverage For:	Additional Cost to Plan Per Contract Per Month:
Pulmonary rehabilitation to treat Chronic Obstructive Pulmonary Disease (COPD)	\$1.04
Treatment for hearing loss (exams./tests, molds, hearing aids)	\$1.12
Orthotic devices when medically necessary	\$0.92
Non-permanent oral contraceptive birth control (Norplant, IUD's, and Diaphragms not included)	\$3.15
Prostate Specific Antigen (PSA) test as a PPO 100% paid preventive screening benefit.	\$0.10
Radial Keratotomy	\$2.45
Annual physical exam	\$2.46
Physician ordered non-prescription drugs	\$1.11
Prescription drugs for nicotine addiction and office call	\$0.98
Cover Influenza Immunizations at 100% over age 18	\$0.09
Tetanus Immunization for members over age 18	\$0.18
HPV Immunizations for members 19-26	\$0.32
Cover Routine Circumcisions	\$0.16
Cover Colonoscopy Screenings	\$2.39
Cover Sigmoidoscopy Screenings	\$0.76
Cover Bone Density Scans, paid at 100%	\$0.44
Physician ordered massage therapy	*
Rehabilitative and habilitative care	\$0.30
Waive Deductible for ER Services	\$1.05
Coverage of office visit when done with routine screenings	\$0.39
Implement a \$200 preventive benefit in place of specific screenings	\$5.37
Well Child Visits from 5 to 7	\$0.11
Chiropractic (apply one copayment per day)	\$0.20
Home Medical Equipment (allows services for microprocessor knee)	\$0.26
Licensed Registered Dietician (allows one visit per year)	\$0.65
Allow 2 copayments for maintenance prescriptions (savings to group)	-\$1.08

* - There is no BCBS / massage therapy provider relationships for reimbursement or cost estimates.

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In reviewing the above, it was noted that the PERS plan design has fallen behind other BCBS plans in terms of the wellness related benefits. However, the Benefits Committee recognized that with the expected cost of maintaining the existing plan, requesting additional improvements may not be practical. However, the Committee did feel that PERS should request adding the CDC recommended immunizations to the existing plan.

In summary, the Benefits Committee suggested that PERS:

1. Submit the existing plan design for the renewal.
2. Submit the alternative plan designs in Attachment A to show the effect of changes in plan design to premium.
3. Submit the CDC approved immunizations to be considered as part of the renewal.

Other Health Plan Considerations

Several other areas of considerations relating to the health plan for 2009-2011 are the EPO program and the disease management program. First the EPO. In the past we have discussed the following:

Provider programs - EPO



- Program was started as a partnership with providers to share risk
- We would encourage our members to use them as their provider and in return they would share the risk of providing all necessary care
- The goal was to encourage the provider through risk sharing to become more proactive in keeping our member well since this would increase their gain.
- Providers stopped risk sharing at the beginning of this biennium

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Consequently, since the providers are no longer willing to share risk, part of the underlying reason for this program no longer exists. Since PERS only became aware of this decision after the plan had been set for 2007-2009 biennium, the Board decided to continue the program for this biennium but asked staff to look at options for 2009-2011. At the PERS planning meeting we discussed transitioning away from the EPO and to study the concept of a wellness based health plan design with the higher level of efforts based upon wellness. One concept discussed was:

Gold	EPO level benefits	Did you take the assessment and complete your individual action plan by June 30
Silver	PPO level benefits	Did you take the wellness assessment
Bronze	Basic Plan level benefits	No to the above

The Board directed staff to work with the Benefits Committee to develop the concept for the Board's consideration as part of the renewal. In the next section of this memo we will discuss the option developed.

The second consideration relating to the health plan relates to our disease management efforts. We started our disease management program about 4 years ago when we hired Health Dialog. Since then two new developments have occurred:

1. The Legislature in HB 1433 required us to develop a disease management program for diabetes in HB 1433 with the NDPhA. Also in HB 1432 they directed us to consider developing a collaborative drug therapy program:

Under the program, the board may involve physicians, pharmacists, and other health professionals to coordinate health care for individuals in identified health populations in order to improve health outcomes and reduce spending on care for the identified health problem. Under the program, pharmacists and other health professionals may be reimbursed for providing face-to-face collaborative drug therapy services to covered individuals in the identified health population. To encourage enrollment in the plan, the board may provide incentives to covered individuals in the identified health population which may include waived or reduced copayment for related treatment drugs and supplies.

Pursuant to this directive we will be initiating our program for diabetes with the NDPhA this summer.

2. Also, you will hear about a new disease management program BCBS (The Medical Advanced Home Program) was developed at the June meeting that will work with ND physicians. This program will start January 1, 2009.

With these new disease management efforts coming on line in 2008-2009, the question that arises is the need for our existing program with Health Dialog. In the next section of this memo the staff's and committee's recommendation for this area will be discussed.

Wellness Efforts

PERS started looking at wellness as a strategy several years ago to help mitigate health trends. We started our employer based wellness efforts. We also initiated a pilot program with 4 state agencies with the support of UND to develop ideas and best practices that we should promote. At the PERS Planning meeting in December we reviewed the following information from our UND pilot:

Evaluating Current Components of Worksite Health Promotion Program	Agencies receiving all of the following services			
	Tax	Commerce	State Historical Society	Office of Management and Budget
1. The Personal Behavior Health Profile (PBHP) – Employees at your worksite have been able to complete the PBHP on-line and receive a \$25 stipend annually. The PBHP provides employees with information about their current behavioral health risks, while also creating a personal health library for them containing useful resources for improving their health. Employees have commented as part of the PBHP assessment that this tool has been an important part of changes they have made to improve their health. The PBHP is also the foundation for the annual health status report your worksite receives summarizing the effectiveness of your health promotion program. Does your health council think that the PBHP should be a part of future health promotion programs?	YES	YES (4/4)	YES	YES
2. Tobacco Cessation Programs – CHPPR developed a worksite tobacco cessation program that has been available to your employees during the workday at the Capitol building. This program has helped several employees stop smoking. Does your health council think that a tobacco cessation program should be part of future worksite health promotion programs?	YES	YES (4/4)	YES	YES
	Comment – Commerce – Would recommend offering some type of incentive to employees who complete the course.			

1

Part A
Post-Summit Survey of Health Councils in North Dakota Worksite Health Promotion Program
 November 2007

Post-Summit Questions	Agencies receiving additional services of health coaching and health screenings	
	Tax	Commerce
1. Health Coaching – The services on a health coach have been available by telephone to some of your employees, and while the feedback we have received has been very positive, we are interested in whether your health council thinks these services should be a component of future worksite health promotion programs. Does your health council think that health coaching services should be a part of future worksite health promotion programs?	YES	YES (4/4)*
2. Health Screenings – Employees at your worksite have been able to participate in free, on-site, bi-annual screenings for blood pressure, blood glucose levels, cholesterol levels, and body mass index (BMI). These screenings make it easy for employees to monitor important health indicators. Does your health council think that health screenings should be a part of future worksite health promotion programs?	YES	YES (4/4)
	Comment – Tax – This is a must. How else can it be determined if someone is at risk? Comment – Commerce – This is a great benefit.	

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Evaluating Current Components of Worksite Health Promotion Program	Agencies receiving all of the following services			
	Tax	Commerce	State Historical Society	Office of Management and Budget
	YES	YES (4/4)	YES	YES
1. Periodic Formal and Informal Consultation Services from CHPPR to Health Council – The Director of CHPPR, Dr. Nancy Vogeltanz-Holm, and other CHPPR personnel have been available to provide periodic consultation and reports to your worksite health promotion council. These consultation services have included formal meetings and informal telephone contacts. Does your health council think that consultation services such as these should be a part of future worksite health promotion programs?				
2. Employer Toolkit with Monthly Planner – Your worksite health promotion council received an electronic employer toolkit and associated monthly wellness event planner (provided on CD-ROM). This toolkit and planner was designed to assist the health council in planning and implementing health promotion events at your worksite. Does your health council think that an employer toolkit and planner should be available to assist other health councils as they plan and implement health promotion events at their worksite?	YES	YES (4/4)	YES	YES
	Comment – Tax – The Employer Toolkit is very helpful. Could it be expanded to include even more subjects per month to choose a monthly health focus?			
3. Presentation to Introduce the Program (i.e., Program Kick-Off Meeting) – CHPPR personnel designed and coordinated a presentation to all your employees as a way to “kick off” your worksite health promotion program. This presentation provided employees with information about the services provided by CHPPR and set the stage for your health promotion program to be effective. Does your health council think that a “kick off” meeting to introduce the program to employees should be a part of future worksite health promotion programs?	YES	YES (3/4) NO (1/4)	YES	YES
	Comment – Tax – We think it important to have a special kick-off event with a little fanfare.			

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Improving the Worksite Health Promotion Program	Tax	Commerce	State Historical Society	Office of Management & Budget
1. Availability of Discretionary Funds – Discretionary funds should be available to support important program components such as a fruit and vegetable program, participation incentives, and agency-level coordination duties.	YES	YES (4/4)	YES	NO
	Comment – Tax – This is crucial. We have been charged with creating a wellness program with no resources. We need assistance. Comment – Commerce – Quite a bit of the program can be self funded through employee participation. However, a small pool of discretionary funds each year would be helpful.			
2. Designated Worksite Coordinators – Worksites should have designated coordinators whose duties should be incorporated into their regular job descriptions. Worksites should consider compensating coordinators with additional pay or reduced duties in other areas.	YES	YES (3/4) NO (1/4)	YES	NO
	Comment – Tax – Wellness Coordinators must be given the time to do an adequate job. Comment – Commerce (YES) – This is a must! Most important thing to make the program a success.			
3. Reward Employees for Making Healthy Choice – Systems changes should be implemented to reward employees for participating in worksite health promotion programs and adopting healthy lifestyles.	YES	YES (4/4)	YES	NO
	Comment – Tax – We feel this would help entice employees into starting down the road to wellness.			
4. Lower Health Insurance Deductibles/Co-Pays – Employees meeting healthy lifestyle criteria and/or participating in worksite health promotion activities should have lower health insurance deductible rates and/or co-pays.	YES	YES (4/4)	YES	NO
	Comment – Commerce – WOW! This would be great.			

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	Tax	Commerce	State Historical Society	Office of Management & Budget
Improving the Worksite Health Promotion Program				
1. Converting Some Portion of Unused Sick Leave – Worksite supervisors should be permitted to award employees meeting healthy lifestyle criteria and/or participating in worksite health promotion activities additional leave time by converting a portion of employee's unused sick leave.	YES	YES (3/4) NO (1/4)	YES	NO
	Comment – Commerce (YES) – Another great idea!			

Several concepts for best practices have emerged based upon the above discussion:

- Having employees annually do a health risk assessment; however, some sort of incentive is a key to participation.
- Health coaching is beneficial.
- Health screenings are important.
- In order for comprehensive wellness programs to continue at the work site, it is important to have technical assistance.
- Member incentives are important for good participation.

Based upon this discussion, the Board directed staff to work with the Benefits Committee to consider how to incorporate the above thoughts into our health plan efforts.

In considering how to proceed, staff developed, along with the Benefits Committee's review, the following criteria to help guide the development of a wellness plan design. The criteria recognize not only the ideas from the wellness pilot project but also the other items discussed above (health trend, EPO, disease management, etc)

Area	Objective
<i>Scope of Coverage</i>	PERS should update the plan to invest more in preventive care and wellness
<i>Provider programs</i>	PERS should maintain provider programs that help the plan
<i>Employer Based Wellness</i>	PERS needs to take the wellness efforts to the next step which means more support for the employer effort and more encouragement for plan members
<i>Disease Management</i>	Disease management should continue in the plan but duplication should be minimized/illuminated
<i>Special Programs</i>	Special programs should be encouraged and members should be rewarded for participating
<i>BCBS programs</i>	New BCBS programs provide an opportunity to get members involved

In responding to these objectives, the following constraints were identified:

- To seek only enough premium increase to pay for plan inflation.
- Based upon the existing funding level, modify the plan to accomplish the objectives.
- Wellness incentives should be provided but not directly to the member in terms of direct payments, time off, gift cards, etc.

In other words, the new wellness plan should not cost more than the existing plan design would cost with inflation. In order to achieve the objectives, the wellness plan design would need to be budget neutral which further means that each addition will need to be offset with a change in the existing plan.

With the above in mind, six suggestions emerged relating to a wellness plan design for PERS that considered both the plan design and scope of benefits.

#1 Wellness concept - Providers

- EPO should be eliminated.
 - Providers are no longer willing to participate based upon original terms or modified terms.
 - EPO has been criticized since it is only available in certain areas
 - Loss will affect 40% of members
 - Savings will be 2% but should be reinvested in member benefits that benefit both the member and the plan

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Eliminating the EPO benefit level will save the plan about \$13 per contract per month.

#2 Wellness Concept – Disease management

- Health Dialog should be eliminated
 - Legislative NDPPhA program will provide disease management for members with Diabetes. If successful can be extended
 - BCBS will be starting their program in Jan 2009
- Savings will be \$3.88 per active member contract
- Will lose HRA, general health coaching and web site
- Encourage BCBS to use proven methods in their program that relate to wellness as well as disease management.

18

Given the new disease management efforts coming on line, these resources could be used for wellness efforts.

#3 Wellness Concept – Scope of Benefits

■ Wellness coverage that should be added:	
■ CDC immunizations	.78
■ Preventive Care	5.30
■ \$200 dollar @ 100% then ded & co-insurance	
■ Influenza @100%	.09
■ 7 Well Child care visits	.11
■ LRD visit	<u>.65</u>
	6.93

19

#3 Wellness concept – Scope of Benefits

■ Other benefits:	
■ Circumcision	.16
■ Chiro (1 copay per day)	<u>.22</u>
	.38

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PERS needs to update its plan design to put an emphasis on coverage that is wellness related. Slide 19 represents those coverage items. Also, the preventive care change means that each member would get \$200 to cover preventive care services, something our plan does not generally cover today. With this change not only would a member have first dollar coverage but services beyond the \$200 would be covered subject to deductible and co-insurance. As you may recall, many of the complaints we see in our customer service surveys relate to non coverage for these services. The circumcision and chiropractic coverage are general updates to conform with the BCBS standard lines of business.

#4 Wellness Concept– Scope of Benefit

- Standardize plan to BCBS in the following areas:

The following items would be a benefit decrease and produce a rate savings:

- 1.) change office visits for well child care from coinsurance to copay then 100% = **\$0.93 per contract per month reduction** (this assumes the Medicare benefits would remain at current benefits)
- 2.) change PT, OT, ST services from deductible then coinsurance to copay then coinsurance = **\$0.97 per contract per month reduction** (this assumes the Medicare benefits would remain at current benefits) (copays assumed are \$20 PPO in-area, \$25 PPO basic plan, \$15 EPO in-network, \$25 EPO self-referral)
- 3.) Maintenance Drugs apply two copays per prescription order or refill for a 35-100 day supply = **\$1.20 per contract per month reduction**

Savings - \$3.10

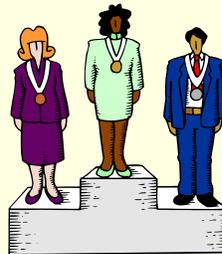
21

The only reason to standardize these benefits to BCBS other lines of business is for the savings.

#5 Wellness Concept – Plan design

Gold	EPO level benefits	Did you take the assessment and complete your individual action plan by June 30
Silver	PPO level benefits	Did you take the wellness assessment
Bronze	Basic Plan level benefits	No to the above

Those not getting Gold, Silver or Bronze status get basic or PPO benefits



Gold	\$100 Deductible	HRA and certain number of points i.e. 6%
Silver	\$200 Deductible	HRA and certain number of points i.e. 15%
Bronze	\$300 Deductible	HRA and certain number of points i.e. 30%

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#5 cont. Wellness Concept - BCBS

- BCBS has started a new wellness program with Healthways called MyHealth Center. They offer a website, HRA, points systems, health resources, etc
- Cost to add is 72 cents per contract.

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#5 cont. Wellness concept - Points would be the reward

- For exercise
- For participation in agency wellness program
- For taking the HRA
- For taking a nutrition program
- For going to the gym
- For using the web site
- For participating in disease management program
- For taking smoking cessation program
- For whatever can be recorded and encourages wellness

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This relates to our discussion item at the planning meeting (slide number 22); however, it defines the coverage levels more directly. Essentially it sets up a reward mechanism for a member based upon benefits if they earn a certain number of points. The points would be tracked by Healthways a national company under contract with BCBS. This company also provides HRA's and other wellness related material on their website. Please note the member continues to get the Basic/PPO benefit that they get today; however, if they do other wellness related efforts they can further reduce their deductible. At this point this is the concept; the details will need further definition.

With the above change, the new plan design would be as follows

NDPERS

Plan Designs to consider for 7-09/6-11

	<u>Participating Providers</u>		<u>Non-Participating Providers</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
<u>Gold plan (earned enough wellness points to achieve level 1)</u>				
Deductible	\$100	\$300	\$100	\$300
Coinsurance %	80/20		75/25	
Coins.Max.	\$750	\$1,500	\$1,250	\$2,500
OOPM	\$850	\$1,800	\$1,350	\$2,800
Office Visit copay	\$25		\$30	
ER Facility copay	\$50		\$50	
<u>Silver plan (earned enough wellness points to achieve level 2)</u>				
Deductible	\$200	\$600	\$200	\$600
Coinsurance %	80/20		75/25	
Coins.Max.	\$750	\$1,500	\$1,250	\$2,500
OOPM	\$950	\$2,100	\$1,450	\$3,100
Office Visit copay	\$25		\$30	
ER Facility copay	\$50		\$50	
<u>Bronze plan (earned enough wellness points to achieve level 3)</u>				
Deductible	\$300	\$900	\$300	\$900
Coinsurance %	80/20		75/25	
Coins.Max.	\$750	\$1,500	\$1,250	\$2,500
OOPM	\$1,050	\$2,400	\$1,550	\$3,400
Office Visit copay	\$25		\$30	
ER Facility copay	\$50		\$50	
<u>PPO/Basic plan (didn't earn enough points or didn't even take wellness assessment)</u>				
<u>Product determined by Place of Treatment (PPO provider or non-PPO)</u>				
Deductible	\$400	\$1,200	\$400	\$1,200
Coinsurance %	80/20		75/25	
Coins.Max.	\$750	\$1,500	\$1,250	\$2,500
OOPM	\$1,150	\$2,700	\$1,650	\$3,700
Office Visit copay	\$25		\$30	
ER Facility copay	\$50		\$50	

Except for the deductible level, the benefits would be identical between all 4 plans.

The effect of all of the above changes on the plan's premiums would be neutral. The following table shows how this balances out.

How does this add up?

■ Savings		■ Costs	
■ EPO	\$13.16	■ My health ctr	\$.72
■ UND	.25	■ Benefits	7.31
■ Health Dialog	3.88	▪ CDC Imm.	
■ Benefit Stand.	3.10	▪ \$200 bev.	
■ WB	.12	▪ Influenza	
	<u>\$20.51</u>	▪ Well child	
		▪ LRD	
		▪ Cir.	
		▪ Chiro	
		■ Plan Design	<u>\$12.48</u>
		▪ Gold, Silver, Bronze	
			<u>\$20.51</u>

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The above combination of savings and costs maintains the wellness plan design option as budget neutral excluding inflation.

#6 Other considerations

- Fund through gains
 - The NDPhA program for the next biennium
 - Fund wellness program benefit from 1% employer wellness premiums



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We would also suggest that the new legislatively mandated disease management program continue to be funded out of gains as the Legislature directed last session and that the wellness benefit program no longer be funded from premium but rather from the difference in premium collected from those employers who do not participate in the Wellness Discount Plan.

#6 Other considerations

- From gains:

Other Initiatives	Biennial Cost
Fund health consultants for comprehensive programs	\$400,000
Fund program to screen all members in 4 years.	\$800,00

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The final item we are proposing is to set aside up to \$400,000 to pay for wellness consultants to assist our employers in developing comprehensive wellness programs at their worksites. As noted in the UND pilot and other literature, comprehensive programs provide the greatest return on investment.

We would also propose a 4 year program of onsite health screenings at all our worksites. We estimate the cost for the first biennium would be \$800,000. These efforts would also be funded from gains and not from premium.

These six suggestions accomplish our objectives as outlined at the beginning of this section (noted behind each is the suggestion that responds to the objective).

Does it met the objectives

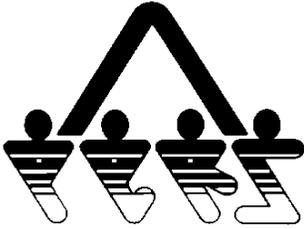
Area	Objective	
Scope of Coverage	PERS should update the plan to invest more in preventive care and wellness	#3 & 4
Provider programs	PERS should maintain provider programs that help the plan.	#1
Employer Based Wellness	PERS needs to take the wellness efforts to the next step which means more support for the employer effort and more encouragement for plan members	#5 & 6
Disease Management	Disease management should continue in the plan but duplication should be minimized/eliminated	#2
Special Programs	Special programs should be encouraged and members should be rewarded by participating	#5
BCBS programs	New BCBS programs provide an opportunity to get members involved	#5 30

The Benefits Committee suggests and staff agrees that the above plan design and scope of benefits should also be submitted to BCBS for consideration in the renewal.

Recommendation

The Benefits Committee and staff recommendation is:

- To submit the plan designs in Attachment A to BCBS for consideration in the renewal.
- To determine the cost of adding the CDC approved immunizations to the PERS Plan.
- To submit the above wellness plan design and scope of benefits to BCBS to also be considered as part of the renewal.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 12, 2008
SUBJECT: Retiree Plan

The PERS Retiree Subcommittee has met several times during the last year with the most recent meeting on June 11th. The committee is recommending the PERS Board seek the following additional information from BCBS during the renewal as it relates to Medicare retirees:

1. In addition to the optional plan designs suggested by the active members, PERS should also request an optional plan for Medicare retirees based upon the Medicare Supplement Plan F with a unified premium (not age rated).
2. PERS should request information from BCBS on the actuarial cost and other considerations relating to changing its Medicare plan design to allow retirees to make a separate election for the medical coverage and the Rx coverage. PERS presently requires retirees to take both if they want to participate in the PERS medical plan.

Staff Recommendation

Accept the recommendations of the Retiree Subcommittee.

Board Action Requested

To approve or disapprove the Retiree Subcommittee recommendations.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: PBM Audit

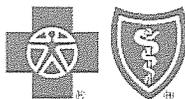
You will note in the audit committee meeting minutes the discussion of the PBM issue that the Board assigned to it. Since that meeting the committee has also met on May 21, 2008 and further considered this issue and the attached letter from BCBS dated May 12, 2008. As you will note in that letter BCBS's PBM has agreed to allow PERS to conduct an audit. This resolves the issues we have previously discussed. Based upon this agreement, the next step is to do an RFP for an audit firm to do the work. We will also need the help of our consultant GBS to prepare the RFP. Staff is seeking the Board's approval to move forward on this project by issuing a RFP and seeking the assistance of GBS on this effort. If you approve moving forward, staff will work with the Audit Committee in reviewing the responses and preparing a recommendation for your consideration.

Board Action Requested

Approve or disapprove moving forward with the RFP for the PBM audit.

BlueCross BlueShield of North Dakota

An independent licensee of the
Blue Cross & Blue Shield Association



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

(701) 282-1444



May 12, 2008

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

Dear Sparb:

Thank you for meeting with representatives of Prime Therapeutics, Chad and myself on Monday, May 5. We appreciate your taking the time to work through some of the issues regarding the audit of rebates provided by Prime. I think we have a solid plan moving forward on this concern.

Prime Therapeutics has agreed, in concept, with NDPERS effort to verify accurate and complete rebate reporting to BCBS North Dakota through the engagement of a third party audit firm. This agreement is based on the understanding that the terms, conditions, audit process, communication and reporting will be mutually agreed upon in advance and designed to protect the confidentiality of information deemed proprietary by Prime Therapeutics, while still providing reasonable assurance that rebates are processed according to the PBM agreement.

Sparb, please let me know if you have any questions or require more information. As we indicated, we hope to arrange a visit to your Bismarck office during the first week of June. I'll be in touch to initialize plans. Thank you.

Sincerely,

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

Larry Brooks, Manager
Marketing Consulting Services
Blue Cross Blue Shield of North Dakota

Cc: Chad Niles, BCBSND
Cameron Olig, Prime Therapeutics
Anne Murphy, Prime Therapeutics



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Memorandum

TO: NDPERS Board

FROM: Kathy & Sparb

DATE: June 12, 2008

SUBJECT: Dental Renewal

Our group dental contract with CIGNA expires on December 31, 2008. The contract has been in effect since January 1, 2007 and this is the first renewal with the current carrier. NDPERS, in conjunction with our consultant, Gallagher Benefit Services, requested a renewal proposal from CIGNA. Below are the two proposal options CIGNA provided.

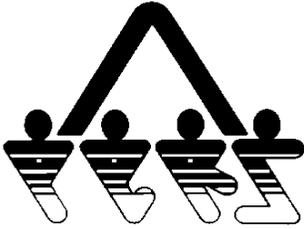
- 1) 2009 will be 12.7% and 2010 will have a not to exceed cap of 12.7%.
- 2) 2009 remains @ 9.0% and 2010 will have a not to exceed cap of 18%.

The first option smooths out the increase over the two-year contract period from January 1, 2009 through December 31, 2010 so there is a level increase amount each year. The second option honors the 9% renewal cap included in CIGNA's final offer during contract negotiations in 2006 and provides for a higher increase in 2010.

As CIGNA's renewal was received only recently, staff has not had the opportunity to do an analysis of the two options presented. Staff is continuing to work with our consultant and will provide additional detail at the meeting for the Board's consideration.

Board Action Requested

Accept or reject CIGNA's renewal and if accepted, specify the renewal option.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: HB 1433 Update

Attachment #1 is the implementation matrix for HB 1433 for your information. At this point we are ready to go with the program, however, the bill required:

3. The North Dakota pharmacists association or a specified delegate shall implement a formalized diabetes management program with the approval of the prescriptive practices committee established in section 43-15-31.4, which must serve to standardize diabetes care and improve patient outcomes. This program must facilitate enrollment procedures, provide standards of diabetes care, enable consistent documentation of clinical and economic outcomes, and structure an outcomes reporting system.

The NDPhA is working on getting this approval.

Attachment #2 is a copy of the draft letter that will be going to all eligible members once the above approval is obtained and will be the start of the program. Also in this attachment are the follow-up post cards that will be mailed to these members.

Attachment #3 is a copy of the RFP that was issued to seek consulting assistance to evaluate the program. Also attached is the list of firms/individuals solicited. When the proposals are received staff, BCBS and NDPhA will review the responses and provide the Board with a recommendation.

HB 1433 Implementation

Issue	Discussion	Decision	Implementation Date	Responsible Party
Incentive Payment	<p>Differing options have been discussed including:</p> <ol style="list-style-type: none"> 1) Waive copay at POS (point of sale) 2) Apply copay at POS, make retroactive payment to member 3) Annual retroactive lump sum payment <p>See attachment #1 for the full discussion of the method and the pro's/cons of each. Still to be determined is how often the payments should be made, process and file layout.</p>	<p>It was decided that the most achievable method was option #2. It was decided that the payments would be made to the members each quarter.</p>	<p>July 1, 2008 subject to concurrence by PERS Board</p>	<p>NDPA</p>
Incentives scope	<p>BCBS provided information on the cost of the drugs by class and indicated from an administrative standpoint this would be the most efficient way to administer. Three classes were covered::</p> <ul style="list-style-type: none"> Diabetic Medications ACE/ARB Statin <p>See attachment #2.</p>	<p>It was decided to use classes for the incentives. Also to limit it to Diabetic medications and ACE/ARB</p>	<p>July 1, 2008 subject to concurrence by PERS Board</p>	<p>PERS Decision</p>

Issue	Discussion	Decision	Implementation Date	Responsible Party
	BCBS will be sending a memo discussing the criteria for identifying the eligible drugs by April 14			
Secondary Coverage	It was also discussed if secondary coverage or adjustments should be a part of the program	Decision was to include drug card coverage only		
Promotion	At the Feb28 meeting PERS asked if BCBS could assist with the promotion of this project as was done for the smoking cessation program. At the March 17 meeting it was agreed that BCBS would have a proposal ready by March 26 and PERS/BCBS would review it in a conference call on March 27. Attachment #3 is the proposal.	It was decided to have BCBS provide assistance, focus the promotion to those with a diabetes diagnosis, and add a mailing. Much easier to handle, cuts down on phone calls and such. This would be supplemented with emails.	Develop plan in April, develop material in May and start campaign subject to concurrence by PERS Board	BCBS
Provider Education	The NDPA indicate they have sent a letter to the Medical Association explaining the program. It is the NDPA understanding the NDMA will be forwarding this information to their members. It was discussed if BCBS could include information in their provider news. They will look into this			BCBS & NDPA

Issue	Discussion	Decision	Implementation Date	Responsible Party
	and report back at the next meeting			
Part of the group insurance plan or separate	At the Feb 28 meeting it was discussed if the project was part of the group insurance plan or separate like the smoking cessation program. It was noted that given the timeframe and the requirements it would be difficult to add it to the plan since approvals would need to be obtained from the Insurance Department, changes made to the Certificate of Insurance and mailings would need to go to all the members. The most expeditious method would be to do this the same as the smoking program and if continued then add it to the plan	Given the timeframes it was decided that this would not a part of the group insurance plan	Done subject to concurrence by PERS Board	
List of eligible	It was discussed at the March 17 meeting that a list of eligibles would be necessary. The question was if BCBS would provide the list to NDPHA or if PERS should.	PERS would provide the list to the NDPA. BCBS would give the list to PERS.	May	BCBS
Eligibility	It was discussed who should be eligible. It was noted that it would be difficult if not impossible to get reimbursement information for Medicare Part D members. It was also suggested that those members taking one diabetes drug or if they had 2 office calls that were coded with a ??? would be eligible	It was decided that at this point it would be all members who are on the PERS Rx program except those under age 18. This would exclude	Done subject to concurrence by PERS Board	NDPA

Issue	Discussion	Decision	Implementation Date	Responsible Party
		Medicare Part D members. It was decided that BCBS will send an updated list each month identifying the additions/deletions. Also the suggested definition was adopted		
Compliance	Mike Mullen is working on his draft findings relating to HIPAA. When the vender is on board, the NDPA will work out any BAA's if needed.	Review in April	Completed	PERS
MOU	It was discussed if MOU's would be necessary for any of all of the parties.	Review in the weeks to come		
Retaining a vendor to reimburse copayments	Since the program is outside the plan we need to retain a separate vendor to reimburse the member copays	Frontier benefit services is being retained by NDPA	April	NDPA
Retain vendor for program and project coordinator	NDPA is retaining the vendor for the program and a clinical coordinator	Medication Management Services and Frontier pharmacy Services have been retained by the NDPA	April	NDPA

Issue	Discussion	Decision	Implementation Date	Responsible Party
Approvals pursuant to HB 1433	HB 1433 requires the approval for the program from the Prescriptive Practice Committee established in 43-15-13.4 NDCC			NDPA
Weekly Meeting	It was discussed at the March 17 meeting that weekly meeting should be planned	Agreed		
Develop the following process flow charts: <ul style="list-style-type: none"> • Enrollment/termination process • Change process • Provider payment process 	It was suggested that the process flow charts should be developed for each of these areas that show the steps in the process and who is responsible.	Done		NDPA
Develop the following draft letters: <ul style="list-style-type: none"> • Program introduction letter • Eligibility determination letter • Provider information letter or article • Terms and conditions form for member enrollment 	It was suggested that draft letters or articles should be developed for each of these areas. It was noted that the initial letter to the member should include information on the program limitation of 800 members, the terms of participation, when and how copayments will be reimbursed and the requirements for testing	Done		NDPA

Issue	Discussion	Decision	Implementation Date	Responsible Party
File specs	It was suggested that the file specs be developed for the eligibility information	BCBS and NDPA met and agreed on specs		NDPA
Initial Mailing to members	Will be done by PERS. BCBS will provide mailing list. Mailing will be done immediately after NDPA gets the approval required in HB 1433.		After approval	PERS
Consultant	PERS is drafting RFP		To be mailed in June 2008	PERS
Mailing to Providers	Letter drafted. NDPA will be setting up a meeting to discuss mailing. BCBS will provide the mailing list	NDPA will do mailing		
Web Site	NDPhA is developing a website for the members to get information on the program and registration	On schedule to be completed	Before PERS mailing	NDPhA



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June 2008

Dear PERS member:

The North Dakota Public Employees Retirement System (NDPERS) is pleased to announce a new Diabetes Management program. Our records indicate that you may benefit from this service that will be provided by pharmacists and other health professionals throughout the state. The North Dakota Pharmacy Service Corporation will be administering this program and they have contracted with Frontier Pharmacy Services for the clinical coordination of the program.

The Diabetes Management program will focus on helping you better understand and control this disease. There will be a series of up to six visits with a designated provider, which you select, over the next 12 months. The visits will take from 30-60 minutes to complete. The provider will review your health history, diabetes goals, recent lab results, and all of your current medications. The provider will then educate you on your health conditions, make recommendations to improve your medication therapy, and refer you to other health care providers such as diet or eye specialists if needed. All information will be shared with your doctor to make sure that everything is done to meet your medication and health goals. Your health will be improved by utilizing the specialties of a variety of health care professionals.

You will benefit from this program in multiple ways. Most importantly, the goal is to improve your overall health. Secondly, members participating and complying with the requirements of the program will receive quarterly reimbursements for the co-pay portion of your out-of-pocket expense on formulary diabetic medications and certain medications used for kidney protection. You can improve your physical and financial health by enrolling in this program!

Enrollment in the program is limited to the first 800 qualified participants. You can enroll at a participating provider, on the program website at www.aboutthepatient.net or by calling Frontier Pharmacy at 1-877-364-3932. An enrollment form and program requirements are enclosed with this letter. The entire cost of the program is paid by NDPERS. You will not be asked for any additional payment from the provider, except for co-pays on prescriptions, which will be reimbursed back to you if you meet the program requirements.

Please feel free to contact a participating provider or Frontier Pharmacy at 1-877-364-3932 with any questions.

Attachments: Frequently Asked Questions
 Member Wellness and Initial Enrollment Agreement
 List of Participating Providers

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

FREQUENTLY ASKED QUESTIONS

Questions patients may ask:

Who is eligible?	All members who are diabetics on the PERS Rx program over the age of 18 are eligible. Medicare Part D members are not eligible.
How do I enroll?	There are 3 ways to enroll: <ol style="list-style-type: none"> 1. On the website www.aboutthepatient.net 2. At a participating provider 3. By calling the clinical coordinator at 1-877-364-3932 Enrollment is not guaranteed as the program is limited to the first 800 participants.
What will this cost me?	Nothing – ND PERS covers the expense for their members
How do the co-pay reimbursements work?	Co-pays are reimbursed every calendar quarter during the time the patient is active in the program. The reimbursements start after their first visit and last until they end the program. The patient must pay for their co-pays at the time of purchase and will receive rebate checks every calendar quarter for the co-pay portion of the out-of-pocket expense.
What medications will have co-pay reimbursements?	Diabetic medications, ACE inhibitors, and ARBs that are formulary items will have co-pay reimbursements
Why should I participate?	The most important reason for participating is to improve your overall health, the management of your diabetes, and decrease your long term complications. An added incentive is that the program only requires your time commitment for program visits and co-pays for certain medication being reimbursed?
What happens if I miss or do not schedule an appointment?	The first missed appointments, without providing prior notice, will result in a warning letter from the clinical coordinator. The second missed appointment will result in program removal and the end of co-pay reimbursements.
Can I enroll in the program again if I am removed?	There is a 3 month waiting period after program removal before the individual may apply again. Enrollment is not guaranteed as the program is limited to the first 800 participants.
How long will the visits take?	The first visit is estimated to take 60 minutes. Follow-up visits should take around 30 minutes. Please arrive 15 minutes prior to each scheduled visit to complete some paperwork.
Is my information kept private?	All personal information is kept private according to national standards. A notice of privacy practice is provided in the acceptance packet. It can also be viewed on the program website, www.aboutthepatient.net
Can I see any provider?	Patient can choose to see any program provider. Once they choose a provider, they need to continue to see that provider. If they want to change providers, they can complete a change of enrollment form and submit it to the clinical coordinator. The form is available online.
What happens if I move?	Patients that are relocating, but remaining in the ND PERS network, can change providers by completing a change of enrollment form. The form is available on the internet.
Where can I get more information?	Patients can get more information at a program provider, by calling the clinical coordinator, or by visiting the program website.



DIABETES MANAGEMENT PROGRAM



NDPERS SPONSORED DIABETES MANAGEMENT PROGRAM
Member Wellness and Initial Enrollment Agreement

Name: _____

Address: _____

City, State, ZIP: _____

Email: _____

Phone (home): _____

Phone (work): _____

NDPERS ID #: _____

DOB: _____

Primary Care Physician and Address: _____

How long have you been diagnosed with diabetes? _____

Provider Selected (if you do not select a provider the clinical coordinator will assign you a provider):

REQUIREMENTS

- Complete appropriate paperwork. Provider or Clinical Coordinator can help you with this process.
- Schedule and attend all appointments with your provider.
- Schedule your first appointment within 7 days of enrollment acceptance and complete that appointment within 30 days of enrollment acceptance
- Supply your provider with all requested information, including lab results, medication lists, and health history.
- Meet with your provider on a regular basis
- Arrive 15 minutes prior to your appointment to complete paperwork
- Be actively involved in your diabetes management and work to achieve established goals.

BENEFITS

- Better health!
- Reimbursement of the co-pay portion of your out-of-pocket expense for diabetic medications and certain kidney protecting medications upon completion of your first scheduled appointment.
- Education classes with your provider

RIGHTS

- You have the right to be an active participant in your health care
- You have the right to remove yourself from the program at any time
- You have the right to choose your provider and to change providers if desired



CANCELLATIONS AND MISSED APPOINTMENTS

Patients and providers are busy people. Therefore, it is crucial that we respect each other's time. The following is a requirement of participants:

- A 24 hour notice must be given to your provider if you are unable to make a scheduled appointment (unless it is an emergency situation, then let them know as soon as possible).
- Upon a missed appointment without prior notification, the program clinical coordinator will contact you with a warning about continuing in this voluntary program.
- A second missed appointment without prior notification will result in your program termination.
- If you choose not to be a part of the program, you will not continue to receive co-pay reimbursements.
- If you choose not to be a part of the program, you may choose to re-enroll after a 3 month waiting period if there are spaces available in the program (enrollment is limited to 800 members).
- When an appointment is needed to be scheduled, a message may be left for you. It is very important that you respond to that message in a timely manner (within 7 days). Failure to respond will result in a letter from the clinical coordinator. If you fail to respond to the request of the clinical coordinator within 7 days, it will be assumed that you do not want to continue in the program and you will be dropped from the program. You may choose to re-enroll after a 3 month period.

I, _____, understand the above requirements to become a participant in the Diabetes Management Program. I agree to follow the above policy and understand that not following the policy may result in my removal from the program.

Participant Signature: _____

Date: _____

INSTRUCTIONS TO COMPLETE FORM

Please either: complete wellness and enrollment form online at www.aboutthepatient.net, complete this form and bring it in to the provider you chose, fax to 701-356-7458, or mail to:

Clinical Coordinator
Frontier Pharmacy Services, Inc.
3306 Sheyenne St, Suite 218
West Fargo, ND 58078

You will be notified of your status after a 30 day determination period.

Please contact the Clinical Coordinator at Frontier Pharmacy Services with any questions you have at their toll-free number, 1-877-364-3932, or by email at info@frontierpharmacieservices.com.

Participating Providers
NDPERS Diabetes Management Program

Pharmacy Name	Address (Pharmacy)	Town	State	Zip Code	Phone
Arthur Drug	325 Main Street	Arthur	ND	58006	701-967-8900
Churchill Pharmacy	1190 W. Turnpike Ave. Ste. #2	Bismarck	ND	58501	701-224-0339
Dakota Pharmacy	705 East Main Ave.	Bismarck	ND	58501	701-255-1881
Department of Veteran Affairs	320 Napa Loop	Bismarck	ND	58504	
Gateway Health Mart-North	3101 North 11th Street	Bismarck	ND	58503	701-224-9521
Gateway Health Mart-South	835 S. Washington St. #2	Bismarck	ND	58504	701-223-1656
Holiday Professional Pharmacy	1140 East Bismarck Exp.	Bismarck	ND	58504	701-255-7220
Medcenter One Pharmacy	300 North 7th street	Bismarck	ND	58501	701-323-6099
Northbrook Drug	1929 N. Washington St.	Bismarck	ND	58501	701-258-1412
St. Alexius Community Pharmacy	900 E. Broadway Ave.	Bismarck	ND	58506	701-530-6906
The Medicine Shoppe	1304 E Blvd Ave.	Bismarck	ND	58501	701-224-0175
White Drug #5	117 North 5th Street	Bismarck	ND	58501	701-223-0936
Southwest Healthcare Services	P.O. Box C	Bowman	ND	58623	701-523-5265
The Bowman Drug Co.	P.O. Box 197	Bowman	ND	58623	701-523-3233
Carrington Drug	415 Main Street	Carrington	ND	58421	701-652-2521
Seaburg Drug	990 Main st	Carrington	ND	58421	701-652-2651
White Drug #53	201 E. 3rd Ave. S	Cavalier	ND	58220	701-265-4744
Bell Pharmacy (Thrifty White #47)	Leevers County Market	Devils Lake	ND	58301	701-662-6270
Clinic Pharmacy	P.O. Box 1100	Devils Lake	ND	58301	701-662-4427
Ramsey Drug	413 4th Ave. NE	Devils Lake	ND	58301	701-662-3317
White Drug #63	425 College Dr S	Devils Lake	ND	58301	701-662-6270
Clinic Pharmacy Inc.	938 2nd Ave. W.	Dickinson	ND	58601	701-483-4401
ND Pharmacy	363 15th Street West	Dickinson	ND	58601	701-225-4434
St. Joseph's Hospital Pharmacy	30 7th St West	Dickinson	ND	58601	701-456-4288
Steiner Pharmacy	P.O. Box 127	Dickinson	ND	58601	701-227-0191
White Drug #34	P.O. Box 934	Dickinson	ND	58601	701-225-4421
Drayton Drug	106 N Main Street	Drayton	ND	58225	701-454-3831
Family Health Care Center	306 4th Street North	Fargo	ND	58102	701-239-7135
Innovis Health-Pharmacy	3000 32nd Ave. South	Fargo	ND	58103	701-364-3450
Linson Pharmacy	3175 25th Street South	Fargo	ND	58103	701-293-6022
Meritcare Mills Ave Pharmacy	720 4th Street North	Fargo	ND	58122	701-234-3330
Meritcare S. University Pharmacy	1720 S. University Drive	Fargo	ND	58103	701-280-4469
NDSU College of Pharmacy	Sudro Hall - NDSU	Fargo	ND	58105	701-231-7939
Southpointe Pharmacy	2400 32nd. Ave. S	Fargo	ND	58103	701-234-9912
The Medicine Shoppe #80	1605 South University Dr.	Fargo	ND	58103	701-293-3060
Thirtfy Drug	1521 S. University Drive	Fargo	ND	58103	701-232-8690
Thrifty Drug Southgate	1532 32nd Ave South	Fargo	ND	58103	701-280-1929
Thrifty White #52	712 38th St. N	Fargo	ND	58102	701-893-9217
White Drug #39	1401 33rd Street SW	Fargo	ND	58103	701-235-5511
White Drug #52	712 38th St. N	Fargo	ND	58102	701-893-9217
White Drug #61	708 C 38th Street NW	Fargo	ND	58102	701-893-9050
Forman Drug Inc.	P.O. Box 35	Forman	ND	58032	701-724-6222
Glen Ullin Drug	113 S. Main Street	Glen Ullin	ND	58631	701-348-3303
Thrifty White #65	544 Hill Ave	Grafton	ND	58237	701-352-1760
FMR Pharmacy	725 Hamline Street	Grand Forks	ND	58203	701-780-6870
Skip's Budget Drug	2015 Library Circle #102	Grand Forks	ND	58201	701-772-2910

Participating Providers
NDPERS Diabetes Management Program

Thirfty White Drug #9	2475 32nd Ave S Suite #1	Grand Forks	ND	58201	701-746-4455
Wall's Health Mart Pharmacy	1451 44th Ave. South	Grand Forks	ND	58201	701-732-2900
Wall's Medicine Center	708 S. Washington Street	Grand Forks	ND	58201	701-746-0497
White Drug #30	1380 S Columbia Rd #1	Grand Forks	ND	58201	701-746-4455
Hankinson Drug	309 South Main Ave.	Hankinson	ND	58041	701-242-7414
White Drug #55	112 South Main Street	Hettinger	ND	58639	701-567-2533
Medicine Shoppe	703 First Ave S	Jamestown	ND	58401	701-252-3002
Walz Pharmacy	213 First Ave. N	Jamestown	ND	58401	701-252-3181
White Drug #15	410 10th Street SE	Jamestown	ND	58401	701-252-5980
White Drug #45	310 1st Ave. South	Jamestown	ND	58401	701-251-1432
LaMoure Pharmacy	P.O. Box 175	LaMoure	ND	58458	701-883-5339
Gateway Health Mart-Mandan	500 Burlington Street SE	Mandan	ND	58554	701-667-1843
Thirfty White Drug #43	511 1st Street NW	Mandan	ND	58554	701-663-5188
B & B Northwest Pharmacy	20 Burdick Exp. W	Minot	ND	58701	701-838-2213
Key Care Pharmacy	400 Burdick Exp. E	Minot	ND	58701	701-857-7900
Market Pharmacy	1930 South Broadway	Minot	ND	58701	701-839-8883
Thirfty White Drug #40	1600 2nd Ave. SW	Minot	ND	58701	701-852-0388
White Drug #17	1015 South Broadway	Minot	ND	58701	701-852-4181
Seaburg Drug	48th St N	New Rockford	ND	58365	701-947-5313
Tara's Thrifty White	610 Main Ave.	Oakes	ND	58474	701-742-3824
YeOlde Medicine Center	Hwy 17 and Harris Ave	Park River	ND	58270	701-284-7676
Country Drustore	116 North Ave E	Richardton	ND	58652	701-974-3558
White Drug #50	107 East 2nd Street	Rugby	ND	58368	701-776-5741
Turtle Lake Rexall Drug	P.O. Box 70	Turtle Lake	ND	58575	701-448-2542
Central Avenue Pharmacy	323 Central Ave. N Ste #101	Valley City	ND	58072	701-845-5280
Mercy Hospital	570 Chautauqua Blvd	Valley City	ND	58072	701-845-6437
Thrifty White #60	148 South Central	Valley City	ND	58072	701-845-1421
Valley Drug (TW #59)	239 2nd Ave NW	Valley City	ND	58072	701-845-1763
Velva Drug	16 North Main Street	Velva	ND	58790	701-338-2911
Econo Drug	387 11th Street S.	Wahpeton	ND	58075	701-642-2336
Chase Drug	703 Main Ave.	Washburn	ND	58577	701-462-3527
Frontier Health Mart Pharmacy	3306 Sheyenne St. #218	West Fargo	ND	58078	701-356-7455
White Drug #46	1100 13th Ave. E	West Fargo	ND	58078	701-281-5695
ND Pharmacy	20 East 26th St	Williston	ND	58801	800-735-4923
Service Drug Pharmacy	317 Main Street	Williston	ND	58801	701-572-6721
Western Dakota Phamacy	1102 Main Street	Williston	ND	58801	701-572-7797
White Drug #67	2017 7th Ave. East	Williston	ND	58801	701-774-3923

Diabetes Management program Postcard 1

Get started to get healthier!

NDPERS recently launched a valuable new service for members. It's a Diabetes Management program provided by pharmacists and other health professionals throughout the state, and administered by the North Dakota Pharmacy Service Corporation. And the cost of the program is paid by NDPERS!

Here are just a few benefits you can expect as a participant:

- Take advantage of up to six visits over 12 months with a diabetes health provider
- Explore ways to enhance your current medication therapy
- Learn how to improve your overall health and stay healthier
- Receive quarterly reimbursements for copayments spent on diabetic medications

For enrollment information, go to www.aboutthepatient.net or call a Clinical Coordinator at 1-877-364-3932. Participation in this program is limited to the first 800 qualified participants, so don't delay.

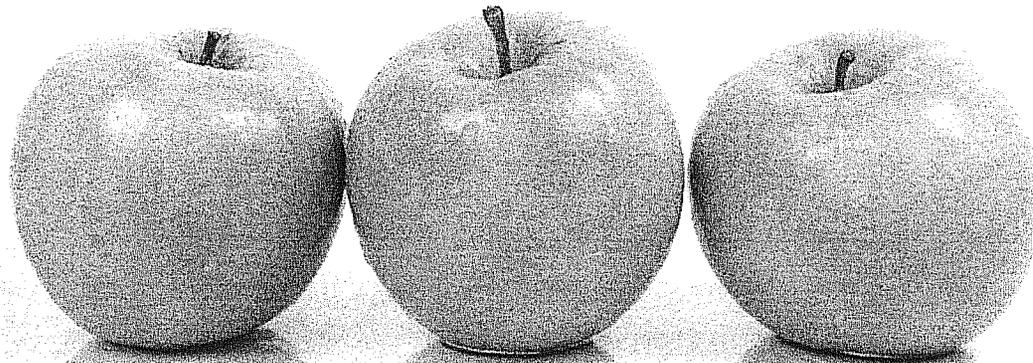
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Address
line 2
Line 3

ADDRESS

Focusing on your health

...to improve your overall well-being.



A new diabetes management program for NDPERS members

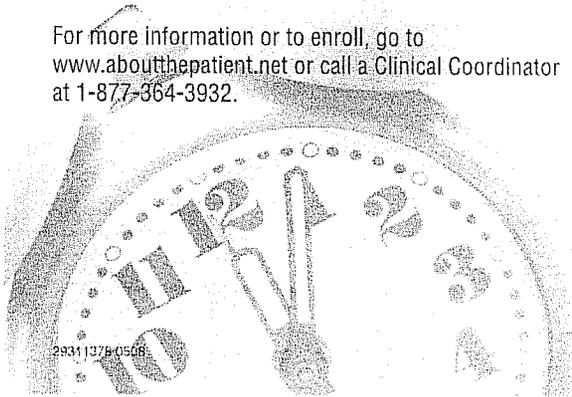
Diabetes Management program Postcard 2

Hurry...participation is limited!

NDPERS new Diabetes Management program is filling up... and will be limited to the first 800 qualified participants, so enroll today.

This valuable disease management service is provided by pharmacists and other health professionals throughout the state, and administered by the North Dakota Pharmacy Service Corporation. And cost for the program is FREE to eligible NDPERS members!

For more information or to enroll, go to www.aboutthepatient.net or call a Clinical Coordinator at 1-877-364-3932.



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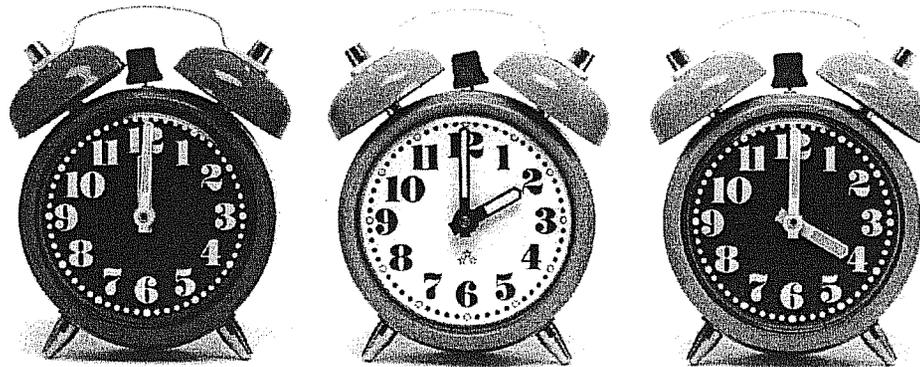
Address
line 2
Line 3



ADDRESS

Get Started Today!

Get enrolled in NDPERS' new diabetes management program and Get Healthier!



A new diabetes management program for NDPERS members

REQUEST FOR PROPOSAL

FOR

**North Dakota
Public Employees Retirement System**

**Program Assessment
Disease State Management
Of Diabetes Program**

June 2008

**Request for Proposal
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Summary

The North Dakota Public Employees Retirement System (PERS) is seeking proposals from interested parties for conducting an analysis of a new program it is initiating this July 1, 2008. The program is to provide health coaching to PERS members with diabetes. The North Dakota Pharmacy Service Association (NDPSA) is the entity PERS contracted with to provide services and the program is based upon the Asheville project (see Attachment 1 – articles about the Asheville Project). PERS is seeking a contractor to evaluate the program at the end of two years to determine if the program is cost effective.

This proposal has the following sections and attachments:

Background
Scope of Work
Proposal
Contract Offer
Proposal Submission
Attachment #1 – Articles
Attachment #2 – HB 1433
Attachment #3 – NDPSA Proposal

I. Background

The North Dakota Legislature passed and the Governor signed HB 1433 (Attachment #2) which requires the North Dakota Public Employees Retirement System to:

The board shall establish a collaborative drug therapy program that is to be available to individuals in the medical and hospital benefits coverage group. The purpose of the collaborative drug therapy program is to improve the health of individuals with diabetes and to manage health care expenditures.

Pursuant to this direction PERS solicited a proposal from the North Dakota Pharmacy Service Association (Attachment #3) to provide a program to PERS members based upon the Asheville Model. The program will be made available to PERS members starting in July of 2008. PERS has approximately 2,100 members who have received services relating to diabetes. Those members that elect to participate in this program will have their copayments for their prescriptions rebated to them. The program is limited to 800 members who will be approved on a first-come first-served basis. Members participating in this program will have their copayments waived for their formulary diabetes prescriptions.

II. Scope of Work

PERS intends to offer the program for 3 years; however, at the end of the first 24 months the Board would like to receive a cost benefit assessment of the program. Specifically the Board is seeking a contractor to evaluate the program by comparing the experience of those members who participate in this effort with those that do not. The key question to answer is does this program produce an outcome that is superior in terms of cost/benefit to those efforts that other diabetic members are receiving through the normal course of participation in the plan. In making this determination the cost of the program should be considered. The Board will be seeking this report from the contractor in month 30 of the program. By month 34 the Board will make a decision on whether or not to continue the program based upon the report's findings. The Board's decision on continuation of the program in year 4 will be a cost benefit decision and therefore PERS is seeking a consultant the will be able to perform such an evaluation. The successful contractor will be supplied claims data from BCBS and project data collected by the NDPSA.

PERS will be able to supply the consultant with claims data for the two groups.

III. Proposal

In responding to this RFP please use the following format:

- Section 1. Summary of the Proposal
- Section 2. Statement of Understanding of the Work Effort
- Section 3. Detailed Explanation of the Study Methodology
- Section 4. Detailed Work Plan
- Section 5. Outline of Final Report
- Section 6. Staffing Plan Including Resumes
- Section 7. Budget
- Section 8. References

Section 1. Summary of the proposal

Provide a brief summary of Sections 2 through 6 of the proposal.

Section 2. Statement of Understanding of the Work Effort

Provide a brief statement of your understanding of the requested effort including the conclusions.

IV. Contract Offer

The consultant will sign the enclosed Agreement for Services and return it with this offer.

V. Proposal Submission

- A. Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the proposer and shall not be chargeable to PERS.
- B. Questions concerning this proposal shall be submitted in writing to the address in "D" below or emailed to cstocker@nd.gov by 5:00 p.m. (CST) on June 25, 2008. Responses will be mailed or emailed by PERS not later than July 2, 2008. Please indicate the mailing or email address and individual we should respond to. If you do not have a question but would like a copy of responses by PERS, please send a letter or email so indicating along with the name and address it should be sent to. We will mail or email a copy to those for whom we have received a request by July 2, 2008. The questions and answers will be posted to our website at www.nd.gov/ndpers
- C. Offer must be signed by a partner or principal of the firm and included with your proposal.
- D. Address or deliver the RFP to:

Mr. Sparb Collins
Executive Director
North Dakota Public Employees Retirement System
400 E. Broadway, Suite 505
P.O. Box 1657
Bismarck, ND 58501
(701) 328-3900
- E. Seven (7) copies of the technical and price proposals must be received at the above listed location by **5:00 p.m. (CST) July 11, 2008**. The package the proposal is delivered in must be plainly marked "PROPOSAL TO PROVIDE CONSULTING SERVICES". A proposal shall be considered late and will be rejected if received at any time after the exact time specified for return of proposals.
- F. The policy of the PERS Board is to solicit proposals with a bona fide intention to award a contract. This policy will not affect the right of the PERS Board to reject any, or all, proposals.

- G. The PERS Board may request representatives of your organization to appear for interviewing purposes. Travel expenses and costs related to the interview will be the responsibility of the bidder.
- H. The PERS Board will award the contract for services no later than September 1, 2008.
- I. In evaluating the proposals, price will not be the sole factor. The Board may consider any factors it deems necessary and proper, including but not limited to, price; quality of service; response to this request; experience; staffing; and general reputation.
- J. The failure to meet all procurement policy requirements shall not automatically invalidate a proposal or procurement. The final decision rests with the Board.
- K. The consultant shall identify in the cover letter any actual or perceived conflicts of interest that relating to any associations, past work efforts, present work efforts, and employment by any of the project team or other relationships that could call into question the impartiality of the work conducted in response to this RFP.



**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 & Sparb

DATE: June 9, 2008

SUBJECT: Medicare Blue Rx Contract

Included for your review is the BCBS MedicareBlue Rx Retiree Prescription Drug Plan master contract. This contract is renewed annually. It has been reviewed for compliance by our legal counsel, Aaron Webb, and by PERS staff and no issues are noted. Staff recommends approval of the contract for the January 1 through December 31, 2008 contract period.

Board Action Requested

Approve staff recommendation.

Group MedicareBlue Rx Retiree Prescription Drug Plan

Master Contract

Issued to: *North Dakota Public Employees Retirement System, hereinafter “Group.”*

Address: *400 East Broadway
Suite 505
Box 1657
Bismarck, North Dakota 58502*

Effective Date: *01/01/2008*

Issued By: Blue Cross Blue Shield of North Dakota*

RECITALS

WHEREAS Group MedicareBlue Rx is a Medicare Prescription Drug Plan providing prescription drug coverage through only one of the following plans: Wellmark Blue Cross and Blue Shield of Iowa*, Blue Cross and Blue Shield of Minnesota*, Blue Cross and Blue Shield of Montana*, Blue Cross and Blue Shield of Nebraska*, Blue Cross Blue Shield of North Dakota*, Wellmark Blue Cross and Blue Shield of South Dakota*, and Blue Cross Blue Shield of Wyoming;* and

WHEREAS Group wants to offer Medicare Part D prescription drug coverage to its eligible Medicare beneficiaries under the terms of this Group MedicareBlue Rx Retiree Prescription Drug Plan Contract, and

WHEREAS Group must comply with Medicare restrictions in order to obtain Medicare Part D Group prescription drug coverage; and

WHEREAS BCBS offers Medicare Part D prescription drug coverage through Group MedicareBlue Rx and is willing to provide Group’s eligible Medicare beneficiaries Part D coverage;

NOW THEREFORE it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Capitalized terms used in this Contract are defined herein or have the meaning set forth in the Medicare Part D Rules (42 C.F.R. Part 423).

* Independent licensees of the Blue Cross and Blue Shield Association.

- 1.2 **“BCBS”** is the independent licensee of the Blue Cross and Blue Shield Association, named above, that insurance coverage under this Addendum is **Issued by**.
- 1.3 **“CMS”** is the Centers for Medicare and Medicaid Services, the Federal Agency responsible for the Medicare program.
- 1.4 **“CMS Contract”** is the Contract between BCBS and CMS pursuant to which BCBS offers Group MedicareBlue Rx coverage.
- 1.5 **“Enrollee”** is a retired person (not an active employee) who (a) is eligible for Group’s retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract. “Enrollee” may also be a dependent of an Enrollee described above, provided that the dependent (a) is eligible for Group’s retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract.
- 1.6 **“Group”** is the employer, union, or other plan sponsor, named above, that insurance coverage under this Contract is Issued to.
- 1.7 **“Medicare Low Income Subsidy”** is the Medicare Part D subsidy for which low-income Medicare beneficiaries are eligible under Subpart P of 42 C.F.R. Part 423.
- 1.8 **“Accretion”** is the confirmation by CMS that the retiree meets the federal requirements to be enrolled the specified plan.
- 1.9 **“Involuntary Termination”** is a termination that is requested by the Group rather than the Enrollee. For example, the Group may terminate an Enrollee who no longer meets the Group’s eligibility criteria or who fails to pay premium.

ARTICLE II

PROVISION OF PRESCRIPTION DRUG COVERAGE

- 2.1 **Insurance Coverage.** BCBS shall provide Enrollees insurance coverage for prescription drugs in accordance with the Evidence of Coverage and Schedule of Copays and Limitations. Group and BCBS shall comply with the terms of this Contract with respect to this coverage, except as otherwise required by rules or guidance issued by CMS, or as otherwise required by the CMS Contract.
- 2.2 **Evidence of Coverage.** BCBS shall provide Enrollees an Evidence of Coverage describing benefits, exclusions, and appeal rights.
- 2.3 **Plan Effective Date.** The effective date of this Contract is 12:00 a.m. Central Time of the Effective Date listed on page 1. Each Contract month thereafter will begin on the first day of each calendar month and end on the first day of the next succeeding calendar month. This Contract must be renewed annually by January 1.

ARTICLE III

GROUP RESPONSIBILITIES

3.1 Billing of Premium. Under this Contract, the billing arrangements are as follows:

Group Billing. The Group will be responsible for payment of the “Premium Amount” for each Enrollee. The first Contract charge is payable on the effective date of this Contract. Monthly charges are payable by the last day of each following month during the time this Contract is in effect.

3.2 Premium Amount. Under this Contract, all Premium Amounts are for a full month. Regardless of what day an Enrollee’s coverage under this Contract starts, the coverage, and the monthly premiums for their coverage, will start on the first of that month. The “Premium Amount” as agreed to by the Group and BCBS for each Enrollee is determined as follows:

Total Monthly Premium per Enrollee: \$56.40;

Less any **Low Income Subsidy** applicable to the Enrollee, as determined by CMS;

Plus any **Late Enrollment Penalty** applicable to the Enrollee, as determined by CMS.

3.3 Retroactive Premium Adjustments. The monthly charge will be determined from our record by the number of Enrollees who have been confirmed through the CMS Accretion process. Retroactive adjustments will be made for additions and terminations of Enrollees and for Enrollees who have been confirmed through the CMS Accretion process after the initial billing statement.

3.4 Uniform Premium Requirement. Group may determine how much, if any, of an Enrollee’s premium it will subsidize. Group may subsidize different amounts for different classes of Enrollees, provided that classes are reasonable and based on objective business criteria, such as years of service, business location, job category, and nature of compensation (e.g. salaried versus hourly). Classes may not be based on eligibility for the Medicare Low Income Subsidy. Group’s subsidy may not vary for Enrollees within a class of Enrollees. Group may not require any Enrollee to pay more each month than the Total Per Enrollee Per Month Premium, listed above.

3.5 Benefit of Medicare Low Income Subsidy Premium. Any premium received through the Medicare Low Income Subsidy must be applied first to the eligible Enrollee’s share of premium. Group may not benefit from any premium received through the Medicare Low Income Subsidy until the eligible Enrollee’s premium is reduced to zero (\$0.00).

3.6 Verification of Residency. The Group is responsible to verify residency for any Enrollee who has a residential address consisting of a Post Office Box. The Group must maintain this verification in accordance with records retention requirements. In the case of an audit, the Group must be able to produce all applicable documentation.

ARTICLE IV

CANCELLATION

4.1 BCBS Initiated Cancellation. This Contract is guaranteed renewable and cannot be cancelled as a result of the claims experience or health status of your Group. BCBS can, however, cancel or fail to renew this Contract for the following reasons:

1. for nonpayment of the Group bill;
2. for fraud or misrepresentation by the Group with respect to eligibility for coverage or any other material fact;
3. when the Group has failed to comply with a material plan provision relating to employer contribution or Group participation rules.
4. BCBS discontinues offering this product or all products in its service area;
5. termination or non-renewal of the CMS Contract (BCBS will provide at least 90 days notice);
6. there is no longer any Enrollee who lives or resides in the service area.

4.2 CMS-Initiated Cancellation. CMS requires BCBS to terminate this Contract upon termination or non-renewal of the CMS Contract. BCBS will provide the Group ninety (90) days notice before BCBS non-renews the CMS Contract and thereby terminates this Contract. BCBS will provide the Group as much notice as reasonably practical of CMS's termination or non-renewal of the CMS Contract. The notice will include the termination date for this Contract.

4.3 Group Initiated Cancellation. The Group may cancel this Contract at the end of any Contract month by written notice received by BCBS at least 60 days prior to the effective date of cancellation, unless we have initiated Contract cancellation. In the event of a Group-initiated cancellation, the Group must comply with the enrollee notification requirements for Involuntary Termination of Enrollee Coverage, described in Section 5.4, below.

ARTICLE V

GROUP RESPONSIBILITIES

5.1 Timeliness of Enrollment Transactions. The Group must provide enrollment and disenrollment requests within 7 calendar days of the date the request is made by an individual.

5.2 Residency Requirement for Retirees. Retirees' permanent residence must be in the United States in order to be eligible for MedicareBlue Rx.

5.3 Involuntary Termination of Enrollee Coverage.

1. **BCBS Notification:** The Group agrees to report to BCBS any involuntary termination of an Enrollee's coverage (*e.g.* if the Group determines an Enrollee is no longer eligible to participate in the plan). The notification must be at least prior to the effective date of termination and include information used to identify the correct Enrollee, the requested date of disenrollment, the designation that the disenrollment is involuntary, and the contact information and signature of the Group administrator sending the request. Groups that use the electronic enrollment process must ensure that disenrollments (a) are sent on the electronic file prior to termination date, (b) explain the disenrollment is involuntary, and (c) include any other required file information.
2. **Enrollee Notification:** The Group must provide an involuntarily terminated Enrollee with advance notice of the termination at a minimum twenty-one (21) calendar days prior to the effective date of disenrollment. The Enrollee's notification must include all of the following components:
 - A. notification of the Involuntary Termination;
 - B. notice of other insurance options through the Group;
 - C. reason for the termination;
 - D. information on other individual plan options the beneficiary may choose and how to request enrollment;
 - E. notification that the disenrollment means that the individual will not have Medicare drug coverage and the potential for late-enrollment penalties in the future;
 - F. explanation on how to contact Medicare for more information about other Medicare Part D plan options that might be available to the individual.

5.4 Voluntary Enrollee Disenrollment. For Groups that use the electronic enrollment process, the Group must notify the plan of employees who wish to voluntarily disenroll from coverage. The disenrollment information must accurately reflect the Group's record of disenrollment made by each individual according the process the Group has in place.

5.5 Group Enrollment. The Group is responsible for maintaining all enrollment records in a manner that can be easily, accurately and quickly reproduced. The Group must provide BCBS all required data elements for each Enrollee, including retirees who become eligible for coverage under the Group after the Plan Effective Date.

ARTICLE VI

MISCELLANEOUS PROVISIONS

- 6.1 Application of State Insurance Law.** State Insurance laws, such as laws guaranteeing renewability of insurance Contracts, generally do not apply to this Contract. Such laws are preempted by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. 108-173, 117 Stat. 2066. *See* Social Security Act § 1860D-12(g) (42 U.S.C. § 1395w-112(g)); *accord*, 42 C.F.R. §§ 422.402, 423.440(a). The terms of this Contract and Group MedicareBlue Rx coverage are therefore regulated primarily by Federal law.
- 6.2 Medicare Secondary Payer.** Federal law requires BCBS to identify other payers that are responsible for Enrollees' medical, prescription drug, and other costs covered by the plan and that are primary to Medicare, identify amounts payable by those payers, and coordinate benefits with those payers. BCBS may bill these payers or authorize providers to bill these payers and, to the extent an Enrollee has been paid for MedicareBlue Rx-covered goods or services by another payer, BCBS may bill the Enrollee. Upon request, Group shall provide BCBS and CMS information that Group has on Enrollees' other insurance coverage for purposes of this coordination of benefits. Federal law preempts State laws and Contractual provisions that interfere with Group MedicareBlue Rx's ability to coordinate benefits in accordance with CMS guidelines. *See* 42 C.F.R. §§ 422.108(f), 422.402, 423.462, 423.440(a).
- 6.3 Enrollee Communications.** BCBS may send CMS required Enrollee communications without the consent of the Group. Samples of all materials to be sent to Enrollees shall be made available to Group prior to distribution.
- 6.4 Contract Interpretation.** BCBS has discretionary authority to determine Enrollees' eligibility for benefits and to construe the provisions of the Group Evidence of Coverage.
- 6.5 Prohibited Claim Payments.** BCBS does not pay claims to providers or to members for services received in countries that are sanctioned by the United States Department of Treasury's Office of Foreign Assets Control (OFAC), except for medical emergency services when payment of such services is authorized by OFAC. Countries currently sanctioned by OFAC include Cuba, Iran, and Syria. OFAC may add or remove countries from time to time.
- 6.6 Acceptance of the Contract.** Payment to BCBS by Group (either by direct check or EFT) or by any Enrollee (under Direct Billing) will signify Group's acceptance of all terms, conditions, and obligations of this Contract. Acceptance will be effective on the effective date of this Contract.

Note:

This Contract and Evidence of Coverage (EOC) make up the entire Contract of coverage. The Group on behalf of itself and its Enrollees hereby expressly acknowledges its understanding that this agreement constitutes a Contract solely between [Group Name], in its capacities as Plan Sponsor, Plan Administrator, and as agent on behalf of the Plan and BCBS, that BCBS is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBS to use the Blue Cross and/or Blue Shield Service Marks, and that BCBS is not Contracting as the agent of the Association. The Group further acknowledges and agrees that it has not entered into this agreement based upon representations by any person other than BCBS and that no person, entity, or organization other than BCBS shall be held accountable or liable to the Group for any of BCBS's obligations to the Group created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBS other than those obligations created under other provisions of this agreement.

IN WITNESS WHEREOF:

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (PLAN SPONSOR)**
PO Box 1657
Bismarck, North Dakota 58502

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

By: _____

Title: _____

Its President and CEO

Date: _____

Date: _____

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM
GROUP HEALTH PLAN (PLAN ADMINISTRATOR)**
PO Box 1657
Bismarck, North Dakota 58502

By: _____

Title: _____

Date: _____

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



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

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Executive Director
(701) 328-3900
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M E M O R A N D U M

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

FROM: *BTR*
BRYAN T. REINHARDT

DATE: May 27, 2008

SUBJECT: GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

Here is the April surplus projection and affordability analysis for the NDPERS group medical plan. The plan made it through the 2005-2007 biennium and is ten months into the 2007-2009 biennium.

Net premium sent to BCBS in July 2007 was \$13,406,858. In July 2005 it was \$10,853,370. There are now 24,673 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 \$2,048,000. The remaining \$14.3 million was used to buy down premiums for the 05-07 biennium. This amount is at BCBS and receiving interest.

The projection for the 2005 - 2007 biennium shows total surplus at \$5.2 million. We share 50/50 in the first \$3.0 million surplus with BCBS, so the June 30, 2007 NDPERS estimated gain is \$3.7 million. BCBS has the IBNR estimate for this projection at \$0.

The projection for the 2007 - 2009 biennium shows total surplus at -\$5.9 million. If there is a surplus, we share 50/50 in the first \$3.0 million surplus with BCBS. This will make future growth in the gain for NDPERS difficult. The plan is fully insured by BCBS, so the June 30, 2009 NDPERS estimated gain is \$0. BCBS has the IBNR estimate for this projection at \$17.5 million, which is conservative with a \$1.0 million margin built in.

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

NDPERS - ESTIMATED SURPLUS PROJECTION: 2005-2007 BIENNIUM

April, 2008

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 April, 2008.

1) Preliminary Underwriting Gain for the 2005-2007 Biennium	(\$10,407,600)
2) Cash Balance Interest Accumulation	\$1,402,473
3) Estimated Underwriting Gain for the 2005-2007 Biennium	(\$9,005,127)
5) Refunds and Settlements	
07/01/05 - 6/30/07 Perform Rebates (Included as claim rebates)	\$3,310,733
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)	\$1,412,085
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	\$5,222,634
8) BCBS Portion of Surplus (50% upto \$1,500,000)	\$1,500,000
9) PERS Portion of Surplus Held by BCBS	\$3,722,634
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	\$3,722,634

NDPERS - Projected Underwritten Experience for the 2005-2007 Biennium

April, 2008

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	\$10,936,517	\$0	\$10,936,517	(\$85,533)
Aug-05	\$11,486,984	\$0	\$11,486,984	\$635,676	\$10,851,308	\$10,786,640	\$0	\$10,786,640	\$64,668
Sep-05	\$11,592,130	\$0	\$11,592,130	\$641,396	\$10,950,735	\$9,697,638	\$0	\$9,697,638	\$1,253,097
Oct-05	\$11,564,639	(\$995)	\$11,563,644	\$640,748	\$10,922,896	\$10,047,421	\$0	\$10,047,421	\$875,475
Nov-05	\$11,565,139	\$1,417	\$11,566,556	\$640,478	\$10,926,078	\$11,384,681	\$0	\$11,384,681	(\$458,603)
Dec-05	\$11,575,731	\$7,675	\$11,583,406	\$640,829	\$10,942,577	\$11,752,376	\$0	\$11,752,376	(\$809,799)
Jan-06	\$11,053,969	\$332	\$11,054,300	\$644,606	\$10,409,694	\$10,007,683	\$0	\$10,007,683	\$402,011
Feb-06	\$11,053,628	\$0	\$11,053,628	\$645,308	\$10,408,320	\$9,713,280	\$0	\$9,713,280	\$695,040
Mar-06	\$11,049,994	(\$26,775)	\$11,023,218	\$645,146	\$10,378,073	\$12,099,727	\$0	\$12,099,727	(\$1,721,654)
Apr-06	\$11,066,004	(\$36,321)	\$11,029,683	\$645,820	\$10,383,862	\$10,977,651	\$0	\$10,977,651	(\$593,789)
May-06	\$11,064,390	\$3,501	\$11,067,891	\$646,198	\$10,421,693	\$11,086,131	\$0	\$11,086,131	(\$664,438)
Jun-06	\$11,076,821	\$0	\$11,076,821	\$647,385	\$10,429,436	\$11,682,204	\$0	\$11,682,204	(\$1,252,768)
Jul-06	\$11,056,557	\$0	\$11,056,557	\$646,495	\$10,410,063	\$10,370,190	\$0	\$10,370,190	\$39,873
Aug-06	\$11,052,995	\$0	\$11,052,995	\$646,414	\$10,406,581	\$11,484,557	\$0	\$11,484,557	(\$1,077,976)
Sep-06	\$11,153,014	\$0	\$11,153,014	\$650,785	\$10,502,229	\$10,124,037	\$0	\$10,124,037	\$378,192
Oct-06	\$11,116,487	\$6,351	\$11,122,838	\$650,515	\$10,472,323	\$11,320,020	\$0	\$11,320,020	(\$847,697)
Nov-06	\$11,146,017	(\$8,222)	\$11,137,795	\$652,916	\$10,484,879	\$11,273,790	\$0	\$11,273,790	(\$788,911)
Dec-06	\$11,130,343	(\$12,813)	\$11,117,530	\$651,972	\$10,465,558	\$11,528,559	\$0	\$11,528,559	(\$1,063,001)
Jan-07	\$11,173,395	(\$5,016)	\$11,168,379	\$654,643	\$10,513,737	\$11,647,884	\$0	\$11,647,884	(\$1,134,147)
Feb-07	\$11,192,661	\$1,098	\$11,193,759	\$658,177	\$10,535,582	\$9,912,761	\$0	\$9,912,761	\$622,821
Mar-07	\$11,192,066	\$4,290	\$11,196,356	\$656,154	\$10,540,202	\$12,117,778	\$0	\$12,117,778	(\$1,577,576)
Apr-07	\$11,212,566	\$6,117	\$11,218,683	\$657,017	\$10,561,666	\$11,243,640	\$0	\$11,243,640	(\$681,974)
May-07	\$11,213,832	\$6,568	\$11,220,400	\$656,909	\$10,563,491	\$12,241,445	\$0	\$12,241,445	(\$1,677,954)
Jun-07	\$11,210,872	\$4,950	\$11,215,822	\$657,125	\$10,558,697	\$10,861,648	\$0	\$10,861,648	(\$302,951)
BIENNIAL									
TOTAL	\$269,491,302	(\$50,231)	\$269,441,072	\$15,550,409	\$253,890,663	\$264,298,258	\$0	\$264,298,258	(\$10,407,595)

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

NDPERS - ESTIMATED SURPLUS PROJECTION: 2007-2009 BIENNIUM

April, 2008

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2007-2009 biennium. The estimate has been updated to include account activity through April, 2008.

1) Preliminary Underwriting Gain/Loss for the 2007-2009 Biennium		(\$8,012,100)
2) Wellness Program Expenses		\$0
3) Estimated Underwriting Gain/Loss for the 2007-2009 Biennium		(\$8,012,100)
4) Projected Interest Accumulation (adjusted for usage as premium)		\$0
5) Refunds and Settlements		
11/30/07 Perform Rebate	(Included as claim rebates)	\$340,034
02/29/08 Perform Rebate	(Included as claim rebates)	\$385,151
04/30/08 Perform Rebate		\$350,000
08/31/08 Perform Rebate		\$350,000
10/31/08 Perform Rebate		\$350,000
01/31/09 Perform Rebate		\$350,000
04/30/09 Perform Rebate		\$350,000
06/30/09 Perform Rebate		\$350,000
EPO Settlement Payments 7/07 - 6/08	(No target settlements)	\$0
6) Total Estimated Surplus Held by BCBS		(\$5,912,100)
7) BCBS Portion of Surplus (Half upto \$1,500,000)		\$0
8) PERS Portion of Surplus Held by BCBS		(\$5,912,100)
9) Cash Reserve Account Balance		\$0
Future Contributions:		\$0
Future Interest:		\$0
Total		\$0
10) NDPERS Wellness Accounts		
My Health Connection		\$280,814
Employer Based Wellness		(\$13,785)
Wellness Benefit Program		\$64,422
SubTotal		\$331,451
Total Adjusted for Usage		\$0
11) Total Estimated Funds Available to PERS on June 30, 2009		\$0

NDPERS - Projected Underwritten Experience for the 2007-2009 Biennium

April, 2008

MONTH	PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$29.90/Con	NET PREMIUM	INTEREST ON CASH	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS(1)	ESTIMATED GAIN / LOSS
Jul-07	\$13,406,857	\$0	\$13,406,857	\$725,404	\$12,681,453	\$0	\$11,152,798	\$0	\$11,152,798	\$1,528,655
Aug-07	\$13,465,027	\$308	\$13,465,336	\$728,334	\$12,737,002	\$8,720	\$12,175,735	\$30,000	\$12,205,735	\$539,987
Sep-07	\$13,608,834	\$6,878	\$13,615,713	\$736,018	\$12,879,695	\$32,149	\$10,897,341	\$280,000	\$11,177,341	\$1,734,503
Oct-07	\$13,577,219	\$7,321	\$13,584,540	\$734,822	\$12,849,718	\$44,159	\$13,002,000	\$290,000	\$13,292,000	(\$398,123)
Nov-07	\$13,584,631	(\$6,547)	\$13,578,084	\$735,480	\$12,842,604	\$38,392	\$12,986,422	\$400,000	\$13,386,422	(\$505,426)
Dec-07	\$13,568,728	\$5,601	\$13,574,329	\$734,553	\$12,839,776	\$40,841	\$12,414,377	\$550,000	\$12,964,377	(\$83,760)
Jan-08	\$13,582,515	\$3,071	\$13,585,586	\$735,121	\$12,850,465	\$39,733	\$12,858,637	\$1,000,000	\$13,858,637	(\$968,439)
Feb-08	\$13,622,093	\$1,733	\$13,623,826	\$737,155	\$12,886,671	\$33,024	\$11,240,504	\$1,700,000	\$12,940,504	(\$20,809)
Mar-08	\$13,620,486	(\$2,685)	\$13,617,801	\$737,125	\$12,880,676	\$25,258	\$11,239,488	\$4,100,000	\$15,339,488	(\$2,433,554)
Apr-08	\$13,626,826	\$1,915	\$13,628,741	\$738,171	\$12,890,570	\$21,216	\$4,468,514	\$9,150,000	\$13,618,514	(\$706,728)
May-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,574	\$0	\$0	\$12,984,017	(\$71,339)
Jun-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,648	\$0	\$0	\$13,046,363	(\$133,612)
Jul-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,635	\$0	\$0	\$13,108,710	(\$195,972)
Aug-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,531	\$0	\$0	\$13,171,057	(\$258,422)
Sep-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,337	\$0	\$0	\$13,233,404	(\$320,964)
Oct-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$23,051	\$0	\$0	\$13,295,751	(\$383,597)
Nov-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$22,673	\$0	\$0	\$13,358,098	(\$446,321)
Dec-08	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$22,205	\$0	\$0	\$13,420,445	(\$509,137)
Jan-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$21,645	\$0	\$0	\$13,482,792	(\$572,043)
Feb-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$20,993	\$0	\$0	\$13,545,139	(\$635,042)
Mar-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$20,250	\$0	\$0	\$13,607,486	(\$698,132)
Apr-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$19,415	\$0	\$0	\$13,669,832	(\$761,314)
May-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$18,488	\$0	\$0	\$13,732,179	(\$824,588)
Jun-09	\$13,626,826	\$0	\$13,626,826	\$737,723	\$12,889,103	\$17,468	\$0	\$0	\$13,794,526	(\$887,954)
BIENNIAL TOTAL	\$326,438,781	\$17,595	\$326,456,377	\$17,670,301	\$308,786,076	\$587,406	\$112,435,816	\$17,500,000	\$317,385,615	(\$8,012,133)



**North Dakota
Public Employees Retirement System**
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Memorandum

TO: PERS Board
FROM: Deb Knudsen
DATE: June 11, 2008
SUBJECT: 457 Provider Training Pilot

In May, staff conducted a 457 provider training, piloting the use of GoTo Meeting for remote site presentations. As we had a small group of individuals who were required to attend a training this spring, we took the opportunity to invite representatives who were outside the Bismarck-Mandan area to participate via the GoTo Meeting website and a conference telephone call which they were required to dial in to. Local representatives attended the sessions in the NDPERS conference room where they were presented. Each session began with a roll-call and ended with one as well. If an individual responded to both roll calls, they were able to receive a continuing education credit for attending the meeting. Thus, we were able to save travel costs for both staff and provider representatives outside of the Bismarck-Mandan area while retaining the continuing education credits for the reps.

Attached is a summary of the evaluations we received. Comments overall were very positive and staff has been thanked numerous times for finding a way to provide the training to the 457 reps without requiring them to travel.

After evaluating the initial results, staff intends to provide a similar opportunity to representatives who require attendance at a training this fall. At present, there are 112 deferred compensation provider representatives located in the Bismarck-Mandan area and 123 located outside our local area. In looking ahead to 2009 training requirements, the expected group is much larger than the 2008 group. To accommodate this, staff has determined it will be necessary to travel to the more populous areas such as Fargo and Minot to conduct trainings on-site. Bismarck meetings will be held at the Capitol and others outside of these areas will be invited to attend remotely, using the Go To Meeting application. Staff has checked out the suggestion that audio be provided on-line as well, but have found that this feature is not yet available. Perhaps, by the time we present them again in 2009 this feature will be in place as well.

**MAY 2008 PROVIDER REPRESENTATIVE TRAINING
EVALUATION SUMMARY**

OF ATTENDEES: 44

OF EVALUATIONS RETURNED: 35

FIRST MODULE – PROVIDER TRAINING 2007:

RATE THE SESSION AS TO THE AMOUNT OF USEFUL INFORMATION GAINED:

Excellent: 11 Good: 21 Fair: 3 Poor: 0 Was not Useful: 0

COMMENTS:

*I thoroughly enjoyed the new phone and web broadcast. It makes it much easier for me in Grand Forks to participate without taking the whole day off.
Diane was thorough. Some of her comments were interesting.
Doing a meeting on 457 programs enrollment through retirement.
Good knowledge.

OPINION OF SPEAKER’S PRESENTATION OF SUBJECT MATTER:

Excellent: 20 Good: 15 Fair: 0 Poor: 0 Was not Useful: 0

COMMENTS:

* Deb always does a good job.
She knows her “stuff” (Diane).
She (Diane) did well.

OPINION OF THE MATERIALS USED, CAN THEY BE IMPROVED:

Excellent: 7 Good: 22 Fair: 6 Poor: 0 Was not Useful: 0

COMMENTS:

* Very easy to follow and right to the point.
I liked the webinar option.
Do you have a version for clients and prospects that we can use from your office.
The background information and the growth of the plan is good to see.
I would like the audio to be on line also.
Too small print.
Full page and larger print.

HOW WELL DID THE SESSION FULFILL YOUR EXPECTATIONS:

Excellent: 12 Good: 21 Fair: 2 Poor: 0 Was not Useful: 0

COMMENTS:

*Easy to follow and saved me an 850 mile trip.

Doing this over the internet was great. One thing, repeat the questions that are asked by the people at the session because we have only the answers.
It was nice to have the option to call in and get the training over the computer. It worked well for me. Thank you so much for allowing representatives to go through the training through the phone and web conferences!

SECOND MODULE – PORTABILITY ENHANCEMENT PROVISION (PEP):

RATE THE SESSION AS TO THE AMOUNT OF USEFUL INFORMATION GAINED:

Excellent: 9 Good: 12 Fair: Poor: Was not Useful: 0

COMMENTS:

*This was a very valuable part as now I understand some people pay the 4% themselves and others there employer pays.
Some new info to me.

OPINION OF SPEAKER’S PRESENTATION OF SUBJECT MATTER:

Excellent: 12 Good: 9 Fair: Poor: Was not Useful: 0

COMMENTS:

*I liked that Deb stopped and allowed questions. Thought it was interactive.

RATE THE MATERIALS - CAN THEY BE IMPROVED?

Excellent: 7 Good: 12 Fair: 2 Poor: 0 Was not Useful: 0

COMMENTS:

*Could be more in depth.
PEP contribution slide should have fewer moving parts.
Larger font size for ease of reading.

HOW WELL DID THE SESSION FULFILL YOUR EXPECTATIONS?

Excellent: 9 Good: 12 Fair: 0 Poor: 0 Was not Useful: 0

EXTRA COMMENTS?

Thank you for providing this training using a go to meeting!! Excellent.

U:\Public\Kim\Defcomp\Provider Training Course\Provider Training Eval Master



Memo

To: NDPERS Board
From: Bryan T. Reinhardt
Date: 5/30/2008
Re: 457 Companion Plan & 401(a) plan 1st Quarter 2008 Reports

Here is the 1st quarter 2008 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 1st quarter report and has no Board action.

Assets in the 401(a) plan decreased to \$16.8 million as of March 31, 2008. The number of participants is at 293, about the same as when the plan started. The largest funds are Fidelity Growth Company and the Managed Income Portfolio each with 14% of the assets.

Assets in the 457 Companion Plan decreased to \$22.7 million as of March 31, 2008. The number of participants dropped from 1,319 after the transition to Fidelity, but is increasing and is now at 2,133. The largest funds are the Fidelity Freedom 2020 Fund and the Fidelity Diversified International Fund each with 12% of the assets.

Benchmarks:

Fund returns for the quarter were all negative except for the Managed Income and PIMCO Bond funds. **Fidelity Equity-Income, Fidelity US Equity Index, Fidelity Dividend Growth, Dreyfus Mid Cap Index, and Fidelity Freedom Income, Freedom 2000 and Freedom 2005** were the 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 an annual plan review and a 1st Quarter market perspective. Fidelity presented alternative international and large blend funds. The committee will review this again next quarter. Fidelity presented information on using a brokerage link in place of the mutual fund window. The committee decided to wait and review this again in a year. Fidelity reported that their counseling sessions and webinar workshops went well and they plan to continue them with slight format changes. The committee will work on the plan goals and fees at the next meeting. 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
1st Quarter
1/1/2008 – 3/31/2008



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:

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

BALANCED FUND: Fidelity Puritan Fund
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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 - 1st Quarter 2008

	<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	1.19%	1.19%	4.51%	4.17%	4.16%
GIC 5 Year	0.89%	0.89%	3.54%	4.02%	4.75%
<u>Fixed Income Fund</u>					
PIMCO Total Return Bond Fund - PTRAX	3.25%	3.25%	10.54%	6.28%	5.31%
Lehman Aggregate Bond Index	2.17%	2.17%	7.67%	5.48%	4.58%
Taxable Bond Fund Universe	0.15%	0.15%	N/A	4.14%	4.66%
<u>Balanced Fund</u>					
Fidelity Puritan - FPURX	-7.51%	-7.51%	-1.99%	8.05%	12.60%
60% Large Cap Value Univ & 40% Taxable Bond Universe	-5.59%	-5.59%	#VALUE!	4.68%	9.11%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	-4.26%	-4.26%	-3.29%	5.71%	10.11%
<u>Large Cap Equities - Value</u>					
Fidelity Equity-Income - FEQIX	-9.70%	-9.70%	-9.40%	5.73%	12.35%
Franklin Mutual Shares A - TESIX	-9.26%	-9.26%	-9.37%	6.57%	12.18%
Russell 1000 Value Index	-8.72%	-8.72%	-9.99%	6.01%	13.68%
Large Cap Value Fund Universe	-9.42%	-9.42%	N/A	5.04%	12.08%
<u>Large Cap Equities - Blend</u>					
Fidelity Spartan US Equity Index - FUSEX	-9.46%	-9.46%	-5.12%	5.81%	11.24%
Fidelity Dividend Growth - FDGFX < Under Review 3/2007 >	-9.93%	-9.93%	-9.16%	4.12%	8.20%
S&P 500 Index	-9.44%	-9.44%	-5.08%	5.85%	11.32%
Large Cap Blend Fund Universe	-9.73%	-9.73%	N/A	5.69%	11.15%
<u>Large Cap Equities - Growth</u>					
Fidelity Growth Company - FDGRX	-11.66%	-11.66%	6.20%	11.77%	15.93%
Russell 3000 Growth Index	-10.39%	-10.39%	-1.45%	6.30%	10.26%
Fidelity Blue Chip Growth - FBGRX < Under Review 3/2007 >	-10.58%	-10.58%	0.61%	4.57%	8.20%
Russell 1000 Growth Index	-10.18%	-10.18%	-0.75%	6.33%	9.96%
Large Cap Growth Fund Universe	-11.67%	-11.67%	N/A	6.18%	10.32%
<u>Mid Cap Equities - Value</u>					
Goldman Sachs Mid Cap Value - GCMAX	-7.89%	-7.89%	-9.46%	6.50%	15.57%
Russell Mid Cap Value	-8.64%	-8.64%	-14.12%	6.57%	16.77%
Mid Cap Value Fund Universe	-8.54%	-8.54%	N/A	5.31%	14.58%
<u>Mid Cap Equities - Blend</u>					
Dreyfus Mid Cap Index - PESPX	-8.92%	-8.92%	-7.30%	6.63%	14.59%
S&P Mid Cap 400	-8.85%	-8.85%	-6.97%	7.06%	15.10%
Fidelity Spartan Extended Mkt Index - FSEMXX	-9.71%	-9.71%	-8.53%	7.74%	16.06%
Wilshire 4500 Index	-9.83%	-9.83%	-8.69%	7.66%	16.18%
Mid Cap Blend Fund Universe	-9.75%	-9.75%	N/A	5.75%	14.30%
<u>Mid Cap Equities - Growth</u>					
Fidelity Mid Cap Stock - FMCSX	-13.17%	-13.17%	-11.85%	9.09%	13.33%
Russell Mid Cap Growth	-10.95%	-10.95%	-4.55%	7.77%	15.20%
Mid Cap Growth Fund Universe	-12.62%	-12.62%	N/A	7.34%	13.62%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Investment Benchmarks - 1st Quarter 2008

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Small Cap Equities - Value</u>					
Allianz NFJ Small Cap Value - PVADX	-3.68%	-3.68%	-2.25%	9.97%	17.54%
Russell 2000 Value Index	-6.53%	-6.53%	-16.88%	4.33%	15.45%
Small Value Fund Universe	-6.90%	-6.90%	N/A	3.28%	14.29%
<u>Small Cap Equities - Blend</u>					
Dreyfus Small Cap Index - DISSX	-7.54%	-7.54%	-10.87%	4.93%	15.10%
Russell 2000 Index	-9.90%	-9.90%	-13.00%	5.06%	14.90%
S & P 600 Index	-7.46%	-7.46%	-10.60%	5.31%	15.62%
Small Blend Fund Universe	-9.83%	-9.83%	N/A	4.47%	14.63%
<u>Small Cap Equities - Growth</u>					
MSI Small Co Growth B - MSSMX	-11.86%	-11.86%	-11.08%	5.28%	15.24%
Russell 2000 Growth Index	-12.83%	-12.83%	-8.94%	5.74%	14.24%
Small Growth Fund Universe	-14.45%	-14.45%	N/A	4.31%	13.03%
<u>International Equity Funds</u>					
Fidelity Diversified International - FDIVX	-9.62%	-9.62%	1.72%	14.57%	22.18%
MSCI EAFE	-8.90%	-8.90%	-2.57%	13.48%	21.64%
International Stock Fund Universe	-9.69%	-9.69%	N/A	15.55%	22.40%
<u>Asset Allocation Funds:</u>					
Fidelity Freedom Income - FFFAX	-1.75%	-1.75%	1.41%	4.53%	4.84%
Income Benchmark	-1.01%	-1.01%	3.03%	5.12%	5.73%
Fidelity Freedom 2000 - FFFBX	-2.34%	-2.34%	1.23%	4.76%	5.44%
2000 Benchmark	-2.00%	-2.00%	1.99%	5.32%	6.60%
Fidelity Freedom 2005 - FFFVX	-5.09%	-5.09%	-0.17%	5.96%	N/A
2005 Benchmark	-4.03%	-4.03%	0.33%	6.47%	9.46%
Fidelity Freedom 2010 - FFFCX	-5.06%	-5.06%	0.14%	6.19%	8.31%
2010 Benchmark	-4.24%	-4.24%	0.13%	6.51%	9.65%
Fidelity Freedom 2015 - FFFVX	-5.93%	-5.93%	-0.62%	6.78%	N/A
2015 Benchmark	-4.92%	-4.92%	-0.58%	6.75%	10.41%
Fidelity Freedom 2020 - FFFDX	-7.27%	-7.27%	-1.32%	7.22%	10.91%
2020 Benchmark	-6.29%	-6.29%	-2.07%	7.06%	11.65%
Fidelity Freedom 2025 - FFTWX	-7.81%	-7.81%	-2.00%	7.28%	N/A
2025 Benchmark	-6.52%	-6.52%	-2.31%	7.15%	11.90%
Fidelity Freedom 2030 - FFFEX	-9.08%	-9.08%	-2.65%	7.56%	12.05%
2030 Benchmark	-7.80%	-7.80%	-3.75%	7.32%	12.86%
Fidelity Freedom 2035 - FFTHX	-9.28%	-9.28%	-3.00%	7.57%	N/A
2035 Benchmark	-7.84%	-7.84%	-3.83%	7.38%	12.99%
Fidelity Freedom 2040 - FFFFX	-9.66%	-9.66%	-3.29%	7.66%	N/A
2040 Benchmark	-8.18%	-8.18%	-4.32%	7.39%	13.23%
Fidelity Freedom 2045 - FFFGX	-9.78%	-9.78%	-3.19%	N/A	N/A
2040 Benchmark	-8.52%	-8.52%	-4.66%	7.56%	13.65%
Fidelity Freedom 2050 - FFFHX	-10.24%	-10.24%	-3.53%	N/A	N/A
2040 Benchmark	-8.75%	-8.75%	-4.90%	7.65%	13.90%

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	-9.52%	-9.52%	-5.76%	6.37%	12.45%
MSCI EAFE	-8.90%	-8.90%	-2.57%	13.48%	21.64%
Lehman Aggregate Bond Index	2.17%	2.17%	7.67%	5.48%	4.58%
ML High Yield Bond Fund Index	-3.04%	-3.04%	-3.53%	4.90%	8.57%
3 Month T-Bill Index	0.71%	0.71%	4.19%	4.21%	3.03%
Russell 3000 Value Index	-8.55%	-8.55%	-10.60%	5.87%	13.79%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Mutual Fund Research - 3/31/2008

Large Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe Ratio
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Fidelity Puritan	FPURX	22.5 Billion	4/16/1947	7 Years	0.59%	3010	70%	15.4	38.0 Bil	4-Stars	33	30	-7.51	-1.99	8.05	12.60	7.71	94	0.70	0.65	6.28	0.31	
Fidelity Equity-Income	FEQIX	26.9 Billion	5/16/1966	14 Years	0.66%	278	23%	13.5	46.8 Bil	3-Stars	32	41	-9.70	-9.40	5.73	12.35	4.48	94	1.00	-0.09	8.96	0.19	
Franklin Mutual Shares A	TESIX	22.4 Billion	11/11/1996	Team	1.06%	301	33%	12.6	30.8 Bil	3-Stars	40	36	-9.26	-9.37	6.57	12.18	6.95	79	0.80	0.97	7.86	0.31	

Large Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe 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	26.2 Billion	3/6/1990	Team	0.09%	503	7%	15.5	50.1 Bil	3-Stars	42	43	-9.46	-5.12	5.81	11.24	3.39	100	1.00	-0.06	8.67	0.20	
Fidelity Dividend Growth <Under Review>	FDGFX	11.2 Billion	4/27/1993	10 Years	0.60%	96	36%	14.2	53.2 Bil	3-Stars	81	92	-9.93	-9.16	4.12	8.20	4.43	90	0.93	-1.55	8.55	0.02	
Fidelity Diversified International	FDIVX	50.3 Billion	12/27/1991	6 Years	0.91%	396	59%	16.3	32.7 Bil	4-Stars	46	22	-9.62	1.72	14.57	22.18	10.85				12.05	0.84	

Large Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe Ratio
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Fidelity Growth Company	FDGRX	33.2 Billion	1/17/1983	11 Years	0.93%	325	49%	21.9	20.8 Bil	5-Stars	4	4	-11.66	6.20	11.77	15.93	7.00	77	1.32	5.35	12.96	0.60	
Fidelity Blue Chip Growth <Under Review>	FBGRX	13.9 Billion	12/31/1987	1 Years	0.59%	134	87%	19.7	42.1 Bil	3-Stars	75	80	-10.58	0.61	4.57	8.20	1.78	87	1.08	-1.24	9.96	0.07	

Medium Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe 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	6.7 Billion	8/15/1997	Team	1.16%	117	74%	15.6	7.5 Bil	3-Stars	18	20	-7.89	-9.46	6.50	15.57	8.74	79	1.06	0.65	10.31	0.25	

Medium Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe Ratio
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Dreyfus Mid Cap Index	PESPX	2.1 Billion	6/19/1991	8 Years	0.50%	403	23%	17.1	3.3 Bil	3-Stars	29	32	-8.92	-7.30	6.63	14.59	8.48	78	1.13	0.73	11.07	0.25	
Fidelity Spartan Extended Mkt Index	FSEMX	3.0 Billion	11/5/1997	Team	0.09%	3489	16%	16.0	2.9 Bil	3-Stars	25	23	-9.71	-8.53	7.74	16.06	5.23	78	1.18	1.73	11.57	0.34	

Medium Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe Ratio
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Fidelity Mid-Cap Stock	FMCSX	12.3 Billion	3/29/1994	3 Years	0.82%	155	52%	16.0	6.7 Bil	4-Stars	26	45	-13.17	-11.85	9.09	13.33	8.00	70	1.33	2.98	13.65	0.40	

Small Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe 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	4.0 Billion	11/1/1995	Team	1.07%	123	27%	13.9	1.9 Bil	5-Stars	1	5	-3.68	-2.25	9.97	17.54	9.46	63	0.96	4.07	10.46	0.56	

Small Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe Ratio
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Dreyfus Small Cap Index	DISSX	877 Million	6/30/1997	8 Years	0.50%	602	25%	17.1	1.1 Bil	3-Stars	41	34	-7.54	-10.87	4.93	15.10	6.65	70	1.23	-0.88	12.64	0.10	

Small Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard Deviation	Sharpe 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	1.6 Billion	1/2/1996	Team	1.26%	66	50%	30.9	1.5 Bil	4-Stars	50	32	-11.86	-11.08	5.28	15.24	10.25	72	1.41	-0.64	14.35	0.13	

Lifestyle / Others

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Holdings	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe 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%								1.19	4.51	4.17	4.16	4.90	N/A	N/A	N/A		
PIMCO Total Return Bond Fund	PTRAX	125.1 Billion	9/8/1994	20 Years	0.68%	15208	257%		42.7 Bil	3-Stars	2	6	3.25	10.54	6.28	5.31	6.64	N/A	N/A	N/A	3.61	0.52
Fidelity Freedom Income	FFFAX	2.5 Billion	10/17/1996	10 Years	0.55%	21	26%	16.2	37.7 Bil	3-Stars	73	95	-1.75	1.41	4.53	4.84	4.66	N/A	N/A	N/A	2.37	0.08
Fidelity Freedom 2000	FFFBX	1.8 Billion	10/17/1996	10 Years	0.57%	26	34%	16.2	37.7 Bil	4-Stars	67	85	-2.34	1.23	4.76	5.44	4.89	N/A	N/A	N/A	2.62	0.16
Fidelity Freedom 2005	FFFVX	1.0 Billion	11/6/2003	10 Years	0.68%	26	12%	16.6	35.1 Bil	4-Stars	8	N/A	-5.09	-0.17	5.96	N/A	N/A	N/A	N/A	N/A	5.08	0.33
Fidelity Freedom 2010	FFFCX	13.9 Billion	10/17/1996	10 Years	0.68%	26	12%	16.5	35.1 Bil	4-Stars	4	10	-5.06	0.14	6.19	8.31	5.61	N/A	N/A	N/A	5.25	0.36
Fidelity Freedom 2015	FFVFX	7.0 Billion	11/6/2003	10 Years	0.72%	26	4%	16.6	35.1 Bil	3-Stars	29	N/A	-5.93	-0.62	6.78	N/A	N/A	N/A	N/A	N/A	6.04	0.42
Fidelity Freedom 2020	FFFDX	20.0 Billion	10/17/1996	10 Years	0.76%	26	7%	16.6	25.4 Bil	4-Stars	10	4	-7.27	-1.32	7.22	10.91	5.61	N/A	N/A	N/A	7.27	0.41
Fidelity Freedom 2025	FFTWX	6.6 Billion	11/6/2003	10 Years	0.78%	23	3%	16.5	35.1 Bil	4-Stars	5	N/A	-7.81	-2.00	7.28	N/A	N/A	N/A	N/A	N/A	7.66	0.40
Fidelity Freedom 2030	FFEXX	13.5 Billion	10/17/1996	10 Years	0.80%	23	6%	16.6	25.2 Bil	4-Stars	13	27	-9.08	-2.65	7.56	12.05	5.34	N/A	N/A	N/A	8.69	0.40
Fidelity Freedom 2035	FFTHX	3.9 Billion	11/6/2003	10 Years	0.81%	23	3%	16.5	35.1 Bil	4-Stars	11	N/A	-9.28	-3.00	7.57	N/A	N/A	N/A	N/A	N/A	8.84	0.39
Fidelity Freedom 2040	FFFFX	7.0 Billion	9/6/2000	10 Years	0.82%	23	4%	16.6	26.8 Bil	4-Stars	6	9	-9.66	-3.29	7.66	12.83	N/A	N/A	N/A	N/A	9.13	0.39
Fidelity Freedom 2045	FFFGX	0.6 Billion	9/6/2006	10 Years	0.83%	23	4%	16.3	26.8 Bil	N/A	N/A	N/A	-9.78	-3.19	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fidelity Freedom 2050	FFFFX	0.6 Billion	9/6/2006	10 Years	0.84%	23	4%	16.4	26.8 Bil	N/A	N/A	N/A	-10.24	-3.53	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.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN INVESTMENT OPTIONS

PERFORMANCE UPDATE

AS OF MARCH 31, 2008

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 <https://www.mysavingsatwork.com> (log in, choose plan, select "Investment Choices & Research," and then pick investment option).

Fund ID	Fund Name	Cumulative Total Returns % Period Ending March 31, 2008		Average Annual Total Returns % Period Ending March 31, 2008					Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund				
LIFE-CYCLE FUNDS →											
FFFBX	Fidelity Freedom 2000	-2.34	-2.34	1.23	5.44	4.89	6.37	10/17/96	n/a	0.57	
FFVFX	Fidelity Freedom 2005	-5.09	-5.09	-0.17	n/a	n/a	6.04	11/06/03	n/a	0.68	
FFFCX	Fidelity Freedom 2010	-5.06	-5.06	0.14	8.31	5.61	7.64	10/17/96	n/a	0.68	
FFVFX	Fidelity Freedom 2015	-5.93	-5.93	-0.62	n/a	n/a	7.01	11/06/03	n/a	0.72	
FFFDX	Fidelity Freedom 2020	-7.27	-7.27	-1.32	10.91	5.61	7.96	10/17/96	n/a	0.76	
FFTWX	Fidelity Freedom 2025	-7.81	-7.81	-2.00	n/a	n/a	7.78	11/06/03	n/a	0.78	
FFFEX	Fidelity Freedom 2030	-9.08	-9.08	-2.65	12.05	5.34	7.79	10/17/96	n/a	0.80	
FFTHX	Fidelity Freedom 2035	-9.28	-9.28	-3.00	n/a	n/a	8.27	11/06/03	n/a	0.81	
FFFFX	Fidelity Freedom 2040	-9.66	-9.66	-3.29	12.83	n/a	1.18	9/06/00	n/a	0.82	
FFFGX	Fidelity Freedom 2045	-9.78	-9.78	-3.19	n/a	n/a	4.12	6/01/06	n/a	0.83	
FFFHX	Fidelity Freedom 2050	-10.24	-10.24	-3.53	n/a	n/a	3.97	6/01/06	n/a	0.84	
FFFAX	Fidelity Freedom Income	-1.75	-1.75	1.41	4.84	4.66	5.50	10/17/96	n/a	0.55	
MANAGED INCOME / ANNUITIES / STABLE VALUE											
00632	Managed Income Portfolio →	1.19	1.19	4.51	4.16	4.90	5.65	9/07/89	n/a	n/a	
BOND FUNDS >											
PTRAX	PIMCO Total Return - Administrative Class	3.25	3.25	10.54	5.31	6.64	7.35	9/08/94	n/a	0.68	
BALANCED/HYBRID FUNDS											
FPURX	Fidelity Puritan®	-7.51	-7.51	-3.02	10.22	5.55	11.46	4/16/47	n/a	0.60	
DOMESTIC EQUITY FUNDS - LARGE-CAP VALUE											
FEQIX	Fidelity Equity-Income	-9.70	-9.70	-9.40	12.35	4.48	12.50	5/16/66	n/a	0.66	
TESIX	Mutual Shares - A Class	-9.26	-9.26	-9.37	12.18	6.95	9.63	11/01/96	2.00/7	1.18	

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

continued

AS OF MARCH 31, 2008

Fund ID	Fund Name	Cumulative Total Returns % Period Ending March 31, 2008		Average Annual Total Returns % Period Ending March 31, 2008			Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↔	
		3 Month	YTD	1 Year	5 Year	10 Year				Life of Fund
DOMESTIC EQUITY FUNDS - LARGE-CAP BLEND										
FDGFX	Fidelity Dividend Growth	-9.93	-9.93	-9.16	8.20	4.43	11.68	4/27/93	n/a	0.61
FUSEX	Spartan® U.S. Equity Index - Investor Class	-9.46	-9.46	-5.13	11.23	3.38	10.66	2/17/88	n/a	0.10
DOMESTIC EQUITY FUNDS - LARGE-CAP GROWTH										
FBGRX	Fidelity Blue Chip Growth	-10.58	-10.58	0.61	8.20	1.78	11.20	12/31/87	n/a	0.60
FDGRX	Fidelity Growth Company	-11.66	-11.66	6.20	15.93	7.00	13.73	1/17/83	n/a	0.94
DOMESTIC EQUITY FUNDS - MID-CAP VALUE ⓘ										
GCMAX	Goldman Sachs Mid Cap Value - Class A	-7.89	-7.89	-9.46	15.57	8.74	9.59	8/15/97	n/a	1.16
DOMESTIC EQUITY FUNDS - MID-CAP BLEND ⓘ										
PESPX	Dreyfus Mid Cap Index	-8.92	-8.92	-7.30	14.59	8.48	12.60	6/19/91	n/a	0.51
FSEMX	Spartan® Extended Market Index - Investor Class	-9.71	-9.71	-8.53	16.06	5.23	6.24	11/05/97	0.75/90	0.10
DOMESTIC EQUITY FUNDS - MID-CAP GROWTH ⓘ										
FMCSX	Fidelity Mid-Cap Stock	-13.17	-13.17	-11.85	13.33	8.00	12.68	3/29/94	0.75/30	0.83
DOMESTIC EQUITY FUNDS - SMALL-CAP VALUE ◆										
PVADX	Allianz NFJ Small Cap Value - Administrative Class	-3.68	-3.68	-2.25	17.54	9.46	13.45	11/01/95	n/a	1.07
DOMESTIC EQUITY FUNDS - SMALL-CAP BLEND ◆										
DISSX	Dreyfus Small Cap Stock Index	-7.54	-7.54	-10.87	15.10	6.65	8.38	6/30/97	n/a	0.51
DOMESTIC EQUITY FUNDS - SMALL-CAP GROWTH ◆										
MSSMX	MSIF Small Company Growth - B Class	-11.86	-11.86	-11.08	15.24	10.25	11.04	1/02/96	2.00/30	1.26
INTERNATIONAL/GLOBAL FUNDS ††										
FDIVX	Fidelity Diversified International	-9.62	-9.62	1.72	22.18	10.85	11.78	12/27/91	1.00/30	0.93
MARKET INDICATORS ^^										
For comparison purposes only. It is not possible to invest directly in these indicators.										
	Dow Jones Industrial Average	-7.00	-7.00	1.59	11.45	5.47				
	Lehman Brothers Intermediate U.S. Government/ Credit Index	3.00	3.00	8.88	4.37	5.91				
	MSCI EAFE® Index	-8.90	-8.90	-2.57	21.64	6.42				
	Standard & Poor's 500 SM Index	-9.44	-9.44	-5.08	11.32	3.50				

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.

⇒ Managed Income Portfolio is not a mutual fund but is a commingled pool of the Fidelity Group Trust for Employee Benefit plans. It is managed by Fidelity Management Trust Company.

AS OF MARCH 31, 2008

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 U.S. Government/Credit 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.

Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE*) Index is a market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S. based investors. Index returns for periods after January 1, 1997 are adjusted for tax withholding rates applicable to U.S. based mutual funds organized as Massachusetts business trusts.

The Standard & Poor's 500SM Index (S&P 500*) is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks.

INVESTMENT RISK

⚡ These 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. This effect is usually more pronounced for longer-term securities.

⊗ 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.

†† 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.

Before investing in any investment option, 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 or variable annuity prospectus. For information on fixed annuities, contact Fidelity to request a fact sheet. Read them carefully before you invest.

NOTES:

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 (log in, choose plan, select "Investment Choices & Research", and then pick investment option.).

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending March 31, 2008			Average Annual Total Returns % Periods Ending March 31, 2008					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®	-0.80	-1.75	-1.75	1.41	4.53	4.84	4.66	5.50	10/17/1996	N/A	0.55
370	Fidelity Freedom 2000 Fund®	-0.82	-2.34	-2.34	1.23	4.76	5.44	4.89	6.37	10/17/1996	N/A	0.57
1312	Fidelity Freedom 2005 Fund®	-0.97	-5.09	-5.09	-0.17	5.96	N/A	N/A	6.04	11/06/2003	N/A	0.68
371	Fidelity Freedom 2010 Fund®	-0.99	-5.06	-5.06	0.14	6.19	8.31	5.61	7.64	10/17/1996	N/A	0.68
1313	Fidelity Freedom 2015 Fund®	-1.01	-5.93	-5.93	-0.62	6.78	N/A	N/A	7.01	11/06/2003	N/A	0.72
372	Fidelity Freedom 2020 Fund®	-1.08	-7.27	-7.27	-1.32	7.22	10.91	5.61	7.96	10/17/1996	N/A	0.76
1314	Fidelity Freedom 2025 Fund®	-1.14	-7.81	-7.81	-2.00	7.28	N/A	N/A	7.78	11/06/2003	N/A	0.78
373	Fidelity Freedom 2030 Fund®	-1.18	-9.08	-9.08	-2.65	7.56	12.05	5.34	7.79	10/17/1996	N/A	0.80
1315	Fidelity Freedom 2035 Fund®	-1.19	-9.28	-9.28	-3.00	7.57	N/A	N/A	8.27	11/06/2003	N/A	0.81
718	Fidelity Freedom 2040 Fund®	-1.24	-9.66	-9.66	-3.29	7.66	12.83	N/A	1.18	09/06/2000	N/A	0.82
1617	Fidelity Freedom 2045 Fund®	-1.25	-9.78	-9.78	-3.19	N/A	N/A	N/A	4.12	06/01/2006	N/A	0.83
1618	Fidelity Freedom 2050 Fund®	-1.25	-10.24	-10.24	-3.53	N/A	N/A	N/A	3.97	06/01/2006	N/A	0.84
ASSET ALLOCATION FUNDS												
328	Fidelity Asset Manager® 20%	-0.73	-2.48	-2.48	0.54	5.48	6.92	5.23	6.97	10/01/1992	N/A	0.57
957	Fidelity Asset Manager® 30% ✕	-0.82	-3.65	-3.65	N/A	N/A	N/A	N/A	N/A	10/09/2007	N/A	0.96
958	Fidelity Asset Manager® 40% ✕	-0.96	-4.84	-4.84	N/A	N/A	N/A	N/A	N/A	10/09/2007	N/A	1.36
314	Fidelity Asset Manager® 50%	-1.29	-6.38	-6.38	-2.57	4.96	7.12	4.47	9.05	12/28/1988	N/A	0.71
959	Fidelity Asset Manager® 60% ✕	-1.22	-7.40	-7.40	N/A	N/A	N/A	N/A	N/A	10/09/2007	N/A	1.65
321	Fidelity Asset Manager® 70%	-1.33	-8.59	-8.59	-4.31	5.03	8.20	3.21	8.49	12/30/1991	N/A	0.80
347	Fidelity Asset Manager® 85%	-1.31	-9.75	-9.75	-5.15	7.20	13.59	N/A	4.66	09/24/1999	N/A	0.90
MONEY MARKET FUNDS												
55	Fidelity Cash Reserves	0.28	0.97	0.97	4.79	4.40	3.07	3.64	6.34	05/10/1979	N/A	0.43
	7-Day Yield* % as of 03/31/2008: 3.03											
631	Fidelity Retirement Government Money Market Portfolio	0.25	0.88	0.88	4.58	4.31	3.00	3.58	4.51	12/16/1988	N/A	0.42
	7-Day Yield* % as of 03/31/2008: 2.58											
630	Fidelity Retirement Money Market Portfolio	0.27	0.95	0.95	4.81	4.44	3.10	3.66	4.60	12/02/1988	N/A	0.42
	7-Day Yield* % as of 03/31/2008: 2.99											
50	Fidelity U.S. Government Reserves	0.25	0.90	0.90	4.62	4.35	3.05	3.61	5.44	11/03/1981	N/A	0.37
	7-Day Yield* % as of 03/31/2008: 2.64											
<i>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.</i>												
MANAGED INCOME PORTFOLIOS▼												
632	Managed Income Portfolio	0.40	1.19	1.19	4.51	4.17	4.16	4.90	5.65	09/07/1989	N/A	N/A
	7-Day Yield* % as of 03/31/2008: 4.64											
633	Managed Income Portfolio II - Class 1	0.39	1.17	1.17	4.54	4.16	4.08	4.87	5.25	04/20/1993	N/A	N/A
	7-Day Yield* % as of 03/31/2008: 4.67											
768	Managed Income Portfolio II - Class 2	0.40	1.20	1.20	4.65	4.26	4.18	4.97	5.35	04/20/1993	N/A	N/A
	7-Day Yield* % as of 03/31/2008: 4.71											
769	Managed Income Portfolio II - Class 3	0.41	1.23	1.23	4.80	4.41	4.33	5.11	5.48	04/20/1993	N/A	N/A
	7-Day Yield* % as of 03/31/2008: 4.89											

* 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 03/31/2008 for Managed Income Portfolio is 4.67%.

30-day yields as of 03/31/2008 for Managed Income Portfolio II Class 1, Class 2 and Class 3 are 4.64%, 4.71% and 4.89%, respectively.

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending March 31, 2008			Average Annual Total Returns % Periods Ending March 31, 2008					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	0.06	2.25	2.25	7.69	5.30	4.28	5.47	7.18	11/08/1985	N/A	0.45
54	Fidelity Government Income Fund	0.63	3.88	3.88	10.55	6.04	4.54	5.79	8.36	04/04/1979	N/A	0.45
662	Fidelity Institutional Short-Intermediate Government Fund	0.10	3.11	3.11	8.95	5.30	3.51	5.09	6.20	11/10/1986	N/A	0.45
32	Fidelity Intermediate Bond Fund	-0.81	0.71	0.71	3.12	3.83	3.41	5.28	8.20	05/23/1975	N/A	0.45
452	Fidelity Intermediate Government Income Fund	0.32	3.81	3.81	10.43	5.89	4.01	5.56	6.44	05/02/1988	N/A	0.45
26	Fidelity Investment Grade Bond Fund	-1.15	-0.52	-0.52	0.72	3.32	3.40	5.21	7.58	08/06/1971	N/A	0.45
40	Fidelity Mortgage Securities Fund	-1.10	-0.61	-0.61	-2.09	2.17	2.63	4.79	7.35	12/31/1984	N/A	0.45
450	Fidelity Short-Term Bond Fund	-1.63	-1.00	-1.00	-0.48	2.50	2.29	4.26	5.47	09/15/1986	N/A	0.45
368	Fidelity Strategic Income Fund	0.14	0.93	0.93	4.66	6.26	8.07	N/A	7.18	05/01/1998	N/A	0.75
820	Fidelity Total Bond Fund	-0.37	0.92	0.92	3.61	4.49	4.37	N/A	5.03	10/15/2002	N/A	0.45
651	Fidelity U.S. Bond Index Fund	0.02	1.80	1.80	5.67	4.80	4.28	5.85	7.27	03/08/1990	N/A	0.50
812	Fidelity Ultra-Short Bond Fund	-4.08	-6.94	-6.94	-12.51	-1.72	-0.40	N/A	-0.11	08/29/2002	0.25/60	0.45
1564	Spartan® Intermediate Treasury Bond Index Fund - Adv	1.35	6.12	6.12	15.01	N/A	N/A	N/A	8.63	12/20/2005	N/A	0.10
1561	Spartan® Intermediate Treasury Bond Index Fund - Inv	1.34	6.10	6.10	14.89	N/A	N/A	N/A	8.52	12/20/2005	N/A	0.20
1565	Spartan® Long Term Treasury Bond Index Fund - Adv	0.93	4.02	4.02	12.96	N/A	N/A	N/A	7.34	12/20/2005	N/A	0.10
1562	Spartan® Long Term Treasury Bond Index Fund - Inv	0.93	4.00	4.00	12.85	N/A	N/A	N/A	7.23	12/20/2005	N/A	0.20
1563	Spartan® Short-Term Treasury Bond Index Fund - Adv	0.37	3.71	3.71	10.49	N/A	N/A	N/A	6.90	12/20/2005	N/A	0.10
1560	Spartan® Short-Term Treasury Bond Index Fund - Inv	0.36	3.78	3.78	10.38	N/A	N/A	N/A	6.80	12/20/2005	N/A	0.20
HIGH YIELD												
38	Fidelity Capital & Income Fund	-0.91	-4.38	-4.38	-3.76	5.90	10.69	5.77	10.16	11/01/1977	1.00/90	0.76
814	Fidelity Floating Rate High Income Fund	0.90	-2.84	-2.84	-1.94	3.12	3.90	N/A	3.88	08/16/2000	1.00/60	0.71
1366	Fidelity Focused High Income Fund	-0.19	-1.70	-1.70	-0.86	4.86	N/A	N/A	4.62	09/08/2004	1.00/90	1.00
455	Fidelity High Income Fund	0.02	-1.96	-1.96	-2.00	5.38	8.56	3.51	9.33	08/29/1990	1.00/90	0.75
INFLATION-PROTECTED												
794	Fidelity Inflation-Protected Bond Fund	-0.30	4.76	4.76	11.76	5.54	5.89	N/A	6.94	06/26/2002	N/A	0.45
INTERNATIONAL/GLOBAL												
331	Fidelity New Markets Income Fund	-0.22	0.03	0.03	3.54	10.00	12.41	10.33	12.60	05/04/1993	1.00/90	0.91
BALANCED/HYBRID FUNDS												
304	Fidelity Balanced Fund	-1.78	-7.29	-7.29	-1.99	8.05	12.60	7.71	10.10	11/06/1986	N/A	0.61
1960	Fidelity Dynamic Strategies Fund	-1.09	-4.90	-4.90	N/A	N/A	N/A	N/A	N/A	10/31/2007	N/A	1.12
4	Fidelity Puritan® Fund	-1.29	-7.51	-7.51	-3.02	6.15	10.22	5.55	11.46	04/16/1947	N/A	0.60
1329	Fidelity Strategic Dividend & Income® Fund	-1.19	-6.85	-6.85	-7.08	6.74	N/A	N/A	8.06	12/23/2003	N/A	0.79
1505	Fidelity Strategic Real Return Fund	-1.83	2.30	2.30	3.39	N/A	N/A	N/A	4.80	09/07/2005	0.75/60	0.74
CONVERTIBLES												
308	Fidelity Convertible Securities Fund	-2.35	-6.32	-6.32	4.01	11.34	12.81	9.70	12.47	01/05/1987	N/A	0.79
INTERNATIONAL/GLOBAL												
334	Fidelity Global Balanced Fund	0.60	-3.60	-3.60	6.37	11.07	15.73	7.96	9.34	02/01/1993	1.00/30	1.14
DOMESTIC EQUITY FUNDS												
LARGE VALUE												
23	Fidelity Equity-Income Fund	-1.10	-9.70	-9.70	-9.40	5.73	12.35	4.48	12.50	05/16/1966	N/A	0.66
319	Fidelity Equity-Income II Fund	-0.72	-9.70	-9.70	-6.96	4.69	11.46	4.65	12.16	08/21/1990	N/A	0.65
1828	Fidelity Large Cap Value Enhanced Index Fund	-1.50	-9.52	-9.52	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
708	Fidelity Large Cap Value Fund	-1.84	-11.52	-11.52	-10.78	6.10	13.42	N/A	6.67	11/15/2001	N/A	0.86
LARGE BLEND												
1271	Fidelity Blue Chip Value Fund	-1.27	-9.38	-9.38	-7.67	6.42	N/A	N/A	9.38	06/17/2003	N/A	0.87
315	Fidelity Disciplined Equity Fund	-2.75	-12.47	-12.47	-5.74	6.87	12.15	4.45	11.81	12/28/1988	N/A	0.91
330	Fidelity Dividend Growth Fund	-1.93	-9.93	-9.93	-9.16	4.12	8.20	4.43	11.68	04/27/1993	N/A	0.61
333	Fidelity Focused Stock Fund	0.76	-10.08	-10.08	1.89	8.29	13.96	2.66	5.17	11/12/1996	N/A	1.20
355	Fidelity Four-in-One Index Fund	-0.49	-7.67	-7.67	-3.71	7.07	12.39	N/A	3.52	06/29/1999	N/A	0.23

Fund No.	Fund Name	Cumulative Total Returns % Periods Ending March 31, 2008			Average Annual Total Returns % Periods Ending March 31, 2008					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			
LARGE BLEND continued												
3	Fidelity Fund	-1.86	-11.29	-11.29	1.69	8.75	12.17	4.39	10.33	04/30/1930	N/A	0.57
27	Fidelity Growth & Income Portfolio	-1.69	-10.37	-10.37	-9.27	1.73	6.55	2.08	11.81	12/30/1985	N/A	0.68
1827	Fidelity Large Cap Core Enhanced Index Fund	-0.76	-10.23	-10.23	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
361	Fidelity Mega Cap Stock Fund ¹	-2.17	-11.31	-11.31	-2.81	6.81	9.50	N/A	2.26	12/28/1998	N/A	0.81
832	Fidelity Value Discovery Fund	-1.91	-11.15	-11.15	-5.60	9.60	15.88	N/A	13.53	12/10/2002	N/A	0.87
1519	Spartan® 500 Index Fund - Adv	-0.43	-9.46	-9.46	-5.11	5.80	11.24	3.40	9.95	03/06/1990	N/A	0.07
317	Spartan® 500 Index Fund - Inv	-0.44	-9.47	-9.47	-5.14	5.78	11.22	3.39	9.95	03/06/1990	N/A	0.10
1520	Spartan® Total Market Index Fund - Adv	-0.64	-9.51	-9.51	-5.76	6.38	12.34	3.88	5.32	11/05/1997	0.50/90	0.07
397	Spartan® Total Market Index Fund - Inv	-0.64	-9.51	-9.51	-5.78	6.36	12.33	3.88	5.31	11/05/1997	0.50/90	0.10
1523	Spartan® U.S. Equity Index Fund - Adv	-0.44	-9.46	-9.46	-5.12	5.81	11.24	3.39	10.67	02/17/1988	N/A	0.07
650	Spartan® U.S. Equity Index Fund - Inv	-0.44	-9.46	-9.46	-5.13	5.79	11.23	3.38	10.66	02/17/1988	N/A	0.10
782	U.S. Equity Index Commingled Pool	-0.44	-9.46	-9.46	-5.12	5.79	11.26	3.47	9.45	12/31/1991	N/A	0.10
LARGE GROWTH												
312	Fidelity Blue Chip Growth Fund	-0.03	-10.58	-10.58	0.61	4.57	8.20	1.78	11.20	12/31/1987	N/A	0.60
307	Fidelity Capital Appreciation Fund	-3.70	-12.41	-12.41	-8.49	5.73	13.30	5.76	11.28	11/26/1986	N/A	0.83
22	Fidelity Contrafund®	-1.56	-11.21	-11.21	4.87	11.18	15.71	8.15	13.06	05/17/1967	N/A	0.89
332	Fidelity Export and Multinational Fund	-3.50	-14.26	-14.26	-3.55	7.84	13.87	9.06	14.53	10/04/1994	0.75/30	0.82
500	Fidelity Fifty®	-4.00	-14.17	-14.17	-7.68	7.54	10.23	6.58	10.94	09/17/1993	N/A	0.84
25	Fidelity Growth Company Fund	-0.26	-11.66	-11.66	6.20	11.77	15.93	7.00	13.73	01/17/1983	N/A	0.94
339	Fidelity Growth Discovery Fund ²	-2.83	-13.47	-13.47	9.41	11.61	11.93	6.48	6.48	03/31/1998	N/A	0.81
73	Fidelity Independence Fund	-3.19	-9.06	-9.06	15.43	14.71	16.39	7.80	13.20	03/25/1983	N/A	0.90
1829	Fidelity Large Cap Growth Enhanced Index Fund	-1.41	-11.37	-11.37	N/A	N/A	N/A	N/A	N/A	04/19/2007	N/A	0.45
763	Fidelity Large Cap Growth Fund*	-3.98	-14.38	-14.38	-12.69	1.21	8.94	N/A	1.08	11/15/2001	N/A	1.03
338	Fidelity Large Cap Stock Fund	-0.77	-13.14	-13.14	-3.15	7.34	10.27	3.02	7.64	06/22/1995	N/A	0.82
21	Fidelity Magellan® Fund	-2.19	-12.37	-12.37	2.08	6.88	10.42	3.53	17.96	05/02/1963	N/A	0.54
1282	Fidelity Nasdaq Composite® Index Fund*	0.53	-13.90	-13.90	-5.30	5.06	N/A	N/A	5.54	09/25/2003	0.75/90	0.60
93	Fidelity OTC Portfolio	0.12	-17.40	-17.40	2.55	9.80	13.72	4.74	13.41	12/31/1984	N/A	0.96
320	Fidelity Stock Selector	-0.49	-10.54	-10.54	-1.45	8.00	12.10	3.27	11.72	09/28/1990	N/A	0.87
5	Fidelity Trend Fund	-1.49	-14.76	-14.76	1.35	8.09	12.36	3.31	11.91	06/16/1958	N/A	0.83
MID VALUE												
762	Fidelity Mid Cap Value Fund	-3.16	-11.43	-11.43	-14.81	5.91	14.80	N/A	9.32	11/15/2001	0.75/30	0.83
39	Fidelity Value Fund	-0.42	-9.19	-9.19	-11.41	6.61	15.77	7.88	13.50	12/01/1978	N/A	0.70
MID BLEND												
122	Fidelity Leveraged Company Stock Fund	-2.58	-8.82	-8.82	0.34	12.36	28.29	N/A	19.69	12/19/2000	1.50/90	0.83
316	Fidelity Low-Priced Stock Fund	-1.81	-7.63	-7.63	-7.12	7.18	17.44	11.09	15.88	12/27/1989	1.50/90	0.97
14	Fidelity Value Strategies Fund	-1.93	-11.54	-11.54	-12.97	5.81	16.96	7.45	12.85	12/31/1983	N/A	0.89
1521	Spartan® Extended Market Index Fund - Adv	-1.56	-9.71	-9.71	-8.50	7.76	16.08	5.24	6.25	11/05/1997	0.75/90	0.07
398	Spartan® Extended Market Index Fund - Inv	-1.56	-9.71	-9.71	-8.53	7.74	16.06	5.23	6.24	11/05/1997	0.75/90	0.10
MID GROWTH												
324	Fidelity Aggressive Growth Fund	-5.41	-20.20	-20.20	-7.50	6.35	10.45	-0.63	9.00	12/28/1990	1.50/90	0.79
793	Fidelity Mid Cap Growth Fund	-2.17	-13.31	-13.31	-12.70	2.97	12.39	N/A	4.27	11/15/2001	0.75/30	0.83
337	Fidelity Mid-Cap Stock Fund	-3.72	-13.17	-13.17	-11.85	9.09	13.33	8.00	12.68	03/29/1994	0.75/30	0.83
300	Fidelity New Millennium Fund®	-1.00	-13.65	-13.65	-1.81	9.73	13.30	10.04	15.27	12/28/1992	N/A	0.94
SMALL BLEND												
384	Fidelity Small Cap Retirement Fund	-0.50	-2.64	-2.64	-7.64	4.68	12.50	N/A	8.52	09/26/2000	1.50/90	1.04
340	Fidelity Small Cap Stock Fund	-0.32	-10.27	-10.27	-7.22	6.51	15.43	8.91	9.51	03/12/1998	2.00/90	0.96
1389	Fidelity Small Cap Value Fund	-3.46	-11.84	-11.84	-13.59	5.78	N/A	N/A	9.29	11/03/2004	1.50/90	1.11
SMALL GROWTH												
1388	Fidelity Small Cap Growth Fund	-3.61	-15.34	-15.34	-6.54	7.78	N/A	N/A	11.74	11/03/2004	1.50/90	1.10
336	Fidelity Small Cap Independence Fund	-1.41	-15.42	-15.42	-13.48	5.30	12.97	4.17	8.29	06/28/1993	1.50/90	1.01

Fund No.	Fund Name	Cumulative Total Returns %			Average Annual Total Returns %					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending March 31, 2008			Periods Ending March 31, 2008							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
INTERNATIONAL/GLOBAL FUNDS												
335	Fidelity Aggressive International Fund	-2.25	-10.97	-10.97	-10.72	7.57	15.96	5.37	7.19	11/01/1994	1.00/30	0.85
309	Fidelity Canada Fund	-5.36	-7.48	-7.48	19.88	20.64	27.50	14.09	12.73	11/17/1987	1.50/90	0.96
352	Fidelity China Region Fund	-3.64	-13.28	-13.28	27.88	23.74	26.51	11.93	11.28	11/01/1995	1.50/90	1.08
325	Fidelity Diversified International Fund	-1.29	-9.62	-9.62	1.72	14.57	22.18	10.85	11.78	12/27/1991	1.00/30	0.93
341	Fidelity Europe Capital Appreciation Fund	0.00	-9.81	-9.81	-0.93	17.05	23.67	8.28	12.32	12/21/1993	1.00/30	1.05
301	Fidelity Europe Fund	0.08	-9.56	-9.56	2.80	15.14	27.12	7.29	11.32	10/01/1986	1.00/30	1.06
305	Fidelity International Discovery Fund	-1.98	-11.47	-11.47	2.10	15.88	23.50	9.82	9.88	12/31/1986	1.00/30	1.04
1979	Fidelity International Growth Fund	-1.03	-9.31	-9.31	N/A	N/A	N/A	N/A	N/A	11/01/2007	1.00/30	1.17
818	Fidelity International Small Cap Fund	-2.43	-7.88	-7.88	-1.59	13.43	29.23	N/A	27.28	09/18/2002	2.00/90	1.19
1504	Fidelity International Small Cap Opportunities Fund	-5.16	-9.57	-9.57	-13.01	N/A	N/A	N/A	15.58	08/02/2005	2.00/90	1.30
1597	Fidelity International Value Fund	-0.67	-9.01	-9.01	-3.99	N/A	N/A	N/A	6.11	05/18/2006	1.00/30	1.03
350	Fidelity Japan Fund	-2.82	-8.79	-8.79	-14.87	6.80	14.48	7.29	5.04	09/15/1992	1.50/90	1.08
360	Fidelity Japan Smaller Companies Fund	2.82	-7.43	-7.43	-17.45	-3.59	13.03	11.99	4.60	11/01/1995	1.50/90	1.02
349	Fidelity Latin America Fund	-5.33	-4.06	-4.06	33.97	44.42	48.95	15.49	14.57	04/19/1993	1.50/90	1.00
342	Fidelity Nordic Fund	-0.68	-7.23	-7.23	8.94	22.30	30.84	12.22	15.43	11/01/1995	1.50/90	1.06
94	Fidelity Overseas Fund	-2.44	-11.57	-11.57	4.03	16.28	23.03	6.53	13.03	12/04/1984	1.00/30	0.95
302	Fidelity Pacific Basin Fund	-5.47	-16.49	-16.49	0.08	17.26	22.44	11.20	7.29	10/01/1986	1.50/90	1.19
351	Fidelity Southeast Asia Fund	-6.20	-18.38	-18.38	21.78	30.88	34.37	14.86	10.07	04/19/1993	1.50/90	1.09
1978	Fidelity Total International Equity Fund	-1.72	-9.52	-9.52	N/A	N/A	N/A	N/A	N/A	11/01/2007	1.00/30	1.12
318	Fidelity Worldwide Fund	-0.83	-10.90	-10.90	2.02	12.74	18.46	6.39	8.64	05/30/1990	1.00/30	1.04
1522	Spartan International Index Fund - Adv	0.00	-8.60	-8.60	-2.81	13.41	21.16	6.33	7.38	11/05/1997	1.00/90	0.17
399	Spartan International Index Fund - Inv	0.00	-8.60	-8.60	-2.84	13.39	21.15	6.32	7.38	11/05/1997	1.00/90	0.20
EMERGING MARKETS												
322	Fidelity Emerging Markets Fund	-6.26	-13.32	-13.32	21.30	32.97	36.77	12.24	7.65	11/01/1990	1.50/90	1.05
SPECIALTY FUNDS												
1368	Fidelity International Real Estate Fund	-1.29	-8.58	-8.58	-19.85	12.78	N/A	N/A	14.77	09/08/2004	1.50/90	1.07
833	Fidelity Real Estate Income Fund	-3.29	-5.64	-5.64	-13.18	1.57	5.97	N/A	6.22	02/04/2003	0.75/90	0.88
303	Fidelity Real Estate Investment Portfolio	7.53	4.75	4.75	-20.59	10.00	17.33	10.82	11.47	11/17/1986	0.75/90	0.83
34	Fidelity Select Air Transportation Portfolio	-7.79	-18.11	-18.11	-22.35	5.97	15.36	7.12	10.04	12/16/1985	0.75/30	1.00
502	Fidelity Select Automotive Portfolio	-0.70	-9.09	-9.09	-12.46	2.64	10.96	2.70	8.88	06/30/1986	0.75/30	1.42
507	Fidelity Select Banking Portfolio	-1.26	-10.29	-10.29	-27.20	-5.12	4.43	1.60	11.58	06/30/1986	0.75/30	0.93
42	Fidelity Select Biotechnology Portfolio	-2.12	-8.13	-8.13	-1.24	8.17	8.66	6.94	11.98	12/16/1985	0.75/30	0.93
68	Fidelity Select Brokerage & Investment Management	-2.45	-13.67	-13.67	-13.62	12.91	17.91	9.35	13.02	07/29/1985	0.75/30	0.90
69	Fidelity Select Chemicals Portfolio	-1.97	-3.65	-3.65	15.66	12.44	21.41	9.70	14.75	07/29/1985	0.75/30	0.99
518	Fidelity Select Communications Equipment Portfolio	-1.38	-14.38	-14.38	-8.43	3.97	13.45	4.09	11.01	06/29/1990	0.75/30	0.94
7	Fidelity Select Computers Portfolio	-1.54	-18.01	-18.01	0.03	5.88	12.42	4.88	11.89	07/29/1985	0.75/30	0.95
511	Fidelity Select Construction and Housing Portfolio	1.48	-0.50	-0.50	-14.40	0.69	15.06	7.29	11.76	09/29/1986	0.75/30	0.95
517	Fidelity Select Consumer Discretionary Portfolio	-1.88	-8.04	-8.04	-18.84	0.11	6.46	1.84	9.09	06/29/1990	0.75/30	1.14
9	Fidelity Select Consumer Staples Portfolio	2.62	-2.48	-2.48	13.12	14.38	16.88	7.64	14.45	07/29/1985	0.75/30	1.01
67	Fidelity Select Defense and Aerospace Portfolio	-3.95	-13.22	-13.22	-2.25	11.47	21.12	10.29	11.98	05/08/1984	0.75/30	0.92
8	Fidelity Select Electronics Portfolio	0.73	-17.89	-17.89	-15.90	0.17	8.87	4.30	10.69	07/29/1985	0.75/30	0.91
60	Fidelity Select Energy Portfolio	-3.01	-6.19	-6.19	28.29	26.32	30.89	15.68	11.41	07/14/1981	0.75/30	0.89
43	Fidelity Select Energy Service Portfolio	0.58	-8.33	-8.33	32.55	27.47	28.97	13.57	12.28	12/16/1985	0.75/30	0.88
516	Fidelity Select Environmental Portfolio	-2.15	-10.49	-10.49	0.71	9.35	11.68	0.08	3.72	06/29/1989	0.75/30	1.11
66	Fidelity Select Financial Services Portfolio	-2.13	-13.80	-13.80	-24.45	-0.13	7.35	3.62	14.11	12/10/1981	0.75/30	0.93
41	Fidelity Select Gold Portfolio	-9.79	4.89	4.89	31.47	33.22	26.33	15.53	9.45	12/16/1985	0.75/30	0.90
63	Fidelity Select Health Care Portfolio	-6.85	-15.42	-15.42	-6.20	5.70	8.03	5.19	15.88	07/14/1981	0.75/30	0.88
98	Fidelity Select Home Finance Portfolio	-3.10	-12.42	-12.42	-42.08	-13.72	-2.07	-1.43	12.12	12/16/1985	0.75/30	0.93
510	Fidelity Select Industrial Equipment Portfolio	1.05	-8.79	-8.79	9.49	12.53	20.37	6.51	10.64	09/29/1986	0.75/30	0.99

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		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
SPECIALTY FUNDS ● ■ <i>continued</i>												
515	Fidelity Select Industrials Portfolio@ ^b	1.07	-6.96	-6.96	8.03	11.99	20.94	8.66	10.55	03/03/1997	0.75/30	1.03
45	Fidelity Select Insurance Portfolio	-3.44	-17.13	-17.13	-19.26	1.18	8.95	7.16	12.40	12/16/1985	0.75/30	0.98
353	Fidelity Select IT Services Portfolio@ ^f	-0.34	-11.91	-11.91	-3.66	8.00	13.81	7.51	9.05	02/04/1998	0.75/30	1.19
62	Fidelity Select Leisure Portfolio	-0.85	-11.12	-11.12	-8.71	5.92	13.32	6.15	14.22	05/08/1984	0.75/30	0.96
509	Fidelity Select Materials Portfolio@ ^s	-1.47	-3.95	-3.95	13.55	18.80	25.20	10.59	11.11	09/29/1986	0.75/30	1.01
505	Fidelity Select Medical Delivery Portfolio	-13.92	-25.94	-25.94	-18.88	1.01	15.79	5.76	11.38	06/30/1986	0.75/30	0.95
354	Fidelity Select Medical Equipment and Systems Portfolio	-1.72	-3.54	-3.54	8.48	9.03	13.97	N/A	14.45	04/28/1998	0.75/30	0.93
503	Fidelity Select Multimedia Portfolio	-3.68	-9.60	-9.60	-17.63	1.51	9.57	5.39	12.08	06/30/1986	0.75/30	1.04
513	Fidelity Select Natural Gas Portfolio	-1.66	1.22	1.22	28.45	24.10	31.11	17.46	14.36	04/21/1993	0.75/30	0.90
514	Fidelity Select Natural Resources Portfolio	-4.15	-6.67	-6.67	28.50	29.07	31.64	15.95	15.42	03/03/1997	0.75/30	0.93
912	Fidelity Select Networking and Infrastructure Portfolio	-3.05	-22.98	-22.98	-22.04	-2.17	5.09	N/A	-19.74	09/21/2000	0.75/30	1.00
506	Fidelity Select Paper and Forest Products Portfolio	-0.07	-11.91	-11.91	-15.53	-0.68	5.22	3.13	7.76	06/30/1986	0.75/30	1.16
580	Fidelity Select Pharmaceuticals Portfolio	-5.61	-14.69	-14.69	-4.67	8.77	8.43	N/A	1.15	06/18/2001	0.75/30	1.02
46	Fidelity Select Retailing Portfolio	0.30	-10.34	-10.34	-22.26	0.34	10.80	3.46	11.98	12/16/1985	0.75/30	1.06
28	Fidelity Select Software and Computer Services Portfolio	-0.30	-18.05	-18.05	-0.11	12.57	13.58	9.04	15.67	07/29/1985	0.75/30	0.92
64	Fidelity Select Technology Portfolio	-1.26	-19.07	-19.07	-6.03	5.69	11.63	5.61	12.20	07/14/1981	0.75/30	0.95
96	Fidelity Select Telecommunications Portfolio	-2.72	-20.18	-20.18	-18.70	7.79	12.81	-0.13	11.12	07/29/1985	0.75/30	0.99
512	Fidelity Select Transportation Portfolio	0.25	-2.82	-2.82	-8.01	6.66	16.69	9.15	12.85	09/29/1986	0.75/30	1.03
65	Fidelity Select Utilities Growth Portfolio@	0.42	-10.80	-10.80	-4.11	14.67	19.82	5.49	12.66	12/10/1981	0.75/30	0.93
963	Fidelity Select Wireless Portfolio	-3.87	-19.56	-19.56	-0.18	10.30	25.58	N/A	-3.53	09/21/2000	0.75/30	0.97
311	Fidelity Utilities Fund	1.62	-11.44	-11.44	-9.25	11.95	16.47	3.97	9.98	11/27/1987	N/A	0.82
EQUITY BENCHMARKS												
	Dow Jones Industrial Average	0.12	-7.00	-7.00	1.59	7.78	11.45	5.47				
	Dow Jones Wilshire 4500 Completion	-1.77	-9.83	-9.83	-8.69	7.66	16.18	5.42				
	Dow Jones Wilshire 5000 Composite	-0.69	-9.52	-9.52	-5.76	6.37	12.45	3.95				
	NASDAQ Composite@	0.41	-13.88	-13.88	-5.12	5.29	11.94	2.70				
	Russell 1000@	-0.68	-9.48	-9.48	-5.40	6.19	11.86	3.83				
	Russell 1000@ Growth	-0.61	-10.18	-10.18	-0.75	6.33	9.96	1.28				
	Russell 1000@ Value	-0.75	-8.72	-8.72	-9.99	6.01	13.68	5.54				
	Russell 2000@	0.42	-9.90	-9.90	-13.00	5.06	14.90	4.96				
	Russell 2000@ Growth	-0.58	-12.83	-12.83	-8.94	5.74	14.24	1.75				
	Russell 2000@ Value	1.51	-6.53	-6.53	-16.88	4.33	15.45	7.46				
	Russell 3000@	-0.59	-9.52	-9.52	-6.06	6.10	12.07	3.88				
	Russell 3000@ Growth	-0.61	-10.39	-10.39	-1.45	6.30	10.26	1.29				
	Russell 3000@ Value	-0.58	-8.55	-8.55	-10.60	5.87	13.79	5.63				
	Russell MidCap™	-1.45	-9.98	-9.98	-8.92	7.36	16.31	7.65				
	Russell Midcap™ Growth	-1.77	-10.95	-10.95	-4.55	7.77	15.20	5.15				
	Russell Midcap™ Value	-1.02	-8.64	-8.64	-14.12	6.57	16.77	8.16				
	S&P 500@	-0.43	-9.44	-9.44	-5.08	5.85	11.32	3.50				
	S&P MidCap@ 400	-1.02	-8.85	-8.85	-6.97	7.06	15.10	9.02				
BLENDED BENCHMARKS												
	Fidelity Asset Manager 20% Composite	0.10	-0.58	-0.58	4.13	5.29	5.55	5.04				
	Fidelity Asset Manager 30% Composite	0.01	-1.65	-1.65	N/A	N/A	N/A	N/A				
	Fidelity Asset Manager 40% Composite	-0.11	-2.73	-2.73	N/A	N/A	N/A	N/A				
	Fidelity Asset Manager 50% Composite	-0.20	-3.84	-3.84	0.85	5.73	7.93	4.87				
	Fidelity Asset Manager 60% Composite	-0.32	-4.90	-4.90	N/A	N/A	N/A	N/A				
	Fidelity Asset Manager 70% Composite	-0.42	-6.06	-6.06	-1.52	5.94	9.40	4.46				
	Fidelity Asset Manager 85% Composite	-0.59	-7.70	-7.70	-3.23	6.13	10.53	4.13				
	Fidelity Balanced Hybrid Composite	-0.21	-4.63	-4.63	-2.04	5.91	9.67	5.59				
	Fidelity Four-in-One Composite	-0.61	-7.70	-7.70	-3.30	7.30	12.62	4.91				

Fund No. Name	Cumulative Total Returns % Periods Ending March 31, 2008			Average Annual Total Returns % Periods Ending March 31, 2008				LOF	Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
	1	3	YTD	1	3	5	10				
	Month	Month	Month	Year	Year	Year	Year				
BLENDED BENCHMARKS <i>continued</i>											
Fidelity Freedom Income Composite	0.06	-0.96	-0.96	3.28	5.22	5.59	4.89				
Fidelity Freedom 2000 Composite	-0.01	-1.65	-1.65	2.57	5.29	5.94	4.86				
Fidelity Freedom 2005 Composite	-0.25	-3.94	-3.94	0.56	6.25	N/A	N/A				
Fidelity Freedom 2010 Composite	-0.27	-4.17	-4.17	0.31	6.30	8.74	5.29				
Fidelity Freedom 2015 Composite	-0.32	-4.68	-4.68	-0.15	6.91	N/A	N/A				
Fidelity Freedom 2020 Composite	-0.47	-6.12	-6.12	-1.78	7.12	11.45	5.09				
Fidelity Freedom 2025 Composite	-0.49	-6.38	-6.38	-2.06	7.27	N/A	N/A				
Fidelity Freedom 2030 Composite	-0.62	-7.67	-7.67	-3.53	7.33	12.63	4.73				
Fidelity Freedom 2035 Composite	-0.63	-7.78	-7.78	-3.67	7.38	N/A	N/A				
Fidelity Freedom 2040 Composite	-0.67	-8.14	-8.14	-4.20	7.43	13.47	N/A				
Fidelity Freedom 2045 Composite	-0.69	-8.29	-8.29	-4.30	N/A	N/A	N/A				
Fidelity Freedom 2050 Composite	-0.73	-8.68	-8.68	-4.75	N/A	N/A	N/A				
Fidelity Global Balanced Composite	0.73	-1.75	-1.75	6.12	9.06	13.05	6.00				
INTERNATIONAL/GLOBAL BENCHMARKS											
MSCI AC World xU.S. (Net MA Tax)	-2.20	-9.13	-9.13	2.27	16.17	23.77	7.52				
MSCI EAFE® (Net MA Tax)	-1.06	-8.90	-8.90	-2.57	13.48	21.64	6.42				
MSCI Emerging Markets (Net Luxembourg Tax)	-5.29	-10.99	-10.99	21.33	29.24	35.53	N/A				
MSCI Europe (Net MA Tax)	0.44	-8.58	-8.58	0.38	15.09	23.25	6.82				
MSCI World® (Net MA Tax)	-0.94	-8.99	-8.99	-2.93	10.03	16.39	4.83				
FIXED INCOME BENCHMARKS											
CitiGroup 3-Month Treasury Bill	0.20	0.71	0.71	4.19	4.21	3.03	3.56				
Fidelity Strategic Income Composite	0.39	1.27	1.27	5.68	6.62	8.16	6.70				
LB 1-3 Year Government/Credit Bond	0.08	2.73	2.73	8.19	5.30	3.75	5.12				
LB Aggregate Bond	0.34	2.17	2.17	7.67	5.48	4.58	6.04				
LB GNMA	0.31	2.48	2.48	8.08	5.76	4.73	5.94				
LB Government/Credit Bond	-0.01	2.53	2.53	8.35	5.55	4.62	6.12				
LB Int Government/Credit Bond	-0.01	3.00	3.00	8.88	5.66	4.37	5.91				
LB U.S. Treasury 1-5 Year	0.34	3.79	3.79	10.58	5.91	3.92	5.32				
LB U.S. Treasury 5-10 Year	1.28	6.12	6.12	15.03	7.49	5.24	6.72				
ML U.S. High Yield Master II	-0.52	-3.04	-3.04	-3.53	4.90	8.57	4.89				

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 Growth & Income II Portfolio.

² Formerly known as Fidelity Discovery Fund.

³ Formerly known as Select Developing Communications Portfolio.

⁴ Formerly known as Select Consumer Industries Portfolio.

⁵ Formerly known as Select Food & Agriculture Portfolio.

⁶ Formerly known as Select Cyclical Industries Portfolio.

⁷ Formerly known as Select Business Services and Outsourcing Portfolio.

⁸ 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 02/29/2008. 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.

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FUNDSNET™ 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. (log in, choose plan, select "Investment Choices & Research", and then pick investment option.)

Ticker	Name	Cumulative Total Returns %			Average Annual Total Returns %					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending March 31, 2008			Periods Ending March 31, 2008							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
BOND FUNDS □												
CSIBX	Calvert Social Investment Fund Bond Portfolio - A	-0.37	0.47	0.47	5.38	4.97	5.74	6.06	7.40	08/24/1987	N/A	1.12
LBCNX	Lehman Brothers Core Bond Fund - Inv	-0.60	-0.82	-0.82	1.59	3.46	3.31	4.80	5.17	02/01/1997	N/A	1.31
MGFIX	Managers Bond Fund	-0.83	-0.26	-0.26	5.55	5.80	6.03	6.63	9.47	06/01/1984	N/A	1.00
MFAX	MSIF Trust Core Plus Fixed Income Portfolio - P ¹	-3.84	-4.85	-4.85	-1.78	2.61	3.27	4.84	5.26	11/07/1996	2.00/7	0.70
PLGBX	PIMCO Long-Term U.S. Government Fund - Adm	-0.41	3.52	3.52	10.96	6.08	5.38	7.28	7.65	09/23/1997	2.00/30	0.73
PLDAX	PIMCO Low Duration Fund - Adm	-1.33	1.32	1.32	7.38	4.70	3.44	4.90	5.72	01/03/1995	N/A	0.68
PTRAX	PIMCO Total Return Fund - Adm	-0.18	3.25	3.25	10.54	6.28	5.31	6.64	7.35	09/08/1994	N/A	0.68
WAPIX	Western Asset Core Bond Portfolio - FI	-1.55	-2.28	-2.28	-2.12	2.59	3.29	N/A	5.58	07/21/1999	N/A	0.72
WACIX	Western Asset Core Plus Bond Portfolio - FI	-1.48	-1.78	-1.78	-0.86	3.18	4.41	N/A	5.27	01/07/2002	N/A	0.69
HIGH YIELD †												
CMHYX	Columbia Conservative High Yield Fund - Z	-0.11	-2.23	-2.23	-1.96	3.56	4.76	4.54	6.10	10/01/1993	N/A	0.78
LBHBX	Lehman Brothers High Income Bond Fund - Inv ²	0.18	-1.55	-1.55	-2.73	3.70	5.40	5.40	6.44	02/01/1992	N/A	0.93
MAHYX	MSIF Trust High Yield Portfolio - P ¹	-0.71	-2.78	-2.78	-1.78	4.21	7.57	1.99	3.35	01/31/1997	2.00/30	0.93
PHYAX	PIMCO High Yield Fund - Adm	-0.82	-1.79	-1.79	-0.56	5.41	7.92	5.44	7.59	01/16/1995	2.00/30	0.75
INFLATION-PROTECTED Ω												
PARRX	PIMCO Real Return Fund - Adm	-0.62	5.48	5.48	14.56	6.46	6.78	N/A	8.59	01/29/1997	N/A	0.70
INTERNATIONAL/GLOBAL ♦												
PADMX	PIMCO Global Bond Fund (Unhedged) - Adm	1.53	9.05	9.05	17.66	6.38	7.90	7.06	6.78	07/31/1996	2.00/30	0.80
TPINX	Templeton Global Bond Fund - A †	0.62	6.82	6.82	16.24	9.95	11.63	8.78	8.36	09/18/1986	2.00/7	0.99
BALANCED/HYBRID FUNDS												
AABPX	American Beacon Balanced Fund - PlanAhead	-1.49	-5.71	-5.71	-5.03	4.99	10.76	5.31	8.59	07/17/1987	N/A	0.88
CSIFX	Calvert Social Investment Fund Balanced Portfolio - A	-0.44	-5.45	-5.45	-2.91	3.93	7.47	2.72	8.42	10/21/1982	N/A	1.34
OAKBX	The Oakmark Equity and Income Fund - I	-0.11	0.97	0.97	9.54	11.05	13.62	11.08	13.16	11/01/1995	N/A	0.83
ACEIX	Van Kampen Equity and Income Fund - A	-2.08	-7.06	-7.06	-4.58	5.34	10.32	7.11	10.74	08/03/1960	2.00/7	0.78
DOMESTIC EQUITY FUNDS												
LARGE VALUE												
AAGPX	American Beacon Large Cap Value Fund - PlanAhead	-2.24	-10.32	-10.32	-8.75	6.14	15.45	5.24	10.04	07/17/1987	N/A	0.87
ALVIX	American Century Large Company Value Fund - Inv	-0.09	-9.02	-9.02	-9.88	4.40	11.91	N/A	5.49	07/30/1999	N/A	0.83
WFGIX	Credit Suisse Large Cap Value Fund - A	-2.09	-10.53	-10.53	-10.08	4.85	11.12	5.08	10.23	07/09/1992	N/A	1.07
KDHAX	DWS-Dreman High Return Equity Fund - A	-4.48	-10.36	-10.36	-10.43	3.58	12.18	5.73	12.73	02/28/2005	2.00/15	1.08
LAFFX	Lord Abbett Affiliated Fund - A	-0.40	-9.69	-9.69	-6.72	5.32	12.14	5.72	11.00	05/14/1934	N/A	0.81
MGIEX	Managers Value Fund	-4.55	-11.64	-11.64	-17.74	0.32	9.21	2.76	10.37	10/31/1984	N/A	1.19
MPVAX	MSIF Trust Value Portfolio - P ¹	-3.47	-9.91	-9.91	-12.88	2.84	12.74	3.81	7.87	07/17/1996	2.00/7	0.88
TESIX	Mutual Shares Fund - A	-1.81	-9.26	-9.26	-9.37	6.57	12.18	6.95	9.63	11/01/1996	2.00/7	1.18
ACGIX	Van Kampen Growth and Income Fund - A	-1.74	-9.65	-9.65	-7.37	5.74	12.56	6.78	9.76	08/01/1946	2.00/7	0.77
LARGE BLEND												
GTVLX	AIM Basic Value Fund - A	-3.53	-12.48	-12.48	-11.95	2.40	10.84	6.51	10.20	10/18/1995	N/A	1.15
DSEFX	Domini Social Equity Fund - Inv	1.18	-9.39	-9.39	-8.72	3.52	8.75	2.11	8.69	06/03/1991	2.00/30	1.24
LMVFX	Legg Mason Value Trust - FI	-5.56	-19.59	-19.59	-23.36	-3.24	7.40	N/A	1.44	03/23/2001	N/A	1.03
NBFCX	Neuberger Berman Focus Fund - Trust	0.05	-8.03	-8.03	-1.76	4.82	14.47	4.42	9.59	08/30/1993	N/A	1.09
NBGTX	Neuberger Berman Guardian Fund - Trust	-2.37	-9.03	-9.03	-2.77	6.74	13.73	2.69	7.63	08/03/1993	N/A	1.06
NBPTX	Neuberger Berman Partners Fund - Trust	-4.88	-10.71	-10.71	-3.09	8.60	16.52	4.67	9.77	08/30/1993	N/A	1.00
NBSTX	Neuberger Berman Socially Responsive Fund - Trust	-2.15	-8.70	-8.70	-3.00	6.98	12.45	5.03	7.43	03/03/1997	N/A	1.10

Ticker	Name	Cumulative Total Returns %			Average Annual Total Returns %					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending March 31, 2008			Periods Ending March 31, 2008							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
LARGE BLEND cont.												
OAKMX	The Oakmark Fund - I	-0.90	-7.36	-7.36	-10.49	2.13	8.75	3.38	13.55	08/05/1991	2.00/90	1.01
OAKLX	The Oakmark Select Fund - I	0.34	-7.62	-7.62	-18.87	-1.88	6.12	8.11	13.81	11/01/1996	2.00/90	0.97
LARGE GROWTH												
CSTGX	AIM Constellation Fund - A	-1.88	-14.88	-14.88	-5.98	4.26	8.90	1.80	13.34	04/30/1976	N/A	1.20
PICAX	Allianz CCM Capital Appreciation Fund - Adm	-0.77	-12.22	-12.22	0.76	6.44	11.37	4.46	9.12	07/31/1996	N/A	0.93
TWCUX	American Century Ultra Fund - Inv	-0.18	-13.35	-13.35	5.37	3.12	8.01	2.28	12.13	11/02/1981	N/A	1.00
CSIEX	Calvert Social Investment Fund Equity Portfolio - A	-0.51	-8.50	-8.50	1.25	5.68	9.49	5.82	7.98	08/24/1987	N/A	1.21
CUCAX	Credit Suisse Large Cap Growth Fund - Common	-1.27	-12.36	-12.36	-4.39	3.09	7.49	1.45	8.28	08/17/1987	N/A	1.00
HGWYX	Hartford Growth Fund - Y	-2.39	-14.56	-14.56	1.13	5.83	10.57	N/A	4.85	04/19/2002	N/A	0.80
SHRAX	Legg Mason Partners Aggressive Growth Fund - A ◆	-4.74	-11.30	-11.30	-8.72	4.54	10.03	9.07	12.71	10/24/1993	N/A	1.14
SBLGX	Legg Mason Partners Large Cap Growth Fund - A	-0.26	-9.45	-9.45	-2.28	4.00	8.52	4.77	6.49	08/29/1997	N/A	1.11
LGRRX	Loomis Sayles Growth Fund - A	0.33	-17.14	-17.14	-1.29	4.44	10.31	1.86	4.27	05/16/1991	N/A	1.14
MGCAX	Managers AMG Essex Large Cap Growth Fund	-2.41	-11.57	-11.57	-1.37	5.21	8.54	3.68	11.04	06/01/1984	N/A	1.29
MSEGX	MSIF U.S. Large Cap Growth Portfolio - P ¹	0.00	-12.32	-12.32	4.03	10.64	11.74	3.10	8.30	01/02/1996	2.00/7	0.88
TGCNX	TCW Select Equities Fund - N	-0.79	-13.96	-13.96	-1.46	1.98	9.05	N/A	2.18	03/01/1999	N/A	1.19
PTSGX	Touchstone Sands Capital Select Growth Fund - Z ³	0.00	-15.20	-15.20	-1.88	4.27	10.13	N/A	-3.18	08/11/2000	N/A	1.35
MID VALUE ◆												
ABASX	AllianceBernstein Small/Mid-Cap Value Fund - A	0.83	-4.33	-4.33	-8.75	6.62	16.76	N/A	12.16	03/29/2001	N/A	1.27
ARTQX	Artisan Mid Cap Value Fund - Inv	-0.40	-2.98	-2.98	-5.95	7.32	18.00	N/A	12.68	03/28/2001	N/A	1.20
LAVLX	Lord Abbett Mid-Cap Value Fund - A ⊕	-2.85	-13.32	-13.32	-17.00	1.98	12.25	8.91	11.97	06/28/1983	N/A	1.08
NBREX	Neuberger Berman Regency Fund - Trust	-4.11	-10.38	-10.38	-8.99	5.39	14.96	N/A	10.60	06/10/1999	N/A	1.33
FMIVX	Phoenix Mid-Cap Value Fund - A	1.83	-4.99	-4.99	-12.09	6.16	17.46	8.82	9.40	12/20/1997	N/A	1.38
SMCDX	Wells Fargo Advantage Mid Cap Disciplined Fund - Inv	-0.38	-5.11	-5.11	-11.73	5.34	15.82	N/A	13.53	12/31/1998	N/A	1.54
MID BLEND ◆												
GTAGX	AIM Mid Cap Core Equity Fund - A	-0.31	-5.12	-5.12	-0.16	7.37	13.53	8.24	12.17	06/09/1987	N/A	1.30
CAAPX	Ariel Appreciation Fund	-1.44	-9.22	-9.22	-12.18	1.65	10.25	7.05	10.98	12/01/1989	N/A	1.12
ARGFX	Ariel Fund	-2.18	-11.21	-11.21	-16.03	-0.84	9.94	7.22	11.99	11/06/1986	N/A	1.03
CUEGX	Credit Suisse Mid-Cap Core Fund - Common ⁴	-1.87	-10.96	-10.96	-4.73	3.32	12.17	0.97	9.55	01/21/1988	N/A	1.23
CRMMX	CRM Mid Cap Value Fund - Inv ⊕	-1.30	-8.58	-8.58	-4.35	8.40	18.02	N/A	13.30	09/20/2000	N/A	1.04
RSVAX	RS Value Fund	-2.94	-10.77	-10.77	-12.43	6.07	19.31	9.21	7.55	06/30/1993	N/A	1.34
CBMDX	Wells Fargo Advantage C&B Mid Cap Value Fund - D	-1.67	-12.29	-12.29	-22.73	2.72	11.46	9.37	10.07	02/18/1998	N/A	1.36
MID GROWTH ◆												
PMCGX	Allianz CCM Mid-Cap Fund - Adm	-1.31	-12.88	-12.88	-0.10	7.60	14.53	6.04	11.83	11/30/1994	N/A	0.94
TWCVX	American Century Vista Fund - Inv	-1.20	-16.32	-16.32	8.81	11.11	17.88	8.51	10.68	11/25/1983	N/A	1.00
ARTMX	Artisan Mid Cap Fund - Inv ⊕	-2.11	-12.99	-12.99	2.36	9.19	14.52	12.58	15.72	06/27/1997	N/A	1.22
BARAX	Baron Asset Fund	-1.16	-11.76	-11.76	-5.56	8.02	16.90	4.84	12.31	06/12/1987	N/A	1.34
CCAFX	Calvert Capital Accumulation Fund - A	-1.17	-7.23	-7.23	-2.53	3.27	9.18	2.16	7.59	10/31/1994	N/A	1.66
ACTWX	Columbia Acorn Select Fund - Z	-4.15	-13.90	-13.90	-12.13	9.69	13.70	N/A	12.39	11/22/1998	N/A	0.98
FRSGX	Franklin Small-Mid Cap Growth Fund - A	-2.27	-14.88	-14.88	-10.25	5.47	12.50	4.64	11.03	02/14/1992	2.00/7	1.00
MACGX	MSIF Trust Mid Cap Growth Portfolio - P ¹	-2.60	-12.25	-12.25	4.51	12.65	18.97	7.51	11.03	01/31/1997	2.00/7	0.88
PKSFX	Phoenix Small-Mid Cap Fund - I ⁵	-4.21	-14.66	-14.66	-18.04	1.25	9.02	5.18	7.48	10/18/1996	N/A	1.22
RIMSX	Rainier Small/Mid Cap Equity Portfolio - Inv ⊕	-2.25	-13.85	-13.85	-2.01	12.17	19.85	8.07	13.92	05/10/1994	N/A	1.18
SMALL VALUE ◆												
PVADX	Allianz NFJ Small-Cap Value Fund - Adm	0.32	-3.68	-3.68	-2.25	9.97	17.54	9.46	13.45	11/01/1995	N/A	1.07
AVPAX	American Beacon Small Cap Value Fund - PlanAhead ⊕	1.24	-4.94	-4.94	-14.08	3.16	16.11	N/A	12.55	03/01/1999	N/A	1.09
RYOFX	Royce Opportunity Fund - Svc ⁶ ⊕	0.10	-9.35	-9.35	-15.14	4.74	18.83	N/A	11.08	05/22/2000	N/A	1.40
RYTFX	Royce Total Return Fund - Svc	0.29	-5.65	-5.65	-6.53	6.39	13.65	N/A	9.54	01/03/2002	N/A	1.34
SCVIX	Wells Fargo Adv. Small Company Value Fund - Adm ⊕	0.00	-8.62	-8.62	-22.75	0.00	13.50	N/A	7.98	01/31/2002	N/A	1.33
SMALL BLEND ◆												
ASQIX	American Century Small Company Fund - Inv ⊕	-2.11	-10.36	-10.36	-18.46	-0.91	14.50	N/A	8.84	07/31/1998	N/A	0.87
FMACX	FMA Small Company Portfolio - Instl	0.96	-8.80	-8.80	-9.79	6.64	14.24	6.19	11.52	07/31/1991	N/A	1.30
LSCRX	Loomis Sayles Small Cap Value Fund - Retail	0.55	-9.38	-9.38	-10.43	6.34	14.83	7.61	9.79	05/13/1991	N/A	1.24

Ticker	Name	Cumulative Total Returns %			Average Annual Total Returns %					Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending March 31, 2008			Periods Ending March 31, 2008							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	LOF			
SMALL BLEND cont.												
MGSEX	Managers Special Equity Fund	-0.88	-14.22	-14.22	-17.97	0.78	11.59	4.78	12.10	06/01/1984	N/A	1.47
NBGEX	Neuberger Berman Genesis Fund - TrustⓄ	-0.46	-4.08	-4.08	11.33	12.34	18.70	11.73	14.64	08/26/1993	N/A	1.12
RYLPX	Royce Low-Priced Stock Fund - SvcⓄ	-2.03	-5.28	-5.28	-7.48	9.83	17.65	12.11	14.14	12/15/1993	N/A	1.51
RSPFX	RS Partners Fund	-1.33	-8.63	-8.63	-15.65	3.48	18.42	9.98	13.34	07/12/1995	N/A	1.50
SSMVX	Wells Fargo Advantage Small Cap Value Fund - Z	-3.26	-6.29	-6.29	-0.02	10.43	20.79	13.89	15.97	12/31/1997	N/A	1.61
SMALL GROWTH◆												
ARTSX	Artisan Small Cap Fund - InvⓄ	-1.77	-14.48	-14.48	-12.04	1.93	12.73	2.99	7.71	03/28/1995	N/A	1.21
BGRFX	Baron Growth Fund	-1.15	-10.34	-10.34	-7.00	4.78	14.82	9.26	15.55	01/03/1995	N/A	1.31
BSCFX	Baron Small Cap Fund	-1.25	-13.64	-13.64	-7.12	5.17	14.61	8.97	10.29	09/30/1997	N/A	1.31
CNVAX	Calvert New Vision Small Cap Fund - A	-2.72	-13.09	-13.09	-14.08	-4.46	5.12	1.30	1.87	01/31/1997	N/A	1.76
HSLYX	Hartford SmallCap Growth Fund - Y	-1.78	-12.36	-12.36	-16.49	1.07	13.19	N/A	5.36	04/19/2002	N/A	0.90
LSBAX	Lord Abbett Small-Cap Blend Fund - A	1.01	-8.12	-8.12	-3.82	6.10	18.85	N/A	11.18	06/26/2001	N/A	1.36
MSSMX	MSIF Small Company Growth Portfolio - P ¹ Ⓞ	0.09	-11.86	-11.86	-11.08	5.28	15.24	10.25	11.04	01/02/1996	2.00/30	1.26
NBFSX	Neuberger Berman Fasciano Fund - Inv	1.46	-8.00	-8.00	-10.38	1.45	9.51	3.53	10.08	11/10/1988	N/A	1.30
RYVPX	Royce Value Plus Fund - Svc	-2.65	-9.70	-9.70	-11.55	10.01	24.68	N/A	17.59	06/14/2001	N/A	1.40
RSEGX	RS Emerging Growth Fund	-2.95	-19.12	-19.12	-8.75	3.56	12.20	5.52	13.98	11/30/1987	N/A	1.49
RSSGX	RS Smaller Company Growth Fund	-4.22	-19.06	-19.06	-16.34	0.40	13.20	5.02	8.93	08/15/1996	N/A	1.51
INTERNATIONAL/GLOBAL FUNDS❖												
AGAAX	AIM Global Aggressive Growth Fund - A◆	-3.58	-13.52	-13.52	-2.51	15.05	22.31	7.19	10.50	09/15/1994	2.00/30	1.43
AAIPX	American Beacon International Equity Fund - PlanAhead	-0.39	-9.49	-9.49	-3.77	11.46	21.39	7.53	9.70	08/01/1994	2.00/90	0.97
ARTIX	Artisan International Fund - Inv	-0.49	-11.35	-11.35	1.36	15.93	22.37	11.10	13.63	12/28/1995	2.00/90	1.21
SGSCX	DWS Global Opportunities Fund - S◆	-1.31	-10.95	-10.95	-8.19	11.31	21.80	9.19	11.28	09/10/1991	2.00/15	1.34
SCINX	DWS International Fund - S	-0.75	-9.20	-9.20	0.26	15.43	20.19	6.37	N/A	06/18/1953	2.00/15	0.92
HNCYX	Hartford International Growth Fund - Y ⁷	-2.36	-14.53	-14.53	2.63	14.17	21.62	N/A	8.61	04/30/2001	N/A	1.03
MIGEX	MSIF Global Value Equity Portfolio - P ¹	-1.58	-10.64	-10.64	-6.99	6.89	15.00	4.29	8.32	01/02/1996	2.00/30	1.16
MIQBX	MSIF International Equity Portfolio - P ¹	0.34	-6.57	-6.57	-1.95	9.85	18.33	8.90	11.22	01/02/1996	2.00/30	1.19
TEDIX	Mutual Discovery Fund - A◆	-0.74	-7.51	-7.51	-2.24	12.96	18.77	9.98	12.13	12/31/1992	2.00/7	1.36
NBITX	Neuberger Berman International Fund - Trust [†] Ⓞ	-1.12	-7.86	-7.86	-7.40	12.30	24.12	N/A	8.36	06/29/1998	N/A	1.35
TEMTX	Templeton Foreign Fund - A◆	-2.66	-12.30	-12.30	0.75	11.00	18.31	7.38	13.03	10/05/1982	2.00/7	1.16
FINEX	Templeton Foreign Smaller Companies Fund - A◆Ⓞ	-0.11	-9.32	-9.32	-8.12	10.05	20.81	8.18	9.89	09/20/1991	2.00/7	1.40
TEPLX	Templeton Growth Fund, Inc. - A	-1.35	-11.80	-11.80	-10.50	5.78	14.81	7.01	13.49	11/29/1954	2.00/7	1.05
TEMWX	Templeton World Fund - A	-2.07	-11.97	-11.97	-5.17	8.84	16.86	6.44	13.35	01/17/1978	2.00/7	1.05
EMERGING MARKET❖												
MMKBX	MSIF Emerging Markets Portfolio - P ¹	-5.59	-14.19	-14.19	18.29	30.20	35.81	12.51	11.64	01/02/1996	2.00/30	1.66
TEDMX	Templeton Developing Markets Trust - A	-8.07	-15.25	-15.25	7.51	20.51	29.46	10.16	9.51	10/16/1991	2.00/7	1.86
DOMESTIC EQUITY BENCHMARKS												
	Dow Jones Industrial Average	0.12	-7.00	-7.00	1.59	7.78	11.45	5.47				
	Domini 400 Social Index	0.45	-9.40	-9.40	-5.87	4.74	9.96	3.19				
	NASDAQ CompositeⓄ	0.40	-13.90	-13.90	-5.23	5.23	N/A	N/A				
	Russell 1000Ⓞ	-0.68	-9.48	-9.48	-5.40	6.19	11.86	3.83				
	Russell 1000Ⓞ Growth	-0.61	-10.18	-10.18	-0.75	6.33	9.96	1.28				
	Russell 1000Ⓞ Value	-0.75	-8.72	-8.72	-9.99	6.01	13.68	5.54				
	Russell 2000Ⓞ	0.42	-9.90	-9.90	-13.00	5.06	14.90	4.96				
	Russell 2000Ⓞ Growth	-0.58	-12.83	-12.83	-8.94	5.74	14.24	1.75				
	Russell 2000Ⓞ Value	1.51	-6.53	-6.53	-16.88	4.33	15.45	7.46				
	Russell 2500™	-0.74	-9.37	-9.37	-11.27	6.01	15.67	6.89				
	Russell 2500™ Growth	-1.21	-11.08	-11.08	-6.25	7.37	15.45	4.27				
	Russell 2500™ Value	-0.18	-7.22	-7.22	-16.54	4.41	15.56	7.86				
	Russell MidCapⓄ	-1.45	-9.98	-9.98	-8.92	7.36	16.31	7.65				
	Russell MidcapⓄ Growth	-1.77	-10.95	-10.95	-4.55	7.77	15.20	5.15				
	Russell MidcapⓄ Value	-1.02	-8.64	-8.64	-14.12	6.57	16.77	8.16				
	S&P 500Ⓞ	-0.43	-9.44	-9.44	-5.08	5.85	11.32	3.50				
	S&PⓄ MidCap 400	-1.02	-8.85	-8.85	-6.97	7.06	15.10	9.02				

Ticker	Name	Cumulative Total Returns %			Average Annual Total Returns %				Date of Inception	Short-term Trading Fee (% / days)	Gross Expense Ratio
		Periods Ending March 31, 2008			Periods Ending March 31, 2008						
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year			
BLENDING BENCHMARKS											
	60 S&P 500/40 LB Aggregate Bond	-0.12	-4.88	-4.88	0.03	5.82	8.71	4.83			
INTERNATIONAL/GLOBAL BENCHMARKS											
	MSCI EAFE® (G)	-1.00	-8.82	-8.82	-2.27	13.79	21.90	6.56			
	MSCI EAFE® (Net MA Tax)	-1.06	-8.90	-8.90	-2.57	13.48	21.64	6.42			
	MSCI EMF + EM (G)	-1.92	-9.27	-9.27	1.60	16.16	23.80	7.41			
	MSCI World® (Net MA Tax)	-0.94	-8.99	-8.99	-2.93	10.03	16.39	N/A			
FIXED INCOME BENCHMARKS											
	Citigroup Broad Investment Grade Bond	0.28	2.63	2.63	8.41	5.78	4.80	6.13			
	Citigroup World Government Bond	3.22	9.66	9.66	20.29	7.27	8.14	7.22			
	CSFB High Yield	-0.23	-2.90	-2.90	-3.24	4.88	8.85	5.47			
	LB Aggregate Bond	0.34	2.17	2.17	7.67	5.48	4.58	6.04			
	LB Government/Credit Bond	-0.01	2.53	2.53	8.35	5.55	4.62	6.12			
	LB Intermediate Government/Credit Bond	-0.01	3.00	3.00	8.88	5.66	4.37	5.91			
	LB Treasury Long Term	0.87	3.97	3.97	12.98	7.20	6.16	7.40			
	ML 1-3 Year Treasury Bill	0.22	2.98	2.98	8.99	5.41	3.61	4.91			
	ML High Yield Master Cash Pay	-0.51	-2.98	-2.98	-3.46	4.91	8.45	5.19			
	ML High Yield U.S. Corporate- BB-B Rated	-0.56	-2.29	-2.29	-2.01	5.16	7.96	4.87			

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 plan(s). 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.

Non-Fidelity mutual funds are managed by non-Fidelity entities. Please consult the prospectus for more information. If applicable, class of shares will vary. Please consult your plan documents for the specific class of shares available through your plan. 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.

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.

Not all funds may be available for your plan.

Specific Funds

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

¹ Formerly known as Class B.

² Formerly known as Neuberger Berman High Income Bond Fund – Investor Class.

³ Formerly known as Constellation Sands Capital Select Growth Fund Class II.

⁴ Formerly known as Credit Suisse Mid-Cap Growth Fund.

⁵ Formerly known as Class X.

⁶ Formerly known as Royce Opportunity FI class.

⁷ Prior to June 30, 2007, the fund was known as the Hartford International Capital Appreciation Fund.

Investment Risk

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

† 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.

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

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.

NDPERS INVESTMENT COMMITTEE

February 13, 2008

MINUTES

* - Present

BOARD MEMBERS: *Thomas Trenbeath
 *Ron Leingang
 *Mike Sandal

STAFF: *Sparb Collins
 *Bryan Reinhardt
 *Deb Knudsen
 *Kathy Allen
 *Leon Heick

Others Present: *Shawn Crosgrove (phone) – Fidelity
 *Eric Zahn (phone) – Fidelity
 *Edgar Corral (phone) – Fidelity

Minutes

8:30 – Bryan started the meeting and had Shawn cover the 2007 annual plan review. Both the 401(a) Defined Contribution Plan and the 457 Deferred Compensation Companion Plan continue to grow in dollars and the 457 plan is growing in members. Bryan noted the low number of members taking the online E-Learning courses. Bryan asked Shawn to send a newsletter article that NDPERS could use to promote the free service. Shawn noted that the Fidelity Retirement Income Advantage (RIA) product promotion for NDPERS in March was missed and it would be in September.

Shawn covered the handouts on the Fidelity Brokerage Link. The brokerage link would replace the mutual fund window. The plan could set what options are made available. There could be mutual funds, stocks, bonds, and options. It would be a fee based system based on investment choices, so a member currently in the mutual fund window could select no-load funds like they are in now and incur no additional fees. Shawn thought that members in the mutual fund window would need to sign a new agreement for the brokerage link. Kathy noted that there are probably fewer than 20 members in the mutual fund window. For reporting, Shawn thought the brokerage link would likely be lumped as an investment category instead of each underlying investment. Sparb thought that it would be best to have Fidelity work up a transition plan for the committee to review at the next meeting.

9:00 – Edgar covered the Fidelity quarterly investment report. There is a change to the management of the equity portion of the Fidelity Puritan fund. The fund lineup looks good and the only areas that Edgar felt we could add to is additional funds in the international area and looking at the Fidelity Dividend Growth fund. There is only one international fund (Fidelity Diversified International) and it has a growth bias. A value biased large cap fund, mid-small cap fund, or emerging markets fund could all be looked at to supplement the international area. Edgar felt that Fidelity Dividend Growth and Fidelity Blue Chip Growth are not performing well. Fidelity Blue Chip Growth has made some changes and returns for the quarter were good. Fidelity Dividend Growth is not making changes and the committee will discuss options at the next meeting (Freeze, Close, Leave). Fidelity will send information on replacement managed funds in the Large Cap Blend area since the only other fund is the index fund.

10:00 – Bryan covered the NDPERS quarterly investment report. The group marked the Fidelity Blue Chip, Fidelity Dividend Growth, Fidelity Freedom Income, and Fidelity Freedom 2000 funds as underperforming for the quarter. It was noted that the Fidelity Blue Chip and Fidelity Dividend Growth funds have been flagged for two years and the next quarterly meeting will be a year that they have been on formal review, so it would be a good time to look at our options.

10:15 – Bryan passed out a suggested statute language change to allow non-elected NDPERS Board member on the SIB. There were concerns that the members should be from the elected NDPERS Board members and that the language should be modified so that the three members should be from the elected members unless someone is unable or unwilling to serve and then the Board could appoint another Board member.

10:25 – Sparb covered a presentation on the PERS Investment Program.

11:10 - Bryan passed out the NDPERS Investment Policies to Thomas. The other committee members got copies at the last meeting. The committee did an extensive re-write of the documents last year. Bryan asked that the committee review the policies and bring up any changes or updates at the next meeting.

These two items are carried over from the last meeting to be reported at the next meeting:

The committee would like Fidelity to report on the one-on-one investment meetings with an investment counselor. Could these meetings be increased if there is demand?

The committee would like Fidelity to report on the fixed income transfer from VALIC at the next meeting.

11:20 - Adjourn



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

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

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

Memorandum

TO: PERS Board
FROM: Deb Knudsen
DATE: June 11, 2008
SUBJECT: NDPERS Board Members Contact Information

As a part of our business continuity/disaster recovery plan, staff updates personal contact information annually to ensure that NDPERS has the ability to reach employees in the event it becomes necessary to contact them outside of normal business hours. This information is to be kept on a password protected memory stick, which each manager will receive and be expected to store safely outside the NDPERS office.

During the course of recent reviews and updates to our planning, we realized that we do not have similar contact information for NDPERS Board members. The information we solicit from staff is listed below. We would like to collect this information from our Board members as well and store this on the memory stick so it will be possible to send you notification also, in the event it becomes necessary. However, we wanted to see if you approved of this approach for Board members or if you prefer a different approach. Also, if you prefer a different approach, what would that approach be?

Name:
Home Address:
Home Phone number:
Home email address:
Cell Phone number:

Board Action Requested: Approve staff's request and submit the above information to Deb Knudsen for addition to the memory stick or direct staff to address this in an alternate manner of the Board's choosing.



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Memorandum

TO: NDPERS Board

FROM: Election Committee
Ron Leingang
Joan Ehrhardt
Mike Sandal

DATE: June 12, 2008

SUBJECT: Election Results

The deadline to return ballots is Friday, June 13, 2008. Canvassing will be conducted on Monday, June 16, 2008 at 9:00 at the NDPERS office. A complete accounting of the election results will be provided by the Committee prior to the meeting.



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MEMORANDUM

TO: NDPERS Board
FROM: Jamie Kinsella *Jamie*
DATE: May 21, 2008
SUBJECT: February 20, 2008 PERS Audit Committee Minutes

Attached are the approved minutes from the February 20, 2008 meeting. Those who attended the meeting are available to answer any questions you may have.

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

The next audit committee meeting is scheduled for August 20, 10:00 a.m., in the NDPERS Conference Room.

Attachment

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



MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: February 27, 2008

SUBJECT: February 20, 2008 Audit Committee Meeting

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sharon Schiermeister
Sparb Collins
Leon Heick
John Mongeon, Brady Martz
Aaron Webb, Attorney General's Office

Approved

The meeting was called to order at 10:33 a.m.

I. November 21, 2007 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – Included with the audit committee minutes was the Internal Audit quarterly report which listed all of the projects that are in active status as of January 31, 2008. Discussion was held regarding the Blue Cross Blue Shield (BCBS) 2003-2005 Interest Calculation Report Review. The audit committee concurred with management's decision to close this biennium.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. At the Loss Control Committee December meeting, the committee discussed how to better monitor and ensure progress is being made to implement the recommendations. As a result of this discussion, a few changes were made to the quarterly report. Ms. Kinsella reviewed the changes to the report format, explained reassignment of

some recommendations so they can be completed before the external auditors return in August. The recommendations from Brady Martz's management letter were added. Staff found there were two identical recommendations, one from the Internal Auditor and one from Brady Martz. Staff will remove the Internal Audit recommendation when this is reported in May. There are now 16 outstanding recommendations. One of the six recommendations from Brady Martz is a carryover from fiscal year June 30, 2006 management letter. A review of the report shows 1 completed and progress made on 4.

III. Administrative

- A. Request for Quality Assurance Review – The International Standards for the Professional Practice of Internal Auditing requires the quality assessment (QA) include both internal and external assessment. This standard became effective January 1, 2002, so the first review should have been completed by January 1, 2007. Extenuating circumstances at NDPERS precluded the Internal Audit Division from completing this requirement. After discussion, the audit committee recommended that staff query Brady Martz whether having a quality assurance review would make an impact on their reliance on Internal Audit's work and bring this back to the May meeting.
- B. Audit Committee Meeting Date & Time – The May audit committee meeting is scheduled for May 21, 2008 at 10:30 am. Ms. Kinsella indicated she is concerned about the start time since the amount of material covered during the meetings has increased. Ms. Kinsella inquired if the audit committee would be willing to move the start time to 10:00 am. The audit committee agreed to move all start times to 10:00 am.
- C. Internal Audit Annual Audit Report for 2007 - Included with the audit committee materials was a copy of the annual Internal Audit Report for 2007 for review and approval. By general consensus, the audit committee approved the report.
- D. Internal Audit Charter Review Matrix– Ms. Kinsella conveyed that since staff reviews the Audit Committee Charter by utilizing a matrix the same thing was done to the Internal Audit Charter. Included with the audit committee materials was a copy of the matrix for review. This review indicated no changes are necessary for the Internal Audit Charter. This item was informational only.
- E. Audit Committee Charter Revision – This item was tabled until the May 2008 audit committee meeting.
- F. Audit Committee Charter Review Matrix – At the last audit committee meeting Ms. Kinsella provided the audit committee with the results of the Audit Committee Charter Review matrix. There were several issues that needed further research, which was completed and presented to the committee. The results of this are described below.
 - 1. Item #2 required that the audit committee attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements. The deliverable is to indicate in

the audit committee minutes which member is knowledgeable and experienced in financial matters, including the review of financial statements. The audit committee determined that Mr. Jon Strinden and Ms. Becky Dorwart are knowledgeable and experienced in financial matters, including the review of financial statements, and was so noted in the minutes.

2. Item #9 discussed financial reporting standards. The ninth bullet stated "Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement." Interim financial information had not been prepared and presented to the Board since late in 1999, due to staffing shortages in the accounting division. The Association of Public Pension Fund Auditors were polled to determine if they implement this best practice. It was determined that most did not have this as a provision in their charter, but one auditor did implement it stating that the best approach is for pension funds to match the quality of accounting that we expect from corporations, thus they should strive to produce financial statements timely. The audit committee felt that the provision should remain in the audit committee charter, with the understanding that they were not required to receive and review interim financial statements, but to understand how management develops the interim financial information.
3. Item #10 discussed risk assessment. The second bullet stated that the Audit Committee will: "Periodically review that the organization has a comprehensive policy on risk management". At this time the agency does not have a policy on risk management.

Ms. Kinsella indicated she searched on the Risk Management web site for their policy and found their Mission and Policy statements, which was included with the audit committee materials. This policy addresses employee and public safety, property and data protection, environmental safety, vehicle fleet safety, and security. While all of these issues are important, these issues are being addressed by the PERS Loss Control Committee, as well as our disaster recovery plan.

In addition, research was done with the Association of Public Pension Fund Auditors to determine what "Comprehensive Policy on Risk Management" meant to them. Some of the agencies have a policy that is specific to their organization. In other words, if they administer pension funds, they utilized the document called "Operational Risks of Defined Benefit and Related Plans and Controls to Mitigate those Risks" as their risk policy, and if they administer investments, they used a document called: "Statements of Key Investment Risks and Common Practices to Address Those Risks". Both of these documents have been adopted by the Association of Public Pension Fund Auditors and NASRA and were provided to the audit committee. The Audit Committee requested that management continue dialog on developing a comprehensive risk management policy and bring a progress report to the May meeting.

4. Item #13 discussed the audit committee's understanding of the purpose of the financial statements audit..." The ninth bullet stated the Audit Committee

"Provide guidelines and mechanisms so that no member of the Audit Committee or organization staff shall improperly influence the auditors or the firm engaged to perform audit services. Research found the contract stating:

Conflict of Interest

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

In addition there is an Internal Audit Policy #104 that discussed Independence. A copy of this was provided to the Audit Committee. The Internal Audit Division has not been in compliance with this policy. The Audit Committee requested that Internal Audit review, update if necessary, and implement the policy by the May meeting.

- G. Annual Performance Evaluation – It is time for the annual performance evaluations. The due date for having these completed is March 31. Mr. Collins discussed this with the audit committee and they agreed to do the evaluation the same as last year.
- H. Confidential Meeting between Internal Audit and Audit Committee - The meeting between the audit committee and the internal audit division is scheduled to take place in February of each year. Due to the time constraints this item was tabled until the May 2008 audit committee meeting.

IV. Miscellaneous

- A. Pharmacy Benefits Manager (PBM) Project – Since the last meeting staff has continued to press the case for an audit of Prime relating to rebates. Included with the audit committee materials was an email string that was started when Mr. Webb, legal counsel, drafted a proposed request from PERS to the Attorney General asking about the ability to maintain any audit information relating to Prime as confidential. Staff forwarded that draft to BCBS to ensure that if we moved ahead with the request and if the Attorney General ruled that PERS could keep the information "confidential" that it would cover all of their concerns. During this discussion the other items that came forward were relating to "waiving sovereign immunity" and "liquidated damages". Ms. Kinsella pointed out that in the email that BCBS directed PERS to seek the authority of the Insurance Commissioner on this material. Staff recommended the following:
 - 1. Invite the Insurance Department to the next meeting to discuss what they do and how it relates to PERS efforts.

2. Ask Prime what level of liquidated damages they feel could be asked for if a breach did occur. Pursuant to state law, PERS can agree to liquidated damages, however, PERS must have a legislative appropriation for the amount. Therefore, it would be helpful for PERS in considering this to know what the level of such damages could be if requested.

By general consensus, the audit committee approved staff's recommendation.

- B. NDPERS Board Planning Meeting – In December, there was a planning meeting held by the Board. Per the December 3, 2007 minutes that relate to the audit committee:

Investment Board Review - Mr. Collins reported that the Audit Committee is reviewing topics relating to the State Investment Board. This included inviting the RIO auditors to the next Audit Committee meeting.

The action items for the Audit Committee are as follows:

- √ The audit committee should review and examine the usefulness of hiring an independent firm such as CEM to review the effectiveness of our investment program.
- √ The audit committee should also meet with the SIB to discuss the various asset classes, the types of investments in the classes and the effect, if any, on the overall plan risk.
- √ The audit committee should periodically review and monitor the investment management fees.

It was determined by the audit committee that these action items should be for the investment committee.

- C. LASR Project Status – Included with the audit committee minutes was the first PERSLink quarterly status report. PERS is required to file this report with ITD throughout the duration of the system replacement project. The first three months were the planning phase. In the future the report will have more details. The planning phase went well and the project is on time and on budget. Staff also included their involvement in the Joint Application Design (JAD) meetings to date. This item was informational only.
- D. Brady Martz & Associates – Mr. John Mongeon from Brady Martz presented what he does when auditing RIO's investments. Discussion followed.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." Included with the audit committee materials was a copy of the report showing the consulting, investment

and administrative fees paid during the quarter ended December 31, 2007. This report was presented to the Board at the January board meeting.

- F. Publications – Included with the audit committee materials was the latest Tone at the Top publications from the Institute of Internal Auditors.

The meeting adjourned at 12:00 p.m.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: June 11, 2008
SUBJECT: August Board Meeting Date

Due to the upcoming renewal with BCBS, it would be beneficial to move the August meeting from August 21 to Wednesday, August 27 (preferred) or Tuesday, August 26. The purpose of this would be to allow more time for the renewal information to be developed, reviewed, and analyzed for the Board's consideration.

We will follow up with you on your availability.