

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**  
ND Association of Counties  
1661 Capitol Way  
**Fargo Location:**  
BCBS, 4510 13<sup>th</sup> Ave SW

**June 17, 2010**

**Time: 8:30 AM**

### **I. MINUTES**

A. May 20, 2010

### **II. RETIREMENT**

- A. Investment Update – Mr. Gilbertson, RIO (Information)
- B. 457 Companion Plan/401(a) 1<sup>st</sup> Quarter Reports – Bryan (Board Action)
- C. Judges Health Savings Plan – Deb (Board Action)
- D. Disability Consulting Contract – Kathy (Board Action)
- E. PERS Update Webcast – Sparb (Information)

### **III. GROUP INSURANCE**

- A. Quarterly Executive Summary – BCBS (Information)
- B. Member Services Survey – BCBS (Information)
- C. MediQHome and Accordant Update – BCBS (Information)
- D. BCBS Update – Mr. von Ebers and Mr. Lamp (Information)
- E. Tobacco Cessation Program – Michelle Walker, ND  
Department of Health (Information)
- F. Dental Renewal – Kathy (Board Action)

### **IV. PERSLink Update – Sharon**

### **V. MISCELLANEOUS**

- A. PERS Budget – Sharon (Board Action)
- B. Legislation – Sparb (Information)
- C. Executive Director Review (Board Action)
- D. SIB Agenda

### **VI. DEFERRED COMPENSATION**

- A. VALIC Restitution Payments – Kathy (Board Action)
- B. Hardship Withdrawal #2010-004DC – Kathy (Board Action)

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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  
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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** June 9, 2010

**SUBJECT:** RIO UPDATE

Mr. Gilbertson, RIO interim director, will be at the Board meeting to give an update.



# Memo

To: NDPERS Board  
From: Bryan T. Reinhardt  
Date: 6/11/2010  
Re: 457 Companion Plan & 401(a) plan 1st Quarter 2010 Reports

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Here is the 1st quarter 2010 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.

Assets in the 401(a) plan increased to \$17.8 million as of Mar 31, 2010. The number of participants is at 292, about the same as when the plan started. The largest fund is Fidelity Growth Company with 13% of the assets.

Assets in the 457 Companion Plan increased to \$29.1 million as of Mar 31, 2010. The number of participants is increasing and is now at 2,985. The largest funds are the Fidelity Freedom 2020 Fund (13% of assets), Allianz Small Cap Fund and Fidelity Diversified International (each 9% of assets).

## Benchmarks:

Fund returns for the quarter were all positive. These returns along with the 3<sup>rd</sup> & 4<sup>th</sup> quarter 2009 were enough to get very good 1-year averages, but many 3-year returns are still negative due to the market downturn in 2008. All the core funds performed well compared to their benchmarks and peer funds. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

## Fund / Investment News:

The NDPERS Investment Sub-Committee reviewed a 1st quarter market overview. The Investment Sub-Committee did not mark any funds as underperforming for the quarter.

The Fidelity Spartan International Index Fund (FSIIX) is now available in the core lineup.

The Investment Sub-Committee recommends removing the Fidelity Dividend Growth (FDGFX) and Fidelity Blue Chip Growth (FBGRX) from "Under Review" status. Both of these funds have been on watch for the past three years, but performed well the last year and now have returns above their benchmarks and peer funds across all time periods.

The committee reviewed a member request to add additional funds to the mutual fund window. The United Services Automobile Association is well known as a military-orientated property and insurance company. The USAA funds available through Fidelity are:

Fund Name	Share Class	Ticker	Cusip	Fund Availability	Fund Status
USAA Cornerstone Strategy Fund		USCRX	903287209	FIRSCO & FITSCO	Open
USAA Emerging Markets Fund		USEMX	903287803	FIRSCO & FITSCO	Closed
USAA GNMA Trust		USGNX	903287506	FIRSCO & FITSCO	Open
USAA Growth Fund		USAAX	903288108	FIRSCO & FITSCO	Open
USAA Income Fund		USAIX	903288207	FIRSCO & FITSCO	Open
USAA Income Stock Fund		USISX	903288603	FIRSCO & FITSCO	Open
USAA International Fund		USIFX	903287308	FIRSCO & FITSCO	Closed
USAA Nasdaq-100 Index Fund		USNQX	903288819	FIRSCO & FITSCO	Open
USAA World Growth Fund		USAWX	903287704	FIRSCO & FITSCO	Open

The two funds with “Closed” status would be unavailable unless they reopen. None of these funds have front or back end loads and they do not carry any short-term trading fees. The Investment Sub-Committee recommends adding these funds to the mutual fund window.

The Investment Sub-Committee is looking at meeting again in June to discuss the upcoming asset allocation study.

**RECOMMENDED NDPERS BOARD ACTION:**

1. Remove the Fidelity Dividend Growth and Fidelity Blue Chip Growth funds from “Under Review” status.
2. Add the available USAA funds to the mutual fund window.



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# Memorandum

**TO:** PERS Board  
**FROM:** Deb Knudsen  
**DATE:** June 9, 2010  
**SUBJECT:** Judges Health Savings Plan

As you know, we have been working with members of the Judges retirement plan on implementing the Health Savings Account option that was passed in the last session of the legislature. Initially, staff had intended to implement the plan effective when the salary increases take effect on July 1<sup>st</sup> of this year. However, we have become aware that the judicial salaries are set in statute and not granted as a percentage. A memo from the Segal Company is enclosed as background for your information. To address this, it will be necessary to delay the date of implementation to July 2011, as it will require that contributions to the plan be structured within required IRS guidelines. Also enclosed for your review are materials that are pertinent to the plan, including a trust agreement, a plan document, proposed voting procedure and a summary explanation of the plan provisions.

These materials have been sent out to all members of the judiciary for their review. Sparb will be meeting with this group the morning of our Board meeting, just prior to our meeting. He will be explaining the plan to the group, outlining proposed retirement legislation and responding to any questions they may have.

Subject to your approval of the enclosed plan document and trust document and proposed voting procedure, staff will send ballots out in July to the judges to determine whether they wish to initiate the Health Savings Account option. Provided the judges vote approves the implementation of the Health Savings Account, staff will also work with OMB to secure the proper legislative language needed to fund the initiative. Please feel free to contact me if you have any questions or require any further information.

**Board action requested: Approve proposed plan document, trust agreement and proposed voting procedure and authorize staff to proceed with sending ballots out in July and continued implementation subject to obtaining the judges approval.**

**STATE OF NORTH DAKOTA JUDGES  
HEALTH CARE SAVINGS PLAN**

**EFFECTIVE \_\_\_\_\_**

**North Dakota Public Employees Retirement System**  
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## **GLOSSARY OF TERMS**

**Administrator:** Administrator means the Board or person(s) designated by the Board with the powers and duties described on page 6 to administer the Plan for the benefit of Participants.

**Board:** Board means the Public Employees Retirement System Board.

**Code:** Code means the Internal Revenue Code of 1986, as amended or replaced from time to time.

**Dependent:** Dependent means any person (including a spouse) who can be legally claimed as a dependent by the Participant for federal tax purposes. For such purpose, dependent is defined in Code section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B).

**Employer:** Employer means the State of North Dakota.

**Participant:** Participant means any current or former supreme court or district court judge for whom an individual account is maintained under the Plan.

**Plan:** Plan means the State of North Dakota Judges Health Care Savings Plan as set forth herein, and any modification, amendment or restatement thereof.

**Plan Year:** Plan Year means a calendar year. The initial Plan Year shall commence July 1, 20\_\_ and end December 31, 20\_\_.

**Trustee:** Trustee means Board or the person(s) designated by the Board to act as trustee of the Trust Fund, or any successor Trustee, in accordance with the Trust Fund document.

**Trust Fund:** The assets of the Plan held in trust under the State of North Dakota Judges Health Care Savings Plan Trust from contributions made by the Employer and from which benefit payments under the Plan are made.

The Trust Fund shall be established under Code section 115 and shall be an irrevocable trust under applicable law of the State of North Dakota. The Trust Fund established under this Plan and the assets held thereunder shall not be used for, or diverted to, purposes other than the exclusive benefit of Participants.

## **PARTICIPATION**

All supreme court and district court judges employed by the State of North Dakota and eligible to participate in a retirement plan under North Dakota Century Code Title 54, Chapter 52 shall participate in the Plan as of their date of hire, or the effective date of this Plan, if later.

## **CONTRIBUTIONS**

The Employer shall contribute a specified dollar amount or a percentage of the judges' salary into individual accounts established for each Participant in the Trust Fund. The current contribution level is \_\_\_\_\_, effective \_\_\_\_\_. No other types or amounts of contributions shall be permitted under the Plan.

The contribution level is determined in accordance with North Dakota Century Code §54-52-04 by vote of approval of at least 75% of active participating supreme and district court judges.

The Employer shall remit contributions to the Trust Fund within a period that is not longer than is reasonable for proper administration of the Plan. Contributions made on behalf of a Participant shall be separately accounted for within the Trust Fund. A Participant's individual account balance will be carried forward each plan year until the account balance is exhausted.

## **VESTING**

A Participant's individual account shall be immediately 100% vested to the extent of contributions made to the Trust Fund on behalf of such Participant.

## **INVESTMENT OF INDIVIDUAL ACCOUNTS**

Effective \_\_\_\_\_, the Board shall direct investment of the Trust Fund. The assets of the Trust Fund are currently invested with the \_\_\_\_\_ Money Market Account with the Bank of \_\_\_\_\_, the Plan's custodian. A money market account is [*Note: description to be completed by custodial bank*]. Interest shall accrue to an individual account.

The Board has the authority to permit Participants to direct the investment of their individual accounts from among investment options selected by the Board.

## **ELIGIBILITY FOR BENEFITS**

Participants are eligible to request payment of benefits from their individual account upon termination of employment from the Employer. Once a Participant terminates employment, he/she may request receipt of benefits at any time thereafter.

## **PAYMENT OF BENEFITS**

Benefits under the Plan are limited to reimbursement of medical care expenses (as defined in Code section 213(d)) incurred by a Participant or the Participant's spouse or Dependent upon attaining eligibility for benefits up to the amount in the Participant's individual account.

Medical care expenses include health insurance premiums, COBRA premiums, Medigap and Medicare premiums. Medical care expenses also include, but are not limited to diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body, whether intended to alleviate or prevent a physical or mental defect or illness.

The Plan Administrator shall require evidence that medical care expenses have been incurred by a Participant, spouse or Dependent before a reimbursement is made under the Plan. All claims for reimbursement are verified in accordance with applicable IRS rules, including IRS Publication 502 to ensure compliance with Code section 213(d).

Medical care expenses can only be reimbursed under this Plan to the extent not reimbursed through insurance or any other accident or health plan. If medical care expenses of a Participant are covered by both this Plan and a health care flexible spending account, then this Plan is not available for reimbursement of such medical care expenses until after amounts for reimbursement under the health care flexible spending account have been exhausted.

## **DIRECT DEPOSIT**

All payments for reimbursement under the Plan will be directly deposited into a personal account designated by the Participant. The Board shall establish procedures necessary to process reimbursements under the Plan.

## **DEATH BENEFITS**

If a Participant dies with a balance in his/her individual account, the Participant's surviving spouse and any Dependents shall be eligible to request reimbursements for medical care expenses from the Participant's individual account until the account balance is exhausted. At which time there is no surviving spouse or Dependents, then the remaining individual account balance of the Participant is forfeited. Forfeited amounts shall be used to offset administrative expenses under the Plan.

## **PLAN ADMINISTRATION**

The Board shall be the Plan Administrator. However, the Board shall have the authority to appoint any other person(s) or entity as Administrator for any or all duties of the Administrator. The Board shall have the authority to remove Plan Administrator authority from any person or entity so appointed and name a successor administrator for such duties.

The Administrator's primary duty is to administer the Plan for the exclusive benefit of Participants, in accordance with the terms of the Plan. The Administrator shall have all discretionary authority to accomplish duties under the Plan, including the authority to determine all questions arising in connection with administration, interpretation and application of the Plan, and full and exclusive discretionary authority to determine eligibility for contributions and/or benefits under the Plan. The Plan Administrator will review and determine all appeals relating to benefits under the Plan.

The Administrator may appoint counsel, advisors, consultants, a custodian and the Trustee as the Administrator deems necessary or desirable to administer the Plan. The Administrator may rely on information provided by the Employer and shall have no duty to verify such information. The Administrator may rely on information provided by Participants and has the right to maintain an action to recover any amounts improperly paid to any person.

### **PLAN RECORDKEEPING**

The Plan Administrator shall appoint a recordkeeper to be responsible for the administration of investments held in the Plan. The Plan's recordkeeping duties include receiving contributions under the terms of the Plan and Trust Fund, paying reimbursements from individual accounts within the Trust Fund as directed by the Plan Administrator, and maintaining accurate records of the Trust Fund assets, which must be made available to the Plan Administrator. The Plan's recordkeeper shall also provide benefit statements to Participants of their individual accounts on a quarterly basis, which shall include the total balance of the individual account, contributions made to the account, investment income or losses, and reimbursements and expenses paid from the account.

### **ADMINISTRATIVE FEES AND EXPENSES**

The Employer shall pay the costs of establishing and setting up the Plan. All on-going administrative and investment fees or expenses shall be paid from the individual accounts of Participants on a prorated basis.

## OTHER PLAN RULES

**Compliance with Federal Laws.** Benefits under this Plan shall be provided in compliance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Family and Medical Leave Act of 1993 (FMLA), the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and other federal laws applicable to group health plans as such are amended and to the extent required by such laws.

**Protected Health Information.** The Plan will use and disclose “Protected Health Information” (PHI), including electronic PHI, as defined in HIPAA regulations to the extent of and in accordance with the uses and disclosures permitted by the privacy and security regulations under HIPAA. Specifically, the Plan will use and disclose PHI only for purposes related to payment for health care and health care operations as defined in the Plan’s HIPAA privacy notice.

For purposes of HIPAA compliance, the Employer is the Plan sponsor. The Plan sponsor shall maintain adequate separation from the Plan’s PHI. The Plan Sponsor will not use or disclose PHI other than as permitted or required under HIPAA privacy regulations. The Plan sponsor will appoint a privacy official to carry out duties of such person(s) defined in HIPAA privacy regulations. The Plan sponsor will also implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Plan.

In addition to HIPAA privacy and security regulations, the Plan and Plan sponsor shall comply with the laws of the State of North Dakota with respect to the protection, disclosure and accounting of personal data, to the extent applicable.

**Amendment and Termination.** The Employer has the right to discontinue contributions to the Plan and Trust fund at any time subject to the provisions of North Dakota Century Code §54-52-04. The Board has the authority to amend or terminate the Plan at any time, in whole or in part. Participants shall be notified of any material changes to the Plan. Upon termination of the Plan, the Administrator shall distribute the Participants’ individual accounts in accordance with the terms of this Plan, subject to applicable laws. In the event of Plan termination, any assets remaining in the Trust Fund after individual accounts are paid to Participants or not otherwise used to pay reasonable fees or expenses of the Trust Fund may revert to the Employer.

**Nonassignability.** No assets of the Plan or Trust Fund are assignable in law or in equity or subject to estate tax or execution levy, attachment, garnishment or other legal processes, except as required under applicable State and/or federal law.

**No Employment Contract.** This Plan is not in any way deemed to be a contract between the Employer and any Participant, spouse or Dependent, and it in no way affects the employment relationship between the Employer and Participant. Participation in the Plan shall not give Participants the right or claim to any post-retirement health insurance or any other benefits other than as specifically provided for in this Plan.

**Agreement and Declaration of Trust  
Establishing the**

**STATE OF NORTH DAKOTA JUDGES  
HEALTH CARE SAVINGS PLAN  
TRUST FUND**

**EFFECTIVE \_\_\_\_\_**

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## ARTICLE I

### **ESTABLISHMENT AND PURPOSE OF TRUST FUND**

- 1.01 Establishment of Trust Fund.** Effective \_\_\_\_\_, the State of North Dakota Public Employees Retirement System (PERS) Board hereby establishes this Judges Health Care Savings Plan Trust Fund in accordance with North Dakota Century Code §54-52-04 to accept, invest and dispose of the assets of the North Dakota Judges Health Care Savings Plan (the “Plan”). This Trust Fund is intended to be a tax-exempt governmental trust established under Code section 115 and an irrevocable trust under applicable law of the State of North Dakota.

The Trust Fund shall consist of such sums of money and such other property acceptable to the Trustee as shall from time to time be paid or delivered to the Trustee pursuant to this Plan and the earnings thereon. All such money and property, all investments made therewith and proceeds thereof and all earnings and profits thereon, less any payments made by the Trustee, pursuant to the terms of the Plan, shall constitute the Trust Fund.

The assets of the Trust Fund shall be irrevocable, and shall be preserved, invested and expended solely for the purposes of the Plan, including to make payments for benefits and pay the costs of administering the Plan. All assets of the Trust Fund shall be protected against the claims of creditors of the Employer, Administrator and participants of the Plan.

- 1.02 Purpose.** The assets of the State of North Dakota Judges Health Care Savings Plan shall be held in a trust established under Code section 115 and shall be an irrevocable trust under applicable law of the State of North Dakota.
- 1.03 Eligibility to Participate.** All supreme court and district court judges employed by the State of North Dakota and eligible to participate in a retirement plan under North Dakota Century Code Title 54, Chapter 52 shall participate in the Plan, as determined by the terms of the Plan. This Agreement and Declaration of Trust, does not give any participant of the Plan or any other person any legal or equitable right against the State of North Dakota, the PERS Board, the Trustee or the corpus or income of the Trust Fund unless the right is specifically provided for hereunder or in the Plan, nor does it give any participant in the Plan the right to be retained in service of the Employer.

## ARTICLE II

### DEFINITIONS

The following words and phrases shall, when used herein with initial capitalization, have the following meanings unless the context clearly indicates otherwise. Some of the words and phrases used in this Trust Fund are defined, for convenience, as they are introduced into the text, rather than in this Article II.

- 2.01 Administrator.** The Board or person(s) designated by the Board with the powers and duties described in the Plan to administer the Plan for the benefit of participants.
- 2.02 Board.** The Public Employees Retirement System Board.
- 2.03 Code.** The Internal Revenue Code of 1986, as amended or replaced from time to time.
- 2.04 Employer.** The State of North Dakota.
- 2.05 Plan.** The State of North Dakota Judges Health Care Savings Plan, and any modification, amendment or restatement thereof.
- 2.06 Plan Year.** The calendar year. The initial Plan Year shall commence July 1, 20\_\_ and end December 31, 20\_\_.
- 2.07 Trustee.** The Board or person(s) designated by the Board to act as trustee of the Trust Fund, or any successor Trustee, in accordance with Article IV.
- 2.08 Trust Fund.** The assets of the Plan held in trust, established hereunder from contributions made by the Employer and from which any benefit payments under the Plan are made.

## **ARTICLE III**

### **FUNDING AND INVESTMENT OF TRUST FUND**

- 3.01 Contributions.** The Trust Fund shall be funded from contributions of the Employer, made in accordance with the terms of the Plan. All contributions of the Employer shall be paid to the Trustee for deposit into the Trust Fund. Such contributions shall be invested in accordance with Section 3.03 so as to produce the best returns possible consistent with prudent investment policies and legal requirements. The Trustee is under no duty to inquire into the correctness of contributed amounts paid to the Trustee or to enforce payment of contributions by the Employer.
- 3.02 Refund of Contributions.** No contribution made to the Trust Fund may be refunded to the Employer unless a contribution was made because of a mistake of fact, and any such refund must be made within one year from the date the contribution was made, subject to the provisions of Section 6.04.
- 3.03 Investment of the Trust Fund.**
- a. The Administrator shall direct the Trustee to invest and reinvest the Trust Fund without distinction between principal and income and in such securities or property, real or personal, as the Administrator shall deem advisable.
  - b. The Administrator may from time to time, direct the Trustee to transfer all or such part of the Trust Fund as the Administrator may deem advisable to, and engage in any transaction with a common or collective trust fund or pooled investment fund which is authorized and permitted to receive investments from the Trust Fund. The Administrator may, from time to time, direct the Trustee to withdraw from such common or collective trust fund or pooled investment fund all or such part of the Trust Fund as the Administrator may deem advisable.
  - c. The Administrator shall have additional powers to direct the Trustee with respect to investment of the Trust Fund, including, but not limited, to the following:
    1. To purchase, or subscribe for, any securities or other property and to retain the same.
    2. To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trust Fund.

3. To vote upon any stocks, bonds, or other securities and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property.
  4. To cause any securities or other property to be registered in the Trustee's own name or the name of its designee, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund.
- d. The Administrator may appoint one or more Investment Managers to manage all or any of the assets of the Trust Fund. For this purpose, "Investment Manager" is defined as an entity that has the power to manage, acquire, or dispose of Trust Fund assets and acknowledges fiduciary responsibility to the Plan and Trust Fund in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940; a bank; or an insurance company, which is qualified to manage, acquire or dispose of Trust Fund assets. Any Investment Manager appointed hereunder may be removed by the Administrator at any time.

**3.04 Forfeitures.** Amounts forfeited in accordance with the terms of the Plan shall be used to offset administrative expenses of the Plan and Trust Fund.

## **ARTICLE IV**

### **TRUSTEE**

- 4.01 Appointment and Removal of Trustee.** The Board shall serve as Trustee unless and until the Board appoints an individual or entity as Trustee by mutual agreement. The Board shall have the authority to appoint a Trustee and may remove the Trustee and appoint a successor from time to time as it deems necessary for proper administration of the Trust Fund.
- 4.02 Powers and Duties of the Trustee.** The Trustee is authorized to exercise all powers conferred upon trustees by law which it may deem necessary or proper for management and protection of the Trust Fund. To the extent that the Trustee exercises authority over the management and investment of Trust Fund assets, it shall have all powers and duties now or hereafter conferred or permitted by law, including, but not limited, to the following:
- a. To hold, invest and reinvest Trust Fund assets, together with the income, in accordance with directions of the Administrator and guidelines established under the Plan, including any written investment policy, subject to the provisions of Section 3.03 d.
  - b. To retain in cash or other property unproductive of income, without liability for interest, so much of the Trust Fund assets as may be determined; to deposit cash in any bank and select any bank as custodian; and cause securities or other property to be registered and/or held in its individual name, or in the name of its designee.
  - c. To establish an individual account for each participant unless an individual account has already been so established. The Trustee shall allocate to each individual account contributions, net income or losses, expenses and payments or distributions, as directed by the Administrator.
  - d. To pay benefits to participants of the Plan, as directed by the Administrator.
  - e. To pay expenses of administration of the Trust Fund or expenses of administration of the Plan, as directed by the Administrator.
  - f. To select and appoint a designee to carry out specified duties of the Trustee as the Trustee may deem appropriate, including contracting with such designee to perform such services.
  - g. To maintain records of receipts and disbursements and furnish to the Administrator periodic reports, as directed by the Administrator.

- h. To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers and duties granted herein.
- i. To do all such acts and exercise all such powers, although not mentioned specifically herein, as the Trustee may deem necessary to carry out the purpose of the Trust Fund.

**4.03 Records of Trustee.** The records of the Trustee pertaining to the Plan and Trust Fund must be open to inspection of the Plan Administrator and the Employer at all reasonable times and may be audited from time to time by any persons as the Employer or Plan Administrator may specify in writing. The Trustee must furnish the Plan Administrator any information relating to the Trust Fund as the Plan Administrator deems necessary.

**4.04 Payment of Expenses.** All expenses of administration of the Plan and Trust Fund shall be paid out of the Trust Fund. Such expenses shall include, but shall not be limited to, fees of the Trustee, accountants, counsel and other specialists and their agents. The expenses shall constitute a liability of the Trust Fund until paid.

## ARTICLE V

### GENERAL PROVISIONS

- 5.01 Nonassignability.** No assets of the Trust Fund are assignable in law or in equity or subject to estate tax or execution levy, attachment, garnishment or other legal processes, except as required under applicable state and/or federal law.
- 5.02 Exclusive Benefit.** Except as provided herein and otherwise specifically permitted by law, it shall be impossible by operation of the Trust Fund, by termination, amendment, or by the happening of any contingency for any part of the corpus or income of the Trust Fund or any funds contributed thereto to be used for, or diverted to, purposes other than the payment of benefits to or on behalf of participants and defraying reasonable expenses of administering the Plan for the exclusive benefit of participants of the Plan.
- 5.03 Severability.** If any provision or provisions of the Trust Fund shall be for any reason invalid or unenforceable, this will not affect any other provision of the Trust Fund. In the event of any such holding, the Board will immediately amend the provisions to remedy the defect to the extent possible.
- 5.04 Applicable Laws.** This Trust Fund shall be governed in all respects by applicable laws of the State of North Dakota, unless superseded by federal law. This Trust Fund is intended to comply with the requirements of Code section 115 and all regulations thereunder, and is to be interpreted and applied consistent with that intent.

## ARTICLE VI

### AMENDMENT AND TERMINATION

**6.01 Discontinuance of Contributions.** It is the intention of the Employer that this Trust Fund shall be maintained indefinitely. However, the Employer reserves the right at any time or times to discontinue contributions to the Trust Fund to any extent subject to the provisions of North Dakota Century Code §54-52-04. The Employer's failure to contribute to the Trust Fund in any Plan Year will not discontinue the Trust Fund.

**6.02 Amendment.** It is the intention of the Board that this Trust Fund shall be maintained indefinitely. However, the Board reserves the right at any time or times to amend the Trust Fund, in accordance with the provisions of this Article VI. Any such amendment shall be by written instrument delivered to the Administrator and the Trustee.

All Plan participants and any persons claiming any interest in the Trust Fund will be bound by such amendment, provided that no amendment causes any of the Trust Fund assets to be diverted to purposes other than the exclusive benefit of participants of the Plan.

**6.03 Termination.** The Board specifically reserves the right to terminate this Trust Fund in whole or in part. Upon a termination of the Trust Fund, the Trustee shall take such steps as determined to be necessary or desirable to comply with applicable laws.

**6.04 Assets in Excess of Liabilities.** If after satisfaction of all liabilities under the Plan, including payment of individual account balances to participants and payment of reasonable fees or expenses of the Trust Fund, there is any remaining assets in the Trust Fund, such assets shall revert to the Employer if not otherwise prohibited by law.

**SUMMARY DESCRIPTION FOR THE  
NORTH DAKOTA JUDGES HEALTH CARE SAVINGS PLAN**

The State of North Dakota Judges Health Care Savings Plan (“Plan”) allows judges to save money for reimbursement of medical expenses and health insurance premiums after termination of employment. Money is contributed to the Plan on pre-tax basis and paid out to judges tax-free.

- **Participation** - All supreme court and district court judges employed by the State of North Dakota who are eligible to participate in the State’s retirement plan will participate in this Plan.
- **Contributions** - The amount of contributions to the Plan are determined by vote of approval of at least 75% of active judges. The State contributes the approved percentage of pay or dollar amount to individual accounts for eligible judges.
- **Account balance** - Individual accounts will be initially invested in a money market account with the Bank of North Dakota. The account balance is equal to contributions plus investment income minus administrative and investment expenses. Judges will receive quarterly statements of their account balance.
- **Benefits** – Judges may request reimbursement of expenses for medical care at any time after termination of employment. Medical care expenses include health insurance premiums and unreimbursed, out-of-pocket expenses such as copays, deductibles or other expenses not covered by insurance. The Plan requires evidence that the medical care expense was incurred by a judge or spouse or dependent before amounts can be paid from the account.
- **Death Benefits** – After death, any remaining account balance can be paid to the judge’s surviving spouse and dependents to reimburse their medical care expenses until the account balance is exhausted.
- **Administration** – This Plan is administered by the State of North Dakota Public Employees Retirement System Board. The Board is responsible for depositing and investing contributions, paying benefits and Plan expenses, maintaining the records of the Plan and providing benefits statements.
- **Plan Documents** – For your information, attached are two documents:
  - (1) a Plan document, which describes the features of the Plan in greater detail; and
  - (2) a trust document, which describes the legal terms of the trust holding the assets of the Plan. It is important that the assets of the Plan are held in trust so that the assets are tax-advantaged and secured from general funds of the State.

5084352v1/01640.044

## **JUDGES HEALTH CARE SAVINGS PLAN VOTING PROCEDURES**

### **Authority 54-52-04(14)**

The board may create and implement an Internal Revenue Code section 115 trust health care savings plan for all supreme and district court judges participating in the public employees retirement system if seventy-five percent of the total active participating supreme and district court judges vote to approve the program. If approved, the contribution level specified in the vote applies to all current and future participating supreme and district court judges and must be paid pursuant to the plan document developed by the board. The contribution level may only be changed by a vote of seventy-five percent of the total active participating supreme and district court judges at that time.

### **Eligible Voters**

Any person elected or appointed to the office of judge of the Supreme Court or judge of the district court and an active participant in the retirement plan established under North Dakota Century Code §54-52 are eligible to vote.

### **Voting Procedures for 54-52-04(14)**

The PERS Board may initiate a vote at any time or the membership may request a vote by ballot which is subject to approval by the NDPERS Board. In requesting a vote the members must submit a petition containing the signatures of at least 50% of the total eligible active members along with documentation stating the purpose for the request to the Board at its regularly scheduled meetings. If the Board determines that the required percent has been met, it will conduct an election as follows:

- Develop and distribute a ballot by mail to all eligible active participants.
- Ballots will be returned to the NDPERS Board within the timeframe established by the Board for canvassing.
- Board will verify if responses meet the 75% requirement.

If the 75% requirement is met, the vote applies to all current and future participating supreme and district court judges pursuant to the plan document developed by the Board.



THE SEGAL COMPANY  
5670 Greenwood Plaza Blvd., Suite 425 Greenwood Village, CO 80111-2499  
T 303.714.9900 F 303.714.9990 www.segalco.com

**DIRECT DIAL NUMBER**  
(303) 714-9942

**E-MAIL ADDRESS**  
mwalker@segalco.com

May 14, 2010

**Attachment 5**

Mr. Sparb Collins  
Executive Director  
State of North Dakota Public Employees' Retirement System  
400 East Broadway, Suite 505  
Bismarck, ND 58502

**Re: North Dakota PERS – Judges retiree health plan**

Dear Sparb:

At your request, we researched whether pre-tax employee contributions to a retiree health care savings plan for supreme and district court judges would be permissible if the contributions are deducted from salary on a mandatory basis for all eligible judges. In accordance with the legislation establishing a retiree health care savings plan for judges, the rate of contributions is determined by vote of at least 75% of active judges. Since the plan provides for individual accounts, it must satisfy IRS rules for a health reimbursement arrangement (HRA), and thus must be funded solely with employer contributions and not with salary reductions. Initially, we advised that if the plan was funded by the employer diverting a portion of the upcoming salary increase for judges, the IRS would likely consider this an employer contribution and not a salary reduction, which would be permissible under an HRA. However, PERS discovered that the judges' salary for the upcoming fiscal year is set by statute. Thus, any contributions from that amount would be considered a salary reduction.

According to Revenue Ruling 2002-45, an HRA must be funded solely by the employer and not provided pursuant to salary reduction election or otherwise under a cafeteria plan. Therefore, it is clear that employee elective contributions are clearly not permitted to be made to an HRA. Subsequent IRS guidance indicates that *mandatory* employee contributions which reduce otherwise payable compensation may be permissible under an HRA in two specific circumstances:

- 1) the employer mandates a reduction in otherwise payable compensation to fund individual accounts, including automatic contribution of amounts of unused sick and vacation pay in lieu of cash payment to the employee; and

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- 2) pursuant to a collective bargaining agreement, mandatory salary reduction contributions are automatically deducted from an employee's pay and deposited in a trust fund.

See Private Letter Rulings 200708006, 200802003 and 200846011.

Under existing IRS guidance, it is unclear whether contribution levels determined by a vote of a group of employees and made by direct salary reduction from otherwise payable compensation would be considered mandatory employee contributions that can be made on a pre-tax basis to individual accounts of a retiree health plan. Without a private letter ruling or other IRS guidance on this specific issue, North Dakota PERS cannot be assured of favorable tax treatment for employee contributions made in this manner.

We hope this discussion is helpful. As always, the information contained in this memorandum is provided to you within our role as benefits consultant and is not intended to provide legal advice. We recommend that you address the issues discussed herein with your legal counsel. Please let us know if you have any questions.

Sincerely yours,



Melanie Walker, JD  
Vice President

cc: Brad Ramirez, FSA, MAAA, FCA, EA



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

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

---

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

# Memorandum

**TO: NDPERS Board**

**FROM: Kathy**

**DATE: June 8, 2010**

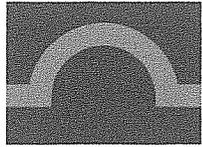
**SUBJECT: Disability Consultant Contract**

The contract with Mid Dakota Clinic for disability consulting services expires June 30, 2010. The Board must determine whether to renew the current contract or go out for bid. Mid Dakota Clinic has indicated they wish to continue to perform these services for NDPERS at the rate of \$200 an hour for the July 1, 2010 through June 30, 2011 contract period. This represents no increase in the hourly rate from the current contract period. The current rate has been in effect since July 1, 2008. A copy of the clinic's proposal is included for your information.

The amount paid in consulting fees for this contract period beginning on July 1, 2009 through May 2010 is \$4,450 involving 22.25 hours of service and 39 cases reviewed. Staff has been satisfied with the services provided by Mid Dakota Clinic, and recommends that we renew the disability consulting contract for the period July 1, 2010 through June 30, 2011 at the rate of \$200 an hour.

## **Board Action Requested**

Approve or deny staff's recommendation.



**Mid Dakota Clinic**  
**WorkLife Occupational Medicine**  
**PrimeCare**

**Mid Dakota Clinic**

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RECEIVED

MAY 17 2010

ND PERS

May 10, 2010

Kathy M. Allen  
NDPERS  
400 East Broadway, Suite 505  
Bismarck, ND 58502-1657

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

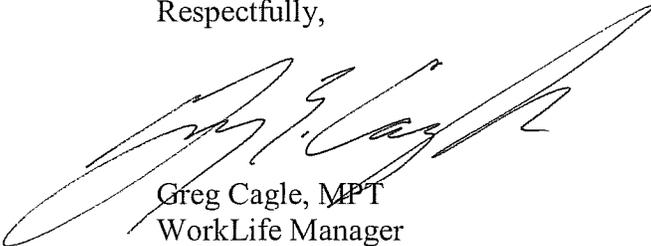
Dear Kathy,

Per your request, Mid Dakota Clinic respectfully submits the following proposal for the disability determination services contract for the period of July 1, 2010 through June 30, 2011.

1. Mid Dakota expresses a desire to continue to perform these services for NDPERS, and
2. The proposed rate is to remain the same at \$200 per hour for the upcoming contract period.

Thank you for your assistance.

Respectfully,



Greg Cagle, MPT  
WorkLife Manager

---

**MAILING ADDRESS & ADMINISTRATIVE OFFICE**

P.O. Box 5538  
Bismarck ND 58506-5538  
Phone: (701) 530-6400  
Fax: (701) 530-6479

**MEDICAL SERVICES PROVIDED AT**

Gateway Mall  
2700 State St  
Bismarck ND 58503



**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](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** PERS Board  
**FROM:** Sparb Collins  
**DATE:** June 9, 2010  
**SUBJECT:** PERS Update – Webcast

The third in a series of webcasts addressing the issues the retirement system is facing is now posted to the NDPERS website.

The webcast is titled PERS Update and includes two sections: 1) Experience Study and Considerations and 2) Proposed Legislation.



**North Dakota**  
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---

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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** June 9, 2010

**SUBJECT:** Quarterly Executive Summary

BCBS staff will be at the June Board meeting to give their quarterly update on financial trends in the plan, utilization, and plan administration.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** June 9, 2010  
**SUBJECT:** Member Services Survey

Representatives from BCBS will be at the next board meeting to review with you the attached Member Services Survey.



**North Dakota  
Public Employees Retirement System**  
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**Sparb Collins**  
Executive Director  
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1-800-803-7377

---

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

# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** June 9, 2010

**SUBJECT:** MediQHome and Accordant Update

Dr. Jon Rice with BCBSND will be at the June Board meeting to discuss these two efforts.



# Medical Management

NDPERS

June 17, 2010

Jon Rice, M.D.



# Topics

- MediQHome
- Accordant
- Cost Calculator



# MediQHome

- What is it?
- How does it work?
- What does it look like?
- So what?
- Participants
- What is up with NDPERS?



# What is it?

- An electronic tool for the provider community to provide near real time information that is patient specific at the point of care at the time of care.



# How does it work?

- Agreement between participating providers and BCBSND for reimbursement if the provider used the tool for his/her population.
- Agreement between provider and vendor (MDdatacor) for data sharing of the providers records.
- Medical records of the provider are shared with MDdatacor and relevant portions are quantified for quality metrics.
- The quality metrics are fed back to the individual physician on an individual patient basis through a secure web portal.

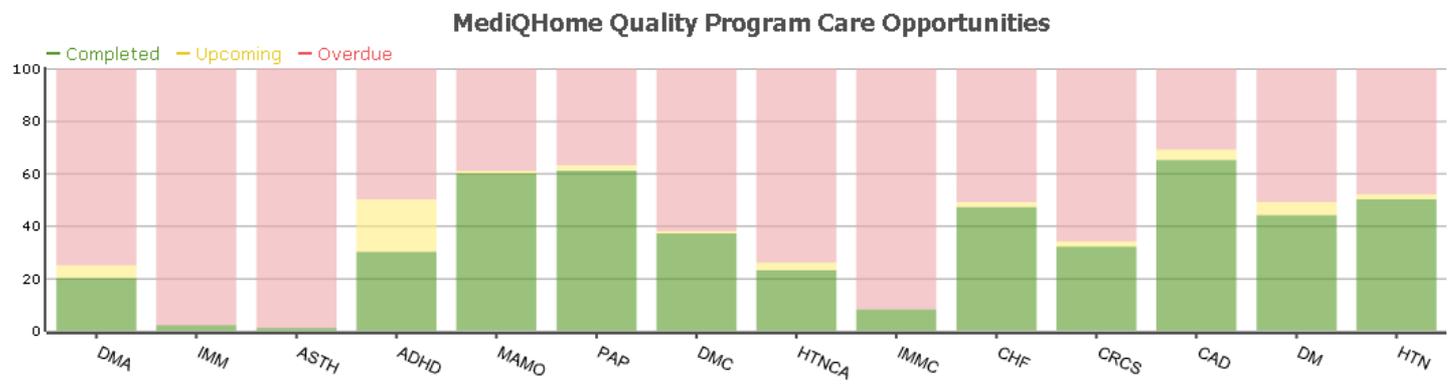


**What does it look like?**

VCH USER QA LAST LOGIN MONDAY, MAY 17, 2010

GROUP:  PHYSICIAN:  CMF:

**CARE OPPORTUNITIES**



SUITE	COMPLETE	UPCOMING	OVERDUE	SUITE	COMPLETE	UPCOMING	OVERDUE
Adolescent Diabetes DMA	173	37	642	Adult & Adolescent Immunizations IMM	12250	37	532224
Asthma ASTH	60	11	6922	Attention-Deficit Hyperactivity Disorder ADHD	687	478	1146
Breast Cancer MAMO	23795	332	15522	Cervical Cancer PAP	36028	824	22111
Child Diabetes DMC	44	2	74	Child/Adolescent Hypertension HTNCA	40	5	129
Childhood Immunizations IMMC	2984	0	33430	Chronic Heart Failure CHF	15462	884	16773
Colorectal Cancer CRCS	21513	876	44020	Coronary Artery Disease CAD	29387	1802	14221
Diabetes DM	48446	6230	56277	Hypertension HTN	25120	1221	24367

**NEWS & ALERTS**

No alerts at this time



**PRACTICE OVERVIEW**

Patients	173404
On Hold	294078
Pending Reattribution	0

**REPORT REFRESH DATE**

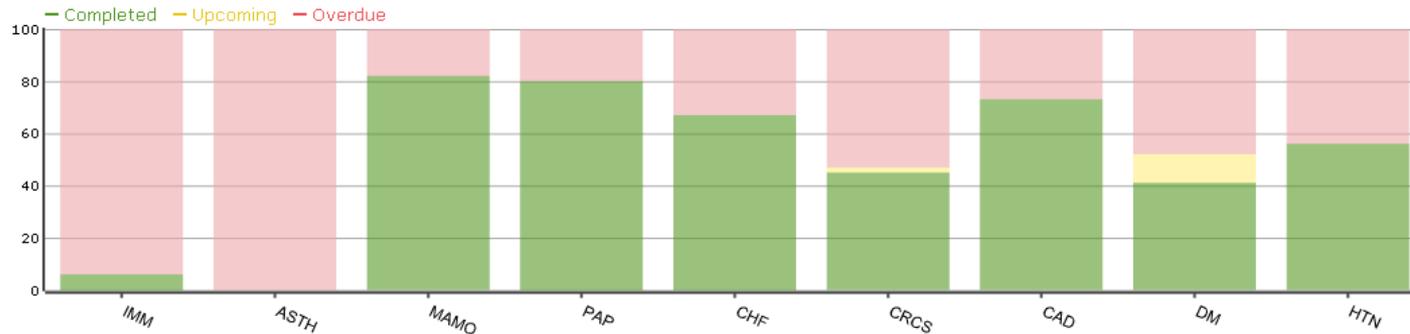
Monday, May 10 2010, 01:11 PM

VCH USER QA LAST LOGIN MONDAY, MAY 17, 2010

GROUP: Community Health | PHYSICIAN: Baker, Jon | CMF: <All> | FILTER

CARE OPPORTUNITIES

MediQHome Quality Program Care Opportunities



SUITE	COMPLETE	UPCOMING	OVERDUE	SUITE	COMPLETE	UPCOMING	OVERDUE
Adult & Adolescent Immunizations IMM	35	0	572	Asthma ASTH	0	0	5
Breast Cancer MAMO	89	0	19	Cervical Cancer PAP	99	0	24
Chronic Heart Failure CHF	14	0	7	Colorectal Cancer CRCS	45	2	53
Coronary Artery Disease CAD	11	0	4	Diabetes DM	19	5	22
Hypertension HTN	35	0	27				

NEWS & ALERTS

No alerts at this time



PRACTICE OVERVIEW

Patients	168
On Hold	2
Pending Reattribution	0

REPORT REFRESH DATE

Monday, May 10 2010, 01:11 PM

## Patient List

EXPORT PRINT SUMMARY PRINT DETAIL

## Patient Care Summary

PATIENT NAME **Murphy, Abby** PATIENT ID **55915** DOB **5/29/1962** PHYSICIAN **Nate, Carol**

ADD NEW PATIENT

## HIE Search

GENERATE OUTREACH LETTER

SHOW PATIENT INFO

## CARE OPPORTUNITIES

IMM  
3MAMO  
1PAP  
0DM  
3HTN  
0

SHOW SUITES &amp; EXCLUSIONS

## Clinical Data

ADULT & ADOLESCENT IMMUNIZATIONS				New	Delete
CLINICAL ELEMENT	DATE	VALUE	SOURCE		
▶ Influenza A Vaccine	5/25/2009		Transcription		
▶ Tetanus, Diphtheria, Pertussis Vaccine (Td/Tdap)	-	-			
▶ Varicella-Zoster Virus (VZV)	-	-			
EXPAND ALL					

BREAST CANCER				New	Delete
CLINICAL ELEMENT	DATE	VALUE	SOURCE		
▶ BSGI (Breast Cancer Screening)	-	-			
▶ Breast MRI (Breast Cancer Screening)	-	-			
▶ Mammogram (Breast Cancer Screening)	-	-			
EXPAND ALL					

CERVICAL CANCER				New	Delete
CLINICAL ELEMENT	DATE	VALUE	SOURCE		
▶ Pap Test Cervical Cancer Screening (Pap Test)	2/7/2010		Transcription		
EXPAND ALL					

DIABETES				New	Delete
CLINICAL ELEMENT	DATE	VALUE	SOURCE		
▶ Aspirin	4/9/2010		Transcription		
▶ Total Blood Pressure	4/9/2010	100/50	Transcription		
▶ Foot Exam	5/1/2009		Transcription		
▶ Hemoglobin A1C	2/7/2010	7	Transcription		
▶ Low-density lipoprotein	1/23/2010	74	Transcription		
▶ Microalbumin	10/24/2009		Transcription		
▶ Retinal Exam	-	-			
▶ Tobacco Use Indicated	-	-			
▶ Tobacco free	-	-			
EXPAND ALL					

HYPERTENSION				New	Delete
CLINICAL ELEMENT	DATE	VALUE	SOURCE		
▶ GFR (Blood Pressure)	-	-	-		
▶ Microalbumin Exclusion (Blood Pressure)	-	-	-		
▶ Total Blood Pressure (Blood Pressure)	4/9/2010	100/50	Transcription		
▶ ACEI (GFR < 60 and ACEI/ARB use)	4/9/2010		Transcription		
▶ GFR (GFR < 60 and ACEI/ARB use)	-	-	-		
EXPAND ALL					

Patient Name	Patient ID	DOB	Physician
Murphy, Abby	55915	5/29/1962	Nate, Carol

### Care Opportunities

IMM MAMO PAP DM HTN  
3 1 0 3 0

### Adult & Adolescent Immunizations

Clinical Element	Date	Value	Source
Influenza A Vaccine	5/25/2009 (Y)		Transcription
(R) Tetanus, Diphtheria, Pertussis Vaccine (Td/Tdap)			-
(R) Varicella-Zoster Virus (VZV)			-

### Breast Cancer

Clinical Element	Date	Value	Source
(R) BSGI (Breast Cancer Screening)			-
(R) Breast MRI (Breast Cancer Screening)			-
(R) Mammogram (Breast Cancer Screening)			-

### Cervical Cancer

Clinical Element	Date	Value	Source
Pap Test Cervical Cancer Screening (Pap Test)	2/7/2010		Transcription

### Diabetes

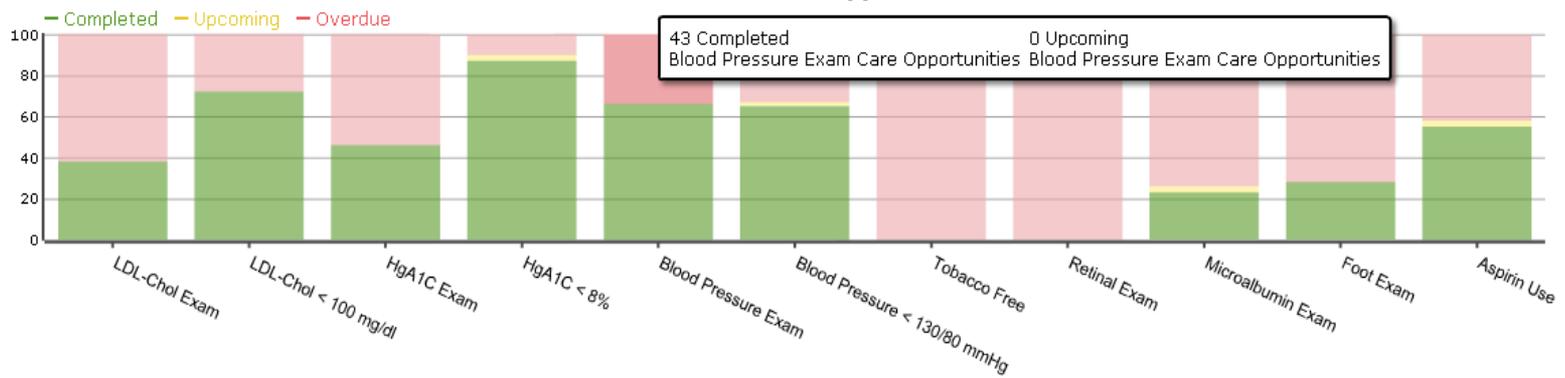
Clinical Element	Date	Value	Source
Aspirin	4/9/2010		Transcription
Total Blood Pressure	4/9/2010	100/50	Transcription
Foot Exam	5/1/2009 (Y)		Transcription
Hemoglobin A1C	2/7/2010	7	Transcription
Low-density lipoprotein	1/23/2010	74	Transcription
Microalbumin	10/24/2009		Transcription
(R) Retinal Exam			-
(R) Tobacco Use Indicated			-
(R) Tobacco free			-

### Hypertension

Clinical Element	Date	Value	Source
GFR (Blood Pressure)			-
Microalbumin Exclusion (Blood Pressure)			-
Total Blood Pressure (Blood Pressure)	4/9/2010	100/50	Transcription
ACEI (GFR < 60 and ACEI/ARB use)	4/9/2010		Transcription
GFR (GFR < 60 and ACEI/ARB use)			-

GROUP: Community Health  
 PHYSICIANS: Baker, Jon  
 SUITES: DM  
 CMF: <All>  
 CARE OPPORTUNITIES: Overdue  
 FILTER

Diabetes Care Opportunities



METRIC: All Care Opportunities

TOTAL COUNT: 65

SHOW

<input type="checkbox"/>	LAST NAME	FIRST NAME	MDD ID	DOB	PHYSICIAN	ORGANIZATION	MEASURE	RESULT	DATE OF SERVICE	CMF
<input type="checkbox"/>	Barnes	Lane	2209880	11/24/1954	Baker, Jon	Community Health	Foot Exam	-	-	Yes
						Community Health	Retinal Exam	Y	02/01/2008	Yes
						Community Health	Tobacco Free	-	-	Yes
<input type="checkbox"/>	Coleman	Dalton	2211300	01/08/1948	Baker, Jon	Community Health	Blood Pressure < 130/80 mmHg	136/62	03/05/2010	Yes
						Community Health	HgA1C < 8%	8.3	03/05/2010	Yes
						Community Health	Microalbumin Exam	-	-	Yes
						Community Health	Retinal Exam	-	-	Yes
						Community Health	Tobacco Free	-	-	Yes
<input type="checkbox"/>	Cooper	Jacey	2206676	11/02/1974	Baker, Jon	Community Health	HgA1C < 8%	9.1	03/18/2010	Yes
						Community Health	Retinal Exam	-	-	Yes
						Community Health	Tobacco Free	-	-	Yes

- Patient List
- ON HOLD
- REATTRIBUTION
- ARCHIVED
- Patient Care Summary

### Generate Outreach Letters

FORM LETTER  
Generic\_v1

Generate outreach letters for 1 patients.

PREVIEW

[Organization Name]  
[Street Address]  
[City, ST ZIP Code]

[System Date]

[Patient Name]  
[Street Address]  
[City, ST ZIP Code]

Dear [Patient Name]:

In an effort to improve the quality of health care we provide, we are tracking the care of our patients. We want to make sure we are providing the best possible care which places a high priority on preventative and follow-up visits.

Our records indicate that you need to come in for a checkup. We will discuss the status of your health and discuss any upcoming or overdue labs or procedures. Please call our office so that we can schedule an appointment for

BY CHECKING THIS BOX THE USER GENERATING THESE OUTREACH FORM LETTERS ACKNOWLEDGES AND AGREES THAT IT IS THE USER'S SOLE RESPONSIBILITY TO REVIEW AND VERIFY THE ACCURACY OF THE NAMES, ADDRESSES AND OTHER PATIENT DEMOGRAPHIC OR HEALTH INFORMATION CONTAINED HEREIN PRIOR TO SENDING THESE LETTERS OR OTHER RELATED COMMUNICATIONS TO PATIENTS. THE INFORMATION CONTAINED WITHIN OUTREACH FORM LETTERS OR ANY OTHER MDINSIGHT REPORT IS GENERATED BASED UPON PATIENT INFORMATION AND DATA SUBMITTED BY THE PROVIDER ORGANIZATION AND THEREFORE MDINSIGHT IS NOT RESPONSIBLE FOR ANY INACCURACIES OR ERRORS.

Community Health  
P.O. Box 160  
Northwood, ND 58267

May 17, 2010

Abby Murphy  
915777  
LARIMORE, ND

Dear Abby Murphy:

In an effort to improve the quality of health care we provide, we are tracking the care of our patients. We want to make sure we are providing the best possible care which places a high priority on preventative and follow-up visits.

Our records indicate that you need to come in for a checkup. We will discuss the status of your health and discuss any upcoming or overdue labs or procedures. Please call our office so that we can schedule an appointment for you if you don't have one scheduled in the near future.

Sincerely,

Carol Nate

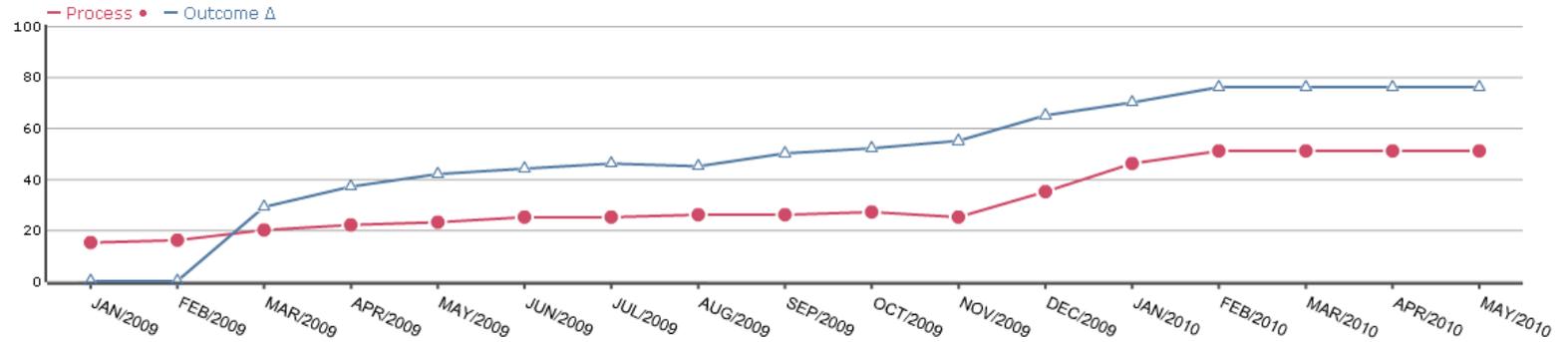
Care Opportunities

Goal Progress

Physician Comparison

GROUP: Park Health System  
 PHYSICIANS: Alen, Bill  
 SUITES: HTN  
 CMF: <All>  
 FILTER

Blood Pressure



METRIC: Blood Pressure  
 MONTH: May / 2010

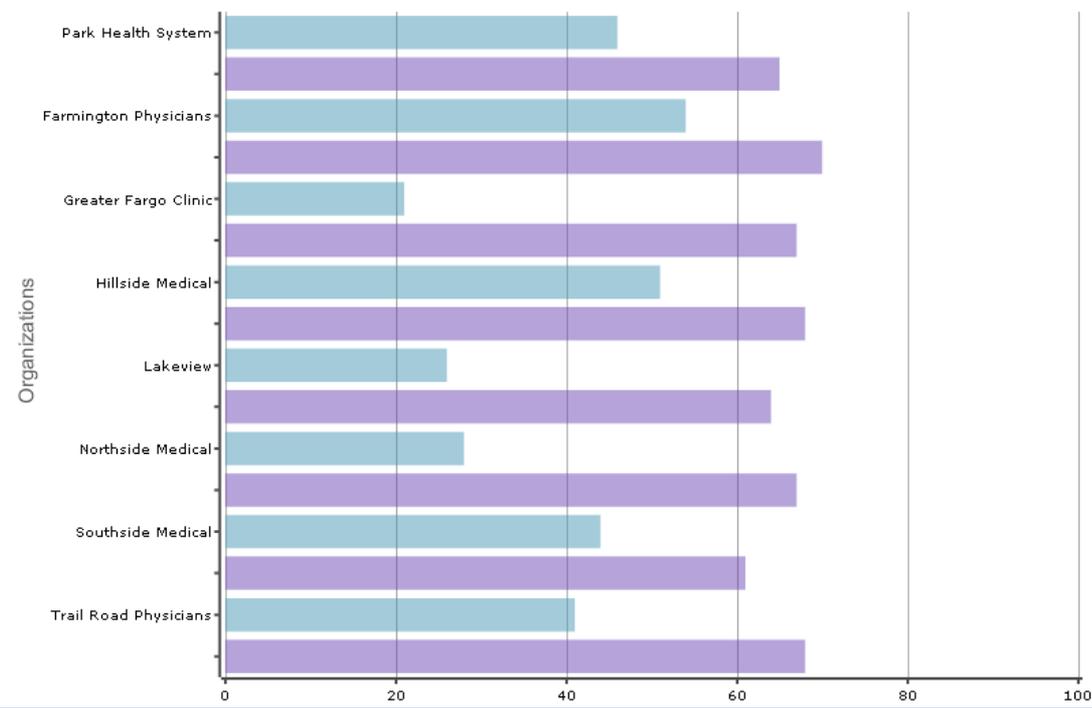
CLINICAL SUITE	MEASURE TYPE	MEASURE NAME	PERFORMANCE GOALS			PERFORMANCE	LEVEL
			L1	L2	L3		
Hypertension	Process	GFR < 60 and ACEI/ARB use	N/A	N/A	N/A	10% 9/86	...
Hypertension	Process	Blood Pressure Exam	N/A	N/A	N/A	51% 183/357	...
Hypertension	Outcome	Blood Pressure <140/90 ((GFR <60)<130/80	N/A	N/A	N/A	76% 139/183	...

- Care Opportunities
- Goal Progress
- Physician Comparison

EXPORT

GROUP: 
 PHYSICIANS: 
 SUITES: 
 MONTH: 
 CMF:

### Hypertension Physician Comparison - Blood Pressure



SUITE HYPERTENSION PHYSICIAN	METRIC GFR < 60 AND ACEI/ARB USE		METRIC BLOOD PRESSURE EXAM		METRIC BLOOD PRESSURE <140/90 / (GFR <60) <130/80	
	SUCCESS	LEVEL	SUCCESS	LEVEL	SUCCESS	LEVEL
Adams, Aaron	0%		53%		67%	
	0/23		86/162		58/86	
Adams, Marie	8%		23%		69%	
	2/26		54/234		37/54	
Alen, Bill	10%		51%		76%	
	9/86		183/357		139/183	
Barnes, James	13%		54%		65%	
	24/190		339/631		219/339	
Black, Gregory	4%		41%		68%	
	1/23		87/210		59/87	



# So What?

- Currently only 55% of recommended EBM care is provided (IOM report)
- Appropriate preventive testing is monitored and reported
- Gaps in care are highlighted
- Gaps can be addressed
- More comprehensive preventive care yields fewer admissions and ER visits and less costly care.



# Participants

- Altru
- MeritCare
- IMA
- Great Plains
- Libson
- Northwood
- MCO
- Trinity
- Innovis (pending)

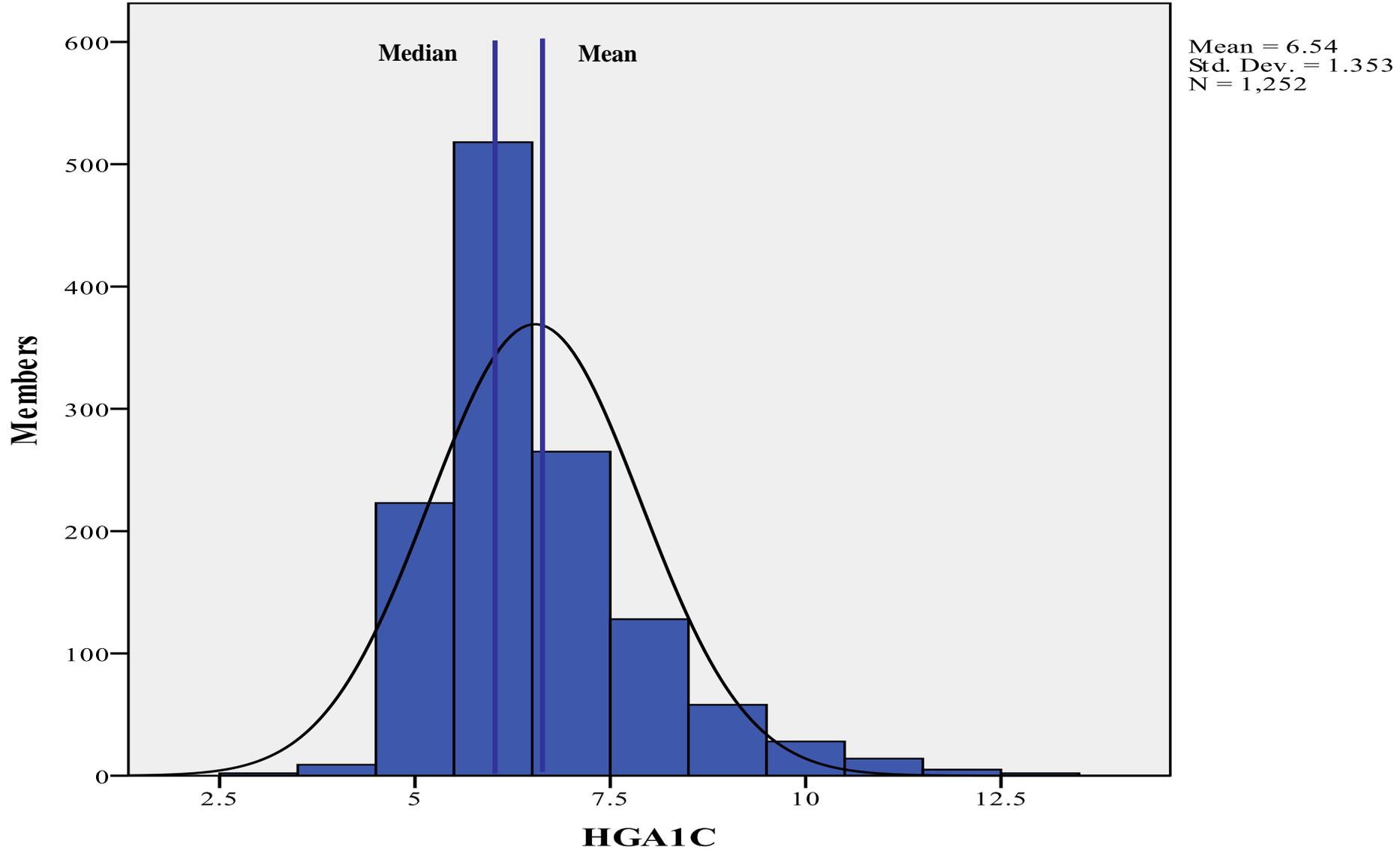


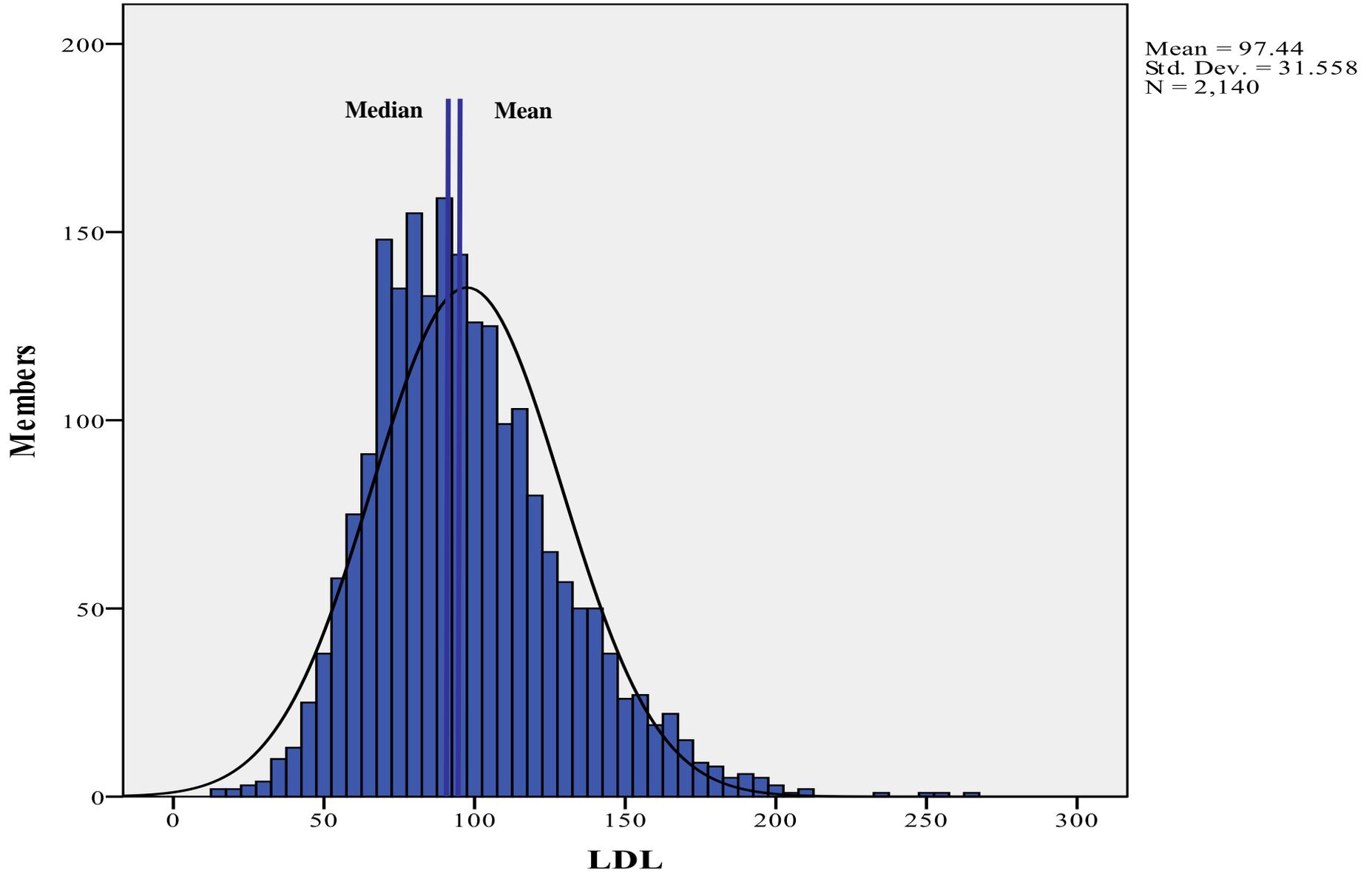
# NDPERS

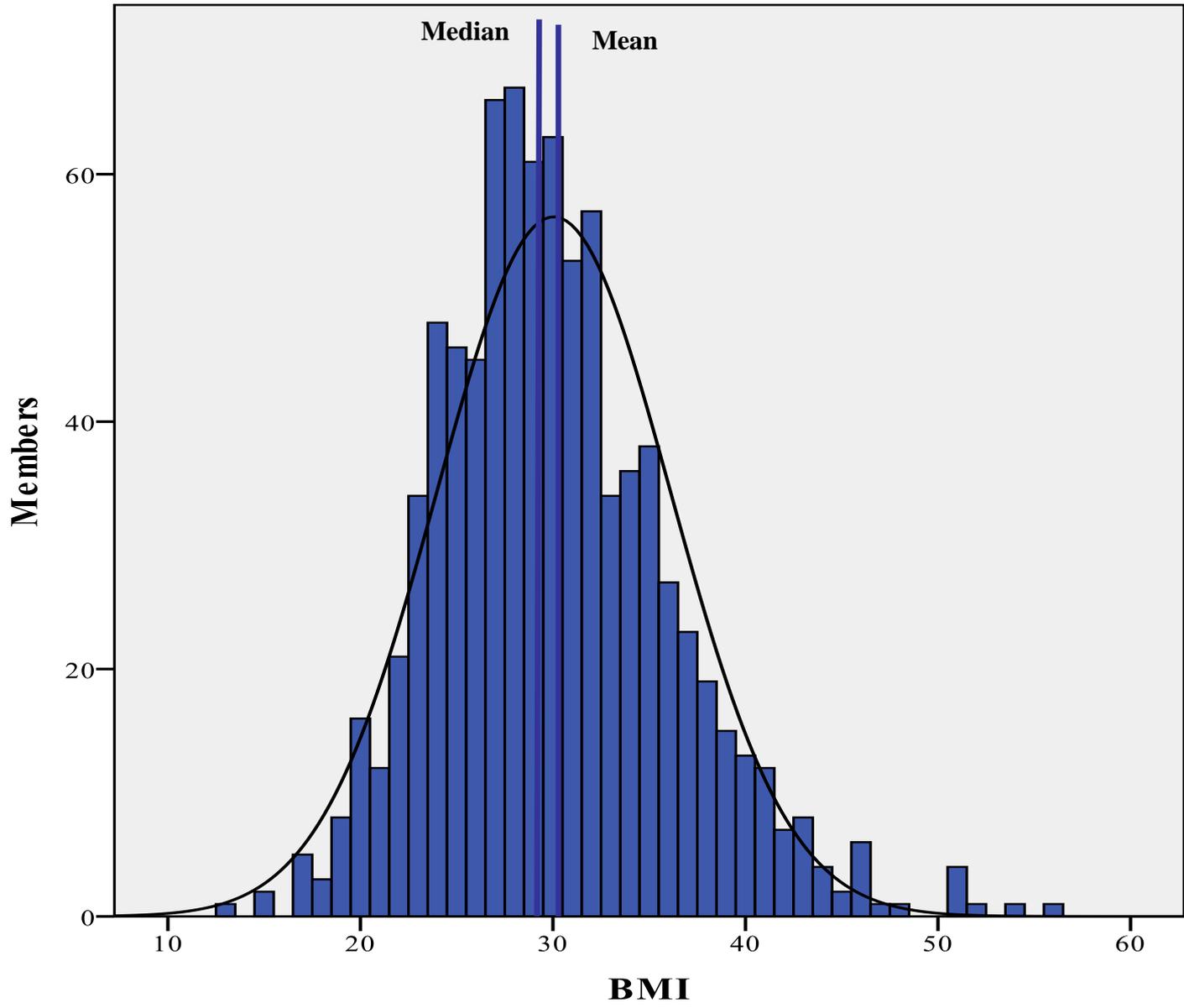


# Prevention Suites

- Cervical Cancer 7,889
- Breast Cancer 6,048
- Colorectal Cancer 9,430
- Adult Immunization 18,844
- Child Immunization 476







Mean = 30.04  
Std. Dev. = 6.074  
N = 861



# Accordant

- Rare and uncommon condition disease management
- 16 conditions
- Pending Board Approval



# Conditions

CIDP	SLE
Crohn's	Multiple Sclerosis
Dermatomyositis	Myasthenia Gravis
Gaucher Disease	Parkinson's Disease
Hemophilia	Polymyositis
ALS	Rheumatoid Arthritis
Seizure Disorder	Scleroderma
Sickle Cell Disease	Cystic Fibrosis



# Timeline

- April - Contracting
- May - project planning
- June – data exchange
- July – Data analysis and education
- August - Implementation



# NDPERS Projections

- 1 % of population – 529 members
- 2008 and 9 costs - \$15,911,683
- Anticipated annual net savings -  
15%=\$1,193,376 gross



# Cost calculator

- What is it?
- How does it work?
- What does it look like?
- When?
- So what?



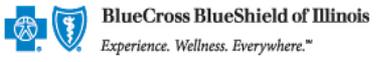
# What is it?

- A customer friendly tool to help understand the cost estimate ranges of common elective procedures.
- Specific to geographic location
- Collaborative effort between Plans and BCBSA



# How does it work?

- Plans contribute cost data
- Standards for use and information display
- Use
  - Log in to plan web site
  - Click on cost estimator
  - Choose from procedure list
  - Enter zip and desired mile range for services



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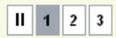
[Members](#) | [Providers](#) | [Employers](#) | [Producers](#)

### Confused about Medicare Part D?

## We're here to help.

When it comes to choosing a Medicare prescription drug plan, you can trust us to give you the answers you need. After all, we've been in Illinois for over 70 years.

[Learn about Blue MedicareRx \(PDP\) SM](#)



Already a Blue Cross and Blue Shield of Illinois member?

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### Shopping for Health Insurance

#### Individual and Family Plans



Coverage options for individuals and families. [Learn more](#)

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#### Medicare Products



Coverage options for individuals eligible for Medicare. [Learn more](#)

- ▶ [Medicare Supplement Plans](#)
- ▶ Blue MedicareRx SM - Part D
  - ▶ [2010](#)
  - ▶ [2009](#)
- ▶ [Turning 65?](#)

### Cost Estimator



Compare hospitals based on specific diagnosis or procedures®

[Cost Estimator](#)

### Quick Help

- ▶ [Learn about group coverage options through an employer](#)
- ▶ [Manage my health care benefits and access health and wellness tools and resources](#)

### News and Updates

- ▶ [Health Care at a Crossroads: BCBSIL's Positions on Reform](#)
- ▶ [UPDATE: H1N1 Advisory](#)
- ▶ [Managing Pregnancy Risks: Learn more @besmartbewarell.com](#)

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### Attend a Seminar

Download a calendar of Individual and Family or Medicare seminars in your area.

- ▶ [October Calendar](#)

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FEEDBACK



 **BlueCross BlueShield Association**



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## Welcome to National Consumer Cost Tool

### Find a facility for a procedure or condition

Select Procedure/Diagnosis \*

Enter Zip

Within  
 miles

\* Required Field

**More Medical Searches**

- [Find Providers Outside the US](#)
- [Find Labor Account Providers here](#)
- [Find a Pharmacy](#)
- [Find a Dentist](#)
- [Find a Vision Provider](#)

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Disclaimer: The BCBSA Web Service will return data based upon criteria from the member's inquiry. For the initial launch, it does not provide viewing screens. This will be evaluated when the option common user interface enhancement is developed.



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## Welcome to National Consumer Cost Tool

### Find a facility for a procedure or condition

Select Procedure/Diagnosis \*

Spinal Fusion (Anterior)

Enter Zip

60601

Within

5 miles

[Search Now](#)

[Reset](#)

\* Required Field

#### More Medical Searches

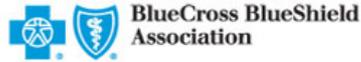
- [Find Providers Outside the US](#)
- [Find Labor Account Providers here](#)
- [Find a Pharmacy](#)
- [Find a Dentist](#)
- [Find a Vision Provider](#)

### Search Results

Spinal Fusion (Anterior) Cost Estimates in 60601				
In-Network Facilities Name, Address, Phone	Network Status/Designation	Number of Procedures performed	Total Cost Estimate	Potential Out Of Pocket Expense Estimate
Northwestern Memorial Hospital <a href="#">251 E Huron St.</a> <a href="#">Chicago, IL 60601</a> Ph: (312) 926-2000	PPC BDC	300	\$14,000 to \$17,000	Under Construction
Childrens Memorial Hospital <a href="#">20 Clark St.</a> <a href="#">Chicago, IL 60601</a> Ph: (312) 000-0000	PPO	200	\$20,000 to \$25,000	Under Construction
Swedish Covenant Hospital <a href="#">233 E Erie St.</a> <a href="#">Chicago, IL 60601</a> Ph: (773) 989-3806	PPC BDC	400	\$88,888 to \$99,673	Under Construction
Hartgrove Hospital				

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[Contact Us](#) | [Help](#)

## Welcome to National Consumer Cost Tool

### Find a facility for a procedure or condition

#### Search Results

##### Spinal Fusion (Anterior) Cost Estimates in 60601

In-Network Facilities Name, Address, Phone	Network Status/Designation	Number of Procedures performed	TotalCostEstimate	Potential Out Of Pocket Expense Estimate
Northwestern Memorial Hospital <a href="#">251 E Huron St.</a> <a href="#">Chicago, IL 60601</a> Ph: (312) 926-2000	PPC BDC	300	\$14,000 to \$17,000	Under Construction
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Swedish Covenant Hospital <a href="#">233 E Erie St.</a> <a href="#">Chicago, IL 60601</a> Ph: (773) 989-3806	PPC BDC	400	\$88,888 to \$99,673	Under Construction
Hartgrove Hospital <a href="#">5730 W Roosevelt Rd.</a> <a href="#">Chicago, IL 60601</a> Ph: (773) 722-3113	PPO	500	\$1,000,000 to \$2,000,000	Under Construction
<a href="#">Rush University Medical Center</a> <a href="#">600 S. Paulina</a> <a href="#">Chicago, IL 60601</a> Ph: (312) 942-3456	PPO	25	\$20,000 to \$25,000	Under Construction

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# When?

- Currently under construction and available in some states.
- Anticipate availability countrywide by January 1, 2011



# So What?

- Education
- Information
- Decision making
- Customer responsibility



# Summary

- MediQHome
  - Enhance Quality
  - Improve Chronic Disease Care and Prevention
- Accordant
  - Improve Care for Rare and Unusual Conditions
  - Lower Medical Costs
- Cost Calculator
  - Better Cost Information



**?? QUESTIONS ??**



**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](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

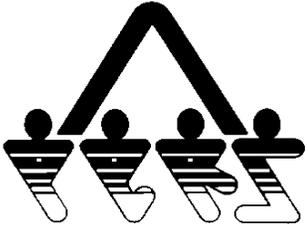
# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** June 9, 2010  
**SUBJECT:** BCBS Update

Mr. Paul von Ebers, President and CEO of BCBS, and Mr. Bob Lamp, BCBS Board Chair, will be at the June meeting to update the Board on ongoing efforts being taken on concerns previously raised (refer to attached April 2009 letter). This meeting is also part of the effort to improve Board to Board communications.

As part of this effort, Sparb and Jon attended the April Noridian Board meeting (refer to attached powerpoint presentation).

They will be bringing a presentation to share with the Board.



**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
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**Sparb Collins**  
Executive Director  
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FAX: (701) 328-3920 • EMAIL: [NDPERS-INFO@ND.GOV](mailto:NDPERS-INFO@ND.GOV) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

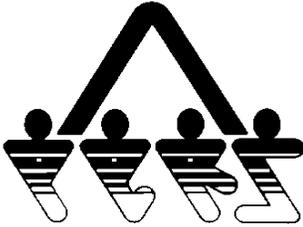
**TO:** PERS Board

**FROM:** Rebecca

**DATE:** June 9, 2010

**SUBJECT:** NDPERS Tobacco Cessation Program Update

Michelle Walker, the Cessation Coordinator for the Tobacco Prevention and Control Program within the Department of Health, will be attending the Board meeting to provide an update on the NDPERS Tobacco Cessation Program. The update will also include information related to trend changes in reporting that impact the program.



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

# Memorandum

**TO: NDPERS Board**

**FROM: Kathy & Sparb**

**DATE: June 9, 2010**

**SUBJECT: Dental Renewal**

Our group dental contract with CIGNA expires on December 31, 2010. The contract has been in effect since January 1, 2007. Last year, the Board accepted CIGNA's renewal proposal for an across the board 9% premium increase for 2010. NDPERS, in conjunction with our consultant, Gallagher Benefit Services (GBS), requested a renewal proposal from CIGNA for January 1, 2011. Included for your information is the CIGNA proposal along with the experience report, renewal projection, and rate summary and the renewal terms and conditions.

In summary, the loss ratio for 2009 was 92.3% and 2010 is running at 96.4% which is considered high based on industry standards. CIGNA's preference is that our experience be under 90%. Despite the high claims experience, they are proposing an across the board increase in premiums of 6%. GBS has reviewed the reports and the renewal rates and has performed an independent projection using the NDPERS experience and an expected administrative component. Their analysis results came very close to that of CIGNA's renewal. It was their recommendation to accept the renewal based on the loss ratio information for 2009 and 2010.

CIGNA has proposed two plan design options for consideration should the Board wish to mitigate the increase. If we raise our deductible from \$50 to \$75 it will reduce the renewal rates by 1.9% to 4.1%. If we decreased the R&C level from the 90<sup>th</sup> to the 80<sup>th</sup> percentile, it will reduce the rates by 1.5% to 4.5%. Adopting both options will result in a decrease of 3.4% for a total increase of 2.6%.

## **Board Action Requested**

1. Accept or reject the proposal for the across the board increase of 6%.
2. Consider whether to implement either or neither of the proposed options to decrease the proposed 6% increase.
3. Direct staff to develop an RFP to go to bid for a new dental carrier.

Scott A. Shultz, RHU  
Senior Client Manager  
CIGNA Sales

A

May 5, 2010

Bill Robinson  
Gallagher Benefit Services  
6399 S. Fiddler's Green Circle, #200  
Greenwood Village, CO 80111

3900 E. Mexico Ave.  
Suite 1250  
Denver, CO 80210

Re: North Dakota Public Employees Retirement System  
2011 CIGNA Dental Renewal

Dear Bill:

Thank you for assisting with the delivery of the 2011 CIGNA dental renewal for NDPERS active employees, retirees and dependents. I look forward to working with you and Betty to ensure a smooth renewal.

I am providing the renewal rates and the 2009 and 2010 experience reports. The claims are running very high. Their loss ratio for 2009 was 92.3 and 2010 is running at 96.4%. We would like to the experience under 90%.

Despite the high claims, CIGNA is providing just a 6% increase for the renewal rates effective January 1, 2011. The rates are:

<u>Description</u>	<u>Rate</u>	<u>Projected Enroll</u>
Retiree/Employee only	\$39.82	2,933
Retiree/Employee + spouse	\$76.88	1,490
Retiree/Employee + child(ren)	\$89.22	403
Retiree/Employee + family	\$127.04	1,343

If NDPERS increased its deductible from \$50 to \$75 is would reduce the renewal rates 1.9%. If NDPERS decreased the R&C level from the 90<sup>th</sup> percentile to the 80<sup>th</sup>, it would reduce the rates 1.5%.

If you have any questions or need additional information, please feel free to give me a call.

Cordially,

Scott A. Shultz  
Senior Client Manager

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT**

## GC MONTHLY HEALTHCARE DETAIL EXPERIENCE REPORT

January 2009 thru December 2009

FAT : TRADITIONAL

RAT : FULLY INSURED NON-PARTICIPATING

Reported Premium: Billed Premium without fees

YTD/MONTH	ACCOUNT	PRODUCT GROUP	IN NETWORK	TOTAL CLAIMS	TOTAL BILLED PREMIUM	TOTAL LOSS RATIO	TOTAL SUBS	TOTAL MBRS
Jan-09	3328472	DENT	\$335,426	\$335,426	\$355,107	94.5%	5,733	11,739
	<b>ACCOUNT Total</b>		<b>\$335,426</b>	<b>\$335,426</b>	<b>\$355,107</b>	<b>94.5%</b>	<b>5,733</b>	<b>11,739</b>
<b>Jan-2009 Total</b>			<b>\$335,426</b>	<b>\$335,426</b>	<b>\$355,107</b>	<b>94.5%</b>	<b>5,733</b>	<b>11,739</b>
Feb-09	3328472	DENT	\$340,419	\$340,419	\$354,588	96.0%	5,726	11,723
	<b>ACCOUNT Total</b>		<b>\$340,419</b>	<b>\$340,419</b>	<b>\$354,588</b>	<b>96.0%</b>	<b>5,726</b>	<b>11,723</b>
<b>Feb-2009 Total</b>			<b>\$340,419</b>	<b>\$340,419</b>	<b>\$354,588</b>	<b>96.0%</b>	<b>5,726</b>	<b>11,723</b>
Mar-09	3328472	DENT	\$351,033	\$351,033	\$355,712	98.7%	5,744	11,764
	<b>ACCOUNT Total</b>		<b>\$351,033</b>	<b>\$351,033</b>	<b>\$355,712</b>	<b>98.7%</b>	<b>5,744</b>	<b>11,764</b>
<b>Mar-2009 Total</b>			<b>\$351,033</b>	<b>\$351,033</b>	<b>\$355,712</b>	<b>98.7%</b>	<b>5,744</b>	<b>11,764</b>
Apr-09	3328472	DENT	\$346,755	\$346,755	\$357,930	96.9%	5,782	11,840
	<b>ACCOUNT Total</b>		<b>\$346,755</b>	<b>\$346,755</b>	<b>\$357,930</b>	<b>96.9%</b>	<b>5,782</b>	<b>11,840</b>
<b>Apr-2009 Total</b>			<b>\$346,755</b>	<b>\$346,755</b>	<b>\$357,930</b>	<b>96.9%</b>	<b>5,782</b>	<b>11,840</b>
May-09	3328472	DENT	\$364,196	\$364,196	\$359,546	101.3%	5,800	11,892
	<b>ACCOUNT Total</b>		<b>\$364,196</b>	<b>\$364,196</b>	<b>\$359,546</b>	<b>101.3%</b>	<b>5,800</b>	<b>11,892</b>
<b>May-2009 Total</b>			<b>\$364,196</b>	<b>\$364,196</b>	<b>\$359,546</b>	<b>101.3%</b>	<b>5,800</b>	<b>11,892</b>
Jun-09	3328472	DENT	\$344,035	\$344,035	\$361,475	95.2%	5,822	11,944
	<b>ACCOUNT Total</b>		<b>\$344,035</b>	<b>\$344,035</b>	<b>\$361,475</b>	<b>95.2%</b>	<b>5,822</b>	<b>11,944</b>
<b>Jun-2009 Total</b>			<b>\$344,035</b>	<b>\$344,035</b>	<b>\$361,475</b>	<b>95.2%</b>	<b>5,822</b>	<b>11,944</b>
Jul-09	3328472	DENT	\$339,810	\$339,810	\$361,884	93.9%	5,829	11,970

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT**

## GC MONTHLY HEALTHCARE DETAIL EXPERIENCE REPORT

January 2009 thru December 2009

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Reported Premium: Billed Premium without fees

YTD/MONTH	ACCOUNT	PRODUCT GROUP	IN NETWORK	TOTAL CLAIMS	TOTAL BILLED PREMIUM	TOTAL LOSS RATIO	TOTAL SUBS	TOTAL MBRS
	<b>ACCOUNT Total</b>		<b>\$339,810</b>	<b>\$339,810</b>	<b>\$361,884</b>	<b>93.9%</b>	<b>5,829</b>	<b>11,970</b>
<b>Jul-2009 Total</b>			<b>\$339,810</b>	<b>\$339,810</b>	<b>\$361,884</b>	<b>93.9%</b>	<b>5,829</b>	<b>11,970</b>
<b>Aug-09</b>	3328472	DENT	\$327,221	\$327,221	\$363,738	90.0%	5,862	12,039
	<b>ACCOUNT Total</b>		<b>\$327,221</b>	<b>\$327,221</b>	<b>\$363,738</b>	<b>90.0%</b>	<b>5,862</b>	<b>12,039</b>
<b>Aug-2009 Total</b>			<b>\$327,221</b>	<b>\$327,221</b>	<b>\$363,738</b>	<b>90.0%</b>	<b>5,862</b>	<b>12,039</b>
<b>Sep-09</b>	3328472	DENT	\$297,732	\$297,732	\$368,922	80.7%	5,933	12,186
	<b>ACCOUNT Total</b>		<b>\$297,732</b>	<b>\$297,732</b>	<b>\$368,922</b>	<b>80.7%</b>	<b>5,933</b>	<b>12,186</b>
<b>Sep-2009 Total</b>			<b>\$297,732</b>	<b>\$297,732</b>	<b>\$368,922</b>	<b>80.7%</b>	<b>5,933</b>	<b>12,186</b>
<b>Oct-09</b>	3328472	DENT	\$333,971	\$333,971	\$368,988	90.5%	5,951	12,158
	<b>ACCOUNT Total</b>		<b>\$333,971</b>	<b>\$333,971</b>	<b>\$368,988</b>	<b>90.5%</b>	<b>5,951</b>	<b>12,158</b>
<b>Oct-2009 Total</b>			<b>\$333,971</b>	<b>\$333,971</b>	<b>\$368,988</b>	<b>90.5%</b>	<b>5,951</b>	<b>12,158</b>
<b>Nov-09</b>	3328472	DENT	\$301,192	\$301,192	\$370,653	81.3%	5,970	12,201
	<b>ACCOUNT Total</b>		<b>\$301,192</b>	<b>\$301,192</b>	<b>\$370,653</b>	<b>81.3%</b>	<b>5,970</b>	<b>12,201</b>
<b>Nov-2009 Total</b>			<b>\$301,192</b>	<b>\$301,192</b>	<b>\$370,653</b>	<b>81.3%</b>	<b>5,970</b>	<b>12,201</b>
<b>Dec-09</b>	3328472	DENT	\$332,441	\$332,441	\$371,554	89.5%	5,988	12,239
	<b>ACCOUNT Total</b>		<b>\$332,441</b>	<b>\$332,441</b>	<b>\$371,554</b>	<b>89.5%</b>	<b>5,988</b>	<b>12,239</b>
<b>Dec-2009 Total</b>			<b>\$332,441</b>	<b>\$332,441</b>	<b>\$371,554</b>	<b>89.5%</b>	<b>5,988</b>	<b>12,239</b>
<b>Grand Total</b>			<b>\$4,014,231</b>	<b>\$4,014,231</b>	<b>\$4,350,096</b>	<b>92.3%</b>	<b>70,140</b>	<b>143,695</b>



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**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT**

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## GC MONTHLY HEALTHCARE DETAIL EXPERIENCE REPORT

January 2010 thru March 2010

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FAT : TRADITIONAL

RAT : FULLY INSURED NON-PARTICIPATING

Reported Premium: Billed Premium without fees

---

<i>YTD/MONTH</i>	<i>ACCOUNT</i>	<i>PRODUCT GROUP</i>	<i>IN NETWORK</i>	<i>TOTAL CLAIMS</i>	<i>TOTAL BILLED PREMIUM</i>	<i>TOTAL LOSS RATIO</i>	<i>TOTAL SUBS</i>	<i>TOTAL MBRS</i>
Jan-10	3328472	DENT	\$376,813	\$376,813	\$412,548	91.3%	6,161	12,772
	<b>ACCOUNT Total</b>		<b>\$376,813</b>	<b>\$376,813</b>	<b>\$412,548</b>	<b>91.3%</b>	<b>6,161</b>	<b>12,772</b>
<b>Jan-2010 Total</b>			<b>\$376,813</b>	<b>\$376,813</b>	<b>\$412,548</b>	<b>91.3%</b>	<b>6,161</b>	<b>12,772</b>
Feb-10	3328472	DENT	\$407,774	\$407,774	\$412,288	98.9%	6,164	12,765
	<b>ACCOUNT Total</b>		<b>\$407,774</b>	<b>\$407,774</b>	<b>\$412,288</b>	<b>98.9%</b>	<b>6,164</b>	<b>12,765</b>
<b>Feb-2010 Total</b>			<b>\$407,774</b>	<b>\$407,774</b>	<b>\$412,288</b>	<b>98.9%</b>	<b>6,164</b>	<b>12,765</b>
Mar-10	3328472	DENT	\$407,481	\$407,481	\$412,178	98.9%	6,171	12,758
	<b>ACCOUNT Total</b>		<b>\$407,481</b>	<b>\$407,481</b>	<b>\$412,178</b>	<b>98.9%</b>	<b>6,171</b>	<b>12,758</b>
<b>Mar-2010 Total</b>			<b>\$407,481</b>	<b>\$407,481</b>	<b>\$412,178</b>	<b>98.9%</b>	<b>6,171</b>	<b>12,758</b>
<b>Grand Total</b>			<b>\$1,192,068</b>	<b>\$1,192,068</b>	<b>\$1,237,013</b>	<b>96.4%</b>	<b>18,496</b>	<b>38,295</b>

**From:** Betty\_Woodruff@ajg.com  
**Sent:** Thursday, May 13, 2010 12:07 PM  
**To:** Collins, J. Sparb  
**Cc:** Allen, Kathy M.; Bill\_Robinson@ajg.com  
**Subject:** CIGNA 2011 Dental Renewal  
**Attachments:** NO DAKOTA 2009.xls; NO DAKOTA 2010.xls; NDPERS 2011  
Renewal.doc

Hi Sparb and Kathy, I am attaching below three renewal documents from CIGNA:

1. 2009 claims experience
2. first quarter 2010 claims experience, and
3. the renewal offer letter

As indicated in the letter, the claims are running quite high. Matt Zillhaver, your Technical Consultant, has reviewed the reports and the renewal rates and has performed an independent projection using the NDPERS experience and an expected administrative component. His analysis results came very close to that of CIGNA's renewal. His recommendation is to accept the renewal based on the loss ratio information of 92.3% for 2009 and 96.4% for 2010.

Please let us know if you have any questions. If you accept this renewal, I will finalize with CIGNA.

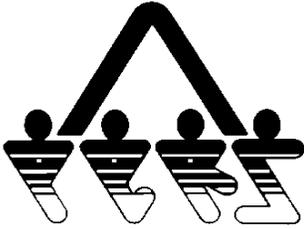
Thank you!

Best Regards!

Betty Woodruff  
\*\*\*\*\*

Area Sr. Vice President  
Client Services and Operations  
Gallagher Benefit Services, Inc.  
6399 South Fiddler's Green Circle, Suite 200  
Greenwood Village, CO 80111  
Telephone - 303-889-2740  
Toll Free - 800-628-5691 Ext. 2740  
Fax - 303-889-2713  
<http://www.gallagherbenefits.com/denver>

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# Memorandum

**TO:** PERS Board

**FROM:** Sharon Schiermeister

**DATE:** June 9, 2010

**SUBJECT:** PERSLink Project Update

This is the second of four updates scheduled to provide the Board with updates on the status of the PERSLink Project as we approach our go-live date.

The presentation today will focus on the current status of the project, project schedule and go-live date, the training plan, and communication activities.

# North Dakota Public Employees Retirement System

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## NDPERS PERSLink

Board Presentation

June 17, 2010

"We commit to successfully implement a robust, reliable, secure web-enabled, integrated benefit administration system that improves NDPERS' business operations and service."

# Project Status

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- Project Status: Green
  - Anticipated Go Live Date: October 2010
-

# Project Schedule

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- Tracking 1 month behind
  - Involved additional PERS staff in testing
  - Decision was made to defer deployment of member self-service until after January 1
  - Moving forward with October 4 target go-live date
-

# Training Plan for PERS Staff

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## □ Staff Training

- Training on benefit programs
  - Hands-on experience, before formal training begins in September
  - Use ITD training facility
  - Sagitec/NDPERS facilitators
  - Role Specific Training
-

# Training Plan for Employers

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- Employer Training
    - 5 Locations throughout the state
    - Sagitec/NDPERS Facilitators
    - Will be “hands-on”
    - August/September
-

# Communication Events

---

- Notice to employers on employer reporting changes – June 2010
  - Provide employers with update on project status, to include preliminary training schedule
-

# Summary

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- ❑ Project is progressing as scheduled
  - ❑ User acceptance testing in it's final phase
  - ❑ Parallel testing is starting
  - ❑ No major problems/issues identified yet
-

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# Questions and Comments

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# Memorandum

**TO:** PERS Board  
**FROM:** Sharon Schiermeister  
**DATE:** June 10, 2010  
**SUBJECT:** 2011-2013 Biennium Budget Request

The Governor has asked general fund agencies to develop a hold even budget for the 2011-13 biennium and use optional budget requests for increases. The Governor and OMB recognize that our agency is funded with special funds; therefore we are not being asked to submit a restricted budget. However, we have been asked to examine our level of spending, to ensure the most efficient operation and effective use of resources.

The budget being presented to you today is based on the guidance provided at the last Board meeting and is for \$6,521,581 which is a 4.65% increase over the hold even budget amount (after subtracting out the PERSLink project appropriation) as shown below:

2009-11 appropriation	\$10,881,214
Cost to continue FY 2011 5% salary increase	85,610
Remove PERSLink carryover appropriation	<u>(4,734,726)</u>
Hold even budget	\$ 6,232,098
Increase for 2011-13	<u>289,483</u>
2011-13 Budget request	\$ 6,521,581

Attached is a spreadsheet which provides the details of the 2011-13 budget request. Here are the highlights:

1. The budget provides funding to maintain the existing level of services provided by the agency at a staffing level of 33 FTEs.
2. No increase for anticipated costs related to Health Care Reform have been included in the base budget. Any additional costs incurred as a result of this will be paid through the Contingency Line Item.

3. Operating expenses were reduced by \$127,426 as a result of the completion of the PERSLink Project. The 2009-11 budget included funding to rent additional office space for the PERSLink Project Team and also included funding to hire additional help through a temporary service agency which was used at various times throughout the duration of the project. These expenses will no longer be necessary.
4. Operating expenses were increased by \$447,348 for Information Technology activities. The primary component of this increase is the maintenance and ongoing support fees paid to Sagitec for the PERSLink System. This is offset by a reduction in data processing expenses paid to ITD.

Our fees to ITD were reduced to reflect retiring our mainframe applications. However, as a result of PERSLink, we have additional fees for hosting the application, disaster recovery and using the ITD Service Desk to help support our external customers.

IT Equipment has also been reduced. The agency is on a 4 year hardware replacement cycle, which occurred during the 2009-11 biennium.

5. An increase of \$33,729 has been included for inflation. The three areas impacted by this are postage, office rent and the OMB central service allocation. The increase of \$8,500 for the central service costs is an estimate as we are still waiting for direction from OMB as to the amount to include in our budget request.
6. A reduction of \$13,000 in general fund appropriation authority to pay OASIS benefits has been removed as there are no longer any beneficiaries being paid from this plan.
7. Out of state travel, printing and equipment rent have been reduced to more accurately reflect our actual expenditure trends.

**Board Action Requested:**

Approve the 2011-13 base budget request to be submitted to OMB



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb Collins  
**DATE:** June 9, 2010  
**SUBJECT:** LEGISLATION

Attached is the summary of legislation for 2011. The bills are posted on the PERS website at <http://www.nd.gov/ndpers/>.

Also, Aaron is working on the amendments to Bill # 60 to add the provisions approved at the last meeting. This bill will be forwarded to you prior to the next meeting.

**2011 Legislative Session  
North Dakota Public Employees Retirement System**

<b>LC Bill Number</b>	<b>Sponsor</b>	<b>Bill Summary</b>
10001.0200	Senator Mathern	A BILL for an Act to amend and reenact sections 54-52.1-03.2 and 54-52.1-03.3 of the North Dakota Century Code, relating to retiree health benefits for members of the legislative assembly.
10009.0100	Senators Nelson, Wardner	A BILL for an Act to require health insurance coverage for autism spectrum disorders; and to create and enact a new section to chapter 54-52.1 of the North Dakota Century Code, relating to public employees retirement system medical benefits coverage for autism spectrum disorders.
10036.0200	Senator Mathern	A BILL for an Act to create and enact a new subsection to section 54-52-04, five new sections to chapter 54-52.1, and a new subsection to section 54-52.1-01 of the North Dakota Century Code, relating to the expansion of the uniform group insurance program to allow participation by permanent and temporary employees of private sector employers and by certain other individuals who are otherwise without health insurance coverage; to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to subgroups under the uniform group insurance program; to provide an appropriation; to provide a continuing appropriation; and to provide an effective date.
10038.0100	Senator Mathern	A BILL for an Act to create and enact a new subsection to section 50-06-05.1 of the North Dakota Century Code, relating to the powers and duties of the department of human services.
10051.0100	PERS	A BILL for an Act to amend and reenact sections 39-03.1-09, 54-52-02.9, 54-52-05, 54-52-06.1, and 54-52-06.3, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North Dakota Century Code, relating to increased employee contributions under the highway patrolmen's retirement plan and public employees retirement system.
10052.0100	PERS	A BILL for an Act to amend and reenact sections 39-03.1-10, 54-52-02.9, 54-52-06, and 54-52-06.1, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and temporary employee contributions under the highway patrolmen's retirement plan and public employees retirement system.
10053.0100	PERS	A BILL for an Act to amend and reenact sections 39-03.1-09, 39-03.1-10, 54-52-02.9, 54-52-05, 54-52-06, 54-52-06.1, and 54-52-06.3, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the highway patrolmen's retirement plan and public employees retirement system.

<b>LC Bill Number</b>	<b>Sponsor</b>	<b>Bill Summary</b>
10059.0100	PERS	A BILL for an Act to amend and reenact section 15-10-17, Subsection 6 of Section 39-03.1-11, Subsection 1 of Section 39-03.1-11.2, 39-03.1-14.1, 54-52-03, Subsections 3 and 6 of Section 54-52-17, 54-52-27, 54-52-28, Subsection 3 of Section 54-52.1-03 and Subsection 3 of Section 54-52.6-09 of the North Dakota Century Code, relating to special annuity purchases in the alternate retirement program for university system employees, surviving spouse payment options under the highway patrolmen's retirement plan, calculation of member service credit under the highway patrolmen's retirement plan, election of members to public employees retirement system board, calculation of normal retirement date for a peace officer or correctional officer under the public employees retirement system, payment of member account balance under the public employees retirement system, purchase of sick leave credit under public employees retirement system, spousal election to participate in uniform group insurance program, reporting of employer pick-ups under the defined contribution retirement plan, and Internal Revenue Code compliance under the highway patrolmen's retirement plan and public employees retirement system.
10060.0100	PERS	A BILL for an Act to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to subgroups under the uniform group insurance program.
10068.0100	Senator Mathern	A BILL for an Act to enable the establishment and operation of member-run nonprofit health insurance issuers.
10080.0100	Rep. Wald	A BILL for an Act to amend and reenact sections 39-03.1-02 and 39-03.1-07, subsection 4 of section 54-52-01, and sections 54-52-02.3, 54-52-02.5, 54-52-02.9, 54-52.6-01, 54-52.6-02, and 54-52.6-09 of the North Dakota Century Code, relating to a defined contribution retirement plan for state employees; and to provide a penalty.



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# Memorandum

**TO: NDPERS Board**

**FROM: Kathy & Sparb**

**DATE: June 8, 2010**

**SUBJECT: VALIC Restitution Payments**

NDPERS has received two checks from VALIC pursuant to a settlement reached between the Securities and Exchange Commission (SEC) and various fund administrators. The checks are in the amounts of \$165.06 and \$1,719.97. According to the settlement agreement and guidance from the Department of Labor as documented in the attached correspondence from VALIC, we have two options regarding the allocation of these funds:

1. The plan sponsor may use the payment for expenses related to administration of the plan including, but not limited to; consultant fees, office space, utilities, and supplies and salaries for employees that contribute to the administration of the plan. If we choose to use the funds in this manner, we just deposit the checks.
2. If we choose not to use the funds for plan expenses, the plan sponsor may select from several options outlined on the Plan Representative Election form that was sent with the checks. The form has several options to select from for allocation of the funds. A copy of the form is included for your information.

We have received settlement checks in the past and have used them for plan administration expenses. Therefore, staff recommends we deposit the checks and use the funds as outlined in option 1 as this is consistent with past practice.

## Board Action Requested

1. Accept or reject staff's recommendation.
2. Direct staff on option to select for allocation of the funds.

# VALIC

The Variable Annuity Life Insurance Company  
P.O. Box 15648  
Amarillo, TX 79105

5 May 2010

STATE OF NORTH DAKOTA  
KATHY ALLEN  
400 E. BROADWAY, SUITE 505  
BOX 1214  
BISMARCK ND 58502

Dear Sir or Madam,

Pursuant to the settlement reached between the Securities and Exchange Commission ("SEC") and various fund administrators, VALIC has received the enclosed restitution payment on behalf of your Plan. According to the settlement agreement and guidance from the Department of Labor (DOL), these funds may be used by the plan sponsor for expenses related to administration of the plan including, but not limited to; consultant fees, office space, utilities, and supplies, and salaries for employees that contribute to the administration of the Plan. If you choose to use some or all of these funds for plan expenses, simply deposit the enclosed check.

If you choose not to use the funds for plan expenses, you may choose one of several options as outlined on the enclosed Plan Representative Election form. If you decide to exercise one of these options, please return the completed election form along with the enclosed check (or, in the event that a portion is being used for proper plan expenses, a new check for the remainder). For security purposes, if you are returning the enclosed check, please write "VOID" on the check prior to sending.

We appreciate your business and value the confidence you have placed in us as your retirement plan provider. If you have any VALIC specific questions, please contact the Plan Sponsor Service Team at 1-888-478-7020 who will be glad to assist you.

Sincerely,



Richard Jackson  
Vice President  
Institutional Services

RECEIVED  
MAY 27 2010  
ND PERS



**Plan Representative Direction - Allocation of Fund  
Company Securities & Exchange Commission (SEC)  
Settlement Proceeds**

**VALIC Retirement Services Company  
The Variable Annuity Life Insurance Company, Houston, Texas**

Plan Name: \_\_\_\_\_ (the Plan) Group Number: \_\_\_\_\_  
Amount of Check: \$ \_\_\_\_\_ Name of Fund Settlement Proceeding: \_\_\_\_\_

**WHAT DO I DO IF I CANNOT, OR DO NOT WISH TO, PROVIDE DIRECTION?**

(This option is not available for ERISA plans.)

Check the appropriate box below if:

- The check relates to IRAs or other accounts outside of any employer-sponsored plan;
- The affected accounts are part of a plan under which you do not have authority to direct the use of the funds; or
- You have (or may have) such authority under the plan but do not wish to exercise it.

Endorse the check, and forward it, to VALIC, and it will be allocated in accordance with option 2 below.

- I do not have the authority to direct VALIC on the distribution of the settlement proceeds.  
 I do not wish to provide VALIC with direction on the distribution of the settlement proceeds.

**RECEIVED  
MAY 27 2010  
IND PERS**

As authorized fiduciary or other qualifying representative for the above-identified Plan, I hereby authorize and direct VALIC to utilize the allocation method selected below to deposit the settlement proceeds received by the Plan from the above named settlement proceeding. I direct that these proceeds be posted as a net adjustment to be reflected as earnings in the Plan account of the Plan participants, beneficiaries and alternate payees (collectively "Participants") identified below. **(Note: Only one allocation method may be selected.)**

1. **Plan's Forfeiture Account (If Applicable).** Allocate to the Plan's forfeiture account and allocate those amounts, together with other amounts credited to the forfeiture account, in accordance with the terms of the Plan. (If your plan is an ERISA plan which uses forfeitures to offset future employer contributions this option may not be allowed under the Department of Labor (DOL) Field Advisory Bulletin 2006-01.) Please indicate the source of money Fund Settlement proceeds should be applied to: \_\_\_\_\_
2. **To all Current Participants in the Plan with a positive account balance at VALIC (at the time of the allocation) who maintained an account balance in the affected fund(s) during the time period covered by the settlement.** Allocate the settlement proceeds to current Participants pro-rata in the same ratio as the Participant's account balance bears to the total of **all** of those current account balances, and in accordance with the Participant's current investment elections for new contributions.<sup>1</sup>
3. **To All Current Participants in the Plan with a positive account balance at VALIC (at the time of the allocation), regardless of whether they maintained an account balance in the affected fund(s) during the time period covered by the settlement.** Allocate the settlement proceeds to all current Participants pro-rata in the same ratio as the Participant's account balance bears to the total of **all** account balances. Allocate the proceeds to Participant accounts across all contribution types on a pro-rata basis and in accordance with the Participant's current investment elections for new contributions.<sup>1</sup>
4. **Other** At the direction of the employer (for ERISA plans, based on a method the plan fiduciary determines satisfies an allocation methodology acceptable under DOL Field Advisory Bulletin 2006-01). If you select an allocation method other than one identified above, VALIC must be provided with an Excel file that allocates the entire Payment amount and clearly identifies: (a) each person eligible to receive an allocation, and (b) the dollar amount to be allocated to each person. In the event that any person identified on the list does not have an account with VALIC in the Plan, you agree that VALIC will refund to you (in accordance with its existing "not in good order" policy) the applicable portion of the Payment attributable to such person and that you are responsible for forwarding the applicable portion of the Payment to an appropriate Plan account for that person, or to the person directly where permitted, unless you promptly provide VALIC with revised allocation instructions for such amounts.

I certify that I have consulted with plan counsel as appropriate, and reviewed the Plan Document, and determined that the allocation method elected herein is consistent with the terms of the Plan and with my general fiduciary obligations to the Plan. I agree that VALIC is not responsible for providing a communication to Participants regarding the Payment and that I have sole responsibility for providing such communication if I determine, in my sole discretion, such communication is necessary and appropriate.

\_\_\_\_\_  
Name of Authorized Plan Fiduciary (please print)

\_\_\_\_\_  
Signature of Authorized Plan Fiduciary

\_\_\_\_\_  
Date

Mail to: VALIC  
Attn: Fund Restitution - Mail Code 01E  
P.O. Box 15648  
Amarillo, TX 79105-5648

Overnight Delivery: VALIC  
Attn: Fund Restitution - Mail Code 01E  
2271 SE 27<sup>th</sup> Ave.  
Amarillo, TX 79103

<sup>1</sup> The de minimus amount for allocation will be \$.01 and allocations equal to a penny will default to the first fund in the participant's current investment allocation.