

NDPERS BOARD MEETING

Agenda

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

May 17, 2012

Time: 8:30 AM

I. MINUTES

- A. April 19, 2012

II. DEFERRED COMPENSATION/DEFINED CONTRIBUTION

- A. TIAA-CREF Update (Board Action)
- B. Hartford Update – Sparb (Board Action)

III. GROUP INSURANCE

- A. Health Insurance RFP – Sparb and Kathy (Board Action)
- B. Health Care Exchanges – Deloitte (Information)
- C. Quarterly Executive Summary – BCBS (Information)
- D. Rx Update – BCBS (Information)
- E. Dental RFP – Sparb and Kathy (Board Action)

IV. FLEX COMP

- A. Flexcomp Program – Sparb & Kathy (Board Action)

V. MISCELLANEOUS

- A. PERS Budget – Sharon (Board Action)
- B. Board Election Update – Kathy (Information)
- C. Executive Director Evaluation – (Board Action)
- D. SIB Agenda

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



**North Dakota
Public Employees Retirement System**
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Bismarck, North Dakota 58502-1657

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

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

Memorandum

TO: NDPERS Board
FROM: Sparb
DATE: May 9, 2012
SUBJECT: TIAA-CREF Update

Mr. Rod Crane will be at the meeting to review with you the Registered Investment Advisor (RIA) option that they offered in their proposal. In accepting the proposal, we put this option on hold until after implementation. As stated in their proposal, this option provides:

REGISTERED INVESTMENT ADVISORS

Another aspect of our proposal that can significantly encourage increased participation in North Dakota PERS' plans is the Registered Investment Advisor option. As described earlier, we know that participants often have ongoing relationships with local investment advisors, and may prefer to maintain those partnerships. The RIA option can provide employees with an additional level of comfort by giving them the choice to work with local advisors who are thoroughly familiar with their employer's program and community members who share a special interest in its success.

With the possible withdrawal of Hartford from our program, this option has now taken on additional meaning. That is, if we implemented this, it could provide an option for those members and their advisors that may allow them both to continue in the program with minimal disruption.

Mr. Crane will be at the meeting to discuss the attached information regarding the registered investment advisor option and answer your questions.

Staff Recommendation:

Authorize staff to develop an implementation plan for the Board's review and approval. Please note this option would not be implemented until the plan has been approved by the Board.

Board Action Requested

Determine if we should move forward with this option.



Financial Services

REGISTERED INVESTMENT ADVISOR OPTION FOR THE NDPERS 457(b) COMPANION PLAN

We know that participants, particularly those with the other providers offering 457(b) Plans to eligible North Dakota PERS members, often have ongoing relationships with local investment advisors, and may prefer to maintain those partnerships. As a complement to our TIAA-CREF on-site service team model, we can also provide an option to allow all eligible members' access to local independent Registered Investment Advisors (RIAs) through the North Dakota PERS Companion Plan. An RIA strategy may encourage participants with other providers to participate in the North Dakota PERS Companion plan and transfer assets from their current provider(s).

WHAT IS A REGISTERED INVESTMENT ADVISOR?

A Registered Investment Advisor (RIA) is an individual or firm who has registered with the Securities and Exchange Commission (SEC) or state regulatory agency(s) for the purpose of providing financial advisory services for others. A Registered Investment Advisor is held to a high standard as a fiduciary to their clients and is generally compensated on a fee basis, such as a percentage of assets under management.

RIA fee structures can vary depending on the RIA structure chosen by NDPERS. A typical fee would around 100 basis points. NDPERS could consider establishing a maximum permissible fee for the plan.

WHAT ARE THE DIFFERENT WAYS AN RIA SERVICE CAN BE STRUCTURED?

RIA SCENARIO A: PARTICIPANT CHOICE

Participant may choose:

- TIAA-CREF for participant advisory services for no additional fee; or
- Any Registered Investment Advisor (RIA). An eligible RIA means an Investment Advisor registered with SEC or State securities regulatory agency if the Investment Advisor is exempt from SEC registration requirements.

RIA investment advisory fees are paid directly from participant account accumulations with pretax dollars for services provided. Only participants who choose to use the services of an RIA pay for them.

RIA SCENARIO B: PREFERRED ADVISOR

Participant may choose:

- TIAA-CREF for participant advisory services for no additional fee; or
- To work with the North Dakota PERS Preferred Advisor.

North Dakota PERS can direct TIAA-CREF to work with several RIAs. North Dakota PERS may use TIAA-CREF's Advisor Network to identify potential Preferred Advisors, if desired. Participants seeking an independent advisor are directed to a Preferred Advisor(s). Fees are paid directly from participant account accumulations with pretax dollars for services provided. Only participants who choose to use the services of an RIA pay for them.

The TIAA-CREF Advisor Network is a network of pre-screened registered investment advisor firms and Investment Advisor representatives that have met a minimum standard developed by the CFDD, Fiduciary Risk Assessment, and TIAA-CREF for providing communication, education, and participant level advisory services.

The Network is provided to assist Plan Sponsors and Participants in the self-selection of an independent qualified advisor by setting minimum standards and providing a standardized Network profile.

RIA SCENARIO C: EXCLUSIVE ADVISOR

Participant may choose:

- TIAA-CREF for participant advisory services for no additional fee; or
- To work with one North Dakota PERS Exclusive Advisor for a fee.

North Dakota PERS can direct TIAA-CREF to work with one Registered Investment Advisor for fee-based participant advisory services. North Dakota PERS may use TIAA-CREF's Advisor Network to identify a potential Exclusive Advisors, if desired. Fees are paid directly from participant account accumulations with pretax dollars for services provided. Only participants who choose to use the services of an RIA pay for them.

This model provides the ability to work with local advisors who are thoroughly familiar with the North Dakota PERS' program and community members who share a special interest in the success of your program. By using this approach, your plan is assured a level of hands-on service, tailored and flexible, to meet the retirement savings goals of your individual employees.

TIAA-CREF ADVISOR NETWORK

The TIAA-CREF Advisor Network is a network of pre-screened registered investment advisor firms and Investment Advisor representatives that have met a minimum standard developed by the CFDD, Fiduciary Risk Assessment, and TIAA-CREF for providing communication, education, and participant level advisory services.

The Network is provided to assist Plan Sponsors and Participants in the self-selection of an independent qualified advisor by setting minimum standards and providing a standardized Network profile and can be used in conjunction with models explained above.

HOW WOULD THIS WORK FOR CURRENT REPRESENTATIVES, AGENTS AND BROKERS WHO ARE NOT RIAs?

In contemplating adding a fiduciary advice model through fee-based Registered Investment Advisors and Investment Advisor Representatives (IAR), there are several ways a financial professional can transition to this model from a traditional Registered Representative or Insurance Agent model (commission models).

It should be noted that the RIA model in no way limits any representative from continuing to work in a Registered Representative or Insurance Agent model as they do today.

While registration requirements are fairly simple, they vary from state to state. Attached is a summary of North Dakota's requirements as reported by North America Securities Administration Association (NASAA).

The following are four possible scenarios that could arise in this situation in North Dakota:

Scenario 1: Existing firm has an established RIA and allows their Registered Representatives to work on the IAR side of the business.

In this scenario the Registered Representative would simply need to register under the existing RIA as an Investment Advisor Representative by meeting the requirements outlined by the state(s) they plan on doing business in. This transition would be subject to approval by the RRs sponsoring broker/dealer. The biggest challenge for this advisor is transitioning away from their commission business to a fee based business model. Generally speaking these advisors will enter a hybrid model where they can sell commission products as a Registered Representative and work as an IAR providing advice through a fee based model.

Scenario 2: Existing firm does not have an RIA but wants to create one.

The firm would need to meet the requirements outlined by each state they plan on doing business to be register as an RIA. While the registration piece is fairly simple, the operational structure and processes to support an RIA would be very different then their traditional business and would take more time and effort for an existing firm to establish.

Scenario 3: Registered Representative breaks away and moves to another firm with an RIA

This is a common scenario in the industry as business models change and advisors' business models evolve. An advisor decides that they want to move to a fee based independent model and moves to another firm, Generally, the advisor would move to an Independent Broker Dealer that can provide the infrastructure and support to allow the advisor to establish his business as an IAR affiliated with the firms parent RIA. The advisor can also be dually registered as a hybrid advisor doing business as an IAR and a registered representative in this structure subject to BD approval.

Scenario 4: Existing Firm is a bank and has a trust company.

Trust company's generally have an exemption from registering as an RIA/IAR, so they would be able to do business in this model under their existing structure as a registered trust company in the state that they are doing business.

TIAA-CREF RIA SUPPORT

TIAA-CREF has supported Independent Financial Advisors for over 10 years. During this period, we have developed infrastructure that supports participants and institutional clients by allowing access to independent registered investment advisors for no additional fee or other compensation.

TIAA-CREF offers the following suite of services to support Registered Investment Advisors:

- Three levels of authorization to meet Advisors' business needs.
 - Inquiry Only
 - Limited Rights
 - Full Power of Attorney

- A dedicated Advisor phone center with extended business hours to support advisors.
- On going training and support on TIAA-CREF retirement plans, products, and investments.
- Advisor website with secure access to view and transact on behalf of clients.
- Web based message center directed providing advisors with access to timely information that affects their business.
- Access to an e-document facility for quarterly statements, confirmations, and tax documents.
- Downloads that allow advisors to aggregate clients' TIAA-CREF assets with outside assets for managing, reporting and billing purposes.
- Fee-billing services that allow advisors to deduct fees directly from participant accounts.
- Concierge level service to assist with enrollments, transfers in, and bulk trading.
- Access to TIAA-CREF Investment Strategists and Portfolio Managers.

North Dakota - NASAA

[Back to state index](#)

I. Registration Fees.

- Investment Adviser: \$100.
- Investment Adviser Representative: \$50.

II. Financial & Bonding Requirements. An IA with discretionary authority is required to remain solvent.

III. Sole Proprietorships. If an IA is a sole proprietorship, registration fees must be paid for IA. In addition, a form U4 must be filed for the IAR.

IV. De Minimis. An out-of state IA is not required to register until it has more than 5 clients.

V. Other Required Documents.

- Consent to service.
- Affidavit of prior activity.

For additional information, please contact the [state securities administrator](#).

TIAA-CREF Advisor Services

Working with an Independent Fiduciary Advice Model

TIAA-CREF recognizes the importance of independent financial advisors and the value they bring to clients who are saving for retirement and other life needs. Our Independent fiduciary advice model offers employees the opportunity to choose from a wide range of advisors. This service also supports the plan sponsors fiduciary responsibility to provide participants with access to independent financial advice.

What Is An Independent Fiduciary Advice Model?

Participants in an employer-sponsored retirement plan want to make sure that the funds they contribute to their retirement savings are working as hard as they are. Guidance from an independent Registered Investment Advisor (RIA) can help them manage their retirement portfolio to ensure they achieve the best possible outcomes. TIAA-CREF's Advisor Service's offers a platform for independent registered investment advisors that allows plan sponsors to offer their employees the opportunity to consult with an independent RIA of their choice to receive investment management services at a reasonable cost.

How Does TIAA-CREF's Advisor Platform Work?

The service is an additional retirement benefit that the plan administrator can offer their employees. Once the plan has adopted the service, participants in the plan are free to work with an advisor of their choice as long as the advisor is an SEC or State Registered Investment Advisor. The Participant provides the advisor with the appropriate authorization to manage their account and can pay for the advisors services directly out of their retirement plan accumulations.

Continued



What is a Registered Investment Advisor?

Registered Investment Advisor (RIA) is an individual or firm who has registered with the Securities and Exchange Commission (SEC) or state regulatory agency(s) for the purpose of providing financial advisory services for others. A Registered Investment Advisor is held to a high standard as a fiduciary to their clients and is generally compensated on a fee basis, such as a percentage of assets



How Do Plan Participants Benefit From Access To Independent Advice?

Choice and flexibility in how to receive advice:

Participants may choose from three different ways to access advice. They may work directly with TIAA-CREF for advice services, they may choose the direct method by using web based advice tools, or they may decide to hire a trusted independent advisor. Either way TIAA-CREF can support their advice needs by offering a platform that is flexible and can accommodate the needs of all.

Creates opportunity to optimize:

TIAA-CREF's advisor platform provides participants with a way to access an independent professional advisor who can help structure their retirement portfolio while seeking to achieve the best possible savings outcomes.

Provides participants with access to advisors having the expertise they need:

SEC-registered RIAs have a wide range of certifications and experience regarding investments, insurance, retirement accumulations, distribution planning and taxation. The program is designed to give participants greater control and flexibility in choosing and working with the advisor of their choice.

Offers opportunity to consolidate all assets with one advisor:

The RIA works with the participant to provide personalized expert advice for all of his or her investments. After developing a comprehensive understanding of the participant's current and future needs, the RIA takes a systematic approach toward creating a personalized investment plan, which is based on serving the participant's long-term goals.

Save on fees:

The program allows participants to pay with pretax dollars for the services of an RIA to manage their TIAA-CREF retirement plan accumulation, thereby reducing the overall cost of advice. TIAA-CREF's Institutional Fee Billing Service does not generate any tax reporting for the participant.*

What is a Fiduciary?

An RIA held to a Fiduciary Standard occupies a position of special trust and confidence when working with a client. As a fiduciary, the RIA is required to act with undivided loyalty to the client. This includes disclosure of how the RIA is to be compensated and any corresponding conflicts of interest.

* Please note: The tax information is not intended to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties. It was written to support the promotion of Institutional Fee Billing. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity and may lose value.

TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit tiaa-cref.org for details.

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ENHANCE YOUR RETIREMENT PLAN: OFFER EXPERT ADVICE BY CHOOSING TIAA-CREF'S INSTITUTIONAL FEE BILLING SERVICE

What is a Registered Investment Advisor?

A Registered Investment Advisor (RIA) is an individual or firm who has registered with the Securities and Exchange Commission (SEC) or state regulatory agency(s) for the purpose of providing financial advisory services for others. A Registered Investment Advisor is held to a high standard as a fiduciary to their clients and is generally compensated on a fee basis, such as a percentage of assets under management.

WHAT IS TIAA-CREF'S INSTITUTIONAL FEE BILLING SERVICE?

Participants in your employer-sponsored retirement plan want to make sure that the money they contribute to their retirement savings is working as hard as they are. How can they accomplish that goal? An important step is to seek the guidance and help of an independent Registered Investment Advisor (RIA) who can help manage their retirement portfolio to ensure they achieve the best possible outcomes.

TIAA-CREF's Institutional Fee Billing Service is an optional employee benefit program that provides participants with the opportunity to consult with an independent RIA of their choice to receive investment management services at a reasonable cost.

HOW DOES TIAA-CREF'S INSTITUTIONAL FEE BILLING SERVICE WORK?

- **Dedicated team provides ongoing support:** TIAA-CREF will work with plan sponsors to provide them with technical expertise in establishing and maintaining the program. We will assist plan sponsors in getting the fee billing service set up on their plan(s) and provide them with a sample Fee Billing Authorization Agreement that details the arrangements between the RIA and the participant. Periodic reports are available upon request.
- **The TIAA-CREF Difference:** TIAA-CREF's Institutional Fee Billing Service creates no administrative responsibility for plan sponsors and requires no additional costs.

HOW DO PLAN SPONSORS BENEFIT BY OFFERING TIAA-CREF'S INSTITUTIONAL FEE BILLING SERVICE TO PARTICIPANTS?

- **Adds value to your organization's existing retirement plan(s):** TIAA-CREF's Institutional Fee Billing Service enhances the retirement plan benefits your organization offers to all employees by providing access to independent RIAs.
- **Supports your role as fiduciary:** By offering access to independent advisors, who are acting as fiduciaries, TIAA-CREF's Institutional Fee Billing Service helps to support your fiduciary responsibilities as a plan sponsor.
- **Easy to administer:** TIAA-CREF's Institutional Fee Billing Service creates no administrative responsibility for plan sponsors and requires no additional costs.

HOW DO PLAN PARTICIPANTS BENEFIT BY ENROLLING IN TIAA-CREF'S INSTITUTIONAL FEE BILLING SERVICE?

- **Creates opportunity to optimize:** TIAA-CREF's Institutional Fee Billing Service provides affordable access to an independent professional advisor, who can help structure the participant's retirement portfolio while seeking to achieve the best possible outcomes.
- **Provides participants with access to advisors having the expertise they need:** SEC-registered RIAs have a wide range of certifications and experience regarding investments, insurance, retirement accumulations, distribution planning and taxation. The program is designed to give participants greater control and flexibility in choosing and working with the advisor of their choice.
- **Offers opportunity to consolidate all assets with one advisor:** The RIA works with the participant to provide personalized expert advice for all of his or her investments. After developing a comprehensive understanding of the participant's current and future needs, the RIA takes a systematic approach toward creating a personalized investment plan, which is based on serving the participant's long-term goals.
- **Save on fees:** The program allows participants to pay with pretax dollars for the services of an RIA to manage their TIAA-CREF retirement plan accumulation, thereby reducing the overall cost of advice. TIAA-CREF's Institutional Fee Billing Service does not generate any tax reporting for the participant.*

WHAT ARE NEXT STEPS?

- **Seek advice from your organization's legal team:** To ensure that RIA fees receive favorable tax treatment, plan sponsors need to recognize them as bona fide fees of the plan(s). Therefore, we always recommend that you discuss Institutional Fee Billing with your legal counsel before approving the service.
- **Contact us:** Plan sponsors who would like more information about TIAA-CREF's Institutional Fee Billing Service are encouraged to speak with your TIAA-CREF Managing Consultant if you have any questions.

* Please note: The tax information is not intended to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties. It was written to support the promotion of Institutional Fee Billing. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

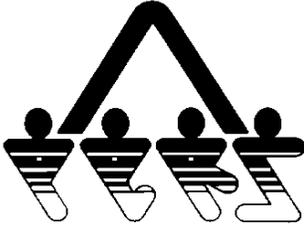
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FOR THE GREATER GOOD®



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 10, 2012
SUBJECT: Hartford

At the last meeting we reviewed the news that Hartford, our second largest deferred comp provider (with \$33 million in assets and 900 participants), intends to sell their retirement business within the next 12 months based upon industry reports. It was decided at that meeting that we should:

1. Send a letter to Hartford requesting an explanation
2. Request Jan to review our contract
3. Contact Segal Advisors to seek their assistance

Attachment #1 is the letter sent to Hartford on April 23rd. We sent it certified mail and received a return receipt indicating they had gotten the letter. Attachment #4 is the response from Hartford.

Attachment #2 is a memo from Jan reviewing the statutes, rules and contract relating to the deferred comp program and Hartford. She will be available at the Board meeting to discuss it in more detail.

Pursuant to the action at the last meeting, I have contacted Segal Advisors and they are available to assist us as needed. Attachment #3 is an update from them on Hartford.



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April 23, 2012

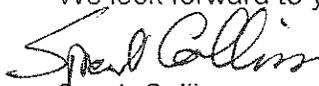
Michael Morrell
Hartford Life
P.O. Box 1583
Hartford, CT 06144-1583

This letter is concerning the Hartford's participation in North Dakota's 457 Plan. As a result of reading articles in industry publications, we recently became aware of Hartford's intention to exit its retirement plan service business operations. We are requesting your explanation of this decision and its affect on our business relationship. Please respond by May 10 so we can review this with the NDPERS Board of Directors. Specifically, address the following:

1. Please provide a description of The Hartford's plans to sell its retirement plan business.
 - a. What are the business reasons for the sale?
 - b. What are the current credit ratings for The Hartford?
 - c. What is being sold? Will the governmental segment be part of the sale?
 - d. What is the expected time frame for the sale?
2. How will the sale impact current Hartford plan participants in the ND 457 program?
3. Current Hartford plan participants in the ND 457 plan are in group annuity contracts - individually allocated, therefore:
 - a. Will participants in these contracts be able to keep ownership?
 - b. How will any of these contracts be treated in the sale?
 - c. Will product deferred sales charges, back-end loads, market value adjustment terms be impacted?
4. Will any current Hartford products be discontinued or modified as to their terms and conditions?
5. How will guaranteed products (e.g., fixed and variable annuities) be impacted?
6. How will the sale impact the current Hartford broker-agent distribution model and participant service model?

If you have any questions regarding this request, please feel free to contact me at 701-328-3901.

We look forward to your response.


Sparb Collins
Executive Director

SENT CERTIFIED

MEMORANDUM

TO: Sparb Collins, Public Employees Retirement System

FROM: Janilyn K. Murtha, Assistant Attorney General

RE: Hartford Provider Administrative Agreement

DATE: May 10, 2012

In a recent press release, Hartford, the second largest provider in the 457 plan administered by NDPERS, announced its intent to sell its retirement business. Hartford has not as of yet communicated to the NDPERS Board (hereinafter "Board") or membership its intent to proceed with this action or how such an action would specifically affect the applicable members. I was requested to review the contract that NDPERS has with Hartford related to its provider status and provide the Board with information regarding available options under contract. In response to this request I have reviewed the current provider contract between NDPER's and Hartford executed in 1999, and the two subsequent amendments to that contract, executed in 2001 and 2005, respectively (hereinafter the contract and subsequent amendments shall be referred to collectively as the "Agreement").¹ The following memorandum is intended to summarize relevant statutory sections, administrative rules, and Agreement provisions that speak to options available to the Board under the Agreement in the event the provider fails to meet various responsibilities.

Statutory Sections:

N.D.C.C. § 54-52.2-03.2 sets forth the Boards authority to administer the plan. Subsection 1 of this statute grants the Board the authority to adopt rules to manage the plan; subsection 3 requires that each provider report annually information related to products, fees, contract charges, penalties, "and such other information the board may require"; subsection 5 grants the Board authority to suspend participation of any provider that does not meet the requirements of N.D.C.C. ch. 54-52.2 or rules of the board.

The option of provider suspension is the most often repeated remedy available to the Board under statute, rule and the Agreement.

¹ The Agreement term began August 1, 1998, effective for a one year term that has and will automatically renew unless terminated by either party.

Administrative Rules:

The Agreement states that the provider shall abide by the Rules established by the Board. N.D.A.C. ch 71-04-06 sets forth various provider responsibilities and while there are many, this summary will be limited to reporting and disclosure responsibilities and provider suspension.

N.D.A.C. § 71-04-06-06 requires the provider deliver quarterly reports detailing the activity of each participant's account. The list of information required by the rules does not contain language encompassing other information the Board may require. Per section 71-04-06-11, failure to deliver the report within 30 days of being noticed results in the provider losing active provider status under section 71-04-04-09(1); failure to deliver the report within 90 days results in loss of provider status under section 71-04-04-09(2).

N.D.A.C. § 71-04-06-14 requires the provider report annually to the Board such information the board may require regarding the provider's investment products. Failure to deliver the report within 60 days of a request constitutes a violation of the administrative agreement and subjects the provider to action under section 71-04-04-09.

N.D.A.C. § 71-04-04-09 provides two forms of suspension for a provider should the provider fail to meet the requirements of article 71-04 or N.D.C.C. ch. 54-52.2: loss of active provider status and loss of provider status. Loss of active provider status allows the provider to receive contributions from existing members but new members may not enroll. Loss of provider status doesn't allow either new members to enroll or existing members to make additional contributions.

Agreement Provisions:

The Agreement requires the provider to deliver semi-annual reports detailing the activity of each participant's account, including any information not specifically listed but required by the Board. Failure to submit the report within 30 days of being noticed results in the provider being unable to enroll new members; failure to submit the report within 90 days after the end of the reporting period constitutes a material breach of the Agreement and the provider may not accept contributions from existing members. The Agreement indicates that in the event of a material breach of the Agreement the Board will commence termination of the Agreement.

Additional provider responsibilities include notifying members whenever an existing investment option is being discontinued, responding to the Board's request for information regarding investment products, and complying in a timely manner with all reasonable direction that the Board may provide regarding administration of the program.

In the event the Agreement is terminated by the Board for cause, or terminated by the provider for any reason, the provider will transfer all participant accounts to another provider “free from all transfer charges and penalties whatsoever, regardless of any provision to the contrary in the investment contract”. Further the Agreement requires the provider to indemnify and hold harmless the Board for any loss, damage, claim, or expense arising in connection with any actions taken or omitted by the provider.

If Hartford fails to respond to the recent inquiry submitted by NDPERS, there appear to be provisions in statute, rule, and the Agreement that allow the Board to pursue a formal course of inquiry with Hartford and a possible suspension of provider status if Hartford fails to respond. This summary does not comment on all options available to the Board under law.

New York

MEMORANDUM

To: NDPERS Board of Trustees

From: Robert Liberto

Date: May 8, 2012

Re: Status of The Hartford's announcement on the sale of their Retirement Plan business

We have conducted several conference calls with The Hartford since the announcement that they will be placing their retirement plan services unit and other businesses up for sale.

Attached is a "Manager Alert" that we produced on April 13, 2012, which addresses the organizational changes that The Hartford is contemplating. The highlights of the "Manager Alert" are:

The firm believes that any sale of their retirement practice could take twelve to eighteen months to complete. The Hartford will continue to market their stable value strategy. In the event that the stable value or recordkeeping business is sold before a contract's expiration date, the contract will remain at The Hartford and is backed by the firm until the duration of the contract. While consolidation in the industry is nothing new, Segal Rogerscasey believes this is a significant event.

Recent conversations with The Hartford have uncovered the following:

Currently all the rating agencies show The Hartford with ratings of "A" or better.

- Moody's – A3 "Good" 7th highest out of 21
- A.M. Best - A "Excellent", 3rd highest out of 16
- Fitch – A- "Strong" 7th highest out of 21
- S&P – A- "Strong" 7th highest out of 21

All have Hartford on Stable outlook except A.M. Best which has Hartford on a negative outlook.

The Hartford advised us that twelve firms have placed bids on the Retirement Plan business and they expect to select a buyer within the next two months. The firm that purchases the business will assume all

the current arrangements as they exist today, which includes the broker dealer business. It will be up to the broker dealer if they decide to continue their relationship with the new provider.

As far as The Hartford's deferred sales charges, back-end loads, or market value adjustments are concerned, we were advised that they will not affect participant transactions, except for transfers out of the plan.

The Hartford is a major player in the Public Sector marketplace and we believe that many of the large investment institutions will consider this a much desired business. At this juncture, we suggest a wait and see approach, since the firm expects to identify a buyer within the next two months.

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The Hartford Financial Services Group, Inc. - Organizational Announcement:

On March 21, 2012, The Hartford Financial Services Group, Inc. (The Hartford) announced that it was placing its Individual Annuity business into runoff and was pursuing sales or other strategic alternatives for Individual Life, Woodbury Financial Services and Retirement Plans with the goal of narrowing its focus on property and casualty, group benefits and the mutual fund businesses. Segal Rogerscasey conducted a conference call with members of The Hartford and Hartford Investment Management Company (HIMCO) to discuss the recent announcement.

Background

The Hartford Financial Services Group, Inc. (The Hartford), together with its subsidiaries, provides insurance and financial services primarily in the United States and Japan. The Hartford was founded in 1810 and is headquartered in Hartford, Connecticut.

Over the past several quarters, The Hartford's senior management team and Board conducted an evaluation of the company's strategy and portfolio of businesses. Upon completion, the firm decided to narrow its strategic focus, and de-emphasize capital-intensive businesses. As a result, The Hartford announced it was placing its Individual Annuity business into runoff and was pursuing sales or other strategic alternatives for Individual Life, Woodbury Financial Services and Retirement Plans. The Hartford has engaged financial advisors to assist in this process. The firm believes that any sale could take between 12 to 18 months to complete. During the transition period and for the foreseeable future, The Hartford will continue to market their stable value strategy, write new business and invest in its infrastructure.

The Hartford stressed that it will continue to honor its commitments to all policyholders. In particular, the stable value and recordkeeping accounts that Segal Rogerscasey has exposure to will be honored. In an event that the stable value or recordkeeping business is sold before a contract's expiration date, the contract will remain at the Hartford and is reassured by the firm until the duration of the contract.

The investment management subsidiary of The Hartford, the Hartford Investment Management Company (HIMCO) will remain focused on its institutional asset management business, both for third-party institutional clients and for affiliated insurance operations.

For HIMCO, this recent announcement by the Hartford means the firm will likely see its AUM reduced as the businesses in question are spun off. The firm has experienced other material changes lately. In October 2011, HIMCO announced that Greg McGreevy, President, was leaving the firm due to personal reasons. Additionally, Donna Howe, Head of Risk Management, also left the firm. Ms. Howe, who was hired by Mr. McGreevey, apparently did not get along with the senior investment professionals at HIMCO; her departure was for interpersonal rather than professional reasons. In addition, in December 2011, The Hartford announced plans to hire Wellington, the sub-advisors for the majority of The Hartford's equity mutual funds, to replace HIMCO as the sub-advisor for its fixed income mutual funds. This transaction will occur throughout the first half of 2012.

Segal Rogerscasey Analysis

While consolidation in the industry is nothing new, Segal Rogerscasey believes this is a significant event. It is important to note that all current stable value and recordkeeping contracts will be honored and are reassured by The Hartford. For HIMCO, while to date the business continues to operate normally, the recent changes are cause for concern. The loss of the sub-advisory relationships, Mr. McGreevey and Ms. Howe's departures, along with the recent announcement from The Hartford (the asset sales) are viewed as material events for HIMCO in terms of sponsorship and management leadership and may lead to renewed instability amongst key investment professionals.

Segal Rogerscasey will continue to monitor this situation and report on future developments. Please let us know if you have any questions or concerns.

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May 10, 2012

Mr. Sparb Collins
Executive Director
North Dakota PERA
400 East Broadway, Suite 505
PO Box 1657
Bismarck, ND 58502-1657

Dear Sparb:

On behalf of Kirsten Steiert, Sr. Regional Client Care Manager please find below The Hartford's response to your recent inquiry regarding the sale of the Hartford's retirement plan business.

1. Please provide a description of the Hartford's plans to sell its retirement plan business:

(a) What are the business reasons for the sale?

On March 21, 2012, The Hartford announced its decision to sell its Retirement Plans business, along with several other businesses not considered core to The Hartford's future strategy.

(b) What are the current credit ratings for The Hartford?

As of May 8, 2012 our credit ratings were as follows: A.M. Best: A; Fitch: A-; Moody's: A3; Standard & Poor's: A-. We have a stable outlook Fitch, Moody's, and Standard & Poor's. For A.M. Best they have placed us on negative watch.

(c) What is being sold? Will the government segment be part of the sale?

The Hartford is selling its entire Retirement Plans business, including the government segment.

(d) What is the expected time frame for the sale?

We expect that any sale could take between 12 and 18 months to complete.

2. How will the sale impact current Hartford plan participants in the ND 457 program?

All group annuity contracts issued by Hartford Life Insurance Company to retirement plans will remain in force under the existing provisions, conditions, and terms after the sale.

Therefore, the plan participants will continue to have the same rights and privileges after the sale, for as long as the existing contract remains in place. The existing contract will continue until terminated or discontinued by either party in accordance with its provisions.

The Hartford
200 Hopmeadow Street
Simsbury, CT 06089

"The Hartford" is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing company Hartford Life Insurance Company and Hartford Securities Distribution Company, Inc. ("HSD"). HSD (member FINRA and SIPC), a registered broker/dealer affiliate of The Hartford, has established certain service programs for retirement plans, including defined contribution employee retirement benefit plans, through which a sponsor or administrator of a Plan may invest in mutual funds on behalf of Plan Participants.

Securities Offered Through Hartford Securities Distribution Company, Inc. 200 Hopmeadow Street, Simsbury, CT 06089. 1-800-874-2502



3. Current Hartford plan participants in the ND 457 plan are in the group annuity contracts - individually allocated, therefore:
 - (a) Will participants in these contracts be able to keep ownership?
 - (b) How will any of these contracts be treated in the sale?
 - (c) Will product deferred sales charges, back-end loads, market value adjustment terms be impacted?

See response to #2 above; since the Hartford Life group annuity contract with the ND 457 plan will remain in force and unchanged after the sale, the plan participants will have the same rights, privileges - and will be subject to any existing deferred sales charge (based upon his/her individual participation in the Contract).

4. Will any current Hartford products be discontinued or modified as to their terms and conditions?
It is anticipated that the Retirement Plans business will continue as usual during the transition period. Upon the completion of the sale, the buyer will determine what products will be continued, discontinued, or modified for its future new business.
5. How will guaranteed products (e.g., fixed and variable annuities) be impacted?
As indicated above, all group annuity contracts and funding agreements issued by Hartford Life Insurance Company to retirement plans will remain in force under the existing terms and conditions after the sale.
6. How will the sale impact the current Hartford broker-agent distribution model and participant service model?
The Hartford's Retirement Plans business will continue as usual during the transition and sale process. The buyer will determine what business models will be utilized after completion of its purchase.

Upon your review of Hartford's responses to your inquiries do not hesitate to contact Kirsten directly at (913) 262-7429 or myself at the number below.

Sincerely,

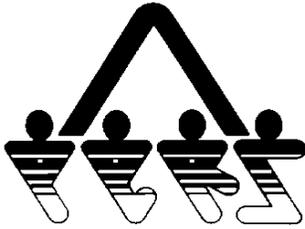
Michael M. Scheetz
Senior Strategic Relationship Manager
Retirement Plans Group SDC1-560
Phone: 860-843-1998
Fax: 866-521-9538

cc: Kirsten Steiert
Bill Abramowicz

The Hartford
200 Hopmeadow Street
Simsbury, CT 06089

"The Hartford" is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing company Hartford Life Insurance Company and Hartford Securities Distribution Company, Inc. ("HSD"). HSD (member FINRA and SIPC), a registered broker/dealer affiliate of The Hartford, has established certain service programs for retirement plans, including defined contribution employee retirement benefit plans, through which a sponsor or administrator of a Plan may invest in mutual funds on behalf of Plan Participants.

Securities Offered Through Hartford Securities Distribution Company, Inc. 200 Hopmeadow Street, Simsbury, CT 06089. 1-800-874-2502



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 9, 2012
SUBJECT: Health Insurance RFP
Health Plan Design

Introduction

This summer we begin the bid process for the health plan. Attached is a draft of the RFP for your review and approval. Mr. Pat Pechacek from Deloitte will be at the meeting to answer any questions you may have. The sequence of events from here forward will be:

| Activity | Date/Time (All Times in CT) |
|---|--|
| NDPERS publishes Request for Proposal (RFP) | Friday May 25 th , 2012 |
| Vendor questions (in writing) due | Friday June 8 th , 2012 (5 pm) |
| NDPERS distributes answers to vendors' questions | Friday June 22 th , 2012 |
| Proposals due | Thursday July 12th, 2012 |
| NDPERS notifies finalist vendors of additional questions and finalist presentation format | Wednesday August 15 th , 2012 |
| Finalist presentations (if requested) | Week of August 20 th , 2012 |
| NDPERS notifies finalist of intent to negotiate | Monday August 27 th , 2012 |
| Contractor and NDPERS complete negotiations | Sept/Oct 2012 |
| Contractor and NDPERS begin implementation | November 2012 |
| Contractor(s) begins providing services | Monday July 1 st , 2013 |

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

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

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

Background

At this point in time our goal is to initiate the bid process. Based upon the decision at an earlier meeting, the attached RFP is for two years only and for fully insured only. It was decided to take this approach due to the uncertainty in the health care market place as a result of health care reform. The attached bid does several things. First, it asks for the cost of renewing our existing plans (the grandfathered plan, the non-grandfathered plan and the HDHP/HSA). Second, and as was done in the past, we also ask them to price a range of alternative plan designs/scope of benefits so the Governor and the Legislature can see the effects that various levels of funding have on the benefits provided and the implications of adding certain benefits. In the 1980's PERS used a different process. The Board did not address plan design until final funding was approved by the Legislature. Consequently, the Governor and Legislature considered and debated the percentage increase in health premiums and made a decision on the appropriate increase without considering the effect on plan design or scope of benefits. We learned the problem with this approach was that the effect on benefits could be greater than anyone may have anticipated, but by then the Legislature had concluded its session. Therefore, since the 1990's the Board has also included this second step as part of the renewal so everyone has a clear understanding of the plan that is being purchased for the premium that is proposed or approved. In addition, we have also presented the cost of changes in the scope of benefits so everyone has a clear understanding of the effect of lower premiums on plan design.

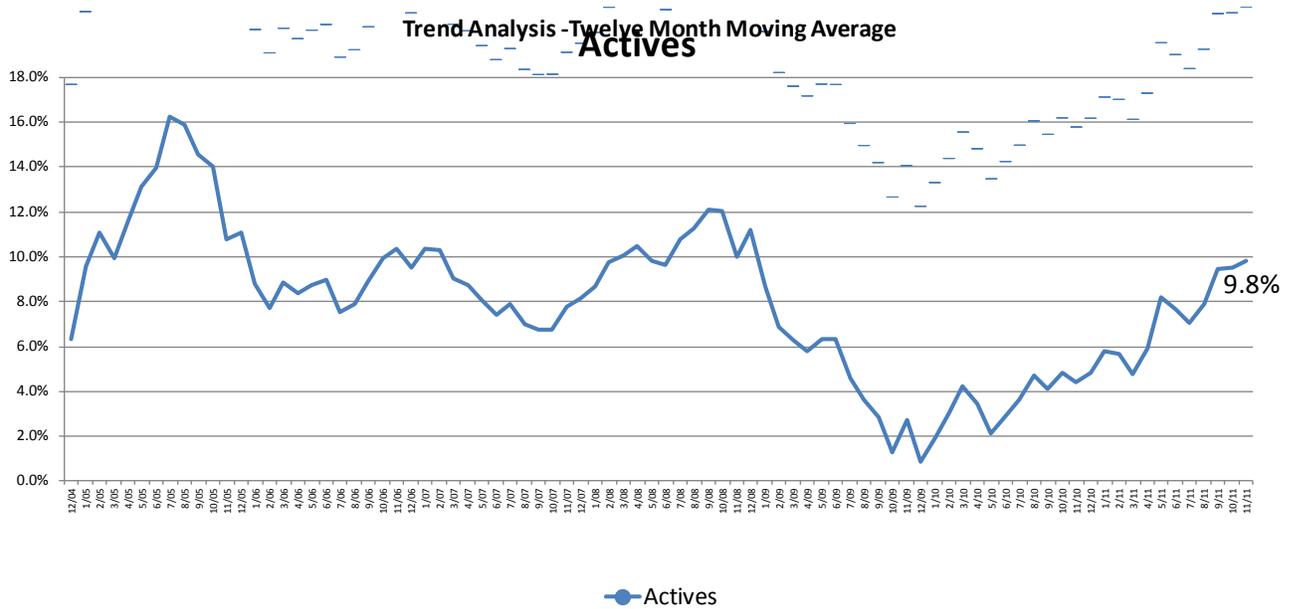
Therefore, today we need to decide the following for the bid:

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

This will be discussed in more detail in a later section of this memo.

Health Plan Trends

At the last PERS Board meeting we reviewed the following table:



How the above trend could translate into premium increases is shown on the following table. If our renewal trend is in the range of 8%-9%, we can see on this table what that means for increased premiums.

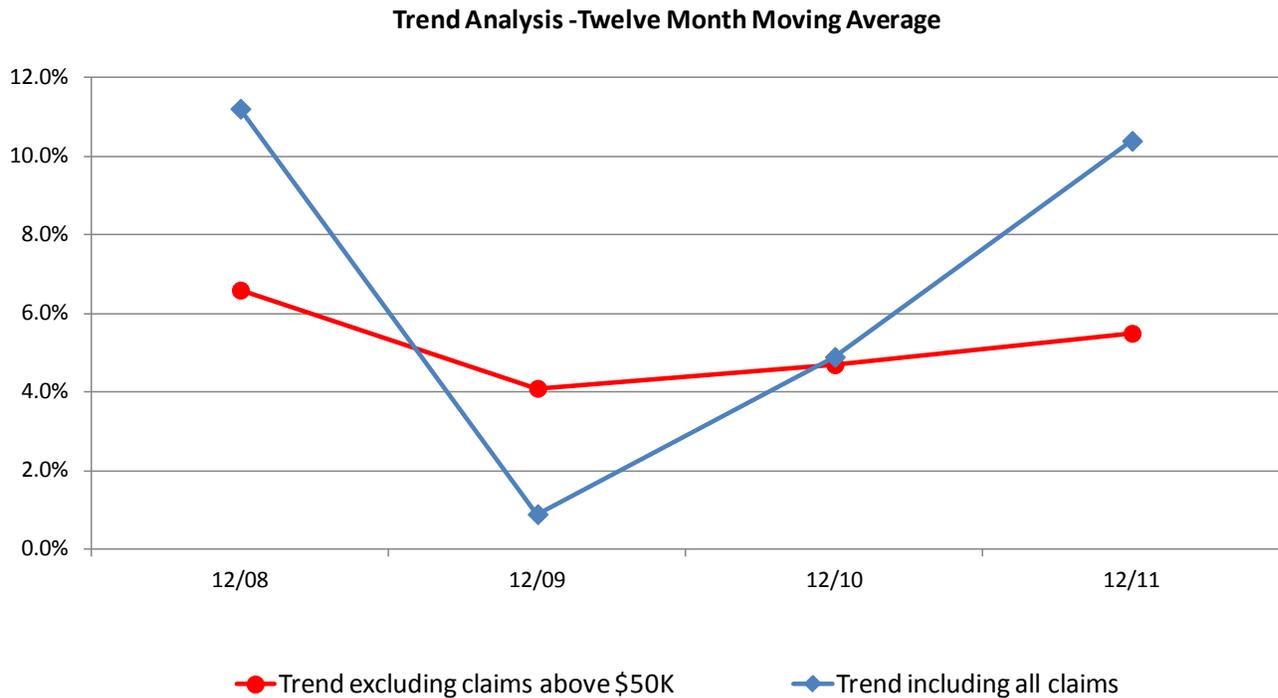
Active State Renewal Rate

| NDPERS 2011- 2013 Allocation and 2013-2015Projection | NDPERS 2013-2015 Planning Projections | | | |
|--|---------------------------------------|--------------|--------------|--------------|
| | 7% Trend | 8% Trend | 9% Trend | 10% Trend |
| 2007-2009 rate | \$658.08 | \$658.08 | \$658.08 | \$658.08 |
| 2009-2011 rate | \$825.66 | \$825.66 | \$825.66 | \$825.66 |
| 2011-2013 rate | \$886.62 | \$886.62 | \$886.62 | \$886.62 |
| 2011-2013 % increase | 7.4% | 7.4% | 7.4% | 7.4% |
| Expected 2013-2015 BCBS rate | \$1015.09 | \$1034.15 | \$1053.39 | \$1072.81 |
| 2013-2015 \$ increase | \$128.47 | \$147.53 | \$166.77 | \$186.19 |
| 2013-2015 % increase | 14.5% | 16.6% | 18.8% | 21.0% |
| Total State additional funds* | \$35,458,000 | \$40,718,000 | \$46,029,000 | \$51,388,000 |
| Total additional general funds** | \$21,275,000 | \$24,431,000 | \$27,617,000 | \$30,833,000 |

* - For biennium assuming 11,500 State FTE's

** - Assumed to be 60% of total funds

We also learned that much of the variability is due to high cost claims:



These trends have several implications for us as we approach the 2013-2015 biennium:

- Trend is going to result in a health premium increase that could be in the 14-16% range.
- There is little room to request additional enhancements that will add cost to the plan.
- High cost claims make a significant difference to trend and to reduce these claims requires a long term commitment to wellness
- Wellness is an opportunity to help reduce costs.
- PERS has started wellness efforts in the plan by providing incentives to employers to incorporate employer based wellness programs at their work sites.

The attached RFP provides for continuing the PERS wellness programs.

In the next section of this memo we will discuss the suggestions of the PERS Benefits Committee and staff relating to the implications of rising costs on the plan design/scope of benefits.

Plan Design and Scope of Benefits

PERS is limited in the changes that can be made in plan design as a result of the health care reform law and its “grandfathered status”. Therefore, for the bid, we are suggesting that we ask for pricing on the plan design alternative that is allowed and they are as follows:

Annual Premium Reductions to change deductible:

from \$400 single/\$1200 family to \$450 single/\$1350 family

Annual Premium Reductions to change coinsurance maximum:

from \$750/1500 to \$900/1800 IN and \$1250/2500 to \$1500/3000 OON

Annual Premium Reduction for a \$5 increase in office visit copay:

Annual Premium Reduction for a \$10 increase in emergency room copay:

Annual Premium Reductions to change RX Formulary Generic copay:

from \$5 copay to \$10 copay

Annual Premium Reductions to change RX Formulary Brand copay:

from \$20 copay to \$25 copay

Annual Premium Reductions to change RX Non-Formulary copay:

from \$25 copay to \$30 copay

Annual Premium Reductions to change RX Formulary coinsurance maximum:

from \$1000 to \$1200

In addition, we have had requests that contraceptive coverage be added to the plan. The following is a letter from a member on this subject.

Hello Mr. Collins,

How or when does NDPERS intend to comply with the federal law to cover birth control and women's health services for women employees? This is an important issue for the women of North Dakota in regards to accessing basic services needed to plan our families and care for our health. Many new women faculty I encounter find it absolutely unbelievable that birth control is not covered in our health plan. This can no longer simply be a cost issue. The right thing to do is to cover birth control for both the men and women of North Dakota who desire to plan when their families grow (or not grow).

Member Letter

This benefit is required under the health care law for our non-grandfathered plans and is also subject to court cases as well. This information would be helpful to us as we move forward with the plan for 2013-15.

It was also suggested that we request the cost of providing coverage colonoscopy pursuant to the national standards.

In summary, the staff is suggesting (this was also reviewed with the Benefits Committee) that PERS:

1. **Submit the existing plan design for the renewal.**
2. **Submit the alternative plan design changes that are allowed under the health care law.**
3. **Submit a request for the cost of contraceptive coverage and colonoscopy coverage pursuant to the national standards.**

Please note that while we are requesting this costing information at this time, it does not mean that we are proposing to make any of the above changes.

Other Plan Considerations

HB 1433

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

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

In the RFP we continue to ask the successful vendor to help with this program by taking care of the payments; however, it is not part of the premium and as in the past, will be paid from PERS reserves.

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

Wellness Efforts

As noted previously the draft RFP proposes to maintain all our wellness efforts.

Recommendation

Approve moving forward with the attached RFP



North Dakota Public Employees Retirement System

Request for Proposal

Group Medical and Prescription Drug Coverage

May 25th, 2012

**Proposals Due:
By 5:00 p.m. CT
July 17, 2012**

Key Information

Objective

North Dakota Public Employees Retirement System (“NDPERS”) is soliciting proposals for the insurance and administration of its employee/retiree medical and prescription drug insurance plan, with a July 1, 2013 effective date. Medical insurance responses are required for the fully-insured financial arrangement as described in this RFP. Proposals will be accepted for insurance companies that are capable of offering a statewide provider network, utilization management, disease management, pharmacy benefit manager services along with other related services.

NDPERS recently performed an assessment of its environment and the health bid processes. This review highlighted that the marketplace and the health care environment have a high level of uncertainty as a result of health care reform, its implications and what its applicable provisions will be. As a result of this uncertainty NDPERS has decided to again request a two year bid replicating the existing fully-insured program for employee and retiree coverage, as well as the Medicare retiree prescription drug plan.

The contract will be for a two year term beginning July 1, 2013 through June 30, 2015. The Prescription Drug Plan (“PDP”), however, will have a contract date beginning January 1, 2014 to December 31, 2016.

Background

NDPERS is responsible for the administration of the State of North Dakota’s Retirement, Health, Life, Deferred Compensation, FlexComp, and Retiree Health Credit programs. In addition, political subdivisions of the state participate. NDPERS also administers three voluntary insurance programs: a group dental, vision, and long-term care program. Approximately 23,000 active employees and 7,000 retirees are eligible to participate in these plans.

NDPERS reserves the right to select the health plan proposals that best fit its needs and the needs of its eligible employees/retirees. NDPERS has retained Deloitte Consulting LLP (“Deloitte Consulting”) to assist with the RFP process.

Currently Blue Cross Blue Shield of North Dakota (“BCBSND”) insures the medical and prescription drug plan under a fully-insured arrangement with some risk sharing provisions.

In determining which bid, if any, will best serve the interests of eligible employees/retirees and the state, the NDPERS and its Board shall give adequate consideration to the following factors:

1. The economy to be affected.
2. The ease of administration.
3. The adequacy of the coverages.
4. The financial position of the carrier, with special emphasis as to its solvency.

5. The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.

Proposed Timetable

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify vendors of changes to the proposed timeline.

| Activity | Date/Time (All Times in CT) |
|--|--|
| NDPERS publishes Request for Proposal (RFP) | Friday May 25 th , 2012 |
| Vendor questions (in writing) due | Friday June 15 th , 2012 (5 pm) |
| NDPERS distributes answers to vendors' questions | Friday June 22 th , 2012 |
| Proposals due | Tuesday July 17th, 2012 |
| Finalist presentations (if requested) | September 2012 |
| NDPERS notifies finalist of intent to negotiate | Monday August 27 th , 2012 |
| Contractor and NDPERS complete negotiations | September/October 2012 |
| Contractor and NDPERS begin implementation | November 2012 |
| Contractor(s) begins providing services | Monday July 1 st , 2013 |

RFP Coordinator Contact
Patrick Pechacek

Deloitte Consulting LLP
 50 South 6th Street
 Suite 2800
 Minneapolis, MN 55402
ppechacek@deloitte.com

Note:

From the date of issuance until the announcement of the finalist(s), vendors may contact only the RFP Coordinator. All correspondence and questions must be submitted in writing via e-mail to the RFP Coordinator in accordance with the timeline set forth in this RFP. NDPERS personnel are not authorized to discuss this RFP with vendors; doing so may result in disqualification. Vendors may continue to communicate with NDPERS staff regarding other relevant business matters.

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I. Overview of the NDPERS Program

NDPERS

North Dakota Public Employees Retirement System (NDPERS) is a separate agency created under North Dakota state statute, and while subject to state budgetary controls and procedures, as are all state agencies, is not a state agency subject to direct executive control. NDPERS is managed by a Board comprised of seven members:

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

Dakota Plan

Currently, NDPERS contracts with Blue Cross/Blue Shield of North Dakota (“BCBSND”) to provide fully-insured health care coverage with a risk sharing agreement. If incurred claims plus expenses are more than premiums during the biennium, 50% of the first \$6,000,000 is refunded to BCBSND. If incurred claims plus expenses are less than premiums plus interest during the biennium, BCBSND retains 50% of the first \$3,000,000 of surplus and any remaining funds are returned to NDPERS. Prior to July 1, 1989, the program was self-insured. The plans provided pursuant to this arrangement are:

- PPO/basic – Grandfathered plan
- PPO/Basic – Non grandfather plan
- HDHP/HSA Plan – Non Grandfathered
- Dakota Retiree Plan including PDP

PPO

PPO stands for “Preferred Provider Organization” and is a group of hospitals, clinics, and physicians who have agreed to discount their services to members of NDPERS. Members have “freedom of choice” in selecting which physician or medical facility to use for services. Because PPO health care providers charge less for medical care services, cost savings are passed on to the members by way of reduced cost sharing amounts. The PPO discount NDPERS receives is in addition to the BCBSND negotiated reimbursement schedule with participating professional service providers in North Dakota.

Basic Plan

If a PPO health care provider is not available in the member’s area, or if the member chooses or is referred to a health care provider not participating in the Preferred Provider Organization, the member will receive the Basic Plan benefits.

High Deductible Health Plan (HDHP)

In addition to the PPO / Basic Plans, NDPERS offers eligible participants the option to enroll in a high-deductible health plan (HDHP) from BCBSND, with a Health Savings Account (HSA) from Discovery Benefits. The HDHP/HAS option has a higher annual deductible and larger out-of-pocket cost for medical services. However, the higher out-of-pocket costs are partially offset by an employer contribution to the HSA. In 2012, the NDPERS annual HSA contributions are: \$658.08 for singles and \$1,592.88 for families. NDPERS members enrolled in the HDHP/HAS options are eligible to participate in BCBSND's HealthyBlue and Health Club Credit wellness programs, and may earn the same rewards available to NDPERS members enrolled in the Dakota PPO/Basic plan.

Coverage Rules: When Coverage Begins & Eligibility

An eligible employee is entitled to coverage the first of the month following the month of employment, provided the employee submits an application for coverage within the first 31 days of employment. Each eligible employee may elect to enroll his/her eligible dependents.

Eligible employees include:

- State employees or employees of participating Political Subdivisions who are at least eighteen (18) years of age and whose services are not limited in duration, who are filling an approved and regularly funded position, and who are employed at least 17 and one-half hours per week and at least five months each year;
- State employees first employed after August 1, 2003, who are employed at least twenty (20) hours per week and at least twenty weeks each year of employment are eligible to receive benefits; and
- Temporary employees who work a minimum of 20 hours per week and at least 20 weeks each year are eligible to receive benefits.

An eligible dependent includes the eligible employee's spouse under a legally existing marriage between persons of the opposite sex, the employee's or the employee's living, covered spouse's children under the age of 26 years. Children are considered under age 26 until the end of the month in which the child becomes 26 years of age. The term child or children includes:

1. Children physically placed with the employee for adoption or whom the employee or the employee's living, covered spouse has legally adopted.
2. Children living with the employee for whom the employee or the employee's living, covered spouse has been appointed legal guardian by court order.
3. The employee's grandchildren or those of the employee's living, covered spouse if: (a) the parent of the grandchild is unmarried, (b) the parent of the grandchild is covered under this Benefit Plan and (c) both the parent and the grandchild are primarily dependent on the employee for support. If a lapse in coverage occurs due to ineligibility of the parent under this Benefit Plan, the grandchild cannot be reenrolled unless the employee has been appointed legal guardian.
4. Children for whom the employee or the employee's living, covered spouse are required by court order to provide health benefits.

5. Children beyond the age of 26 who are incapable of self-support because of mental retardation or physical handicap that began before the child attained age 26 and who are primarily dependent on the employee or the employee's spouse for support. Coverage for such a disabled child will continue for as long as the child remains unmarried, disabled and the employee's dependent for federal income tax purposes. The employee may be asked periodically to provide evidence satisfactory to BCBSND of these disabilities.

- **Retiree Eligibility**

Retirees or surviving spouses who are under age 65 and are receiving a retirement allowance from the Public Employees Retirement System, the Highway Patrol Retirement System, the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF), the Job Service Retirement Plan, the Teachers' Fund for Retirement (TFFR), or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan are eligible for benefits.

The Non-Medicare retiree single rate is 150% of the active member single rate; the rate for a non-Medicare retiree plus one is twice the non-Medicare single rate, and the rate for a non-Medicare retiree plus two or more dependents is two and one-half times the non-Medicare retiree single rate.

Detailed information regarding current eligibility for dependents for the Dakota Plan can be found in the 2011-2013 Summary of Benefits at <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf>.

Dakota Retiree Plan

Employees who retire have the option to continue insurance coverage through NDPERS. The Dakota Retiree Plan provides health care coverage as a secondary payer to Medicare. The plan of coverage for Medicare retirees is different than the plan for non-Medicare retirees. The PERS Medicare retiree plan is identical to a Medicare supplement Plan F. Each eligible retiree may elect to enroll his/her eligible dependents as described in the *Eligibility* section above. The prescription drug benefit for retirees is provided through a group Prescription Drug Program (PDP) on a calendar year basis.

Pharmacy Benefit Manager

Currently, the prescription drug plan coverage for active and non-Medicare retirees is bundled with the medical plan provided by BCBSND who provides the core pharmacy benefit functions and services including claims processing, pharmacy network development/maintenance, drug formulary design, clinical program management, mail service, and specialty pharmacy except the Rx plan for Medicare eligible members. The plan for Medicare eligible members is identical in terms of plan provisions (out of pocket expenses) except this coverage is provided separately through a qualified PDP. Consequently differences do exist in terms of the formulary and other such items. The PDP contract is on a calendar year basis.

Data Warehouse

NDPERS maintains a health care data warehouse. The medical records and related data of the employees, retirees, and dependents, obtained as the result of enrollment in the uniform group insurance program, are the property of the Public Employees Retirement System (Century Code Statute 54-52.1-12). Currently the health plan provides raw data, including detailed claims and enrollment data sets, based on a mutually agreed upon format no less than monthly for the data warehouse repository. All administrators are expected to submit claims and enrollment data, in an agreed upon format.

Reporting Requirements

NDPERS requires vendors to provide reporting which includes, but is not limited to the following. All monthly reports should be done for each plan offered (e.g. Grandfathered PPO, Non-Grandfathered PPO, HDHP, etc.) and should also roll up to an annual, aggregate report.

1. Monthly claim reports broken down by plan, by category, split medical vs. prescription drugs.
2. Monthly enrollment counts by plan.
3. Monthly information, by plan, regarding large claims in excess of \$100,000.
4. Monthly premium vs. claim ratio report by plan with a year to date roll up.
5. Monthly and year to date breakdown of medical claims by type of services by plan.
6. Quarterly and year to date breakdown, by plan of medical charges submitted, ineligible charges, provider discounts, COB savings, deductibles and coinsurance paid by participants and final paid claims.
7. Annual policy accounting statement including claim reserves.
8. Annual medical claim lag study.

Each vendor must:

1. Provide NDPERS with claims specific data on a monthly basis on compact disc or other agreed upon medium. This information shall be in a format acceptable to NDPERS and subject to all federal and state laws on confidentiality and open records.
2. Carry over any deductible and or coinsurance amounts incurred from January 1 to June 30, of the prior contract period.
3. Provide annual accounting of HSA accounts, including the following information:
 - a. Year end balances
 - b. Number (and value) of eligible expense withdrawals
 - c. Number (and value) of non-eligible expense withdrawals

In addition to the above plan wide reporting, the successful vendor will provide plan specific reporting as requested for the following:

- PPO/basic – grandfathered plan
- PPO/Basic – Non grandfather plan
- HDHP/HSA Plan – Non Grandfathered
- Dakota Retiree Plan including PDP

Also please note NDCC 54-52.1-12 which applies to all information the vendors acquires relating to NDPERS

Funding

Currently NDPERS contracts with BCBSND to provide its health care coverage on a fully-insured basis with a risk sharing arrangement. BCBSND maintains full liability for incurred claims in excess of paid premium (no deficit carryover) subject to a risk corridor.

Risk Sharing Arrangements

A risk sharing arrangement is currently in place with BCBSND. If incurred claims plus expenses are more than premiums during the biennium, 50% of the first \$6,000,000 is refunded to BCBSND. If incurred claims plus expenses are less than premiums plus interest during the biennium, BCBSND retains 50% of the first \$3,000,000 of surplus. Any additional surplus is returned to NDPERS with interest. The interest rate shall be based on the US Treasury Notes quoted by the Wall Street Journal. NDPERS is requesting a similar or enhanced risk share arrangement for all quotes.

Performance Standards and Guarantees

The current health plan administrators agree to adhere to agreed-upon performance standards and guarantees with a financial incentive/forfeiture component that is negotiated each biennium as part of the renewal process. The settlement (payment) for such incentive/forfeiture is included in the annual settlement process.

Current Annual Settlement and Reconciliation

Within 31 days of 12 months after the end of the biennium BCBSND provides an accounting summary which will result in an initial settlement of the biennium agreement. Within 31 days of 24 months after the end of the biennium BCBSND provides an accounting summary which will result in a final settlement of the biennium agreement.

Current and Desired Plan Designs

In addition to replicating the current coverage provision, as noted below, the successful vendor shall include adding any federally required coverage provisions on or after July 1, 2013. For details, the following links are provided for each plan:

Dakota Plan:

PPO/Basic – Grandfathered Plan - <http://www.nd.gov/ndpers/insurance-plans/group-health.html>

PPO/Basic – Non Grandfathered Plan - <http://www.nd.gov/ndpers/insurance-plans/group-health.html>

HDHP/HSA – Non Grandfathered Plan - <http://www.nd.gov/ndpers/insurance-plans/docs/hdhp-hsa/summary-plan-description.pdf>

Please note NDPERS is requesting that the proposer also provide a HSA product as part of this proposal for the HDHP product

Dakota Retiree Plan - <http://www.nd.gov/ndpers/insurance-plans/group-health-retirees.html>
PDP coverage for retirees - <http://www.nd.gov/ndpers/forms-and-publications/publications/medicare-benefits-summary-current.pdf>

Member Access

Members have “freedom of choice” in selecting which physician or medical facility to use for services. PPO benefits are currently available in the state of North Dakota, unless the medical facility provides services at a satellite location in another state. If a PPO health care provider is not available in the member’s area, or if the member chooses or is referred to a health care provider not participating in the PPO, the member will receive the Basic Plan benefits. The copayments, annual deductibles and coinsurance amounts vary between the PPO Plan and Basic Plan.

Directory

The current provider directory is available through the BCBSND website at <https://www.bcbsnd.com/cgi-bin/ntwksearch.cgi>. Health plan vendors must be able to reasonably match the existing provider networks to provide appropriate access on a statewide basis.

Disease and Other Population Health Management Programs

Currently, BCBSND provides disease management and health improvement programs for eligible members. The list below includes most of the programs currently offered:

- Coronary Heart Disease
- Diabetes
- Hypertension
- Immunizations
- ADHD
- Colorectal Cancer
- Asthma

BCBSND and most major Health Systems collaborate to offer a program called the Advanced Medical Home Program or MediQHome. .

Vendors are expected to offer comprehensive, high quality case/disease management programs, including rare and chronic diseases, for the all plans offered to both actives and retirees.

Wellness Programs

Partnering with BCBSND, NDPERS participates in and offers a variety of wellness programs for eligible members. The list below includes most of the programs currently offered:

- Health Risk Assessment
- Health Club Credit
- Walking Works
- Tobacco Cessation
- Customized Wellness Plans, Resources, Services and Wellness Website
- Prenatal Management
- Diabetes Management

Detailed information regarding the current benefits can be found on the NDPERS HealthyBlue website by clicking on the following link:

<https://ndpers.healthybluend.com/dt/v2/bcbsndindex.asp?Aff=NDPERS>

Participants in the HDHP are also eligible for these programs (as described in the HDHP section).

Other Administrative Services

The successful vendor will also need to perform the following administrative services:

1. Make payments for the PERS Tobacco Cessation Program (see PERS web site)
2. Make payment for the PERS Diabetes Program (see PERS web site)
3. Make payments for the NDPERS Wellness Funding Program.

NDPERS will submit enrollment, billing and premium remittance via a centralized electronic system. NDPERS will collect enrollment/eligibility information which will be provided to the successful contractor on a data file that follows the HIPAA 834 file specifications. Premium payment information will be provided on a data file that follows the HIPAA 820 file specifications. Files will be transmitted using a secure file transmission process. The successful contractor must be able to receive this data in that format and media. Premiums will be eligible for salary reduction on a pre-tax basis, through IRC Section 125.

Employee Assistance Program (EAP)

The mission of the Employee Assistance Program (EAP) is to provide confidential, accessible counseling and referral services to individual employees in order to restore and strengthen the health and productivity of employees and the workplace. The EAP is available to employees and their immediate family members. For more information regarding the current EAP, refer to the website: <http://www.nd.gov/ndpers/eap/index.html>

The selected vendor(s) are expected to cooperate as needed to ensure seamless administration and member service. NDPERS is not seeking proposals for this service as part of this RFP.

Workers' Compensation Program

If benefits or compensation are available, in whole or in part, under provisions of a state workers' compensation act, laws of the United States or any state or political subdivision thereof, the benefits under the Dakota Plan will be reduced by and coordinated with such benefits or compensation available.

Conversion

BCBSND offers individual health insurance conversion contracts to eligible NDPERS individuals following the termination of their coverage under the Dakota Plan. Conversion coverage shall comply with any applicable federal or state law or regulation. The vendor is expected to administer all notices and transactions, including billing, with respect to conversion coverage.

Out of Area Coverage

If a member receives care from a non-participating health care provider within the state of North Dakota, benefit payments are reduced by a certain percentage and the member is responsible for the payment reduction. If a member receives care from a non-participating health care provider outside the state of North Dakota, the allowance for covered services will be an amount within a general range of payments made and judged to be reasonable by BCBSND. The benefits available under the Dakota Plan and Dakota Retiree Plan are also available to members traveling or living outside of the United States (subject to certain requirements such as preauthorization and prior approval). Detailed information regarding eligibility and out of area benefit levels can be found in the 2011-2013 Summary of Benefits at <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf>.

Open Enrollment

Dakota Plan annual open enrollment typically takes place in October/November of each year. Employees may enroll in coverage or make changes in coverage during this period.

Current and Historical Monthly Rates and Employee Contributions

The contributions for single or family coverage for state employees are currently paid at 100% by the State. Please note that for the state a single composite rate is used instead of the single/family rate. The contributions for employees of participating political subdivisions are at the discretion of the subdivision and subject to the minimum contribution requirements of BCBSND. The contributions for temporary employees are either at their own expense or their employer may pay the premium subject to its budget authority.

The chart below shows the current total monthly rates for NDPERS members:

| Dakota Plan | | Single | Family | Single | Family |
|--|-------------------------------|---------------|---------------|------------------------------------|---------------------|
| Enrolled Prior to July 1, 2011 | | | | | |
| State Program | Grandfathered Plan | | | High Deductible Health Plan | |
| July 1, 2011 – June 30, 2013 | Active | \$886.62 | | Active | \$886.62 |
| July 1, 2011 – June 30, 2013 | COBRA/Part-Time/Temporary/LOA | \$426.96 | \$1,029.00 | COBRA/Part-Time/Temporary/LOA | \$372.12 \$896.26 |
| Political Subdivision | Grandfathered Plan | | | NonGrandfathered Plan | |
| July 1, 2011 – June 30, 2013 | Active/COBRA | \$456.16 | \$1,102.08 | Active/COBRA | \$463.10 \$1,118.82 |
| Non Medicare Retirees | Grandfathered Plan | | | | |
| July 1, 2011 – June 30, 2013 | Non-Medicare Retirees | \$640.44 | \$1,280.88 | | |
| | Family 3+ | | \$1,601.10 | | |
| Enrolled On or After July 1, 2009 | | | | | |
| Political Subdivision | Grandfathered Plan | | | NonGrandfathered Plan | |
| July 1, 2011 – June 30, 2012 | Active/COBRA | \$436.64 | \$1,054.74 | Active/COBRA | \$443.28 \$1,070.76 |
| July 1, 2012 – June 30, 2013 | Active/COBRA | \$475.68 | \$1,149.42 | Active/COBRA | \$482.92 \$1,166.88 |
| Dakota Retiree Plan | | Single | Family | | |
| Enrolled Prior to July 1, 2009 | | | | | |
| July 1, 2011 – June 30, 2013 | Medicare Eligible | \$242.08 | \$481.36 | | |
| | One Medicare/One Non-Medicare | | \$594.48 | | |
| Enrolled On or After July 1, 2009 | | | | | |
| July 1, 2011 – June 30, 2012 | Medicare Eligible | \$236.14 | \$469.48 | | |
| | One Medicare/One Non-Medicare | | \$573.38 | | |
| July 1, 2012 – June 30, 2013 | Medicare Eligible | \$248.02 | \$493.24 | | |
| | One Medicare/One Non-Medicare | | \$615.58 | | |

Note: The retiree plan rates include the PDP premiums and medical premium.

Age/Gender Statistics

Appendix E – Exhibit 1 displays a breakdown of the member counts by age and gender for the period April 2012.

Contract Count

Appendix E – Exhibit 2 displays a breakdown of the contract counts by month and cost category for the period of 7/1/10 – 6/30/11 and 7/1/11 – 4/30/12.

Member Count

Appendix E – Exhibit 3 displays a breakdown of the member counts by month and cost category for the period of 7/1/10 – 6/30/11 and 7/1/11 – 4/30/12.

Claims Volume

Appendix E – Exhibit 4 displays a breakdown of the total claims transactions by month and cost category for the period of 7/1/10 – 6/30/11 and 7/1/11 – 4/30/12.

Claims Dollars

Appendix E – Exhibit 5 displays a breakdown of the total claims plan paid dollars by month and cost category for the period of 7/1/10 – 6/30/11 and 7/1/11 – 4/30/12.

Large Claim History

Appendix E – Exhibit 6 displays a high level summary of unique members with plan paid dollars in excess of \$100,000 for the period of 7/1/10 – 6/30/11 and 7/1/11 – 4/30/12.

Contracts by Zip Code

Appendix E – Exhibit 7 displays a breakdown of the contract counts by residence zip code for the period April 2012.

II. RFP Objectives and Vendor Responsibilities

RFP Objectives

North Dakota Public Employees Retirement System (“NDPERS”) is soliciting proposals for the insurance and administration of its employee medical and prescription drug insurance plan, with a July 1, 2013 effective date. Medical insurance responses are required for the fully-insured financial arrangement as described in this RFP. Proposals will be accepted for insurance companies that are capable of offering a statewide provider network, utilization management, disease management, wellness program, pharmacy benefit manager services along with other related services. In addition, the successful vendor will provide an HSA product for the HDHP. Approximately 23,000 active employees and 7,000 retirees are eligible to participate in these plans. Total membership in the plan is approximately 62,000 individuals.

The contract will be for a two year term beginning July 1, 2013 through June 30, 2015.

NDPERS is interested in providing high quality, comprehensive and affordable health care to all of its employees and their dependents. The intent of this RFP is to identify, evaluate, duplicate, and select one vendor that will support the program goals and objectives. Current goals and objectives include, but are not limited to, the following:

- ◆ **Competitive Overall Cost** – NDPERS intends to continue to provide its employees and retirees with comprehensive health care that is affordable and competitive. NDPERS is especially interested in stabilizing or controlling costs and increases to both the employer and employees. To accomplish this, it is interested in competitive administrative and program fees and competitive provider reimbursement arrangements.
- ◆ **Replication of existing coverage and arrangement.** NDPERS is interested in replicating the existing coverage and financial arrangements for two years including having an HSA. In addition, NDPERS is requesting the effect on premiums for the following benefit plan changes:
 - Annual Premium Reductions to change deductible from \$400 single/\$1,200 family to \$450 single/\$1,350 family.
 - Annual Premium Reductions to change coinsurance maximum from \$750/\$1,500 to \$900/\$1,800 in network and \$1,250/\$2,500 to \$1,500/\$3,000 out of network
 - Annual Premium Reduction for a \$5 increase in office visit copay
 - Annual Premium Reduction for a \$10 increase in emergency room copay.
 - Annual Premium Reductions to change RX formulary Generic copay from \$5 to \$10 copay
 - Annual Premium Reductions to change Rx Formulary Brand copay from \$20 to \$25 copay
 - Annual Premium Reductions to change Rx Non-Formulary copay from \$25 to \$30 copay

- Annual Premium Reductions to change Rx Formulary coinsurance maximum from \$1,000 to \$1,200.
- ◆ **Comprehensive, Statewide Provider Network** – NDPERS is interested in the following:
 - Broad network in terms of the number, breadth, quality and location of network providers, with the goal of matching as close as possible the current provider networks and geographic access.
 - Limited doctor/patient disruption – NDPERS is interested in limiting the disruption employees may experience in the event of a change in vendors.
 - Access to preferred providers outside the local geographic service area (national).
 - Ability of the vendor to negotiate NDPERS-specific contracts.
 - Commitment to pay for performance and other cost and quality initiatives.
- ◆ **Plan Design** – with respect to plan options and design, NDPERS is interested in:
 - Confirming the vendor’s previous experience with and ability to administer the current plan designs.
 - Continuing to provide employees with choice and flexibility at an affordable cost.
 - Ability to administer existing Medicare Part D Group PDP plan.
- ◆ **Disease and Other Care Management Programs** – NDPERS wishes to continue to offer assertive disease management, care management and care support programs as part of the overall health care program, and is interested in exploring innovative, positive incentives for participation in these programs. Vendors must demonstrate their ability to report and provide meaningful, interpretive data to better support the disease and other care management programs.
- ◆ **Health Improvement, Education and Wellness Programs** – NDPERS is interested in partnering with its vendors to offer the same or similar program. Our existing program also links to the NDPERS employer based wellness program and this should also be supported. Please refer to our web site for details on this program. NDPERS also wishes to maintain a dedicated wellness staff member with the successful vendor who will work with our worksite wellness coordinators. The successful vendor must provide this resource. .

Vendor Responsibilities

The selected vendor must demonstrate the ability to develop and manage a health care provider network, provide claims processing services, utilization management, medical management, disease management, wellness program, dedicated account service and support, dedicated member/customer service, data/management reporting, billing, and other administrative services.

In addition, vendors are expected to conduct ongoing performance review meetings with NDPERS regarding plan financial performance, provider contracting issues, progress related to network goals and new network development, patient satisfaction, new or emerging legal issues, and other relevant and timely operational issues that may affect the plan. Vendors are to identify actions to enhance that performance.

Additional details regarding expected health plan administrator duties can be found in Appendix A – Sample Administrative Service Agreement of this RFP. Vendors must review this section carefully to identify potential deviations and exceptions. As noted throughout the RFP, vendors are required to list all exceptions and suggest proposed alternative contract language in Appendix F and submit this information with your proposal. Failure to provide this may eliminate your proposal from consideration.

The proposed effective date of the program is July 1, 2013, except the PDP effective date is January 1, 2014. Vendors will have the opportunity to demonstrate capabilities in these areas by responding to the questionnaire provided in Appendix C of this RFP and potentially with additional finalist questions and presentations.

III. Proposal Content

This section describes minimum requirements, unique content requirements, and outlines general conditions and requirements that are not specifically addressed in the sample contract/ASA. Review the general conditions and requirements carefully, and include any deviations and exceptions to these with your submission as described in this section and elsewhere in the RFP. Also refer to Section IV., Proposal Submission, for instructions and additional information regarding proposal format and content.

Required Forms

The following forms can be found in Appendix B, Response Template, of this RFP.

1. Face Sheet – This is included in Appendix B, Item 1.
2. Minimum Requirements for Administrative Services Checklist – This is included in Appendix B, Item 2.
3. Affidavit of Non-collusion – Each responder must complete the Affidavit of Non-collusion form and include it with the response. This is included in Appendix B, Item 3.
4. Conflicts of Interest list. Responder must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this Request for Proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict. This is included in Appendix B, Item 4.
5. Compliance with Federal and State Laws Form – Responder must provide certification to NDPERS that they comply or if notified will comply with applicable Federal and State laws. This is included in Appendix B, Item 5.
6. Location of Service Disclosure Certification. Proposers must certify the location where services to be provided will be performed, and agree that the location will not change during the course of the contract without prior written approval from NDPERS. This is included in Appendix B, Item 6.

Unique Content Requirements

1. Questionnaire - This is included in Appendix C.
2. Cost proposal - This is included in Appendix D.
3. Deviations and suggested alternatives to sample contract/ASA – This is included in Appendix F, Exhibit F1.

Responders should review in detail the standard contract terms and conditions provided in the sample Administrative Agreement in preparing their responses. A sample NDPERS Financial and Administrative Services Agreement (ASA) is attached for your reference in Appendix A. Any final contract will include, but not be limited to, the elements in the sample contract. Vendors should note that much of the language reflected in the contract is required by State statute and therefore is not negotiable.

If you take exception to any of the terms, conditions or language in the sample ASA, you must indicate those exceptions and suggest alternative language in your response to the RFP by submitting Appendix F and a redline version of the generic contract language (pertaining primarily to the narrative rather than the financial terms and provisions); certain exceptions may result in your proposal being disqualified from further review and evaluation. Only those exceptions indicated in your response to the RFP will be available for discussion or negotiation.

4. Deviations to other RFP requirements. This is included in Appendix F, Exhibit F2.
5. Summary/checklist of specific items identified as trade secret.

All materials submitted in response to this RFP will become property of NDPERS and will become public record, after the evaluation process is completed. Completion of the evaluation process occurs when the government entity has completed negotiating the contract with the selected vendor. If the Responder submits information in response to this RFP that it believes to be propriety or trade secret materials the Responder must:

- a. clearly mark each provision that respondent believes to be proprietary or trade secret materials in its response at the time the response is submitted,
- b. include a statement with its response justifying the proprietary or trade secret designation for each provision.

Responder is put on notice that, except for information that is confidential or otherwise exempt from the North Dakota open records law (NDCC § 44-04), NDPERS must disclose to the public upon request any records it receives from Responder. If NDPERS receives an open records request for information that has been identified by respondent as proprietary or trade secret, NDPERS will review the above information submitted by Responder and may also contact Responder for additional input regarding the nature of those records, but NDPERS will be solely responsible for making the ultimate determination of whether the records are open or exempt. All information that has not been clearly identified by respondent as being proprietary or trade secret will be deemed to be open record. NDPERS will not consider the prices submitted by the Responder to be proprietary or trade secret materials.

General Conditions and Requirements

1. Proposal Contents

By submission of a proposal, Responder warrants that the information provided is true, correct and reliable for purposes of evaluation for potential contract award. The submission of inaccurate or misleading information may be grounds for disqualification from the award as well as subject the responder to suspension or debarment proceedings as well as other remedies available by law. The contents of the proposal and any subsequent clarifications submitted by the successful proposers will become part of the contractual obligation and incorporated by reference into the ensuing contract.

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

- Proposals submitted in response to this request will be considered the only submission; revised proposals will not be allowed after the proposal return date and time unless requested by NDPERS.
- All proposals must answer all applicable questions on the attached questionnaire.
- All proposals become the property of NDPERS and will not be returned to the offering company.
- All offering companies must be prepared to make oral presentations if requested.

2. Term of Contract

The North Dakota Public Employees Retirement System is governed by North Dakota State statutes, which includes a requirement to solicit bids for medical benefits coverage for a specified term for a fully-insured arrangement and every other biennium for an Administrative Services arrangement. NDPERS has determined that the specified term for providing such hospital and medical benefits under a fully-insured arrangement shall be two years however NDPERS reserves the right to extend the agreement subject to negotiation with the successful vendor for another two years if the Board deems it necessary.

3. Minimum Requirements

The following are the minimum requirements that need to be addressed in each proposal:

- 1) **Electronic Data Collection and Reporting Requirements:** Respondents must, at a minimum, meet the data collection and reporting requirements described in Section 1 under Reporting Requirements of the RFP.
- 2) **Effective Date of Coverage:** Respondents must be able to provide required coverages and services by July 1, 2013 and for the PDP by January 1, 2014.
- 3) **Licensure:** Respondents must have all applicable licenses required by North Dakota or agree to obtain necessary licensure prior to the effective dates of coverage.
- 4) **Term of Contract:** NDPERS is required by state statute to solicit bids for medical benefit coverage for a specified term for a fully-insured arrangement and every other biennium for a self-funded arrangement. NDPERS has determined that the specified term for fully-insured arrangement shall be two years; however, NDPERS reserves the right to extend the agreement subject to negotiation with the successful vendor for another two years if the Board deems it necessary.
- 5) **Premium Rate Guarantees:** For all insured proposals premium rates must be guaranteed for a period of two years, from July 1, 2013 to June 30, 2015. PDP rates will be developed each year based upon the federal subsidy.
- 6) **Non-Medicare Retirees:** Rates are governed by state statute. Non-Medicare retiree single rate is 150% of the active member single rate; the rate for a non-

Medicare retiree plus one is twice the non-Medicare single rate, and the rate for a non-Medicare retiree plus two or more dependents is two and one-half times the non-Medicare retiree single rate.

- 7) PDP rates: Must be submitted to PERS by September of each year.
- 8) Contract Termination: Respondent's contract termination provision may not require more than 120-day notice and can occur only at renewal. NDPERS can terminate coverage at any time.
- 9) Respondent should replicate the existing coverage and financial arrangements for two years including providing an HSA arrangement.
- 10) HIPAA Compliance: Respondents must be in compliance with all HIPAA Privacy and HIPAA EDI requirements and be able to conduct all applicable employer/plan sponsor and provider transactions consistent with those requirements. Respondents will be expected to meet HIPAA security requirements when applicable to NDPERS.
- 11) Legislative Compliance: Respondents agree to comply with all provisions of the Health Insurance Portability Act of 1996 including, but not limited to providing certificates of creditable coverage.
- 12) Transition Management: Respondents agree, should they be selected, they will proactively manage the transition of coverage (e.g. claim accumulators, etc.) from the subsequent carrier.
- 13) Administration: Respondents must agree to comply with existing administration of NDPERS. Any modifications needed to accommodate NDPERS data will be done at the vendor's own expense.
- 14) Audit: NDPERS reserves the right to audit any provider at any time.
- 15) North Dakota Legislation Requirements: Respondent must meet all requirements in the North Dakota Century Code including 54-52.1, 54-52.4 and all requirements in the North Dakota Administrative Code including 71-03 and other applicable State Laws.
- 16) Premium rates must be divisible by two.

IV. Proposal Submission

Instructions

All proposals should be submitted simply and economically providing a direct, concise delineation of the vendor's proposal and qualifications adhering to the proposal format guidelines outlined below. Vendors should also refer to Section III, Proposal Contents, for a list of minimum requirements.

- ♦ Proposals should be typed or printed on 8.5" x 11" paper (one side only).
- ♦ All proposals must include the transmittal letter/statement which includes the following:
 - An acknowledgement of receipt of the group health RFP specifications and any addenda and a statement that the proposal conforms to the RFP minimum requirements. This letter must include the title and signature of a Duly Authorized Officer of the company. As noted above, any deviations from the specifications must be clearly noted in your proposal. Failure to note deviations may exclude the proposal from further consideration.
- ♦ All proposals must include a table of contents and appropriate page number references.
- ♦ All pages of proposals must have consecutive page numbers.
- ♦ Proposals must respond to RFP minimum, unique, and general requirements.
- ♦ Responses to questions must include a restatement of the question (number and text) with the response immediately following.
- ♦ Appendices and other supplemental information provided with your proposal must be clearly identified.
- ♦ Cost proposal must be submitted in a separate, sealed envelope and clearly marked Cost Proposal. Premiums quoted in Appendix D: Cost Proposal Exhibits will be fully loaded rates. NDPERS will not be billed any additional amounts for services, including commissions or brokerage fees.
- ♦ North Dakota insurance law 54-52.1-10 (Exemption From State Premium Tax) provides that "All premiums, consideration for annuities, policy fees, and membership fees collected under this chapter are exempt from the tax payable pursuant to section 26.1-03-17". Thus, Offeror's responses should not reflect any amounts for premium taxes.
- ♦ Any and all deviations must be clearly noted and submitted under separate cover. If you do not identify and explain deviations, your proposal will be deemed a certification that you will comply in every respect with the requirements and contractual language set forth in this RFP. Deviations and exceptions to the sample contract/Administrative Services Agreement (ASA) must be submitted in the form of 1) completed Appendix F, Exhibit F1, in a sealed envelope clearly marked as such. If you are unable to perform any required or requested service, you must also clearly identify in Appendix F, Exhibit F2 a) the specific deviation or requirement your organization is unable to meet and b) the suggested alternative or solution.

Proposal Format and Contact Information

Vendors must use the response template/questionnaire provided in Appendices B, C and D in preparing proposals. Proposals should be submitted in two parts, with the cost proposal and deviations separate from the qualitative proposal in a clearly marked, sealed envelope (submitted to Deloitte Consulting only). Proposals will be sent to two parties, as described below:

Vendors are required to submit one (1) unbound original and nine (9) paper copies of the qualitative proposals along with one (1) electronic copy to:

Kathy M Allen
Benefit Programs Manager
North Dakota PERS
400 East Broadway
Suite 505
Bismarck, ND 58502

An electronic copy (on CD) of your entire qualitative proposal must be included with the hard copy original. Late proposals will not be considered. Cost proposals and deviations should not be submitted to NDPERS.

Two (2) hard copies and one full electronic copy (on CD) of the qualitative proposal and a separate, clearly marked envelope containing Two (2) hard copies and one electronic copy of the cost proposal and deviations must be submitted to:

Patrick Pechacek
Director
Deloitte Consulting LLP
50 South 6th St.
Suite 2800
Minneapolis, MN 55402

PLEASE NOTE: As indicated above, vendors must separate the cost proposal and deviations from the rest of the proposal and submit two paper copies and one electronic copy in a sealed envelope clearly marked “**Cost Proposal for NDPERS for Health Plan Vendor**”, along with your organization’s name, to Patrick Pechacek at Deloitte Consulting at the address listed above. Vendors must submit hard and electronic copies of the entire proposal.

From the date of issuance until the announcement of the finalist, vendors should only contact the Deloitte RFP coordinator, Patrick Pechacek. All correspondence and questions must be submitted in writing via e-mail to the RFP coordinator in accordance with the timeline set forth in this RFP. NDPERS personnel are not authorized to discuss this RFP with vendor; doing so may result in disqualification. Vendors may continue to communicate with NDPERS staff regarding other relevant business matters.

Questions and Answers

Vendors must submit questions in writing via e-mail to Patrick Pechacek at ppechacek@deloitte.com **by 5:00 p.m. CT on June 15th, 2012**. Answers will be summarized and distributed to all vendors who have requested the RFP via email no later than close of business Friday, June 22nd, 2012 as well as posted on the NDPERS website. *Telephone inquiries will not be accepted.*

Proposal Deadline

All proposals must be received by Patrick Pechacek **by 5:00 p.m. CT on Tuesday, July 17th, 2012**. Late proposals will not be considered.

Proposed Timetable

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify vendors of changes to the proposed timeline.

| Activity | Date/Time (All Times in CT) |
|--|--|
| NDPERS publishes Request for Proposal (RFP) | Friday May 25 th , 2012 |
| Vendor questions (in writing) due | Friday June 15 th , 2012 (5 pm) |
| NDPERS distributes answers to vendors' questions | Friday June 22 nd , 2012 |
| Proposals due | Tuesday July 17th, 2012 |
| Finalist presentations, if requested | September 2012 |
| NDPERS notifies finalist(s) of intent to negotiate | Monday August 27 th , 2012 |
| Contractor(s) and NDPERS complete negotiations | September/October 2012 |
| Contractor(s) and NDPERS begin implementation | November 2012 |
| Contractor(s) begins providing services | July 1 st , 2013 |

V. Proposal Review and Evaluation

Rights of NDPERS

This RFP does not obligate NDPERS to complete the proposed project. NDPERS reserves the right to cancel the solicitation if it is considered to be in its best interest. Costs incurred for developing a proposal are the sole responsibility of the vendor. NDPERS also reserves the right to:

1. Reject any and all proposals received in response to this RFP.
2. Amend and re-issue this RFP.
3. Select proposals for contract award or for negotiations other than those with the lowest cost.
4. Consider a late modification of a proposal if the proposal itself was submitted on time, if the modifications were requested by the state, and if the modifications make the terms of the proposal more favorable to the state.
5. Determine that a deficiency is not substantive and waive the deficiency as immaterial. However, waiver of the deficiency shall in no way modify the RFP documents or relieve the vendor from full compliance with the terms of the contract if the vendor is awarded the contract.
6. Negotiate any aspect of the proposal with any vendor and negotiate with more than one vendor at the same time.
7. Use any or all ideas presented in any proposal received in response to this RFP, unless the vendor presents a positive statement of objection in the proposal. Objections will be considered as valid only relative to proprietary information of the vendor and so designated in the proposal. Exceptions to this are ideas that were known to NDPERS before submission of such proposal or properly became known to NDPERS thereafter through other sources or through acceptance of the proposal.

Selection Team

A review team made up of NDPERS staff and their hired consultant will evaluate all proposals. The NDPERS Board will make the final decision on the award. NDPERS reserves the right to alter the composition of this selection team and its responsibilities.

Proposal Review and Evaluation Criteria

Proposals will be reviewed and evaluated using multiple evaluation criteria. The cost proposal will be reviewed independently to ensure that it is complete and submitted in the format requested. In reviewing the proposals the requirements in NDCC 54-52.1-04 will be considered.

Phase I Preliminary Review Criteria

Proposals will initially be evaluated to determine if they comply with the following minimum requirements:

- ♦ Completeness of proposal, including minimum vendor requirements, unique content requirements, and general requirements as outlined in Section III., Proposal Content, and submitted in the format designated in Appendices B through F.
- ♦ Completeness and quality of responses to questionnaire provided in Appendix C and completeness of cost proposal provided in Appendix D.
- ♦ Extensive statewide provider network which provides access to key population areas within the State.

Phase II Evaluation Criteria

Proposals that have met the minimum requirements criteria listed above will then be reviewed based on the factors contained in the table below:

| Phase II Evaluation Criteria |
|---|
| 1. Ability to comply with terms outlined in the RFP, Board evaluation criteria, and sample contract/ASA |
| 2. Organizational experience and staff qualifications/experience <ul style="list-style-type: none"> – Dedicated unit comprised of account management team, customer service, provider relations, and provider contracting – Access to senior leadership team – Ability to respond to unique challenges with solution-focused flexibility and innovation – Client references – Financial stability and solvency |
| 3. Provider network capabilities <ul style="list-style-type: none"> – Existing/current health care provider network – State-specific contracts – Quality initiatives – Contractual terms |
| 4. Quality and comprehensiveness of population health, disease management, and health education and wellness programs <ul style="list-style-type: none"> – Utilization/case management capabilities – Quality initiatives – Ability to present appropriate innovative cost control strategies – Ability to support PERS employer based wellness program and employee wellness initiatives |

| Phase II Evaluation Criteria | |
|-------------------------------------|---|
| 5. | Cost of requested services and return on investment <ul style="list-style-type: none"> – Value of provider reimbursement – Administrative fees – Care, disease management, and health improvement programs – Medicare Part D Group PDP Offering |
| 6. | <ul style="list-style-type: none"> – The economy to be affected. – The ease of administration. – The adequacy of the coverages. – The financial position of the carrier, with special emphasis as to its solvency. – The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services |

Proposal Evaluation Process

Evaluation of the proposals will be conducted in four phases:

1. Phase I — Preliminary Review

Proposals will receive preliminary review to determine if they meet the minimum proposal requirements and criteria listed above. NDPERS reserves the right to ask clarifying questions. Only proposals meeting the minimum requirements above will be considered for further evaluation in Phase II.

2. Phase II — Proposal Evaluation

Proposals will be evaluated based on the criteria specified above. Proposers are encouraged to highlight how they differentiate themselves in these areas. Only the top proposals will be approved for further evaluation in Phase III. Once the initial evaluation is completed the review team may ask for additional information to supplement the initial information gathered in response to these questions.

3. Phase III – Reference Checks, Best and Final, and Presentations

NDPERS staff may check references, request answers to further questions, and require presentations by key administrator personnel, which will be evaluated based on the stated criteria. During final consideration a best and final proposal may be requested. Only the top proposals will be approved for further evaluation in Phase IV.

4. Phase IV – Site Visits, Final Selection, and Notification

The evaluation committee will forward findings and conclusions to the NDPERS Board and may request site visits and make a final review of the top proposals based on all of the criteria above to select a finalist. Vendors will be notified of the intent of NDPERS to negotiate a contract with the selected vendors via e-mail.

NDPERS reserves the right to request clarifications and additional information regarding the proposal during the proposal evaluation process. However, NDPERS Board reserves the right to make an award without further clarification of the proposal received. Therefore, it is important that each proposal be submitted in the most complete manner possible.

VI. Appendices

Appendix A: Sample Contract/Administrative Services Agreement

Appendix B: Response Template

Appendix C: Questionnaire

Appendix D: Cost Proposal Exhibits

Appendix E: Program Information/Data

Appendix F: Proposal Deviations

Appendix A: Sample Contract/Administrative Services Agreement (ASA)

Appendix B: Response Template

| |
|---|
| 1. Face sheet |
| Name of Proposer's Firm: _____ |
| Federal Tax I.D. Number: _____ |
| Principal Place of Business: _____ |
| Address: _____ |
| City: _____ |
| State and Zip: _____ |
| Contact Person: _____ |
| Title: _____ |
| Telephone: _____ |
| Fax: _____ |
| E-mail address: _____ |

2. Minimum Requirements for Administrative Services Checklist

| Minimum Requirements Statement | Response |
|--|----------|
| Electronic Data Collection and Reporting Requirements: Respondents must, at a minimum, meet the data collection and reporting requirements described in Section 1 under Reporting Requirements of the RFP. | |
| Vendor must be able to take current electronic enrollment file (containing member eligibility) at no cost. | |
| Effective Date of Coverage: Respondents must be able to provide required coverages and services by July 1, 2013 and January 1 2014 for the PDP. | |
| Licensure: Respondents must have all applicable licenses required by North Dakota or agree to obtain necessary licensure prior to the effective dates of coverage. | |
| Term of Contract: NDPERS is required by state statute to solicit bids for medical benefit coverage for a specified term for a fully-insured arrangement and every other biennium for a self-funded arrangement. NDPERS has determined that the specified term for fully-insured arrangement shall be two years till June 30 2015 except for the PDP which will be through December 2015. | |
| Premium Rate Guarantees: For all insured proposals premium rates must be guaranteed for a period of two years, from July 1, 2013 to June 30, 2015. | |
| Group PDP product: Ability to offer a group PDP product meeting the requirements outlined in the RFP | |
| Non-Medicare Retirees: Rates are governed by state statute. Non-Medicare retiree single rate is 150% of the active member single rate; the rate for a non-Medicare retiree plus one is twice the non-Medicare single rate, and the rate for a non-Medicare retiree plus two or more dependents is two and one-half times the non-Medicare retiree single rate. | |

| Minimum Requirements Statement | Response |
|---|----------|
| Renewals: Renewals must be submitted to NDPERS in August of the year preceding the contract renewal date and in September of each year for the PDP. | |
| Contract Termination: Respondent's contract termination provision may not require more than 120-day notice and can occur only at renewal. NDPERS can terminate coverage at any time. | |
| Replicate Coverage: Respondent must replicate the existing coverage and financial terms. | |
| HIPAA Compliance: Respondents must be in compliance with all HIPAA Privacy and HIPAA EDI requirements and be able to conduct all applicable employer/plan sponsor and provider transactions consistent with those requirements. Respondents will be expected to meet HIPAA security requirements when applicable to NDPERS. | |
| Legislative Compliance: Respondents agree to comply with all applicable provisions of the Patient Protection and Affordability Care Act (PPACA) and the Health Insurance Portability Act of 1996 including, but not limited to providing certificates of creditable coverage. | |
| Transition Management: Respondents agree, should they be selected, they will proactively manage the transition of coverage (e.g. claim accumulators, lifetime maximums, etc.) from the subsequent carrier. | |
| Administration: Respondents must agree to comply with existing administration of NDPERS. Any modifications needed to accommodate NDPERS data will be done at the vendor's own expense. | |
| Audit: NDPERS reserves the right to audit any provider. | |
| North Dakota Legislation Requirements: Respondent must meet all requirements in the North Dakota Century Code including 54-52.4 and all requirements in the North Dakota Administrative Code including 71-03. | |

| Minimum Requirements Statement | Response |
|--|----------|
| Ability to meet the specifications outlined in the RFP unless specifically noted | |
| Premium rates must be divisible by two. | |

3. Affidavit of Non-collusion

I swear (or affirm) under the penalty of perjury:

1. That I am the Responder (if the Responder is an individual), a partner in the company (if the Responder is a partnership), or an officer or employee of the responding corporation having authority to sign on its behalf (if the Responder is a corporation);
2. That the attached proposal submitted in response to the Group Medical Coverage Request for Proposals has been arrived at by the Responder independently and has been submitted without collusion with and without any agreement, understanding or planned common course of action with, any other Responder of materials, supplies, equipment or services described in the Request for Proposal, designed to limit fair and open competition;
3. That the contents of the proposal have not been communicated by the Responder or its employees or agents to any person not an employee or agent of the Responder and will not be communicated to any such persons prior to the official opening of the proposals; and
4. That I am fully informed regarding the accuracy of the statements made in this affidavit.

Responder's Firm Name: _____

Authorized Signature: _____

Date: _____

Subscribed and sworn to me this _____ day of _____

Notary Public: _____

My commission expires: _____

| 4. Conflicts of interest list | |
|---|--|
| <p>Responders must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict.</p> | |

5. Compliance with Federal and State Laws Form

NDPERS — Federal and State Law Compliance Certification

1. The company shown below is or will be in compliance with Federal and State laws and does not knowingly violate North Dakota or United States Laws. The company shown below will obtain this certification from all subcontractors who will participate in the performance of this contract; and

I certify that the company shown below is in compliance with items 1 above and that I am authorized to sign on its behalf.

Name of Company: _____ Date: _____

Authorized Signature: _____ Telephone Number: _____

Printed Name: _____ Title: _____

6. Location of Service Disclosure and Certification

STATE OF NORTH DAKOTA

LOCATION OF SERVICE DISCLOSURE AND CERTIFICATION

| LOCATION OF SERVICE DISCLOSURE |
|---|
| <p>Check all that apply:</p> <ul style="list-style-type: none"><input type="checkbox"/> The services to be performed under the anticipated contract as specified in our proposal will be performed ENTIRELY within the State of North Dakota.<input type="checkbox"/> The services to be performed under the anticipated contract as specified in our proposal entail work ENTIRELY within another state within the United States.<input type="checkbox"/> The services to be performed under the anticipated contract as specified in our proposal will be performed in part within North Dakota and in part within another state within the United States.<input type="checkbox"/> The services to be performed under the anticipated contract as specified in our proposal DO involve work outside the United States. Below (or attached) is a description of<ul style="list-style-type: none">(1) the identity of the company (identify if subcontractor) performing services outside the United States;(2) the location where services under the contract will be performed; and(3) the percentage of work (in dollars) as compared to the whole that will be conducted in each identified foreign location. |

CERTIFICATION

| |
|---|
| <p>By signing this statement, I certify that the information provided above is accurate and that the location where services have been indicated to be performed will not change during the course of the contract without prior, written approval from the State of North Dakota.</p> <p>Name of Company: _____</p> <p>Authorized Signature: _____</p> <p>Printed Name: _____</p> <p>Title: _____</p> <p>Date: _____ Telephone Number: _____</p> |
|---|

Appendix C. Questionnaire

In order for your proposal to be considered and accepted, your organization must provide answers to the questions presented in this section. Each question must be answered specifically and in detail. Include both the question and the answer in your proposal response. An electronic copy of this questionnaire has been provided to facilitate your response.

Reference should not be made to a prior response unless the question involved specifically provides such an option. Proposers should refer to the earlier sections of this RFP before responding to any of the questions, to ensure that you have a complete understanding of the requirements with respect to your organization's proposal.

Vendors may include additional information that you consider relevant or useful to NDPERS. However, responses to all of the questions set forth below must be provided.

If this proposal results in your company being awarded a contract and if, in the preparation of that contract, there are inconsistencies between what was proposed and accepted versus the contract language that has been generated and executed, any controversy arising over such discrepancy will be resolved in favor of the language contained in the proposal or correspondence relating to your proposal. Vendors are reminded that **any and all deviations must be clearly identified and described in the RFP and the deviations worksheet provided in Appendix F.**

The questionnaire is broken down into the following 13 (thirteen) categories:

- Organizational Background, Strength, and Experience
- Implementation and Account Management
- Communications and Website
- Plan Administration
- Eligibility and Billing
- Customer/Member Service
- Claims Administration
- Reporting
- Case/Utilization Management
- Health Risk Management and Wellness Programs
- Provider Network
- Performance Standards and Guarantees
- Pharmacy Benefits Management Services

6.1 Organizational Background, Strength, and Experience

1. Provide a brief description of your organization, including your company history, organizational structure, services provided, location of headquarters, and length of time you have been in business. Describe any significant historical or future organizational developments (acquisitions, mergers, change in subcontracted vendors, etc.).
2. Vendors responding to this RFP must be able to substantiate their financial stability. Provide a copy of your audited financial statement or other financial information. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. Other sufficient information may include a written statement from a financial institution confirming the creditworthiness and financial stability of the vendor.

3. Provide a copy of any State or Federal regulatory audit performed within the last two years.
4. Confirm that your organization agrees to be accountable for everything stated in and submitted as part of your proposal, even if not specifically addressed in the proposed sample contract/ASA.
5. Indicate whether your company has ever been or is currently a party to litigation regarding a medical benefit plan contract or agreement. If so, provide details of the litigation or action. Failure to disclose this may constitute grounds for rejection of any proposal or termination of any contract.
6. State whether the vendor, its officers, agents or employees, who are expected to perform services under the NDPERS contract, have been disciplined, admonished, warned, or had a license, registration, charter, certification, or any similar authorization to do business suspended or revoked for any reason.
7. Include a description of your organization’s major short term strategic initiatives and your long term strategic business plan. Specifically address cost containment efforts.
8. Describe how your organization differentiates itself from your competitors. Specifically, what makes your organization the best partner for NDPERS?
9. Identify all services that are currently outsourced or subcontracted, the name of the vendor/partner, and length of the relationship. Describe how you ensure quality customer service and timely and effective issue resolution.
10. What ratings have you received from the following third party rating companies and organizations?

| Rating Organization | Rating | Date of Last Accreditation / Rating |
|--------------------------------|---------------|--|
| A.M. Best | | |
| Standard & Poor’s | | |
| Moody’s | | |
| NCQA (by product) | | |
| | | |
| JCAHO | | |
| URAC | | |
| American HealthCare Commission | | |

11. What fidelity and surety insurance or bond coverage do you carry to protect your clients? Specifically describe the type and amount of the fidelity bond insuring your employees that would protect this plan in the event of a loss. Do you agree to furnish a copy of all such policies for review by legal counsel if requested?

12. Are any of the services you are proposing to provide to NDPERS contracted outside the U.S.A? Describe any business you do outside the U.S.A. and the financial impact, if any, of requiring those services to be provided within the U.S.A.
13. Confirm that your proposal includes any and all deviations to the sample ASA (via submission of Exhibit F) and to the other RFP requirements (via Exhibit F, worksheet 2).
14. Confirm that you will to the best of your ability conform to the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. Describe any provisions that NDPERS must be prepared to comply with.

6.1.2 References and Experience

15. Provide the following information on a maximum of three (3) of your largest medical plan clients for whom you provide medical network, insurance, and administrative services. References of similar size and scope to NDPERS are preferred; one must be your largest public sector client and one must be your largest North Dakota-based client.
 - a. Name of employer sponsoring plan and location
 - b. Type of services provided to plan sponsor
 - c. Plan inception date
 - d. Length of time as client
 - e. Number of contracts and members participating in the plan
 - f. Contact information (name, title, phone number, email address)
16. Provide the following information for two (2) of your largest medical plan clients that have terminated services during the preceding 3-year period. References of similar size and scope to NDPERS are preferred.
 - a. Name of employer sponsoring plan and location
 - b. Type of services provided to plan sponsor
 - c. Plan inception date
 - d. Length of time as client
 - e. Number of contracts and members participating in the plan
 - f. Reason for termination
 - g. Contact information (name, title, phone number, email address)

6.2 Implementation and Account Management

17. Proposers must outline in detail the specific activities and tasks necessary to implement the NDPERS program. Be specific with regard to the following:
 - Amount of total time needed to effectively implement the program
 - Activities/tasks and corresponding timing
 - Responsible parties and amount of time dedicated to implementation, broken out by vendor and NDPERS staff
 - Any transition activities required with incumbent carriers, including providing members adequate notice regarding current care or treatment plans at least 60 days prior to a change
 - Length of time implementation team lead and members will be available to NDPERS
18. Provide an overview of how the NDPERS relationship will be managed, both strategically and on a day-to-day basis. Include an organizational chart. NDPERS will give preference to vendors who are willing to assign a dedicated account management

team and provide access to senior leadership. Designate the names, titles, location, telephone numbers, and email addresses for the representatives listed below. For the account service individuals listed (b, c, d, and e below), provide brief biographical information, such as years of service with your company, experience as it relates to this proposal, and the number of clients for which they perform similar services.

- a. The key individual representing your company during the proposal process;
- b. The key individuals on your proposed implementation team;
- c. The key individual assigned to overall contract management;
- d. The key dedicated individual or team members responsible for day-to-day account management and service;
- e. The key individual responsible for provider contracting; and
- f. The key individual responsible for provider relations if different than letter e. above.

19. Please provide the requested information for the functions that will be servicing NDPERS in the table below:

| Area | Geographical Location(s) | Hours of Operation (Specify PST/CST/EST) | Is this service Outsourced? Yes or No? <i>If Yes, provide name of company to which the function is outsourced</i> |
|---|--------------------------|--|--|
| Member Service | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Claims Processing | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Enrollment, Eligibility, and Billing | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Disease Management | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Case and Utilization Management | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Health, Education and Wellness Programs/Services (including dedicated wellness support staff) | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |

| Area | Geographical Location(s) | Hours of Operation (Specify PST/CST/EST) | Is this service Outsourced? Yes or No? <i>If Yes, provide name of company to which the function is outsourced</i> |
|---------------------------------|--------------------------|--|--|
| Pharmacy Benefit Management | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| HSA | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |
| Other (Specify functional area) | | | <input type="checkbox"/> Yes <i>Specify Company Name:</i> _____ <input type="checkbox"/> No |

Communications and Website

20. Please complete the table below by providing a description of the pre-enrollment communication materials you will provide to support NDPERS during its open enrollment period:

| Area | Description | Can it be customized for NDPERS? |
|---|-------------|---|
| Website | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Employee Newsletter(s) | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Brochures | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Direct mail (internal or home distribution) | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Enrollment guide | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Employee open enrollment meeting support and attendance | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Benefits/HR staff training support | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Video | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Employee healthcare cost calculator worksheets (cost estimates) | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other (please list) | | <input type="checkbox"/> Yes <input type="checkbox"/> No |

21. Are you willing to provide communication and marketing resources to work with NDPERS in the development of NDPERS-specific member communication materials (educational, open enrollment, benefit plan related, ongoing communications)? Describe the resources, sample communications, and your proposed approach and strategy/plan.

22. How much lead time is necessary for you to guarantee that ID cards will be received by members prior to the plan year effective date of July 1, 2013?

23. Describe your plan for the post-65 programs that you will offer to NDPERS retirees.

Plan Administration

- 24. Confirm that you will communicate legislative changes related to the operations of the plan in a timely manner, and describe the support staff and process.
- 25. Describe your proposed transition of care plan. At a minimum, the transition plan must address:
 - a. Conditions or type of care that is typically transitioned;
 - b. Individuals who are in a course of treatment;
 - c. Transition process of current medical treatment;
 - d. Communication of transition issues to all plan members.
- 26. What is your total commercial and Medicare health plan enrollment? Complete the table below.

| Dates | Commercial | Medicare |
|--------------------|------------|----------|
| As of January 2010 | | |
| As of January 2011 | | |
| As of January 2012 | | |

6.3 Eligibility and Billing

- 27. Are ID cards the sole means of determining member eligibility? If not, please describe.
- 28. If desired, can NDPERS update and maintain eligibility and check employee claim status online? Are there any special charges for access to and use of these tools?
- 29. NDPERS will submit enrollment, billing and premium remittance via a centralized electronic system. NDPERS will collect enrollment/eligibility information which will be provided to the successful contractor on a data file that follows the HIPAA 834 file specifications. Premium payment information will be provided on a data file that follows the HIPAA 820 file specifications. Files will be transmitted using a secure file transmission process. Please confirm that you can receive this data in that format and media. Please confirm your ability to conform to this process and identify any potential issues.
- 30. Please describe how you handle manual eligibility updates and the turn-around/timing of such updates.

6.4 Customer/Member Service

- 31. Confirm if you will provide and maintain dedicated customer service staff acceptable to NDPERS. This unit will provide dedicated local and toll-free telephone numbers and

shall respond directly to member inquiries regarding benefits, claim status, selecting participating providers, and provide general assistance with navigating on-line and other resources available through the health plan and NDPERS websites. Describe the structure and organization and provide an organizational chart of the unit you are proposing.

6.5 Claims Administration

- 32. Provide the following information regarding the claims administration unit that will handle the NDPERS account. If there is more than one claims processing location, provide information for each.

| | Claims Processing Unit |
|--|------------------------|
| Address/Location | |
| Phone Numbers | |
| Days and Hours of Operation | |
| Number of Members Serviced | |
| Number of Employer Groups Serviced | |
| Ratio of Claims Unit Staff to Members Serviced | |
| Volume of Claims Processed Daily | |

- 33. Will your organization identify a dedicated team of claims processors for the NDPERS account? If processors are shared with other clients, on average, how many clients does one team service? What is the average length of service of the claim processors?
- 34. Confirm that you are able to administer the NDPERS designs (Dakota Plan and Dakota Retiree Plan) and benefit levels without manual intervention. If you are unable to administer the plan, you must specify any plan design deviations proposed as specified in the RFP.
- 35. Describe your claims processing system/platform and claims administration process.
- 36. How do you determine reasonable and customary ("R&C") charge allowances? What methodology is used (i.e., HIAA)? What percentile is used? How often are R&C schedules updated?

6.6 Reporting

- 37. Confirm your ability to provide the reports described in the RFP and provide samples.
- 38. Describe your online reporting capabilities. Please describe the data/information and types of reports that can be accessed and downloaded from your online system.

39. Explain your ability to comply with the NDPERS current data warehouse arrangement by providing medical claims and enrollment data to NDPERS in a format agreed upon between you and NDPERS.

6.7 Case/Utilization Management

40. Provide a brief overview of your utilization management programs, including pre-certification, concurrent review, discharge planning, and large case management.
41. What is the source of the criteria used for the following:
- a. Determining surgical necessity and whether a second opinion is required.
 - b. Determining approved length of stay.
 - c. What percentile of the data is used?
 - d. Approximately what percentages of review cases are referred to a physician because the initial review and attending physician cannot reach agreement on the proposed level of care?
 - e. Does this percentage vary between medical/surgical and psychiatric/substance abuse cases? If so, provide variances.

6.8 Health Risk Management Programs

42. Indicate in the table below if you currently provide the care or disease management program listed, the number of members from ND-based employers currently enrolled, the cost per participant, and its accreditation status.

| Program | Number of Members Enrolled (ND) | Cost per Participant | Accredited? If so, indicate accrediting organization. | Program | Number of Enrolled Members (ND) | Cost per Participant | Accredited? If so, indicate accrediting organization. |
|---|---------------------------------|----------------------|---|--|---------------------------------|----------------------|---|
| <input type="checkbox"/> Arthritis | | | | <input type="checkbox"/> High Risk Pregnancy/ Prenatal Support | | | |
| <input type="checkbox"/> Asthma | | | | <input type="checkbox"/> Hypercholesterolemia | | | |
| <input type="checkbox"/> Cancer | | | | <input type="checkbox"/> Pain Management | | | |
| <input type="checkbox"/> Congestive Heart Failure | | | | <input type="checkbox"/> Renal Failure | | | |
| <input type="checkbox"/> COPD | | | | <input type="checkbox"/> Smoking/Tobacco Cessation | | | |
| <input type="checkbox"/> Depression | | | | <input type="checkbox"/> Weight Management | | | |
| <input type="checkbox"/> Diabetes | | | | <input type="checkbox"/> Other, please indicate: | | | |
| <input type="checkbox"/> Low Back Pain | | | | <input type="checkbox"/> Other, please indicate: | | | |

43. Briefly describe each of the programs currently offered and the cost of each program. Do you currently track and report specific clinical outcome measurements for each of the conditions for which care/disease management is offered? Please list them.
44. Are you willing to customize your care management/DM programs and services for NDPERS? If so, please explain and provide an example.
45. Describe the programs offered to patients with rare and chronic diseases. Is this program outsourced? Who is the current vendor?
46. Describe in detail your ability to provide on line wellness programs. Compare it to the existing program presently in the NDPERS program (see our website). Specifically identify any deviations from the existing program.
47. Describe Wellness incentives you offer. Compare and contrast that with the existing incentives.
48. Describe your ability to support PERS Wellness initiatives by providing the administrative services for:
 - a. Tobacco Cessation program
 - b. PERS Diabetes Program
 - c. Dedicated Wellness Program Staff

6.9 Network Accessibility and Disruption

49. We are requesting that vendors provide a GeoAccess network accessibility and disruption analysis outlining network access based on your suggested access standards. This GeoAccess analysis must be provided for your proposed NDPERS network. A census file has been provided in Appendix E for your use.

| Provider Type | Access |
|--|--------|
| Primary Care Providers (family/general practice, pediatrics, internal medicine and OB/GYN) | |
| Specialists | |
| Hospitals | |

Please provide the GeoAccess summaries in the table below as well as back-up detail (back-up detail on CD submission only) for employees who fall both within and outside the following access standards. Your match should include all valid zip codes in each of the counties in North Dakota that your network serves and in which participants reside. In addition, you should include only open practices in your analysis.

| Percent of Employees Meeting the Access | | | | | | |
|--|---|-------------------|------------------------------|---------------|--------------------|-----------------|
| Provider Type | Family/ General Practice | Pediatrics | Internal Medicine | OB/GYN | Specialists | Hospital |
| North Dakota | | | | | | |
| County 1 | | | | | | |
| County 2 | | | | | | |
| County 3 | | | | | | |
| County 4 | | | | | | |
| County 5 | | | | | | |
| County 6 | | | | | | |
| County 7 | | | | | | |
| County 8 | | | | | | |
| County 9 | | | | | | |
| County 10 | | | | | | |

50. Provide a listing or provider directory and link to the web for the provider networks you are proposing for NDPERS.
51. Identify and describe your national preferred provider organization.
52. Confirm your willingness to negotiate and maintain NDPERS-specific provider contracts to allow for cost control mechanisms and alignment of contract and plan years. Describe your process and approach for accomplishing this.
53. Do you anticipate any significant provider contract changes for 2013? Describe.

6.9.1 Cost, Quality, and Pay for Performance

54. Describe the programs and methodologies currently in place to gather and measure meaningful provider quality and efficiency data that can be shared with members.
55. Describe in detail the performance standards you currently have in place with your contracted physicians, provider groups, hospitals, and other providers. Outline the types of measures utilized, how you monitor and track these measures, how providers are held accountable, and how frequently the data is compiled and shared with the physicians and provider groups.
56. Describe your participation in pay-for-performance initiatives. To what extent do these activities impact the health care costs of NDPERS or claims incurred by its covered population?

6.9.2 Credentialing and Contracting

57. Briefly describe the initial credentialing process. How often are physician, hospital and other contracts (labs, imaging facilities, DME, home health care) reviewed?

6.9.3 Reimbursement and Discounts

- 58. Provide the reimbursement methodologies (by percentage) agreed to in your contractual arrangements to reimburse inpatient and outpatient hospital services (e.g., discount from charges, case rate, per diem, global DRG, fee schedule, etc.).
- 59. Provide the reimbursement methodologies (by percentage) used to reimburse professional services (e.g., fee-for-service from billed charges, fee-for-service with discount, percent of RBRVS, capitation).
- 60. Provide details on how prescription rebates are reimbursed to the plan.

6.10 Performance Standards and Guarantees

As described in Section I. Overview, of this RFP, health plan vendors are required to comply with performance standards and guarantees that include a financial incentive/forfeiture which is negotiated as part of the renewal process. The table below provides the standards, incentive and forfeiture values, and the target corridors. Please note that references in the table refer to the ASA.

2013 INCENTIVE/FORFEITURE VALUES

| Criteria | Value of Incentive | Value of Forfeiture | Target Corridor - All targets are specific to NDPERS unless noted otherwise below |
|-------------------------------------|--------------------|---------------------|---|
| Cost Management: | | | |
| Health Outcomes: | | | |
| Provider Network Management: | | | |
| Operational Performance: | | | |
| <i>Add lines as necessary</i> | | | |

- 61. Please confirm your willingness to comply with the performance standards and guarantees in the table above. Identify any additional standards and metrics your organization would be willing to include.

6.11 Pharmacy Benefits Management Services

- 62. Describe your company’s experience with administering pharmacy benefits. Provide a summary that includes the number of years that your company has provided such services, number and type (governmental or private) of clients, the total number of eligible employees, and the total number of actual participants that your company currently serves. Identify those clients who are large employers with multiple payroll processing centers and Medicare Part D program support.
- 63. Describe your company’s expertise and experience in implementing PBM services for a program that is comparable in size to the NDPERS program, based on the number of covered lives.

64. Describe your mail order pharmacy program and provide details on how you market this service.

6.11.1 Services Provided to the NDPERS

65. Describe the timetable and specific tasks involved to have the NDPERS' program operative for the July 2013 Plan Year. Include a detailed implementation plan and business plan or timeline related to prescription drug coverage including Medicare Part D program support. At a minimum be specific with regard to the following:
 - a. Amount of time needed for implementing the new program
 - b. Recommended activities/tasks and timing
 - c. Responsibilities of the vendor and the NDPERS staff
 - d. Transition with incumbent, including providing members 90 day notice regarding formulary changes, and the communication of transition issues to all plan members.
 - e. Length of time implementation team will be available and accountable to NDPERS.
 - f. Identify the staff members, by area of expertise, who will be assigned to the implementation team.

6.11.2 Formulary

66. Provide details and the capabilities of your organization to provide a formulary that is at a minimum equivalent to and as comprehensive as the current formulary used by the NDPERS program. Provide sample formulary documents. At a minimum include the following:
 - i Describe your policy regarding formulary changes and your procedures for educating and notifying members. Indicate how often the formulary is changed.
 - ii Describe how drugs are evaluated for possible inclusion on the formulary.
 - iii Describe the basis of your formulary development and maintenance?
 - iv Provide specific information where a higher cost option of therapeutic equivalent drug has been included in your formulary and provide rationale for doing so.

6.11.3 Management of Clinical Programs

67. Provide information that demonstrates your organization can effectively administer the programs listed below in order to partner the pharmacist, other health professionals and the member to ensure the optimum therapeutic outcomes for our members. Also provide information that demonstrates your organization's ability to promote the safe and effective use of medications, and help our members achieve targeted outcomes.
 - a. Drug Utilization Reviews - retrospective, concurrent and prospective.
 - b. Disease Management
 - c. Medication Therapy Management
68. Does your organization perform retrospective DUR for all claims of a given client? Please provide frequency of retrospective DUR.
69. What is the generic utilization and substitution rate for your overall book of business nationally and in North Dakota?

| | 2010 | 2011 | 2012 YTD |
|---------------------------|------|------|----------|
| BOOK OF BUSINESS | | | |
| Generic utilization rate | | | |
| Generic substitution rate | | | |
| NORTH DAKOTA | | | |
| Generic utilization rate | | | |
| Generic substitution rate | | | |

70. How many MAC lists do you have for pharmacies and clients? If more than one, which list will you use for NDPERS?

| | Number of MAC lists |
|------------|----------------------------|
| Pharmacies | |
| Clients | |

71. Based on recent rulings and court cases, what will be your methodology for pricing on a go-forward basis (AWP, AAC, WAC, etc.)? Please explain in detail.

6.11.4 Trend Analysis

72. Your organization must be able to provide NDPERS with a comprehensive, annual trend analysis report as background for making pricing decisions. At a minimum the report must:

- a. Contain extensive utilization and drug spend data that presents future trend drivers, both industry wide and specific to our programs;
- b. Provide information on the generic pipeline, drug indication changes that may affect drug utilization, specialty drug utilization trends, new drug introductions and other similar trend drivers;
- c. Show the impacts of, and provide recommendations for addressing price inflation, rebate performance and other pricing related drivers, in addition to pharmacy network trends and opportunities.

73. Describe your organizations Trend Analysis reporting capabilities. Provide sample reports that reflect your organization’s ability to provide thorough trend analysis for NDPERS.

6.11.5 Specialty Drug Program

74. Describe in detail how your organization will manage specialty and compound drugs based on NDPERS's current plan design. Provide detailed information about your organization's capabilities to administer a specialty drug program. Indicate specific results your specialty drug program has achieved for your current and past clients in terms of reduced program costs (quantitative and qualitative). Include details about the Specialty pharmacy you contract with.

6.11.6 Network Accessibility and Disruption

75. Submit a current listing of the participating pharmacies in North Dakota.
76. How are pharmacies selected for inclusion in your network? Would your organization be willing to contract with additional pharmacies if there are geographic locations where participants live but which do not have access to one of your pharmacies?
77. Indicate which major chain stores are not included in your proposed network for NDPERS.

6.11.7 Medicare Part D

Describe the ability of your organization to provide Medicare Part D coverage for Medicare eligible retirees enrolled in the NDPERS group health insurance program. Identify any subcontractor that would be used to provide Medicare Part D coverage to the NDPERS Medicare eligible retirees and note that NDPERS reserves the right to approve the subcontractor. Also identify what type of plan would be used (e.g. fully-insured PDP, 800-Series EGWP, Direct-Contract EGWP)

6.11.8 HDHP/HSA

78. Describe how your organization will do the administration of the HSA option. What details are provided to individuals that select this option, the name of the service vendor and any other applicable information.

Appendix D. Cost Proposal Exhibits

Please complete the questions and cost proposal exhibits provided in this section. As described in Section IV., Proposal Submission, of this RFP. Vendors may provide supplemental information but may not deviate from utilizing the provided Excel worksheets. Refer to Section IV. Proposal Submission for details. Instructions are outlined below and included with each of the required exhibits.

D.1 Fully-insured – With Prescription Drug Coverage

The cost proposal consists of the following components and related exhibits:

- Medical + Prescription Drug Premiums (D1.1)
- Medical + Prescription Drug Premium Development (D1.2)

D.2 Fully-insured – Medicare Group PDP

The cost proposal consists of the following components and related exhibits:

- Medicare Part D Group PDP Premiums (D2.1)
- Medicare Part D Group PDP Premium Development (D2.2)

Failure to submit a complete cost proposal with all requested exhibits may eliminate your proposal from further consideration. Vendors must submit the information in the format requested, but can provide supplemental information to further explain your response.

Appendix E – NDPERS Program Information

Exhibit 1 – Age/gender member statistics

Exhibit 2 – Contract count summary

Exhibit 3 – Member count summary

Exhibit 4 – Services count summary

Exhibit 5 – Plan paid dollars summary

Exhibit 6 – High claims

Exhibit 7 – Contracts by zip code

Appendix F, Exhibit F1 and F2 – Proposal Deviations (2 pages)

Proposers are required to submit deviations in two parts and under separate cover with their proposals using the exhibits that follow:

1. Exhibit F1 – Contract/ASA deviations and exceptions must be described in detail, and include proposed alternative language.
2. Exhibit F2 - Deviations from other RFP requirements must also be described in detail and submitted with your proposal.

Use the exhibits provided in the following pages to submit specific deviations.

In addition, proposers must submit:

3. Exhibit F3 – Submit the redline version of the sample contract/ASA with your proposal reflecting the deviations identified in your response to Exhibit F1. Note that electronic and hard copy formats must be submitted with the cost proposal as described earlier in the RFP.

Proposal Deviations

Instructions:

Vendors must complete and submit two separate proposal deviations worksheets. Exhibit F1 for exceptions and suggested alternatives to the terms and provisions in the sample contract/ASA and Exhibit F2 for deviations to other RFP requirements (plan designs, administration, etc.). Failure to include this information with your proposal may exclude your organization from further consideration. As noted in Exhibit F3, vendors are also required to submit a redline version of the ASA that reflects the deviations and suggested alternatives noted below (as outlined in Section III., Proposal Contents, of the RFP).

Appendix F, Exhibit F1 – Proposal Deviations to Sample Contract/ASA

Please complete the following worksheet for any and all deviations and exceptions to the required contract language and provisions as outlined in the sample contract provided with this RFP. Suggested alternatives must be included. Vendors should add additional pages as needed.

| NDPERS RFP SAMPLE CONTRACT/ASA DEVIATIONS AND EXCEPTIONS | | |
|--|-------------------------------|--|
| Contract Section/ Number | Description/Contract Language | Suggested/Proposed Alternative Language or Provision |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Appendix F, Exhibit F2 – All Other Proposal Deviations

Please complete the following worksheet for all deviations and exceptions to the RFP requirements. Suggested alternatives or solutions must be included. Vendors should add additional pages as needed.

| NDPERS RFP ALL OTHER DEVIATIONS AND EXCEPTIONS | |
|---|--------------------------------------|
| Specific Deviation | Proposed Alternative/Solution |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Appendix F, Exhibit F3 – Redline version of contract/ASA (to be submitted by vendors)



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 9, 2012
SUBJECT: BCBS Quarterly Executive Summary

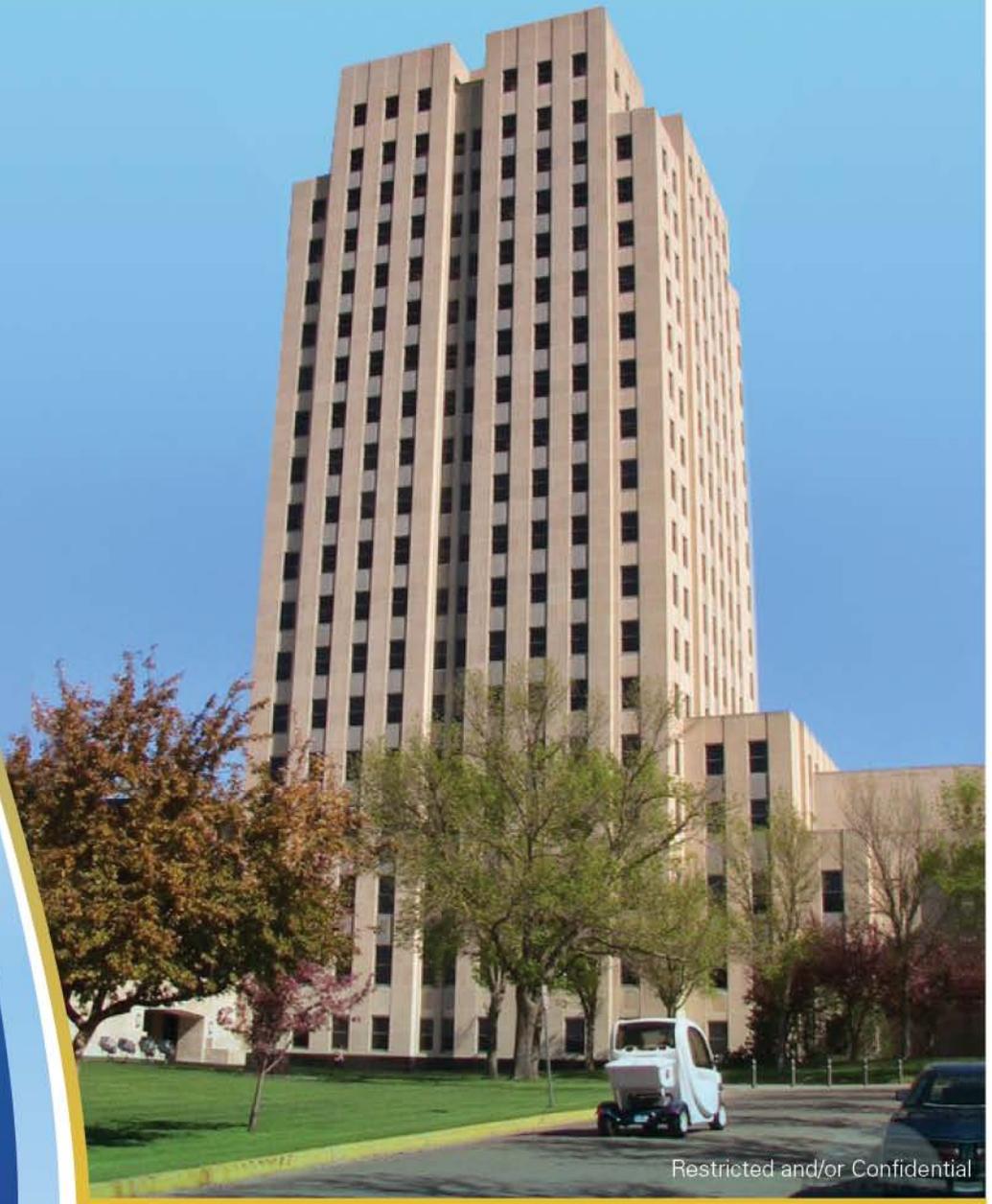
Representatives from BCBS will be at the meeting to review the attached Quarterly Executive Summary.

NDPERS Executive Summary

Q1 | Presented May 2012

Table of Contents

| | |
|---|------|
| Dashboard | 2 |
| Financial/Trend Analysis | 3-4 |
| Membership & Health Utilization Summary | 5 |
| High Dollar Claims & Prescription Drugs | 6 |
| Performance Guarantees | 7 |
| Wellness Programs | 8-10 |
| Opportunities and Activities | 11 |
| Hypertension QIP | 12 |



Restricted and/or Confidential



**NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM**



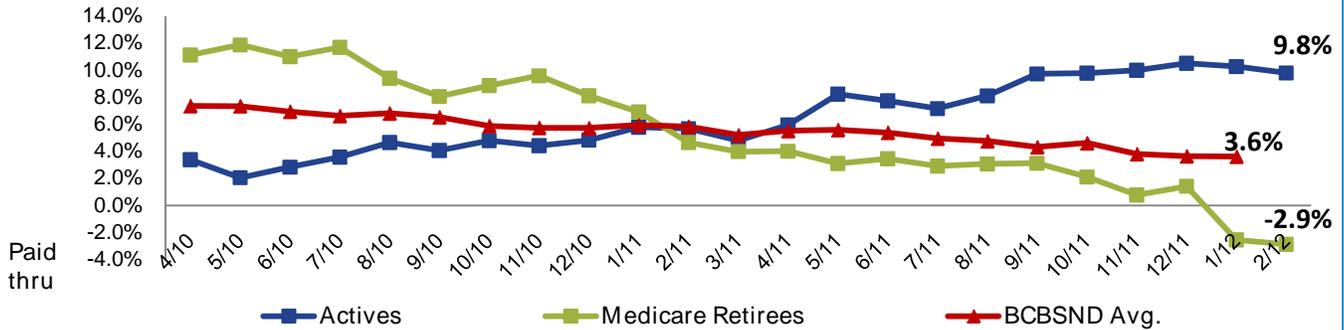
ND

Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association

Northland Mutual Insurance Company



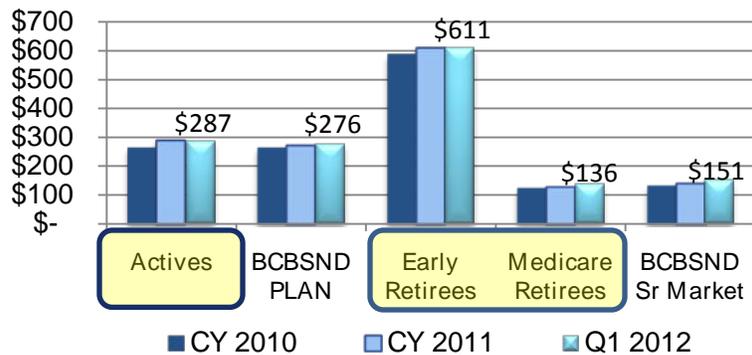
12 Month Moving Trend Analysis



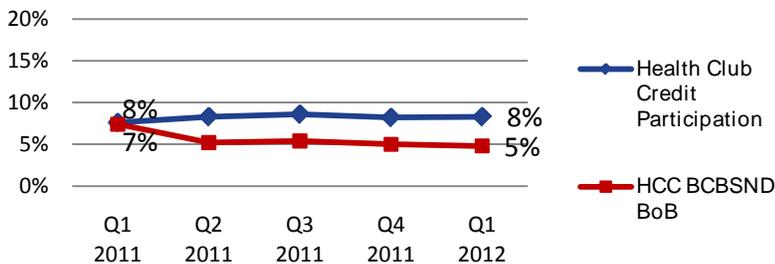
Membership Comparison

| | 2011 | Q1 2012 |
|-------------------|--------|---------|
| Actives | 50,886 | 53,557 |
| Early Retirees | 1,221 | 1,226 |
| Medicare Retirees | 6,923 | 7,282 |

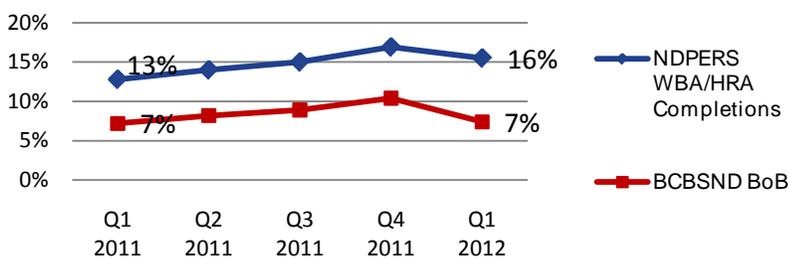
Paid Per Member Per Month



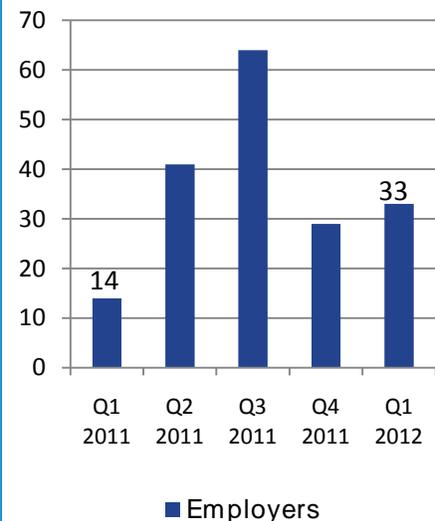
Health Club Credit Participation



WBA/HRA Completions



Employers Participating in Member Education



Actives include Political Subs and State Employees

Quarters are cumulative to calendar year end

NDPERS Biennium Comparison

Paid through March 31, 2012

| | Premium | Admin Fee | Interest on Surplus | Estimated Incurred Claims | Gain (Loss) | Gain (Loss) as % of Premium | Biennium Gain (loss) | % of Premium |
|------------------|---------|-----------|---------------------|---------------------------|-------------|-----------------------------|----------------------|--------------|
| July 07 - Jan 08 | 94,810 | 5,130 | 204 | 86,891 | 2,994 | 3.2% | -3,106 | -0.9% |
| July 09 - Jan 10 | 122,061 | 6,450 | 71 | 100,462 | 15,219 | 12.5% | 38,013 | 9.0% |
| July 11 - Jan 12 | 133,866 | 7,102 | 19 | 121,866 | 4,917 | 3.7% | N/A | N/A |

Note: Reported in Thousands

The biennium beginning July 09 ended with a significant gain compared to the loss on the July 07 biennium. Current biennium gains are slightly better than the July 07 biennium. It is important to note that the July 11 - Jan 12 claims include estimated reserves. Actual claims run out may vary from original reserve estimates.

It is expected that premiums will exceed claims in the first few months of the biennium. This is due to stable premium levels throughout the entire biennium and increasing claims during the biennium. At the mid-point of the biennium claims would be expected to be equal to premiums less admin fees and during the last months of the biennium, claims would be expected to exceed premiums.

NDPERS Quarterly Trend Analysis

Paid through April 30, 2012

| Incurred Month | Twelve Month Moving Average | | Annual Trend | |
|----------------|-------------------------------------|--------------|--------------|--------------|
| | Est Incurred Claim/Contract Actives | Med Retirees | Actives | Med Retirees |
| 4/10 | 659.13 | 164.18 | 3.4% | 11.1% |
| 5/10 | 655.10 | 165.19 | 2.1% | 11.9% |
| 6/10 | 662.09 | 165.63 | 2.8% | 11.0% |
| 7/10 | 666.62 | 166.19 | 3.6% | 11.7% |
| 8/10 | 672.00 | 165.97 | 4.7% | 9.4% |
| 9/10 | 671.38 | 165.53 | 4.1% | 8.1% |
| 10/10 | 673.94 | 166.34 | 4.8% | 8.9% |
| 11/10 | 676.90 | 168.05 | 4.4% | 9.6% |
| 12/10 | 679.70 | 167.09 | 4.8% | 8.1% |
| 1/11 | 686.34 | 170.95 | 5.8% | 6.9% |
| 2/11 | 690.43 | 170.85 | 5.7% | 4.7% |
| 3/11 | 691.96 | 170.56 | 4.8% | 4.0% |
| 4/11 | 698.39 | 170.77 | 6.0% | 4.0% |
| 5/11 | 709.06 | 170.33 | 8.2% | 3.1% |
| 6/11 | 713.29 | 171.37 | 7.7% | 3.5% |
| 7/11 | 714.38 | 171.05 | 7.2% | 2.9% |
| 8/11 | 726.48 | 171.07 | 8.1% | 3.1% |
| 9/11 | 736.70 | 170.70 | 9.7% | 3.1% |
| 10/11 | 739.90 | 169.85 | 9.8% | 2.1% |
| 11/11 | 744.57 | 169.34 | 10.0% | 0.8% |
| 12/11 | 751.20 | 169.47 | 10.5% | 1.4% |
| 1/12 | 756.82 | 166.61 | 10.3% | -2.5% |
| 2/12 | 758.08 | 165.94 | 9.8% | -2.9% |

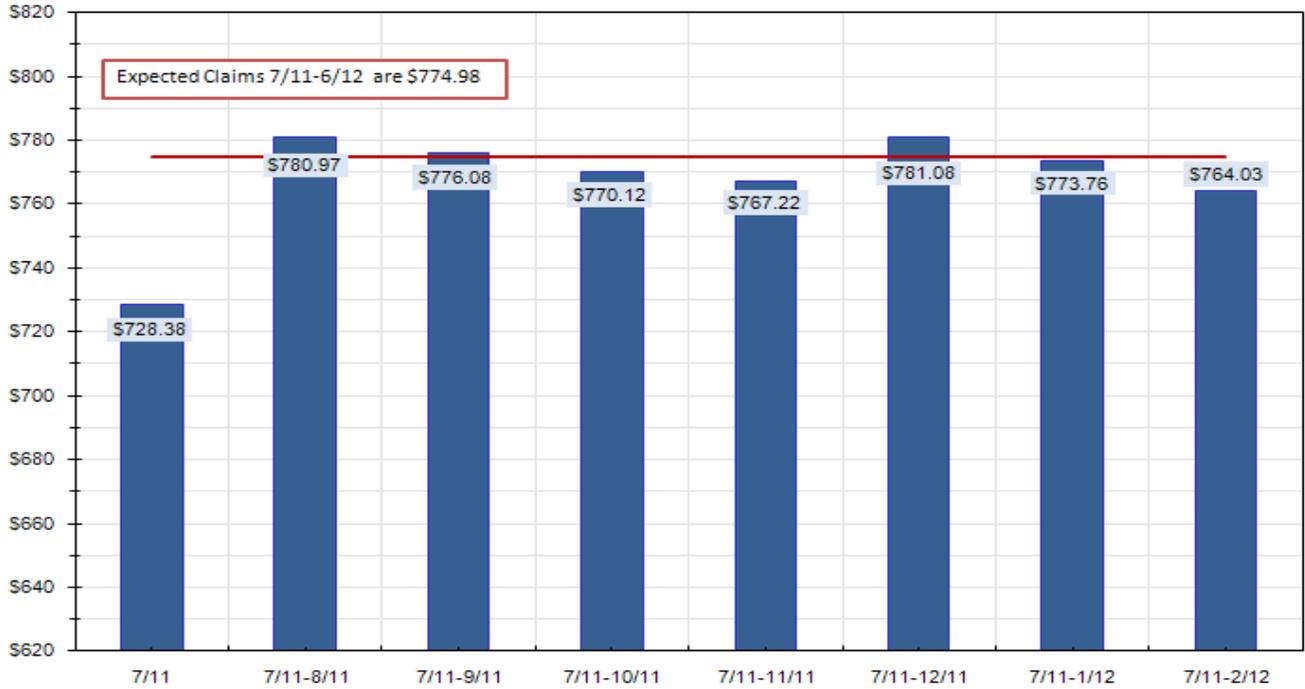
The 10.3% twelve month rolling trend for NDPERS Actives through January 2012 is greater than the Blue Cross Blue Shield overall trend of 3.6%.

A 7.5% trend was used in rating the first year of the biennium beginning July 2011. A 9% claims trend was used for the second year.

NDPERS Quarterly Trend Analysis
Paid through April 30, 2012

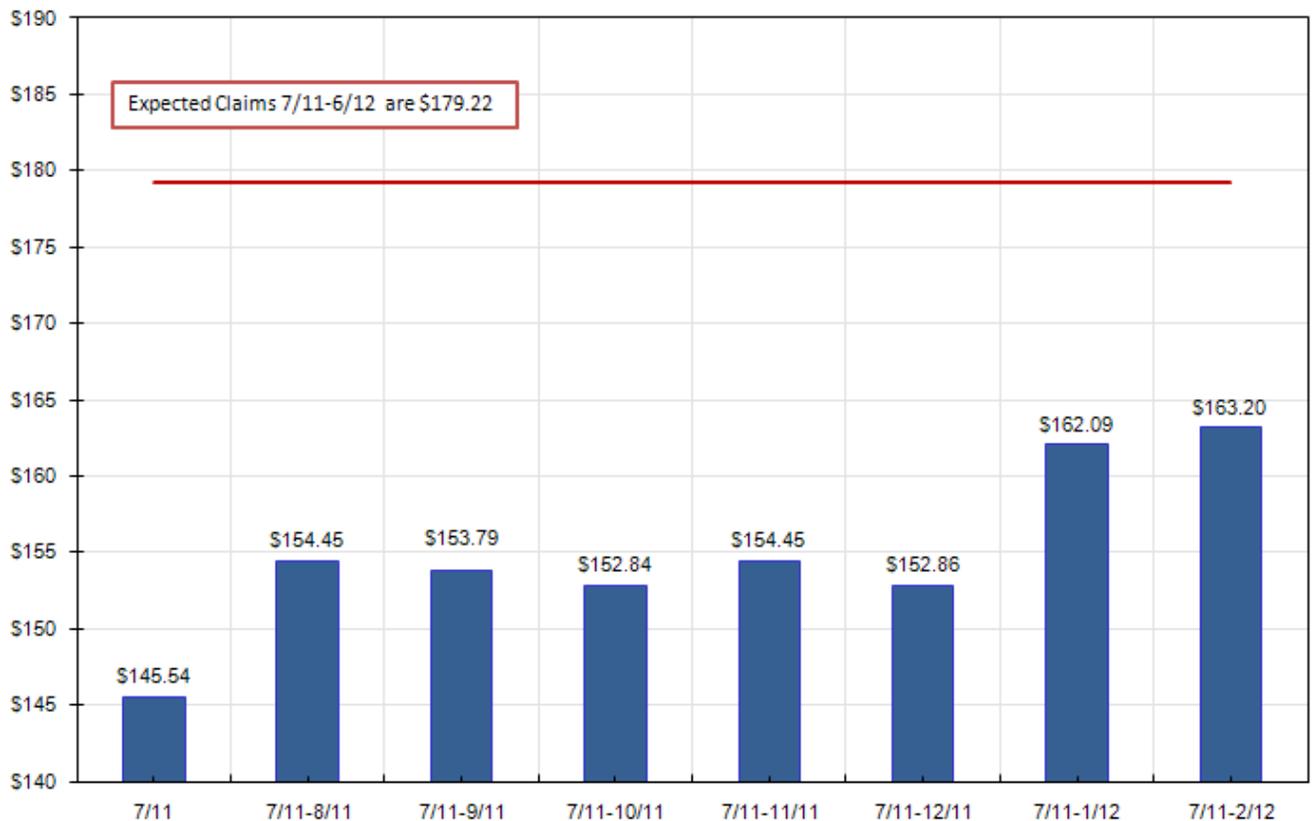
NDPERS - Actives

AVERAGE MONTHLY INCURRED CLAIMS PER CONTRACT



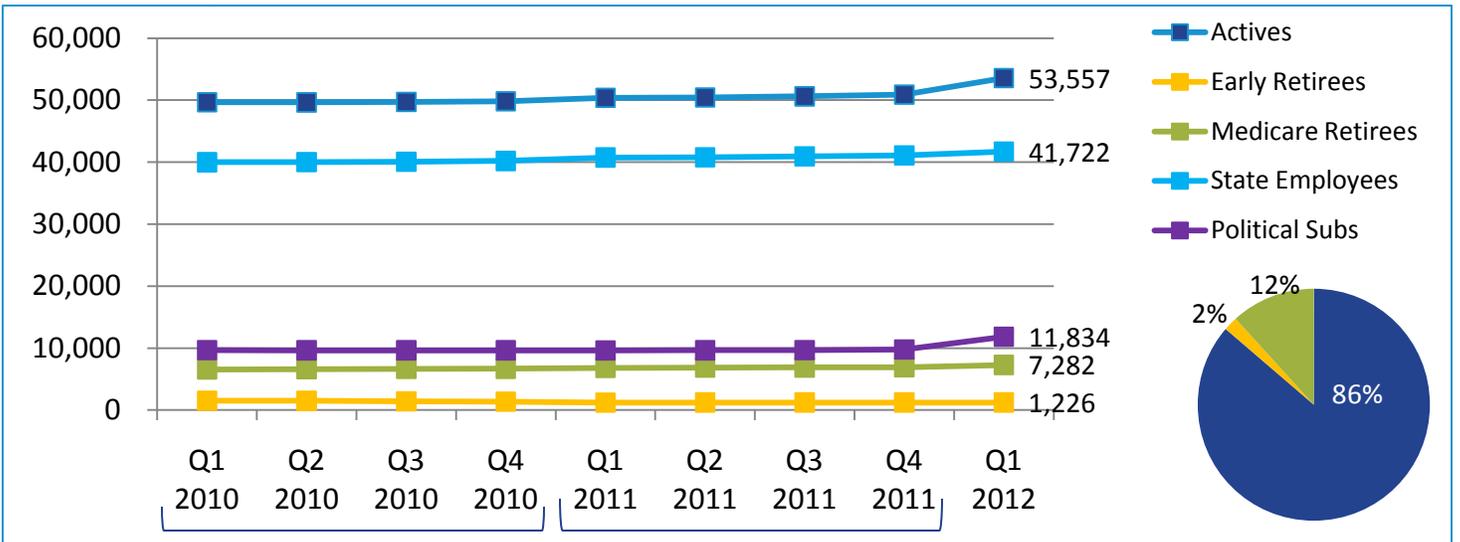
NDPERS - Medicare Retirees

AVERAGE MONTHLY INCURRED CLAIMS PER CONTRACT

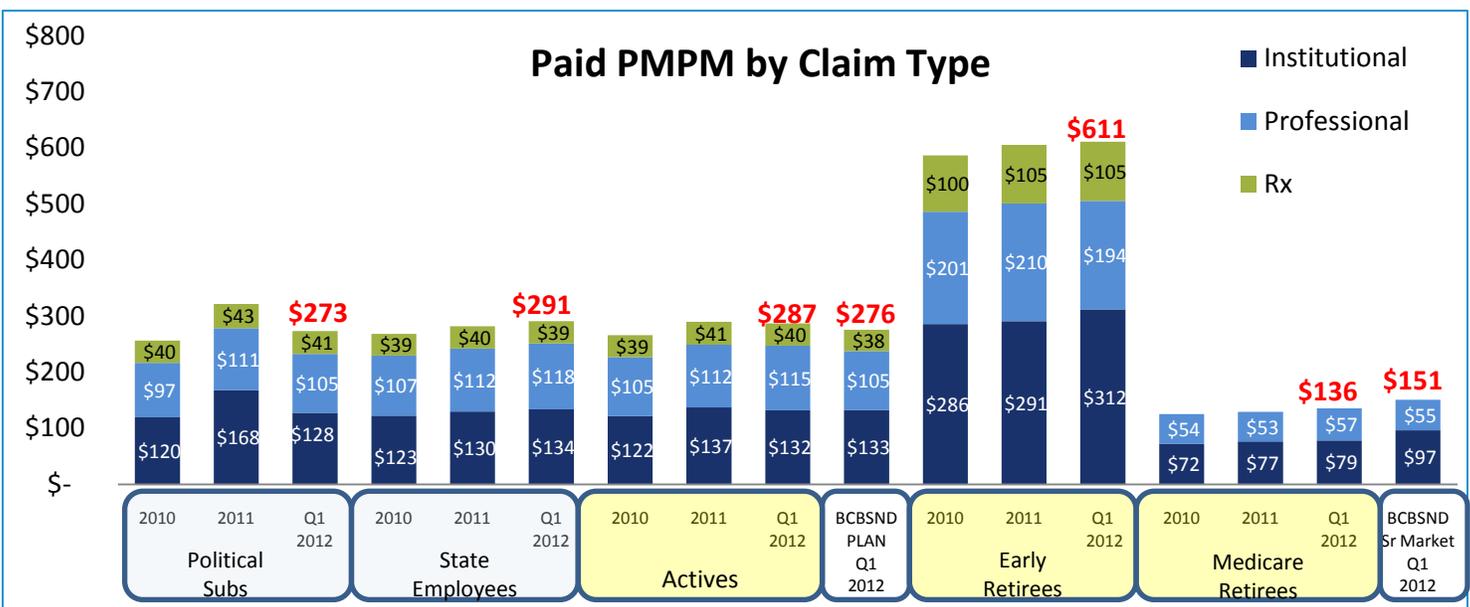
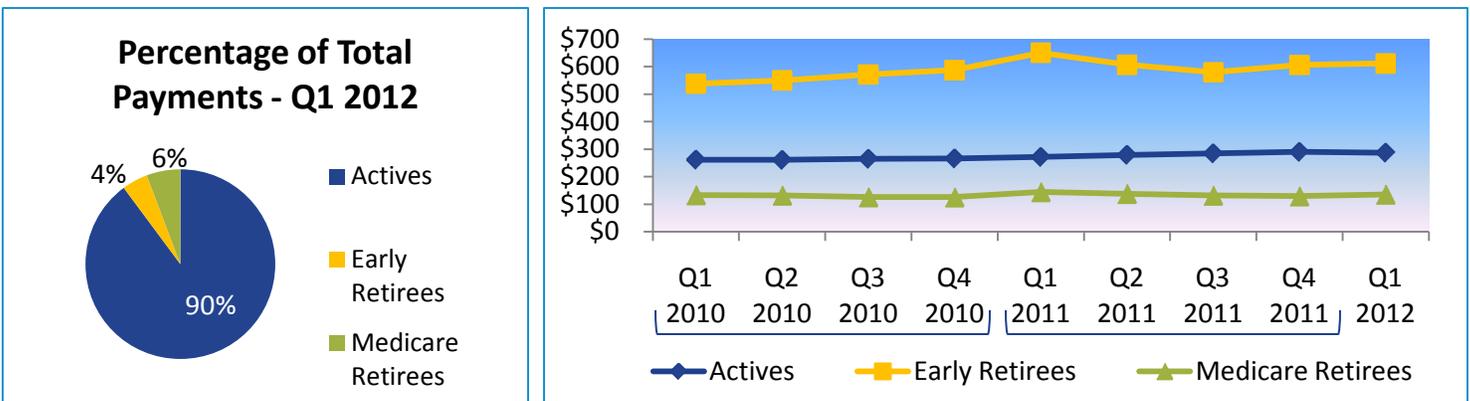




Membership



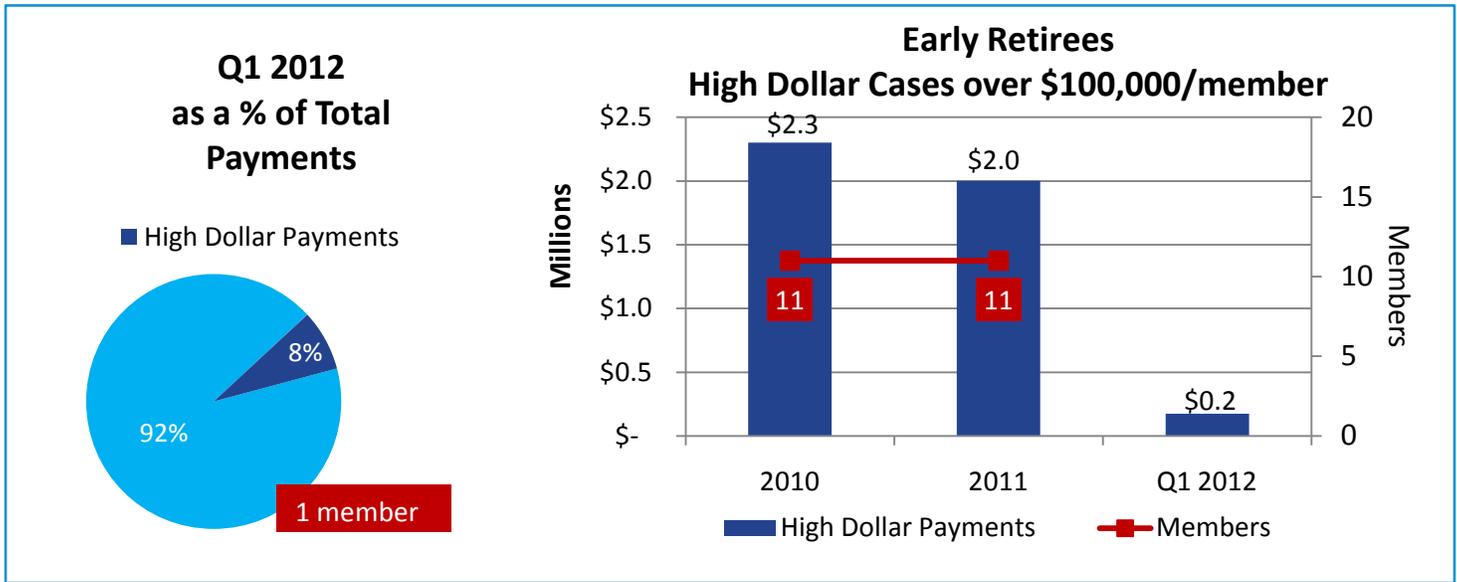
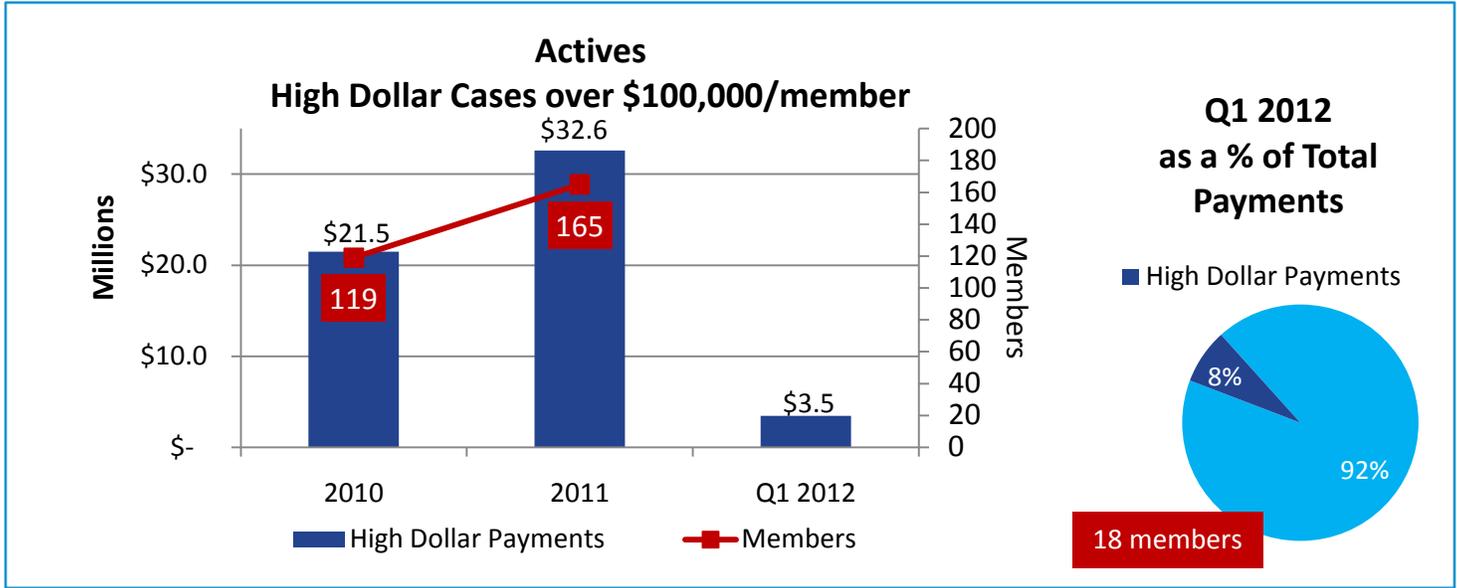
Claims Paid Per Member Per Month (PMPM)



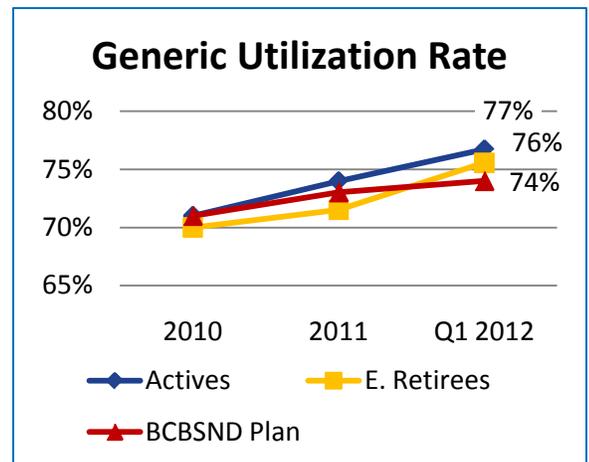
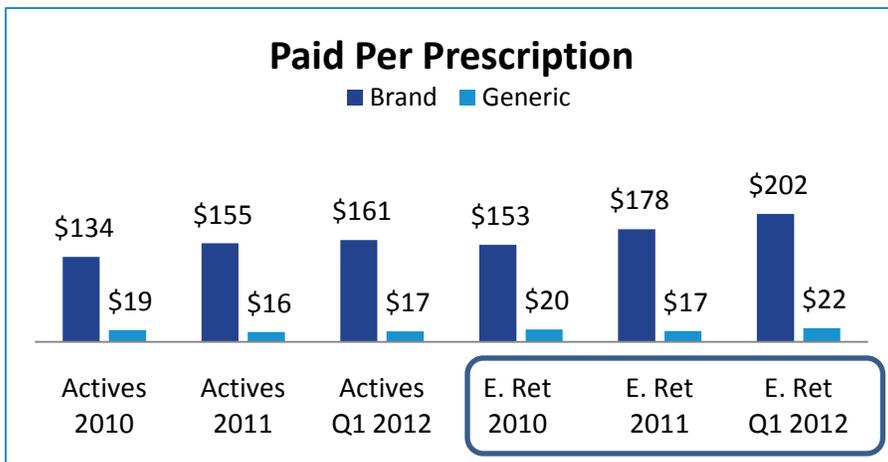
Actives include Political Subs and State Employees

Quarters are cumulative to calendar year end

High Dollar Cases



Prescription Drugs





| Measure | Goal | To Date |
|---|---|---------|
| Cost Management: | | |
| WBA/HRA Completions | 10% increase over 2011 completions (2011 = 16.9%) | 15.5% |
| WBA/HRA Score | 5% point increase over 2011 score (2011 = 70.2**) | 66.9 |
| Online Wellness Tool - incentives paid | 10% increase over 2011 incentives paid (2011 = \$323,401) | \$1,080 |
| Health Club Credit - members receiving credit | 10% increase over 2011 members receiving credit (2011 = 4.9%) | 5.1% |
| Health Outcomes: | | |
| Members enrolled in a Medical Home | 80% | 77.3% |
| Breast Cancer Screening Rates | 80% | *74.23% |
| Cervical Cancer Screening Rates | 85% | *77.86% |
| Colorectal Cancer Screening Rates | 60% | *50.63% |
| Operational Performance: | | |
| Claims Financial Accuracy | 99% | 99.85% |
| Payment Incident Accuracy | 97% | 98.53% |
| Claim Timeliness | 99% | 99.82% |
| Average Speed of Answer (in seconds) | 30 seconds or less | 12.73 |
| Call Abandonment Rate | 5% or less | 0.80% |
| Provider Network Management: | | |
| NDPERS PPO network | 90% (or more) participation | 99.6% |

*Most current data available is CY 2010

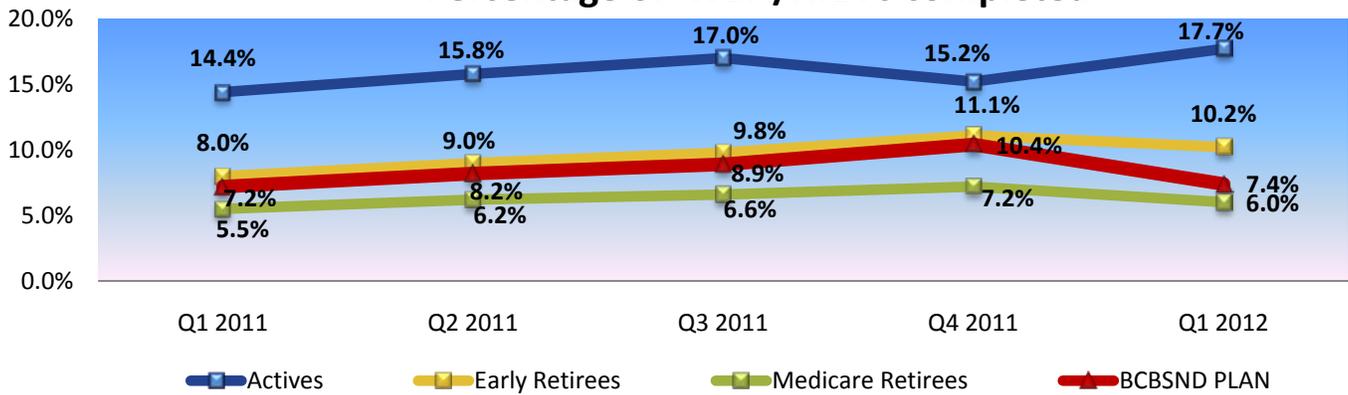
**conversion to HealthyBlue will require score translation

Through Q1 2012 (Jan-Mar), there was a total of 42,404 members eligible for the wellness programs, MyHealthCenter/HealthyBlue and Health Club Credit. NDPERs member participation in these wellness programs is about 10% higher than the BCBSND Plan average.

HealthyBlue

- 15.5% (down slightly from 16.9% Q4) of total eligible members have completed a WBA/Health Risk Assessment (6,571 members)
 - BCBSND Plan WBA/HRA completion rate 7.4% (down from 10.4% Q4)
- Point redemption through Q1 2012 - \$1,080 in redeemed prizes

Percentage of WBA/HRA's completed



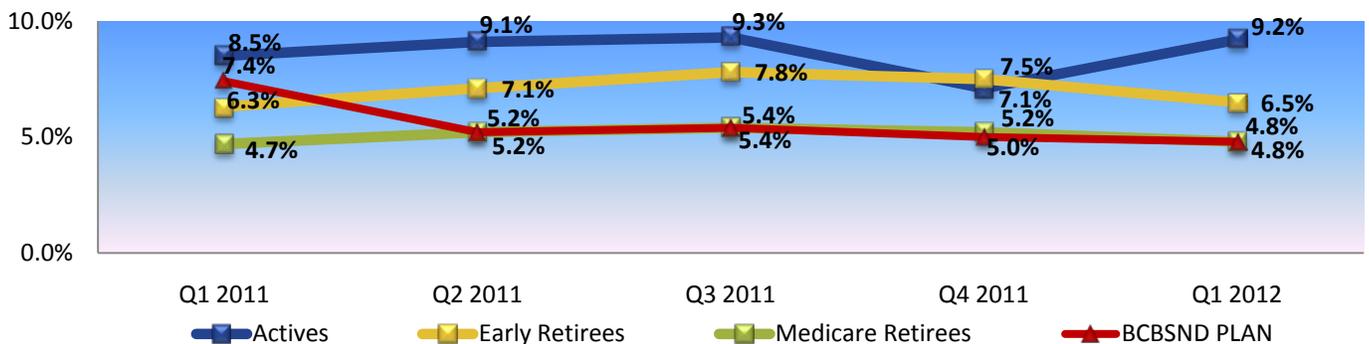
Q1 2012 begins over due to annual WBA/HRA completion requirement.

Quarters are cumulative to calendar year end

Health Club Credit

- 8.3% (same as Q4) participate on a monthly basis in the Health Club Credit Program (3,357 members)
 - BCBSND Plan average is 4.8%
- 61% (up from 56.7% Q4) of those participating in HCC exercise 12 or more days per month (2,157 members)
 - BCBSND Plan average is 61.5% (up from 54.6% Q4)
- \$127,937.80 paid in Health Club credits

HCC Member Participation



Q1 2011 begins over due to annual HRA completion requirement.

Quarters are cumulative to calendar year end

Member Engagement

Member Education Representatives introduce programs that provide employees with valuable information and engaging them in their health care. Along with making more informed health care decisions, these programs include valuable life skills.

Presentations are available for the following programs:

- Wellness Programs (HealthyBlue/Health Club Credit)
- Take Care of Yourself
- Walking Works
- Strength Training
- Beat The Bug
- Summer Safety
- Stress Management
- Medication Education
- Nutrition Basics for a Healthier You

In 2011, Member Education Representatives presented to 65 different employer groups with 3,348 members who attended these meetings.

| | Number of Employers | Member Education Program | Member Attendance |
|---------|---------------------|-------------------------------------|-------------------|
| Q1 2011 | 4 | My Health Center/Health Club Credit | 205 |
| | 10 | Other | 266 |
| Q2 2011 | 8 | My Health Center/Health Club Credit | 151 |
| | 19 | Other | 728 |
| Q3 2011 | 10 | My Health Center/Health Club Credit | 216 |
| | 13 | Other | 334 |
| Q4 2011 | 16 | My Health Center/Health Club Credit | 705 |
| | 19 | Other | 743 |
| Q1 2012 | 25 | My Health Center/HealthyBlue /HCC | 910 |
| | 18 | Other | 336 |

Benefit Overview meetings
(tracking began Q3 2011)

| | Number of Employers |
|---------|---------------------|
| Q3 2011 | 31 |
| Q4 2011 | 65 |
| Q1 2012 | 13 |

NDPERS Wellness Specialist

National Walk @ Lunch Day

- Second Annual National Walk @ Lunch Day event at the Capitol on Wednesday, April 25th
- Approximately 50 employees were able to join Lt. Governor Drew Wrigley for the Ceremonial Lap.
- Many others joined the event during their designated lunch periods throughout the remainder of the walk
- Employees were able to get their blood pressure checked, measure their step length and ask questions about their NDPERS/BCBSND benefits and the new HealthyBlue online wellness tool.

Updates

- Health & Wellness Promotions Calendar for the image rotator on the HealthyBlue website is being finalized
- Developing a strategic plan for Wellness Program Engagement to target employers and employees
- Eight Wellness Coordinator Networking Workshops to be held during the months of June, July and August across the state
- Five Wellness Coordinators attended the Healthy ND Gearing Up for Worksite Wellness training held April 19-20th in Bismarck.
 - next training is scheduled to be held June 11-12th in Grand Forks.

Completed

- Walk at Lunch at the Capitol
- Annual Utilization Summary

Ongoing Activities

- Prenatal Plus Program outreach is in development and outreach will begin in June
- BCBSND Hypertension Quality Improvement Project (QIP) is in Phase 2 with these communications in April 2012 (see next pg):
 - Messaging to providers through MediQHome
 - Press release
 - Member Letter
 - Phase 3 expands the QIP to target high cholesterol; optimal diabetes and vascular care; and tobacco cessation in MediQHome members with diabetes and coronary artery disease.
- Increase cancer screening compliance through targeted outreach and programs
 - Targeted flyers, messaging on the HealthyBlue image rotator, potential member testimonials
- Pharmacy/Medical Data Integration (Guided Health)
- Early Retirement Reinsurance Program
- MediQHome provider contracting – St. Alexius is now participating

Cost Savings Opportunities

- AccordantCare Program has produced an overall book of business ROI of \$1,632/participating member for it's first year
 - Of the 491 eligible NDPERS members, there were 384 NDPERS participating Q1 2012
- Select Network (effective Feb 2011) has saved an estimated annual savings of \$820,000*
- Generic MAC Pricing Improvements (effective 2011) has saved an estimated annual savings of \$1,923,076*
- Triessent Specialty Pharmacy has saved an estimated annual savings of \$6,862*
- Triessent will be transitioning to Prime Specialty Pharmacy by Q3 2012
- Healthy Coupon initiative (LinkWell) – mailed to members with targeted conditions on May 7th

Future Considerations

- Early Retiree benefit options
- BlueQ – Tailored Wellness
- Rx benefit/Prime Mail design options

**Savings are estimates for NDPERS and should not be considered binding.*



Business news for immediate release

March 27, 2012

BCBSND program targets high blood pressure Health insurer partners with American Heart Association, American Stroke Association and North Dakota Department of Health

An innovative new program from Blue Cross Blue Shield of North Dakota (BCBSND) is taking aim at a health condition that affects over one quarter of North Dakota adults. The Hypertension Quality Improvement Program is engaging BCBSND members to raise awareness of the dangers of high blood pressure and what individuals can do to stay heart-healthy.

Educational materials from the American Heart Association (AHA) and the American Stroke Association (ASA), along with support funding from the North Dakota Department of Health, are being distributed to over 10,000 BCBSND members with hypertension. This is the first hypertension outreach effort by the four partners. Additional member outreach is planned later in 2012.

"High blood pressure is a controllable condition for a vast majority of patients," said BCBSND's interim chief medical officer at BCBSND. "The hypertension program encourages members to take simple steps to stay heart-healthy."

The materials from the AHA/ASA encourage BCBSND members to:

- Monitor their blood pressure regularly
- Stick to a treatment plan, if their doctor recommends one
- Reduce their sodium intake

BCBSND is also reaching out to the state's physicians through the hypertension information on treatment plans for patients with hypertension, as well as materials to share with their patients.

According to the Behavioral Risk Factor Surveillance System, 27 percent of North Dakotans are diagnosed with high blood pressure, and hypertension is a major factor in heart disease death in the state. Hypertension is considered a chronic condition, which generates between 50 and 70 percent of all health care costs.

Uncontrolled chronic health conditions, like hypertension, can lead to expensive health care—an important role in driving up the overall cost of health care—like emergency room visits and surgical procedures.

The Hypertension Quality Improvement Program is part of BCBSND's innovative program based on patient-centered medical home principles. MediQHome™ helps BCBSND members, the state's medical providers and BCBSND to improve quality of care for patients by providing well-managed, coordinated care to prevent the rising costs of health care. It provides well-managed, coordinated care to prevent the rising costs of health care. It provides well-managed, coordinated care to prevent, as well as some of the most common chronic conditions, like hypertension.

Contact: Najla Amundson, Public Relations Manager
Blue Cross Blue Shield of North Dakota
4510 13th Ave. S., Fargo, ND 58121
701-282-1214, najla.amundson@bcbsnd.com, www.BCBSND.com

Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association, a not-for-profit mutual insurance company.

29375669



April 2012

[Endorsement]
[FIRST_NAME] [LAST_NAME]
[ADDRESS1]
[ADDRESS2]
[CITY], [STATE] [ZIP]
[IMB]

Re: Hypertension – High Blood Pressure

Blue Cross Blue Shield of North Dakota (BCBSND), the American Heart Association (AHA), the American Stroke Association (ASA) and the North Dakota Department of Health have partnered to help you become more aware of your heart health and how you can ensure your blood pressure stays in a heart-healthy range.

Nearly one quarter of American adults—more than 65 million people—have hypertension, or high blood pressure, a contributing factor in heart disease, the leading cause of death in the United States.

We all want to live longer, healthier lives. The enclosed brochure from the AHA/ASA provides a good opportunity to think about heart health and the role high blood pressure plays in our overall well-being. It provides basic information about high blood pressure and the things you can do to help control it, including:

- Monitor your blood pressure regularly
- Stick to a treatment plan, if your doctor recommends one
- Reduce your sodium intake

High Costs of Uncontrolled Chronic Health Conditions

Complications from uncontrolled chronic health conditions—emergency room visits, hospital stays and surgical procedures—are generally very expensive and play a leading role in driving up the overall cost of health care. Dozens of studies have proven that prevention and good disease management are far less costly than allowing a condition to remain uncontrolled.

This hypertension outreach effort is part of MediQHome™, BCBSND's patient-centered medical home program. MediQHome™ helps BCBSND members get preventive tests and follow proven treatment plans to better control chronic health conditions. The program is improving health and reducing costs—both of which produce a higher quality of life for you.

Your health is important—to you, your loved ones and those who count on you. Make sure you are doing all you can to control your blood pressure and remain heart-healthy.

If you have any questions about information in this letter or about hypertension, please call a BCBSND case manager toll-free at 877-275-7801 or email DiseaseMgmtProg@bcbsnd.com.

Thank you for being a BCBSND member.

Sincerely,

Eunah K. Fischer, M.D., F.A.C.P.
Interim Chief Medical Officer

Enclosure

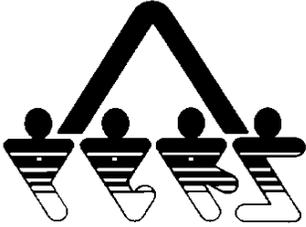
4510 13th Avenue South, Fargo, North Dakota 58121

Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association

29315534

Northland Mutual Insurance Company

(302) 4-12



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

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

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

Memorandum

TO: NDPERS Board
FROM: Sparb
DATE: May 9, 2012
SUBJECT: Rx Update

At the last meeting we reviewed the Rx program. Several suggestions were offered on possible plan design changes for the Rx program including for generic drugs. The Board requested that Prime Therapeutics provide information on the effect of changing the generic cost share on the membership. Attached is that assessment.

Impact per Script

BCBSND**NDPERS (Account ID NDP)****Copay Comparison: Current (\$5 + 15%) vs Flat \$10***

Based on scripts filled from 1/1/2012 through 3/31/2012



| Days Supply | Script Cost | Average Script Cost | Total Scripts | Distinct Utilizers | Total Paid | Current Plan Paid | Current Member Paid | Member Paid with \$10 Copay | Total Member Impact | Average Current Member Paid | Average New Member Paid | Average Member Impact per Script |
|--------------|--------------------|---------------------|---------------|--------------------|--------------------|--------------------|---------------------|-----------------------------|---------------------|-----------------------------|-------------------------|----------------------------------|
| 1 to 34 | Less than \$10 | \$8.08 | 35,717 | 13,661 | \$288,710 | \$93,893 | \$194,818 | \$288,710 | \$93,893 | \$5.45 | \$8.08 | \$2.63 |
| 1 to 34 | \$10.00 to \$38.33 | \$19.20 | 25,866 | 12,621 | \$496,647 | \$312,219 | \$184,428 | \$258,660 | \$74,232 | \$7.13 | \$10.00 | \$2.87 |
| 1 to 34 | \$38.34 or more | \$100.06 | 7,439 | 4,162 | \$744,339 | \$601,073 | \$143,267 | \$74,390 | (\$68,877) | \$19.26 | \$10.00 | (\$9.26) |
| | | \$22.16 | 69,022 | 20,950 | \$1,529,697 | \$1,007,185 | \$522,512 | \$621,760 | \$99,248 | \$7.57 | \$9.01 | \$1.44 |
| 35 to 100 | Less than \$20 | \$12.57 | 14,378 | 8,686 | \$180,764 | \$38,484 | \$142,280 | \$180,764 | \$38,484 | \$9.90 | \$12.57 | \$2.68 |
| 35 to 100 | \$20.00 to \$71.66 | \$36.05 | 7,235 | 5,405 | \$260,796 | \$160,179 | \$100,617 | \$144,700 | \$44,083 | \$13.91 | \$20.00 | \$6.09 |
| 35 to 100 | \$71.67 or more | \$164.13 | 3,771 | 3,122 | \$618,927 | \$494,034 | \$124,892 | \$75,420 | (\$49,472) | \$33.12 | \$20.00 | (\$13.12) |
| | | \$41.78 | 25,384 | 12,334 | \$1,060,487 | \$692,697 | \$367,790 | \$400,884 | \$33,095 | \$14.49 | \$15.79 | \$1.30 |
| Total | | \$27.44 | 94,406 | 26,106 | \$2,590,184 | \$1,699,882 | \$890,302 | \$1,022,645 | \$132,343 | \$9.43 | \$10.83 | \$1.40 |

*One copay for scripts with days supply from 1 to 34, two copays for scripts with days supply 35-100.

Notes

- Analysis limited to formulary generics only.
- Current member paid has been recalculated based on current plan design, rather than actual member payments per script, in order to neutralize impact of coinsurance maximum (\$1,000 for formulary brands & generics).

All savings and impact shown are estimated and not a guarantee of actual results.

Impact per Member

BCBSND

NDPERS (Account ID NDP)

Copay Comparison: Current (\$5+ 15%) vs Flat \$10*

Based on scripts filled from 1/1/2012 through 3/31/2012



| Impact to Member (per quarter) | Distinct Members | Total Scripts | Average Scripts per Quarter | Average Cost per Script | Total Paid | Current Plan Paid | Current Member Paid | Member Paid @ \$10 Copay | Total Member Impact | Average Quarterly Impact per Member | Average Member Impact, Annualized |
|--------------------------------|------------------|---------------|-----------------------------|-------------------------|--------------------|--------------------|---------------------|--------------------------|---------------------|-------------------------------------|-----------------------------------|
| More than \$50 savings | 267 | 2,061 | 7.7 | \$160.66 | \$331,117 | \$270,729 | \$60,388 | \$22,955 | (\$37,433) | (\$140.20) | (\$560.80) |
| \$25-\$49.99 savings | 544 | 2,506 | 4.6 | \$96.03 | \$240,643 | \$189,702 | \$50,941 | \$31,690 | (\$19,251) | (\$35.39) | (\$141.55) |
| \$1 to \$24.99 savings | 2,869 | 9,543 | 3.3 | \$59.30 | \$565,914 | \$427,267 | \$138,646 | \$114,839 | (\$23,808) | (\$8.30) | (\$33.19) |
| \$1 to \$4.99 addl cost | 8,531 | 13,463 | 1.6 | \$22.34 | \$300,827 | \$184,276 | \$116,552 | \$139,540 | \$22,988 | \$2.69 | \$10.78 |
| \$5-\$9.99 addl cost | 6,539 | 17,346 | 2.7 | \$17.95 | \$311,432 | \$172,747 | \$138,685 | \$184,886 | \$46,201 | \$7.07 | \$28.26 |
| \$10-\$24.99 addl cost | 5,865 | 31,177 | 5.3 | \$17.45 | \$544,178 | \$296,418 | \$247,761 | \$337,846 | \$90,085 | \$15.36 | \$61.44 |
| \$25-\$49.99 addl cost | 1,343 | 15,056 | 11.2 | \$16.32 | \$245,727 | \$131,666 | \$114,060 | \$158,371 | \$44,311 | \$32.99 | \$131.98 |
| \$50 or more addl cost | 148 | 3,254 | 22.0 | \$15.47 | \$50,347 | \$27,078 | \$23,269 | \$32,518 | \$9,249 | \$62.49 | \$249.98 |
| Total | 26,106 | 94,406 | 3.6 | \$27.44 | \$2,590,184 | \$1,699,882 | \$890,302 | \$1,022,645 | \$132,343 | \$5.07 | \$20.28 |

*One copay for scripts with days supply from 1 to 34, two copays for scripts with days supply 35-100.

Notes

- Analysis limited to formulary generics only.
- Current member paid has been recalculated based on current plan design, rather than actual member payments per script, in order to neutralize impact of coinsurance maximum (\$1,000 for formulary brands & generics).

All savings and impact shown are estimated and not a guarantee of actual results.



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

Memorandum

TO: NDPERS Board
FROM: Kathy & Sparb
DATE: May 9, 2012
SUBJECT: Dental RFP

Attached for your review is the final draft of the dental RFP provided by The Segal Company, consultant for the project. It has been reviewed by staff and our input has been incorporated into the draft document.

Segal will report its analysis at the Board's regularly scheduled meeting on July 19th. Finalist interviews and contract award is expected to occur at the August 23rd meeting.

Attached is a list of vendors to be solicited. They include the major companies in this area as identified by Segal and those vendors that have requested to be included on our bid list. We will also be placing notices in the newspapers throughout the state and posting the RFP's on the NDPERS website.

The proposed schedule for this RFP from Section 2 – General Information is:

| Action | Date |
|------------------------------------|----------------------------|
| RFP Released | May 22, 2012 |
| Vendor Clarification Questions Due | June 6, 2012 |
| Response to Questions Released | June 11, 2012 (end of day) |
| Proposals Due | June 22, 2012 |
| Finalists Selected | July 19, 2012 |
| Finalist Interviews | August 23, 2012 |
| PERS Board Selects Dental Vendor | August 23, 2012 |
| Effective Date | January 1, 2013 |

Board Action Required

Approve RFP for voluntary group dental services.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

1 Introduction

1.1 To participate in this RFP you must complete an on-line questionnaire as well as submit printed copies of the on-line questionnaire in accordance with the RFP directions.

To access the electronic questionnaire, your organization must take the following actions:

1. Obtain a user name and password for the electronic questionnaire. Go to <http://www.proposaltech.com/app.php/register> to provide your company name and address, the primary contact person's name, telephone number and e-mail address to indicate that your firm is interested in proposing on the North Dakota Public Employees Retirement System Dental Plan. The system will then register you for the RFP and email the requested access information.
2. Once you have received your username and password as the primary contact, go to <http://www.proposaltech.com>, select the login link and enter your username and password:

User Name: (xxxxxx)

Password: (xxxxxx)

3. You may view an on-line training demo of the on-line proposal questionnaire system. This demo takes approximately five minutes and will help you understand the system's functionality to make the completion process run smoothly. Click on the link below to view the flash demo:
http://www.proposaltech.com/vendor/docs/response_training_798x599.htm

If additional training on the ProposalTech system is required, you should contact ProposalTech directly at (877) 211-8316. Ask for Kevin Webb at extension 806 and identify that you are submitting for the North Dakota Public Employees Retirement System Dental RFP. **Any questions regarding content of the North Dakota Public Employees Retirement System Dental RFP must be submitted online through the ProposalTech system. ProposalTech cannot answer questions relating to the content of the RFP.**

4. The ProposalTech system allows multiple users from your organization to access the RFP questionnaire simultaneously. The primary contact is responsible for establishing permission for other individuals in the organization to access the questionnaire. Follow the instructions on the ProposalTech site to establish additional permissions.
5. Responses to the questionnaire section of the RFP will be filed electronically on the ProposalTech system. To constitute a valid proposal, your written bid submission must include a printed copy of the questionnaire filed electronically on this system. Access to the on-line questionnaire will be closed at the date and time the proposal is due to the North Dakota Public Employees Retirement System..
6. All references to "Client" in the questionnaire refer to the North Dakota Public Employees Retirement System.

Thank you for your timely response to this invitation.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

2 GENERAL INFORMATION

The North Dakota Public Employees Retirement System (NDPERS) is responsible for the administration of the State's retirement, health, life, dental, vision, deferred compensation, flex comp, retiree health insurance credit, long-term care and EAP programs. NDPERS is managed by a seven member Board and is a separate agency created under North Dakota state statute.

North Dakota Public Employees Retirement System is seeking proposals for their fully insured dental plan.

North Dakota Public Employees Retirement System currently provides voluntary dental benefits to employees and retirees of state agencies and the university system. There are approximately 5,300 Active employees and 1,500 COBRA/Retirees currently participating in the dental plan of the 15,950 eligible active employees and 7,578 eligible retirees.

Historical Enrollment in the dental plan is listed below:

| | Actives | Retirees | COBRA |
|---------------|----------------|-----------------|--------------|
| January, 2012 | 5,260 | 1,467 | 39 |
| January, 2011 | Unavailable | Unavailable | Unavailable |
| January, 2010 | 4,796 | 1,361 | 36 |
| January, 2009 | 4,421 | 1,306 | 43 |
| January, 2008 | 4,018 | 1,231 | 34 |
| January, 2007 | 3,678 | 1,105 | 99 |

The fully insured Indemnity dental plan has been administered by CIGNA since January 1, 2007. There is currently no network offered and reimbursement is at the 90th percentile.

The dental plan is currently out to bid due to the procurement cycle.

RFP Material

All materials submitted in response to this RFP will become property of NDPERS and will become public record, after the evaluation process is completed. Completion of the evaluation process occurs when the government entity has completed negotiating the contract with the selected vendor. If the Responder submits information in response to this RFP that it believes to be propriety or trade secret materials the Responder must:

- a. clearly mark each provision that respondent believes to be proprietary or trade secret materials in its response at the time the response is submitted,
- b. include a statement with its response justifying the proprietary or trade secret designation for each provision.

Responder is put on notice that, except for information that is confidential or otherwise exempt from the North Dakota open records law (NDCC § 44-04), NDPERS must disclose to the public upon

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

request any records it receives from Responder. If NDPERS receives an open records request for information that has identified by respondent as proprietary or trade secret, NDPERS will review the above information submitted by Responder and may also contact Responder for additional input regarding the nature of those records, but NDPERS will be solely responsible for making the ultimate determination of whether the records are open or exempt. **All information that has not been clearly identified by respondent as being proprietary or trade secret will be deemed to be open record.** NDPERS will not consider the prices submitted by the Responder to be proprietary or trade secret materials.

Proposal Contents

By submission of a proposal, Responder warrants that the information provided is true, correct and reliable for purposes of evaluation for potential contract award. The submission of inaccurate or misleading information may be grounds for disqualification from the award as well as subject the responder to suspension or debarment proceedings as well as other remedies available by law. The contents of the proposal and any subsequent clarifications submitted by the successful proposers will become part of the contractual obligation and incorporated by reference into the ensuing contract.

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

- Proposals submitted in response to this request will be considered the only submission; revised proposals will not be allowed after the proposal return date and time unless requested by NDPERS.
- All proposals must answer all applicable questions on the attached questionnaire.
- All proposals become the property of NDPERS and will not be returned to the offering company.
- All offering companies must be prepared to make oral presentations if requested

Rights of NDPERS

This RFP does not obligate NDPERS to complete the proposed project. NDPERS reserves the right to cancel the solicitation if it is considered to be in its best interest. Costs incurred for developing a proposal are the sole responsibility of the vendor. NDPERS also reserves the right to:

1. Reject any and all proposals received in response to this RFP.
2. Amend and re-issue this RFP.
3. Select proposals for contract award or for negotiations other than those with the lowest cost.

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

4. Consider a late modification of a proposal if the proposal itself was submitted on time, if the modifications were requested by the state, and if the modifications make the terms of the proposal more favorable to the state.
5. Determine that a deficiency is not substantive and waive the deficiency as immaterial. However, waiver of the deficiency shall in no way modify the RFP documents or relieve the vendor from full compliance with the terms of the contract if the vendor is awarded the contract.
6. Negotiate any aspect of the proposal with any vendor and negotiate with more than one vendor at the same time.
7. Use any or all ideas presented in any proposal received in response to this RFP, unless the vendor presents a positive statement of objection in the proposal. Objections will be considered as valid only relative to proprietary information of the vendor and so designated in the proposal. Exceptions to this are ideas that were known to NDPERS before submission of such proposal or properly became known to NDPERS thereafter through other sources or through acceptance of the proposal.

Scope of Work

The scope of work includes the following services:

- Processing plan claims and issue benefit checks.
- Seek recovery of any over payments to providers.
- Adhere to industry standards in the delivery of benefits and services.
- Determine claimant eligibility based on an agreed upon electronic eligibility file that follows the HIPAA 834 benefit enrollment and maintenance 5010 standards
- Maintain a designated customer service and claim processing staff.
- Provide a toll-free customer service telephone number.
- Periodically self-audit the quality of claims administration and provide the client reports on case specific business results.
- Allow the client or the client's designated representative to audit claim payments annually at no additional cost for the Administrator's time to make claim files/systems and staff available for inspection.
- Act as a claim fiduciary on behalf of the client for all claim appeals.

Provide up to two ID cards per family to plan participants.

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

- Provide timely management reports or internet access to monitor financial and service level performance.
- Process monthly premium payments based on an agreed upon electronic eligibility file that follows the HIPAA 820 group premium payment 5010 standards.
- Participate as requested in annual open enrollment activities.

Requested Services

It is the desire of NDPERS to continue to provide a voluntary fully insured dental plan. Three plan design options are being requested:

- Option 1: Indemnity Dental Plan – Current plan design and reimbursement at 90th percentile in and out-of-network.
- Option 2: Passive PPO – Current plan design but with network access and discounts for in-network utilization and 90th percentile reimbursement out-of-network.
- Option 3: PPO – 100/90/60/50 benefits in-network and 100/80/50/50 benefits out-of-network. Out-of-network reimbursement to be at the 90th percentile.
- Option 4: An alternative plan design may be proposed that provides a better value than the existing options above, however the proposer is responsible for quantitatively detailing how the proposed option is better. General statements, broad statement or other non-quantitative responses that do not clearly delineate its increased value to PERS may be considered non-responsive and therefore not reviewed.

More information on these plan designs can be found in Exhibit 4 of the RFP.

Timeline

Listed below are the key target dates associated with the project described in this RFP:

| Action | Date |
|------------------------------------|----------------------------|
| RFP Released | May 22, 2012 |
| Vendor Clarification Questions Due | June 6, 2012 |
| Response to Questions Released | June 11, 2012 (end of day) |
| Proposals Due | June 22, 2012 |
| Finalists Selected | July 19, 2012 |
| Finalist Interviews | August 23, 2012 |
| PERS Board Selects Dental Vendor | August 23, 2012 |
| Effective Date | January 1, 2013 |

Evaluation Criteria

Pursuant to the North Dakota Century Code (NDCC 54-52.1-04) the proposal shall be evaluated using the following criteria:

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

- The economy to be affected.
- The ease of administration.
- The adequacy of the coverages.
- The financial position of the carrier, with special emphasis as to its solvency.

In addition to the statutory requirements, Segal will independently evaluate all aspects of your proposal, including, but not limited to:

- **Responsiveness to RFP requirements**
- **Plan of benefits proposed**
- **Program administration**
- **References**
- **Premiums and financial terms of the offer**
- **The adequacy of the dental network, if any**

Eligibility

An employee is eligible to participate in the plan if they are at least 18 years of age, working 20 hours or more per week for 20 or more weeks per calendar year, and are filling positions which are regularly funded and not of limited duration.

An eligible dependent includes the subscriber's spouse under a legally existing marriage between persons of the opposite sex, the Subscriber's or the Subscriber's living, covered spouse's children under the age of 26 years. Children are considered under age 26 until the end of the month in which the child becomes 26 years of age. The term child or children includes:

1. Children physically placed with the Subscriber for adoption or whom the Subscriber or the Subscriber's living, covered spouse has legally adopted.
2. Children living with the Subscriber for whom the Subscriber or the Subscriber's living, covered spouse has been appointed legal guardian by court order.
3. The Subscriber's grandchildren or those of the Subscriber's living, covered spouse if: (a) the parent of the grandchild is unmarried, (b) the parent of the grandchild is covered under this Benefit Plan and (c) both the parent and the grandchild are primarily dependent on the Subscriber for support. If a lapse in coverage occurs due to ineligibility of the parent under this Benefit Plan, the grandchild cannot be reenrolled unless the Subscriber has been appointed legal guardian.
4. Children for whom the Subscriber or the Subscriber's living, covered spouse are required by court order to provide health benefits.
5. Children beyond the age of 26 who are incapable of self support because of mental retardation or physical handicap that began before the child attained age 26 and who are primarily dependent on the Subscriber or the Subscriber's spouse for support. Coverage for such a disabled child will continue for as long as the child remains unmarried, disabled and the Subscriber's dependent for federal income tax

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

purposes. The Subscriber may be asked periodically to provide evidence satisfactory to BCBSND of these disabilities.

The dental plan is available to retired employees and surviving spouses that are receiving a retirement benefit from North Dakota Public Employees Retirement System (NDPERS), TIAA-CREF, North Dakota Teachers Fund For Retirement (TFFR), or Job Service Retirement plan.

Rate History – Active and Retirees

| | 2011 | 2012 |
|-----------------------|----------|----------|
| Employee Only | \$39.82 | \$41.14 |
| Employee + Spouse | \$76.88 | \$79.42 |
| Employee + Child(ren) | \$89.22 | \$92.18 |
| Employee + Family | \$127.04 | \$131.26 |

Renewal rates are not available.

Additional Plan Information

Claim reports and the plan document are included in this RFP as attachments.

For more information about the dental plan, you may refer to the NDPERS website at <http://www.nd.gov/ndpers/insurance-plans/dental-plan.html>.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

3 Intent to Propose

3.1 RE: Request for Proposal (RFP)
North Dakota Public Employees Retirement System

This is to advise that we are in receipt of the above referenced RFP. We also wish to advise that we will be quoting the following service:

| Services | Response | If no, reason for decline |
|----------------------|-------------------|---------------------------|
| Fully Insured Dental | <i>Yes/No.</i> | <i>Unlimited.</i> |
| | | |
| Signature | <i>Unlimited.</i> | |
| Name of Company | <i>Unlimited.</i> | |
| Address | <i>Unlimited.</i> | |
| Phone Number | <i>Unlimited.</i> | |
| E-Mail Address | <i>Unlimited.</i> | |

4 Questionnaire

4.1 Mandatory Requirements

- Complete this form and include it with your response.
- Indicate “yes” or “no” as to your organization’s ability to meet the mandatory requirements.
- If you cannot answer “yes” to all of these mandatory requirements, your proposal may be disqualified by the Client.

4.1.1 It is a requirement of the Client that no employee suffers a loss of coverage by virtue of a change in carriers other than by plan design. Indicate your agreement to this stipulation.

Yes/No.

4.1.2 Quoted rates are guaranteed for a minimum of 24 months through December 31, 2014.

Yes/No.

4.1.3 No actively at work requirements apply to participants covered by the prior carrier on the day before the effective date of this contract..

Yes/No.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.1.4 Based on a Client specified date, agree to at least **180 days** advance written notice of any change in fees/premium.

Yes/No.

4.1.5 Agree to have available a 800 customer-service number for the Client's employees.

Yes/No.

4.1.6 Agree to waive all pre-existing condition provisions for employees and dependents presently covered by the prior carrier on the day before the effective date of this contract.

Yes/No.

4.1.7 You or your parent company must have either a Best rating of "A-" or better and financial category IX or higher, or be a non-profit health service plan corporation.

Yes/No.

4.1.8 You currently have at least 5,000 members enrolled in Dental coverage in North Dakota.

Yes/No.

4.1.9 If quoting a PPO, do you maintain a minimum of 120 dentists in North Dakota?

Yes/No.

4.1.10 Premium rates must be divisible by two.

Yes/No

4.1.11 If you answered "No" to any of the questions above, please provide an explanation below.

Unlimited.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.2 General Information

North Dakota insurance law 54-52.1-10 (Exemption from State premium tax) provides that “All premiums, consideration for annuities, policy fees, and membership fees collected under this chapter are exempt from the tax payable pursuant to section 26.1-03-17”. Thus, Offeror’s responses should not reflect any amounts for premium taxes.

With respect to this contract and program, no commissions, bonuses or overrides will be paid directly to any party by NDPERS.

4.2.1 Identify those individuals who would be responsible for the day-to-day service contact with this Client.

Unlimited.

4.2.2 If your company is awarded this business, how soon after notification of the award would you be able to have a draft of the:

- a. Master Policy?
- b. Certificate booklet?

Unlimited.

4.2.3 All sample forms and communication materials should be provided for approval to the Client in advance of distribution (ID cards, claim forms, enrollment forms, booklets, brochures, flyers, mailers, etc.). Do you agree to this requirement? Do you agree to use the NDPERS enrollment form and/or enrollment file generated by their online system?

Unlimited.

4.2.4 Does your firm have the capability to provide communication pieces in Spanish and other languages? Please specify.

Unlimited.

4.2.5 What are the most recent ratings for your company by the following:

| | Rating | Date |
|--------------------|-------------------|-------------------|
| Standard and Poors | <i>Unlimited.</i> | <i>Unlimited.</i> |
| Duff and Phelps | <i>Unlimited.</i> | <i>Unlimited.</i> |
| A.M. Best | <i>Unlimited.</i> | <i>Unlimited.</i> |
| Moody’s | <i>Unlimited.</i> | <i>Unlimited.</i> |

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

4.2.6 Has the recent financial crisis had any impact on your recent financial rating?
If yes, describe what the impact has been.

Unlimited.

4.2.7 Is your company "affiliated" with another company? If so, describe the "affiliate relationship."
"Affiliated" means owned by another company, owned by a common controlling shareholder or interest, or inter-tied by contract so as to be under the dominion or influence of another.

Unlimited.

4.2.8 If your firm is not a corporation, please advise who each of the partners, proprietors or other owners are and whether they have interest in any dental services provider firms.

Unlimited.

4.2.9 Is your firm, or any affiliate, involved in any current litigation against or from the Client? If yes, please describe.

Unlimited.

4.2.10 Have you been involved in litigation within the last five years arising out of your performance in the administration of a Group Dental plan? Exclude routine matters involving participants that do not reflect on your performance under the contract with your Client. If the answer is yes, explain fully.

Unlimited.

4.2.11 Do you anticipate any mergers, transfers of company ownership, sales management reorganizations, or departures of key personnel within the next three years that might affect your ability to carry out your proposal if it results in a contract with the Client?

Unlimited.

4.2.12 Provide the names of any clients who have terminated contracts within the last five years for cause or under dispute for any services that you propose to provide. Provide the names, location, size of client, date lost, reason lost, and telephone numbers of the former clients' benefit managers or contact persons.

Unlimited.

4.2.13 Offeror's quoted premiums are guaranteed, regardless of actual enrollment, for the initial term of the contract.

Yes/No

4.2.14 Premiums quoted in Exhibit A: Rate Quotation Form will be fully loaded rates. NDPERS will not be billed any additional amounts for services.

Yes/No

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.2.15 Offeror agrees that premiums charged are all inclusive of administration, marketing materials, education, enrollment and cost of insurance coverage and that there will be no fees applied to direct billed participants.

Yes/No

4.2.16 Vendor will provide (analysis on plan design changes, cost impact) routine underwriting and actuarial related contract services at no additional cost.

Yes/No

4.2.17 The Master policies are to provide that change in premium can only be instituted on January 1st.

Yes/No

4.2.18 Please review the historical enrollment found in 2. General Information. The premium rates or fees quoted in your proposal can only be recalculated at the next renewal if enrollment changes more than 25% from the census. Please confirm.

Yes/No.

4.3 HIPAA

4.3.1 Do you agree that if you are provided any individually identifiable health information (IIHI) by the Client in order to price this proposal, you are prohibited from using the IIHI for any purpose other than as required by law and further, agree to promptly destroy such IIHI if you are NOT the successful proposer?

Unlimited.

4.3.2 Do you agree to maintain compliance with HIPAA EDI, Privacy and Security for the duration of the contract period?

Unlimited.

4.3.3 Are you willing to sign a contract with this Client that indicates your firm will pay fines the Client may be assessed as a result of your firm's noncompliance with HIPAA EDI, Privacy and Security regulations and pay costs associated with remedy of any breach your firm initiates?

Unlimited.

4.3.4 Are you willing to sign the NDPERS Business Associate Agreement? If deviations are requested, please state your requested deviations.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.4 General Dental

4.4.1 Will there be a dedicated or designated team of customer service representatives for the Client?
Please explain.

Unlimited.

4.4.2 What hours and days are live customer service representatives available (CST)?

Unlimited.

4.4.3 What alternative services do you provide? (i.e.- Assistance for the hearing impaired, 24-hour toll-free automated benefits and eligibility, customer service accessible via the internet, etc)

Unlimited.

4.4.4 Please provide the following statistics for 2011 and 2012 YTD:

| | Response |
|---|-------------------|
| Average speed to answer: ___% within 30 seconds | <i>Unlimited.</i> |
| Busy rate: ___ seconds | <i>Unlimited.</i> |
| Abandonment Rate : ___% | <i>Unlimited.</i> |

4.4.5 Do you provide 2 ID cards per family to plan participants?

Unlimited.

4.4.6 Please outline all limitations and exceptions for enrollment/eligibility and benefit .

Unlimited.

4.4.7 Can eligibility and reporting be accessed online through a secured website by the Client?

Unlimited.

4.4.8 Provide a description of those circumstances under which benefits continue being paid upon:

- a. termination of an insured's coverage; and
- b. termination of the policy.

Unlimited.

4.4.9 Are medications covered under the dental plan

Unlimited.

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

4.4.10 What additional dental health screenings and/or wellness benefits (i.e. screenings for oral cancer, cavity risk assessment tool, etc.) do you offer at no additional cost?

Unlimited.

4.4.11 What pre-existing conditions are imposed?

Unlimited.

4.5 Quality of Care & Continuity of Care

4.5.1 Describe how treatment in progress will be covered at initial takeover.

Unlimited.

4.5.2 Describe how orthodontic claims in process will be adjudicated at initial takeover.

Unlimited.

4.5.3 Describe how treatment in progress will be covered if your plan is terminated during an episode of treatment.

Unlimited.

4.6 Network

4.6.1 Do you wholly own and operate the network you are proposing for the Client?

Unlimited.

4.6.2 Please provide separate Geo Access reports for the entire census, based on the following requirements (Indicate for open practices only). If you are offering more than one specific network, please clearly identify.

a. General Dentists

BASE ON UNIQUE TIN NUMBERS

Report should reflect city, state, zip code, and number of unique providers by zip, number of employees with access (criteria 2 providers within 10 miles of home zip code) and locations (zip code and County) where no access exists.

Please include the total number of contracted providers within the service area for this Client totaled by City.

b. Specialists:

BASE ON UNIQUE TIN NUMBERS

Report should reflect city, state, zip code, and number of unique providers by zip, number of employees with access (criteria 2 providers within 10 miles of home zip code) and locations (zip code and County)

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

where no access exists.

Please include the total number of contracted providers within the service area for this Client totaled by City.

c. Orthodontists:

BASE ON UNIQUE TIN NUMBERS

Report should reflect city, state, zip code, and number of unique providers by zip, number of employees with access (criteria 2 providers within 20 miles of home zip code) and locations (zip code and County) where no access exists.

Unlimited.

4.6.3 For 2010 and 2011, provide the number of network participating dentists that were terminated in the Client's service area:

- a. By your organization
- b. By the provider

Unlimited.

4.6.4 What changes do you anticipate to your network over the next three years?

Unlimited.

4.7 Financial

4.7.1 Indicate any minimum requirement for employee and dependent participation in the dental plan. The state may give additional credit to proposals with no minimum requirement.

Unlimited.

4.7.2 If this minimum is not achieved, what affect will it have on the policy (*i.e.*, can it still be issued, but at different rates)?

Unlimited.

4.7.3 Please confirm that all costs are included in the rate provided. No additional costs will be paid unless they are specified in the contract.

Unlimited.

4.7.4 Do you agree to the Performance Standards as outlined this Request for Proposal?

Unlimited.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.8 Indemnity Dental

4.8.1 From what location would this policyholder's claims be processed?

Unlimited.

4.8.2 What is your company's claims processing turn-around time for dental claims not involving coordination of benefits?

Unlimited.

4.8.3 Describe how your pretreatment review process operates.

Unlimited.

4.8.4 What is the turnaround time for a pretreatment review?

Unlimited.

4.8.5 Will you agree to furnish the following reports?

| | Response |
|---|----------------|
| a. Monthly premium, paid claims, by employee, dependent and coverage. | <i>Yes/No.</i> |
| b. Monthly utilization by in and out of network and by major class (i.e., Preventive, Basic, Major, Orthodontia). | <i>Yes/No.</i> |
| c. Monthly subscriber and member counts | <i>Yes/No.</i> |
| d. Annual savings generated from discounts | <i>Yes/No.</i> |

4.8.6 Indicate your annual trend rates for the Client's service area for the following:

| | Response |
|------|-------------------|
| 2008 | <i>Unlimited.</i> |
| 2009 | <i>Unlimited.</i> |
| 2010 | <i>Unlimited.</i> |
| 2011 | <i>Unlimited.</i> |

4.8.7 Please provide a copy of your current renewal formula and explain how trend is determined (client specific, book trend) and how paid-to-incurred adjustments are determined.

Unlimited.

4.8.8 Is retention calculated as a percentage of claims, a percentage of premiums, or a per capita basis?

Percent.

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

4.8.9 What is the method and estimated percentage of paid claims used by your company to determine the reserve for incurred but not reported claims on the anniversary date for the First year and Subsequent years?

Percent.

4.8.10 Provide a complete description of the benefit limitations and exclusions. (Save as Indemnity_Dental_Limitations)

Unlimited.

4.8.11 Does your proposed plan include:

| | Response | If you answered “Yes” on any of the questions, please provide an explanation. Do not refer the reader to your underwriting back-up (unless additional detail is needed). |
|---|----------------|--|
| a. Any deductibles or coinsurance levels that differ from the current plan? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| b. Any plan maximums that differ from the current benefit level? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| c. Any change in current service classification (i.e. moving services from one classification [preventive, basic, major] to another)? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| d. Any frequency limits that differ from what currently exists? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| e. Any exclusions where coverage exists today? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| f. A missing tooth limitation? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| g. Any late entrant restrictions? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| h. Any waiting period limitations? | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |
| i. Please list all coverage differences from the current coverage (including those above) on the Exhibit C – Deviation Sheet. | <i>Yes/No.</i> | <i>Unlimited.</i> N/A OK. |

4.9 Indemnity Dental Claims

4.9.1 How are “reasonable and customary” charges determined by your company in the administration of your proposed plan?

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

Unlimited.

4.9.2 The 90th percentile is used to determine “reasonable and customary for out-of-network claims.” Please confirm your agreement.

Percent.

4.9.3 Explain how maximum allowable charges are determined geographically:

- a. By the location of the provider of dental services. Other? Please explain.
- b. How are specific areas delineated (e.g., 5 digit zip, 3 digit zip, county)?
- c. How often and approximately when is data updated?

Unlimited.

4.9.4 Can a claimant find out what the maximum allowable charge is for a particular procedure in advance of having the procedure performed? If so, how?

Unlimited.

4.9.5 With respect to dental surgery, do you ever reimburse assistant surgeons? What is the basis for such a determination and how is the allowance for the assistant surgeon, if any, calculated?

Unlimited.

4.9.6 Will you provide R&C data to the Client?

Unlimited.

4.9.7 Does your claim system have any protections against unbundling and/or upcoding claims? If so, describe in detail.

Unlimited.

4.9.8 When you are a secondary payor in a COB situation, do you use your UCR profiles - or those of the primary carrier in determining your level of reimbursement?

Unlimited.

4.9.9 The offeror acknowledges PERS’ right to audit your company at your expense. Will you agree to pay for bi-annual third party dental claim audit at your expense?

Unlimited.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

4.11 Miscellaneous

4.11.1 Theselected vendor shall assist in plan communication and enrollment to approximately 5,300 active employees, some of whom work around the clock, in multiple work locations/shifts throughout the state of North Dakota. Separate meetings may be required for approximately 1,500 retirees as well. Also, please provide a timeline within 14 days of contract award for implementation activities occurring prior to the commencement of open enrollment on October 22. Indicate your agreement to these stipulations.

Unlimited.

Unlimited.

4.11.2 If awarded the contract, the vendor must agree to maintain NDPERS files for 7 years from the date of the service and allow NDPERS the option to take over the records in a magnetic format.

Unlimited.

4.11.3 The vendor that is awarded a contract must agree to the following:

- a. Transmit test data to a new vendor no less than 30 days prior to the termination of a contract.
- b. To provide a final verified transition data file to the new vendor within 30 days after the termination date.

Unlimited.

- 4.11.4 a. Are your quoted rates guaranteed for a minimum of 24 months?
- b. If so, are you willing to guarantee rates for more than 24 months?
- c. If we offered a one-time open enrollment to retirees, how would it impact your rates?

Unlimited.

4.11.5 A knowledgeable IT service representative must be available to work with NDPERS IT department to prepare premium payment data and eligibility data for initial and continuing transmission Indicate your agreement to this stipulation.

Unlimited.

4.11.6 The vendor that is awarded a contract must provide customized Summary Plan Booklets to all subscribers. Indicate your agreement to this stipulation and provide your proposed timing for distribution.

Unlimited.

4.11.7 Do you agree to conduct a Client specific annual member satisfaction survey? The terms, rewards and penalties will be mutually agreed to by the selected proposer and the NDPERS during negotiations.

North Dakota Public Employees Retirement System (NDPERS)

Dental Questionnaire

Unlimited.

4.11.8 Have you been cited or been threatened with citation within the last five years by federal or state regulators for violations of state or federal laws and failure to implement regulations? If the answer is yes, explain fully.

Unlimited.

4.11.9 Will you collect and report all reimbursements as follows?

Please answer Yes or No.

| | Response |
|-----------------------|----------------|
| a. ADA Code | <i>Yes/No.</i> |
| b. Amount Charged | <i>Yes/No.</i> |
| c. Amount Allowed | <i>Yes/No.</i> |
| d. Amount Paid | <i>Yes/No.</i> |
| e. 5 Digit Zip Code | <i>Yes/No.</i> |
| f. Provider ID Number | <i>Yes/No.</i> |

4.11.10 There can be variations in the specific nature of a procedure performed within an ADA code. Do your allowances for any of the above ADA codes vary with how a particular procedure is performed? If so, explain what variances exist and how you decide what to reimburse.

Unlimited.

4.11.11 Attach copies of your sample forms and communication materials (ID cards, claim forms, enrollment forms, booklets, brochures, flyers, mailers, etc.) in your proposal response.

Unlimited.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

| | |
|--|---|
| PROVIDER DATA SPECIFICATIONS | |
| 1. Acceptable Media Types | |
| Attach file Erfp | |
| CD ROM (To Accompany Hard Copy of Proposal) | |
| 2. Acceptable File Format | |
| Excel | .XLS |
| 3. Required Fields (please include file layout) | |
| Provider last name | (Please do not put generation indicator i.e. Jr. III...or designation such as MD or DO in this field) |
| Provider first name | (Please do not combine first and last names in the same field) |
| 5 digit zip-code | (Some zips start with 0. Please don't use number format which deletes the 0) |
| Street address | (Only include physical locations not billing addresses such as P.O. Box) |
| What dental school they graduated from | |
| Date of Graduation | |
| When dental license was issued in North Dakota | |
| When dentist joined the network | |
| Number of violations with the North Dakota Dental Board within the last 5 years. | |
| Number of letters of concern with the North Dakota Dental Board within the last 5 years. | |

You may also include any other fields that are in your data files but only the fields listed above are required.

Note: Be careful not to send duplicate records. Our experience dealing with electronic provider listings is that we very often receive 2 or more records for the same physician (e.g. "John Smith" & "John A. Smith" with the same address).

Unlimited.

5 Attachments

5.1 Vendor Required Information

Document.

5.2 Signature Page

Document.

5.3 Deviations Sheet

Document.

North Dakota Public Employees Retirement System (NDPERS) Dental Questionnaire

5.4 Performance Guarantees

Document.

5.5 Exhibits to be Completed by Proposing Organizations

- Exhibit 1 - Rate Quotation Form
- Exhibit 2 - Provider Disruption
- Exhibit 3 - Non-network R&C Allowance
- Exhibit 4 - Plan Design Comparison
- Exhibit 5 - Provider Counts

Please return this Excel file as an attachment in your eRFP response. Do not PDF but retain in native Excel.

Unlimited.

Attached Document:

5.6 NDPERS Data for Dental

Document.

Attached Document:

5.7 Plan Document and Amendments for Indemnity Dental Plan

Document.

Attached Document:

5190066v1/01640.076

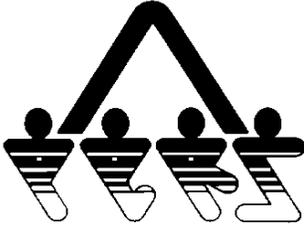
RFP MAILING LIST

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DENTAL 2012

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| VENDOR | CONTACT INFORMATION |
|--|---|
| Mr. Roger Shive Senior Account Executive Aetna Life Insurance Company 4645 E. Cotton Center Boulevard Phoenix, AZ 85040 | (602) 427-2243 shiveRW@aetna.com |
| Cyndy Welken-Place Regional Sales Coordinator Aflac Regional Office 1110 College Drive Suite 207 Bismarck, ND 58501 | (701) 258-6040 Ext 12 701-471-4299 Cell cyndy@cyndywp.com |
| Ms. Cassie Nickelson CIGNA Dental 25500 N. Norterra Parkway Building B Phoenix, AZ 85085 | (602) 861-8319 Cassie.Nickelson@cigna.com |
| Ms. Ann Coupland Delta Dental Plan of Arizona P.O. Box 43000 Phoenix, AZ 85080-3000 | (602) 588-3633 acoupland@deltadentalaz.com |
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| VENDOR | CONTACT INFORMATION |
|---|--|
| David Hibler Regional Market Director Metropolitan Life Insurance Company 8700 E. Via De Ventura – Ste 300 Scottsdale, Az 85258 | (480) 627-3911 dhibler@metlife.com |
| Mr. David Donatelli Vice President, Group Non-Medical Benefits Principal Financial Group 2355 E. Camelback Road, Suite 620 Phoenix, AZ 85016 | (602) 957-3031 x3203 DavidDonatelliRFP@exchange.principal.com |
| Mr. Lee R. Reynolds Employee Benefits Manager Standard Insurance Company 7720 North 16th Street, Suite 230 Phoenix, AZ 85020 | (602) 328-2102 phxquotes@standard.com lee.reynolds@standard.com |
| Ms. Barbara Crawford Regional Sales Director United Concordia Companies, Inc. 2198 East Camelback Road, Suite 260 Phoenix, AZ 85016 | (602) 667-2209 barbara.crawford@ucci.com |
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Memorandum

TO: NDPERS Board

FROM: Kathy & Sparb

DATE: May 9, 2012

SUBJECT: FlexComp Plan Administration

Background

At the January planning meeting, you were provided information on the Flex program participation and administration. Currently PERS is using PeopleSoft for claims processing and reimbursement. This system has limited capabilities and over time its reliability has diminished as system upgrades have occurred. In addition, our current system will not accommodate the implementation of a debit card system to provide point of sale payment for eligible expenses. The Board directed staff to proceed with a review of the following options and provide a progress report at a future meeting:

1. Maintain the status quo for claims processing.
2. Collect information on outsourcing the Flex program claims processing and payment effort.
3. Have Sagitec prepare an estimate to add this to the PERSLink business system.

Initial Findings

Option 1: *Staff met with representatives from ITD to discuss the limitations of the PeopleSoft claims processing system.*

We reviewed with ITD the challenges of the existing system and if the existing vendor (PeopleSoft) was proposing any upgrades to the system for new technologies such as the debit card or mobile apps. ITD is developing a memo that will be available for your review at the next meeting. They had hoped to be able to provide it with this memo but had to collect some additional information. Based upon the meetings, our findings were:

- The existing system will likely continue to be a challenge going into the future.
- They were not aware of any upgrades that would be coming from PeopleSoft.

- They were not aware of any applications that could be added to the existing system to provide debit card service, mobile apps or other new technologies

Please note they are continuing to follow-up on the above.

Option 2: Staff conducted informal inquiries with two vendors that provide FSA claims administration services - AFLAC and Discovery Benefits.

Staff met with AFLAC and Discovery Benefits and discussed the types of services they provide relating to Flex program administration.

Discovery offers Flex program services that include:

- Claims administration and payment
- Debit card – with this card claims can be automatically substantiated without additional paperwork if they are:
 - Co-payment amounts tied to your health plan. These amounts need to be communicated to Discovery Benefits by your employer.
 - Transactions that match the provider and dollar amount exactly for previously approved transactions (e.g., orthodontia claims, maintenance prescription drugs) and were noted by you as recurring on the request for substantiation notification or Debit Card Substantiation Form.
 - Purchases made at merchants using the Inventory Information Approval System (IIAS).
- Mobile applications for the iPhone and Android phones
- On line claims filing (2 day turn around)
- Paper claims filing
- They will work with the employers to develop and maintain the plan document
- They will provide enrollment and information material to members
- Cost for the service is \$3.80 to \$4.40 per member per month

AFLAC offers Flex program services that include:

- Claims administration and payment
 - Debit card
 - Paper claims filing
 - Mobile applications for the iPhone, Android & Blackberry.
- Plan Document services
- Enrollment information
- Cost for the service is approximately \$4.00 per member per month

Option 3: We requested an estimate from Sagitec to upgrade our PERSLink system software to accommodate claims administration services.

Sagitec reviewed the possibility of adding the Flex program administration to PERSLink. Their preliminary estimate is about \$110,000 plus the cost of the 3rd party contract with the debit card vendor.

Conclusions

- If we decide to move forward based upon our existing business model (processing claims in house using PeopleSoft), our service will remain the same with the same challenges going forward. We will not be able to offer our members the new technologies such as the debit card, mobile apps, on-line claims filings, etc. From a budget standpoint, this option would have no effect on us.
- Upgrading our system to PERSLink will cost a substantial amount, and while we may be able to increase the reliability of our system and integrate it more effectively with our other business processes, we would still be challenged in being able to offer all the new technologies to our members that would be available from outsourcing.

From a budget standpoint we do not have sufficient appropriation authority for the project at this time unless the Board approved a transfer from contingency in the range of \$50,000 (this does not include any additional costs for new technology). This option would also require additional staff time for the development and testing of the new program which would be a substantial effort. We would also have the risk that the project could overrun its cost estimates or that development becomes more complicated than expected.

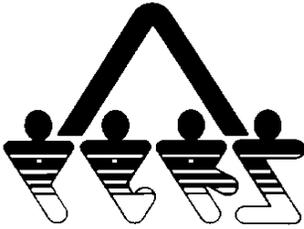
While we do not have sufficient budget appropriation authority for this effort, it should be noted that the income from this program would cover the additional costs, so we would not have to get approval for a new income source.

- Outsourcing the service would provide to the membership new technologies they do not presently have available. This method also offers the best method to update our services while minimizing our risk (development risk). This method also could be implemented without as much disruption to PERS staff. From a budget standpoint we may have sufficient authority to pay for this service for the first half of 2013 but we would need to get additional authority to pay for the service for the second half of 2013 or draw from contingency. As with #2, we do have sufficient income to pay this cost. We just do not have the appropriation authority.

Observations and Recommendations

Staff would recommend moving forward with Option 2 above. Specifically, we would suggest that PERS issue an RFP in May or early June for outsourcing this service. Once the RFP has been received and reviewed, we could make a final decision on how to proceed by August or September. At that time we would still be positioned to maintain the status quo for 2013, or if one of the responses to the RFP offers us a service we could accept, we could use that service for 2013.

In addition to the above recommendation, staff would also recommend amending our administrative bill to provide a continuing appropriation to PERS to pay the cost of outsourcing this service from the income received. This would be similar to the authority we have for the health plan. This would be required since we do not presently have sufficient authority to pay for this service beyond June of 2013 unless we draw from contingency.



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Memorandum

TO: NDPERS Board
FROM: Sparb and Sharon
DATE: May 3, 2012
SUBJECT: Budget Update

At the January 2012 planning meeting, an overview of the PERS budget for the 2011-2013 biennium was provided. At that time, we were projecting deficits in both the salary and operating line items which would result in requesting your approval of line item transfers from the contingency line item. Following is an update on the budget status based on actual expenditures through March 2012 and updated projections.

Salaries Line Item

In January, we were projecting that salary expenditures would exceed our appropriation by approximately \$7,200 as a result of two items that were approved by the Legislature but not included in our budget. The first was the increase in Board per diem and the second was the implementation of the Hay Group Study that caused about 14 of our staff positions to fall below the minimum of the grades and thus requiring an increase.

After updating our budget projections this spring, we are showing that projected expenditures will be less than our appropriation by approximately \$19,000. This positive variance results from the following:

| | |
|--|--------------|
| Reduction in costs due to position vacancies | \$ (122,000) |
| Increase in costs due to Board per diem | 24,000 |
| Increase in costs due to Hay Group Study (impacts 14 staff positions) | 42,000 |
| Increase in overtime | 28,000 |
| Increase due to position reclassifications | 9,000 |
| | <u>9,000</u> |
| | \$ (19,000) |

You will note that the reason we are able to accommodate the unfunded increases is due to us having staff turnover, something we were not able to anticipate in the last projection. After making adjustments to the 14 positions whose salary falls below the minimum of the new Hay Group salary ranges, we will also be able to implement the 3% general salary increase effective July 1, 2012 at a cost that is within \$800 of the amount included in our appropriation for the 2nd year salary increase.

Based on our current projections, we are not anticipating that a line item transfer will be necessary.

Operating Line Item

In January, we were projecting a deficit in the operating line item of \$81,000 due to increased expenditures in postage, printing, office equipment, building rent, data processing costs and professional fees and assuming we spend the \$91,000 in additional appropriation received as part of HB 1364 for the HDHP plan. We continue to be trending at a deficit of about \$81,000 in these expense categories. However, after changing the flow of payments for our licensing fee paid to Sagitec from yearly to monthly it reduces our needed appropriation for this biennium by about \$170,000. Please note it does not alter the expense for this service just the timing of the payments. When offset against the \$81,000 deficit, this leaves an overall favorable variance in the operating line item of approximately \$89,000 at this time. Therefore by managing our expenses in this manner you will note we will not need a transfer from contingency.

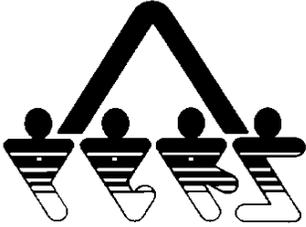
2013-2015 Biennium

At this time, we are starting to prepare the budget request for the 2013-2015 biennium. The guidelines released by the Governor request a hold-even budget for the upcoming biennium. Any budget increases must be submitted as an optional package.

As noted above, implementation of the Hay Group salary ranges as approved by the last Legislative session resulted in 14 PERS staff positions being paid below the minimum of the new range. Effective July 1, 2012, we are moving these 14 positions to the minimum of the new ranges. As noted above, we have accommodated this in our current budget. However, it also has a secondary effect on our agency that we cannot accommodate within our current budget so we need to consider it in the budget for next biennium. This secondary effect is that changing the pay grades and salaries of the 14 individuals has created compression and equity issues within certain grades for other employees. To analyze this, we looked at each position in the agency and calculated their current C-ratio in the existing pay grades (current salary compared to current pay grade midpoint) and then calculated their C-ratio in the new Hay Group salary ranges. This analysis shows that there are approximately 26 positions whose C-ratio decreased under the new salary ranges. In order to restore each position to their current C-ratio under the new pay ranges as adopted by the Legislature, we need to increase our salary line item by approximately \$300,000 to \$350,000. At this time we are seeking your direction on whether or not we should develop an optional increase package proposal to be included in our proposed 2013-15 budget, for your final consideration at the June meeting, to maintain our staff in the same C-ratio in the new pay grades as in the old grades.

We would recommend that we submit such a package.

Board Action Requested: Determine if optional salary equity package should be included in the 2013-2015 budget request.



**North Dakota
Public Employees Retirement System**
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Executive Director
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Memorandum

TO: NDPERS Board

FROM: Election Committee:
Levi Erdmann, Chair
Arvy Smith
Howard Sage

DATE: May 9, 2012

SUBJECT: Election Update

There is one nominee for the active vacancy on the PERS Board:

Mike Sandal – Dept. of Transportation

Following is the schedule for the remainder of the election process:

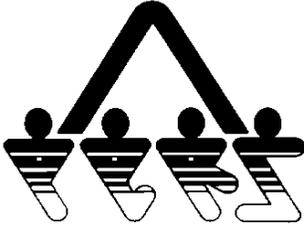
May 29, 2012 – Ballots sent to membership

June 15, 2012 – Deadline to return ballots

June 18, 2012 – Ballot canvassing

June 21, 2012 – Present election results to Board membership

June 22, 2012 – Notify candidates of election results



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: May 7, 2012
SUBJECT: ANNUAL EXECUTIVE DIRECTOR EVALUATION

Attached is the form that is used for the annual evaluation of the NDPERS Executive Director.

The Board appoints a committee of three to coordinate the annual evaluation of the Executive Director and makes a salary recommendation at the June meeting. Last year, Mr. Erdmann, Mr. Sandal and Chairman Strinden were on the committee.

Board Action Requested

To determine how to proceed with the evaluation process.

Critical Job Elements
NDPERS Executive Director
For the Year: 2012

Board Member Completing Evaluation: _____

| CJE – Critical Job Element | Expectation | Rating | Comments |
|---------------------------------------|---|---------------|-----------------|
| Category 1 Board Meetings | <ol style="list-style-type: none"> 1. Agenda items are prepared with supporting information. 2. Board materials are distributed at least 3 days before the meeting. 3. Appropriate information is provided to Board either orally/verbally to aid the Board in arriving at a decision. 4. Board material identifies items, which need “Board Action”, and makes a staff recommendation where appropriate. 5. Education is provided at Board meetings in order that Board may adequately perform their policy setting role. | | |
| Category 2 Board Relations | <ol style="list-style-type: none"> 1. The Director is responsive to Board requests. 2. The Director is adaptable to Board direction on PERS policy and able to work with the board as a team member. 3. The Director keeps Board members aware of current issues and when appropriate provides information to Board members between board meetings. 4. The Director provides timely and accurate problem identification to the Board as well as providing solutions and options for the Boards consideration. | | |
| Category 3 Operations | <ol style="list-style-type: none"> 1. Accurate Records <ol style="list-style-type: none"> 1.1 Maintain appropriate, accurate and accessible data for individual members and benefit recipients. 1.2 Accurate accounting records and a system of internal controls is maintained to result in an annual, unqualified opinion by the System’s auditor. 1.3 An application to GFOA for the Certificate of Achievement for Excellence in Financial Reporting is submitted annually. 1.4 The Public Pension Coordinating Council’s Award of Excellence is submitted biennially. 2. Biennial Budget <ol style="list-style-type: none"> 2.1 Biennial budget is prepared pursuant to OMB guidelines and submitted pursuant to guidelines established by the Governor. 2.2 Board is provided opportunity to review the budget before it is submitted. 2.3 Expenditures for budget items do not exceed appropriation without approval of the Board. 3. Timely and Understandable Service <ol style="list-style-type: none"> 3.1 Member inquiries are responded to in a timely manner. (Survey information shall be reported to the board relating to this from the “How are we doing” cards and the biennial survey). | | |

| CJE – Critical Job Element | Expectation | Rating | Comments |
|--|--|---------------|-----------------|
| | <p>3.2 Participating employers shall be provided the necessary support to administer the PERS programs in which they participate. (Biennial surveys shall be done relating To this and reported to the Board).</p> <p>4. Staffing</p> <p>4.1 All applicable personnel rules of the State of North Dakota shall be followed.</p> <p>4.2 Staff performance evaluations are completed at least annually.</p> <p>4.3 Employee’s receiver recognition, direction or discipline as appropriate.</p> | | |
| Category 4 Investment Programs | <p>1. Maintain board approved Investment Objectives and Policies for:</p> <p>1.1 The defined benefit plan</p> <p>1.2 The defined contribution plan</p> <p>1.3 The deferred compensation plan</p> <p>2. Performance</p> <p>2.1 Produce and report investment return information for the defined contribution plan and the PERS Companion Plan.</p> <p>2.2 Accurate yearly reports are given to the Board concerning the defined benefit plan and its progress and compliance with the investment policies.</p> <p>2.3 Advice and recommendations are given to the board on investment matters to support Board decision making.</p> <p>2.4 Recommend corrective actions including termination of funds in the deferred comp plan and the defined contribution plan.</p> <p>3. Provider Monitoring</p> <p>3.1 Monitor the various providers in the defined contribution plan and deferred compensation to insure that all contract provisions are being followed.</p> <p>3.2 Identify and report to the board all infractions of the contract provisions.</p> <p>4. Fiduciary Standards</p> <p>Discharge investment duties solely in the interest of the members and benefit recipients With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.</p> | | |
| Category 5 Benefit Program Operations | <p>1. Actuarial Management</p> <p>1.1 Provide accurate member, retiree and asset data necessary for the Actuary to perform the annual actuarial valuation for the four PERS defined benefit plans.</p> | | |

| CJE – Critical Job Element | Expectation | Rating | Comments |
|---|---|---------------|-----------------|
| | <ul style="list-style-type: none"> 1.2 Provide accurate member and retiree data for the actuary to perform biennial premiums estimates for the group insurance plans. 1.3 Maintain knowledge of actuarial methods, the current status of the actuarial makeup of the various retirement and group insurance plans and the impact of benefit enhancements to the contribution rates. 1.4 Provide actuarial information to the Board, Legislature, employers, members and retirees so they have sufficient background to make knowledgeable decisions. 2. Contract Management <ul style="list-style-type: none"> 2.1 Distribute and analyze bids for services for the various retirement, group insurance, EAP and Flex Programs to facilitate Board decision making. 2.2 Monitor contractor performance and advise the Board of any issues, including options for responding and recommended action plan. 2.3 Provide direction to all contractors to insure that board objectives are achieved. 2.4 Insure that all contractors comply with contract provisions, state law and administrative rules. | | |
| Category 6 Public Relations | <ul style="list-style-type: none"> 1. Publish a newsletter at least semiannually. 2. Provide informational programs to employers, members, retirees, and public groups. 3. Represent the System with appropriate affiliate organizations and functions. 4. Maintain availability to the news media. | | |
| Category 7 Legislative Relations | <ul style="list-style-type: none"> 1. Develop Legislative proposals in concert with the Board and its advisory committee. 2. Present requests for legislative changes to the Legislature. 3. Make the Boards position known to members, employers and the legislature. 4. Keep the Legislature, through the Interim Committee informed regarding the financial, legislative and administrative status of the system. 5. Develop adequate rapport with Legislators so that the legislative body as a whole has a sense of credibility with the positions taken by the Board on behalf of the System. | | |

| CJE – Critical Job Element | Expectation | Rating | Comments |
|---|---|--------|----------|
| Category 8 Professional and Personal Development | 1. Maintain membership and involvement in professional organizations. 2. Maintain professional certifications. 3. Be dependable. 4. Exhibit stability/reaction to pressure. 5. Have strong leadership skills. | | |
| Category 9 General | 1. Follow safety procedures. 2. Adhere to all laws, rules, policies, procedures and professional ethics. 3. Work as part of a team. 4. Use courtesy and respect in all interactions. 5. Maintain a well-organized work area and a business like appearance. 6. Foster good working relations by being responsive to requests. 7. Maintain confidentiality policy. | | |

There are nine major evaluation categories. When evaluating, rate using the following categories (indicate a rating of 1, 2, or 3 in each evaluation category):

1. **DOES NOT MEET EXPECTATIONS:** Executive Director is not performing acceptably and expectations are not being met.. Goals for improvement must be set and performance review date established (3-6 months).
2. **MEETS EXPECTATIONS:** Executive Director is performing acceptably and is meeting all standards and expectations.
3. **EXCEEDS EXPECTATIONS:** Executive Director is performing beyond and exceeds the established standards and expectations.