NDPERS BOARD MEETING
Agenda

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

November 29, 2012 **Time: 8:30 AM**

I. MINUTES
- A. October 25, 2012

II. RETIREMENT AND RETIREE HEALTH INSURANCE CREDIT
- A. Job Service Liability Driven Investment Study – Sparb (Board Action)
- B. Legislation Update – Sparb (Information)

III. GROUP INSURANCE
- A. Legislation Update – Sparb (Information)
- B. Wellness Information – BCBS (Information)
- C. Quarterly Executive Summary Report – BCBS (Information)
- D. Dental Plan Implementation Update – Kathy (Information)
- E. Dental Plan Contract – Sparb & Kathy (Board Action)

IV. FLEXCOMP
- A. Flexcomp Implementation Update – Kathy (Information)

V. MISCELLANEOUS
- A. Board Meeting Schedule for 2013 – Sparb (Information)
- B. Quarterly Consultant Fees (Information)
- C. Audit Committee Minutes – (Information)
- D. SIB Agenda (Information)

VI. DEFERRED COMPENSATION
- A. Hartford Update – Sparb (Board Action)
- B. Provider Training Update – Deb (Board Action)
- C. Financial Hardship Case ID 103 – Kathy (Board Action)
- D. Financial Hardship Case ID 108 – Kathy (Board Action)

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

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

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

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

Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 21, 2013

SUBJECT: Job Service Liability Driven Investment Study Update

At that last meeting the Board decided to have SEI do the Job Service LDI study. Since the Board meeting, SEI had a conference call with the PERS Investment Committee to initiate the study. The call confirmed that they are prepared to move forward and that they anticipate the study should be completed within six months. The PERS Investment Committee will continue to meet with SEI as the study progresses.

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Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 21, 2012

SUBJECT: Retirement Legislative Update

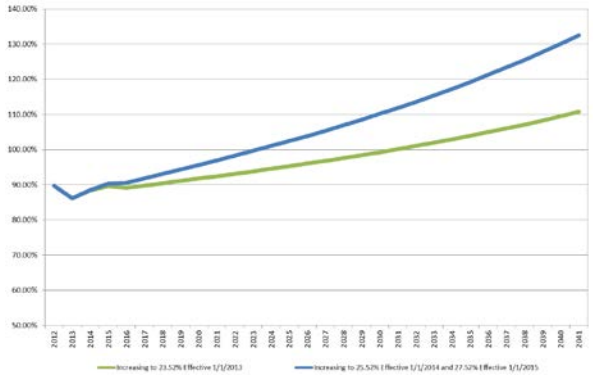
The Legislative Employee Benefits Committee met on October 30 and gave final consideration to our proposed retirement legislation.

Recovery Plan Legislation – LC 13.103

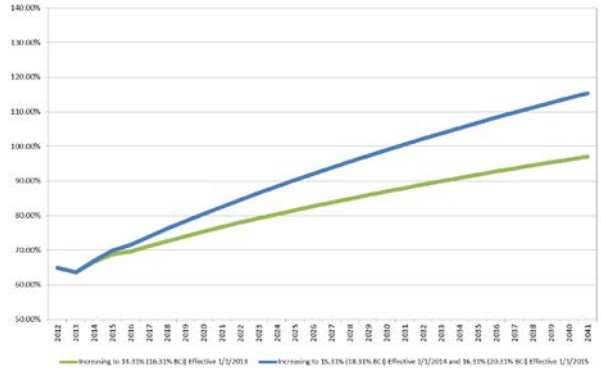
The bill got a "favorable recommendation" on a 9-3 vote. The proposed amendment relating to BCI was accepted.

During discussion of the bill two comments were offered. First, it was noted that with the Judges, Law Enforcement Plan and the Highway Patrol Plan that they all would trend higher without the additional contributions in the recovery bill (see below):

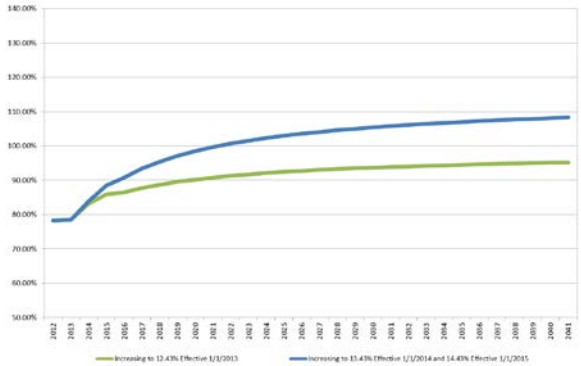
Projected Funded Ratios Under Recovery Bill (AVA Basis) – Judges



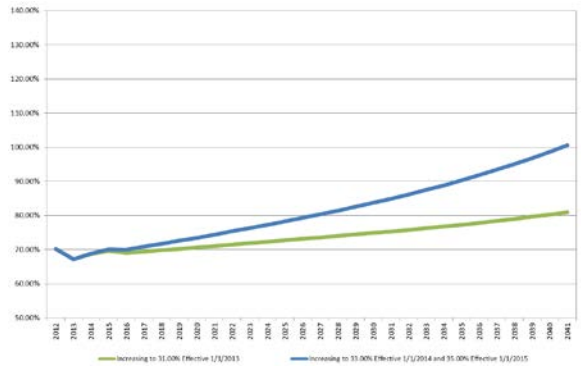
Projected Funded Ratios Under Recovery Bill (AVA Basis) – Law Enforcement with Prior Main System Service



Projected Funded Ratios Under Recovery Bill (AVA Basis) – Law Enforcement without Prior Main System Service



Projected Funded Ratios Under Recovery Bill (AVA Basis) - Highway Patrol



SEGAL 77

Consequently, the observation was made that maybe they do not need an increase. I indicated that since these are small plans they are subject to more volatility and it is best to get them back to 100% quickly to reduce this risk.

A second comment was offered that maybe the additional contributions in the recovery bill should be reduced by ½ and then monitor if additional contributions would be needed in future sessions. It was suggested that this is what was done in the last session. I noted such an action would change the time frame to get back to 100% that was a part of the recovery plan and extended it out further maybe doubling it. Last session's actions did not change the timeframe for the recovery it only split the approval process into two parts rather than one. The action last session did not change the recovery period. Changing the contribution structure this time would be substantially different than last session's actions since it would extend the recovery period.

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Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 21, 2012

SUBJECT: Health Plan Proposed Legislation

On October 30th the Legislative Employee Benefits Committee met and gave final consideration to our proposed group insurance legislation.

Health Plan Bill – LC 13.0101

The committee accepted our proposed amendment adding in the income requirement to the definition of temporary employee. The committee gave the bill "no recommendation". The consensus on this recommendation was due to the uncertainty at that time if the requirements of the Affordable Care Act (ACA) would be implemented and therefore they felt that it would be prudent to give it "no recommendation" pending a determination if the change would actually be required.

Retiree Health Bill – LC 13.0102

The committee gave this bill a unanimous "favorable recommendation".

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Memorandum

TO: PERS Board

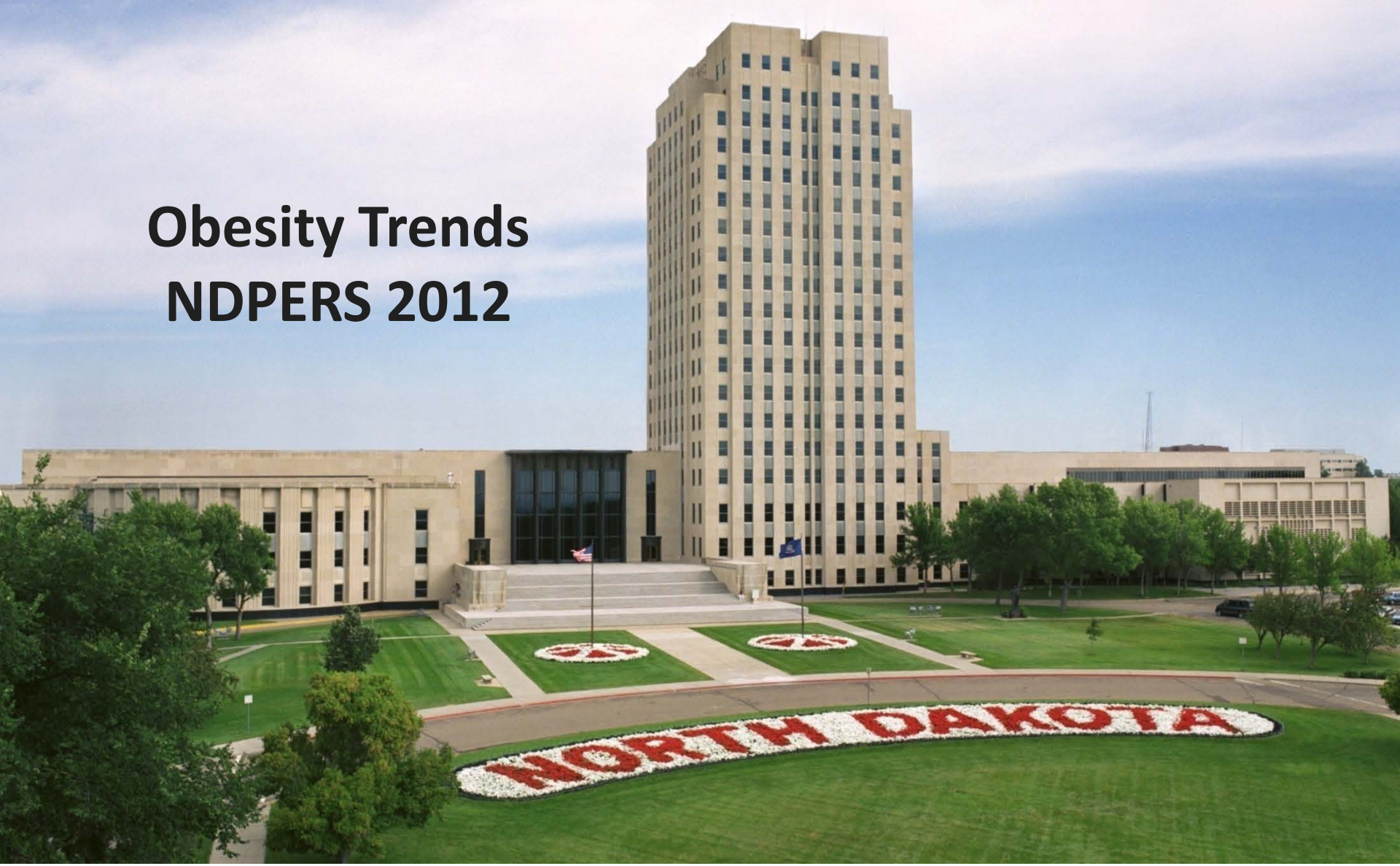
FROM: Sparb

DATE: November 20, 2012

SUBJECT: Wellness Information

At a recent meeting the Board requested additional information on obesity trends in the PERS plan and how we compare with other plans. Attached for your review is that information.

Obesity Trends
NDPERS 2012



NDPERS Wellness
building healthy members

ND

An independent licensee of the Blue Cross & Blue Shield Association

Noridian Mutual Insurance Company

- The data in the following report is based on adults 18 and up who have been measured in MediQHome as of June 30, 2012.

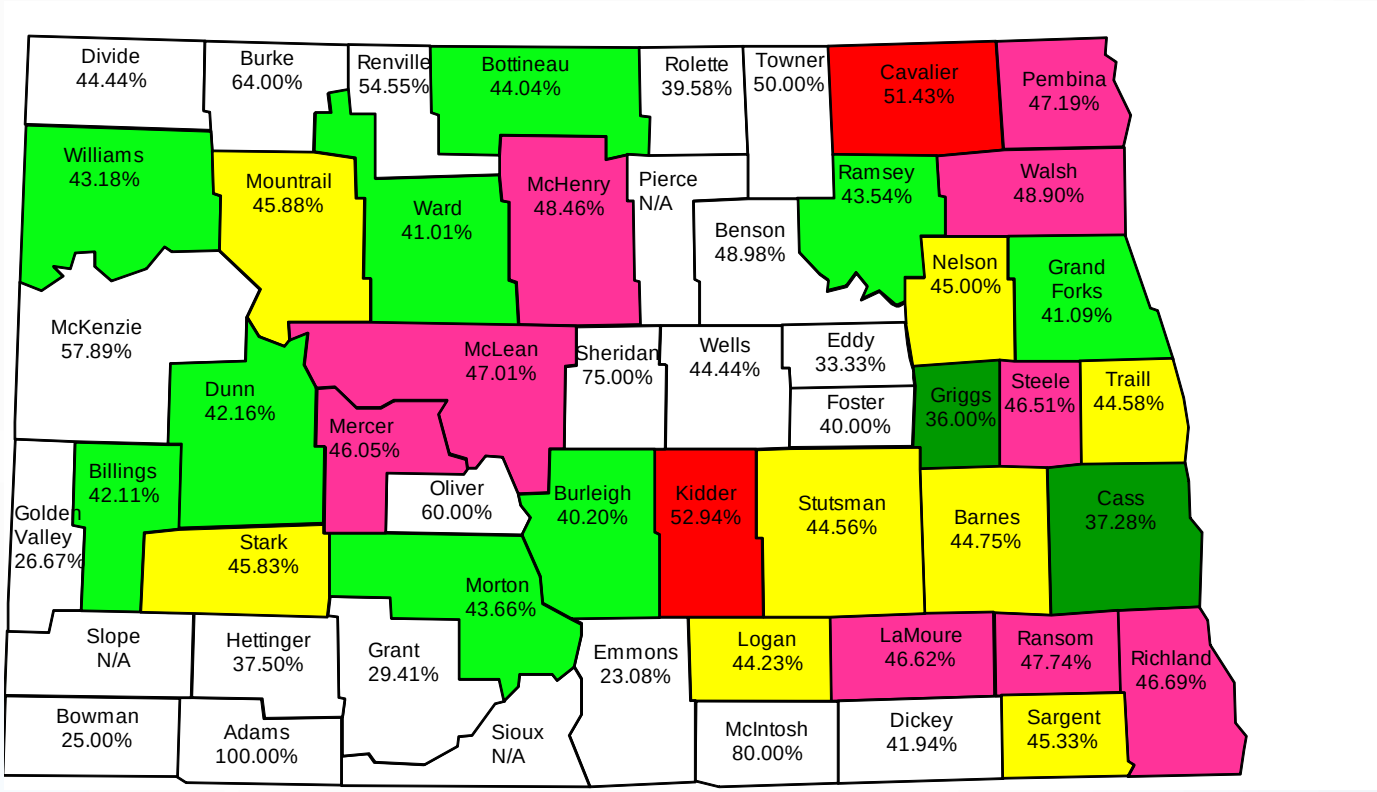
- The criteria of measurements is as follows:
  - BMI 25-29.9 (Overweight)
  - BMI 30-34.9 (Obese)
  - BMI > or +35 (Morbidly Obese)

- Total measurements for the State as a whole include the NDPERS measurements and are 72,236 in number.

- Total measurements for NDPERS are 20,544.

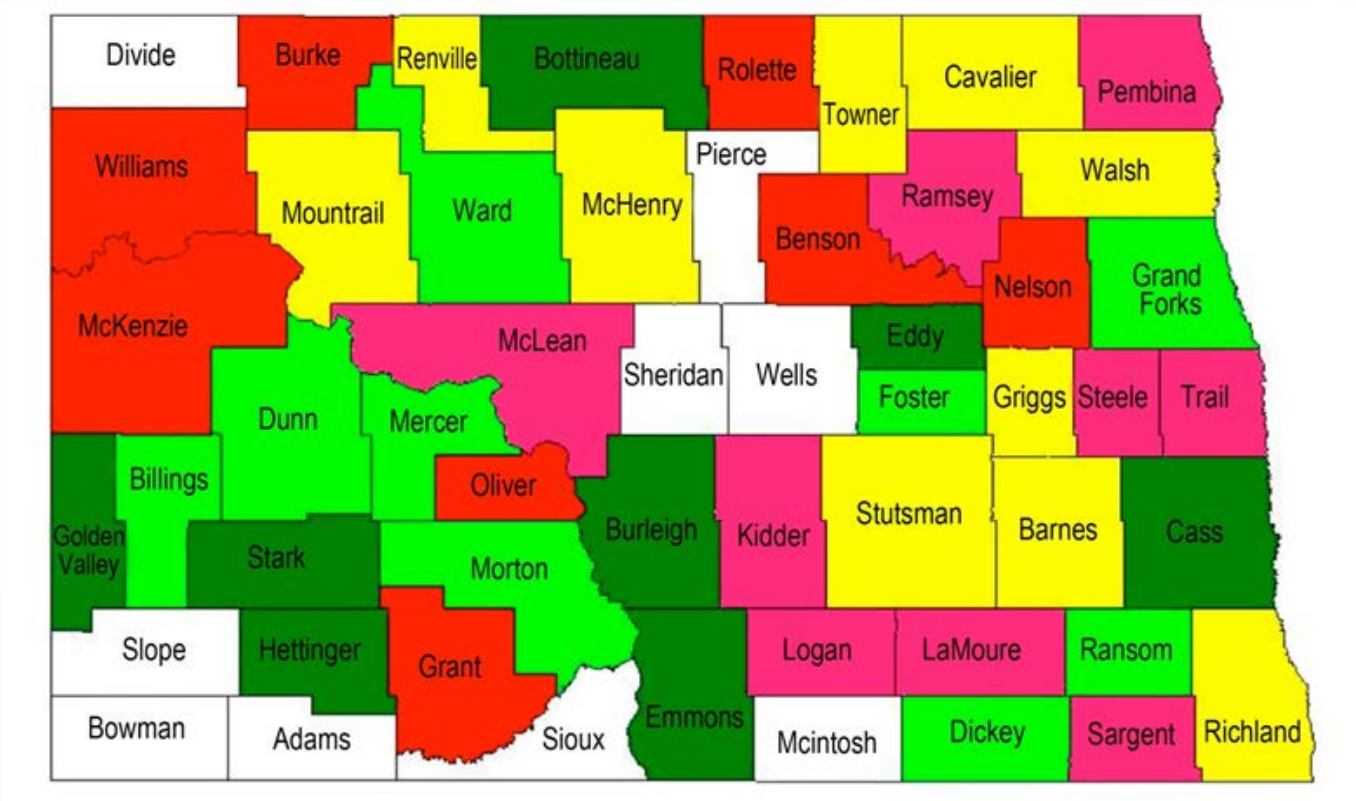
The percentage (%) of obese people in North Dakota by County

- NDPERS Only -



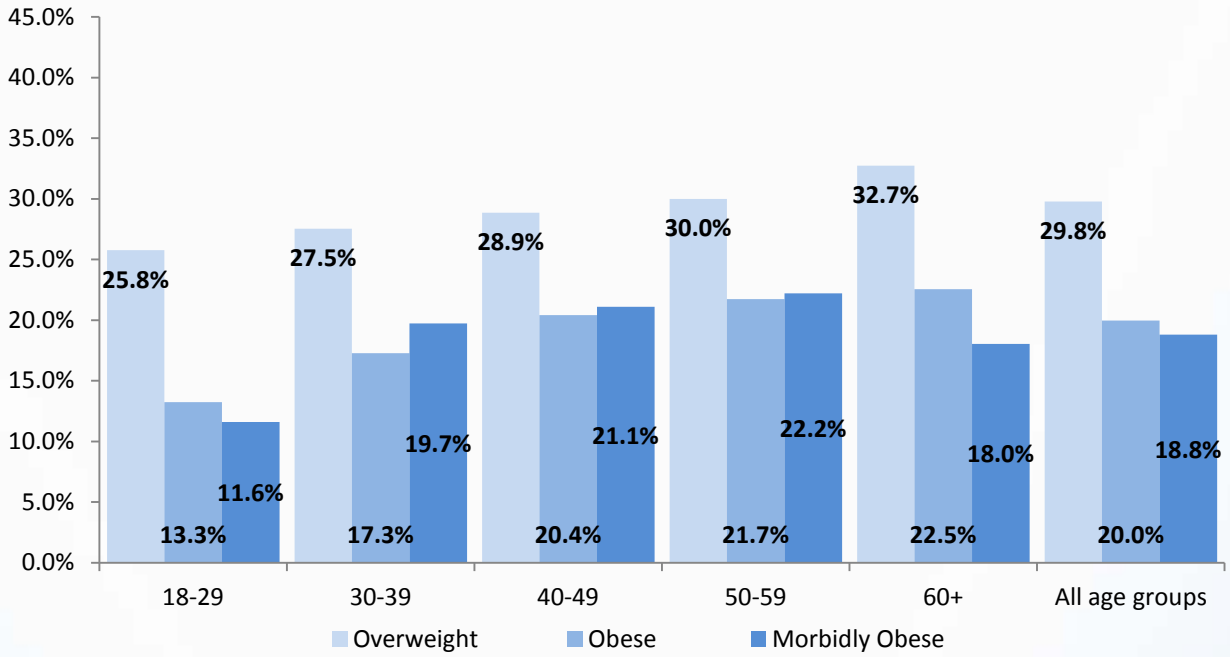
- High (52.94% to 51.43%)
- Above average (48.9% to 46.05%)
- Average (45.88% to 44.23%)
- Below average (44.04% to 40.20%
- Low (37.28%)
- Insufficient data(n<50)

The percentage (%) of obese people in North Dakota by County

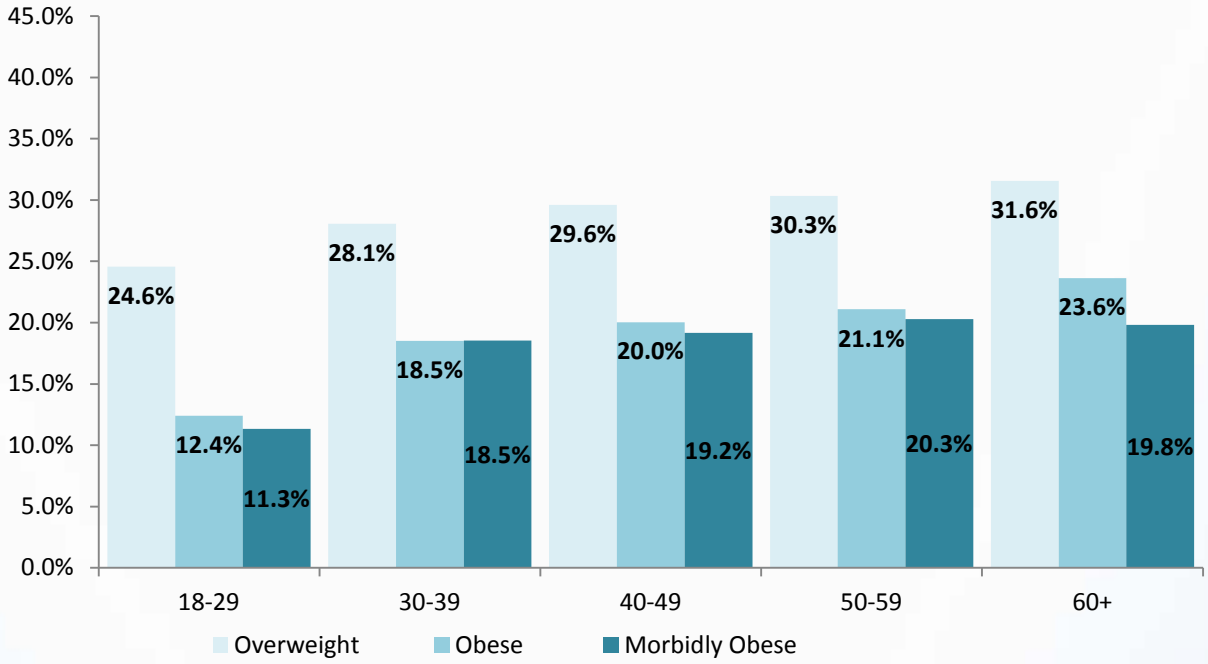


- High (75% to 49.2%)
- Above average (49.0% to 45.5%)
- Average (45.2% to 42.7%)
- Below average (41.9% to 39.9%)
- Low (39.3% to 32.7%)
- Insufficient data (n<50)

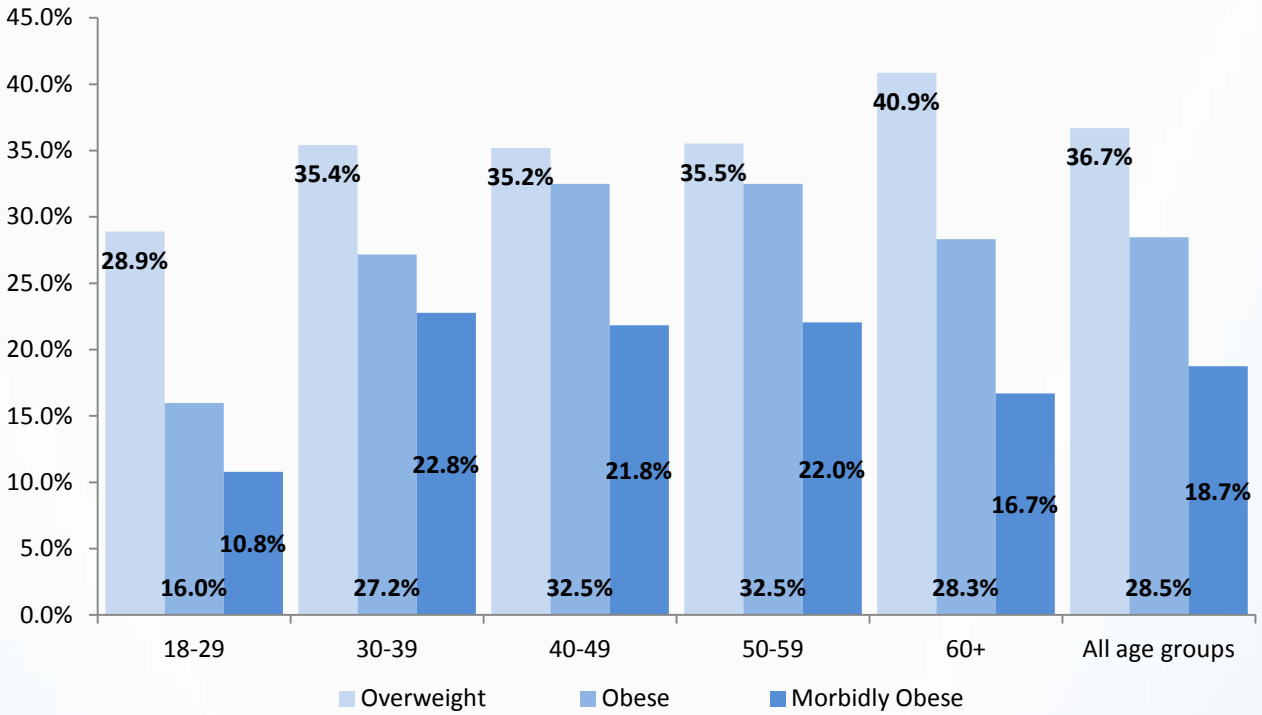
Weight Status Rates by Age and Sex – NDPERS: Females
Including overall group rate



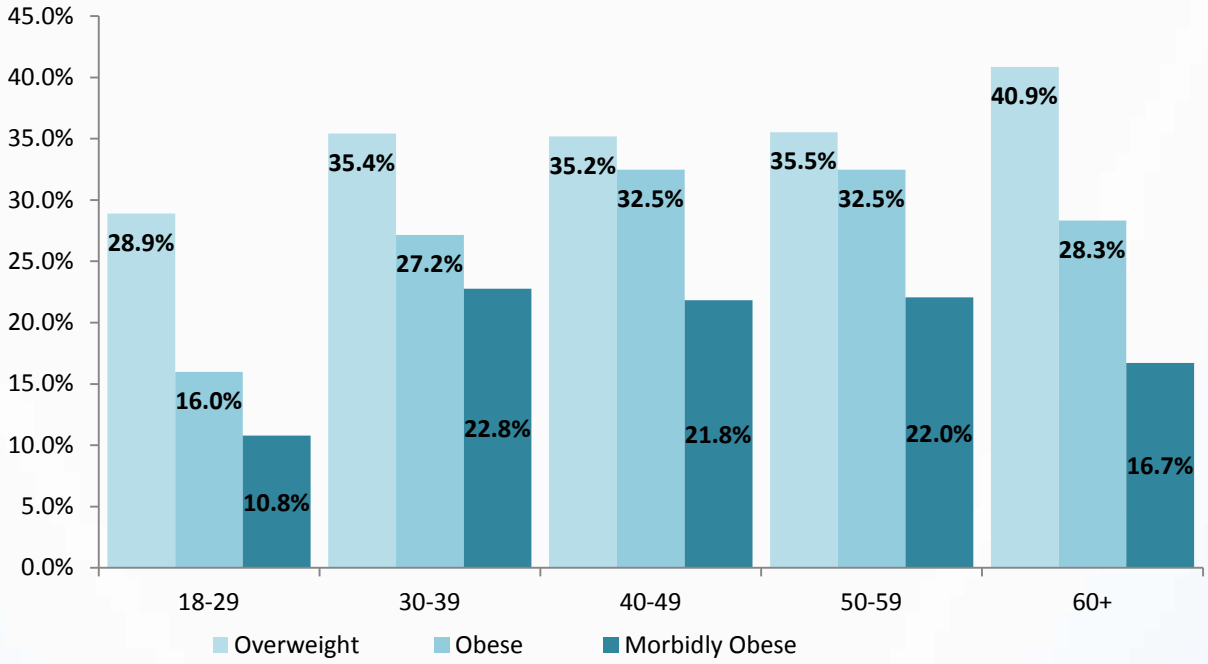
Weight Status Rates by Age and Sex – State: Females



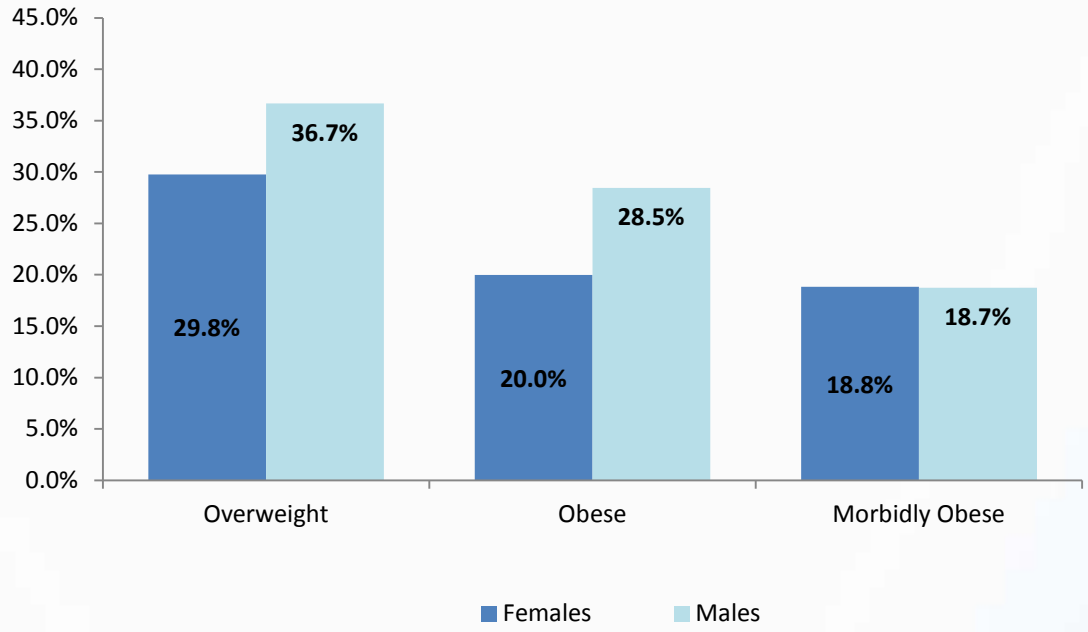
Weight Status Rates by Age and Sex – NDPERS: Males
Including overall group rate



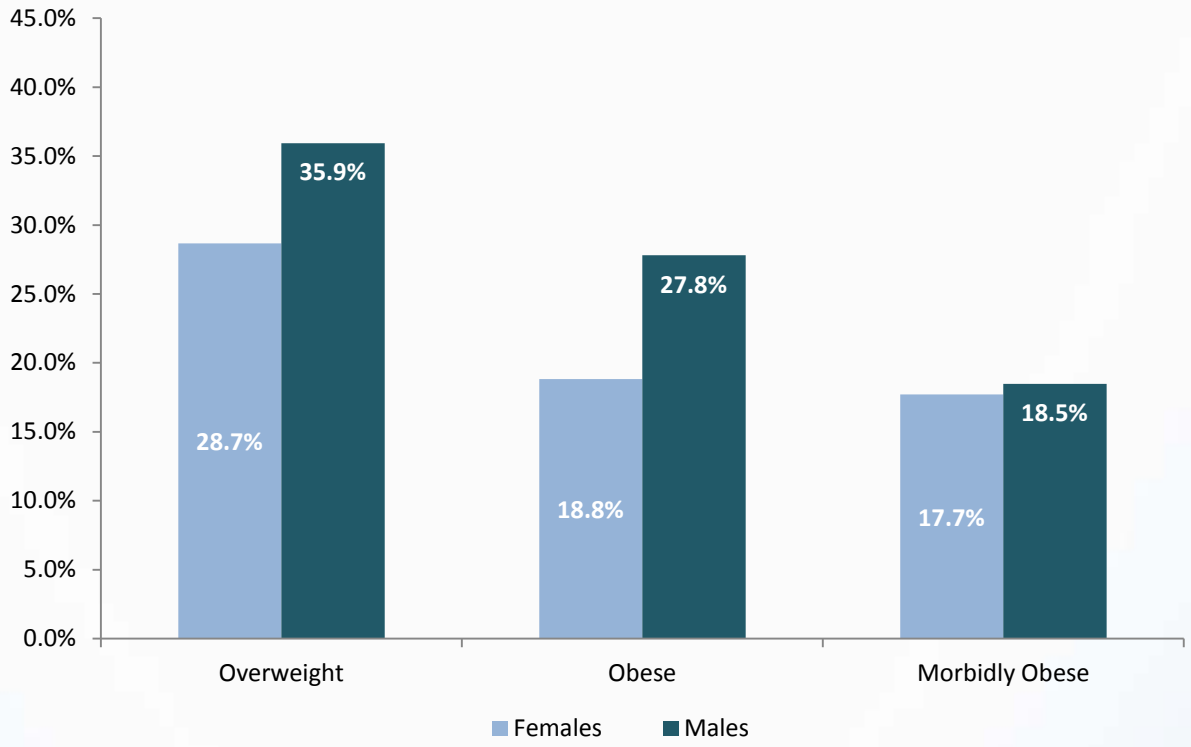
Weight Status Rates by Age and Sex – State: Males



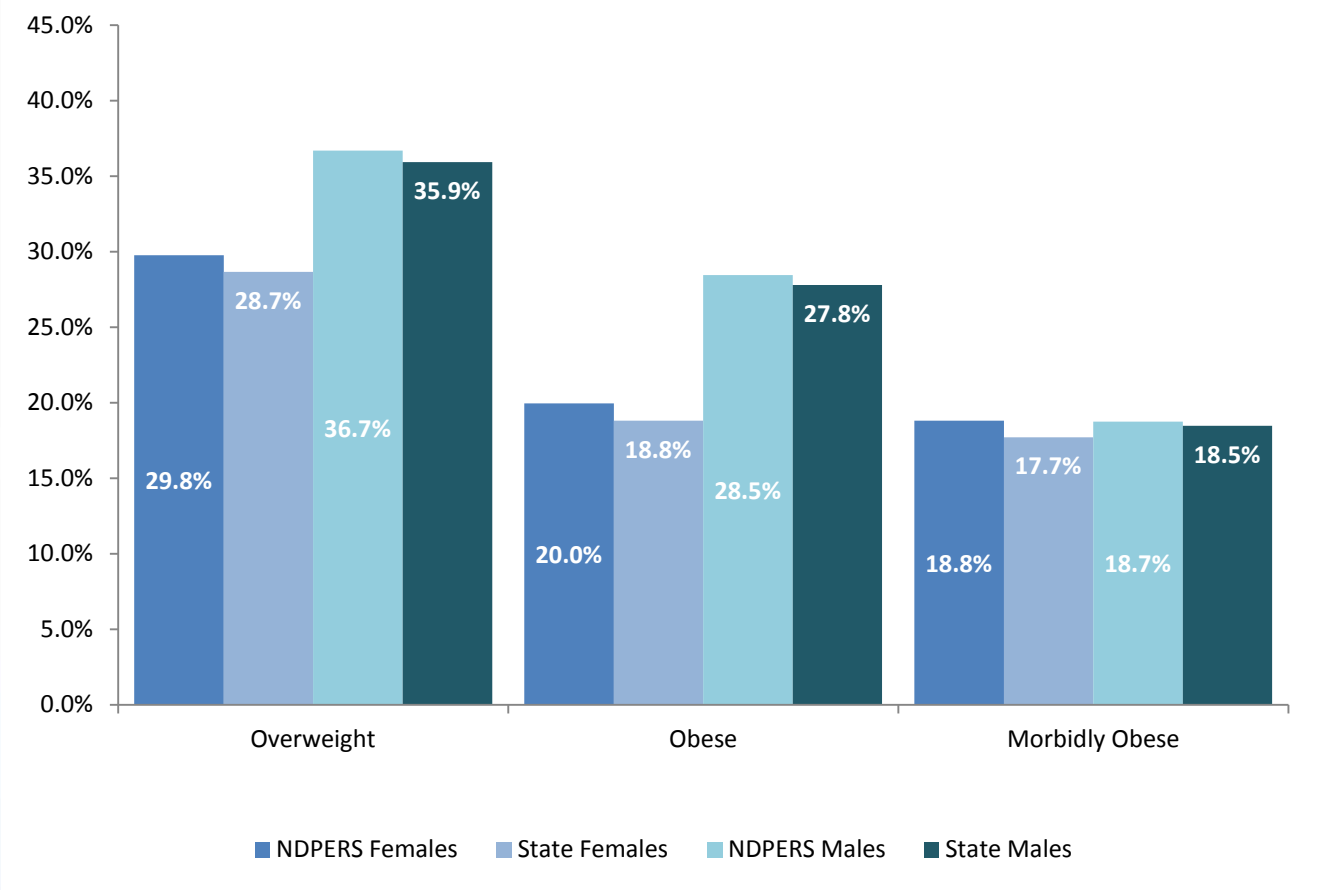
Overall Weight Status Rates by Sex – NDPERS



Overall Weight Status Rates by Sex – State



A Comparison of NDPERS and State-Overall Weight Status Rates by Sex



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Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 19, 2012

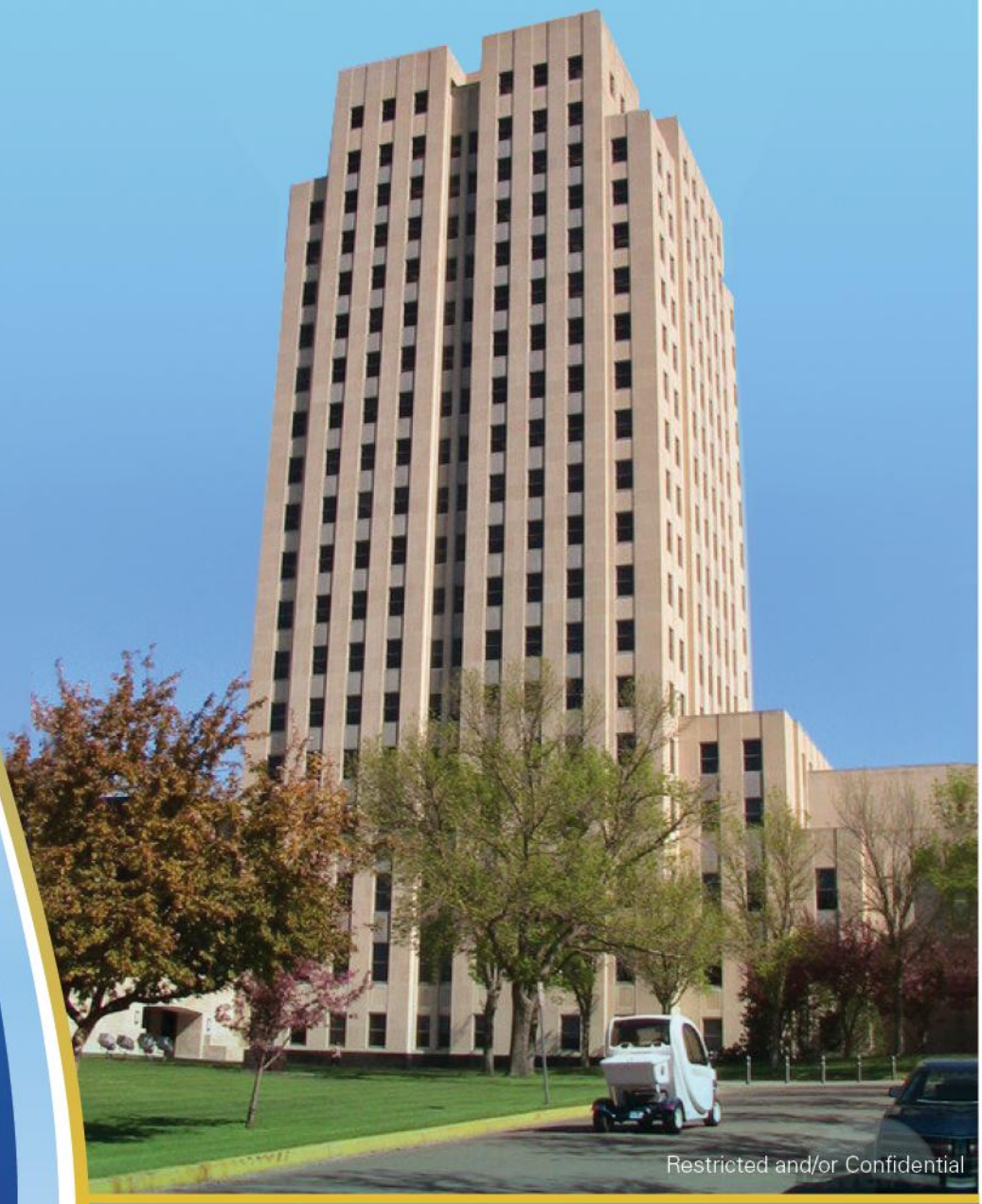
SUBJECT: BCBS Quarterly Executive Summary

Attached please find the quarterly executive summary for the health plan. Representatives of BCBS will be at the Board meeting to go over the report and answer questions.

Mike Carlson, BCBSND Manager of Wellness Services, will also be at the November 29th Board meeting to provide an update that a change in personnel will occur in regard to the NDPERS Wellness Specialist position. This update will also provide the Board general transition timelines.

NDPERS Executive Summary

Q3 | Presented November 2012



Restricted and/or Confidential

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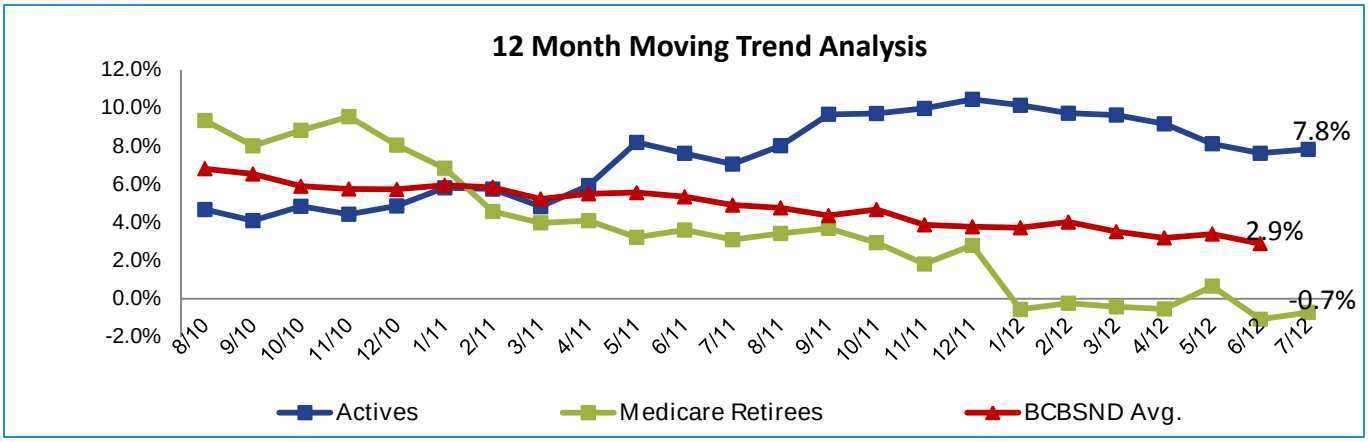
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

ND

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

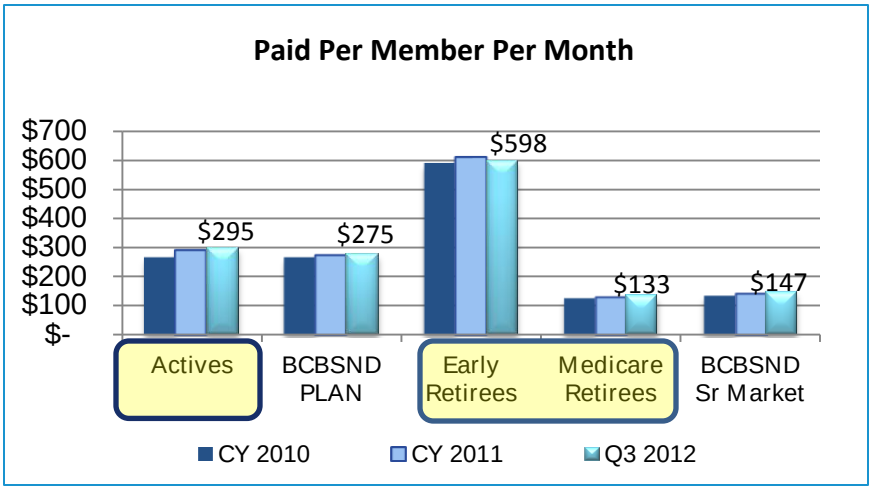
Noridian Mutual Insurance Company

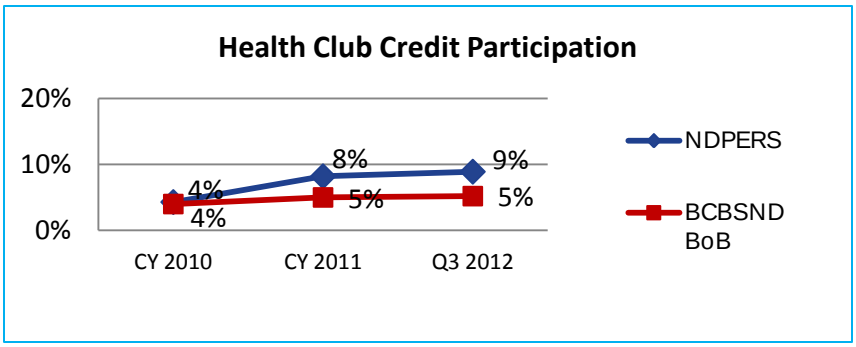
Dashboard

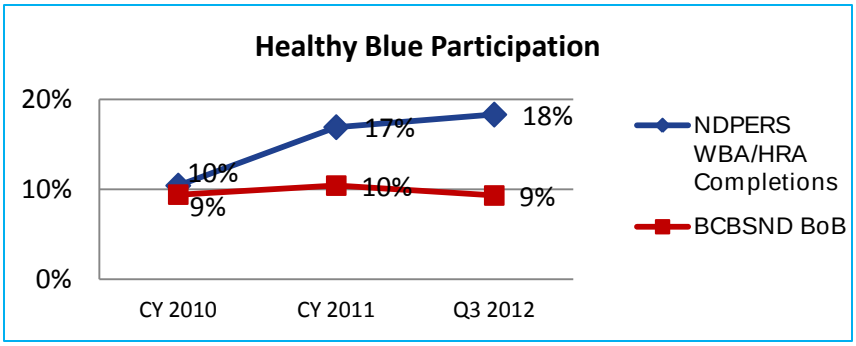


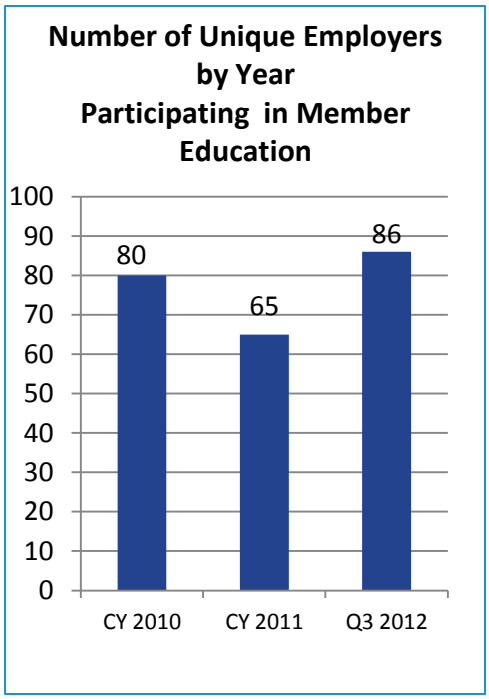
Membership Comparison

	CY 2011	Q3 2012
Actives	50,886	53,674
Early Retirees	1,221	1,240
Medicare Retirees	6,923	7,379









Actives include Political Subs and State Employees

Quarters are cumulative to calendar year end

NDPERS Biennium Comparison

Paid through September 30, 2012

	Premium	Admin Fee	Interest on Surplus	Estimated Incurred Claims	Gain (Loss)	Gain (Loss) as % of Premium	Biennium Gain (loss)	% of Premium
July 07 - Jul 08	176,555	9,557	361	165,205	2,154	1.2%	-3,106	-0.9%
July 09 - Jul 10	227,322	12,020	206	189,216	26,292	11.6%	38,064	9.0%
July 11 - Jul 12	252,160	13,410	53	227,846	10,957	4.3%	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 better than the July 07 biennium. It is important to note that the July 11 - July 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 September 30, 2012

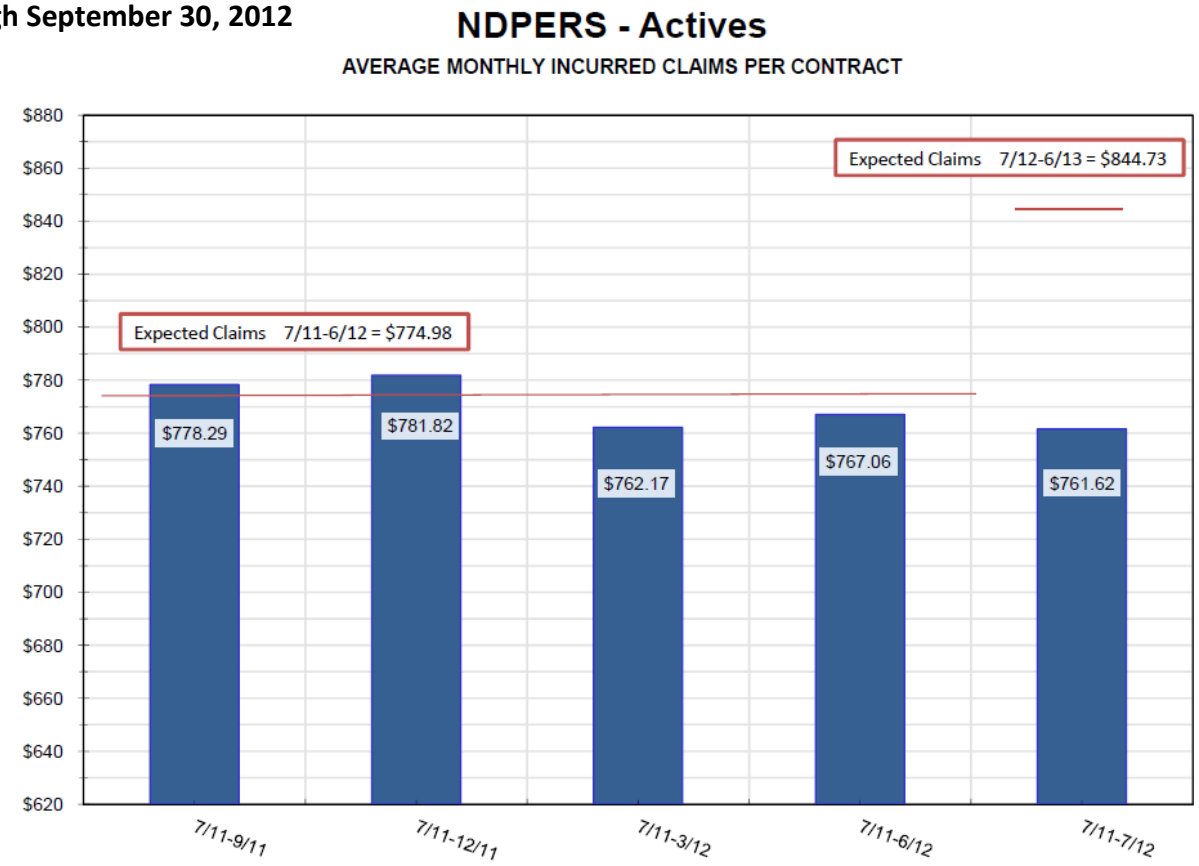
Twelve Month Moving Average				
Incurred Month	Est. Incurred Claim/Contract		Annual Trend	
	Actives	Med Retirees	Actives	Med Retirees
9/10	671.53	165.51	4.1%	8.0%
10/10	674.12	166.34	4.9%	8.8%
11/10	676.87	168.04	4.4%	9.6%
12/10	679.81	167.06	4.9%	8.1%
1/11	686.50	170.91	5.8%	6.9%
2/11	690.80	170.80	5.8%	4.6%
3/11	692.16	170.63	4.8%	4.0%
4/11	698.34	170.94	5.9%	4.1%
5/11	708.90	170.50	8.2%	3.2%
6/11	712.67	171.58	7.6%	3.6%
7/11	713.77	171.33	7.1%	3.1%
8/11	726.00	171.63	8.0%	3.4%
9/11	736.52	171.64	9.7%	3.7%
10/11	739.63	171.24	9.7%	2.9%
11/11	744.45	171.11	10.0%	1.8%
12/11	750.92	171.75	10.5%	2.8%
1/12	756.17	169.96	10.1%	-0.6%
2/12	758.03	170.41	9.7%	-0.2%
3/12	758.88	169.92	9.6%	-0.4%
4/12	762.42	170.04	9.2%	-0.5%
5/12	766.56	171.64	8.1%	0.7%
6/12	767.06	169.75	7.6%	-1.1%
7/12	769.71	170.12	7.8%	-0.7%

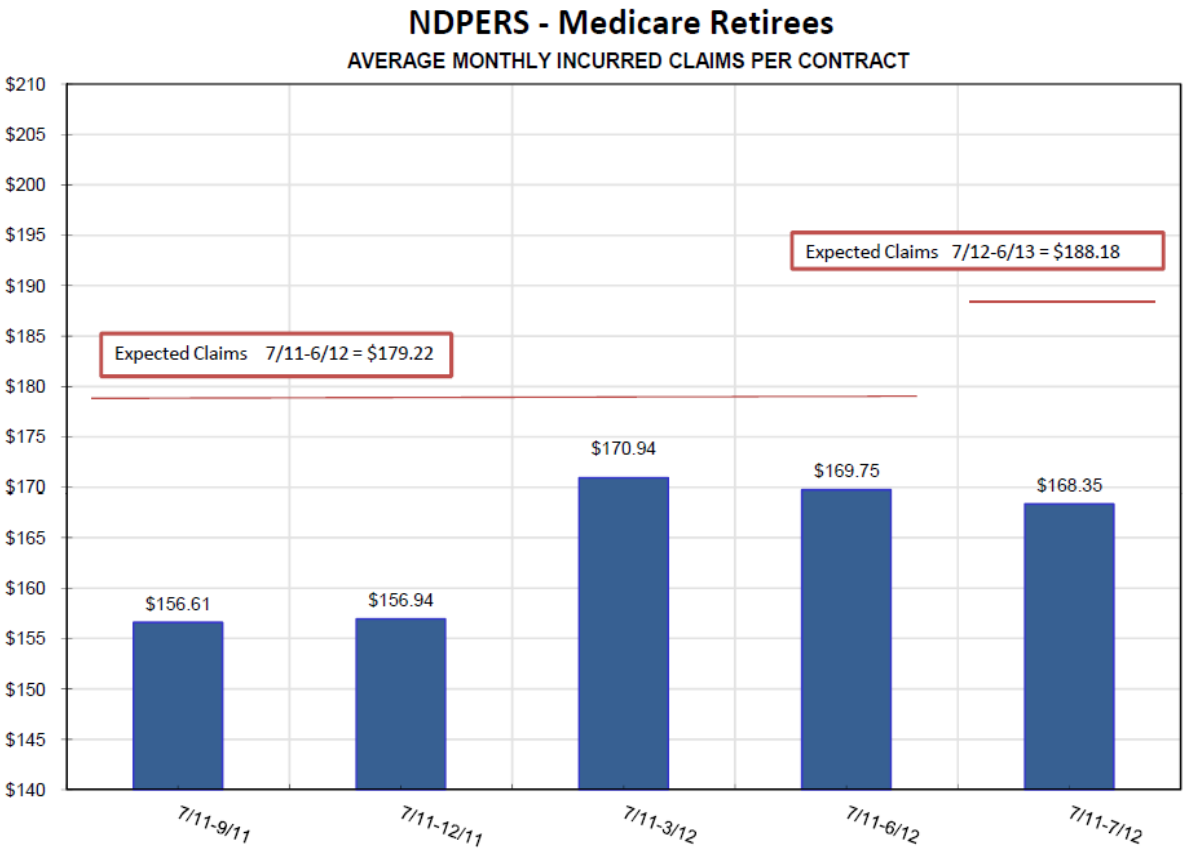
The 7.6% twelve month rolling trend for NDPERS Actives through June 2012 is greater than the Blue Cross Blue Shield overall trend of 2.9%.

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

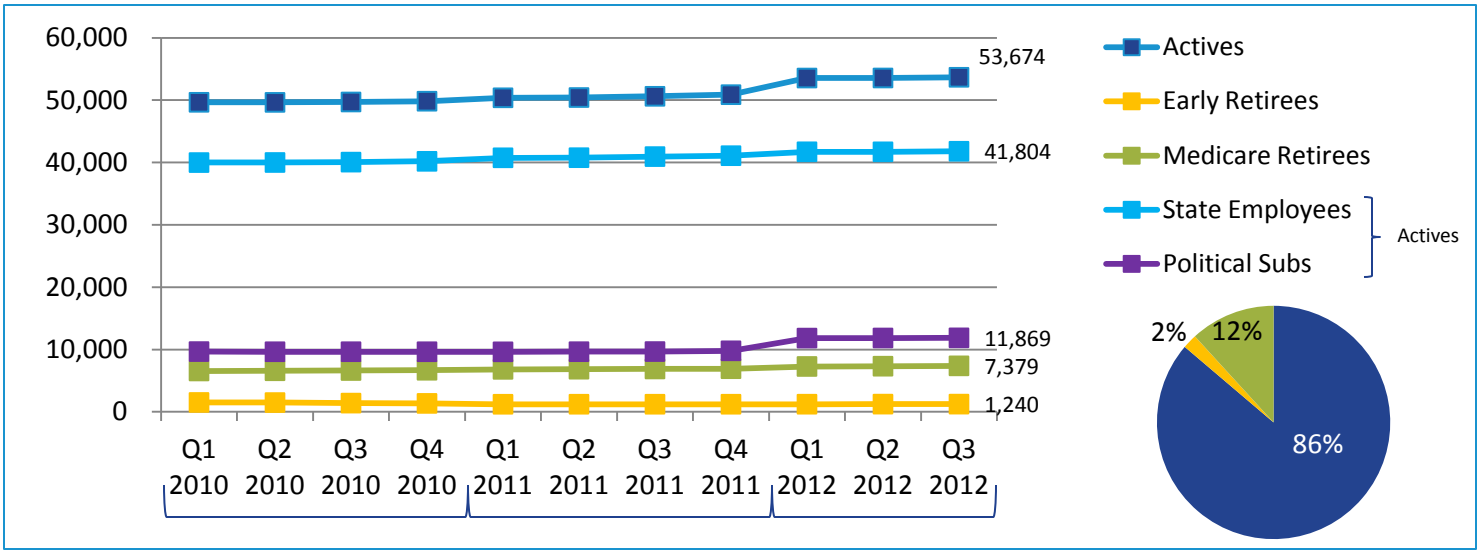
Paid through September 30, 2012



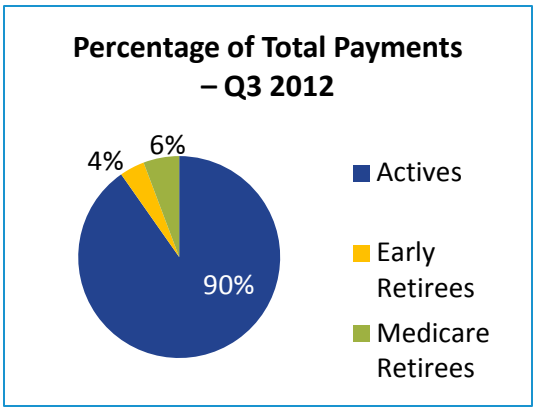


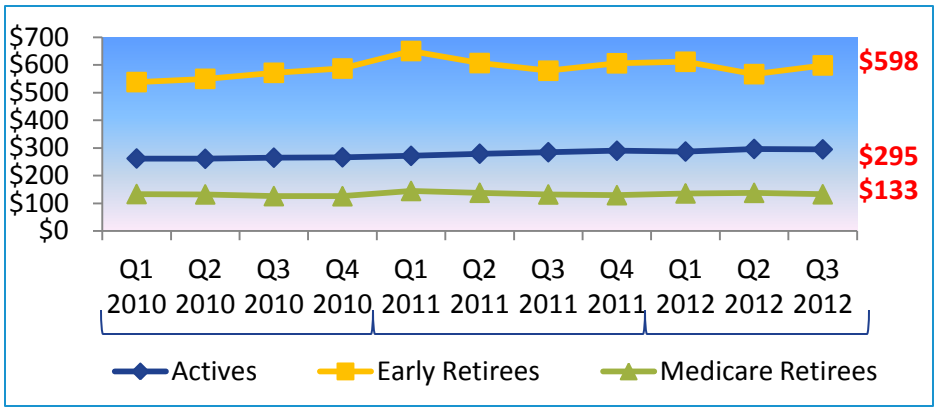
Membership & Health Utilization Summary

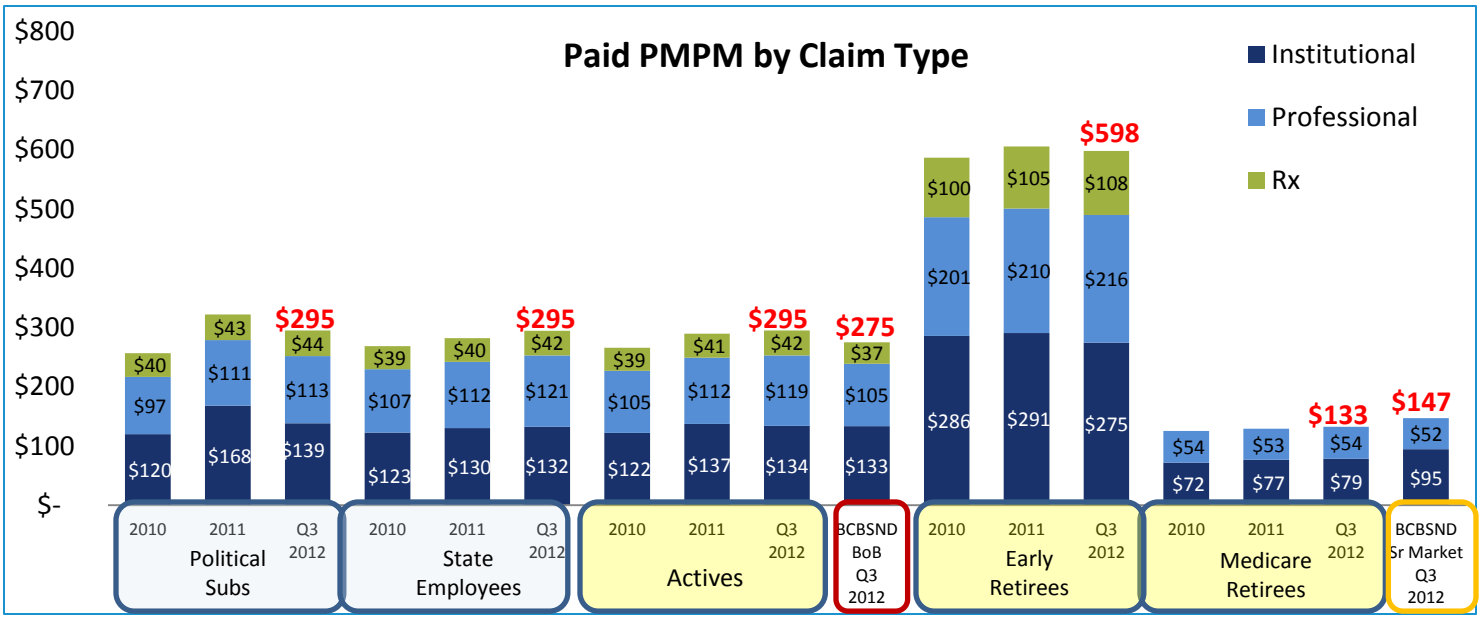
Membership



Claims Paid Per Member Per Month (PMPM)





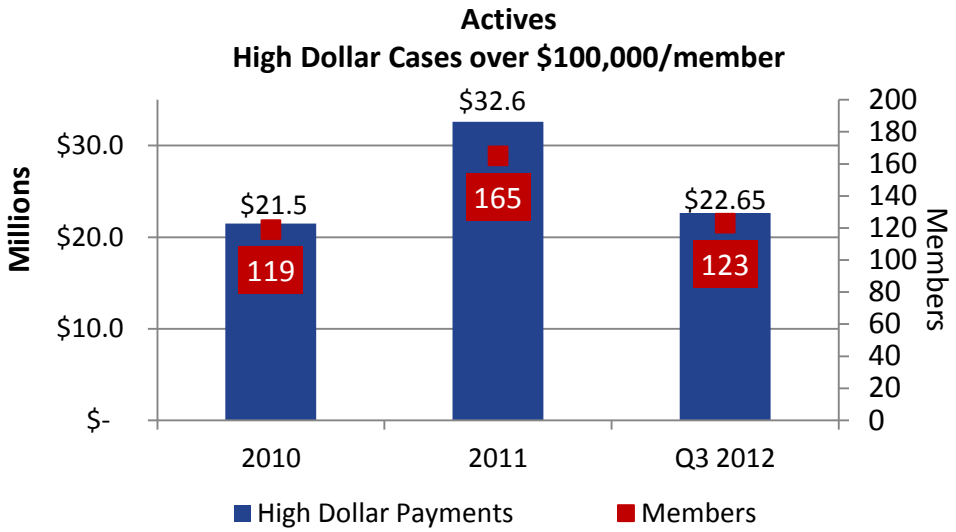


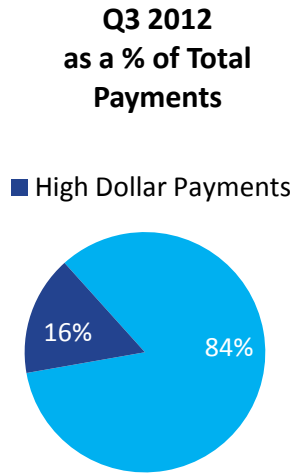
Actives include Political Subs and State Employees

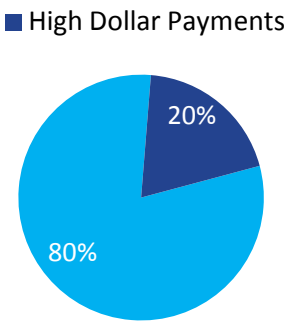
Quarters are cumulative to calendar year end

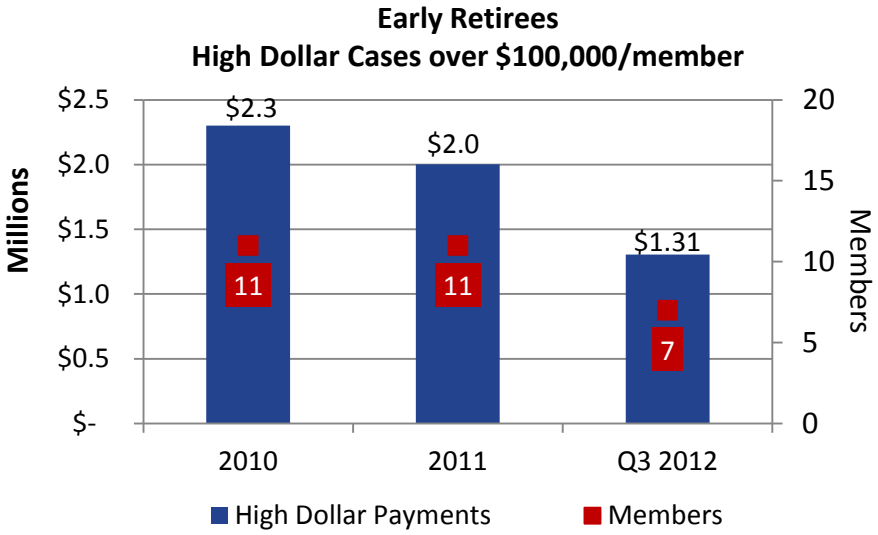
High Dollar Claims & Prescription Drugs

High Dollar Cases

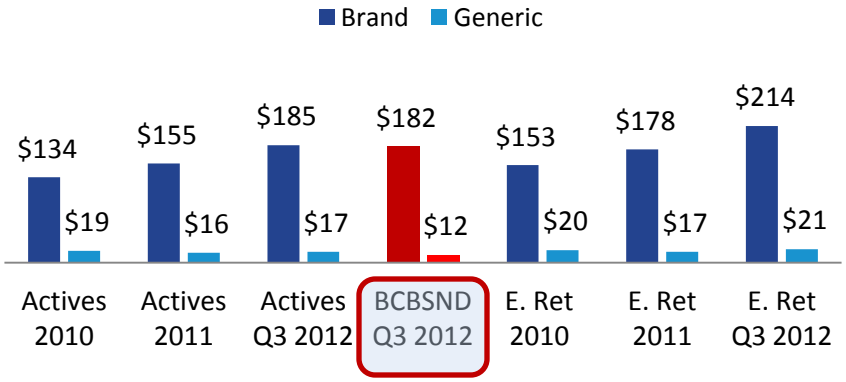


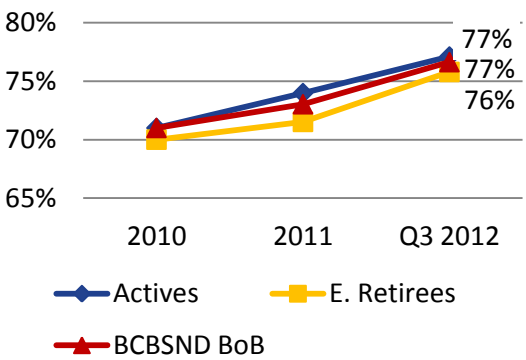




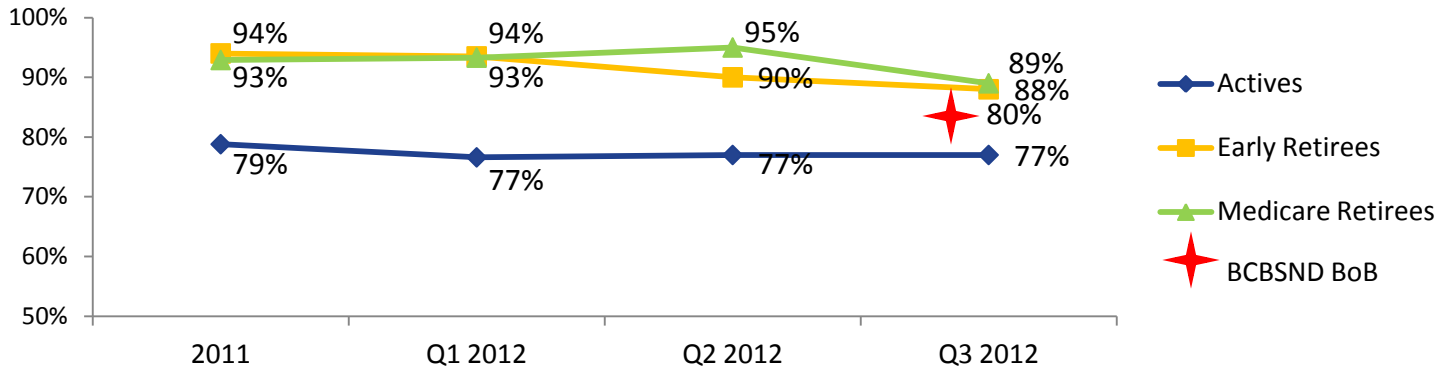


Prescription Drugs

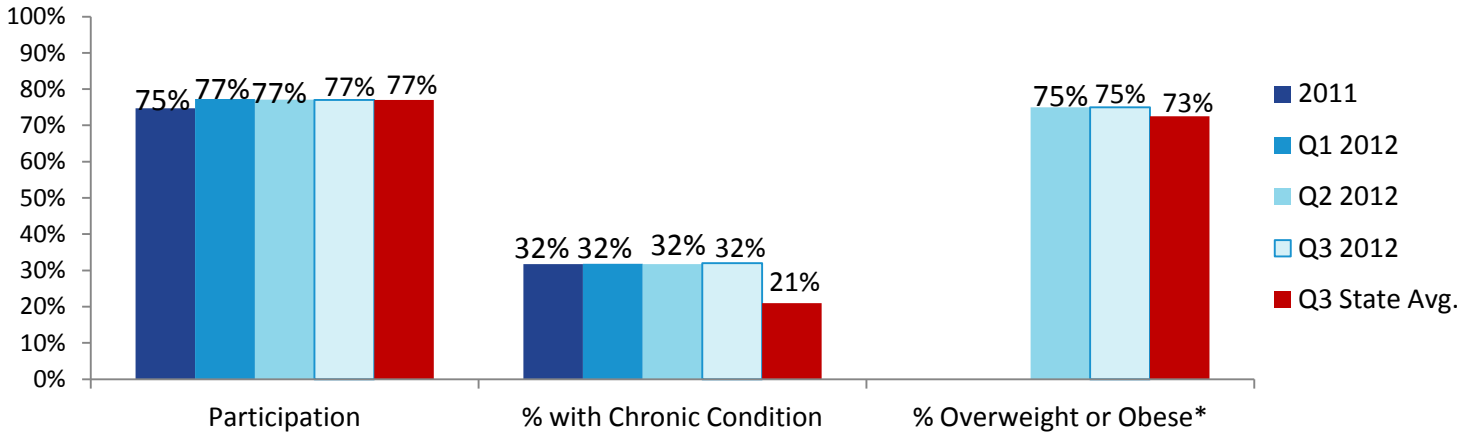




AccordantCare Participation – Rare and Complex Disease Management

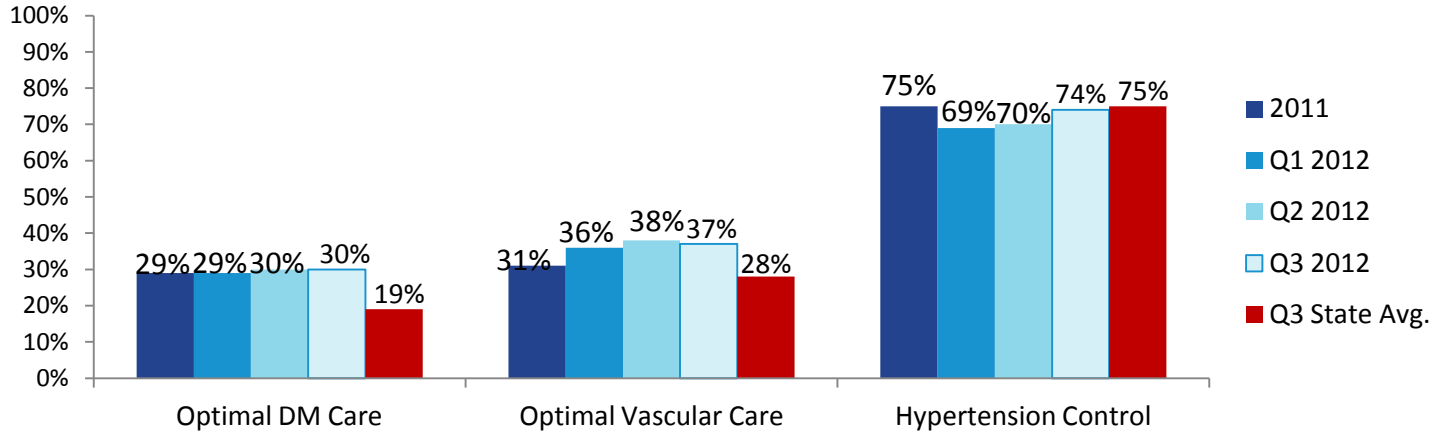


MediQHome Key Measures



** First available obesity data is Q2 2012*

MediQHome Outcome Measures



Performance Standards and Guarantees

Measure	Goal	To Date
Cost Management:		
WBA/HRA Completions	10% increase over 2011 completions (2011 = 16.9%)	18.3%
WBA/HRA Score	5% point increase over 2011 score (2011 = *70.2***)	72.5
Online Wellness Tool - incentives paid	10% increase over 2011 incentives paid (2011 = $323,401)	$80,838
Health Club Credit - members receiving credit	10% increase over 2011 members receiving credit (2011 = 4.9%)	4.9%
Health Outcomes:		
Members enrolled in a Medical Home	80%	76.6%
Breast Cancer Screening Rates	80%	*76.18%
Cervical Cancer Screening Rates	85%	*76.61%
Colorectal Cancer Screening Rates	60%	*53.75%
Operational Performance:		
Claims Financial Accuracy	99%	96.87%
Payment Incident Accuracy	97%	98.64%
Claim Timeliness	99%	99.65%
Average Speed of Answer (in seconds)	30 seconds or less	11.34
Call Abandonment Rate	5% or less	0.85%
Provider Network Management:		
NDPERS PPO network	90% (or more) participation	99.6%

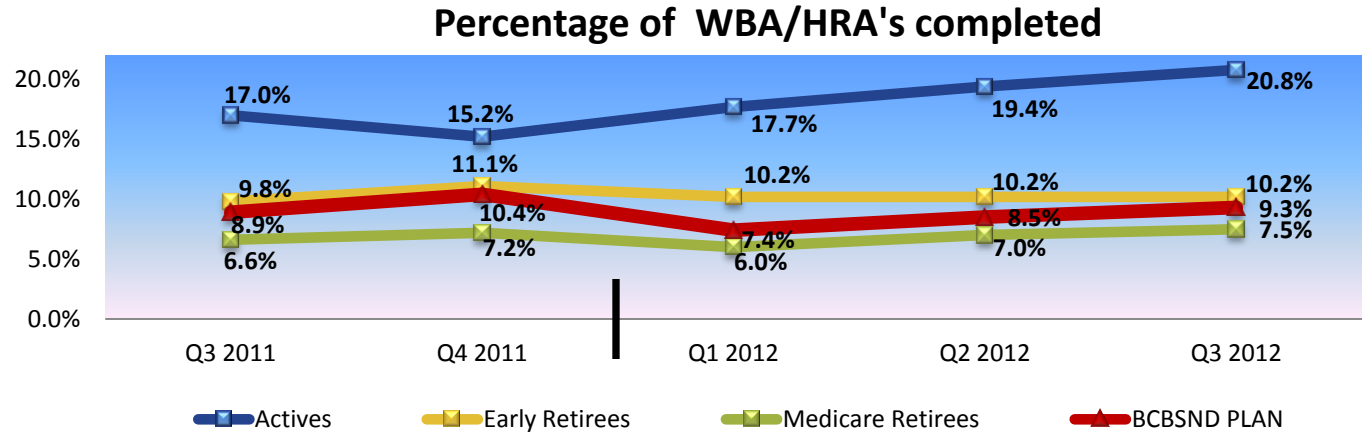
**Cancer screening rates were a culmination of MediQHome and HEDIS data*
***Conversion to HealthyBlue will require score translation*

Wellness Programs

Through Q2 2012 (Jan-Jun), there was a total of 42,622 members eligible for the wellness programs, HealthyBlue and Health Club Credit. NDPERS member participation in these wellness programs is higher than the BCBSND Plan average.

HealthyBlue

- 18.3% (up from 17% Q2) of total eligible members have completed a WBA/Health Risk Assessment (7,806 members)
  - BCBSND Plan WBA/HRA completion rate 9.3% (up from 8.5% Q2)
- Point redemption through Q3 2012 - $80,838 in redeemed prizes

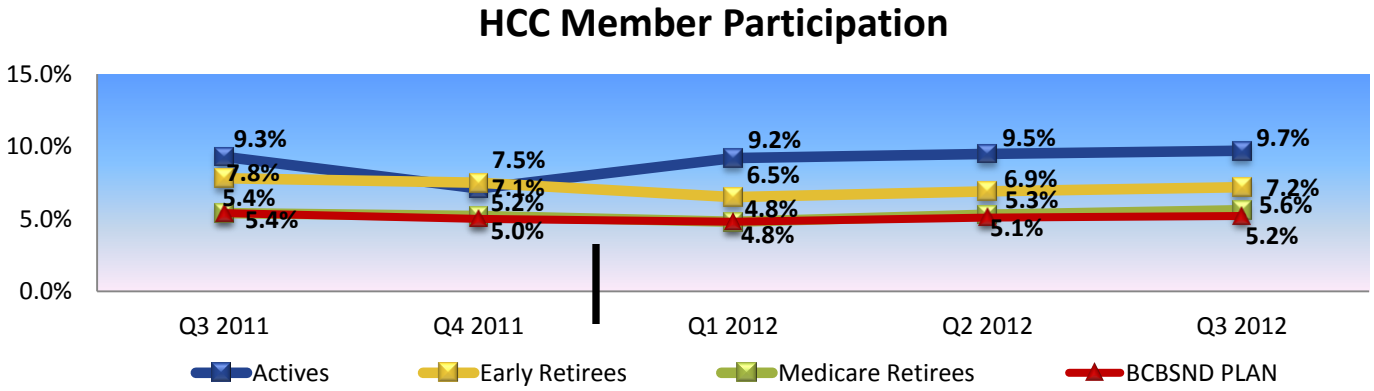


Q1 2012 begins over due to annual WBA/HRA completion requirement.

Quarters are cumulative to calendar year end

Health Club Credit

- 8.9% (up slightly from 8.7% Q2) participate in the Health Club Credit Program (3,812 members)
  - BCBSND Plan average is 5.2% (up from 5.1% Q2)
- 55.1% (down from 58% Q2) of those participating in HCC exercise 12 or more days per month (2,099 members)
  - BCBSND Plan average is 55.0% (down from 58.4% Q1)
- Health club credits paid through Q3 2012 - $405,339.52



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

Quarters are cumulative to calendar year end

Member Engagement

Member Education Representatives introduce programs that provide employees with valuable information and engages 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
- **Tobacco Cessation – NEW!**

Through 3rd quarter 2012, Member Education Representatives have presented to 126 unique employer groups with 4,342 members in attendance.

	Number of Employers	Member Education Program	Member Attendance
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
Q2 2012	22	HealthyBlue /HCC	502
	26	Other	1,034
Q3 2012	9	HealthyBlue /HCC	579
	26	Other	983

Benefit Overview meetings

(tracking began Q3 2011)

	Number of Employers
Q3 2011	31
Q4 2011	65
Q1 2012	13
Q2 2012	17
Q3 2012	22

NDPERS Wellness Specialist

•An NDPERS-specific Breast Cancer Awareness flyer was created and distributed through designated NDPERS Wellness Coordinators during the month of October. The flyer was also posted to the HealthyBlue image rotator for the month.

•The first four "Daily Dose of Wellness" topics have been posted to HealthyBlue. The two remaining topics are scheduled to be posted in December.

•The "Fruits & Veggies" challenge launched on HealthyBlue earlier this fall had 587 NDPERS participants.

•A 3-week "Healthy Holidays Prep" challenge was launched on HealthyBlue Monday, November 26th.

•We have started to include education on "Steps to a Successful Worksite Wellness Program" during the monthly NDPERS Wellness Coordinator webinars, tackling one step per month.

•Gearing Up for Worksite Wellness trainings have been scheduled for Fargo, Grand Forks, Bismarck and Minot. NDPERS Wellness Coordinators will continue to be offered the discounted registration rate.

•Healthy North Dakota has launched a new Worksite Wellness Blog, and an invite to join was passed on the NDPERS designated Wellness Coordinators during our November webinar.

Opportunities and Activities

Completed

- NDPERS Retiree Wellness fair was held in Fargo in November
- Annual Healthy ND Worksite Wellness Summit in Fargo in October – NDPERS designated Wellness Coordinators attended
- Rebecca Fricke onsite visit
- Targeted outreach & programs for breast cancer was provided on HealthyBlue and through a flyer distributed through wellness coordinators.
- Member Education staff worked with Michelle Walker at Dept. of Health to develop a new Member Ed program, "Tobacco Cessation", which is also customized to NDPERS specific program
- Phase 3 BCBSND Hypertension Quality Improvement Project (QIP)

Ongoing Activities

- There are currently 10 members in the Member Advocacy Program (MAP)
- Testimonial campaign is in development
- Daily Dose of Wellness videos in collaboration with Lt. Governor
- Gearing Up for Worksite Wellness trainings scheduled for Fargo, Grand Forks, Bismarck and Minot
- Development of 2013 Wellness Strategy
- MediQHome
    - Provider contracting – 75% of ND's participating providers are participating in MediQHome
    - MediQHome combined with ACO contracting is changing how BCBSND pays for care by transitioning to payment based on quality outcomes, rather than simply paying a fee for a service delivered.
    - MediQHome is developing a medication module designed to improve the management of several targeted chronic conditions
        - The initial releases of the module will focus on identifying three major types of clinical opportunities as identified by Prime Therapeutics' Guided Health platform:
            1. **Poly Pharmacy**: patients with frequent and/or numerous claims are identified to eliminate duplication, interaction and confusion with their medication regimens.
            2. **Gaps in cholesterol medication therapy**
            3. **Gaps in hypertensive therapy**
        - Continued development will focus on targeting chronic conditions where the most significant medication therapy opportunities exist
- AccordantCare Program has produced an overall book of business ROI of $1,632/participating member for it's first year
    - NDPERS has a 78% participation rate for Q3 2012 (545 eligible with 426 participating)

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Public Employees Retirement System
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Bismarck, North Dakota 58502-1657

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Memorandum

TO: PERS Board

FROM: Sparb and Kathy

DATE: November 19, 2012

SUBJECT: Dental Plan Implementation

Attached please find the implementation plan for the new dental plan vendor (Delta Dental). All tasks are on schedule for January 1 start date.

Delta Dental of Minnesota						
State of North Dakota						
Effective 01-01-2013						
DD = Delta Dental G = Group						
Task #	TASK	STATUS	START	END	RESOURCE	COMMENT
	CUSTOMER/GROUP/SUBGROUP SET UP					
1	Determine final plan designs	Completed	9/5/12	9/5/12	DD, G	
2	Finalize new plan design	Completed	9/5/12	9/19/12	DD, G	Review plan design on Master Application
3	Determine account structure	Completed	9/5/12	9/5/12	DD, G	
4	Finalize account structure	Completed	9/5/12	9/14/12	DD, G	
5	Release final account structure	Completed	10/1/12	9/19/12	DD, G	At time of set up
6	Complete New Customer Checklist	Completed	9/5/12	9/19/12	DD, G	Approve once billing and electronic file questions are answered
7	Complete Master Dental Contract Application	Completed	9/5/12	9/19/12	DD, G	fix rates to be divisible by 2-sent update on 10/1. Recd revised signed Master App
8	Submit GSM to start group set up	Completed	9/28/12	10/8/12	DD	
9	System set up complete	Completed	10/1/12	10/18/12	DD	
10	Audit system set up	Completed	10/12/12	10/31/12	DD	Lisa Kubasch confirmed audit is complete
	BENEFITS					
11	Obtain copy of current SPD	Completed	9/5/12	9/5/12	DD, G	
12	Determine plan design changes	Completed	9/5/12	9/12/12	DD, G	
13	Determine if comparison grid is needed	Completed	9/5/12	9/12/12	DD, G	Will submit changes contained in RFP
14	Complete benefit grid	Completed	9/5/12	9/28/12	DD, G	
15	Load benefits in system	Completed	10/1/12	10/22/12	DD	
16	Test benefit set up	Completed	10/15/12	10/31/12	DD	Lisa Kubasch confirmed this audit is complete
	OPEN ENROLLMENT (OE)					
17	Determine OE dates	Completed	9/5/12	9/5/12	DD, G	Oct. 21-Nov. 9
18	Determine OE materials needed	Completed	9/5/12	9/14/12	DD, G	Newsletter
19	Prepare OE materials	Completed	9/5/12	9/14/12	DD, G	9/13 provided information for newsletter-10/1 sent updated benefit summary with correct name and rates
20	Approve OE materials		9/5/12	9/20/12	DD, G	N/A
21	Provide OE materials to Customer Service	Completed	9/5/12	10/9/12	DD	
	ENROLLMENT					
22	Determine requirements of file format	Completed	9/5/12	9/13/12	DD, G	
23	Complete Electronic Enrollment Requirements Document	Completed	9/6/12	9/11/12	DD, G	
24	Review 834 Companion Guide	Completed	9/6/12	9/13/12	DD, G	
25	Determine any manual processes needed	Completed	9/13/12	9/13/12	DD, G	
26	Define termination rule	Completed	9/13/12	9/13/12	DD, G	
27	Define coverage: Domestic Partner/FTS/Disabled	Completed	9/13/12	9/13/12	DD, G	
28	Define Cobra rules and source of data	Completed	9/13/12	9/13/12	DD, G	
29	Determine unique enrollment requirements	Completed	9/13/12	9/13/12	DD, G	
30	Finalize file format/structure	Completed	9/13/12	9/13/12	DD, G	

Task #	TASK	STATUS	START	END	RESOURCE	COMMENT
31	Test file - full population		10/15/12		DD, G	10/17 expected date to send test file to DDMN
32	Test file - changes/termination		10/15/12		DD, G	
33	Receive production file			12/12/12	DD	
34	Load production file in test system			12/13/12	DD	
35	Load production file in production system			12/13/12	DD	
36	**Error reports**					NDPERS can determine who they want to receive error reports. Ruth will check on who the contact is in enrollment to receive errors for correction. Sharon will contact Kevin to see if he sent names of people to receive error report. **11/14 Enrollment contacts: Stacy Breczinski and Teresa McCauley.**
37	**Online enrollment - view only**					**Online form sent**
	BILLING/BANKING ARRANGEMENTS					
38	Determine method of payment	Completed	9/5/12	9/18/12	DD, G	Conference call on 9/18. Method is customer initiated EFT
39	Complete paperwork for method of payment	Completed	9/5/12	9/21/12	DD, G	Self-bill agreement sent to Sharon and Cathy
40	Determine method of bill distribution	Completed	9/5/12	9/21/12	DD, G	Invoice & subscriber listing - we will not send these reports
41	Complete paperwork for bill distribution	Completed	9/5/12	9/28/12	DD, G	Self bill agreement signed by NDPERS & DDMN was sent to NDPERS
42	Identify billing contacts	Completed	9/5/12	9/13/12	DD, G	
43	Separate monthly payment file		9/13/12		DD, G	5010 test file was sent. NDPERS needs to know what extent are there changes that need to be made to the file. Need update from Jim/Jessica by 11/6. **Per Jessica, the file looks good and can be used as a comparison 11/8.**
	ID CARDS					
44	Determine ID card format	Completed	9/5/12	9/5/12	DD, G	
45	Define quantity needed		9/5/12		DD	Pending enrollment #s
46	Determine welcome letter needs		9/5/12		DD, G	N/A
47	Finalize welcome letter		10/1/12		DD, G	N/A
48	Determine distribution date of ID Card		10/1/12	12/19/12	DD, G	
49	Order ID cards		11/1/12		DD	**Ruth waiting for confirmation from Output Center Mgr**
50	Print ID cards		12/17/12	12/18/12	DD	
51	Mail ID cards to employees		12/18/12	12/19/12	DD	
	SUMMARY PLAN DESCRIPTION					
52	Prepare SPD draft	Completed	10/15/12	11/1/12	DD	

Task #	TASK	STATUS	START	END	RESOURCE	COMMENT
53	Review SPD draft		10/10/12		G	**11/12 revised SPD draft sent. (Missing tooth clause - 24 month waiting period in place for new hires. Waiting period waived for initial enrollees.**
54	Finalize SPD		11/16/12	12/1/12	G	PDF only - no printed copies
	CUSTOMER SERVICE					
55	Train Customer Service staff	Completed	9/5/12	10/12/12	DD	Supervisor will provide materials to reps at 10/12 training meeting
56	Determine appeal process and procedures	Completed	9/5/12	9/5/12	DD, G	
	CONTRACT					
57	Draft contract and issue to group		11/1/12		DD	Sample contract draft provided 9/21
58	Review contract draft				G	Revised draft sent 11/
59	Revise and approve contract				G	Per Kathy-legal will review and finalize by 11/16
60	Send final contract to group				DD	
61	Return final signed contract to DDMN				G	
62	Business Associate Agreement-send to Ruth		10/17/12	11/2/12		**Dave will get signature and this will be sent to group**
	CLAIMS					
63	Treatment in progress - determine methodology (i.e. ortho)	Completed	9/5/12	9/5/12	DD, G	Excel spreadsheet
64	Determine timing and format of Ortho accumulator load from prior carrier	Completed	9/5/12	9/5/12	DD, G	Request end of December
65	Send request to prior carrier		10/30/12	11/9/12	G	
66	Receive history file from prior carrier			1/10/13	DD	**Deadline to receive ortho history-discuss further during call on 11/14**
67	Load history file from prior carrier			1/10/13	DD	
	REPORTS					
68	Determine standard reports		1/7/13		DD, G	Quarterly reports - 1) Claims vs. premium; 2) Enrollment #s. Mark will check on report available that shows loss ratio. **11/7 Mark sent sample reports**
69	Provide sample reports required		1/14/13		DD, G	
70	Determine report formats		1/14/13		DD, G	
71	Validate account structure supports reporting		1/14/13		DD, G	
72	Determine distribution of standard reports		1/14/13		DD, G	
	RECRUITMENT					
73	Mailing to all dentists	Completed	9/12/12	11/2/12	DD	Recruitment letter has been mailed out
74	Monthly report from Julia		9/12/12		DD	
	CREDIT					

Task #	TASK	STATUS	START	END	RESOURCE	COMMENT
75	$10,000 premium credit		9/19/2012		DD-Dave	**11/7 received email from Sharon - 4 vendors listed - 4 checks to be made -mail all 4 checks to Sharon for delivery to vendors**
	FSA					
76	File set up					Confirmation-ADP made contact with DDMN

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Memorandum

TO: PERS Board

FROM: Sparb and Kathy

DATE: November 19, 2012

SUBJECT: Dental Plan Contract

Attached please find the contract with the new dental plan vendor (Delta Dental). All tasks are on schedule for January 1 start date.

ADDENDUM A TO AGREEMENT FOR SERVICES
BETWEEN
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
AND
DELTA DENTAL OF MINNESOTA

This subscriber agreement is made and entered into this ____ day of _____, _____, by and between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (STATE) and Delta Dental of Minnesota (CONTRACTOR). This subscriber agreement is an addendum to the Agreement for Services between the parties executed on September 13, 2012, and is made in accordance with the Merger and Modification provision of the Agreement for Services. All provisions of the Agreement for Services remain in full force and effect and the provisions of this addendum are in addition to those of the Agreement for Services. If any provision of this addendum conflicts with any provision of the Agreement for Services the provision of the Agreement for Services shall control. This addendum is not effective until fully executed by both parties.

DELTA DENTAL OF MINNESOTA
A Minnesota Non-Profit Health Service Plan Corporation

GROUP DENTAL PLAN CONTRACT SIGNATURE PAGE

GROUP SUBSCRIBER: North Dakota Public Employees Retirement System

CONTRACT NO: 537482 CONTRACT DATE: January 1, 2013 CONTRACT TERM: 24 Months

Delta Dental of Minnesota (hereinafter Delta) and the above named Group Subscriber, in consideration of the mutual agreements and undertakings set forth in the Contract Documents hereby agree as follows:

1. That this Addendum A to the Agreement for Services between the parties executed September 13, 2012 Group Dental Plan Contract (hereinafter the Contract) shall be effective as of the Contract Date set forth above; and,

2. That this Contract shall consist of this Signature Page, Contract Sections 1-11 and the following documents attached hereto and incorporated herein by reference:

   Exhibit A: Dental Benefit Plan Summary for North Dakota Public Employees Retirement System

In witness whereof, Delta and the Group Subscriber have caused this Contract to be signed by their authorized representatives on the dates set forth on the Dental Contract Application and this signature page.

AUTHORIZED SIGNATURES

GROUP SUBSCRIBER	**DELTA DENTAL OF MINNESOTA**
BY:	BY: Chris Earl
TITLE:	TITLE: Senior Vice President, Sales and Marketing
DATE:	DATE: November 1, 2012

DELTA DENTAL OF MINNESOTA
A Minnesota Non-Profit Health Service Corporation

GROUP DENTAL PLAN RISK CONTRACT

SECTION 1
Declarations

1.01 Group Subscriber Payments:

(A) The monthly payment required by the Group Subscriber to be made to Delta shall be as follows:

Each Eligible Employee without Dependents:	$ 38.26 per month
Each Eligible Employee with Spouse:	$ 73.84 per month
Each Eligible Employee with Child(ren):	$ 85.72 per month
Each Eligible Employee with Dependents:	$122.08 per month

Payments shall be submitted in a manner consistent with the Fully-Insured Premium Self-Billing Addendum for: North Dakota Public Employees Retirement System Effective January 1, 2013 and executed by the parties on September 28, 2012.

1.02 Open Enrollment The Open Enrollment under this Contract shall be held annually.

SECTION 2
Definitions

The following terms, words and phrases shall, for purposes of this Contract be defined as follows:

2.01 "**Applicable Percentage**" The level specified in the Dental Benefit Plan Summary under the Benefits Schedule which will be applied to the Plan's Payment Obligation to determine Delta's benefit obligation with respect to any covered Dental Procedure.

2.02 "**Attending Dentist Statement**" or "**Claim Form**" The written document required to be submitted to Delta to substantiate any claim under this Contract for dental care and treatment performed or to be performed on a Covered Person.

2.03 "**Enrollment Data**" Among other things, the number of enrolled full-time employees of the Group Subscriber, the number of Dependents of the full time employees of the Group Subscriber, their respective ages, sex, marital status, identification numbers and other similar items and such information as Delta deems necessary for actuarial purposes and compliance with applicable state or federal laws.

2.04 **"Continuation of Coverage Qualifying Event"** The happening of certain events such as employment termination, divorce, death of an eligible employee and other events specified in the Dental Benefit Plan Summaries ["Continuation of Coverage"] the occurrence of which may entitle an Eligible Employee and his or her Eligible Dependents to continue coverage under this contract.

2.05 "**Contract Date**" The date set forth on the Signature page upon which this Contract becomes effective.

2.06 "**Contract Documents**" All written documents comprising the Agreement for Services between the parties executed on September 13, 2012, this Contract between the Group Subscriber and Delta including the Signature page, the Declarations page and the other documents listed and

described on the Signature page and any amendments or addendums to this Contract entered into and signed by the Group Subscriber and Delta on or after the Contract Date.

2.07 "**Contract Term**" The period of time set forth on the Signature page which specifies the length or duration of this Contract.

2.08 "**Coverage Year**" The 12-month period of time as set forth in the Dental Benefit Plan Summary during which applicable Contract deductibles and maximums will apply for each Covered Person.

2.09 "**Deductible**" That amount of the Plan's Payment Obligation specified in the Dental Benefit Plan Summary under Deductible for which Delta will not make any benefit payment.

2.10 "**Delta**" Delta Dental of Minnesota, a Minnesota non-profit health service plan corporation which maintains its principal place of business at 3560 Delta Dental Drive, Eagan, Minnesota 55122.

2.11 "**Dental Service**," "**Dental Services**," and "**Dental Procedures**" The providing of dental care or treatment by a Dentist to a Covered Person while this Contract is in effect provided that such care or treatment is recognized by Delta as a generally accepted form of care or treatment according to prevailing standards of dental practice.

2.12 "**Dentist**" A doctor of dentistry duly licensed and registered to practice the profession of dentistry and whose license is in good standing with the appropriate licensing or governing body of the State of Minnesota, any other state of the United States, a territory of the United States, a foreign country or other similar jurisdiction.

2.13 "**Group Dental Plan Contract**," "**This Contract**" and "**Contract**" The written agreement between the Group Subscriber and Delta consisting of the Signature page, the Declarations page and those additional Contract Documents listed and described on the Signature page.

2.14 "**Group Subscriber**" The party to this Group Dental Plan Contract with Delta and identified as such on the Signature page.

2.15 "**Group Subscriber Payments**" The payment obligation of the Group Subscriber as specified in Section 1.01(A) with respect to the various Categories of individual rates or as referenced in Section 3.04, the total payment obligation of the Group Subscriber.

2.16 "**Maximum Amount Payable**" Delta Dental's Maximum Amount Payable is a schedule of fixed dollar maximums established solely by Delta Dental for dental services provided by a licensed dentist who is a Delta Dental Premier dentist.

2.17 "**Open Enrollment"** The period of time or dates set forth in paragraph 1.02 during which an Eligible Employee may elect, while this Contract is in effect, to add coverage under this Contract for his or herself, or his or her Dependents.

2.18 "**Other Coverage**" The coverage provided by any other organization subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, by any other medical, dental or hospital service organization, or by similar plan or by union welfare plans, or employee or employer benefit organizations or by health maintenance organizations, preferred provider organizations, exclusive provider organizations providing benefits of any kind for dental procedures or services. "Other Coverage" excludes group hospital indemnity policies of $100 per day or less, student accident policies and individual dental payment plans or policies.

2.19 "**Participating Dentist**" A Dentist who has signed and filed a participating and membership agreement with his/her local Delta Dental Plan which is in effect at the time any provision of this

Contract becomes applicable. The dentist has agreed to accept Delta Dental's Maximum Amount Payable as payment in full for covered dental care.

2.20 **"Plan Payment Obligation"** Claim payments are based on the Plan's Payment Obligation which is the highest fee amount Delta Dental approves for dental services provided by a dentist to a Delta Dental covered patient.

The Plan Payment Obligation for Delta Dental Premier dentists is the lesser of: (1) The fee pre-filed by the dentist with their Delta Dental organization; (2) The Maximum Amount Payable as determined by Delta Dental; (3) The fee charged or accepted as payment in full by the Delta Dental Premier dentist regardless of the amount charged.

The Plan Payment Obligation for Delta Dental PPO dentists is the lesser of: (1) The fee pre-filed by the dentist with their Delta Dental organization; (2) The Delta Dental PPO Maximum Amount Payable as determined by Delta Dental; (3) The fee charged or accepted as payment in full by the Delta Dental PPO dentist regardless of the amount charged.

The Plan's Payment Obligation for nonparticipating dentists is the treating dentist's submitted charge or the Table of Allowances established solely by Delta Dental, whichever is less.

All Plan Payment Obligations are determined prior to the calculation of any patient co-payments and deductibles as provided under the patient's Delta Dental program.

2.21 "**Pretreatment Estimate"** The Pretreatment Estimate is a valuable tool for both the dentist and the patient. Submission of a Pretreatment Estimate, allows the dentist and the patient to know what benefits are available to the patient before beginning treatment. The Pretreatment Estimate outlines the patient's responsibility to the Participating Dentist with regard to co-payments, deductibles and non-covered services and allows the dentist and the patient to make any necessary financial arrangements before treatment begins. This process does not prior authorize the treatment nor determine its dental or medical necessity. The estimated Delta Dental payment is based on the patient's current eligibility and current available contract benefits. The subsequent submission of other claims, a change in eligibility, a change in the contract coverage or the existence of other coverage may alter the Delta final payment amount as shown on the Pretreatment Estimate form.

2.22 "**Table of Allowances**" A schedule of fixed dollar maximums established by Delta Dental for services rendered by a licensed dentist who is a nonparticipating dentist.

2.23 "**Treatment Plan**" A written outline of the planned program of dental care and treatment performed or to be performed on a Covered Person by a Dentist after examination of the Covered Person and submitted on a form acceptable to Delta and with such documentation as may be required by Delta.

2.24 "**Material Deviation**" This section has been intentionally deleted.

2.25 **"Delta Dental PPO Dentist"** A dentist who has signed and filed with Delta Dental a Delta Dental PPO Agreement which is in effect at the time any provision of this Group Dental Contract becomes applicable with respect to the provision of any dental service for which payment is claimed under this Group Dental Contract.

2.26 **"Delta Dental PPO Maximum Amount Payable"** is a schedule of fixed dollar maximums established solely by Delta Dental for dental services provided by a licensed dentist who is a Delta Dental PPO dentist.

SECTION 3
General Terms

3.01 **Purpose**:
To set forth in writing the obligations between the Group Subscriber and Delta and to define the contractual benefits for Dental Procedures performed by Dentists on Covered Persons while this Contract is in effect.

3.02 **Effective Date**:
This Contract takes effect on the Contract Date as shown on the Signature page and all contract years and months will be determined by reference to the Contract Date. This Contract will continue in effect for the Contract term specified on the Signature page.

3.03 **Contract Renewal**:
This section has been intentionally deleted.

3.04 **Payment Determination and Remittance**:

A. The Group Subscriber Payments specified in Section 1, paragraph 1.01(A) which are applicable as of the Contract Date shall apply throughout the initial Contract Term beginning with the effective date of this Contract. Delta reserves the right to change the Group Subscriber Payments applicable to any succeeding 12 month period after expiration of the initial Contract Term. For each Contract Term subsequent to the initial Contract Term the Group Subscriber Payments shall be such amounts as are determined solely by Delta. Delta shall not increase the Group Subscriber Payments unless it gives written notice of any such increase to the Group Subscriber at least one hundred and eighty (180) days prior to the renewal date on which a subsequent Contract Term commences.

B. The Group Subscriber Payments provided for in paragraph 1.01(A) of the Declarations page shall, notwithstanding anything in this Contract or amendment(s) or addendum(s) to the contrary, be automatically increased by the amount of any tax, levy, excise tax, income tax or other similar charge of any kind made or imposed on Delta by the government of the United States, any state or political subdivision or agency thereof. The amount of such additional charge shall be determined solely by Delta and shall be automatically added to the amount of the Group Subscriber payments to be paid each month by the Group Subscriber effective as of the date of notification of same by Delta.

C. If this Contract ceases to be effective for any reason and Delta and the Group Subscriber desire to continue coverage until completion of negotiations and signing of a new or renewal Contract between Delta and the Group Subscriber or, if the parties specifically agree in writing to continue coverage as provided for in the Contract, or if the Group Subscriber continues to make the Group Subscriber Payments after a contract termination and Delta in its sole discretion decides to accept such Group Subscriber Payments and notifies the Group Subscriber in writing at any time after termination of the Contract; then, in such event, the last Contract in effect between Delta and the Group Subscriber shall continue in force on an interim month-to-month basis except that the Group Subscriber Payments to be made shall be in an amount equal to the actual monthly claims incurred by Delta under this Contract plus an additional percentage amount of such claims incurred during each month with such percentage amount to be agreed upon in writing between Delta and the Group Subscriber. The Group Subscriber Payments shall be made in advance by the Group Subscriber on a month-to-month basis to Delta based upon Delta's estimate and thereafter adjusted monthly after computation by Delta of the actual amount of monthly claims incurred.

SECTION 4
Contract Termination

This section has been intentionally deleted.

SECTION 5
Grace Period

5.01 The Group Subscriber shall have a grace period of thirty-one (31) days following the due date of each Group Subscriber Payment during which applicable Group Subscriber Payments may be made to continue this Contract in effect. There shall be no grace period after the date this Contract has been terminated by either Delta or the Group Subscriber for any reason. This Contract shall remain in full force and effect during such grace period provided however the Group Subscriber shall remain fully liable and shall be responsible to Delta for all Group Subscriber Payments accruing or becoming due during any such grace period or, in the event of the failure of the Group Subscriber to make the applicable Group Subscriber Payments during the grace period and, upon termination, for an amount which would otherwise be due from the Group Subscriber to Delta as if the Contract relationship between Delta and the Group Subscriber during the grace period had been on an interim month-to-month basis as specified in Section 3, paragraph 3.04(C) of this Contract.

SECTION 6
Clerical Error

This section has been intentionally deleted.

SECTION 7
Continuation of Coverage

7.01 Each Eligible Employee and each Eligible Dependent may continue this coverage if current coverage ends because of the Qualifying Events as listed in the Dental Benefit Plan Summary. Each person who desires to continue coverage must be covered before the Qualifying Event occurs in order to continue coverage. In all cases, continuation of coverage ends if the group contract ends or the required charges are not paid when due. See the Dental Benefit Plan Summary for a list of Qualifying Events, Persons Eligible for Continuation and Maximum Continuation Periods.

SECTION 8
Further Responsibility Accepted by the Parties

8.01 **The Group Subscriber agrees:**

A. To furnish Delta with Enrollment Data on a form supplied by Delta.

B. To provide information to all of its Eligible Employees as to the existence and terms of this Contract and to distribute to Eligible Employees Delta's standard descriptive brochure or standard dental benefit plan summary of benefits as prepared or approved by Delta.

C. To notify Covered Persons of their responsibility to:

1. Notify their Dentist at the time of their first appointment that they are covered under this Contract;

2. To provide their Dentist with group identification and the Eligible Employee's identification number;

3. To request the Dentist to submit a Claim Form or Pretreatment Estimate to Delta on a form acceptable to Delta.

D. To require Covered Persons to furnish notice of claims and submit Claim Forms as required by Delta in the event the Dentist fails or refuses to submit the required Claim Forms to Delta.

E. To permit Delta (upon reasonable notice) to inspect the records of the Group Subscriber in order to verify the accuracy of the Enrollment Data and Group Subscriber Payments provided or submitted to Delta.

F. To furnish notification of all persons electing Continued Coverage under Section 7, the dates of their elections, projected termination dates and, if applicable, the identification number of the Eligible Employee who previously entitled that person to coverage as a “Covered Person” prior to the occurrence of a Qualifying Event.

8.02 **Delta agrees:**

A. To encourage Participating Dentists to submit a Pretreatment Estimate request prior to the rendition of high cost dental treatment.

B. When a Pretreatment Estimate is submitted prior to rendition of dental care and treatment, to advise the Participating Dentist of the estimated amount of the Plan’s Payment Obligation payment pursuant to the submitted Pretreatment Estimate; and to review to the extent deemed necessary and appropriate by Delta in order to ascertain the extent to which the submission of Pretreatment Estimates provides covered benefits.

C. To pay on receipt of the Claim Form to Participating Dentists that part of the Plan Payment Obligation for completed dental care and treatment based on the benefits to which the Covered Person is entitled under this Contract.

D. To pay to Covered Persons on receipt of the Claim Form in all cases not covered by (C), above, an amount based on a Table of Allowances established solely by Delta, but not more than the actual charges for such completed dental care and treatment.

E. To make periodic sample reviews, when deemed necessary and advisable by Delta of the Claim Forms and Pretreatment Estimate for which benefits have been paid or approved under this Contract in order to ascertain whether the allowance of benefits under this Contract are considered generally accepted forms of dental care and treatment and are prevailing standards of dental practice.

F. To coordinate the benefits payable under this Contract when required.

G. To terminate, suspend or place in a probationary status the participation agreement of any member Dentist who in the exclusive discretion of Delta violated the provisions of the Dentist Membership and Participation Agreement, fails to conduct his or her practice in accordance with applicable standards of the dental profession prevailing in the community or who violates any of the rules, regulations or provisions of the Articles of Incorporation or By Laws of Delta.

8.03 **The Group Subscriber and Delta agree:**

A. That neither the Group Subscriber or Delta, nor their employees or agents, shall be liable for any act or omission by a Dentist, his employees or agents, or any person performing dental or other professional services as a provider under this Contract and no benefits of any kind

shall be payable under this Contract for retreatment or additional treatment necessary to correct or relieve the results of previous treatment.

B. To the extent permissible under North Dakota opens records law and consistent with the Agreement for Services between the parties, all material published or distributed concerning this Contract shall be approved by Delta prior to publication and distribution.

   1. In the event an employee's claim for benefits under the plan is denied, Delta shall furnish the Covered Person a notice setting forth the specific reason for such denial;

   2. Delta agrees, upon request, to afford a reasonable opportunity to any Covered Person, whose claim for benefits has been denied, for a full and fair review by an appropriate individual or committee of Delta.

   This section, however, shall not be construed to be a designation by the Group Subscriber, plan or trustees of the Group Subscriber, nor an acceptance or admission by Delta, that Delta is a plan administrator and this paragraph is provided in the Contract as an assistance to the Group Subscriber to provide in this plan for notices to Covered Persons of denial of claims and to provide in this plan for review of such denials.

C. EVERY COVERED PERSON SHALL HAVE AT ALL TIMES FREE CHOICE OF THE DOCTOR OF DENTISTRY WHO IS TO TREAT HIM OR HER AND SUCH RIGHT SHALL BE PROMINENTLY PRINTED IN THE DESCRIPTIVE BROCHURE OR DENTAL BENEFIT PLAN SUMMARY REQUIRED PURSUANT TO SECTION 8.01(A), HEREOF.

D. In the event of conflict between this Contract and the descriptive brochure or dental benefit plan summary, this Contract shall prevail.

E. That if any portion of this Contract, or any amendment thereof, should be determined by an arbitrator, or court of competent jurisdiction, to be illegal, void or unenforceable, such determination shall not abrogate any other portion hereof.

F. To estimate payment and the Plan Payment Obligation for dental care and treatment to be performed as specified in a Pretreatment Estimate approved by Delta subject to Covered Person's continuing eligibility, but not beyond the end of any Contract Term, and also further subject to applicable Contract maximums.

G. Delta will not make any benefit allowances under this Contract unless a Claim Form containing the information required by Delta has been submitted within twelve (12) months after the time such dental care and treatment is performed. Delta, in its sole discretion, may approve payment beyond this twelve month period. No cause of action or lawsuit may be maintained for any benefits or payments under this Contract after two (2) years have expired from the date of filing of the claim.

H. No representation by the Group Subscriber, its agents or employees except for the Enrollment Data provided to Delta, shall be used by Delta to void the Contract or in legal proceedings hereunder, unless such representation is included in or attached to this Contract. No agent or representative of Delta, other than an officer of the corporation is authorized to alter or change this Contract, or amend or waive any of its provisions and then only in the form of a written amendment hereto signed by an officer of Delta and by an authorized representative of the Group Subscriber.

I. Benefits and benefit allowances shall be determined in accordance with the terms and conditions outlined in the Dental Benefit Plan Summary and this Contract. The Group Subscriber maintains the final, binding discretionary authority with regard to payment of any dental claims.

J. That Delta relies on the accuracy of the Enrollment Data furnished to Delta by the Group Subscriber or its designated third party, and that Delta is not responsible for the recoupment of any claim payments made with respect to any Covered Person later discovered to have been ineligible for any reason unless the claim payment was made as a result of Delta's error.

SECTION 9
Possible Direct Payment to Provider Upon Request of Non-custodial Parent

9.01 When Dental Services covered under this Contract are rendered by a non-participating Dentist to a Dependent of an Eligible Employee who has legal responsibility for that Dependent's dental care but who does not have custody of the Dependent, Delta may, upon request of the custodial parent, make payments, directly to the provider of the dental care notwithstanding the provider's non-participating status with Delta.

SECTION 10
Claim and Appeal Procedures

Initial Claim Determinations
All claims should be submitted within 12 months of the date of service. An initial benefit determination on the claim will be made within 30 days after receipt of the claim. The Covered Person will receive written notification of this benefit determination. The 30-day period may be extended for an additional 15 days if the claim determination is delayed for reasons beyond Delta's control. In that case, Delta will notify the Covered Person prior to the expiration of the initial 30-day period of the circumstances requiring an extension and the date by which Delta expects to render a decision. If the extension is necessary to obtain additional information from the Covered Person, the notice will describe the specific information Delta needs, and the Covered Person will have 45 days from the receipt of the notice to provide the information. Without complete information, the Covered Person's claim will be denied.

Appeals
In the event that Delta denies a claim in whole or in part, the Covered Person has a right to a full and fair review. The Covered Person's request to review a claim must be in writing and submitted within 180 days from the claim denial. Delta will make a benefit determination within 60 days following receipt of the Covered Person's appeal.

The Covered Person's appeal must include their name, their identification number, group number, claim number, and dentist's name as shown on the Explanation of Benefits. Appeals should be sent to the address shown in the Dental Benefit Plan Summary.

The Covered Person may submit written comments, documents, or other information in support of their appeal. The Covered Person will also be provided, upon request and free of charge, reasonable access to and copies of all relevant records used in making the decision. The review will take into account all information regarding the denied or reduced claim (whether or not presented or available at the initial determination) and the initial determination will not be given any weight.

The review will be conducted by someone different from the original decision-makers and without deference to any prior decision. Because all benefit determinations are based on a preset schedule of dental services eligible under the plan, claims are not reviewed to determine dental necessity or appropriateness. In all cases where professional judgment is required to determine if a procedure is covered under the plan's schedule of benefits, Delta will consult with a dental professional who has appropriate training and experience. In such a case, this professional will not be the same individual whose advice was obtained in connection with the initial adverse benefit determination (nor a subordinate of any such individual). In addition, Delta will identify any dental professional whose advice was obtained

on their behalf, without regard to whether the advice was relied upon in making the benefit determination. If, after review, Delta continues to deny the claim, the Covered Person will be notified in writing.

Authorized Representative

The Covered Person may authorize another person to represent them and with whom they want Delta to communicate regarding specific claims or an appeal. However, no authorization is required for the Covered Person's treating dentist to make a claim or appeal on their behalf. The authorization form must be in writing, signed by the Covered Person, and include all the information required in Delta's Authorized Representative form. This form is available on Delta's web site or by calling Customer Service. The Covered Person may revoke the authorized representative at any time, and can authorize only one person as their representative at a time.

SECTION 11
Miscellaneous

This section has been intentionally deleted.

North Dakota
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Memorandum

TO: PERS Board

FROM: Sparb and Kathy

DATE: November 20, 2012

SUBJECT: Flexcomp Implementation Update

Attached please find the implementation plan for the new flexcomp plan vendor. All tasks are on schedule for January 1 start date.

IN THE BUSINESS OF YOUR SUCCESS℠

NDPERS FSA IMPLEMENTATION
WEEKLY PROJECT STATUS MEETING MINUTES

DATE: Tues., Nov.20, 2012 **CALL-IN NUMBER:** 800-377-0237

TIME: 10:30 AM to 11:30 AM CT **ACCESS:** 5675511#

NDPERS		ADP	
Kathy Allen, Benefits Division Manager		Lori Brewer, Director of Implementation	
Tina M. Bauer, Payroll Manager		Brenda Embry, Implementation Analyst	
Sparb Collins, Executive Director		John Erxleben, Client Relationship Manager	
Sharon L Schiermeister, COO IT		Mac Feely, District Sales Manager	
		Ed Gagnon, V. P. of Implementation	
		Kevin Rowe, Corporate Sales Manager	
		Julieann Stettmeier, Project Manager	
		Kim Wright, Client Service Manager	

PROJECT MILESTONES

SOW Signoff	CRD Signoff	Open Enrollment	OE Signoff	FSA/CoPay Files	Debit Card Issuance (Delivery by 1/15/13)	GO LIVE
9/28/12	11/13/12	10/22/12 – 11/9/12	12/7/12	FSA Elig/CoPay MP – 12/1/12 FSA Deposit – 12/7/12	12/15/12	1/1/13
100%	85%	100%	0%	0%	0%	0%

AGENDA TOPICS

1. Action Items (last week)
   a. Finish review of changes to letter(s) for Appeals (target is week of 11/26)– K. Wright (ADP)
   b. CRD: Signoff – K. Allen (NDPERS)
   c. Provide FSA Eligibility/Monthly Participation file update by Wednesday, FSA Payroll Deposits file to be sent to ADP on 11/13– S. Schiermeister (NDPERS)
   d. ADP Claim Forms: update with NDPERS URL and Call Center # –B. Embrey (ADP)
   e. Setup Web Demo for 12/18; 2 sessions at 10:30 AM and 1:30 PM CT – B. Embry/J. Stettmeier (ADP)
   f. Provide payroll calendar for files coming 1st & 10th and 1st & 15th
2. Issues/Risks
3. Action Items (this week)
4. Decisions
   a. Put ADP Link on the ND State PeopleSoft Portal; users will need to register on ADP site
   b. Enrollment Eligibility Files: Files will be full, weekly
   c. NDPERS to handle appeals
   d. Daily ACH 3% pre-fund
   e. Enrollment to be sent by NDPERS to ADP in mid-December; communication to participants that

cards will arrive by 1/15/13

f. Transition of 2012 Balances: 3-5 day ADP process once file received from NDPERS; Available 1/18/13 to participants

g. Call Center to be available for Open Enrollment period

h. Call Center Call Flow Approved 10/2/12

i. Transition Plan

- **i.** Last Day of Claims – 1/4/13
- **ii.** NDPERS ensures all claims processed & 2012 contributions posted and received – 1/5/13 – 1/13/13
- **iii.** NDPERS provides file of account balances only to ADP – 1/14/13 (can send it sooner if possible)

j. Sharon Schiermeister OOO – 12/26/12 – 1/11/13

k. ADP Link (http://www.spendingaccounts.info) to be put on NDPERS portal for OE

l. HR Access will be setup

m. NDPERS can send full eligibility files weekly in December, after the initial enrollment data is loaded into Production.

n. Blackout Periods (no funds available during transition) – 1/4/13 – 1/18/13. Note: NDPERS will try to get file to ADP earlier than 1/14/13.

o. Back of debit card approved.

p. Escheatment report to be provided by ADP on the 20th of each month to S. Schiermeister

NDPERS File Listing & Details

File Name	Development	Testing/ Review	Production	Notes
FSA Files				
• Eligibility	NDPERS: 11/9/12 1st file received; feedback provided; NDPERS working file	ADP: Target: 12/1/12 Final Deadline: 12/14/12	ADP: Target: 12/7/12 Final Deadline: 12/21/12	NOTE: If 12/7/12 Production date met, then debit cards will be issued by 1/1/13. If enrollment data coming mid-December, cards to be issued by 1/15/13 after file loaded to Production. Web, IVR, manual processing begins 1/1/13
• Payroll Deposits	NDPERS: ~~11/12/12~~	ADP: 12/7/12	After 1st Payroll of 2013	

	(Holiday) 11/13/12			
CoPay Files				
• Plan 1. ADP: Send Plan file to NDPERS 2. NDPERS: Send generated file to B. Embry (ADP)	ADP: 9/24/12 NDPERS: 10/19/12 COMPLETE	ADP: 12/7/12	ADP: 1/1/13	**1. COMPLETE** **2. COMPLETE**
• Monthly Participant	NDPERS: 11/9/12	ADP: 12/7/12	ADP: 1/1/13	This file will be part of the FSA Eligibility File
2012/2013 Transfer Balances File				
• File Format/Data Testing	NDPERS: 11/30/12	ADP: 12/31/12	See PRODUCTION PLAN below	
• PRODUCTION PLAN 1. Last Day of Claims 2. Confirm Contribtutions/ Post Final Claims 3. Send Final File to ADP	NDPERS: 1/4/13 1/5/13 – 1/13/13 1/14/13	N/A	ADP: 1/18/13	The transfer file can be loaded any time after the 2013 Plan is setup. Blackout Period (no funds available during transition) : 1/4/13 – 1/18/13 Note: NDPERS will try to get file to ADP earlier than 1/14/13.

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Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 15, 2012

SUBJECT: Board Meeting Schedule for 2013

NDPERS BOARD MEETING DATES FOR 2013

All meetings are scheduled to be held at the North Dakota Association of Counties conference room located at 1661 Capitol Way, Bismarck, unless otherwise noted.

- **January 17**
- **February 21**
- **March 28**
- **April 18**
- **May 16**
- **June 20**
- **July 25**
- **August 22**
- **September 19**
- **October 31**
- **November 28**
- **December 27**

Cheryl will set these meetings up on Outlook.

MEMORANDUM

TO: NDPERS Board

FROM: Jim Smrcka

DATE: October 29, 2012

SUBJECT: **Consultant Fees**

Attached is a report showing the consulting, investment and administrative fees paid during the quarter ended September 30, 2012.

Attachment

North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended September 30, 2012

	Program/Project	Fee Type	Jul-12	Aug-12	Sep-12	Fees Paid During The Quarter	Fees Paid Year-To-Date
Actuary/Consulting Fees:							
Deloitte Consulting	Health RFP				56,277	56,277	56,277
Sagitec Solutions LLC	PERSLINK Project					-	21,629
CALLAN ASSOCIATES						-	1,018
Vanlwaarden	Fee and travel	Actual		1,200	9,814	11,014	11,764
SEGAL ROGERSCASEY					1,995	1,995	1,995
Gabriel Roeder Smith & Company						-	750
Mid Dakota Clinic	Retirement Disability	Time charges	700		350	1,050	3,850
The Segal Company	Retirement (DB)	Fixed Fee	16,400			16,400	49,200
The Segal Company	Ret Health Credit	Fixed Fee	3,025			3,025	9,075
The Segal Company	FlexComp	Fixed Fee	2,970			2,970	6,930
The Segal Company	Job Service	Fixed Fee			4,400	4,400	13,200
The Segal Company	QDRO/Compliance	Time charges	1,550			1,550	21,629
The Segal Company	Legislation	Time charges	14,696		14,635	29,331	70,050
The Segal Company	Retirement (DC)	Time charges				-	2,880
The Segal Company	Health plan	Time charges				-	360
The Segal Company	Def comp	time charges				-	3,335
The Segal Company	RFP preparation investr	Time charges				-	3,335
			$ 39,341	$ 1,200	$ 87,471	$ 128,012	$ 277,277
Audit Fees:							
Brady Martz	Annual audit	Fixed Fee	10,000		20,000	30,000	32,968
Legal Fees:							
ND Attorney General	Administrative	Time charges	$ 2,077	$ 1,222	$ 2,219	$ 5,518	12,483
Investment Fees:							
SIB - Investment Fees	Retirement (DB)	% Allocation	161,335	392,636	1,460,671	2,014,642	4,886,547
SIB - Investment Fees	Ret Health Credit	% Allocation	39,457	641	37,218	77,316	147,535
SIB - Investment Fees	Insurance	% Allocation	106	52	58	216	819
SIB - Administrative Fees	Retirement (DB)	% Allocation	32,353	14,093	16,480	62,926	279,362
						$ 2,155,100	$ 5,314,263
Administrative Fee:							
Blue Cross Blue Shield	Health Plan	Fixed fee	1,052,908	1,053,488	**1,058,313**	3,164,709	9,469,186

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MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella Jamie

DATE: November 21, 2012

SUBJECT: **August 29, 2012 PERS Audit Committee Minutes**

Attached are the approved minutes from the August 29, 2012 meeting. Those who attended the meeting are available to answer any questions you may have.

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

The next audit committee meeting is tentatively scheduled for February 20, 2013 10:00 a.m., in the NDPERS Conference Room.

Attachment

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MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor Jamie

DATE: August 15, 2012

SUBJECT: **August 29, 2012 Audit Committee Meeting**

In Attendance:
Jon Strinden
Rebecca Dorwart,
Arvy Smith
Jamie Kinsella
Sparb Collins
Sharon Schiermeister
Deb Knudsen

The meeting was called to order at 8:33 a.m.

I. May 23, 2012 Audit Committee Minutes

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

II. Internal Audit Reports

A. Quarterly Audit Plan Status Report – A summary of the past quarter audit staff time was included with the audit committee materials. In addition to time worked on projects, NDPERS advertised for the Internal Auditor II position in June, interviewed in July and made an offer which was accepted.

B. Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. A copy of the report was included with the audit committee materials.

C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. The forms have been combined into one report and sorted by PERSLink IDs, so if a member had multiple forms they will be together.

The first two items have a "No Response" because they are still within the first 60 days of the response period. They will be included on the next report so the audit committee will know what became of these. Discussion followed. This report will be provided to the audit committee quarterly.

III. Administrative

A. Audit Committee Meeting Date & Time – The next audit committee is scheduled for November 21, 2012 at 10:00 a.m.

B. Internal Auditor II Position – Stacey Jones last day was June 8, 2012. We advertised for a replacement for 3 weeks and received 16 applications. Three candidates were interviewed and the position was offered to Jennifer Feigitsch. Ms. Feigitsch has several years of experience, over 8 years in the accounting field, and almost 3 years working at the State Auditor's office. Ms. Feigitsch will be starting on September 4th.

IV. Miscellaneous

A. External Audit Update – Brady Martz were in our office the week of June 18th to start their preliminary audit work. During that week Brady Martz obtained the population data for the various programs we administer, and selected a sample from each population for Ms. Kinsella to send confirmation letters, and to start testing data. Brady Martz returned to our office on August 20th and will be working with us through August 31st to complete their field work, and to start putting together the financial statements.

B. Travel Expenditures Update– Attached was a report incurred by the Board and/or Executive Director for out of state travel submitted from May 1, 2012 through July 31, 2012

C. Risk Management Report – Deb Knudsen was in attendance to present the annual overview of the Loss Control Committee's activities. Discussion followed.

D. PERSLink Update – An update was provided at the meeting on PERSLink from Ms. Schiermeister.

E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." Attached was a copy of the report showing the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended June 30, 2012.

Meeting adjourned at 9:20 a.m.

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Memorandum

TO: PERS Board

FROM: Sparb

DATE: November 21, 2012

SUBJECT: Hartford Update

At the Board meeting we will give you an update on The Hartford. As of November 20th we know that The Harford forwarded our contract to MassMutual. It is our understanding that it is being reviewed by them at this time, and hopefully we will have response from them by the Board meeting.

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Memorandum

TO: PERS Board

FROM: Deb & Sparb

DATE: November 19, 2012

SUBJECT: Provider Training Update

As previously reported, staff conducted a statewide training for 457 provider representatives to satisfy the mandatory requirement in the existing contract with all 457 companies with the exception of the Companion Plan. There were seventeen meetings conducted in seven different towns and seven "Go To" meetings offered, in addition to the webcast that is out on the NDPERS website. To date, there were 172 providers registered with 152 actually completing the course. We had 81 evaluations returned to us as of October 5, 2012. There is a total of 264 provider representatives presently active in the PERSlink database. Roughly 112 of those provider reps either have not attended a session or have not notified NDPERS that they completed the webcast. There was a reminder mailing sent to those individuals earlier this month.

As part of the education we presented, we provided an overview of the Investment Advisor Representative (IAR) option and explained that it was an option the NDPERS Board was considering. We also indicated that the NDPERS Board was requesting their feedback on this issue. An evaluation/comment sheet was provided at the meetings and was requested on the webcast. In addition to the IAR option, we asked for feedback on the meetings themselves and for suggestions in general on how NDPERS could improve.

Listed below are the results of the evaluation/comment sheets that were submitted:

# OF ATTENDEES On Site:	86	# OF EVALUATIONS RETURNED: 74
# Of ATTENDEES GO TO MEETING:	70	# OF EVALUATIONS RETURNED: 7
# Of ATTENDEES Webcast:	1	# OF EVALUATIONS RETURNED: ?

PRESENTER: Srinivas & Deb

Rate the session as to the amount of useful information you gained by checking the box you feel is the most appropriate.

Excellent: 30 Good: 4 Fair: 1 Poor: Was not Useful:

COMMENTS:

- To the Point
- New provider, but presentation provided ample information
- Good information and laid out in a clear way.
- Good use of my time to be able to meet through the web service since my office is more than 100 miles from most meeting centers.
- The new update on MSS sounds good. A refresher on PEP is always important.
- like the updates on PERSLINK.
- Srinivas did a great job.
- Speaker was insightful.
- Very informative. I learned several new things
- It was more informative than any of the previous sessions I have attended.
- Mr. Goluguri did an excellent presentation.
- Speaker was very knowledgeable
- Excellent presentation and overview of the PERS plan. Very helpful and well worth the time.
- Learned a few new things and always glad to have a refresher.
- Great speaker and very informative.
- Nice
- Good overview.
- Good update.
- I wish we could have been shown the website that participants see and make it more interactive.
- The information was great and Srinivas was very helpful on the information.
- Great Job-informative Speaker!
- She always does a great job. She is very knowledgeable
- Good review of changes in plan and the on-line information now available.
- Decent amount of information
- Need more specifics on the difference between the PEP and Deferred Comp.
- Great information on the PEP.
- The use of the website will be nice-glad to dispense with the “forms”.
- Love everything is on line-excellent site
- Very well presented and helpful
- Best explanation of PEP I’ve seen
- Deb did a great job
- Deb did a good job
- Learned more about TIAA-CREF-sounds like a good platform. Still unsure who manages the trades in employee’s account. Me the advisor or employee.
- This was timely and helpful information. I think it makes sense not to meet each year like we have for the last sessions. Concerns about how new accounts will be handled without the representatives ability to counsel the applicant before the account is opened.
- Great overviews, details we need to explore and learn more on our own.

Comments on Investment Advisor Representative Option:

- Good idea and option.
- Maybe great for some employees.
- I think it would be a good option. Worried about our home office approving TIAA-CREF on our platform.

- I am a little concerned about “not getting” changes in the PERS $ accounts
- Concerns: Reps. Aware of additional licensing, registration, filing etc. requirements in addition to increased liability. Much more clarity needed.
- Vehemently disagree having TIAA-CREF provide this option.
- Seems complicated to get approved through our network.
- It falls in line with industry trends and is in the best interest of the plan participants.
- I think there is an advantage in using IA. Account with generally lower fees and move supervision from investment advisors.
- Welcome this option. Do not see a downside for participants to have this available.
- Gives employees better sense and options
- On the CREF platform, we would not be discretionary. We would also be unable to negotiate fees with client.
- If the goal is to help employees get educated about investment options why not let them work with their advisor in the companion plan as well.
- Seems to be a nice addition to offer more options and flexibility.
- I am interested in more information-how does a resp. company provide approval, who provides marketing material, who provides disclosure materials on services, fees, etc.
- Why would this be an advantage to your employees? Edward Jones won’t be doing this. Annual fees seem high for the employees and what’s offered.
- Few investment companies allow their brokers to be registered with another firm (which would be TIAA-CREF) as it would be difficult to regulate that broker’s activities. TIAA-CREF may need to re-evaluate their approach to working with members.
- Would like more information on IAR. Please provide more information. Concerns about fiduciary responsibility of the IAR option. Is the representative the fiduciary?
- Not everyone IAR. This may diminish the number of brokers available. There has to be an agreement between the brokers, broker dealer with TIAA-CREF, that maybe an issue.
- I think this is a good idea but I don’t think my broker/dealer will allow it. **(22 of the 81 evaluations turned in with comments referenced this concern)**
- Would be good, I have concerns about my company approving it. If they did not it would be difficult to compete.
- Is TIAA-CREF the best option considering the local advisors are unable to service it?
- I would like to see IAR expanded beyond TIAA-CREF, where IAR & RIA firm can contract with state directly.
- Great option for employee; allows clients/employees a greater service or choice. Allows advisors to get compensated for advice service.

Miscellaneous Comments:

- Encourage state EES to take advantage of the program.
- Thanks for the update
- Programs well presented with information available
- I would like to see that we are involved in the TIAA-CREF arrangement.
- Having problems communicating with whoever deals with transfer/change of agent forms for the 457 plans
- Employees need the option to contribute a % of salary for deferral into deferred Comp.
- Training should include website training –not currently user friendly if you are not familiar with it.
- Much improved PEP presentation-Awesome! Why not offer 457 Roth?
- I have general concerns about pending legislation (ERISA) we know you’re not ERISA but concerns remain. Regarding how working with the state will or can be part of our business.

While I don't think there is anything you can do. I urge you to pay attention to it to see how it may impact our reasons to work with your employees.

- TIAA-CREF may be a great deal for ND employees.
- Online access to deferrals will create a problem when the employee has not completed application to open an account with the provider they select.
- Concerns why so many annuity options with CDSC/penalties. Do not receive compensation or statements from annuity companies (Hartford).
- Need some way to inform advisor rep. that employee wishes to use them if signing up online.
- Would like to see the enrollment form allow for a % of salary rather than a dollar amount. It would allow for the client to stay in line with the maximum PEP benefit.
- If they select 4% contribution to deferred comp. and they get an increase in salary a year later the over all-the % the following year should be 4%.
- Would be helpful to have a list of all employers that offer 457 to employees in the state.
- TIAA-CREF companion plan seems to be in direct conflict with 457. We are very concerned that an employee will have the flexibility to move from guaranteed account to a variable account without restrictions or penalty.
- Good changes to the program
- Thanks for efficient use of my time
- I feel investment education to the employees is missing. The employees need to learn more about investing and how that relates to PEP and growing a supplemental folder.
- I suggest you eliminate the need to sign a new salary deduction each year to meet the PEP requirements. I would assume going paperless would eliminate that need? Also concerned that TIAA-CREF has very strict rules about moving funds out of TIAA-it usually requires a 10 year pay out of the funds as the share minimum. I would suggest that be researched.

In reviewing the comments submitted, it does not appear that there was a majority consensus either way. As you can see, there were concerns expressed, as well as enthusiasm expressed. In all probability, it probably relates back to the credentials held by the different individuals who responded. We shared the comments we received with Rob Rickey of Advisor Services with TIAA-CREF. Mr. Rickey provided a diagram to try and illustrate how the different advisors conduct their business and it is attached for your information. What the model shows is that an advisor is either working in one of three models, 1) a Broker/Dealer (B/D), 2) a Registered Investment Advisor (RIA), or 3) a hybrid model where the firm is both a B/D and an RIA. Under a B/D model the advisor is a Registered Representative (RR) and compensated by commission for selling products or for transactional fees when a client purchases a product or security. They are only required to ensure that products are suitable and are not providing advice or acting as a fiduciary.

Under the RIA model, the advisor is an Investment Advisor Representative and is compensated by fee only (Asset based fee, Flat fee, or hourly fee). The IAR is not selling product but rather providing investment advice and is acting as a fiduciary. As a fiduciary the advisor has a legal obligation to put the client's best interest ahead of his/her own.

At a firm that is both a B/D and a RIA (the hybrid model), the advisor could be licensed as a RR and/or an IAR, which means they can conduct business either on the B/D side or the RIA side. Here the advisor can receive commissions or fees depending on the service he/she is providing. In this model an advisor who charges a fee should rebate any commissions earned, so the client is not being double charged.

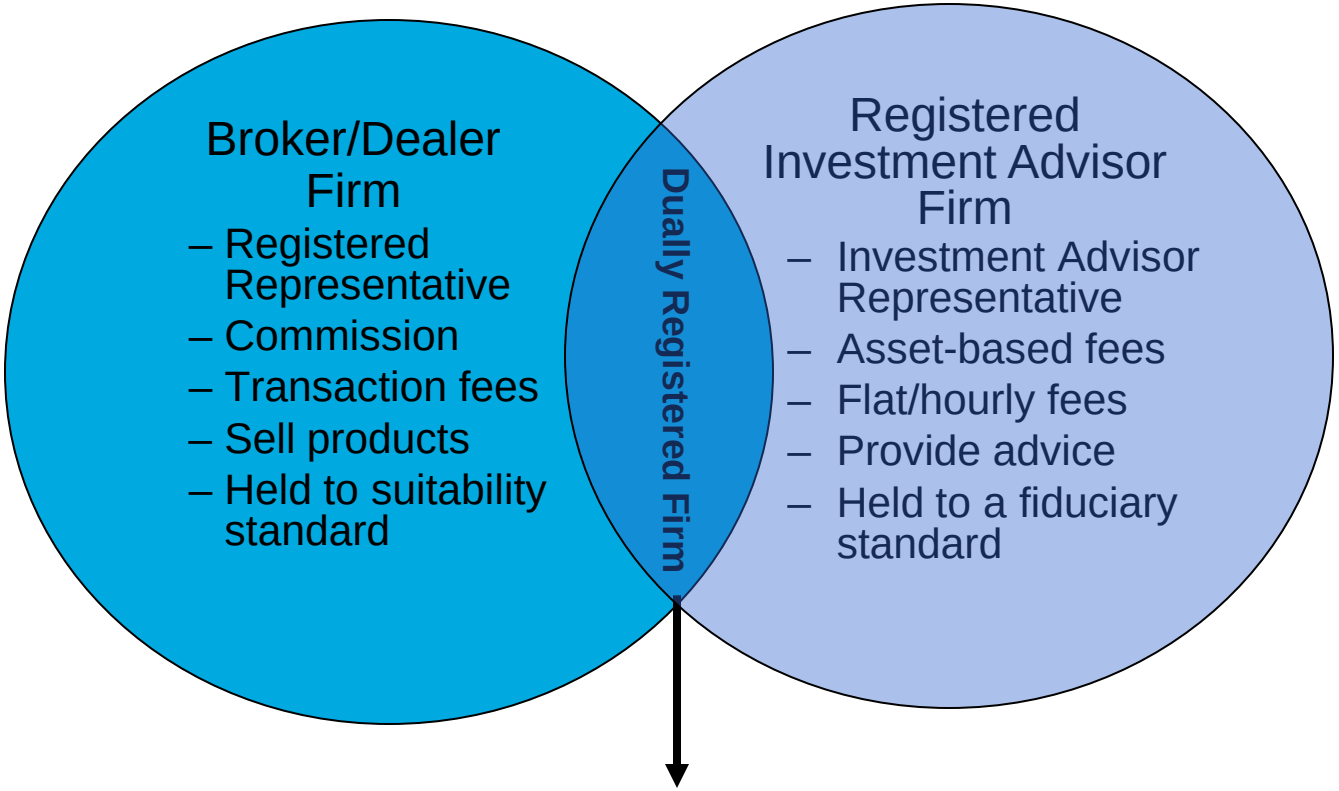
The model that we have been discussing (The Participant Choice Model) would allow any advisor in the RIA model or the hybrid model the opportunity to manage a participant's retirement account on the TIAA-CREF platform for a fee. He mentioned previously, the firm does need to be operational on TIAA-CREF's platform to allow their advisors to conduct business with them on assets held at TIAA-CREF. While some may suggest that this is not possible, Mr. Rickey indicated they are doing this with many firms in the RIA model and the hybrid model. However, it is not possible to do it with the B/D model since they do not receive fees and are not acting as a fiduciary under the Registered Representative model. Although we do not know the nature of how our provider companies conduct their business, if this proposal is approved by the NDPERS board, Mr. Rickey and TIAA CREF would contact the companies themselves and determine whether they would be qualified and/or interested in participating in this option. If they indicate that they are interested, subject to your approval, TIAA CREF will work with the companies to get this program rolled out to interested provider reps and will in turn promote it to NDPERS deferred compensation participants.

We asked Mr. Rickey for some information regarding other governmental plans that have adopted the proposed model. He indicated, however, that he didn't know of any governmental plans that have adopted this IAR model, but that TIAA CREF currently has over 400 plans that allow participants to work with independent advisors. Another issue we inquired about was how the provider training requirement might work if provider representatives were allowed to be IAR's. He indicated that TIAA CREF would honor the training requirement that is in the provider contracts (except the Companion Plan contract) and would deem anyone who did not satisfy training requirements as ineligible to be paid through the IAR arrangement.

As we have notified provider representatives attending the training that the NDPERS Board would be making a decision on this issue, it will be necessary for you to determine whether you wish to add this option to the NDPERS deferred compensation plans.

Staff recommendation: Defer the final decision on offering the program but authorize TIAA-CREF to move forward with contacting the companies to assess their interest in participating should the board approve this option. The goal would be for the board to make a final decision in six months. This will allow the board the opportunity to keep moving forward with this concept and provide time to assess incoming comments, concerns, etc. that may emerge as TIAA-CREF conducts their discussions with our provider companies; prior to finalizing the option and making it a permanent part of the Companion Plan.

How advisor firms conduct their business



Dually Registered Firm – can act as a Broker/Dealer or a Registered Investment Advisor. Advisor must be a RR and IAR to be able to do business in these firms.

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