

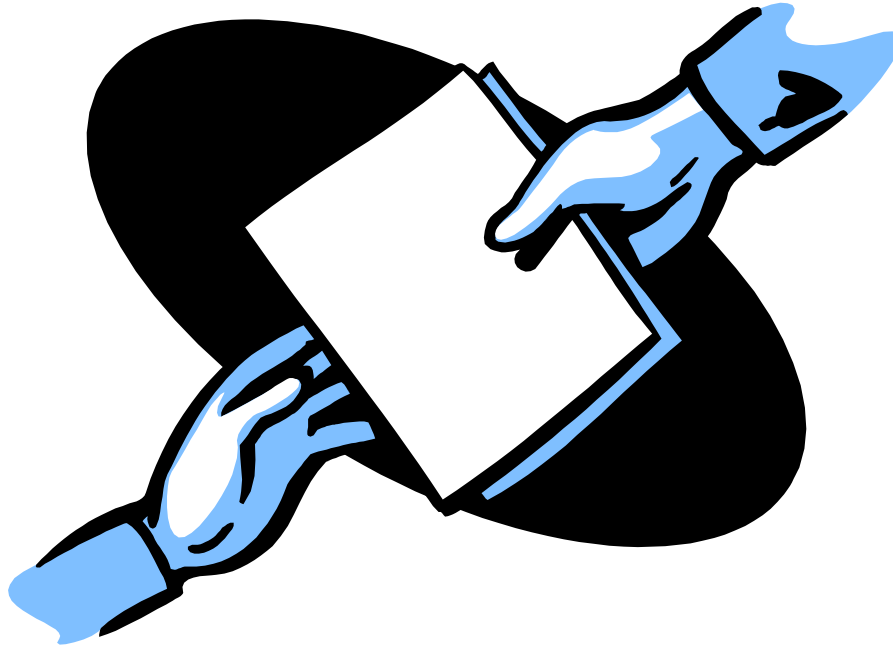


## NEW HIRE KIT

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
(Rev. 01-2012)

**NDPERS • 400 East Broadway, Suite 505 • PO Box 1657 • Bismarck • ND • 58502-1657  
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**NOTE: PLEASE DO NOT DUPLEX WHEN PRINTING THIS KIT**



This publication contains information, forms, and instructions necessary for enrolling an employee in the Defined Benefit Hybrid Retirement Plan and group insurance plans administered by NDPERS. This publication is to be completed by both the employer and employee.

This publication is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

*The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.*



# NEW HIRE FORMS CHECKLIST



\_\_\_\_\_ is eligible for the following benefit plans:

## EMPLOYER:

Enter NDPERS Member Data information through Employer Self Service

## RETIREMENT PLAN:

Yes  No

Retirement Membership Election [SFN 2561]

Designation of Beneficiary [SFN 2560]

Defined Contribution Retirement Program Election [SFN 52170] (for Non-Classified State Employees-Not included in New Hire Kit, mailed to member at later date)

Defined Benefit Participation Agreement/Waiver of Participation [SFN 17627] (*if member is a temporary/part-time employee*) or Defined Contribution Participation/Waiver of Participation [SFN 54366]

## HEALTH INSURANCE PLAN:

Yes  No

Health Enrollment Change [SNF 60036]

Waiver of Insurance Coverage [SFN 58819]

## LIFE INSURANCE PLAN:

Yes  No

Group Life Insurance Enrollment/Change [SFN 53803]

Group Life Evidence of Insurability

## DENTAL INSURANCE PLAN:

(State & Higher Education Only)

Yes  No

Vision/Dental Enrollment Change [SFN 58792]

## VISION INSURANCE PLAN:

(State & Higher Education Only)

Yes  No

Vision/Dental Enrollment Change [SFN 58792]

## LONG TERM CARE PLAN:

Yes  No

Long Term Care Enrollment Kit (UNUM) (Available On-line)

## FLEX COMP PLAN:

(State & Participating Health Units Only)

Yes  No

FlexComp Enrollment Form [SFN 53851]

## DEFERRED COMPENSATION PLAN:

Yes  No

457 Deferred Compensation Plan Enrollment/Change Form [SFN 3803]

457 Deferred Compensation Plan Expedited Enrollment/Waiver [SFN 54362]

# NAVIGATING THE NEW HIRE KIT



COMPLETE FORMS IN BLUE OR BLACK INK

The benefits described in this publication ONLY pertain to members of NDPERS. Political subdivisions within the state of North Dakota are not eligible to participate in the NDPERS Dental, Vision, Long-Term Care, Employee Assistance, and Flexible Compensation Plans (with the exception of the health units).

## 1. GROUP RETIREMENT PLAN

### EMPLOYER Responsibility

1. Determine eligibility of new hire to participate in NDPERS Group Retirement Plan. Do not complete the New Hire Kit if new hire is transferring from another participating employer. If transferring, complete a Notice of Transfer Kit.
2. Complete the NDPERS Members Record Data through your PERSLink Employer Self Service. This must be received before any enrollments.
3. Ensure the employee completes a Designation of Beneficiary for the Group Retirement Plan SFN 2560.
4. If employee is a temporary/part-time employee, provide employee with an Agreement/Waiver of Participation For Optional Defined Benefit Retirement Plan SFN 17627 or Agreement/Waiver Participation for Optional Defined Contribution Plan SFN 54366. Make sure the employee makes an election regarding participation within first 180 days of employment as temporary/part-time.
5. Submit forms to NDPERS prior to reporting first month of contribution.  
The North Dakota Administrative Code Chapter 71-02-06-01 states "Retirement Contributions must be returned if a membership enrollment application form has not been filed with the office. Contributions will be returned until proper membership enrollment forms have been filed."

### EMPLOYEE Responsibility

Before completing any forms, read all instructions, as well as, the terms and conditions on the back of each form. Read the "Group Retirement Plan" sheet carefully before proceeding.

1. Review eligibility requirements for NDPERS Group Retirement Plan.  
Complete Retirement Membership Application SFN 2561.
2. Complete Designation of Beneficiary for the Group Retirement Plan SFN 2560.
3. If you are a temporary/part-time employee and are electing to participate, complete an Agreement/Waiver of Participation for Optional Participants SFN 17627 or Agreement/Waiver of Participation for Optional Defined Contribution Plan SFN 54366.
4. Submit forms to employer/payroll office.

For specific plan detail, please visit the Defined Benefit Hybrid Retirement Plan information found under the Active Members or Temporary/Part-time Employee options on the NDPERS website.

## **2. DEFERRED COMPENSATION – 457 Deferred Compensation Plan**

### **EMPLOYER Responsibility**

1. Provide new hire a copy of the Deferred Compensation Plan Handbook, Investment Summary Options, and PEP Brochure.
2. Provide all newly hired employees who will be participating in the NDPERS Defined Benefit Retirement Plan with an Expedited Deferred Comp 457 Enrollment Form SFN 54362. All new hires must complete this form either electing to participate in the deferred compensation plan or to waive their rights to PEP in Section D. An exception to this would be if your employer does not participate in the NDPERS Deferred Compensation Plan.
3. If the employee chooses to make more than the minimum contribution or would like their minimum contribution to go to a provider other than the Companion Plan administered by Fidelity, you will need to provide a 457 Deferred Compensation Plan Enrollment/Change Form SFN 3803.

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the “Deferred Compensation – 457 Supplemental Retirement” sheet carefully before proceeding.

1. All new hires must complete the Expedited Deferred Comp 457 Enrollment Form SFN 54362 either electing to participate in the deferred compensation plan or to waive their rights to PEP in Section D. An exception to this would be if your employer does not participate in the NDPERS Deferred Compensation Plan.
2. However, if you would like to choose a provider other than the Companion Plan administered by TIAA-CREF, or you would like to make a contribution that exceeds the minimum contribution amount you will need to complete a NDPERS 457 Deferred Compensation Plan Enrollment/Change Form SFN 3803. Select and contact one of the eligible providers for the plan. The provider representative you select will assist you in completing the required forms to open an account. Authorization for deductions must be made prior to the month in which the income is earned.

For specific plan detail, please visit the Deferred Compensation Plan information found under the Active Members options on the NDPERS website.

## **3. GROUP HEALTH INSURANCE PLAN**

### **EMPLOYER Responsibility**

1. To enroll a new employee in the PPO/Basic option or HDHP option (for state employees only).
2. Complete Health Enrollment Change SFN 60036.
3. Employees not electing health coverage need to fill out the Waiver of Insurance Coverage SFN 58819 .

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. You can view the Dakota Plan webcast presentation at [www.nd.gov/ndpers/active-members](http://www.nd.gov/ndpers/active-members). Read the “Group Health Plan” sheet carefully before proceeding. If you are a permanent

state employee, view information regarding the HDHP plan and determine if you want to participate in HDHP or PPO/Basic plan.

1. Complete appropriate form(s)
2. Ensure accuracy of form(s)
3. Return completed form(s) to your employer

For specific plan detail, please visit the Group Health Plan information found under the Active Members or Temporary/Part-time Employee options on the NDPERS website.

## **GROUP LIFE INSURANCE PLAN**

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the "Group Life Plan" sheet carefully before proceeding.

1. Complete the Group Life Insurance Application
2. Ensure accuracy of form(s)
3. Sign, date and return completed form(s) to employer within 31 days of your date of hire.

For specific plan detail, please visit the Group Life Plan information found under the Active Members or Temporary/Part-time Employee options on the NDPERS website.

## **VOLUNTARY GROUP DENTAL INSURANCE PLAN**

Only State Agencies, Higher Education & District Health Units are eligible to participate in the group dental plan.

## **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the “Group Dental Plan” sheet carefully before proceeding.

1. Complete Vision/Dental Enrollment Change SFN 58792
2. Ensure accuracy of form(s)
3. Sign, date and return completed form(s) to employer within 31 days of your date of hire.

For specific plan detail, please visit the Dental Plan information found under the Active Members options on the NDPERS website.

## **4. VOLUNTARY GROUP VISION INSURANCE PLAN**

Only State Agencies, Higher Education, and District Health Units are eligible to participate in the group vision plan.

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the “Group Vision Plan” sheet carefully before proceeding.

1. Complete Vision/Dental Enrollment Change SFN 58792
2. Ensure accuracy of form(s)
3. Sign, date and return completed form(s) to employer within 31 days of your date of hire.

For specific plan detail, please visit the Vision Plan information found under the Active Members options on the NDPERS website.

## **5. VOLUNTARY GROUP LONG-TERM CARE INSURANCE**

Only State Agencies, Higher Education & District Health Units are eligible to participate in the group long-term plan.

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the “Group Long-term Care Plan” sheet carefully before proceeding.

1. To make application for long-term care insurance, complete UNUM Enrollment Kit from website.
2. Ensure accuracy of form(s)
3. Return completed form(s) to UNUM

For specific plan detail, please visit the Long-Term Plan information found under the Active Members options on the NDPERS website.

## **6. EMPLOYEE ASSISTANCE PROGRAM**

Only State Agencies, Higher Education & District Health Units are eligible to participate in the EAP program. Eligible employees are automatically enrolled in the EAP program.

### **EMPLOYEE Responsibility**

For specific plan detail, please visit the Employees Assistance Program (EAP) information found under the Active Members options on the NDPERS website.

## **7. NDPERS ADMINISTERED FLEXCOMP PLAN**

The NDPERS FlexComp Plan is available to eligible employees of the state of North Dakota, participating District Health units, and members of the Legislative Assembly. Employees of the University system and political subdivisions are excluded from participation in the plan.

### **EMPLOYER Responsibility**

- Provide a new employee with the FlexComp Enrollment SFN 53851.

### **EMPLOYEE Responsibility**

Before completing any forms, read all instructions, as well as the terms, and conditions on the back of each form. Read the "State of North Dakota FlexComp Plan" sheet carefully before proceeding.

1. Complete appropriate form(s)
2. Ensure accuracy of form(s)
3. Sign, date, and return completed form(s) to your agency payroll/human resource department within 60 days of your date of hire.

For specific plan details and information, please visit the State of ND FlexComp Plan found under the Active Members option on the NDPERS website.

# GROUP RETIREMENT PLAN



In the Defined Benefit Hybrid Retirement plan, an account is established on your behalf and contributions are made to the account by you and your employer. If you are vested, you are guaranteed a benefit at retirement, which is generally based on your compensation, the benefit multiplier, and your years of service. The more years of service you have accumulated, the greater the benefit. You will receive the benefit determined under the plan regardless of the performance of the plan's investments.

## **Mandatory Participation Requirements**

If you work for a participating employer in the Defined Benefit Plan, and work a minimum of 20 hours per week for 20 or more weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If you meet the above requirements and are a non-classified state employee, you must elect to participate in either the defined benefit plan or the defined contribution plan. Upon receipt of your membership application as a non-classified state employee, NDPERS will verify eligibility to participate in the defined contribution plan and will mail you a packet of information comparing the two retirement plans. You will have six (6) months to elect to transfer to the defined contribution plan. A Defined Contribution Retirement Program Election Form SFN 52170 is required. This form is included in the comparison packet. If an election is not submitted to NDPERS within six (6) months of your hire date, you will automatically remain in the defined benefit retirement plan. The form must be signed by you and your spouse (if married) and notarized.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

## **Participation Requirements for State Elected and Appointed Officials**

If you are a state official elected on or after December 31, 1999, and meet the mandatory participation requirements you may enroll or waive participation in the defined benefit plan within the first 6 months of your term. If you elect to join NDPERS, you must be a participating member of the defined benefit plan unless an election is made within six (6) months to join the defined contribution plan.

If you are a state appointed official initially appointed on or after July 1, 1979 you must be a participating member of the defined benefit plan. You must be a participating member of the defined benefit plan unless an election is made within six (6) months to join the defined contribution plan.

## **Participation Requirements for Other [Non-State] Elected Officials**

If you are an elected official of a participating county, at your individual option, you may enroll or waive participation in the defined benefit plan within the first six (6) months of your term. All other elected officials who meet the above mandatory participation requirements must be

enrolled in the defined benefit plan within the first six (6) months of their term.

### **Participation Requirements for Other [Non-State] Appointed Officials**

If you are an official of any other participating employer appointed on or after August 1, 1999, and you meet the above mandatory participation requirements, you must be enrolled in the defined benefit plan effective with the first month of taking office.

### **Optional Participation Requirements**

If you are at least eighteen years old, and do not meet the mandatory participation requirements, you may elect to participate in NDPERS within the first 180 days of employment, or within 180 days of changing from permanent to temporary/part-time employment. Retirement participation is at your expense. You can not participate in NDPERS if you are actively contributing to another employer-sponsored plan. This applies to both private and public pension funds.

The law expressly prohibits the employer from paying any portion of an optional participant's contribution.

In order to participate as a temporary/part-time employee, an Agreement/Waiver of Participation for Optional Participant Defined Benefit Plan SFN 17627 is required.

### **Enrollment**

Eligible employees must enroll at the date of hire and retirement contributions must begin with the employee's first paycheck. Employees who do not meet the eligibility requirements can participate at their own cost, but must elect to enroll within the first six (6) months of beginning employment or experiencing an employment change in status.

### **Contributions**

Employee Contribution:	5.00% of salary
Employer Contribution:	5.12% of covered payroll

### **Vesting**

To be vested in the Defined Benefit Hybrid Plan means that you have become legally entitled to a monthly benefit when you terminate employment and reach retirement age or qualify for long-term disability.

Vesting in Disability Benefit:	6 months
Vesting in Retirement Benefit:	36 months

You will receive 1 month of service credit for each month a deposit is made to your member account.

## Portability Enhancement Provision (PEP)

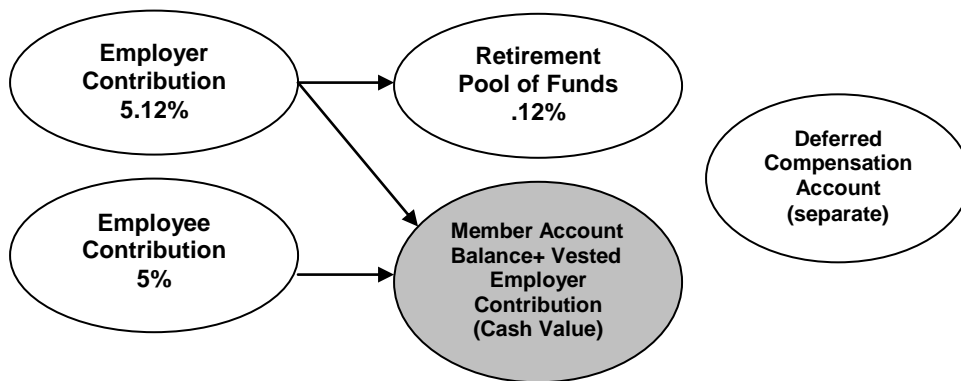
### Vesting in the Employer Contribution:

As an active member in the Defined Benefit Hybrid Plan, you are able to vest in the employer contribution for cash distribution purposes by participating in a deferred compensation (457) program, 403(b) or other qualified retirement savings program approved by the NDPERS Board. The vesting schedule for the PEP contributions is based upon your existing service credit in the retirement program and the amount you defer into a qualified deferred compensation plan. See the following schedule for details:

Retirement Service Credit	Minimum Vesting Contribution	Maximum Vesting Contribution
0 – 12 months	\$25	1% of gross salary
13 – 24 months	\$25	2% of gross salary
25 – 36 months	\$25	3% of gross salary
37 + months	\$25	4% of gross salary

### How PEP works

It allows you the option to vest in the 5.12% employer contribution paid into the retirement pool of funds and have this vesting percentage credited to your member account. For every dollar you put in a Deferred Compensation plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule. This can significantly increase the amount of money available if you choose to “cash in” your retirement account, or roll it over into another pension plan, if your North Dakota public service ends. PEP reallocates the employer contributions into your member account balance as shown below. As you can see, 4.00% of the 5.12% of the employer contribution may be paid into the member account rather than the retirement pool of funds as shown in the model.



## **BENEFITS AT TERMINATION OF EMPLOYMENT**

**Member Account Balance:** Refund/Rollover of your member account balance, which consists of the monthly employee contributions, the vested portion of the employer contributions, and interest. This interest is compounded monthly up to the time you receive a refund/rollover of your account or begin receiving a monthly benefit. The interest paid on your account is based on a rate established by the NDPERS Board and builds on a tax deferred basis. You may also leave your money at NDPERS to receive a distribution at a later date.

**Disability Retirement Benefits:** If you are deemed eligible for disability benefits, you will receive 25% of your final average salary each month for as long as you are disabled under the basic disability payment option. The minimum benefit is \$100 per month.

**Surviving Spouse Benefits:** If you die after completing 36 months of credited service, your spouse may elect to receive:

- (a) Refund/Rollover of your account; or
- (b) 50% of your unreduced retirement benefit for life; or
- (c) Equivalent of 100% joint & survivor option if you had reached your normal retirement date.

## **BENEFITS AT RETIREMENT:**

**Early Retirement Age:** 55

**Normal Retirement Age:** 65

**Rule of 85:** Age + Years of Service = 85 or more  
No reduction in benefits for early retirement; there is no minimum age requirement.

**Retirement Formula:** Final Average Salary X 2.00% X Years of Credited Service

Final Average Salary = Average of highest 36 salaries of the last 180 months you worked.

Benefit Multiplier = The rate established by the legislature at which you earn benefits.

**Retirement Options:**

- Single Life
- Joint & Survivor 50% & 100%
- Term Certain 20 & 10 Year
- Social Security Level Income
- Partial Lump Sum Option
- Graduated Benefit Option

# DEFINED CONTRIBUTION PLAN



In the defined contribution plan, an account is established on your behalf and contributions are made to the account by you and your employer. Upon an employee's retirement or termination the total amount or value of your account is available for payment. The amount of your benefit will be affected by the investments you select, the amount of time you have to invest, your vesting status, and the performance of the investment options you choose.

## **Eligibility:**

If you are a permanent state employee at least 18 years old and in a position not classified by the central personnel division of the State of North Dakota, you may be eligible to participate in the Defined Contribution Retirement Plan. Employees of the judicial branch, a member of the Highway Patrol or the Board of Higher Education and State institutions under the jurisdiction of the Board are not eligible to participate in the Defined Contribution Plan. If you are eligible for this plan, NDPERS will prepare a comparison packet which will be sent to you within two (2) weeks of NDPERS receipt of your eligibility determination. The necessary form for you to make your election will be enclosed in the packet.

## **Enrollment:**

Every eligible employee may participate in the Defined Contribution Plan at the later of his/her first day of employment or the effective date of this Defined Contribution Plan. Such eligibility, however, shall terminate at any time employment with the employer is terminated. An eligible employee's participation in the Defined Contribution Plan shall be further governed by the following:

- An election made by an eligible employee is irrevocable, except that an employee who terminates employment with the State after making an election to participate in the Plan but before the amount held in the Defined Benefit Hybrid Plan is transferred to the Defined Contribution Plan shall not participate in the Defined Contribution Plan and shall remain under the Defined Benefit Hybrid Plan.
- An eligible employee who does not make a written election under the plan by the applicable deadline shall continue to be a member of the Defined Benefit Hybrid Plan.
- An employee who is married on the date he/she makes the election to participate in the Defined Contribution Plan must receive his/her spouse's notarized signature on the election form in order for that election to be effective.
- If a member of the defined contribution retirement plan begins employment in a position covered under the judges retirement plan, the highway patrol retirement plan, the law enforcement plan, the teacher's fund for retirement plan or the alternate retirement plan of the board of higher education, the member's status as a member of the Defined Contribution Plan is suspended and the member becomes a new member of the retirement plan for which that member's new position is eligible. The member's account balance remains in the Defined Contribution Plan, but no new contributions may be made to that account. The member's service credit and salary history that were forfeited as a result of the member's transfer to the Defined Contribution Plan remain forfeited, and service credit accumulation in the new retirement plan begins from the first day of employment in the new position. If the

member later returns to employment that is eligible for the Defined Contribution Plan, the member's suspension is terminated, the member again becomes a member of the Defined Contribution Plan, and the member's account shall resume accepting contributions. The contributions to the alternate retirement plan shall remain with the plan unless at the member's option, the member may transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account in the Defined Contribution Plan.

**Contributions:**

Employee Contribution: 5.00% of salary  
Employer Contribution: 5.12% of covered payroll

**Vesting:**

The term "vesting" refers to your non-forfeitable right to the money in your account. You are always fully vested in the employee contributions, even if your employer has paid them. You will vest in the employer contributions in accordance with the following schedule:

<b><u>Years of Service</u></b>	<b><u>Percentage Vested</u></b>
Less than 2 years	0%
2 years	50%
3 years	75%
4 years	100%

For purposes of vesting, you will be credited for years of service earned as a participant in the Defined Benefit Hybrid Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from the Defined Contribution Plan, and are later reemployed by the State, your years of service upon reemployment will be zero (i.e., your prior years of service will not count toward vesting).

# RETIREE HEALTH INSURANCE CREDIT



## **Eligibility:**

If you elect and receive a retirement allowance from the Defined Benefit Hybrid Plan or the Defined Contribution Plan, you are eligible to receive a credit towards your monthly health insurance premium for the state health plan equal to \$5.00 for each of your years of credited service, subject to early retirement reductions. For example, a member with 20 years of service at normal retirement age would receive a monthly credit of \$100.00, which is a tax-free benefit. A receiving member is eligible for coverage under the state health plan [Blue Cross Blue Shield Dakota Plan and Dakota Retiree Plan] even if the employer is not participating in the state health plan prior to the member's retirement if the member is enrolled during eligible "qualifying events".

## **Contributions:**

Employer Contribution: 1.14% of covered payroll

**Benefit Formula:** \$5.00 x Years of Credited Service

## **BENEFITS AT RETIREMENT:**

**Retiree Health Credit Options:** Single Life  
Joint & Survivor 50% & 100%

Foot Note: Summary of Total Retirement Contributions discussed:

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<b>TOTAL REQUIRED EMPLOYEE CONTRIBUTION:</b>	<b>5.00%</b>
<b>TOTAL REQUIRED EMPLOYER CONTRIBUTION:</b>	<b><u>6.26%</u></b>
<b><i>TOTAL REQUIRED RETIREMENT CONTRIBUTION:</i></b>	<b><i>11.26%</i></b>

# 457 DEFERRED COMPENSATION SUPPLEMENTAL RETIREMENT PLAN



The Deferred Compensation Plan is a voluntary supplemental retirement plan for eligible employees of participating governmental agencies. The plan is set up under Section 457 of the Internal Revenue Code. This program permits you to make pretax deductions from your salary with the intent to receive the deferred amount at a later date, such as retirement. Neither the amount deferred to your investment account nor the income or gains on those investments are taxable until you begin to withdraw money from the account.

## **Eligibility:**

Eligible employees of a participating employer who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year, and whose positions are regularly funded and not of limited duration (i.e., permanent) are eligible to enroll.

## **Enrollment:**

In order to promote the ability for employees to supplement their retirement savings, we have designed our plan to make saving as convenient as possible by providing an expedited enrollment option. The expedited enrollment form does not require you to make a decision regarding the amount of the contribution, investment allocation, or selecting a provider company or agent. You need only complete the 457 Deferred Compensation Plan Expedited Enrollment Form SFN 54362 to enroll in the 457 Deferred Compensation Plan; PEP is automatic upon your enrollment. All new hires must complete this form either electing to participate in the deferred compensation plan or waive their rights to PEP in Section D. Your payroll deduction will be invested in the NDPERS Companion Plan default Lifecycle Mutual fund. The Companion Plan is administered by TIAA-CREF.

If you choose to defer more than the minimum contribution or would like your minimum contribution to go to a provider other than the Companion Plan, you will need to complete the NDPERS 457 Deferred Compensation Plan Enrollment/Change Form SFN 3803. You must select and contact an eligible investment provider. The provider representative will assist you in completing the required forms to open an account. Eligible employees may enroll in the plan at any time. Providers of investment services for the Deferred Compensation Plan are as follows:

American Trust Center

AXA Equitable Life Ins. Co.

Bank of North Dakota

Hartford Life Insurance Co.

Jackson National Life

Nationwide Life

NDPERS Companion Plan [TIAA-CREF]

VALIC

Waddell & Reed Financial Services

The Investment Options Summary booklet provides information on the Provider Companies and investment options they offer through the 457 Deferred Compensation Plan.

**Contributions:**

- The annual minimum deferral is \$300 (\$25 a month).
- The annual maximum deferral is established by the IRS and is currently \$17, 000.

The annual maximum you may defer is based upon the annual limits indicated on the maximum allowable deduction schedule provided on the back of 457 Deferred Compensation Enrollment/Change Form- SFN 3808 or 100 percent of your includible compensation, whichever is less. The maximum you may defer is affected by your contributions to another Section 457 deferred compensation plan, or employee contributions to your regular retirement plan which are paid by your employer under an IRC Section 414(h) salary reduction arrangement.

An election to begin a deferral, or to make any changes in your deferral amount, or changes in Provider Company or provider representative, must be made in the month prior to the pay period in which the salary is earned by completing form 457 Deferred Compensation Plan Enrollment/Change Form- SFN 3803 .

**Distributions:**

Your deferred compensation account is only available upon separation from employment which includes retirement, disability, death, resignation, or discharge. You must be off covered employment for 31 days before funds may be accessed. The funds are taxed when distributed to you. If you die before beginning distribution or receiving the total amount in the deferred compensation account, the account will be paid to your designated beneficiary.

You may withdraw your account prior to separation from service under two circumstances. In the event you have an unforeseeable emergency, you may apply for a financial hardship withdrawal subject to the approval of the NDPERS Board. A financial hardship is defined as an unforeseeable emergency resulting from a sudden and unexpected illness or accident occurring to you or one of your dependents, loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

A lump sum deminimus distribution is permissible if:

- 1) the total value of your account(s) is less than \$5,000,
- 2) you have not contributed to the plan in the preceding two years, and
- 3) you have not previously received a distribution of this nature from the plan.

# GROUP HEALTH INSURANCE



## DAKOTA PLAN

Underwritten by:  
**Blue Cross Blue Shield of North Dakota**

### **Eligibility:**

Eligible employees are those who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year, and whose positions are regularly funded and not of limited duration (i.e., permanent).

### **Enrollment Period:**

You have an initial enrollment period of 31 days from your date of employment. Applications received within the enrollment period will be accepted with no restrictions or limitations for you and any eligible dependents. Coverage will be effective the first of the month following your hire date.

If you do not enroll during the initial 31 day eligibility period when hired or do not enroll within 31 days of a qualifying event, you may apply for coverage during the designated Annual Enrollment Season with coverage effective the following January 1, however, you may be subject to a 12 month pre-existing condition period.

**Preferred Provider Organization (PPO):** The Preferred Provider Organization (PPO) is a group of hospitals, clinics and physicians who have agreed to discount their services to members of NDPERS. You have "freedom of choice" in selecting which physician or medical facility to use for services. No referral is needed. If you choose a provider who participates in the PPO program, you will have lower out-of-pocket expenses. PPO benefits are only available in the State of North Dakota, unless the medical facility provides services at a satellite location in another State.

**Rate Information:** Contact your human resource/payroll office to obtain health insurance rate information.

<u>Plan Features:</u>	<u>Basic</u> (Self Referral or Out-of-State)	<u>PPO</u>
Deductible for All Services		
-Per Person	\$400	\$400
-Per Family	\$1200	\$1200
Copayment for Physician Office Visits (no limit)	\$ 30	\$ 25

Copayment for Emergency Room	\$ 50	\$ 50
Coinsurance on all covered services EXCEPT Physician Office Visits	75/25	80/20
Annual Coinsurance Maximum		
-Individual	\$1250	\$750
-Family	\$2500	\$1500
Out-of-Pocket Maximums (Deductible and Coinsurance)**		
-Individual	\$1650	\$1150
-Family	\$3700	\$2700

\* Out of Network coverage is at the basic level

\*\*Office visit and emergency room copayments and prescription drug copayments and coinsurance are additional.

### **DEDUCTIBLE AND COINSURANCE**

Deductible, copayments, and coinsurance maximums accrue on a "Calendar-Year" basis, January 1 - December 31.

### **DISEASE MANAGEMENT PROGRAM:**

A disease management program is offered through BCBSND. Please contact the BCBSND service unit at 1-800-223-1704.

### **MEMBER REBATE ACCOUNTS:**

Member rebate accounts for rebates on prescription drugs. Please contact the BCBSND service unit at 1-800-223-1704.

<b><u>Prescription Drug Coverage:</u></b>	<b><u>Basic</u> (Self Referral or Out-of-State)</b>	<b><u>PPO</u></b>
Prescription Formulary Generic Drug		
-Copayment	\$5	\$5
- Coinsurance (\$1,000 maximum per person per benefit period, covered at 100% after \$1,000 maximum is met)	15%	15%
Prescription Formulary Brand-Name Drug***		
-Copayment	\$20	\$20
- Coinsurance (\$1,000 maximum per person per benefit period, covered at 100% after \$1,000 maximum is met)	25%	25%
Prescription Non-Formulary Drug		
-Copayment	\$25	\$25
-Coinsurance	50%	50%

\*\*\*One copayment amount per prescription order or refill for a 1–34 day supply.  
Two copayment amounts per prescription order or refill for a 34–100 day supply. Benefits are subject to the Outpatient Prescription Drug Coinsurance Maximum Amount. Deductible does not apply

**PREVENTIVE SCREENING SERVICES- PPO/BASIC COVERAGE**

<b>Wellness Services</b>				
	<b>Copayment</b>	<b>PPO Plan</b>	<b>Basic Plan</b>	<b>Special Conditions</b>
<b>Well Child Care (to member's 6th birthday)</b>	\$25/\$30	100%	100%	Deductible does not apply.
<b>Preventive Screening Services (members 6 and older)</b>	\$25/\$30	100%	100%	Maximum benefit allowance of \$200 per member per benefit period. Deductible does not apply. Benefits beyond the maximum benefit allowance will be subject to cost sharing amounts. Deductible does not apply.
<b>Immunizations</b>		100%	100%	Deductible does not apply.
<b>Mammography &amp; Pap Smear Screening Services</b>		100%	100%	The number of visits for mammography varies by age group. Maximum benefit allowance of 1 Pap smear per benefit period. Refer to benefit plan for details.
<b>Prostate Cancer Screening Services</b>		80%	75%	Refer to the benefit plan for details. Deductible does not apply.

**For a complete list of benefits please refer to the schedule of benefits**

## **High Deductible Health Plan (HDHP):**

Permanent state employees, university system employees and district health unit employees are eligible to participate in a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). Participation in the HDHP/HSA is optional. Temporary employees and employees of political subdivisions are not eligible to participate in the HDHP/HSA at this time.

The HDHP/HSA option has higher annual deductibles and larger out-of-pocket costs for medical services. However, the higher initial out-of-pocket costs are partially offset by an employer contribution to an HSA created in the member's name. The NDPERS HDHP/HSA has a cap on how much you will pay out-of-pocket during a year, and covers preventive services (as designated by the Affordable Care Act (ACA) with no out-of-pocket costs to you.

The HSA helps cover medical expenses until your annual deductible and copayment are met. NDPERS will contribute to your HSA for each month you participate as follows:

	<b>Month</b>	<b>Annual</b>
Single	\$58.84	\$658.08
Family	\$132.74	\$1,592.88

In addition, you may contribute to your HSA on an after-tax basis, and claim those contributions when you file your annual tax return.

Please see the NDPERS High Deductible Health Plan summary for more details on benefits and services provided by this plan, the Health Savings Account (HSA) FAQ for Participants information sheet to learn more on how an HSA works and the PPO vs. HDHP – Which type is right for you? chart to help you decide which plan may be best for you. Additional information about the HDHP/HSA is also available on the NDPERS website.

# NDPERS PPO/BASIC



## & HDHP Plan

### **MAIL ORDER PRESCRIPTION DRUGS:**

Please contact BCBSND at 1-800-223-1704 regarding the mail order prescription plan.

### **WELLNESS PROGRAMS:**

#### **Health Club Credit:**

Covered members and their eligible spouse can earn up to a \$20 credit monthly for visiting a participating health club a minimum of 12 days a month.

#### **My Health Center:**

Covered members and their eligible spouse can earn points to apply toward incentive prizes in this online program. MyHealthCenter provides personal coaching, the QuitNet tobacco cessation program, customized plans for fitness and nutrition, and family tools for kids.

You will receive a wellness packet with your new health ID cards which will include:

- 1) A letter that explains both programs in detail, as well as, the member's enrollment process.
- 2) Health Club Credit Schedule and list of frequently asked questions.
- 3) Login/Know Your Numbers Card.

**Benefits are pending approval by the North Dakota Insurance Department. This information is intended to provide a brief summary of your benefit plan.**



**NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

# NDPERS High Deductible Health Plan

This overview describes a high deductible health plan designed to comply with Section 223 of the Internal Revenue Code and intended for use with a Health Savings Account (HSA). Blue Cross Blue Shield of North Dakota (BCBSND) is not authorized to provide legal or tax advice to members. BCBSND expressly disclaims responsibility for, and makes no representation or warranty regarding: (1) the eligibility of any member to establish or contribute to an HSA; or (2) the suitability of this product in all circumstances for use with HSAs.

An overview of benefits and services provided by this plan.



An independent licensee of the Blue Cross & Blue Shield Association

## This benefit plan covers these services and more.

### Who is eligible for benefits?

If you have family coverage, benefits are available for you, your spouse and eligible children. Eligible children include:

- Children under age 26. Coverage will be continued until the end of the month in which the child becomes age 26.
- Children placed with you or your covered spouse for adoption, or children which you or your covered spouse have legal guardianship or are court ordered to provide health benefits.
- Grandchildren of yours or your covered spouse if:
  - The parent of the grandchild is unmarried.
  - The parent of the grandchild is a covered eligible dependent.
  - The parent and grandchild are primarily dependent on you or your covered spouse for their support.
- Children incapable of self-support because of mental retardation or a physical handicap that began before they reached 26 years of age and who are primarily dependent on you or your covered spouse.

### Outpatient prescription drug benefits.

Benefits are available nationwide at any pharmacy participating in the preferred pharmacy network. To locate a participating pharmacy, call the special toll-free number listed on the back of your ID card. When you use this national network, your claims are filed for you.

Prescription drugs are categorized as formulary, nonformulary, nonpayable or restricted-use drugs. A restricted-use drug may have a dispensing limit and/or require prior approval.

When a generic drug is available but not accepted, the member is responsible for the difference between the cost of the generic and brand name drug. Prescriptions filled at a nonparticipating pharmacy must be paid in full and a paper claim submitted. All costs above the allowance are the member's responsibility.

### Preventive screening services.

Well child care for members to the member's 6<sup>th</sup> birthday according to guidelines supported by the Health Resources and Services Administration.

Preventive screening services for members age 6 and older according to A or B Recommendations of the U.S. Preventive Services Task Force, including:

- One routine physical examination
- Routine diagnostic screenings
- Mammography screening (for members age 35 and older)
- Cervical cancer screening
- Colorectal cancer screening (for members age 50 through 75)
  - Fecal occult blood testing and
  - Colonoscopy or
  - Sigmoidoscopy
- Certain nutritional counseling
- Tobacco cessation services

Benefits other than those recommended by the U. S. Preventive Services Task Force will be subject to cost sharing amounts. Refer to the benefit plan for further details.

A health care provider will counsel members as to how often preventive services are needed based on the age, gender and medical status of the member.

*This benefit grid presents a brief overview of covered services and payment levels of this product. It should not be used to determine whether your health care expenses will be paid. The written benefit plan governs the benefits available.*

Description of Benefits	PPO		Basic Plan <small>with a participating BCBSND provider</small>		Special Conditions
	Benefit Amount as a % of the allowed charge after the deductible is met.		Benefit Amount as a % of the allowed charge after the deductible is met.		
	Before out-of-pocket maximum is met	After out-of-pocket maximum is met	Before out-of-pocket maximum is met	After out-of-pocket maximum is met	
<b>Inpatient Hospital Services</b>	80%	100%	75%	100%	Preauthorization may be required.
<b>Outpatient Hospital Services</b>	80%	100%	75%	100%	
Physical Therapy	80%	100%	75%	100%	Benefits are based on the medical guidelines established by Blue Cross Blue Shield of North Dakota.
Occupational & Speech Therapy	80%	100%	75%	100%	Benefits are available for 90 consecutive calendar days per condition beginning on the date of the 1st therapy treatment for the condition. Additional benefits may be allowed after the 90 days when medically appropriate and necessary.
<b>Professional Health Care Provider Services</b>					
Inpatient, Outpatient & Surgical Services	80%	100%	75%	100%	
<b>Wellness Services</b>					
Immunizations	100%	100%	100%	100%	Deductible does not apply.
Well Child Care <i>(to member's 6th birthday)</i>	100%	100%	100%	100%	Deductible does not apply.
Preventive Screening Services <i>(members 6 and older)</i>	100%	100%	100%	100%	Benefits other than those recommended by the U.S. Preventive Services Task Force will be subject to cost sharing amounts. The number of visits for these services may vary by age group. Refer to the benefit plan for details. Deductible does not apply.
Colonoscopy or Sigmoidoscopy	100%	100%	100%	100%	
Mammography, Pap Smear & Fecal Occult Blood Testing	100%	100%	100%	100%	Deductible does not apply to these services.
Tobacco Cessation Services	100%	100%	100%	100%	Prescription and payable over-the-counter tobacco cessation medications or drugs must be obtained with a prescription order. Deductible does not apply.
Related Office Visit	100%	100%	100%	100%	Deductible does not apply.
<b>Home &amp; Office Visits</b>	80%	100%	75%	100%	
<b>Diagnostic Services</b>					
Lab, X-ray, MRI	80%	100%	75%	100%	
Allergy Testing	80%	100%	75%	100%	
<b>Radiation Therapy, Chemotherapy &amp; Dialysis</b>	80%	100%	75%	100%	
<b>Maternity Services</b>	80%	100%	75%	100%	
Inpatient, Outpatient, Pre & Postnatal Care					
<b>Psychiatric &amp; Substance Abuse Services</b>	80%	100%	75%	100%	Out-of-state admissions require prior approval. Preauthorization may be required. Refer to the benefit plan for details.
Inpatient, Ambulatory Behavioral Health Care, Residential Treatment					
Outpatient Services	80%	100%	80%	100%	
<b>Emergency Services</b>	80%	100%	80%	100%	Preauthorization is not required.
Professional Health Care Provider Visit	80%	100%	80%	100%	
Emergency Room Charge	80%	100%	80%	100%	
<b>Ambulance Services</b>	80%	100%	75%	100%	
<b>Skilled Nursing Facility Services</b>	80%	100%	75%	100%	Preauthorization is required.
<b>Home Health Care Services</b>	80%	100%	75%	100%	Preauthorization is required.
<b>Hospice Services</b>	80%	100%	75%	100%	Preauthorization is required.
<b>Chiropractic Services</b>					
Home & Office Visits	80%	100%	75%	100%	
Therapy & Manipulations	80%	100%	75%	100%	
Diagnostic Services	80%	100%	75%	100%	
<b>Medical Supplies &amp; Equipment</b>	80%	100%	75%	100%	

Description of Benefits	PPO/Basic Plan		Special Conditions
	Amounts are a % of the allowed charge after the deductible is met.		
	Before out-of-pocket maximum is met	After out-of-pocket maximum is met	
<b>Outpatient Prescription Medications or Drugs</b>			
Formulary	80%	100%	
Nonformulary	50%	50%	

## Cost Sharing Amounts

	PPO	Basic
<b>Single Coverage</b>		
Or an individual family member		
Deductible amount	\$1,500	\$1,500
Coinsurance maximum	\$1,500	\$2,000
Out-of-pocket maximum	\$3,000	\$3,500
<b>Family Coverage</b>		
Deductible amount	\$3,000	\$3,000
Coinsurance maximum	\$3,000	\$4,000
Out-of-pocket maximum	\$6,000	\$7,000

This chart reflects the cost sharing amounts for each benefit period. PPO and Basic amounts accumulate jointly.

### Preferred Provider Organization (PPO)

The Preferred Provider Organization (PPO) is a group of hospitals, clinics and physicians who have agreed to discount their services to Members of NDPERS. You have "freedom of choice" in selecting which physician or medical facility to use for services. No referral is needed. If you choose a provider who participates in the PPO program, you will have lower out-of-pocket expenses. PPO benefits are only available in the state of North Dakota, unless the medical facility provides services at a satellite location in another state.



**BlueCross BlueShield**  
of North Dakota

An independent licensee of the Blue Cross & Blue Shield Association

Call toll-free 1-800-223-1704  
 Fargo area call 282-1400  
[www.BCBSND.com](http://www.BCBSND.com)

For premium rates and further details of the coverage, including definitions; exclusions; criteria for medically appropriate and necessary care; credentialing process; confidentiality policy; description of experimental drugs, medical devices or treatments; grievance and appeals process; provider listings; drugs eligible for coverage; reductions or limitations; and the terms under which this benefit plan may be continued, see your Account Executive or write to Blue Cross Blue Shield of North Dakota.

# Get Started with a Health Savings Account



  
**Discovery Benefits**  
simplify.™

[www.DiscoveryBenefits.com](http://www.DiscoveryBenefits.com)

## Health saving account—a triple savings

Contribute tax-free • Grow your funds tax-free • Spend tax-free

### Benefits of an HSA

- You choose how much to set aside for healthcare expenses, up to the IRS maximum. Currently at:
  - \$3,050 for single HDHP coverage\*
  - \$6,150 for family HDHP coverage\*
- Reduces taxable income—deposits are taken out of your paycheck before income tax is calculated and withdrawals for qualified medical expenses are tax-free if an HSA is offered through your cafeteria plan.
- Grows with you—the money in the account is yours to invest and the earnings are tax-free.
- Your employer may contribute to your HSA.
- Covers a wide variety of medical expenses not typically covered by traditional insurance (see page 7).
- Your HSA is portable if you change jobs.
- Allows you to shop for care.
- From age 55 until you enroll in Medicare, you can contribute an additional \$1,000 annually.
- At age 65, you can use your HSA funds however you choose. It's counted as income and taxed as such, but there's no penalty.
- Once covered by Medicare, you can no longer contribute but you can withdraw available funds from your HSA.

\*The IRS adjusts these amounts annually. The most current information is online at [DiscoveryBenefits.com](http://DiscoveryBenefits.com)

### Is this right for me?

#### Things to consider when choosing an HSA:

- Your anticipated healthcare expenses.
- How active you want to be in your healthcare spending.
- Your personal financial situation.
- If enrolled in other coverage through a spouse, you may be ineligible for an HSA.
- A conversation with your tax preparer can help you decide.

#### Eligibility

##### To be eligible for an HSA, you must:

- First enroll in a high-deductible health plan

##### You are not eligible for an HSA if:

- You are claimed as a dependent on someone else's taxes
- You are covered by another plan that conflicts with the HDHP, such as Medicare, a flexible spending account, or a health reimbursement arrangement.

Once you determine an HSA fits your needs, enroll online; there are no paper forms to complete. Once you're enrolled, Discovery Benefits simplifies the process into four steps:

1. Deposit money into your HSA
2. Manage your funds
3. Spend on medical expenses
4. Collect your money

### A combination that puts you in control

There's a relatively new way to pay for health care that is gaining popularity; a high deductible health plan (HDHP) along with a health savings account (HSA). The HSA allows you to use tax-free dollars to pay for medical expenses.

This combination gives you ultimate control over how you spend your health care dollars.

#### Start with an HDHP

High deductible health plans offer protection from catastrophic or major medical expenses. These plans have a cap on how much you pay out-of-pocket and many fully cover preventive services to keep you healthy. HDHPs are relatively inexpensive compared to comprehensive plans.

#### Health savings accounts resemble individual retirement accounts.

Think of an HSA as a medical IRA. The similarities include:

- Deposits are tax-free and your money grows tax-free.
- You decide how to invest and grow your money.
- You can withdraw funds for qualified medical expenses anytime, tax-free.
- When you reach age 65, you can withdraw your money without penalty and use it for whatever you want.

#### Add an HSA

When you have an HDHP, you can set aside money in a tax-free account to pay your insurance premiums and out-of-pocket costs.

Once you meet your deductible, your health plan kicks in. Any money left over in your HSA remains yours, allowing you to grow your funds over time.

Get started today. Enroll at [www.DiscoveryBenefits.com](http://www.DiscoveryBenefits.com). It's a great perk from your employer and it can save you money.

# ONE

## Step One: Deposit Funds



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## Your contributions are tax-free

### Three ways to make contributions:

1. **Pre-tax salary deductions**—if your employer offers this benefit, your payroll deductions are exempt from most state FICA and FUTA taxes as well as federal income tax. (Most states allow this, but not all. Check with your employer.)
2. **Employer contributions**—made directly to your HSA by your employer.
3. **Direct contributions**—throughout the year on your own schedule. Your annual contributions are taken as a deduction on your tax return (no need to itemize).

### Starting out

- Once you enroll in a high-deductible health plan, you can start HSA contributions the first of the next month.
- You may contribute up to the IRS maximum as long as you open your HSA by December 1 and remain eligible for the following 12 months.

### Tax tips for your Discovery Benefits HSA

HSAs are governed by the Internal Revenue Service. These tips will help you get the most tax advantages from your funds.

#### If you contribute too much...

- Simply remove the excess contributions and any income you've earned from those contributions before your tax return deadline (usually April 15).
- Ask your tax preparer to help you monitor your contributions so you stay within the IRS limits.
- If you forget, the excess contributions are taxed at 6% each year they remain in the account.

#### If you contribute the annual maximum...

- Be sure to remain HSA-eligible for the following 12 months (see eligibility section on page one).
- If your eligibility status changes in that following 12-month period, make sure you budget for taxes and a 10% penalty for the months you are ineligible.
- You're free to contribute to more than one HSA for yourself, just be sure the total amount of all HSA contributions are within the annual limit.

#### If you split contributions with a spouse...

- You can divide the contributions however you like, equally or otherwise.

#### If you are turning 55...

- Once you turn 55, you can make an additional catch-up contribution each year.
- If you and your spouse are both making catch-up contributions, be sure to open a second HSA for his/her catch-up contribution. (IRS allows one catch-up contribution per HSA per year.)
- Once you're covered by Medicare, you stop making contributions to your HSA, but you can still use any funds you have available.

#### If you contribute for individuals who are non-eligible...

- Just remove the ineligible contributions and attributable earnings from your HSA. The IRS allows you ample time to do so.
- If you forget, the excess funds and their earnings are taxed at 6% each year they remain in the account.

#### If you're starting late in the year...

- Set up your HSA no later than December 1. Contributions can be made right up until your tax return date (usually April 15 for those who pay taxes by the calendar year). Keep in mind you'll need to remain HSA-eligible for the following 12 months.



## TWO

### Step Two: Manage Your Funds

## Grow your funds in interest bearing accounts

**Access funds for short-term healthcare needs while you grow funds for long-term security. Your HSA contributions can go into one of three places:**

### 1. Cash account (default account)

Your funds start out in a non-interest bearing FDIC insured cash account. There is no minimum deposit required for opening an HSA. Once your contributions reach \$1,500, you have additional choices.

### 2. Interest bearing account

After you have \$1,500 in your cash account, excess funds are automatically transferred, in \$100 increments, into an interest bearing FDIC insured account. Funds are automatically transferred between the cash and interest bearing accounts as cash account fund levels increase or decrease. Interest rates are variable.

### 3. Mutual funds

This is where your investing flexibility becomes a reality. At any time, you may invest funds from your interest bearing account in a wide variety of mutual fund options. Those options are available online in the HSA section at [DiscoveryBenefits.com](http://DiscoveryBenefits.com).

Mutual fund shares may be automatically sold to bring the cash account balance to the minimum threshold of \$1,500, when necessary. As with any mutual fund, your HSA investments are not FDIC insured and are made at your own risk. They are not guaranteed by Discovery Benefits or the fund custodian, Healthcare Bank, and may lose value.

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### Flexibility allows for family changes.

#### Designate a beneficiary.

As you would with an IRA, you will name a beneficiary when you enroll in an HSA. If you name your spouse, your HSA will become his/hers after your death. If you choose someone other than your spouse, the account stops being an HSA and the fair market value of the account becomes taxable to your beneficiary. If you don't designate a beneficiary, the fair market value of the account will be added to your last income tax and estate tax return. You can change your beneficiary at any time.

#### Adjust for marriage and family changes.

- If your HDHP coverage changes from single to family coverage, you may increase your contribution on a prospective basis.
- If your HDHP coverage changes from family to single coverage, you may adjust the contribution on a prorated basis to ensure you do not contribute more than allowed.
- In the case of a divorce or separation agreement, a transfer to your spouse or former spouse is not taxable as long as it's maintained as an HSA.

### Rollovers from other accounts

#### Existing HSAs

Once every 12 months, you can transfer an existing HSA balance or rollover a medical savings account (MSA) balance.

Initiate the transfer within 60 days of constructive receipt by using the Rollover Request Form at [DiscoveryBenefits.com](http://DiscoveryBenefits.com).

#### IRA rollovers

You may also perform a one-time rollover from your individual retirement account (IRA) to your HSA as long as you remain within your annual contribution limit and you remain HSA-eligible for a year after your rollover. If you become ineligible for the HSA by no longer being covered by the HDHP or having non-HDHP coverage, the entire amount of the rollover is taxed and is subject to a 10% penalty tax.

To initiate the rollover from your IRA, contact your IRA provider.

# THREE

## Step Three: Spend on Medical Expenses



### Tips for smooth spending

#### Eligible expenses

Expenses can be reimbursed from your HSA for the diagnosis, cure, mitigation, treatment or prevention of diseases and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses solely for cosmetic reasons generally are not expenses for medical care. Also, expenses that are merely beneficial to your general health are not eligible.

#### Examples of eligible expenses:\*

Acupuncture	Immunization fees	Over-the-counter products*	Crutches
Chiropractor's fees	Eyeglasses	Sterilization medication	Wheelchair
Psychiatric care	Artificial limbs	Laboratory fees	Braces
Hospital services	Osteopathic physicians	Guide dog	Prescription drugs
Operations	Psychologist visits	Birth control (pills, condoms, spermicides)	Hearing aid batteries
Diagnostic fees	Insulin	Contact lenses solution	Nursing services
Ambulance	Contact lenses	Contact lenses solution	Dental fees
Christian Science practitioners' fees	Eye exams	Transplants (organs)	X-ray
Psychoanalysis	Artificial teeth	Oxygen	
	Hearing aids	Medical services	

\*A detailed list, IRS Publication 502, Medical and Dental Expenses, is available at [DiscoveryBenefits.com](http://DiscoveryBenefits.com). Over-the-counter medicines and drugs will require a physician's prescription in order for them to be eligible for tax-free reimbursement from the HSA.

#### Choose the way you pay for eligible expenses.

##### Pay upfront and get reimbursed.

- Pay for services and products.
- Enter your withdrawal request at [DiscoveryBenefits.com](http://DiscoveryBenefits.com).
- If you wish to access funds that are invested, please allow five business days for processing.

##### Pay eligible expenses with your Discovery Benefits Debit Card.

- Use your Discovery Benefits Debit Card to pay for eligible services and products.
  - Payments are automatically withdrawn from your HSA, so there are no out-of-pocket costs.
- Receive one card when you enroll.
  - Request additional cards for your spouse and dependents 18 years of age or older for free.
  - Replace lost or stolen cards for \$10 each.

#### Discovery Benefits Debit Card tips:

- Don't use the card for amounts that still need to be processed through insurance, such as deductibles. When you receive your final statement from the provider showing insurance has been paid, write your Discovery Benefits Debit Card number on the statement and mail it to your provider.
- We will not ask you for any records to substantiate services or purchases, but the IRS will. Keep your statements and receipts for tax records.
- If you are enrolled in a limited FSA, you can use your Discovery Benefits Debit Card for dental and vision expenses only. If your plan allows, once you meet your annual deductible, you may use your FSA (although not your card) for all eligible IRS expenses. Check your plan description for details about the Limited FSA.



# FOUR

## Step Four: Collect Your Money

The money in the HSA is yours to use for medical expenses, or to invest and grow. Even when you are no longer actively contributing to an HSA, you still have access to the remaining funds.

### Choose your reimbursement method

- Direct deposit—fast and seamless reimbursement
- Check—the default unless you enroll in direct deposit

### Medical reimbursements /withdrawals

After you pay upfront for medical expenses, you request reimbursement from your HSA:

- Reimbursements are tax-free for qualified expenses that are incurred while you are an HSA account holder.
- There's no time limit for reimbursement.

### Non-medical withdrawals

You can make non-medical withdrawals from your HSA at any time.

- Non-medical distributions become taxable income and a 20% penalty may apply.
- If you are disabled or age 65+, you can withdraw your money without penalty, but you must report your distribution as taxable income.
- You may use your funds for a spouse or dependent not covered under your HDHP.

### Good record keeping is key to a successful HSA.

You don't have to submit substantiation to receive your reimbursement. However, you will want to keep good records for the IRS:

- Keep receipts and documentation for each year's federal tax return
- Complete IRS Form 8889 and attach it to your Form 1040
- Each year, Discovery Benefits will send you two forms to complete your records:
  - Form 1099-SA, showing your distributions (sent by January 31)
  - Form 5498-SA, showing your contributions (sent the end of May)



## Request your money online

Simply request your distribution online at [www.DiscoveryBenefits.com](http://www.DiscoveryBenefits.com).

- Payment will be made based on available funds in the account.
- You can request payment be made directly to your provider.
- Funds are sent via direct deposit to your checking or savings account within five days from the request date.
- Additional processing time may be required when invested funds must be sold to provide reimbursement.

Keep in mind, using your Discovery Benefits Debit Card eliminates the need for reimbursements altogether.

### Your privacy

HIPAA (the Health Insurance Portability and Accountability Act) has changed the way we share information. We no longer share balances, claims or payments with spouses or anyone else without an assigned authorization form from you. If you decide you want us to share information with someone, simply complete an Authorized Representative Form and send it to us. The authorization is in effect for one year, unless we receive a written request from you to terminate the authorization.

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[www.DiscoveryBenefits.com](http://www.DiscoveryBenefits.com)



- Check account balance
- View account history
- Access administrative forms
- Contact us via email
- Manage your profile

866-451-3399



- Speak to a service representative, M-F 7:00 a.m. to 7:00 p.m. CST
- Get answers to your HSA questions
- Interactive Voice Response (IVR) system for 24/7 access to account balance and claims information
- Be prepared to verify your identity when calling



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**PPO vs. HDHP - Which type is right for you?**

	<b>PPO</b>	<b>HDHP</b>
Eligibility for Health Savings Account	None. Not eligible for an Health savings account	Yes, qualifying participants are eligible to open an Health savings account.
Primary care & specialist office visits	You pay only your copay for routine, non-invasive office visits.	You pay the cost for all provider care until you meet your deductible. Then you pay a coinsurance (20% for in-network care) for all eligible claims up to the annual coinsurance maximum.
Prescription benefits	You pay copay and coinsurance (Deductible DOES NOT apply)	You pay all prescriptions until you meet your deductible. Then you pay coinsurance for all eligible claims up to the annual coinsurance max.
Inpatient services & outpatient surgery facility	You pay a coinsurance % for care after you meet your deductible.	You pay a coinsurance % for care after you meet your deductible.
Deductible & coinsurance	Contains individual deductible & coinsurance limits with family maximums.	Contains a comprehensive deductible & coinsurance. The plan pays benefits for eligible claims for individuals in the family only after the family deductible is met. The family deductible or coinsurance may be met with healthcare & prescription drug claims for one or multiple family members.
Single deductible	\$400	\$1,500
Family deductible	\$1,200	\$3,000
Single coinsurance	\$750	\$1,500
Family coinsurance	\$1,500	\$3,000
In-network savings	You receive greater benefits if you use doctors & facilities in the Preferred Provider Organization (PPO) network.	You receive greater benefits if you use doctors & facilities in the Preferred Provider Organization (PPO) network.

## Health Savings Account (HSA) FAQ for Participants

### What is a Health Savings Account (HSA)?

An HSA works like an Individual Retirement Account. You deposit money tax-free and it grows tax-free until you use it. HSAs are individually owned accounts that allow you to set aside pre-tax dollars for medical expenses. Interest or dividends accumulate tax-free; payment of qualified medical expenses has no additional tax consequences. You decide how to invest and grow your HSA.

To open an HSA, you must be enrolled in a High Deductible Health Plan (HDHP). Use the money in your HSA to pay for the plan's deductible, co-insurance, and other non-covered expenses. Once your deductible is met, the HDHP kicks in to pay for major health costs. Even if an HDHP no longer covers you, your account remains active and you can use the remaining balance for medical expenses, but you can no longer make contributions. The assets in the HSA account always belong to you. Funds remain in the account from year to year unless they are used.

An HSA is required to be set up with a qualified custodian or trustee. Discovery Benefits' custodian is HealthcareBank.

### Who can participate in an HSA?

Individuals who are covered by a High Deductible Health Plan (HDHP) may participate in an HSA.

Individuals may be excluded from an HSA if they are:

- Covered under a spouse's or dependents employer's health plan that is not an HDHP.
- Claimed on someone else's taxes.
- Covered by Medicare (Part A and/or Part B).
- Covered under an MSA or HRA, unless the coverage under the MSA or HRA is limited to permitted benefits or specific benefits not provided by the HDHP.

If an HSA is offered through an employer's cafeteria plan, the eligibility requirements of the cafeteria plan apply. Sub S corporation owners, their spouses and dependents employed by the company may not participate in an HSA. Neither can sole-proprietors, 2% or more owners in a partnership, limited liability partnerships or limited liability corporations.

### Who can make contributions to an HSA?

HSA's allow contributions to be made by employers, eligible individuals or both. Employer contributions are subject to Non-Discrimination rules (known as comparability rules).

### How much can I contribute to my HSA?

You can contribute up to the annual statutory maximum as long as your HSA is established by December 1<sup>st</sup> of the calendar year. The maximums are as follows:

2011:

Single HDHP Coverage = \$3,050

Family HDHP Coverage = \$6,150

Catch-up Contribution (age 55 by the end of the year) = \$1,000

2012:

Single HDHP Coverage = \$3,100

Family HDHP Coverage = \$6,250

Catch-up Contribution (age 55 by the end of the year) = \$1,000

### **What is the contribution deadline?**

The contribution deadline is April 15<sup>th</sup> following the year for which the contributions were made.

### **What are the tax advantages of owning an HSA?**

Triple Tax Savings:

- Contributions are tax free\*
  - Employee contributions that are deductible over-the-line (i.e. deductible even by non-itemizers).
  - Employer contributions that are excluded from income and employment taxes.
  - Salary reduction contributions made through a Section 125 cafeteria plan.
- Earnings are tax free
- Withdrawals are tax free when made for eligible medical care expenses

\*All three forms of contributions are exempt from federal income taxes. Employer and salary reduction contributions (Section 125 cafeteria plan) are exempt from FICA and FUTA as well. For specific tax advantages, consult your tax advisor.

### **When is my HSA effective?**

When we receive your HSA enrollment, the account will be established. The account then becomes effective on the first of the month following the set up. For example, your HSA application is sent to Discovery on January 15<sup>th</sup> and your account was established on January 17<sup>th</sup>. Your HSA will be effective February 1<sup>st</sup>, the first of the month following the date the account was established. Eligible expenses will be those incurred February 1<sup>st</sup> or later. The effective date of the HSA cannot be backdated to the date your HDHP was established.

### **What is the USA PATRIOT Act?**

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens a Health Savings Account. What this means to you: when you open an HSA with Discovery Benefits, we will ask for your name, street address, date of birth and other information that will allow us to identify you.

The process takes approximately two days during which time your account will be blocked. Once completed and your identity verified, access to your HSA will be unblocked and made available to you. If your identity is not verified (e.g. this can happen if you moved recently and your new address is not on file with the appropriate government agency), you may be asked to provide proof of your identity by providing a copy of your utility bill verifying your address or a copy of your Social Security card if the number does not match the verifying source's records.

**Can an individual have more than one HSA?**

An individual may contribute to more than one HSA for themselves; however, the total contribution of all HSA contributions may not exceed the annual limit. You and your spouse may both have an HSA if you both have high deductible health insurance coverage.

**Can an individual participate in both an HSA and a Medical Savings Account (MSA) or Health Reimbursement Arrangement (HRA)?**

If the MSA or HRA is unlimited, through your employer or your spouse's employer, you are not eligible for an HSA. If the MSA or HRA is limited to dental, vision and/or preventive care expenses, you can have it with the HSA. Ultimately, it is the participant's responsibility to maintain IRS compliance within their plans.

**Can an individual participate in both an HSA and a Dependent Care FSA?**

Yes.

**What expenses are eligible for reimbursement from an HSA?**

The Medical FSA and HSA Eligibility List is a summary of common expenses claimed against Medical Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs). Due to frequent updates to the regulations governing FSA's and HSA's, this list does not guarantee reimbursement but instead is to be utilized as a guide for the submission of claims.

**How and when can money be taken out of an HSA?**

Account holders may make a withdrawal (also known as a distribution) at any time. Distributions received for qualified medical expense not covered by the high deductible Health plan are distributed tax-free. Distributions can be requested via your online account. Unless individuals are disabled, age 65 or older, or die during the year, they must pay income taxes plus an additional 10% on any amount not used for qualified medical expenses. An individual who is disabled or reaches age 65 can receive non-medical distributions without penalty but must report the distribution as taxable income.

**Why do I need to designate beneficiaries?**

The tax treatment of an HSA after the death of the account holder depends on whether a spouse or non-spouse is designated as a beneficiary of the account. If there is no designated death beneficiary, the fair market value of the account will be included in the account holder's final income tax return and estate tax return.

**Spouse Beneficiary:** If the deceased account holder's designated beneficiary is a spouse, the HSA is treated as the surviving spouse's own HSA. Distributions to the surviving spouse for qualified medical expenses would be tax free.

**Non-spouse Beneficiary:** If a non-spouse beneficiary is named, the HSA ceases to be an HSA as of the date of death. The non-spouse beneficiary includes the balance of the HSA in his or her income for the year of death.

**Can I rollover funds from another account?**

Rollover contributions to an HSA are permitted as long as the source of the rollover funds is another HSA or MSA. A rollover of HSA or MSA funds must be completed within 60 days from the date of constructive receipt to avoid taxation. Only one rollover every 12 months is permitted. When account holders make a rollover contribution, they must certify to the custodian or trustee in writing that they are making a rollover contribution. Once made, the certification is irrevocable.

**Are there any fees associated with my HSA account?**

Maintenance: Typically, employers will cover fees that are associated with your HSA while you are an active employee. If you leave your current employer, but keep your HSA open with Discovery Benefits, there may be maintenance fees assessed to your account.

**How do I report HSA activity on my tax return?**

The IRS has stated that HSA contributions and distributions are reportable transactions.

Contributions: Employer HSA contributions are reported on the W-2 for each employee that received a contribution. It is reported on the W-2 as non-taxable wages. Regardless of whether HSA contributions are made by the account holder or the employer, these contributions must be reported on the individual tax return of the account holder. Contributions to and distributions from HSAs are reported by the account holder on Form 8889 and attached to Form 1040.

Distributions : Distributions from HSAs, if for qualified medical expenses, will avoid income tax consequences to the recipient. For this reason, the IRS requires the reporting of these distributions. The account holder will receive Form 1099-SA reporting distributions made during the tax year and Form 5498-SA reporting contributions made to the HSA during the tax year. 1099-SAs are sent by January 31<sup>st</sup>. 5498-SA are sent in May, after the April 15<sup>th</sup> tax filing deadline. It is the account holder's responsibility to keep records to support distributions and to complete Form 8889 and attach it to Form 1040.

The account holder is responsible to report the contributions and distributions to the IRS and is ultimately responsible for ensuring that account transactions are within the allowed regulations. If an error is made by Discovery Benefits or it's custodian, Discovery Benefits would be responsible for that activity.

**Should I keep my receipts for HSA eligible items?**

Yes. Discovery Benefits does not require you to submit substantiation for SHA reimbursements. If the IRS were to audit you, they may request the paperwork for your HSA claims.



## Want to QUIT?

If YOU are a smoker or tobacco user and WANT to quit, THIS program is FOR YOU.

The North Dakota Public Employees Retirement System recently received a grant to help state employees and their dependents age 18 and older quit smoking or chewing tobacco. The grant will help pay for participating in one of more than 20 approved smoking cessation programs. Most of these programs are available through public health departments across the state of North Dakota. This project is administered by Blue Cross Blue Shield of North Dakota.

## Who is eligible?

All current state employees and their dependents age 18 and older, have NDPERS health coverage, who smoke or chew tobacco and want to quit are eligible to participate. County, city and other members of the NDPERS group are not eligible through this project; however, smoking cessation funds may be available at the local level.

## What will be provided?

An initial assessment will determine how ready you are to quit, your smoking or chewing triggers and what type of nicotine replacement therapy, such as patches or gum, and/or prescription medication you may need. If prescription medication is recommended, you will need to visit your doctor.

In addition, individual, group or telephone counseling will be provided. Your program provider will call you on a quarterly basis to monitor your progress the first year after you quit.

## How long do the programs take?

Most of the approved programs are eight weeks.

## How do I get started?

You may start anytime during the enrollment period: July 1, 2011 to April 30, 2013.

Grant money will reimburse the tobacco cessation participant for taking a class up to \$200 if a fee is charged after you complete the eight-week program. This covers the initial assessment, counseling and follow-up. If you decide to try the North Dakota Quitline, the program will reimburse you for the office visit, if you need to make one, and your prescription and over-the-counter medications.

The program **will pay 100 percent of your out-of-pocket expenses for your office visit and prescription and over-the-counter medication up to \$500**, for a total benefit of \$700 (see chart below). The program will end April 30, 2013.

<b>Tobacco Cessation Counseling:</b>	\$200.00 (If a fee is charged)
<b>Office Visit, RX and over the counter medications:</b>	100% up to \$500.00
<b>Total</b>	<b>\$700.00</b>

The program provider may charge additional fees for counseling services. Ask your program provider for details prior to enrolling.

### **Who do I contact to enroll or if I have questions?**

Contact BCBSND at 1-800-223-1704 or (701) 282-1400 if calling from the Fargo area.

### **How do I enroll?**

Find a provider in your area by visiting [https://www.bcbsnd.com/members/wellness/ndpers/ndpers\\_providers.html](https://www.bcbsnd.com/members/wellness/ndpers/ndpers_providers.html) When you make your initial visit to the cessation program in your area, please contact BCBSND with your enrollment information at the phone number listed above. Once eligibility is verified, you will then receive a smoking cessation program identification card to use when you visit your doctor and when you buy medications. **Be sure to show this identification card to your health care professional.**

- Your doctor should submit the office visit claim to the address shown on the back of the identification card.
- Prescription and over-the-counter medications will require payment at the pharmacy. Keep your receipts and send them to BCBSND for reimbursement of your claims.

If you choose to enroll in the Quitline cessation program, please call BCBSND at the phone number listed above. Eligibility for the program will be verified and a smoking cessation identification card will be sent to you. **Use the identification card when you purchase medications.**

Prescription and over-the-counter medications will require payment at the pharmacy. Keep your receipts and send them to BCBSND at the address shown on the back of the identification card for reimbursement of your claims.

# GROUP LIFE INSURANCE



Underwritten by:  
**ING**

## **Eligibility:**

Eligible employees are those employees who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year, and whose positions are regularly funded and not of limited duration (i.e., permanent).

## **Enrollment:**

You have an initial enrollment period of 31 days from your date of employment. Applications received within the enrollment period will be accepted with no restrictions or limitations for you and any eligible dependents. Coverage will be effective the first of the month following your employment date.

## **Increase in Coverage:**

You may increase your supplemental, dependent or supplemental spouse life insurance coverage during the designated Annual Enrollment Season. Increases for Employee Supplemental Life above \$5,000 will need evidence of insurability which must be approved by ING. Contact your payroll department to obtain the proper application forms or visit our website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

## **Basic Life:**

If your employer is participating in the NDPERS Life Insurance Program, you will receive basic life insurance coverage in the amount of \$3,500. The premium is \$0.28 a month and is paid by the employer.

## **Employee Supplemental Life:**

You may elect to have supplemental coverage in addition to the basic life coverage of \$3,500. The first increment is \$1,500 ( $\$1,500 + \text{basic of } \$3,500 = \$5,000$ ); thereafter, the supplemental increments are \$5,000 up to a maximum of \$200,000.

## **Dependent Life:**

If you elect supplemental coverage, you are eligible to purchase dependent life insurance. This coverage is available at either a \$2,000 or \$5,000 level for your spouse and each eligible dependent. The premium is based on the employee's age and is a flat rate regardless of the number of dependents covered.

## **Spouse Supplemental Life:**

If you elect dependent life insurance coverage, you are eligible to purchase supplemental spouse life insurance. This coverage is available in \$5,000 increments and may not exceed 50% of the total employee supplemental coverage or \$100,000, whichever is less. Evidence of Insurability is required on all spouse supplemental life over \$50,000.

## **Accidental Death and Dismemberment (AD&D):**

The NDPERS Group Life Insurance contains an AD&D insurance benefit which will pay benefits if you lose your life, limb or sight due to accidental injury.

**Living Benefit Option:**

The benefit is available only to active employees. It allows employees who have a terminal illness or condition to receive a portion of their life insurance benefit while they are living. A terminal condition is defined as having a life expectancy of six months or less with no reasonable expectation of recovery. The provision pays 50% of the total face amount of the life insurance with a minimum benefit of \$5,000 and a maximum benefit of \$50,000. At the present time, the living benefit option proceeds are taxable income. After the living benefit option is paid, the premium for the life coverage is reduced and based on the remaining amount of coverage which is payable to the beneficiary upon the employee's death.

Supplemental Life and Accidental Death and Dismemberment Insurance  
 Monthly Premium Amounts - Underwritten by ING  
 Rates Effective July 1, 2011

<u>Employee's Age</u>	<b>Employee Total Coverage (Including Basic)</b>									
	<u>\$5,000</u>	<u>\$10,000</u>	<u>\$15,000</u>	<u>\$20,000</u>	<u>\$25,000</u>	<u>\$30,000</u>	<u>\$35,000</u>	<u>\$40,000</u>	<u>\$45,000</u>	<u>\$50,000</u>
Under 25	\$0.05	\$0.20	\$0.35	\$0.50	\$0.65	\$0.80	\$0.95	\$1.10	\$1.25	\$1.40
25 to 29	\$0.05	\$0.20	\$0.35	\$0.50	\$0.65	\$0.80	\$0.95	\$1.10	\$1.25	\$1.40
30 to 34	\$0.06	\$0.26	\$0.46	\$0.66	\$0.86	\$1.06	\$1.26	\$1.46	\$1.66	\$1.86
35 to 39	\$0.09	\$0.39	\$0.69	\$0.99	\$1.29	\$1.59	\$1.89	\$2.19	\$2.49	\$2.79
40 to 44	\$0.14	\$0.59	\$1.04	\$1.49	\$1.94	\$2.39	\$2.84	\$3.29	\$3.74	\$4.19
45 to 49	\$0.17	\$0.72	\$1.27	\$1.82	\$2.37	\$2.92	\$3.47	\$4.02	\$4.57	\$5.12
50 to 54	\$0.26	\$1.11	\$1.96	\$2.81	\$3.66	\$4.51	\$5.36	\$6.21	\$7.06	\$7.91
55 to 59	\$0.51	\$2.21	\$3.91	\$5.61	\$7.31	\$9.01	\$10.71	\$12.41	\$14.11	\$15.81
60 to 64	\$0.78	\$3.38	\$5.98	\$8.58	\$11.18	\$13.78	\$16.38	\$18.98	\$21.58	\$24.18
65 to 69	\$1.49	\$6.44	\$11.39	\$16.34	\$21.29	\$26.24	\$31.19	\$36.14	\$41.09	\$46.04
70+	\$2.43	\$10.53	\$18.63	\$26.73	\$34.83	\$42.93	\$51.03	\$59.13	\$67.23	\$75.33

<u>Employee's Age</u>	<b>Employee Total Coverage (Including Basic)</b>									
	<u>\$55,000</u>	<u>\$60,000</u>	<u>\$65,000</u>	<u>\$70,000</u>	<u>\$75,000</u>	<u>\$80,000</u>	<u>\$85,000</u>	<u>\$90,000</u>	<u>\$95,000</u>	<u>\$100,000</u>
Under 25	\$1.55	\$1.70	\$1.85	\$2.00	\$2.15	\$2.30	\$2.45	\$2.60	\$2.75	\$2.90
25 to 29	\$1.55	\$1.70	\$1.85	\$2.00	\$2.15	\$2.30	\$2.45	\$2.60	\$2.75	\$2.90
30 to 34	\$2.06	\$2.26	\$2.46	\$2.66	\$2.86	\$3.06	\$3.26	\$3.46	\$3.66	\$3.86
35 to 39	\$3.09	\$3.39	\$3.69	\$3.99	\$4.29	\$4.59	\$4.89	\$5.19	\$5.49	\$5.79
40 to 44	\$4.64	\$5.09	\$5.54	\$5.99	\$6.44	\$6.89	\$7.34	\$7.79	\$8.24	\$8.69
45 to 49	\$5.67	\$6.22	\$6.77	\$7.32	\$7.87	\$8.42	\$8.97	\$9.52	\$10.07	\$10.62
50 to 54	\$8.76	\$9.61	\$10.46	\$11.31	\$12.16	\$13.01	\$13.86	\$14.71	\$15.56	\$16.41
55 to 59	\$17.51	\$19.21	\$20.91	\$22.61	\$24.31	\$26.01	\$27.71	\$29.41	\$31.11	\$32.81
60 to 64	\$26.78	\$29.38	\$31.98	\$34.58	\$37.18	\$39.78	\$42.38	\$44.98	\$47.58	\$50.18
65 to 69	\$50.99	\$55.94	\$60.89	\$65.84	\$70.79	\$75.74	\$80.69	\$85.64	\$90.59	\$95.54
70+	\$83.43	\$91.53	\$99.63	\$107.73	\$115.83	\$123.93	\$132.03	\$140.13	\$148.23	\$156.33

<u>Employee's Age</u>	<b>Employee Total Coverage (Including Basic)</b>									
	<u>\$105,000</u>	<u>\$110,000</u>	<u>\$115,000</u>	<u>\$120,000</u>	<u>\$125,000</u>	<u>\$130,000</u>	<u>\$135,000</u>	<u>\$140,000</u>	<u>\$145,000</u>	<u>\$150,000</u>
Under 25	\$3.05	\$3.20	\$3.35	\$3.50	\$3.65	\$3.80	\$3.95	\$4.10	\$4.25	\$4.40
25 to 29	\$3.05	\$3.20	\$3.35	\$3.50	\$3.65	\$3.80	\$3.95	\$4.10	\$4.25	\$4.40
30 to 34	\$4.06	\$4.26	\$4.46	\$4.66	\$4.86	\$5.06	\$5.26	\$5.46	\$5.66	\$5.86
35 to 39	\$6.09	\$6.39	\$6.69	\$6.99	\$7.29	\$7.59	\$7.89	\$8.19	\$8.49	\$8.79
40 to 44	\$9.14	\$9.59	\$10.04	\$10.49	\$10.94	\$11.39	\$11.84	\$12.29	\$12.74	\$13.19
45 to 49	\$11.17	\$11.72	\$12.27	\$12.82	\$13.37	\$13.92	\$14.47	\$15.02	\$15.57	\$16.12
50 to 54	\$17.26	\$18.11	\$18.96	\$19.81	\$20.66	\$21.51	\$22.36	\$23.21	\$24.06	\$24.91
55 to 59	\$34.51	\$36.21	\$37.91	\$39.61	\$41.31	\$43.01	\$44.71	\$46.41	\$48.11	\$49.81
60 to 64	\$52.78	\$55.38	\$57.98	\$60.58	\$63.18	\$65.78	\$68.38	\$70.98	\$73.58	\$76.18
65 to 69	\$100.49	\$105.44	\$110.39	\$115.34	\$120.29	\$125.24	\$130.19	\$135.14	\$140.09	\$145.04
70+	\$164.43	\$172.53	\$180.63	\$188.73	\$196.83	\$204.93	\$213.03	\$221.13	\$229.23	\$237.33

<u>Employee's Age</u>	<b>Employee Total Coverage (Including Basic)</b>									
	<u>\$155,000</u>	<u>\$160,000</u>	<u>\$165,000</u>	<u>\$170,000</u>	<u>\$175,000</u>	<u>\$180,000</u>	<u>\$185,000</u>	<u>\$190,000</u>	<u>\$195,000</u>	<u>\$200,000</u>
Under 25	\$4.55	\$4.70	\$4.85	\$5.00	\$5.15	\$5.30	\$5.45	\$5.60	\$5.75	\$5.90
25 to 29	\$4.55	\$4.70	\$4.85	\$5.00	\$5.15	\$5.30	\$5.45	\$5.60	\$5.75	\$5.90
30 to 34	\$6.06	\$6.26	\$6.46	\$6.66	\$6.86	\$7.06	\$7.26	\$7.46	\$7.66	\$7.86
35 to 39	\$9.09	\$9.39	\$9.69	\$9.99	\$10.29	\$10.59	\$10.89	\$11.19	\$11.49	\$11.79
40 to 44	\$13.64	\$14.09	\$14.54	\$14.99	\$15.44	\$15.89	\$16.34	\$16.79	\$17.24	\$17.69
45 to 49	\$16.67	\$17.22	\$17.77	\$18.32	\$18.87	\$19.42	\$19.97	\$20.52	\$21.07	\$21.62
50 to 54	\$25.76	\$26.61	\$27.46	\$28.31	\$29.16	\$30.01	\$30.86	\$31.71	\$32.56	\$33.41
55 to 59	\$51.51	\$53.21	\$54.91	\$56.61	\$58.31	\$60.01	\$61.71	\$63.41	\$65.11	\$66.81
60 to 64	\$78.78	\$81.38	\$83.98	\$86.58	\$89.18	\$91.78	\$94.38	\$96.98	\$99.58	\$102.18
65 to 69	\$149.99	\$154.94	\$159.89	\$164.84	\$169.79	\$174.74	\$179.69	\$184.64	\$189.59	\$194.54
70+	\$245.43	\$253.53	\$261.63	\$269.73	\$277.83	\$285.93	\$294.03	\$302.13	\$310.23	\$318.33

Dependent Supplemental Life Insurance Premiums  
 Monthly Premium Amounts  
 Rates Effective July 1, 2011

Employee Age	Total Coverage	
	\$2,000	\$5,000
Under 25	\$0.20	\$0.50
25 to 29	\$0.20	\$0.50
30 to 34	\$0.20	\$0.50
35 to 39	\$0.20	\$0.50
40 to 44	\$0.20	\$0.50
45 to 49	\$0.20	\$0.50
50 to 54	\$0.20	\$0.50
55 to 59	\$0.20	\$0.50
60 to 64	\$0.20	\$0.50
65 to 69	\$0.20	\$0.50
70 to 74	\$0.20	\$0.50
75 to 79	\$0.20	\$0.50
80 to 84	\$0.20	\$0.50
85 to 89	\$0.20	\$0.50
90+	\$0.20	\$0.50

Spouse Supplemental Life Insurance  
 Monthly Premium Amounts  
 Rates Effective July 1, 2011

Employee's Age	Spouse Total Coverage									
	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
Under 25	\$0.15	\$0.30	\$0.45	\$0.60	\$0.75	\$0.90	\$1.05	\$1.20	\$1.35	\$1.50
25 to 29	\$0.15	\$0.30	\$0.45	\$0.60	\$0.75	\$0.90	\$1.05	\$1.20	\$1.35	\$1.50
30 to 34	\$0.20	\$0.40	\$0.60	\$0.80	\$1.00	\$1.20	\$1.40	\$1.60	\$1.80	\$2.00
35 to 39	\$0.30	\$0.60	\$0.90	\$1.20	\$1.50	\$1.80	\$2.10	\$2.40	\$2.70	\$3.00
40 to 44	\$0.45	\$0.90	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50
45 to 49	\$0.55	\$1.10	\$1.65	\$2.20	\$2.75	\$3.30	\$3.85	\$4.40	\$4.95	\$5.50
50 to 54	\$0.85	\$1.70	\$2.55	\$3.40	\$4.25	\$5.10	\$5.95	\$6.80	\$7.65	\$8.50
55 to 59	\$1.70	\$3.40	\$5.10	\$6.80	\$8.50	\$10.20	\$11.90	\$13.60	\$15.30	\$17.00
60 to 64	\$2.60	\$5.20	\$7.80	\$10.40	\$13.00	\$15.60	\$18.20	\$20.80	\$23.40	\$26.00
65 to 69	\$4.95	\$9.90	\$14.85	\$19.80	\$24.75	\$29.70	\$34.65	\$39.60	\$44.55	\$49.50
70+	\$8.10	\$16.20	\$24.30	\$32.40	\$40.50	\$48.60	\$56.70	\$64.80	\$72.90	\$81.00

Employee's Age	Spouse Total Coverage									
	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000	\$80,000	\$85,000	\$90,000	\$95,000	\$100,000
Under 25	\$1.65	\$1.80	\$1.95	\$2.10	\$2.25	\$2.40	\$2.55	\$2.70	\$2.85	\$3.00
25 to 29	\$1.65	\$1.80	\$1.95	\$2.10	\$2.25	\$2.40	\$2.55	\$2.70	\$2.85	\$3.00
30 to 34	\$2.20	\$2.40	\$2.60	\$2.80	\$3.00	\$3.20	\$3.40	\$3.60	\$3.80	\$4.00
35 to 39	\$3.30	\$3.60	\$3.90	\$4.20	\$4.50	\$4.80	\$5.10	\$5.40	\$5.70	\$6.00
40 to 44	\$4.95	\$5.40	\$5.85	\$6.30	\$6.75	\$7.20	\$7.65	\$8.10	\$8.55	\$9.00
45 to 49	\$6.05	\$6.60	\$7.15	\$7.70	\$8.25	\$8.80	\$9.35	\$9.90	\$10.45	\$11.00
50 to 54	\$9.35	\$10.20	\$11.05	\$11.90	\$12.75	\$13.60	\$14.45	\$15.30	\$16.15	\$17.00
55 to 59	\$18.70	\$20.40	\$22.10	\$23.80	\$25.50	\$27.20	\$28.90	\$30.60	\$32.30	\$34.00
60 to 64	\$28.60	\$31.20	\$33.80	\$36.40	\$39.00	\$41.60	\$44.20	\$46.80	\$49.40	\$52.00
65 to 69	\$54.45	\$59.40	\$64.35	\$69.30	\$74.25	\$79.20	\$84.15	\$89.10	\$94.05	\$99.00
70+	\$89.10	\$97.20	\$105.30	\$113.40	\$121.50	\$129.60	\$137.70	\$145.80	\$153.90	\$162.00

# GROUP DENTAL INSURANCE

Underwritten by:  
**CIGNA Health Care**

## Eligibility:

Eligible employees are those employees who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year for a state agency, and whose positions are regularly funded and not of limited duration (i.e., permanent).

## Enrollment:

You have an initial enrollment period of 31 days from your date of employment. Coverage will be effective the first of the month following your employment date.

If you do not enroll during the initial 31 day eligibility period when hired you may apply for coverage during the designated Annual Enrollment Season with coverage effective January 1<sup>st</sup>.

## Covered dental services fall into four main categories as shown below:

Annual maximum per member benefit - \$1,000. All coverage is subject to Reasonable and Customary guidelines. CIGNA will pay claims at the 90<sup>th</sup> percentile of Reasonable and Customary charges.

<p><i>Dental plan annual maximum benefit per person: \$1,000</i></p> <p><i>Orthodontia lifetime maximum benefit per person: \$1,500</i></p> <p><i>The deductible includes total expenditures per person for all basic and major treatment combined.</i></p>		
Services	Deductible	Coinsurance
<u>Preventive and Diagnostic Care</u> : oral exam, cleaning, bitewing X-rays, fluoride application, sealants, full-mouth X-rays, panoramic X-rays, emergency care to relieve pain, histopathologic exams.	None	100%
<u>Basic Restorative Care</u> : fillings, oral surgery, surgical extraction of impacted teeth, anesthetics, major & minor periodontics, root canal/therapy, relines, rebases, and adjustments, repairs to bridges, crowns & inlays, and repairs to dentures.	\$50 Per person, per year	80%
<u>Major Restorative Care</u> : crowns, bridges, dentures.	\$50 Per person, per year	50%
<u>Orthodontia</u> : Coverage for eligible children and adults.	None	50%

- \* *The deductible includes total expenditures per person for basic and major treatment combined.*
- \*\* *Orthodontic treatment lifetime maximum benefit is \$1,500.*

**Dental Rates:**

The following premiums are in effect through December 31, 2012:

Individual Only	\$ 41.14
Individual and Spouse	\$ 79.42
Individual and Child(ren)	\$ 92.18
Family	\$131.26

The premium is eligible for pre-tax treatment through the IRC Section 125 FlexComp program.

# GROUP VISION INSURANCE



Underwritten by: Superior Vision

**Eligibility:** Eligible employees are those employees who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year for a state agency, and whose positions are regularly funded and not of limited duration (i.e., permanent).

**Enrollment:** You have an initial enrollment period of 31 days from your date of employment. Applications received within the enrollment period will be accepted with no restrictions or limitations for you and any eligible dependents. Coverage will be effective the first of the month following your employment date.

If you do not enroll during the initial 31 day eligibility period when hired you may apply for coverage during the designated Annual Enrollment Season with coverage effective January 1<sup>st</sup>.

## **VISION RATES:**

The following COBRA premiums are in effect through December 31, 2012:

Individual Only	\$ 4.92
Individual and Spouse	\$ 9.84
Individual and Child (ren)	\$ 8.96
Family	\$13.88

The premium is eligible for pre-tax treatment through the IRC Section 125 FlexComp program.

## **COVERAGE QUESTIONS**

For additional information concerning coverage call 1-(800) 507-3800.



Presenting the Superior Vision Plan Prepared for  
**North Dakota PERS**

**Outline of Benefits**

**Co-payments:** **\$0 Comprehensive Eye Exam**  
**\$35 Materials**  
**\$35 Contact Lens Fitting**

In-network co-pays are paid directly to the provider.  
Materials co-pay applies to lenses and/or frames, not contact lenses.

	<u>In-Network<sup>1</sup></u>	<u>Out-of-Network<sup>1</sup></u>
<b>Comprehensive Eye Exam:</b>		
Ophthalmologist (MD)	Covered in Full	Up to \$45
Optometrist (OD)	Covered in Full	Up to \$45
<b>Standard Lenses (Per Pair):</b>		
Single Vision	Covered in Full	Up to \$35
Bifocal	Covered in Full	Up to \$50
Trifocal	Covered in Full	Up to \$70
Lenticular	Covered in Full	Up to \$70
Progressives	Covered to providers retail trifocal amount	Up to \$70
<b>Contact Lenses (Per Pair):<sup>2</sup></b>		
Medically Necessary Elective <sup>3</sup>	Covered in Full Up to \$100	Up to \$210 Up to \$100
<b>Contact Lens Fitting<sup>4</sup></b>		
Standard	Covered in Full	Not Covered
Specialty	Up to \$50	Not Covered
<b>Frames-Standard<sup>3</sup></b>	Up to \$75	Up to \$40

<sup>1</sup> All in-network and out-of-network allowances are at the retail value.

<sup>2</sup> Contact lenses are in lieu of eyeglass lenses and frames benefit.

<sup>3</sup> The insured is responsible for paying any charges in excess of this allowance.

<sup>4</sup> Standard contact lens fitting applies to an existing contact lens user who wears disposable, daily wear, or extended wear lenses only. The specialty contact lens fitting applies to new contact lens wearers and/or a member who wears toric, gas permeable, or multi-focal lenses.

**Plan Frequency**

Comprehensive Exam	1 per Calendar Year
Contact Lens Fitting	1 per Calendar Year
Lenses	1 Pair per Calendar Year
Frames	1 per Calendar Year
Contact Lenses	1 Allowance per Calendar Year

**Monthly Rates:**

Employee Only	\$4.92
Employee and Spouse	\$9.84
Employee and Child(ren)	\$8.96
Employee and Family	\$13.88

For assistance with using your plan, please contact Customer Service at (800) 507-3800.

**Materials Discount SVP8-20**

These discounts apply to upgrades on the covered frame and lenses only. For discounts on additional pairs, please refer to the Discounts on Additional Purchases.

**Frames** 20% off the difference between the covered frame allowance and the retail price of the selected frame.  
Note: Discounts do not apply when prohibited by the manufacturer.

**Add-ons to the covered pair of lenses**

<b>Lens Options and Upgrades</b>	<b>Member pays 20% off retail up to:</b>
Scratch coat (factory)	\$13 (single vision & standard lined multifocal lenses)
Ultraviolet coat	\$15 (single vision & standard lined multifocal lenses)
Standard anti-reflective coat	\$50 (single vision & standard lined multifocal lenses)
High Index 1.6	\$55 (single vision lenses only)
Polycarbonate	\$40 (single vision lenses only)
Standard photochromic	\$80 (single vision lenses only)
Plastic tints solid or gradient	\$25 (any type lenses)
Glass coloring	\$35 (any type lenses)
	<b>Member pays:</b>
Power over 4.00 Sphere, 2.00D Cylinder & 5.00D Prism	20% discount off retail
Cosmetic finishing, beveling, edging & mounting	20% discount off retail
All other lens options / upgrades	20% discount off retail

Higher end or brand name lens upgrades are at an additional expense to you. These upgrades will be available at a 20% discount off retail.

Progressive Power Lens Benefit (no-line): The member pays the difference between the provider's price for Standard Trifocal lenses and the price of the progressive power lenses selected, less 20%.

*Disclaimer: All final determinations of benefits, administrative duties, and definitions are governed by the Certificate of Insurance Coverage for your vision plan.*

**Materials Discounts on Additional Purchases**

Prescription eyeglass lenses	30% off retail	All other prescription materials	20% off retail
Add-on charges to basic lenses	20% off retail	Eyeglass frames	30% off retail
Contact lenses, standard hard or soft	20% off retail	Everyday "frame and lens" package pricing"	20% off retail
Disposable contact lenses	10% off retail		

Discounts are provided by Superior Vision contracted providers identified in the provider directory.

**Refractive Surgery Discounts**

Superior Vision Services has a nationwide network of refractive surgeons. These providers offer Superior Vision Plan members a discounted rate off the usual and customary prices for LASIK surgery. These discounts vary depending on the provider but are the best possible discounts available to Superior Vision.

# GROUP LONG-TERM CARE INSURANCE



Underwritten by:

**UNUM Life Insurance Company of America**

## **Eligibility:**

Eligible employees are those employees who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year for a state agency, and whose positions are regularly funded and not of limited duration (i.e., permanent).

## **Enrollment:**

You and/or your spouse may enroll at any time and must be medically underwritten. Coverage is effective the first day of the month following approval by UNUM. Contact your Payroll/Human Resource Department for a Long-Term Care enrollment kit. You can also obtain the enrollment kit by visiting the Unum website at <http://w3acp.unumprovident.com/enroll/ndpers/index.aspx>

Long Term Care (LTC) insurance pays benefits based on your ability to function independently as defined by six Activities of Daily Living (ADLs). The ADLs used to measure your ability to function independently are bathing, dressing, toileting, transferring, continence, and eating. If you lose the functional capacity or require standby assistance to perform any two of the six ADLs, UNUM considers you to have lost the ability. The plan also pays benefits for long-term care needs that result from cognitive impairment that results from advanced age, Alzheimer's disease, or similar forms of irreversible dementia.

The plan offers additional optional features that give you the freedom to design your LTC plan. The "Paid-Up" feature provides protection should you stop paying premiums for any reason. The "Inflation Protection" feature protects your LTC benefit from the impact of inflation. Your premium amount will be based on your age at the time you apply for coverage, the level of coverage you select, and your lifetime maximum benefit amount.

You and/or your spouse may enroll at any time and must be medically underwritten. Coverage is effective the first day of the month following approval by UNUM.

# EMPLOYEE ASSISTANCE PROGRAM

(For State Agencies Only)



## **Eligibility:**

Eligible employees are those employees who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year for a state agency, and whose positions are regularly funded and not of limited duration (i.e., permanent) and their immediate family members. Immediate family includes the spouses and/or children living in the same household as the employee or dependent children attending school.

## **Enrollment:**

You are automatically enrolled in the program. The premium is paid by the employer.

## **Program Description:**

The EAP is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of treatment to employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems. This assistance is rendered for a specified number of visits and the EAP is responsible for recommending further referrals to clinical or supportive organizations and medical professionals if necessary. They also conduct educational seminars and provide informational brochures.

Employees may be referred to an EAP by their supervisor in instances where an employee has deteriorating job performance and has not responded to established supervisory counseling or disciplinary procedures. Employees may also seek assistance on their own.

<b><u>Minimum Services:</u></b>	<b><u>Appointments Within:</u></b>
Provides 6 individual sessions per year	72 hours for non-emergency
Provides phone counseling	24 hours for emergency
Provides a toll-free number	Weekend/Holiday (Emergency)
Provides a 24-hour Crisis Hot Line	

<b><u>Range of Counseling Services:</u></b>	
Alcohol and Drug Dependence	Job Stress Concerns
Family or Marriage Problems	Financial Issues
Work-Related Problems	Physical or Sexual abuse
Emotional Problems	Gambling Issues
Behavioral Problems	Family Relationships

## **Current EAP Providers:**

St. Alexius/Heartview  
900 E Broadway  
PO Box 5510  
Bismarck ND 58506-  
5510  
(701) 530-7195  
1-800-327-7195

Village Family  
Services  
PO Box 9859  
Fargo ND 58106-  
9859  
(701) 451-4900  
1-800-627-8220

Deer Oaks EAP Services  
126 E Main Plaza, Ste 8  
San Antonio TX 78240  
1-866-327-2400

For more detailed information please visit the website and connect to the provider link.

## **Client Confidentiality:**

The cornerstone of the EAP is the strict confidentiality that is adhered to regarding all program services. All clients can be assured that no information will be disclosed to anyone without the client's written authorization, or within the limits of the state and federal laws.

# STATE OF NORTH DAKOTA FLEXCOMP PLAN



Administered By:

## North Dakota Public Employees Retirement System

### Eligibility:

The NDPERS Flexcomp Plan is available to eligible employees of the State of North Dakota, participating District Health Units, and members of the Legislative Assembly. To be eligible, an employee must be 18 years of age, work at least 20 hours per week for at least 20 weeks per year and be in a permanent position that is regularly funded and not of limited duration.

### Enrollment:

New employees will be eligible to participate the first day of the month following their permanent full-time employment. However, the election period will be extended 60 days from a new employee's date of hire. An election made during the extended 60-day period will not be effective until the first contribution is received. Participation is limited to expenses incurred for the remainder of the plan year on December 31.

The plan year is January 1 through December 31. During the designated annual enrollment season you may enroll in or discontinue participation in the plan.

### HOW THE FLEXCOMP PLAN WORKS

The FlexComp Plan is a tax favored plan established and administered under Section 125 of the Internal Revenue Code. It allows employees to save taxes on the amount they pay for eligible payroll deducted insurance premiums, medical expenses, and dependent care expenses. Since the dollars you contribute to the plan are deducted before income and social security tax are deducted you will pay less tax, which means you may have more money to spend or save. However, you should be aware you are reducing the social security taxes paid, which could slightly reduce your social security benefits. Benefit information for the FlexComp Plan can be found in the FlexComp Program Guide.

Employees may elect to participate in any combination of the three (3) features of the FlexComp Plan which include:

- **Premium Conversion:** Allows you to pay, with pre-tax dollars certain premiums under various insurance programs available for payroll deduction through your employer.

Cigna dental, Superior vision and ING life insurance plans are administered by NDPERS. For specific plan details and information about the plans, see Dental Plan, Vision Plan or Group Life Plan under Active Members option on the NDPERS website.

The payroll deduction up to \$50,000 of employee supplemental life insurance coverage will automatically default to a pre-tax deduction unless the employee make an election to decline this action and pay the premium with after tax dollars. The employee must decline this action by signing the waiver in Part B of the FlexComp enrollment form.

Please note, if you pretax your insurance premiums, you may not change or drop coverage during the plan year unless you experience a qualified IRS Change of Status.

Other voluntary insurance products available through payroll deduction are:

AFLAC  
Central United  
Colonial  
Conseco  
Total Dental Administrators  
USable

For information and name of the company representative, contact your agency payroll/human resource department.

Premiums that are not eligible for pre-tax treatment include disability products and disability riders to cancer policies, long term care insurance, premiums for term group life insurance in excess of \$50,000 on the employee and whole life insurance policies.

- **Medical Spending Account:** An employee may redirect a portion of their salary for eligible medical expenses up to a maximum of \$6,000 per plan year. The total annual medical spending election amount is available to you at any time during your participation within the Plan Year.

Examples of eligible medical expenses include:

- Insurance co-payments, coinsurance and deductibles.
- Prescription drug co-payments and coinsurance.
- Optometry expenses not covered by insurance, including examinations, contact lens, contact solutions, prescription eyeglasses, prescription sunglasses, laser surgery to correct vision.
- Dental expenses not covered by insurance, including fillings, x-rays, exams, cleanings, extractions, dentures.
- Orthodontic expenses may be reimbursed based on payments made to the provider during the plan year. A receipt from the provider that identifies the payment is for orthodontia and includes the patient name, date, and amount of payment is required.

You cannot obtain reimbursement for:

- Cost incurred before coverage is effective or after coverage ends.
- Insurance premiums.
- Cosmetic products or procedures.
- Contact lens insurance and maintenance agreements, an eyeglass warranty, clip-on sunglasses.
- Massage therapy unless prescribed by a physician to treat a specific medical condition.

You can not participate in flex comp medical spending account if you are covered on the NDPERS High Deductible Health Plan (HDHP) with a Health Savings Account (HSA).

**Dependent Care Reimbursement Account:** An employee may redirect a portion of their salary up to a maximum of \$5,000 per year for a single parent, \$5,000 per year for a married couple filing a joint tax return or \$2,500 for a married person filing separately. Requests for reimbursement from a Dependent Care Reimbursement Account will be paid according to the dollars available in your account to date.

Eligible Dependent Care expenses must:

- Be for the purpose of enabling you or you and your spouse to be employed.
- Be for a child under 13 years of age who is your dependent under Federal Tax Rules. The child must reside with you at least one-half of the taxable year.
- Be provided by someone other than your spouse or another dependent child.
- The dependent care account can also be used for the care of a spouse or dependent over the age of 13 who is incapable of self-care. The adult dependent who is incapable of self-care must live with you for more than one-half the taxable year and not have more than \$3,200 per year in gross income.

Eligible expenses may also include:

- Before and after school care.
- Registration fees if fee must be paid in order to obtain care.
- Day camp.
- Preschool/nursery school.
- Transportation expenses, if expenses are for transporting a child to or from the place where care is provided and transportation is furnished by the day care provider.
- Late "pick-up" fee.

You cannot obtain reimbursement for:

- Costs incurred before coverage is effective.
- Food if billed separately from the dependent care expenses.
- Late payment fees.
- Kindergarten expenses that are primarily educational in nature, regardless of half or full day, private or public school, state mandated or voluntary. However, if your day care provides kindergarten that is run on the order of a nursery school, with the child's education merely incidental to the care provided, and the cost cannot be separated from the cost of the child care, the entire amount can be considered an eligible expense.

**Important IRS Rules** that you should take into consideration when participating in the FlexComp Plan.

### **Grace Period**

Amounts remaining in a participant's medical spending and/or dependent care account at the end of the plan year can be used to reimburse expenses that are incurred between January 1 and March 15 of the new plan year under the following conditions:

Coverage must be in effect on the last day of the plan year on December 31.

You must indicate on the Flexcomp Reimbursement voucher that you want expenses received during the grace period reimbursed from any balance remaining in your account(s) from the previous plan year. If you select this option, expenses incurred during the grace period and approved for payment will be reimbursed first from any amount available in the prior plan year. If expenses exceed the account balance, you will then be reimbursed from your current plan year account(s) if applicable.

There may be taxable income to an individual if reimbursements from a dependent care expense account exceed Internal Revenue Service permitted amounts in a calendar year. We suggest you consult your accountant or tax advisor with regard to your individual situation.

### **Use-or-Lose Rule**

The deadline to file claims to your medical spending or dependant care account(s) is 4 months after the end of the plan year on December 31 or April 30. Any unused amount in a medical spending reimbursement account cannot be used for dependent care expenses or vice versa. Any amounts remaining in your accounts after April 30 is forfeited.

### **Change in Participation**

The IRS requires that once you elect to participate, your payroll deductions may not be stopped or changed until the start of the next plan year. The only exception is if you experience an IRS Qualified Change of Status.

### **Separate Accounts**

You may participate in either or both spending accounts. However, the Medical Spending Account and Dependent Care Account are separate accounts. You may not use money from one account to cover expenses in the other.

**The following changes to the FlexComp Plan are the result of the Patient Protection and Affordable Care Act (PPACA).**

The eligibility rules have been extended to allow you to cover your adult children that no longer meet the requirements of dependent. The extension of coverage applies to your son, daughter, stepson, stepdaughter, legally adopted and eligible foster children. It is not necessary that your child be a student, be financially supported by you, or that he or she reside with you. Both married and unmarried children can now qualify as a dependent, but coverage does not extend to any spouse of your child or to grandchildren. You may now be reimbursed for qualified health care expenses for these individuals through age 26. Eligibility ceases January 1<sup>st</sup> of the calendar year in which the family member will turn age 27.

Over-the-counter (OTC) drugs and medicines will be considered ineligible expenses unless you obtain a prescription from your physician. A “prescription” means a written or electronic order for the medicine or drug issued by a licensed health care practitioner.