

NDPERS BOARD MEETING

Agenda

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

February 21, 2008

Time: 8:30 AM

I. MINUTES

A. January 17, 2008

II. RETIREMENT

- A. Law Enforcement Plan Review – Sparb (Information)
- B. Benefits Concepts – Sparb (Board Action)
- C. Segal Renewal – Sparb (Board Action)
- D. PPA - Interest on Member Account Balances – Sparb (Information)

III. GROUP INSURANCE

- A. Prescription Drugs – Sparb (Information)
- B. Annual Health Care Utilization Study – Kevin Schoenborn, BCBSND
- C. HB1433, Contract – Sparb (Board Action)
- D. Heart of America Medical Center Health Plan, Rugby – Kathy (Board Action)
- E. Surplus/Affordability Update – Bryan (Information)
- F. Quarterly Health Graphs – Bryan (Information)

IV. FLEX COMP

- A. 2008 Enrollment – Kathy (Information)

V. DEFERRED COMPENSATION

- A. Provider Training Compliance – Kathy (Board Action)

VI. MISCELLANEOUS

- A. Election Committee – Kathy (Board Action)
- B. 2008 Business Plan – Sparb (Information)
- C. PERSLink Concept of Operations (Information)
- D. Board Meeting Date Changes – Sparb
- E. SIB Agenda
- F. 13th Check Review – Sparb (Information)
- G. Financial Hardship #2008-001DC – Kathy (Board Action)

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



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

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

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

Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Law Enforcement Plan

Attached please find a memo from Segal concerning the recent review of the Law Enforcement plan. As noted in the last actuarial report:

*SEGAL |

2007 Actuarial Valuation - Law Enforcement with prior Main service

	2007	2006	Change
Total Number of Active Members	138	113	22.1% increase
Average Age of Active Members	41.6 years	42.7 years	decrease
Average Annual Salary	\$35,292	\$35,168	0.4% increase
Total Payroll	\$4.9 million	\$4.0 million	22.5% increase

North Dakota Public Employees
Retirement System

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Participation in the plan grew 22%, the average age decreased and the assets increased, however:

February 11, 2008

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

**Re: Asset Transfer for Law Enforcement Members With Prior Main Service
North Dakota Public Employees Retirement System**

Dear Sparb:

The North Dakota PERS assets are currently subdivided for five groups; the Main System, Judges, National Guard, Law Enforcement Without Prior Main Service, and Law Enforcement With Prior Main Service. In 2004 an initial asset transfer was made from the Main System to Law Enforcement With Prior Main Service to correspond to the transfer of liability that was taking place when the plan was set up. It was the intention of the Board that whenever someone with Main service transferred to the Law Enforcement With Prior Main Service a corresponding transfer of assets would take place. However, even though members have transferred since 2004, no asset transfers since that initial transfer have been calculated or taken place. This has caused the actuarially determined cost rate for the Law Enforcement With Prior Main Service to steadily increase. The purpose of this letter is to provide you with the asset transfer amount that should be made at this time due to those transfers.

Assumptions

The initial asset transfer in 2004 was calculated using participant data and actuarial assumptions for the Main System from the most recent valuation prior to the transfer. We have used the same procedure for this calculation. The actuarial assumptions are provided in Exhibit II of the Actuarial Valuation report for the North Dakota Public Employees Retirement System.

Results

The total asset transfer calculated at the valuation date prior to transfer and adjusted for interest to March 1, 2008, is \$3,280,079. As of the July 1, 2007 valuation, the statutory contribution rate for Law Enforcement With Prior Main Service was 8.31% of payroll, while the actuarially determined rate was 12.39%. The change in Unfunded Actuarial Accrued Liability due to this asset transfer would cause the actuarially determined rate to decrease by about 4.7%. There would also be a corresponding increase for the Main System of about 0.04%. The current plan provisions are summarized in Exhibit V of the Actuarial Valuation report as of July 1, 2007, for the North Dakota Public Employees Retirement System.

Note that 39 participants in Law Enforcement With Prior Main Service were never in a Main System valuation. All but one of these people had less than a year of total service when they first appeared in a Law Enforcement valuation. We believe these people entered the Main System and transferred to the Law Enforcement plan within the same year. Therefore, we have calculated their liability at the prior valuation to be zero. We believe this is consistent with how the transfer calculations have been made in the past. We have relied on valuation data received from North Dakota PERS over the last four years for this calculation.

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

Sincerely,

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

cc: Theodore J. Shively, ASA, MAAA, EA
Kurt Schneider, ASA, MAAA, EA

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Law Enforcement with prior Main service - 2006 to 2007

Employer Cost Rate, 2006	12.07%
Plan Experience	0.61%
Effect of maintaining 20-year amortization	(0.29)%
Change in Actuarial Assumptions	<u>0.00%</u>
Employer Cost Rate, 2007	12.39%
Employer Rate, 2007	8.31%
Contribution Margin	(4.08)%

Contribution margin will be updated following an analysis of transfers from the Main plan.

The required employer contribution rate got greater. Since the report, we have reviewed this with Segal in detail (with the change in actuaries this has taken a little longer). What we have found out is summarized in the attached memo from Brad. Essentially it means that the above contribution margin will change from a -4.08 to a positive .63.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Proposed Benefit Options

Attached please find a matrix of benefit options for consideration as proposed legislation. At the last meeting you approved several of the items. You will note some of the items are being proposed for the other systems as noted by the "yes" in the respective box. We have worked with the Judges benefit committee and the Highway Patrol committee in bringing these recommendations to you. One that is unique to those groups is the proposal to allow them to pretax their employee contribution that is in excess of that picked up by the employer, row 15. Estimated savings for the average employee is shown in attachment #1.

The PERS Retiree Committee is recommending increases for retirees as noted in row #1 and #2 of the attached. Attachment #2 shows the possible cost of these increases; however, please note actuarial work still needs to be completed in order to make these estimates more precise. That work will be done this summer or fall if you elect to submit these ideas to the Legislative Employee Benefits Committee.

The committee also reviewed the idea of having a High Deductible Health Plan (HDHP), row #3, for premedicare retirees. Attachments #3, 4 & 5 is the material reviewed. The committee noted that this would only help a few members and only if it was subsidized by the plan. The committee also noted the strong possibilities for adverse selection if this was done in a manner that was workable for the retiree. Therefore, the committee felt the next option, row # 4, of changing the statute to have the premedicare single rate set as 125% instead of 150% of the active rate would provide the broadest assistance to all retirees. It was noted that was a concern of legislators as well last session in HB 1486 that would have reduced this ratio for legislators.

We also discussed at the Board planning meeting in December the possibility of submitting legislation that would allow state agencies to provide wellness incentives. Attachment # 6 is a proposed bill draft. I have routed that draft to OMB and some other entities. OMB has indicated that they and the Governors Office would not support at this time using agency funds or staff time in this manner because they do not believe this would be a sound investment of taxpayer resources. Since we have not completed our study and since we are still in the initial phases of the wellness program, staff would suggest that we not submit this bill this session and wait until we have more information to consider/evaluate this issue and share with others for their consideration. This would mean it would be next session before we would return to this subject.

Board Action Requested

Approve including benefit options identified with a “yes” in proposed legislation to be submitted to the Legislative Employee Benefits Committee.

Legislative Employee Benefits Committee
Proposed Legislative Concepts

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
<p>1.</p> <p>2% increase in January 2011</p> <ul style="list-style-type: none"> • Fully paid for in 2009-2011 • Estimated cost .91 or less • Make political subdivisions participation optional <p>13th check in January of 2010</p> <ul style="list-style-type: none"> • 50% if return is greater than 8% & funding ratio at market is greater than 110% • 75% if return is greater than 9% & funding ratio at market is greater than 110% • 100% if return is greater than 10% and funding ratio at market is greater than 110% 	<p>Yes</p>	<p>Yes, based on available margin</p>	<p>Yes, 13th check consistent with main system.</p>	
<p>2.</p> <p>Increase the Retiree Health Credit from \$4.50 to \$5</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
3. HDHP for pre-Medicare Retirees	No	No	No	No
4. Change NDCC 54-52.1 for pre-Medicare retirees single rate from 150% of active rate to 125%	Yes	Yes	Yes	Yes
5. Amend the Joint and Survivor Option under the Hybrid Plan to allow a PERS retiree to designate a subsequent beneficiary, either after the death of the original beneficiary or upon a divorce, similar to other plans.	Approved	Yes	No, not necessary	
6. Allow PERS members to purchase service credit unrelated to other eligible service in excess of five years (up to an additional five years) However, such excess service would not be counted towards attaining normal retirement date under the Rule of 85 (80).	Approved	Yes	Yes	
7. Eliminate the benefit option for surviving spouses of active employees whereby unreduced	Approved	Yes	N/A	

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
<p>normal retirement benefits are payable for 60 months. This is a concern for PERS because a 60-month certain form of payment is an eligible rollover distribution under IRC 402(c) and therefore each monthly payment is subject to an automatic 20% tax withholding, unless the surviving spouse elects to rollover each payment.</p>				
<p>8. Permit members of the Hybrid Plan and HP to select a non-spouse annuitant for the joint and survivor annuity benefit options (50% and 100%) upon retirement.</p>	Approved	Yes	Yes	
<p>9. Permit members of the Law Enforcement and National Guard Systems Plan to provide an unreduced 50% Joint and Survivor benefit as a normal form of benefit.</p>	Not approved	N/A	N/A	
<p>10. Allow participants in the 457 plan to purchase service credit via in-service transfer of their</p>		N/A	N/A	

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
<p>457 plan account balance based on paying only the employee and employer contribution rate under the Hybrid Plan (9.12% of salary or wages), rather than full actuarial cost to the fund for providing the service credit. For example for each year a member participated in PEP they could purchase one month of service credit at 9.12%</p>	Approved			
<p>11. Allow participants in the Hybrid Plan to purchase a graduated benefit. The monthly benefit would be actuarially reduced depending on the annual inflation increase the member would like to have.</p>	Approved	Yes	Yes	
<p>12. Allow employers to contribute a “bonus” contribution to a participant’s 457 plan account.</p>	Not Approved			
<p>13. Change Rule of 85 to Rule of 90</p>	No Action		No	

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
14. Add Legislators to the retiree health credit plan	Advise of option			
15. Allowing the Judges, Job Service and the HP members to pretax their employee contributions		Yes	Yes	
16. Other Changes: Allow the employer the option of paying health and life insurance premiums for permanent employees on unpaid LOA Consider eliminating the provision that allows non-eligible employees to join the health plan. 54-52.1-03.4 – update the wording to reflect term different then 9 months and change “teacher” to “faculty” Determine if the HP want to allow member to purchase other types of previous public employment including in-state, federal & out-of-state.	Yes	Yes	Yes, make consistent with main system purchase provisions.	Yes

Proposed Legislation	Main/ Nat Gd/ Law Enf	Judges	Highway Patrol	Job Service
17. Revise normal highway patrol retirement option from an automatic unreduced 50% Joint and Survivor provision to a 100% automatic unreduced joint and survivor provision for surviving spouses of retired HP		N/A	Yes	
18. Increase employer paid life insurance from \$1,300 to \$10,000	Recommended by benefits committee. Staff recommends deferring this to next session.			
19. Wellness Incentives	No	No	No	No

NDPERS Highway Patrol Pre-Tax Contributions Example

CURRENT

Monthly Salary	Federal Tax	State Tax	Social Security	Medicare Tax	Retirement Contribution	Total Paycheck
\$2,000.00	\$169.60	\$27.80	\$0.00	\$29.00	\$206.00	\$1,567.60
\$3,000.00	\$254.40	\$41.70	\$0.00	\$43.50	\$309.00	\$2,351.40
\$4,000.00	\$339.20	\$55.60	\$0.00	\$58.00	\$412.00	\$3,135.20
\$5,000.00	\$424.00	\$69.50	\$0.00	\$72.50	\$515.00	\$3,919.00

PRE-TAX

Monthly Salary	Taxable Salary	Federal Tax	State Tax	Social Security	Medicare Tax	Retirement Contribution	Total Paycheck	Paycheck Increase	%
\$2,000.00	\$1,794.00	\$152.13	\$24.94	\$0.00	\$29.00	\$206.00	\$1,587.93	\$20.33	1.02%
\$3,000.00	\$2,691.00	\$228.20	\$37.40	\$0.00	\$43.50	\$309.00	\$2,381.90	\$30.50	1.02%
\$4,000.00	\$3,588.00	\$304.26	\$49.87	\$0.00	\$58.00	\$412.00	\$3,175.86	\$40.66	1.02%
\$5,000.00	\$4,485.00	\$380.33	\$62.34	\$0.00	\$72.50	\$515.00	\$3,969.83	\$50.83	1.02%

NDPERS Judges Pre-Tax Contributions Example

CURRENT

Monthly Salary	Federal Tax	State Tax	Social Security	Medicare Tax	Retirement Contribution	Total Paycheck
\$6,000.00	\$508.80	\$83.40	\$372.00	\$87.00	\$60.00	\$4,888.80
\$7,000.00	\$593.60	\$97.30	\$434.00	\$101.50	\$70.00	\$5,703.60
\$8,000.00	\$678.40	\$111.20	\$496.00	\$116.00	\$80.00	\$6,518.40
\$9,000.00	\$763.20	\$125.10	\$558.00	\$130.50	\$90.00	\$7,333.20

PRE-TAX

Monthly Salary	Taxable Salary	Federal Tax	State Tax	Social Security	Medicare Tax	Retirement Contribution	Total Paycheck	Paycheck Increase	%
\$6,000.00	\$5,940.00	\$503.71	\$82.57	\$368.28	\$87.00	\$60.00	\$4,898.44	\$9.64	0.16%
\$7,000.00	\$6,930.00	\$587.66	\$96.33	\$429.66	\$101.50	\$70.00	\$5,714.85	\$11.25	0.16%
\$8,000.00	\$7,920.00	\$671.62	\$110.09	\$491.04	\$116.00	\$80.00	\$6,531.26	\$12.86	0.16%
\$9,000.00	\$8,910.00	\$755.57	\$123.85	\$552.42	\$130.50	\$90.00	\$7,347.66	\$14.46	0.16%

NDPERS RETIREMENT SYSTEM LEGISLATION COSTS 10/2007

.91% Main System Employer Contribution Increase

24 Month Payroll

GROUP	EMPLOYEES	MONTHLY PAYROLL	BIENNIAL PAYROLL	4.12%	5.03%	INCREASE	INCREASE	
				Employer Contribution	Employer Contribution		General (48.3%)	Other
STATE	7,252	\$23,051,516	\$553,236,384	\$22,793,339	\$27,827,790	\$5,034,451	\$2,431,640	\$2,602,811
HIGHER ED	2,724	\$6,269,504	\$150,468,096	\$6,199,286	\$7,568,545	\$1,369,260		\$1,369,260
COUNTY	3,306	\$8,590,082	\$206,161,968	\$8,493,873	\$10,369,947	\$0		\$0
SCHOOLS	4,565	\$8,469,903	\$203,277,672	\$8,375,040	\$10,224,867	\$0		\$0
CITIES	564	\$1,485,867	\$35,660,808	\$1,469,225	\$1,793,739	\$0		\$0
OTHERS	461	\$1,182,874	\$28,388,976	\$1,169,626	\$1,427,965	\$0		\$0
TOTAL:	18,872	\$49,049,746	\$1,177,193,904	\$48,500,389	\$59,212,853	\$10,712,465	\$2,431,640	\$3,972,071

Political Subdivisions participation is voluntary so only those that elect to do this would have a cost

NDPERS Health Rates

Code	Structure	Description	2008 NDPERS Billing Rate	July 1, 2009		\$.50 Health Credit Increase 25 YOS	Projected	
				Projected 20% Increase	% Increase		Increase	% Increase
Medicare Retiree								
41	11	1 Medicare only	\$210.46	\$252.55	20.00%	\$12.50	\$240.05	14.06%
42	11	2 Medicare only	\$410.98	\$493.18	20.00%	\$12.50	\$480.68	16.96%
43	11	1 Medicare+Others	\$618.14	\$741.77	20.00%	\$12.50	\$729.27	17.98%
Non-Medicare Retiree								
21	11	Single	\$475.34	\$570.41	20.00%	\$12.50	\$557.91	17.37%
22	11	Family	\$946.42	\$1,135.70	20.00%	\$12.50	\$1,123.20	18.68%
23	11	Family (3+)	\$1,181.98	\$1,418.38	20.00%	\$12.50	\$1,405.88	18.94%

NDPERS

HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNTS FOR PRE-MEDICARE RETIREES RULES AND CONSIDERATIONS

HEALTH SAVINGS ACCOUNTS (HSAs)

HSAs are a tax-favored trust or custodial account that “eligible individuals” covered by high-deductible health plans (HDHP) can establish to pay for certain medical expenses of the eligible individuals, their spouse, and any eligible dependents. (Note: an eligible dependent means a federal tax dependent). Medical expenses include: dental, vision, hearing and other IRC Section 213 expenses.

Individuals with HDHP coverage can make contributions (subject to statutory limits) and get an “above-the-line” tax deduction, which means the contributions reduce the individual’s adjusted gross income before any itemized or standard deductions.

Ultimately, HSA funds can escape taxation entirely if they are withdrawn for qualified medical expenses.

FUNDING

HSAs may be funded with individual contributions, employer money or a combination of both. The overall deduction limits apply to the total contributions made to the account. We assume that the contributions to the HSA for retirees will be made outside a cafeteria plan. If that is not correct and NDPERS wants to consider using a cafeteria plan, we would need to research further to determine if that is permissible.

When an employer makes contributions to retirees’ HSA accounts, and the funds are provided outside a cafeteria plan, the employer must make available comparable contributions on behalf of all retirees with comparable coverage during the same period. Contributions are considered to be comparable if they are either:

- the same dollar amount or
- the same percentage of the deductible under the plan.

The categories for comparability are: current full-time employees (30 hours), current part-time employees (under 30 hours) and former employees (except COBRA continuation). Former employees are a separate category for comparability testing purposes and the rules give employers flexibility to design retirees’ HSA contributions to fit the employer’s goal. Retirees who become enrolled in Medicare will no longer be eligible.

An employer cannot control the use of the funds. Retirees can choose to use HSA funds for medical expenses on a tax-free basis or for non-medical purposes on a taxable basis. No employer limitations are allowed.



NDPERS

HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNTS FOR PRE-MEDICARE RETIREES RULES AND CONSIDERATIONS

ELIGIBILITY RULES

To be eligible for an HSA, an individual must satisfy four basic eligibility rules. The individual must be:

1. Covered by a qualified High Deductible Health Plan (HDHP)
2. Not covered by any non-HDHP; and
3. Not be entitled to Medicare; and
4. Not be eligible to be claimed as a dependent on another individual's tax return.

The eligibility rules work on a monthly basis. If an individual satisfies all four rules on the first day of the month, the individual is eligible for the entire month. If the individual first satisfies the four rules on the second day of the month, the individual becomes eligible on the first day of the following month.

A HDHP may provide benefits for preventive care that are not subject to the deductible or any coinsurance and still remain qualified. Preventive care that can be covered before the HDHP deductible is satisfied is based on the federal definition (not based on specific state definition).

An individual may be covered under any of the following types of health care plans and still be eligible to establish or contribute to an HSA:

- Dental
- Vision
- EAP
- Hospital Fixed Indemnity (e.g., \$50 per day)
- Specified Disease (e.g., cancer policy)
- Long Term Care
- Workers Compensation
- Property Insurance (e.g., auto)
- Tort Liability Insurance

The legislation permits a retiree and spouse to establish two HSA accounts if both satisfy the eligibility rules. It would not, however, be permissible for one retiree to select family coverage under an HSA plan while his spouse elects family coverage under another plan such as an HMO.



NDPERS

HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNTS FOR PRE-MEDICARE RETIREES RULES AND CONSIDERATIONS

DESIGN AND FUNDING CONSIDERATIONS

- Each retiree's HSA funds must be held in an individual trust or custodial account. Once deposited, HSA funds are non-forfeitable. An employer can deduct the funds from the retiree's pension check, but it must be post-tax and it must be sent directly to the custodian. Account holders may select their own custodian, or, for ease of administration, an employer may choose to identify a limited number of custodians for the participants to select from.
- Qualified expenses also include premiums for the following specified plans and situations: COBRA premiums, qualified Long Term Care policies, retiree plan contributions (the amount a retiree must pay for coverage under the employer's retiree health plan), Medicare Part B, Part D and Medicare Advantage premiums for individuals 65 or older (not individuals under 65 who have Medicare). Medigap premiums are not qualified medical expenses.
- The account holder may use funds from the HSA to cover qualified medical expenses that were incurred any time after the HSA account was established. HSA funds can be used to pay expenses for a prior year.
- An individual can deduct his/her contributions on Form 1040 even if he/she cannot itemize.
- The tax deduction for medical expenses on Form 1040 is only amounts in excess of 7.5% of adjusted gross income – the 7.5% rule does not apply to the HSA.
- Neither the employer nor the trustee/custodian can put restrictions on HSA withdrawals (except for rules such as one withdrawal per month or a minimum withdrawal such as \$50). While the individual can use the HSA funds for any purpose, a nonqualified distribution will result in taxable income plus a 10% penalty (with exception for death and disability).
- An HSA account is an individual account. There are no joint HSA accounts. This may be important to an older group of where many will be eligible for catch-up contributions. For example, if both husband and wife are age 57 and HSA eligible, they both can make the catch-up contribution but would need separate accounts to do so. (See HDHP and HSA Dollar Limits in the following section).
- An employer that chooses to make HSA contributions can do so on an annual basis or more frequently.
- HSAs generally are not subject to COBRA or HIPAA. Retirees are solely responsible for determining whether their HSA distributions are eligible for tax-free treatment and must maintain adequate records to substantiate such determination.



NDPERS

HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNTS FOR PRE-MEDICARE RETIREES RULES AND CONSIDERATIONS

- The tax code and regulations contain specific rules about what is a qualified HDHP. Many insurance companies have high deductible health plans that will not qualify under IRS rules. See below for 2008 IRS values.
- Employer contributions must satisfy comparability rules.
- State insurance laws need to be considered when designing HDHPs. State insurance may dictate minimum coverage requirements. We have not researched whether North Dakota allows federally qualified HDHP to avoid mandated minimum benefits that require payment prior to deductibles being satisfied. Without such a State exemption, qualified HDHP/HSAs cannot be offered.
- Individuals who are entitled to Medicare are not eligible to establish or contribute to an HSA. Entitled means actually covered under any part of Medicare – Part A, Part B, or a Medicare Advantage plan. Individuals who are eligible for Medicare, but not enrolled not enrolled, may establish and contribute to an HSA account.
- Implementation of a consumer-driven health care program takes time and planning. Legal requirements for the design and adoption of a HDHP must be satisfied. Switching from a traditional health plan to high-deductible coverage is a significant change. Communication and information are vital in the effort to reassure employees and encourage them to take an active role in the management of their health care expenses. Employers must be willing to expend the time and resources necessary to design the initial employee communications and ongoing education to support the new program.
- Because of the potential for adverse selection against HDHP by those that perceive themselves to be healthy enough to make a high deductible plan financially attractive, we do not recommend that plan sponsors such as NDPERS mix funding methodologies. If the base medical plan is insured, such as is currently the case with NDPERS, we would recommend that the HDHP be insured and not self-funded.
- As mentioned above, all expenses except those that qualify as preventative under the federal regulations must be subject to the HDHP deductible before payment. This includes prescription drugs. Retirees must keep this requirement in mind when deciding whether to select a HDHP.



NDPERS

HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNTS FOR PRE-MEDICARE RETIREES RULES AND CONSIDERATIONS

HDHP and HSA IRS Dollar Limits

Official values for **2008** issued by the IRS.

Component	2008
HDHP Deductible	
Single	\$1,100
Family	\$2,200
HDHP Out-of-Pocket	
Single	\$5,600
Family	\$11,200
Statutory Maximum HSA Contribution	
Single	\$2,900
Family	\$5,800
Catch-up (55-64)*	\$900

* amount set by law, not indexed

The intent of this report is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It does not necessarily fully address all of your specific issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues should be addressed by your general counsel or an attorney who specializes in this practice area.



**North Dakota PERS
Plan Features and Out-of Pocket Comparisons**

DAKOTA PLAN / HIGH DEDUCTIBLE HEALTH PLAN (HDHP) / HEALTH SAVINGS ACCOUNT (HSA)

**Prepared by Gallagher Benefit Services, Inc.
January 2008**

The intent of this analysis is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It does not necessarily fully address all of your specific issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues should be addressed by your general counsel or an attorney who specializes in this practice area.

North Dakota PERS Plan Features and Out-of-Pocket Comparisons

Assumptions:

- ♦ All non-Medicare retirees are currently enrolled in the Dakota Plan with the benefits and rates as posted on the ND PERS website.
- ♦ HDHP minimum annual deductible is \$1,100 single / \$2,200 family (2008).
- ♦ HDHP maximum annual out-of-pocket is \$5,600 single / \$11,200 family (2008).
- ♦ HDHP deductible also tracks to out-of-pocket.
- ♦ HDHP provides 90% coinsurance after deductible.
- ♦ HDHP prescription drug expenses are paid at 90% coinsurance.
- ♦ Although HDHPs can include routine care, the examples assume that preventive care is not covered under the HDHP.
- ♦ Health Savings Account annual contribution limits noted do not include catch-up of \$900 (age 55-64) .
- ♦ Medical expenses shown are for illustration purposes only. Individual and family expenses will vary.
- ♦ Benefits compared are representative samples only, not all inclusive.

North Dakota PERs

Plan Features - Comparisons

DAKOTA PLAN / HIGH DEDUCTIBLE HEALTH PLAN (HDHP) / HEALTH SAVINGS ACCOUNT (HSA)

Carrier	Blue Cross Blue Shield of North Dakota - Dakota Plan		To Be Determined
Plan Features:(4)	Basic (self-referral or Out-of-State)	PPO	High Deductible Health Plan (HDHP) (5)
Deductible for All Services			
-Per Person	\$400	\$400	\$1,100
-Per Family	\$1,200	\$1,200	\$2,200
Copayment for Physician Office Visits (no limit)	\$30	\$25	10%
Copayment for Emergency Room	\$50	\$50	10%
Coinsurance on all covered services EXCEPT Physician Office Visits	75/25	80/20	10%
Annual Coinsurance Maximum			
Individual	\$1,250	\$750	\$4,500
Family	\$2,500	\$1,500	\$9,000
Annual Out-of-Pocket Maximums Deductible and Coinsurance (2)			
Individual	\$1,650	\$1,150	\$5,600
Family	\$3,700	\$2,700	\$11,200
Prescription Formulary Generic Drug			
Copayment	\$5	\$5	Not covered
Coinsurance (\$1,000 maximum per person per benefit period, covered at 100% after \$1,000 maximum is met)	15%	15%	Not covered
Prescription Formulary Brand-Name Drug (3)			
-Copayment	\$20	\$20	Not covered
-Coinsurance (\$1,000 maximum per person per benefit period, covered at 100% after \$1,000 maximum is met)	25%	25%	Not covered
Prescription Non-Formulary Drug			
-Copayment	\$25	\$25	Not covered
-Coinsurance	50%	50%	Not covered
Preventive Screening (4)			
Mammography Screening (age 40 and over once per benefit period)	Not covered	0%	Not covered

Premium Total Cost - Current (end of COBRA or new Coverage)	Blue Cross Blue Shield of North Dakota - Dakota Plan CURRENT NON-MEDICARE RETIREES	HDHP (6)	HSA Contribution Limits 2008 (7)
Single	\$475.32	\$380.26	\$2,900
Family (two)	\$946.40	\$757.12	\$5,800

Premium Total Cost	Blue Cross Blue Shield of North Dakota - Dakota Plan - CURRENT ACTIVE EMPLOYEES	HDHP (6a)	HSA Contribution Limits 2008 (7)
Single	\$318.00	\$397.50	\$2,900
Family (two)	\$764.00	\$955.00	\$5,800

Premium Total Cost	Blue Cross Blue Shield of North Dakota - Dakota Plan - CURRENT COBRA	HDHP (6b)	HSA Contribution Limits 2008 (7)
Single	\$324.58	\$324.58	\$2,900
Family (two)	\$779.22	\$779.22	\$5,800

(1) Out-of-Network coverage is at Basic level under Dakota Plan.

(2) Office visit and emergency room copayments and prescription drug copayments and coinsurance are additional under Dakota Plan.

(3) For each 30-day supply of 100 units of an authorized maintenance drug or non-prescription diabetic supplies under Dakota Plan.

(4) Benefits are representative samples only, not all inclusive. Assumes preventive care is not covered under the HDHP.

(5) HDHP deductible and out-of-pocket dollar limits for 2008.

(6, 6a and 6b) HDHP premium is estimated three ways - first at 80% of the NM Retiree cost (6), second at 125% of the current Active Employee Rates (6a) and third at the current COBRA rates

(7) Health Savings Account annual contribution limits do not include catch-up of \$900 (age 55-64).

North Dakota PERS
Plan Design Comparisons - Single Coverage
Out-of-Pocket and Premium (Using 80% of Non-Medicare Retiree) Cost Estimates

Carrier	Blue Cross Blue Shield of North Dakota		To Be Determined
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 1 visit)	\$30.00	\$25.00	\$100.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 1 prescription fill)	\$7.05	\$7.05	\$47.00
Maintenance- (\$47 each fill - 12 fills)	<u>\$84.60</u>	<u>\$84.60</u>	<u>\$564.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$521.65	\$116.65	\$1,111.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 5 visits)	\$150.00	\$125.00	\$500.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 3 prescription fills)	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills each - 2 prescriptions)	\$169.20	\$169.20	\$1,128.00
Outpatient surgery (\$7,000 total cost - 1 visit)	<u>\$1,650.00</u>	<u>\$1,150.00</u>	<u>\$3,831.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$2,390.35	\$1,465.35	\$6,000.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 12 visits)	\$360.00	\$300.00	\$1,200.00
Prescriptions (generic drugs)			
Single fill- (\$47 each fill - 4 prescription fills)	\$28.20	\$28.20	\$188.00
Maintenance- (\$47 each fill - 12 months - 4 prescriptions)	\$338.40	\$338.40	\$2,256.00
Inpatient Hosp stay (1 stay \$35,000)	\$1,650.00	\$1,150.00	\$1,956.00
Emergency Room (1 visit \$2,500)	\$0.00	\$0.00	\$0.00
Out-of-Pocket (considers plan OOP maximums)	\$2,776.60	\$1,816.60	\$6,000.00
Annual EE contribution / premium	\$5,703.84		\$4,563.07
Annual out-of-pocket claim costs for person with single coverage			
Low Utilizer	\$521.65	\$116.65	\$1,111.00
Medium Utilizer	\$2,390.35	\$1,465.35	\$6,000.00
High Utilizer	\$2,776.60	\$1,816.60	\$6,000.00
Annual out-of-pocket costs (premium and plan design) for person with single coverage			
			*Calculation below includes an estimated 20% tax savings on \$2,900 contribution - \$580
Low Utilizer	\$6,225.49	\$5,820.49	\$5,094.07
Medium Utilizer	\$8,094.19	\$7,169.19	\$9,983.07
High Utilizer	\$8,480.44	\$7,520.44	\$9,983.07

*HSA Maximum Single Contribution 2008 (available only with HDHP) - \$2,900 (not including catch-up)

North Dakota PERS
Plan Design Comparisons - Family (Two Party) Coverage
Out-of-Pocket and Premium (Using 80% of Non-Medicare Retiree) Cost Estimates

Carrier Plan	Blue Cross Blue Shield of North Dakota		To Be Determined
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 2 visits) 1 Employee, 1 Spouse	\$60.00	\$50.00	\$200.00
Prescriptions			
Single fill- (\$47 - 3 prescriptions) 1 Employee, 2 Spouse	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills) Employee	<u>\$84.60</u>	<u>\$84.60</u>	<u>\$564.00</u>
Out-of-Pocket	\$565.75	\$155.75	\$1,305.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 10 visits) 5 Employee, 5 Spouse	\$300.00	\$250.00	\$1,000.00
Prescriptions (generic drug)			
Single fill- (\$47 - 8 prescription fills) 4 Employee, 4 Spouse	\$56.40	\$56.40	\$376.00
Maintenance- (\$47 each fill -12 months - 3 prescriptions) 2 Employee, 1 Spouse	\$253.80	\$253.80	\$1,692.00
Outpatient surgery (\$7,000 total cost - 1 visit) - Employee	\$1,650.00	\$1,150.00	\$7,000.00
Emergency Room (\$2,500 total cost - 1 visit) - Spouse	<u>\$50.00</u>	<u>\$50.00</u>	<u>\$1,132.00</u>
Out-of-Pocket	\$2,710.20	\$1,760.20	\$11,600.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 20 visits) 10 Employee, 10 Spouse	\$600.00	\$500.00	\$2,000.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 20 prescription fills) 10 Employee, 10 Spouse	\$141.00	\$141.00	\$940.00
Maintenance- (\$47 each fill 12 months - 6 prescriptions) 3 Employee, 3 Spouse	\$507.60	\$507.60	\$3,384.00
Inpatient Hosp stay (\$35,000 total cost) Employee	\$1,650.00	\$1,150.00	\$4,876.00
Emergency Room (\$2,500 each visit - 3 visits) - Spouse	\$50.00	\$50.00	<u>\$0.00</u>
Out-of-Pocket	\$2,948.60	\$2,348.60	\$11,600.00
Annual EE contribution / premium	\$11,356.80		\$9,085.44
Annual out-of-pocket claim costs for person with family coverage			
Low Utilizer	\$565.75	\$155.75	\$1,305.00
Medium Utilizer	\$2,710.20	\$1,760.20	\$11,600.00
High Utilizer	\$2,948.60	\$2,348.60	\$11,600.00
Annual out-of-pocket costs (premium and plan design) for person with family coverage			
Low Utilizer	\$11,922.55	\$11,512.55	\$9,230.44
Medium Utilizer	\$14,067.00	\$13,117.00	\$19,525.44
High Utilizer	\$14,305.40	\$13,705.40	\$19,525.44

*HSA Maximum Family Contribution 2008 (available only with HDHP) - \$5,800 (not including catch-up)

North Dakota PERS
Plan Design Comparisons - Single Coverage
Out-of-Pocket and Premium (Using 125% of Active) Cost Estimates

Carrier	Blue Cross Blue Shield of North Dakota		To Be Determined
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 1 visit)	\$30.00	\$25.00	\$100.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 1 prescription fill)	\$7.05	\$7.05	\$47.00
Maintenance- (\$47 each fill - 12 fills)	<u>\$84.60</u>	<u>\$84.60</u>	<u>\$564.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$521.65	\$116.65	\$1,111.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 5 visits)	\$150.00	\$125.00	\$500.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 3 prescription fills)	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills each - 2 prescriptions)	\$169.20	\$169.20	\$1,128.00
Outpatient surgery (\$7,000 total cost - 1 visit)	<u>\$1,650.00</u>	<u>\$1,150.00</u>	<u>\$3,831.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$2,390.35	\$1,465.35	\$6,000.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 12 visits)	\$360.00	\$300.00	\$1,200.00
Prescriptions (generic drugs)			
Single fill- (\$47 each fill - 4 prescription fills)	\$28.20	\$28.20	\$188.00
Maintenance- (\$47 each fill - 12 months - 4 prescriptions)	\$338.40	\$338.40	\$2,256.00
Inpatient Hosp stay (1 stay \$35,000)	\$1,650.00	\$1,150.00	\$1,956.00
Emergency Room (1 visit \$2,500)	\$0.00	\$0.00	\$0.00
Out-of-Pocket (considers plan OOP maximums)	\$2,776.60	\$1,816.60	\$6,000.00
Annual EE contribution / premium	\$5,703.84		\$4,770.00
Annual out-of-pocket claim costs for person with single coverage			
Low Utilizer	\$521.65	\$116.65	\$1,111.00
Medium Utilizer	\$2,390.35	\$1,465.35	\$6,000.00
High Utilizer	\$2,776.60	\$1,816.60	\$6,000.00
Annual out-of-pocket costs (premium and plan design) for person with single coverage			
Low Utilizer	\$6,225.49	\$5,820.49	\$5,301.00
Medium Utilizer	\$8,094.19	\$7,169.19	\$10,190.00
High Utilizer	\$8,480.44	\$7,520.44	\$10,190.00

* The HSA Maximum Single Contribution for 2008 (available only with HDHP) is \$2,900 (not including catch-up).

North Dakota PERS
Plan Design Comparisons - Family (Two Party) Coverage
Out-of-Pocket and Premium (Using 125% of Active) Cost Estimates

Carrier Plan	Blue Cross Blue Shield of North Dakota		To Be Determined HDHP
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 2 visits) 1 Employee, 1 Spouse	\$60.00	\$50.00	\$200.00
Prescriptions			
Single fill- (\$47 - 3 prescriptions) 1 Employee, 2 Spouse	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills) Employee	<u>\$84.60</u>	<u>\$84.60</u>	<u>\$564.00</u>
Out-of-Pocket	\$565.75	\$155.75	\$1,305.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 10 visits) 5 Employee, 5 Spouse	\$300.00	\$250.00	\$1,000.00
Prescriptions (generic drug)			
Single fill- (\$47 - 8 prescription fills) 4 Employee, 4 Spouse	\$56.40	\$56.40	\$376.00
Maintenance- (\$47 each fill -12 months - 3 prescriptions) 2 Employee, 1 Spouse	\$253.80	\$253.80	\$1,692.00
Outpatient surgery (\$7,000 total cost - 1 visit) - Employee	\$1,650.00	\$1,150.00	\$7,000.00
Emergency Room (\$2,500 total cost - 1 visit) - Spouse	<u>\$50.00</u>	<u>\$50.00</u>	<u>\$1,132.00</u>
Out-of-Pocket	\$2,710.20	\$1,760.20	\$11,600.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 20 visits) 10 Employee, 10 Spouse	\$600.00	\$500.00	\$2,000.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 20 prescription fills) 10 Employee, 10 Spouse	\$141.00	\$141.00	\$940.00
Maintenance- (\$47 each fill 12 months - 6 prescriptions) 3 Employee, 3 Spouse	\$507.60	\$507.60	\$3,384.00
Inpatient Hosp stay (\$35,000 total cost) Employee	\$1,650.00	\$1,150.00	\$4,876.00
Emergency Room (\$2,500 each visit - 3 visits) - Spouse	\$50.00	\$50.00	<u>\$0.00</u>
Out-of-Pocket	\$2,948.60	\$2,348.60	\$11,600.00
Annual EE contribution / premium	\$11,356.80		\$11,460.00
Annual out-of-pocket claim costs for person with family coverage			
Low Utilizer	\$565.75	\$155.75	\$1,305.00
Medium Utilizer	\$2,710.20	\$1,760.20	\$11,600.00
High Utilizer	\$2,948.60	\$2,348.60	\$11,600.00
Annual out-of-pocket costs (premium and plan design) for person with family coverage			
Low Utilizer	\$11,922.55	\$11,512.55	\$11,605.00
Medium Utilizer	\$14,067.00	\$13,117.00	\$21,900.00
High Utilizer	\$14,305.40	\$13,705.40	\$21,900.00
			*Calculation below includes an estimated 20% tax savings on \$5,800 contribution -\$1,160

*HSA Maximum Family Contribution 2008 (available only with HDHP) - \$5,800 (not including catch-up)

North Dakota PERS
Plan Design Comparisons - Single Coverage
Out-of-Pocket and Premium (Using COBRA Rates) Cost Estimates

Carrier	Blue Cross Blue Shield of North Dakota		To Be Determined
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 1 visit)	\$30.00	\$25.00	\$100.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 1 prescription fill)	\$7.05	\$7.05	\$47.00
Maintenance- (\$47 each fill - 12 fills)	<u>\$84.60</u>	<u>\$84.60</u>	<u>\$564.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$521.65	\$116.65	\$1,111.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 5 visits)	\$150.00	\$125.00	\$500.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 3 prescription fills)	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills each - 2 prescriptions)	\$169.20	\$169.20	\$1,128.00
Outpatient surgery (\$7,000 total cost - 1 visit)	<u>\$1,650.00</u>	<u>\$1,150.00</u>	<u>\$3,831.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$2,390.35	\$1,465.35	\$6,000.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 12 visits)	\$360.00	\$300.00	\$1,200.00
Prescriptions (generic drugs)			
Single fill- (\$47 each fill - 4 prescription fills)	\$28.20	\$28.20	\$188.00
Maintenance- (\$47 each fill - 12 months - 4 prescriptions)	\$338.40	\$338.40	\$2,256.00
Inpatient Hosp stay (1 stay \$35,000)	\$1,650.00	\$1,150.00	\$1,956.00
Emergency Room (1 visit \$2,500)	\$0.00	\$0.00	<u>\$0.00</u>
Out-of-Pocket (considers plan OOP maximums)	\$2,776.60	\$1,816.60	\$6,000.00
Annual EE contribution / premium	\$5,703.84		\$3,894.96
Annual out-of-pocket claim costs for person with single coverage			
Low Utilizer	\$521.65	\$116.65	\$1,111.00
Medium Utilizer	\$2,390.35	\$1,465.35	\$6,000.00
High Utilizer	\$2,776.60	\$1,816.60	\$6,000.00
Annual out-of-pocket costs (premium and plan design) for person with single coverage			
			*Calculation below includes an estimated 20% tax savings on \$2,900 contribution -\$580
Low Utilizer	\$6,225.49	\$5,820.49	\$4,425.96
Medium Utilizer	\$8,094.19	\$7,169.19	\$9,314.96
High Utilizer	\$8,480.44	\$7,520.44	\$9,314.96

*HSA Maximum Single Contribution 2008 (available only with HDHP) - \$2,900 (not including catch-up)

North Dakota PERS
Plan Design Comparisons - Family (Two Party) Coverage
Out-of-Pocket and Premium (Using COBRA Rates) Cost Estimates

Carrier Plan	Blue Cross Blue Shield of North Dakota		To Be Determined HDHP
	Basic (self-referral or Out-of-State)	PPO	
LOW UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 2 visits) 1 Employee, 1 Spouse	\$60.00	\$50.00	\$200.00
Prescriptions			
Single fill- (\$47 - 3 prescriptions) 1 Employee, 2 Spouse	\$21.15	\$21.15	\$141.00
Maintenance- (\$47 each fill - 12 fills) Employee	\$84.60	\$84.60	\$564.00
Out-of-Pocket	\$565.75	\$155.75	\$1,305.00
MEDIUM UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 10 visits) 5 Employee, 5 Spouse	\$300.00	\$250.00	\$1,000.00
Prescriptions (generic drug)			
Single fill- (\$47 - 8 prescription fills) 4 Employee, 4 Spouse	\$56.40	\$56.40	\$376.00
Maintenance- (\$47 each fill -12 months - 3 prescriptions) 2 Employee, 1 Spouse	\$253.80	\$253.80	\$1,692.00
Outpatient surgery (\$7,000 total cost - 1 visit) - Employee	\$1,650.00	\$1,150.00	\$7,000.00
Emergency Room (\$2,500 total cost - 1 visit) - Spouse	\$50.00	\$50.00	\$1,132.00
Out-of-Pocket	\$2,710.20	\$1,760.20	\$11,600.00
HIGH UTILIZER Out-of-Pocket			
Routine Mammogram (\$400 includes reading) Routine expenses <u>not covered</u> under this HDHP	\$400.00	\$0.00	\$400.00
Office visits- (\$100 each visit - 20 visits) 10 Employee, 10 Spouse	\$600.00	\$500.00	\$2,000.00
Prescriptions (generic drugs)			
Single fill- (\$47 - 20 prescription fills) 10 Employee, 10 Spouse	\$141.00	\$141.00	\$940.00
Maintenance- (\$47 each fill 12 months - 6 prescriptions) 3 Employee, 3 Spouse	\$507.60	\$507.60	\$3,384.00
Inpatient Hosp stay (\$35,000 total cost) Employee	\$1,650.00	\$1,150.00	\$4,876.00
Emergency Room (\$2,500 each visit - 3 visits) - Spouse	\$50.00	\$50.00	\$0.00
Out-of-Pocket	\$2,948.60	\$2,348.60	\$11,600.00
Annual EE contribution / premium	\$11,356.80		\$9,350.64
Annual out-of-pocket claim costs for person with family coverage			
Low Utilizer	\$565.75	\$155.75	\$1,305.00
Medium Utilizer	\$2,710.20	\$1,760.20	\$11,600.00
High Utilizer	\$2,948.60	\$2,348.60	\$11,600.00
Annual out-of-pocket costs (premium and plan design) for person with family coverage			
Low Utilizer	\$11,922.55	\$11,512.55	\$9,495.64
Medium Utilizer	\$14,067.00	\$13,117.00	\$19,790.64
High Utilizer	\$14,305.40	\$13,705.40	\$19,790.64

*HSA Maximum Family Contribution 2008 (available only with HDHP) - \$5,800 (not including catch-up)

**North Dakota PERS
Summary of Costs Overview**

Scenario One

Out-of-Pocket and Premium (Using 80% of Non-Medicare Retiree) Cost Estimates				
	<u>Basic</u>	<u>PPO</u>	<u>HDHP</u>	
			Calculation below includes an estimated 20% tax savings on \$2,900 (single) and \$5,800 (family) contribution	Estimated total annual difference - PPO Plan vs. HDHP with HSA-including tax savings
Single				
Low Utilizer	\$6,225.49	\$5,820.49	\$5,094.07	\$726.42
Medium Utilizer	\$8,094.19	\$7,169.19	\$9,983.07	-\$2,813.88
High Utilizer	\$8,480.44	\$7,520.44	\$9,983.07	-\$2,462.63
Family				
Low Utilizer	\$11,922.55	\$11,512.55	\$9,230.44	\$2,282.11
Medium Utilizer	\$14,067.00	\$13,117.00	\$19,525.44	-\$6,408.44
High Utilizer	\$14,305.40	\$13,705.40	\$19,525.44	-\$5,820.04

Scenario Two

Out-of-Pocket and Premium (Using 125% of Active) Cost Estimates				
	<u>Basic</u>	<u>PPO</u>	<u>HDHP</u>	
			Calculation below includes an estimated 20% tax savings on \$2,900 (single) and \$5,800 (family) contribution	Estimated total annual difference - PPO Plan vs. HDHP with HSA- including tax savings
Single				
Low Utilizer	\$6,225.49	\$5,820.49	\$5,301.00	\$519.49
Medium Utilizer	\$8,094.19	\$7,169.19	\$10,190.00	-\$3,020.81
High Utilizer	\$8,480.44	\$7,520.44	\$10,190.00	-\$2,669.56
Family				
Low Utilizer	\$11,922.55	\$11,512.55	\$11,605.00	-\$92.45
Medium Utilizer	\$14,067.00	\$13,117.00	\$21,900.00	-\$8,783.00
High Utilizer	\$14,305.40	\$13,705.40	\$21,900.00	-\$8,194.60

Scenario Three

Out-of-Pocket and Premium (Using COBRA Rates) Cost Estimates				
	<u>Basic</u>	<u>PPO</u>	<u>HDHP</u>	
			Calculation below includes an estimated 20% tax savings on \$2,900 (single) and \$5,800 (family) contribution	Estimated total annual difference - PPO Plan vs. HDHP with HSA-including tax savings
Single				
Low Utilizer	\$6,225.49	\$5,820.49	\$4,425.96	\$1,394.53
Medium Utilizer	\$8,094.19	\$7,169.19	\$9,314.96	-\$2,145.77
High Utilizer	\$8,480.44	\$7,520.44	\$9,314.96	-\$1,794.52
Family				
Low Utilizer	\$11,922.55	\$11,512.55	\$9,495.64	\$2,016.91
Medium Utilizer	\$14,067.00	\$13,117.00	\$19,790.64	-\$6,673.64
High Utilizer	\$14,305.40	\$13,705.40	\$19,790.64	-\$6,085.24

Introduced by North Dakota Public Employee's Retirement System

1 A BILL for an Act to amend and reenact sections 54-52.1-14 of the North Dakota
2 Century Code, relating to the payment of both cash and non-cash incentives as part of
3 an employer's wellness program under the uniform group insurance program.

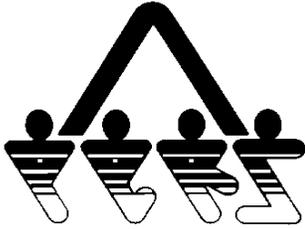
4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-52.1-14 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 **54-52.1-14. Wellness program.**

- 8 1. The board shall develop an employer-based wellness program. The
9 program must encourage employers to adopt a board-developed wellness
10 program by either charging extra health insurance premium to
11 nonparticipating employers or reducing premium for participating
12 employers.
- 13 2. An agency may offer incentives to its employees as part of the agency's
14 individual wellness plan. As used in this section, "incentives" shall include
15 cash incentives or rewards, non-cash incentives or rewards, and time
16 during working hours to attend wellness sessions, such as wellness
17 classes and exercise programs, to be conducted on the employers
18 premises.
- 19 3. An agency may only offer those incentives which have been submitted to
20 the public employees retirement system as part of the agency's wellness
21 plan. Prior to submitting a wellness plan to the public employees
22 retirement system, the director and wellness coordinator of an agency
23 must approve and document the incentives, determine the goal to be

- 1 achieved by offering each incentive, identify the contribution to wellness
2 that will be achieved by meeting the goal and the basis for estimating this
3 success. Any incentive offered that is not part of the agency's wellness
4 plan and has not been approved in advance by the agency director and
5 wellness coordinator is not authorized pursuant to this section.
- 6 4. Each participating agency shall annually, in its wellness report to the
7 public employees retirement system, detail the expenditures for the year
8 including the number of payments, amount of each payment, the purpose
9 of the payment and the expected contribution to wellness efforts. The
10 expenditures report shall be signed by the wellness coordinator and
11 agency director and they will certify by signature that all payments are a
12 part of the wellness efforts of the agency as reflected in the wellness plan.
13 The public employees' retirement system shall compile the information
14 received from the agencies and submit a report to the legislative employee
15 benefits committee and the office of management and budget.
- 16 5. All incentives offered pursuant to this section are subject to each agency's
17 appropriation authority and must be made available to all employees on
18 an equal basis as part of the wellness plan. Each agency offering a
19 wellness program must provide written assurance that the program is
20 reasonably available to all similarly situated individuals, and must offer a
21 reasonable alternative standard applicable to individuals who, for medical
22 reasons, cannot reasonably be expected to meet a primary wellness
23 program standard. In addition, an agency must abide by all other
24 requirements of state and federal law.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Segal Renewal

At the last meeting we reviewed the changes at Segal. At that time it was decided to go ahead with the renewal with them. Attached please find the proposed renewal terms. Staff has reviewed them and has determined that they are reasonable. Therefore, we would suggest their approval.

Board Action Requested

Approve the Segal Renewal



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 ceitelberg@segalco.com

February 11, 2008

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

Re: Proposed Contract for the Upcoming Biennium

Dear Sparb:

The current consulting services contract extension expires June 30, 2008. We are proposing fee adjustments on some of the fixed fees and time charge matters. The overall two-year increase on the fixed fee is based on an inflation increase of 2.6% per year, and time charges are adjusted based on a 3% annual increase, as shown in the schedule. As you will note, some fees and charges are being held at the current rates. The following table sets forth the proposed fee:

<u>Fixed Fee Rates</u>	<u>Existing Two Year Fee 7-1-2006 to 6-30-2008</u>	<u>Proposed Two Year Fee 7-1-2008 to 6-30-2010</u>
Actuarial Valuation and Consulting Service		
- Main, et.al.	\$57,000 per year	\$59,500 per year
- Retiree Health Insurance Credit Fund	\$11,000 per year	\$11,000 per year
- Job Service North Dakota	\$16,000 per year	\$16,000 per year
Flexible Compensation	<u>\$12,000</u> per year (hourly at \$180)	<u>\$12,000</u> per year (hourly at \$200)
Total Fixed Fee Matters	\$96,000	\$98,500
<u>Time Charge Rates</u>		
QDRO and Compliance Consulting	Time Charges per schedule	Time Charges per schedule
Legislative Analysis	\$275 per hour	Time Charges per schedule
401(a) Defined Contribution Plans	Time charges (\$275 per hour)	Time Charges per schedule
457 Plan	Time charges (\$275 per hour)	Time Charges per schedule

	<u>Existing</u> (effective 7/1/2006 to 6-30-2008)	<u>Proposed</u> (effective 7/1/2008 to 6-30-2010)
Consulting Actuary	\$345	\$365
Reviewing Actuary	-	\$395
Senior Actuarial Analyst	\$310	\$310
Actuarial Analyst	\$225	\$225
Compliance Consulting	\$325	\$345
Compliance Analyst	\$225	\$225

Attached is a chart containing a list of the consulting team, in the order of contact. It also includes each of their roles, credentials, hourly rates, and contact information, as well as each individual's resume.

In addition, we have agreed to a five percent (5%) retention performance fee for the next contract period. Brad Ramirez and Kurt Schneider will work with the System's staff to develop an agreed upon timeline for this year's valuation.

We have appreciated our long relationship with North Dakota PERS, and we respectfully submit this request for fee revisions.

Please do not hesitate to call if I can answer any questions.

Sincerely,



Cathie Eitelberg
Senior Vice President
National Director, Public Sector Market

cc: John Coyle
Brad Ramirez
Dave Bergerson
Tim Biddle

North Dakota Public Employees' Retirement System Consulting Team

Service	Segal Staff Member	Role	Time Charge Rate 7/08 – 6/10	Contact Information
Lead Consulting Actuary	Brad Ramirez, FSA, MAAA, EA	Lead Contact and Consultant	\$365.	bramirez@segalco.com 303.714.9952
Consulting Actuary	Kurt Schneider, ASA, MAAA, EA	Technical Project Leader	\$365.	kschneider@segalco.com 415.263.8230
Reviewing Actuary	John Monroe, ASA, MAAA, EA	Final Reviewer of Actuarial Results	\$395.	jmonroe@segalco.com 415.263.8260
Reviewing Actuary	Theodore J. Shively, ASA, MAAA, EA	Final Reviewer of Actuarial Results	\$395.	tshively@segalco.com 415.263.8253
Senior Actuarial Analyst	Shelly Voong	Support Actuary	\$310.	svoong@segalco.com 415.263.8279
Actuarial Analyst	Christy Ihn	Support Actuary	\$225.	cihn@segalco.com 415-263-8271
Compliance Consulting	Melanie Walker, JD	Lead Design and Compliance Consultant	\$345.	mwalker@segalco.com 303-714-9942
Compliance Analyst	Dallas Franks	Support Compliance Analyst	\$225.	dfranks@segalco.com 303-714-9915

Team Members are listed in order of contact, related to actuarial and compliance projects. Cathie Eitelberg will continue to be a key company contact as well as a Senior Advisor to the North Dakota Public Employees Retirement System, available for consultation on policy, design, and industry trends.



CATHIE G. EITELBERG

National Director, Senior Vice President, Washington
The Segal Company

Expertise

Ms. Eitelberg, since joining the Company in 1995, has been the National Director of the Public Sector Market for The Segal Company where she leads the company's team of Public Sector Consultants. She is a member of the Company's Senior Management Team.

As an expert in public pension design, finance, and administration, Ms. Eitelberg consults with clients to develop and implement strategic solutions to operational, governance, benefit design and funding, and total rewards challenges. Her clients include:

- Maryland State Retirement and Pension System
- Minnesota Teachers Retirement System
- Minnesota State Retirement System
- Public Employees Retirement Association of Minnesota
- Texas Municipal Retirement System

Professional Background

She has served on the boards of the National Association of State Retirement Administrators (NASRA), National Association of Government Defined Contribution Administrators (NAGDCA), and several committees of the International Foundation of Employee Benefits. She is a founding member of the Arthur N. Caple Foundation and sits on the Nationwide Retirement Education Institute Panel of Advisors.

She is listed in the *Who's Who of Finance* and the *Elite Who's Who of American Business Women* and received the 1995 Private Sector Financial Excellence Award from the Association of Government Accountants. Ms. Eitelberg lectures and writes on public retirement and health topics. She is an accomplished speaker and is frequently quoted in the press.

Prior to joining The Segal Company, she was on the staff of the GFOA as the first director and founder of its Pension and Benefits Center, and of the Association's *Pension & Benefits Update*. During Ms. Eitelberg's 14-year tenure at GFOA, she represented public officials and employee retirement systems before Congress and the administration on municipal debt, tax and employee benefits issues. In addition, she managed research and developed tax and employee benefits policy. Ms. Eitelberg was a staff member of the National Conference of State Legislatures in the early 80's.

Education/Professional Designations

She graduated from the University of Maryland (College Park, Maryland) *summa cum laude* with a B.S. degree in Business Management and continued to study in the Executive Education program at Harvard's Business School.

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BRAD RAMIREZ, FSA, MAAA, EA

*Consulting Actuary, Denver
The Segal Company*

Expertise

Mr. Ramirez is a Consulting Actuary in the Denver office of The Segal Company where he consults with public and private organizations to help them design, administer, and manage the financial risks associated with employee retirement plans. His current clients include multi-billion dollar state retirement systems, funds established by regional transportation authorities, and multiemployer trusts covering union-represented building trade employees.

Professional Background

Mr. Ramirez has 10 years of actuarial experience with national pension consulting firms. Prior to consulting, he taught undergraduate mathematics at the University of Oregon.

Education/Professional Designations

Mr. Ramirez received a BS and an MS, both in Mathematics, from the University of Nevada. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries and an Enrolled Actuary.

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KURT SCHNEIDER, ASA, MAAA, EA

Associate Actuary, San Francisco
The Segal Company

Expertise

Mr. Schneider joined The Segal Company's San Francisco office in 2007 as an Associate Actuary. His responsibilities focus primarily on providing technical work and review for actuarial valuations, actuarial experience studies, and related projects. He has nine years of experience in the pension consulting field and with both pension and retiree medical plans in single employer, multiemployer, as well as public plans.

Education/Professional Designations

Mr. Schneider graduated *magna cum laude* in 1996 from the University of California, San Diego with a BA in Mathematics. He received an MA in Mathematics in 1998 from the University of California, Berkeley. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary.

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JOHN MONROE, ASA, MAAA, EA
Vice President, Associate Actuary, San Francisco
The Segal Company

Expertise

Mr. Monroe joined The Segal Company's San Francisco office in 1996. He was named a Vice President in 2007. Currently, he serves as primary support actuary for the University of California Retirement Plan, San Bernardino County Employees' Retirement Association, Contra Costa County Employees' Retirement Association, and Ventura County Employees' Retirement Association.

Mr. Monroe has over ten years of experience in the actuarial consulting field. Mr. Monroe's focus areas include large government defined benefit plans and Taft-Hartley defined benefit plans of all sizes. His experience includes performing regular valuation work, actuarial audits, experience analyses, employer termination studies, and pension obligation bond studies.

Education/Professional Designations

Mr. Monroe is a 1995 graduate of Oregon State University with a BS in Mathematics. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary.

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THEODORE J. SHIVELY, ASA, MAAA, EA

*Vice President, Actuary, San Francisco
The Segal Company*

Expertise

Mr. Shively joined The Segal Company's Chicago office in 1978. In 1984, he transferred to the San Francisco office where he worked until 1990. After working at a property and casualty insurance company, Mr. Shively returned as an Associate Actuary in 1994 and became a Vice President in 1996. He has considerable experience with multiemployer and public sector pension plans.

Education/Professional Designations

Mr. Shively is a graduate of Michigan State University with a BS in Mathematics. In addition, he received an MBA from California State University, Hayward. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary.

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**SHELLY VOONG**

*Senior Actuarial Analyst, San Francisco
The Segal Company*

Expertise

Ms. Voong joined The Segal Company in 2004 as an Actuarial Analyst. Her responsibilities focus primarily on providing technical work and review for actuarial valuations, actuarial assumptions studies, and related projects.

Education/Professional Designations

Ms. Voong is a graduate of University of California at Davis where she received a BS in Computer Science and Applied Mathematics.

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**CHRISTY IHN**

*Actuarial Analyst, San Francisco
The Segal Company*

Expertise

Ms. Ihn joined The Segal Company in 2006 as an Actuarial Analyst. Her responsibilities include providing technical work and review for actuarial valuations, actuarial assumptions studies, and related projects.

Education/Professional Designations

Ms. Ihn is a graduate of the University of California, Los Angeles, with a Bachelor's degree in Mathematics/Economics and a Specialization in Programming in Computing.

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MELANIE WALKER, JD

*Vice President,
West Region Compliance Practice Leader, Denver
The Segal Company*

Expertise

Ms. Walker works in the Denver office of The Segal Company as a Vice President and the Compliance Practice Leader for the West Region. She is a licensed attorney in the State of Colorado.

Ms. Walker provides ongoing and special project compliance services for employee benefit plans to clients in Segal's three market divisions (public sector, private sector and multiemployer). Her primary area of expertise is with public sector retirement plans and she serves as a national resource for Segal in this area.

Professional Background

Prior to joining The Segal Company, Ms. Walker worked in employment law at a firm in Denver.

Education/Professional Designations

Ms. Walker received a BA in Political Science and International Affairs with an area of concentration in the Former Soviet Union at the University of Colorado at Boulder and a JD from the University of Colorado School of Law. She is an active member of the National Association of Public Pension Attorneys (NAPPA) and National Association of Government Defined Contribution Administrators (NAGDCA).

Published Works/Speeches

Ms. Walker frequently authors Segal publications for distribution to Segal's public sector retirement plan clients and has written articles for the NAPPA and NAGDCA newsletters. She is also a speaker on public sector retirement and benefits issues, including speaking for the International Foundation of Employee Benefit Plans and for the American Society of Pension Actuaries.

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**DALLAS C. FRANKS**

*Associate Health Consultant, Denver
The Segal Company*

Expertise

Ms. Franks joined The Segal Company in 1982. As an Associate Health Consultant, she is responsible for document drafting and review, contract review, claim review and plan/contract interpretation. She is Segal's Preferred Provider Specialist, and has practical experience in compliance with federal and state legislation, governmental reporting requirements, communications, and Section 125 plans.

Professional Background

Prior to joining The Segal Company, Ms. Franks worked for a local third party administrator. She has over 25 years of experience in the employee benefits field.

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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Interest on Member Account Balances

Attached please find a briefing memo from Segal concerning proposed IRS regulations relating to interest on member account balances. The public pension community is seeking relief on this issue in a technical corrections bill that may move through Congress in the next several months. I have met with Congressman Pomeroy on this issue and with staff from Senator Dorgan's office.

If this issue is not resolved in a technical corrections bill, we will have to determine our plan of action at an upcoming meeting



THE SEGAL COMPANY
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MEMORANDUM

To: Sparb Collins
From: Melanie Walker, JD
Date: February 13, 2008
Re: North Dakota PERS – Application of cash balance rules under PPA

At your request, we researched how the new cash balance rules under the Pension Protection Act of 2006 (PPA) affect PERS. Below is a summary of the new law and recent proposed regulations, as well as decisions or actions needed by PERS.

Background on Cash Balance Plans

Cash balance plans (also referred to as hybrid plans) combine elements of defined benefit plans with elements of defined contribution plans. A typical cash balance plan provides benefits based on a hypothetical account balance consisting of pay credits (e.g., 6% of monthly pay) and interest credits (e.g., 2% of account balance), rather than actual contributions and investment income.

Over the years, courts have been split on whether cash balance plans are age discriminatory. The problematic feature of cash balance plans for age discrimination purposes is that a dollar of accrued benefit for a younger employee has a higher value than a dollar of accrued benefit for an older employee because the younger employee has more years for the accrued benefit to grow before retirement. Many employers have been wary of adopting a cash balance plan without clear indication from Congress or the courts on the legitimacy of such plans. In 2006, as part of the Pension Protection Act, Congress amended ERISA, IRC (Internal Revenue Code) and ADEA (Age Discrimination in Employment Act) to clarify that cash balance plans are not age discriminatory if three major requirements are met, as follows:

1. Employees with at least three years of service must be 100% vested; and
2. The interest crediting rate must not exceed a “market rate of return”; and
3. Converting a defined benefit to a cash balance plan must be done in a manner that preserves participants’ accrued benefits.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BARCELONA BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE
MEXICO CITY OSLO PARIS

Applicability to Governmental Plans

These new rules for cash balance plans apply to governmental defined benefit plans that account for mandatory employee contributions plus interest as a minimum guaranteed benefit (a common feature in such plans) because the PPA rules apply to “applicable defined benefit plans” as defined in ERISA. “Applicable defined benefit plans” include any plan where the accrued benefit (or a portion thereof) is calculated as the balance of a hypothetical account. However, only the PPA revisions to the ADEA apply to governmental plans, and not the PPA revisions of ERISA and the IRC, since governmental plans are not subject to requirements under ERISA and amended IRC section 411.

Amended sections of the ADEA indicate that an applicable defined benefit plan is not age discriminatory if a participant’s accrued benefit is equal to or greater than that of a similarly situated younger participant. An applicable defined benefit plan will not fail to meet this requirement under the ADEA if interest credit for a plan year does not exceed a market rate of return. A plan will not fail to meet this requirement solely because it provides for a minimum guaranteed rate of return or a rate that is the greater of a fixed or variable rate. In addition, a market rate less than zero cannot reduce the account balance below the amount of aggregate contributions credited to the account (preservation of capital rule). Therefore, only the market rate of return requirement (item 2 above) applies to governmental plans, and not the vesting or conversion requirements (items 1 and 3 above).

Proposed Regulations

The IRS released proposed regulations for cash balance changes under PPA on December 27, 2007. The proposed regulations require applicable defined benefit plans to specify the timing, frequency and the indices basis for determining market rate of return under their plans. Under proposed regulations, the *timing* for determining the market rate of return can be made pursuant to either a daily interest crediting rate or a specified lookback month and stability period. The lookback month can be up to five months prior to the beginning of the stability period. The stability period can be no longer than one year (calendar year or plan year), but can be any unit shorter than one year (such as a month or quarter). The *frequency* at which interest credits are made under the plan must be at least annually. If interest credits are made more frequently than annually (e.g., monthly or quarterly), then the interest credit for the shorter period must be a pro-rated portion of an annual interest crediting rate.

Proposed regulations specify three indices for determining the market rate of return that would be permissible under PPA, as follows:

1. Interest rates on 30-Year Treasury securities; or
2. Interest rates on long-term investment grade corporate bonds (third-segment); or
3. Safe harbor rates described in IRS Notice 96-8.

The interest rate on 30-Year Treasury securities was the mandated interest rate for calculating lump sum values for private plans prior to PPA, while the corporate bond rate is the mandated interest rate for this purpose after PPA. Notice 96-8 describes safe harbor interest crediting rates

for cash balance plans under certain circumstances prior to PPA, and these rates are intended to be similar to the 30-Year Treasury rate.

As an illustration of the range of the interest crediting rates described above, the 30-Year Treasury rate for December 2007 is 4.53%, while the corporate bond rate (third segment) for December 2007 is 4.96% (if transitioned over three years as permitted) or 6.69% (without transition). The safe harbor rates described in Notice 96-8 provide a range of standard indexes with associated margins from approximately 3% to approximately 5%.

The proposed regulations do not provide guidance for the alternatives specifically permitted under the ADEA regarding a reasonable minimum guaranteed rate of return or a rate of return equal to the greater of a fixed or variable rate. The IRS indicated they are concerned that utilizing either of these methodologies for determining a rate of return would result in a rate that exceeds market rates. However, the IRS left open the possibility of including guidance on these alternatives in the final regulations.

Effective Date

The statutory provisions of PPA regarding market rate of return requirements apply to existing cash balance plans (as of June 29, 2005) for plan years beginning in 2008 and thereafter. The detailed guidance set forth in the regulations is proposed to be effective for plan years beginning in 2009 and thereafter. Until the regulations are finalized, plans are permitted to rely on the proposed regulations. In fact, the IRS indicates that pending additional guidance, plans should be cautious in adopting interest crediting rates other than those explicitly permitted in the proposed regulations because if such rate adopted by the plan does not satisfy the market rate of return under future guidance, then the rate would have to be reduced to satisfy the new rules.

Implications for PERS

Since PERS accounts for mandatory employee contributions (and employer contributions) plus interest as a minimum guaranteed benefit for certain employees, it appears that the Hybrid Plan fits the definition of an “applicable defined benefit plan.” Therefore, PERS must satisfy statutory rules regarding market rate of return restrictions for member account balances. To date, the technical corrections legislation for PPA does not include any changes to the cash balance provisions as applicable to governmental plans. Although PERS’ current methodology for crediting interest to such accounts may satisfy statutory rules under future guidance, it does not appear to satisfy safe harbors under proposed regulations. For this reason, PERS may wish to revise their methodology for crediting interest to member accounts in accordance with the safe harbors described in proposed regulations.

Segal can provide assistance to PERS in establishing a methodology for crediting interest to member accounts in accordance with the proposed regulations. We can provide illustrations of the range of interest rates permitted under the regulations using various lookback months and stability periods, based on currently available rates.

We hope this information is helpful. As always, the information contained in this memorandum is provided within our role as benefits consultants and is not intended to provide legal advice. If you have any questions, please contact me at your convenience.

February 13, 2008
Page 4

cc: Brad Ramirez, FSA, MAAA, EA

4037574v1/01640.044



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Prescription Drugs

Members of the North Dakota Pharmacists Association will be at the next meeting to discuss pharmacy services in North Dakota. At the Board planning meeting in December we discussed the attached two memos and decided to ask the Pharmacists Association to a future Board meeting to discuss this and other issues.

Also please note the following study resolution relating to this topic that was adopted by the last legislature and was assigned to the IBL committee

1299 § 2 Study the regulation and licensing of pharmacists in this state, including an examination of the State Board of Pharmacy, the board's size, the manner of board membership appointment, and whether the board is representative of commercial and noncommercial pharmacists; the state's demographics and the impact changing demographics in rural areas will have on the ability of small, locally owned pharmacies to remain economically viable and of rural residents to access low-cost pharmaceuticals and pharmacy and pharmacists' services; pharmacy ownership restrictions, the relevance of those restrictions in terms of marketplace competition, and the impact of those restrictions on the price and availability of pharmaceuticals and on pharmacy and pharmacists' services; and statutory interplay between the board and the North Dakota Pharmaceutical Association and whether the regulatory function of the board conflicts with the advocacy function of the association (Industry, Business, and Labor Committee)



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

Memorandum

TO: PERS Board
FROM: Bryan
DATE: November 15, 2007
SUBJECT: NDPERS Prescription Drugs Update

The NDPERS Health Plan cost sharing for prescription drugs for the 07-09 biennium is:

Prescription Formulary Generic Drug			
- Copayment	\$5	\$5	\$5
- Co-Insurance	15%	15%	15%
Prescription Formulary Brand-Name Drug			
- Copayment	\$20	\$20	\$20
- Co-Insurance	25%	25%	25%
Prescription Non-Formulary Drug			
- Copayment	\$25	\$25	\$25
- Co-Insurance	50%	50%	50%

The data for the latest year (7/2006 – 6/2007) shows the average charge for a generic drug at \$47.56 and the average charge for a brand name drug at \$165.38 per script. The average amount the NDPERS Health Plan paid was \$18.75 for a generic and \$90.26 for a brand name. There were 495,474 prescriptions during this period. Note that the Medicare part-D claims are no longer processed through the BCBS/Prime system. The NDPERS generic utilization for this period was at 57%.

The new mail order pharmacy had 450 claims for this period (1/10th of 1% of the total). Members that are using the mail order option are getting higher cost drugs. The average charges and paid amounts for mail order were:

	Charges	Paid
Generic:	\$128.90	\$140.39
Brand:	\$623.46	\$358.11

The top five mail order drugs were:

GENNAME	Frequency	Percent	Cumulative Frequency	Cumulative Percent
PROTONIX	21	4.83	21	4.83
ADVAIR DISKUS	16	3.68	37	8.51
AVONEX	16	3.68	53	12.18
CRESTOR	16	3.68	69	15.86
METFORMIN HCL	14	3.22	83	19.08

The top ten drugs for the NDPERS Prescription Drug Plan were:

GENNAME	Frequency	Percent	Cumulative Frequency	Cumulative Percent
LIPITOR	2637	2.01	2637	2.01
LISINOPRIL	2336	1.78	4973	3.79
HYDROCODONE/ACETAMINOPHEN	2304	1.75	7277	5.54
LEVOTHYROXINE SODIUM	2161	1.65	9438	7.19
AZITHROMYCIN	2051	1.56	11489	8.75
AMOXICILLIN	2015	1.53	13504	10.28
HYDROCHLOROTHIAZIDE	2012	1.53	15516	11.82
FLUOXETINE HCL	1730	1.32	17246	13.13
METFORMIN HCL	1705	1.30	18951	14.43
SERTRALINE HCL	1597	1.22	20548	15.65

Some retail stores like Wal-Mart and Target are now offering a 30-day supply of over 360 mostly generic drugs for \$4. This offer is for in-store purchases only except for stores in North Dakota and is not available by mail order. Since this is lower than the NDPERS copayment, these offers would save money for both the NDPERS Health Plan and its members. The following is an analysis from BCBS.

I took a look at NDPERS 2nd Quarter 2007 utilization. I would estimate that NDPERS would have saved approximately \$240,000 if all \$4 qualifying generics were filled at Wal-Mart stores. Members would have saved about the same amount in cost sharing.

For this to actually occur is another matter. The \$4 generic program applies only to prescriptions filled in less than 34 day supplies and picked up in person at a Wal-Mart store. There are no participating Wal-Mart stores in North Dakota. Only about \$7,000 of the savings noted above is attributable to NDPERS members with an out-of-state zipcode.

Tom Christensen, PhD, RPh
 Director of Pharmacy Management

If you have any questions or would like to see any other information, I will be available at the NDPERS Board meeting.



Memorandum

TO: Sparb Collins, NDPERS

FROM: Larry Brooks, BCBSND

DATE: January 8, 2008

SUBJECT: Wal-Mart Drugs

Through an e-mail dated December 10, 2007, you asked the effect on premiums if the Wal-Mart Drug Plan was available in North Dakota. Specifically, how much of a reduction in premiums would be associated with this option.

After reviewing this situation with our Actuarial Department, we would expect savings to NDPERS to be no more than 0.1% to 0.3% of premium, depending on the design of the benefit (for instance, who pays the \$4, if members have a choice, impact on areas without a Wal-Mart, impact of 90-day prescriptions, and so on).

Rob Scheiring of our Actuarial Department will be attending the January 17 Board meeting to address any additional questions you might have.



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

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

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

Memorandum

TO: PERS Board

FROM: Sparb

DATE: February 13, 2008

SUBJECT: Annual BCBS Health Care Utilization Study

Attached is the NDPERS Annual Management Information System (MIS) Study as well as a presentation on the study's findings.

Kevin Schoenborn from BCBS will be at the meeting to go over the presentation and to discuss the above report.

NDPERS Annual Management Information System (MIS) Study

Blue Cross Blue Shield of ND
A Presentation to the NDPERS Board
February, 2008

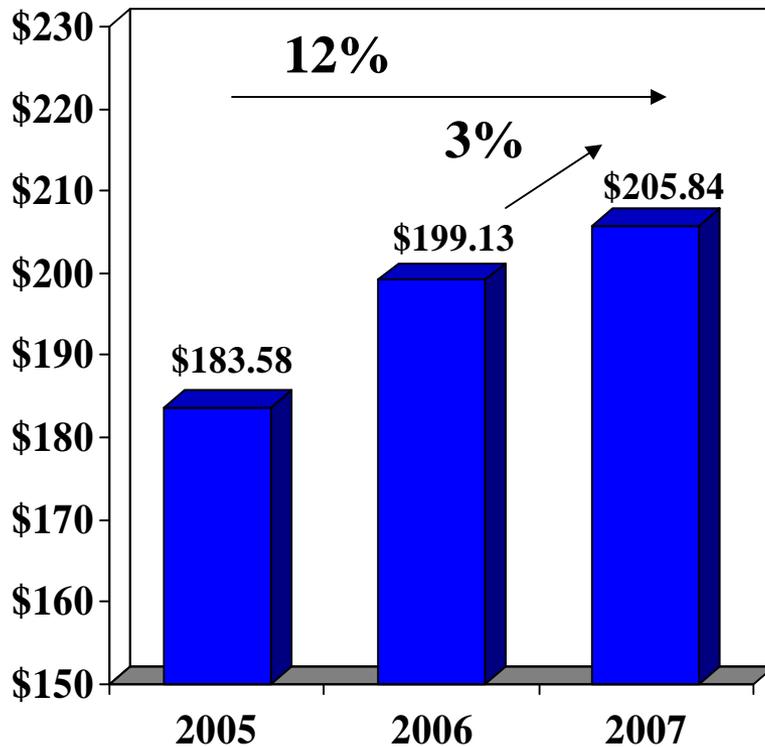
Summary - Total

Claims Incurred 07/01/06 - 06/30/07
Run-out through 09/30/07

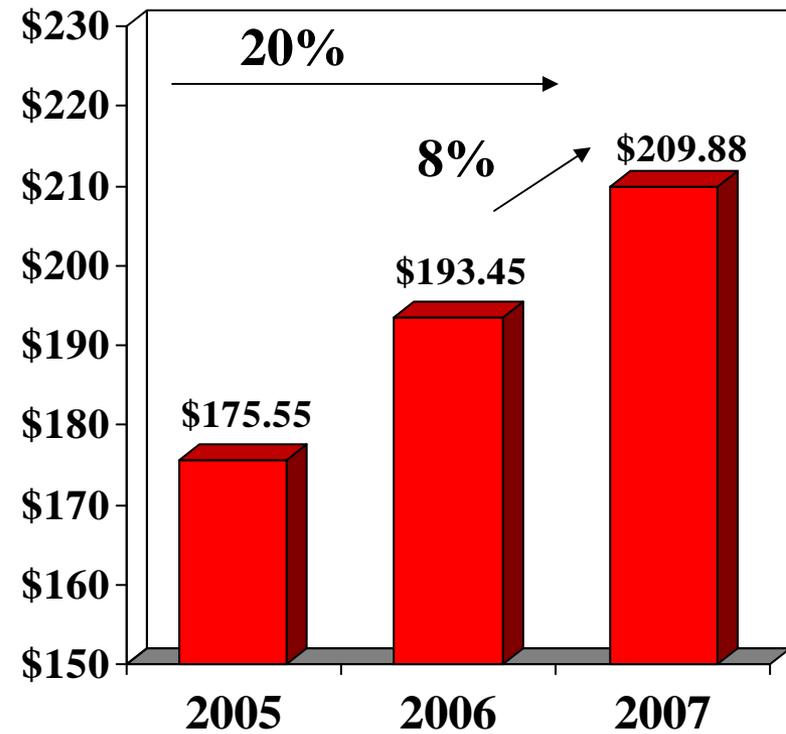
	Total NDPERS
Total Members	55,374
Total Payments	\$136,777,069
Paid PMPM	\$205.84

Annual Comparisons

■ Total PERS

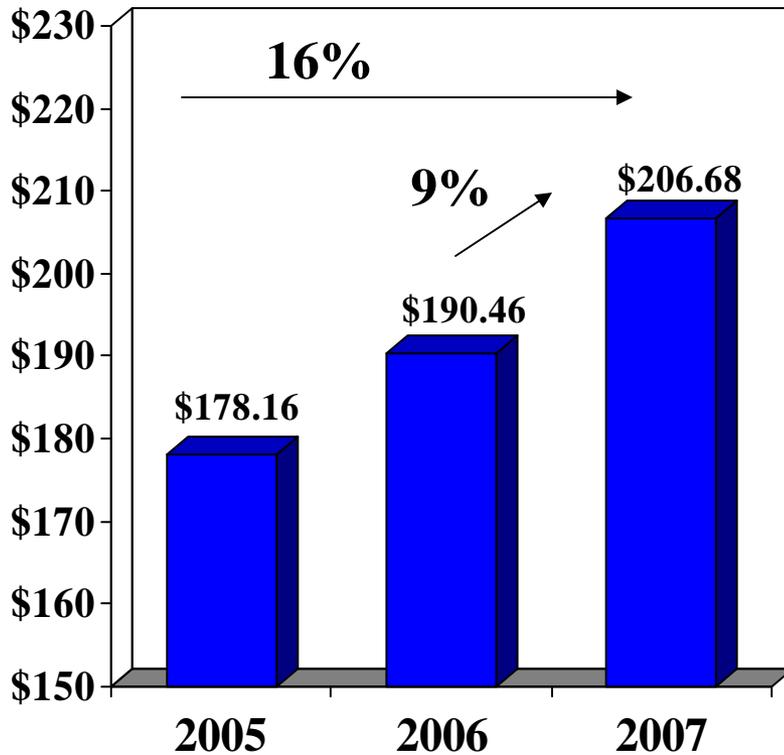


■ Total Actives

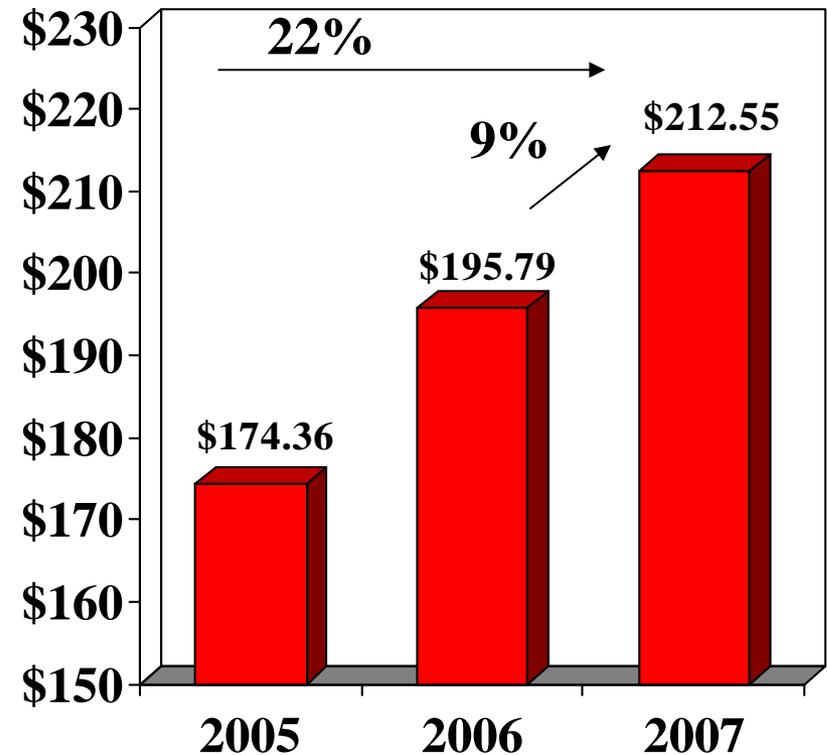


Annual Comparisons

■ EPO Actives

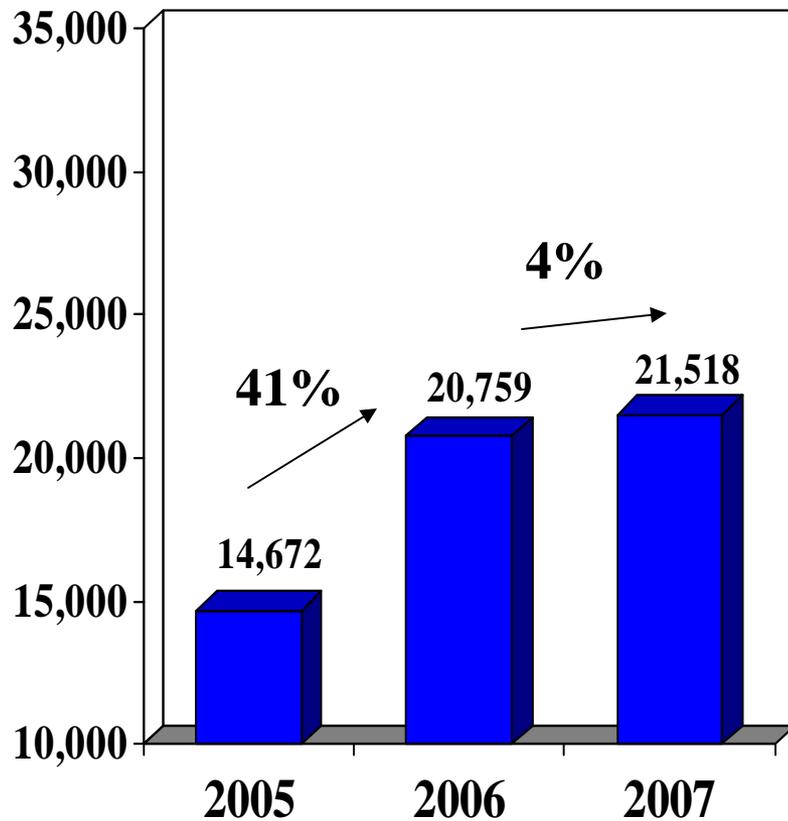


■ PPO Actives

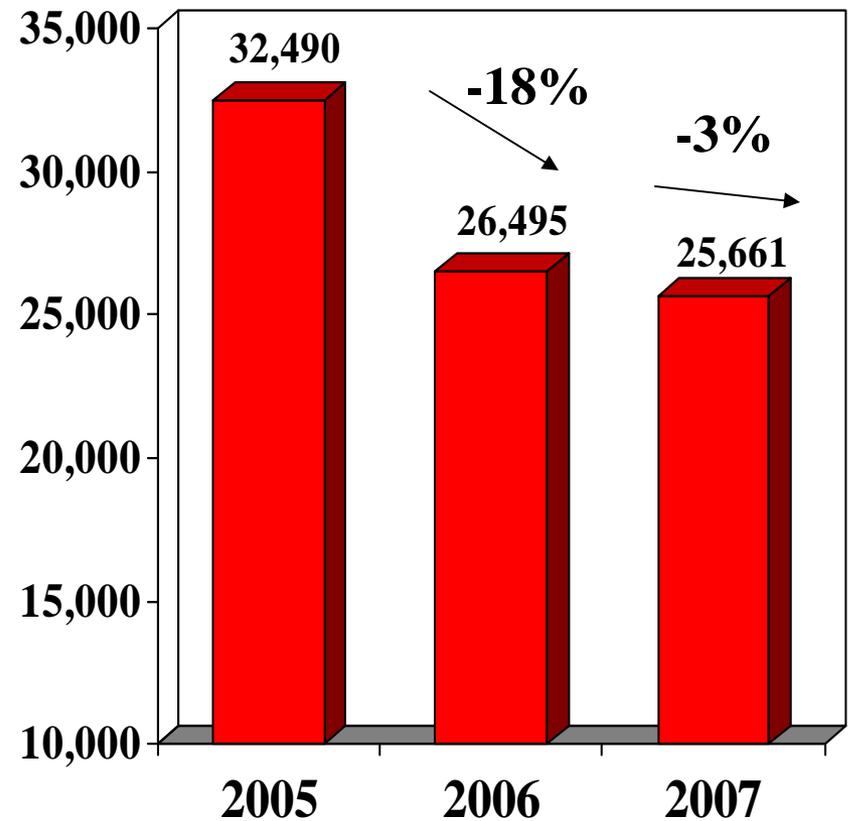


Membership Comparisons

■ EPO Actives

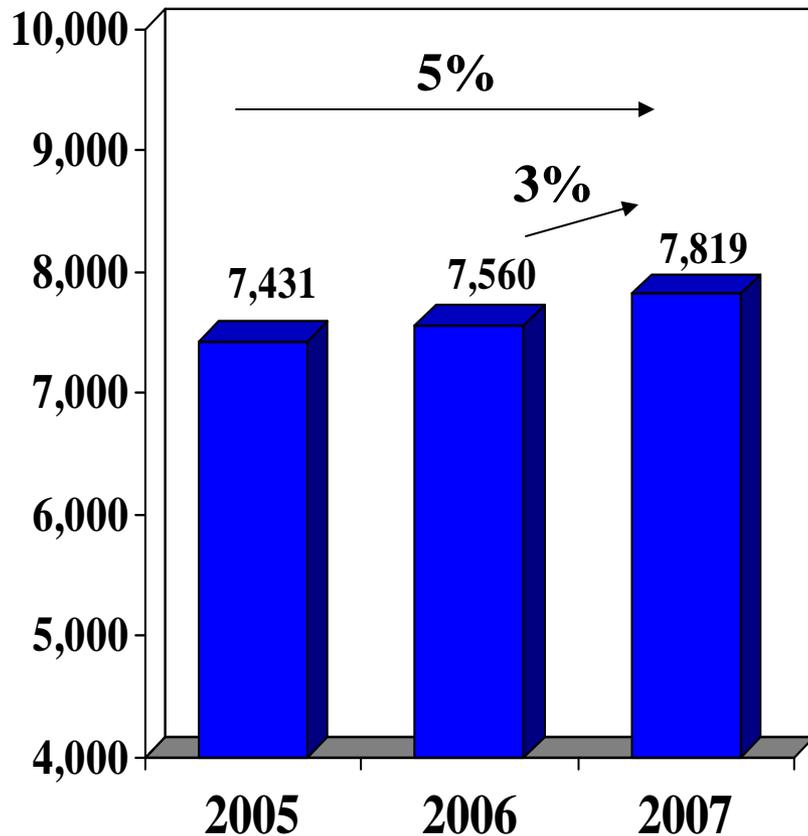


■ PPO Actives

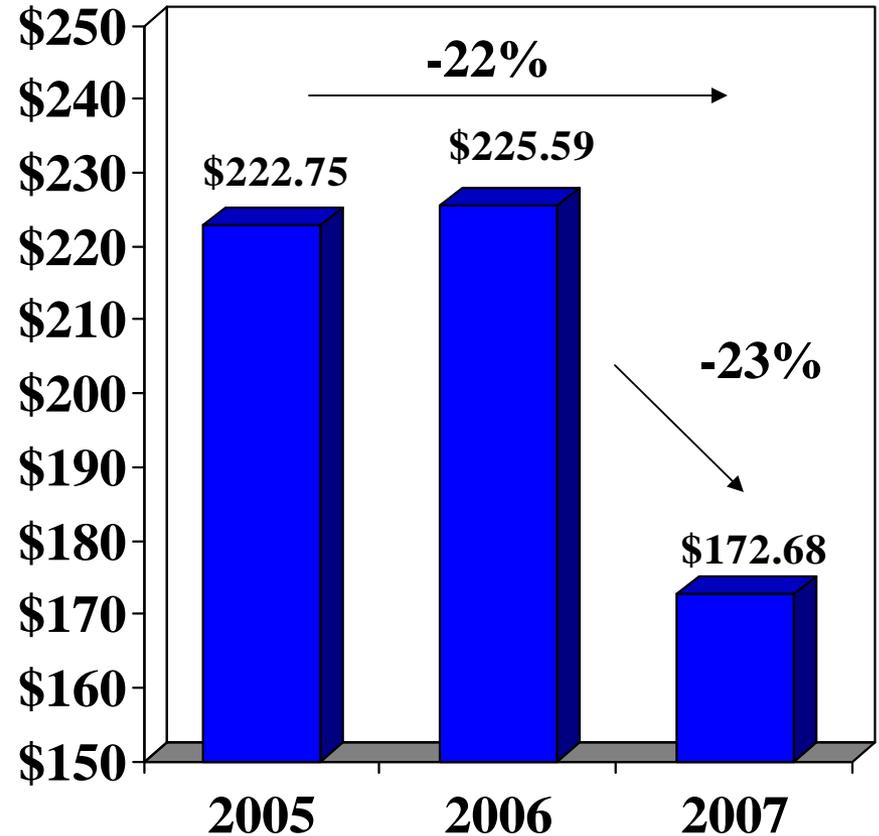


Retiree Comparisons

■ Membership

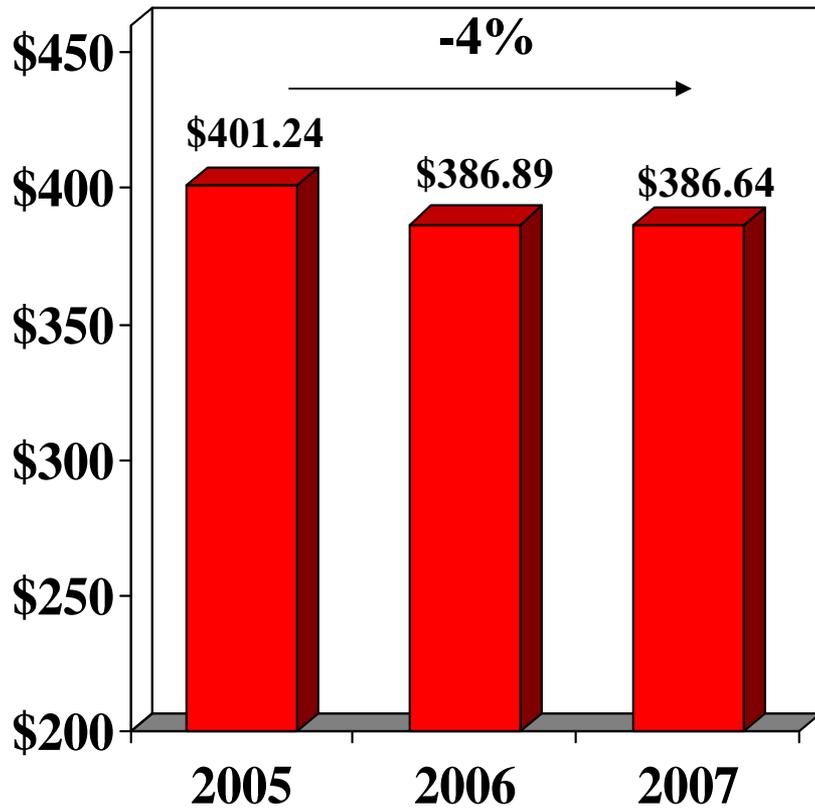


■ Payments PMPM

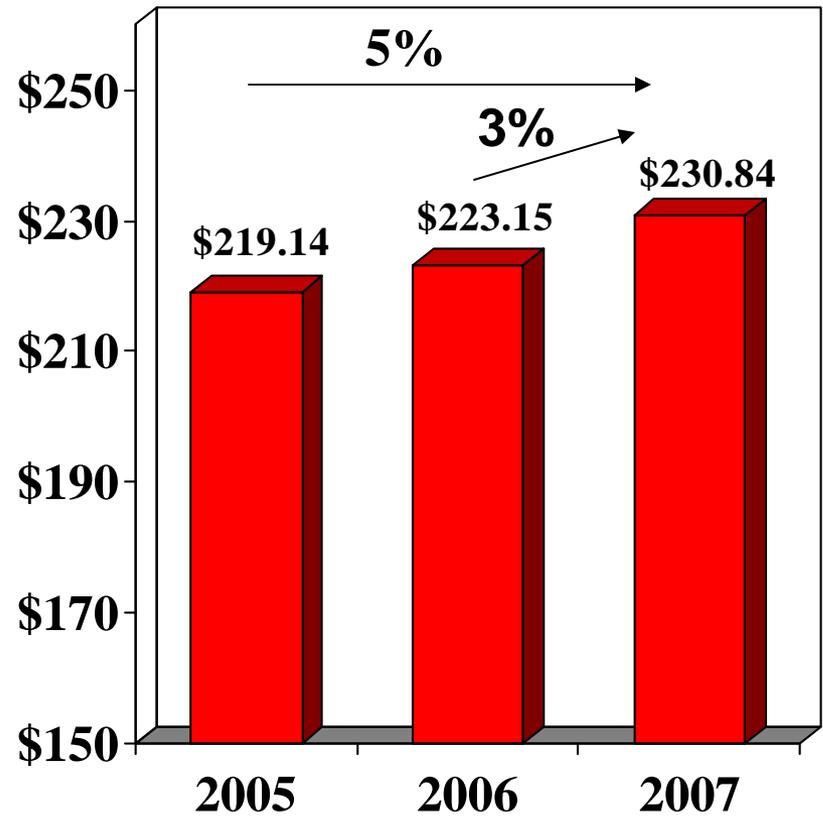


Annual Comparisons

■ COBRA



■ Political Subs



Discounts Comparisons

Active Members

- Total Discounts = \$70,214,965 (or 31% of Charges)
 - BlueCard Discounts = \$6,691,584 (27% of BlueCard Charges)

Retiree Members

- Total Discounts = \$6,895,634 (or 6% of Charges)
 - BlueCard Discounts = \$1,169,036 (19% of BlueCard Charges)

Demographics

Paid PMPM	2003	2004	2005	2006	2007
Age 44 and younger	\$91.53	\$98.57	\$110.56	\$124.75	\$128.76
Age 45 and older	\$236.54	\$244.58	\$285.64	\$305.81	\$333.98

**Does not include retirees.*

- 76% of the Active High Dollar Members were Age 45+
- 39% of the Active Membership were Age 45+
 - **Plan Average = 33%**

High Dollar Claims - Actives

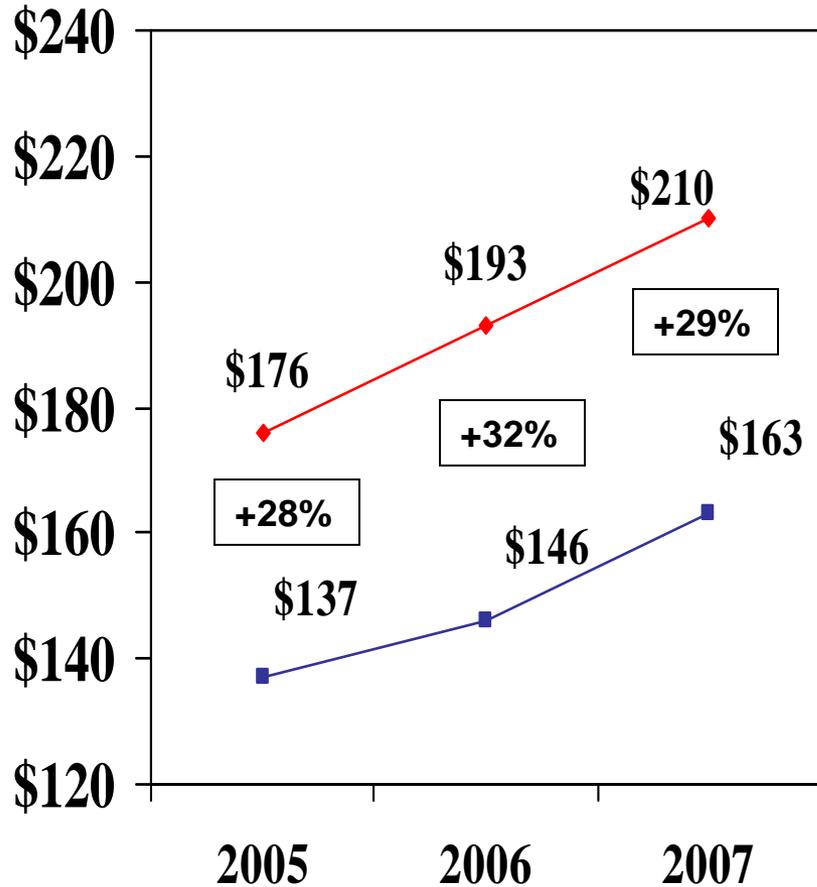
- \$50,000 Payment Threshold
 - 285 Members Met
 - 119 EPO (20% of EPO Paid)
 - 166 PPO (24% of PPO Paid)
 - 224 age 45+ (79% of Hi\$ Paid)
 - 19 had Payments > \$200,000
 - 35 Members no longer enrolled
- Total Paid \$26,754,158 (or 23%)

High Dollar Claims - Retirees

- \$50,000 Payment Threshold
 - 37 Members Met
 - 22% of Total Paid
 - 10 had Payments > \$100,000
- Total Paid: **\$3,504,677**

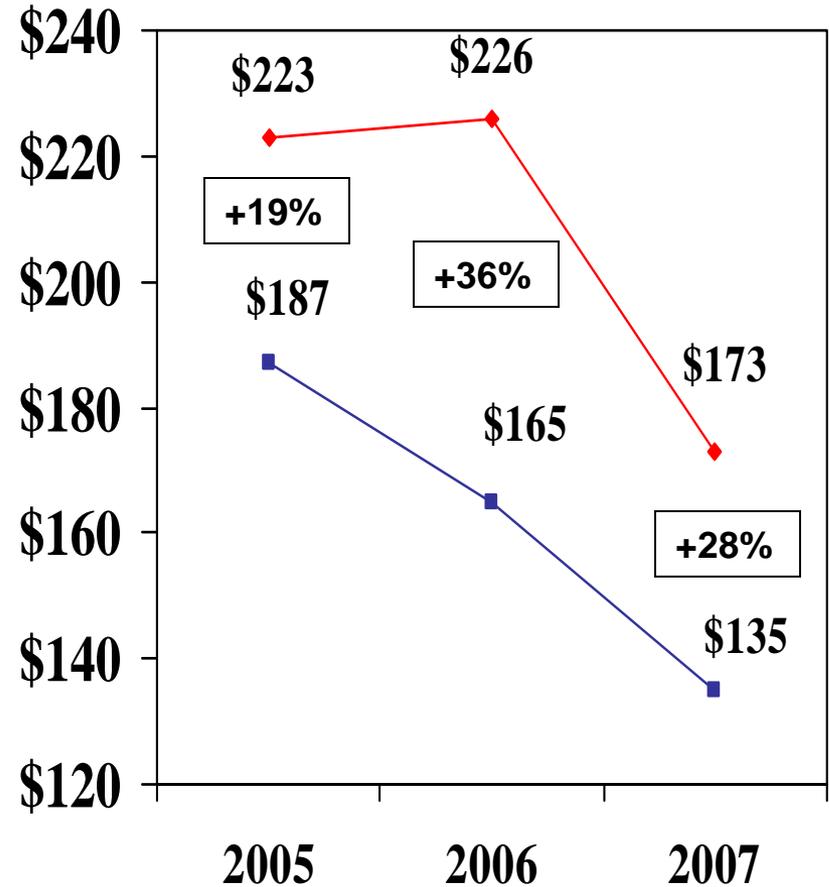
Paid PMPM Comparison with High Dollar* Influence

Actives



◆ With High Dollar ■ Without High Dollar

Retirees



◆ With High Dollar ■ Without High Dollar

* Members with total payments of \$50,000 or more.

Prescription Drugs

Active Members

- Generic Utilization Rate 59% (54% in 2006)
 - Statewide was 58%
- Average Paid per Brand = \$84.70 Generic = \$17.75
- 11% Increase in Payments PMPM to \$31.64

Retiree Members

- Medicare Retiree's Enrolled in Part D on 1/1/2006
- Part D Data Not Included in study.
- Generic Utilization Rate 55% (53% in 2006)
- Average Paid per Brand = \$92.14 Generic = \$19.67

Prescription Drugs

\$1,000 Coinsurance Maximum for Formulary Drugs

- Effective on 7/1/2005
- CY 2006 - 761 individuals met this maximum
- CY 2007 – 763 is maximum (as of 1/8/08)

Mail Order Prescriptions

- 2006 - 131 Scripts, \$16,360 paid
- 2007 - 373 Scripts, \$80,138 paid

Member Education

- On-going effort by PERS and BCBSND
- Also included Benefit Overview
 - From January 2006 through December 2006:
 - 99 groups/agencies visited (197 Meetings)
 - 5,016 employees seen
 - From January 2007 through December 2007:
 - 89 groups/agencies visited (207 Meetings)
 - 5,642 employees seen
- Stress Management – First Quarter 2008
- Revamp of Health Journal – End of 2008

Wellness Benefit Programs Update

- **Wellness Benefit Program:**
 - **2005 – 2007 Biennium**
 - Funded by \$.09/Contract/Month
 - \$44,408 spent on 97 Programs
 - **2007 – 2009 Biennium**
 - Funded by \$.11/Contract/Month
 - As of 1/22/08, \$12,962 spent on 20 Programs
 - **Programs funded:**
 - Health Fairs, Flu Shots, 5-a-Day Nutrition, Wellness Education, Walking Programs

Wellness Benefit Programs Update

- **Employer-Based Wellness Pilot Program**
 - **Funded previously by \$.41/Contract/Month until 6/30/07**
 - **Starting 7/1/07 funded by \$.25/Contract/Month**
 - **Paid \$241,841 to UND Wellness Center as of 1/8/08**

Wellness Benefit Programs Update

- **UND Wellness Center Employee Pilot**
 - **Partnership between Wellness Center, NDPERS and BCBSND**
 - **Studying workers progress of Adopting or Maintaining Healthy Behaviors and how it can impact Employers to managing rising Health-Care costs and increase productivity (ex saving money, reduce absenteeism).**

Smoking Cessation

Number of Members, Start Dates, and Dollars for Each Biennium

	Start Dates	Members	Dollars	Average Dollars per Member
First Biennium (07/01/03 - 06/30/05)	329	308	\$35,302	\$115
Second Biennium (07/01/05 - 06/30/07)	453	433	\$92,696	\$214
Third Biennium - Current (07/01/07 - 10/31/07)	49	49	\$13,154	\$268
Total	849	776	\$141,151	\$182

- Promotional plan in place to increase Participation

Health Dialog

- Launched in October 2005
- Promotional Campaign Continues
- Created 1 & 2 Point Wellness Benefit Programs centered around HRA
- Health Dialog Presentation to NDPERS Board in March

Questions





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

Sparb Collins
Executive Director
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Memorandum

TO: PERS Board

FROM: Sparb

DATE: February 13, 2008

SUBJECT: HB 1433, Agreement for Services
Disease State Management of Diabetes Program

Attached is the Agreement for Services for the Disease State Management of Diabetes Program. Mr. Mike Schwab from the ND Pharmacy Services Corporation presented information and the Board approved moving forward with the project at the January 2008 meeting.

The Agreement has been reviewed/approved by Aaron Webb, Assistant Attorney General.

Board action is required to approve the Agreement for Services.

AGREEMENT FOR SERVICES

Disease State Management of Diabetes Program

The parties to this contract are the State of North Dakota, acting through the North Dakota Public Employees Retirement System (“NDPERS”) and the North Dakota Pharmacy Services Corporation (“Provider”).

- 1) **SCOPE OF SERVICES:** Provider agrees to provide the accepted services as specified in the proposal (attached hereto as Exhibit A). Therefore, the terms of the proposal are hereby incorporated by reference as part of the contract.
- 2) **TERM:** This agreement shall commence on _____ and end on _____.
- 3) **FEES AND BILLING:** NDPERS shall only pay pursuant to the terms in the Cost Proposal (attached hereto as Exhibit B).
- 4) **TERMINATION:**

a. Termination without cause. This contract may be terminated by mutual consent of both parties, or by either party upon 30 days’ written notice.

b. Termination for lack of authority. NDPERS may terminate this contract effective upon delivery of written notice to the Provider, or on any later date stated in the notice, under the following condition(s):

1. If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.

Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

c. Termination for cause. NDPERS by written notice of default to the Provider may terminate the whole or any part of this contract:

1. If the Provider fails to provide services required by this contract within the time specified or any extension agreed to by NDPERS; or
2. If the Provider fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of NDPERS provided in the above clause related to defaults by the Provider are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

- 5) **ACCESS TO RECORDS:** NDPERS agrees that all participation by its members and their dependents in programs under this agreement is confidential. The Provider may not disclose any individual employee or dependent information to the covered agency or its' representatives without the prior written authorization of the employee or family member.

The provider agrees, with respect to any services provided under this agreement, to comply with all applicable requirements of the federal HIPAA privacy rule, 45 CFR pts.160 and 164. The Provider will have exclusive control over the direction and guidance of the professionals rendering services under this agreement. The Provider agrees to keep confidential all PERS information obtained in the course of delivering services.

- 6) **COMPLIANCE WITH PUBLIC RECORDS LAW:** Provider understands that, except for information that is confidential or otherwise exempt from the North Dakota open records law, NDPERS must disclose to the public upon request any records it receives from Provider. Provider further understands that any records that are obtained or generated by Provider under this contract, except for records that are confidential or exempt may, under certain circumstances, be open to the public upon request under the North Dakota open records law. Provider agrees to contact NDPERS immediately upon receiving a request for information under the open records law and to comply with NDPERS instructions on how to respond to the request.
- 7) **OWNERSHIP OF WORK PRODUCT:** All work products of the Provider, including but not limited to, data, documents, drawings, estimates and actuarial calculations which are provided to NDPERS under this agreement are the exclusive property of NDPERS. Any medical records and related individually identifiable health information created or obtained by the Provider in the course of providing services under this contract are the property of NDPERS, but disclosure of protected health information to NDPERS is subject to the applicable requirements of the HIPAA privacy rule and any other applicable State or Federal law.
- 8) **APPLICABLE LAW AND VENUE:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be brought in the District Court of Burleigh County, North Dakota.
- 9) **MERGER AND MODIFICATION:** This contract and the proposal shall constitute the entire agreement between the parties. In the event of any inconsistency or conflict among the documents making up this agreement, the documents must control in this order of precedence: First – the terms of this Contract, as may be amended and Second - Provider’s Proposal. No waiver, consent, modification or change of terms of this agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this agreement.
- 10) **INDEMNITY:** Provider shall comply with all applicable federal, state, and local laws, rules, and ordinances at all times in the performance of this agreement, and conduct its activities so as not to endanger any person or property. Provider agrees to defend, indemnify, and hold harmless the State of North Dakota, its agencies, officers and employees (State), from and against claims based on the direct and/or vicarious liability of the Provider or its agent, but not against claims based on State’s contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors or omissions. The legal defense provided by Provider to the State under this provision must be free of any conflicts of

interest, even if retention of separate legal counsel for the State is necessary. Provider also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

- 11) **INSURANCE:** Provider shall secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, appropriate professional liability insurance with minimum liability limits of \$500,000 per occurrence and \$1,000,000. Provider shall also require all subcontractors to secure and keep in force during the term of the agreement, the same professional liability insurance coverage as provider. Any deductible or self insured retention amount or other similar obligation under the policies must be the sole responsibility of the provider. Provider shall furnish a certificate of insurance to NDPERS prior to the commencement of this agreement. Failure to provide insurance as required in this agreement is a material breach of contract entitling NDPERS to terminate this agreement immediately.
- 12) **SEVERABILITY CLAUSE:** If any term or provision of this Agreement is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term or provision.
- 13) **STATE AUDIT:** All records, regardless of physical form, and the accounting practices and procedures of Provider relevant to this contract are subject to examination by the North Dakota State Auditor or the Auditor's designee. Provider will maintain all of these records for at least three years following completion of this contract.
- 14) **COMPLIANCE WITH LAWS:** Provider agrees to comply with all applicable laws, rules, regulations and policies, including those relating to nondiscrimination, accessibility and civil rights. Provider shall attain all necessary reviews and approvals as required by law. Provider shall have and keep current at all times during the term of this contract all licenses and permits required by law.
- 15) **EFFECTIVENESS OF CONTRACT**

This contract is not effective until fully executed by both parties.

IN WITNESS WHEREOF, Provider and NDPERS have executed this agreement as of the date first written above.

PROVIDER

North Dakota Pharmacy Services Corporation

BY: _____

ITS: _____

DATE: _____

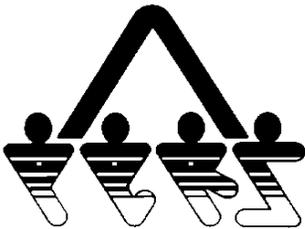
STATE OF NORTH DAKOTA

ND Public Employees Retirement System

BY: Sparb Collins _____

ITS: Executive Director _____

DATE: _____



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

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

FAX: (701) 328-3920 • EMAIL: ndpers@state.nd.us • discovernd.com/ndpers

Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: February 8, 2008

SUBJECT: Heart of America Health Plan

Attached is a request from Heart of America in Rugby to continue to offer its health plan membership to state employees in its Rugby service area. The term of this renewal is from July 1, 2008 through June 30, 2009. The new rates are included in the materials provided by Heart of America. The premiums for all levels and plan types increased by approximately 7.5% over the previous year.

A copy of the current Provider Agreement is included for your information. Last year the Board approved the plan for the Rugby service area. All other required information is attached and appears to be in order. The State Insurance Department has indicated that it has not received any inquiries or appeals on Heart of America over the past year. The following outlines the current enrollment in the plan:

Rolette County Contracts

3 Single

NDSU Contracts

1 Family

Pierce County Contracts

2 SPD
1 Family
1 Single

Game & Fish

1 SPD

BOARD ACTION REQUESTED

Accept or reject the Heart of America request to continue to offer its health plan to PERS membership in the Rugby service area.

 HEART OF AMERICA
Health Plan

810 S. Main, Rugby, ND 58368
(701) 776-5848 or 800-525-5661

December 31, 2007

COPY



Sparb Collins
North Dakota Public Employees Retirement System
Box 1657
Bismarck, ND 58502

RE: Request to offer Heart of America Health Plan membership
to qualified North Dakota Public Employees

Dear Mr. Collins,

The Heart of America Health Plan is requesting its continued participation in the North Dakota Public Employees Retirement System. We are asking for continued participation for eligible employees living in the Rugby service area. We are also enclosing the following information in compliance with Article 71-03-02 of the NDCC 54-52-1:

1. Copy of Certificate of Authority issued by the ND Commissioner of Insurance.
2. Copy from the Secretary of Health and Human Services that Heart of America Health Plan is a federally qualified HMO.
3. Rate Sheets for 2008.
4. The Heart of America Health Plan agrees to hold open enrollment coinciding with the dates the board holds open enrollment for the program.
5. Enclosed are financial statements for Heart of America Health Plan.
6. Benefit grids for Rugby Service Area plans (High, Low & Share Option).
7. Provider Directory for the Rugby service areas.

As in the past, we are submitting this information to assure our continued participation with NDPERS as a health carrier for our Rugby service area. Please consider this at your next meeting and let us know if any further information is needed. Thank you for your consideration of our request.

Sincerely,



Mary Schmalz
Marketing Representative

Enc.

Cc: Kathy Allen

STATE OF NORTH DAKOTA
Department of Insurance



Certificate of Authority

This Is To Certify that pursuant to the Insurance Code of the State of North Dakota, Heart of America HMO, organized under the laws of North Dakota, subject to its Articles of Incorporation or other fundamental organizational documents is hereby authorized to transact within the State of North Dakota, subject to provisions of this certificate, the following lines of insurance:

Accident & Health

as such lines are now or may hereafter be defined in Title 26.1, the insurance laws of the State of North Dakota.

This certificate is expressly conditioned upon the holder hereof now and hereafter being in full compliance with all of the applicable laws and lawful requirements made under authority of the laws of the State of North Dakota as long as such laws or requirements are in effect and applicable, and as such laws and requirements now are, or may hereafter, be changed or amended.

This certificate is at all times the property of the State of North Dakota and shall continue in force as long as the Insurer is entitled thereto under the laws of the State of North Dakota and until suspended or revoked or otherwise terminated, at which time the Insurer shall promptly deliver this Certificate to the Insurance Commissioner of the State of North Dakota.

In Witness Whereof, I have hereunto set my hand at the City of Bismarck, on July 1, 2000.

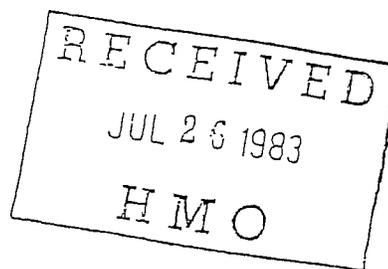
GLENN POMEROY

A handwritten signature in cursive script, appearing to read "Glenn Pomeroy", is written over a horizontal line.

COMMISSIONER OF INSURANCE

July 22, 1983

Mr. Kenneth L. Ulmer
Executive Director
Heart of America Health Maintenance
Organization
Human Service Center
Rugby, North Dakota 58368



Dear Mr. Ulmer:

We are pleased to inform you that Heart of America Health Maintenance Organization meets the requirements of an operational group model qualified health maintenance organization in accordance with Title XIII of the Public Health Service Act and 42 CFR 110.603. This finding is based on a review of the qualification application, other submissions to the Department and on-site inspections. The service area shown in the enclosure has been approved.

Qualification will be effective on the date of the signature on the enclosed assurance document by which the HMO agrees to continue to abide by the requirements of the Act and applicable regulations. To assist us in verifying continued compliance with the requirements of the Act, Heart of America Health Maintenance Organization must comply with the National Data Reporting Requirements for a Type A HMO. These reporting requirements will be sent to you by the Division of Compliance upon receipt of your assurances.

Please sign, notarize, and return the assurances to the Division of Qualification, Room 9-21 Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857 within 30 days of the date of this letter. If the assurances are not returned by this date, we will assume that Heart of America Health Maintenance Organization is declining designation as a federally qualified health maintenance organization.

My best wishes for success in your HMO endeavors.

Sincerely

A handwritten signature in black ink, appearing to read "Frank Seubold". The signature is written in a cursive style with a large, sweeping "F" and "S".

Frank H. Seubold, Ph.D.
Acting Associate Director for
Health Maintenance Organizations

Enclosures

cc: Chairman of the Board

HEART OF AMERICA HEALTH PLAN RATES - 2008

RUGBY PLAN

Group

CONTRACT

PLAN TYPE

	<u>HIGH OPTION</u>	<u>LOW OPTION</u>	<u>SHARE OPTION</u>
SINGLE	\$376.90	\$345.50	\$281.30
SINGLE PLUS DEPENDENT	\$647.70	\$595.90	\$485.60
FAMILY	\$885.00	\$820.60	\$669.10

EXCELLENT COVERAGE AND LESS CONFUSION!

~ GREAT CLINIC COVERAGE

~ EXCELLENT MATERNITY COV. (YOU PAY VIRTUALLY NOTHING - HIGH OPTION)

~ NO HOSPITAL DEDUCTIBLE (HIGH OPTION)

~ LESS OUT/POCKET COST (HIGH AND LOW OPTION)

~ COMPREHENSIVE COVERAGE, INCLUDING PREVENTIVE HEALTH SERVICES, REFERRAL SERVICES AND OUT-OF-AREA EMERGENCIES

HAHP'S BALANCE SHEET

As of 10-31-07

ASSETS	Current YTD	Previous YTD
General Checking	\$400,104	\$585,030
Money Market Accounts	\$98,812	\$74,102
Investors Real Estate Trust (IRET)	\$165,336	\$138,806
Bonds	\$162,016	\$157,700
CD's	\$694,383	\$573,353
Accrued Interest on Investments	\$14,831	\$16,776
Premium Income	\$86,399	\$14,014
A/R Reinsurance	\$0	\$1,014
A/R CMS Settlements	\$0	\$0
A/R Operations	\$0	\$0
Prepaid Insurance	\$0	\$0
Furniture, Equipment & Leasehold	\$7,809	\$912
TOTAL ASSETS	\$1,629,690	\$1,561,707
LIABILITIES		
Unearned Premium		
Rugby Non-Medicare	\$47,079	\$41,766
Minot Non-Medicare	\$2,019	\$3,664
Rugby Medicare	\$41,641	\$44,544
CMS Contribution	\$0	\$0
A/P Administrative Bills	\$0	\$0
A/P Premium Tax	\$23,207	(\$3,638)
A/P Payroll Taxes	\$667	\$687
Accrued Vacation	\$11,694	\$10,791
IRA's Payable	\$0	\$0
Claims Adjustment Payable	\$21,675	\$18,592
Reported But Unpaid Claims	\$95,566	\$241,927
Incurred But Not Reported	\$378,202	\$283,811
TOTAL LIABILITIES	\$621,750	\$642,144
Surplus Notes	\$437,000	\$491,000
Accumulated Surplus Funds	\$570,940	\$428,563
TOTAL SURPLUS	\$1,007,940	\$919,563
TOTAL LIABILITIES & SURPLUS	\$1,629,690	\$1,561,707

HAHP Income Statement

As of 10-31-07

REVENUE	Current Month	Current YTD	Previous YTD
Rugby Non-Medicare Premium	\$278,088	\$2,837,161	\$2,899,388
Minot Non-Medicare Premium	\$11,366	\$116,219	\$154,837
Medicare Premium	\$114,990	\$1,172,413	\$1,234,979
Rugby Reinsurance	\$0	\$55,775	\$22,097
Minot Reinsurance	\$0	\$0	\$0
Interest	\$4,498	\$30,885	\$30,126
CMS Settlement Reimbursement	\$42,728	\$42,728	\$1,278
TOTAL REVENUE	\$451,670	\$4,255,181	\$4,342,705
 EXPENSES			
Rugby			
Capitation Payments	\$104,969	\$939,816	\$1,100,635
In-Area Services	\$24,219	\$378,297	\$285,155
Referral Services	\$266,623	\$2,299,538	\$2,459,436
Out-Of-Area Services	\$2,796	\$132,057	\$51,352
Other Medical Services	\$7,917	\$70,409	\$57,484
Minot			
In-Area Services	\$19,032	\$263,720	\$331,057
Out-Of-Area Services	\$0	\$1,025	\$5,247
Other Medical Services	\$108	\$2,702	\$2,684
Discounts from Providers	(\$88,895)	(\$700,888)	(\$781,637)
Reinsurance	\$33,291	\$337,242	\$331,196
Premium Tax	\$5,781	\$58,882	\$61,513
Plan Administration	\$30,923	\$322,651	\$336,366
TOTAL EXPENSES	\$406,764	\$4,105,451	\$4,240,488
SURPLUS (DEFICIT)	\$44,906	\$149,730	\$102,217
Unrealized Gain/Loss w/ Investments	\$0	\$0	\$0
Realized Gain/Loss w/ Investments	\$0	\$0	\$129
NET SURPLUS / DEFICIT	\$44,906	\$149,730	\$102,346

Heart of America Health Plan "High Option Plan"

NO Annual Deductibles!!	COPAYMENT	HAHP	EXCEPTIONS/LIMITATIONS
DESCRIPTION OF BENEFITS	AMOUNT YOU PAY	BENEFIT AMOUNT	
Preventive Health Services Routine childhood and adult immunizations. Routine physicals, Gynecological exams, Prostate screenings, Mammograms, Pap smears, and other preventive health services.	\$0 \$15	100% 100%	No maximum benefit allowance.
Physician Services Hospital visits, including inpatient and skilled nursing facility visits. Office visits and/or house calls authorized by PCP. Specialist consultation and treatment when authorized by PCP.	\$0 \$15 \$25	100% 100% 100%	
Diagnostic / Therapeutic Services X-Rays, CT scans, MRI, Electrocardiograms, Laboratory Tests, Chemotherapy, Radiation, & other medically necessary services.	\$0	100%	
Inpatient Hospital Services Semi-private room, Physician services, General nursing services, Surgery and facilities, Intensive care, & other medically nec. services.	\$0	100%	
Outpatient Hospital Services at Heart of America Med. Center.	\$0	100%	
Maternity Services Prenatal care. Hospital services, Birthing/delivery, & Newborn nursery. Well-baby care.	\$15 \$0 \$15	100% 100% 100%	\$15 copay on first visit. Then 100% covered. Until 24 months old.
Emergency Services Emergency room, Physician/Nursing services, & Ambulance services.	\$30	100%	In or Out of Area Emergencies.
Mental Health Services Inpatient &/or Partial hospitalization. Outpatient Residential Treatment	\$0 \$0	100% 100%/80% 100%	Inpatient Max: 45 days per calendar year. Outpatient: 100% hours 1-5; hours 6-30 80% Up to 120 days per member per calendar year
Alcohol and Substance Abuse Services Inpatient &/or Partial hospitalization. Outpatient.	\$0	100% 100%/80%	Inpatient Max: 60 days per calendar year. Outpatient: 100% visits 1-5; visits 6-20 80%
Referral Services Authorized referral to a specialty physician or facility on the HAHP preferred physician referral list. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services can NOT be provided by participating providers. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services CAN be provided by participating providers.	\$25 \$25 \$25	100% 100% 80%	With prior authorization by PCP and HAHP With prior authorization by PCP and HAHP With prior authorization by PCP and HAHP \$3,000 coinsurance maximum per contract per calendar year.
Chiropractic Care	\$10	100%	With prior approval by PCP and HAHP
Physical, Speech, and Occupational Therapy	\$10		Short-term therapy is 1st two consecutive months. Long-term therapy is one PT and one OT visit/month following short term.
Durable Medical Equipment Orthopaedic and Prosthetic Devices.			80% coverage on items exceeding \$25. Coinsurance max. payable by the member is \$500/contract/year. Maximum benefit is \$3,500 member/year.
Skilled Nursing Facility Medical care and treatment including room and board, when prescribed by PCP and in participating provider facility.			100% coverage when authorized by primary care physician. (Up to 60 days per calendar year)
TMJ (Temporomandibular joint disorder) CMJ (Craniomandibular joint disorder)			Lifetime maximum of \$10,000 surgical, \$2,500 non-surgical/member.
Home Health Nursing Care			100% coverage when authorized by primary care physician.
Hospice Services			Covered in accordance with Medicare Guidelines.

This sheet describes the essential features of the HAHP plan in general terms and is not intended to be a full description.

Heart of America Health Plan

"Low Option Plan"

NO Annual Deductibles!!	COPAYMENT	HAHP	
DESCRIPTION OF BENEFITS	AMOUNT YOU PAY	BENEFIT AMOUNT	EXCEPTIONS/LIMITATIONS
Preventive Health Services Routine childhood and adult immunizations. Routine physicals including prostate & breast exams, Gynecology exams, and other preventive health services. (See Diagnostic Services below for Mammograms, Pap smears & PSA's)	\$0 \$15	100% 100%	No maximum benefit allowance.
Physician Services Hospital visits, including inpatient and skilled nursing facility visits. Office visits and/or house calls authorized by PCP. Specialist consultation and treatment when authorized by PCP.	\$0 \$15 \$25	100% 100% 100%	
Diagnostic / Therapeutic Services Pap smears, Mammograms, PSA's, X-Rays, CT scans, MRI's, EKG's, Lab tests, Chemotherapy, Radiation, & other medically necessary services.	\$0	100%	20% Coinsurance will be applied to readings & interpretations for these services billed by an outside facility.
Inpatient Hospital Services Semi-private room, Physician services, General nursing services, Surgery and facilities, Intensive care, & other medically nec. services.	\$250 (1st/4th Day)	100%	\$1,000 copay maximum per contract per calendar year
Outpatient Hospital Services at Heart of America Med. Center.	\$0	100%	
Maternity Services Prenatal care. Hospital services, Birthing/delivery, & Newborn nursery. Well-baby care.	\$15 \$250 \$15 (1st/4th day)	100% 100% 100%	\$15 copay on first visit. Then 100% covered. \$1,000 copay max per calendar year Until 24 months old.
Emergency Services Emergency room, Physician/Nursing services, & Ambulance services.	\$30	100%	In or Out of Area Emergencies.
Mental Health Services Inpatient &/or Partial hospitalization. Outpatient. Residential Treatment	\$250 (1st/4th day) \$250 (1st/4th day)	100% 100%/80% 100%	Inpatient Max: 45 days per calendar year. Outpatient: 100% hours 1-5; hours 6-30 80% Up to 120 days per member per calendar year
Alcohol and Substance Abuse Services Inpatient &/or Partial hospitalization. Outpatient.	\$250	100% 100%/80%	Inpatient Max: 60 days per calendar year. Outpatient: 100% visits 1-5; visits 6-20 80%
Referral Services Authorized referral to a specialty physician or facility on the HAHP preferred physician referral list. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services can NOT be provided by participating providers. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services CAN be provided by participating providers.	\$25 \$25 \$25	80% 80% 80%	\$500 coinsurance max. per calendar year \$500 coinsurance max. per calendar year With prior authorization by PCP and HAHP. \$3,000 coinsurance max. per calendar year
Chiropractic Care	\$10	80%	With prior approval by PCP and HAHP.
Physical, Speech, and Occupational Therapy	\$10		Short-term therapy is 1st two consecutive months. Long-term therapy is one PT and one OT visit/month following short term
Durable Medical Equipment Orthopaedic and Prosthetic Devices.			80% coverage on items exceeding \$25. Coinsurance max. payable by the member is \$500/contract/year. Maximum benefit is \$3,500/member/year.
Skilled Nursing Facility Medical care and treatment including room and board, when prescribed by PCP and in participating provider facility.			100% coverage when authorized by primary care physician. (Up to 60 days per calendar year)
CMJ (Craniomandibular joint disorder) TMJ (Temporomandibular joint disorder)			Lifetime maximum of \$10,000 surgical, \$2,500 non-surgical/member.
Home Health Nursing Care			100% coverage when authorized by primary care physician.
Hospice Services			Covered in accordance with Medicare Guidelines.

This sheet describes the essential features of the HAHP in general terms and is not intended to be a full description.

Heart of America Health Plan "Share Option Plan"

Deductibles= SNG-\$500 SPD-\$750 FAM-\$1000 Coinsurance Max/Yr= SNG-\$1000 SPD-\$1500 FAM-\$2000	COPAYMENT AMOUNT YOU PAY	BENEFIT AFTER DEDUCT.	EXCEPTIONS/LIMITATIONS
DESCRIPTION OF BENEFITS			
Preventive Health Services (By Primary Care Physician) Routine childhood and adult immunizations. Routine physical exam including Prostate & Breast exams, Gynecological exams, and other preventive health services.	\$0 \$15	100% 100%	No maximum benefit allowance. Deductible Waived
Physician Services (By Primary Care Physician) Hospital visits, including inpatient and skilled nursing facility visits. Office visits and/or house calls authorized by PCP.	\$0 \$15	100% 100%	Deductible Waived
Diagnostic Services Mammograms, Pap smears, PSA's, X-Rays, CT scans, MRI's, EKG's, Lab Tests & other medically necessary services provided at HAMC or other facility	\$0	80%	Deductible Applies
Chemotherapy & Radiation Therapy Services provided at JCPC Services provided at HAMC or contracted Referral Facility	\$0 \$0	100% 80%	Deductible Waived Deductible Applies
Inpatient Hospital Services Semi-private room, Physician services, General nursing services, Surgery and facilities, Intensive care, & other medically nec. services.	\$0	80%	
Outpatient Hospital Services at Heart of America Medical Center or Referral Facility	\$0	80%	
Maternity Services Prenatal care (at JCPC) Hospital services, Birthing/delivery, & Newborn nursery. Well-baby care (at JCPC)	\$15 \$0 \$15	100% 80% 100%	\$15 copay on first visit. Then 100% covered. Deductible applies Until 24 months old. Deductible Waived.
Emergency Services Emergency room, Physician/Nursing services.	\$30	80%	In or Out of Area Emergencies.
Ambulance Services	\$0	80%	When medically necessary
Mental Health Services Inpatient &/or Partial hospitalization. Outpatient. Residential Treatment	\$0 \$0 \$0	80% 80% 80%	Inpatient Max: 45 days per calendar year. 100% hours 1-5; (hours 6-30 80% after deductible) Up to 120 days per member per calendar year
Alcohol and Substance Abuse Services Inpatient &/or Partial hospitalization. Outpatient.	\$0 \$0	80% 80%	Inpatient Max: 60 days per calendar year. 100% visits 1-5;(visits 6-20; 80% after deduct.)
Referral Services Authorized referral to a specialty physician or facility on the HAHP preferred physician referral list. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services can NOT be provided by participating providers. Authorized referral to a specialty physician or facility NOT on the HAHP preferred physician referral list when services CAN be provided by participating providers.	\$25 \$25 \$25	80% 80% 60%	With prior authorization by PCP and HAHP With prior authorization by PCP and HAHP With prior authorization by PCP and HAHP
Chiropractic Care	\$10	80%	With prior approval by PCP and HAHP
Physical, Speech, and Occupational Therapy Outpatient	\$10	80%	Short-term therapy: 1st two consecutive months Long-term therapy: one PT/ one OT visit/month
Durable Medical Equipment Orthopaedic and Prosthetic Devices.	\$0	80%	\$2,000 Maximum Benefit per member/year.
Skilled Nursing Facility Medical care and treatment including room and board, when prescribed by PCP and in participating provider facility.	\$0	80%	When authorized by primary care physician. (up to 60 days per calendar year)
TMJ/CMJ (Temporomandibular/Craniomandibular joint disorder)	\$0	80%	Lifetime max. of \$10,000 surg./\$2,500 non-surg.
Home Health Nursing Care	\$0	80%	when authorized by primary care physician.
Hospice Services	\$0	80%	Covered in accordance with Medicare Guidelines.

This sheet describes the essential features of the HAHP plan in general terms and is not intended to be a full description.

FARGO

MeritCare Medical GroupMulti-Specialty
Physicians
Orthopedic AssociatesOrthopedics
Retina AssociatesOphthalmology

GRAND FORKS

Altru ClinicMulti-Specialty Physicians
Lipp, Carlson & AssociatesMental Health
Services
Valley Bone & JointOrthopedics

DEVILS LAKE

The Eye ClinicOphthalmology

***A referral is required from your Plan Physician and authorized by the HAHP Medical Director for covered services to these specialists.**

It is important to know that when you enroll in this Plan, services are provided through the Plan's delivery system, but the continued participation of any one doctor, hospital or other provider cannot be guaranteed.

If you have any questions regarding this provider directory, please call Heart of America Health Plan at 701-776-5848 or 1-800-525-5661. Office hours are 8 a.m.-5 p.m. Monday-Friday.



PROVIDER DIRECTORY

JOHNSON CLINIC PHYSICIANS

FAMILY PRACTICE

Hubert Seiler, M.D. Brian Selland, M.D.
Philip Sedo, M.D. Lyle Best, M.D.
Harriet E nubuzor, M.D.

INTERNAL MEDICINE

Babatunde Olumide, M.D.

PHYSICIAN ASSISTANTS

Available at all Johnson Clinic locations
Carol Berg Tammie Harder
Linda Ellingson Mary Hermanson
Gail Danielson Marilyn Kitzman
Phyllis Abrahamson

JOHNSON CLINIC LOCATIONS & HOURS

Rugby - 800 3rd Ave. SW.776-5235
8-5 M-F
Towner - 301 1st St. SW537-5431
9-5 M, 1-4:30 T-W-Th., 9-5 F
Maddock - 301 Roosevelt Ave. . .438-2555
9-5 M-F
Dunseith - 215 Main St. SE . . .244-5694
9-12, 1-5 M-F

HEART OF AMERICA MEDICAL CENTER

PHYSICIANS

SURGERYSusanne Levene, M.D.
EMERGENCY ROOM . . .Jeffrey Vaagen, M.D.
Rodney Sigvaldson, PA-C

HAMC LOCATION & HOURS

800 South Main Ave., Rugby, ND—701-776-5261

Emergency Services—24 hours a day

Convenience Clinic

~~10 a.m. - 12 p.m. Saturdays~~

EMERGENCY SERVICES

1. Emergency Services In Area

In area emergencies are emergencies that occur within the Heart of America Health Plan Market Area. The procedures to follow for in area emergencies are as follows:

-Call 911 or go to the nearest emergency room if the emergency is life or limb threatening.

-During clinic hours call the nearest Johnson Clinic location if medically feasible or if a member is questioning if emergency care is needed.

-After clinic hours call the Heart of America Medical Center at 776-5261.

-State that you have an emergency.

- Give your name and identify yourself as an HAHP Member.

-You will be directed as to what action to take.

-Ambulance service will be authorized if necessary.

-If it is medically unfeasible to call, go to the nearest medical facility.

2. Emergency Services Out of Area

Out of area emergencies are emergencies that occur outside the Heart of America Health Plan Market Area. Benefits are available for the usual, customary and reasonable charges for physician and hospital services rendered to a Member for care and treatment of a Medical Emergency outside the HAHP Market Area.

A Member shall give notification to the HAHP within forty-eight (48) hours, if medically feasible, for out of area emergency services. The procedures to follow for out of area emergencies are as follows:

-Call 911 or go to the nearest physician or hospital.

-Identify yourself as an HAHP Member and present your ID card.

-If out-of-area hospitalization is required for an emergency, the hospital may telephone the Heart of America Health Plan at (701) 776-5848 or 1-800-525-5661 to verify HAHP's benefits and payment of necessary services.

CONVENIENCE CLINIC

Heart of America Medical Center
10:00 a.m. - 12:00 p.m. Saturdays

HEART OF AMERICA HEALTH PLAN REFERRAL PHYSICIAN LIST

MINOT

Trinity HospitalHospital Services

Trinity Health Center-RiversideMental
Health Services

Trinity Medical GroupMulti-Specialty
Physicians

Trinity Cancer Care CenterOncology

Darveaux, EatonMental Health Services

Independent Contracted Physicians:

L. Mark Bell, D.O.Psychiatry

Paul Freiberg, M.D.Hematology/Oncology

Alan F. Lim, M.D.Urology

BISMARCK

Mid-Dakota Clinic . .Multi-Specialty Physicians

MedCenterOne ClinicMulti-Specialty
Physicians

St. Alexius Heart & Lung Clinic .Heart & Lung

Dakota Eye InstituteOphthalmology

Dakota ENTEar, Nose & Throat

Eye Clinic of North Dakota . . .Ophthalmology

HEART OF AMERICA HEALTH PLAN PROVIDER AGREEMENT

This is an agreement between the North Dakota Public Employees Retirement System (PERS) and Heart of America Health Plan (Heart of America), 810 S. Main Avenue, Rugby, North Dakota, 58368.

Whereas the PERS Board may contract with one or more health maintenance organizations to provide eligible employees the option of membership in a health maintenance organization pursuant to North Dakota Century Code (N.D.C.C.) 54-52.1-04.1.

Whereas Heart of America on December 29, 2006 submitted a request to offer Heart of America membership to qualified North Dakota public employees.

Whereas the PERS Board has determined that Heart of America has met the applicable qualifications.

Whereas the PERS Board on January 18, 2007 has exercised its discretion to include Heart of America's participation as a health plan within the Uniform Group Insurance Program.

TERMS AND CONDITIONS

1. **Term of Agreement.** The term of this agreement is for a period of twelve months, commencing on the first day of July 1, 2008 and terminating on the 30th day of June 2009.

2. **Premium Rate.** The following rates shall be effective for the term of this agreement:

	<u>High Option</u>	<u>Low Option</u>	<u>Share Option</u>
Single	\$376.90	\$345.50	\$281.30
Single plus Dependent	\$647.70	\$595.90	\$485.60
Family	\$885.00	\$820.60	\$669.10

3. **Service Area.** The service area shall be those communities identified in the Group Benefit Plan for the Rugby Service Area.

4. **Termination.** This contract may be terminated by mutual consent of both parties, or by either party upon 30 days' written notice.

PERS may terminate this contract effective upon delivery of written notice to Heart of America, or at such later date as may be stated in the notice, under any of the following conditions:

- a. If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term. The contract may be modified by agreement of the parties in writing to accommodate a reduction in funds.
- b. If federal or state laws, rules or regulations are modified or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
- c. If any license, permit or certificate required by law, rule or regulation, or by the terms of this contract, is for any reason denied, revoked, suspended or not renewed.
- d. If Heart of America amends or terminates its group contract filed with the Insurance Commissioner.

Any such termination of this contract shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination.

5. **Indemnity.** Heart of America agrees to indemnify, save and hold harmless the State of North Dakota, the North Dakota Public Employees Retirement System, including its Board of Trustees, officers and employees (for the purposes of this provision all parties are together referenced as the "State"), from any and all claims of any nature, including all costs, expenses and attorneys' fees, which are based on the direct and/or vicarious liability of Heart of America or its agent, but not against claims based on State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors or omissions. The legal defense provided by Heart of America to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for State is necessary. Heart of America also agrees to indemnify, save and hold the State harmless from all costs, expenses and attorneys' fees incurred in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.
6. **Assignment and Delegation.** Heart of America may not assign or otherwise transfer or delegate any right or duty without the express written consent of the PERS Board.
7. **Modification.** This agreement may not be waived, altered, modified, supplemented, or amended, in any manner, except by written agreement signed by both parties.
8. **Group Contract.** Heart of America's group contract filed and approved with the Insurance Commissioner under N.D.C.C. §26.1-18.1-07 is incorporated herein by reference and Heart of America agrees to comply with all statements contained in that agreement except where such statements are modified herein.
9. **Coverage.** Heart of America's listing of benefits and services outlined in its request to offer membership to qualified PERS members is incorporated herein by reference.
10. **Payment.** PERS will pay Heart of America the following amount for each type of contract:

<u>State Contracts</u>	<u>High Option</u>	<u>Low Option</u>	<u>Share Option</u>
Single	\$376.90	\$345.50	\$281.30
Single plus Dependent	\$647.70	\$595.90	\$485.60
Family	\$764.02	\$764.02	\$669.10
<u>Political Subdivision Contracts</u>	<u>High Option</u>	<u>Low Option</u>	<u>Share Option</u>
Single	\$376.90	\$345.50	\$281.30
Single plus Dependent	\$647.70	\$595.90	\$485.60
Family	\$885.00	\$820.60	\$669.10

11. **Premium Differential.** The difference between the Health Plan's premium outlined in Provision 2, and the PERS payment outlined in Provision 10, must be collected from the member. Heart of America is responsible for attaining and maintaining appropriate payroll deduction authorization from the participating member and submitting it to the member's employer (i.e., payroll department) by June 1 of each year and thereafter within fifteen days of enrollment. A copy of such authorization must also be filed with PERS.
12. **Enrollment.** Heart of America must file a copy of the enrollment application with PERS by June 1 of each year and thereafter within fifteen days of enrollment. The application must include the type of contract and its effective date.

13. **Legal Compliance.** Heart of America agrees to comply at its own expense with all federal and state laws and all regulations promulgated under those laws in carrying out its responsibilities outlined in this agreement.
14. **Merger.** This agreement constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this agreement.
15. **State Audit.** The books, records, documents, and all other records in any form, and the accounting practices and procedures of Heart of America relevant to this Agreement are subject to examination by the North Dakota State Auditor or the Auditor's designee. Heart of America will maintain all such records for at least three years following completion of this contract.
16. **Severability.** If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.
17. **Applicable Law And Venue.** This contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be brought in the District Court of Burleigh County, North Dakota.
18. **Confidentiality.** Heart of America agrees not to use or disclose any information it receives from PERS under this contract that PERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by PERS. PERS agrees not to disclose any information it receives from Heart of America that Heart of America has previously identified as confidential and that PERS determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. § 44-04-18. Information or records may be confidential under state law or federal laws such as HIPAA. The duty of PERS and Heart of America to maintain confidentiality of information under this section continues beyond the term of this contract, or any extensions or renewals of it.
19. **Compliance with Public Records Law.** Heart of America understands that, except for information that is confidential or otherwise exempt from the North Dakota open records law, PERS must disclose to the public upon request any records it receives from Heart of America. Heart of America further understands that any records that are obtained or generated by Heart of America under this contract, except for records that are confidential or exempt may, under certain circumstances, be open to the public upon request under the North Dakota open records law. Heart of America agrees to contact PERS immediately upon receiving a request for information under the open records law and to comply with PERS instructions on how to respond to the request.
20. **Effectiveness Of Contract** This contract is not effective until fully executed by both parties.

 Jon Strinden, Chair
 North Dakota Public Employees
 Retirement System Board

 Chief Executive Officer
 Heart of America Health Plan

 Date

 Date



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

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

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

M E M O R A N D U M

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

FROM: ^{BTR} BRYAN T. REINHARDT

DATE: January 12, 2008

SUBJECT: GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

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

Net premium sent to BCBS in July 2007 was \$13,406,858. In July 2005 it was \$10,853,370. There are now 24,562 contracts on the NDPERS Health Plan. The NDPERS health plan ended up with 23,580 contracts in June, 2005. There were 22,947 contracts in June, 2003, and 21,792 in July 2001.

The 2003 - 2005 biennium settlement is on account at BCBS with a balance of over \$2 million. The remaining \$14.3 million was used to buy down premiums for the 05-07 biennium. These amounts are at BCBS and receiving interest.

The projection for the 2005 - 2007 biennium shows total surplus at \$4.3 million. We share 50/50 in the first \$3.0 million surplus with BCBS, so the June 30, 2007 NDPERS estimated gain is \$2.8 million. BCBS has the IBNR estimate for this projection at \$400,000.

The first projection for the 2007 - 2009 biennium shows total surplus at just over \$1.0 million. We share 50/50 in the first \$3.0 million surplus with BCBS, so the June 30, 2009 NDPERS estimated gain is \$.5 million. BCBS has the IBNR estimate for this projection at \$16.2 million.

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

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

NDPERS - ESTIMATED SURPLUS PROJECTION: 2005-2007 BIENNIUM
December, 2007

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2005-2007 biennium. The estimate has been updated to include account activity through December, 2007.

1) Preliminary Underwriting Gain for the 2005-2007 Biennium	(\$11,314,700)
2) Cash Balance Interest Accumulation	\$1,366,481
3) Estimated Underwriting Gain for the 2005-2007 Biennium	(\$9,948,219)
5) Refunds and Settlements	
07/01/05 - 6/30/07 Perform Rebates (Included as claim rebates)	\$3,323,881
EPO Settlement Payments 7/05 - 6/06 (Included as rebates & paid)	\$1,277,000
EPO Settlement Payments 7/06 - 6/07 (Included as rebates & paid)	\$1,412,085
6) Cash Reserve Account Balance	\$15,666,912
2003-2005 Settlement Cash Out:	(\$1,439,151)
Future Interest:	\$0
Total	\$14,227,761
7) Total Estimated Surplus Held by BCBS	\$4,279,542
8) BCBS Portion of Surplus (50% upto \$1,500,000)	\$1,500,000
9) PERS Portion of Surplus Held by BCBS	\$2,779,542
10) NDPERS Wellness Accounts	
My Health Connection	\$0
Employer Based Wellness	\$0
Wellness Benefit Program	\$0
SubTotal	\$0
Total Adjusted for Usage	\$0
11) Total Estimated Funds Available to PERS on June 30, 2007	\$2,779,542
12) Transferred to 2007-2009 Biennium	\$0
13) Estimated Funds Available to PERS on June 30, 2007	\$2,779,542

NDPERS - Projected Underwritten Experience for the 2005-2007 Biennium

December, 2007

MONTH	NET PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$26.98/CON	NET PREMIUM	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS (1)	ESTIMATED GAIN / LOSS
Jul-05	\$11,491,070	(\$2,387)	\$11,488,683	\$637,699	\$10,850,984	\$10,937,425	\$0	\$10,937,425	(\$86,441)
Aug-05	\$11,486,984	\$0	\$11,486,984	\$635,676	\$10,851,308	\$10,786,473	\$0	\$10,786,473	\$64,835
Sep-05	\$11,592,130	\$0	\$11,592,130	\$641,396	\$10,950,735	\$9,700,902	\$0	\$9,700,902	\$1,249,833
Oct-05	\$11,564,639	(\$995)	\$11,563,644	\$640,748	\$10,922,896	\$10,048,999	\$0	\$10,048,999	\$873,897
Nov-05	\$11,565,139	\$1,417	\$11,566,556	\$640,478	\$10,926,078	\$11,387,066	\$0	\$11,387,066	(\$460,988)
Dec-05	\$11,575,731	\$7,675	\$11,583,406	\$640,829	\$10,942,577	\$11,754,308	\$0	\$11,754,308	(\$811,731)
Jan-06	\$11,053,969	\$332	\$11,054,300	\$644,606	\$10,409,694	\$10,005,969	\$0	\$10,005,969	\$403,725
Feb-06	\$11,053,628	\$0	\$11,053,628	\$645,308	\$10,408,320	\$9,716,930	\$0	\$9,716,930	\$691,390
Mar-06	\$11,049,994	(\$26,775)	\$11,023,218	\$645,146	\$10,378,073	\$12,100,205	\$0	\$12,100,205	(\$1,722,132)
Apr-06	\$11,066,004	(\$36,321)	\$11,029,683	\$645,820	\$10,383,862	\$10,978,380	\$0	\$10,978,380	(\$594,518)
May-06	\$11,064,390	\$3,501	\$11,067,891	\$646,198	\$10,421,693	\$11,084,063	\$0	\$11,084,063	(\$662,370)
Jun-06	\$11,076,821	\$0	\$11,076,821	\$647,385	\$10,429,436	\$11,677,331	\$0	\$11,677,331	(\$1,247,895)
Jul-06	\$11,056,557	\$0	\$11,056,557	\$646,495	\$10,410,063	\$10,356,874	\$0	\$10,356,874	\$53,189
Aug-06	\$11,052,995	\$0	\$11,052,995	\$646,414	\$10,406,581	\$11,512,202	\$0	\$11,512,202	(\$1,105,621)
Sep-06	\$11,153,014	\$0	\$11,153,014	\$650,785	\$10,502,229	\$10,107,735	\$0	\$10,107,735	\$394,494
Oct-06	\$11,116,487	\$6,351	\$11,122,838	\$650,515	\$10,472,323	\$11,310,863	\$0	\$11,310,863	(\$838,540)
Nov-06	\$11,146,017	(\$8,222)	\$11,137,795	\$652,916	\$10,484,879	\$11,246,773	\$0	\$11,246,773	(\$761,894)
Dec-06	\$11,130,343	(\$12,813)	\$11,117,530	\$651,972	\$10,465,558	\$11,490,689	\$0	\$11,490,689	(\$1,025,131)
Jan-07	\$11,173,395	(\$5,016)	\$11,168,379	\$654,643	\$10,513,737	\$11,611,875	\$0	\$11,611,875	(\$1,098,138)
Feb-07	\$11,192,661	\$1,098	\$11,193,759	\$658,177	\$10,535,582	\$9,826,428	\$0	\$9,826,428	\$709,154
Mar-07	\$11,192,066	\$4,290	\$11,196,356	\$656,154	\$10,540,202	\$12,051,372	\$30,000	\$12,081,372	(\$1,541,170)
Apr-07	\$11,212,566	\$6,117	\$11,218,683	\$657,017	\$10,561,666	\$11,222,223	\$80,000	\$11,302,223	(\$740,557)
May-07	\$11,213,832	\$6,568	\$11,220,400	\$656,909	\$10,563,491	\$12,120,494	\$90,000	\$12,210,494	(\$1,647,003)
Jun-07	\$11,210,872	\$4,950	\$11,215,822	\$657,125	\$10,558,697	\$11,769,818	\$200,000	\$11,969,818	(\$1,411,121)
BIENNIAL									
TOTAL	\$269,491,302	(\$50,231)	\$269,441,072	\$15,550,409	\$253,890,663	\$264,805,397	\$400,000	\$265,205,397	(\$11,314,734)

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

NDPERS - ESTIMATED SURPLUS PROJECTION: 2007-2009 BIENNIUM

December, 2007

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

1) Preliminary Underwriting Gain/Loss for the 2007-2009 Biennium		(\$1,416,500)
2) Wellness Program Expenses		\$0
3) Estimated Underwriting Gain/Loss for the 2007-2009 Biennium		(\$1,416,500)
4) Projected Interest Accumulation (adjusted for usage as premium)		\$0
5) Refunds and Settlements		
11/30/07 Perform Rebate	(Included as claim rebates)	\$340,034
01/31/08 Perform Rebate		\$350,000
04/30/08 Perform Rebate		\$350,000
08/31/08 Perform Rebate		\$350,000
10/31/08 Perform Rebate		\$350,000
01/31/09 Perform Rebate		\$350,000
04/30/09 Perform Rebate		\$350,000
06/30/09 Perform Rebate		\$350,000
EPO Settlement Payments 7/06 - 6/07	(Included as claim rebates)	\$1,412,085
EPO Settlement Payments 7/07 - 6/08	(No target settlements)	\$0
6) Total Estimated Surplus Held by BCBS		\$1,033,500
7) BCBS Portion of Surplus (Half upto \$1,500,000)		\$516,750
8) PERS Portion of Surplus Held by BCBS		\$516,750
9) Cash Reserve Account Balance		\$0
Future Contributions:		\$0
Future Interest:		\$0
Total		\$0
10) NDPERS Wellness Accounts		
My Health Connection		\$194,473
Employer Based Wellness		(\$944)
Wellness Benefit Program		\$54,862
SubTotal		\$248,391
Total Adjusted for Usage		\$0
11) Total Estimated Funds Available to PERS on June 30, 2009		\$516,750

NDPERS - Projected Underwritten Experience for the 2007-2009 Biennium
December, 2007

MONTH	PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$29.90/Con	NET PREMIUM	INTEREST ON CASH	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS(1)	ESTIMATED GAIN / LOSS
Jul-07	\$13,406,857	\$0	\$13,406,857	\$725,404	\$12,681,453	\$8,720	\$10,922,563	\$200,000	\$11,122,563	\$1,567,610
Aug-07	\$13,465,027	\$308	\$13,465,336	\$728,334	\$12,737,002	\$32,149	\$11,923,610	\$350,000	\$12,273,610	\$495,541
Sep-07	\$13,608,834	\$6,878	\$13,615,713	\$736,018	\$12,879,695	\$44,159	\$10,339,282	\$800,000	\$11,139,282	\$1,784,572
Oct-07	\$13,577,219	\$7,321	\$13,584,540	\$734,822	\$12,849,718	\$38,392	\$11,296,435	\$1,500,000	\$12,796,435	\$91,675
Nov-07	\$13,584,631	(\$6,547)	\$13,578,084	\$735,480	\$12,842,604	\$40,841	\$9,036,013	\$3,900,000	\$12,936,013	(\$52,568)
Dec-07	\$13,568,728	\$5,601	\$13,574,329	\$734,553	\$12,839,776	\$39,733	\$3,012,357	\$9,450,000	\$12,462,357	\$417,152
Jan-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$49,455	\$0	\$0	\$12,674,310	\$209,470
Feb-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$50,238	\$0	\$0	\$12,736,349	\$148,213
Mar-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$50,894	\$0	\$0	\$12,798,388	\$86,830
Apr-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,402	\$0	\$0	\$12,860,428	\$25,299
May-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,762	\$0	\$0	\$12,922,467	(\$36,381)
Jun-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,973	\$0	\$0	\$12,984,507	(\$98,209)
Jul-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$52,035	\$0	\$0	\$13,046,546	(\$160,186)
Aug-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,948	\$0	\$0	\$13,108,585	(\$222,313)
Sep-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,710	\$0	\$0	\$13,170,625	(\$284,590)
Oct-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$51,323	\$0	\$0	\$13,232,664	(\$347,017)
Nov-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$50,785	\$0	\$0	\$13,294,704	(\$409,594)
Dec-08	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$50,097	\$0	\$0	\$13,356,743	(\$472,322)
Jan-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$49,257	\$0	\$0	\$13,418,783	(\$535,201)
Feb-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$48,265	\$0	\$0	\$13,480,822	(\$598,232)
Mar-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$47,122	\$0	\$0	\$13,542,861	(\$661,415)
Apr-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$45,826	\$0	\$0	\$13,604,901	(\$724,750)
May-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$44,377	\$0	\$0	\$13,666,940	(\$788,238)
Jun-09	\$13,568,728	\$0	\$13,568,728	\$734,404	\$12,834,325	\$42,776	\$0	\$0	\$13,728,980	(\$851,879)
BIENNIAL TOTAL	\$325,448,408	\$13,562	\$325,461,969	\$17,613,879	\$307,848,090	\$1,095,238	\$56,530,260	\$16,200,000	\$310,359,862	(\$1,416,534)

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



**North Dakota
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Memorandum

TO: PERS Board

FROM: Bryan Reinhardt

DATE: February 21, 2008

SUBJECT: Quarterly Health Graphs

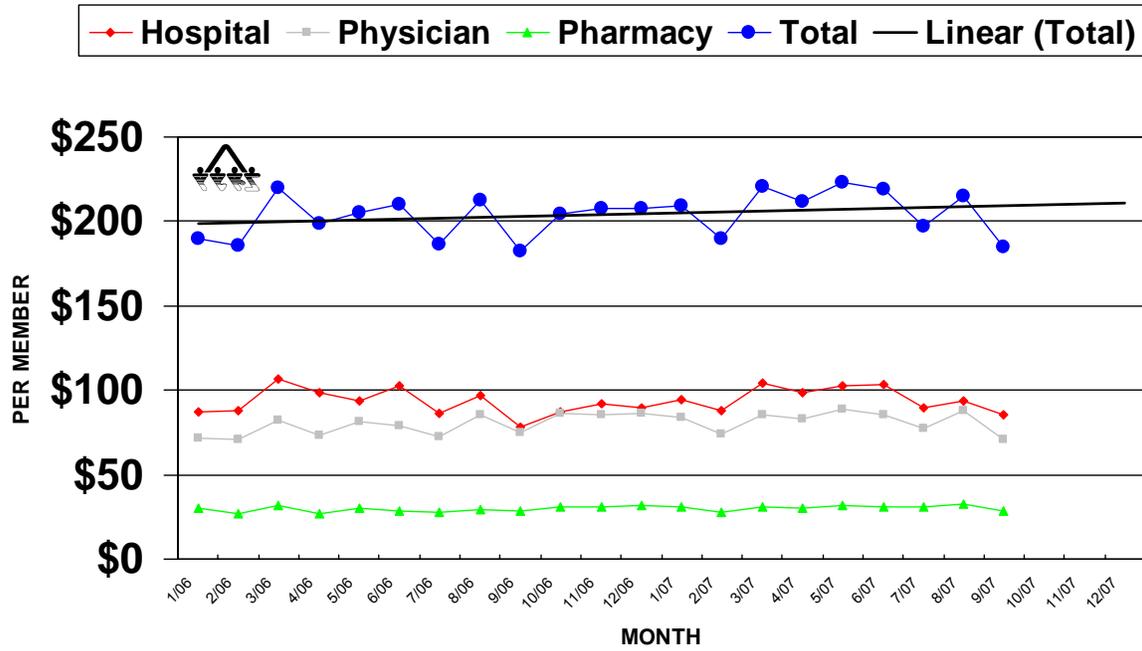
Here are the NDPERS Health Plan quarterly health graphs through September, 2007. The trend lines for the period look good. The total membership is barely positive and the active employees are trending at about a 7.5% annual rate.

BCBS increased the provider fee schedules by 4% across the board January, 2008 and even more in lagging services. The result is projected to be about a 5.7% increase based on previous experience. It will be interesting to see if utilization will offset this increase or if our trend will go up.

If you have any questions, I will be available at the NDPERS Board meeting.

NDPERS HEALTH INSURANCE PLAN

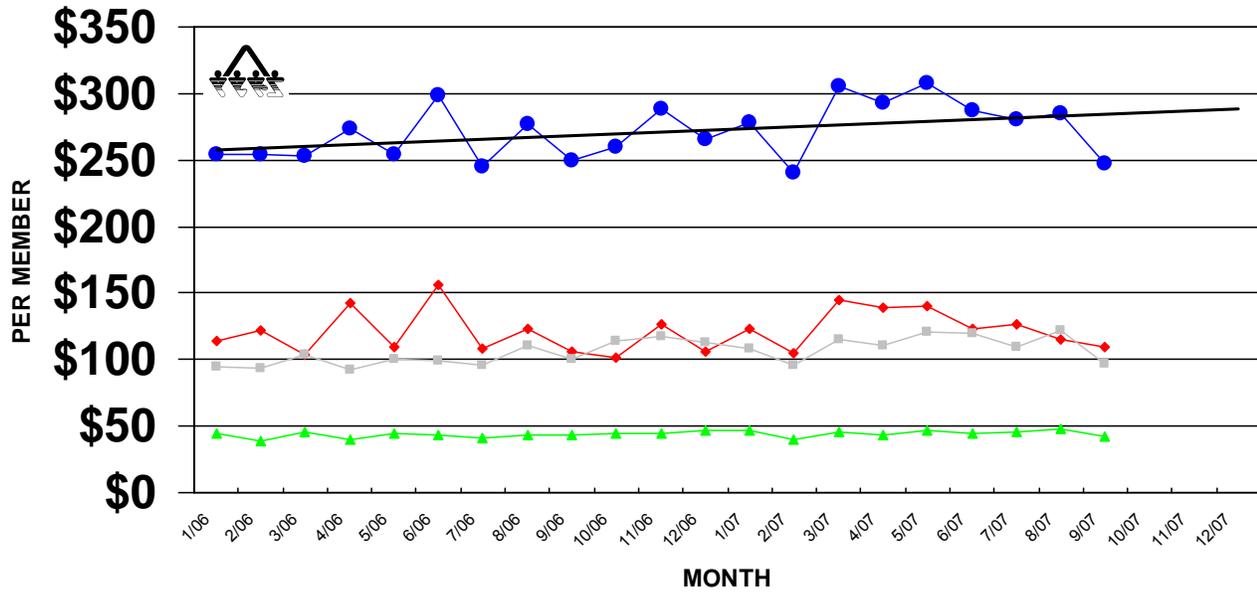
TOTAL MEMBERSHIP



NDPERS HEALTH INSURANCE PLAN

ACTIVE EMPLOYEES

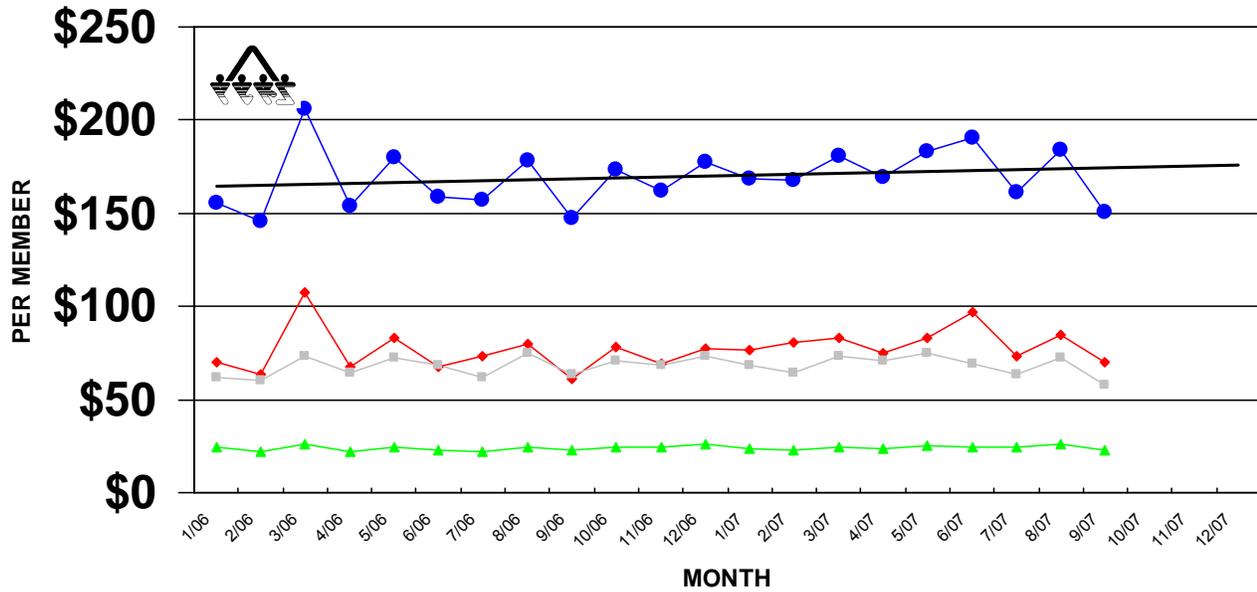
◆ Hospital
 ■ Physician
 ▲ Pharmacy
 ● Total
 — Linear (Total)



NDPERS HEALTH INSURANCE PLAN

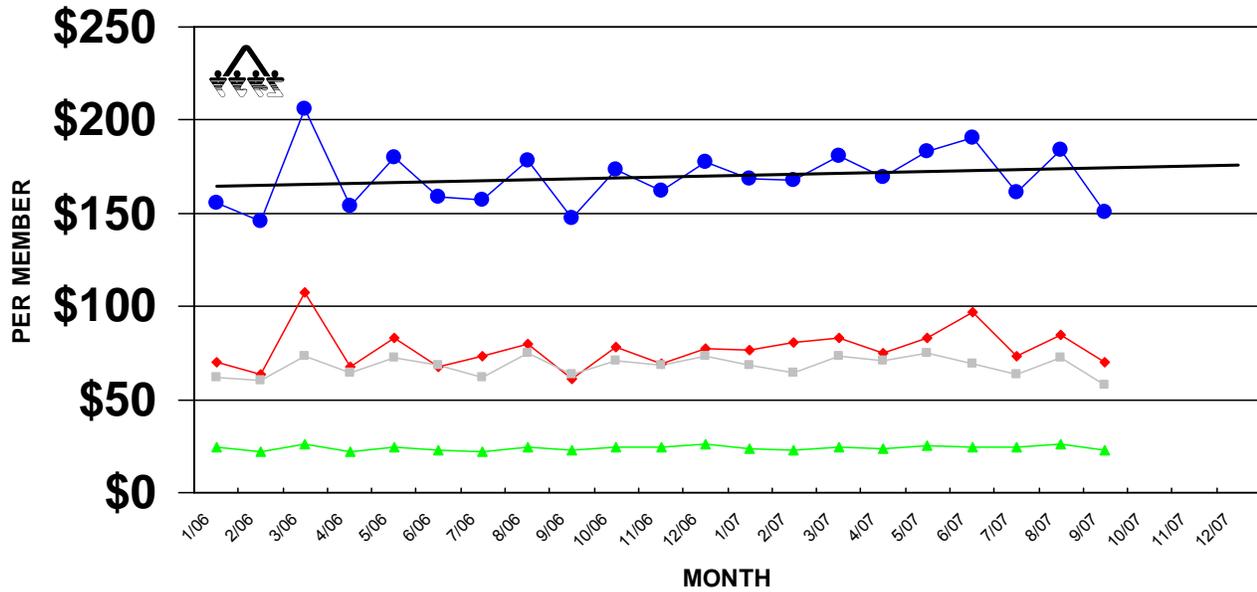
ACTIVE DEPENDENTS

◆ Hospital
 ■ Physician
 ▲ Pharmacy
 ● Total
 — Linear (Total)



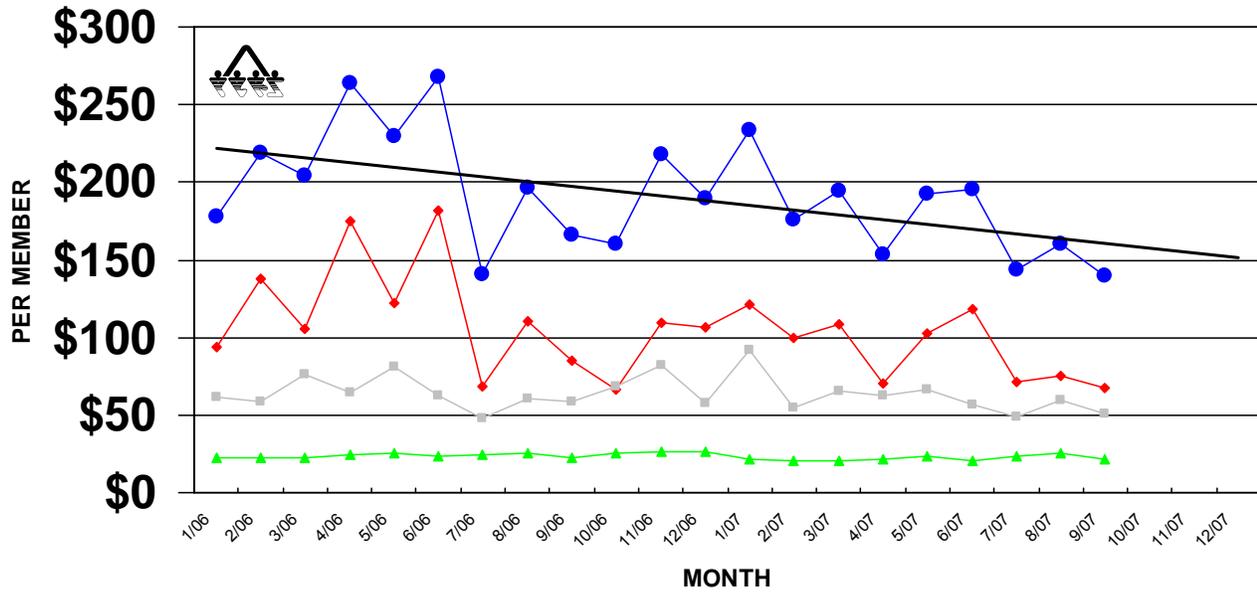
NDPERS HEALTH INSURANCE PLAN RETIRED EMPLOYEES

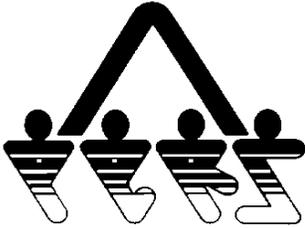
◆ Hospital
 ■ Physician
 ▲ Pharmacy
 ● Total
 — Linear (Total)



NDPERS HEALTH INSURANCE PLAN RETIRED DEPENDENTS

◆ Hospital
 ■ Physician
 ▲ Pharmacy
 ● Total
 — Linear (Total)





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Memorandum

TO: NDPER Board

FROM: Kathy

DATE: February 12, 2008

SUBJECT: FlexComp Annual Enrollment

The annual open enrollment for the 2008 FlexComp plan year concluded on November 9, 2007. Included is an update of the number of participants that enrolled and the dollars deferred for the medical spending and dependent care plans along with the comparative statistics for the 2007 plan year.

Enrollment Highlights

Dependent Care Accounts

- Participation for 2008 increased only slightly. However, total dollars pretaxed increased 4.4% over 2007.

Medical Spending Accounts

- Participation for 2008 increased by 1.6% or by 42 participants over 2007. Total dollars pretaxed increased by nearly 6%.

We are available to answer any questions.



Memo

To: Sparb, Kathy, Sharon
From: ^{BAR} Bryan T. Reinhardt
Date: 1/17/2008
Re: Flexcomp 2008

Here is the Flexcomp Program enrollment for the 2008 plan year. The 2007 initial enrollment totals are included for comparison.

If you have any questions or need anymore information, please contact me at 328-3919.

2008 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

N	Minimum	Maximum	Mean	Sum
406	\$216.00	\$5,000.00	\$3,594.54	\$1,459,385.24

2007 PLAN YEAR INITIAL DEPENDANT CARE SPENDING

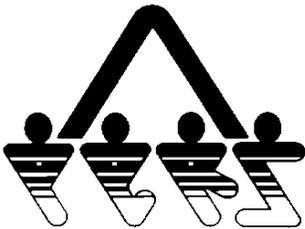
N	Minimum	Maximum	Mean	Sum
399	\$240.00	\$5,000.00	\$3,502.09	\$1,397,334.64

2008 PLAN YEAR INITIAL MEDICAL SPENDING

N	Minimum	Maximum	Mean	Sum
2607	\$60.00	\$6,000.00	\$1,536.08	\$4,004,555.52

2007 PLAN YEAR INITIAL MEDICAL SPENDING

N	Minimum	Maximum	Mean	Sum
2565	\$20.04	\$6,000.00	\$1,473.84	\$3,780,393.06



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Memorandum

TO: NDPER Board

FROM: Kathy Allen

DATE: February 12, 2008

SUBJECT: Training Compliance

This year we conducted provider training sessions in September in Bismarck, Grand Forks, Fargo, Williston, and Minot and in November in Bismarck. The meetings were well attended; however, there were representatives with several provider companies that did not satisfy the training requirements specified in the NDPERS administrative contract. The following companies were notified of this non-compliance with our training requirements:

Chase Life
The Hartford
Symetra Financial
Jackson National Life
AXA Equitable
AIG
Waddell & Reed

On December 20, NDPERS sent letters to the home office contacts for each of the above companies citing the contract requirements and including a list of representatives not in compliance with the contract. They were required to respond by January 18, 2008. We received responses from The Hartford, Jackson National, AXA Equitable, AIG, and Waddell & Reed. The respondents all took action by sending notification to the representatives that they are no longer eligible to participate as agents in the state's deferred compensation plan, instructed us to remove these individuals from our provider list, and provided us with the name of the new authorized representative for those clients served by the removed representatives. Thus these providers are now in compliance with the contract provisions. We did not receive any acknowledgement from Chase or Symetra.

Pursuant to NDCC 71-04-04-09, the Board may take the following actions with respect to these two companies:

The board shall suspend a provider that does not meet the requirements under article 71-04 or North Dakota Century Code chapter 54-52.2. The board may apply either of the following two types of suspension:

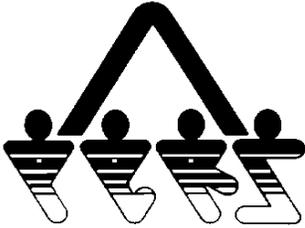
1. *Loss of active provider status. Under this type of suspension, the provider may not enroll any new participants. The provider may continue to receive contributions from existing members.*
2. *Loss of provider status. Under this type of suspension, the provider may not enroll any new participants nor receive any further contributions from existing members.*

Staff Recommendation:

Direct staff to notify Chase and Symetra that this situation has been reviewed by the Board which finds them out of compliance with our contract, and that at its March meeting the Board will consider taking action to implement a loss of provider status pursuant to our administrative rules.

Board Action Requested

Approve or reject staff's recommendation.



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: February 12, 2008

SUBJECT: Board Election

Due to retirement, the term of Board member Howard Sage expired on December 31, 2007. At its December 3rd planning meeting, the Board reviewed its options with regard to the unexpired term which will end on June 30, 2008. The Board determined that rather than conduct a special election, the election would be conducted in accordance with the regular election schedule.

Pursuant to Section 71-01-02-01 of the election rules, the Retirement Board must appoint a committee of three from its membership, one of whom must be designated as chair, to oversee the election process.

The following is the election schedule developed in compliance with the rules:

May 2, 2008 – Deadline to file nomination petitions

June 1, 2008 – Ballots are sent out to membership

June 13, 2008 – Deadline to return ballots

June 16, 2008 – Ballot canvassing

June 19, 2008 – Presentation of results to Board membership

June 20, 2008 – Notification to candidate

BOARD ACTION REQUESTED:

Appoint a committee of three from the Board and designate one as chairman.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Agency Business Plan

Attached please find the business plan for PERS for 2008. This document is used to guide our business processes during the year and serves as a focal point for our management discussions. If there are items that you would like to suggest for inclusion, please let me know.

While the business system replacement project is noted in the attached, it should be recognized that for this year and the next several years it will be a significant effort for PERS and will have an effect on our capabilities.



North Dakota Public Employees Retirement System 2008 Business Plan

Agency Driver and Philosophy

Driver

Provide an employee benefit package that is among the best available from public and private employers in the upper midwest.

Philosophy

- Exercise prudent risk taking.
- Administer the law effectively, efficiently and fairly.
- Operate at the highest ethical and professional standards.
- Provide the highest quality services and benefit programs.

DEFINED BENEFIT HYBRID PLAN

Goals and Objectives

1. The goal of NDPERS is to enable career employees to care for themselves and their dependents at retirement and to provide a plan that will reduce personnel turnover and encourage career employment to high grade men and women.
2. The goal of NDPERS is to establish a mechanism to insure that career employees can care for themselves and their dependents in retirement by maintaining the purchasing power of current retirement benefits.
3. In order to improve the desirability of state and political subdivision employment the goal of NDPERS is to develop more options on how a member could access, contribute to, supplement, and draw their retirement funds.
4. In order to insure that members will be better able to care for themselves and their dependents in retirement and to improve the desirability of state and political subdivision employment the goal of NDPERS is to provide incentives and rewards to members who engage in supplemental retirement savings.

Projects	Progress
<ol style="list-style-type: none"> 1. Continue benefits planning process for retirement plan in 2008. 2. Prepare and submit legislation to PERS Board by February 2008. 3. Work with consultants to do technical and actuarial analysis at request of Board or legislative committees in preparation for 2009 session. 4. Initiate renewal process for disability consulting service by May 1, 2008. 5. Confer with Highway Patrol administration to determine indexing rate and submit to Board at August meeting. 6. Revise administrative rules and provide to BPR division by designated date. 7. Research options for pretax contributions for Judges, Highway Patrol and Job Service Systems. 8. Conduct board election for active opening: 	

Projects	Progress
<ul style="list-style-type: none"> a. Appoint election committee; b. Publish notice of election; c. Validate mailing roster and nomination petitions; d. Send out ballots to active membership; e. Canvass ballots and report results to board at June 2007 meeting; f. Notify candidate and departments/agencies of results. <p>9. Prepare COLA calculation and provide recommendation for increase to Board at its October meeting and calculate increase and update all Job Service and Travelers member records by 12/1/08.</p> <p>10. Identify 3 to 5 items for P3 Methodology project.</p> <ul style="list-style-type: none"> a. Legislation: 13th check DNRO Judges 2% b. Disability recertification c. EPO annual enrollment d. Enrollments e. Pre-Note f. QDROs g. Establishing new retiree account – Job Service <p>11. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. January 2008</p>	

HEALTH PLAN

Goals and Objectives

1. The goal of the health program is to provide understandable options at affordable premiums which protect public employees and their families from excessive medical expense.
2. Promote positive competition through PERS or group purchasing initiatives with providers who emphasize and practice the principles of continuous quality improvement.
3. To develop and maintain an information data base on quality and costs.
4. To provide information and assistance in community, legislative and national matters related to health care services.
5. To consider modifications and improvements to the benefit plan design that can be accomplished within the constraint of available funding.
6. The goal of the Group Medical Insurance Program is to encourage healthy lifestyles and preventative attitudes in an effective and cost efficient manner.

Projects	Progress
<ol style="list-style-type: none"> 1. To maintain the PPO and monitor expansion of the PPO program and report number of new additions to the network to Board annually. 2. Investigate other options relative to the EPO program. 3. To investigate the feasibility of providing a flu shot program (fall 2008) 4. To work with the Employee Council on an annual wellness day at the Capital (fall 2008) 5. Continue Benefits Planning Process for health plan for 7/1/2009 renewal. 6. Monitor and promote smoking cessation program for state employees. <ol style="list-style-type: none"> a. Continue to promote program through various communication efforts to include home mailings, email messages and newsletter articles. 7. Monitor implications of MedicareBlue PDP plan on PERS retiree health plan. 8. Provide notice of rate increase to participating employers and direct billed and ACH participants prior to July 1, 2008. 9. Provider notice of rate increase to all members on Medicare prior to January 1, 2009. 10. Promote My HealthConnection program to PERS active employees in conjunction with Health Dialog and BCBS. Promote iPod give away in conjunction with program to encourage employees to complete a HRA. 11. To continue to promote application process for Wellness Benefit Program funding for agency based on-site wellness programs (ongoing). <ol style="list-style-type: none"> a. Coordinate with committee for evaluation of applications. b. Communicate status of application to employers. c. Verify and submit program expenses for reimbursement. d. Track program statistics regarding number of programs approved and dollars reimbursed and report to board on quarterly basis. 12. Monitor and evaluate wellness initiatives for Employer Based Wellness Program at agency & participating sub level in conjunction with premium incentive policy. <ol style="list-style-type: none"> a. Correspond with all participating employers regarding program and application process for 2007. b. Review and verify applications in conjunction with premium incentive policy and notify employers of application status. 13. Continue dialog with BCBS, Retiree Group, and plan consultants to study feasibility of bidding the medical and Rx coverage separately for Medicare Rx coverage. (SB 2045) 14. Implement provision of HB 1433 for a collaborative drug therapy program for individuals with diabetes. 	

Projects	Progress
<ul style="list-style-type: none"> a. Contract negotiation and approval b. Communication of program to members <p>15. Review proposal by Heart of American Health Plan to continue services in the Rugby Service Area.</p> <ul style="list-style-type: none"> a. Review rate methodology for Heart of America. <p>16. Report outcome of Minute Clinic project to Board at December 2008 meeting.</p> <p>17. Implement policy and implement late premium payment policy for retirees. (accounting is developing the policy)</p> <p>18. Monitor and evaluate UND pilot wellness program for the 4 participating agencies.</p> <p>19. Identify 3 to 5 items for P3 Methodology Project.</p> <ul style="list-style-type: none"> a. New Group Enrollment Health b. Rate Increase letters, general rate increase and PDP (Medicare D) annual rate increase <p>20. Assist in designing and conducting Wellness Forum for participating employers. September 2008</p> <p>21. Maintain database of BCBS monthly data on health plan performance, specifically, Surplus/Affordability report; quarterly and annual utilization; (ongoing)</p> <p>22. Medicare data match (federally mandated) ongoing</p> <p>23. Prepare and distribute large agency/employer report annually. Summer 2008</p> <p>24. Annually track health plan coverage issues and inconsistencies between NDPERS Plan and BCBS Standard Lines of Business, analyze their effects and report to NDPERS Board. (May 2008)</p> <p>25. Conduct analysis of health rates for 2009-11 (Summer/Fall 2008)</p> <p>26. Assist in evaluating and analyzing rate information for health insurance program. (Spring 2008)</p> <p>27. Work with UND Medical School and employers to pilot employee based wellness initiative as needed.</p> <p>28. Assist in measuring employer based wellness health participation and report to NDPERS Board. Dec 2008</p> <p>29. Assist in collecting and evaluating employer based wellness plan updates as needed Dec 2008</p> <p>30. Assist in collecting and evaluating employer based wellness plan proposals as needed March 2008</p>	

LIFE INSURANCE PLAN

Goals and Objectives

1. The goal of the Group Life Insurance Program is to provide for a single, understandable and non-discriminatory life insurance plan to members at affordable premiums.
2. To supplement the existing life insurance program with other programs.
3. Have a premium structure that is the lowest and best available.

Projects	Progress
<ol style="list-style-type: none">1. Coordinate activities for renewal of contract for two year period from 7/1/08 to 6/30/10.<ol style="list-style-type: none">a. Request renewal proposal from carrierb. Review proposal with carrier and plan consultantc. Submit proposal to Board a March meeting.2. Identify 3 to 5 items for P3 Methodology Project.<ul style="list-style-type: none">• Life Insurance – Disability Retirement3. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. Winter 20084. Review and create rate tables' life and health as is necessary. June 2008	

VOLUNTARY GROUP INSURANCE PLANS

Goals and Objectives

The goal of the Voluntary Group Insurance Programs is to provide for comprehensive and non-discriminatory plans to members at affordable premiums. Includes dental, vision, LTC and EAP.

Projects	Progress
<ol style="list-style-type: none"> 1. Initiate RFP process for EAP. (This is being done by Planning & Research) <ol style="list-style-type: none"> a. Submit final proposal review analysis and recommendation to board at May 2007 meeting. b. Send notification to employers by June 1, 2007 c. Address issue at Payroll conference in June 2. Continue to work with dental carrier to resolve administrative issues with regard o billing and eligibility updates to participant records. 3. Review options regarding LTC plan 4. Coordinate activities for renewal of dental contract for two year period from 1/1/09 to 12/31/11. <ol style="list-style-type: none"> a. Request renewal proposal from carrier b. Review proposal with carrier and plan consultant c. Submit proposal to Board at June meeting. 5. Identify 3 to 5 items for P3 Methodology Project. <ul style="list-style-type: none"> • Drop Dependent Dental 6. Investigate options/opportunities relative to the LTC Partnership Program. 7. Investigate options for an Identity Theft Insurance program. 	

457 DEFERRED COMPENSATION PLAN

Goals and Objectives

Provide a supplemental retirement plan that will allow employees to augment their retirement benefits.

Projects	Progress
<ol style="list-style-type: none">1. Coordinate with Companion plan administrator to conduct at least two financial planning education seminars for plan participants during the year.2. Identify 3 to 5 items for P3 Methodology Project.<ol style="list-style-type: none">a. Rollover/Transfer of fundsb. Mutual Fund Window enrollmentc. Financial Hardship application3. Investigate feasibility of developing an on-site outreach program.	

401 (a) DEFINED CONTRIBUTION PLAN

Goals and Objectives

1. To provide an alternate defined contribution retirement plan that offers a diversified set of mutual fund options.
2. To provide information to each eligible employee in a timely manner.
3. To establish investment guidelines for the funds and review their performance on a regular basis.
4. To provide the members the opportunity for investment education.

Projects	Progress
<ol style="list-style-type: none"> 1. To provide to each employee an election packet and seek their response within the first six months of employment. Track number of contacts and new enrollees in program for annual report to Board. 2. Coordinate with 401(a) plan administrator to conduct at least two financial planning education seminars for plan participants during the year. 3. Identify 3 to 5 items for P3 Methodology Project. <ol style="list-style-type: none"> a. Mutual Fund Window enrollment b. Transfer/Rollover procedures c. DC plan retirement benefit distribution d. QDRO's 	

FLEXCOMP PROGRAM

Projects	Progress
<ol style="list-style-type: none"> 1. Continue to monitor and assess the PeopleSoft claims processing software to address implementation and processing issues related to grace period option. 2. Process 90% of verified FlexComp claims within 3-5 business days and within 4-7 business days from January – April of calendar year when dual plan year processing occurs. 3. Incorporate any changes to Plan Document. 4. Identify 3 to 5 items for P3 Methodology Project. <ol style="list-style-type: none"> a. Ability to perform COBRA notifications in compliance with Federal Regulations. b. Ability to enroll terminated employee in COBRA benefits for medical spending reimbursement in compliance with Federal regulations. 	

<ul style="list-style-type: none">c. Procedures to enroll District Health Units in FlexComp Plan.d. Posting non-central payroll flexcomp contributionse. Enroll non-central payroll agencies in flexcomp during annual enrollment seasonf. Enroll non-central payroll in flexcomp for new hires and change in status. <p>5. Implement grace period for dependent care claims for 2008 PY.</p> <ul style="list-style-type: none">a. Propose to Board at May meetingb. Test systemc. Communicate to members via newsletters and annual enrollment season publications.	
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AGENCY

Agency Driver and Philosophy

Driver

Ensure the efficient & accurate administration of member benefits.

Philosophy

- Meet or exceed published quality standards for our services.
- Effectively manage resources for the benefit of our clients.
- Use cost effective technology to support quality service for our clients.
- Plan carefully and follow implementation plans so we “do it right the first time”.

Goals and Objectives

Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.

Projects	Progress
<ol style="list-style-type: none">1. Conduct monthly Programs Meetings as a forum to discuss and communicate program, policy, or procedural changes in process or implementation phase at working group level to facilitate integration across program areas.2. Conduct and monitor the monthly program specific “Quality Working Group” meeting concept as a catalyst to identify issues affecting services and to assess, recommend, implement and communicate changes or new administrative policies and procedures.3. Retain and maintain a qualified, fully trained staff to counsel members and maintain ongoing relationship throughout retirement career.4. Respond to purchase & repurchase inquiries within 10 business days.5. Respond to benefit calculation requests and member inquiries related to all benefit programs within 5 business days of receipt.6. Generate and distribute annuitant checks by the 1st business day of the month.7. To maintain a 3.5 average on the daily report cards for each program area.8. Provide support and service to employers that elect to join the law enforcement plan.9. Promote ACH services for direct billed members for health and COBRA premiums (August).10. Investigate feasibility of terminating Travelers contract for administrative services and assuming responsibility of COLA payments to Job Service retirees.11. Investigate feasibility of Met Life transferring balance of paid-up annuity account to PERS to make 100% payment to annuitants.12. Continue to monitor operating plan for duration of PERSLink project to include utilization of staff, workload requirements and training.13. Assist in review and update of the PeopleSoft Benefits Administration open enrollment procedures	

Projects	Progress
<p>and materials provided to state agencies. Summer 2008</p> <ol style="list-style-type: none"> 14. Assist in developing user guide for employees to access benefit information through PeopleSoft e-benefits.(as needed) 15. Support and develop distribution of outreach programs <ul style="list-style-type: none"> • Pre-Retirement Education Program (PREP) • Portability Enhancement Provision (PEP) • New Employer Groups • Provider Training-Deferred Comp • PeopleSoft Benefit Administration User Trainings 16. Participate on the project team for the business system replacement project. 17. Investigate the possibility of hosting a Retiree Forum outside of Bismarck in 2008. 18. Provide ACH files to Bank of North Dakota to facilitate direct deposit of retirement checks on the first working day of each month. 19. Provide ACH files to Bank of North Dakota to facilitate payment of insurance premiums by the 5th of each month. 20. Generate and mail monthly IBS billings by the end of each month. 21. Process enrollment forms, designation of beneficiary forms and address changes daily/weekly. 22. Process batch data entry within one day of receiving. 23. Prepare calculations for transfers to other retirement plans (DC & TIAA CREF) within 3 business days. 24. Post contributions for defined contribution participants and transfer funds to carrier within 3 business days of receiving information in good order. 25. Post contributions for deferred compensation participants and transfer funds to providers within 3 business days of receiving information in good order. 26. Coordinate programming requests for modifications to the PeopleSoft FSA module with ConnectND IT project team. (ongoing) 27. Review and update the PeopleSoft Benefits Administration open enrollment procedures and materials for the Fall 2008 enrollment. 28. Participate as a member of the ConnectND project team. 29. Expand use of PeopleSoft A/R-Billing modules to replace remaining manual deposit spreadsheets and IBS subsidiary ledgers. 30. Utilize PeopleSoft billing module to generate billings for COBRA dental and vision participants 31. Investigate feasibility of using PeopleSoft A/R-Billing for retirement program 32. Draft policy, process and procedure documents for establishing a fiscal note on legislation, monthly health insurance analysis, Flexcomp Discrimination testing, MSP Datamatch processing. 33. Establish internal committee to establish a review process for P3 submissions to ensure Disaster Recovery needs are met by submitted P3's. (ongoing) 34. PERSLink Project – Pilot 1.1 System Administration, Imaging and Call Center (Jan – Sept) <ul style="list-style-type: none"> • Participate in planning activities • Coordinate system hosting activities with ITD 	

Projects	Progress
<ul style="list-style-type: none"> • Purchase and install new hardware and software • Participate in functional analysis and design meetings • Participate in data conversion meetings • Perform data cleansing, as necessary • Conduct user acceptance testing • Develop and implement organization change and transition plan • Assist in preparing training materials and training end users • Work with ITD to establish disaster recovery for new system • Deploy Pilot 1.1 functionality by October <p>35. PERSLink Project – Pilot 2.1 Member account, Employer maintenance and Employer reporting (Jan – Oct)</p> <ul style="list-style-type: none"> • Participate in planning activities • Participate in functional analysis and design meetings • Coordinate integration with PeopleSoft HR/Payroll – State and Higher Ed • Coordinate integration with benefit providers (BCBS, Cigna, Ameritas, deferred comp, etc) • Coordinate new business processes with employers • Update forms & letters based on new business processes • Participate in data conversion meetings • Perform data cleansing, as necessary • Conduct user acceptance testing • Conduct parallel testing • Develop and implement organization change and transition plan <p>36. PERSLink Project – Backfile conversion</p> <ul style="list-style-type: none"> • Develop plan for moving records on microfiche/film to image, keeping within budget constraints • Conduct pilot project with document conversion vendor • Modify plan, if necessary, based on results of pilot project <p>37. PERSLink Project – Pilot 2.2 and 2.3 Benefits processing, Post-retirement benefit payments (Nov – Dec 2009)</p> <ul style="list-style-type: none"> • Participate in planning activities 	

Goals and Objectives

Promote consistent administration of benefit programs.

Projects	Progress
<ol style="list-style-type: none"> 1. Publish and distribute quarterly PERSonnel Updates newsletter to all authorized agent/payroll contacts. 2. Review and update all kits, forms, SPDs, communication materials, and employer guide as in compliance with schedule to assist participating employers in the consistent administration of 	

Projects	Progress
<p>benefits for members hired or leaving employment.</p> <ol style="list-style-type: none"> 3. Coordinate revision and promulgation of administrative rules as needed. 4. Submit final draft of rules to NDPERS Board for approval. January 2008 5. Submit approved rules with required documentation to Attorney General's office for review. January 2008 6. Submit approved, reviewed rules to legislative counsel for formal promulgation. June 2008 7. Attend Legislative Rules Committee follow-up meeting for promulgated rules. June 2008. 8. Assist in providing training to Peoplesoft/HR payroll users as needed. 9. Assist in updating Peoplesoft Benefits Administration user manuals and training exercises as is necessary. 10. Provide feedback and other assistance as necessary to publish Peoplesoft benefits administration bulletins and distribute to payroll users. 11. Assist in effort to follow-up with state agencies to assist in processing open events on People Soft Benefits Administration prior to monthly payroll cutoff as needed. Provide support in the following areas: 12. Update PeopleSoft Benefits Administration training exercises. 13. Publish PeopleSoft Benefits Administration Bulletins on the portal for payroll users on an as needed basis. 14. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month. 15. Train new PeopleSoft HR/Payroll Users 16. Provide employers with monthly retirement transmittals by the end of each month; deferred comp transmittals according to employer payroll frequencies; and group insurance statements and billings by the 5th of each month. 17. Update employer manual within 60 days of making a change in any employer reporting procedures. 18. Follow up on employer retirement contribution reporting errors within 30 days of discovery. Calculate amount due to/from the employer within 30 days of receiving necessary information from employer. Prepare adjustments to member accounts within 30 days of posting contributions to member's account. (Additional processing time may be necessary depending on the number of employees/years affected by the error) 19. Work with OMB to schedule & provide training for new PeopleSoft HR/Payroll users 20. Update PeopleSoft Benefits Administration user manual to reflect the upgrade to version 8.9 21. Publish PeopleSoft Benefits Administration Bulletins on the PeopleSoft portal for payroll users on an as needed basis. 22. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month. 23. P3 Methodology Project: <ol style="list-style-type: none"> a. Daily deposits b. Daily batches c. Bank Reconcilements 	

Projects	Progress
<ul style="list-style-type: none"> d. Accounts Payable e. IDBS f. Sick Leave Conversion g. Service Purchases (employer, USERRA, Rollovers, pretax, USERRA refunds of employee payments and reimbursements from employers) h. PEP Adjustments i. NSF/Returned ACH j. Group health/life/EAP billing process <p>24. Cross train within accounting division for the Retirement Accountant position</p> <p>27. P3 Methodology Project:</p> <ul style="list-style-type: none"> a. Incoming Mail Process b. Outgoing Mail Process c. Address Correction Process d. Indexing and Imaging Process e. Mass Mailing Process f. Printing Request Process g. Group health/life/EAP billing process 	

Goals and Objectives

Continue to work with ITD to identify, from a records management perspective, the specifications and standards necessary for implementation of an electronic information and records system program for PERS.

Projects	Progress
<ul style="list-style-type: none"> 1. Continue to work with ITD on developing and upgrading FileNet. 2. Keep up to date and coordinate with ITD relating to electronic records retention. 	

Goals and Objectives

Promote centralization of agency records, publications, marketing materials, forms, & e-mail.

Projects	Progress
<ul style="list-style-type: none"> 1. Purge records on an annual basis according to the North Dakota Century Code. 	

<ol style="list-style-type: none"> 2. Formalize the process of retention of electronic documents. 3. Maintain all forms development and design in house. 4. Maintain the design and layout of kits. 5. Maintain forms and kits on the web. 	
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Goals and Objectives

Continue to work with in all areas of the agency to monitor workflow changes.
 Analyze service delivery operations to determine methods for increasing efficiency or quality.

Projects	Progress
<ol style="list-style-type: none"> 1. Continue to work through the program areas to streamline processes and procedures where possible or requested by staff. 	

Goals and Objectives

To seek out ways to provide, store, and record board materials and actions in a timely, efficient and paperless manner.

Projects	Progress
<ol style="list-style-type: none"> 1. Produce and deliver Board books within 5 days of Board meeting. 2. Have meeting minutes prepared for the next meeting. 3. Provide all Board materials via website to download for the interest groups. 4. Create an electronic copy of all Board materials beginning with 1989. 5. Provide website support for displaying and storing Board materials. 	

Goals and Objectives

Promote the efficient delivery of services and administration of the Administrative Division to the Programs Division, Accounting/IT Division, FlexComp, and Member Services.

Projects	Progress
<u>Group Insurance – (Active)</u> <ol style="list-style-type: none"> 1. Continue to process all applications accurately on a daily basis. 2. Data verification process on all active applications (95% accuracy). 	

Projects	Progress
<p>3. Respond to deadlines for billings</p> <p>4. Process dependent drop letters within 2 business days of receipt from BCBS.</p> <p>5. Process COBRA notices within 1 business day.</p> <p>6. Provide BCBS with daily delivery of applications.</p> <p>7. Respond to deadlines outlined on the operational calendar.</p> <ul style="list-style-type: none"> • Keying adjustments • Mailing billings <p><u>Group Insurance – (Retiree)</u></p> <p>1. Process retiree applications accurately on a daily basis.</p> <p>2. Data verification on all retiree applications (95% accuracy).</p> <p>3. Maintain excel file (file used by member services and administrators to respond to phone calls)</p> <p>4. Process nearing age 65 letters within 2 business days of receipt from BCBS.</p> <p>5. Process Medicare Part D applications accurately and timely and maintain spreadsheet to be e-mailed to BCBS weekly.</p> <p><u>Life Insurance –</u></p> <p>1. Maintain daily process and communication to payroll and member on Life Insurance applications</p> <p>2. Maintain procedures established and approved by the NDPERS Board for annual enrollment.</p> <p>3. Data verification process on life insurance applications (95% accuracy).</p> <p><u>Retirement –</u></p> <p>1. Process new retiree applications on a daily basis</p> <p>2. Continue to process all other applications on a daily basis.</p> <p>3. Respond to benefit estimates on a daily basis.</p> <p>4. Respond to correspondence on a daily basis.</p> <p>5. Respond to deadlines outlined on the operations calendar.</p> <p>6. Process defined contribution eligibles on a daily basis.</p> <p>7. Process for mailing on the first business day of the month.</p> <ul style="list-style-type: none"> • First Retirement Check & Letter • Refund/Rollover checks • TIAA-CREF letters • 1099r for deceased <p><u>Deferred Comp –</u></p> <p>1. Continue to process all applications on a daily basis.</p> <p>2. Provide accurate and timely correspondence to agents and provider companies.</p> <p>3. Maintain accurate continuing education records on the company agents.</p> <p>4. Maintain deferred comp database in a timely manner</p> <p><u>Incoming and outgoing Mail –</u></p> <p>1. Ensure proper handling of incoming and out going mail.</p> <p>2. Meet the deadline given on large mailings</p> <p>3. Ensure that the 4 postage accounts balance</p> <p>4. Ensure that the 4 postage accounts have adequate funds</p>	

Projects	Progress
5. Ensure the most cost effective way of sending out information. 6. Have incoming and outgoing mail backed up 5 deep. <u>Procurement –</u> 1. Ensure an ample supply of office supplies, paper, and envelopes are available. 2. Ensure and maintain efficient use of the office equipment. (Copiers, postage equipment, inserter/stuffing machine, smart mailer, phones) <u>Back-up Duties -</u> 1. Have incoming and outgoing mail duties backed up by all Administrative Services staff. 2. Have critical day-to-day duties backed up.	

Goals and Objectives

Assess the administrative services needs of the agency.

Projects	Progress
1. Meet annually with Managers, Administrators, and Auditor to identify level of needs 2. Categorize and prioritize the needs. 3. Develop a plan to implement the needs. 4. Continue to be part of the various PERS working groups, (Retirement, Group Insurance, Deferred Compensation, and IT).	

Goals and Objectives

Retain and maintain a qualified, fully trained staff to support the program division, accounting/IT division, FlexComp, Internal Auditor and member services.

Projects	Progress
1. Conduct monthly team meetings and individual meetings to discuss and communicate program, policy or procedural changes in process or implementation of these changes. 2. Encourage staff to attend seminars relevant to their job duties. 3. Continue membership in and attend meetings of the American Records Management Association (Bismarck/Mandan Chapter).	

Goals and Objectives

Monitor software and mainframe applications to ensure consistent and accurate administration of benefit programs.

Projects	Progress
<ol style="list-style-type: none"> 1. Provide input and make recommendations for programming changes through monthly Steering Committee meetings. 2. Assist in testing new applications and data provided for active and retiree annual statements. 3. Provide staff support and resource to PERSLink project as required. 4. Provide staff support for Project Management oversight of PERSLink project. 5. Conduct cross reference audits of retiree data. <ul style="list-style-type: none"> - Complete quarterly cross reference of retiree data against Dept of Vital Records death database - Conduct annual cross match with private vender, subject to price. 6. - Conduct cross match with Social Security Administration periodically, subject to price and availability. (annually) 7. Provide matches to Programs Division for follow-up. 8. Report issues that are discovered with PeopleSoft FSA or Benefits Administration. 9. Conduct monthly steering committee meetings, prioritize and assign programming requests that are submitted, and distribute an updated programming request list to steering committee members. 10. Complete all projects with critical or legislative deadlines on time and on budget. 11. Provide support for PeopleSoft queries. 12. Provide a more formal testing process to include checklists of the business processes that have been affected by a program change. Develop a standard method for end-users to document what was tested and their results. 13. Participate with ITD in the Mainframe Migration Project. 14. Work with selected vendor on the system replacement project. 15. Test PeopleSoft FSA and Benefits Administration modules as required for patches, upgrades, etc 16. Maintain a log of issues that are discovered with PeopleSoft FSA or Benefits Administration and determine if the problem can be solved through system configuration, by changing the business process or through new development. 17. Update tables on PeopleSoft to reflect insurance rate changes, new legislation, 457 limits, and any other changes that impact the system. <ol style="list-style-type: none"> a. Pt/temp eligible to participate in DC plan b. Limit pt/temp enrollment in health & life insurance to 20/20 rule c. Set up separate benefit plans for state dental and vision and higher education dental and vision d. Determine best way to update deferred comp provider name changes on benefit plan tables e. Update TFFR employer contribution rate eff 7/1/08 f. Limit benefit options for State Hospital clients g. Remove temporary leave plans for Dept of Human Services h. Set up benefit plan/deduction for employer payment of temporary health premiums 18. Review DC expenses, report to Investment Subcommittee and set administrative costs for DC plan annually. 	

Goals and Objectives

Supervise the performance of all service vendors retained on contract for NDPERS group insurance and retirement programs.

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor performance relative to standards set forth in provider and administrative contracts/agreements. 2. At least annually, review deferred comp agent list for compliance with training requirements and provide notification of non-compliance to the provider companies. 3. Promote education standards for provider services to deferred comp members by maintaining updated Provider Handbook and enforcing administrative policies and procedures in compliance with contracts. 4. Assess the performance of member service unit at BCBS based on monthly accuracy and timeliness reports and semi-annual service unit survey. 5. Review annual EPO satisfaction survey prepared by BCBS. 6. Conduct annual health claims audit at BCBS. (February 2008) 7. Report results to BCBS for comment and report to NDPERS Board. April 2008 8. Work with BlueCross BlueShield to resolve any outstanding issues. Ongoing 	

Goals and Objectives

Ensure compliance of all programs with federal regulations, administrative rules and state statutes.

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor and ensure ongoing compliance with HIPAA Privacy Rule provisions: <ul style="list-style-type: none"> • Conduct ongoing training as necessary. • Maintain required documentation. • Review current procedures for compliance (report to board each December). • Send privacy notification by April 14, 2009 (required every 3 years) 2. Comply with federal requirements to submit annual Credible Coverage Disclosure to CMS by March 2008. 3. Complete compliance testing on FlexComp program annually. Spring 2008 4. Document procedures for monitoring compliance of pretax purchase agreements. 5. Implement federal regulations for Medicare Part D, relating to penalties for delayed enrollments, into the group insurance billing system. 6. Continue to participate in the Enterprise Architecture project. 	

Goals and Objectives

Develop knowledge and procedural basis to ensure ongoing compliance with HIPAA Security Rule provisions.

Projects	Progress
<ol style="list-style-type: none">1. Review and maintain HIPAA security provisions.2. Conduct staff training annually.3. Monitor and ensure ongoing compliance with HIPAA Security Rule provisions.4. Acquire and maintain required documentation.5. Conduct annual review of policies and procedures manual to ensure it stays current.	

Goals and Objectives

Provider certification/education program for 457 reps.

Projects	Progress
1. Conduct training each year, subject to demand, rotating locations throughout the state., Fall 2008	

Goals and Objectives

Develop and maintain programs designed to protect the assets of the retirement systems, its members, staff, property and equipment to ensure that the retirement system can continue to meet its obligations to members.

Projects	Progress
<ol style="list-style-type: none"> 1. Maintain a business disaster recovery plan designed to ensure NDPERS services are available to members at all times with as little disruption as possible. (ongoing) 2. Maintain a program designed to minimize injuries and personal risk to NDPERS employees and members during the course of their daily work. (ongoing) 3. Conduct quarterly meetings of Loss Control Committee designed to review NDPERS loss control policies, procedures, loss control claims and incident reports and recommend revisions and updates. (quarterly) 4. Attend annual Risk Management Seminar. January 2008 5. Complete and submit risk management discount applications for workers compensation and risk management premiums. (May 2008) 6. Revise and enter COOP Plan on statewide Strohl system. (ongoing) 7. Establish risk management/business disaster recovery component to be included in monthly staff meetings. 	

Goals and Objectives

Develop and maintain a comprehensive accounting policy and procedure manual.

Projects	Progress
1. Identify accounting duties that are not documented and prepare procedures as necessary as part of P3 project	

Goals and Objectives

2008 Business Plan

Provide online access to as much data as feasible.

Projects	Progress
1. Work with ITD to migrate reports stored on COM (Computer Output to Microfiche) to FileNet.	

Goals and Objectives

Automate as many processes as feasible.

Projects	Progress
1. Continue to work with ITD to identify and prioritize documents to move to Wappapello/FileNet. Approximately 100 reports/letters. 2. Work with agency staff to determine workflow processing needs for the system replacement project.	

Goals and Objectives

Upgrade computer hardware and software according to agency replacement schedule.

Projects	Progress
1. Determine hardware and software upgrades necessary to remain in compliance with Enterprise Architecture standards and agency's 4 year hardware replacement schedule.	

Goals and Objectives

Administer a local area network that is accessible 99% of the time.

Projects	Progress
1. Monitor ITD's LAN availability data utilizing ITD's services. 2. Update LAN Administrator's Manual. 3. Upgrade server hardware & software to accommodate disk space and performance requirements.	

Goals and Objectives

Insure the integrity of the mainframe database by maintaining an on-line data entry accuracy rate of 95% or better.

Projects	Progress
<ol style="list-style-type: none"> 1. Verify retirement enrollment forms, retirement beneficiary forms, deferred comp enrollment forms and address changes after the information has been entered on the mainframe and calculate accuracy rate. 2. Expand insurance verification process to include retiree applications, ACH forms and COBRA elections 	

Goals and Objectives

Develop and execute a comprehensive performance and operations audit and risk assessment program for the evaluation of management and its controls provided over all agency activities as approved by the Audit Committee.

Projects	Progress
<ol style="list-style-type: none"> 1. Review with management to obtain final enterprise risk management (ERM) assessment every four years (in even years). 2. Determine if questionnaire is adequate. 3. Make adjustments as needed. 4. Facilitate an enterprise risk management (ERM) assessment with the input of senior management, Audit Committee and the board to be completed by October 1 (every four years in even years). 5. Issue report to Executive Management. 	

Goals and Objectives

Execute a comprehensive control self-assessment program for benefit programs and member services area.

Projects	Progress
<ol style="list-style-type: none"> 1. Review questionnaires that address control and risk issues for each benefit program and services with management and staff every two years (in odd years after new legislation is in place) and determine if it is meeting division needs. 2. Make adjustments as needed. 3. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October 1 of each odd year. 	

4. Issue report to Management.	
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Goals and Objectives

Develop and execute an audit plan utilizing the control self-assessment results to ensure value added services to management.

Projects	Progress
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 	

Goals and Objectives

Develop and execute an improved audit process for benefit programs and member services.

Projects	Progress
<ol style="list-style-type: none"> 1. Improve communications with staff regarding upcoming audits and throughout audit process. 2. Develop and document understanding of work process before conducting audit, including flowcharting of processes and internal controls. 3. Utilize the risk evaluation worksheet for each audit before developing audit program. 4. Examine internal operating controls to ensure efficiency and effectiveness. 5. Conduct audit focusing on high risk areas. 6. Issue final report in a timely manner for value added services to management and staff. 	

Goals and Objectives

Improve the effectiveness of internal audit services.

Projects	Progress
<ol style="list-style-type: none"> 1. Review and update the policy and procedure manual and all audit templates prior to calendar year end. 2. Conduct records review and purge per records management retention schedule in November of each year. 3. Maintain daily and update periodically worksheets in Excel to track time spent on audits and projects. 4. Issue an annual audit plan that includes the working plans developed using the risk assessment 	

process for the benefit programs, member services, information technology and accounting divisions. 5. Conduct an annual review of the Internal Audit division to determine if it is complying with the Internal Audit Charter and issue a report to the Audit Committee and Board. 6. Periodically review the Internal Audit Charter and update if necessary. 7. Develop internal quality assessment program to assure the internal audit division achieves the “generally conforms to standards” rating. 8. Schedule an external quality assurance review in accordance with IIA Standards.	
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Goals and Objectives

Participate in assigned committees.

Projects	Progress
1. Attend meetings 2. Provide input as required 3. Periodically provide reports to executive director and Audit Committee regarding internal audit's involvement in committees and other consulting services.	

Goals and Objectives

Conduct special examinations at the request of management, including the reviews of representations made by clients outside the agency.

Projects	Progress
1. Develop questionnaires that address control and risk issues for each program to be audited with input from management and staff. 2. Develop action plan based on the results of responses on questionnaires. 3. Conduct special examinations requested by management and staff in a timely manner. 4. Issue a report summarizing results of engagement.	

Goals and Objectives

Provide consulting services at the request of management to improve effectiveness of risk management, control, and governance processes, including the integrated business system, P³ methodology and mainframe migration.

Projects	Progress
1. Develop questionnaires that address control and risk issues for each program with input from	

<ul style="list-style-type: none"> management and staff. 2. Develop consulting engagement plan based on the results of responses on questionnaires. 3. Conduct consulting services requested by management and staff in a timely manner. 4. Write summary of results of consulting engagement. 5. Participate in Loss Committee activities. 6. P3 Methodology Project: <ul style="list-style-type: none"> a. Identify Internal Audit Policies b. Determine processes to implement policies c. Define how processes are completed 	
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Goals and Objectives

Work with Information Technology Division to provide access to electronic data for automated computer assisted audit techniques. .

Projects	Progress
<ul style="list-style-type: none"> 1. Meet with IT to discuss availability of information for each program. 2. Determine best access to information 3. Develop plan to obtain data 4. Develop and implement ACL audit projects. 5. Complete ACL audit projects. 6. Issue a report summarizing results. 	

Goals and Objectives

Ensure compliance with federal and state tax reporting regulations.

Projects	Progress
<ul style="list-style-type: none"> 1. Deposit federal and state tax withholding by established deadlines. 2. File quarterly and annual federal returns with the Internal Revenue Service by established deadlines. 3. File W-2 and 1099R forms with the appropriate agencies and provide copies to recipients by established deadlines. 4. Reconcile monthly 1099R reports. 5. Implement procedure to reconcile 1099R files with general ledger. 6. Conduct annual Section 415 testing on service purchase contributions by April 15 of each year. 7. Follow up with employers who internal audit has identified as having retirement contribution reporting discrepancies. Make corrections to member records, as necessary. 	

Agency Driver and Philosophy

Driver

Research and evaluate benefit products & services

Philosophy

- Listen to our members.
- Have the best Employee Benefit package in the upper Midwest.

Goals and Objectives

Improve the efficiency and convenience of the enrollment process through the use of e-business applications.

Projects	Progress
<ol style="list-style-type: none">1. Continue to test and make recommendations for enhancements to on-line services program and promote the service to increase employee awareness through education and communication.2. Investigate on-line enrollment options for all benefit programs and implement effective with 2008 annual enrollment season.3. Develop and implement a web based new employee orientation program on PERS benefits.	

Goals and Objectives

Monitor investment options available under NDPERS Companion Plan and Defined Contribution plan to ensure the needs and expectations of the members are met.

Projects	Progress
<ol style="list-style-type: none">1. Collect and communicate investment returns quarterly to the NDPERS Board for the Companion Plan in the 457 program.2. Collect and communicate investment returns quarterly to the NDPERS Board for the Defined Contribution Plan retirement program.3. Post quarterly investment return reports on NDPERS website to insure access for membership.4. Realign 401(a) and 457 Companion Plan lineup with investment subcommittee to adequately cover the investment spectrum. Fall 20085. Review statement of investment policy for 401(a), 457, Defined Benefit and Job Service retirement systems. Annually – Fall 2008	

Goals and Objectives

Investigate alternative methods of delivering/receiving benefit information.

Projects	Progress
<ol style="list-style-type: none">1. Keep benefit estimate program updated and accessible on website for new employer groups to use and explore changes as requested pursuant to employer advisory group input.2. Explore making the purchase program available in online services so it doesn't have to be a download pursuant to employer advisory group input. Dec 20073. Provide support through helpdesk inquiries and as needed if Peoplesoft e-benefits are used to allow state/higher education employees to enroll in benefits for the Fall annual enrollment.	

Goals and Objectives

Assist in the Development of the PERSLink Legacy System

Projects	Progress
<ol style="list-style-type: none">1. Act as project administrator for the PERSLink Legacy System.<ol style="list-style-type: none">a. Review and provide input for system and documentationb. Provide project management, guidance and oversight.c. Act as a liaison between NDPERS Staff and Sagitec.d. Provide quarterly reporting to ITD Large Project Committeee. Provide reporting to SITEC committee as requested.	

Agency Driver and Philosophy

Driver

Educate members, employers and the public on the value of PERS policies & programs

Philosophy

- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

Goals and Objectives

Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.

Projects	Progress
<ol style="list-style-type: none"> 1. Update all communication materials as may be indicated by legislation, plan design, administrative or federal changes and have available on web site by August 1, 2008. 2. Produce annual statements for actives and retirees. 8/08 & 12/08 3. Develop and distribute consolidated annual enrollment notifications for health, life, dental, vision, LTC and FlexComp plans fall 2008. 4. Gather product information and coordinate revision of Investment Summary booklet for the 457 program. Fall 2008 5. Promote updated Investment Summary in newsletter. 6. Send updates in newsletter format, as needed, to deferred comp providers in 2008 7. Conduct monthly Website committee meetings. 8. Update website within 3 business days of receiving new information or changes. 9. Work with Web Committee to determine ways to attract visitors to our website. Discuss possibility of "auto enrolling" new hires. 	

Goals and Objectives

Provide members with information on financial planning, supplemental retirement savings, estate planning, and other topics relevant to successful transition to retirement.

Projects	Progress
<ol style="list-style-type: none"> 1. Conduct agency based Pre-retirement Education Programs (PREP) by request. 2. Conduct two PERS sponsored pre-retirement seminars in 2008. 	

Goals and Objectives

Act as liaison for different NDPERS pension plans and the retirement board (Judges, Law Enforcement, Job Service, HP, Main system).

Projects	Progress
<ol style="list-style-type: none">1. Publish every 3 to 5 months a newsletter for the active and retired members2. Provide notice of annual EPO open enrollment to members at least one week before the beginning of the enrollment period.3. Meet with pension plan contacts concerning proposed legislation, to communicate progress and discuss actuarial review and technical comments and discuss any necessary amendments. (Winter 2008)	

Agency Driver and Philosophy

Driver

Earn the respect and trust of our clients

Philosophy

- Operate at the highest ethical and professional standards.
- Treat every person with dignity, respect, courtesy, concern and understanding.
- Provide the highest quality services and benefit programs.
- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

Goals and Objectives

Provide liaison services to members with insurance claim and coverage disputes, pension service and benefit issues, and compliance issues arising from provider performance.

Projects	Progress
1. Research members problems or internal issues detected by staff by referencing codes, rules, contract provisions, performance guidelines, or seeking Attorney General's opinion. Apply appropriate compliance procedures or assist member in attaining resolution. (Ongoing)	

Goals and Objectives

Maintain a customer service center that provides accurate, comprehensive information to member inquiries regarding the provisions and requirements related to the benefit programs managed and administered by NDPERS.

Projects	Progress
1. Maintain a qualified, fully trained member services staff by providing ongoing training on benefit program changes. 2. Evaluate ability of member service staff to assist office in other administrative areas. 3. Meet goal of assisting at least 68% of incoming calls.	

Goals and Objectives

Provide a one-on-one counseling service that provides members with benefit options and assists them with the enrollment process.

Projects	Progress
<ol style="list-style-type: none"> 1. To continue to provide 500 to 700 one on one counseling sessions annually. 2. Investigate other communication media for the delivery of NDPERS services to members. 3. Monitor employer response to the Onsite Benefit Counseling Program. 	

Goals and Objectives

Communicate with our members and clients via NDPERS web site.

Projects	Progress
<ol style="list-style-type: none"> 1. Maintain current information and update as needed the information for the Internal Audit division and the Audit Committee on the NDPERS web site. 	

Goals and Objectives

Produce an Internal Audit Annual Report following the end of each calendar year.

Projects	Progress
<ol style="list-style-type: none"> 1. Develop an audit report by the February Audit Committee meeting. 2. Review the audit report with Executive Management and the Audit Committee and obtain the Audit Committee's approval. 	

Goals and Objectives

Participate in professional organizations.

Projects	Progress
<ol style="list-style-type: none"> 1. Maintain membership in professional organizations. 2. Volunteer services for organizations. 3. Network with other professionals. 	

Goals and Objectives

Assist the Audit Committee in managing their function of the Board.

Projects	Progress
<ol style="list-style-type: none"> 1. Plan quarterly Audit Committee meetings. 2. Attend quarterly Audit Committee meetings. 3. Provide Audit Committee agenda to the Audit Committee members a minimum of one week prior to meeting. 1. Review annually the Audit Committee charter, determine if the Audit Committee has met their responsibility and issue a report to the board. 2. Periodically review the Audit Committee charter and update if necessary. 3. Build and strengthen relationship with executive management and the Audit Committee. 	

Goals and Objectives

Maintain a support team for PeopleSoft Benefit Administration that provides consistent and timely responses to inquiries from agency users.

Projects	Progress
<ol style="list-style-type: none"> 1. Assist in developing a log of common questions/problems and document appropriate action. 2. Respond to problems logged through the ITD help desk within 24 hours. 3. Continue to update a log of common questions/problems and document appropriate response. 4. Respond to problems logged through the ITD Service desk within 24 hours. 5. Initiate discussions with OMB to clarify roles for supporting PeopleSoft Benefits Administration. 	

Goals and Objectives

Work with employers to ensure satisfaction with NDPERS service and provide excellent service to our members.

Projects	Progress
<ol style="list-style-type: none"> 1. Set agendas and conduct meetings of Employer Advisory Group periodically, not to exceed quarterly, seeking input and guidance from established NDPERS user group. 2. Coordinate and review suggestions and ensure that feedback is provided to the appropriate staff at NDPERS. 	

Agency Driver and Philosophy

Driver

Attract and retain a competent and highly motivated work force

Philosophy

- Foster a climate where staff supports team efforts focuses on positive solutions and assumes responsibility for team results.
- Encourage staff to question, innovate and grow by authorizing staff to assume responsibility.
- Support and encourage continuous personal and professional growth.
- Contribute to each others success by offering training, guidance, support, assistance and opportunities for growth.
- Demonstrate respect for coworkers and recognize the value of our diversity.

Goals and Objectives

Conduct recruitment activities using a standard screening and rating process that identifies the candidates whose qualifications best fit our requirements.

Projects	Progress
1. Coordinate recruitment activities with HRMS and provide assistance to management staff in developing job postings, interview questionnaires, evaluation criteria and rating sheets to fill vacancies within time period specified in posting.	

Goals and Objectives

Maintain a performance evaluation system that is comprehensive and equitable.

Projects	Progress
<ol style="list-style-type: none"> 1. Monitor system to ensure 6 month probationary reviews are conducted for new hires. 2. Ensure reviews are conducted at least annually for all classified staff and filed in respective employee file. 3. Update PIQs for management positions. 4. Identify and document essential functions for all classified positions and retain for records in compliance with risk management program requirements. 5. Monitor performance evaluation system and make adjustments as identified by management. <ol style="list-style-type: none"> a. Develop a system that incorporates aspects of equity, performance, and a COLA for 7/1/08 and within the increase granted by the legislature. 	

Goals and Objectives

Maintain an updated internal policy and procedure manual.

Projects	Progress
1. Monitor changes affecting policies as mandated by state or federal law, Board action, or precedence as established by HRMS or internally and update as necessary.	

Goals and Objectives

Maintain file of Position Information Questionnaires that accurately reflects the responsibilities and duties of each agency FTE position.

Projects	Progress
1. Update PIQ records for all classified positions as indicated by adjustments to job tasks/duties. 2. Submit PIQs to HRMS for reclassification as necessary. Retain records in personnel files.	

Goals and Objectives

Process payroll accurately and timely and maintain an accurate accounting of accrued leave.

Projects	Progress
1. Process monthly payroll and leave reporting within the timeframes established by OMB. 2. Reconcile source documents to accrued leave report, monthly. 3. Attend payroll training sessions provided by OMB. (ongoing)	

Goals and Objectives

Maintain professional proficiency through continuing professional education and training to meet GAO, AICPA, and IIA standards.

Projects	Progress
<ol style="list-style-type: none">1. Budget for continuing education program to obtain no less than 20 hours per fiscal year (120 hours every three years).2. Maintain a periodic quality assurance activity within the division to prepare for the five year quality assurance review beginning January 1, 2007.3. Provide annual professional development opportunities to each audit staff member to meet requirements of professional auditing standards.	

Agency Driver and Philosophy

Driver

Maintain actuarial and financial soundness of the funds

Philosophy

- Prudent risk taking
- Efficient administration
- Effectively manage resources for the benefit of our clients
- Meet or exceed published quality standards

Goals and Objectives

Monitor cost management and utilization review reports and assist in developing and reviewing options for cost management of plans.

Projects	Progress
<ol style="list-style-type: none">1. Have prepared annually an actuarial report of the PERS Defined Benefit plans. (initiated by accounting)2. Review financial projections and annual actuarial reports and develop strategies to address areas of concern and present information to PERS Board for review, consideration, and input.3. Report to the Board annually, status of employers subject to minimum participation and contribution requirements under the health plan.4. Prepare information as requested on potential cost management and utilization management programs developing for health plan and report to the PERS Board. (ongoing, ad hoc)5. Review disease management services, monitor effectiveness of program and evaluate service provider. (Monthly)6. Monitor implementation of prescription drug program, including generic vs. name brand usage, mail order prescriptions usage, etc and report annually to NDPERS Board.7. Review, revise and identify procurement policy that does not pertain to NDPERS and draft proposed policy. Winter 2007	

Goals and Objectives

Conduct and evaluate vendor renewal proposals for 457 deferred comp plan, Programs Division and 401(a) defined contribution plan and assess feasibility of initiating the Request for Proposal process.

Projects	Progress
1. Participate in RFP process for all programs, as necessary, analyzing responses received from vendors and participating in the selection of successful vendor.	

Goals and Objectives

Administer the DB Plan utilizing the principles of excellence established for the pension community by the Pension Benefit Coordinating Council.

Projects	Progress
1. Review requirements for Pension Benefit Coordinating Council Award and submit if NDPERS plan qualifies.	

Goals and Objectives

Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting annually.

Projects	Progress
1. Publish a comprehensive annual financial report and submit it to the GFOA by December 31 of each year. 2. Implement new GASB reporting requirements for Other Post-employment Benefits for fiscal year ending 6/30/08	

Goals and Objectives

Receive an unqualified opinion on the annual financial statement audit performed by external auditors and no reportable conditions or material weaknesses on the report of compliance and internal controls.

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare monthly bank account reconcilements. 2. Prepare monthly reconciliation of retirement contributions and deferred comp contributions posted to mainframe database. 3. Prepare monthly reconciliation of insurance premiums received and remitted to insurance carriers. 4. Prepare monthly reconciliation of retirement check write. 5. Prepare quarterly reconciliation of deferred comp provider reports and transfers, and monitor distribution compliance. 6. Reconcile deferred comp contributions reported on provider reports to cash receipts journal. 7. Prepare monthly FlexComp reconciliation 8. Prepare monthly reconcilements of contributor account balances and annuitant minimum guarantees 9. Develop and implement procedures to reconcile FlexComp FICA savings received from Central Payroll when preparing the monthly financial statements. 10. Prepare monthly reconciliation of Central Payroll retirement contributions reported from OMB, to report on Filenet. 11. Implement audit recommendations from internal and external auditors. 12. Determine the feasibility of using "Positive Pay" at the Bank of ND to verify if a check has been altered. 13. Document all security requests to ITD and their responses. 14. Conduct annual review of who has access to PERS' systems and what those privileges are. 15. Monitor and record monthly reporting of all access to PERS' production environment. 	

Goals and Objectives

Prepare the agency's biennial budget for submission to the legislature by the due date specified by OMB

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare a budget that is consistent with the agency's business plan and reflects the Board's priorities for each program. Submit the budget in the format specified by OMB in June of each even-numbered year. 	

Goals and Objectives

Monitor budgeted expenditures to actual expenditures, monthly

Projects	Progress
<ol style="list-style-type: none"> 1. Update actual expenditures each month within one week of receiving accounting reports. Report unusual variances to Executive Director immediately. 2. Monitor cash flows for FICA tax savings to determine adequacy as a funding source for the FlexComp and Deferred Comp programs and LASR project 3. Monitor consultant expenses and report to Board, quarterly. 	

Goals and Objectives

Allocate costs to accurately reflect the administrative expenses for each program.

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare retirement plan allocation for RIO, monthly. 2. Allocate expenditures to appropriate benefit program, monthly and annually. 3. Review existing expenses allocation policy each year and update if necessary 	

Goals and Objectives

Prepare information technology plan for submission to the legislature by the due date specified by ITD.

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare an information technology plan that is consistent with the agency's business plan and reflects the Board's priorities for each program. Submit the plan in the format specified by ITD in July of each even-numbered year. 	

Goals and Objectives

Maximize the investment return on deposits through an effective cash management program.

Projects	Progress
<ol style="list-style-type: none"> 1. Deposit cash receipts daily. 2. Transfer excess cash balances from the Bank of North Dakota to be invested by RIO. 3. Allocate deposits to appropriate bank accounts, daily. 4. Look into options and cost/benefit of implementing a more aggressive cash management program to minimize the balance kept on deposit in the retirement and insurance accounts at the Bank of North Dakota. 	

Goals and Objectives

Prepare accurate monthly financial statements within 45 days of months end.

Projects	Progress
<ol style="list-style-type: none"> 1. Prepare cash receipts journals, cash disbursement journals, subsidiary ledgers and other supporting schedules, monthly. 2. Allocate expenditures to appropriate benefit program, monthly and annually. 	

Goals and Objectives

Provide accurate and timely census data and financial information to the agency's actuary for preparation of the annual actuarial valuations.

Projects	Progress
<ol style="list-style-type: none"> 1. Provide the actuary with electronic census data by July 31 and financial data by September 5 of each year. 2. Test programming changes that will allow electronic preparation of census data for Job Service retirees who are paid through PERS. Work with Benefits/Audit divisions to gather information to be populated (June 2008) 	

Goals and Objectives

Evaluate and execute a comprehensive control self-assessment program for the Accounting and Information Technology area.

Projects	Progress
<ol style="list-style-type: none"> 1. Develop or evaluate questionnaires that address control and risk issues for each program to be examined with input from management and staff every two years (off years after new legislation is in place). 2. Determine if it is meeting needs of the accounting division. 3. Make adjustments as needed. 4. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October 1, 2007. 5. Issue report to Management. 	

Goals and Objectives

Develop and execute a working audit plan utilizing the control self-assessment results that will provide value added services to management.

Projects	Progress
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 	

Goals and Objectives

Test NDPERS actuarial data at mid and fiscal year end of accuracy.

Projects	Progress
<ol style="list-style-type: none"> 1. Obtain from IT actuary data in January and July. 2. Conduct tests on actuary data utilizing ACL software 3. Follow up on discrepancies found 4. Provide management with a report. 	

Goals and Objectives

Develop and execute an improved audit process for accounting and information technology.

Projects	Progress
<ol style="list-style-type: none">1. Improve communications with staff regarding upcoming audits and throughout audit process.2. Develop and document understanding of work process before conducting audit, including flowcharting processes3. Utilize the risk evaluation worksheet for each audit before developing audit program.4. Examine internal accounting and application controls to ensure efficiency and effectiveness.5. Conduct audit focusing on high risk areas, including health insurance premium, claims and interest report and pharmacy benefit managers.6. Issue final report in a timely manner for value added services to management and staff.	

Goals and Objectives

Coordinate and supplement external audit efforts.

Projects	Progress
<ol style="list-style-type: none">1. Assist State Auditors Office with review of RFP as requested2. Provide input to State Auditors Office on proposals.3. Contact audit firm to schedule conference room4. Discuss with audit firm coordination of audits to minimize duplicated efforts.5. Communicate with audit firm as necessary.6. Provide information to audit firm as requested.7. Coordinate reporting of audit results to executive management and the Audit Committee.	



North Dakota Public Employees Retirement System 2008 Business Plan

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MEMORANDUM

TO: NDPERS Board
FROM: Sharon Schiermeister
DATE: February 13, 2008
SUBJECT: **PERSLink Concept of Operations**

One of the requirements in the RFP that we issued for our business system replacement project was the preparation of a Concept of Operations document. This document requires the vendor to put in writing, their "vision" as to how the new system will work and how it will affect processes, based upon their analysis of our requirements during the planning phase of the project. Because this document is prepared early on in the project and at a high-level, it is subject to change as we get into the details of designing the system.

In addition to providing us with a conceptual view of the new system, this document also introduces us to new ways for performing business processes and how responsibilities could change.

The Concept of Operations is being provided as information only. Please let me know if you have any questions on this document or the PERSLink project.

Attachment

Concept of Operations for the North Dakota PERSLink System



Document Control

Document Information

	Information
Document Id	
Document Owner	Albano Lima
Issue Date	11/7/2007
Last Saved Date	12/17/2007
File Name	Concept of Operations

Document History

Version	Issue Date	Author
1.0	11/7/2007	Albano Lima – Initial Draft
2.0	11/9/2007	Stephanie Deshler – Revisions after Initial Discussion
2.1	11/23/2007	Submitted to NDPERS Reviewers
2.5	12/05/2007	Includes changes suggested by NDPERS Reviewers
2.6	12/17/2007	Ready for Acceptance

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1 Introduction

As our team begins to form, it will progress through multiple, normal stages of team growth. Currently, most team members are feeling emotions and portraying actions of the "forming" stage. During this stage, you probably feel some excitement and some anxiety over what the future has to bring for your organization and yourself. You may be asking questions like: "What is the new system going to be like?" "How is it going to change my job?" and "What does the future hold for me at NDPERS?"

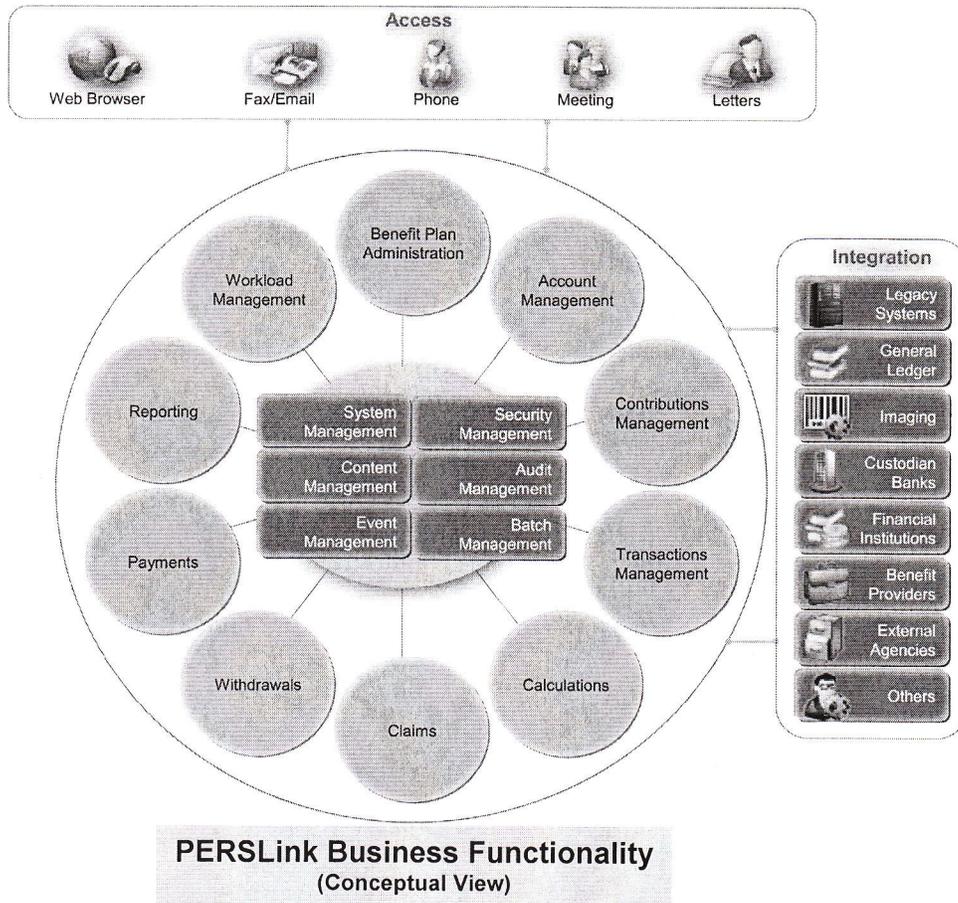
We understand the importance of open and honest communication and want to begin to set realistic expectations for how the project will be run and, ultimately, what you'll be left with in the end – the North Dakota PERSLink system.

The purpose of this document is to attempt to describe a high-level, conceptual view of how the new system will work and how it will affect processes and, ultimately, responsibilities. This conceptual view is based on the knowledge collected by Sagitec to date; the information in this document is subject to change based on future findings.

Sagitec will schedule a meeting during the first month of the system development phase to walk through this document with NDPERS Management Team and to decide about the rollout of this information to the entire NDPERS staff.

As we progress through the system development process Sagitec will present more detailed system design information. As part of the Joint Application Design (JAD) sessions the project team will document the various use case specifications that have been assigned to a particular increment of system functionality. Each use case specification describes a specific process, from start-to-finish, that will be performed by the system. The project team will also add the system screen prints associated with the functionality described in the use cases so that the users can see exactly how the new system will operate. This design documentation will be produced separately from the Concept of Operations document.

PERSLink will make it straightforward to add benefit plans, change plan rules, affiliate organizations, enroll members, approve claims, issue payments, and manage workloads. The following diagram provides a conceptual view of PERSLink high-level business functionality. This diagram will be referred back to many times throughout this document.



2 Access to PERSLink

PERSLink will be added as a new icon on your computer. You can access PERSLink by simply double clicking on the icon. You can minimize PERSLink as required and launch multiple browsers. For example, if you want to compare two accounts you can view them simultaneously by opening a second browser.

For offsite staff, PERSLink can be accessed via a special connection called a VPN. You will enter your VPN username and password and then simply follow a link to PERSLink as if accessing any other kind of website. You will then proceed as if you were onsite.

External users, such as employers and members, will also access the system through secure methods. Most-likely, this will be a combination of a username and password combined with other security measures (e.g., third party software). You may also choose to implement security rules such as three failed attempts results in a locked account. Employers and members will access the internet, follow the provided link, enter security information, and proceed as if accessing any other kind of website.

Users can also interact with PERSLink using traditional methods such as fax, email, phone, and written communications. Refer to the Conceptual View diagram found in the Introduction of this document for a visual representation of access to PERSLink.

3 Business Functionality of PERSLink

3.1 Benefit Plan Administration

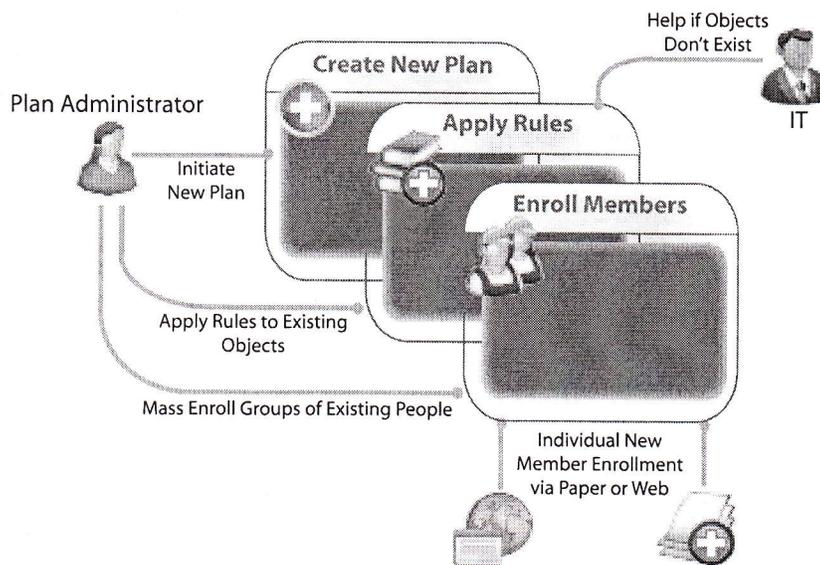
The Benefit Plan Administration function is responsible for creating, validating, and maintaining plans; as well as configuring plan parameters such as eligibility (vesting, benefits, etc.).

The benefit plan structures inherent in PERSLink support your pension plans and all other benefit plans. Many of the core processes used for plan administration, account maintenance, contributions management, transaction management, and claims provide support for pension and all other benefit plans. Authorized users manage plan details using administrative screens to help capture data and status (e.g., active, closed) information and create business rules.

A **PLAN** includes any pension or insurance program at NDPERS. This includes, but is not limited to group health, group life, dental, vision, long-term care, deferred compensation, defined contribution plan, flexible compensation, defined benefit plan, and the Employee Assistance Program.

PERSLink provides features for non-IT administrative personnel to add or modify plans. In some cases, adding a new plan may require new methods (systems functions and procedures) that are simply beyond the capability of a rules engine. In such instances, IT will simply need to be involved to create or modify business objects that consume business rules.

The following diagram depicts the Plan Administrators role in creating new plans, applying business rules to new or existing plans, as well as enrolling members in plans.



“What does this mean to me?”

- Increase in administrative control
- Decrease in need for coding/programming
- Decrease in redundant data entry

3.2 Account Management

The Account Management function is responsible for collecting and managing information about organizations including demographic, contact, plan participation, reporting methods, etc. and people including demographic, beneficiary, employment periods, leaves, court orders, notes, death, and more. PERSLink will provide the capability to capture people, organizations, and the relationships between them.

A **PERSON** is any human who PERSLink needs to keep track of. This includes members, retirees, beneficiaries, joint annuitants, survivors, guardians, power of attorneys, doctors, contacts, alternate payees, dependents, and more.

An **ORGANIZATION** is any business who PERSLink needs to keep track of. This includes employers, insurance providers, third party vendors, banks, and more.

Account Creation – PERSLink will let you create members and non-members and reporting agencies and non-reporting agencies. By separating different types of people or organizations, you can enter relevant data for each class all in one spot. For example, when creating a person you may capture employment and plan information for members, but not for non-members. On the other hand, when creating an organization you may choose to capture a contact person and phone number for employers, insurance providers, and banks.

Account Searches – PERSLink uses status information to filter different groups of people or organizations. For example, you may enter a search for a specific member using a name or SSN. You may also search for organizations that are active employers or an organization located in a specific county. Status-based filtering improves system and user performance and efficiency.

Interrelationships – PERSLink captures a series of interrelationships between people, memberships, employments, plans, and payments. An interrelationship allows a person to be a member and a joint annuitant, for example, with minimal data redundancy and allows you to see impacts of key life events such as death.

Checklists – During the development process, you will define a checklist for specific processes, such as enrollment, that must be complete before concluding the process. The checklist might contain mandatory items like 'signature received' or 'membership eligibility verified' and optional items such as 'beneficiary designation received' or 'address verified'. PERSLink uses the checklist to keep all users informed about the status (including members and employers), generate automatic correspondence, and feed key data to workflow.

Automatic or On-Demand Letter Generation – PERSLink generates letters including welcome packets and requests for missing information based on the checklist described above. The system generates letters automatically and allows users to create correspondence on-demand. The system also automatically sends letters to the imaging system along with an index.

Data Validation and Error Checking – PERSLink uses the same rules internally as for employer self-service. This lets internal and external users identify and resolve data problems immediately. For example, rules prevent duplicate records from being created, validate prior membership or dual membership, apply reinstatement policies (such as return to work), and validate plan eligibility.

"What does this mean to me?"

- Decrease in data entry
- Decrease in data error
- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Allow for automatic correspondence generation
- Reduction in amount of paper to be manually imaged

3.3 Contribution/Insurance Premium Management

The Contribution/Insurance Premium Management function is responsible for collecting, validating, and maintaining employer and member contribution data for pension plans as well as collecting premiums and preparing billing statements for insurance programs. This includes responsibility for inbound file/data processing, wage and contribution validation, exception processing, cash deposits and reconciliation, preparation of billing statements, wage adjustments, general ledger maps, member posting, and annual interest posting.

PERSLink supports multi-plan, multi-employer wage and contribution reporting. Wage and contribution information can be easily processed, posted, tracked, and reported for every member in the system. The solution tracks all contributions and associated payments by plan, employer, and member.

In regard to insurance premiums and billing statements, PERSLink supports Health, Life, Dental, Vision, Long-term Care and Employee Assistance Program (EAP) billing statements for employers under two billing cycles. Retirees, public employees whose employers have opted out of the NDPERS Health Plan and former employees covered under COBRA are billed individually for insurance premiums.

Some interesting features include:

Source File Journaling – The system preserves employer files in their native formats and stores corrections separately for processing. PERSLink also provides a source file viewer so that NDPERS can help employers who have reporting problems at the format level.

Multiple Transmission Methods – PERSLink supports file transmission, web-based data entry, and paper-based submission. PERSLink pre-populates data for web-based data entry and paper-based submission, which reduces manual data entry and the possibility of errors.

Multiple File Formats – PERSLink can simultaneously support dozens of different employer file formats if necessary.

Flexible Reconciliation – PERSLink provides several levels of reconciliation to improve error identification and correction, and speed up the posting process. Reported data can be reconciled to itself before linking it to payments to isolate employer-generated discrepancies. PERSLink reconciles the link between reports and payments and identifies any overages or shortages for further processing. If an employer paid too little, the user can generate employer receivables and invoices. Likewise, if the employer paid too much, the user can generate payables in the form of refunds or future adjustments.

Advanced Edits – PERSLink features advanced edits to improve the quality of data quickly and efficiently. Edits are segregated by process steps and can be performed on-demand without having to wait for a nightly batch process.

“What does this mean to me?”

- Decrease in data entry
- Decrease in data error
- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased customer attention
- Decrease in time waiting for information
- Capability of billing Dental/Vision/Long Term Care (LTC) premiums
- Consolidating “File1” and “File2” in a HIPAA format for transmission to provider

3.4 Transaction Management

The Transaction Management function is responsible for collecting, validating, and maintaining assorted exception-oriented transactions including deductions in error, omitted deductions, invoice generation, journal vouchers (account corrections), and service purchase payment processing.

Funds management breaks down into two primary categories; cash receipts and cash disbursements. For the purposes of this section, a check represents a payment (paper or ACH) issued to a person or organization from PERSLink. Some interesting funds management features include:

Detailed Check History – PERSLink stores detailed check data to help users examine details of any check issued from the system. This functionality is especially helpful when investigating lost or stolen checks and when processing death benefit claims.

Flexible Check Status Information – PERSLink uses check status details to launch exception-oriented processes. For example, you can mark a check for “Stop Payment” to reflect a void, stop pay at bank, outdated, or escheated payment. The system can generate affidavit letters as needed. Likewise, users can flag checks that need to be reissued (e.g., duplicates) so the system knows to generate a new payment. This functionality helps users manage work processes and communicate accurate and timely information to customers.

Outstanding Check Disposition – PERSLink accepts input from external organizations like bank or treasury agencies to identify un-cashed checks. This business functionality helps you manage cash disbursements and identify lost, stolen, or disqualified checks.

Cancelled Check Processing – PERSLink lets users cancel checks and redeposit the funds according to accounting distribution rules. This process can also trigger processes for collecting refunds from external agencies such as benefit providers and government tax withholding agencies.

Browse Cash Receipts – PERSLink lets users view the details of the cash receipt without running the risk of changing any data. This functionality helps users know when cash receipts were captured, and when and how they were allocated.

Process Cash Receipts – PERSLink provides a way for users to enter daily cash receipts. The system stores cash receipts by type, date, and deposit number. Once complete, you can print a deposit report and send it to the bank along with physical payments.

Process Cash Receipt Correction – PERSLink lets users change the type of cash receipt even after a deposit has occurred. For example, a user might inadvertently record cash receipts for contributions as Miscellaneous Cash Receipts. PERSLink lets you correct cash receipts categories so they can be allocated appropriately to the General Ledger system.

Process Non-Sufficient Fund (NSF) Checks – PERSLink allows users to flag checks returned from the bank as 'non-sufficient funds'. In such situations, the cash receipt will be flagged so the transaction can be changed to properly impact the general ledger system.

General Ledger Integration – PERSLink maps cash disbursements and receipts to existing general ledger accounts. The system can rollup transactions into summary totals depending on NDPERS business requirements.

"What does this mean to me?"

- Increase in routine efficiency
- Allow for focus on multifaceted work
- Eliminate need for cash receipts/disbursements spreadsheets.

3.5 Calculations

The Calculations function is responsible for calculating benefit estimates, estimated and final payments, adjusted payments, service purchases, service credit, average salary, refundable balance, insurance rate and Portability Enhancement Provision (PEP) accumulations. This includes responsibility for determining vesting and benefits eligibility based on plan rules and employment status information.

PERSLink is flexible and lets users and members generate estimated and final benefit calculations. PERSLink calculates actual and projected service credit, final average salary and provides 'what if' capability for projecting salary increases/decreases, or breaks in service.

For Insurance and EAP billings, PERSLink calculates the premiums due based on the total number of employees covered, rate structures, age and coverage codes. Insurance premiums are computed also for retirees and individuals no longer associated with an employer.

Some of the more interesting functionality associated with calculations includes:

Calculation Steps – PERSLink stores all intermediate calculation steps and results in sequential order for internal or legislative audit purposes. Storing intermediate results also improves testing and rule traceability during the project effort.

Side-by-Side Comparisons – PERSLink lets users compare estimates side-by-side to answer questions like "How does a service purchase impact my estimate?"

Archived Calculations – PERSLink saves calculation results. This makes it easy for users to regenerate estimates or create new estimates from previously saved calculations.

What-If Analysis – PERSLink lets authorized users change variables to perform 'what if' estimates. For example, authorized users can adjust final average salary, service credit, or termination dates to answer questions like "what happens to my benefit if I go part time or take a leave of absence?"

Web-Based Access – Members can use the Member Web Portal to prepare benefit estimates 24x7x365 using their current individual account information. Self-service improves efficiency and service availability. PERSLink's calculation engine uses the same rules to calculate web-based estimates as internal estimates, which improves accuracy. This means that offsite benefit counselors and NDPERS educators can generate real-time estimates on-demand while meeting with participants or representatives.

Call Center Calculations – PERSLink provides Member Services Representatives the ability to calculate estimates on demand for customers calling in, and to generate associated estimate letters, as well as pull-up achieved estimates to answer questions like "how did you arrive at this amount for my benefit?"

"What does this mean to me?"

- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased customer attention

3.6 Claims

The Claims functions is responsible for collecting, validating, and maintaining application claims information for retirement, disability, survivor, and other benefits. It includes functionality to process marriage dissolutions (QDRO), IRS levies, child support enforcement collections, and other claims-based attachments.

Applicants (claimants) can submit claims electronically or via paper-based forms. Electronic claim submission provides immediate feedback about data entry and presents an immediate plan-based eligibility determination. Should the claimant use paper-based forms, PERSLink automatically creates a case in the case management system from the digitized claim form. The case management system provides tracking and work distribution functionality.

Once submitted, PERSLink offers NDPERS flexible ways to complete the benefit claim process and keep users informed during every step of the way. Key claim processing features include:

Application Check Lists – PERSLink lets NDPERS define an application claim checklist that must be complete before concluding the claim process. The checklist might contain mandatory items like 'termination verification received' or 'birth certificate received' and optional items such as 'address verified'. PERSLink uses the checklist to keep all users informed about the status of a claim (including members and employers), generate automatic correspondence, and feed information to workflow.

Automatic or On-Demand Letter Generation – PERSLink generates claim letters including benefit application kits and requests for missing information based on the check list described above. The system generates letters automatically and allows users to create correspondence on-demand. PERSLink automatically sends letters to the imaging system along with an index. Pre-populated turnaround documents such as tax withholding forms

contain bar codes for automatically updating the checklist and associated workflow once they are returned.

Verification and Validation – The system or users can forward enrollment information to auditors to verify and validate application information.

Secure Web-Based Access to the System – PERSLink provides external medical reviewers the ability to access the system and related physician reports remotely over the web. Secure access and dynamically served content ensures HIPAA compliance while simultaneously improving process efficiency. Medical reviewers use PERSLink to submit their eligibility determination. The web-based system ensures that the information is accurate and complete.

“What does this mean to me?”

- Decrease in data entry
- Decrease in data error
- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased customer attention

3.7 Withdraw / Refund

The withdraw / refund function is responsible for collecting, validating, and maintaining claim information for withdrawals / refunds. It includes functionality to process marriage dissolutions, IRS levies, child support collections, and other attachments and provides facilities for trust-to-trust transfers and rollovers.

PERSLink streamlines the refund processes. It simplifies data collection, calculations, validation and distribution of deductions, contributions, and interest. PERSLink supports different refunds including lump sum distributions (withdrawals), excess contributions, deductions-in-error, and death payments. Further, the solution supports self-service claims that streamline the data collection process.

Like other claims-based processes, PERSLink offers NDPERS integrated business rules and workflow for making sure that data is accurate and complete. The system generates refund payment records and flags them for payment only after all edits, rules, and verifications are satisfied.

“What does this mean to me?”

- Decrease in data entry
- Decrease in data error
- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased customer attention

3.8 Payments

The payments function is responsible for supporting retirement, survivor, disability, and refund (lump-sum distribution) application tracking, eligibility monitoring, benefit payment processing, payment adjustments, tax withholding, direct deposit, payee account

maintenance, state and federal tax reporting (1099R processing), and provider/vendor payment processing.

PERSLink provides complete facilities for processing pension and benefit payments. The solution supports payee account creation and maintenance, recurring and one-time adjustments, and deduction processing. Further, PERSLink provides services reconciling payrolls, payment generation and tracking, and annual statement generation.

Cyclical payments to providers such as insurance carriers and deferred compensation are supported along with the recording of appropriate general ledger transactions.

“What does this mean to me?”

- Decrease in data entry
- Decrease in data error
- Decrease in data redundancy
- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased customer attention
- Streamlined provider/vendor payment processing
- Reduce use of spreadsheets

3.9 Reporting

The reporting function is responsible for supporting annual tax reporting, actuarial reporting, member statement, employer statements, and financial statements.

Sagitec understands that different users have different needs when it comes to general reporting and query functionality. As a result, we offer a layered approach for meeting general reporting and query requirements. The following text briefly describes PERSLink reporting layers and unique features:

Online Search & Results – PERSLink uses a standard ‘lookup’ pattern where users enter one or more parameters and execute a search to retrieve specific information. Recognizing the power of online searching, PERSLink includes great features that allow users to search for and manipulate entire datasets.

Advanced Search – You can insert “operators” such as ‘equal’, ‘less than’, ‘greater than’, ‘like,’ and so on, to further define a dataset. This powerful feature provides true ad-hoc reporting capabilities at the finger tips of all authorized users without leaving the familiarity of PERSLink.

Single Column Sort – Allows you to sort search results with a simple click on the column. The sort order can be changed from ascending to descending by clicking the same column again.

Multi Column Sort – Allows you to set column sort priorities and sort orders (ascending/descending).

Export to Excel – Once search results have been retrieved and sorted; you may export the results to Excel for further analysis and manipulation. Excel provides rich features for

performing calculations, data analysis, and graphical reporting all within the familiar environment of Microsoft Office.

Standard and Parameter-Based Reports – PERSLink provides a full featured reporting structure that allows users to generate predefined reports. PERSLink is fully integrated with Crystal Reports, the worlds leading reporting tool, so that users do not have to leave PERSLink to generate, preview, and print data-centric reports. Crystal Reports addresses all the steps in the reporting process—from data access to report design, management and delivery, and report integration with portals and applications.

True Ad-Hoc Reporting – Outside of PERSLink, Crystal Reports provide query and analysis tools that allow authorized users to ask questions, create queries, perform calculations, and share information without having to understand complex database languages and structures.

“What does this mean to me?”

- Increase in routine efficiency
- Allow for focus on multifaceted work
- Increased administrative control
- Ease report creation without IT intervention
- Reduction in coding/programming

3.10 Workload Management

The workload management function is responsible for providing a facility for ad-hoc referral and management of cases referred to case workers or managers.

“What does this mean to me?”

- Increase in routine efficiency
- Allow for focus on multifaceted work

3.11 Shared Service

In addition to high level processes, the conceptual view of PERSLink Business Functionality shows shared services used by all of the high-level processes. These include:

3.11.1 Systems Management

The systems management function is responsible for supporting systems administration activities such as creating file and printer paths, setting code titles and user messages, managing templates, setting archival parameters, and others.

3.11.2 Content Management

The Content Management function is responsible for providing the required functionality for users to define, manage, and implement correspondence using Microsoft Word. It provides the underlying structure for exporting data to Excel and provides the mechanisms for using online Crystal Reports.

3.11.3 Event Management

The Event Management function is responsible for allowing users to define work processes and implement automated workflows in the system. The feature supports performance management, work item tracking, business process analysis, and process auditing.

3.11.4 Batch Management

The Batch Management function is responsible for providing a scheduler and the ability to assign specific system tasks to be run according to a predefined schedule and calendar.

3.11.5 Audit Management

The Audit Management function is responsible for supporting the implementation of audit history functionality. Audits can be placed at the column level of any table and audits can be assigned to tables, users, or security roles.

3.11.6 Security Management

The Security Management function is responsible for supporting the implementation of application level security. Administrators will create users, assign them to roles, and define the system resources assigned to each role.

4 Integration with PERSLink

PERSLink will be integrated with the existing Legacy Systems, PeopleSoft HR, General Ledger, Imaging, Custodian Banks, Financial Institutions, Benefit Providers, External Agencies, and others.

Although imaging will still be administered by FileNet, the current plan includes front-end imaging; which means that images will be available to Processors before beginning to process transactions (i.e. enrollment, claims applications, etc.).

"What does this mean to me?"

- Immediate on-line access to all documents without making multiple photocopies
- Less data entry and redundancy as information will come into and out of PERSLink
- Decrease in erroneous data allowing you to spend less time resolving issues
- Ability to focus more on the exception scenarios rather than common, everyday scenarios
- Ability to focus more on customer service (i.e. customer meaning members, retirees, and participants, as well as employers, providers, and external agencies)
- Increase the likelihood benefit providers and external agencies will have the same information as PERSLink

5 Graphical User Interface

Users will interact with PERSLink using a standard web browser from inside or outside NDPERS' physical walls. As a browser-based solution, Sagitec can quickly roll out functionality to members, employers, and external vendors as NDPERS embraces self-service. Users can also interact with the system using traditional access methods including fax, email, phone, and written communication.

As a supplement to the Concept of Operations, Sagitec has provided a short video of our vision of the future look and feel of your new system. This video includes basic navigation elements. As we begin to uncover your requirements and dig deep into the guts of your unique rules and procedures, screens are likely to change to meet your needs. This is Sagitec's current conceptual view of the future of PERSLink based on current knowledge.

The video files are stored in SharePoint at:

[NDPERS Project Portal](#) > [Deliverables](#) > [Work in Progress](#) > [Other](#) > NDPERS_Nav Video

In order to run the video double click on the icon for the htm file which should be the first one on top of the list in the NDPERS_Nav Video folder.

6 Global Features

We've developed a series of features that simplifies your experience to make your work easier. Examples of unique features include:

Holistic View – A tree-view linking important data to members or employers so users have instant visibility into the account. The holistic view provides "one click" access into lower levels of detail. For example, after retrieving a member record, PERSLink displays linked summary information showing all open work items, recent correspondence, notes, plan/employment participation, payments, court orders, and alerts. A single click allows users to expand or collapse the summary information.

Smart Navigation – A history of screen clicks saves the data linked with those screens previously accessed so users can navigate back in a single click. For example, if a phone call interrupts you while processing a retirement application, they can use PERSLink to provide service to the caller and then simply click on a smart navigation link to return to the original record without losing any data or having to launch another search.

Stack Drill Down – A simple navigation pattern lets you see data and click into lower levels of detail if necessary. In general, detail information is not more than three clicks deep. For example, from a member record a user might click on a beneficiary tab that shows all of the listed beneficiaries, their relationship to the member, and their beneficiary designation. From here, the user might click on a specific beneficiary name that will launch the beneficiary maintenance window for making changes.

Multi-Record Selects – Sagitec understands that users often group certain requests and then work on them as a larger chunk of work. For example, if a user receives 20 tax-withholding requests in a single day they can use the multi-record select to launch the tax deduction screen and all associated members. Users simply click 'next' or 'back' to move between the records. This reduces search time and streamlines processing.

Stored Search Results – PERSLink lets users save search settings locally. This feature reduces the clicks associated with searches which makes it fast to retrieve specific information. For example, a user that regularly works with non members might choose to personalize his/her local search criteria to streamline daily searching.

7 Deliverable Acceptance

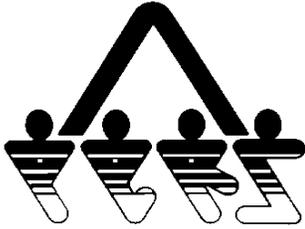
Accepted by:

Sharon Schiermeister
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Signature and Date


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Memorandum

TO: PERS Board
FROM: Sparb
DATE: February 13, 2008
SUBJECT: Board Meeting Date Changes

The ND Association of Counties meeting room is not available for our regularly scheduled meeting dates in October and December.

It is necessary to reschedule to Wednesday, October 22 and Wednesday, December 17, 2008 if this is acceptable to the Board.