

# NDPERS BOARD MEETING

## Agenda

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

**May 16, 2013**

**Time: 8:30 AM**

### **I. MINUTES**

- A. April 18, 2013

### **II. GROUP INSURANCE**

- A. BCBS Quarterly Executive Summary – (Information)
- B. EAP Request for Proposal – Bryan (Board Action)
- C. BCBS Agreement – Sparb (Information)
- D. Long Term Care Insurance – Sparb (Information)
- E. Health Summary Plan Descriptions – Kathy (Information)

### **III. RETIREMENT**

- A. Legislation Update – Sparb (Information)
- B. House Bill 1452 – Sparb (Board Action)
- C. Review of Segal Contract – Sparb (Board Action)

### **IV. MISCELLANEOUS**

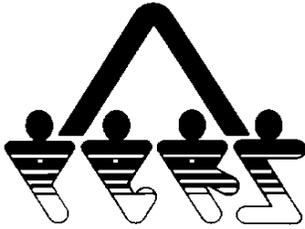
- A. Executive Director Review – (Board Action)
- B. Budget Update – Sharon (Board Action)
- C. Personnel Policies Update – Kathy (Board Action)
- D. Election Update – Kathy (Information)
- E. PERS Procurement Guidelines – Sparb (Board Action)
- F. PERS Business Plan – Sparb (Information)
- G. January 2014 Planning Meeting – Sparb (Information)

### **V. DEFERRED COMP**

- A. Provider Update – Kathy (Board Action)
- B. Hardship Case #121– Kathy (Board Action)

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



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

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

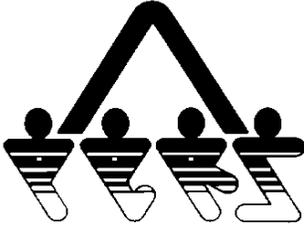
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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** BCBS Quarterly Executive Summary

Attached is the BCBS Quarterly Executive summary. Representatives from BCBS will be at the next Board meeting to review the attached and answer your questions.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb & Bryan  
**DATE:** May 9, 2013  
**SUBJECT:** Employee Assistance Program (EAP)

There were four responses to the NDPERS EAP Request for Proposal (RFP). The four were: St. Alexius, The Village, Deer Oaks, and Live Well Solutions. This is the first RFP response for Live Well Solutions. The other three are our existing providers. NDPERS staff reviewed the RFP proposals and found that they all met the minimum qualifications.

Attached is the summary matrix from each of the RFP responses.

As you recall, we use an agency-based approach for the EAP. Each state agency will select a single vendor for the 2013-2015 biennium.

Staff will send out the EAP information to the providers and agencies after the NDPERS Board meeting. The vendors will set up information booths and present their programs as the June 12<sup>th</sup> NDPERS Payroll Conference. The deadline for switching providers will be June 14<sup>th</sup>.

One of the vendors, Live Well Solutions, is lower cost than the others. Consequently, for the Higher Education agencies, we will not be able to get that vendor set up by July 1 and we will need to have them be effective August 1. For all other state agencies who select Live Well Solutions, we will be able to implement them by July 1, 2013. If you have any questions, we will be available at the NDPERS Board meeting.

Board Action Requested:

Approve the four EAP vendors as agency choices for the 2013-2015 biennium.

**Deer Oaks EAP Services, LLC**  
**Minimum Program Features Matrix**

EAP Features	Minimum	Vendor
EAP Established	1 year	21 years- operational since 1992
Number of Annual Sessions Per Individual	6	<p>Each agency may choose between a six (6) session model or an eight (8) session model.</p> <p>These sessions are per incident for assessment and short-term counseling per eligible employee or household member per calendar year.</p>
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	6 or 8 annual sessions per incident (full individual minimum per incident)
Coverage	Spouse and Children (under age 26)	<p>Deer Oaks defines eligible members as:</p> <ul style="list-style-type: none"> <li>• State Employees</li> <li>• Spouse or any child (natural or adopted, under age 26) of an Employee, regardless of where such spouse or child resides;</li> <li>• Any child for whom an Employee (or his or her spouse) is a court-appointed guardian;</li> <li>• Any person residing in the household of an Employee.</li> </ul> <p>All employees and their dependents/ household members are eligible to access the EAP and Work/Life benefit starting on day one of the contract and on the first day of their employment (for new employees). Additionally, employees who separate from the State for any reason may continue to access the EAP for up to six (6) months post-employment.</p>
Staffing	Licensed Social Workers	Deer Oaks utilizes a network of 50,000+ counselors nationally to provide services to our clients. This includes 100+ providers in the State of North Dakota. All counselors providing services to the State are licensed mental health professionals with a minimum of a Master's or Doctoral degree in a mental health discipline. Their credentials vary and

EAP Features	Minimum	Vendor
		include Licensed Social Workers, Licensed Psychologists, Licensed Educational Psychologists, Licensed Marriage and Family Therapists, Licensed Clinical Social Workers, Licensed Professional Counselors, Licensed Drug & Alcohol Counselors and Licensed Chemical Dependency Counselors. Our credentialing process mirrors NCQA standards.
Appointment Timing	Within 72 hours	Appointments for non-urgent problems are typically offered to the member within two (2) working days of his or her initial contact with the EAP.
Emergency Appointments	Within 24 hours	Emergency calls receive top priority and an experienced counselor is always available on short notice. Same-day appointments, within 24 hours, are arranged for emergent problems.
Weekend/Holiday Appointments	Emergency	Weekend and holiday appointments are available when requested and in emergency cases. Additionally, immediate telephonic crisis counseling is available 24/7/365 by calling the toll-free Helpline.
1-800 number	Minimum one line	Yes, Deer Oaks offers a confidential, toll-free Helpline that is answered "live" 24/7/365. Counselors are always available to provide immediate crisis intervention and telephonic counseling services. A TTY service is available for the hearing impaired and a language translation line with coverage of 190 languages is available for non-English speaking members.
Phone Counseling	Minimum one staffed line	200 staffed lines, all of which are staffed by counselors
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	200 staffed lines, all of which are staffed by counselors
On-site Employee Orientation	1 per year (Smaller groups may be combined)	Deer Oaks offers <b>up to two (2) hours of on-site services per 200 covered employees</b> that may be used at each agency's discretion for: <ul style="list-style-type: none"> <li>• Employee EAP Orientations</li> <li>• Health Promotion &amp; Educational</li> </ul>

EAP Features	Minimum	Vendor
		<p>Seminars</p> <ul style="list-style-type: none"> <li>• Health &amp; Wellness Series Seminars</li> <li>• Department of Transportation Reasonable Suspicion Seminars</li> <li>• Drug &amp; Alcohol Policy &amp; Education Seminars</li> <li>• Supervisory Orientations &amp; Seminars</li> <li>• Pre and Post-Incident Management Trainings</li> <li>• Health/Wellness Fair Participation</li> <li>• On-site Management/Organizational Consultation</li> </ul> <p>Seminars may be provided on-site or via webinar. Orientation DVDs are also available to each agency for internal use.</p> <p>Additionally, Deer Oaks will attend the NDPERS Payroll Conference and other meetings as requested.</p>
On-site Seminars	None, except as noted in IV, A, 1, c & d	Deer Oaks offers <b>up to two (2) hours of on-site services per 200 covered employees</b> that may be used at each agency's discretion for the activities noted above. Seminars may be provided on-site or via webinar. Orientation DVDs are also available to each agency for internal use.
Off-site Seminars	None, except as noted in IV, A, 1, c & d	Off-site seminars are included in <b>the bank of up to two (2) hours of on-site services per 200 covered employees</b> . The State will be responsible for providing the off-site space.
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	Management training is included in the bank of <b>up to two (2) hours of on-site services per 200 covered employees</b> as described above. Hundreds of topics are available including, but not limited to: Stress, Conflict, Crisis, Change Management, Diversity, Leadership, Motivation and Communication Techniques.
Management Consulting	Available to all supervisory/management staff	Unlimited telephonic supervisory/management/HR consultation with a Deer Oaks counselor is available to each participating agency. Consultation is available to provide guidance regarding

EAP Features	Minimum	Vendor
		<p>issues, policies, practices and events that affect behavior in the workplace. We can also assist with the mandatory referral process.</p>
<p>Additional/Specialty Services Available</p>	<p>@ Additional Cost</p>	<ul style="list-style-type: none"> <li>• Fitness-for-Duty Evaluations \$ 1,000.00- \$3,500 per FFDE depending on the complexity of the case</li> <li>• DOT Substance Abuse Professional (SAP) Evaluations: \$550.00/evaluation</li> <li>• Additional seminars, health fair participation, orientations and on-site management consultations beyond those included in the bank of on-site hours: \$150.00 per hour per clinician</li> <li>• Online Health Risk Assessments: \$0.24 PEPM</li> <li>• Live Well Standard Wellness Coaching: \$0.46 PEPM</li> <li>• On-site Biometric Screenings: \$ 69.00 per employee based on a minimum of 100 tests per site per shift</li> </ul>
<p>Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)</p>	<p>Quarterly Biannually As needed</p>	<p>Employee and Supervisor Newsletters are provided monthly in an electronic format and uploaded onto our website. They are available both in PDF and HTML versions.</p> <p>Internal Marketing Material: materials such as brochures, flyers, posters, wallet cards, and payroll stuffers are provided during program implementation and on an as needed basis. Electronic materials are distributed each month as part of our ongoing program awareness campaign, as well as in conjunction with orientations, seminars, and health fair participation.</p> <p>During program implementation, the Deer Oaks Account Manager will work with each Agency Point of Contact to develop a customized, creative, and aggressive multi-media communication plan to introduce the program to employees. The Account</p>

EAP Features	Minimum	Vendor
		<p>Manager will monitor these promotional efforts and use this data when developing future promotional campaigns.</p>
<p>Agency Reporting - Utilization</p>	<p>Quarterly with Annual to Date</p>	<p>Deer Oaks provides utilization reports electronically each calendar quarter (with annual to date) and annually and includes information requested by the State without infringing on member confidentiality. The Deer Oaks Account Manager will review these reports on an ongoing basis, monitoring utilization trends and the effects of various promotional campaigns. She will apply these results to adapting the EAP program as needed, keeping in mind each Agency's organizational strategies and goals.</p> <p>Utilization reports contain at the minimum the following statistics:</p> <ul style="list-style-type: none"> <li>• Number of telephone contacts</li> <li>• Number of intakes</li> <li>• Number of counseling sessions</li> <li>• Number of referrals</li> <li>• Presenting problem</li> <li>• Case status</li> <li>• Referral source</li> <li>• Client/employee relationship (e.g. employee, spouse, etc.)</li> <li>• Job classification (e.g. management, clerical, etc.)</li> <li>• Employee Status</li> <li>• Ethnicity</li> <li>• Marital status</li> <li>• Age Group</li> <li>• Gender</li> <li>• Total hours for 1) management consultation; 2) benefit fairs; 3) other administrative services</li> <li>• Quarterly and year-to-date utilization rates</li> </ul> <p>Ad hoc reports are also available as necessary free-of-charge. Most reports are provided within five (5) business days of the request depending on the complexity of the report.</p>

EAP Features	Minimum	Vendor
Price	\$1.54 Maximum	<p><b>6-visit model:</b> \$ 1.24 PEPM</p> <p><b>8-visit model:</b> \$ 1.54 PEPM</p> <p>These rates are guaranteed for the full two (2) years of the contract.</p>
OTHER UNIQUE FEATURES		<p><b><u>Demonstrated Experience</u></b></p> <p>Deer Oaks is a premier, national Employee Assistance and Work/Life Company dedicated to helping our members improve their health and well-being through quality, cost-effective services. Deer Oaks has over two decades of experience in the mental health/EAP industry and currently serves 1 million members throughout the United States and Canada.</p> <p>Deer Oaks offers public and private employer groups short-term counseling and Work/Life services that positively impact employee morale, performance, and productivity, as well as medical claims, turnover, and supervisor effectiveness. With a nationwide network of nearly 50,000 mental health providers and an additional 8,000 providers globally, Deer Oaks supports local, national, and international employer groups, delivering proactive programs and unparalleled customer service.</p> <p>Since our inception in 1992, Deer Oaks has distinguished itself as an EAP leader in the provision of Employee Assistance and Work/Life services to public sector employers. With 95% of our clients in the public sector, we have developed a wealth of experience in working with government agencies of all sizes at the federal, state and local levels. Due in part to our high-touch account management approach, Deer Oaks has established long-standing partnerships with its clients, resulting in exceptional past performance.</p>

EAP Features	Minimum	Vendor
		<p><b>Unique Program Features:</b>  Deer Oaks offers the State of North Dakota the widest continuum of public sector-oriented EAP and Work/Life Programming at a very competitive rate. Below are some additional program features that are included in our benefit package:</p> <ul style="list-style-type: none"> <li>• One step access to the EAP via the Helpline</li> <li>• A statewide EAP network of mental health professionals</li> <li>• Dedicated Account Management Team utilizing our Signature High Touch Account Management Approach</li> <li>• Seamless Implementation and Transition Services including organizational needs assessments</li> <li>• An imbedded Work-Life Program, which includes resources on issues regarding legal, financial, childcare/eldercare, balancing work and family, and retiree assistance</li> <li>• Advantage Legal Assist Program <ul style="list-style-type: none"> <li>– Unlimited telephonic consultation with a plan attorney</li> <li>– Free half-hour in-person consultation with a plan attorney. <i>93.60% of EAP participants resolve legal matters within this free consultation</i></li> <li>– Attorneys are available immediately for telephonic consultation; in-person consultations are scheduled</li> <li>– Consultation consists of analysis of the situation and advice on how to proceed. There is no document review or creation during this free consultation</li> <li>– If representation is required, members receive a 25% discount off hourly</li> </ul> </li> </ul>

EAP Features	Minimum	Vendor
		<p>attorney fees</p> <ul style="list-style-type: none"> <li>– There is no limit to the number of times you can use the service for different issues</li> <li>– Coverage available in all 50 states</li> </ul> <ul style="list-style-type: none"> <li>• Online Legal/Financial Educational Resources- Unlimited Access <ul style="list-style-type: none"> <li>– Online private and secure legal resources complement our telephonic and in-person service by providing online access to a wealth of educational resources, links, and tools. The site contains legal documents, a library of legal and financial information, access to state agencies to obtain birth certificates and other records, links to other legal resources, a glossary of terms, and more.</li> </ul> </li> <li>• Interactive Online Will Preparation <ul style="list-style-type: none"> <li>– Create a legally binding simple state-specific will at no cost through a step-by-step online “interview process”</li> </ul> </li> <li>• Advantage Financial Assist Program <ul style="list-style-type: none"> <li>– Free unlimited telephonic consultation with a financial counselor qualified to advise on a range of financial issues such as bankruptcy prevention, debt reduction and financial planning</li> <li>– Counselors address issues via a toll-free information line, and follow up by mailing supporting educational materials; Excluded issues include tax issues, counseling, advice or comparison of specific financial services or products</li> <li>– All counselors are knowledgeable in a wide range of financial topics</li> <li>– Advice is objective and pressure-free</li> <li>– Unlimited access to a wealth of educational financial resources, links, tools, and forms (i.e. tax guides, financial calculators, etc.)</li> </ul> </li> </ul>

EAP Features	Minimum	Vendor
		<ul style="list-style-type: none"> <li>– Includes self improvement “Task Builders” for interactive financial improvement</li>   <li>• ID Monitoring &amp; Recovery Program <ul style="list-style-type: none"> <li>– Provides victims a 30-minute consultation with an Identity Recovery Professional</li> <li>– The professional will assess the situation, create an action plan, and provide consultation on implementing the plan</li> <li>– Reduces time spent repairing compromised credit history</li> <li>– Restores peace-of-mind, while helping undo the damage</li> <li>– Control Your ID: Free Online Identity Monitoring</li> </ul> </li>   <li>• Child/Elder Care/Daily Living Referral Services <ul style="list-style-type: none"> <li>– Work-Life Consultants consult with members regarding their work/life needs, streamline searches, and provide a maximum of three (3) referrals per request within 12 hours of the initial call</li> <li>– Searchable database of Childcare/Eldercare Resources</li> <li>– Tools for Balancing Work and Family</li> <li>– Extensive online and community resources covering a variety of Work/Life issues including, but not limited to child care, elder parent care, adoption, education, and daily support services.</li> </ul> </li>   <li>• Unlimited Critical Incident Stress Management Services including on-site CISDs</li>   <li>• Referrals to the most appropriate providers to include the State’s health plan, low-cost community resources, and other facilities for issues outside of the</li> </ul>

EAP Features	Minimum	Vendor
		<p>scope of the EAP</p> <ul style="list-style-type: none"> <li>• Mandatory Referral Coordination</li> <li>• Comprehensive Substance Abuse Professional (SAP) Services in compliance with Department of Transportation (DOT) requirements and agency requirements</li> <li>• Unlimited 24-hour access to the Deer Oaks website at <a href="http://www.deeroaks.com">www.deeroaks.com</a>. Employees can browse information regarding health and wellness topics, answer self-assessment questionnaires, and participate in online discussion forums, online support chats, and bulletin boards.</li> <li>• Full compliance with the Federal Health Insurance Portability and Accountability Act (HIPAA) and other state and federal laws regarding client confidentiality.</li> <li>• Internal Quality Control Plan that includes silent monitoring, EAP &amp; Work/Life case reviews, a formal grievance process, and data systems and security measures.</li> <li>• Program evaluation and performance tracking to include quarterly utilization reports and Patient Satisfaction Surveys</li> <li>• Take the High Road Program: Deer Oaks remains concerned about the safety of its EAP participants and others. Therefore, Deer Oaks reimburses EAP participants for their cab fares in the event that they are incapacitated due to impairment by a substance or extreme emotional condition. This process is simple, and like all other EAP services, confidential. This service is available once per year per participant, covers fares within the metro area, and excludes tip.</li> </ul>

## Live Well Solutions

9) Complete the following table and questions with information on your proposed EAP. The vendor shall show where they're proposed services meets or exceeds the minimum requirements in the following table.

EAP Features	Minimum	Vendor
EAP Established	1 year	Exceeds LWS was formed in 2008.
Number of Annual Sessions Per Individual	6	Exceeds LWS agrees to provide 6 sessions. Additional session models are available at client's request.
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	Meets/Exceeds LWS agrees to provide 6 sessions. Additional session models are available at client's request.
Coverage	Spouse and Children (under age 26)	Meets/Exceeds LWS is willing to extend services to all household members.
Staffing	Licensed Social Workers	Meets/Exceeds Staff is either Licensed Social Workers or PHD level Licensed Psychologists
Appointment Timing	Within 72 hours	Meets/Exceeds
Emergency Appointments	Within 24 hours	Meets/Exceeds
Weekend/Holiday Appointments	Emergency	Meets/Exceeds
1-800 number	Minimum one line	Meets/Exceeds
Phone Counseling	Minimum one staffed line	Meets/Exceeds
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	Meets/Exceeds
On-site Employee Orientation	1 per year (Smaller groups may be combined)	Meets/Exceeds LWS will provide annual employee orientations.
On-site Seminars	None, except as noted in IV, A, 1, c & d	Meets/Exceeds LWS is offering 4 bundled hours to be used for additional training.
Off-site Seminars	None, except as noted in IV, A, 1, c & d	Meets/Exceeds LWS is offering 4 bundled hours to be used for additional training.
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	Meets/Exceeds In addition to annual management training, LWS is offering 4 bundled hours to be used for additional training.
Management Consulting	Available to all supervisory/management staff	Meets/Exceeds

EAP Features	Minimum	Vendor
Additional/Specialty Services Available	@ Additional Cost	24 Hour Nurseline \$.33 pepm. Healthy Workplace Wellness Program \$.75 pepm. CISD Services \$350 per hour. Additional Training \$150 per hour
Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	Meets/Exceeds
Agency Reporting - Utilization	Quarterly with Annual to Date	Meets/Exceeds
Price	\$1.54 Maximum	\$1.50
OTHER UNIQUE FEATURES		See included worklife and online services sections.

## ST. ALEXIUS EMPLOYEE ASSISTANCE PROGRAM MATRIX - 2013-2015

<i>EAP Features</i>	<i>Minimum</i>	<i>Provider</i>
<i>EAP Established</i>	<i>1 year</i>	The St. Alexius Employee Assistance Program was established in 1982.
<i>Number of Annual Sessions Per Individual</i>	<i>6</i>	The St. Alexius Employee Assistance Program will continue to exceed the minimum number of annual sessions. We will provide up to <b>eight</b> sessions per individual, per year. When couple or family sessions are provided, participation in these sessions will be counted towards the individual eligibility of each participant.
<i>Number of Annual Sessions Per Incident</i>	<i>6 (Full Individual Minimum)</i>	Should the same plan member return to the Employee Assistance Program based on another incident, a second counseling intervention would be provided to the plan member based on this new incident. For each incident, assuming the incidents are different and unrelated from previous incidents, based on professional assessment, the plan member could be eligible to receive <b>eight</b> additional sessions.
<i>Coverage</i>	<i>Family in Home &amp; Out-of-Home Dependents (STATUTE)</i>	We provide coverage for spouses and/or dependent children under age 26, living either in home or out-of-home as defined by statute. Retirees are covered during 3 months post retirement. Employees impacted by Reduction in Force (RIF) are covered during 3 months post RIF separation from agency.
<i>Staffing</i>	<i>Licensed Social Workers</i>	All of our EAP clinical staff exceed this minimum with credentials: LSW + 20 years experience, Licensed Certified Clinical Social Worker (LCSW), Licensed Professional Clinical Counselor (LPCC), Licensed Addiction Counselor (LAC). All North Dakota state licensure standards are met.
<i>Appointment Timing</i>	<i>Within 72 hours</i>	Within 24-48 hours.
<i>Emergency Appointments</i>	<i>Within 24 hours</i>	Within 16 hours.
<i>Weekend/Holiday Appointments</i>	<i>Emergency</i>	Emergency
<i>1-800 number</i>	<i>Minimum one line</i>	The St. Alexius Employee Assistance Program 1-800 line is a dedicated "T-1" line. This line has 24 incoming channels which could be accessed simultaneously by individuals calling in to the program.
<i>Phone Counseling</i>	<i>Minimum one staffed line</i>	Phone counseling is available 24 hours a day and seven days a week, holidays included.
<i>24 hour Crisis 'Hot' Line Staffing</i>	<i>Minimum one staffed line by LSW</i>	This minimum requirement is exceeded as those clinicians offering services through our 24 hour crisis "Hot" line have a minimum of an LSW plus 20 years of experience or are credentialed at the LCSW or LPCC level requiring advanced education at the master's level plus 5 years of experience.
<i>On-site Employee Orientation</i>	<i>1 per year (Smaller groups may be combined)</i>	1 per quarter if requested. Will continue to fill <u>all</u> agency requests.
<i>On-site Seminars</i>	<i>None, except as noted in IV, A, 1, c &amp; d</i>	All seminar requests will be encouraged and considered. In addition, we will participate in all NDPERS functions as noted in NDPERS EAP RFP, IV, A, 1, c & d.

<i>EAP Features</i>	<i>Minimum</i>	<i>Provider</i>
<i>Off-site Seminars</i>	<i>None, except as noted in IV, A, 1, c &amp; d</i>	3 per year / in 8 regions / at 9 statewide locations plus nine additional locations provided through a two-way, televised communication system as part of our "Enhancing Excellence in the North Dakota Workplace" series. In addition, we will participate in all NDPERS functions as noted in NDPERS EAP RFP, IV, A, 1, c & d.
<i>Management Training</i>	<i>Minimum Requirements: Stress, Conflict, Crisis, Change Management</i>	The St. Alexius Employee Assistance Program provides an Enhancing Excellence in the North Dakota Workplace series of supervisory training and all staff educational presentations. The series has been extremely well received and we will continue to provide the program on a statewide basis, three times per year at nine locations in North Dakota plus nine additional locations provided through a two-way, televised communication system. The series will be offered as a courtesy of the St. Alexius Employee Assistance Program at no cost to the agency or to the personnel who attend. The offerings are designed to strengthen leadership skills, and to enhance motivation and productivity among all staff levels through the creation of a more positive work environment.
<i>Management Consulting</i>	<i>Available to all supervisory/management staff</i>	The St. Alexius Employee Assistance Program provides extensive management consultation to all agencies covered by the program. The Employee Assistance Program staff is experienced in dealing with challenging work site problems and includes these services as an integrated component available to all administrators, managers and supervisors. Workplace officials are provided access to trained and experienced professionals who provide training and guidance designed to enhance management excellence.
<i>Additional/Specialty Services Available</i>	<i>@ Additional Cost</i>	@ additional cost with authorization from agency designee.
<i>Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)</i>	<i>Quarterly Bianually As needed</i>	<u>All minimums exceeded.</u> Throughout the year, Professional and Supervisory Updates, Informational brochures, posters and wallet cards are distributed. Additional informational materials are available as requested.
<i>Agency Reporting - Utilization</i>	<i>Quarterly with Annual to Date</i>	<u>All minimums exceeded.</u> Customized utilization reports will continue to be made available to the agencies as requested.
<i>Price</i>	<i>\$1.54 Maximum</i>	\$1.54

#### *OTHER UNIQUE FEATURES*

Innovative services and educational presentations are developed based on specific employee population needs. Services in this regard include but are not limited to:

1. All clinical services are provided in a professional and confidential manner with emphasis on improving relationships, finding solutions, and developing personal effectiveness and self-esteem. Overall, we believe those who have used the program have come to trust its confidentiality and the quality of its services.
2. Appointments are made at a time which is convenient for employees and their families. Any agency official, employee or family member may contact an Employee Assistance counselor by calling 530-7195 in Bismarck or on our toll-free line, 1-800-327-7195. Crisis or emergency circumstances are addressed 24 hours per day, seven days per week through the Employee Assistance Program on-call system.
3. We have responded to all State agency requests for employee education and training presentations in connection with the health and wellness initiative implemented by NDPERS during the 2011-2013 biennium. These presentations have been offered on-site and at no charge to State agencies and we will continue to offer such services during the 2013-2015 biennium.
4. Access to an Employee Assistance Program website that features direct and easy access. The website provides quality articles and brochures on supervisory and management processes, themes for effective living and current trends in the workplace. The website, [st.alexiusseap.com](http://st.alexiusseap.com), provides opportunities for contact with members of the EAP staff for consultation and review of personal, professional, family and social concerns. The website also provides information on current and future educational and training opportunities offered by EAP staff.
5. Access to the St. Alexius Telecare Network which links employees and families with clinical staff of the Employee Assistance Program using two-way "live" television. Employee Assistance Program staff can conduct private, face-to-face management consultations, counseling services, educational and training presentations using the interactive video network.
6. Substance abuse identification, intervention and referral with availability of full-time licensed addiction counselors.
7. The St. Alexius Employee Assistance Program provides the services of Certified Substance Abuse Professionals for all state agencies subject to compliance with federal regulations for alcohol and other drug testing protocol. The services are provided at no charge to the agency, or to the individual employees subject to the regulations.
8. The St. Alexius Employee Assistance Program provides free consultation and services for all state agencies in the development of policy and procedure related to federal alcohol/drug testing regulations, and in the development of unannounced alcohol/drug testing schedules. The program provides free test schedule tracking services at no charge to assist the agency in assuring compliance with the federal regulations.
9. Conflict resolution sessions to ease tensions among co-workers, supervisors and management.
10. Crisis intervention and trauma in the workplace debriefing sessions in response to events, such as, death, suicide or severe workplace injury.
11. Interactive team building processes to enhance cooperative effort and improve morale in the workplace.
12. Guidance related to integration with other policies and procedures, such as, drug testing processes and compliance with ADA regulations, sexual harassment investigation, etc.
13. Leadership training.
14. Management and supervisory training.
15. Management and supervisory intervention techniques.
16. Administrative consultation.
17. Full compliance with the Federal Health Insurance Portability and Accountability Act (HIPAA), thereby providing enhanced privacy protections for employees and families who use the program.

The Village Business Institute EAP  
Minimum Program Features Matrix 2013

EAP Features	Minimum	Vendor
EAP Established	1 year	1972
Number of Annual Sessions Per Individual	6	Minimum of 8 sessions per household and a total of four sessions per household member. The number of sessions are combined to be used as needed (for example, a household of four would have 16 sessions and one person could use all 16 if needed)
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	No individual will have less than 8 sessions.
Coverage	Spouse and Children (under age 26)	All household members and dependents up to 26 years of age
Staffing	Licensed Social Workers	Licensed with a Masters or PH.D. level mental health professionals
Appointment Timing	Within 72 hours	Within 72 hours
Emergency Appointments	Within 24 hours	Within 24 hours
Weekend/Holiday Appointments	Emergency	Emergency
1-800 number	Minimum one line	32 Lines
Phone Counseling	Minimum one staffed line	7 staffed for emergencies-mental health 20 staffed for Financial counseling Law phone also staffed
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	7 staffed lines by Masters level mental health professionals
On-site Employee Orientation	1 per year (Smaller groups may be combined)	1 minimum, also as necessary throughout the year
On-site Seminars	None, except as noted in IV, A, 1, c & d	2 hours of training per agency; 2 additional hours per 500 employees per agency E-Training module available
Off-site Seminars	None, except as noted in IV, A, 1, c & d	Quarterly Contract Holder Seminars for Supervisors and or Managers
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	Stress, Conflict, Crisis and see enclosed folder for additional available trainings
Management Consulting	Available to all supervisory/management staff	Supervisor HelpLine available to all Supervisor/Management Staff
Additional/Specialty Services Available	@ Additional Cost	CISM, Mediation, Investigations,

EAP Features	Minimum	Vendor
		Human Resources Services bid per project, Job Coaching, Employee Surveys, Training & Development
Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	Monthly Quarterly -Minimum annual - As Needed
Agency Reporting - Utilization	Quarterly with Annual to Date	Quarterly with Annual Date -100% ongoing currently -see enclosed 2011 NDPERS utilization report
Price	\$1.54 Maximum	\$1.54 per employee per month
OTHER UNIQUE FEATURES		1 step access, State wide service network, Accredited by Council on Accreditation; E-Training module available; password protected wellness website; Wellness offerings -- Health Risk Assessment, Nutrition Counseling, Web-Based Counseling Available in ND



**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  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** BCBS Agreement

Attached please find the most recent draft of the BCBS agreement for 2013-2015. We are bringing this to the Board at this meeting to seek your comments and observations. Our goal is to finalize the draft agreement for your approval at the June meeting.

# **North Dakota Public Employees Retirement System**

**July 1, 2013 through June 30, 2015**

## ADMINISTRATIVE SERVICE AGREEMENT

This Administrative Service Agreement ("Agreement") is entered into between North Dakota Public Employees Retirement System (NDPERS) ("the Plan Sponsor"), North Dakota Public Employees Retirement System (NDPERS) ("the Plan Administrator") and Blue Cross Blue Shield of North Dakota ("BCBSND") the terms of which are as follows:

The Plan Sponsor has established and maintains a fully insured group health plan (the Plan) which provides, among other things, various benefits to Members in the Plan, as set forth in the Certificate of Insurance provided to plan Members. The Plan Administrator is the administrator of the Plan established through this Agreement.

In consideration of payment of required premium and acceptance of membership applications, BCBSND enters into this Agreement with the Plan Sponsor and the Plan Administrator. BCBSND agrees to provide plan Members the benefits set forth in the Certificate of Insurance, in accordance with its terms and conditions. This Agreement also includes the Certificate of Insurance, membership applications, Identification Cards, Benefit Plan Attachments and any endorsements, supplements, attachments, addenda or amendments.

### 1. EFFECTIVE DATE AND PLAN YEAR

This Agreement is effective **July 1, 2013 through June 30, 2015**, unless terminated as provided.

For the purposes of the costs of any and all benefits and services extended through this Benefit Plan, including the implementation of any benefit changes required under federal or state law, the Plan Administrator agrees that the Plan Year shall commence on July 1, unless it is terminated by one of the parties as specified in Section 8. TERM AND TERMINATION OF AGREEMENT.

### 2. DEFINITIONS

This section defines the terms used in this Agreement. These terms will be capitalized throughout this Agreement when referred to in the context defined.

- A. **BENEFIT PAYMENTS** - payments of benefits under the Plan.
- B. **CERTIFICATE OF CREDITABLE COVERAGE** - a certificate disclosing information relating to an individual's creditable coverage under a health care benefit program for purposes of reducing any preexisting condition waiting period imposed by any group health plan coverage.
- C. **CLAIM** - notification in a form acceptable to BCBSND that service has been provided or furnished to a Member.
- D. **DRG** - shall mean diagnostic related groups.
- E. **DATA AGGREGATION** - the combining of Protected Health Information that BCBSND creates or receives for or from the Plan and for or from other health plans or health care providers for which BCBSND is acting as a business associate to permit data analyses that relate to the Health Care Operations of the Plan and those other health plans or providers.
- F. **FEES AND CHARGES** - the amounts the Plan Administrator must pay BCBSND for the administrative services described in Section 6. FEES AND CHARGES.
- G. **HEALTH CARE OPERATIONS** - any of the activities of a health plan to the extent the activities relate to functions that make it a health plan.
- H. **HEALTH CARE PROVIDER** - any eligible provider that has provided care, diagnosis, or treatment to or for a Member for which benefits are sought under the Plan.

- I. **INELIGIBLE PERSON** - any person, firm, or corporation that has received benefits or on whose behalf benefits have been paid but for whom benefits are not payable under the terms of the Plan.
- J. **MEMBER** - the Subscriber and any dependent of a Subscriber or any other person designated by a Subscriber or by the terms of the Plan who is or may become entitled to a benefit under the Plan. The term shall also include any proprietor, partner, or owner of the Plan Sponsor, if any, who is designated by the terms of the Plan who is or may become entitled to a benefit under the Plan. In no case shall the term Member include any person not otherwise entitled to coverage under the terms of the Plan.

For the purposes of determining the various benefits and restrictions or other limitations thereto made available to a Member under the terms of this Agreement, all benefits under any Plan option or tier (and any restrictions or other limitations thereto) made available to or received by a Member shall accumulate toward that Member's benefits and any restrictions and other limitations thereto.

- K. **PAYMENT** - activities undertaken to obtain premiums, determine or fulfill coverage and benefits, or obtain or provide reimbursement for health care services.
- L. **PLAN ADMINISTRATOR – NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM.** North Dakota Public Employees Retirement System (NDPERS) is the administrator of the Plan with all of the duties and responsibilities applicable to plan administrators, including but not necessarily limited to compliance with any and all administrative, reporting, and disclosure requirements. BCBSND is not the Plan Sponsor or the Plan Administrator of the Plan and is not responsible for any of the duties assigned to the Plan Sponsor or the Plan Administrator by the terms of the Plan, or by this Agreement.
- M. **PROTECTED HEALTH INFORMATION (PHI)** - individually identifiable health information, including summary and statistical information, collected from or on behalf of a Member that is transmitted by or maintained in electronic media, or transmitted or maintained in any other form or medium and that:
  - 1. is created by or received from a Health Care Provider, health care employer, or health care clearinghouse;
  - 2. relates to a Member's past, present or future physical or mental health or condition;
  - 3. relates to the provision of health care to a Member;
  - 4. relates to the past, present, or future payment for health care to or on behalf of a Member; or
  - 5. identifies a Member or could reasonably be used to identify a Member.

Educational records and employment records are not considered PHI under federal law.

- N. **SECURITY INCIDENT** - any attempted or successful unauthorized access, use, disclosure, modification, or destruction of a Member's electronic PHI or interference with BCBSND's system operations in BCBSND's information systems.
- O. **STANDARD TRANSACTIONS** - health care financial or administrative transactions conducted electronically for which standard data elements, code sets and formats have been adopted in accordance with federal or state law.
- P. **SUBSCRIBER** - any employee of the Plan Sponsor who is or may become eligible to receive a benefit under the Plan. The term includes all common law employees and possibly proprietors, partners, or other owners who work for the Plan Sponsor and are otherwise entitled to coverage under the Plan. Notwithstanding the above, in no case shall the term Subscriber include any person not otherwise entitled to coverage under the terms of the Plan.
- Q. **SUCCESSFUL SECURITY INCIDENTS** - Security Incidents that result in unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations.

- R. **UNSUCCESSFUL SECURITY INCIDENTS** - Security Incidents that do not result in unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations.

3. **BCBSND SHALL:**

- 3.1 Establish a membership record for existing Members containing information as provided by NDPERS.
- 3.2 Provide Identification Cards, Certificates of Insurance/Summary Plan Descriptions and applications for enrollment for each Subscriber.
- 3.3 Provide the Health Plan Performance Guarantees, as outlined in Exhibit B.
- 3.4 Upon enrollment under the NDPERS Benefit Plan, BCBSND will provide written notice to covered employees and their covered spouses of their continuation rights pursuant to the Consolidated Omnibus Budget Reconciliation Act. ("COBRA").
- 3.5 Receive applications for enrollment for late entrants.
- 3.6 Provide Managed Benefits services in accordance with appropriate licensure and certification requirements including a dedicated staff person.
- 3.7 Provide a dedicated service unit to adjudicate all claims and respond to Member's inquiries. Provide toll-free Member and Health Care Provider service lines between the hours of 8 AM and 5:00 PM CST or CDT at the home office in Fargo, ND, as appropriate. A toll-free managed benefits line for Health Care Providers will also be available between the hours of 7:30 AM and 5:30 PM CST or CDT. During nonbusiness hours, answering machine services will be available for managed benefits calls.
- 3.8 Process claims and inquiries per MTM (Member Touchpoint Measures) for Non-BlueCard claims.
- 3.9 Correspond with the Members and Health Care Providers if additional information is deemed necessary by BCBSND to complete the administrative process.
- 3.10 Administer other party liability programs.
- 3.11 Provide to Members an Explanation of Benefits Statement.
- 3.12 Provide a procedure for detection of fraud and unlawful activity.
- 3.13 Provide to Members a conversion policy when application is made within 31 days of the termination of enrollment under NDPERS.
- 3.14 Provide assistance to NDPERS for the conduct of enrollment, servicing and education.
- 3.15 Provide to NDPERS formal Policy and Procedure guidelines for the conduct of external audits or reviews commissioned by NDPERS.

NDPERS shall provide BCBSND with the scope and requirements of any audit or review prior to the commencement of activities. If a sample of claims is required, BCBSND will provide or NDPERS will select a statistically valid computerized sample of claims, if not prohibited by law, regulation or rule.

NDPERS will provide a copy of the report of all audit or review findings and shall discuss the findings with BCBSND upon discovery to allow further investigation or implementation of corrective action.

- 3.16 Provide NDPERS with reporting to include but not limited to:
- a. Annual group reporting of membership and utilization by group segments and product.
  - b. Estimates of future claim reserves and premium to claim ratio.
  - c. Such other special claims reports as requested from time-to-time by NDPERS, subject to the availability of data and appropriate cost considerations.
  - d. Interest calculation monthly report.
  - e. Semi-annual performance objectives as outlined in section 2 of the BCBSND response to question 15 of the RFP.
- 3.17 Provide NDPERS with claims specific data on a monthly basis on compact disc or other agreed upon medium. This information shall be in a format acceptable to NDPERS and subject to all federal and state laws on confidentiality and open records.
- 3.18 Provide support to NDPERS for the establishment of a Preferred Provider Network consistent with objectives established by NDPERS.
- a. BCBSND will provide technical and administrative advice to NDPERS relative to the appropriateness of PPO arrangements compared to existing Blue Cross Blue Shield participation and reimbursement arrangements, to verify that PPO arrangements provide for payments which are no greater than the existing arrangements. BCBSND will provide current information regarding Blue Cross Blue Shield participation and reimbursement arrangements in place on a provider-specific basis for comparative purposes.
  - b. BCBSND will develop jointly with NDPERS a written instrument to be used as the basis for providers participating in the PPO Program.
  - c. BCBSND will secure provider agreements upon completion of negotiations with providers. Such negotiations will be conducted jointly by BCBSND and NDPERS.
  - d. BCBSND will enforce strict managed benefits, utilization review and quality assurance criteria to assure attainment of Preferred Provider program objectives.
  - e. BCBSND will, upon NDPERS direction, terminate a Provider's NDPERS PPO participation agreement in accordance with terms of the agreement, when a PPO Provider is noncompliant with NDPERS policies and procedures. Said policies and procedures shall be documented and communicated to the participating provider prior to implementation.
- 3.19 Carry over any Deductible and/or Coinsurance Amounts incurred from January 1 to June 30, of the prior contract period.

4. **NDPERS SHALL:**

- 4.1 Prepare and distribute monthly billings to participating employers and retirees participating in the Plan. NDPERS shall respond to the participating employers inquiries concerning eligibility rules, billing, etc.
- 4.2 Prepare monthly eligibility tape by participating employer and premium classification for both active and retired employees and provide the tape to BCBSND to be used for eligibility certification purposes. Along with the eligibility tape, NDPERS will furnish a monthly listing of participants added or terminated during the month. Such listing will reflect the name of the employee, dependents, Social Security Number, the effective date of coverage for a new employee or the termination date of a terminated employee and the coverage classification.
- 4.3 Provide enrollment forms, obtain completed classifications or addresses, etc. from participants and furnish BCBSND with a copy of the enrollment forms or request for coverage or address changes and retain the original copy. Enrollment forms will include the NDPERS and Blue Cross Blue Shield Service Marks.
- 4.4 Be responsible for the administration of and compliance with COBRA. BCBSND will forward requests for COBRA participation by membership to NDPERS upon notification.
- 4.5 Comply with BCBSND's established administrative policies which are reasonable and consistent with the NDPERS Health Plan and the bid specifications agreed to by the parties, including but not limited to: underwriting policies, standard adjudication and Medical Policy Guidelines, Payable Provider Guidelines, Managed Benefits Program Guidelines and claim payment procedures.
- 4.6 Develop and provide BCBSND the objectives established for the Preferred Provider programs.
- 4.7 Assume joint responsibility for the determination of provider eligibility and performance criteria in the Preferred Provider programs.
- 4.8 Be responsible for any systems redesign costs to BCBSND which result from the implementation of any new reimbursement mechanisms not presently in place within BCBSND automated claims payment systems. Those reimbursement mechanisms currently in place include:

Institutional

Percent of Billed Charges  
Percent of DRGs  
Percent of Per Diems  
Targeted Cost per Member

Professional

Percent of Physician Payment Schedule  
Percent of Billed Charges  
Capitation  
Targeted Cost per Member

- 4.9 Pay premiums to BCBSND according to the schedule in Section 6.
- 4.10 NDPERS acknowledges that the administration of the Benefit Plan that is the subject of this Agreement may be subject to regulation under federal and/or state law. NDPERS agrees to furnish BCBSND with any and all information necessary to comply with any applicable federal and/or state laws and to certify that this information is accurate. If there are any changes in the employer contribution rate for benefits and services available under this Agreement, NDPERS agrees that it is its obligation to provide information related to the change in contribution rates immediately to BCBSND.

## 5. **PRIVACY USE AND DISCLOSURE RESPONSIBILITIES**

### 5.1 **RESPONSIBILITIES OF BCBSND**

#### A. **Privacy of Protected Health Information (PHI)**

1. BCBSND will keep confidential all Claim records and all other PHI that BCBSND creates or receives in the performance of its duties under this Agreement. Except as permitted or required by this Agreement for BCBSND to perform its duties under this Agreement, BCBSND will not use or disclose such Claim information or other PHI without the authorization of the Member who is the subject of such information or as required by law.
2. BCBSND will neither use nor disclose Members' PHI (including any Members' PHI received from a business associate of the Plan) except (1) as permitted or required by this Agreement, (2) as permitted in writing by the Plan Administrator, (3) as authorized by Members, or (4) as required by law.
3. BCBSND will be permitted to use or disclose Members' PHI only as follows:
  - a. BCBSND will be permitted to use and disclose Members' PHI (a) for the management, operation and administration of the Plan the Plan Administrator offers Members, and (b) for the services set forth in the Plan, which include Payment Activities, Health Care Operations, and Data Aggregation as these terms are defined under federal law.
    1. BCBSND will be permitted to use Members' PHI as necessary for BCBSND's proper management and administration or to carry out BCBSND's legal responsibilities.
    2. BCBSND will be permitted to disclose Members' PHI as necessary for BCBSND's proper management and administration or to carry out BCBSND's legal responsibilities only if (i) the disclosure is required by law, or (ii) before the disclosure, BCBSND obtains from the entity to which the disclosure is to be made reasonable assurance, evidenced by a written contract, that the entity will hold Members' PHI in confidence, use or further disclose Members' PHI only for the purposes for which BCBSND disclosed it to the entity or as required by law, and notify BCBSND of any instance the entity becomes aware of where the confidentiality of any Members' PHI was breached.
  - b. BCBSND will make reasonable efforts to use, disclose, or request only the minimum necessary amount of Members' PHI to accomplish the intended purpose.
4. Other than disclosures permitted by Section 5.1(A)3, BCBSND will not disclose Members' PHI to the Plan Administrator or to the Plan's business associate except as directed by the Plan Administrator in writing.
5. BCBSND will require each subcontractor and agent to which BCBSND is permitted by this Agreement or in writing by the Plan Administrator to disclose Members' PHI to provide reasonable assurance, evidenced by written contract, that such other entity will comply with the same privacy and security obligations with respect to Members' PHI as this Agreement applies to BCBSND.
6. BCBSND will not disclose any Members' PHI to the Plan Sponsor, except as permitted by and in accordance with Section 5.1(A)3.
7. BCBSND will report to the Plan Administrator any use or disclosure of Members' PHI not permitted by this Agreement. BCBSND will make any such report to the Plan Administrator after BCBSND learns of such non-permitted use or disclosure.

8. BCBSND will report to the Plan Administrator attempted or successful unauthorized access, use, disclosure, modification or destruction of a Member's electronic PHI or interference with BCBSND's system operations in BCBSND's information systems ("Security Incident"), of which BCBSND becomes aware. With regard to attempted unauthorized access, use, etc., BCBSND and the Plan Administrator recognize and agree that the significant number of meaningless attempts to, without authorization, access, use, disclose, modify or destroy electronic PHI will make real-time reporting formidable. Therefore, BCBSND and the Plan Administrator agree to the following reporting procedures for Security Incidents that result in unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations ("Successful Security Incidents") and for Security Incidents that do not so result ("Unsuccessful Security Incidents").

For Unsuccessful Security Incidents, BCBSND and the Plan Administrator agree that this Agreement constitutes notice from BCBSND of any such Unsuccessful Security Incidents. In other words, the Plan Administrator waives any separate notice of Unsuccessful Security Incidents. By way of example, BCBSND and the Plan Administrator consider the following to be illustrative of Unsuccessful Security Incidents when they do not result in unauthorized access, use, disclosure, modification, or destruction of a Member's electronic PHI or interference with an information system:

1. Pings on BCBSND's firewall,
2. Port scans,
3. Attempts to log on to a system or enter a database with an invalid password or username,
4. Denial-of-service attacks that do not result in a server being taken off-line, and
5. Malware (e.g., worms, viruses).

For Successful Security Incidents, BCBSND shall give notice promptly to the Plan Administrator in the event a Member's electronic PHI was compromised.

9. Disposition of Protected Health Information

The parties agree that upon termination, cancellation, expiration or other conclusion of this Agreement, BCBSND will return or destroy all PHI received or created by BCBSND on the Plan Administrator's behalf as soon as feasible. Due to various regulatory and legal requirements, the Plan Administrator acknowledges that immediate return or destruction of all such information is not feasible. BCBSND agrees that upon conclusion of this Agreement for any reason, it will use or disclose the PHI it received or created on the Plan's behalf only as necessary to meet BCBSND's regulatory and legal requirements and for no other purposes unless permitted in writing by the Plan Administrator. BCBSND will destroy PHI received or created by BCBSND on the Plan Administrator's behalf that is in BCBSND's possession under such circumstances and upon such schedule as BCBSND deems consistent with its regulatory and other legal obligations.

These responsibilities agreed to by BCBSND and related to protecting the privacy and safeguarding the security of PHI, as well as any terms directly related thereto, shall survive the termination of this Agreement and, where applicable, shall govern BCBSND's receipt, use or disclosure of PHI pursuant to the terms of this Agreement.

## **B. Access, Amendment and Disclosure Accounting for Protected Health Information**

1. Upon the Plan Administrator's written request, BCBSND will make available for inspection and obtaining copies by the Plan Administrator, or at the Plan Administrator's direction by the Member (or the Members' representative), any PHI about the Member created or received for or from the Plan Administrator in BCBSND's custody or control so the Plan Administrator may meet its access obligations under federal law.
2. Upon receipt of a written request from the Plan Administrator, or at the Plan Administrator's direction by the Member (or the Members' representative), BCBSND will amend or permit the Plan Administrator access to amend any portion of the PHI created or received for or from the Plan Administrator in BCBSND's custody or control, so the Plan Administrator may meet its amendment obligations under federal law.
3. So the Plan Administrator may meet its disclosure accounting obligations under federal law, BCBSND will do the following:
  - a. BCBSND will record each disclosure of Members' PHI which is not excepted from disclosure accounting under Section 5.1(B)3.b, that BCBSND makes to the Plan Administrator or to a third party.

The information about each disclosure that BCBSND must record ("Disclosure Information") is (i) the disclosure date, (ii) the name and (if known) address of the person or entity to whom BCBSND made the disclosure, (iii) a brief description of the PHI disclosed, and (iv) a brief statement of the purpose of the disclosure.

For repetitive disclosures of Members' PHI that BCBSND makes for a single purpose to the same person or entity (including the Plan Administrator), BCBSND may record (i) the disclosure information for the first of these repetitive disclosures, (ii) the frequency, periodicity or number of these repetitive disclosures, and (iii) the date of the last of these repetitive disclosures.

- b. BCBSND will not be required to record disclosure information or otherwise account for disclosures of Members' PHI that this Agreement or the Plan Administrator in writing permits or requires:
  - (1) for Payment Activities or Health Care Operations,
  - (2) to the Member who is the subject of the PHI or to that Members' personal representative,
  - (3) to persons involved in that Members' health care or payment for health care, as provided under federal law,
  - (4) for notification for disaster relief purposes or national security or intelligence purposes as provided under federal law,
  - (5) to law enforcement officials or correctional institutions regarding inmates,
  - (6) for incidental uses or disclosures,
  - (7) as part of a limited data set in accordance with federal law,
  - (8) that occurred prior to the HIPAA Privacy Compliance Date,
  - (9) pursuant to a valid authorization.
- c. BCBSND will have available for the Plan Administrator the disclosure information required by Section 5.1(B)3.a. for the six (6) years immediately preceding the date of the Plan Administrator's request for the disclosure information.
- d. Upon the Plan Administrator's written request, BCBSND will make available to the Plan Administrator, or at the Plan Administrator's direction to the Member (or the Member's representative), disclosure information regarding the Member so the Plan Administrator may meet its disclosure accounting obligations under federal law.

### **C. Information Safeguards**

1. BCBSND will maintain reasonable and appropriate administrative, technical and physical safeguards to protect the privacy of Member PHI. The safeguards must reasonably protect Member PHI from any intentional or unintentional use or disclosure in violation of federal law and limit incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this Agreement.
2. BCBSND will implement administrative, technical, and physical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic PHI BCBSND creates, receives, maintains, or transmits on behalf of the Plan Administrator as required by federal law.

### **D. Inspection of Books and Records**

BCBSND will make its internal practices, books, and records relating to its use and disclosure of PHI created or received for or from the Plan Administrator available to the Plan Administrator and to the U.S. Department of Health and Human Services to determine compliance with federal law or this Agreement.

- E. BCBSND will prepare and distribute a notice of privacy practices appropriate for the Plan to meet its notice obligations under federal law. The Plan Administrator authorizes BCBSND to disclose the minimum necessary PHI to the Plan Sponsor for plan administration functions specified in the Plan documents as amended.

### **F. Information Privacy and Safeguard Provisions Survive Termination of Agreement**

These responsibilities agreed to by BCBSND and related to protecting the privacy of PHI, as well as any terms directly related thereto, shall survive the termination of this Agreement and where applicable, shall govern BCBSND's receipt and use of PHI obtained pursuant to the terms of this Agreement.

## **5.2 RESPONSIBILITIES OF THE PLAN SPONSOR**

- A. The Plan Sponsor retains full and final authority and responsibility for the Plan and its operation. BCBSND is empowered to act on behalf of the Plan only as stated in this Agreement or as mutually agreed in writing by the Plan Sponsor and BCBSND.
- B. Except with respect to services provided by BCBSND set forth in this agreement, the Plan Sponsor will have the sole responsibility for and will bear the entire cost of compliance with all federal, state and local laws, rules, and regulations concerning the privacy of PHI, including any licensing, filing, reporting, and disclosure requirements, that may apply to the Plan. BCBSND will have no responsibility for or liability with respect to the Plan's compliance or noncompliance with any applicable federal, state, or local law, rule, or regulation.
- C. By executing this Agreement, the Plan Sponsor certifies to BCBSND that it has amended the Plan documents to incorporate the provisions required by and under federal law, and agrees to comply with the Plan Administrator's plan documents as amended.

BCBSND may rely on Plan Sponsor's certification and Plan Administrator's written authorization, and will have no obligation to verify (1) the Plan Administrator's plan documents have been amended to comply with the requirements of federal law or this Agreement or (2) the Plan Sponsor is complying with the Plan Administrator's plan document as amended.

- D. For any high deductible health plan offered by the Plan Sponsor, the Plan Sponsor assumes sole responsibility for determining whether the Plan qualifies as a high deductible health plan under Section 223(c)(2) of the U.S. Internal Revenue Code. BCBSND MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE REGARDING THE PLAN.

For any high deductible health plan offered by the Plan Sponsor, BCBSND does not provide legal or tax advice, and expressly disclaims responsibility for determining, on behalf of any individual or group, the legal and tax implications of: (1) establishing a health savings account; (2) eligibility for a health savings account; (3) the contributions made to a health savings account; (4) the deductibility of contributions to a health savings account; and (5) withdrawals from a health savings account and related taxation.

6. **FEES AND CHARGES:**

- 6.1 In consideration of the fully insured contract under this Agreement, BCBSND agrees to accept the following provisions and premium rates for the Effective Date of this Agreement. See attached Premium Rate Structure Table.
- 6.2 BCBSND and NDPERS agree to the Health Plan Performance Guarantees, as outlined in the attached Exhibit B.
- 6.3 NDPERS will pay BCBSND, on or before the last day of each month, premium income based on the amount identified in Column 6 of the attached Table for type of contract for that month.
- 6.4 NDPERS will maintain a deposit of \$3,000,000 in a Cash Reserve Account held by BCBSND until the settlement of the biennium. This Cash Reserve Account shall earn interest at a rate to be determined monthly, based on US Treasury Notes quoted by the Wall Street Journal. The monthly rate will be established at the close of the first trading day each month based on the closing yield to maturity of US Treasury Notes maturing 24 months hence. If there are multiple notes for that maturity, the rate will be based on an average. If there are no notes with that maturity, the next subsequent maturity will be used.
- 6.5 BCBSND will retain any surplus funds from the amounts identified in Column 4 of the attached table. Surplus funds retained by BCBSND shall earn interest at a rate to be determined monthly, based on US Treasury Notes quoted by the Wall Street Journal. The monthly rate will be established at the close of the first trading day each month based on the closing yield to maturity of US Treasury Notes maturing 24 months hence. If there are multiple notes for that maturity, the rate will be based on an average. If there are no notes with that maturity, the next subsequent maturity will be used.

Surplus funds described in the above section 6.5 not used by BCBSND to pay NDPERS Health Plan incurred claims plus retention will be subject to the Final Accounting as described in Section 7 of this Agreement.

- 6.6 Payments made pursuant to Section 6.3 and pursuant to Column 5 of the **attached** Table will be handled as follows:

BCBSND will dispense to Regional Advantage Services LLC, Medicare Part D premiums identified in Column 6 of the attached Table for type of contract for that month. Interest will not be paid on this account.

Funds described in section 6.7 are not subject to final accounting as described in section 7 of this Agreement.

- 6.7 BCBSND reserves the right to adjust premium rates, with a 90-day notice, for any changes in taxes and/or benefits imposed upon BCBSND for the NDPERS health plan by any Federal, State or Local government authority that impact BCBSND expenses and/or NDPERS health plan benefits.

## 7. FINAL ACCOUNTING

- 7.1 A continual accounting of NDPERS Health Plan experience will take place during the 2013-2015 biennium. Monthly reports of earned income less incurred claims and retention will be produced during the biennium and the twenty-four months following the biennium.

- 7.2 Within 31 days of 12 months after the end of the biennium (by July 31, 2016) BCBSND will provide an accounting which will result in an initial settlement of the biennium agreement as follows:

1. Earned Premium Income during the Biennium
2. Plus interest on Surplus Funds
3. Less Claims Incurred during the Biennium and Paid July 1, 2013 through June 30, 2016
4. Less Estimated Claims Incurred and Unpaid at June 30, 2016
5. Less Administrative Expense during the Biennium (\$28.36 per contract per month)
6. Less Conversion Cost during the Biennium (\$1.92 per Non-Medicare contract per month)
7. Less Service Charge during the Biennium (\$9.58 per Non-Medicare contract per month and \$2.16 per Medicare contract per month)
8. Less Disease Management Program fees during the Biennium (\$1.40 per contract per month)
9. Less Wellness Program fees during the Biennium (\$4.26 per contract per month)
10. Less PPACA fees during the Biennium (\$21.54 per Non-Medicare contract per month)
11. If 1+2-3-4-5-6-7-8-9-10 of 7.2 is positive, the lesser of 50% of this amount or \$1.5 million is retained by BCBSND. The remainder equals Refund paid to NDPERS.
12. If 1+2-3-4-5-6-7-8-9-10 of 7.2 is negative, the lesser of 50% of this amount or \$3.0 million will be refunded by NDPERS to BCBSND.

Claims incurred and unpaid will be estimated by the mean of the latest three actual IBNR claims (Incurred But Not Reported) amounts for equivalent periods in the NDPERS history.

- 7.3 Within 31 days of 24 months after the end of the biennium (by July 31, 2017), BCBSND will provide an accounting, which will result in a final settlement of the biennium agreement as follows:

1. Earned Premium Income during the Biennium
2. Plus interest on Surplus Funds
3. Less Claims Incurred during the Biennium and Paid July 1, 2013 through June 30, 2017
4. Less Administrative Expense during the Biennium (\$28.36 per contract per month)
5. Less Conversion Cost during the Biennium (\$1.92 per Non-Medicare contract per month)
6. Less Service Charge during the Biennium (\$9.58 per Non-Medicare contract per month and \$2.16 per Medicare contract per month)
7. Less Disease Management Program fees during the Biennium (\$1.40 per contract per month)
8. Less Wellness Program fees during the Biennium (\$4.26 per contract per month)
9. Less PPACA fees during the Biennium (\$21.54 per Non-Medicare contract per month)
10. Less any refund paid to NDPERS at initial settlement on July 31, 2016
11. If 1+2-3-4-5-6-7-8-9-10 of 7.3 is positive, the lesser of 50% of this amount or \$1.5 million is retained by BCBSND for the July 1, 2013 through June 30, 2015 biennium. The remainder equals Refund paid to NDPERS. The maximum retained by BCBSND for the biennium is 50% of \$3.0 million of gain.
12. If 1+2-3-4-5-6-7-8-9-10 of 7.3 is negative, the lesser of 50% of this amount or \$3.0 million will be refunded by NDPERS to BCBSND. BCBSND retains all losses beyond \$6.0 million and any estimated gains previously distributed to NDPERS are subject to refund back to BCBSND based on this final settlement. The maximum loss NDPERS is subject to is 50% of \$6.0 million of loss.

## 8. TERM AND TERMINATION OF AGREEMENT

8.1 The term of this Agreement shall be for a two year period from July 1, 2013 through June 30, 2015.

8.2 This Agreement may be terminated by mutual agreement of both parties, upon 60 days notice, in writing.

Either party may terminate this Agreement effective 90 days following delivery of written notice to the other party, 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 Agreement may be modified by agreement of the parties in writing to accommodate a reduction of funds.
- b. If federal or state laws, rules or regulations are modified, changed or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.
- c. If any license, permit or certificate required by law, rule or regulation, or by the terms of this Agreement, is for any reason denied, revoked, suspended or not renewed.

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

- d. In the event of a breach by either party, other than for nonpayment of premium, the other party may terminate this Agreement by written notice to the breaching party. The breaching party has 31 days to fully cure the breach. If the breach is not cured within 31 days after written notice, this Agreement will immediately terminate.

## 9. INTER-PLAN PROGRAMS

BCBSND has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever a Member accesses health care services outside of the geographic area BCBSND serves, the claim for those services may be processed through one of these Inter-Plan Programs and presented to BCBSND for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Members under this Agreement are described generally below.

Typically when accessing care outside the BCBSND service area, a Member will obtain care from health care providers that have a contractual agreement (i.e., "participating agreement") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, a Member may obtain care from health care providers who have not entered into a "participating agreement" with a Host Blue. BCBSND payment practices in both instances are described below.

### A. BlueCard® Program

Under the BlueCard Program, when Members access health care services within the geographic area served by a Host Blue, BCBSND will remain responsible to the Group for fulfilling BCBSND's contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with the health care providers who have entered into a "participating agreement" with it (participating health care providers). The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, BCBSND's action will be consistent with the spirit of this description.

Liability Calculation Method Per Claim - The calculation of Member liability on claims for Covered Services processed through the BlueCard Program will be based on the lower of the billed charges of the Host Blue's participating health care provider or the negotiated price made available to BCBSND by the Host Blue.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's health care provider contracts. The negotiated price made available to BCBSND by the Host Blue may represent a payment negotiated by a Host Blue with a health care provider that is one of the following:

1. the actual price. An actual price is a negotiated payment without any other increases or decreases; or
2. an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or
3. an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its health care providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the Member is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to BCBSND is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

A small number of states require a Host Blue either (i) to use a basis for determining Member liability for Covered Services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge. Should the state in which health care services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, BCBSND would then calculate the Member's liability in accordance with applicable law.

Return of Overpayments - Under the BlueCard Program, recoveries from a Host Blue or from participating health care providers of a Host Blue can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by-claim or prospective basis.

#### **B. Nonparticipating Providers Outside the BCBSND Service Area**

When Covered Services are provided outside of BCBSND's service area by health care providers who have not entered into a "participating agreement" with a Host Blue (nonparticipating health care providers), the amount the Member pays for such services will generally be based on either the Host Blue's nonparticipating health care provider local payment or the pricing arrangements required by applicable state law. In these situations, the Member may be liable for the difference between the amount that the nonparticipating health care provider bills and the payment BCBSND will make for the Covered Services as set forth in this paragraph.

In certain situations, BCBSND may pay claims based on the payment BCBSND would make if the Covered Services had been obtained within the BCBSND service area. Such situations include where a Member did not have reasonable access to a participating health care provider, as determined by BCBSND in its sole and absolute discretion or by applicable state law. In other situations, BCBSND may pay such a claim based on the payment BCBSND would make if BCBSND were paying a nonparticipating health care provider inside of BCBSND's service area (as described in the Member's Certificate of Insurance) where the Host Blue's corresponding payment would be more than BCBSND's payment to a nonparticipating health care provider within the BCBSND service area. BCBSND may also in its sole and absolute discretion, negotiate a payment with such a health care provider on an exception basis. In any of these situations, the Member may be responsible for the difference between the amount that the nonparticipating health care provider bills and payment BCBSND will make for the Covered Services as set forth in this paragraph.

10. **RETROSPECTIVE DISCOUNT PAYMENT**

Regarding prescription medications or drugs purchased by Members under the terms of the Plan, ~~the Plan Administrator agrees to pay to~~ BCBSND will pay the amount due to the pharmacy (or other prescription drug retailer) under the terms of the pharmacy provider participating agreement. The amount due to the pharmacy under the terms of the pharmacy provider participating agreement is that which is due at the time the prescription medication or drug is purchased by the Member. The amount due to the pharmacy under the pharmacy provider participating agreement is calculated without regard to any subsequent, retrospective manufacturer discount that may apply to the cost of the prescription medication or drug. The Plan Administrator acknowledges and agrees that, in some cases but not all, drug manufacturers may offer retrospective discounts to BCBSND on prescription medications and drugs purchased under the terms of the Plan. If a drug manufacturer makes a retrospective discount payment available, the Plan Administrator acknowledges and agrees that a portion of any such rebate may be retained by an entity that performs manufacturer discount program services on behalf of BCBSND under the terms of this Agreement. The Plan Administrator further acknowledges and agrees that, when made available by the drug manufacturer, another portion of the retrospective discount payment is retained by BCBSND. In its sole discretion, BCBSND may periodically refund to the Plan all or part of any rebate payments received. The calculation of any refund rests in the sole discretion of BCBSND.

In its sole discretion, and only in the case where a Member is required to pay Coinsurance as part of the Cost Sharing Amounts for each Prescription Medication and Drug provided under the terms of this Benefit Plan, BCBSND may periodically refund to Members a proportional amount of any retrospective discount payments received. The calculation and payment of any such proportional refund rests in the sole discretion of BCBSND. The manner in which such retrospective discount program payment refund, if any, is distributed to a Member rests in the sole discretion of BCBSND. The Member waives any right, title, or interest in and to such proportional retrospective discount payment once the Member is no longer eligible for benefits under the terms of this Benefit Plan, and BCBSND may use its discretion and disburse any such retrospective discount payments as it deems appropriate and necessary in its administration of this Benefit Plan. The Member shall pay all Cost Sharing Amounts at the time the Prescription Medication or Drug is purchased, without regard to any potential retrospective discount.

11. **GENERAL PROVISIONS:**

11.1 This Agreement is between NDPERS and BCBSND and does not create any rights or legal relationships between BCBSND and any Member(s).

11.2 This Agreement, together with the Response to the Request for Proposal and any exhibits, attachments and amendments constitutes the entire Agreement between the parties. No promises, terms, conditions or obligations other than those contained in this Agreement are valid or binding. Any prior agreements, statements, promises, negotiations, inducements or representations, either oral or written, made by either party or agent of either party that are not contained in this Agreement are of no effect. No modification of the terms or provisions of this Agreement shall be effective unless evidenced by a written amendment, signed by an authorized officer or employee of NDPERS and BCBSND.

- 11.3 This Agreement shall be governed by and construed according to the laws of the state of North Dakota.
- 11.4 Failure of either party at any time to require performance by the other party of any provision of this Agreement shall not be deemed to be a continuing waiver of that provision or a waiver of any other provision of this Agreement.
- 11.5 No assignment of this Agreement in whole or in part may be made by either party without written agreement approved by both parties.
- 11.6 All notices and correspondence required or permitted to be given under this Agreement shall be given by personal delivery to the other party or may be sent by mail, postage prepaid to the other party at the following addresses:

**NORTH DAKOTA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

PO Box 1657  
Bismarck, North Dakota 58502

**BLUE CROSS BLUE SHIELD  
OF NORTH DAKOTA**

4510 13th Avenue South  
Fargo, North Dakota 58121

- 11.7 Neither party shall be liable for any delay in or failure to perform under this Agreement due to an act of God or due to war mobilization, insurrection, rebellion, civil commotion, riot, act of an extremist or public enemy, sabotage, labor dispute, explosion, fire, flood, storm, accident, drought, equipment failure, power failure, fuel or energy shortages, unavoidable delay of carriers, embargo, law, ordinance, act, rule or regulation of any government, whether valid or invalid.
- 11.8 NDPERS hereby expressly acknowledges and understands that BCBSND is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association"), permitting BCBSND to use the Blue Cross and Blue Shield Service Marks in the state of North Dakota, and that BCBSND is not contracting as an agent of the Association. NDPERS further acknowledges and agrees this Agreement was not entered into based upon representations by any person or entity other than BCBSND and that no person, entity, or organization other than BCBSND shall be held accountable or liable to NDPERS for any of BCBSND's obligations to NDPERS created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSND other than those obligations created under other provisions of this Agreement.
- 11.9 It shall be the sole responsibility of NDPERS to distribute Certificates of Insurance to Subscribers of the Plan and to advise Members of their rights under federal law, including, but not limited to claims appeals procedures. In the event a claim is paid due to the Certificate of Insurance not being distributed to the Subscriber, NDPERS shall be liable for all such claims. The Certificate of Insurance is not the Summary Plan Description but contains some of the information that NDPERS may deem essential for inclusion in the Summary Plan Description. NDPERS has the sole responsibility for and will bear the entire cost of compliance with all federal, state and local laws, rules, and regulations, including the creation and distribution of a Summary Plan Description.

- 11.10 If NDPERS or BCBSND creates benefit communications for Members, relating to the Certificate of Insurance attached as Exhibit A, such communications will be sent to BCBSND or NDPERS for comment prior to distribution. Either party will have 5 business days to comment on the communication. If one party fails to advise the other within that 5-day period, it will be presumed there are no comments on the communication. If NDPERS has a digital or online version of the Certificate of Insurance available to its Members, NDPERS agrees that it will not alter, modify or change the language of the Certificate of Insurance, and further agrees the Certificate of Insurance, attached as Exhibit A, will be the controlling document in the event of any conflict or liability that might arise as the result of any alterations, modifications or changes made by NDPERS. In the event a claim is paid based on NDPERS's modified or altered digital or online Certificate of Insurance, NDPERS is liable for all such claims. NDPERS further agrees that no waiver of this agreement is valid unless in writing and approved by BCBSND.
- 11.11 BCBSND will prepare Summaries of Benefits and Coverage for distribution to applicants and Members by NDPERS so that BCBSND, the Plan and NDPERS may all satisfy related disclosure obligations under federal law. It shall be the sole responsibility of NDPERS to distribute the Summaries of Benefits and Coverage in accordance with federal law, and the Plan Administrator acknowledges and agrees that BCBSND will rely upon NDPERS for compliance with the requirements for distribution of the Summaries of Benefits and Coverage to applicants and Members.
- 11.12 When coverage under this Agreement is terminated, BCBSND will, within a reasonable period of time, issue a Certificate of Creditable Coverage to the Subscriber. Upon notification by the Subscriber of the ineligibility of a dependent, a Certificate of Creditable Coverage will be issued to the affected Member within a reasonable period of time. Certificates of Creditable Coverage may also be obtained from BCBSND upon request within 24 months after coverage is terminated. Certificates of Creditable Coverage will only reflect continuous coverage provided through BCBSND.
- 11.13 Upon the effective date of any final regulation or amendment to final regulations with respect to PHI, Standard Transactions, the security of health information or other aspects of the Health Insurance Portability and Accountability Act of 1996 applicable to this Agreement, this Agreement will automatically amend such that the obligations imposed on the Plan Sponsor, the Plan Administrator and BCBSND remain in compliance with such regulations, unless BCBSND elects to terminate this Agreement by providing the Plan Sponsor and the Plan Administrator notice of termination in accordance with this Agreement at least thirty-one (31) days before the effective date of such final regulation or amendment to final regulations.

## 12. **DISPUTES AND INDEMNIFICATION**

If litigation is filed regarding denial of benefits or otherwise, and BCBSND is named as the sole defendant, BCBSND will have the right to manage and have full control of litigation and to determine whether to pay, compromise, litigate or appeal the litigation.

NDPERS agrees that all Retrospective Discount Payments will be made to Members of the Plan. BCBSND agrees to indemnify NDPERS for any judgments against NDPERS solely arising out of NDPERS' decision to participate in the Retrospective Discount Payment program.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, in their names by their undersigned officers, the same being duly authorized to do so.

**NORTH DAKOTA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (PLAN ADMINISTRATOR)**  
PO Box 1657  
Bismarck, North Dakota 58502

**BLUE CROSS BLUE SHIELD OF NORTH DAKOTA\***  
4510 13th Avenue South  
Fargo, North Dakota 58121

By: \_\_\_\_\_

"Signature"

Title: \_\_\_\_\_

Its President and CEO

Date: \_\_\_\_\_

Date Signed

**NORTH DAKOTA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (PLAN SPONSOR)**  
PO Box 1657  
Bismarck, North Dakota 58502

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Administrative Service Agreement  
07/01/2013-06/30/2015

\*An Independent Licensee of the Blue Cross and Blue Shield Association.



**North Dakota  
Public Employees Retirement System**  
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**Sparb Collins**  
Executive Director  
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** Long Term Care Insurance

At the March meeting you talked with GRS about the Long Term Care (LTC) RFP. At that time it was decided to invite back Gene and Pamela Schmidt to discuss the LTC insurance marketplace. Gene is the CEO of SIA Insurance here in Bismarck. Their firm specializes in Long Term Care products nationally. I have talked with them and they will be at the June Board meeting.

Attached is a recent article from CNBC about long term care insurance.



## Ailing Long-Term Care Insurers Share Their Pain

MANULIFE FINANCIAL CORP, CONSUMERS, RETIREMENT, HEALTH CARE, BUSINESS NEWS

CNBC.com | Friday, 26 Apr 2013 | 7:40 AM ET

Don't look now, but the long-term care insurance business is hurting - badly. And that could make it more difficult, or more expensive, for you to get a policy.

What went wrong?

Long-term care policies have only been offered on a large scale since the 1980s, meaning insurers are just now seeing clear claims patterns emerge. From their perspective, it's an ugly picture: more people than expected are holding onto their policies until they can file a claim, and years of rock bottom interest rates have kept insurers from earning a decent return on policies whose benefits increase three to five percent a year.

The results: a number of providers have left the business, and others are jacking up rates: California's public pension fund, CalPERS, recently won approval for an 85 percent increase over two years. Some, like John Hancock, a subsidiary of Manulife, are offering stripped down plans that keep prices in check but cover less.

Now companies are starting to differentiate among potential customers in new ways to ensure that premiums better reflect policyholders' risk profiles.

The changes are jarring. Genworth, a leading provider of long-term care insurance, has already begun charging single women more for policies. On April 29 John Hancock will follow suit, and the rate hikes could be as high as 40 percent.

"It makes sense. Women get two-thirds of the benefits," in large part because they tend to live longer, says Jesse Slome, executive director of the American Association for Long Term Care Insurance, a membership organization for sellers of long-term care policies. Slome adds that insurance companies didn't understand how gender differences would play out when they first issued the policies.

That's not all. Growing numbers of companies now require "enhanced underwriting." (The rest of us would call it added health screening.) Instead of relying on outside doctors' exams, as they have done since the inception of the long-term care business, insurers will have their own medical professionals conduct evaluations of applicants' insurability.

"The two major long-term care insurers have started drawing blood," to undertake their own analyses of applicants' health, Slome says. "You have to be in relatively acceptable health in order to qualify for this policy."

All this makes a complex type of insurance even more so for consumers. Do you want a plan whose value grows more slowly, or not at all? Or do you want to pay more for greater protection against health care inflation? Should you take out a pricey policy now, paying more premiums over your lifetime, or gamble that you will stay healthy enough to qualify in a year or two?

Or, if you are a single woman, should you be rushing to get a policy before other insurers follow the lead of Genworth and John Hancock?

Patrice Goldfarb, a certified senior advisor and an employee benefits consultant, is adamant on the need for single women to jump in. She says that when she first heard of companies proposing to raise rates for women, "the first thing I did was send a massive blast email to everybody I could think of saying to buy the insurance before rates go up."

But in general, experts say, whether to buy long-term care insurance now depends on your tolerance

for financial risk, and your net worth.

Goldfarb has been showing clients ways to buy long-term care insurance that costs less and provides less coverage, but can be increased over time. As an example, she points to a John Hancock policy called Benefit Builder. The policy offers a relatively limited amount of insurance initially but the benefit increases are pegged to John Hancock's investment earnings on part of its general account. Every three years, consumers have the option to add to their policy without an additional medical exam.

Goldfarb also says consumers may need less long-term care insurance than they think. She says studies show that consumers typically put in claims covering less than three years of long-term care.

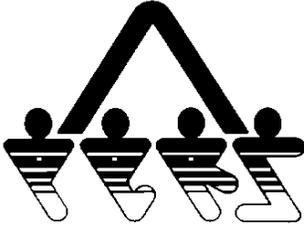
"I used to say you really need a pool of money that's going to last you at least five years, and I'm finding out that that's not really true," she says.

Slome stresses that shopping around is crucial. His organization recently conducted a study that found prices of high-end long-term care plans - those with protection against inflation of up to 3 percent - varied by as much as 92 percent.

Wealthy individuals can also opt to self-insure - to plan on shouldering their long term care costs themselves. But be prepared to spend big. Goldfarb says a recent Met Life study pegged the cost of a private room in a nursing home in New Jersey at \$123,000 per year.

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URL: <http://www.cnbc.com/100669104>



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# Memorandum

**TO: NDPERS BOARD**

**FROM: Kathy**

**DATE: May 9, 2013**

**SUBJECT: Health Plan SPDs**

Included are the summaries for the changes and rewrites that will be incorporated into the SPDs effective July 1, 2013 for the following plans:

Dakota Plan – Grandfathered  
Dakota Plan – Non-Grandfathered  
Dakota Plan HDHP – Non-Grandfathered

Staff has reviewed the documents and recommends the Board approve the updates as set forth. Representatives of BCBS will be available to answer any questions.

**Board Action Requested**

<b>NDPERS SPD CHANGES</b>	<b>Grandfathered Plan</b>	
<b>Page/Section</b>	<b>Comments</b>	<b>Deletion/Changes</b>
<b>Changes due to Rewrite to go into the SPD</b>		
Pg.3; #3- Nonparticipating Health Care Providers	This change is due to Rewrite and will further define Behavioral Health Intensive Outpatient Benefits.	Nonparticipating Health Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services will be an amount determined by BCBSND to be reasonable for the appropriate level of care. <b>(Rewrite Issue #3). (No Cost Impact)</b>
Pg.14 Sec. Psychiatric and Substance Abuse Services	This is language clarification based on Rewrite so Members better understand the Psych & Substance Abuse benefits.	Broke down each service-Pshychiatric Services- Inpatient; Residential Treatment for Members under age 21; Partial Hospitalization; Added-Intensive Outpatient Program; Outpatient. Substance Abuse Services-Inpatient, Residential Treatment; Partial Hospitalization; Intensive Outpatient Program; Outpatient. <b>(Rewrite issue #3). (No cost impact).</b>
Pg. 22 Sec. Outpatient Therapy Services	This change is due to Rewrite as BCBSND had been processing benefits this way so needed to add the language only.	Benefits are available as listed in the Schedule of Benefits, Section 1, when performed by or under the direct supervision of a licensed Physical Therapist. Services must be provided in accordance with a predicted plan of treatment ordered by a Professional Health Care Provdiar. Benefits are not available for Maintenance Care. <b>(Rewrite issue #37). (No cost impact).</b>
Pg. 22 Sec. Maternity Services	This is a language Clarification only.	Benefits are limited to 2 Ultrasounds per preganancy. BCBSND has been allowing 2 ultrasounds. <b>(Rewrite #5) (No cost impact)</b>

Pg. 24 & 25 Sec. 2.12 Psychiatric and Substance Abuse Services	This change is due to Rewrite to clarify Psych and Substance Abuse benefits to the members as well as add the Intensive Outpatient Program.	All new Language is indicated in red-Guidelines and criteria for Medically Appropriate and Necessary services are available from BCBSND. A. 1. Inpatient-added psychiatric & an appropriately licensed and credentialed & or; 2. added-For Members Under Age 21 & the & of psychiatric illness for Members under age 21 when provided at an appropriately licensed and credentialed & Center. No benefits are available for the Residential Treatment of psychiatric illness for Members age 21 and older. 3. added-Partial Hospitalization-the Patial Hospitalization of psyciatric illness when provided at an appropriately licensed and credentialed facility. 4. added-Intensive Outpatient Program- Benefits are available in an Intensive Outpatient Program for psychiatric illness, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. 5. added-Licensed Professional Clinical Counselor and Advanced Practice Registered. B. Substance Abuse Services; Inpatient-added- Benefits are availabe for the inpatient treatment of substance abuse including medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment, when provided at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. No benefits are available for ambulatory pharmacological detoxification management whether in an Outpatient, Intensive Outpatient Program (IOP) or Parital Hospitlization program (PHP) setting. No benefits are available for clinically managed residential detoxification ("social detox"). 2. Residential Treatment-added-the & of substance abuse when provided at an appropriately licensed and credentialed & center. 3. Patial Hospitalization-added-the Partial Hospitalization of substance abuse when provided at an appropriately licensed and credentialed facility. 4. Intensive Outpatient Program- Benefits are available in an Intensive Outpatient Program for substance abuse, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. <b>(Rewrite #3) (No cost impact).</b>
Pg. 27 Sec. 2.19 Outpatient Prescription Medication or Drugs	This change is a Rewrite to address Specialty Drugs.	Payable Over-the-Counter (OTC) Drug, Specialty Drug. Restricted Use Drugs require Prior Approval and/or are subject to a limited dispensing amount. <b>(Rewrite #11)(No cost impact)</b>
Pg. 29 Section 3- Managed Benefits; 3.1 Prior Approval Process	This change is a Rewrite.	Removed M - This is now defined better in sec. 2.12. P-Clarified that sleep studies at a facility not accredited by the American Academy of Sleep Medicine; Q-removed as this is and has been an exclusion and BCBSND has processed claims under the contract exclusion. <b>(Rewrite #3)(No cost impact)</b>
Pg. 31 Sec. 3.2 Preauthorization	Language clarification only.	Added Inpatient.

<p>Pg. 32 Sec. 3.5 Case Management</p>	<p>This is a Rewrite change.</p>	<p>BCBSND's case management process may include a flexible benefits option. This option allows professional case managers to assist Members with certain complex and/or chronic health issues by coordinating complicated treatment plans and other types of complex patient care plans. Through the flexible benefits option, case managers may identify a less costly alternative treatment plan for the Member. Members who are eligible to receive services through the flexible benefits option are asked to provide verbal consent for the alternative plan. If the Member and the Member's Health Care Provider agree with the plan, alternative benefits will begin immediately and the Member will be asked to sign an alternative benefits agreement that includes the terms listed below, in addition to any other terms specified in the agreement. Alternative benefits will be made available for a limited period of time and are subject to BCBSND's ongoing review. The Member must cooperate with the review process. If BCBSND approves alternative benefits, BCBSND does not guarantee that these will be extended beyond the limited time period and/or scope of treatment initially approved or that these will be approved in the future. The decision to offer alternative benefits is solely BCBSND's, and unless otherwise specified in the alternative benefits agreement, BCBSND may withdraw those benefits at any time and resume regular contract benefits. BCBSND's decision to offer or withdraw alternative benefits is not subject to the appeals process. <b>(Rewrite #3). (No cost impact).</b></p>
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Pg. 33, 34 & 35 Sec. 4- Exclusions	These changes are all Rewrite changes.	<p>tutoring services (not specifically defined elsewhere), including education on self-care or home management. 6.add-Developmental delay care, Including services or supplies, regardless of where or by whom they are provided that:Are less than two standard deviations from the norm as defined by standardized, validated developmental screening tests, such as the Denver Developmental Screening Test; or Are educational in nature; vocational and job rehabilitation, recreational therapy; or Special education, including lessons in sign language to instruct a Member whose ability to speak has been lost or impaired to function without that ability, is not covered.10.added-Clinically managed, meduim intensity Residential Treatment of substance abuse(adults only). 11. added-Clinically managed low intensity Residential Treatment of substance abuse, Including halfway house; supervised living; supportive living environment. 12. added-Early Intensive Behavioral Intervention (EIBI) in all its forms, Including Applied Behavioral Analysis (ABA), Intensive Early Interventional Behavioral Therapy (IEIBT), Intensive Behavior Intervention (IBI), the Lovaas Method, Denver Model, LEAP, TEACCH, Pivotal Response Training and Discrete Trial Training.13. added Ambulatory pharmacological detoxification management. 14. added-Social detoxification Including clincally managed residential detoxification.15. added-Mental disability or mental disorder services that, according to generally accepted professional standards, is not amenable to favorable modification, except for initial evaluation, diagnosis or crisis intervention.22.removed- or a facility for the housing or rehabilitation of alcoholics or drug dependent persons.34. removed. 35. removed and added to 38. added-Alternative treatment therapies, Including acupuncture, acupressure, aquatic whirlpool therapy, chelation therapy, massage therapy, naturopathy, homeopathy, holistic medicine, hypnotism, hypnotherapy, hyponotic anesthesia, music therapy or therapeutic touch. <b>(Rewrite #3) (No cost Impact)</b>. 9. - removed- or nicotine addiction <b>(Rewrite #38)</b>; Number 29 - Added-Genetic testing when performed in the absence of symptoms or high risk factors for a heritable disease; genetic testing when knowledge of genetic status will not affect treatment decisions, frequency of screening for the disease, or reporductive choices; genetic testing that has been performed in response to direct-to-consumer marketing and not under the direction of the Member's physician.<b>(Rewrite #2)(No cost impact)</b></p>
Pg. 40 Sec. 5- General Provisions; 5.7 Notification Requirements and Special Enrollment Provisions; #5	This change is being made due to Rewrite.	Language change from Mentally retarded to intellectually disabled. <b>(Rewrite #4). (No cost impact)</b> .

Pg. 49 & 51 Sec. 6 - Claims for Benefits and Appeals & 6.2-A.	This is a language change based on the Standard Appeals Language.	Type of Notice-Added-Emergency Claim for Benefits-Response to Request For Additional Information (Claimant) - 48 Hours; Pre-Service Claim for Benefits - 45 days; Post-service Claim for Benefits-45 days; Ongoing Course of Treatment Claim for Benefits - N/A. 6.2 - A. Added the 45 days <b>(No cost impact)</b> .
Pg. 59, 63, 64, 65, 66, 67 & 69 Sec. 8 - Definitions	These are changes due to Rewrite.	8.3-Removed due to <b>(Rewrite #3)</b> , 8.28-added-Nonparticipating Helathy Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services by a Nonparticipating Health Care Provider will be an amount determined by BCBSND to be reasonable for the appropriate level of care. N-added-Intensive Outpatient Program.,AA-added-Partial Hospitalization, OO-added with nursing and medical professionals providing medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. <b>(Rewrite #3)</b> , 8.37-Added-Intensive Outpatient Treatment-a structured, short term treatment of mental illness or substance abuse more intensive than Outpatient treatment but less intensive than Partial Hospitalization provided by a Health Care Provider to treat multidimensional instability. <b>(Rewrite #3)</b> , 8.50-added-structured multidisciplinary & usually held during the daytime hours and generally providing 20 or more hours per week to treat multidimensional instability not requiring 24-hour care. <b>(rewrite #3)</b> , 8.64-added-24-hour care & and to stalbalize multidimensional imminent risk. <b>(Rewrite #3)</b> . <b>(No cost impact)</b> .
Pg. 68 Sec. 8- Definitions, 8.56-H	These are changes due to Rewrite.	Added-Specialty Drug-an Outpatient Prescription Medication or Drug listed on the Specialty Drug List. <b>(Rewrite #11)</b> . <b>(No cost impact)</b> .
<b>PPACA Changes - Essential Benefits</b>		

Pg. 7 Sec. 1 Temporomandibular (TMJ) or Craniomandibular (CMJ) Joint Treatment	This change is due to ACA Regulations.	Removed the \$ Maximums-75%-Basic and 80%-PPO of Allowed Charge. Benefits are subject to a Lifetime Maximum of 2 surgical procedures and a Maximum Benefit Allowance of 1 splint per Member per Benefit Period. <b>(This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 Sec. 1	This change is due to ACA Regulations.	Added-Phenylketonuria (PKU). Removed-Benefits are subject to a Maximum Benefit Allowance of \$3,000 per Member per Benefit Period. <b>(This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations).</b>
Pg. 20 Sec. 2 - Temporomandibular or Craniomandibular Joint Treatment	This change is due to ACA Regulations.	Added-and the Maximum Benefit Allowance. <b>(This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations).</b>
Pg. 21 Sec. 2 - Outpatient Hospital and medical Services-L.	This change is due to ACA Regulations.	Removed-subject to the Maximum Benefit Allowance listed in the Schedule of Benefits, Section 1. <b>(This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations).</b>
Pg. 34 Sec. 4 - Exclusions; #23	This change is due to ACA Regulations.	Added-except as specifically allowed in the Schedule of Benefits and Covered Services Sections of this Benefit Plan. Removed-when charges exceed the limits covered by this Benefit Plan. <b>(This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations).</b>

Pg. 66 Sec. 8 - Definitions; 8.39 & 8.41	This change is due to ACA Regulations.	8.39-Added-maximum amount of benefits, Including procedures, days, visits or dollars for. Removed-total dollar amount. 8.41-Removed-expressed in dollars & or. Added-Including procedures & or dollars( <b>This would be considered an essential benefit so it must be added to the Benefits due to ACA regulations</b> ).

NDPERS SPD CHANGES	Non Grandfathered Plan	
Page/Section	Comments	Deletion/Changes
<b>Changes due to Rewrite to go into the SPD</b>		
Pg.3; #3- Nonparticipating Health Care Providers	This change is due to Rewrite and will further define Behavioral Health Intensive Outpatient Benefits.	Nonparticipating Health Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services will be an amount determined by BCBSND to be reasonable for the appropriate level of care <b>.(Rewrite Issue #3). (No Cost Impact)</b>
Pg.14 & 15 Sec. Psychiatric and Substance Abuse Services	This is language clarification based on Rewrite so Members better understand the Psych & Substance Abuse benefits.	Breaks down each type of Psychiatric & Substance Abuse treatment specifically and Intensive Outpatient Program has been added. This will be paid at 80% on both the PPO and Basic plans. <b>(Rewrite issue #3). (No cost impact).</b>
Pg. 23 Sec. Outpatient Therapy Services	This change is due to Rewrite as BCBSND had been processing benefits this way so needed to add the language only.	Benefits are available as listed in the Schedule of Benefits, Section 1, when performed by or under the direct supervision of a licensed Physical Therapist. Services must be provided in accordance with a predicted plan of treatment ordered by a Professional Health Care Provider. Benefits are not available for Maintenance Care. <b>(Rewrite issue #37). (No cost impact).</b>
Pg. 23 Sec. Maternity Services	This is a language Clarification only.	Benefits are limited to 2 Ultrasounds per pregnancy. BCBSND has been allowing 2 ultrasounds. <b>(Rewrite #5) (No cost impact)</b>

Pg. 25 & 26 Sec. 2.12 Psychiatric and Substance Abuse Services	This change is due to Rewrite to clarify Psych and Substance Abuse benefits to the members as well as add the Intensive Outpatient Program.	All new Language is indicated in red-Guidelines and criteria for Medically Appropriate and Necessary services are available from BCBSND. A. 1. Inpatient-added psychiatric & an appropriately licensed and credentialed & or; 2. added-For Members Under Age 21 & the & of psychiatric illness for Members under age 21 when provided at an appropriately licensed and credentialed & Center. No benefits are available for the Residential Treatment of psychiatric illness for Members age 21 and older. 3. added-Partial Hospitalization-the Patial Hospitalization of psychiatric illness when provided at an appropriately licensed and credentialed facility. 4. added-Intensive Outpatient Program- Benefits are available in an Intensive Outpatient Program for psychiatric illness, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. 5. added-Licensed Professional Clinical Counselor and Advanced Practice Registered. B. Substance Abuse Services; Inpatient-added-Benefits are availabe for the inpatient treatment of substance abuse including medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment, when provided at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. No benefits are available for ambulatory pharmacological detoxification management whether in an Outpatient, Intensive Outpatient Program (IOP) or Parital Hospitlization program (PHP) setting. No benefits are available for clinically managed residential detoxification ("social detox"). 2. Residential Treatment-added-the & of substance abuse when provided at an appropriately licensed and credentialed & center. 3. Patial Hospitalization-added-the Partial Hospitalization of substance abuse when provided at an appropriately licensed and credentialed facility. 4. Intensive Outpatient Program - Benefits are available in an Intensive Outpatient Program for substance abuse, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. <b>(Rewrite #3). (No cost impact).</b>
Pg. 29 Sec. 2.21 Outpatient Prescription Medication or Drugs	This change is a Rewrite to address Specialty Drugs.	Payable Over-the-Counter (OTC) Drug, Specialty Drug. Restricted Use Drugs require Prior Approval and/or are subject to a limited dispensing amount. <b>(Rewrite #11)(No cost impact)</b>
Pg. 30 Section 3- Managed Benefits; 3.1 Prior Approval Process	This change is a Rewrite.	Removed M - This is now defined better in sec. 2.12. P-Clarified that sleep studies at a facility not accredited by the American Academy of Sleep Medicine; Q-removed as this is and has been an exclusion and BCBSND has processed claims under the contract exclusion. <b>(Rewrite #3)(No cost impact)</b>

Pg. 31 Sec. 3.2 Preauthorization	Language clarification only.	Added Inpatient.
Pg. 33 Sec. 3.5 Case Management	This is a Rewrite change.	<p>BCBSND's case management process may include a flexible benefits option. This option allows professional case managers to assist Members with certain complex and/or chronic health issues by coordinating complicated treatment plans and other types of complex patient care plans. Through the flexible benefits option, case managers may identify a less costly alternative treatment plan for the Member. Members who are eligible to receive services through the flexible benefits option are asked to provide verbal consent for the alternative plan. If the Members and the Member's Health Care Provider agree with the plan, alternative benefits will begin immediately and the Member will be asked to sign an alternative benefits agreement that includes the terms listed below, in addition to any other terms specified in the agreement. Alternative benefits will be made available for a limited period of time and are subject to BCBSND's ongoing review. The Member must cooperate with the review process. If BCBSND approves alternative benefits, BCBSND does not guarantee that these will be extended beyond the limited time period and/or scope of treatment initially approved or that these will be approved in the future. The decision to offer alternative benefits is solely BCBSND's, and unless otherwise specified in the alternative benefits agreement, BCBSND may withdraw those benefits at any time and resume regular contract benefits. BCBSND's decision to offer or withdraw alternative benefits is not subject to the appeals process. <b>(Rewrite #3). (No cost impact).</b></p>

<p>Pg. 34, 35 &amp; 36 Sec. 4- Exclusions</p>	<p>These changes are all Rewrite changes.</p>	<p>4. changing terminology to intellectual disability. 5. add-education programs or tutoring services (not specifically defined elsewhere), including education on self-care or home management. 6.add-Developmental delay care, Including services or supplies, regardless of where or by whom they are provided that:Are less than two standard deviations from the norm as defined by standardized, validated developmental screening tests, such as the Denver Developmental Screening Test; or Are educational in nature; vocational and job rehabilitation, recreational therapy; or Special education, including lessons in sign language to instruct a Member whose ability to speak has been lost or impaired to function without that ability, is not covered.10.added-Clinically managed, medium intensity Residential Treatment of substance abuse(adults only). 11. added-Clinically managed low intensity Residential Treatment of substance abuse, Including halfway house; supervised living; supportive living environment. 12. added-Early Intensive Behavioral Intervention (EIBI) in all its forms, Including Applied Behavioral Analysis (ABA), Intensive Early Interventional Behavioral Therapy (IEIBT), Intensive Behavior Intervention (IBI), the Lovaas Method, Denver Model, LEAP, TEACCH, Pivotal Response Training and Discrete Trial Training.13. added Ambulatory pharmacological detoxification management. 14. added-Social detoxification Including clinically managed residential detoxification.15. added-Mental disability or mental disorder services that, according to generally accepted professional standards, is not amenable to favorable modification, except for initial evaluation, diagnosis or crisis intervention.22.removed-or a facility for the housing or rehabilitation of alcoholics or drug dependent persons.34. removed. 35. removed and added to 38. added-Alternative treatment therapies, Including acupuncture, acupressure, aquatic whirlpool therapy, chelation therapy, massage therapy, naturopathy, homeopathy, holistic medicine, hypnotism, hypnotherapy, hypnotic anesthesia, music therapy or therapeutic touch. <b>(Rewrite #3) (No cost Impact)</b>. 9. - removed- or nicotine addiction <b>(Rewrite #38)</b>; Number 29 - Added- Genetic testing when performed in the absence of symptoms or high risk factors for a heritable disease; genetic testing when knowledge of genetic status will not affect treatment decisions, frequency of screening for the disease, or reproductive choices; genetic testing that has been performed in response to direct-to-consumer marketing and not under the direction of the Member's physician.<b>(Rewrite #2)</b>.</p>
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Pg. 41 Sec. 5- General Provisions; 5.7 Notification Requirements and Special Enrollment Provisions; #5	This change is being made due to Rewrite.	Language change from Mentally retarded to intellectually disabled. <b>(Rewrite #4). (No cost impact).</b>
Pg. 50 Sec. 6 -Claims for Benefits and Appeals & 6.2-A.	This is a language change based on the Standard Appeals Language.	Type of Notice-Added-Emergency Claim for Benefits-Response to Request For Additional Information (Claimant) - 48 Hours; Pre-Service Claim for Benefits - 45 days; Post-service Claim for Benefits-45 days; Ongoing Course of Treatment Claim for Benefits - N/A. 6.2 - A. Added the 45 days <b>(No cost impact).</b>
Pg. 63, 67, 68, 69, 70, 71,72 & 73 Sec. 8 - Definitions	These are changes due to Rewrite.	8.3-Removed due to <b>(Rewrite #3)</b> , 8.28-added-Nonparticipating Helathy Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services by a Nonparticipating Health Care Provider will be an amount determined by BCBSND to be reasonable for the appropriate level of care. N-added-Intensive Outpatient Program.,AA-added-Partial Hospitalization, OO-added with nursing and medical professionals providing medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. <b>(Rewrite #3)</b> , 8.37-Added-Intensive Outpatient Treatment-a structured, short term treatment of mental illness or substance abuse more intensive than Outpatient treatment but less intensive than Partial Hospitalization provided by a Health Care Provider to treat multidimensional instability. <b>(Rewrite #3)</b> , 8.50-added-structured multidisciplinary & usually held during the daytime hours and generally providing 20 or more hours per week to treat multidimensional instability not requiring 24-hour care. <b>(rewrite #3)</b> , 8.56-H.-added-Specialty Drug-an Outpatient Prescription Medication or Drug listed on the Specialty Drug List. <b>(Rewrtie #3)</b> ,8.64-added-24-hour care & and to stabilize multidimensional imminent risk. <b>(Rewrite #3).(No cost impact).</b>

<b>Changes due to ACA Regulations</b>		
Pg. 6 Sec. Inpatient and Outpatient Surgical Services	This change is due to ACA Regulations.	Outpatient Sterilization Procedures for Females. 100% of Allowed Charge. Deductible is waived. This applies to the PPO and Basic level. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 7 Sec. 1 Temporomandibular (TMJ) or Craniomandibular (CMJ) Joint Treatment	This change is due to ACA Regulations.	Removed the dollar maximums and benefit is now-75%-Basic and 80%-PPO of Allowed Charge. Benefits are subject to a Lifetime Maximum of 2 surgical procedures and a Maximum Benefit Allowance of 1 splint per Member per Benefit Period. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 Sec. Wellness Services	This change is due to ACA Regulations.	Phenylketonuria (PKU)-Removed the dollar Maximum so now it is-75%(Basic) and 8-%(PPO) of Allowed Charge. Routine Physical Examination(Office Visit)-This had a limit of 1 per member per benefit period. Will now be 100% of Allowed Charge. Deductible Amount is waived. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 Sec. Wellness Services	This change is due to ACA Regulations.	Routine Physical Examination(Office Visit)-This had a limit of 1 per member per benefit period. Will now be 100% of Allowed Charge. Deductible Amount is waived. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 Sec. Routine Diagnostic Screenings	This change is due to ACA Regulations.	Added - Diabetes Screening. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>

Pg.10 Sec. Wellness Services	This change is due to ACA Regulations. We added the paragraph on Pg. 10- Please refer to BCBSND's Preventive Health Guidelines(available online at www.BCBSND.com or upon request by contacting Member Services at the telephone number and address on the back of your Identification Card) for further preventive services information.	Physical Therapy for community dwelling Members age 65 and older at risk for falls. 100% of Allowed Charge. Deductible Amount is waived for PPO & Basic Plans. A community dwelling Member is an individual who does not live in an assisted-living facility of nursing home. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 13 Sec. Maternity Services	This change is due to ACA Regulations	Lactation Counseling. 100% of Allowed Charge. Deductible Amount is waived. This is for both the PPO and Basic. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg.14 Sec. Contraceptive Services	This change is due to ACA Regulations	Contraceptive Services-100% of Allowed Charge. Deductible Amount is waived. Related Office Visit-100% of Allowed Charge. Deductible Amount is waived. This is for both the PPO and Basic Plans. Prescription contraceptive services obtainable with a Prescription Order are paid under the Outpatient Prescription Medications or Drugs benefit. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 16 Sec. Breast Pumps	This change is due to ACA Regulations.	100% of Allowed Charge. Deductible Amount is waived. Benefits are available for the rental or purchase of 1 breast pump per pregnancy. This is for both the PPO and Basic Plan. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 17 Sec. Outpatient Prescription Medications or Drugs and Diabetes Supplies	This change is due to ACA Regulations.	Two Copayment Amounts per Prescription Order or refill for a 2-month or 3-month supply of Nonformulary oral contraceptives. Formulary contraceptive drugs obtainable with a Prescription Order are paid at 100%of allowed Charge. Copayment Amounts do not apply. Deductible Amount is waived. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 21 Sec. 2; 2.4 - Temporomandibular or Craniomandibular Joint Treatment	This change is due to ACA Regulations.	Added - and the Maximum Benefit Allowance. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>

Pg. 22 Sec. 2.5-L- Outpatient Hospital and Medical Services	This change is due to ACA Regulations.	Removed - subject to the Maximum Benefit Allowance listed in the Schedule of Benefits, Section 1. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 23 Sec. 2; 2.9- Maternity Services	This change is due to ACA Regulations	Benefits for lactation counseling are available. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 24 Sec. 2.11 Contraceptive Services	This change is due to ACA Regulations.	Contraceptive services include Prescription Medications or Drugs and Payable Over-the-Counter Drugs, birth control devices prescribed and dispensed by a Health Care Provider and related Office Visits provided by a Health Care Provider. Benefits Include: A. Injections for birth control purposes; B. Diaphragm or cervical cap; C. Surgical implantation and removal of a contraceptive device; D. Insertion and removal of an Intrauterine Device (IUD); E. Outpatient surgical sterilization and related services. See Inpatient and Outpatient Surgical Services; F. Contraceptive Prescription Medications and Drugs and Payable Over-the-Counter Drugs, including birth control pills, patches and vaginal rings. See Outpatient Prescription Medications or Drugs benefit. In administering this Benefit Plan, as technology changes medical policy or medical guidelines for these services may be modified as appropriate. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 29 Sec. 2.19 Breast Pumps	This change is due to ACA Regulations.	Benefits are available for the rental or purchase of a breast pump when provided by a participating Home Medical Equipment Supplier. The rental cost shall not exceed the Allowance of such equipment. No benefits are available for supplies required for the breast pump. Covered Services include replacement and repairs when Medically Appropriate and Necessary. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg 35 Sec. 4- Exclusions- 23 & 25	This change is due to ACA Regulations.	23. Added-except as specifically allowed in the Schedule of Benefits and Covered Services Sections of this Benefit Plan. Removed - when charges exceed the limits covered by this Benefit Plan. 25. Added-Contraceptive products that do not require a Prescription Order of dispensing by a Health Care Provider. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 53-56 Sec. 6 - Claims for Benefits and Appeals	This is a change due to ACA Regulations.	See changes in red for pages 53-56. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>

Pg. 70 Sec. 8; 8.39 & 8.41-Defintions	This is a change due to ACA Regulations.	Lifetime Maximum-added-maximum amount of benefits, Including procedures, days, visits or dollars for and received and removed-total dollar amount of and paid. 8.41-removed-expressed in dollars and or and added Including procedures and dollars.

<b>NDPERS SPD CHANGES</b>	<b>Non Grandfathered HDHP Plan</b>	
<b>Page/Section</b>	<b>Comments</b>	<b>Deletion/Changes</b>
<b>Changes due to Rewrite to go into the SPD</b>		
Pg.3 Sec. 1; #3- Nonparticipating Health Care Providers	This change is due to Rewrite and will further define Behavioral Health Intensive Outpatient Benefits.	Nonparticipating Health Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services will be an amount determined by BCBSND to be reasonable for the appropriate level of care. <b>(Rewrite Issue #3). (No Cost Impact)</b>
Pg.13 Sec.1- Psychiatric and Substance Abuse Services	This is language clarification based on Rewrite so Members better understand the Psych & Substance Abuse benefits.	Broke down each service-Pshychiatric Services- Inpatient; Residential Treatment for Members under age 21; Partial Hospitalization; Added-Intensive Outpatient Program; Outpatient. Substance Abuse Services-Inpatient, Residential Treatment; Partial Hospitalization; Intensive Outpatient Program; Outpatient. <b>(Rewrite issue #3). (No Cost impact).</b>
Pg. 21 Sec. 2.7-A. Outpatient Therapy Services	This change is due to Rewrite as BCBSND had been processing benefits this way so needed to add the language only.	Benefits are available as listed in the Schedule of Benefits, Section 1, when performed by or under the direct supervision of a licensed Physical Therapist. Services must be provided in accordance with a predicted plan of treatment ordered by a Professional Health Care Provdier. Benefits are not available for Maintenance Care. <b>(Rewrite issue #37). (No Cost impact).</b>
Pg. 21 Sec. 2.9- Maternity Services	This is a language Clarification only.	Benefits are limited to 2 Ultrasounds per pregnancy. BCBSND has been allowing 2 ultrasounds. <b>(Rewrite #5) (No Cost impact)</b>

Pg. 23 & 24 Sec. 2.12 Psychiatric and Substance Abuse Services	This change is due to Rewrite to clarify Psych and Substance Abuse benefits to the members as well as add the Intensive Outpatient Program.	All new Language is indicated in red-Guidelines and criteria for Medically Appropriate and Necessary services are available from BCBSND. A. 1. Inpatient-added psychiatric & an appropriately licensed and credentialed & or; 2. added-For Members Under Age 21 & the & of psychiatric illness for Members under age 21 when provided at an appropriately licensed and credentialed & Center. No benefits are available for the Residential Treatment of psychiatric illness for Members age 21 and older. 3. added-Partial Hospitalization-the Patial Hospitalization of psychiatric illness when provided at an appropriately licensed and credentialed facility. 4. added-Intensive Outpatient Program- Benefits are available in an Intensive Outpatient Program for psychiatric illness, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. 5. added-Licensed Professional Clinical Counselor and Advanced Practice Registered. B. Substance Abuse Services; Inpatient-added- Benefits are availabe for the inpatient treatment of substance abuse including medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment, when provided at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. No benefits are available for ambulatory pharmacological detoxification management whether in an Outpatient, Intensive Outpatient Program (IOP) or Parital Hospitlization program (PHP) setting. No benefits are available for clinically managed residential detoxification ("social detox"). 2. Residential Treatment-added-the & of substance abuse when provided at an appropriately licensed and credentialed & center. 3. Patial Hospitalization-added-the Partial Hospitalization of substance abuse when provided at an appropriately licensed and credentialed facility. 4. Intensive Outpatient Program - Benefits are available in an Intensive Outpatient Program for substance abuse, when provided by an appropriately licensed and credentialed Intensive Outpatient Program. <b>(Rewrite #3). (No cost impact).</b>
Pg. 27 Sec. 2.21 Outpatient Prescription Medication or Drugs	This change is a Rewrite to address Specialty Drugs.	Payable Over-the-Counter (OTC) Drug, Specialty Drug. Restricted Use Drugs require Prior Approval and/or are subject to a limited dispensing amount. <b>(Rewrite #11)(No cost impact)</b>
Pg. 28 Section 3- Managed Benefits; 3.1 Prior Approval Process	This change is a Rewrite.	Removed M - This is now defined better in sec. 2.12. P-Clarified that sleep studies at a facility not accredited by the American Academy of Sleep Medicine; Q-removed as this is and has been an exclusion and BCBSND has processed claims under the contract exclusion. <b>(Rewrite #3)(No cost impact)</b>

Pg. 29 Sec. 3.2 Preauthorization	Language clarification only.	Added Inpatient.
Pg. 31 Sec. 3.5 Case Management	This is a Rewrite change.	<p>BCBSND's case management process may include a flexible benefits option. This option allows professional case managers to assist Members with certain complex and/or chronic health issues by coordinating complicated treatment plans and other types of complex patient care plans. Through the flexible benefits option, case managers may identify a less costly alternative treatment plan for the Member. Members who are eligible to receive services through the flexible benefits option are asked to provide verbal consent for the alternative plan. If the Members and the Member's Health Care Provider agree with the plan, alternative benefits will begin immediately and the Member will be asked to sign an alternative benefits agreement that includes the terms listed below, in addition to any other terms specified in the agreement. Alternative benefits will be made available for a limited period of time and are subject to BCBSND's ongoing review. The Member must cooperate with the review process. If BCBSND approves alternative benefits, BCBSND does not guarantee that these will be extended beyond the limited time period and/or scope of treatment initially approved or that these will be approved in the future. The decision to offer alternative benefits is solely BCBSND's, and unless otherwise specified in the alternative benefits agreement, BCBSND may withdraw those benefits at any time and resume regular contract benefits. BCBSND's decision to offer or withdraw alternative benefits is not subject to the appeals process. <b>(Rewrite #3). (No cost impact).</b></p>

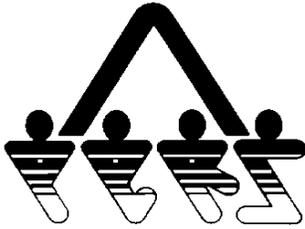
<p>Pg. 32, 33 &amp; 34 Sec. 4- Exclusions</p>	<p>These changes are all Rewrite changes.</p>	<p>services (not specifically defined elsewhere), including education on self-care or home management. 6.add-Developmental delay care, Including services or supplies, regardless of where or by whom they are provided that:Are less than two standard deviations from the norm as defined by standardized, validated developmental screening tests, such as the Denver Developmental Screening Test; or Are educational in nature; vocational and job rehabilitation, recreational therapy; or Special education, including lessons in sign language to instruct a Member whose ability to speak has been lost or impaired to function without that ability, is not covered.10.added-Clinically managed, medium intensity Residential Treatment of substance abuse(adults only). 11. added-Clinically managed low intensity Residential Treatment of substance abuse, Including halfway house; supervised living; supportive living environment. 12. added-Early Intensive Behavioral Intervention (EIBI) in all its forms, Including Applied Behavioral Analysis (ABA), Intensive Early Interventional Behavioral Therapy (IEIBT), Intensive Behavior Intervention (IBI), the Lovaas Method, Denver Model, LEAP, TEACCH, Pivotal Response Training and Discrete Trial Training.13. added Ambulatory pharmacological detoxification management. 14. added-Social detoxification Including clinically managed residential detoxification.15. added-Mental disability or mental disorder services that, according to generally accepted professional standards, is not amenable to favorable modification, except for initial evaluation, diagnosis or crisis intervention.22.removed-or a facility for the housing or rehabilitation of alcoholics or drug dependent persons.34. removed. 35. removed and added to 38. added-Alternative treatment therapies, Including acupuncture, acupressure, aquatic whirlpool therapy, chelation therapy, massage therapy, naturopathy, homeopathy, holistic medicine, hypnotism, hypnotherapy, hypnotic anesthesia, music therapy or therapeutic touch. <b>(Rewrite #3) (No cost impact)</b>. 9. - removed- or nicotine addiction <b>(Rewrite #38)</b>(No cost impact); Number 29 - Added-Genetic testing when performed in the absence of symptoms or high risk factors for a heritable disease; genetic testing when knowledge of genetic status will not affect treatment decisions, frequency of screening for the disease, or reproductive choices; genetic testing that has been performed in response to direct-to-consumer marketing and not under the direction of the Member's physician.<b>(Rewrite #2)(No cost impact)</b>.</p>
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Pg. 39 Sec. 5- General Provisions; 5.8 Notification Requirements and Special Enrollment Provisions; #5	This change is being made due to Rewrite.	Language change from Mentally retarded to intellectually disabled. <b>(Rewrite #4). (No cost impact).</b>
Pg. 61, 63, 65, 66, 67, 69, 70 & 71 Sec. 8 - Definitions	These are changes due to Rewrite.	8.3-Removed due to <b>(Rewrite #3)</b> , 8.28-added-Nonparticipating Helathy Care Providers must meet the programmatic, staffing and intensity of service treatment components as defined by BCBSND. Payment for these services by a Nonparticipating Health Care Provider will be an amount determined by BCBSND to be reasonable for the appropriate level of care. N-added-Intensive Outpatient Program.,AA-added-Partial Hospitalization, OO-added with nursing and medical professionals providing medically managed inpatient detoxification, medically monitored inpatient detoxification, medically managed intensive inpatient treatment or medically monitored intensive inpatient treatment at an appropriately licensed and credentialed Substance Abuse Facility. Preauthorization is required. <b>(Rewrite #3)</b> , 8.37-Added-Intensive Outpatient Treatment-a structured, short term treatment of mental illness or substance abuse more intensive than Outpatient treatment but less intensive than Partial Hospitalization provided by a Health Care Provider to treat multidimensional instability. <b>(Rewrite #3)</b> , 8.50-added-structured multidisciplinary & usually held during the daytime hours and generally providing 20 or more hours per week to treat multidimensional instability not requiring 24-hour care. <b>(rewrite #3)</b> , 8.64-added-24-hour care & and to stalabilze multidimensional imminent risk. <b>(Rewrite #3).(No cost impact).</b>
Pg. 70 Sec. 8- Definitions, 8.56-H	These are changes due to Rewrite.	Added-Specialty Drug-an Outpatient Prescription Medication or Drug listed on the Specialty Drug List. <b>(Rewrite #11).(No cost impact).</b>
<b>Changes due to ACA Regulations</b>		

Pg. 6 Sec. Inpatient and Outpatient Surgical Services	This change is due to ACA Regulations.	Outpatient Sterilization Procedures for Females. 100% of Allowed Charge. Deductible is waived. This applies to the PPO and Basic level. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 7 Sec. 1 Temporomandibular (TMJ) or Craniomandibular (CMJ) Joint Treatment	This change is due to ACA Regulations.	Removed the dollar maximums and benefit is now-75%-Basic and 80%-PPO of Allowed Charge. Benefits are subject to a Lifetime Maximum of 2 surgical procedures and a Maximum Benefit Allowance of 1 splint per Member per Benefit Period. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 Sec. Wellness Services	This change is due to ACA Regulations.	Phenylketonuria (PKU)-Removed the dollar Maximum so now it is-75%(Basic) and 80%(PPO) of Allowed Charge. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 8 & 9- Sec. Wellness Services	This change is due to ACA Regulations.	Routine Physical Examination(Office Visit)-This had a limit of 1 per member per benefit period. Will now be 100% of Allowed Charge. Deductible Amount is waived. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 9 Routine Diagnostic Screenings	This is a change due to ACA Regulations.	Added - Diabetes Screening. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 10- Sec. Wellness Services	This change is due to ACA Regulations. We added the paragraph on Pg. 10- Please refer to BCBSND's Preventive Health Guidelines(available online at <a href="http://www.BCBSND.com">www.BCBSND.com</a> or upon request by contacting Member Services at the telephone number and address on the back of your Identification Card) for further preventive services information.	Physical Therapy for community dwelling Members age 65 and older at risk for falls. 100% of Allowed Charge. Deductible Amount is waived for PPO & Basic Plans. A community dwelling Member is an individual who does not live in an assisted-living facility of nursing home. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 12 Sec. Maternity Services	This change is due to ACA Regulations	Lactation Counseling. 100% of Allowed Charge. Deductible Amount is waived. This is for both the PPO and Basic. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>

Pg.12 Sec. Contraceptive Services	This change is due to ACA Regulations	Contraceptive Services-100% of Allowed Charge. Deductible Amount is waived. Related Office Visit-100% of Allowed Charge. Deductible Amount is waived. This is for both the PPO and Basic Plans. Prescription contraceptive services obtainable with a Prescription Order are paid under the Outpatient Prescription Medications or Drugs benefit. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 14 Sec. Breast Pumps	This change is due to ACA Regulations.	100% of Allowed Charge. Deductible Amount is waived. Benefits are available for the rental or purchase of 1 breast pump per pregnancy. This is for both the PPO and Basic Plan. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 15 Sec. Outpatient Prescription Medications or Drugs and Diabetes Supplies	This change is due to ACA Regulations.	Formulary contraceptive drugs obtainable with a Prescription Order are paid at 100% of Allowed Charge. Deductible Amount is waived. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 19 Sec. 2; 2.4 - Temporomandibular or Craniomandibular Joint Treatment	This change is due to ACA Regulations.	Added - and the Maximum Benefit Allowance
Pg. 20 Sec. 2.5- Outpatient Hospital and Medical Services-L.	This change is due to ACA Regulations.	Deleted-subject to the Maximum Benefit Allowance listed in the Schedule of Benefits, Section 1. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 21 Sec. 2; 2.9- Maternity Services	This change is due to ACA Regulations	Added-Benefits for lactation counseling are available. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>

Pg. 22 Sec. 2.11 Contraceptive Services	This change is due to ACA Regulations.	Contraceptive services include Prescription Medications or Drugs and Payable Over-the-Counter Drugs, birth control devices prescribed and dispensed by a Health Care Provider and relate Office Visits provided by a Health Care Provider. Benefits Include:A. Injections for birth control purposes;B. Diaphragm or cervical cap;C. Surgical implantation and removal of a contraceptive device;D. Insertion and removal of an Intrauterine Device (IUD); E. Outpatient surgical sterilization and related services. See Inpatient and Outpatient Surgical Services;F. Contraceptive Prescription Medications and Drugs and Payable Over-the-Counter Drugs, Including birth control pills, patches and vaginal rings. See Outpatient Prescription Medications or Drugs benefit. In administering this Benefit Plan, as technology changes medical policy or medical guidelines for these services may be modified as appropriate. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 27 Sec. 2.19 Breast Pumps	This change is due to ACA Regulations.	Benefits are available for the rental or purchase of a breast pump when provided by a participating Home Medical Equipment Supplier. The rental cost shall not exceed the Allowance of such equipment. No benefits are available for supplies required for the breast pump. Covered Services include replacement and repairs when Medically Appropriate and Necessary. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 33 Sec. 4- Exclusions-#23 & 25	This change is due to ACA Regulations.	Added - except as specifically allowed in the Schedule of Benefits and Covered Services Sections of this Benefit Plan. Removed - when charges exceed the limits covered by this Benefit Plan. Added-Contraceptive products that do not require a Prescription Order or dispensing by a Health Care Provider. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 51, 52, 53 & 54 Sec. 6 - Claims for Benefits and Appeals	This is a change due to ACA Regulations.	See changes in red for pages 53-56. <b>(Because this is a NGF plan it must be added to the Benefits due to ACA regulations).</b>
Pg. 68 Sec. 8; 8.39 & 8.41-Definitions	This is a change due to ACA Regulations.	Lifetime Maximum-added-maximum amount of benefits, Including procedures, days, visits or dollars for and received and removed-total dollar amount of and paid. 8.41-removed-expressed in dollars and or and added Including procedures and dollars.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** Final Retirement Legislation

## HB 1452

### BILL PROVISIONS

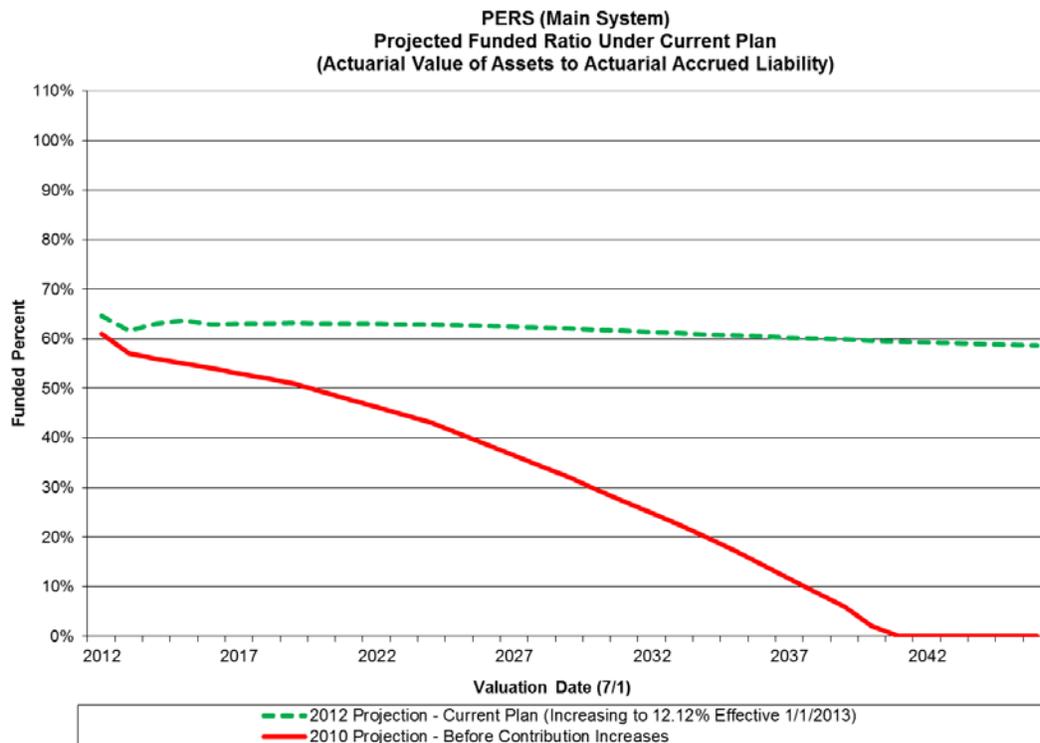
The final provisions of HB 1452 were as follows:

Retirement Plan	Approved Increase <sup>2</sup>	DC Option <sup>3</sup>
Main	<ul style="list-style-type: none"><li>• 1% increase in employer contribution effective 1/1/14</li><li>• 1% increase in employee contribution effective 1/1/14.</li></ul>	Yes
Judges	<ul style="list-style-type: none"><li>• 1% increase in employer contribution effective 1/1/14</li><li>• 1% increase in employee contribution effective 1/1/14</li></ul>	Yes
Law Enforcement <sup>1</sup>	<ul style="list-style-type: none"><li>• ½ % increase in employee contribution effective 1/1/14</li><li>•</li></ul>	Yes
National Guard <sup>1</sup>	<ul style="list-style-type: none"><li>• ½ % increase in employee contribution effective 1/1/14</li></ul>	Yes
Defined Contribution	<ul style="list-style-type: none"><li>• 1% increase in employer contribution effective 1/1/14</li><li>• 1% increase in employee contribution effective 1/1/14.</li></ul>	
Highway Patrol	<ul style="list-style-type: none"><li>• 1% increase in employer contribution effective 1/1/14</li><li>• 1% increase in employee contribution effective 1/1/14.</li><li>•</li></ul>	No

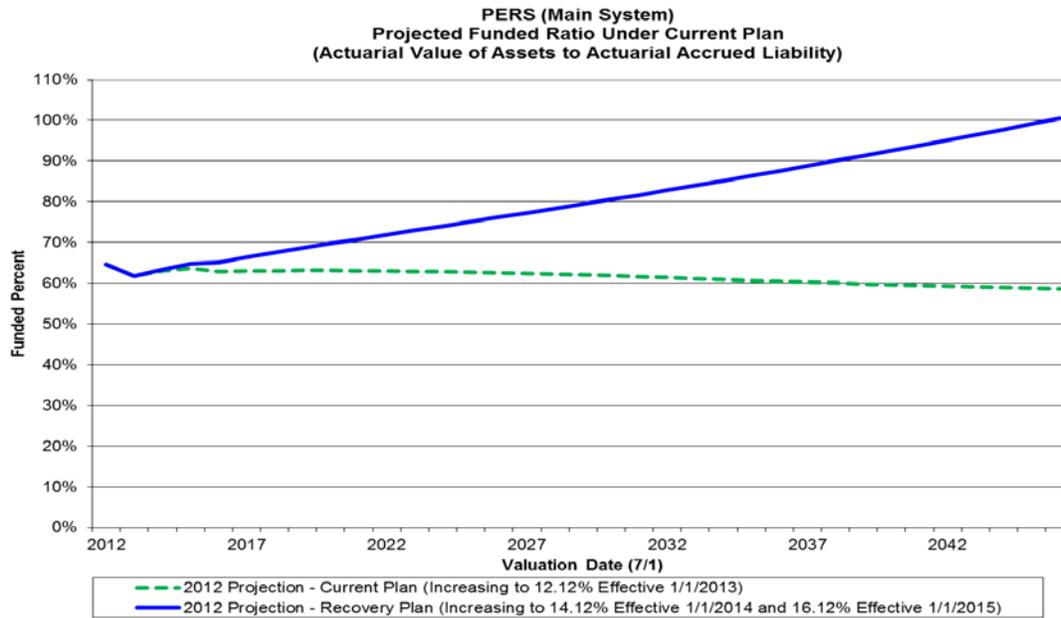
1. The PERS Board is responsible for setting the employer rate for these plans. The board has indicated that it will approve matching increases for the employers in these Plans
2. The final bill provides that upon the Main retirement plan reaching fully funded status (100%), the contribution level for all plans will be reduced to what they are in 2013. The defined contribution plan contribution levels will also be reduced to 2013 figures as well.
3. The DC option is effective beginning October 1, 2013 for new state employees in these plans and until July 2017 when it will expire.

## EFFECT OF 1452 ON THE MAIN PLAN

The following table shows the challenge the plan faced prior to last session (the solid line below) and what was accomplished with the passage of the first two years of the recovery plan. As the chart shows the challenge the plan faced as a result of the downturn in the financial markets was a declining funded status over time (solid line). The adoption of the first two years of the recovery plan (SB 2108 from last session) stopped the decline and stabilized the funded status at around 60% (the dotted line) thereby meeting the first two goals.

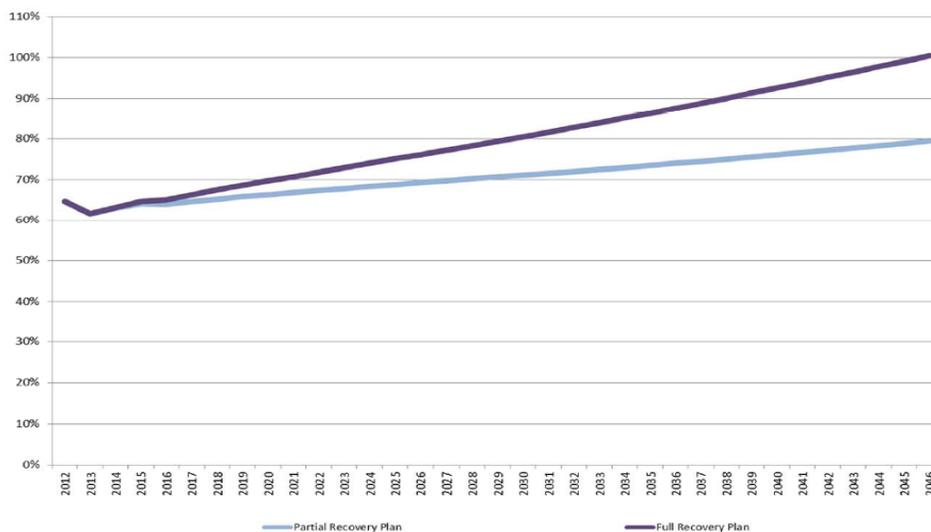


SB 2059 as submitted this session proposed the last two years of the recovery plan and would have put the PERS plan on a course back to 100% funded status (solid line). The dotted line is the plans projected funded status based upon the first two years approved last session.



SB 2059 was defeated in the House but its provisions were added to HB 1452. As approved HB 1452 authorized the first year of the contribution increases but not the second year. The bill also approved a defined contribution plan option for state employees until 2017. As approved the bill will put the plan on a course back to 80% funded status less the cost of the DC option, which will depend on the number of members selecting this option (the top line is the original recovery plan and the bottom line is as approved in HB 1452). The cost of the DC plan will reduce the bottom line depending on the number of members that elect to transfer.

**Projected Funded Ratios Under HB 1452 with Partial Recovery Plan (1% Increases on 1/2013 and 1/2014) and Full Recovery Plan (2% Increases on 1/2013 and 1/2014)  
Main System (AVA Basis)**



The required return to return to get us back to 100% over this period would be about 8.65%, not including the DC plan option costs.



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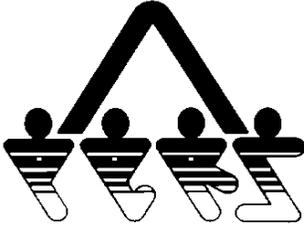
# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** HB 1452 Implementation

As noted in the Legislative Review memo, we have until October of 2013 to implement HB 1452. The legislation provides that the implementation will be based upon the policies and rules of the PERS Board. As I noted during the hearing we will not be able to do any rules prior to the October 2013 date and that is why the "policy" wording was added. As we previously discussed and what we used as the basis for developing the implementation costs was that the process used here would be the same as we presently use for our existing DC option. I just wanted to confirm this intention and then staff can move forward with the implementation process.

Board Action Requested:

To confirm that the process used for HB 1452 will be the same as that used for our present DC plan option.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** Segal Rates

At the February 2012 meeting it was decided to renew our contract with Segal for two more years since they have been extensively involved in developing our recovery plan and doing all the requested projections. The motion was as follows:

**MR. SANDAL MOVED APPROVAL TO EXTEND THE CONTRACT WITH SEGAL FOR TWO YEARS BEGINNING JULY 1, 2012 AT THE HOURLY RATE, AND RE-EVALUATE THE HOURLY RATE AFTER THE FIRST YEAR. THE MOTION WAS SECONDED BY MR. ERDMANN.**

At the last meeting we discussed the recent TFFR renewal of its contract with Segal. The cost of their valuation is \$40,000. Please note that when comparing this to the PERS valuation, ours is for six valuations and TFFR's is for the one system. In comparing the time charges, TFFR was offered a composite rate (\$280 per hour), whereas we use a rate based upon the individuals doing the work. In our discussions at the last meeting it was felt that it would be better for us to use a composite rate such as TFFR. Consequently, at the last meeting you asked me to follow-up with Segal to see if this rate would be available to us. I have talked with them and they will make this rate available to us for the next year.

Attached is an updated offer from them reflecting the revised rate.

## **Board Action Requested**

To accept the attached revised rates schedule from Segal for 2013-14 and to approve using the composite rate going forward.



THE SEGAL COMPANY  
1920 N Street NW, Suite 400 Washington, DC 20036  
T 202.833.6400 F 202.833.6490 www.segalco.com

**DIRECT DIAL NUMBER**  
(202) 833-6437

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

May 8, 2013

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

**Re: Proposed Contract Extension**

Dear Sparb:

The current consulting services contract extension expires June 30, 2012. Based upon your request, we are proposing a two-year extension of the current contract. The proposed fee increases are necessary to continue to provide quality consulting and are supported by the actual level of effort expended for NDPERS.

Segal values our over 20-year relationship with the System and has made every effort to provide increases that support the ever increasing level of diligence and care required for all public employee retirement systems. Our knowledge of the System's plans and provisions enhances assessing the impact of proposed changes and identifying future challenges. We will continue to work closely with the Board and staff through increased communications utilizing team calls to assure concurrence on and the outcome of core services and special projects.

The following tables set forth the proposed fees for consideration.

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



**Multinational Group of Actuaries and Consultants** BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE NEW YORK  
PARIS STOCKHOLM TOKYO TORONTO UTRECHT

<b>Fixed Fee Rates</b>	<b>Existing Fee 7/1/11-6/30/12</b>	<b>Proposed Fee Year One 7/1/12-6/30/13</b>	<b>Proposed Fee Year Two 7/1/13-6/30/14</b>
Actuarial Valuation and Consulting Services			
<i>-Plans: General, Judges, Law Enforcement with prior service, Law Enforcement without prior service, Highway Patrol, National Guard et.al.</i>	\$65,600	\$68,200	\$71,000
<i>- Retiree Health Insurance Credit Fund</i>	\$12,100	\$12,600	\$13,100
<i>- Job Service North Dakota</i>	\$17,600	\$18,300	\$19,000
<b>Total Fixed Fee Matters</b>	<b>\$95,300</b>	<b>\$99,100</b>	<b>\$103,100</b>

<b>Time Charge Rates</b>			
QDRO, Compliance Consulting, General Consulting and Special Projects	Time Charges per schedule	Time Charges per schedule	Time Charges per schedule
Flexible Compensation	Time Charges per schedule	Time Charges per schedule	Time Charges per schedule
Legislative Analysis	Time Charges per schedule	Time Charges per schedule	Time Charges per schedule
401(a) Defined Contribution Plans	Time Charges per schedule	Time Charges per schedule	Time Charges per schedule
457 Plan	Time Charges per schedule	Time Charges per schedule	Time Charges per schedule

The overall fixed fee covers the valuations listed above and two onsite meetings, one with the Board and one before the Legislative Committee. Other special projects or consulting will be charged on an hourly rate basis as listed below with prior approval from the System.

<b>Hourly Rates</b>	<b>Existing Fee 7/1/11-6/30/12</b>	<b>Proposed Fee Year One 7/1/12-6/30/13</b>	<b>Proposed Fee Year Two 7/1/13 - 6/30/14</b>
Consulting Actuary	\$380	\$395	\$410
Reviewing Actuary	\$410	\$425	\$440
Senior Actuarial Analyst	\$350	\$365	\$380
Actuarial Analyst	\$235	\$245	\$255
Compliance Consultant	\$360	\$375	\$390
Compliance Analyst	\$235	\$245	\$255

Instead of the consultant-based rates above, if the Board wishes, for all special projects or consulting outside the fixed fee may instead be charged at blended rate, held constant for two years, shown below.

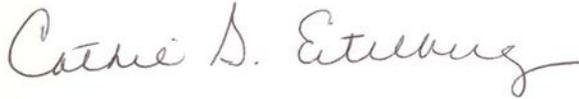
<b>Hourly Rates</b>	<b>Existing Fee 7/1/11-6/30/12</b>	<b>Proposed Fee Year One 7/1/12-6/30/13</b>	<b>Proposed Fee Year Two 7/1/13 - 6/30/14</b>
Blended Rate	N/A	\$350	\$280

Please note that any charges associated with the internal transition of work between the San Francisco and Los Angeles offices will not be charged to the System.

Mr. Sparb Collins  
North Dakota Public Employees' Retirement System  
May 8, 2013  
Page 4

We respectfully submit this proposal for an extension. Please do not hesitate to call if I can answer any questions.

Sincerely,



Cathie Eitelberg  
Senior Vice President  
National Director, Public Sector Market

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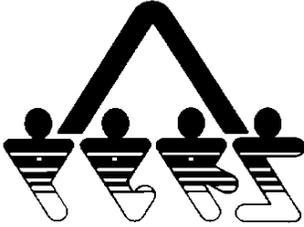
Sparb Collins  
Executive Director  
North Dakota Public Employees' Retirement System

---

Date

cc: John Coyle  
Brad Ramirez  
Tammy Dixon  
Steve Ohanian

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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** May 7, 2013

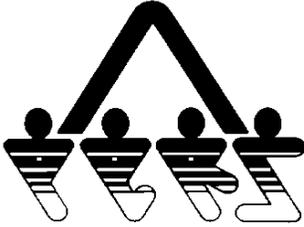
**SUBJECT:** ANNUAL EXECUTIVE DIRECTOR EVALUATION

It is time to do the annual evaluation for the Executive Director. Attached is the form that is used for the evaluation.

In the past the Board has appointed a committee of three to coordinate the annual evaluation of the Executive Director and makes a salary recommendation at the June meeting. Last year, Mr. Sage, Ms. Smith and Chairman Strinden were on the committee.

**Board Action Requested**

To determine how to proceed with the evaluation process.



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**Sparb Collins**  
Executive Director  
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# Memorandum

**TO:** NDPERS Board  
**FROM:** Sharon Schiermeister  
**DATE:** May 8, 2013  
**SUBJECT:** Budget Update

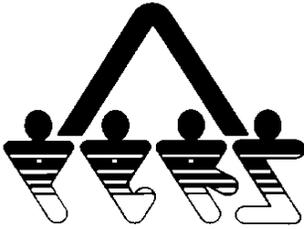
Last August, as part of the consideration for hiring an outside vendor for claims processing services for the FlexComp Plan, we discussed the need to make the vendor payments from January – June 2013, the remainder of this biennium. At that time, we projected we would not have sufficient appropriation authority in our operating expense line item to make these payments. In order to make these payments, we estimated we would need to transfer up to \$75,000 in appropriation authority from the contingency line item to the operating line item. The Board has the authority to make this transfer if it deems it necessary. The minutes reflect the following:

**The Board discussed this and concurred to move forward with appropriation authority and to move dollars out of contingency into the operating for the remainder of the biennium (ending June 30, 2013).**

The payments to ADP for January – June 2013 are estimated to be \$52,000. In order to have sufficient appropriation authority to make these payments, we are requesting the Board to authorize a transfer of \$50,000 from the Contingency line item to the Operating line item.

## **Board Action Requested**

Authorize the transfer of \$50,000 of appropriation authority from the Contingency line item to the Operating line item for the 2011-13 biennium.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** May 7, 2013

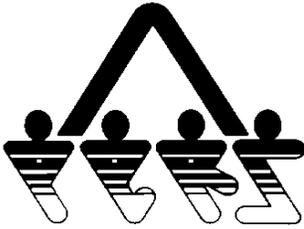
**SUBJECT:** Personnel Policy Manual Revisions

We have updated/revised the following sections of our Personnel Policy Manual:

- Section 2.8: Clarifies that the applicable charge for personal use of the copy machine applies not only to duplicating but also to copies printed from the internet.
- Section 12.3: Both sections e & f were updated to reflect the new provisions effective March 8, 2013 as they apply to military family leave entitlements and eligibility requirements under the FMLA.
- Section 12.4: Revised to reflect the new provisions that apply to military FMLA. The increments to request leave were changed from one hour to one-quarter (.25) hour increments consistent with the time increment PERS uses for other types of leave. This same change was also made in Section 12.7.

Staff recommends that the Board approve the proposed revisions.

**Board Action Requested**



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# Memorandum

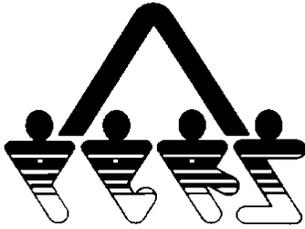
**TO:** NDPERS Board  
**FROM:** Kathy  
**DATE:** May 8, 2013  
**SUBJECT:** Election Update

There are two nominees for the active vacancy on the PERS Board:

Levi Erdmann – Land Department  
Kim Riedlinger Wassim - Human Resource Management Services

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

May 27, 2013 (week of) – Ballots sent to membership  
June 14, 2013 – Deadline to return ballots  
June 17, 2013 – Ballot canvassing  
June 20, 2013 – Present election results to Board membership  
June 21, 2013 – Notify candidates of election results



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 9, 2013  
**SUBJECT:** Procurement Guidelines

Attached please find the PERS procurement guidelines with some suggested changes by staff. Periodically we review our guidelines and update them. We are seeking your consideration of the attached and any suggestions for additional changes. Based upon our discussion at this meeting, we will bring a final copy back to the Board for your approval in June.

# NDPERS POLICY

## Contract Procurement

The following shall be considered the policy for all contract procurements over \$10,000:

I. General Policy Statement:

It is NDPERS policy to procure services through full and fair competition. All procurement will be conducted in a manner that provides maximum open and free competition.

II. Contracting Frequency:

A. Special Projects: Whenever it is deemed necessary by the PERS Board, special contracts will be awarded through a competitive bidding process. The contract shall only be for the duration of the particular project. Selection of a special project consultant shall, as is possible, comply with the following policy for consulting contracts.

B. Ongoing Consulting Contracts: The following specific contracting areas shall be contracted for a period as established by the PERS Board. have contracts for two-year periods that coincide with the middle of the state's biennium. All contracts will be rebid every two years. Specific areas for the hiring of the consultants are:

1. Retirement Actuarial Consulting
2. Group Health Insurance Consulting
3. Group Life Insurance Consulting
4. Deferred Compensation Consulting
5. Flexible Benefits Consulting

These contracts may be expanded or adjusted during the contracting period to include special analysis or studies as determined by the Board.

C. Group Benefit Contracts: the following specific program areas shall have a contracting period as established by the NDPERS Board. for a period specified by the NDPERS Board.

1. Health Insurance
2. Life Insurance
3. Dental Insurance
4. Vision Insurance
5. Employee Assistance Program Services
6. Long Term Care Insurance

Comment [dk1]: Language to be provided by Sparb

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7. Defined Contribution Retirement Services

a. 457 Deferred Compensation Program Services

b. 401(a) Defined Contribution Retirement Services

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~~These contracts may be expanded during the two-year period to include special analysis or studies as determined by the Board.~~

III. Procurement Process:

A. Proposals must be solicited through a Request for Proposal (RFP). The RFP shall state:

1. The work specifications.

2. Review process.

3. Terms & conditions.

~~4. a.~~

~~— PERS reserves the right to reject any and all proposals.~~

~~2. b.~~

~~3. The failure to meet all procurement policy requirements shall not invalidate the procurement.~~

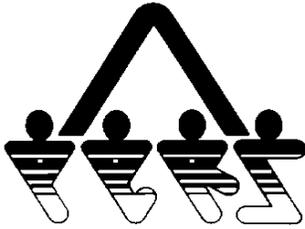
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- B. A professional listing of prospective bidders for each of the specific areas of contracting shall be maintained by PERS. ~~An A notice of~~ RFP must be ~~sent to all made available to~~ firms on the respective bidders list. If it is determined practical, notice of the proposed procurement will be provided to other potential bidders. The ~~notice of~~ RFP ~~shall may~~ be mailed, ~~emailed or postd to the NDPERS website~~ to prospective bidders ~~thirty (30) days prior to the deadline established for receipt of the bid~~. The filing deadline must be a part of the RFP ~~notice~~.
- C. Evaluation of proposals will be according to the procedure outlined in each specific RFP.
- D. The contract for the recommended consultant will be delivered to the Attorney General's Office for final review and approval prior to presentation to the Board.
- E. The PERS Board will make the final decision on hiring a consultant. Upon approval by the Board, the Executive Director may sign all approved contracts.

IV. Supervision of the Contract:

The Executive Director is responsible for the administration of all contracts and shall report to the Board any deficiencies or dissatisfaction.

- V. The Board's Code of Ethical Responsibility (~~approved 09/15/87~~) is hereby incorporated by reference and shall be supplied to all contractors.



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# Memorandum

**TO:** PERS Board

**FROM:** Sparb

**DATE:** May 8, 2013

**SUBJECT:** Business Plan: Agency Goals, Drivers and Philosophies

Attached are the agency goals, drivers and philosophies. As you may recall, this document was the basis for staff to develop its work plans for the upcoming year and what we used to assess our progress year over year. Due to the demands of the PERSLink project, we have not used it in the past couple of years but now that the project is in the last phases of implementation, we are going to restart our efforts in this area again.

Staff is in the process of reviewing the attached and we have included it here for your review and comment.



# North Dakota Public Employees Retirement System Business Plan

## I. 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.

## 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.

## 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.

## **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.

## **457 DEFERRED COMPENSATION PLAN**

### **Goals and Objectives**

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

## **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.

## **II. 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**

1. Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.
2. Promote consistent administration of benefit programs.
3. 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.
4. Promote centralization of agency records, publications, marketing materials, forms, & e-mail.
5. Continue to work with in all areas of the agency to monitor workflow changes.
6. Analyze service delivery operations to determine methods for increasing efficiency or quality.
7. To seek out ways to provide, store, and record board materials and actions in a timely, efficient and paperless manner.
8. Promote the efficient delivery of services and administration of the Administrative Division to the Programs Division, Accounting/IT Division, FlexComp, and Member Services.
9. Assess the administrative services needs of the agency.
10. Retain and maintain a qualified, fully trained staff to support the program division, accounting/IT division, FlexComp, Internal Auditor and member services.
11. Monitor software and mainframe applications to ensure consistent and accurate administration of benefit programs.
12. Supervise the performance of all service vendors retained on contract for NDPERS group insurance and retirement programs.
13. Ensure compliance of all programs with federal regulations, administrative rules and state statutes.
14. Develop knowledge and procedural basis to ensure ongoing compliance with HIPAA Security Rule provisions.
15. Provider certification/education program for 457 reps.
16. 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.
17. Develop and maintain a comprehensive accounting policy and procedure manual.

18. Provide online access to as much data as feasible.
19. Automate as many processes as feasible.
20. Upgrade computer hardware and software according to agency replacement schedule.
21. Administer a local area network that is accessible 99% of the time.
22. Insure the integrity of the mainframe database by maintaining an on-line data entry accuracy rate of 95% or better.
23. 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.
24. Execute a comprehensive control self-assessment program for administrative services, benefit programs and member services area.
25. Develop and execute an audit plan utilizing the control self-assessment results to ensure value added services to management.
26. Develop and execute an improved audit process for benefit programs and member services.
27. Improve the effectiveness of internal audit services.
28. Participate in assigned committees.
29. Conduct special examinations at the request of management, including the reviews of representations made by clients outside the agency.
30. Provide consulting services at the request of management to improve effectiveness of risk management, control, and governance processes, including the integrated business system, P<sup>3</sup> methodology and mainframe migration.
31. Work with Information Technology Division to provide access to electronic data for automated computer assisted audit techniques.
32. Ensure compliance with federal and state tax reporting regulations.

### **III. 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**

1. Improve the efficiency and convenience of the enrollment process through the use of e-business applications.
2. Monitor investment options available under NDPERS Companion Plan and Defined Contribution plan to ensure the needs and expectations of the members are met.
3. Investigate alternative methods of delivering/receiving benefit information.
4. Assist in the Development of the PERSLink Legacy System

## **IV. 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**

1. Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.
2. Provide members with information on financial planning, supplemental retirement savings, estate planning, and other topics relevant to successful transition to retirement.
3. Act as liaison for different NDPERS pension plans and the retirement board (Judges, Law Enforcement, Job Service, HP, Main system).

## **V. 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**

1. Provide liaison services to members with insurance claim and coverage disputes, pension service and benefit issues, and compliance issues arising from provider performance.
2. 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.
3. Provide a one-on-one counseling service that provides members with benefit options and assists them with the enrollment process.
4. Communicate with our members and clients via NDPERS web site.
5. Produce an Internal Audit Annual Report following the end of each calendar year.
6. Participate in professional organizations.
7. Assist the Audit Committee in managing their function of the Board.
8. Maintain a support team for PeopleSoft Benefit Administration that provides consistent and timely responses to inquiries from agency users.
9. Work with employers to ensure satisfaction with NDPERS service and provide excellent service to our members.

## **VI. 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**

1. Conduct recruitment activities using a standard screening and rating process that identifies the candidates whose qualifications best fit our requirements.
2. Maintain a performance evaluation system that is comprehensive and equitable.
3. Maintain an updated internal policy and procedure manual.
4. Maintain file of Position Information Questionnaires that accurately reflects the responsibilities and duties of each agency FTE position.
5. Process payroll accurately and timely and maintain an accurate accounting of accrued leave.
6. Maintain professional proficiency through continuing professional education and training to meet GAO, AICPA, and IIA standards.

## **VII. 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**

1. Monitor cost management and utilization review reports and assist in developing and reviewing options for cost management of plans.
2. 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.
3. Administer the DB Plan utilizing the principles of excellence established for the pension community by the Pension Benefit Coordinating Council.
4. Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting annually.
5. 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.
6. Prepare the agency's biennial budget for submission to the legislature by the due date specified by OMB
7. Monitor budgeted expenditures to actual expenditures, monthly
8. Allocate costs to accurately reflect the administrative expenses for each program.
9. Prepare information technology plan for submission to the legislature by the due date specified by ITD.
10. Maximize the investment return on deposits through an effective cash management program.
11. Prepare accurate monthly financial statements within 45 days of months end.
12. Provide accurate and timely census data and financial information to the agency's actuary for preparation of the annual actuarial valuations.
13. Evaluate and execute a comprehensive control self-assessment program for the Accounting and Information Technology area.
14. Develop and execute a working audit plan utilizing the control self-assessment results that will provide value added services to management.
15. Test NDPERS actuarial data at mid and fiscal year end of accuracy.
16. Develop and execute an improved audit process for accounting and information technology.
17. Coordinate and supplement external audit efforts.



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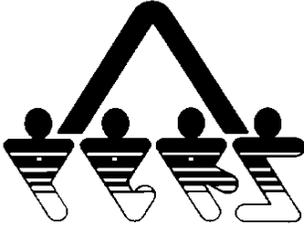
# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** May 8, 2013  
**SUBJECT:** Board Planning Meeting

After the legislative session has concluded we schedule a Board planning meeting.

In past years, this meeting has occurred either in December and/or January and has taken the place of a regular Board meeting.

Would you like to have the meeting in December or January? Based upon the month your decide Cheryl will follow-up with an email so you can check your calendars to determine what date will work.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** May 9, 2013

**SUBJECT:** Provider Compliance Update

At the March meeting you were informed that following a series of training sessions conducted by PERS staff, a large group of provider representatives remained non-compliant with our mandatory training requirements. As a solution, we provided an "Amnesty Week" wherein these representatives were allowed an additional opportunity to attend a training session. Following the conclusion of the "Amnesty Week" a large number of individuals still remained out of compliance. A letter was sent to the home office requesting that they provide us with direction regarding these representatives' ongoing status. The following provider companies responded and instructed us to remove the individuals from our listing:

- American Trust
- Jackson National
- Waddell & Reed

Following are the companies and the number of representatives that remain non-compliant:

- Hartford Life (Mass Mutual) – 40
- AXA – 1
- AIG VALIC – 1

Pursuant to NDCC 71-04-04-09, the Board may take the following actions with respect to provider companies with representatives out of compliance with the training requirements:

*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 has made contact with Hartford, AXA and VALIC to notify them of this impending action in order to give the companies the opportunity to resolve this issue prior to the Board meeting.

**Staff Recommendation:**

Direct staff to notify Hartford, AXA and VALIC that this situation has been reviewed by the Board which finds them out of compliance with our contract and that a “loss of active provider status” will go into effect May 1, 2013.

**Board Action Requested**

- Approve or reject staff's recommendation.