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FILED

JAN 03 2012

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:	)	Docket No. 18-2727-12
	)	
A-Plus Benefits, Inc. Employee Benefit Trust of Idaho	)	**ORDER ADOPTING REPORT OF EXAMINATION AS OF JULY 31, 2010**
Idaho Registration Number: 3884	)	
	)	
	)	
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	)	

The Report of Examination as of July 31, 2010 (Report) of the *A-Plus Benefits, Inc. Employee Benefit Trust of Idaho, Inc.* (the Plan or Trust) was completed by examiners of the Idaho Department of Insurance (Department) and signed the 15th day of November 2011 by the Examiner-in-Charge, Kelvin Ko, CFE. The verified, or attested, copy of the Report was filed with the Department effective November 15, 2011, and was transmitted electronically to the Trust on the same date. The final Report, attached hereto as Exhibit A and incorporated herein in full, is identical to the verified Report with the exception of minor typographical corrections.

Pursuant to Idaho Code §§ 41-227(4) and 41-4013(3), the Trust was afforded a reasonable opportunity to review the verified Report and to make written submissions regarding relevant matters contained within the Report. No written submissions or rebuttals were received from the Plan regarding the verified Report.

WAIVER

Attached hereto as Exhibit B and incorporated herein is a Waiver signed by the Trustee of the Plan, Mr. Richard Bartholomew. The Waiver was executed on December 14, 2011, with an electronic copy received by the Department on December 14, 2011. Based upon the Waiver, this is a final order, and the Trust has waived its rights to seek reconsideration and judicial review of this order.

ORDER

Consistent with the authority granted the Director of the Idaho Department of Insurance (Director) under Idaho Code § 41-227(5)(a), the Director HEREBY ORDERS the Trust to cure the following violations of title 41 of the Idaho Code as revealed within the examination Report. NOW, THEREFORE, IT IS ORDERED that:

1. The Plan Trustees implement a procedure which requires each individual having responsibility for the management of the Plan to fill out a conflict of interest statement annually to document compliance with Idaho Code § 41-4015;
2. The Plan Trustees enter into a separate and distinct TPA Services Agreement with its TPA, to be approved by the Board of Trustees and documented in the board minutes, in accordance with Idaho Code §§ 41-4007(3) and 41-4011(1);
3. The Plan Trustees keep separate board minutes for the Plan. The following should be included in the minutes: operational results of the Plan, major

transactions of the Plan, including approval of investments, agreements with other parties, appointment of the certified actuary and appointment of the auditor (see Idaho Code §§ 41-4011(1) and 41-4009(4));

4. The Plan Trustees reduce the turn-around time with regard to paid claims to 30 days or less, so as to come into compliance with Idaho Code §§ 41-5602(5) and 41-1329(6);

5. The Plan Trustees establish a complaint log to record complaints received from the Plan's members, in compliance with Idaho Code § 41-1330;

6. The Plan Trustees come into compliance with Idaho Code § 41-4011(1) by instituting procedures to preclude the co-mingling of Plan assets (i.e., stop-loss reimbursements) and claims payments in non-Plan bank accounts by: (1) ensuring that stop-loss receipts are only deposited into a Plan-owned Trust bank account; (2) ensuring that claims payments be funded/disbursed only though a Plan-owned Trust account; and (3) that this information is accurately reflected in the Plan's general ledger and financial statements;

7. The Plan Trustees immediately settle-up all receivables/payables with the non-Idaho account/Plan which have been identified and adjusted for on the financial statements of this examination Report, in compliance with Idaho Code § 41-4011(1);

8. The Plan Trustees, In accordance with Idaho Code § 41-4011(1), take the following measures:

   a. In future financial statements, the Plan shall ensure that the Prescription Drug liability is not "double-booked."

b. The Plan's consulting actuary shall apply the LAE factor to the total claims liability less the explicit margin.

c. The Plan shall implement procedures to verify the accuracy and completeness of the lag triangle provided to the consulting actuary.

9. The Plan Trustees implement procedures to pay and fully account for all of its expenses and deposit its stop-loss reimbursements using only a bank Trust account(s) held in the name of the Idaho Plan, as contemplated in Idaho Code §§ 41-4011(1) and 41-4009(3).

10. The Plan Trustees implement completeness and accuracy procedures to ensure that all large claims are included in the large claim report, in compliance with Idaho Code § 41-4011(1).

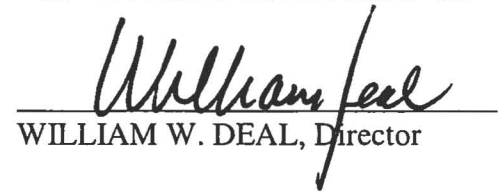
IT IS FURTHER ORDERED that, within 90 days of this order, the Plan is required to provide a detailed response to the Chief Examiner of the Department as to how it has cured the above-identified violations of title 41 of the Idaho Code.

IT IS FURTHER ORDERED that the above-described Report, which includes the findings, conclusions, comments and recommendations supporting this order, is hereby ADOPTED as the final examination report and as an official record of the Department under Idaho Code §§ 41-227(5)(a) and 41-4013(3).

IT IS SO ORDERED.

DATED and EFFECTIVE at Boise, Idaho, this 3rd day of January 2012.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



WILLIAM W. DEAL, Director

CERTIFICATE OF SERVICE

I hereby certify that, on this 3rd day of January 2012, I caused the foregoing document to be served on the following parties in the manner set forth below:

Mr. Richard Bartholomew, Trustee	X	certified mail
A-Plus Benefits, Inc. Employee Benefit Trust of Idaho		first class mail
395 West 600 North		hand delivery
Lindon, Utah 84042		facsimile
e-mail: rbartholomew@aplusbenefits.com	X	e-mail

Georgia Siehl, CPA, CFE		certified mail
Bureau Chief / Chief Examiner		first class mail
Idaho Department of Insurance	X	hand delivery
700 W. State St., 3rd Floor		facsimile
Boise, Idaho 83720-0043		
e-mail: Georgia.Siehl@doi.idaho.gov	X	e-mail

William R. Michels, MBA, CPA, CFE
Deputy Chief Examiner
IDAHO DEPARTMENT OF INSURANCE

EXHIBIT A

DEPARTMENT OF INSURANCE

STATE OF IDAHO

REPORT OF EXAMINATION

of

A-PLUS BENEFITS, INC. EMPLOYEE BENEFIT TRUST OF IDAHO

(a multiple employer welfare arrangement self-funded health care plan)

as of

July 31, 2010

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State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

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WILLIAM W. DEAL
Director

Boise, Idaho
November 15, 2011

The Honorable William W. Deal
Director of Insurance
State of Idaho
700 West State Street
Boise, Idaho 83720

Dear Director:

Pursuant to your instructions, in compliance with Sections 41-219(1) and 4013(1), Idaho Code, we have conducted an examination as of July 31, 2010, of the financial condition and corporate affairs of:

A-Plus Benefits, Inc. Employee Benefit Trust of Idaho
395 West 600 North
Lindon, Utah 84042

hereinafter referred to as "the Trust" or "Plan" at its office in Lindon, Utah. The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period from May 8, 2008, the date the Certificate of Registration was issued, through July 31, 2010, and included such prior transactions and any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The examination was conducted in accordance with Sections 41-219(1) and 4013(1), Idaho Code. Verification and valuation of assets, liabilities, and net assets and an analysis and review of such other accounts and records as appropriate to the examination were also performed. There was some reliance upon the independent auditor's and the consulting actuary's work in this examination.

A letter of representation attesting to the Plan's ownership of all assets and to the nonexistence of unrecorded liabilities or contingent liabilities was signed by and received from Rick Bartholomew, Trustee of A-Plus Benefits, Inc. Employee Benefit Trust of Idaho.

PRIOR EXAMINATION

As noted below under *HISTORY AND DESCRIPTION*, A-Plus Benefits, Inc. Employee Benefit Trust of Idaho (the Trust or Plan) was registered as a self-funded health care plan under Title 41, Chapter 40, Idaho Code, effective May 8, 2008. This is the first comprehensive examination of the Plan since the registration process.

HISTORY AND DESCRIPTION

In 2006, the Idaho State Legislature amended Title 41, Chapter 40 of the Idaho Code. This amendment clarified that multiple employer welfare arrangement (MEWA) self-funded health care plans, among other entities, are subject to registration and regulation under Chapter 40.

A-Plus Benefits, Inc. (A-Plus) is a Utah based Professional Employer Organization (PEO) founded in Utah in 1990 to provide a variety of business solutions to small businesses in the Rocky Mountain region. These solutions include payroll processing, risk management, human resource support, and employee benefits. The average A-Plus client has 15 employees, but clients do vary in size from just a few employees up to several hundred employees.

The ownership of A-Plus is made up of Larry Bartholomew, B.J. Wright, Rick Bartholomew, and John Bartholomew. Larry Bartholomew and B.J. Wright are the original founders of A-Plus. Rick Bartholomew has been involved since 1994 and has been the Chief Executive Officer since 1997. John Bartholomew has been part of A-Plus since 1993 and has been the Chief Financial Officer since 1997.

In 1999, A-Plus changed their approach to providing medical benefit solutions by starting a separate self-funded plan for the PEO and their clients in the States of Utah and Wyoming. That plan continues to operate and today provides benefits to more than 4,000 employees of businesses.

In 2006 A-Plus decided to open an office in Boise, Idaho aimed at selling and servicing Idaho-based businesses. On August 1, 2006 A-Plus sponsored the creation of A-Plus Benefits, Inc. Employee Benefit Trust of Idaho (the Trust or Plan) in order to provide a medical plan for employees who reside in the State of Idaho. At that time, A-Plus had approximately 60 Idaho based customers (employers). Currently, the office in Boise includes one sales representative and one customer relations manager; and, there are approximately 40 clients with a combined total of 480 employees (exclusive of dependents) participating in the Idaho plan.

MANAGEMENT AND CONTROL

Effective August 1, 2006, A-Plus Benefits, Inc. a Utah corporation (Sponsor) entered into a trust agreement with A-Plus Benefits, Inc. Employee Benefit Trust of Idaho (the Trust), executed by Rick Bartholomew and John Bartholomew, Trustees for the Trust. As mentioned in this agreement, the trustees are responsible for managing the affairs of the Plan that include investments, receipts and disbursements and other transactions. This trust agreement was amended once on April 1, 2007 upon notification from the Idaho Department of Insurance regarding various provisions in the original agreement that needed to be revised.

Conflict of Interest

The Plan's trustees did not have procedures in place which required persons having responsibility for the management of the Plan to disclose conflicts of interest as defined under Section 41-4015, Idaho Code. Upon recommendation by the examiner, the Plan's two trustees, Rick Bartholomew and John Bartholomew completed conflict of interest statements covering the period from the May 8, 2008 (date of registration) through May 21, 2011. No conflicts of interests were noted on these statements. It is recommended that the trustees implement a procedure which requires each individual having responsibility for the management of the Plan to fill out a conflict of interest statement annually to document compliance with the aforementioned Code section.

Contracts and Agreements

The Plan had the following agreement in effect July 30, 2010:

Trust Agreement

For a discussion of the Trust Agreement details, please see the earlier heading titled "MANAGEMENT & CONTROL."

Third-Party Administration Services Agreement

The Plan's sponsor, A-Plus Benefits, Inc. entered into a four year administrative services agreement with Everest Administrators, Inc. (EAI) Springville, Utah effective June 1, 2007. In this agreement, EAI agreed to provide various administrative services which include processing of enrollments, adjudication of health claims, telephone service inquiry assistance and maintenance of related databases. It was noted in the agreement that these services will be provided to A-Plus Benefits, Inc. Employee Medical Plan, which is the Utah self-funded plan. It did not specify that these services will be provided to A-Plus Benefits, Inc. Employee Benefit Trust of Idaho. In addition, the Trust's board minutes did not indicate that the original administrative services agreement was considered and approved by the board. Therefore, it is recommended that the Trust enter into a separate and distinct TPA Services Agreement with its TPA, to be approved by the Board of Trustees and documented in the board minutes.

CORPORATE RECORDS

Minutes of Meetings

The minutes of the Board of Trustees were reviewed for the period from April, 2008 through January, 2011. The minutes were kept on a combined basis with the non-Idaho self-funded plan (Utah self-funded plan) and operational results were discussed on a combined basis. It is recommended that the trustees keep separate board minutes for the Plan (Idaho self-funded plan). In addition, it is recommended that operational results of the Plan, and major transactions of the Plan, include approval of investments, agreements with other parties, appointment of the certified actuary and auditors also be entered into the minutes.

FIDELITY BOND AND OTHER INSURANCE

A crime/theft insurance policy for the protection of the Plan was maintained through the period under examination. The coverage provided on this insurance policy met the requirements specified in Section 41-4014(3), Idaho Code.

The insurance company providing coverage to the Plan was licensed or otherwise authorized in the State of Idaho.

TERRITORY AND PLAN OF OPERATION

As previously reported, the Plan was registered with the Idaho Department of Insurance as a self-funded health care plan on May 8, 2008. In this connection, Certificate of Registration Number 3884 was granted to the Plan to transact business in the State of Idaho. Operations of the Plan are performed at the trustee's office at Lindon, Utah.

The Plan currently provides services to approximately 480 individuals (employees) of client companies of A-Plus Benefits, Inc. and their dependents residing in the State of Idaho.

GROWTH OF THE PLAN

The Plan's growth for the years indicated, as taken from the audited financial statements for the fiscal years 2009 and 2010 (July 31), is shown in the following schedule:

Year	Assets	Liabilities	Net Assets/Surplus (deficit)	Change in Net Asset/Surplus
2009	$ 448,408	$ 539,285	$(90,877)	$(301,141)
2010*	$ 561,227	$ 293,115	$268,112	$ 358,989

*As determined by Examination

REINSURANCE

Under an excess of loss policy (stop loss) between United Life Insurance Company (United Life) Overland Park, Kansas and the Plan, effective from June 1, 2010 through May 31, 2011, Companion Life agreed to provide coverage of up to a life time maximum of $1,925,000 with a deductible of $75,000 per person for the above period. The Plan's maximum is $2,000,000 for the above period.

The above reinsurer is an authorized insurer in Idaho.

INSURANCE PRODUCTS AND RELATED PRACTICES

Policy Forms and Underwriting

The benefit period for covered individuals is August 1st through July 31st.

The Plan offered the following seven medical plans in 2010:

Plan Name	Benefits
Essential Option	Life time per member: $2,000,000 Annual deductible: $3,000 individual; $9,000 family. Office visit: 70% after deductible
Value Option	Life time per member: $2,000,000 Annual deductible: $2,000 individual; $6,000 family. Office visit: $30 co-pay
Select Option	Life time per member: $2,000,000 Annual deductible: $1,000 individual; $6,000 family. Office visit: $30 co-pay
Preferred Option	Life time per member: $2,000,000 Annual deductible: $500 individual; $1,500 family. Office visit: $20 co-pay
Choice Option	Life time per member: $2,000,000 Annual deductible: $250 individual; $750 family. Office visit: $15 co-pay
MedSave 1	Life time per member: $2,000,000 Annual deductible: $1,500 individual; $3,000 family. Office visit: 80% after deductible
MedSave 2	Life time per member: $2,000,000 Annual deductible: $3,000 individual; $6,000 family. Office visit: 80% after deductible

Treatment of Policyholders

Claims

As previously reported, Everest Administrators, Inc. (EAI) administers claims on behalf of the Plan under a third-party administration services agreement. A sample of 10 claims paid between February, 2010 to September, 2010 was reviewed for the turnaround time (lag time between bill-received date and paid date). Five of those claims (50%) had a turnaround time of 45 days or more. This is not in compliance with Section 41-5602(5), Idaho Code which specifies a payment of a claim (electronic) no later than 30 days after receipt of the claim. In addition, the Plan may also be in violation of Section 41-1329(6), Idaho Code with regards to an unfair claims settlement practice(s). It is therefore recommended that the Plan work with its TPA, EAI, to reduce the turnaround time to 30 days or less.

Complaints

The Plan offered to its members an inquiry and appeals procedure. The Plan's third party administrator, Everest Administrators, Inc. (EAI) is responsible for handling the Plan's inquiries and complaints. EAI keeps records of inquiries and complaints; however, the complaints are co-mingled in a database with other plans and the TPA had difficulty segregating them. As a result, the examination concluded that, effectively, no separate complaint log had been kept. This is not in compliance with Section 41-1330, Idaho Code. It is therefore recommended that the Plan require EAI to establish a complaint log to record complaints received from the Plan's members in compliance with aforementioned Code section.

Privacy Practices

The Plan maintains privacy practices set forth under the Federal Health Insurance Portability and Accountability Act (HIPAA). The policy describes procedures used by the Plan to protect the privacy of employees and family members covered by the Plan.

ACCOUNTS AND RECORDS

General Accounting

The Plan's accounting records are maintained on, and its financial reports are produced by, A-Plus Tax & Accounting Services owned by Mike Bartholomew.

During the examination's review of the Plan's general ledger, it was noted that some payments from the Plan's stop-loss carrier were deposited into a bank account not owned by the Trust. Additionally, the examiner noted that in some of these cases, the Plan failed to set-up an account receivable on the Plan's books recognizing that this amount was owed to the Plan. Conversely, the examiner noted that the same non-Plan checking account made claim payments on behalf of the Plan/Trust; however, the Trust failed to record a liability for these payments made on its behalf. A detailed accounting of the amounts involved, and the adjustments made by the

examination, may be found under the subsequent heading "NOTES TO FINANCIAL STATEMENT (see Notes 1 & 3).

The lack of full and accurate accounting for the aforementioned items is a violation of Section 41-4011(1), Idaho Code: *"The trustees of a self-funded plan shall cause full and accurate records and accounts to be entered and maintained covering all financial transactions and affairs of the trust fund."*

Therefore, it is recommended that the Plan's trustees come into compliance with Section 41-4011(1), Idaho Code by instituting procedures to preclude the co-mingling of Plan assets (i.e. stop-loss reimbursements) and claims payments in non-Plan bank accounts by: (1) ensuring that stop-loss receipts are only deposited into a Plan-owned bank account; (2) ensuring that claims payments be funded/disbursed only though a Plan-owned account; and (3) that this information is accurately reflected in the Plan's general ledger and financial statements.

Independent Accountants

The annual independent audits of the Plan for the fiscal years (July 31) 2009 and 2010 were performed by Jensen & Keddington, P.C., Salt Lake City, Utah. The financial statements in each report were in in conformity with accounting principles generally accepted in the United States of America. There was some reliance on the 2010 audit workpapers in the examination of the Plan.

Actuarial Certification

Actuarial certifications were prepared for incurred but not paid (IBNP) claims, which includes both claims that have been incurred but not reported and claims that have been reported but not paid, by Bonnie Albritton, FSA, MAAA (Lewis & Ellis, Inc.), Richardson, Texas for fiscal years ending July 31, 2009 and 2010.

The IBNP reserve indicated by Ms. Albritton's actuarial certification as of July 31, 2010 was $153,000 (round off to the thousands). This amount agreed with the IBNR reserve presented in the 2010 CPA report.

FINANCIAL STATEMENTS

The financial section of this report contains the following statements:

Balance Sheet as of July 31, 2010

Statement of Income and Expenses for the Year Ending July 31, 2010

Reconciliation of Examination Changes for the Balance Sheet as of July 31, 2010

Reconciliation of Net Assets, July 31, 2008 through July 31, 2010

Balance Sheet
As of July 31, 2010

Assets	Per Plan	Examination Adjustments	Per Examination
Investment-cash reserves	$513,227	$ 0	$ 513,227
Account receivable-stop loss claim (Note 1)	48,000	0	48,000
Total Assets	$561,227	$ 0	$561,227
Liabilities			
Claims incurred but not reported (Note 2)	$153,175	$ 0	$ 153,175
Claims payable-prescription drugs	11,521	0	11,521
Accounts payable-related party (Note 3)	139,078	(12,203)	126,875
Accounts payable-administrative expense	1,544	0	1,544
Total liabilities	$305,318	$ (12,203)	$ 293,115
Net Assets/Trust Fund Surplus	$255,909	$ 0	$268,112
Total Liabilities & Net Assets/Surplus	$561,227	$ 0	$561,227

Statement of Income and Expenses
For the Year Ending July 31, 2010

	Per Plan	Examination Adjustments	Per Examination
Changes in Benefit Obligations			
Increase (decrease) during the Year attributable to:			
Claims incurred but not reported	$ (125,863)	$ 0	$(125,863)
Claims payable-prescription drugs	(3,000)	0	(3,000)
Net decrease in benefit obligations	$ (128,863)	$ 0	$(128,863)
Income			
Addition to net assets attributed to:			
Sponsor contributions (Note 4)	$1,134,466	$ 0	$1,134,466
Participant contributions	502,901	0	502,901
Cobra and miscellaneous contributions	7,885	0	7,885
Interest income	477	0	477
Stop loss recovery revenues	48,006	0	48,006
Total additions	$1,693,735	$ 0	$1,693,735
Expenses			
Deductions from net assets attributed to:			
Benefits paid to participants (Note 5)	$1,014,550	$ (12,203)	$1,002,347
Reinsurance	333,347	0	333,347
Administrative expenses	127,915	0	127,915
Total deductions	$1,475,812	$ 0	$1,463,609
Net income	$ 346,786	$ 12,203	$ 358,989

Reconciliation of Examination Changes
To the Balance Sheet
As of July 31, 2010

Net Assets/Trust Fund Surplus per Plan, July 31, 2010				$ 255,909
Account	Per Plan	Per Examination	Increase/ (Decrease) In Net Assets	
Accounts payable-related party (Note 3)	$ 139,078	$ 126,875	$ 12,203	
Net increase in net assets				12,203
Net Assets/Trust Fund Surplus per Examination, July 31, 2010				$ 268,112

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Reconciliation of Net Assets/Surplus
July 31, 2008 through July 31, 2010

	2009	2010*
Net Assets/Surplus, End of Previous Year	$ 210,264	$ (90,877)
Net Income(Loss)	(301,141)	358,989
Net Assets/Surplus, End of Current Year	$ (90,877)	$ 268,112

*Per Examination

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NOTES TO THE FINANCIAL STATEMENTS

Note (1) Accounts Receivable-Stop Loss Claim $48,000

The captioned amount represents the receivable amount from the Plan's stop loss carrier on a large claim as of July 31, 2010. The Plan received $48,056 from the stop loss carrier in August, 2010; however the check was deposited into the non-Idaho account (bank account of A-Plus Benefits, Inc. Medical Plan). Upon further investigation by the Department's examiner, it was discovered that there were three (3) other stop loss payments received from the stop loss carrier in February, 2010 that totaled $90,017. These payments due to the Plan were deposited into the aforementioned non-Idaho account and not the Plan's checking account. Therefore, total stop-loss payments deposited into a non-Plan bank account totaled $138,073 ($48,056+$90,017=$138,073). For further detail and discussion of examination adjustments for affiliated transactions, see Note 3 below. It is recommended that the Trust immediately settle-up all receivable/payables with the non-Idaho account/Plan which have been identified and adjusted for on the financial statements of this examination report.

Note (2) – Claims Incurred But Not Reported $153,175

The captioned liability as of July 31, 2010 was examined by Taylor-Walker & Associates, Inc., contract actuary for the Idaho Department of Insurance. The result of his review and analysis indicates that the Plan's IBNR reserves are redundant by $20,309. Despite the indicated redundancy, the actuary also found that the Plan generally followed accurate and appropriate procedures in establishing IBNR reserves. Therefore, the actuary does not recommend an examination adjustment as the Plan's reported amount is within a reasonable range.

The contract actuary also reviewed the actuarial certification submitted with the Plan's July 31, 2010 financial statements for regulatory compliance. In his opinion, the actuarial certification meets regulatory requirements.

Based on his review and analysis, the contract actuary made the following recommendations regarding items that did not require adjustment by the examination:

1. In future financial statements, the Plan should ensure that the Prescription Drug liability is not "double-booked."
2. The Plan's consulting actuary should apply the LAE factor to the total claims liability less the explicit margin.
3. The Plan should implement procedure to verify the accuracy and completeness of the lag triangle provided to the consulting actuary.

Note (3) – Accounts Payable-Related Party $126,875

The captioned amount represents the amount owed A-Plus Benefits, Inc. Medical Plan, a self-funded plan formed in Utah as of July 31, 2010. The following schedule delineates the adjustments made in this examination:

Accounts Payable-Related Party-Per Plan	$139,078
Stop loss payments received in February, 2010 deposited into the non-Idaho account (see Note 1 above for explanation)	(90,017)
An Idaho claim paid by the non-Idaho account	77,814
Accounts Payable-Related Party-Per Exam	$126,875

All of the Plan's expenses including claims, actuarial fee, stop loss premiums, network fee and other fees were paid by the non-Idaho (Utah plan) account. The only fees paid directly from the Plan's checking accounts were fees paid to its accountant and the auditing fee. At the end of each month, the Plan's TPA, Everest Administrators, Inc. was supposed to account for all expenses paid for the Plan. Then, in the subsequent month, the procedure was for the Plan to issue a check to reimburse the non-Idaho account.

During the period from November, 2009 through July 2010, the Plan incurred a large Idaho claim, whose expenses eventually ended up totaling $174,296. In November and December 2009, the total claims expense paid on this claim was $48,482. This amount was first paid by the non-Idaho account and was later reimbursed by the Plan's account. However, starting January, 2010, Plan and TPA management decided to let the non-Idaho account pay for the remaining part of this claim that totaled $125,814 (with payments made from January 2010 through July 2010).

The Plan's independent auditor detected that a portion of the above mentioned claim for $125,814, which had a stop-loss receivable associated with it of $48,000 (see Note 1 above), was not paid by the Plan itself; therefore, the independent auditor made an adjustment by debiting medical expense paid and crediting accounts payable-related party. The above $139,078 (see chart), as reported by the Plan, included the $48,000 adjustment made by its independent auditor. As a result, the examiner made an additional adjustment of $77,814 ($125,814-$48,000) for the remaining portion of the Idaho claim payable to the non-Idaho account.

It is therefore recommended, again, that the Plan implement procedures to pay, and account for, all of its expenses, and deposit its stop-loss reimbursements, using the Idaho Plan's bank account. In this connection, as stated earlier in Note 1, it is recommended that the Trust immediately settle-up all receivable/payables with the non-Idaho account/Plan which have been identified and adjusted for on the financial statements of this examination report,

It was also noted that the aforementioned claim, totaling $174,296, was not included in the Plan's large claim report. Therefore, it is recommended that the Plan implement completeness and accuracy procedures to ensure that all large claims are included in the large claim report.

Note (4) Sponsor Contributions $1,134,466

The captioned amounts included three separate voluntary contributions by the Plan's sponsor, A-Plus Benefits, Inc., totaling $313,946. Those contributions were made on the following dates: August 18, 2009 ($30,000), September 30, 2009 ($153,946), and November 12, 2009 ($130,000). The remaining part of the captioned account represented contributions made by the client employers.

Note (5) Benefits Paid to Participants $1,002,347

The following schedule reflects the changes made on this account:

Per Plan	$1,014,550
Stop-loss payments received in February, 2010 deposited into the non-Idaho account (see Note 1 above for explanation)	(90,017)
An Idaho claim paid by the non-Idaho account (see Note 3 above for explanation)	77,814
Per Examination	$1,002,347

SUMMARY, COMMENTS AND RECOMMENDATIONS

Summary

The results of this examination disclosed that as of July 31, 2010, the Plan had assets of $561,227, liabilities of $293,115 and net assets/trust fund surplus of $268,112. Based on the July 31, 2010 IBNR reserve as stated in the financial statements in this examination report, The Plan's minimum trust fund surplus as prescribed under Section 41-4010 (3), Idaho Code should be:

Minimum Surplus Computation

Adjusted trust fund surplus per this Report		$268,112
IBNR claims liability per this Report	$153,175	
Percentage per Idaho Code	x .30	
Less: Minimum surplus required by Idaho Code		45,953
Surplus in Excess of Idaho Code Requirement		$222,159

Therefore, it appears that the Plan has complied with the minimum surplus requirement under Section 41-4010 (3), Idaho Code. However, as discussed earlier, the trust fund surplus included three voluntary contributions made by its sponsor, A-Plus Benefits, Inc. that totaled $313,946 from August, 2009 through November, 2009 (see Note 4). The Plan would be in adverse financial condition without the aforementioned assistance from its Sponsor, A-Plus Benefits, Inc.

Comments and Recommendations

Page	
3	It is recommended that the trustees implement a procedure which requires each individual having responsibility for the management of the Plan to fill out a conflict of interest statement annually to document compliance with Section 41-4015, Idaho Code.
4	It is recommended that the Trust enter into a separate and distinct TPA Services Agreement with its TPA, to be approved by the Board of Trustees and documented in the board minutes.
4	It is recommended that the trustees keep separate board minutes for the Plan (Idaho self-funded plan). In addition, it is recommended that operational results of the Plan, and major transactions of the Plan, include approval of investments, agreements with other parties, appointment of the certified actuary and auditors also be entered into the minutes.
7	A sample of 10 claims paid between February, 2010 to September, 2010 was reviewed for the turnaround time (lag time between bill-received date and paid date). Five of those claims (50%) had a turnaround time of 45 days or more. This is not in compliance with Section 41-5602(5), Idaho Code which specifies a payment of a claim (electronic) no later than 30 days after receipt of the claim. In addition, the Plan may also be in violation of Section 41-1329(6), Idaho Code with regards to an unfair claims settlement practice(s). It is therefore recommended that Plan work with its TPA, EAI, to reduce the turnaround time to 30 days or less.
7	It is recommended that the Plan require its third party administrator, Everest Administrators, Inc. to establish a complaint log to record complaints received from the Plan's members in compliance with Section 41-1330, Idaho Code.
7	It is recommended that the Plan's trustees come into compliance with Section 41-4011(1), Idaho Code by instituting procedures to preclude the co-mingling of Plan assets (i.e. stop-loss reimbursements) and claims payments in non-Plan bank accounts by: (1) ensuring that stop-loss receipts are only deposited into a Plan-owned bank account; (2) ensuring that claims payments be funded/disbursed only though a Plan-owned account; and (3) that this information is accurately reflected in the Plan's general ledger and financial statements.
13	It is recommended that the Trust immediately settle-up all receivable/payables with the non-Idaho account/Plan which have been identified and adjusted for on the financial statements of this examination report.
13	It is recommended that the Plan make the following changes: 1. In future financial statements, the Plan should ensure that the Prescription Drug liability is not "double-booked".

	2. The Plan's consulting actuary should apply the LAE factor to the total claims liability less the explicit margin. 3. The Plan should implement procedure to verify the accuracy and completeness of the lag triangle provided to the consulting actuary.
14	It is therefore recommended, again, that the Plan implement procedures to pay, and account for, all of its expenses, and deposit its stop-loss reimbursements, using the Idaho Plan's bank account. In this connection, as stated earlier in Note 1, it is recommended that the Trust immediately settle-up all receivable/payables with the non-Idaho account/Plan which have been identified and adjusted for on the financial statements of this examination report.
14	It was also noted that the claim totaling $174,296 was not included in the Plan's large claim report. Therefore, it is recommended that the Trust implement completeness and accuracy procedures to ensure that all large claims are included in the large claim report.

CONCLUSION

The undersigned acknowledges the assistance and cooperation of the Rick Bartholomew (the Plan's Trustee), Mike Bartholomew (A-Plus Tax & Accounting Services) and Rod Hulse (Everest Administrators, Inc.) in conducting the examination.

In addition to the undersigned, Scott Garduno, FSA, MAAA, Taylor-Walker & Associates, Inc. participated in the examination.

Respectfully submitted,

Kelvin Ko

Kelvin Ko, CFE
Senior Insurance Examiner
State of Idaho
Department of Insurance

AFFIDAVIT OF EXAMINER

State of California
Sacramento County

Kelvin Ko being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of *A-Plus Benefits, Inc. Employee Benefit Trust of Idaho* for the period from May 8, 2008 through July 31, 2010, that the information contained in the report consisting of the foregoing pages is true and correct to the best of his knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

Kelvin Ko

Kelvin Ko, CFE
Senior Insurance Examiner
Department of Insurance
State of Idaho

Subscribed and sworn to before me the 15 day of November, 2011, at Rancho Cordova, California.

ROBERT SCHMIDT
COMM. #1895713
Notary Public • California
Sacramento County
Comm. Expires Jul 16, 2014

Notary Public

My Commission Expires: July 16, 2014

EXHIBIT B

State of Idaho
DEPARTMENT OF INSURANCE

C.L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
FAX # (208)334-4398

WILLIAM W. DEAL
Director

WAIVER

In the matter of the Report of Examination as of July 31, 2010, of:

A-Plus Benefits, Inc. Employee Benefit Trust of Idaho
395 West 600 North
Lindon, Utah 84042

By executing this Waiver, the A-Plus Benefits, Inc. Employee Benefit Trust of Idaho hereby acknowledges receipt of the above-described examination report, verified as of the 15th day of November, 2011, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Trust also hereby waives:

1. its right to examine the report for up to four (4) weeks as provided in § 41-4013(3), Idaho Code, and
2. its right to recommend to the director such corrections or changes therein as prescribed by § 41-4013(3), Idaho Code, and
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 14 day of December, 2011

Richard Bartholomew
Name(s) (print)

R. Bartholomew
Name(s) (signature)

Trustee
Title(s)