

**FILED**

**MAR 13 2023**

**Department of Insurance  
State of Idaho**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

CITY OF CALDWELL EMPLOYEE  
BENEFIT PLAN TRUST,

Registration No. 149526643

Docket No. 18-4265-23

**ORDER ADOPTING REPORT  
OF EXAMINATION AS OF  
SEPTEMBER 30, 2021**

The Idaho Department of Insurance (“Department”), in accordance with Idaho Code §§ 41-219(1) and 41-4013(1), has examined the affairs, transactions, accounts, records, and assets of the City of Caldwell Employee Benefit Plan Trust (the “Trust”), for the period of October 1, 2016, through September 30, 2021. The Department’s verified Report of Examination (“Report”), reflecting the examiner’s findings, was then filed with the Department per Idaho Code § 41-227(4).

Having reviewed the Report and record, the Department’s Director (“Director”) enters this order adopting the Report as filed. A copy of the Report is attached to this Order as Exhibit “A”.

**FINDINGS OF FACT**

1. The Trust is an Idaho-domiciled self-funded health care plan, which was duly registered with the Department on November 4, 2008, under Registration No. 149526643.
2. On or about February 24, 2023, the Department completed an examination of the Trust per Idaho Code §§ 41-219(1) and 41-4013(1). The Department's examination disclosed no adverse material findings or any adjustments that impacted the Trust’s reported net assets.
3. Per Idaho Code §§ 41-227(4), the Department transmitted a copy of the Report to the Trust on February 24, 2023.

4. Under Idaho Code § 41-4013(3), the Trust had four weeks from receipt of the Report to make written recommendations for corrections or changes to the Report. On February 28, 2023, the Department received a “Waiver” from the Trust signed by Rachelle Castleberry, the Trust’s Treasurer/Trustee and authorized signatory. A copy of the Waiver is attached hereto as Exhibit “B”. By executing the Waiver, the Trust has consented to the Director’s immediate entry of a final order adopting the Report without modification. The trust has also waived its rights to: (1) examine the Report for not more than four weeks; (2) make a written submission or rebuttal to the Report prior to the entry of a final order; (3) request a hearing, and (4) seek reconsideration or appeal from the Director’s final order.

### **CONCLUSIONS OF LAW**

5. Idaho Code § 41-227(5)(a) requires the Director to fully consider and review the Report, together with any written submissions or rebuttals and any relevant portions of the examiner’s work papers and enter an order adopting the Report as filed or with modifications or corrections, rejecting the Report and reopening the examination, or calling for an investigatory hearing.

6. Having fully considered the Report and record, the Director concludes that, regarding the matters examined, the Report is appropriate and should be adopted and incorporated into this Order as if set forth in full.

### **ORDER**

NOW, THEREFORE, IT IS ORDERED that the Report is adopted as filed.

IT IS FURTHER ORDERED, per Idaho Code §§ 41-227(8) and 41-4013(3), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, per Idaho Code § 41-227(6)(a), that within 30 days of the service date of this Order adopting the Report, the Trust must file with the Department’s chief examiner,

affidavits executed by each of its trustees, stating under oath that they have received a copy of the adopted Report and related orders.

DATED AND EFFECTIVE this 13 day of March, 2023.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE

A handwritten signature in blue ink, appearing to read "Dean L. Cameron", is written over a horizontal line.

DEAN L. CAMERON  
Director

### **NOTIFICATION OF RIGHTS**

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within 14 days of the service date of this order. The agency will dispose of the motion for reconsideration within 21 days of its receipt, or the motion will be considered denied by operation of law. *See* Idaho Code § 67-5246(4).

Any such motion for reconsideration shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

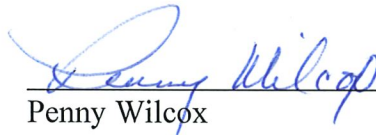
- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within 28 days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within 21 days to grant or deny a motion for reconsideration, whichever is later. *See* Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal. Idaho Code § 67-5274.

### CERTIFICATE OF SERVICE

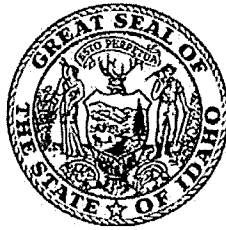
I HEREBY CERTIFY that, on this 14<sup>th</sup> day of March, 2023, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF SEPTEMBER 30, 2021, to be served upon the following by the designated means:

City of Caldwell Employee Benefit Plan Trust 411 Blaine St. Caldwell, ID 83605-3619	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> Email:
Karl T. Klein Deputy Attorney General Idaho Department of Insurance 700 W. State St., 3 <sup>rd</sup> Floor PO Box 83720 Boise, ID 83720-0043	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: <a href="mailto:karl.klein@doi.idaho.gov">karl.klein@doi.idaho.gov</a>

  
Penny Wilcox

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

CITY OF CALDWELL EMPLOYEE BENEFIT PLAN TRUST  
(self-funded health care plan)

as of

September 30, 2021

**EXHIBIT**

**A**

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Caldwell, ID  
February 24, 2023

The Honorable Dean L. Cameron  
Director of Insurance  
State of Idaho  
700 West State Street  
P.O. Box 83720  
Boise, Idaho 83720-0043

Dear Director:

Pursuant to your instructions, in compliance with Idaho Code § 41-219(1) and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of September 30, 2021, of the financial condition and corporate affairs of:

City of Caldwell Employee Benefit Plan Trust  
411 Blaine St.  
Caldwell, ID 83605-3619

Hereinafter referred to as (the "Trust"). The following report of examination is respectfully submitted.



## SCOPE OF EXAMINATION

### *Period Covered*

We have performed our single state examination of City of Caldwell Employee Benefit Plan Trust. The prior exam was completed as of September 30, 2016. This examination covers the period of October 1, 2016, through September 30, 2021.

### *Examination Procedures Employed*

Our examination was conducted in accordance with Idaho Code §§ 41-219(1) and 41-4013. Due to the nature of the Trust, the examination was conducted as a modified risk-focused examination; key exhibits from the NAIC *Financial Condition Examiners Handbook* were utilized and customized as appropriate for this examination.

The Trust retained the services of a certified public accounting firm, Eide Bailly LLP, to audit its financial records for the years under examination. The firm provided the examiner with access to requested work papers prepared in connections with its audit. The external audit work was relied upon where deemed appropriate.

All accounts and activities of the Trust were considered during the examination process. The initial phase of the examination focused on evaluating the Trust's corporate governance and control environment, as well as a business approach, in order to develop an examination plan tailored to the Trust's individual operating profile.

Interviews were held with all three Trustees, to gain an understanding of the entity's operating profile and control environment.

The examination relied on the findings of the actuarial firm, Lewis & Ellis Actuaries and Consultants, contracted by the Idaho Department of Insurance (the "Department") to review the Trust's Incurred But Not Reported (IBNR) liability.

A letter of representation certifying that administrative staff disclosed all significant matters and records was obtained from the Trustee and Interim Trustee, which was included in the examination workpapers.

### *Status of Prior Examination Findings*

Our examination included a review to determine the status of the seven examination findings in our preceding Report of Examination, adopted November 27, 2017, which covered the period from October 1, 2010, through September 30, 2016. We determined that the Trust had satisfactorily addressed the prior examination findings.

## SUMMARY OF SIGNIFICANT FINDINGS

Our examination did not disclose any material adverse findings or any adjustments that impacted the Trust's reported net assets.

## TRUST HISTORY

The City of Caldwell Employee Benefit Plan Trust was registered as a self-funded health care plan in Idaho effective November 4, 2008. On that date, the Idaho Department of Insurance issued a certification of registration (No. 3926) to the Trust under Title 41, Chapter 40 of the Idaho Code. The Trust provides optional health care benefits to all full-time employees who regularly work at least thirty-two hours per week and their dependents as well as to retirees from the City of Caldwell. Coverage commences on the first day of the month following a thirty-day waiting period.

## TRUST RECORDS

The meetings of the Board of Trustees (the "Board") were conducted four to five times a year for all the years under examination. The minutes contained high-level discussion of financials, examinations and audit related matters, reappointing Trustees, changes in coverages and contributions, and voting on significant matters including the reviewing/approval of contracts associated with the Trust.

The prior Report of Examination as of September 30, 2016, was distributed to and reviewed by the Board on November 27, 2017, in accordance with Idaho Code § 41-227(6)(a).

## MANAGEMENT AND CORPORATE GOVERNANCE

The Trust is governed by the Board which is comprised of key employees from the City of Caldwell. Per the Trust Agreement, the Board is comprised of two persons, a Finance Director and an HR Director. Ex-officio members or administrative staff as needed are allowed to be added to the Trust by the Board. The Trustees serve the Trust in connection with their employment with the City of Caldwell and receive no additional compensation. The Board of Trustees serving as of September 30, 2021, are shown below:

<u>Name</u>	<u>Principal Occupation</u>
Carol Mitchell**	Finance Director
Alyssa Battaglia**	HR Director

*\*A third Trustee, Mary Kay Morrison, was added to the Trust in March 2022.*

*\*\*During Fall 2022, Carol Mitchell and Alyssa Battaglia, left the Trust and their respective positions with the City. An interim Trustee, Rachelle Castleberry, was added to the Trust while the City filled the positions previously held by Carol and Alyssa.*

#### *Committees*

The Trust did not have any Board committees during the examination period.

#### *Agreements and Contracts*

All service agreements between the Trust, third parties, and the renewal thereof, are authorized by the Mayor of the City of Caldwell and the Caldwell City Council by virtue of a resolution. Additionally, these contracts and agreements are reviewed/discussed/approved of during Board meetings. During the examination period, the Trust had the following agreements in effect:

#### Claims Administrator

For all periods under examination, Delta Dental of Idaho, Inc. served as the claims administrator for the Trust's dental plans. The most recent amendment to the service agreement was effective January 1, 2021, to allow for subscribers/policyholders to maintain coverage until the last day of the month when terminated from the City and/or Trust. For all periods under examination, Regence BlueShield of Idaho, Inc. served as the claims administrator for the Trust's medical and vision plans.

#### Consulting Agreement

Effective September 30, 2019, the Trust discontinued services from Mercer Health & Benefits, LLC, and obtained a consulting agreement with The Murray Group, Inc. effective October 1, 2019. The consulting agreement provides for a wide range of consultant service including items related to underwriting, analytics, strategic plans, vendor management, and employee consulting.

#### Administrative Services Agreement

The Trust does not have separate employees and relies on employees from the City of Caldwell to conduct various services to serve the Trust and policyholders. Following a recommendation made during the previous examination as of September 30, 2016, the Trust formalized a written agreement defining the nature and scope of work with the City of Caldwell. Services provided in accordance with this agreement include accounts payable, claims reconciliations, depository, reconciliation, investment oversight, and other related services.

### **FIDELITY BONDS AND OTHER INSURANCE**

A fidelity bond was maintained by the Trust for the protection against fraud or dishonesty of losses or damages to an employee benefit plan committed by a fiduciary. The policy met the requirements specified in Idaho Code § 41-4014(3). The insurance company providing coverage to the Trust was licensed or otherwise authorized in Idaho.

## PLAN OF OPERATION

The Trust was registered with the Department as of November 4, 2008. It operates as a self-funded health care plan under Title 41, Chapter 40 of Idaho Code. The Trust maintains and administers medical, dental, pharmacy, and vision benefits for participants. Participants include employees of City of Caldwell, their dependents, and COBRA eligible participants.

## GROWTH OF THE TRUST

A summary of significant financial data for the fiscal years covered by the examination is presented below based on the audited financial statements filed by the Trust with the Department.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Change in Net Assets</u>
2017	2,131,027	245,546	1,885,481	771,469
2018	2,290,863	365,699	1,925,164	39,683
2019	2,378,195	449,452	1,928,743	3,579
2020	2,747,936	432,706	2,315,230	386,487
2021	2,633,846	382,218	2,251,628	(63,602)

## EXCESS OF LOSS COVERAGE

The Trust maintained specific excess loss and aggregate excess loss insurance for all periods during the examination. The insurance carrier for all years under examination was covered by Regence BlueShield of Idaho, Inc. As of September 30, 2021, the contract provided the following:

- Specific Excess of Loss Coverage – The Trust has a financial responsibility to pay for eligible expenses on behalf of a participant incurred during the contract period until such payments reaches \$120,000.
- Aggregate Excess of Loss Coverage – The insurance provider agrees to reimburse to the Trust for eligible expenses incurred during the contract period that exceed the aggregate excess of loss calculated amount up to \$2,000,000.

The provider named above is authorized as an insurer in the State of Idaho.

## ACCOUNTS AND RECORDS

The Trust's business and accounting records were maintained at the office of City of Caldwell. The Trust utilizes Springbrook to maintain and track financial information. Claims data were maintained by its two claims service administrators, Regence BlueShield of Idaho and Delta Dental of Idaho.

The annual independent audits of the Trust for the years 2017 through 2021 were performed by Eide Bailly LLP. Their audit reports and workpapers were made available for the examination. The Trust responded to requests for documentation and information in a timely manner.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the audited financial filed by the Trust with the Department and present the financial condition of the Trust for the period ending September 30, 2021.

The financial section of this report contains the following statements:

Statement of Fiduciary Net Position as of September 30, 2021

Statement of Changes in Fiduciary Net Position September 30, 2021

Reconciliation of Net Assets as of September 30, 2021

### Statement of Fiduciary Net Position

Assets	
Cash	\$ 2,633,846
Total assets	<u>2,633,846</u>
Liabilities	
Claims payable	78,536
Health claims incurred but not paid	303,682
Total liabilities	<u>382,218</u>
Fiduciary Net Position	<u>\$ 2,251,628</u>

# Statement of Changes in Fiduciary Net Position

## Additions

### Contributions

Employer	\$ 3,463,564
Employees	261,975
COBRA	106,930
	<u>3,832,469</u>

Rebates	<u>29,697</u>
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Total additions	<u>3,862,166</u>
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## Deductions

Insurance claim benefits	3,394,785
Change in health claims incurred but not paid	(76,869)
Stop loss premiums	370,263
Administrative expenses	237,589
	<u>3,925,768</u>

Total deductions	<u>3,925,768</u>
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Net Change in Net Position	(63,602)
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Fiduciary Net Position, Beginning of Year	<u>2,315,230</u>
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Fiduciary Net Position, End of Year	<u>\$ 2,251,628</u>
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# Reconciliation of Changes in Net Assets

	2017	2018	2019	2020	2021
Net Assets, End of Previous Year	\$ 1,114,012	\$ 1,885,481	\$ 1,925,164	\$ 1,928,743	\$ 2,315,230
Change in Net Assets	771,469	39,683	3,579	386,487	(63,602)
Net Assets, End of Current Year	\$ 1,885,481	\$ 1,925,164	\$ 1,928,743	\$ 2,315,230	\$ 2,251,628

Analysis of Changes in Financial Statements Resulting from Examination

There were no changes to the notes to the financial statements as a result of this examination.

**SUMMARY OF RECOMMENDATIONS**

There were no findings and recommendations as a result of the examination.

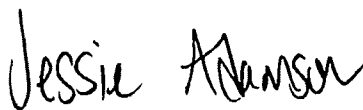
## ACKNOWLEDGEMENT

Michael A. Mayberry, FSA, MAAA of Lewis & Ellis, Inc., performed the actuarial phases of the examination. He joins the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by and representatives of the Trust.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Anderson".

James Anderson, APIR  
Examiner-in-Charge  
Idaho Department of Insurance

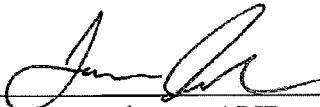
A handwritten signature in cursive script, appearing to read "Jessie L. Adamson".

Jessie L. Adamson, CFE, CISA  
Deputy Chief Examiner  
Idaho Department of Insurance

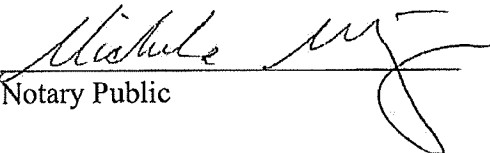
## AFFIDAVIT OF EXAMINER

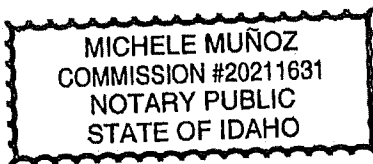
State of Idaho County of Ada

James Anderson, APIR, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of City of Caldwell Employee Benefit Plan Trust for the period October 1, 2017 through September 30, 2021, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

  
James Anderson, APIR  
Examiner-in-Charge  
Idaho Department of Insurance

Subscribe and sworn to before me the 24<sup>th</sup> day of February, 2023, at Boise.  
(City), Idaho (State).

  
Notary Public



My Commission Expires: 03-30-2027

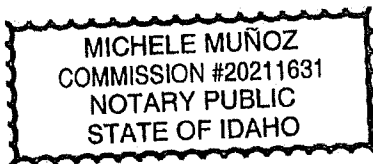
## AFFIDAVIT OF EXAMINER

State of IDAHO County of ANA

Jessie L. Adamson, CFE, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of City of Caldwell Employee Benefit Plan Trust for the period October 1, 2017 through September 30, 2021, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

Jessie Adamson  
Jessie L. Adamson, CFE, CISA  
Deputy Chief Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 24<sup>th</sup> day of February, 2023, at Boise  
(City), Idaho (State).



Michele Muñoz  
Notary Public

My Commission Expires: 03-30-2027

BRAD LITTLE  
Governor

*State of Idaho*  
**DEPARTMENT OF INSURANCE**

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

DEAN L. CAMERON  
Director

**WAIVER**

In the matter of the Report of Examination as of September 30, 2021 of the:

**City of Caldwell Employee Benefit Plan Trust**

By executing this Waiver, the Trust hereby acknowledges receipt of the above-described examination report, verified as of the February 24, 2023, 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 not more than thirty (30) days as provided in Idaho Code section 41-227(4),
2. its right, after the date of this waiver, to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-227(4) and (5),
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 28<sup>th</sup> day of February, 2023

**City of Caldwell Employee Benefit Plan Trust**

Rachelle Castleberry  
Name (print)

Rachelle Castleberry  
Name (signature)

Treasurer / Trustee  
Title

**EXHIBIT**

B

exhibitsicker.com