

FILED

FEB 16 2024

Department of Insurance  
State of Idaho

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

**STATE OF IDAHO**

In the Matter of:

CITY OF LEWISTON EMPLOYEE  
BENEFIT PLAN TRUST

Idaho Certificate of Authority No. 4418

Docket No. 18-4401-24

**ORDER ADOPTING REPORT  
OF EXAMINATION  
AS OF SEPTEMBER 30, 2022**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, assets, tract indexes, abstract records, and any other records of the CITY OF LEWISTON EMPLOYEE BENEFIT PLAN TRUST (the “Trust”) to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-219(1) and (5) and 41-4013(1), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Examination of the Trust for the Period December 13, 2017, to September 30, 2022 (“Report”), as filed.

**FINDINGS OF FACT**

1. The Trust is an Idaho-domiciled self-funded health care plan, which was duly registered with the Department on December 13, 2017, under Certificate of Authority No. 4418
2. The Department completed an examination of the Trust pursuant to Idaho Code §§ 41-219(1) and (5) and 41-4013(1) on or about January 30, 2024. The Department’s examination disclosed no adverse material findings or any adjustments that impacted the Trust’s reported net assets.
3. Pursuant to Idaho Code § 41-227(4), a copy of the Report was filed with the

Department on January 30, 2024, and was transmitted to the Trust on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-4013(3), the Trust had twenty-eight (28) days from service of the Report within which to review, comment, or request a hearing on the Report. On January 30, 2024, the Department received a “Waiver” from the Trust signed by Nichole Province, the Trust’s Chairperson/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 thirty (30) days; (2) make written submission or rebuttal to the Report prior to the entry of a final order; (3) request a hearing, and (4) seek reconsideration and appeal from the Director’s order adopting the Report.

#### **CONCLUSIONS OF LAW**

5. Idaho Code § 41-227(5)(a) provides that, after expiration of “the period allowed for the receipt of written submissions or rebuttals, the Director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner’s work papers” and shall enter an order adopting the report of examination as filed or with modifications or corrections.

6. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by the Trust, the comments and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

**ORDER**

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Examination of the City of Lewiston Employee Benefit Plan Trust for the Period December 13, 2017, to September 30, 2022, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to 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, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, the Trust shall file with the Department's Chief Examiner, affidavits executed by each of its trustees or, if none, its principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

**IT IS SO ORDERED.**

DATED this 15 day of February, 2024.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE



DEAN L. CAMERON  
Director

### **NOTIFICATION OF RIGHTS**

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

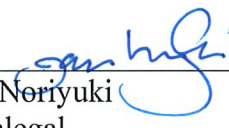
Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) an order denying a petition for reconsideration; or (c) the failure within twenty-one (21) days to grant or deny a petition 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.



### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 16<sup>th</sup> day of February, 2024, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF SEPTEMBER 30, 2022, to be served upon the following by the designated means:

Nichole Province, Chairperson City of Lewiston Employee Benefit Plan Trust 1134 F Street Lewiston, ID 83501	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: <a href="mailto:nprovince@cityoflewiston.org">nprovince@cityoflewiston.org</a>
John Keenan Deputy Attorney General Idaho Department of Insurance 700 W. State Street, 3 <sup>rd</sup> Floor P.O. 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:john.keenan@doi.idaho.gov">john.keenan@doi.idaho.gov</a>

  
\_\_\_\_\_  
Jan Noriyuki  
Paralegal

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

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

as of

September 30, 2022

**EXHIBIT**

**A**

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Lewiston, ID  
January 30, 2024

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, 2022, of the financial condition and corporate affairs of:

City of Lewiston Employee Benefit Plan Trust  
1134 F Street  
Lewiston, ID 83501

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 Lewiston Employee Benefit Plan Trust (the "Trust"). This is the first examination of the Trust. This examination covers the period of December 13, 2017 (inception), through September 30, 2022, and subsequent.

### *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, Presnell Gage, PLLC, to audit its financial records for the years under examination. The firm provided the examiner with access to requested work papers prepared in connection 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 the Trust's Chairperson and the Trust's Bookkeeper, 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 Trust Chairperson and the Trust Bookkeeper and was included in the examination work papers.

### *Status of Prior Examination Findings*

This was the first examination conducted by the Department over the Trust's financial condition and affairs.

## **SUMMARY OF SIGNIFICANT FINDINGS**

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

## **SUBSEQUENT EVENTS**

In October 2023, the Trust made a strategic decision to offset the total cost of rate increases by utilizing the Trust's reserves. Due to this, a contribution deficiency reserve, as required by Idaho Code § 41-4010(1)(c), was established by the Trust.

## TRUST HISTORY

The Trust was registered as a self-funded health care plan in Idaho effective December 13, 2017. On that date, the Idaho Department of Insurance issued a certification of registration (No. 4418) 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 hours per week, their dependents, eligible retirees, or Cobra eligible participants from the City of Lewiston. Coverage commences on the first day of the employee's employment.

## TRUST RECORDS

The meetings of the Board of Trustees (the "Board") were conducted nearly monthly for all the years under examination. The Trust Agreement required the Board meet a minimum of once per quarter. The minutes contained high-level discussion of the Trust's financials, examination and audit related matters, changes in coverages and contributions, voting details on significant matters, as well as the review and approval of contracts associated with the Trust.

## MANAGEMENT AND CORPORATE GOVERNANCE

Per the Trust Agreement, the Trust is governed by the Board, which is comprised of a minimum of three Trustees who are key employees of the City of Lewiston. The Board of Trustees serving as of September 30, 2022, were as follows:

<u>Name</u>	<u>Principle Occupation</u>
Travis Myklebust, Chairperson*	Fire Chief
Nikki Province, Vice Chairperson**	Human Resource Director
Daniel Marsh***	Admin Services Director

*\*In April 2023, Travis Myklebust was no longer a Trustee and Nikki Province became the Chairperson.*

*\*\*In October 2022, Deb Lewis, Financial Services Manager, replaced Daniel Marsh as a Trustee. Deb Lewis later became the Vice Chairperson when Nikki Province became the Chairperson.*

*\*\*\*In June 2023, Shannon Grow, Community Development Coordinator, became a Trustee.*

### *Committees*

During the examination period, the Trust established a Medical Benefits Advisory Committee. The Committee consisted of all three Trustees. Representatives from each of the labor unions associated with the City of Lewiston, Police, Fire, and Technicians, as well as other non-representatives were invited to the meetings. The Committee discussed the cost of benefits, feedback on the Trust from employees, and possible benefits. The Committee generally met once per quarter, with recommendations forwarded to the Board.

### *Agreements and Contracts*

#### Claims Administrator

For all periods under examination, Delta Dental of Idaho, Inc. served as the claims administrator for the Trust's dental plans. For all periods under examination, Regence BlueShield of Idaho, Inc. served as the claims administrator for the Trust's medical and vision plans. Agreements were maintained with the above referenced claims administrators during the examination period.

#### Business Associate Agreement

The Trust maintained an agreement with Hub International Northwest, LLC, during the examination period, to provide benefit administrator services. The agreement stated that various consulting services would be provided to the Trust.

### **FIDELITY BOND**

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 an employee. The policy met the minimum 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 December 13, 2017. 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. Participants include employees of the City of Lewiston and their dependents.

### **GROWTH OF THE TRUST**

A summary of significant financial data for the fiscal years covered by the examination is presented below. The information is 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>
2018	3,971,082	1,125,965	2,845,117	N/A
2019	4,322,368	859,804	3,462,564	617,447
2020	5,155,421	484,450	4,670,971	1,208,407
2021	6,148,916	525,774	5,623,142	952,171
2022	6,639,281	353,051	6,286,230	663,088

## **EXCESS OF LOSS COVERAGE**

The Trust maintained specific excess loss and aggregate excess loss insurance for all periods during the examination. The insurance carrier through September 30, 2018, was QBE Insurance Corporation. The insurance carrier for the remaining examination period was Regence BlueShield of Idaho. As of September 30, 2022, the contract provided for Specific Excess of Loss Coverage in the amount of \$60,000 per person as well as Aggregate Excess of Loss Coverage in the amount of \$2,000,000. The insurance providers were authorized in the State of Idaho.

## **ACCOUNTS AND RECORDS**

The Trust's business and accounting records were maintained at the offices of the City of Lewiston. The Trust utilized QuickBooks to maintain financial information. Claims data were maintained by its two claims service administrators, Regence BlueShield of Idaho and Delta Dental of Idaho. 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 statements filed by the Trust with the Department and represent the financial condition of the Trust for the period ending September 30, 2022.

The financial section of this report contains the following statements:

Statement of Net Position

Statement of Changes in Net Position

Reconciliation of Changes in Net Assets

## Statement of Net Position

### Assets

Cash	\$ 1,460,964
Investments	5,030,807
Accounts receivable	69,886
Prepaid expenses	<u>77,624</u>
Total assets	<u>\$ 6,639,281</u>

### Liabilities

IBNR	<u>\$ 353,051</u>
Total liabilities	<u>\$ 353,051</u>

### Net Position

\$ 6,286,230



## Statement of Changes in Net Position

### Additions

#### Contributions

Employer	\$ 4,703,325
Employees	463,562
COBRA	30,170
Retiree	112,365
Cafeteria Plan	215,736
Total contributions	<u>\$ 5,525,158</u>

Rebates	\$ 56,566
Stop loss recovered	431,879
Interest and dividends earned	29,685
Unrealized gains (losses)	(141,232)
Realized gains	8,092
Total additions	<u>\$ 5,910,148</u>

### Deductions

Insurance claim benefits	\$ 4,770,384
Change in IBNR	67,783
Administration	408,893
Total deductions	<u>\$ 5,247,060</u>

Change in Net Position	<u>\$ 663,088</u>
Net Position at Beginning of Year	<u>\$ 5,623,142</u>
Net Position at End of Year	<u><u>\$ 6,286,230</u></u>

# Reconciliation of Changes in Net Assets

	2018	2019	2020	2021	2022
Net Assets, End of Previous Year	-	\$ 2,845,117	\$ 3,462,564	\$ 4,670,971	\$ 5,623,142
Change in Net Assets	-	617,447	1,208,407	952,171	663,088
Net Assets, End of Current Year	\$ 2,845,117	\$ 3,462,564	\$ 4,670,971	\$ 5,623,142	\$ 6,286,230

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.

Comments on Financial Statement Items

There were no adverse findings or material changes to the financial statements resulting from the examination.

**SUMMARY OF RECOMMENDATIONS**

There were no material findings or recommendations rising to the level deemed necessary for inclusion into this report of examination.

## ACKNOWLEDGEMENT

Michael A. Mayberry, FSA, MAAA, of Lewis & Ellis Actuaries and Consultants, 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 officers, employees, and representatives of the Trust.

Respectfully submitted,



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



Eric Fletcher, CFE  
Chief Examiner  
Idaho Department of Insurance

## AFFIDAVIT OF EXAMINER

State of Idaho County of Ada

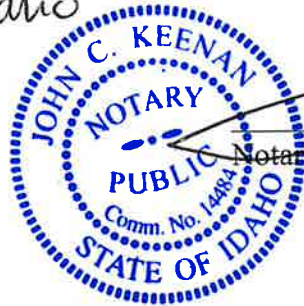
James Anderson, AFE, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of City of Lewiston Employee Benefit Plan Trust for the period December 13, 2017, through September 30, 2022, 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, AFE  
Examiner-in-Charge  
Idaho Department of Insurance

Subscribe and sworn to before me the 30<sup>th</sup> day of JANUARY, at 2024  
(City), Boise (State).

Idaho

  
Notary Public

My Commission Expires: 11/12/2025

## AFFIDAVIT OF EXAMINER

State of Idaho County of ADA

Eric Fletcher, 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 Lewiston Employee Benefit Plan Trust for the period December 13, 2017, through September 30, 2022, 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.



Eric Fletcher, CFE  
Chief Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 30 day of JANUARY, 2024, at Boise  
(City), Idaho (State).



My Commission Expires: 11/12/2025



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

BRAD LITTLE  
Governor

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, 2022, of the:

**City of Lewiston Employee Benefit Plan Trust**

By executing this Waiver, the Trust hereby acknowledges receipt of the above-described examination report, verified as of the January 30, 2024, 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 30 day of January, 2024

**City of Lewiston Employee Benefit Plan Trust**

Nichole Province  
Name (print)

Nichole Province  
Name (signature)

Trustee  
Title

**EXHIBIT**

**B**

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