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Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

CITY OF CHUBBUCK HEALTH PLAN
TRUST

Idaho Certificate of Authority No. 4456

Docket No. 18-4511-24

**ORDER ADOPTING REPORT
OF EXAMINATION
AS OF SEPTEMBER 30, 2023**

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 CHUBBUCK HEALTH 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 of July 9, 2018, to September 30, 2023 (“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. 4456
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 November 1, 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 November 18, 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 November 19, 2024, the Department received a “Waiver” from the Trust signed by Scott Gummersall, the Trust’s 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 Chubbuck Health Plan Trust for the period of July 9, 2018, to September 30, 2023, 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 25th day of November, 2024.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

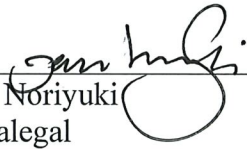
This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition 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 26th day of November, 2024, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF SEPTEMBER 30, 2023, to be served upon the following by the designated means:

City of Chubbuck Health Plan Trust Scott Gummersall, Trustee 290 E Linden Ave Chubbuck, ID 83202	<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: hr@cityofchubbuck.us
James Anderson Deputy Chief Examiner Idaho Department of Insurance 700 W. State Street, 3 rd 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: james.anderson@doi.idaho.gov



Jan Noriyuki
Paralegal

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

CITY OF CHUBBUCK HEALTH PLAN TRUST
(a self-funded health care plan)

as of

September 30, 2023

EXHIBIT

A

exhibitster.com

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Chubbuck, ID
November 18, 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, 2023, of the financial condition and corporate affairs of:

City of Chubbuck Health Plan Trust
290 E Linden Avenue
Chubbuck, Idaho 83202

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 Chubbuck Health Plan Trust (the “Trust”). This is the first examination of the Trust. This examination covers the period of July 9, 2018, through September 30, 2023, 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, Deaton and Company, 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 were 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 both Trustees, to gain an understanding of the Trust’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 other Trustees 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 reported net assets.

SUBSEQUENT EVENTS

We noted no significant subsequent events as of the date of this report.

TRUST HISTORY

The City of Chubbuck in Bannock County Idaho sponsors a self-funded healthcare plan. The Trust was originally formed on February 24, 2018, per the Trust Agreement, as a City of Chubbuck internal service fund. The Board of Trustees govern the Trust in accordance with the Trust Agreement between the City of Chubbuck and the Trust. The Department granted admittance on July 9, 2018, as a self-funded trust and is registered under #4456.

The Trust is regulated under Title 41, Chapter 40. The Trust is funded through contributions from the City. The Trust covers participating employees, eligible retirees, and other past employees under COBRA.

TRUST RECORDS

The meetings of the Board of Trustees (the "Board") were conducted three to five times per fiscal year for all the years under examination. The Trust Agreement required the Board meet a minimum of once per quarter. The minutes contained high-level information related to the Trust's financials, contributions, actuarial items, regulation updates, and the Trust's operations.

MANAGEMENT AND CORPORATE GOVERNANCE

Per the Trust Agreement the Trust is governed by the Board, which is comprised of three Trustees who are employees of the City of Chubbuck. The Board of Trustees serving as of September 30, 2023, were as follows:

<u>Name</u>	<u>Principal Occupation</u>
Scott Gummersall	Director of Human Resources
Richard Morgan	City Treasurer
Paul Andrus*	Administrative Manager

**In June 2024, Mr. Paul Andrus resigned. Mr. Joseph Bowers was appointed by the Mayor as a Trustee in May 2024, and formally acknowledged in the Trust's meeting minutes in August 2024.*

Committees

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

Agreements and Contracts

General Service Administrator

The Trust had an administrative services agreement with Blue Cross of Idaho (hereon after referred to as "BCI") during fiscal years 2020 through 2023. BCI provides administrative general administrative services, claims administration, prescription drugs benefits management for the Trust.

Professional Service Agreement

The Trust maintained a brokerage agreement with Black Ink Benefits during the examination period, to provide professional services. The agreement outlines various consulting services they provide to the Trust.

FIDELITY BOND

A fidelity bond was maintained by the Trust for protection against fraud or dishonesty of losses or damages to the employee benefit plan committed by an employee. The policy currently meets 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.

INSURANCE PLANS

The Trust provides medical coverage and prescription drugs to participants of the Trust. To qualify for benefits, a person must be and remain an elected official of the City of Chubbuck or a fulltime employee of the City of Chubbuck who regularly works at least thirty (30) hours per week or a part-time exempt salaried employee working an annual average of at least fifteen (15) hours per week. Eligible dependents of qualified elected officials or qualified employees are also offered coverage. Coverage begins on the first day of the month after 30 days of employment. Coverage is extended after employment in accordance with COBRA.

PLAN OF OPERATION

The Trust was registered with the Department as of July 9, 2018. It operates as a self-funded health care plan under Title 41, Chapter 40 of Idaho Code. The Trust maintains and administers medical, and prescription drugs benefits. Participants include employees of the City of Chubbuck 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	439,687	163,514	276,173	N/A
2019	508,621	260,061	248,560	(27,613)
2020	700,890	222,362	478,528	229,968
2021	804,757	189,127	615,630	137,102
2022	880,083	197,127	682,956	67,326
2023	1,309,236	229,425	1,079,811	396,855

EXCESS OF LOSS COVERAGE

The Trust maintained Specific Excess of Loss and Aggregate Excess of Loss insurance for all periods under examination. The insurance carrier for the examination year was Blue Cross of Idaho. As of September 30, 2023, the contract provided for Specific Excess of Loss Coverage in the amount of \$50,000 per person as well as Aggregate Excess of Loss Coverage which is unlimited. The insurance providers were authorized in the State of Idaho.

ACCOUNTS AND RECORDS

The Trust's business records were maintained at the office of City of Chubbuck, and accounting records were maintained by Jordan and Company, a full-service accounting firm licensed in Idaho. Administrative and claims data were maintained by Blue Cross of Idaho.

The annual independent audits of the Trust for the years 2018 through 2023 were performed by Deaton and Company. 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 statements filed by the Trust with the Department and represent the financial condition of the Trust for the period ending September 30, 2023.

The financial section of this report contains the following statements:

Statement of Net Position as of September 30, 2023

Statement of Changes in net position as of September 30, 2023

Reconciliation of Net Assets as of September 30, 2023

Statement of Net Position

Assets

Cash on hand	\$ 1,271,780
Prepaid expenses	37,456
Stop loss receivable	<u>0</u>
Total assets	<u>\$ 1,309,236</u>

Liabilities

Accounts payable	\$ 215
Health claims incurred but not reported	108,801
Unearned contributions	<u>120,409</u>
Total liabilities	<u>\$ 229,425</u>

Net Position

\$ 1,079,811

Statement of Changes in Net Position

Additions

Contributions	\$ 1,388,144
Stop loss recovery	209,397
Revenue	23,408
Interest income	22,140
Other income	349,691
Total additions	<u>\$ 1,992,780</u>

Deductions

Stop-loss coverage	\$ 331,127
Taxes	1,112
Broker fees	24,080
Professional service fees	17,919
Continuation fees	500
Change in IBNR	15,261
Bonded insurance expense	295
Immunization	8,400
Claims administration	56,799
Claims insured	1,140,432
Total deductions	<u>\$ 1,595,925</u>

Change in Net Position

\$ 396,855

Net Position at Beginning of Year

\$ 682,956

Net Position at End of Year

\$ 1,079,811

Reconciliation of Changes in Net Assets

	2018	2019	2020	2021	2022	2023
Net Assets End of Previous Year	N/A	\$ 276,173	\$ 248,560	\$ 478,528	\$ 615,630	\$ 682,956
Change in Net Assets	N/A	(27,613)	229,968	137,102	67,326	396,855
Net Assets End of Current Year	\$276,173	\$ 248,560	\$ 478,528	\$ 615,630	\$ 682,956	\$ 1,079,811

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 in this report of examination.

ACKNOWLEDGEMENT

Michael A. Mayberry, FSA, MAAA of Lewis & Ellis Actuaries and Consultants, performed the actuarial phases of the examination. Dennis Kluk, CFE, MCM of Global Insurance Enterprises, Inc. supervised the examination. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by representatives of the Trust.

Respectfully submitted,



Roshi Fekrat, CPA, CFE, CIA, AMCM
Examiner-in-Charge
Global Insurance Enterprises, Inc.
Representing the Idaho Department of Insurance



James Anderson, AFE
Deputy Chief Examiner
Idaho Department of Insurance

AFFIDAVIT OF EXAMINER

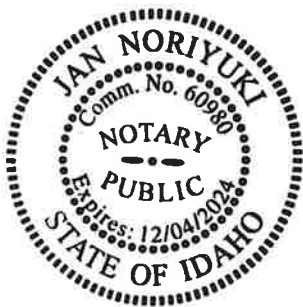
State of Pennsylvania County of Montgomery

Roshi Fekrat, 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 Chubbuck Health Plan Trust for the period July 9, 2018 through September 30, 2023, 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.

Roshanak Fekrat

Roshi Fekrat, CPA, CFE, CIA, AMCM
Examiner-in-Charge
Global Insurance Enterprises, Inc.
On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the 18th day of November, 2024, at Boise
(City), Idaho (State).



Jan Noriyuki
Notary Public

My Commission Expires: 12-4-2024

AFFIDAVIT OF EXAMINER

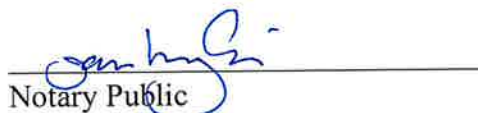
State of Idaho County of Ada

James Anderson, 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 Chubbuck Health Plan Trust for the period of July 9, 2018 through September 30, 2023, 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
Deputy Chief Examiner
Idaho Department of Insurance

Subscribe and sworn to before me the 18th day of November, 2024, at Boise
(City), Idaho (State).


Notary Public

My Commission Expires: 12-4-2024

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, 2023 of the:

City of Chubbuck Health Plan Trust

By executing this Waiver, the Trust hereby acknowledges receipt of the above-described examination report, verified as of the November 18, 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 19th day of November, 2024

City of Chubbuck Health Plan Trust

Scott Commercial

Name (print)

[Signature]

Name (signature)

Trustee

Title

EXHIBIT

B

exhibitstickers.com

B
11-19-24

RM
11.19.24