

FILED

JUN 11 2026

**Department of Insurance
State of Idaho**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
STATE OF IDAHO**

In the Matter of:

CITY OF MERIDIAN EMPLOYEE
BENEFITS PLAN TRUST

Idaho Certificate of Authority No. 4522

Docket No. 18-4972-26

**ORDER ADOPTING REPORT
OF EXAMINATION AS OF
DECEMBER 31, 2024**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, records, and assets of the CITY OF MERIDIAN EMPLOYEE BENEFITS 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), as incorporated and made applicable by Idaho Code § 41-4021, 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 January 2, 2020, through December 31, 2024 (“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 January 2, 2020, under Idaho Certificate of Authority No. 4522.
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 April 30, 2026. 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, verified under oath by the Department's Deputy Chief Examiner, was filed with the Department on May 11, 2026, and was transmitted to the Trust on the same date. A copy of the verified Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-4013(3), the Trust had four (4) weeks from the service of the Report within which to review, comment, or request a hearing on the Report. No written submissions or rebuttals with respect to any matters contained in the Report were received by the Department from the Trust.

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 MERIDIAN EMPLOYEE BENEFITS PLAN TRUST for the period of January 2, 2020, through December 31, 2024, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(8), that the 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 CITY OF MERIDIAN EMPLOYEE BENEFITS PLAN TRUST shall file with the Department's Deputy 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 11 day of June 2026.

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 11th day of June 2026, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2024, to be served upon the following by the designated means:

City of Meridian Employee Benefits Plan Trust Bill Nary, Chairperson Christena Barney, Trustee 33 E. Broadway Ave. Meridian, ID 83642	<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:
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: <u>james.anderson@doi.idaho.gov</u>



Jan Noriyuki
Paralegal

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

CITY OF MERIDIAN EMPLOYEE BENEFITS PLAN TRUST
(self-funded healthcare plan)

as of

December 31, 2024

EXHIBIT

A

exhibitclicker.com

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Boise, Idaho
April 30, 2026

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 December 31, 2024, of the financial condition and corporate affairs of:

City of Meridian Employee Benefits Plan Trust
33 E. Broadway Ave
Meridian, ID 83642

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 the City of Meridian Employee Benefits Plan Trust. This is the first examination of the Trust. This examination covers the period of January 2, 2020, through December 31, 2024, and subsequent.

Examination Procedures Employed

Our examination was conducted in accordance with Idaho Code §§ 41-219(I) 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 the requested work papers prepared in connection with its audit. The external audit work was relied upon when 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 its business approach, to develop an examination plan tailored to the Trust's specific operating profile.

Interviews were conducted with key personnel including a Trustee, the Trust's actuary, Gallagher, and the CPA firm, Eide Bailly, LLP, to understand the entity's operating profile and control environment.

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

A letter of representation certifying that the administrative staff disclosed all significant matters and records was obtained from the Chairperson and the Trust Administrator 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

The Trust's surplus fell below the required statutory minimum multiple times throughout the examination period. Idaho Code § 41-4010(7) requires that the Trust maintain these minimum surplus levels at all times throughout the year.

The Trust did not consistently file and remit premium taxes within the required timeframe during the examination period. Idaho Code §§ 41-4011(4) and 41-4012(1) require self-funded plans to file and pay premium taxes within ninety (90) days of fiscal year-end.

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

SUBSEQUENT EVENTS

During 2025, it was observed that the Trust's surplus fell below the required statutory minimum. Subsequent to this decline and prior to year-end 2025, the City Council approved additional funding to ensure the minimum surplus requirements were met.

TRUST HISTORY

General

The City of Meridian, as the plan sponsor and employer, created the Trust effective January 1, 2020, to provide health care benefits to eligible employees, as the beneficiaries of the Trust. The Trust was established under Title 41, Chapter 40 of Idaho Code as a self-funded health plan. The Trust is administered by a group of Trustees made up of City of Meridian employees. The purposes of the Trust, amongst other things, are to provide for the payment of covered services incurred by its beneficiaries; appoint Trustees; collect contributions; accumulate assets to pay benefits and Trust expenses; and to hold, manage, invest, and reinvest the Trust property in accordance with the irrevocable Trust agreement.

The Department issued Certificate of Registration No. 4522, effective January 2, 2020, and the Trust began operating effective January 1, 2020.

Dividends and Capital Contributions

During the examination period, the Trust reported no dividends or capital contributions.

Mergers and Acquisitions

During the examination period, the Trust reported no mergers and acquisitions.

Surplus Debentures

During the examination period, the Trust reported no surplus debentures.

TRUST RECORDS

The meetings of the Board of Trustees (the “Board”) were conducted nearly on a monthly basis for all years under examination. The Trust Agreement requires regular meetings be held at least quarterly while allowing regular meetings to be rescheduled or canceled by agreement of a majority of Trustees. Special meetings may be called by any one Trustee, providing at least forty-eight (48) hours notice. Meeting minutes contained a high-level review of monthly experience reports, monthly & quarterly financial reports, enrollment, plan changes, and payment of bills. See Summary of Recommendations for matters related to documentation of Board approvals.

MANAGEMENT AND CORPORATE GOVERNANCE

The Trust Agreement authorizes three (3) to five (5) Trustees who are appointed by the City of Meridian City Council. The Trustees, including any successors, are employees of the City of Meridian and serve until death, incapacity, resignation, removal, or separation from City employment.

The Trust Agreement further authorizes the Trustees to appoint ex-officio members or administrative staff as needed. Officers established under the Agreement includes a Chair and Vice-Chair, who are required to be elected at the first regular Trust meeting in November of each year.

As of December 31, 2024, the following were serving as Trustees:

<u>Name</u>	<u>City of Meridian Position</u>	<u>Trust Position</u>
Bill Nary	City Attorney/Risk Manager	Trustee-Chair
Alexander Freitag	Business Manager	Trustee-Vice Chair
Christena Barney	Human Resources Generalist	Trustee
Eli Daniel	IT Network Administrator	Trustee
Justin Northway	Law Enforcement Officer	Trustee

Committees

The Trust does not have a formal committee; however, the City of Meridian maintains a Benefits Committee comprised of the Trustees and City of Meridian employees. The Benefits Committee is an advisory group that makes recommendations to the Trust regarding plan and benefit design, while decision-making authority remains with the Trustees. The Benefits Committee was in place prior to the Trust's inception and meets monthly.

Agreements and Contracts

Details of significant agreements and contracts in place as of December 31, 2024, are as follows:

Consulting Agreement

The Trust maintains a consulting services agreement with Gallagher, under which the Trust receives services from qualified actuaries necessary to ensure the Trust is actuarially sound and compliant with Idaho Code, Title 41, Chapter 40. The most recent version of this agreement took effect on October 3, 2022, to perform the 2024 rate review and certification, claims reserve development, certification, and actuarial opinion.

Administrative Services Agreement

Since its inception, the Trust has maintained an administrative agreement with Blue Cross of Idaho Health Service, Inc. (BCI). The most recent version of this contract was executed on January 1, 2022, and amended on January 1, 2024. It has continued to renew automatically for successive twelve (12) month periods. Under the terms of the agreement, BCI provides general administrative services to the Trust and its beneficiaries, including benefit payments, excess of loss coverage, run-out of claims, population health management services, provider claims audits, and other services. The Trust receives the services and, in exchange, pays a per-enrollee, per-month fee, which is considered in the actuarially calculated contribution rates.

Additional service agreements were maintained with Delta Dental Plan of Idaho for dental benefits and VSP Vision Care for vision benefits.

Master Services Agreement

Effective September 26, 2022, the Trust entered into a Master Services Agreement with CliftonLarsonAllen, LLP (CLA) to provide financial and accounting services to the Trust.

FIDELITY BONDS AND OTHER INSURANCE

A crime policy was maintained by the Trust to protect against crime or dishonesty by an employee, fiduciary, trustee, administrator, or officer. The policy met the requirements specified in Idaho Code § 41-4014. The insurance company providing coverage to the Trust was licensed or otherwise authorized in Idaho.

PLAN OF OPERATION

As of December 31, 2024, the Trust was licensed as a self-funded health care plan. Operations of the Trust are performed in the City of Meridian's offices in Meridian, Idaho. The Trust provides health care benefits to eligible employees and their dependents. Eligible employees include those who regularly work 30 hours or more per week, or average 30 hours or more per week during a 12-month period.

GROWTH OF THE TRUST

The following is a summary of significant financial data for the fiscal years covered by the examination, based upon the audited financial statements filed by the Trust with the Department:

<u>Year</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Net Position</u>	<u>Contributions</u>	<u>Contributions to Net Position</u>
2020	\$ 1,658,653	\$ 404,736	\$ 1,253,917	\$ 7,093,360	566%
2021	\$ 1,706,115	\$ 408,140	\$ 1,297,975	\$ 7,159,146	552%
2022	\$ 2,394,373	\$ 398,015	\$ 1,996,358	\$ 7,654,493	383%
2023	\$ 3,097,982	\$ 356,835	\$ 2,741,147	\$ 8,389,054	306%
2024	\$ 2,543,637	\$ 585,070	\$ 1,958,567	\$ 9,086,307	464%

EXCESS OF LOSS COVERAGE

The Trust, in conjunction with the Administrative Services Agreement with BCI, has requested that BCI provide excess of loss coverage pursuant to the terms of the agreement. For all years under examination, an excess of loss contract was issued by BCI covering the period from January 1 to December 31 and was renewed for successive twelve (12) month periods.

As of December 31, 2024, the contract provided for a specific excess of loss of \$225,000 per year, not to exceed an overall aggregate limit that varies with the number of active participants. The aggregate percentage is 125%, with an aggregate excess loss factor per enrollee per month that varies by the selected plan. The provider is authorized as an insurer in the State of Idaho.

ACCOUNTS AND RECORDS

General Accounting

The Trust's business and accounting records were maintained at the City of Meridian offices in Meridian, Idaho. The Trust uses the City of Meridian's information technology capabilities and support. Claims data were maintained by its claims service administrator, Blue Cross of Idaho Health Services, Inc., Delta Dental Plan of Idaho, and VSP Vision Care.

Independent Auditor

The annual independent audits of the Trust for the fiscal years ending December 31, 2020, through December 31, 2024, were performed by Eide Bailly, LLP. In the auditor's opinion, the financial statements presented fairly the Trust's financial position in accordance with accounting principles generally accepted in the United States of America. Work papers and other documents, as

requested, were provided to the examiners during the examination. Audit workpapers were relied upon where deemed appropriate.

Actuarial Certification

Mercer provided actuarial certifications for the Trust as of December 31, 2020 and December 31, 2021. Actuarial certifications for December 31, 2022, through December 31, 2024, for Incurred But Not Paid (IBNP) claims were prepared by Gallagher. Michael Stahl, FSA, MAAA, Senior Consulting Actuary, prepared the actuarial estimate as of December 31, 2024.

Review of the IBNP claim reserve by the examining actuary determined that the actuarial methodology utilized in the reserve process was reasonable, and that the IBNP reported as of December 31, 2024, appeared to be reasonable.

FINANCIAL STATEMENTS

The following financial statements are based on the audited financials filed by the Trust with the Department and present the financial condition of the Trust for the period ending December 31, 2024.

The financial section of this report contains the following statements:

Statement of Fiduciary Net Position

Statement of Revenues, Expenditures, and Changes in Fiduciary Net Position

Reconciliation of Changes in Net Position

Statement of Fiduciary Net Position

Assets	
Cash and Cash Equivalents	\$ 2,381,142
Contributions Receivable	1,628
Rebates Receivable	72,850
Prepaid Expenses	<u>88,017</u>
Total Assets	<u>2,543,637</u>
Liabilities	
Claims Payable	106,070
Claims Incurred But Not Paid (IBNP)	<u>479,000</u>
Total Liabilities	<u>585,070</u>
Fiduciary Net Position	<u><u>\$ 1,958,567</u></u>

Statement of Changes in Fiduciary Net Position

Additions	
Contributions	
Employer	\$ 8,189,138
Plan Member	880,703
COBRA	<u>16,466</u>
Total Contributions	<u>9,086,307</u>
Prescription Rebates	283,304
Interest Income	<u>7,847</u>
Total Additions	<u>9,377,458</u>
Deductions	
Health Claim Benefits	9,075,007
Change in IBNR	(122,165)
Stop Loss Premiums	598,805
Administrative Expenses	<u>608,391</u>
Total Deductions	<u>10,160,038</u>
Change in Fiduciary Net Position	(782,580)
Fiduciary Net Position, Beginning of Year	<u>2,741,147</u>
Fiduciary Net Position, End of Year	<u><u>\$ 1,958,567</u></u>

Reconciliation of Changes in Net Position

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net position, end of previous year	\$ -	\$ 1,253,917	\$ 1,297,975	\$ 1,996,358	\$ 2,741,147
Net changes in position	<u>1,253,917</u>	<u>44,058</u>	<u>698,383</u>	<u>744,789</u>	<u>(782,580)</u>
Net position, end of current year	<u>\$ 1,253,917</u>	<u>\$ 1,297,975</u>	<u>\$ 1,996,358</u>	<u>\$ 2,741,147</u>	<u>\$ 1,958,567</u>

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

Minimum Surplus Compliance

It is recommended that the Trust implement procedures to ensure compliance with Idaho Code § 41-4010 by maintaining the required minimum surplus levels at all times throughout the year. This should include ongoing monitoring of surplus levels and timely adjustments to contribution rates or funding, as necessary, to prevent future deficiencies.

Late Premium Tax Filings and Payment of Premium Taxes

It is recommended the Trust implement procedures to ensure timely filing and payment of premium taxes and continuation fees in accordance with Idaho Code §§ 41-4011(4) and 41-4012(1).

Board Approval and Documentation of Contracts

It is recommended that the Trust ensure all service contracts and agreements are reviewed and approved by the Board in accordance with IDAPA 18.04.05.029. Such approvals should be made by Board resolution, documented in the meeting minutes, and maintained in writing for all contracts exceeding \$500. This process should apply to initial contracts, renewals, and amendments.

Lack of Service Agreement with City of Meridian

It is recommended that the Trust execute a written service agreement with the City of Meridian in accordance with Idaho Code § 41-4007(3) and IDAPA 18.04.05.029. The Trust should ensure that any agreements are periodically reviewed and timely renewed prior to expiration. The agreement should clearly define the nature and scope of services provided, identify responsible parties, and specify fees, if any. The agreement should also require that individuals handling Trust funds be covered by a fidelity bond or dishonesty insurance policy, as required by Idaho Code § 41-4014(3).

ACKNOWLEDGEMENT

Michael A. Mayberry, FSA, MAAA of Lewis & Ellis, Inc., performed the actuarial phases of the examination. In addition to the undersigned, Sarah Lucibello, CFE, of The INS Companies, participated in the examination representing the Idaho Department of Insurance. James Anderson, CFE, Deputy Chief Examiner of the Idaho Department of Insurance, 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,

Cecilee Houdek

Cecilee Houdek (05/11/2026 10:27:43 CDT)

Cecilee Houdek, CFE
Examiner-in-Charge
The INS Companies
Representing the Idaho Department of Insurance

James Anderson

James Anderson (05/11/2026 09:31:49 MDT)

James Anderson, CFE
Deputy Chief Examiner
Idaho Department of Insurance

AFFIDAVIT OF EXAMINER

State of IDAHO County of ADA

Cecilee Houdek, 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 Meridian Employee Benefits Plan Trust for the period January 2, 2020 through December 31, 2024, 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.

Cecilee Houdek

Cecilee Houdek (05/11/2026 10:27:43 CDT)

Cecilee Houdek, CFE
Examiner-in-Charge
The INS Companies
On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the 11th day of MAYe, 2020, at BOISE
(City), IDAHO (State).



Notary Public



My Commission Expires: 3 | 15 | 29

AFFIDAVIT OF EXAMINER

State of IDAHO County of ADA

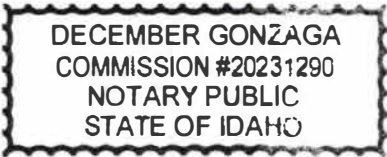
James Anderson, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of City of Meridian Employee Benefits Plan Trust for the period January 2, 2020 through December 31, 2024, 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
James Anderson (05/11/2026 09 31 49 MDT)

James Anderson, CFE
Deputy Chief Examiner
Idaho Department of Insurance

Subscribe and sworn to before me the 16TH day of MAY, 2020, at BOISE
(City), IDAHO (State).

[Signature]
Notary Public



My Commission Expires: 3/15/29