

FILED  
MAY 18 2021  
Department of Insurance  
State of Idaho

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

**STATE OF IDAHO**

In the Matter of:

IDAHO INDEPENDENT  
INTERGOVERNMENTAL AUTHORITY

Idaho Registration No. 4132

Docket No. 18-3921-21

**ORDER ADOPTING REPORT  
OF EXAMINATION AS OF  
SEPTEMBER 30, 2019**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, accounts, records, and assets of Idaho Independent Intergovernmental Authority (“III-A”), pursuant to Idaho Code §§ 41-4113 and 41-219(1), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code §§ 41-4113(3) and 41-227(5)(a), adopting the Report of Examination of Idaho Independent Intergovernmental Authority as of September 30, 2019 (“Report”), as filed.

**FINDINGS OF FACT**

1. III-A is an Idaho-domiciled joint public agency self-funded health care plan, which was duly registered with the Department on February 14, 2012, under Registration No. 4132.
2. The Department completed an examination of III-A, pursuant to Idaho Code §§ 41-4113 and 41-219(1) and (5) on or about May 5, 2021. The Department’s findings are set forth in the Report.
3. Pursuant to Idaho Code § 41-227(4), a copy of the Report, verified under oath by

the Department's examiner-in-charge, was filed with the Department on May 5, 2021, and a copy of such verified Report was transmitted to III-A on May 11, 2021. A copy of the verified Report is attached hereto as Exhibit A.

4. On or about May 11, 2021, the Department received a Waiver from III-A signed by Rick Watkins, III-A Chairman. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, III-A consented to the immediate entry of a final order by the Director of the Department ("Director") adopting the Report without any modifications; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

5. No written submissions or rebuttals with respect to any matters contained in the Report were received by the Department from III-A.

#### **CONCLUSIONS OF LAW**

6. Idaho Code § 41-227(5) provides that "[w]ithin thirty (30) days of the end 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, rejecting the report and reopening the examination, or calling for an investigatory hearing.

7. Having fully considered the Report, the Director concludes that the Report should be adopted.

#### **ORDER**

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Examination of Idaho Independent Intergovernmental Authority as of September 30, 2019, 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 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, III-A shall file with the Department's Chief Examiner affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report and related orders.

DATED and EFFECTIVE this 17<sup>th</sup> day of May, 2021.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE

  
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 fourteen (14) days of the service date of this order. The agency will dispose of the motion for reconsideration within twenty-one (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 twenty-eight (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 twenty-one (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 18th day of May, 2021, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF SEPTEMBER 30, 2019 to be served upon the following by the designated means:

Idaho Independent Intergovernmental Authority  
950 W. Bannock Street, Ste. 520  
Boise, ID 83702-6118

☐ first class mail  
☒ certified mail  
☐ hand delivery  
☐ email

Eric Fletcher  
Chief Examiner, Company Activities Bureau Chief  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043  
eric.fletcher@doi.idaho.gov

☐ first class mail  
☐ certified mail  
☐ hand delivery  
☒ email

Edith L. Pacillo  
Lead Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043  
edith.pacillo@doi.idaho.gov

☐ first class mail  
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☒ email

  
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DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY  
(a joint public agency self-funded healthcare plan)

as of

September 30, 2019

**EXHIBIT**

**A**

exhibitstickler.com

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Boise, Idaho  
May 5, 2021

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, 2019, of the financial condition and corporate affairs of:

Idaho Independent Intergovernmental Authority  
PO Box 190477  
Boise, ID 83719

Hereinafter referred to as the "Trust", at its offices in Boise, Idaho. The following report of examination is respectfully submitted.



## SCOPE OF EXAMINATION

### *Period Covered*

We have performed our single state examination of Idaho Independent Intergovernmental Authority (Trust). The last exam was completed as of September 30, 2014. This examination covers the period of October 1, 2014 through September 31, 2019.

### *Examination Procedures Employed*

Our examination was conducted in accordance with Idaho Code §§ 41-219(1) and 41-4113 and the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). The purpose of the examination was to determine compliance with accounting practices and procedures in conformity with the applicable laws of the State of Idaho and insurance rules promulgated by the Idaho Department of Insurance (Department). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Trust by obtaining information about the Trust including corporate governance, identifying, and assessing inherent risks within the Trust and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management.

The Trust retained the services of a certified public accounting firm, Condie, Stoker, & Associates, P.A. in Rupert, Idaho to audit its financial records for the years under examination. The firm allowed the examiners access to requested work papers prepared in connection with its audits. The external audit work was relied upon where deemed appropriate.

All accounts and activities of the Trust were considered in accordance with the modified risk-focused examination process. The initial phase of the examination focused on evaluating the Trust's corporate governance and control environment, as well as business approach, in order to develop an examination plan tailored to the Trust's individual operating profile. A risk-focused approach was determined appropriate.

The examination determined the risks associated with identified key functional areas of the Trust's operation and considered mitigating factors. Interviews were held with the senior management of the Trust 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 Inc., contracted by the Department to verify pricing and reserves.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

### *Status of Prior Examination Findings*

Our examination included a review to determine the status of the three exception conditions commented upon in our preceding Report of Examination, dated March 6, 2017 which covered the

period from February 14, 2012 to September 30, 2014. We determined the Trust had satisfactorily addressed all those exception conditions.

## **SUMMARY OF SIGNIFICANT FINDINGS**

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

## **SUBSEQUENT EVENTS**

Significant subsequent events as of the date of this report are:

### *COVID-19 and Aggregate Stop Loss Adjustments*

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review of the Trust noted that there has been a significant impact to the Trust, primarily due to unexpected claims and testing expenses. The Trust has tracked COVID-19 expenses separately and submitted a COVID expense report to the State of Idaho Coronavirus Financial Advisory Committee (CFAC) to request reimbursement of the COVID expenses. CFAC approved the request, and the Trust received the reimbursement funds in February 2021. However, while waiting for the CFAC funds, the Trust's surplus decreased due to the high claims. In the interim, the Trust was unable to fully fund the aggregate waiver reserve, a stipulation under Idaho Code § 41-4110(3) for waiving the requirement that the plan maintain aggregate stop loss coverage.

The Board of Trustees and staff are committed to transparency and following the guidelines and regulations that govern the Trust. When the Trust realized in mid-January that they would not have the aggregate waiver reserve fully funded per their actuary, Milliman's, Final Rate Letter Exhibit 4, the Trust immediately contacted Blue Cross of Idaho (BCI) for an aggregate stop loss insurance rate and Trust Chairman Watkins convened the Board to meet regarding purchase of this benefit.

The Trust has communicated this to the Department and included the updated renewal including the purchase of aggregate insurance effective February 1, 2021. The Trust now has Aggregate Stop Loss effective February 1, 2021 to September 30, 2021. This transaction to purchase aggregate coverage was approved by the Board.

The Executive Director of the Trust, upon Trustee approval of the purchase of aggregate stop loss insurance, notified the Department of the resolution. Throughout this process, the Trust maintained fully funded IBNR reserves along with additional surplus dollars in excess of \$4.5 million. The

Department has been in communication with the Trust, regarding the impact of COVID-19 on its business operations and financial position. The Trust has implemented an Emergency Procedure Plan, updated the Staffing Plan, and continues to add additional internal controls and procedures to enhance the Trust's long-term stability. The Department, along with Trust, continues to closely monitor the impact of the pandemic on the Trust.

Following these events, the Department notes there are no material concerns as of this report regarding the Trust's ability to pay claims and obligations. With the prudent actions of the Trustees, the Trust resolved a brief period of concern regarding the aggregate stop loss waiver requirements.

## **TRUST HISTORY**

### *General*

The Trust was created on February 9, 2011 as a joint public agency self-funded employee health care plan under Title 41, Chapter 41, of the Idaho Code. The Authority was registered with the Idaho Department of Insurance as a self-funded health care plan effective February 14, 2012.

The purpose of the Authority is to provide the best quality and structure of health benefits to its members' employees by directly managing the cost and administration of those benefits through a cooperative pool in a manner that will be more efficient, economic and competitive than what the market can offer through traditional insurance carriers. As of the examination date, membership in the Authority includes 79 cities and one special Authority located in the State of Idaho.

The member cities and one special Authority signed a joint power agreement that established the Authority and gives power to create a board of trustees. The board of trustees consists of no more than thirteen of only public agencies with three or more years of participation in the Trust are eligible to serve as a Trustee.

### *Dividends and Capital Contributions*

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

### *Mergers and Acquisitions*

During the examination period covered, the Trust reported no mergers or acquisitions.

### *Surplus Debentures*

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

## **CORPORATE RECORDS**

The meetings of the Board of Trustees (Board) and were conducted on a quarterly basis for all the years under examination. Generally, Board meetings were conducted in person or through teleconference. A review of the Board meeting minutes for the period October 1, 2014 through September 30, 2019, and subsequent thereto, indicated compliance with the Joint Powers Agreement with respect to Board meeting dates and the election of the Board. At each annual board meeting, the new Board members are nominated and elected. The minutes indicated the Trust operates within the scope of its authority and the Board is properly informed of and participates in Trust affairs. During the examination, the Board appointed various committees (see caption "Management and Corporate Governance").

In addition, the Trust has established procedures for disclosing to its Board any material affiliation on the part of its Board which is likely to conflict with the individual's official duties. These were reviewed and approved in the Board minutes annually.

The prior Examination Report as of September 30, 2014, was distributed to the Board and reviewed at the Board of Trustees meeting on February 21, 2017, in accordance with Idaho Code §41-227 (6) (a).

## **MANAGEMENT AND CORPORATE GOVERNANCE**

The Joint Powers Agreement (JPA) gives the power to create a Board of Trustees (Trustee(s)) consisting of thirteen (13) as of September 30, 2019. Only agencies with three or more years of participation in the Trust shall be eligible to serve. Trustees' seats one through four shall be chosen based on the number of employees enrolled in the Authority's medical program. The four agencies having the highest number of enrolled employees shall have a Trustee on the Board of Trustees. These seats shall be staggered, seat one shall be filled by the highest enrolled and the remaining seats shall follow based on enrollment.

The following persons served as Trustee as of September 30, 2019:

<u>Director and Residence</u>	<u>Year First Elected</u>	<u>Principal Occupation</u>
Rick Watkins Fruitland, Idaho	2012	Chairman, City of Fruitland Idaho - City Administrator, Clerk, Treasurer, Zoning, and Fire Chief
Dan Hammond American Falls, Idaho	2012	Vice Chairman, City of American Falls Councilman
Grant Gaeger Ketchum, Idaho	2016	Secretary, City of Ketchum – Director, Director Financial Service:
Gary Aldous* American Falls, Idaho	2019	Power County Highway District - Supervisor
Ruth Bailes Rupert, Idaho	2012	Minidoka Irrigation District – Secretary/Treasurer
Rusty Coffelt* Eagle, Idaho	2018	Eagle Fire Protection District – Fire Chief
Tracy Malvich McCall, Idaho	2019	City of McCall – Human Resources Director
Jeff Miles* Boise, Idaho	2019	Local Highway Technical Assistance Council - Administrator
Suzanne, McNeel Blackfoot, Idaho	2012	City of Blackfoot – City Clerk
Jared Mitton* Oakley, Idaho	2012	City of Oakley – Public Works Superintendent
Danielle, Painter New Plymouth, Idaho	2015	City of New Plymouth – City Clerk, Treasurer
Patty Parkinson St. Anthony, Idaho	2015	City of St. Anthony – City Clerk, Treasurer
Pat Riley Hayden, Idaho	2017	Northern Lakes Fire Protection District – Fire Chief

\*Subsequent to the examination period, Trustees Jeff Miles, Rusty Coffelt, Gary Aldous and Jared Mitton were replaced with newly elected Trustees as follows: Tyler Lewis – Eagle Fire,

Jacob Qualls – City of New Meadows, Lori Yorbough – City of Athol and Gilbert Hofmeister – Power County Highway District.

### *Committees*

The JPA provides the Board all right, power and authority for the administration and operation of the objectives and purposes of the Trust in compliance with Idaho Code Title 41, Chapter 41. Effective October 1, 2019, the Board appointed the following committees and members:

#### Audit Committee:

Patty Parkinson, Chair  
Neal Gier  
Suzanne Percy  
Joshua Schouman

#### Finance and Investment Committee:

Patty Parkinson, Chair  
Lori Yarbrough  
Gary Aldous

#### Medical Review Committee:

Pat Riley, Chair  
Tyler Lewis  
Dan Hammond

#### Legislative Committee:

Suzanne McNeel, Chair  
Grant Gager  
Jacob ‘Mac’ Qualls

#### Strategic Committee:

Rick Watkins, Chair  
Pat Riley  
Patty Parkinson  
Suzanne McNeel  
Traci Malvich

#### Human Resources Committee:

Traci Malvich, Chair  
Danielle Painter  
Ruth Bailes

### *Agreements and Contracts*

As of September 30, 2019, the Trust maintained the following:

#### Administrative Services Agreement

Effective October 1, 2018 through September 30, 2019 the Trust is party to an Administrative Services Agreement (Agreement) with Blue Cross of Idaho Health Service Inc. (BCI). Pursuant to the Agreement, BCI provides the Trust certain general administration services and benefit services. General administrative services include, but are not limited to, description and summary of health care benefits to plan as required by the Patient Participation and Affordable Health Care Act of 2010, application forms, maintain and enrollment of eligible files, provide identification cards, provide accounting reports (paid claims, fees paid, claimant reports, IBNR estimates in determining reserves) and other reports in accordance with HIPAA and 45 Code of Federal Regulations.

Benefit services include but are not limited to process and pay benefit claims, review and report denial of benefits including any appeals to the Trust. Trust service fees consist of several charges from BCI and are structured as per enrollee per month by range depending on the type of service,

IBNR fees based on a standard twelve-month contract period, and other fee programs.

The Agreement will automatically renew for successive twelve-month periods unless either party provides a notice of termination.

#### Legal Services Agreement

Effective September 20, 2016 the Trust is party to a Second Amended Legal Services Agreement (Agreement) with MSBT Law, Chartered. (MSBT). Pursuant to the Agreement, MSBT provides the Trust services to serve as General Counsel to provide legal counsel, advice, and representation in a wide spectrum of civil issues related to Chapter 41, Title 41 of the Idaho Code. This includes, but is not necessarily limited to, administrative and operational issues, contracts, and employment and personnel issues. A retainer fee per month is charged plus actual or documented expenses incurred. Other fees are included at an hourly rate based on the type of assignment by the Trust. The agreement will continue until terminated by any party.

#### Engagement Letter with Poulsen, VanLeuven & Catmull, P.A.

Effective December 6, 2018 the Trust is party to services by Poulsen, VanLeuven & Catmull, P.A., a public accounting firm. For the periods September 30, 2019 through September 30, 2021, the services to be performed by the accounting firm including, but not limited to, preparation of the financial statements which include preparing and maintaining trial balances, general ledger and bank account activity, reconciliations including deposit and post contributions monthly, attend board meetings, prepare tax filings, prepare financial filings to the Department, and manage the finances of the Trust as needed. For these services a monthly fee is charged and certain other services are provided at a per hour rate as needed.

#### Letter of Agreement with SBS Associates L.L.C.

Effective June 15, 2018 the Trust is party to services by SBS Associates L.L.C. As of the effective date through June 30, 2019 and renewed annually upon mutual agreement, SBS will provide the Trust government affairs services, including advice and counsel on legislative, regulatory and communications strategy in positioning the Trust in the Idaho insurance market and with elected officials and policymakers. The Trust will pay SBS a retainer per month with customary and reasonable internal expenses at a flat rate.

#### Pharmacist Consultant Agreement

Effective June 18, 2019 the Trust is party to a Pharmacist Consultant Agreement (Agreement) with Catharine Cashmore, PharmaD, MS, ANP (Consultant). Pursuant to the Agreement, the Consultant will provide pharmacy consultant services which include information provided by the Trust with permission to consult with medical providers to obtain additional information. The Consultant will report findings to the Trust's executive director and the medical review committee. This agreement will terminate on June 30, 2020.

### Preventative Health Services Agreement

Effective August 24, 2018 the Trust is party to a Preventative Health Agreement (Agreement) with Preventive Health, L.L.C. (Preventive). Pursuant to the Agreement, Preventive will provide preventative health services to include, but not limited to, pre-clinic dedicated service representatives, marketing and promotional materials, standard health screening, labs, health screening, vaccinations, preventive wellness counseling, and post clinic. Preventative will seek payment for the services and additional labs solely from the Trust Plan and/or the Participant's insurance. This agreement was terminated in December, 2018.

## **FIDELITY BONDS AND OTHER INSURANCE**

Insurance coverages for the protection of the Trust was maintained through the period under examination. Coverages in effect as of September 30, 2019 included automobile, property liability, general liability, errors and omissions, employee benefits and practices liability and machine breakdown. The coverage provided met the requirements specified in Idaho Code § 41-4114. The insurance company providing the coverages to the Trust was licensed or otherwise authorized in the State of Idaho.

## **PENSION AND INSURANCE PLANS**

The Trust's employees working thirty or more hours weekly are eligible for the following benefits: medical plan, dental plan, vision plan, health reimbursement account, 457 retirement plan, short-term and long-term disability and life insurance.

These benefits are all recorded in the monthly financial statements created by the Trust accountant. Employee benefits are funded under a line item in the annual budget. All benefits are approved initially by the Human Resources Committee, sent to the Finance Committee for review and approval, and finally presented to the Board of Trustees with the recommendation of the two committees.

## **TERRITORY AND PLAN OF OPERATION**

As of February 14, 2012, the Trust was registered with the Department as a joint public agency self-funded health care plan. The Trust's Certificate of Registration Number 4132 was granted to transact business in the State of Idaho.

The Trust's plan of operation is conducted in Idaho, and products currently provide for medical, dental, pharmacy, and vision benefits to participating agencies' employees, retirees, and their dependents. The Annual Report identified approximately 57 agencies and 942 employees.



## **GROWTH OF THE TRUST**

A summary of significant financial data for the fiscal years covered by this examination is presented below 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>Billed Contributions</u>	<u>Billed Contributions to Total Net Position</u>
2015	\$4,227,682	\$ 614,503	\$3,613,179	\$10,965,174	303%
2016	\$4,394,800	\$1,043,075	\$3,351,725	\$ 7,301,234	217%
2017	\$5,428,576	\$1,313,847	\$4,114,729	\$8,743,099	212%
2018	\$5,659,474	\$1,412,316	\$4,247,158	\$10,515,993	247%
2019	\$6,786,475	\$1,599,874	\$5,186,601	\$13,465,979	259%

## **REINSURANCE**

### Excess Loss Contract

Effective October 1, 2018 the Trust entered an Excess of Loss Contract with BCI. The contract shall automatically renew for successive twelve-month periods unless terminated by either party. The terms of the contract identify the excess loss amount is \$250,000, with the excess of loss coverage basis incurred 12 and paid in 15 months.

On August 28, 2017, the Department granted the annual waiver requirement that the Trust maintain aggregate stop loss coverage as of October 1, 2018 through September 30, 2019 in accordance with Idaho Code, Chapter 41, Title 41.

## **ACCOUNTS AND RECORDS**

As of September 30, 2019, the Trust does not maintain a physical office location due to its inherent nature as a virtual entity. From its inception through the examination period the Trust has grown to five employees. All employees' administrative duties are performed on individual personal computers utilizing productivity software. The accounts and records are maintained by each

employee depending on their assigned duties. For internal control purposes, all accounts and records are backed up weekly. In addition, the Trust maintains an operations process narrative including policies and procedures to complement the accounts and records function.

The Trust accounting records are maintained at the offices of Evan, Poulsen, & Catmull, P.A. in Burley, Idaho. Claims data are maintained by the claims service administrator Blue Cross of Idaho Health Services, Inc.

#### Independent Auditor

The annual independent audits of the Trust for the years covered by the examination were performed by Condie, Stoker, & Associates, P.A. in Rupert, Idaho, and were made available to the examination which included support work papers for the periods September 30, 2019 and September 30, 2020.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the audited financial statements filed by the Trust with the Department and present the financial condition of the Trust for the period ending September 30, 2019. The accompanying comments on financial statements reflect any examination adjustment to the amounts reported in the filed financial statements and should be considered an integral part of the financial statements.

The financial section of this report contains the following statements:

Statement of Net Position

Statement of Revenues, Expenditures and Changes in Net Position

Statement of Cash Flows

Summary of Changes in Net Position

Statement of Net Position  
September 30, 2019

ASSETS	2019
Current Assets	
Cash in checking - operating	\$ 985,241
Cash in checking - claims	15,940
Cash in savings	5,741,423
Prepaid administrative expenses	-
Contributions receivable	43,871
	<hr/>
Total Current Assets	6,786,475
	<hr/>
Total Assets	\$ 6,786,475
	<hr/>
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	\$ 254,877
Claims payable	218,137
Unearned contributions received	371,427
Claims incurred but not reported	755,433
	<hr/>
Total liabilities	\$ 1,599,874
	<hr/>
Net Position	
Restricted net position (IBNR Reserve)	\$ 755,433
Unrestricted net position	4,431,168
	<hr/>
Total net position	\$ 5,186,601
	<hr/>
Total Liabilities and Net Position	\$ 6,786,475
	<hr/>

Statement of Revenue, Expenditures and Change in Net Position  
September 30, 2019

	<u>2019</u>
Operating Revenues	
Billed contributions	\$ 13,465,979
Less stop loss specific	(887,914)
Less stop loss aggregate	-
COBRA contributions	46,051
Commission funds received	<u>61,338</u>
Total operating revenues	<u>12,685,454</u>
Operating Expenditures	
Claims and claims administration	
Claims expense	10,384,135
Change in IBNR liability	(238,073)
Claims administration fees	<u>721,980</u>
Total claims and administration expense	<u>10,868,042</u>
General operating and administrative expense	
Accounting and auditing fees	51,310
Actuarial fees	25,041
Billing and enrollment	42,108
Commissions paid	61,338
Consulting and management fees	167,633
Dues and memberships	36,863
Health screenings	152,304
Immunization fees	53,330
Legal fees	24,657
Liability insurance	1,349
Life insurance premiums	54,901
Payroll taxes & benefits	48,701
Salaries & wages	169,212
PCORI/Reinsurance filing fees	3,222
Travel and miscellaneous	<u>121,834</u>
Total operating and administrative expense	<u>1,013,803</u>
Income (loss) from operations	803,609
Nonoperating Revenues	
Interest income	<u>135,834</u>
Total nonoperating revenue	<u>135,834</u>
Change in net position	939,443
Net Position - beginning	<u>4,247,158</u>
Net Position - ending	<u><u>\$ 5,186,601</u></u>

Statement of Cash Flows  
September 30, 2019

	<u>2019</u>
Cash flows provided by operating and other activities	
Receipts from assessed contributions and early exit	\$ 13,656,688
Receipts from reimbursements and rebates	335,612
Payments for claims	(10,471,004)
Other operating receipts/(payments)	(2,562,632)
	<u>958,664</u>
Net cash provided (used) by operating activities	
 Cash flows from investing activities	
Interest income	135,834
	<u>135,834</u>
Net cash provided by investing activities	
 Net increase (decrease) in cash	1,094,498
Cash at beginning of year	<u>5,648,106</u>
Cash at end of year	<u>\$ 6,742,604</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 803,609
(Increase) decrease in contribution/rebates receivable	(32,503)
Increase (decrease) in accounts payable	97,864
Increase (decrease) in unearned contributions received	109,630
Increase (decrease) in claims payable	218,137
Increase (decrease) in claims incurred but not reported	<u>(238,073)</u>
Net cash provided (used) by operating activities	<u>\$ 958,664</u>

## SUMMARY OF CHANGES IN NET POSITION

A summary of the changes in net position for the period under examination is presented below based upon the statutory financial statements filed by the Trust with the Idaho Department of Insurance. No changes to the net position were noted:

	2015	2016	2017	2018	2019
Total nonoperating revenue	\$401	\$934	\$54,604	\$96,576	\$135,834
Change in net position	\$3,179,244	(\$261,454)	\$960,644	\$725,349	\$939,443
Net position beginning	\$433,935	\$3,613,179	\$3,351,725	\$4,114,729	\$4,247,158
Return of member assessments	\$0	\$0	(\$197,640)	(\$592,920)	\$0
Net position ending	<u>\$3,613,179</u>	<u>\$3,351,725</u>	<u>\$4,114,729</u>	<u>\$4,247,158</u>	<u>\$5,186,601</u>

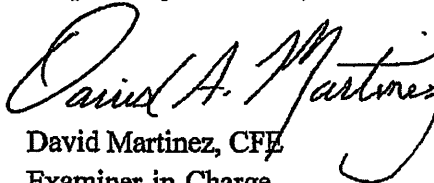
## NOTES TO FINANCIAL STATEMENTS

As a result of examination, no changes in the financial statement and any unusual accounts or items presented in the financial statements were determined. The Trust's Net Position and the adequacy of the reserves was determined acceptable with no changes in the financial statements as of the examination date.

## ACKNOWLEDGEMENT

Mike Mayberry, FSA, MAAA of Lewis & Ellis, Inc. performed the actuarial phases of the examination. In addition to the undersigned, Cheryl Plozicka, CFE, of The INS Companies participated in the examination representing the Idaho Department of Insurance. Jessie Adamson, CFE of the Idaho Department of Insurance supervised the examination. They join the undersigned in acknowledging the assistance and cooperation extended during the examination by officers, employees, and representatives of the Trust.

Respectfully submitted,



David Martinez, CFE  
Examiner-in-Charge  
Representing the Idaho Department of Insurance

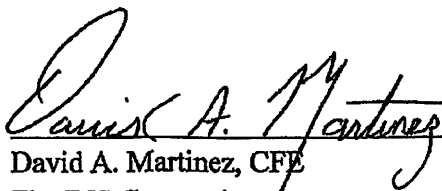


Jessie Adamson, CFE  
Deputy Chief Examiner  
Idaho Department of Insurance

## AFFIDAVIT OF EXAMINER

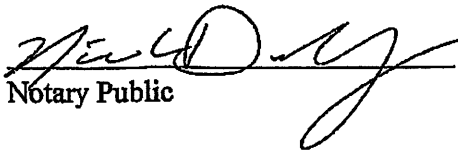
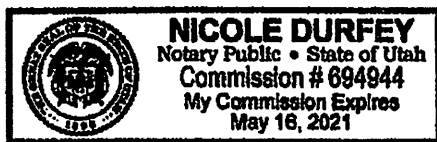
State of Utah  
County of Salt Lake

David A. Martinez, being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of Idaho Independent Intergovernmental Authority for the period from October 1, 2014 through September 30, 2019, that the information contained in the report consisting of the foregoing pages is true and correct to the best of his knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.



David A. Martinez, CFE  
The INS Companies  
On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the 5<sup>th</sup> day of May, 2021, at SLC (City), UT (State).



Notary Public

My Commission Expires: May 16, 2021



## AFFIDAVIT OF EXAMINER

Idaho

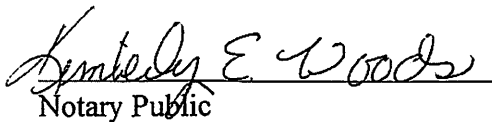
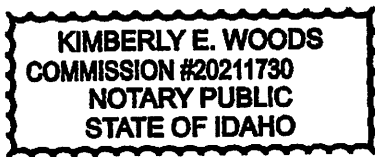
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Jessie L. Adamson, being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of Idaho Independent Intergovernmental Authority the period from October 1, 2014 through September 30, 2019, that the information contained in the report consisting of the foregoing pages is true and correct to the best of his knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.



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

Subscribe and sworn to before me the 5<sup>th</sup> day of May, 2021, at Boise (City), Idaho (State).

  
Notary Public

My Commission Expires: 04/05/2027

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, 2019 of the:

**Idaho Independent Intergovernmental Authority**

By executing this Waiver, the Company hereby acknowledges receipt of the above-described examination report, verified as of the 5<sup>th</sup> day of May 2021, 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 Company also hereby waives:

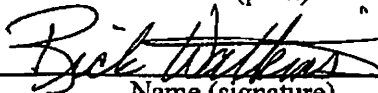
1. its right to examine the report for up to thirty (30) days as provided in Idaho Code section 41-227(4),
2. its right, after the date of this waiver, to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-227(4) and (5),
3. any right 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 11<sup>th</sup> day of May, 2021

**Idaho Independent Intergovernmental Authority**

Rick Watkins

Name (print)



Name (signature)

Chairman

Title

**EXHIBIT**

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exhibitsicker.com