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FILED
MAY 08 2017
Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

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. 18-3318-17

**ORDER ADOPTING REPORT
OF EXAMINATION AS OF
SEPTEMBER 30, 2014**

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 Trust”), pursuant to Idaho Code §§ 41-4113 and 41-219(1) and (5), as incorporated and made applicable by Idaho Code § 41-4121, 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 Idaho Independent Intergovernmental Authority as of September 30, 2014 (“Report”), as filed.

FINDINGS OF FACT

1. III-A Trust is an Idaho-domiciled joint public agency self-funded health care plan,

which was duly registered with the Department on February 14, 2012.

2. The Department completed an examination of III-A Trust pursuant to Idaho Code §§ 41-4113 and 41-219(1) and (5) on or about March 6, 2017. 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 March 6, 2017, and a copy was transmitted to III-A Trust on the same date. A copy of the verified Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-227(4), III-A Trust had thirty (30) days from March 6, 2017, to make a written submission or rebuttal with respect to any matters contained in the Report.¹ No such written submissions or rebuttals were received by the Department from III-A Trust.

CONCLUSIONS OF LAW

5. Idaho Code § 41-227(5)(a) 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.

6. Having fully considered the Report, the Director of the Department ("Director") concludes that III-A Trust appears to meet the qualifications for maintaining its registration pursuant to Idaho Code § 41-4104.

¹ Idaho Code § 41-4113(3) allows the board four (4) weeks after receipt of the report within which to recommend to the director such corrections or changes therein as the board may deem appropriate.

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, 2014, 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 Trust shall file with the Department's Chief Deputy Examiner affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED this 6th day of May, 2017.

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 8th day of May, 2017, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2015, to be served upon the following by the designated means:

Idaho Independent Intergovernmental Authority
950 W. Bannock Street, Suite 520
Boise, ID 83702-6118
iiia.amymanning@gmail.com

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

Hermoliva Abejar
Chief Deputy Examiner
Idaho Department of Insurance
700 W. State Street, 3rd Floor
Boise, ID 83720-0043
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☐ certified mail
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☒ email

Judy L. Geier
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

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☐ certified mail
☒ hand delivery
☐ email

Paula Mung

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

IDAHO INDEPENDENT INTERGOVERNMENTAL AUTHORITY
(Self-Funded Health care Plan)

As of September 30, 2014



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Boise, Idaho
March 2017

The Honorable Dean L. Cameron
Director, Department of Insurance
State of Idaho
700 West State Street
Boise, Idaho 83720

Dear Director:

Pursuant to your instructions, in compliance with Sections 41-219(1) and 41-4113(1), Idaho Code, we have conducted an examination as of September 30, 2014, of the financial condition and corporate affairs of:

Idaho Independent Intergovernmental Authority
950 West Bannock Street, Suite 520
Boise, Idaho 93702

hereinafter referred to as “the Trust.” The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period from February 14, 2012 through September 30, 2014, and included such prior transactions and any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The examination was conducted in accordance with Sections 41-219(1) and 41-4113(1), Idaho Code. Verification and valuation of assets, liabilities, and net assets and an analysis and review of such other accounts and records as appropriate to the examination were also performed. There was some reliance upon the independent auditor's and the consulting actuary's work in this examination.

A letter of representation attesting to the Trust's ownership of all assets and to the nonexistence of unrecorded liabilities or contingent liabilities was signed by and received from management.

SUBSEQUENT EVENTS

The Trust added one member city effective January 1, 2015. Six member cities will cancel its participation in the Trust effective October 1, 2015. As of the date of this examination report, no additional members have withdrawn and 10 new members have joined the Trust.

HISTORY AND DESCRIPTION

The Idaho Independent Intergovernmental Authority was created on February 9, 2011 as a self-funded employee health care plan under Title 41, Chapter 41, of the Idaho Code. 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 include 31 cities and one special Authority located in the State of Idaho.

The Authority was registered with the Idaho Department of Insurance as a self-funded health care plan effective February 14, 2012.

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 includes representatives from the five cities having the largest number of eligible employees, five elected board members, and one member appointed by the other ten.

CORPORATE RECORDS

Joint Powers Agreement

Each participating member city had entered into a joint powers agreement between November 2011 and January 2012 with the exception of one new member city which entered into this agreement on December 10, 2014. This agreement was approved by the Board of Trustees on November 30, 2011. This purpose of this agreement is the joint exercise of the powers conferred by Idaho Code Sections 67-236 and 41-4101 to provide officers and employees of Members with benefits in the most cost effective manner possible while emphasizing quality, price stability and financial solvency. Members will seek to accomplish this purpose through health benefit pooling, as authorized by Idaho Code Section 41-4101.

Minutes of Meetings

A review of the minutes of the meetings of the Trustees for the period February 9, 2011 through September 30, 2014, and subsequent thereto, indicated compliance with the Joint Powers Agreement with respect to Trustee meeting dates and the election of officers.

MANAGEMENT AND CONTROL

As of September 30, 2014, membership of the Trust included 31 cities and one Special Authority located in the State of Idaho. The Joint Powers Agreement gives the power to create a Board of Trustees. The Board of Trustees includes representatives from the five cities having the largest number of eligible employees, five elected board members and one member appointed by the other ten. The Board of Trustees has governing responsibilities over all of the activities related to the Trust. It is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds. The Trust has not filed the biographical affidavits for six trustees with the Department. *(See Comments and Recommendations # 1)*

Trustees

The following persons were members of the Board of Trustees at September 30, 2014:

<u>Name and Business Address</u>	<u>Principal Occupation</u>
Rick Watkins (Chair) Fruitland, Idaho	City Administrator Fruitland
Lisa Enourato (Vice Chair) Ketchum, Idaho	Assistant to City Administrator Ketchum

Dan Hammond American Falls, Idaho	City Council American Falls
Ruth Bailes Rupert, Idaho	District Secretary/Treasurer Minidoka Irrigation District
Suzanne McNeel Blackfoot, Idaho	City Clerk Blackfoot
Eric Jablonski Chubbuck, Idaho	City Treasurer Chubbuck
Heather Dawson Hailey, Idaho	City Administrator Hailey
Tami Testa Council, Idaho	City Clerk Council
Jennifer Belfield* Ammon, Idaho	City Treasurer Ammon
Jared Mitton Oakley, Idaho	City Administrator Oakley
Mark Mitton Burley, Idaho	City Administrator Burley

* Danielle Painter replaced Jennifer Belfield effective July 1, 2015

Officers:

The following person was serving as an officer of the Trust as of September 30, 2014:

Rick Watkins, Chair Lisa Enourato, Vice Chair Amy Manning, Secretary

Contracts and Agreements

The Trust had the following agreement in effect at September 30, 2014:

Administrative Services Agreement

The Trust entered into an administrative services agreement with Meritain Health, Inc. (Meritain) effective February 1, 2012. In this agreement, Meritain agreed to provide the following services to the Trust: Claims settlement, maintenance of claims data, prepare and send explanation of benefits to participants, prepare plan documents and summary plan descriptions, etc. This agreement was terminated effective January 1, 2015 and was replaced with a similar agreement with Blue Cross of Idaho Health Service, Inc., effective the same date.

Consulting Service Contract

The Trust entered into a consulting service contract with Legacy Enterprises Benefits Consulting (Legacy) effective February 1, 2012. In this agreement, Legacy agreed to provide advice on benefits structures, program policies and delivery system to the Trust. It also prepares performance reports and comparative analysis of costs and benefits to the Trust.

Service Agreement with Law Firm

The Trust entered into a service agreement with the law firm of Moore, Smith, Buxton and Turcke (MSBT) effective February 9, 2011. Under this agreement, MSBT will serve as special counsel for the Trust and will undertake work assigned by the Board of Trustees.

Service Agreement with Milliman

The Trust entered into a consulting service agreement with Milliman, Inc. (Milliman) effective August 21, 2013. Under this agreement, Milliman agreed to conduct actuarial studies and/or related analysis or studies as needed for the Trust.

Engagement Letter with Evan Poulsen & Catmull, P.A.

This engagement letter became effective on May 1, 2013 for a term of two years. After that, it can be continued on a month to month basis. Under this engagement letter, the firm agreed to provide bookkeeping services including preparation of monthly financial statements for the Trust.

Client Access Agreement with Hourglass Systems, Inc.

This agreement became effective on September 15, 2014 and will continue until cancelled by either party. Under this agreement, the Trust is allowed to have access and use of an employee benefits management and enrollment system developed and deployed by Hourglass Systems, Inc.

Stop Loss Coverage:

As of September 30, 2014, the Trust had stop loss coverage from Companion Life Insurance Company, an authorized insurer, with a specific excess loss coverage of \$135,000 for the agreement period. In addition, aggregate excess loss coverage is provided for covered services that exceed the minimum attachment point of \$6,169,060 with a maximum paid by the carrier of \$1,000,000. Subsequent to the examination period, effective October 1, 2014, the stop loss

agreement included a specific excess loss coverage of \$150,000 for the agreement period. The minimum attachment point increased to \$9,602,719 but the maximum aggregate paid by the carrier remained the same at \$1,000,000. An additional specific risk limitation applied to ten individuals as of September 30, 2014 was reduced to six individuals starting October 1, 2014.

On October 1, 2015, the Trustees decided to terminate their stop loss coverage from Companion Life Insurance Company and secured a stop loss coverage from Blue Cross of Idaho Health Service, Inc.

FIDELITY BONDS AND OTHER INSURANCE

A fidelity bond policy for the protection of the Trust was maintained through the period under examination. The coverage provided on this policy met the requirements specified in Section 41-4114(3), Idaho Code.

The insurance company providing coverage to the Trust was licensed or otherwise authorized in the State of Idaho.

TERRITORY AND PLAN OF OPERATION

As previously reported, the Trust was registered with the Department of Insurance as a self-funded health care plan effective February 14, 2012. In this connection, Certificate of Registration Number 4132 was granted to the Trust to transact business in the State of Idaho. Accounting records are maintained by the firm Evan Poulsen & Catmull, P.A., Burley, Idaho. Operations relating claims are currently handled by Blue Cross of Idaho Health Services, Inc. Prior to January 1, 2015, it was handled Meritain Health, Inc.

The Trust currently provides medical, dental, pharmacy, and vision benefits to approximately 1,800 individuals. These individuals include employees, retirees and their dependents from its member cities.

GROWTH OF THE TRUST

The Trust's growth for the years indicated, as taken from the audited financial statements for the fiscal years 2012 to 2014, is shown in the following schedule:

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets/Surplus</u>	<u>Change in Net Asset/Surplus (deficit)</u>
2012	\$ 524,890	\$2,127,889	\$(1,602,999)	\$(1,602,999)

2013	2,114,698	2,169,005	(54,307)	1,548,692#
2014*	1,832,860	1,523,048	309,812	364,119@

#Included in this amount was \$1,691,280 of member deficit assessments the Trust received from its member cities.

@Included in this amount was \$558,996 of early exit penalties collected from its former member cities.

*As determined by Examination

BENEFIT PLANS AND RELATED PRACTICES

Benefit Plans

As previously mentioned, the Trust provides optional health care benefits to employees, retirees and dependents of its member cities. Each member city has its own benefit plans and has its own contribution rates. Benefit period is January 1st through December 31st; however, contribution rates are effective on October 1st.

Complaints

The Trust has maintained a complaint log; however, the complaint log as provided by the Trust is not in full compliance with the detailed information required in Idaho Code Section 41-1330, that includes the line of insurance, the nature of each complaint, the disposition of each complaint and the time it took to process each complaint. It is recommended that the Trust maintain a full and complete log that complies with the aforementioned code section.

Privacy Practices

The Trust had not developed procedures to notify all of its members about their privacy rights and how their information can be used in compliance with HIPPA. It is recommended that the Trust take corrective action on this matter as soon as possible. On August 24, 2015, Trust management stated that it developed a process to notify all of its members regarding their privacy rights in compliance with HIPPA.

ACCOUNTS AND RECORDS

General Accounting

The Trust's accounting records were maintained at the office of Evan Poulsen & Catmull, P.A., Burley, Idaho. Claims data were maintained by its claims service administrator, Blue Cross of Idaho Health Services, Inc. effective January 1, 2015. Prior to January 1, 2015, claims data were kept by Meritain Health, Inc.

Our examination noted that the signers for the Trust's bank accounts were not authorized by the board in writing. *(See Comments and Recommendations #2)*

The Trust does not maintain a complete record of all the complaints which it has received. *(See Comments and Recommendations #3)*

Independent Auditor

The annual independent audits of the Trust for the years 2013 through 2014 were performed by Condie, Stoka & Associates, Rupert, Idaho. The 2012 independent audit was performed by Evans & Poulsen, P.A., Burley, Idaho. In the auditors' opinions, the financial statements of the Trust present fairly the financial position of the Trust in accordance with accounting principles generally accepted in the United States of America. There was some reliance on the 2014 audit work papers in this examination of the Trust.

Actuarial Opinion

The 2014 actuarial certification for incurred but not reported (IBNR) health claims was prepared by Robert Schmidt, FCA, MAAA of Milliman, Inc. (Milliman), Boise, Idaho

Milliman provided two IBNR estimates as of September 30, 2014, one at 50th percentile of \$979,140 and the other at 75th percentile of \$1,185,650. Milliman stated that both estimates represent reasonable estimate of the claims costs incurred through September 30, 2014 and paid after that date. The Trust decided to use the estimate for the 50th percentile as indicated at its 2014 audited report. Milliman further stated that given the historic volatility in the IBNR, it is prudent to move over time to setting the INBR at the 75th percentile level.

The IBNR at the 50th percentile is composed of the following items as presented in the 2014 actuarial reserve report:

Medical	\$ 894,412
Pharmacy	24,067

Dental	2,358
Vision	<u>3,387</u>
Estimated IBNP before Admin Fee	\$ 924,224
Admin Fee to Discharge Liability of 10%	<u>92,422</u>
Total Estimated IBNP	\$1,016,646
Unpaid Claims Awaiting Reimbursement	<u>(37,506)</u>
Total IBNR Estimate	\$ 979,140

See Note (1) to the Financial Statements for additional comments regarding IBNR.

FINANCIAL STATEMENTS

The financial section of this report contains the following statements:

Statement of Net Assets (Surplus) as of September 30, 2014

Statement of Income, Expenses, and Changes in Net Assets for the Year Ended
September 30, 2014

Reconciliation of Net Assets, September 30, 2012 through September 30, 2014

Statement of Net Assets
As of September 30, 2014

<u>Assets</u>	<u>Per</u> <u>Trust</u>	<u>Examination</u> <u>Adjustments</u>	<u>Per</u> <u>Examination</u>
Cash in checking-operating	\$ 567,759	\$ 0	\$ 567,759
Cash in checking-claims	10,000	0	10,000
Cash in savings	1,237,824	0	1,237,824
Stop Loss recovery receivable (Note 1)	161,629	(161,629)	0
Contribution receivable	16,142	0	16,142
Other receivable	<u>1,135</u>	<u>0</u>	<u>1,135</u>
Total Assets	<u>\$1,994,489</u>	<u>\$(161,629)</u>	<u>\$1,832,860</u>
 <u>Liabilities and Net Assets</u>			
Accounts payable	\$ 29,704	\$ 0	\$ 29,704
Unpaid claims awaiting reimbursement (Note 1)	37,506	(37,506)	0
Unearned contributions received	514,204	0	514,204
Claims incurred but not reported (Note 2)	<u>979,140</u>	<u>0</u>	<u>979,140</u>
Total Liabilities	<u>\$1,560,554</u>	<u>\$ (37,506)</u>	<u>\$1,523,048</u>
Net Assets	<u>\$ 433,935</u>	<u>\$(124,123)</u>	<u>\$ 309,812</u>

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Statement of Income, Expenses and Changes in Net Assets
For the Year Ended September 30, 2014

	<u>Per</u> <u>Trust</u>	<u>Examination</u> <u>Adjustments</u>	<u>Per</u> <u>Examination</u>
Operating Revenue:			
Billed contributions	\$9,640,938	\$ 0	\$9,640,938
Less: Stop loss-specific	1,074,879	0	1,074,879
Less: Stop loss-aggregate	<u>30,510</u>	<u>0</u>	<u>30,510</u>
Total operating revenue	\$8,535,549	0	\$8,535,549
Operating Expenditures:			
Claims expenses	\$8,089,859	\$ 124,123	8,213,982
Change in IBNR liability	(260,959)	0	(260,959)
Claims administration fees	164,690	0	164,690
Medical management fees	16,459	<u>0</u>	16,459
PPO fees	96,218	<u>0</u>	96,218
EAP fees	<u>11,257</u>	<u>0</u>	<u>11,257</u>
Total claims and administration expense	<u>\$8,117,524</u>	<u>\$ 124,123</u>	<u>\$8,241,647</u>
Accounting and legal fees	\$ 185,998	\$ 0	\$ 185,998
Actuarial fees	88,499	0	88,499
Consulting and management fees	88,515	0	88,515
Health screenings	58,235	0	58,235
Immunization fees	40,764	0	40,764
Insurance	1,713	0	1,713
PCORI fees	1,867	0	1,867
Travel and miscellaneous	<u>23,509</u>	<u>0</u>	<u>23,509</u>
Total operating and administrative expense	<u>\$ 489,100</u>	<u>\$ 0</u>	<u>\$ 489,100</u>
Income (loss) from operations	<u>\$ (71,075)</u>	<u>\$(124,123)</u>	<u>\$ (195,198)</u>
Non-Operating Revenues:			
Early Exit Penalties	\$ 558,996		\$ 558,996
Interest Income	<u>321</u>		<u>321</u>
Total Non-Operating Revenues	<u>\$ 559,317</u>		<u>\$ 559,317</u>
Increase in Net Assets	<u>\$ 488,242</u>	<u>\$(124,123)</u>	<u>\$ 364,119</u>

Reconciliation of Changes in Net Assets

September 30, 2012 through September 30, 2014

	<u>2012</u>	<u>2013</u>	<u>2014*</u>
Net Assets, End of Previous year	<u>\$0</u>	<u>\$(1,602,999)</u>	<u>\$(54,307)</u>
Change in Net Assets	<u>(1,602,999)</u>	<u>1,548,692</u>	<u>364,119</u>
Net Assets, End of current Year	<u>\$(1,602,999)</u>	<u>\$ (54,307)</u>	<u>\$309,812</u>

*Per Examination

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NOTES TO FINANCIAL STATEMENTS

Note (1) – Stop Loss Recovery Receivable

Unpaid Claims Awaiting Reimbursement

\$-0-
-0-

The Trust reported \$161,629 of stop loss recovery receivable and \$37,506 of unpaid claims awaiting reimbursement in its financial statements as of September 30, 2014. Due to mishandling of a large claim by its third party administrator, the stop loss carrier refused to pay the Trust of the aforementioned \$161,629. Included in this amount was the \$37,506. The Trust wrote off both of these amounts in April, 2015. Therefore, both of the aforementioned were adjusted to zero in this examination.

Note (2)-Claims Incurred But Not Reported

\$979,140

The Trust's consulting actuary estimated that the liability for incurred but not reported claims (IBNR) totaled \$979,140 as of September 30, 2014. The Department of Insurance contract actuary reviewed the Trust's IBNR and determined that the actuarial methodology utilized by the Trust's consulting actuary is reasonable and that the IBNR reported as of September 30, 2014 is more than adequate.

SUMMARY

The results of this examination disclosed that as of September 30, 2014, the Trust had assets of \$1,832,860, liabilities of \$1,523,048 and net assets of \$309,812.

COMMENTS AND RECOMMENDATIONS

1. Biographical Affidavits

Six current trustees have not filed their biographical affidavits with the Department.

It includes Lisa Enourato, Dan Hammond, Ruth Bailes, Eric Jablonski, Tami Testa and Danielle Painter.

Idaho Code Section 41-4105(g) grants the Director the power to reasonably require relevant documentation and information for registration. Upon registration, Idaho Independent Intergovernmental Authority was required to submit biographical affidavits as part of the application process. To facilitate

continued registration, changes to the information submitted upon application should be reported to the Department. Therefore, biographical affidavits of new trustees should be submitted to the Department for review.

Recommendation:

It was recommended that the Trust file the biographical affidavits of the above six trustees with the Department as early as possible.

The Trust was able to provide the missing biographical affidavits subsequent to the examination period on November 4, 2016

2. Written Authorization to Sign Trust Bank Accounts.

Our examination noted that the signers for the Trust's bank accounts are Mark Mitton, a Trustee and Mr. Jacob Catmull, an external accountant.

The minutes did not indicate that the Board passed any resolution to authorize any individual to be authorized signer of the Trust's bank accounts. There was no written authorization for any individual to be the authorized signer of the Trust's bank accounts.

Pursuant to Idaho Code Section 41-4107 In addition to the inherent applicable powers of its public agency members and those of a joint powers entity, the trust fund of a joint public agency self-funded plan shall have power ... to engage exclusively in transactions authorized or required by chapter 41 or reasonably incidental thereto.

Incidental to the duties required by chapter 41 is the duty to sign bank account transactions. Unless expressly delegated, the power to engage exclusively in transactions reasonably incidental to the requirements in chapter 41 is retained by the Board of Trustees. It is not impliedly assigned to a trustee or to an external accountant.

Recommendation:

It is recommended that the Board of Trustees expressly authorize in writing the person/s as signatory to any of its bank accounts.

The Trust has rectified the situation subsequent to the examination period by passing a Board Resolution assigning the Chairman and Vice Chairman of the Board of Trustees and the Program Manager to have administrative access and be the authorized signatories of the Trust's bank accounts on December 15, 2016

3. Complaint Log

The examination noted that the Trust does not maintain a full and complete complaint log that complies with Idaho Code Section 41-1330

Idaho Code Section 41-4121 mandates the applicability of chapter 13, title 41 Idaho Code to Joint Public Agency Self-Funded Health Care Plans and for this purpose, the plans shall be deemed to be insurers.

Pursuant to Idaho Code Section 41-1330, every authorized insurer shall maintain a complete record of all the complaints which it has received since last examination.

Recommendation:

It is recommended that the Trust maintain a full and complete complaint log that complies with Idaho Code Section 41-4121 immediately.

ACKNOWLEDGEMENT

The undersigned acknowledges the assistance and cooperation of the Trust's contractors in conducting the examination.

In addition to the undersigned, Michael Mayberry, FSA, MAAA, Lewis & Ellis, Inc. participated in the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kelvin Ko", is written over a horizontal line.

Kelvin Ko, CFE
Senior Insurance Examiner
State of Idaho
Department of Insurance

AFFIDAVIT OF EXAMINER

State of Idaho
County of Ada

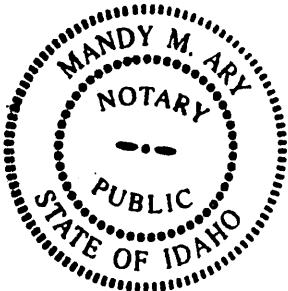
Kelvin Ko being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of *Idaho Independent Intergovernmental Authority* for the period from February 14, 2012 through September 30, 2014, 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.

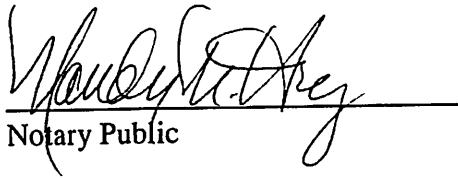


Kelvin Ko, CFE

On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the six day of March, 2017, at Boise, Idaho




Notary Public

My Commission Expires: 7/24/18