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**IDAPA 18
TITLE 01
Chapter 27**

18.01.27 - SELF-FUNDED EMPLOYEE HEALTH CARE PLANS

000. LEGAL AUTHORITY.

Title 41, Section 41-211, Idaho Code, Title 67, Chapter 52, Idaho Code, and Section 20 of Chapter 248, Idaho Session Laws, 1974, the Idaho Self-Funded Employee Health Care Plan Act, hereinafter referred to as the Act. (7-1-93)

001. TITLE AND PURPOSE.

The purpose of this rule is to supplement the provisions of the Act; to clarify dates of application for registration; to implement requirements for application of registration; to provide rules regarding investigation of applications; to define required liabilities; to establish reserve bases; and to provide an effective date. In order for a Plan to qualify under the Act, the Plan's trust must be established by agreement between the employer or employers and the trustee of the trust, for the purpose of providing health care benefits to employees of the employer or employers. (7-1-93)

002. -- 003. (RESERVED).

004. DEFINITIONS.

01. The Act. All terms defined in the Act which are used in this rule shall have the same meaning as used in the Act. (7-1-93)

02. Director. The term Director, as used in this rule, shall mean the Director of the Department of Insurance, state of Idaho. (7-1-93)

005. -- 010. (RESERVED).

011. REGISTRATION.

01. Registration Required. No self-funded plan, unless exempted from registration by Section 3(2) of the Act, shall be organized and permitted to operate in the state of Idaho subsequent to the effective date of the Act without securing a Certificate of Registration from the Director of Insurance. (7-1-93)

02. Specific Plans. Any plans covering the employees of a common employer shall be deemed to be a single plan in respect to the exemption for registration allowed in Section 3(2)(a) of the Act. Any combinations of Plans under the effective control of a single administrator, trustee, and/or employer, or group of administrators, trustees and/or employers utilizing or attempting to utilize the exempt dollar amounts permitted under Section 3(2)(a) of the Act in order to avoid registration of any such Plans is deemed to be contrary to the intent of the Act and is expressly prohibited by this rule. (7-1-93)

03. Plans In Operation On Effective Date. Plans already in operation on the effective date of the Act, unless exempt from registration by Section 3(2) of the Act, shall register with the Director of Insurance prior to October 1, 1974. (7-1-93)

04. Beneficiary Within State. Registration is required of Plans that cover any beneficiary working or residing within this state, unless the Plan is otherwise exempted by the Act. (7-1-93)

05. Minimum Five Hundred Individuals. The qualification for registration provided in 4(1) of the Act applies to plans covering not less than five hundred (500) individuals, no matter where those individuals reside, as long as the Plan covers any beneficiary working or residing within this state. (7-1-93)

012. APPLICATION OF REGISTRATION.

01. Certified Financial Statement Required. If a Plan is in existence and operating on the effective date of the Act, the application for registration must be accompanied by a financial statement certified by an independent accountant, who holds a valid certificate as a public accountant or a certified public accountant. This

financial statement must be as of a date not more than forty-five (45) days prior to the date of filing of the application for registration, as provided in Section 5(2)(c) of the Act. (7-1-93)

02. Certified Statement Of Income And Disbursement Required. A written statement of projected income and disbursements of the Fund for the twelve (12) month period commencing with the date of application must be filed with the application for registration. This statement must show the amount reserved as of the beginning and end of such period for claims incurred and not paid and incurred and not reported. The statement must be certified by an actuary who is a member of the American Academy of Actuaries. The certification must be accompanied by a description of assumptions used in projecting income and disbursements together with bases used to estimate amounts reserved for claims. (7-1-93)

013. INVESTIGATION OF PROPOSED APPLICATION FOR REGISTRATION.

The Director may make an investigation of matters accompanying the application for registration as deemed necessary including an examination specified in Section 13 of the Act. Costs of any investigation and/or examination shall be borne by the Trust Fund of the Plan. (7-1-93)

014. CONTRIBUTIONS RECEIVABLE.

The Trust Fund may take credit in any financial statement for contributions receivable which are not in excess of ninety (90) days past due. (7-1-93)

015. TRUST FUND RESERVES.

01. Reserve Requirements. The Trust Fund of the Plan must continuously maintain reserves sufficient to fully fund payment of all benefits in effect at the time a claim thereunder arises. This reserve must adequately provide for all reasonably estimated future claim payments, adjustment expenses, and litigation expenses on claims which have arisen, including claims incurred but not reported, extended benefits and maternity benefits, if any. (7-1-93)

02. Reserves For Disability Income Benefits. Reserves established for disability income benefits shall be in an amount not less than reserves determined by application of factors in the 1964 Commissioner's Disability Table with interest at four percent (4%), unless it can be proved to the satisfaction of the Director that a lower reserve can be justified. (7-1-93)

03. Certification By Actuary. Reserves must be certified by an actuary who is a member of the American Academy of Actuaries, and such certification must be accompanied by a statement describing bases used in reserve determination. (7-1-93)

04. Reserve For Unearned Contributions. A reserve for unearned contributions must be computed pro-rata on the basis of the number of months or days of the unexpired period for which the contribution has been paid. (7-1-93)

05. Insolvent Condition. If determination of reserves reveals an insolvent condition, the Director may, in his discretion, allow the Plan a period of time deemed adequate and reasonable to accumulate required reserves. The Plan shall be deemed to be insolvent when the assets are not sufficient to meet all liabilities, including required reserves. (7-1-93)

016. BONDING.

01. Certified Copy Of Bond. A certified copy of the fidelity bond, as required under Section 14 of the Act, shall be furnished to the Director by the Plan. (7-1-93)

02. Cancellation Of Bond Requirements. Section 14(3) of the Act requires thirty (30) days advance notice, in writing, of the effective date of cancellation of a surety bond. A copy of any notice cancelling a bond required under the Act is to be forwarded to the Director by the surety at the same time it is forwarded to the trustee. (7-1-93)

017. ANNUAL STATEMENT.

The trustee shall file an annual statement within sixty (60) days after the close of each fiscal year of the Plan and at such other time as may be determined by the Director. (7-1-93)

018. SEVERABILITY CLAUSE.

If any provision of this rule, or the application thereof to any person or circumstance, is held invalid, the remainder of the rule, or the applicability of such provision to other persons or circumstances, shall not be affected thereby. (7-1-93)

019. -- 999. (RESERVED).

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