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**IDAPA 18
TITLE 01
CHAPTER 27**

18.01.27 - SELF-FUNDED EMPLOYEE HEALTH CARE PLANS RULE

000. LEGAL AUTHORITY.

This rule is promulgated and adopted pursuant to the authority vested in the Director under Title 41, Chapter 2, Idaho Code. (4-5-00)

001. TITLE AND SCOPE.

01. Title. This rule shall be cited in full as Idaho Department of Insurance Rule, IDAPA 18.01.27, "Self-Funded Employee Health Care Plans Rule". (4-5-00)

02. Scope. The purpose of this rule is to supplement the provisions of Title 41, Chapter 40, Idaho Code, Self-Funded Health Care Plans by providing: (4-5-00)

- a. Dates of application for registration; (4-5-00)
- b. Requirements for application for registration; (4-5-00)
- c. Rules regarding investigation of applications; (4-5-00)
- d. Definition of required liabilities; and establishment of reserve bases; and (4-5-00)
- e. To provide an effective date. (4-5-00)

002. WRITTEN INTERPRETATIONS.

This agency may have written statements which pertain to the interpretation of the rules of this chapter, or to the documentation of compliance with the rules of this chapter. These documents will be available for public inspection and copying at cost in the main office of this agency. (4-5-00)

003. ADMINISTRATIVE APPEALS.

All contested cases shall be governed by the provisions of IDAPA 04.11.01, "Idaho Rules of Administrative Procedure of the Attorney General". (4-5-00)

004. DEFINITIONS.

All terms defined in Title 41, Chapter 40, Idaho Code, which are used in this rule shall have the same meaning as used in that Chapter. (4-5-00)

005. -- 009. (RESERVED).

010. QUALIFICATION OF PLAN.

In order for a Plan to qualify under Title 41, Chapter 40, Idaho Code, 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. (4-5-00)

011. REGISTRATION.

01. Registration Required. No self-funded plan, unless exempted from registration by Section 41-4003(2), Idaho Code, shall be organized and permitted to operate in the state of Idaho without securing a Certificate of Registration from the Director of Insurance. (4-5-00)

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 41-4003(2)(a), Idaho Code. 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 41-4003(2)(a), Idaho Code in order to avoid registration of any such Plans is deemed to be contrary to the intent of Chapter 40, Title 41, Idaho Code, and is expressly prohibited by this rule. (4-5-00)

03. 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 Section 41-4003(2), Idaho Code. (4-5-00)

012. APPLICATION FOR REGISTRATION.

In addition to the requirements set out in Section 41-4005, Idaho Code, 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. (4-5-00)

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 41-4013, Idaho Code. Costs of any investigation and/or examination shall be borne by the Trust Fund of the Plan. (4-5-00)

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. 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 41-4014(3), Idaho Code, shall be furnished to the Director by the Plan. (4-5-00)

02. Cancellation of Bond Requirements. Section 41-4014(3), Idaho Code, 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. (4-5-00)

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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