

IDAPA 18 – IDAHO DEPARTMENT OF INSURANCE

Company Activities

18.04.06 – Governmental Self-Funded Employee Health Care Plans Rule

Who does this rule apply to?

This rule applies to health carriers that offer governmental self-funded health care plans.

What is the purpose of this rule?

The purpose of this rule is to supplement the provisions of Title 41, Chapter 41, Idaho Code, Joint Public Agency Self-Funded Health Care Plans by providing application requirements, rules, dates, and definitions.

What is the legal authority for the agency to promulgate this rule?

This rule implements the following statute passed by the Idaho Legislature:

- [41-02, et seq., Idaho Code](#) – The Department of Insurance

Who do I contact for more information on this rule?

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18.04.06 – GOVERNMENTAL SELF-FUNDED EMPLOYEE HEALTH CARE PLANS RULE

000. LEGAL AUTHORITY.

Title 41, Chapter 2, Idaho Code.

(3-31-22)

001. TITLE AND SCOPE.

01. **Title.** IDAPA 18.04.06, “Governmental Self-Funded Employee Health Care Plans Rule.” (3-31-22)

02. **Scope.** The purpose of this rule is to supplement the provisions of Title 41, Chapter 41, Idaho Code, Joint Public Agency Self-Funded Health Care Plans by providing: (3-31-22)

a. Dates of application for registration; (3-31-22)

b. Requirements for application for registration; (3-31-22)

c. Rules regarding investigation of applications; (3-31-22)

d. Definition of needed liabilities; and establishment of reserve bases; and (3-31-22)

e. To provide an effective date. (3-31-22)

002. -- 020. (RESERVED)

021. QUALIFICATION OF PLAN.

In order to qualify under Title 41, Chapter 41, Idaho Code, the plan's trust needs to be established by agreement between the public agency employers or joint powers entity and the trustee of the trust, for the sole purpose of providing health care benefits to employees of the public agency employer or employers. (3-31-22)

022. REGISTRATION.

01. **Registration Requisite.** No joint public agency self-funded plan, unless exempted from registration by Section 41-4103, Idaho Code, will be organized and permitted to operate in the state of Idaho without securing a certificate of registration from the Director of insurance. (3-31-22)

02. **Beneficiary Within State.** Registration is mandatory of plans that cover any beneficiary working or residing within this state, unless the plans are exempted by Section 41-4103, Idaho Code. (3-31-22)

023. APPLICATION FOR REGISTRATION.

01. **Application.** The application needs to include each of the requirements set out in Section 41-4105, Idaho Code. The projected income and disbursement statement referenced in Section 41-4105(2)(d), Idaho Code, needs to be certified by an actuary meeting the qualifications of Section 41-4105(2)(d), Idaho Code, and accompanied by a description of assumptions used in projecting income and disbursements together with bases used to estimate amounts reserved for claims. (3-31-22)

02. **Joint Powers Agreement.** The joint powers agreement needs to comply with Title 41, Chapter 41 and, to the extent not in conflict with Title 41, the joint powers agreement needs to also comply with Title 67, Chapter 23, Idaho Code. The joint powers agreement needs to contain, at a minimum, the conditions set forth in Section 41-4104, Idaho Code. (3-31-22)

03. **Trust Agreement.** (3-31-22)

a. The trust agreement will comply with Title 41, Chapter 41, Idaho Code, and, to the extent not in conflict with Title 41, the trust agreement needs to also comply with Title 68, Idaho Code, and Title 15, Chapter 7, Idaho Code. The trust agreement will contain, at a minimum, the conditions set forth in Section 41-4104, Idaho Code. (3-31-22)

b. The term irrevocable as used in Section 41-4104(1), Idaho Code, means that the plan sponsor cannot retain a power to alter, amend, revoke or terminate the transfer in trust. The trustee may, pursuant to the terms of the trust agreement, amend the terms of the trust agreement for the purpose of complying with applicable law. (3-31-22)

04. Biographical Affidavit. The application needs to be accompanied by a biographical affidavit for each trustee on a form acceptable to Director. (3-31-22)

024. 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 41-4113, Idaho Code. (3-31-22)

025. 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. (3-31-22)

026. TRUST FUND RESERVES.

01. Reserve Requirements. The trust fund of a plan needs to continuously maintain reserves, pursuant to Section 41-4110, Idaho Code, from inception of the plan, sufficient to fully fund payment of all benefits at the time a claim arises. This reserve needs to 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. (3-31-22)

02. Reserves for Disability Income Benefits. Reserves established for disability income benefits cannot be less than reserves determined by the Minimum Reserve Standards for Group Health Insurance Contracts set forth in the NAIC's Accounting Practices and Procedures Manual unless it can be proven to the satisfaction of the Director that a lower reserve can be actuarially justified. (3-31-22)

03. Certification by Actuary. Reserves needs to be certified annually by an actuary who meets the requirements of Section 41-4105(2)(d), Idaho Code, and such certification needs to be accompanied by a statement describing bases used in reserve determination. The certification will be in a form acceptable to the Director. (3-31-22)

04. Insolvent Condition. (3-31-22)

a. Insolvency means that the plan is unable to pay its obligations when they are due, or when its admitted assets do not exceed its liabilities, including needed reserves. (3-31-22)

b. If the determination of reserves reveals an insolvent condition, the Director may allow the plan a period of time not exceeding ninety (90) days to accumulate needed reserves. (3-31-22)

027. BONDING OR DISHONESTY INSURANCE.

01. Certified Copy of Bond. A certified copy of the fidelity bond or dishonesty policy, as prescribed under Section 41-4114(3), Idaho Code, will be furnished to the Director by the plan. (3-31-22)

02. Cancellation of Bond Requirements. The bond or dishonesty policy will contain language stating that the bond or policy is noncancellable except upon not less than thirty (30) days advance notice in writing to the trustee and the Director. A copy of any notice cancelling a bond or dishonesty policy prescribed under Chapter 41 is to be forwarded to the Director by the surety or policy provider at the same time it is forwarded to the board. (3-31-22)

028. ANNUAL STATEMENT.

The trustee will file an annual statement within ninety (90) days after the close of each fiscal year of the plan and at such other time as may be determined by the Director. A quarterly statement will be filed with the Director within sixty (60) days of the end of each quarter in a form acceptable to the Director. (3-31-22)

029. -- 999. (RESERVED)