IDAPA 18 – IDAHO DEPARTMENT OF INSURANCE

Company Activities

18.04.05 – Self-funded Health Care Plans Rule

Who does this rule apply to?
This rule applies to Idaho employers offering self-funded health care plans.

What is the purpose of this rule?
The purpose of this rule supplements the provisions of Title 41, Chapter 40, Idaho Code, Self-Funded Health Care Plans by providing application requirements, dates, definitions, effective dates; and requirements for contribution rates, contracts, services, and records.

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?

Department of Insurance
700 W. State Street, 3rd Floor
Boise, ID 83720-0043

P.O. Box 83720
Boise, ID 83720-0043
Phone: 1(800) 721-3272 or (208) 334-4250
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Table of Contents

18.04.05 – Self-Funded Health Care Plans Rule

000. Legal Authority. 3
001. Title And Scope. 3
002. -- 009. (Reserved) 3
010. Definitions. 3
011. -- 020. (Reserved) 3
021. Qualification Of Plan. 3
022. Registration. 3
023. (Reserved) 3
024. Investigation Of Proposed Application For Registration. 3
025. Contributions Receivable. 3
026. Trust Fund Reserves And Surplus. 3
027. Bonding. 4
028. Contribution Rates. 4
029. Contracts And Services. 4
030. Records. 5
031. Annual Statement. 5
032. -- 999. (Reserved) 5

000. LEGAL AUTHORITY.
Title 41, Chapter 2, Idaho Code. (4-5-00)

001. TITLE AND SCOPE.

01. Title. IDAPA 18.04.05, "Self-Funded Health Care Plans Rule." (3-25-16)

02. Scope. This rule supplements the provisions of Title 41, Chapter 40, Idaho Code, Self-Funded Health Care Plans. (3-20-20)

002. -- 009. (RESERVED)

010. DEFINITIONS.

01. "All Contributions to Be Paid in Advance." All contributions are to be paid in advance of the period of time for which the contribution is made. (3-20-20)

02. "Deposited in and Disbursed from a Trust Fund." All contributions based on calculated rates in accordance with Section 028 of this rule are deposited into the trust fund and all expenses are paid out of the trust fund. (3-20-20)

011. -- 020. (RESERVED)

021. QUALIFICATION OF PLAN.
In order for a plan to qualify under Title 41, Chapter 40, Idaho Code, the plan's trust will be established by agreement between the employer or employers or a postsecondary education institution and the trustee of the trust, for the sole purpose of providing health care benefits to employees of the employer or employers or to students of the postsecondary educational institution. (3-25-16)

022. REGISTRATION.

01. Registration Requisite. No self-funded plan, unless exempted from registration by Section 41-4003, Idaho Code, will be organized and permitted to operate in the state of Idaho without securing a Certificate of Registration from the Director. (3-20-20)

02. Specific Plans. Any plans covering the employees of a common employer are a single plan in respect to the exemption for registration allowed in Section 41-4003, 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, Idaho Code in order to avoid registration of any such plans are deemed to be contrary to the intent of Title 41, Chapter 40, Idaho Code, and are expressly banned by this rule. (3-20-20)

03. Beneficiary Within State. Registration is mandatory of plans that cover any beneficiary working or residing within this state, unless the plans are otherwise exempted by Section 41-4003(2), Idaho Code. (3-20-20)

023. (RESERVED)

024. INVESTIGATION OF PROPOSED APPLICATION FOR REGISTRATION.
The Director may make an investigation of matters accompanying the application for registration including an examination specified in Section 41-4013, Idaho Code. Costs of any investigation or examination, or both, will be borne by the trust fund of the plan. (3-20-20)

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. (7-1-93)

026. TRUST FUND RESERVES AND SURPLUS.

01. Reserve Requirements. The trust fund of the plan is to continuously maintain reserves sufficient, as certified by a qualified actuary as being necessary, to fully fund payment of all benefits in effect 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. (3-25-16)

02. Reserves for Disability Income Benefits. Reserves established for disability income benefits cannot be less than the Minimum Reserve Standards for Group Health Insurance Contracts set forth the 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. (3-20-20)

03. Certification by Actuary. Reserves needs to be certified annually by a qualified actuary. 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. (3-25-16)

04. Insolvent Condition. If determination of surplus reveals a deficiency in surplus, the Director may allow the plan up to ninety (90) days to accumulate prescribed surplus. The plan is deemed insolvent when it is either unable to pay its obligations or its assets do not exceed all its liabilities, including prescribed reserves. (3-20-20)

027. BONDING.

01. Certified Copy of Bond. The plan will submit to the Director a certified copy of the fidelity bond or equivalent coverage, as prescribed under Section 41-4014(3), Idaho Code. (3-20-20)

02. Scope of Coverage. The fidelity bond or equivalent coverage will cover every trustee, officer, director, and employee of the plan. (3-25-16)

03. Cancellation of Bond Requirements. The fidelity bond or equivalent coverage needs to contain language stating that it 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 prescribed under Title 41, Chapter 40, Idaho Code, is to be forwarded to the Director by the surety at the same time it is forwarded to the trustee. (3-20-20)

04. Third Party Administrator. Any party that provides any one of the following services to the plan needs to be licensed as a third party administrator: (3-20-20)

a. Directly or indirectly underwrites; (3-25-16)

b. Collects or handles charges or contributions; or (3-25-16)

c. Adjusts or settles claims on members or beneficiaries of the plan. (3-25-16)

028. CONTRIBUTION RATES.

01. Contribution Rate Calculation. Contribution rates will be calculated at least annually by a qualified actuary. The contribution rate calculations should break down and designate the rate for the employer and the rate per employee, or the rate for the postsecondary educational institution and the rate per student. (3-20-20)

02. Employer Contributions. Employer contributions will be based on filed rates, paid in advance on a periodic basis during the period of coverage or at the beginning of the period of coverage. (3-25-16)

03. Annual Filing of Rates. The annual filing of rates with the Director will include a breakdown as prescribed under Subsection 028.01. (3-20-20)

029. CONTRACTS AND SERVICES.

01. Affiliated Contracts. All contracts for goods or services provided to the plan by any plan sponsor, employer, third party administrator, or other affiliated entity or employee or agent thereof, will be in writing, setting forth in detail the rights and duties of each party to the writing; regardless of whether compensation, fees, or other consideration is paid or exchanged directly or indirectly. (3-25-16)

02. Contracts for Services. All contracts for services directly affecting the plan including, but not limited to, accounting services, legal services, custodial agreements, and agreements for lease, rent, or insurance coverage to be performed or entered into on behalf of the plan will be agreed to by the board of trustees and the other party. (3-20-20)

03. Recordkeeping and Writing. Contracts and agreements valued at greater than five hundred dollars ($500.00) entered into by the plan, will be in writing and approved by resolution of the board of trustees, and placed in the minutes and records of the plan. (3-25-16)

04. Fiduciary Duty. By entering into contracts and agreements, the trustees are not permitted to transfer or avoid their statutory fiduciary responsibilities. (3-25-16)

030. RECORDS.

01. Board Actions. Any and all acts, resolutions, appointments, or delegations, or other decisions of the board of trustees will be in writing and placed in the minutes and records of the plan. (3-25-16)

02. Complete Records. The full and accurate records and accounts of the plan include, but are not limited to, minutes of the meetings of the board of trustees that document the acts, resolutions, appointments or delegations of the trustees; any and all correspondence between the board of trustees and contractors; accounting and actuarial records; and any and all records, correspondence, minutes, or statements as prescribed by law or the trust agreement. (3-20-20)

031. 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. (3-30-07)

032. -- 999. (RESERVED)

Subject Index

A

Annual Statement 5

B

Bonding 4
- Cancellation of Bond Requirements 4
- Certified Copy of Bond 4
- Scope of Coverage 4
- Third Party Administrator 4

C

Contracts & Services 4
- Affiliated Contracts 4
- Contracts for Services 5
- Fiduciary Duty 5
- Recordkeeping & Writing 5

Contribution Rates 4
- Annual Filing of Rates 4
- Contribution Rate Calculation 4
- Employer Contributions 4

Contributions Receivable 3

D

Definitions, IDAPA 18.04.05 3
- All Contributions to Be Paid in Advance 3
- Deposited in & Disbursed from a Trust Fund 3

I

Investigation Of Proposed Application For Registration 3

L

Legal Authority 3

Q

Qualification Of Plan 3

R

Records 5
- Board Actions 5
- Complete Records 5

Registration 3
- Beneficiary Within State 3
- Registration Requisite 3
- Specific Plans 3

T

Title & Scope 3

Trust Fund Reserves & Surplus 3
- Certification by Actuary 4
- Insolvent Condition 4
- Reserve Requirements 3
- Reserves for Disability Income Benefits 4