
**MIDDLETON CITY COUNCIL
SPECIAL MEETING
JUNE 18, 2024**

The Special Meeting of the Middleton City Council was called to order on June 18, 2024, at 4:02 p.m. by Mayor Jackie Hutchison.

Roll Call:

City Council: Council President Kiser, Councilman O'Meara, and Councilman Christiansen were present. Councilman Murray joined via telephone.

Mayor Hutchison, City Administrator Ms. Hobbs, Treasure Ms. Miles, and Deputy Clerk Ms. Day were present.

Action Items:

A. Approve Agenda

Motion: Motion by Council President to approve the agenda posted June 14, 2024, at 3:00 p.m. Motion seconded by Councilman O'Meara and approved unanimously.

INFORMATION ITEM:

1. DISCUSSION OF SEWER RATES ANALYSIS.

PRESIDENT KISER CALLED MR. VAN GILDER FOR PRESENTATION.

MR. VAN GILDER INTRODUCED ANGIE VIRNOCHE (PRINCIPAL) WITH FCS GROUP SOLUTIONS-ORIENTED CONSULTING.

MS. VIRNOCHE PRESENTED PRESENTATION FOR RATE STUDY UPDATES. (EXHIBIT A)

BRIEF DISCUSSION BETWEEN MAYOR HUTCHISON, CITY COUNCIL, MR. VAN GILDER AND MS. VIRNOCHE.

COUNCILMEN MURRAY JOINED MEETING IN PERSON AT 4:16 P.M.

MAYOR CALLED FOR A BRIEF BREAK AT 5:37 P.M.

MAYOR CALLED THE MEETING BACK TO ORDER AT 5:46 P.M.

2. DISCUSSION OF MEDICAL BENEFIT INCREASE AND ALTERNATIVE DIRECTIONS MOVING INTO FY 25-26.

PRESIDENT KISER CALLED LINDSEY CLARK YOUNGWERTH (INSURANCE BROKER) WITH SHANDRO GROUP

MS. YOUNGWERTH PRESENTED INSURANCE INFORMATION FOR IIIA (TRIPLE I A) VS. SELF-FUNDING. (EXHIBIT B)

BRIEF DISCUSSION BETWEEN MAYOR HUTCHISON, COUNCILMEN, MS. MILES, AND MS.

YOUNGWERTH

**Public Comments on non-agenda items of city business:
Mayor, and Council Comments:**

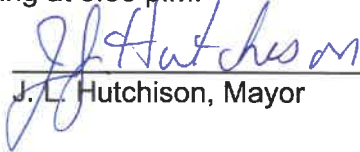
No public comment.

Adjourn: Mayor Hutchison adjourned the meeting at 6:30 p.m.

ATTEST:



Amber Day, Deputy Clerk
Minutes Approved: June 26, 2024



J. L. Hutchison, Mayor

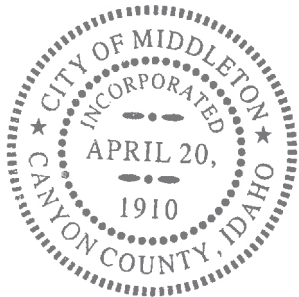


Exhibit “A”

CITY OF MIDDLETON

WASTEWATER RATE STUDY AND CONNECTION FEE UPDATE

Angie Sanchez Virnoche, Principal

June 18, 2024





Overview

- FCS GROUP retained to complete a wastewater rate study and connection fee update
 - » 20-year plan providing a forward look of wastewater system needs
- Focus for today:
 - » Present key data inputs and assumptions
 - » Summary of initial findings
- Questions
- Next Steps



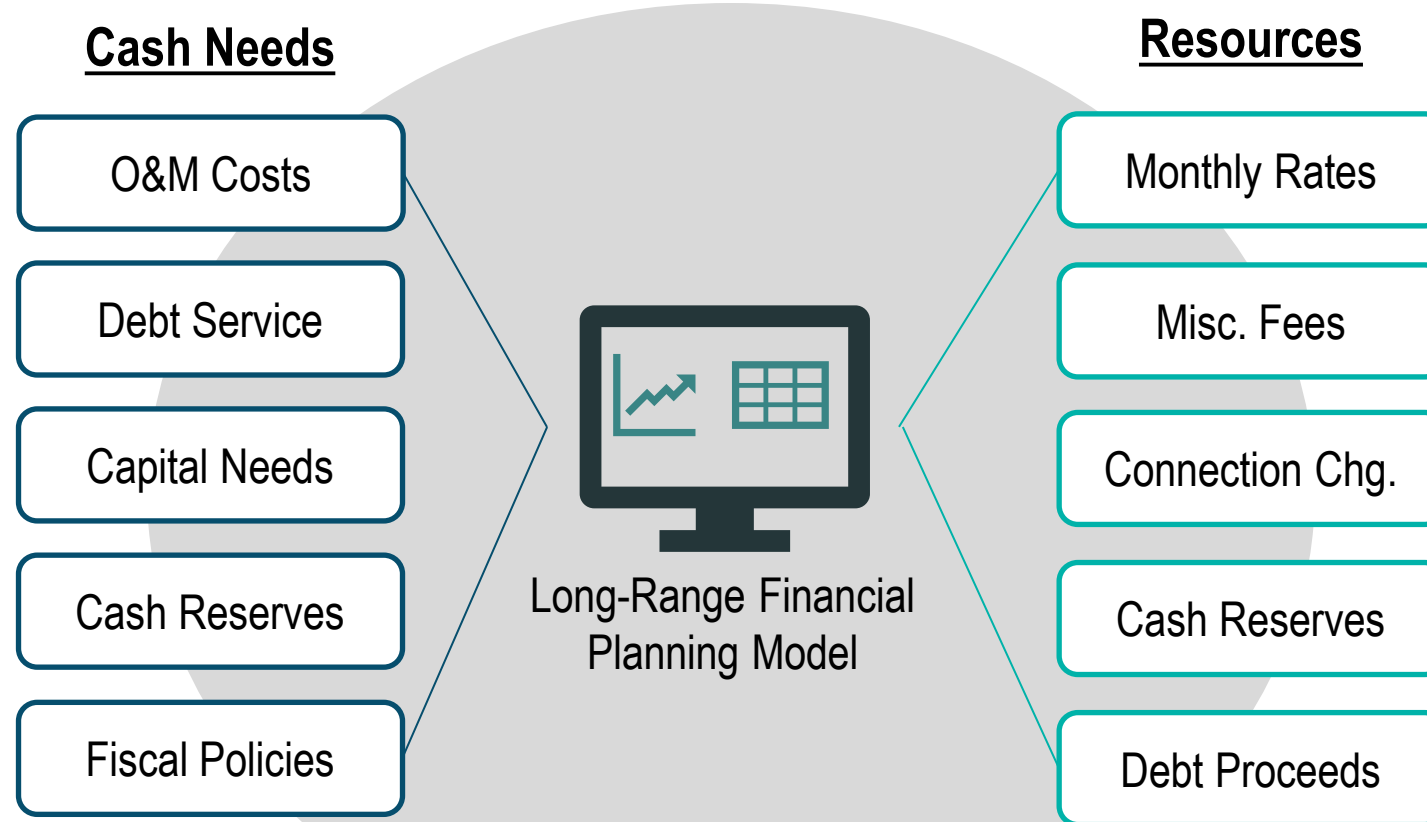
Governing Statutes/Guidance

- Idaho Code Title 50, Chapter 10 Finances
 - » Section 1030(f) allows City's "to prescribe and collect rates, fees, tolls or charges"
 - » Section 1032 "shall be and always remain self-supporting"
 - » Provide for all expenses of operation and maintenance of such works*, bonds and interest including reserves
- Connection Fees
 - » 2015 Idaho Supreme Court Ruling NIBCA* v. City of Hayden
 - » Identifies methodology to calculate connection fees - Loomis v. Hailey
 - » Does not allow for including future facility costs

* *The term "works" shall include water, systems, drainage systems, sewerage system.....*
NIBCA = *North Idaho Building Contractors Association*



Overview of Rate Study



Craft a multi-year rate and financing plan to support the operations and capital needs of the utility



Revenue Requirement Overview

- Multi-year financial plan and rate forecast
- Determines revenue necessary to meet all obligations
- Develop capital funding plan
 - » Identify annual capital needs – maintain ongoing system reliability/sustainability
 - » Identify internal/external funding resources – reserves/rates/connection fees/debt
 - » Rate stability – timing/prioritization
- Evaluates sufficiency of current rates on a self-supporting basis
- Craft annual rate implementation strategy



Financial Forecast Key Assumptions



Forecast Basis

Study Period: 2024-2030
Budget FY 2024 used as
baseline



Operating Reserve Target

90 days of OpEx
(\$512K - \$725K)



Customer Growth

5.0% annually
(200-265 new units/year)



Annual Fee Revenue

Rates (\$2.9-\$3.8 M)
Connection Fees (\$1.5-\$1.9M)



Expense Inflation

3.0% to 5.0% annual cost
inflation



Add'l OpEx Costs

WWTP (1); Reuse (1) operator
Farm & WWTP O&M
(~\$300K)



Existing Debt Service

\$138K per year



Capital Plan

2024-2030
\$89.1 M
(escalated to year of construction)

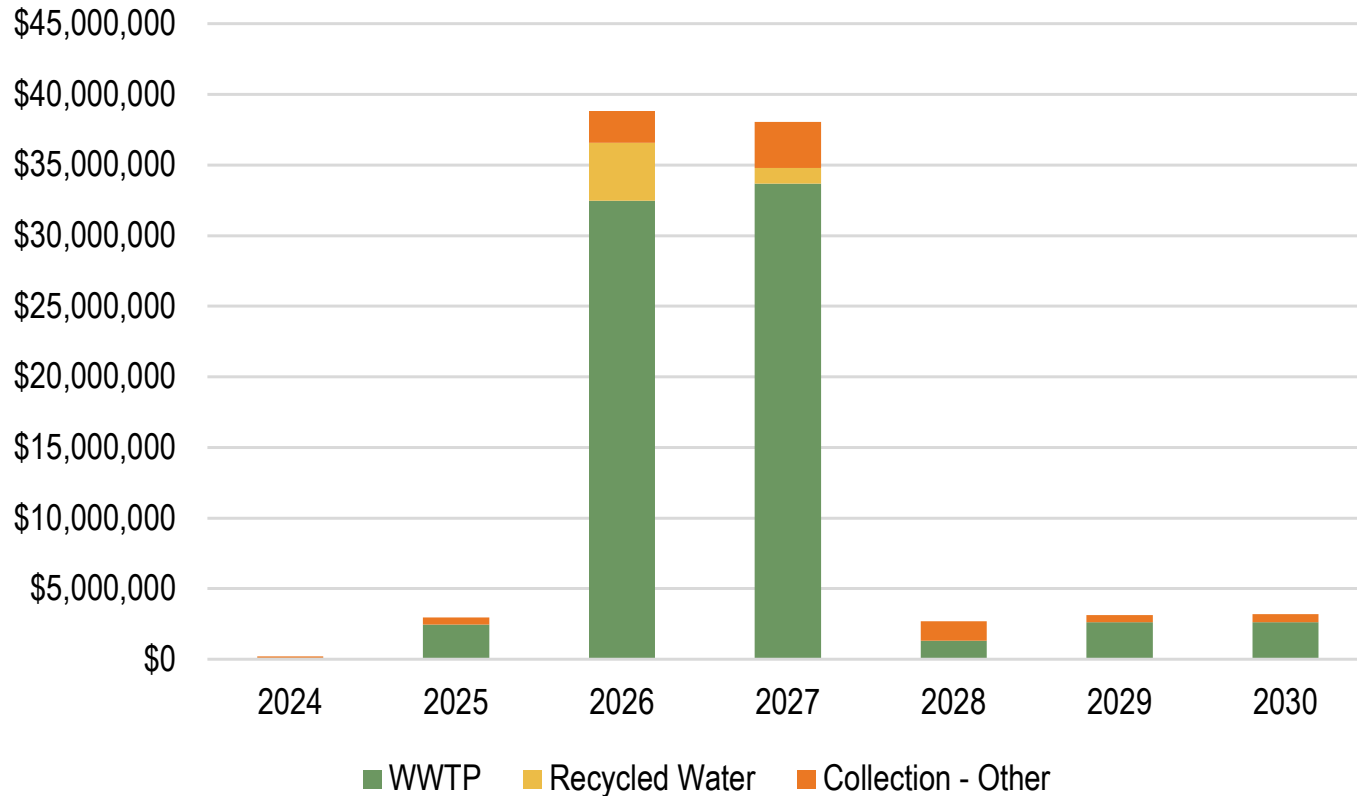


Summary of 2024-2030 Capital Projects

Project Description	Total Current \$	Total Escalated \$	
Wastewater Treatment Plant			
Phase 1 - Lagoon & Svc Bldg Decommissioning	\$ 2,191,900	\$ 2,257,657	
Phase 2A - Plant 2 Construction (9,867 ERUs)	62,453,600	67,250,880	
Phase 2B - Existing Influent PS Offline & Farm PS Recyc. Wtr Expansion	2,313,000	2,490,670	
Phase 2C - Sludge Pond Removal	2,480,900	2,751,611	
Phase 2D - Phosphorus Removal	5,157,400	6,068,523	Dependent on Farm Expansion
About 2032 Phase 3 - Plant 2 Expansion Part 1 Construction (12,250 ERUs)	-	-	
About 2036 Phase 4 - Plant 2 Expansion Part 2 Construction (13,467 ERUs)	-	-	
Recycle Water Land Application			
Farm Expansion	4,080,000	4,328,472	
Farm Equipment	1,130,000	1,234,782	Future Investment
WWTP Other (equipment/rehab/studies/testing)	691,198	738,847	
Collection Other			
Lift Stations	610,450	676,964	
Equipment/Maint	69,439	70,034	
PW Shop	1,000,000	1,190,577	Future Expansion
Total All	\$ 82,177,887	\$ 89,059,015	



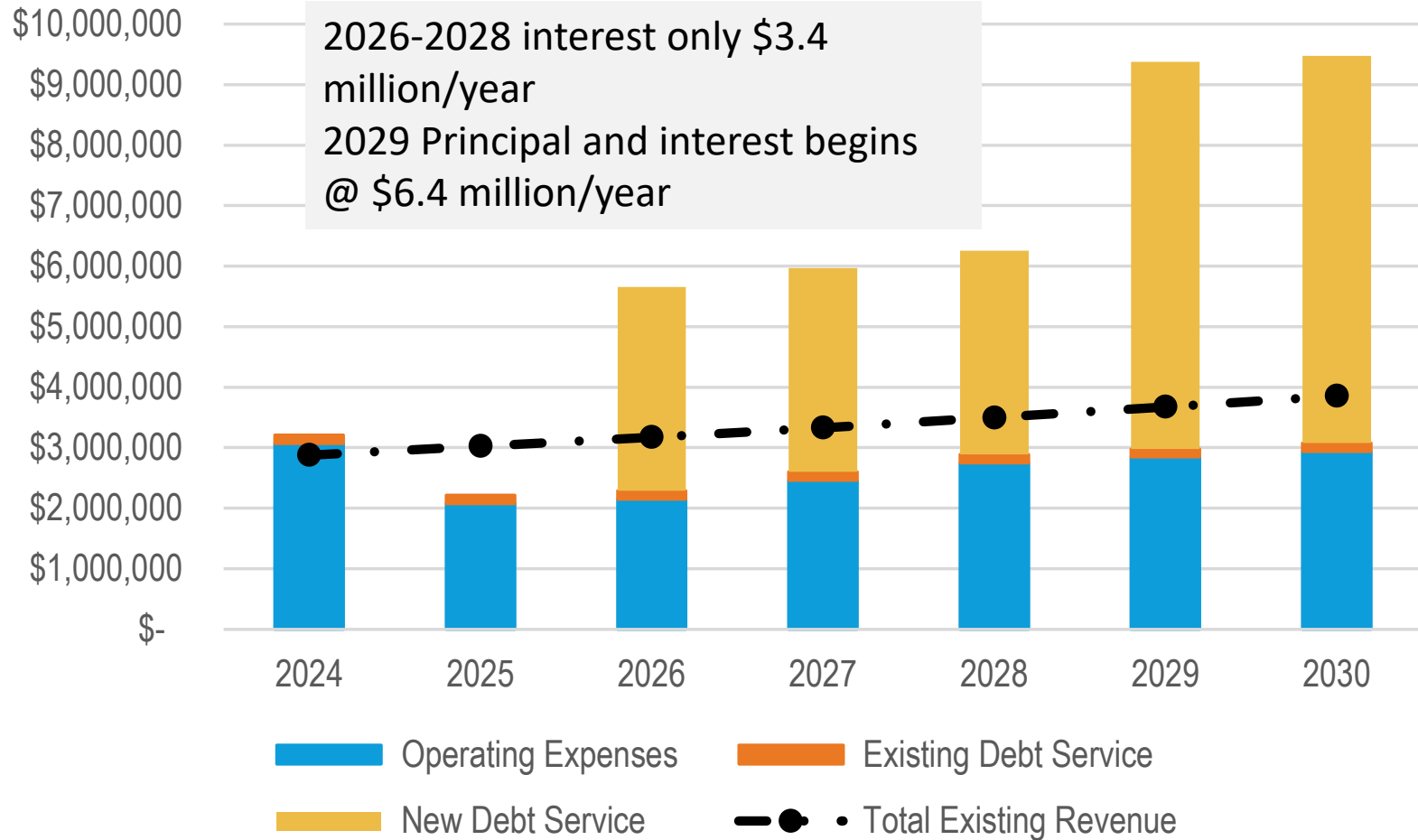
Capital Improvement Projects 2024-2030



- **\$89.1 million total capital costs**
 - » \$81 million for WWTP Phase 1 and 2 construction
 - » Project driven by regulatory requirements
- **Funding Sources**
 - » Existing reserves, rates and connection fees (24%)
 - » New debt issue \$68 million in 2026
 - Revenue bond, 20-year term, 4.5% interest
 - 3-years interest only \$3.4 million/year
 - Full principal and interest in 2029 \$6.4 million



Revenue Requirement Summary



- Existing revenue funds
 - » Current and planned operating costs
 - » Current debt service obligations
 - » ~\$750K annual capacity available for capital/reserve funding
- Rate increase required in 2026 when interest only payments begin
- Additional rate pressure in 2029 when full principal and interest due



Bill and Fee Impacts

	Existing	2025	2026	2027	2028	2029	2030
System Wide Increases		34.00%	34.00%	12.80%	12.80%	12.80%	2.50%
Sample Bill [1]	\$53.71	\$71.97	\$96.44	\$108.79	\$122.71	\$138.42	\$141.88
\$ Difference		\$18.26	\$24.47	\$12.34	\$13.92	\$15.71	\$3.46
		2025	2026	2027	2028	2029	2030
Monthly Rates [2]							
Fixed Rate	\$42.01	\$56.29	\$75.43	\$85.09	\$95.98	\$108.27	\$110.97
Use Rate per 1,000 gallons	\$3.90	\$5.23	\$7.00	\$7.90	\$8.91	\$10.05	\$10.30

[1] Assumes 3,000 gallons billed flow based on monthly average (Nov. to Mar.)

[2] Rate increases shown applied the same percentage increase to both the fixed and use rates.



Alternative Rate Adjustment Scenarios



Scenario Summary - Baseline

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000

Current connection Fee \$7,016 per equivalent dwelling unit

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88

CF = Connection Fee ; CIP = Capital improvement projects



Scenario Summary - B

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000
B Baseline / CF \$15K	Full CIP	\$ 61,000,000

- Connection Fee increased to \$15K
- Accumulation of connection fee revenue allows for reduced amount of debt and lower proposed rates on back end of plan

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%
B Baseline / CF \$15K	0.0%	34.0%	34.0%	10.0%	10.0%	10.0%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88
B Baseline / CF \$15K	\$ 53.71	\$ 71.97	\$ 96.44	\$ 106.09	\$ 116.69	\$ 128.36	\$ 131.57

CF = Connection Fee ; CIP = Capital improvement projects



Scenario Summary - C

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000
C Reduce CIP/ CF \$11K	No 2D/Farm Equip	\$ 63,000,000

- Connection Fee increased to \$11K
- Remove CIP (\$6M) reduces amount of debt required
- Accumulation of connection fee contributes to reduced debt and lower proposed rates in 2026-2029

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%
C Reduce CIP/ CF \$11K	0.0%	34.0%	28.0%	12.0%	12.0%	12.0%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88
C Reduce CIP/ CF \$11K	\$ 53.71	\$ 71.97	\$ 92.12	\$ 103.18	\$ 115.56	\$ 129.43	\$ 132.66

CF = Connection Fee ; CIP = Capital improvement projects
2D CIP = Phosphorus removal ~\$6M in year 2029-2030



Scenario Summary - D

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000
D Growth 8% / CF \$10K	Full CIP	\$ 60,500,000

- Connection Fee increased to \$10K
- Growth rate from 5% to 8% per year
- Additional revenue from rate revenue and connection fee revenue reduces amount of debt required
- Additional revenue allow for lower proposed rates in 2026-2029

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%
D Growth 8% / CF \$10K	0.0%	34.0%	15.5%	10.0%	10.0%	10.0%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88
D Growth 8% / CF \$10K	\$ 53.71	\$ 71.97	\$ 83.13	\$ 91.44	\$ 100.58	\$ 110.64	\$ 113.41

CF = Connection Fee ; CIP = Capital improvement projects



Scenario Summary - E

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000
E Loan / CF \$10K	Full CIP	\$ 62,500,000

- Connection Fee increased to \$10K
- Access to low cost debt (lowers debt service payment)
- Accumulation of connection fee contributes to reduced amount of debt.
- Level rate increases (2026-2029) as optional rate path

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%
E Loan / CF \$10K	0.0%	34.0%	14.0%	14.0%	14.0%	14.0%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88
E Loan / CF \$10K	\$ 53.71	\$ 71.97	\$ 82.05	\$ 93.53	\$ 106.63	\$ 121.56	\$ 124.60

CF = Connection Fee ; CIP = Capital improvement projects



Scenario Summary

Scenario	CIP	Total Debt
A Baseline / CF Current	Full CIP	\$ 68,000,000
B Baseline / CF \$15K	Full CIP	\$ 61,000,000
C Reduce CIP/ CF \$11K	No 2D/Farm Equip	\$ 63,000,000
D Growth 8% / CF \$10K	Full CIP	\$ 60,500,000
E Loan / CF \$10K	Full CIP	\$ 62,500,000

Annual Rate Increase	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	0.0%	34.0%	34.0%	12.8%	12.8%	12.8%	2.5%
B Baseline / CF \$15K	0.0%	34.0%	34.0%	10.0%	10.0%	10.0%	2.5%
C Reduce CIP/ CF \$11K	0.0%	34.0%	28.0%	12.0%	12.0%	12.0%	2.5%
D Growth 8% / CF \$10K	0.0%	34.0%	15.5%	10.0%	10.0%	10.0%	2.5%
E Loan / CF \$10K	0.0%	34.0%	14.0%	14.0%	14.0%	14.0%	2.5%

SF Sample Bill	2024	2025	2026	2027	2028	2029	2030
A Baseline / CF Current	\$ 53.71	\$ 71.97	\$ 96.44	\$ 108.79	\$ 122.71	\$ 138.42	\$ 141.88
B Baseline / CF \$15K	\$ 53.71	\$ 71.97	\$ 96.44	\$ 106.09	\$ 116.69	\$ 128.36	\$ 131.57
C Reduce CIP/ CF \$11K	\$ 53.71	\$ 71.97	\$ 92.12	\$ 103.18	\$ 115.56	\$ 129.43	\$ 132.66
D Growth 8% / CF \$10K	\$ 53.71	\$ 71.97	\$ 83.13	\$ 91.44	\$ 100.58	\$ 110.64	\$ 113.41
E Loan / CF \$10K	\$ 53.71	\$ 71.97	\$ 82.05	\$ 93.53	\$ 106.63	\$ 121.56	\$ 124.60

*CF = Connection Fee ; CIP = Capital improvement projects
 2D CIP = Phosphorus removal ~\$6M in year 2029-2030*

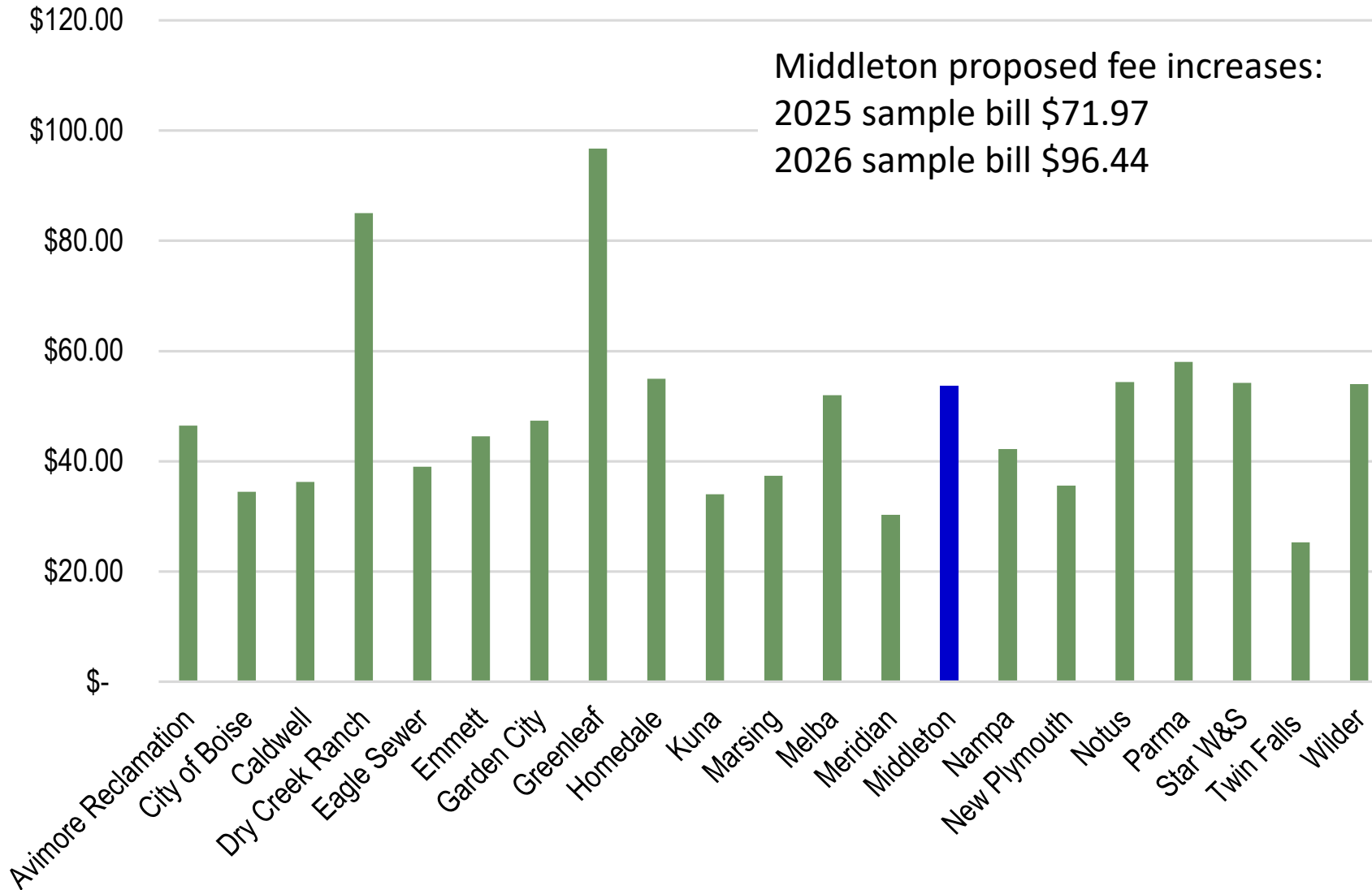


Affordability

- Funding agencies consider affordability using applicant's utility rates and median household income (MHI)
 - » Systems may be eligible for hardship funding (grant or forgivable loan) if rates rise above a certain affordability percentage
 - » Common to see eligibility range of 2.0% - 2.5% of MHI
- Middleton MHI: \$68,947
 - » Current sample bill of \$53.71, results in 0.89% of MHI
 - MHI adjusted by 10-year CPI average of 2.74% per year
 - » With proposed rate increases affordability metric ranges from 0.89% in 2024 to 1.99% in 2030



2023/2024 Jurisdictional Monthly Rate Survey



Connection Fee Update





Connection Fee Update

- One-time fee for new connections, not ongoing rates
- Represents value of share of system capacity that the new user will utilize
- Fee to be used for capital related obligations only
- Follows methodology identified in 2015 Idaho Supreme Court ruling

	NIBCA v. City of Hayden Methodology
	Gross Present-Day Replacement Value of System
<i>Less:</i>	Bond Principal Outstanding
<i>Less:</i>	Unfunded Depreciation
=	Net System Replacement Value for the Current Year
÷	Number of Users Current System Can Support
=	Total Connection Fee per EDU/MCE



Key Components

- Gross present day replacement value of system (\$144.8 million)
 - » Asset register provided initial inventory of assets providing service
 - \$30.29 million used in 2018 valuation
 - Collection lines and lift stations appeared undervalued
 - » Missing data compiled to supplement inventory of assets with current replacement cost
 - Current day replacement cost calculated by applying ENR –CCI*
- Less: outstanding bond principal (\$2.1 million)
 - » Represents the unpaid value of the system
 - » Ensures customers not paying twice in rates and capacity fees
 - » One (1) outstanding debt issue – USDA Loan 92-02

* ENR-CCI = Engineering News Record Construction Cost Index (20-City)

** EDUs = equivalent dwelling units



Key Components (cont.)

- Unfunded depreciation (\$15.6 million)
 - » Calculation not specified in Supreme Court Decision
 - » Most common to use original cost accumulated depreciation
- System capacity
 - » Determines the number of users the system can support (EDUs**)
 - » EDU calculated as 202 gallons per day/EDU
 - » 8,064 current system EDU capacity (grit screens limiting capacity)



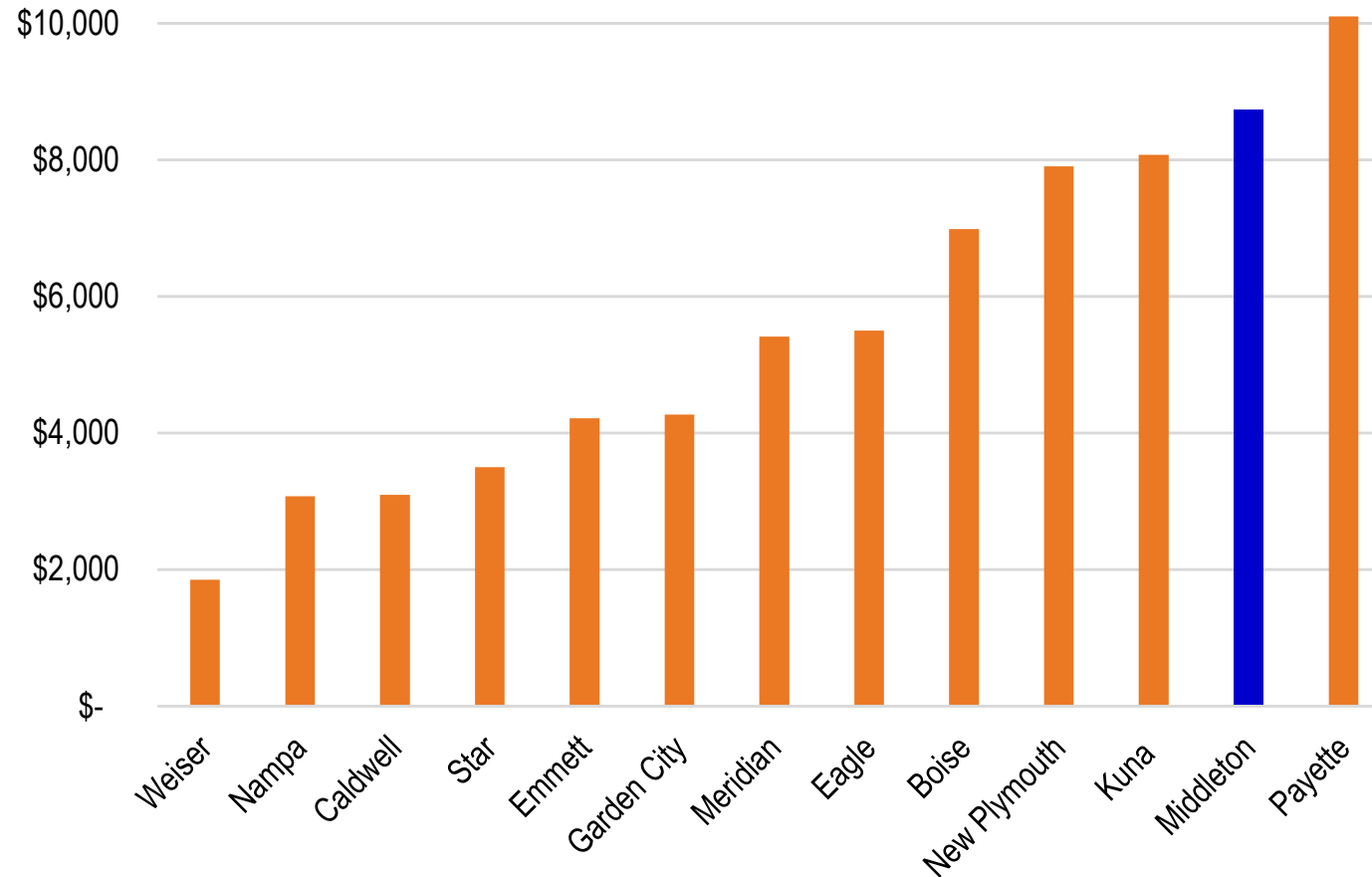
Sewer Connection Fee Calculation

	Total
Land	\$3,259,600
WW Treatment Plant	19,772,700
Lift Stations	2,555,200
Collection	117,575,100
General	1,636,300
Total Gross Replacement Value	\$144,798,900
Less: Bond Principal (outstanding)	(2,105,400)
Less: Original Cost Accumulated Depreciation	(15,585,800)
Net System Present Day Replacement Value	\$127,107,800
System Capacity EDU (1.63 MGD; 202gpd/EDU)	8,064
Total Connection Fee per EDU	\$15,762

- Calculation is maximum charge allowable at this time
- Current connection fee: \$7,016 per EDU
- Phase 3 & 4 WWTP expansion will increase capacity, affecting fee
 - » Phase 1 & 2 (9,867 EDUs)
 - » Phase 3 (12,250 EDUs)
 - » Phase 4 (13,467 EDUs)
- In anticipation of upcoming changes, fee increase in \$10-11K is in range
- Update fee as capital constructed and debt issued



2023/2024 Jurisdictional Connection Fee Survey



Notes: Payette Lake Recreational W/S District study can support a higher fee ~\$13,700.

Boise updating fee. Current and new fee includes an equivalent assessment fee charged per square foot of lot

Fees assume 1" meter



Next Steps

- Incorporate feedback from Council on initial rate strategy
 - » Run additional rate strategy scenarios?
- Connection fee
 - » Input on calculated fee
 - » Direction on fee level or phase in of fees
- Fee adoption – October 1, 2024
- Consideration of impact fee study

Thank you! Questions?

Angie Sanchez Virnoche
425.336.4157
angies@fcsgroup.com

www.fcsgroup.com

Exhibit “B”

Meeting Agenda

City of
Middleton

Date: June 18, 2024

Time: 5:00 PM

Location: City of Middleton

Health Insurance Renewal :

- Anticipating 7-10% increase.
- Metallic Plan Changes forcing HRA Increase.

Keypoints:

- Completed analysis to look at alternatives.
- Participation requirements are a possible concern because of the Stipend
- No transparency or influence on benefits.

Additional Notes:

- Select health \$0 deductible plan may be an alternative but hospital alignment required.

iiiA vs. Self Funding:

- Self-funding is a future goal; it requires many steps and specific compliance.
- iiiA is a Self Funded Trust for Public Entities.

Keypoints:

- Stipend is not an option with either iiiA or Self-funding.
- iiiA provides more insight and consistency for public entities.
- iiiA also includes more benefits within their premium structure.

Notes:

Your inquiry was sent to me. I over see the company admissions.

1. What is required if a city would like to self-fund?

General requirements are as follows:

Self-Funding Guidance for Registration: *(note this is not comprehensive, only high-level. Complete stipulations are in Idaho Code, Title 41, Chapter 40 and IDAPA 18.04.05)*

On the Department website the application for registration items is available here: <https://doi.idaho.gov/industry/self-funded-health-care-plans/>. Expand the accordion titled "Application Requirements," all 13 items are required as part of applying. These items are intentionally listed given each correlates with a requirement in Idaho law. Note, those are the requirements simply for registration. Beyond registration, here is a short list of common operational challenges a self-funded plan should be conscious of prior to operation:

- **Trust:** Registration requires an Irrevocable Trust. This creates a separate legal entity from the Sponsor (Bonneville School District) whereby contributions from participating teacher can go in to a Trust fund bank account and pay for health plan benefits. The Sponsor cannot retrieve the funds, nor use them for anything but administering the health plan.
- **Board of Trustees:** The Trust's Board of Trustees are fiduciaries. Code places personal liability on these individuals if they were to inappropriately utilize/invest trust funds. Additionally, Code requires the Trustees have no Conflicts of Interest or no pecuniary interest in the Trust.
- **Filing Requirements:** The Trustees run the Trust to administer the self-funded health benefit plan. The Department monitors the Trust's compliance on an ongoing basis through a series of financial statements and other filing requirements in Chapter 40, Title 41, Idaho Code.
- **Reserves:** A Trust must maintain reserves for the payment of claims. This reserve must be calculated by an actuary.
- **Surplus:** Separate and beyond reserves, a Trust must also maintain surplus funds. The options for minimum mandatory surplus can be found under Idaho Code § 41-4010 (<https://legislature.idaho.gov/statutesrules/idstat/Title41/T41CH40/SECT41-4010/>). However, depending on the stop loss coverage, the Department of Insurance may recommend one surplus calculation over the other.
- **Annual Audit:** Annually, the Trust is required to obtain an audit from an independent CPA. This audit must be of the Trust only, separate from any Sponsor or other agency.
- **Actuarial Reports:** Each year an actuary must calculate the rates for the health plan, and submit them to the Department for prior-approval. An actuary must also issue an actuarial opinion annually regarding the soundness of reserves and surplus. Lastly, at each quarterly financial statement, reserves must be reasonably adjusted by an actuary. These three separate functions of an Actuary are all statutory requirements.
- **Financial Condition Examinations:** The Trust will be examined, onsite, by Examiners of the Department of Insurance no less than once every 5 years. Findings, if any, go into a public exam report.
- **Timelines for Applying:** At a minimum, Idaho Code § 41-4006 provides the Department 90 days to review a complete application. I emphasize "complete"

because it means that all parts and contracts in the application are in their final form and/or executed. I do not recommend waiting until 90 days prior to an effective date to apply. It is advisable to give yourself the longest runway possible to get an application in order. The Department is glad to provide guidance along the way.

- A meeting with DOI: It is strongly suggested that the prospective Trustees and Sponsor representation meet with the DOI before applying or attempting to operate. The DOI would be glad to discuss the risks, Trustee duties, the overall process, expectations, etc. We also have certain limited operational templates (e.g. sample trust agreement, quarterly statement "Blank") which may be helpful to share. Please contact me to schedule.

2. When the city is self-funded, can they earn interest on the reserves that they have to have? Please refer to § 41-4009 for the permitted investments of trust funds.

3. If they can earn interest on the reserves, can they add that earned interest to their claims fund?

Per § 41-4009(3): All such investments shall be made and held in the name of the trust fund, and the interest and yield thereon shall inure to the benefit of the trust fund.

Public Entity Self-Funding Requirements

Thirteen Requirements

1. Application Fee: \$500:

The application fee of \$500 is due at the time of application. **The fee is non-refundable.**

Application fees are payable **by check** to the following address. Include the applicant's identifying information with the check:

Idaho Department of Insurance
700 W. State St., 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043

2. Application for Registration Form:

Self-Funded Plan Application Form. This form should disclose the nature of the applying plan's operations, participation expectations, and expected contracted service providers. Additional explanations of the self-funded plan may be attached as needed. The form must be signed by at least one representative of the sponsoring entity and a Trustee.

3. Sponsoring Entity Articles, Bylaws, and a Funding Plan:

Any entity acting as a sponsor to a self-funded plan, whether a single employer, MEWA (which includes Association Health Plans), or Joint Public Agency, must include with their application the sponsoring entity's Articles of Incorporation and Bylaws plus any equivalent founding documentation pertinent to the management and operation of the proposed self-funded plan in Idaho (e.g., Joint Powers Agreement, Power of Attorney, Membership Rules and Guidelines, etc.).

A plan explaining the initial funding of the Trust fund must also be included. The funding plan should explain in detail who the funds are coming from, when, and demonstrate that the Trust fund will begin operations with balances sufficient to meet the statutory requirements for reserves and surplus.

4. Irrevocable Trust Agreement:

Provide a copy of the irrevocable trust agreement under which the trust fund will exist and operate in Idaho. The trust agreement must comply with Idaho Code, Title 41, and contain the conditions set forth in Chapter 40 or Chapter 41.

5. List of Trustees, and Biographical Affidavits:

Provide a list of the Trustees to be appointed and act as fiduciaries of the irrevocable trust, administering the self-funded health care plan. Each Trustee must submit a Biographical Affidavit with original signatures and notarizations, available here:

<https://content.naic.org/sites/default/files/ucaa-industry-naic-biographical-affidavit.pdf>

Note, third party verification background reports are not required for the Trustee Biographical Affidavits.

6. Trustee Conflict of Interest Statements:

Idaho Code requires that each Trustee have no conflict of interest and no pecuniary interest in the Trust. Each Trustee to be appointed must provide a copy of a conflict of interest statement acknowledging as much. It is recommended that a Trust and Trustees complete a conflict of interest statement each year after registration to ensure and maintain ongoing compliance.

7. Written Statement of Benefits:

Provide a copy of the proposed written statement of benefits to be reviewed by the Rates and Forms Section. The plan benefit documents: SBC, SPD, Checklist, and IDFF Form are required. The benefit statements should be in compliance with all requirements of Idaho Code, Title 41, Chapters 40 or 41 and any other applicable requirements set forth in Idaho law as interpreted by the Rates and Forms Section. The forms should not include any terms that could misconstrue or imply that the policy is one of insurance.

Additionally, **all** updates to rates and forms, whether basic annual updates or interim period changes, must be filed with the DOI for review prior to being used to confirm ongoing compliance.

8. Certification of Contribution Rates by an Actuary:

Provide a certified statement attesting to actuarial soundness of the plan's proposed contribution rates. Include the actuarial report prepared by a qualified actuary certifying that the rates for the plan are sufficient to cover moderately adverse experience and all costs of operation with a reasonable contribution to surplus. The study shall include the development and justification of the assumptions used by the actuary in determining the rates. Also, include the employer and employee contribution percentages and the period of time for which rates may be deemed valid. A qualified actuary must certify the statement.

9. Pro Forma Financials, By Month:

In conjunction with the Actuary's Certification of Rates, provide a pro forma balance sheet and income statement for the first twelve (12) months of operation of the plan, by month, commencing with the expected start date of the plan in Idaho. To verify compliance, the balance sheet should include: the amounts of investments by type; reserves for claims incurred but not paid and incurred but not reported (as certified by an actuary) and any other liabilities on an accrual basis; and surplus sufficient to exceed minimum requirements in Idaho Code where applicable. The income statement should reflect contributions and changes in claims liability, being detailed enough to identify significant expenses of the Trust by month.

10. Stop Loss Insurance Policy:

Provide copies of all stop loss agreements that include applicable stop-loss insurance provided, or to be provided, the plan by an insurer duly authorized to transact disability insurance in this state. Self-funded plans must maintain aggregate stop-loss coverage and specific stop-loss coverage provided by an insurance company authorized to transact insurance in this state, unless otherwise stipulated and subject to prior approval by the Department.

Note: the stop loss policy must agree with the assumptions of the Actuary's Certification of Contribution Rates, or else the actuary will likely have to update their rate assumptions and calculations.

11. Fidelity Bond:

Provide a copy of the Trust's fidelity bond or coverage deemed to be equivalent by the Director of the Department of Insurance, in compliance with Idaho Code. This bond is required for the Trust regardless of any other third-party administrator bonding. The bond or equivalent coverage should be in the name of the Trust (not an employer or sponsor entity).

If registering under Chapter 40, Title 41, Idaho Code, the bond must contain the language outlined in IDAPA 18.04.05.027.02, "Cancellation of Bond Requirements":

The bond must contain specific 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 required under Chapter 40, Title 41, Idaho Code, is to be forwarded to the Director by the surety at the same time it is forwarded to the trustee."

12. Copies of All Contracts between the Trust and any other Party:

This includes :

- o Contract(s) with the actuary providing the: 1) annual Certification of Contribution Rates; 2) annual Actuarial Opinion certifying the adequacy of reserves and surplus at year end; and 3) quarterly reasonable adjustments to claims reserves, incurred but not reported. These may be provided by different actuaries with separate contracts.
- o Contract with the certified public accountant to perform the annual GAAP audit of the Trust.
- o Contract(s) with any third-party administrator(s) or insurer(s) to act as administrator, manager, or service provider to the Trust.
- o Contract(s) with banks and financial institutions for the establishment of accounts and signatories authorized to access the Trust fund.

o Contract(s) and written statements of duties with employees of the sponsoring entity to provide services to the irrevocable trust, a separate entity. These are required to be in writing and agreed to by the Trustees, even if the services are provided on an unpaid basis as part of an employee's job duties with the sponsor entity.

13. Additional Information, Required as Applicable:

If applicable, provide the following with the application:

- o Payment of back-due Premium Taxes if operating without registration. Self-funded plans pay a premium tax of \$0.04 per participant per month through the Premium Tax section.
- o Copies of all marketing materials and solicitations to be utilized in Idaho. This may include any content containing information regarding the Trust on a plan or sponsor's website.
- o A copy of any study made of the proposed self-funded health care plan by a consultant for the information or guidance of an employer or sponsoring entity.
- o If an AHP, verification of M-1 and Form 5500 filings with the Federal DOL – EBSA.
- o Other information as requested by the Department.

Timing and Important Dates

Timelines: Statute provides for a 90-day review period of a complete application. An application is considered complete when all required parts and documents are received by the Department in their final form. It is the responsibility of the applicant to compile and complete the application. It is also the responsibility of the applicant to manage timelines, providing a sufficient period for the statutory review, and be granted registration prior to offering any benefits.

- **60-Days prior to Year End/New Plan Year:** Actuarial Certification of Rates, and Plan Benefit Documents: SPD, SPC, Checklist, and IDFF

Form. While statute requires 30-days prior, ***the Department requests 60-days to allow time for review and proper prior approval.***

- March 15: **Immunization Assessment**
- **90-days after year end:**
 - Annual CPA Audit accompanied by the Actuarial Opinion on Reserves and Surplus.
 - Fees: **\$500 continuation fee and premium taxes at a rate of \$0.04 per participant per month** are due annually, payable through the **Taxes & Fees electronic system.**
- May 1: **Health Plan Survey**
- **60-day after each quarter:** Quarterly financials including reserves for IBNR that are reasonably adjusted by an Actuary.
- **All interim period changes due, 30-days prior to change:** Any Changes or Amendments to bonding, stop-loss, the Trust agreement or contracts involving the Trust must be filed 30-days in advance of the proposed effective date of the change. ***This includes annual renewals of agreements where coverage periods are updated and any terms are adjusted.***

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
Fax: (208) 334-4398
Email: rulesreview@doi.idaho.gov
Web: <https://doi.idaho.gov/>

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

18.04.05 – SELF-FUNDED HEALTH CARE PLANS RULE

000. LEGAL AUTHORITY.

Title 41, Chapter 2, Idaho Code. (3-31-22)

001. TITLE AND SCOPE.

01. Title. IDAPA 18.04.05, "Self-Funded Health Care Plans Rule." (3-31-22)

02. Scope. This rule supplements the provisions of Title 41, Chapter 40, Idaho Code, Self-Funded Health Care Plans. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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 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. (3-31-22)

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 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 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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

02. Scope of Coverage. The fidelity bond or equivalent coverage will cover every trustee, officer, director, and employee of the plan. (3-31-22)

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. (3-31-22)

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: (3-31-22)

a. Directly or indirectly underwrites; (3-31-22)

b. Collects or handles charges or contributions; or (3-31-22)

c. Adjusts or settles claims on members or beneficiaries of the plan. (3-31-22)

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. (3-31-22)

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. (3-31-22)

03. Annual Filing of Rates. The annual filing of rates with the Director will include a breakdown as prescribed under Subsection 028.01. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

04. Fiduciary Duty. By entering into contracts and agreements, the trustees are not permitted to transfer or avoid their statutory fiduciary responsibilities. (3-31-22)

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. (3-31-22)

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. (3-31-22)

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. (3-31-22)

032. -- 999. (RESERVED)



Idaho Statutes

Idaho Statutes are updated to the website July 1 following the legislative session.

TITLE 41
INSURANCE
CHAPTER 40

SELF-FUNDED HEALTH CARE PLANS

41-4010. RESERVES AND SURPLUS. (1) The trustee of a self-funded plan shall establish and maintain in the trust fund the following reserves:

(a) A reserve in an amount as certified by a qualified actuary as being necessary for payment of claims liability. The reserve shall be reasonably adjusted on a quarterly basis in an amount as determined by a qualified actuary or other qualified person if authorized by the director.

(b) If, under the plan, periodic contributions to the trust fund have been paid in advance or are payable less frequently than monthly, there shall be a reserve for unearned contributions as computed pro rata on the basis of the unexpired portion of the period for which the contribution has been paid.

(c) If future claims payments plus future costs of operation are greater than future contributions plus current reserves, there shall be a reserve in an amount equal to future claims payments plus future costs of operation, less future contributions, less current reserves.

(2) In any determination of the financial condition of the trust fund, the claims reserve, reserve for unearned contributions and contribution deficiency reserve shall constitute liabilities.

(3)(a) In addition to reserves required by this section, a self-funded plan shall establish and maintain in its trust fund surplus equal to at least:

(i) The equivalence of three (3) months of contributions for the current plan year; or

(ii) One hundred ten percent (110%) of the difference between the total dollar aggregate stop-loss attachment point plus costs of operation and the total dollar expected contributions for the current plan year.

(b) Paragraph (a) of this subsection notwithstanding, a public postsecondary educational institution shall instead be required to establish and maintain in its trust fund surplus an amount equal to at least thirty percent (30%) of the unpaid claims liability of the plan.

(c) Upon request of a self-funded plan, the director may annually waive the surplus requirement provided in paragraph (a) or (b) of this subsection if:

(i) The plan or trust carries insurance providing aggregate coverage and specific coverage;

(ii) The plan, in its first year of operation, receives periodic contributions, at minimum on a monthly basis, at an amount at least equal to the point at which the insurance providing aggregate coverage must cover at least one hundred percent (100%) of the plan's liability, as certified by a qualified actuary; and

(iii) In its second and each subsequent year of operation, the plan:

1. Continues to provide stop-loss coverage as described in subparagraph (i) of this paragraph; or
2. Is funded, at minimum on a monthly basis, at an amount equal to at least one hundred percent (100%) of the self-funded plan's liability, less any surplus as defined in section 41-4002, Idaho Code, from previous years.

The director may also waive any or all requirements provided in subparagraphs (i) through (iii) of this paragraph, provided that the plan maintains reserves and surplus, as defined in section 41-4002, Idaho Code, of at least the amount certified annually by a qualified actuary as sufficient without aggregate coverage.

(4) A surplus note that has been approved by the director in a form and as defined in section 41-2841, Idaho Code, may be used to fund surplus and shall not be accounted as a liability.

(5) Up to one-third (1/3) of the surplus required by this section may be funded by a clean, irrevocable letter of credit, in a form acceptable to the director, issued in favor of the trust fund by a federally or state-chartered bank having a branch office in Idaho. Such irrevocable letter of credit cannot be guaranteed by pledge of any of the plan assets. The funding cannot be in the form of prepaid contributions or other loan or associated with an offsetting liability.

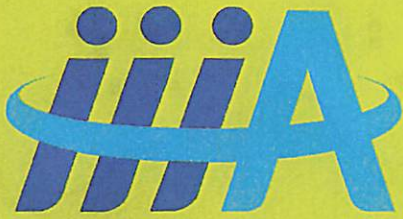
(6) A newly formed plan with no prior operating history shall meet the minimum surplus requirements no later than twelve (12) months after the date of initial operation. The director may extend for a reasonable period not to exceed twelve (12) additional months, provided that the plan is meeting all other provisions of this chapter. For plans registered with the department and in existence on the effective date of this law, such plans shall have twenty-four (24) months from the effective date of this law in which to increase their surplus level to comply with the requirements of subsection (3) of this section.

(7) The trust fund shall maintain the minimum surplus requirements at all times throughout the year.

History:

[41-4010, added 1974, ch. 248, sec. 10, p. 1624; am. 2006, ch. 414, sec. 9, p. 1264; am. 2013, ch. 181, sec. 10, p. 427; am. 2015, ch. 49, sec. 2, p. 109; am. 2017, ch. 179, sec. 1, p. 410; am. 2019, ch. 306, sec. 3, p. 917.]

How current is this law?



Self-Funded Health Benefits Trust

Shared Strength • Trusted Care

for Idaho Public Agencies

2023-2024

MISSION: To provide the best quality and structure of health benefits plans and services to our agency's employees by directly managing the costs and administration of those benefit plans through a cooperative pool in a manner that will be more efficient, economical, and competitive than what the market can offer through traditional insurance providers.

III-A AGENCIES

BOA

IDAHO CITIES

Aberdeen
American Falls
Arco
Athol
Blackfoot
Bonners Ferry
Cascade
Challis*
Council
Dalton Gardens
Declo
Donnelly
Dover
Downey
Dubois
Emmett
Franklin*
Firth
Fruitland
Garden City
Grangeville
Hayden
Homedale
Kamiah
Ketchum
Kooskia
Kootenai*
Lava Hot Springs
Malad*
Marsing
McCall
Menan
New Meadows
New Plymouth
Nezperce

St. Anthony
Tetonia*
Troy
Victor
Wilder

HIGHWAY DISTRICTS

Buhl
East Side
Filer
Ferdinand
Grangeville
Hillsdale
Keuterville
Minidoka
Power County
Worley

FIRST RESPONDERS

Bear Lake Co. Fire
Blackfoot Police & Fire
Buhl Fire*
Cascade Rural Fire
Eagle Fire
East Side Fire
Kootenai County EMS
Kootenai County Sheriff*
Kuna Fire
Marsing Fire
McCall Fire
Meadows Valley Rural Fire
Middleton Fire*
Minidoka County Fire
Nampa Fire
Nampa Police

IRRIGATION DISTRICTS

Boise Kuna*
Lewiston Orchards
Minidoka

LIBRARY DISTRICT

American Falls

TRANSPORTATION

AUTHORITY

Mountain Rides
S.P.O.T*

ABATEMENT DISTRICTS

Payette County Gopher
Twin Falls Pest

RECREATION DISTRICTS

Middleton Parks
Payette County

WATER & SEWER DISTRICTS

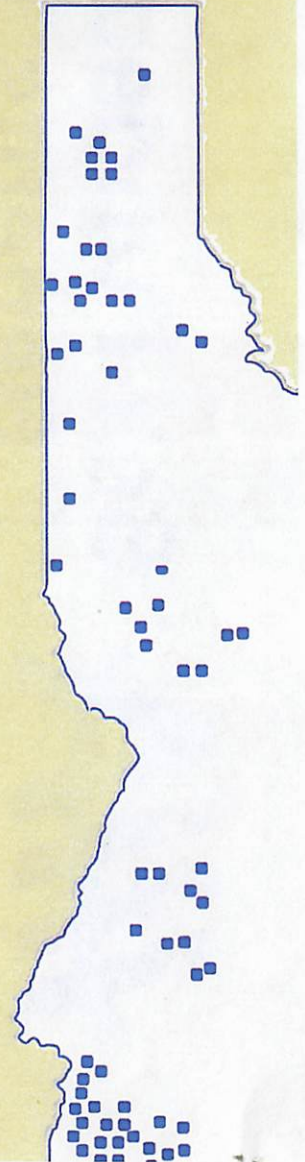
North Lake Recreation
Southside
Star Sewer

CEMETERY DISTRICTS

Marsing Homedale*

III-A

LHTAC



III-A AGENCIES

BOARD OF TRUSTEES

IDAHO CITIES

Aberdeen
 American Falls
 Arco
 Athol
 Blackfoot
 Bonners Ferry
 Cascade
Challis*
 Council
 Dalton Gardens
 Declo
 Donnelly
 Dover
 Downey
 Dubois
 Emmett
Franklin*
 Firth
 Fruitland
 Garden City
 Grangeville
 Hayden
 Homedale
 Kamiah
 Ketchum
 Kooskia
Kootenai*
 Lava Hot Springs
Malad*
 Marsing
 McCall
 Menan
 New Meadows
 New Plymouth
 Nezperce
 Oakley
Orofino*
 Parma
 Paul
 Payette
 Potlatch
 Preston
 Rupert
 Salmon
Shelley*
 Star

St. Anthony
Tetonia*
 Troy
 Victor
 Wilder

HIGHWAY DISTRICTS

Buhl
 East Side
 Filer
 Ferdinand
 Grangeville
 Hillsdale
 Keuterville
 Minidoka
 Power County
 Worley

FIRST RESPONDERS

Bear Lake Co. Fire
 Blackfoot Police & Fire
Buhl Fire*
 Cascade Rural Fire
 Eagle Fire
 East Side Fire
 Kootenai County EMS
Kootenai County Sheriff*
 Kuna Fire
 Marsing Fire
 McCall Fire
 Meadows Valley Rural Fire
Middleton Fire*
 Minidoka County Fire
 Nampa Fire
 Nampa Police
 Northern Lakes Fire
 Sagle Fire
 Sandpoint Fire
 Shoshone County Fire #2
 Spirit Lake Fire
 St. Maries Fire
 Star Fire
 Teton County Fire & Rescue
 Westside Fire

IRRIGATION DISTRICTS

Boise Kuna*
 Lewiston Orchards
 Minidoka

LIBRARY DISTRICT

American Falls

TRANSPORTATION AUTHORITY

Mountain Rides
S.P.O.T.*

ABATEMENT DISTRICTS

Payette County Gopher
 Twin Falls Pest

RECREATION DISTRICTS

Middleton Parks
 Payette County

WATER & SEWER DISTRICTS

North Lake Recreation
 Southside
 Star Sewer

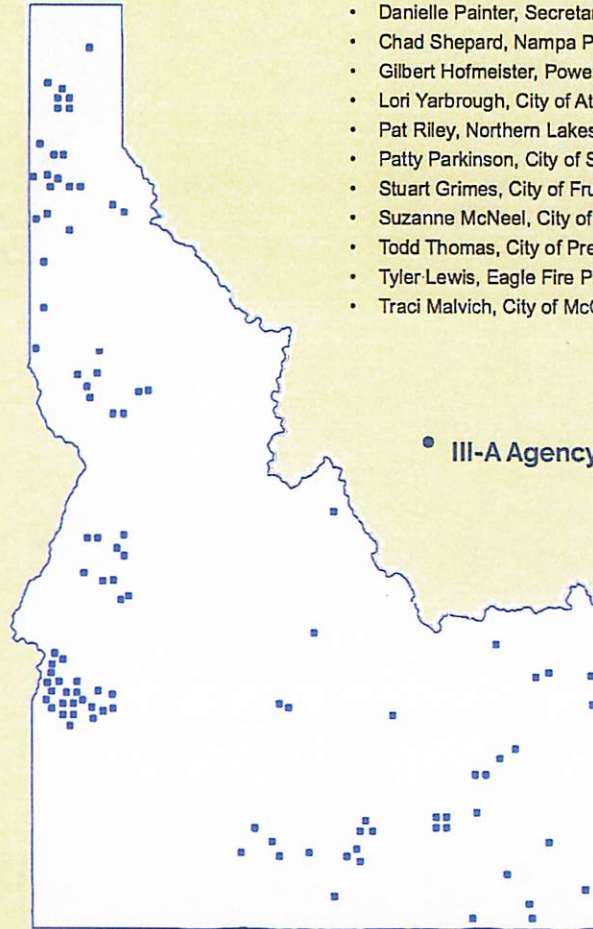
CEMETERY DISTRICTS

Marsing Homedale*

III-A

LHTAC

***New Agency**



- Dan Hammond, Chair, City of American Falls
- Ruth Bailes, Vice-Chair, Minidoka Irrigation District
- Danielle Painter, Secretary, City of New Plymouth
- Chad Shepard, Nampa Police Department
- Gilbert Hofmeister, Power County Highway District
- Lori Yarbrough, City of Athol
- Pat Riley, Northern Lakes Fire Protection District
- Patty Parkinson, City of St. Anthony
- Stuart Grimes, City of Fruitland
- Suzanne McNeel, City of Blackfoot
- Todd Thomas, City of Preston
- Tyler Lewis, Eagle Fire Protection District
- Traci Malvich, City of McCall

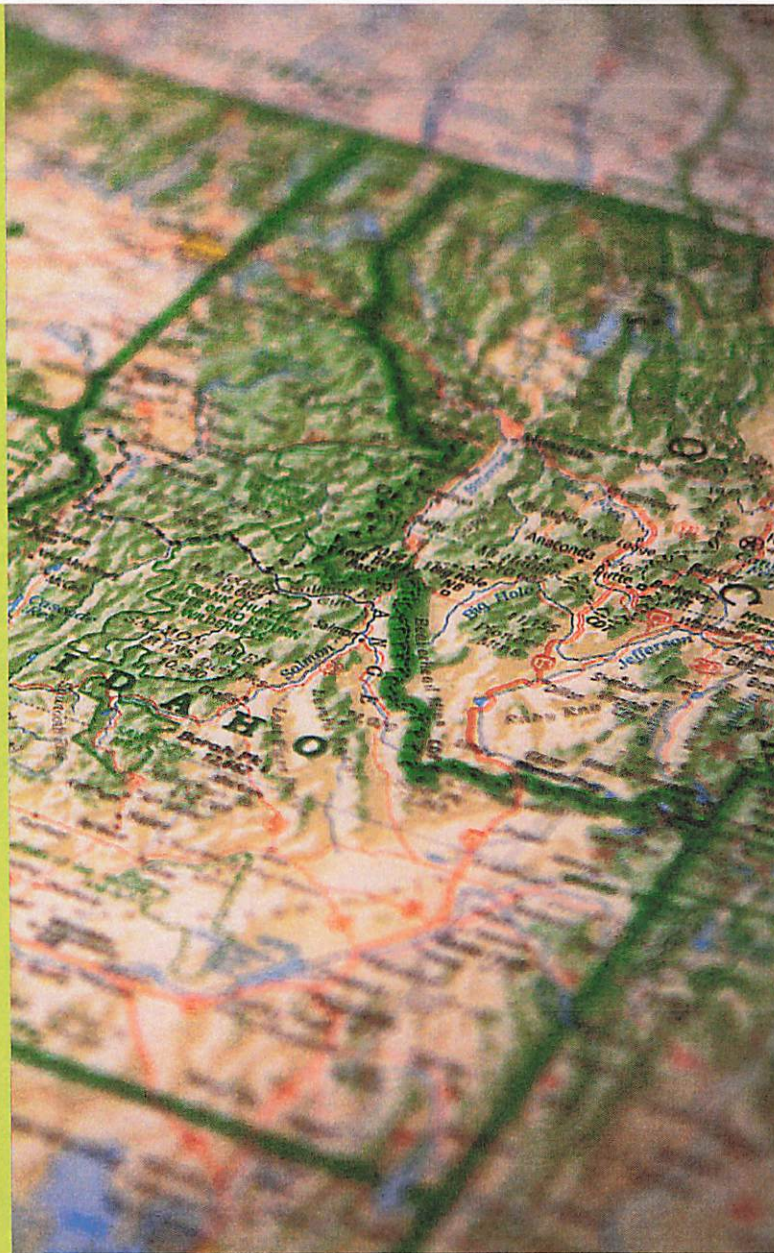
Enhanced, Progressive Benefits Distinguish III-A

- 6 Medical Plan Options Available
- Annual On-site Wellness Screening, Flu Shot Clinic, and Skin Check – by a III-A Nurse Practitioner and Dermatologist PA
- Employee Wellness Program and Health Coaching
- 24/7/365 Medical Telehealth - No Cost
- 10 Visit Employee Assistance Program – In-Person or Virtual (household benefit)
- Mental Health Program including On-site Trainings by Shift Wellness
- Air Ambulance – Family Benefit
- Hearing Aid and Hearing Protection Coverage
- Colonoscopies, Mammograms, PSA Screenings – No Cost
- 30 Physical Therapy and 18 Chiropractic Visits Per Year – Copays Only
- 52 Acupuncture Visits Per Year – No Cost up to \$80 Per Visit
- \$20,000 Employee Life and Accidental Death Insurance Policy
- Retiree Coverage - Available Upon Request
- COBRA Benefits and Administration

Medical Review Committee: To ensure all members receive their valued benefits in a timely manner. The committee stands ready to respond immediately to address medical coverage disputes.

Self Funding Controls Costs

- **True cost rates** - contributions paid in excess of actual expenses become reserves used to reduce future rate increases, not insurance company profits.
- **Spreading the risk** - claim expenses are shared among our agencies. This protects individual agencies from budget busting rate increases when that unexpected, catastrophic claim hits.
- **Transparent contracts** - guarantee quality services, competitive pricing, and performance accountability.
- **Strength in numbers** - proven successful in reducing renewal rates.
- **Innovative benefits** - resulting in cost savings. The best way to retain excellent employees is to provide the best benefits available.



III-A HISTORY

- In 2011, Idaho cities and one irrigation district formed the III-A Trust to combat the excessive annual rate increases delivered by the insurance industry.
- The Trust began offering benefits in March 2012.
- There are 13 members on the Board of Trustees that govern the Trust.
- In 2020, III-A created a culturally competent Mental Health Program.

Standard Medical Plans

Blue Cross of Idaho PPO Network & III-A Internally Administered Benefits

Plan Year: October 1, 2023 - September 30, 2024

	Plan 90-A	Plan 80-A	Plan 80-B
Individual Deductible (In-Network)	\$500	\$1,000	\$2,000
Family Deductible (In-Network)	\$1,000	\$2,000	\$4,000
Co-Insurance (III-A Pays %)	90%/70%	80%/60%	80%/60%
OOPM: Individual (In/Out)	\$2,000/\$3,500	\$2,500/\$4,000	\$3,500/\$5,000
OOPM: Family (In/Out)	\$4,000/\$7,000	\$5,000/\$8,000	\$7,000/\$10,000
Physician/Specialist Copay	\$20	\$20	\$20
ER Copay/Fee	\$100 copay (waived if admitted) + Ded & Co-Ins	\$100 copay (waived if admitted) + Ded & Co-Ins	\$100 copay (waived if admitted) + Ded & Co-Ins
Preventative Care (List Provided)	100%	100%	100%
Maternity	Ded & Co-Ins	Ded & Co-Ins	Ded & Co-Ins
Chiropractic: 18 visits	\$20 Copay	\$20 Copay	\$20 Copay
PT Rehab Outpatient: 30 visits	\$20 Copay-Outpatient	\$20 Copay-Outpatient	\$20 Copay-Outpatient
Rehab Outpatient: 20 visits	Ded & Co-Ins	Ded & Co-Ins	Ded & Co-Ins
Mental Health	\$20 Copay-Outpatient Ded & Co-Ins-Inpatient	\$20 Copay-Outpatient Ded & Co-Ins-Inpatient	\$20 Copay-Outpatient Ded & Co-Ins-Inpatient
Rx Copay	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40
Rx OOPM	\$1,000 Ind/\$2,000 Family	\$1,000 Ind/\$2,000 Family	\$1,000 Ind/\$2,000 Family
Employee Assistance Program (EAP)	10 Visits	10 Visits	10 Visits

	Plan 70-ACA	Plan 70-B	Plan 70-C
Individual Deductible (In-Network)	\$3,000	\$5,000	\$3,000
Family Deductible (In-Network)	\$6,000	\$10,000	\$6,000
Co-Insurance (III-A Pays %)	70%/50%	70%/50%	70%/50%
OOPM: Individual (In/Out)	\$4,500/\$8,000	\$5,500/\$8,000	\$3,500/\$9,000
OOPM: Family (In/Out)	\$9,000/\$12,000	\$11,000/\$16,000	\$9,000/\$12,000
Physician/Specialist Copay	\$40	\$40	\$40
ER Copay/Fee	\$100 copay (waived if admitted) + Ded & Co-Ins	\$100 copay (waived if admitted) + Ded & Co-Ins	\$100 copay (waived if admitted) + Ded & Co-Ins
Preventative Care (List Provided)	100%	100%	100%
Maternity	Ded & Co-Ins	Ded & Co-Ins	Ded & Co-Ins
Chiropractic: 18 visits	\$40 Copay	\$40 Copay	\$40 Copay
PT Rehab Outpatient: 30 visits	\$40 Copay-Outpatient	\$40 Copay-Outpatient	\$40 Copay-Outpatient
Rehab Outpatient: 20 visits	Ded & Co-Ins	Ded & Co-Ins	Ded & Co-Ins
Mental Health	\$40 Copay-Outpatient Ded & Co-Ins-Inpatient	\$40 Copay-Outpatient Ded & Co-Ins-Inpatient	\$40 Copay-Outpatient Ded & Co-Ins-Inpatient
Rx Copay	\$10/\$25/\$40	\$10/\$25/\$40	\$10/\$25/\$40
Rx OOPM	\$1,000 Ind/\$2,000 Family	\$1,000 Ind/\$2,000 Family	\$1,000 Ind/\$2,000 Family
Employee Assistance Program (EAP)	10 Visits	10 Visits	10 Visits

** An 80-HDHP Plan is also available upon request

Standard Dental Plans and Rates

Dental & Orthodontia Provider Network: Delta Dental

Plans:	Plan 001		Plan 002		Plan 003	
	In	Out	In	Out	In	Out
Individual Deductible (3 family member maximum)	\$25/\$75 family		\$25/\$75 family		\$50/\$150 family	
Preventive Dental Services Preventive dental services do not apply to benefit period maximum	100%	80% after deductible	100%	80% after deductible	100%	80% after deductible
Basic Dental Services	80% after deductible	70% after deductible	80% after deductible	70% after deductible	80% after deductible	70% after deductible
Major Dental Services	50% after deductible	40% after deductible	50% after deductible	40% after deductible	50% after deductible	40% after deductible
Benefit Period Maximum	\$1,000		\$1,500		\$2,000	
Rates:	Employee: \$37		Employee: \$42		Employee: \$40	
	Emp+Spouse: \$74		Emp+Spouse: \$84		Emp+Spouse: \$81	
	Emp+Child(ren): \$64		Emp+Child(ren): \$72		Emp+Child(ren): \$71	
	Family: \$104		Family: \$118		Family: \$114	

Standard Vision Plans and Rates

Vision Network Provider: VSP

Plans:	Plan C-0	Plan C-10	Plan C-15	Plan C-25
Exam Copay	\$0	\$10	\$15	\$0
Material Copay	\$0	\$25	\$15	\$25
Frame Allowance	\$150	\$150	\$150	\$150
Lenses Allowance	\$150	\$150	\$150	\$150
Service Frequency-Eye Exam	12 months	12 months	12 months	12 months
Service Frequency-Lenses	12 months	12 months	12 months	12 months
Service Frequency-Frames	12 months	12 months	12 months	12 months
Rates:	Employee: \$13	Employee: \$8	Employee: \$10	Employee: \$9
	Emp+Spouse: \$26	Emp+Spouse: \$17	Emp+Spouse: \$22	Emp+Spouse: \$19
	Emp+Child(ren): \$23	Emp+Child(ren): \$15	Emp+Child(ren): \$19	Emp+Child(ren): \$17
	Family: \$36	Family: \$25	Family: \$31	Family: \$28

**Benefits include coverage of progressive lenses, transitional lenses, and BlueTech lenses.

Meet the III-A Team

Serving You 24/7



Executive Director, Amy Manning
AmyManning@iii-a.org



Operations Manager, Susan Lasuen
SusanLasuen@iii-a.org



Wellness Manager & Data Analyst, Megan Smith
MeganSmith@iii-a.org



Benefits Manager, Nicole Tuttle
NicoleTuttle@iii-a.org



Marketing & Education Manager, Kandice Dickinson
KandiceDickinson@iii-a.org



Administrative Specialist, Brooke Calton
BrookeCalton@iii-a.org



Benefits Specialist, Tami Testa
TamiTesta@iii-a.org

FAQs

How is the III-A governed?

A Board of Trustees governs the III-A. There are 13 Trustees that serve on the Board from the membership.

Can any Idaho Public Agency be accepted into the Trust?

Not every agency that applies for membership will be accepted. The information submitted is reviewed and your agency will be notified of your application status. If it is determined that your agency has a greater known medical risk than the III-A pool, your agency may be declined.

What is the Joint Powers Agreement (JPA)?

The III-A Joint Powers Agreement (JPA) is a formal, legal agreement between Idaho public agencies. The agencies have agreed to share their power to create a self-funded health insurance pool and coordinate to provide better benefits and stabilize rate increases. This agreement requires an initial three-year commitment and after that membership is renewed annually.

When does the Trust renew its medical plan?

The Trust's plan year is from October 1st to September 30th. Open enrollment takes place August 1-31. This coincides with most agencies' fiscal years.

What is the "buy in" to join the Trust?

Self-funded plans are required to have an IBNR reserve in the bank at all times. The III-A provides that money for new agencies. The amount needed to reimburse the III-A Trust is already included in the rates that the agency receives in their proposal.

What if I want to leave the Trust early?

If an agency leaves prior to the three-year commitment being fulfilled or leaves during a plan year, a significant penalty is assessed.

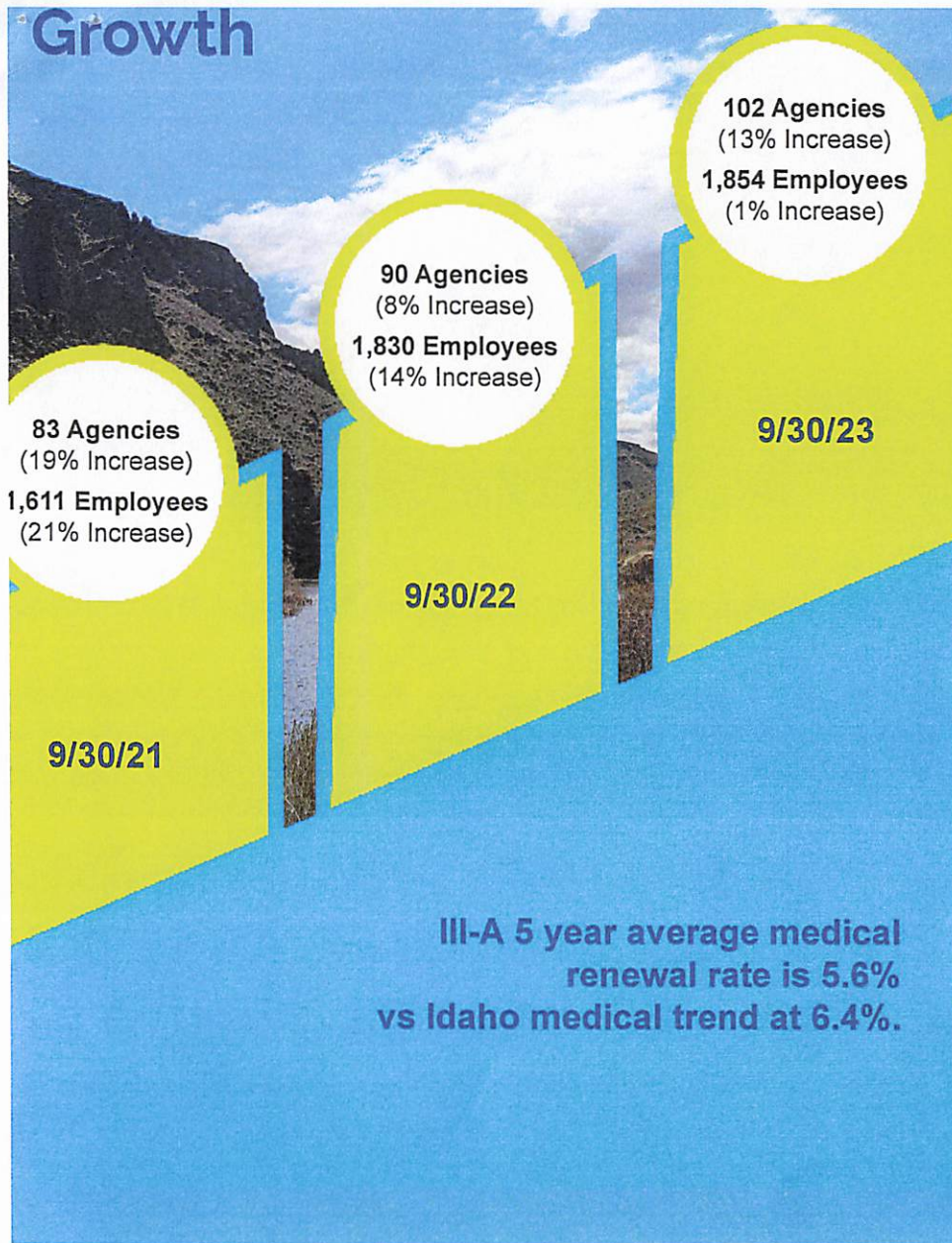
What is the III-A rating methodology?

The III-A Actuary, Milliman of Boise, performs an actuarial rate analysis annually to develop rates that will fully fund our Trust's expected claims, fixed administration and operation costs, and required reserves for the upcoming plan year.

Milliman's study relies on the following factors to develop our rates:

- The most recent 24 months' medical and prescription paid claims
- Claim payment lag study
- Expected fixed administration and operation costs
- Regional medical and prescription trend
- Benefit modifications

Growth



III-A 5 year average medical renewal rate is 5.6% vs Idaho medical trend at 6.4%.

Agency Application Process

In order to apply, your agency must be defined as a "public agency" under Idaho Code Section §41-4102(9), within the State of Idaho, and not an agency of the state government.

To receive a medical rate quote from III-A:

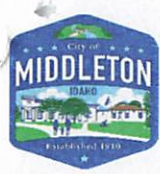
- Agency administrator will need to complete the 'New Agency Application,' includes general info.
- Each employee will need to complete an 'Employee Rating Application' which requires four years of medical and prescription history for the employee and any family members that will potentially be on the plan. The III-A also accepts applications created through eHealth. NOTE: 100% participation of employees is required on III-A plans.
- Submit a copy of your agency's current medical plan invoice or renewal and desired effective date for benefits with the III-A.
- To securely submit forms, request a secure email from admin@iii-a.org or fax to 208-575-6423.
- The information will be reviewed and medical underwriting is used to create rates. Upon completion, your agency will receive a proposal from III-A or an email explaining that your membership has been declined. This process takes 8-10 days from receipt of the required documents and applications.
- If your agency chooses to accept the III-A proposal, your governing board will sign a Joint Powers Agreement (JPA) and Participation Agreement – which requires an initial three-year commitment and after that membership is renewed annually.
- The III-A Board of Trustees will meet to accept the signed JPA.

Rating questions? Contact SusanLasuen@iii-a.org or 208-938-8199.

"III-A is so lucky to have the admin team they do - you ladies are an invaluable asset!"

"I have really enjoyed working with the III-A as well as the population you serve. As an Acupuncturist, I am grateful for the simplicity with which members are able to utilize their benefits. My patients are able to receive consistent weekly treatments, and over time their chronic issues are subsiding and/or disappearing. Thank you for providing this incredible service."

"Brooke did a wonderful job. She made good use of the time, was concise and thorough. She was able to answer all questions that staff posed to her and provided direction where needed."



City Council Public Comment

Mayor
LH

June 18, 2024

	Name	Address	Phone or Email	Topic/Agenda Item #
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				