

Certification of Self-Insurance Plans
Mini- Self-Funded Plans – Exemption

The following information was provided to the Office of Auditor of State by Klete D. Geren, ASA, MAAA, Actuary, Iowa Insurance Division:

Here is the update regarding the changes to the code which became effective on July 1, 2006. Fortunately, it is a positive change. Public bodies that maintain a 'mini-self-funded' plan can file for a waiver from the requirements of 509A. These mini plans might include self-funding between deductibles and/or co-pays, dental plans, vision plans, short term DI, etc. Here's the relevant section from 509A.

509A.15(4): One or more political subdivisions of the state or one or more school corporations maintaining self-insured plans with yearly claims that do not exceed two percent of each entity's general fund budget shall be exempt from the requirements of this section where the plan insures employees for all or part of a deductible, coinsurance payments, drug costs, short-term disability benefits, vision benefits, or dental benefits. The yearly claim amount shall be determined annually on the policy renewal date, or an alternative date established by rule, by a plan administrator or political subdivision or school corporation employee to be designated by the plan administrator. The exemption shall not apply for the year following a year in which yearly claims are determined to exceed two percent of the political subdivision's or school corporation's general fund budget.

If you think you might be eligible, please send us a cover letter requesting the exemption. Please include the following when you file:

- A. The appropriate page(s) from the annual (audit) report -- be sure to highlight the general fund budget expenditures figure
- B. An internal report or spreadsheet indicating the mini-plan expenditures
- C. Do the math, i.e., (B / A), showing us that the result is less than 2%

NOTE: This information should be filed on a yearly basis with Brad Henderson <Brad.Henderson@iid.state.ia.us.us> [515-281-2845]