

CATASTROPHIC HEALTH CARE COST PROGRAM

**ANNUAL REPORT
FISCAL YEAR 2016**

**To
MEMBERS OF HEALTH AND WELFARE COMMITTEES
IDAHO STATE LEGISLATURE
JANUARY 2017**

**CATASTROPHIC HEALTH CARE COST PROGRAM
BOARD OF DIRECTORS
700 W. WASHINGTON ST.
BOISE, ID 83702
(208) 345-1366**

**ROGER S. CHRISTENSEN
CHAIRMAN OF THE BOARD**

ANNUAL REPORT OF
THE CATASTROPHIC HEALTH CARE COST PROGRAM
January 2017

Pursuant to Idaho Code §31-3517, the following is the report of the Catastrophic Health Care Cost Program.

TO: All Members of the Health & Welfare Committees,

FROM: Administrative Board of the Catastrophic Health Care Cost Program

The state catastrophic health care cost program was established by the Idaho Legislature in 1991 and commenced operations on October 1, 1991. The state-funded catastrophic health care cost program (CAT fund) is a continuation of the previously county-funded indigent program. The legislature assumed funding responsibility for the program effective October 1, 1991, as a means of providing property tax relief to Idaho residents.

In fiscal year 2016 the catastrophic program was administered by a board of directors consisting of six county commissioners, one from each region, one member appointed by the director of the department of health and welfare, four legislators, and one member appointed by the governor as follows: Region 1, Walt Kirby, Boundary County; Region 2, Greg Johnson, Lewis County; Region 3, Rick Yzaguirre, Ada County; Region 4, Paul Christensen, Cassia County; Region 5, Steve Hadley, Bannock County; Region 6, Roger Christensen, Bonneville County; H&W Director Richard Armstrong, Senator Jim Guthrie, Rep. John Rusche, Rep. Tom Loertscher and the Governor's appointee, David High. The administrative board governs all activities of the CAT fund and meets approximately every eight weeks to consider pending claims and provide oversight for program management.

Beginning in fiscal 2010, the administrative board has contracted with the Idaho Association of Counties to serve as program administrator and it handles the day-to-day affairs of the CAT program, through a program director. Currently, the IAC is employed on an annual contract currently running through September 2017.

From July 1, 2015 to June 30, 2016, the CAT board approved the payment of 634 cases spent \$16,588,741 on medical claims for those new cases as well as ongoing claims from previously approved cases. (See Exhibit "A") From July 1, 2016, to December 31, 2016 (FYTD17) the CAT board approved 293 new cases, as well as continuing to pay ongoing claims for cases previously approved and has paid providers during this time period, in the amount of \$5,440,159. (See Exhibit "B")

The contract between the association and the CAT fund has proven to be an effective cost mitigating tool for both the CAT fund and the counties. The program director, through the association provides training for county social services directors and staff in the use of the procedures and processes implemented to standardize case submission to the CAT program, including use of a secure data warehouse. As required, the board provides the state controller's office with annual audits, which have consistently shown responsible management of the program in an efficient manner with minimal administrative costs. (Exhibit "C")

In an effort to provide both entities involved in indigent payments with as much information as possible in their decision making, and for the board's continued effort toward responsible accountability, a program was implemented in fiscal 2011 to provide medical reviews for the county commissioners to use during their determination process. The IAC continues their contract with a medical professional on behalf of and with full support from all 44 counties, to provide case medical reviews. This year, the policy was expanded to allow for reviews on any services that require pre authorization.

Traditionally, those indigents who benefit from the program are individuals who were ineligible for Medicaid or other government assistance programs. They are faced with a catastrophic illness or injury and do not qualify through the health exchange in Idaho for health insurance. All of these indigents are required to reimburse both the county and the state of Idaho. This year's reimbursement report shows those payments received by the state.

The counties shoulder all of the collection and administration in seeking reimbursements from those who are able to make payments. From July 1, 2015 through June 30, 2016, the fund received reimbursement payments of \$3,009,431 (See Exhibit "D".) In the first six months of fiscal year 2017, the CAT fund has received reimbursement payments approximately \$1,265,750 (See Exhibit "E".)

Beginning in FY 2004, the Catastrophic Health Care Cost Program began receiving from the counties \$5.00 for every seat belt fine collected from violations imposed under Idaho Code §49-673. The fund received \$98,578 for the fiscal year 2016.

Pursuant to Idaho Code §31-3505A(3) the CAT board has requested from hospitals, information to report to the legislature. This request for information was sent to forty four (42) hospitals across the state of Idaho. Thirty-two (32) hospitals responded this year with the required information. (See Exhibit "F".) As there is no penalty to the providers for failing to respond, cooperation is tenuous at best. The hospitals that respond make every effort to provide accurate information.

The catastrophic board takes very seriously their responsibility to be accountable for the funds provided by the state. The administrator reviews each case to ensure statutory compliance by the counties. The cases are then presented to the board for review. Additionally, they monitor administrative costs closely. The financial burden of administering the program statewide is borne predominantly by the counties with a reported \$7.8 m. In contrast, the CAT program has made every effort to curb operating expenses, this year, including medical reviews paid, is approximately \$366,600.

The board for the catastrophic health care cost program annually requests information from the 44 counties of the state of Idaho to report to the legislature as required by Idaho Code §31-3505A(3). All counties reported information as requested. The totals are broken out into 2 separate formats. BOTH reports are the same information. One shows data by county and on the last page, titled "Recapitulation" all dollars spent for indigent medical care is shown by diagnosis category. *Both* reports show county *and* state funds added together in these final 2 reports. (See Exhibit "G".)

Should you have any further questions concerning the catastrophic health care cost program, please feel free to contact any member of the catastrophic program administrative board, or the program director, Kathryn Mooney at 208-345-1366

EXHIBIT A
NEW CAT CASES
Fiscal Year 2016

COUNTY	No of cases	PROVIDER PAYMENTS		COUNTY	No of cases	PROVIDER PAYMENTS
ADA	185	\$4,748,568		GOODING	12	\$355,345
ADAMS	5	\$103,623		IDAHO	6	\$83,448
BANNOCK	45	\$1,843,805		JEFFERSON	2	\$88,900
BEAR LAKE	6	\$170,420		JEROME	16	\$372,830
BENEWAH	1	\$12,605		KOOTENAI	52	\$1,557,145
BINGHAM	9	\$219,802		LATAH	5	\$249,845
BLAINE	15	\$270,782		LEMHI	5	\$75,794
BOISE	4	\$95,896		LEWIS	2	\$29,929
BONNER	3	\$86,069		LINCOLN	3	\$79,823
BONNEVILLE	11	\$375,629		MADISON	6	\$157,998
BOUNDARY	3	\$38,221		MINIDOKA	13	\$238,070
BUTTE	0	\$0		NEZ PERCE	15	\$168,308
CAMAS	1	\$7,086		ONEIDA	0	\$0
CANYON	45	\$1,152,326		OWYHEE	10	\$297,906
CARIBOU	1	\$1,060		PAYETTE	8	\$241,344
CASSIA	14	\$323,559		POWER	2	\$7,499
CLARK	0	\$0		SHOSHONE	11	\$172,125
CLEARWATER	5	\$86,953		TETON	0	\$0
CUSTER	3	\$142,725		TWIN FALLS	69	\$1,490,021
ELMORE	19	\$575,292		VALLEY	4	\$182,441
FRANKLIN	6	\$218,520		WASHINGTON	4	\$89,089
FREMONT	1	\$19,171				
GEM	7	\$158,769		TOTAL	634	\$16,588,741

EXHIBIT B
PROVIDER PAYMENTS FYTD2017
July 2016 - December 2016

	Payments			Payments
ADA	\$2,253,869		GOODING	\$259,548
ADAMS	\$36,512		IDAHO	\$27,431
BANNOCK	\$350,419		JEFFERSON	\$38,493
BEAR LAKE	\$3,655		JEROME	\$12,856
BENEWAH	\$5,704		KOOTENAI	\$209,450
BINGHAM	\$284,150		LATAH	\$48,665
BLAINE	\$65,067		LEMHI	\$53,222
BOISE	\$13,314		LEWIS	\$59,744
BONNER	\$39,577		LINCOLN	\$0
BONNEVILLE	\$93,167		MADISON	\$260,767
BOUNDARY	\$0		MINIDOKA	\$967
BUTTE	\$0		NEZ PERCE	\$106,815
CAMAS	\$0		ONEIDA	\$0
CANYON	\$38,190		OWYHEE	\$61,905
CARIBOU	\$127,938		PAYETTE	\$33,260
CASSIA	\$127,938		POWER	\$0
CLARK	\$0		SHOSHONE	\$78,132
CLEARWATER	\$279		TETON	\$0
CUSTER	\$47,879		TWIN FALLS	\$296,943
ELMORE	\$194,815		VALLEY	\$21,880
FRANKLIN	\$5,411		WASHINGTON	\$97,716
FREMONT	\$0			
GEM	\$84,482		TOTAL	\$5,440,159

EXHIBIT "C"

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE
COST PROGRAM
BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR’S REPORT
For the Fiscal Year Ended June 30, 2016**

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
For the Year Ended June 30, 2016**

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Steven J. Hart, CPA
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INDEPENDENT AUDITOR'S REPORT

**Administrative Board
Catastrophic Health Care Cost Program
Boise, Idaho**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Catastrophic Health Care Cost Program, an agency of the state of Idaho, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Catastrophic Health Care Cost Program, an agency of the state of Idaho, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require supplementary information, such as management's discussion and analysis and budgetary comparison information to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated September 26, 2016, on our consideration of the Catastrophic Health Care Cost Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Catastrophic Health Care Cost Program's internal control over financial reporting and compliance.

Searle Hart + Associates, PLLC

Idaho Falls, Idaho
September 26, 2016

BASIC FINANCIAL STATEMENTS

**STATE OF IDAHO - STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION**

June 30, 2016

	<u>General</u>	<u>Totals</u>	<u>Adjustments</u>
ASSETS			
Cash and investments	\$ 7,445,078	\$ 7,445,078	\$ -
Refunds and reimbursements receivable	-	-	-
TOTAL ASSETS	<u>7,445,078</u>	<u>7,445,078</u>	<u>-</u>
DEFERRED OUTFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 7,445,078</u>	<u>\$ 7,445,078</u>	<u>-</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Benefits payable	\$ -	\$ -	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	<u>7,445,078</u>	<u>7,445,078</u>	<u>(7,445,078)</u>
TOTAL FUND BALANCES	<u>7,445,078</u>	<u>7,445,078</u>	<u>(7,445,078)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 7,445,078</u>	<u>\$ 7,445,078</u>	<u>(7,445,078)</u>
NET POSITION			
Restricted			<u>\$ 7,445,078</u>

**Statement of
Net Position**

\$	7,445,078
	<u>-</u>
	7,445,078
	<u>-</u>
	7,445,078
	<u>-</u>
\$	<u><u>7,445,078</u></u>

STATE OF IDAHO - STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Totals</u>	<u>Adjustments</u>
EXPENDITURES/EXPENSES:			
Health and sanitation:			
Contract administration	\$ 341,238	\$ 341,238	\$ -
Other professional services	14,630	14,630	-
Board travel	-	-	-
Indemnity payments	-	-	-
Health care payments	-	-	-
Miscellaneous - overhead allocation	10,714	10,714	-
Trustee/benefit payments	16,310,660	16,310,660	-
TOTAL EXPENDITURES/EXPENSES	<u>16,677,242</u>	<u>16,677,242</u>	<u>-</u>
PROGRAM REVENUES:			
Charges for services	-	-	-
Operating grants and contributions	-	-	27,000,000
Capital grants and contributions	-	-	-
TOTAL PROGRAM REVENUES	-	-	27,000,000
NET PROGRAM REVENUE (EXPENSE)			
GENERAL REVENUES:			
Interest on investments	179,308	179,308	-
Gain (loss) on investments	-	-	-
Other revenues			
Seat belt income	98,578	98,578	-
Refunds and reimbursements	3,006,344	3,006,344	-
Other sources (uses)			
Intergovernmental appropriation	27,000,000	27,000,000	(27,000,000)
Intergovernmental appropriation reversion	(28,892,700)	(28,892,700)	-
TOTAL GENERAL REVENUES OTHER SOURCES (USES)	<u>1,391,530</u>	<u>1,391,530</u>	<u>(27,000,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCIAL SOURCES (USES)			
	<u>(15,285,712)</u>	<u>(15,285,712)</u>	<u>15,285,712</u>
CHANGES IN NET POSITION			
	-	-	(15,285,712)
RESTRICTED FUND BALANCE/NET POSITION - July 1, 2015	<u>22,730,790</u>	<u>22,730,790</u>	<u>-</u>
RESTRICTED FUND BALANCE/NET POSITION - June 30, 2016	<u>\$ 7,445,078</u>	<u>\$ 7,445,078</u>	<u>\$ -</u>

**Statement
of Activities**

S	341,238
	14,630
	-
	-
	10,714
	<u>16,310,660</u>
	<u>16,677,242</u>
	-
	27,000,000
	-
	<u>27,000,000</u>
	10,322,758
	179,308
	-
	98,578
	3,006,344
	-
	<u>(28,892,700)</u>
	<u>(25,608,470)</u>
	-
	<u>(15,285,712)</u>
	22,730,790
S	<u><u>7,445,078</u></u>

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Catastrophic Health Care Cost Program have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant part of the Catastrophic Health Care Cost Program's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Catastrophic Health Care Cost Program contains a General Fund. The management of the Catastrophic Health Care Cost Program does not have oversight responsibility or governing authority to significantly influence operations of any component units. The Catastrophic Health Care Cost Program is considered an agency of the state of Idaho.

B. Significant Accounting Policies

It is the Board's policy to use the state's accounting system to maintain its books and records. The state's accounting system will allow the state to report on a modified accrual basis of accounting.

Much of the accounting is done on a statewide centralized accounting system. As the constitutional officer responsible for the state's accounting, the state controller pre-audits payment vouchers initiated by departments before paying claims. Transactions for receipts are initiated by departments and recorded in state records by the state controller and the state treasurer. A monthly, summary-level reconciliation of all receipts and expenditures must be approved by the departments and returned to the state controller. Certain other functions – including purchasing, insurance, telephone and communications, and public works – are centralized in the Department of Administration. Agencies are billed their proportionate share of these costs.

Idaho Code, Section 67-3521, allows agencies and departments to encumber appropriations for a specific product or service due and payable prior to or as of the end of the current year. There were no encumbrances outstanding at the beginning of the year. There were no encumbrances at the end of the current fiscal year for invoices from pre-authorized cases dated and received through June 30, 2016.

C. Basis of Presentation

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the Catastrophic Health Care Cost Program of the state of Idaho. All funds reported are considered governmental type activities as opposed to business type activities. These funds are financed through state appropriations, safety restraint citations, interest earnings and refunds and reimbursements.

Fund Financial Statements – The fund financial statements provide information about the Catastrophic Health Care Cost Program's funds. The Catastrophic Health Care Cost Program consists of a General Fund.

NOTES TO THE FINANCIAL STATEMENTS

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

2. CASH AND INVESTMENTS (Continued)

The state is limited to the following general types of investments:

1. Certain revenue bonds, general obligation bonds, local improvement district bonds, tax and revenue anticipation notes and registered warrants of state and local governmental entities.
2. Time deposit accounts.
3. Bonds, treasury bills, interest-bearing notes, debentures, or other similar obligations of the United States Government and the Farm Credit System and its agencies and instrumentalities.
4. Repurchase agreements.
5. Banker's acceptance and prime commercial paper.

Deposits and investments are included in the state of Idaho Investment Pool Funds, an unrated fund, and are under the direction of the state treasurer. These investments are included in the state of Idaho's Comprehensive Annual Financial Report which is available through the state controller's office.

3. REFUNDS AND REIMBURSEMENTS RECEIVABLE

There were no material refunds or reimbursement checks dated through June 30, 2016 that were received by the Catastrophic Health Care Cost Program in the 2017 fiscal year.

4. BENEFITS PAYABLE

Benefits are accrued on a modified accrual basis of accounting for the fund financial statements and on a full accrual basis on the government-wide financial statements. Invoices for pre-authorized cases dated through June 30, 2016 which will be paid in the 2017 fiscal year, if any, are reflected as benefits payable.

5. RELATED PARTY TRANSACTIONS

The Catastrophic Health Care Cost Program has not been involved in related party transactions that would violate the Idaho Code or federal regulations.

6. SUBSEQUENT EVENTS

Subsequent events have been considered through the report date of September 26, 2016.

7. SEAT BELT INCOME

Idaho Code 49-673 allows for a citation of \$10 for violation of safety restraint use laws of which \$5 of each citation is apportioned to the Catastrophic Health Care Cost Fund. For the fiscal year ended June 30, 2016, \$98,578 was apportioned as set forth in this code section.

8. CAPITAL ASSETS

There are no capital assets to be accounted for in this program.

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting - The Catastrophic Health Care Cost Program uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds

General Fund – The General Fund is the general operating fund of the Catastrophic Health Care Cost Program. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is established to account for the proceeds of specific revenue sources other than assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes. There were no special revenue funds as of June 30, 2016.

D. Basis of Accounting

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized when earned or at the time when the liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements - The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues, expenditures, transfers, assets, deferred outflows of resources, liabilities and deferred inflows of resources are recognized when susceptible to accrual (i.e., when they become both measurable and available or payable.) “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities out of the current appropriation. “Payable” indicates whether and to what extent the liability has matured, independent of the method and timing of resource accumulation.

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund.

2. CASH AND INVESTMENTS

All cash balances shown on the basic financial statements are held and invested by the Idaho state treasurer. All interest earned and reported on this financial statement is deposited to the Catastrophic Health Care Cost Program account and is the property of the board.

Idaho Code provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment.

**STATE OF IDAHO - STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES) - GENERAL FUND
For the Year Ended June 30, 2016**

	GENERAL FUND		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Interest on investments	\$ -	\$ -	\$ 179,308
Gain (loss) on investments	-	-	-
Other			
Seat belt income	-	-	98,578
Refunds and reimbursements	-	-	3,006,344
	<u>-</u>	<u>-</u>	<u>3,284,230</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>3,284,230</u>
EXPENDITURES			
Health and sanitation:			
Contract administration	359,583	359,583	341,238
Other professional services	13,624	13,624	14,630
Board travel	-	-	-
Indemnity payments	-	-	-
Health care payments	-	-	-
Miscellaneous	10,093	10,093	10,714
Trustee/benefit payments	29,116,700	29,116,700	16,310,660
	<u>29,500,000</u>	<u>29,500,000</u>	<u>16,677,242</u>
TOTAL EXPENDITURES	<u>29,500,000</u>	<u>29,500,000</u>	<u>16,677,242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,500,000)</u>	<u>(29,500,000)</u>	<u>(13,393,012)</u>
OTHER FINANCIAL SOURCES (USES)			
Intergovernmental appropriations	29,500,000	29,500,000	27,000,000
Intergovernmental appropriation reversion	-	-	(28,892,700)
	<u>29,500,000</u>	<u>29,500,000</u>	<u>(1,892,700)</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>29,500,000</u>	<u>29,500,000</u>	<u>(1,892,700)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCIAL SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>(15,285,712)</u>
ADJUSTMENTS			
Net (increase) decrease in expenditure accruals			-
Net increase (decrease) in revenue accruals			-
			<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-MODIFIED ACCRUAL BASIS			<u>(15,285,712)</u>
RESTRICTED FUND BALANCE/NET POSITION - July 1, 2015			<u>22,730,790</u>
RESTRICTED FUND BALANCE/NET POSITION - June 30, 2016			<u>\$ 7,445,078</u>

**STATE OF IDAHO – STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

9. RESTRICTED FUND BALANCE/NET POSITION

The fund balance/net position should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Constraints have been placed on the use of the resources of the Catastrophic Health Care Cost Fund by enabling legislation. Therefore, the entire fund balance/net position has been reported as restricted. If the fund had both restricted and unrestricted fund balance/net position available, the restricted fund balance/net position would be spent first.

10. RISK MANAGEMENT

The Catastrophic Health Care Cost Program is exposed to various risks related to torts, theft of assets, and errors and omissions. The fund's risk management program encompasses various means of protecting the fund against loss including liability coverage through commercial insurance carriers through the state of Idaho.

11. STATE APPROPRIATIONS

During the 2016 fiscal year, the state of Idaho appropriated \$27,000,000 for the Catastrophic Health Care Cost Program's use. During 2016 fiscal year, cash was transferred in the amount of \$28,892,700 back to the state.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF IDAHO - STATE FUNDED
CATASTROPHIC HEALTH CARE COST PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES) - GENERAL FUND
For the Year Ended June 30, 2016**

	GENERAL FUND		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Interest on investments	\$ -	\$ -	\$ 179,308
Gain (loss) on investments	-	-	-
Other			
Seat belt income	-	-	98,578
Refunds and reimbursements	-	-	3,006,344
	<u>-</u>	<u>-</u>	<u>3,284,230</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>3,284,230</u>
EXPENDITURES			
Health and sanitation:			
Contract administration	359,583	359,583	341,238
Other professional services	13,624	13,624	14,630
Board travel	-	-	-
Indemnity payments	-	-	-
Health care payments	-	-	-
Miscellaneous	10,093	10,093	10,714
Trustee/benefit payments	29,116,700	29,116,700	16,310,660
	<u>29,500,000</u>	<u>29,500,000</u>	<u>16,677,242</u>
TOTAL EXPENDITURES	<u>29,500,000</u>	<u>29,500,000</u>	<u>16,677,242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,500,000)</u>	<u>(29,500,000)</u>	<u>(13,393,012)</u>
OTHER FINANCIAL SOURCES (USES)			
Intergovernmental appropriations	29,500,000	29,500,000	27,000,000
Intergovernmental appropriation reversion	-	-	(28,892,700)
	<u>29,500,000</u>	<u>29,500,000</u>	<u>(1,892,700)</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>29,500,000</u>	<u>29,500,000</u>	<u>(1,892,700)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCIAL SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>(15,285,712)</u>
ADJUSTMENTS			
Net (increase) decrease in expenditure accruals			-
Net increase (decrease) in revenue accruals			-
			<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-MODIFIED ACCRUAL BASIS			(15,285,712)
RESTRICTED FUND BALANCE/NET POSITION - July 1, 2015			<u>22,730,790</u>
RESTRICTED FUND BALANCE/NET POSITION - June 30, 2016			<u>\$ 7,445,078</u>

	GAAP Differences	GAAP Basis
\$	-	\$ 179,308
	-	-
	-	98,578
	-	3,006,344
	-	3,284,230
	-	341,238
	-	14,630
	-	-
	-	-
	-	10,714
	-	16,310,660
	-	16,677,242
	-	(13,393,012)
	-	27,000,000
	-	(28,892,700)
	-	(1,892,700)
	-	(15,285,712)
	-	-
	-	-
	-	(15,285,712)
	-	22,730,790
\$	-	\$ 7,445,078

Notes to the Required Supplementary Information

1. The Catastrophic Health Care Cost Program budgets on a modified accrual basis.

***Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards***

INDEPENDENT AUDITOR'S REPORT

Administrative Board
Catastrophic Health Care Cost Program
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Catastrophic Health Care Cost Program, an agency of the state of Idaho, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the program's basic financial statements, and have issued our report thereon dated September 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catastrophic Health Care Cost Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Catastrophic Health Care Cost Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Catastrophic Health Care Cost Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control, as defined above, that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Catastrophic Health Care Cost Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searle Hart + Associates, Pllc

Idaho Falls, Idaho
September 26, 2016

EXHIBIT D

Reimbursements Received Fiscal Year 2016

	Reimbursements		Reimbursements
Ada	\$572,000	Gooding	\$38,693
Adams	\$36,571	Idaho	\$42,026
Bannock	\$146,578	Jefferson	\$62,802
Bear Lake	\$11,872	Jerome	\$37,279
Benewah	\$26,111	Kootenai	\$534,796
Bingham	\$63,401	Latah	\$30,111
Blaine	\$20,734	Lemhi	\$17,090
Boise	\$7,416	Lewis	\$11,804
Bonner	\$58,976	Lincoln	\$16,039
Bonneville	\$88,591	Madison	\$32,434
Boundary	\$44,365	Minidoka	\$32,705
Butte	\$1,046	Nez Perce	\$52,436
Camas	\$0	Oneida	\$0
Canyon	\$127,693	Owyhee	\$30,865
Caribou	\$7,704	Payette	\$53,542
Cassia	\$35,143	Power	\$13,312
Clark	\$4,098	Shoshone	\$15,402
Clearwater	\$14,999	Teton	\$59,965
Custer	\$4,715	Twin Falls	\$376,263
Elmore	\$65,236	Valley	\$36,610
Franklin	\$2,658	Washington	\$41,683
Fremont	\$11,842		
Gem	\$121,828	Total	\$3,009,431

EXHIBIT E**Reimbursements and Refunds FYT2017****July 1, 2016 - December 31, 2016**

	Reimbursements		Reimbursements
Ada	\$228,381	Gooding	\$62,899
Adams	\$1,606	Idaho	\$5,047
Bannock	\$42,834	Jefferson	\$11,874
Bear Lake	\$1,286	Jerome	\$14,535
Benewah	\$4,602	Kootenai	\$157,020
Bingham	\$19,919	Latah	\$13,924
Blaine	\$9,099	Lemhi	\$9,667
Boise	\$2,341	Lewis	\$5,851
Bonner	\$95,346	Lincoln	\$4,264
Bonneville	\$61,969	Madison	\$5,614
Boundary	\$32,683	Minidoka	\$21,776
Butte	\$0	Nez Perce	\$7,890
Camas	\$0	Oneida	\$0
Canyon	\$117,698	Owyhee	\$13,182
Caribou	\$16,947	Payette	\$6,165
Cassia	\$16,097	Power	\$10,161
Clark	\$4,098	Shoshone	\$24,128
Clearwater	\$3,059	Teton	\$1,063
Custer	\$7,325	Twin Falls	\$122,660
Elmore	\$27,253	Valley	\$23,909
Franklin	\$4,084	Washington	\$12,117
Fremont	\$5,684		
Gem	\$29,695	TOTAL	\$1,265,750

EXHIBIT F

Fiscal 2016			
Providers	No. Patients	Total Amt of Billed Charges	Amount Received
Bear Lake Memorial Hospital	11	\$220,141	\$72,291
Benewah Community Hospital	26	\$89,898	\$42,105
Bingham Memorial Hospital	53	\$810,646	\$110,608
Bonner General Hospital	14	\$140,485	\$62,687
Boundary Community Hospital	3	\$25,766	\$15,188
Caribou Memorial Hospital	58	\$49,964	\$27,601
Cascade Medical Center	1	\$2,794	\$536
Cassia Regional Medical Center	65	\$1,724,024	\$669,615
Clearwater Valley Hospital	20	\$188,745	\$84,696
Eastern Idaho RMC	64	\$6,761,771	\$1,511,112
Franklin County Medical Center	5	\$84,083	\$36,333
Gritman Medical Center			
Kootenai Medical Center	400		\$3,281,837
Madison Memorial Hospital	84	\$637,108	\$228,137
Minidoka Memorial Hospital	5	\$56,528	\$18,669
Mountain View Hospital	11	\$11,518	\$4,651
North Canyon Med Ctr			
Oneida County Hospital	1	\$3,011	\$1,824
Portneuf Medical Ctr	293	\$8,416,741	\$2,664,764
Center	194	\$15,354,713	\$4,547,383
St. Alphonsus Ontario	10	\$253,138	\$96,395
St. Alphonsus Nampa	35	\$1,228,348	\$447,621
St. Josephs Regional Medical Center	98	\$2,590,900	\$812,703
St. Lukes Regional Medical Center	516	\$24,690,963	\$8,037,277
(St. Lukes) Elmore Medical Center	35	\$301,193	\$108,503
St. Lukes Magic Valley	385	\$11,350,932	\$3,348,394
St. Mary's Hospital	12	\$126,506	\$59,050
Steele Memorial Medical Center	5	\$109,386	\$64,117
Syringa General Hospital	8	\$60,012	\$30,543
Valley Medical Center	3	\$4,923	\$1,638
Walter Knox Memorial Hospital	4	\$24,423	\$10,333
Weiser Memorial Hospital	9	\$41,946	\$23,693
West Shoshone Hospital	16	\$40,958	\$14,862
West Valley Medical Center	171	\$2,975,232	\$741,483
TOTALS	2615	\$78,376,795	\$27,176,651

EXHIBIT G

TOTALS FOR COMBINED STATE & COUNTY
Fiscal Year 2016

COUNTY	NO. OF CASES	PROVIDER PAYMENTS		COUNTY	NO. OF CASES	PROVIDER PAYMENTS
ADA	1209	\$10,651,083		GOODING	57	\$733,884
ADAMS	9	\$172,517		IDAHO	21	\$205,743
BANNOCK	207	\$3,038,224		JEFFERSON	9	\$111,556
BEAR LAKE	11	\$199,784		JEROME	151	\$622,891
BENEWAH	19	\$66,381		KOOTENAI	294	\$2,911,899
BINGHAM	59	\$459,746		LATAH	36	\$384,269
BLAINE	28	\$409,272		LEMHI	16	\$202,358
BOISE	15	\$177,560		LEWIS	13	\$84,381
BONNER	38	\$177,265		LINCOLN	23	\$105,008
BONNEVILLE	74	\$633,300		MADISON	18	\$309,041
BOUNDARY	12	\$96,794		MINIDOKA	66	\$419,184
BUTTE	1	\$5,298		NEZ PERCE	47	\$433,325
CAMAS	4	\$3,872		ONEIDA	30	\$16,002
CANYON	818	\$3,346,119		OWYHEE	29	\$491,421
CARIBOU	7	\$54,118		PAYETTE	79	\$528,320
CASSIA	66	\$581,737		POWER	7	\$22,305
CLARK	2	\$1,917		SHOSHONE	29	\$313,662
CLEARWATER	30	\$231,879		TETON	1	\$7,500
CUSTER	3	\$175,725		TWIN FALLS	380	\$3,337,816
ELMORE	53	\$1,042,344		VALLEY	15	\$282,113
FRANKLIN	13	\$245,282		WASHINGTON	26	\$212,123
FREMONT	5	\$49,845				
GEM	50	\$394,772		TOTAL	4080	\$33,949,636

2016 RECAPITULATION

DIAGNOSTIC CODE	AGE										GENDER		RESIDENT		HOUSEHOLD SIZE								AMOUNT PAID
	0 TO 10	11 TO 20	21 TO 30	31 TO 40	41 TO 50	51 TO 64	65+	MALE	FEMALE	YES	NO	1	2	3	4	5	6+	TOTAL					
01 Accident-Vehicle	0	5	17	12	9	10	0	41	12	49	4	21	9	8	6	5	1	\$1,568,057					
10 Accident-General	0	6	33	31	40	61	2	114	59	165	8	89	45	13	14	7	5	\$2,466,250					
20 Coronary	0	0	17	30	67	166	8	175	113	280	8	142	89	28	17	7	5	\$6,014,157					
30 Birth	0	1	2	2	0	0	0	1	4	5	0	1	2	1	1	0	0	\$37,931					
40 Cancer	0	0	8	20	17	76	3	55	67	119	3	60	45	7	1	3	6	\$1,704,658					
50 Respiratory	0	2	6	17	21	39	3	37	50	87	0	43	20	20	1	1	2	\$1,911,662					
60 Mental Health	3	123	567	563	363	293	43	161	360	1940	31	1610	121	31	21	16	9	\$8,553,461					
70 General	1	18	130	135	166	257	64	444	337	751	29	451	157	59	51	27	28	\$6,089,866					
80 Chronic Disease	0	6	15	24	32	47	3	90	37	125	2	63	39	14	8	1	2	\$1,761,554					
90 Infectious Disease	0	0	3	4	6	6	0	11	8	17	2	8	5	4	1	0	1	\$180,861					
100 Neurology	0	1	0	4	4	7	0	8	8	16	0	5	7	1	1	1	1	\$369,475					
200 Digestive System	2	8	82	81	85	147	5	155	233	370	17	169	103	51	28	18	18	\$5,291,704					
TOTALS	6	170	880	923	810	1109	129	2292	1788	3974	104	2662	642	237	150	86	78	\$33,949,636					

Operating Costs Paid
 Indigent Legal Costs Paid
 County Medical Review Cost

	\$5,132,282
	\$1,360,017
	\$410,793