

**CATASTROPHIC HEALTH CARE COST PROGRAM**

**ANNUAL REPORT  
FISCAL YEAR 2019**

**To  
MEMBERS OF HEALTH & WELFARE COMMITTEES  
IDAHO STATE LEGISLATURE  
FEBRUARY 2020**

**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  
Fiscal Year 2019**

Pursuant to Idaho Code §31-3517, the following is the annual 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

**HISTORY**

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 state assumed funding responsibility for the program effective October 1, 1991, as a means of providing property tax relief to Idaho residents.

During fiscal year 2019 the catastrophic program was administered by a board of directors consisting of six county commissioners, one from each IAC district, one member appointed by the director of the department of health and welfare, four legislators, one member appointed by the governor as follows: District 1, Dan McDonald, Bonner County; District 2, Greg Johnson, Lewis County; District 3, Rick Visser, Ada County; District 4, Kent McClellan, Minidoka County; District 5, William Lasley, Power County; District 6, Roger Christensen, Bonneville County; H&W Director David Jeppesen, Senators Jim Guthrie, and Maryanne Jordan, Rep. Steve Harris, and the governor's appointee, David High. Late in the fiscal year, there was an appointment from the minority caucus of the House of Representatives to fill a vacancy, created in January 2017. Rep. Mat Erpelding served on the board of directors for a short time during this fiscal year and the first half of fiscal 2020 before leaving the legislature. The administrative board governs all activities of the CAT fund and meets approximately every eight to ten weeks to consider pending cases and claims and to provide oversight for program management.

Beginning in fiscal 2010, after nearly 20 years with the same contractor, the administrative board negotiated a new contract with the Idaho Association of Counties (IAC) to serve as program administrator. The association hired a program director and staff to handle the day-to-day operations of the CAT program. The IAC is currently retained on an annual contract running through September 2020.

The contract between the association and the CAT fund has proven to be an effective cost mitigating tool for both the CAT fund and Idaho's 44 counties. The hospitals asked for assistance within the counties and to facilitate such, the CAT program office and the IAC provides training



for county social services directors and staff in the procedures and processes implemented to standardize billing, records transfer, and countless other tasks for efficient case submission to the CAT program for payment consideration.

Catastrophic Health Care Cost Program board of directors takes very seriously their responsibility to be accountable for the funds provided by the state taxpayer. The administrator reviews each case to ensure statutory compliance by the all counties. The cases are then presented to the board for their review.

From July 1, 2018 to June 30, 2019, the CAT board approved the payment of 744 cases and spent \$17,515,092 on medical claims for those new cases as well as ongoing claims from previously approved cases. (Exhibit A)

From July 1, 2019 to December 31, 2019, (FYTD 2020) the CAT board approved 323 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 \$8,446,094. (Exhibit B)

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 local government and the state with effective information and for the board's continued effort toward responsible accountability to the taxpayer, a program was implemented in early fiscal 2011 to provide medical reviews for the county commissioners to use during their determination process. Statute dictates only claims which are deemed to be medically necessary shall be paid by taxpayers' funds, pursuant to Idaho Code 31-3501 *et seq.* The counties and the CAT program continue their contract with a medical professional whose primary practice is the review of services and charges to ensure the most cost effective service for the residents of Idaho. Commercial insurance companies use reviews for claims and pre authorization of services and our reviewer has extensive experience in this segment of the medical profession.

Traditionally, those medically indigent residents who use financial assistance via the CAT program are individuals who are ineligible for Medicaid or other government assistance programs. They tend to be those faced with a catastrophic illness or injury who have chosen not to get insurance, or do not qualify for Medicaid. With the implementation of expanded Medicaid in Idaho, it is presumed at the time of printing the hospitals will continue to rely on the county indigent program and therein, the CAT fund for those patients.

A statutory lien is filed on each patient for both real and personal property. All medically indigent residents incur a debt when their case is approved by the county and they are required to reimburse both the county and, if included, the state of Idaho for monies paid out on their behalf. The reimbursement report shows those payments received by the state. Reimbursements to the state for their portion typically represent approximately \$3 million of the annual revenue collected by the state. From July 1, 2018 through June 30, 2019, the fund received reimbursement payments of \$3,515,740 (Exhibit D).

The indigent program is set up as a financial assistance program and *not* a medical services program. The counties shoulder all of the collection and administration responsibilities in

seeking reimbursements from those who use the program. Some counties contract with collection agencies. Results vary depending on each county's contract and demographics.

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 \$59,470 for the fiscal year 2019.

Pursuant to Idaho Code §31-3503A(4) the CAT board has requested information from hospitals, to report to the legislature. This request for information was sent to thirty-two (32) hospitals across the state of Idaho. (See Exhibit E) We emphasize to them each year this reporting is required by law however, as there is no penalty to the providers for failing to respond, cooperation is tenuous at best. The blanks are hospitals which received a report form to fill out but did not return it to us. The hospitals that respond make every effort to provide accurate information.

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 §31-3503A(4). The totals presented herein are broken out into 2 separate formats. One shows the data broken out by county and on the last page, all dollars spent for indigent medical care is shown by diagnosis category. *Both* reports show county *and* state funds added together in this final 2 page report. (Exhibit F.)

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

## PROVIDER PAYMENTS Made by the CAT Fund

Fiscal Year 2019

COUNTY	PROVIDER PAYMENTS		COUNTY	PROVIDER PAYMENTS
ADA	\$4,627,789		GOODING	\$265,503
ADAMS	\$336,231		IDAHO	\$184,091
BANNOCK	\$900,104		JEFFERSON	\$35,736
BEAR LAKE	\$40,803		JEROME	\$430,965
BENEWAH	\$27,932		KOOTENAI	\$990,080
BINGHAM	\$65,374		LATAH	\$259,661
BLAINE	\$529,898		LEMHI	\$131,247
BOISE	\$185,647		LEWIS	\$27,691
BONNER	\$123,757		LINCOLN	\$294,963
BONNEVILLE	\$1,069,094		MADISON	\$286,367
BOUNDARY	\$14,314		MINIDOKA	\$235,502
BUTTE	\$13,079		NEZ PERCE	\$304,392
CAMAS	\$0		ONEIDA	\$132,731
CANYON	\$1,734,477		OWYHEE	\$366,428
CARIBOU	\$29,747		PAYETTE	\$453,851
CASSIA	\$346,935		POWER	\$134,883
CLARK	\$0		SHOSHONE	\$188,020
CLEARWATER	\$80,710		TETON	\$249,252
CUSTER	\$56,138		TWIN FALLS	\$1,268,497
ELMORE	\$603,096		VALLEY	\$189,124
FRANKLIN	\$260,264		WASHINGTON	\$48,465
FREMONT	\$5,811			
GEM	\$16,817		TOTAL	\$17,545,465

**EXHIBIT B**  
**CAT Cases & Total State Dollars**  
**July 1, 2019 to December 31, 2019**  
**FYTD 2020**

COUNTY	NO. OF CASES	PROVIDER PAYMENTS	COUNTY	NO. OF CASES	PROVIDER PAYMENTS
ADA	67	\$2,078,420	GOODING	9	\$117,365
ADAMS	0	\$1,039	IDAHO	1	\$11,799
BANNOCK	13	\$267,567	JEFFERSON	2	\$103,715
BEAR LAKE	2	\$338,286	JEROME	9	\$120,650
BENEWAH	0	\$0	KOOTENAI	13	\$499,934
BINGHAM	6	\$36,472	LATAH	4	\$52,082
BLAINE	4	\$52,117	LEMHI	2	\$23,139
BOISE	2	\$38,940	LEWIS	4	\$35,638
BONNER	2	\$55,151	LINCOLN	5	\$40,766
BONNEVILLE	12	\$370,924	MADISON	1	\$16,267
BOUNDARY	1	\$72,597	MINIDOKA	6	\$89,229
BUTTE	1	\$7,415	NEZ PERCE	10	\$263,599
CAMAS	2	\$70,506	ONEIDA	0	\$0
CANYON	50	\$1,546,606	OWYHEE	5	\$85,083
CARIBOU	1	\$42,123	PAYETTE	4	\$80,112
CASSIA	10	\$230,787	POWER	2	\$63,861
CLARK	0	\$0	SHOSHONE	0	\$0
CLEARWATER	2	\$24,736	TETON	1	\$94,574
CUSTER	2	\$92,801	TWIN FALLS	31	\$557,363
ELMORE	21	\$365,640	VALLEY	9	\$189,294
FRANKLIN	1	\$65,466	WASHINGTON	0	\$0
FREMONT	2	\$83,990			
GEM	4	\$160,042	<b>TOTAL</b>	<b>323</b>	<b>\$8,446,094</b>

**EXHIBIT C**

**2019 ANNUAL AUDIT**

**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, 2019**

**STATE OF IDAHO – STATE FUNDED  
CATASTROPHIC HEALTH CARE COST PROGRAM  
For the Year Ended June 30, 2019**

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Gerald W. Searle, CPA  
Steven J. Hart, CPA  
Farrell J. Stelner, CPA  
Dana Eric Izatt, CPA  
Joshua R. Searle, CPA

## 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, 2019, 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

The Catastrophic Health Care Cost Program's 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, 2019, 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.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Catastrophic Health Care Cost Program, an agency of the state of Idaho, are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities of the state of Idaho that is attributable to the transactions of the Catastrophic Health Care Cost Program. They do not purport to, and do not, present fairly the financial position of the state of Idaho as of June 30, 2019, and the changes in its financial position and its cash flows, where applicable, for the year then ended in accordance 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 25, 2019, 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, P.C.  
Idaho Falls, Idaho  
September 25, 2019

**BASIC FINANCIAL STATEMENTS**

**STATE OF IDAHO - STATE FUNDED  
 CATASTROPHIC HEALTH CARE COST PROGRAM  
 GOVERNMENTAL FUNDS BALANCE SHEET AND  
 STATEMENT OF NET POSITION  
 June 30, 2019**

	<u>General</u>	<u>Totals</u>	<u>Adjustments</u>
<b>ASSETS</b>			
Cash and investments	\$ 10,193,141	\$ 10,193,141	\$ -
Refunds and reimbursements receivable	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>10,193,141</u>	<u>10,193,141</u>	<u>-</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 10,193,141</u>	<u>\$ 10,193,141</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Benefits payable	\$ -	\$ -	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	<u>10,193,141</u>	<u>10,193,141</u>	<u>(10,193,141)</u>
<b>TOTAL FUND BALANCES</b>	<u>10,193,141</u>	<u>10,193,141</u>	<u>(10,193,141)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 10,193,141</u>	<u>\$ 10,193,141</u>	<u>(10,193,141)</u>
<b>NET POSITION</b>			
Restricted			<u>\$ 10,193,141</u>

**Statement of  
Net Position**

\$ 10,193,141

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10,193,141

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10,193,141

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\$ 10,193,141

**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, 2019**

	<u>General Fund</u>	<u>Totals</u>	<u>Adjustments</u>
<b>EXPENDITURES/EXPENSES:</b>			
Health and sanitation:			
Contract administration	\$ 397,544	\$ 397,544	\$ -
Other professional services	13,480	13,480	-
Board travel	-	-	-
Indemnity payments	-	-	-
Health care payments	-	-	-
Miscellaneous - overhead allocation	8,038	8,038	-
Trustee/benefit payments	17,289,587	17,289,587	-
	<u>17,708,649</u>	<u>17,708,649</u>	<u>-</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>17,708,649</u>	<u>17,708,649</u>	<u>-</u>
<b>PROGRAM REVENUES:</b>			
Charges for services	-	-	-
Operating grants and contributions	-	-	11,999,700
Capital grants and contributions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL PROGRAM REVENUES</b>	<u>-</u>	<u>-</u>	<u>11,999,700</u>
<b>NET PROGRAM REVENUE (EXPENSE)</b>			
<b>GENERAL REVENUES:</b>			
Interest on investments	379,221	379,221	-
Gain (loss) on investments	-	-	-
Other revenues			
Seat belt income	59,470	59,470	-
Refunds and reimbursements	3,515,740	3,515,740	-
Other sources (uses)			
Intergovernmental appropriation	11,999,700	11,999,700	(11,999,700)
Intergovernmental appropriation rescission	-	-	-
	<u>15,954,131</u>	<u>15,954,131</u>	<u>(11,999,700)</u>
<b>TOTAL GENERAL REVENUES OTHER SOURCES (USES)</b>	<u>15,954,131</u>	<u>15,954,131</u>	<u>(11,999,700)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCIAL SOURCES (USES)</b>			
	<u>(1,754,518)</u>	<u>(1,754,518)</u>	<u>1,754,518</u>
<b>CHANGES IN NET POSITION</b>			
	<u>-</u>	<u>-</u>	<u>(1,754,518)</u>
<b>RESTRICTED FUND BALANCE/NET POSITION - July 1, 2018</b>	<u>11,947,659</u>	<u>11,947,659</u>	<u>-</u>
<b>RESTRICTED FUND BALANCE/NET POSITION - June 30, 2019</b>	<u>\$ 10,193,141</u>	<u>\$ 10,193,141</u>	<u>\$ -</u>

**Statement  
of Activities**

\$	397,544
	13,480
	-
	-
	8,038
	<u>17,289,587</u>
	<u>17,708,649</u>
	-
	11,999,700
	-
	<u>11,999,700</u>
	(5,708,949)
	379,221
	-
	59,470
	3,515,740
	-
	-
	<u>3,954,431</u>
	-
	(1,754,518)
	<u>11,947,659</u>
\$	<u><u>10,193,141</u></u>

**STATE OF IDAHO – STATE FUNDED  
CATASTROPHIC HEALTH CARE COST PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**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, 2019.

**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.

**STATE OF IDAHO – STATE FUNDED  
CATASTROPHIC HEALTH CARE COST PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**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, 2019.

**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  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**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 reimbursements receivable noted as of June 30, 2019.

**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, 2019 which will be paid in the 2020 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 25, 2019.

**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, 2019, \$59,470 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, 2019**

**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**

For the 2019 fiscal year, the state of Idaho appropriated \$11,999,700 for the Catastrophic Health Care Cost Program's use.

**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, 2019**

	<b>GENERAL FUND</b>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Interest on investments	\$ -	\$ -	\$ 379,221
Gain (loss) on investments	-	-	-
Other			59,470
Seat belt income	-	-	-
Refunds and reimbursements	<u>2,500,000</u>	<u>2,500,000</u>	<u>3,515,740</u>
<b>TOTAL REVENUES</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>3,954,431</u>
<b>EXPENDITURES</b>			
Health and sanitation:			
Contract administration	367,034	367,034	397,544
Other professional services	10,023	10,023	13,480
Board travel	-	-	-
Indemnity payments	-	-	-
Health care payments	-	-	-
Miscellaneous	9,843	9,843	8,038
Trustee/benefit payments	<u>12,112,800</u>	<u>12,112,800</u>	<u>17,289,587</u>
<b>TOTAL EXPENDITURES</b>	<u>12,499,700</u>	<u>12,499,700</u>	<u>17,708,649</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,999,700)</u>	<u>(9,999,700)</u>	<u>(13,754,218)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>			
Intergovernmental appropriations	9,999,700	9,999,700	11,999,700
Intergovernmental appropriation rescission	-	-	-
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>9,999,700</u>	<u>9,999,700</u>	<u>11,999,700</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCIAL SOURCES (USES)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,754,518)</u>
<b>ADJUSTMENTS</b>			
Net (increase) decrease in expenditure accruals			-
Net increase (decrease) in revenue accruals			-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-MODIFIED ACCRUAL BASIS</b>			<u>(1,754,518)</u>
<b>RESTRICTED FUND BALANCE/NET POSITION - July 1, 2018</b>			<u>11,947,659</u>
<b>RESTRICTED FUND BALANCE/NET POSITION - June 30, 2019</b>			<u>\$ 10,193,141</u>

GAAP Differences	GAAP Basis
\$ -	\$ 379,221
-	-
-	59,470
-	3,515,740
-	3,954,431
-	397,544
-	13,480
-	-
-	-
-	8,038
-	17,289,587
-	17,708,649
-	(13,754,218)
-	11,999,700
-	-
-	11,999,700
-	(1,754,518)
-	-
-	-
-	(1,754,518)
-	11,947,659
\$ -	\$ 10,193,141

Notes to the Required Supplementary Information

I. 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, 2019, 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 25, 2019.

**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.

*Jearle Hart & Associates, PLLC*

Idaho Falls, Idaho  
September 25, 2019

**EXHIBIT D**  
**State Portion**  
**Reimbursements Received**  
**Fiscal Year 2019**

	Reimbursements		Reimbursements
Ada	\$826,594	Gooding	\$45,278
Adams	\$51,670	Idaho	\$26,063
Bannock	\$149,099	Jefferson	\$16,310
Bear Lake	\$39,824	Jerome	\$60,206
Benewah	\$17,134	Kootenai	\$301,707
Bingham	\$71,817	Latah	\$94,866
Blaine	\$18,739	Lemhi	\$14,589
Boise	\$33,784	Lewis	\$8,625
Bonner	\$129,673	Lincoln	\$19,534
Bonneville	\$146,661	Madison	\$65,310
Boundary	\$65,371	Minidoka	\$58,263
Butte	\$1,711	Nez Perce	\$37,854
Camas	\$0	Oneida	\$19,759
Canyon	\$256,355	Owyhee	\$60,657
Caribou	\$5,735	Payette	\$41,253
Cassia	\$192,815	Power	\$39,629
Clark	\$0	Shoshone	\$123,005
Clearwater	\$23,014	Teton	\$1,143
Custer	\$2,573	Twin Falls	\$219,342
Elmore	\$79,509	Valley	\$9,966
Franklin	\$4,976	Washington	\$50,976
Fremont	\$13,724		
Gem	\$70,624	Total	\$3,515,740

**Annual Report of Hospitals  
EXHIBIT E  
HOSPITAL REPORT  
Fiscal 2019**

Providers	No. Patients	Total Amt of Billed Charges	Amount Received
Bear Lake Memorial Hospital	5	115,957	\$35,273
Benewah Community Hospital			
Bingham Memorial Hospital	92	313,252	\$66,538
Bonner General Hospital	9	98,192	\$46,862
Boundary Community Hospital	1	6,508	\$3,033
Caribou Memorial Hospital	2	20,111	\$12,991
Cascade Medical Center	2	4,282	\$1,066
Cassia Regional Medical Center (IHC)	51	3,328,422	\$1,267,086
Clearwater Valley Hospital	7	108,049	\$45,931
Eastern Idaho RMC			
Franklin County Medical Center	12	144,295	\$68,761
Gritman Medical Center	25	310,237	\$253,038
Kootenai Medical Center	112	5,338,145	\$2,073,547
Madison Memorial Hospital			
Minidoka Memorial Hospital	23	206,134	\$90,981
Mountain View Hospital	21	16,547	\$5,736
North Canyon Med Ctr	19	249,937	\$108,157
Oneida County Hospital	1	1,701	\$974
Portneuf Medical Ctr			
Power County Hospital	0	0	\$0
St Alphonsus Regional Medical Center	308	26,039,744	\$5,636,709
St. Josephs Regional Medical Center	44	1,318,624	\$421,196
St. Lukes Regional Medical Center	1018	46,317,875	\$13,444,144
St. Mary's Hospital	5	88,003	\$47,119
Shoshone Medical Ctr			
Steele Memorial Medical Center	11	142,038	\$53,716
Syringa General Hospital	16	153,045	\$101,521
Valley Medical Center			
Valor Walter Knox Hospital	9	29,058	\$7,714
Weiser Memorial Hospital			
West Shoshone Hospital			
West Valley Medical Center	171	3,501,364	\$602,354
<b>TOTALS</b>	<b>1964</b>	<b>87,851,519</b>	<b>\$24,394,446</b>

**Exhibit F**  
**TOTALS FOR COMBINED STATE & COUNTY**  
**Fiscal Year 2019**

COUNTY	NO. OF CASES	PROVIDER PAYMENTS	COUNTY	NO. OF CASES	PROVIDER PAYMENTS
ADA	1466	\$11,604,613	GOODING	41	\$496,511
ADAMS	15	\$433,269	IDAHO	20	\$321,980
BANNOCK	321	\$1,907,169	JEFFERSON	7	\$94,865
BEAR LAKE	5	\$61,138	JEROME	165	\$1,488,425
BENEWAH	6	\$48,571	KOOTENAI	169	\$1,736,637
BINGHAM	53	\$308,649	LATAH	37	\$568,179
BLAINE	28	\$624,798	LEMHI	19	\$215,702
BOISE	27	\$318,803	LEWIS	10	\$75,600
BONNER	87	\$262,104	LINCOLN	25	\$485,950
BONNEVILLE	101	\$1,636,304	MADISON	18	\$439,178
BOUNDARY	8	\$63,097	MINIDOKA	35	\$312,970
BUTTE	3	\$34,174	NEZ PERCE	71	\$617,653
CAMAS	3	\$35,828	ONEIDA	8	\$178,162
CANYON	937	\$4,861,846	OWYHEE	46	\$619,132
CARIBOU	3	\$56,468	PAYETTE	107	\$784,904
CASSIA	38	\$601,683	POWER	12	\$274,180
CLARK	0	\$0	SHOSHONE	43	\$279,799
CLEARWATER	11	\$144,487	TETON	3	\$272,759
CUSTER	5	\$101,338	TWIN FALLS	401	\$2,971,701
ELMORE	68	\$1,176,970	VALLEY	22	\$314,693
FRANKLIN	29	\$380,431	WASHINGTON	37	\$181,952
FREMONT	7	\$58,591			
GEM	50	\$260,264	TOTAL	4567	\$37,711,525

# CAT and County Medical Costs Combined 2019

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	FEM	YES	NO	1	2		3	4	5	6+
Accident-Vehicle	0	10	11	12	7	4	0	0	28	15	41	2	20	7	6	0	2	12							
Accident-General	1	11	27	40	30	60	3	118	54	169	3	88	42	25	13	3	4								
Coronary	0	2	12	28	59	170	13	187	94	269	12	128	81	33	19	10	8								
Birth	0	0	0	2	0	0	0	0	0	2	2	0	0	0	0	0	0	0							
Cancer	0	0	8	28	22	87	6	73	78	149	2	70	54	12	13	1	1								
Respiratory	0	2	11	13	18	56	3	57	46	98	5	49	28	17	6	3	0								
Mental Health	9	191	672	627	415	358	86	1267	1115	2322	60	2049	198	54	17	21	2								
General Care & Follow up	1	25	144	133	165	302	98	481	381	829	32	527	165	80	39	31	19								
Chronic Diseases	0	2	18	24	40	70	3	111	45	143	14	77	44	15	14	4	1								
Infectious Diseases	0	0	2	3	3	4	0	5	7	12	0	5	4	1	0	1	1								
Neurology	0	1	1	5	3	14	0	14	10	24	0	10	7	2	2	2	1								
Digestive System	0	7	56	74	87	152	6	175	204	364	15	154	116	47	24	20	18								
<b>TOTALS</b>	<b>11</b>	<b>251</b>	<b>962</b>	<b>989</b>	<b>849</b>	<b>1277</b>	<b>218</b>	<b>2516</b>	<b>2051</b>	<b>4422</b>	<b>145</b>	<b>3177</b>	<b>746</b>	<b>294</b>	<b>147</b>	<b>98</b>	<b>67</b>								

TOTAL Admin. Costs Paid	\$6,086,512.68
TOTAL Legal Costs Paid	\$1,407,859.14
TOTAL Medical Review Cost	\$523,537.02

*Total Administrative Costs: \$8,017,909 incurred by the counties only, the state spends considerably less to administer the CAT program.*

*\*Resident- Refers to documented US citizens vs. undocumented persons.*

