Additional Information on ISBT

The Idaho School Benefit Trust (ISBT) health insurance pool is facing an overall **$13.05 million shortfall** due to medical and dental claims significantly exceeding projections. On August 25, 2026, the Idaho Department of Insurance (DOI) issued a final legal order declaring the trust insolvent and operating in a hazardous condition. The state has filed a petition in the Fourth District Court to assume control and install the DOI Director as rehabilitator to oversee the orderly run-out of claims.

Under Idaho Insurance Code and the trust's governing documents, member school districts share proportional responsibility for covering this deficit. The final drop-dead statutory deadline for the trust to receive funds is **September 30, 2026**. However, a direct administrative directive from Blue Cross of Idaho establishes a strict pre-notification deadline of **September 10, 2026**, to lock in the district's paperwork choices.

Proportional Impact to Lakeland Joint School District 272

The trust has finalized Lakeland's specific financial obligation based on district plan participation. The administration has confirmed that these funds will be reallocated directly from district cash reserves to prevent any mid-year premium hikes or structural costs from falling onto employees.

The two available payment paths, along with their operational pros and cons, are outlined below:

Option A: 36-Month Installment Plan

- **Total Proportional Debt: $705,941.28**
- **Payment Schedule: $19,609.48 per month** for 36 months
- **Execution Process:** The district must sign and return the physical *Participation Agreement Addendum* to Blue Cross by September 10.
- **Pros:** Preserves immediate district liquidity. Spreading the penalty across three fiscal years allows the cost to be absorbed gradually into monthly cash flows without zeroing out emergency fund balances.
- **Cons & Risks:** Ties the district financially to an insolvent trust for an extended period. Additionally, it triggers a strict **5-business-day acceleration clause**: if any single monthly payment is late by more than 5 business days, the installment contract is voided, and the full unremitted balance of $705,941.28 becomes immediately due in full.
- **Clawback Handling:** If the state's ongoing forensic audit successfully recovers funds or overpayments, these credits will be applied directly to lower the district's remaining monthly ledger balance in real-time.

Option B: Upfront Lump Sum Payment

- **Total Proportional Debt: $644,677.44**
- **Payment Schedule:** Single cash transfer due by September 30, 2026.
- **Execution Process:** The district staff must email Blue Cross by September 10 with the exact verbatim statement confirming payment of the full $644,677.44 upfront.
- **Pros:** Realizes an immediate **$61,263.84 early-repayment cash discount** offered by the trust. It also provides an immediate financial break from the trust's broken self-funded structure.

- **Cons & Risks:** Places a severe, immediate strain on district liquidity by pulling over half a million dollars from emergency reserves all at once.
- **Clawback Handling:** Because the cash is surrendered upfront, if the forensic audit clawback process recovers funds later in the year, the district cannot drop a ledger balance. Instead, the district must wait for the state-rehabilitated trust pool to manually process and mail a retroactive refund check.

Critical Operational Protections

The primary objective of completing this assessment on schedule is employee protection. Under the explicit directives of the state order, the trust is legally required to freeze and **withhold medical claim processing for any school district that falls delinquent** on its contribution payments. Meeting the September 30th timeline ensures that active healthcare claims for local teachers and school staff continue to process through Blue Cross of Idaho without an abrupt interruption of benefits.