

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**IACT Medical Trust** )  
**125 West Market Street, Suite 100** )  
**Indianapolis, Indiana 46204** )

Examination of: **IACT Medical Trust**


**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of IACT Medical Trust, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 4, 2018, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of IACT Medical Trust shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

January 30, 2020  
Date

  
\_\_\_\_\_  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0397**

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**IACT Medical Trust** )  
**125 West Market Street, Suite 100** )  
**Indianapolis, Indiana 46204** )

Examination of: **IACT Medical Trust**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the IACT Medical Trust (hereinafter “Company”) for the time period January 1, 2011 through December 31, 2015.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on November 30, 2018.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on December 4, 2018 and was received by the Company on December 7, 2018.

The Company did not file any objections.


NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the IACT Medical Trust as of December 31, 2015.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the IACT Medical Trust to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 30 day of January, 2020.

  
\_\_\_\_\_  
Stephen W. Robertson  
Insurance Commissioner  
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

*[Handwritten signature]*

*SE  
[Handwritten signature]*

**STATE OF INDIANA**

**Department of Insurance**

**REPORT ON THE LIMITED SCOPE EXAMINATION**

**OF**

**IACF MEDICAL TRUST**

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT  
NAIC Co. Code 14472**

As of

December 31, 2015

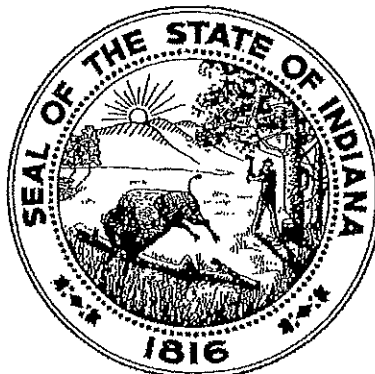


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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

## Indiana Department of Insurance

Stephen W. Robertson, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-232-5251  
Website: [in.gov/doi](http://in.gov/doi)

November 30, 2018

Honorable Stephen W. Robertson, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3911, a limited scope examination has been made of the affairs and financial condition of:

**IACCT Medical Trust**  
125 West Market Street, Suite 240  
Indianapolis, Indiana 46204

hereinafter referred to as the "Trust", a Multiple Employer Welfare Arrangement (MEWA), not-for-profit trust. The examination was conducted at the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report on the limited scope examination, reflecting the status and statutory compliance of the trust as of December 31, 2015, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2433    COMPANY COMPLIANCE 317-232-3495    CONSUMER SERVICES 317-232-2395/1-800-622-4461    FINANCIAL SERVICES 317-232-2390    MEDICAL MALPRACTICE 317-232-2402    COMPANY RECORDS 317-232-5692    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

The Trust was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2010 through December 31, 2010. The present limited scope examination was conducted by Noble Consulting Services, Inc. (Noble), and covered the period from January 1, 2011 through December 31, 2015, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The limited scope examination was conducted using agreed upon procedures provided by the INDOI. Noble performed the examination to evaluate statutory compliance, financial condition of the Trust, and to identify possible prospective risks of the Trust by obtaining information about the Trust, including corporate governance. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

All accounts and activities of the Trust were considered in accordance with the limited scope examination process. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Trust's financial statements.

This limited scope examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within this limited scope examination report but separately communicated to the INDOI and/or the Trust.

## HISTORY

The Trust was formed by five (5) charter participating employers of Indiana Association of Cities and Towns (IACT), effective January 1, 2010. The Trust is considered a common and unified plan of group insurance, as stated by IC Section 5-10-8-5. The purpose of the Trust is to provide dental, medical, and vision coverage as well as related administrative services for the benefit of IACT members. The Trust is a MEWA and is considered to be exempt from tax under section 115(1) of the Internal Revenue Code. As of December 31, 2015, the Trust included thirty-two (32) participating employers.

## PLAN OF OPERATION AND TERRITORY

The Trust's objective is to provide health benefits to eligible employees, retirees, and dependents of the participating employers. Effective January 1, 2011, the Trust became authorized to offer fully insured life and disability coverage.

IACT is a participating employer in the Trust, but does not currently obtain medical insurance coverage through the Trust, as permitted under Section 3.2 of the Trust Agreement. The number of participating employees per participating employer ranges from one (1) to six hundred thirteen (613). The total number of participating employees was 2,838 as of December 31, 2015.



## GROWTH OF THE TRUST

The following exhibit summarizes the financial results of the Trust during the examination period:

Year	Assets	Liabilities	Fund Balance	Change in Fund Balance
2015	\$ 22,671,652	\$ 4,365,339	\$ 18,306,313	\$ 4,931,730
2014	17,803,022	4,428,439	13,374,583	2,933,885
2013	15,066,826	4,626,128	10,440,698	5,517,256
2012	8,351,972	3,428,530	4,923,442	2,745,814
2011	4,744,659	2,567,031	2,177,628	895,886

The Trust's invested assets are held in qualified financial institutions. From January 1, 2011 through December 31, 2015, the Trust's Fund Balance exceeded the minimum statutory balance requirements.

## MANAGEMENT AND CONTROL

### Trustees

In accordance with the Trust Agreement, the Trust is governed by a Board of Trustees (Trustees) which is comprised of six (6) members elected by the participating employers who must be officials of participating employers: four (4) trustees appointed by IACT, one (1) trustee appointed by IACT who must be a certified public accountant (CPA), and one (1) trustee who is the Executive Director of IACT. The IACT Executive Director is not a voting Trustee and serves in an ex officio capacity. The Trust allows for all participating employers to have representation in the election process of the elected Trustee positions. The following is a listing of persons serving as Trustees as of December 31, 2015 and their respective participating employer or affiliation to the Trust as directed by the Trust Agreement:

Name	Participating Employer
Sue Essman	City of Angola, Indiana
Doris Sims	City of Bloomington, Indiana
Allan Kauffman	City of Goshen, Indiana
Larry Breese	City of Greenfield, Indiana
Tony Roswarski	City of Lafayette, Indiana
Jim Mann	City of Monticello, Indiana
Bill Oeding	City of Valparaiso, Indiana
Joseph Thallemer	City of Warsaw, Indiana
Matthew Greller	IACT
Gary Malone, CPA*	Independent Trustee
Amy Cating	Town of Danville, Indiana
Michael Griffin	Town of Highland, Indiana

\* See Other Significant Issues section of this Report of Examination regarding the recommendation to remove the Independent CPA position as an appointment to Trustees.

### Trust Officers

The following is a listing of persons serving as officers of the Trust at December 31, 2015:

<u>Name</u>	<u>Title</u>
Tony Roswarski	President
Joseph Thallemer	Vice President
Matthew Greller	Secretary/Treasurer

### Board of Trustees

The Trust is managed by the Trustees. Their duties include overseeing the administration of the Trust, approving premium rates, and managing investments, pursuant to the provisions of the Trust Agreement.

Ann Cottongim is the Director of Trust Operations (Director) and is a contracted employee of IACT. She has worked with the Trust since the Trust began operations in 2010. The Director, along with support staff, is responsible for all aspects of daily operations and preparing reports to the Trustees.

With limited staff, the lack of segregation significantly compromises internal controls. However, the Trust has developed a network of committees and outsourced actuaries, advisors, auditors, and legal counsel to provide oversight, in order to mitigate risk, promote transparency, and assist the Trust in achieving its goals. The Trust maintains the following committees:

- Appeals Committee
- Executive Committee
- Underwriting Committee
- Wellness Committee

### Claims Appeals and Complaints

The Appeals Committee of the Trust receives any submitted requests for review of a claim after a claimant has exhausted their appeal options with United Healthcare (UHC). The Appeals Committee will review the claim and make recommendations to the Trustees. During the examination period, no appeal determinations reviewed were contrary to statutory requirements.

## CORPORATE RECORDS

### Trust Agreement

The Trust's Amended and Restated Agreement and Declaration of Trust, effective July 1, 2011, is signed by all participating employers and addresses the design and operation of the Trust which includes:

- The required minimum size of the Trust
- Qualified participating employers
- Tax-exempt status
- Board of Trustees composition
- Terms for Trust Continuation, new participating employers, and obtaining claims experience data

The Declaration Agreement is consistent with Indiana statutory requirements and the examination noted no instances where the Trust operated contrary to its Trust Agreement except as noted below in Other Significant

Events section of this Report of Examination.

#### Bylaws

There were no amendments made to the Bylaws during the examination period.

#### Minutes

The Trustee meeting minutes were reviewed for the period under examination through the fieldwork date.

### CONTRACT DOCUMENTATION

The Trust Agreement is consistent with Indiana statutory requirements and the examination noted no instance where the Trust operated contrary to its Trust Agreement with respect to contract documentation.

#### *Plan Documents*

The Trust's Plan Documents, updated annually, define the Trust's health insurance benefit offerings as administered by UHC. The summary plan descriptions provided by UHC and negotiated by Trust are comprehensive documents which describe plan coverages and exclusions, claim processes, resources available, and provisions to include compliance to statutory requirements. The examination noted no instances where the Trust provided benefits contrary to the benefits defined in the Plan Documents selected for review.

#### *Service Agreement*

Effective July 28, 2015, the Trust and BenefitSolver entered into a Service Agreement whereby, Businessolver provides software that assists in ensuring that the Trust remains in compliance with the requirements of the Patient Protection and Affordable Care Act (ACA). The services include ACA Status Tracking, 1095-C Data Storage, 1095-C Employer Fulfillment, and 1094-C Electronic transmittal of data file to the Internal Revenue Service.

#### *Administrative Service Agreement*

Effective January 1, 2010, the Trust and UHC entered into an Administrative Service Agreement whereby UHC shall provide third party administration of claims and administration services to sponsors and/or administrators of self-insured employee health benefit plans. Amendments are in place, at least annually, with the most recent contract change as of January 1, 2015, for the current examination period as of December 31, 2015. Additionally, each participating employer has contracted agreement arrangements in place with UHC.

#### *Consultant Services Agreement*

Effective January 1, 2010, and amended and restated on January 1, 2014, the Trust and Henriott Group, Inc., entered into a Consultant Services Agreement to provide for the services of administration of programs and core services, assist in developing Trust's strategic benefit plan, facilitate meetings of vendors, offer compliance assistance, perform review of benefits design, and selection and procurement of stop loss terms.

#### *Marketing Services Agreement*

Effective through December 31, 2015, the Trust and Element Three entered into a Marketing Services Agreement whereby, Element Three provides website support and conference displays, content development, direct mailings, and other items in support of the Trust's strategic marketing goals.

*HIPAA Risk Analysis Agreement*

Effective March 19, 2013, the Trust entered into a contract with Infotex, Inc., to facilitate the creation of an information technology security management process and to provide ongoing compliance support.

*Independent Auditor Agreement*

Effective January 7, 2016, the Trust entered into an Independent Auditor Agreement for the December 31, 2015 fiscal year with Brady, Ware & Schoenfeld, Inc., to conduct the annual audit. The independent audit report issued as of March 3, 2016, was issued with an unqualified opinion on the financial statements.

*Actuarial Services Agreement*

Effective January 1, 2015, the Trust entered into an Actuarial Services Agreement with Nyhart to provide the actuarial certification of the Trust's operations and funding as of December 31, 2015. The actuarial report of the Trust as of December 31, 2015, was signed by Randy Gomez, FSA, MAAA and Evi Laksana, ASA, MAAA on March 7, 2016.

*Legal Services Agreement*

Effective March 10, 2010, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP whereby Bose Mckinney & Evans LLP provides legal support services. The agreement shall be automatically extended for twelve (12) month periods unless one (1) party of the agreement provides notice of non-renewal. As of December 31, 2015, there was no pending litigation identified. Additionally, no instances of federal regulatory noncompliance were identified during the examination.

**FIDELITY BOND**

The Trust protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Chubb Insurance Company. The bond has an aggregate loss coverage limit of \$500,000, with a \$0 deductible. No exceptions were noted with regard to the fidelity bond coverage.

**REINSURANCE**

**Stop Loss Policy**

Effective February 1, 2015 through December 31, 2015, the Trust entered into an amended Stop Loss Policy with UHC. The policy includes a specific deductible of \$300,000 per covered person and an unlimited maximum specific benefit per covered person.

**ACCOUNTS AND RECORDS**

The Trust's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The Trust's accounting procedures, practices, and account records were deemed satisfactory.

IAC T MEDICAL TRUST  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
As of December 31, 2015

<u>ASSETS</u>	<u>Per Examination*</u>
Cash and cash equivalents	\$ 21,081,233
Medical claims fund	835,000
Dental and vision claims fund	49,000
Accounts receivable	14,978
Stop loss, rebate and refund receivables	680,835
Prepaid expenses	10,606
Totals	<u>\$ 22,671,652</u>

LIABILITIES AND FUND BALANCE

<b>Liabilities</b>	
Accounts payable	\$ 384,306
Medical claims reserve	3,870,579
Dental claims reserve	89,624
Vision claims reserve	20,830
Totals Liabilities	<u>4,365,339</u>
<b>Fund Balance</b>	
Restricted reserves -- supplemental contribution reserve	5,360,134
Unrestricted reserves	12,946,179
Total Fund Balance	<u>18,306,313</u>
Total Liabilities and Fund Balance	<u>\$ 22,671,652</u>

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\* In accordance with IAC 1-68-1 (12), supplemental contribution fund assets are restricted to being used solely for the payment of outstanding claims. No financial adjustments were proposed, however some liability and fund balance lines may have been moved, for analytical purposes.

IACCT MEDICAL TRUST  
 STATEMENT OF REVENUE, EXPENSE AND CHANGE IN FUND BALANCE  
 As of December 31, 2015

<u>REVENUE</u>	<u>Per Examination*</u>
Premiums	\$ 41,860,748
Premiums – COBRA contributions	958
Total premium revenue	<u>41,861,706</u>
Less, premiums paid for reinsurance, terminal liability, and life insurance (pass-through revenue)	<u>(2,194,007)</u>
Net health insurance premiums	39,667,699
Investments – Interest income	18,899
Total Revenue	<u>39,686,598</u>
<u>EXPENSES</u>	
Claims – Medical	\$ 29,970,447
Claims – Dental	1,216,130
Claims – Vision	184,249
Claims – Change in Liability	<u>(76,373)</u>
Net claims expense	31,294,453
Administrative expense	<u>3,460,415</u>
Total Expenses	<u>34,754,868</u>
<u>CHANGE IN FUND BALANCE</u>	
Net income (loss)	4,931,730
Fund balance, beginning of period	<u>13,374,583</u>
Fund balance, end of period	<u>\$ 18,306,313</u>

\* No financial adjustments were proposed, however some income and expenses lines may have been moved, for analytical purposes.

## COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2015, based on the results of this examination.

## OTHER SIGNIFICANT ISSUES

In accordance with 760 IAC 1-68-2(d)(2), the Trust must be controlled and directly sponsored by participating employers or participating employees, or both. It is recommended that the Trust remove the independent financial expert position from the Trustees and modify the existing Trust Agreement to exclude the appointment of an independent financial expert position to the Trust.

There were no other significant issues identified during the course of the examination.

## SUBSEQUENT EVENTS

During 2016, the Trust added contracted positions for a Client Services Director and a Health and Wellness Director. The Client Services Director serves as the Marketing Manager and is responsible for marketing the insurance products and services of the Trust. The Health and Wellness Director serves as the Wellness Coordinator and assists in the deployment and management of an integrated health and employee wellness program for all members of the Trust.

Effective January 3, 2017, IACT changed its name to Accelerated Indiana Municipalities (AIM) Medical Trust. The Trust was previously named to reflect association with IACT. The Trust filed documentation with the DOI to become the AIM Medical Trust during 2017.

There were no other events subsequent to the examination date and prior to the completion of fieldwork which were considered material events requiring disclosure in this Report of Examination.





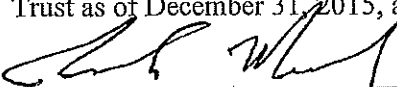
**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., performed a limited scope examination of IACT Medical Trust, as of December 31, 2015.

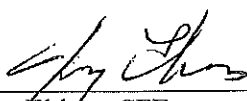
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those limited scope procedures guided by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached limited scope Report of Examination is a true and complete report of condition of IACT Medical Trust as of December 31, 2015, as determined by the undersigned.

  
\_\_\_\_\_  
Rick Mendez, CPA, MCM  
Noble Consulting Services, Inc.


Under the supervision of,

  
\_\_\_\_\_  
Jerry Ehlers, CFE  
Indiana Department of Insurance

State of: Indiana  
County of: Marion

On this 21 day of March, 2017, before me personally appeared, Amy Wong, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires  \_\_\_\_\_  
Notary Public

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