

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

IN THE MATTER OF:)
)
)

East Central Indiana School Trust)
1601 Indiana Avenue)
Connersville, IN 47331)

Examination of: **East Central Indiana School Trust**

NOTICE OF ENTRY OF ORDER

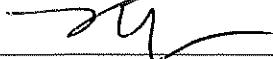
Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of East Central Indiana School Trust, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 East Central Indiana School 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.

5/21/2024

Date



Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3406

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

IN THE MATTER OF:)
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East Central Indiana School Trust)
1601 Indiana Avenue)
Connersville, IN 47331)

Examination of: **East Central Indiana School Trust**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the East Central Indiana School Trust (hereinafter “Company”) for the time period January 1, 2016 through December 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 18, 2022

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 April 18, 2024 and was received by the Company on April 18, 2024.

On April 22, 2024, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2020
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 24th day of
May, 2024.



Amy L. Beard
Insurance Commissioner

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.

STATE OF INDIANA

Department of Insurance

REPORT OF THE LIMITED SCOPE EXAMINATION

OF

EAST CENTRAL INDIANA SCHOOL TRUST

A MULTIPLE EMPLOYER WELFARE ARRANGEMENT

NAIC Co. CODE 14469

As of and for the year ending

December 31, 2020

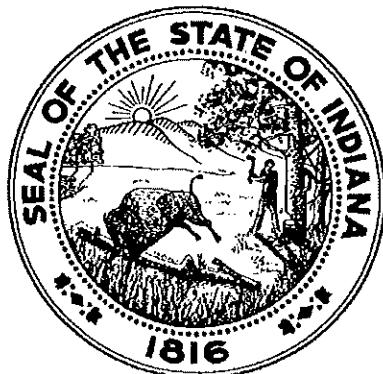


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

April 18, 2022

Honorable Amy Beard, 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 4096, an examination was performed of the affairs and financial condition of:

East Central Indiana School Trust
1601 Indiana Avenue
Connersville, IN 47331

East Central Indiana School Trust (ECIST) is a Multiple Employer Welfare Arrangement (MEWA) formed to provide health and other benefits covering all eligible employees of participating educational institutions that are located in the State of Indiana.

Ingardus, LLC conducted the examination remotely with the cooperation of ECIST.

The Report of Examination, reflecting the status of the Trust as of and for the year ending December 31, 2020, is respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2389

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-5253

COMPANY RECORDS
317-232-2383

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined the East Central Indiana School Trust (the Trust) for the period ending December 31, 2015. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from January 1, 2016 through December 31, 2020. The examination included all material transactions and events occurring subsequent to the examination date and noted during the course of the examination.

The limited scope examination was conducted using agreed upon procedures provided by the Department. Ingardus performed the examination of the Trust in order to evaluate its statutory compliance, financial condition, and to identify possible prospective risks of the Trust. During the examination, Ingardus obtained certain information pertaining to the Trust, including corporate governance matters. The examination also included assessing the principles used and significant estimates made by management, and evaluated the overall financial statement presentation of the Trust.

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 was identified, the impact of such adjustment was documented separately following the Trust's financial statements.

This limited scope examination report is consistent with Indiana Code § 27-1-3.1-10. There may have been other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but were separately communicated to the Department and/or the management of the Trust.

HISTORY

The Trust was established by six (6) participating employers on January 1, 1990. The Trust was comprised of eleven (11) participating employers as of December 31, 2020. The purpose of the Trust is to provide medical, dental, vision, life and accidental death and dismemberment coverage, long-term disability coverage and related administrative services for the benefit of the eligible employees, dependents and retirees of participating employers. The Second Amended and Restated Agreement and Declaration of Trust of the East Central Indiana School Trust (Trust Agreement) was effective on August 1, 2013. The Trust is an organization formed, operated and funded by political subdivisions to provide for a common and unified plan of group insurance.

TERRITORY AND PLAN OF OPERATION

The Trust offers medical, dental, vision, life and accidental death and dismemberment, and long-term disability benefits to eligible employees, retirees and dependents of the participating employers. The medical, dental and vision benefits offered are self-funded. The remaining benefits are fully insured and are provided via group insurance contracts. As of December 31, 2020, the Trust had 1,120 participating employees across eleven (11) employers.

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
2020	\$10,524,066	\$1,970,688	\$8,553,378	\$2,450,926
2019	7,679,962	1,577,510	6,102,452	3,260,977
2018	5,095,609	2,254,134	2,841,475	(225,253)
2017	5,751,114	2,684,386	3,066,728	(1,449,879)
2016	6,269,056	1,752,449	4,516,607	(1,814,963)

The Trust's assets are held in qualified financial institutions. From January 1, 2016 through December 31, 2020, the Trust's Fund Balance exceeded the minimum statutory balance requirements set forth in 760 IAC 1-68-10.

MANAGEMENT AND CONTROL

Trustees

In accordance with the Trust Agreement, a participating employer, which consists of a school corporation, is represented by two (2) Trustees. East Central Education Service Center is a participating employer with less than one percent of the Trust eligible employees and is equitably represented by one (1) Trustee.

The bylaws require that the Trustees elect the following officer positions of Chairman, Vice Chairman and Secretary and/or Treasurer.

The following is a listing of persons serving as Trustees as of December 31, 2020, and their respective participating employer:

Name	Participating Employer
Chad Yencer and Todd Hill	Blackford County Schools
Mike McCoy and Brad Ream	Centerville-Abington Community Schools
Tim Brown and Mike Estep	Cowan Community School Corporation
Paul Garrison and Connie Sacksteder	Daleville Community Schools
Katie Lash	East Central Education Service Center
Dave Pfaff and Jenni McDaniel	Eastern Hancock County Community School Corporation
Scott Collins and Nicole Branson	Fayette County School Corporation
Kyle Barrentine and Betsy Swimm	Nettle Creek School Corporation
Matthew Hicks and Julie Richmond	Northeastern Wayne School Corporation
Wes Hammond and Duke Falck	South Henry School Corporation
Kyle Mealy and Charlie Sims	Wes-Del Community Schools

Trust Officers

The following is a listing of persons serving as officers of the Trust as of December 31, 2020:

Name	Title
Todd Hill	Chairman
Wes Hammond	Vice-Chairman
Betsy Swimm	Secretary/Treasurer

Board of Trustees

The Board of Trustees (Trustees) manages the Trust. The Trustees meet quarterly to review and oversee Trust operations. The Trustees' duties include overseeing the administration of the Trust, approving premium rates, engaging third party service providers and managing investments, pursuant to the provisions of the Trust Agreement. The Trust does not have any official employees. All operational functions that are not performed by the Trustees are outsourced to third party vendors.

The Trust utilizes a network of advisors, auditors, outside legal counsel and an outsourced actuary to provide additional oversight and advice to the Trustees, to mitigate risk, promote transparency, and assist the Trust in achieving its goals.

CORPORATE RECORDS

Trust Agreement

The Trust Agreement was effective August 1, 2013. There were no amendments made to the Trust Agreement during the examination period.

The Trust Agreement is consistent with Indiana statutory requirements and regulations. The examination noted the absence of any instances where the Trust was operating contrary to the provisions of the Trust Agreement.

Bylaws

The Trust's current bylaws were adopted on January 31, 1997. There were no amendments made to the bylaws during the examination period.

Minutes

The Trustees meeting minutes for the period under examination, and for a period subsequent to the period under examination, were reviewed by the Examiners.

CONTRACT DOCUMENTATION

The following paragraphs describe the Trust's material contracts that were effective as of December 31, 2020:

Medical, Dental and Vision Plan Documents

The Trust's medical, dental and vision plan documents are updated annually. The Trust's plan documents describe the insurance benefit offerings. Anthem Insurance Companies, Inc., which is doing business as Anthem Blue Cross and Blue Shield (Anthem), administers the insurance plans. The summary plan descriptions are comprehensive documents, which describe plan coverages, and exclusions, claim processes, resources available, and include language concerning compliance and statutory requirements. The examination noted the absence of any instances where the Trust provided benefits that were contrary to the benefits defined in the plan documents selected for review.

Life and Disability Plan

Effective January 1, 2020, the Trust and Madison National Life Insurance Company entered into a contract to insure and administer the Trust's life and disability plans. The Trust's plan documents included coverages and limitations.

Administrative Services Agreement

Effective January 1, 2020, the Trust and Anthem, entered into an Administrative Service Agreement whereby Anthem agreed to provide claims and administration services, and administer complaints and appeals for the Trust. The Administrative Services Agreement was amended on an annual basis during the examination period.

Consulting Agreement

Effective August 1, 2019, the Trust entered into an agreement with Brown & Brown of Indiana, LLC doing business as RE Sutton & Associates., whereby RE Sutton & Associates agreed to assist the Trust with the following services: administrative assistance, benefit design, verify employee contributions, claims analysis, clinic and wellness initiative oversight, and strategic planning and insurance. The agreement renews annually until cancelled by either party.

Clinic Service Agreements

Effective January 1, 2020, the Trust entered into a two-year agreement with Quad/Med, LLC doing business as QuadMed to provide health care services to members of the Trust.

Effective July 16, 2019, the Trust entered into an agreement with Reid Hospital and Health Care Services, Inc. doing business as Reid Hospital to provide health care services to members of the Trust. The agreement renews annually until cancelled by either party.

Effective December 1, 2014, the Trust entered into an agreement with Hancock Physician Network, LLC to provide health care services to members of the Trust.

Clinic Development and Monitoring Agreement

Effective August 1, 2013, the Trust entered into a clinic development and monitoring agreement with MTW Consulting, Inc. to assist in the development and monitoring of multiple clinics and clinic related services. The agreement renews every two years until cancelled by either party.

Healthcare Purchasing Incentive Rewards Program

Effective January 1, 2018, the Trust entered into a three-year agreement with Vital SmartShopper to provide incentives to members of the Trust who utilize specific health-care providers.

Financial and Accounting Consulting Agreement

Effective July 24, 2019, the Trust entered into an agreement Nonprofit Financial Solutions, PC to provide the Trust with professional services related primarily to accounting and financial services. The agreement continues until cancelled by either party.

Actuarial Services Agreement

Effective January 1, 2020, the Trust entered into an agreement with The Howard E. Nyhart Company, Incorporated to provide the required actuarial certification of the Trust's operations and funding. Suraj M. Datta, ASA, MAAA and Emily Clauss, ASA, MAAA signed the actuarial report for the Trust as of December 31, 2020 on March 26, 2021.

Legal Services Agreement

Effective January 1, 2012, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. The agreement is automatically extended for twelve (12) month periods unless one party to the agreement provides notice of non-renewal. As of December 31, 2020 there were no pending litigation matters identified during the examination.

Independent Audit Agreement

Effective November 15, 2020, the Trust entered into an agreement with Brady, Ware & Schoenfeld, Inc. to conduct the annual audit for the Trust. The independent audit report as of December 31, 2020, was issued with an unqualified opinion.

Financial Advisory Services Agreement

Diamond Capital Management was engaged by the Trust to provide investment management services.

Other Insurance Policy

The Trust protects itself against loss from fiduciary dishonesty through a policy issued by the Federal Insurance Company. The coverage has limits of \$5,000,000 per loss.

FIDELITY BOND

The Trust protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by Auto-Owners Insurance Company. The bond has a policy aggregate limit of liability of \$500,000. No exceptions were noted with regard to the fidelity coverage purchased by the Trust.

REINSURANCE

The Trust has a stop loss policy with Reliastar Life Insurance Company. The coverage applies to medical and prescription drugs. For the policy period of January 1, 2020 through December 31, 2020, the specific stop loss limit was \$5,000,000 and the aggregate stop loss limit was \$10,947,341.

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.

EAST CENTRAL INDIANA SCHOOL TRUST
Statement of Assets, Liabilities and Fund Balance
As of December 31, 2020

	<u>Per Examination*</u>
ASSETS	
Cash	\$ 3,293,061
Stop loss and rebates receivable	189,577
Prepaid expenses	178,945
Investments	6,862,483
Total Assets	<u>\$ 10,524,066</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 37,786
Unearned member assessments	98,781
Claims payable	566,692
Incurred but not reported claims reserve	1,267,429
Total Liabilities	<u>1,970,688</u>
Fund Balance	
Restricted reserve - supplemental contribution reserve	2,526,921
Unrestricted reserve	6,026,457
Total Fund Balance	<u>8,553,378</u>
Total Liabilities and Fund Balance	<u>\$ 10,524,066</u>

* 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 fund balance line items may have been changed, for presentation purposes.

EAST CENTRAL INDIANA SCHOOL TRUST
Statement of Revenue, Expenses and Change in Fund Balance
For the year ending December 31, 2020

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - Employer contributions	\$ 16,917,588
Reinsurance premiums paid	(1,962,848)
Disability and life insurance premiums	<u>(391,877)</u>
Total net premiums	<u>14,562,863</u>
Interest income	245,563
Miscellaneous income	<u>642</u>
Total Revenue	<u>14,809,068</u>
EXPENSES	
Claims paid, net of refunds and rebates	9,837,667
Change in claims reserve	465,658
Administrative and network fees	831,654
Health care clinic expenses	862,614
Wellness initiative	46,453
Professional fees	259,670
Cost effectiveness incentives	33,410
Miscellaneous	<u>21,016</u>
Total Expenses	<u>12,358,142</u>
CHANGE IN FUND BALANCE	
Net increase	2,450,926
Fund balance, beginning of year	<u>6,102,452</u>
Fund balance, end of year	<u><u>\$ 8,553,378</u></u>

* No financial adjustments were proposed; however, some revenue and expense line items may have been moved for presentation purposes.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of and for the year ending December 31, 2020, based on the results of the examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified as of December 31, 2020, based on the results of this examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that 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 she, in coordination with assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the East Central Indiana School Trust, as of and for the year ending December 31, 2020.

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 procedures tailored for this examination by the Indiana Department of Insurance. 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 Report of Examination is a true and complete report of the condition of East Central Indiana School Trust as of and for the year ending December 31, 2020, as determined by the undersigned.



Angela L. Ohlmann, CPA, CGMA, CFE (Fraud), MCM
Ingardus, LLC
State of: Indiana
County of: Marion

Under the Supervision of:



Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

On this 29 day of April, 2024, before me personally appeared, Angela L. Ohlmann and Jerry Ehlers, 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: 12/20/2030


Notary Public