

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3413

IN THE MATTER OF:)
)
Hoosier Heartland School Trust)
11595 N. Meridian Street, Suite 250)
Carmel, IN 46032)

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 August 31, 2022
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 2nd 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

HOOSIER HEARTLAND SCHOOL TRUST

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT
NAIC Co. Code 14470**

As of and for the fiscal year ending

August 31, 2020

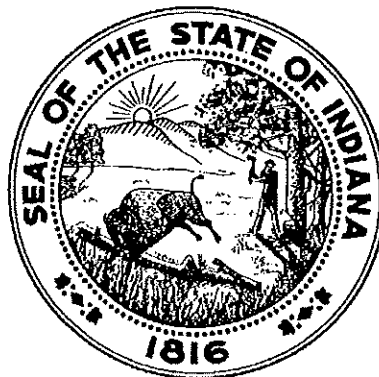


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STATE OF INDIANA

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/doi

January 25, 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 4097, an examination was performed of the affairs and financial condition of:

Hoosier Heartland School Trust
11595 N. Meridian Street, Suite 250
Carmel, IN 46032

Hoosier Heartland School Trust (HHST) 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 HHST.

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

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES	COMPANY COMPLIANCE	CONSUMER SERVICES	FINANCIAL SERVICES	MEDICAL MALPRACTICE	COMPANY RECORDS	STATE HEALTH INSURANCE PROGRAM
317-232-2389	317-232-3495	317-232-2395/1-800-622-4461	317-232-2390	317-232-5253	317-232-2383	1-800-452-4800

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined the Hoosier Heartland School Trust (the Trust) for the period ending August 31, 2015. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from September 1, 2015 through August 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 eight (8) participating employers effective December 9, 1998. The Trust was comprised of fifteen (15) participating employers as of August 31, 2020. The purpose of the Trust is to provide medical coverage and related administrative services for the benefit of the employees of participating employers. The Second Amended and Restated Agreement and Declaration of Trust of the Hoosier Heartland School Trust (Trust Agreement) was effective on January 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 group medical benefits to eligible employees of participating school districts. The medical benefits offered are self-funded. As of August 31, 2020, the Trust had 1,542 participating employees across fifteen (15) employers.

GROWTH OF THE TRUST

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

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
2020	\$8,488,630	\$1,953,999	\$6,534,631	\$3,492,814
2019	4,933,855	1,892,038	3,041,817	1,123,289
2018	4,210,226	2,291,698	1,918,528	1,247,216
2017	4,223,281	3,551,969	671,312	(797,895)
2016	4,053,184	2,583,977	1,469,207	(791,809)

The Trust's assets are held in qualified financial institutions. From September 1, 2015 through August 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 is represented by two (2) Trustees. 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 August 31, 2020, and their respective participating employer:

<u>Name</u>	<u>Participating Employer</u>
Trent Lehman and Erin Raper	Bloomfield School District
Rex Ryker and Stacey Guard	Crawfordsville Community School Corporation
Ja Wilson and Teresa Barton	East Gibson School Corporation
Trenton Provo and Nathan Martindale	Eastern Greene Schools
Bonnie Hensler and Mark Stewart	Madison Consolidated Schools
Chris Trader and Suzanne Dashzeveg	Madison Area Education Special Services Unit
Jim Diagostino and Al Smith	Mill Creek Community School Corporation
Kirk Freeman and Jennifer Armour	Monroe Gregg School District
Christopher Hoke and Jenny Sego	Northwestern Consolidated Schools of Shelby County
David Hobaugh and Rodney Farmer	North West Hendricks County School Corporation
Jimmy Ellis and Jessica Starr	Orleans Community Schools
Jeffrey Bates and Dan Dattilo	Southwestern Jefferson County School Corporation
Chris Smith and Kelly Hillman	Taylor Community School Corporation
Dave Driggs and Justin Summers	Tri-Central School Corporation
Greg Parsley and Casey Butler	Vincennes Community School Corporation

Trust Officers

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

<u>Name</u>	<u>Title</u>
Greg Parsley	Chairman
Gary McClintic	Vice-Chairman
Jenny Sago	Secretary
Chris Trader	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 January 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 December 9, 1998. There were no amendments made to the bylaws during the examination period.

Minutes

The Trustees and committee 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 August 31, 2020:

Medical and Pharmacy Plan

The Trust's plan documents are updated annually. The Trust's plan documents describe the Trust's insurance benefit offerings. United HealthCare Insurance Company administers the insurance plan. 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.

Administrative Services Agreement

Effective September 1, 2019, the Trust and United HealthCare Insurance Company, entered into an Administrative Service Agreement whereby United Healthcare agreed to provide claims and administration services, and administer complaints and appeals for the Trust.

Consulting Agreement

Effective June 18, 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 5, 2018, for the period January 5, 2018 through January 5, 2021, the Trust entered into an agreement with WeCare tlc, LLC to provide health care services to members of the Trust.

Effective November 18, 2014, the Trust entered into an agreement with Good Samaritan Hospital to provide health care services to members of the Trust. The Trust continues to receive services from Good Samaritan Hospital as a part of this agreement.

Effective April 30, 2013, the Trust entered into an agreement with OnsiteSolutions, LLC to provide health care services to members of the Trust. The agreement renews annually until cancelled by either party.

Effective October 8, 2019, the Trust entered into an agreement with Proactive MSO, LLC to provide health care services to members of the Trust. The agreement was renewed July 2020.

Virtual Mental Health Services

Effective September 1, 2019, the Trust entered into an agreement with First Stop Health, LLC to provide virtual mental health services to members of the Trust. The agreement was renewed August 1, 2020.

Clinic Development and Monitoring Agreement

Effective July 1, 2012, 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 annually until cancelled by either party.

Financial and Accounting Consulting Agreement

Effective April 16, 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 renews annually until cancelled by either party.

Actuarial Services Agreement

Effective September 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 Matt Sheretz, ASA, MAAA signed the actuarial report for the Trust as of August 31, 2020 on November 23, 2020.

Legal Services Agreement

Effective January 1, 2013, 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 August 31, 2020 there were no pending litigation matters identified during the examination.

Independent Audit Agreement

Effective August 25, 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 August 31, 2020, was issued with an unqualified opinion.

Other Insurance Policy

The Trust protects itself against loss from fiduciary dishonesty through a policy issued by the RLI Insurance Company. The coverage has limits of \$3,000,000 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

Excess Loss Fund Insurance Protection

The Trust has a stop loss policy with United HealthCare Insurance Company. The coverage applies to medical and prescription drugs. For the policy period of September 1, 2019 through August 31, 2020, the specific stop loss limit was \$250,000 and the aggregate stop loss limit was \$21,568,767.

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.

HOOSIER HEARTLAND SCHOOL TRUST
Statement of Assets, Liabilities and Fund Balance
As of August 31, 2020

	<u>Per Examination*</u>
ASSETS	
Cash	\$ 7,180,159
Medical claims fund	358,000
Refunds and rebates receivable	931,585
Prepaid expenses	18,886
Total Assets	<u>\$ 8,488,630</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 113,483
Unearned member assessments	338,950
Claims payable	105,593
Incurred but not reported claims reserve	1,395,973
Total Liabilities	<u>1,953,999</u>
 Fund Balance	
Restricted reserve - supplemental contribution reserve	3,045,682
Unrestricted reserve	3,488,949
Total Fund Balance	<u>6,534,631</u>
 Total Liabilities and Fund Balance	<u>\$ 8,488,630</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.

HOOSIER HEARTLAND SCHOOL TRUST
Statement of Revenue, Expenses and Change in Fund Balance
For the fiscal year ending August 31, 2020

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - Employer contributions	\$ 21,042,624
Reinsurance premiums paid	<u>(1,669,840)</u>
Total net premiums	19,372,784
Interest income	<u>6,090</u>
Total Revenue	19,378,874
EXPENSES	
Claims paid, net of refunds and rebates	13,704,781
Change in claims reserve	(266,638)
Administrative and network fees	957,068
Health care clinic expenses	1,163,403
Telemedicine	100,193
Professional fees	146,588
Shared savings fees	64,208
Miscellaneous	<u>16,457</u>
Total Expenses	<u>15,886,060</u>
CHANGE IN FUND BALANCE	
Net increase	3,492,814
Fund balance, beginning of year	<u>3,041,817</u>
Fund balance, end of year	<u>\$ 6,534,631</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 fiscal year ending August 31, 2020, based on the results of the examination.

OTHER SIGNIFICANT ISSUES

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

SUBSEQUENT EVENTS

During the fiscal year ended August 31, 2020, the Trust was notified by Covington Community Schools that it would be leaving the Trust effective August 31, 2020. There were no other 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.

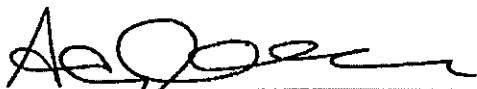
AFFIDAVIT

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 Hoosier Heartland School Trust, as of and for the fiscal year ending August 31, 2020.

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

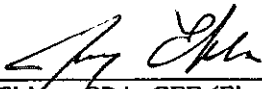
This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of Hoosier Heartland School Trust as of and for the fiscal year ending August 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 ^{afs}


Notary Public