



***Indiana Advisory Commission on  
 Intergovernmental Relations  
 October 24, 2014***

**IACT Medical Trust Structure**

- A **self-insured insurance program** with a combination of cities and towns participating as one large insured group
- Municipal members pay a monthly premium to the Trust (underwritten at maximum claim liability plus operating costs)
- The Trust pays medical claims and operating costs (provider fees, legal fees, benefit consultant/broker fees, general administrative costs, stop-loss and actuary fees, etc.)
- Plan participants have access to UnitedHealthcare’s Choice Plus network and a rich healthcare plan



## Why? What's the noble cause?

- Stability, Affordability and Predictability
  - With Premium Rates and Annual Renewals
  - With Plan Designs and Covered Benefits
  - With Value Added Member Services
- Pooling provides strength in numbers
- IACT knows the fiscal challenges and hurdles facing Indiana municipalities
- IACT has a team of healthcare experts ready to serve municipalities



## Trust Services and Vendor Team

- ASO/Network Provider - **UnitedHealthcare**
- Legal Counsel – **Bose, McKinney and Evans, LLP**
- Benefits Consulting – **Henriott Group**
- **IACT** Partners with the Human Resources Department
  - Eligibility, Annual Enrollment, PPACA Reporting and Notices, Employee Continuing Education, COBRA Administration, Health Fairs, Daily Claims and Benefits Questions
- Healthcare Management Services & Online Tools
  - Disease Management, Nurse Hotline, Rated Physicians, Cost Estimator, EOB & Health Statements, Medical Resources, Health Risk Assessments, Health4Me App, Healthy Back Program, Case Managers
- Wellness Incentives



## 2015 Medical Plan Options PPO – HSA – HRA

PLAN HIGHLIGHTS	\$500 PPO Plan B	\$750 PPO Plan C	\$1,000 PPO Plan D	\$1,500 PPO Plan E	\$2,600 HSA Plan F	\$2,600 HSA Plan H	\$3,500 HSA Plan I	\$5,000 HRA Plan J
Network Provider: UnitedHealthcare	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network
<b>Deductible</b>								
Individual	\$500	\$750	\$1,000	\$1,500	\$2,600	\$2,600	\$3,500	\$5,000
Family	\$1,000	\$1,500	\$2,000	\$3,000	\$5,200	\$5,200	\$7,000	\$10,000
<b>Coinsurance (applied after deductible is met)</b>								
Paid by Insurance	80%	80%	80%	80%	100%	80%	80%	100%
Paid by Individual	20%	20%	20%	20%	0%	20%	20%	0%
<b>Out-of-Pocket Maximum (includes deductible and medical prescription copays)</b>								
Individual	\$3,000	\$3,250	\$3,500	\$4,000	\$2,600	\$4,100	\$4,500	\$6,000
Family	\$6,000	\$6,500	\$7,000	\$8,000	\$5,200	\$8,200	\$9,000	\$12,000
<b>Co-Payments (paid by individual)</b>								
Office Visit (PCP/SCP)	\$25	\$25	\$25	\$30	0%*	20%*	20%*	N/A
Urgent Care	\$75	\$75	\$75	\$75	0%*	20%*	20%*	N/A
Emergency Room	\$175	\$175	\$175	\$175	0%*	20%*	20%*	N/A
Inpatient Hospital	20%*	20%*	20%*	20%*	0%*	20%*	20%*	N/A
<b>Prescriptions (paid by individual)</b>								
Tier 1	\$10	\$10	\$15	\$20	0%*	20%*	20%*	\$10
Tier 2	\$30	\$30	\$30	\$40	0%*	20%*	20%*	\$30
Tier 3	\$40	\$50	\$50	\$60	0%*	20%*	20%*	\$60

**Lifetime maximum is unlimited for all plan options.**

**NOTES:**

\* After deductible

Medical and prescription copayments accumulate towards the out-of-pocket maximum.

Premium rates are calculated for new municipal members based upon underwriting requirements set forth by the Indiana Department of Insurance.



## Ancillary Products

- Basic Life/AD&D Plans with **MetLife**
  - 4 Plan Options
    - Flat \$25,000; Flat \$50,000; 1 x Salary; 2 x Salary
  - One low rate
  - 2 Dependent Options (Optional)
- Dental Plans - **Cigna**
  - 3 Plan Options
    - Deductible: \$50/\$150
    - Various Annual Maximums: \$1500, \$1000, \$750
    - Ortho available
- Vision Plans - **Cigna**
  - 2 Plan Options
    - Low exam/material co-pays
    - Frequency of service choice

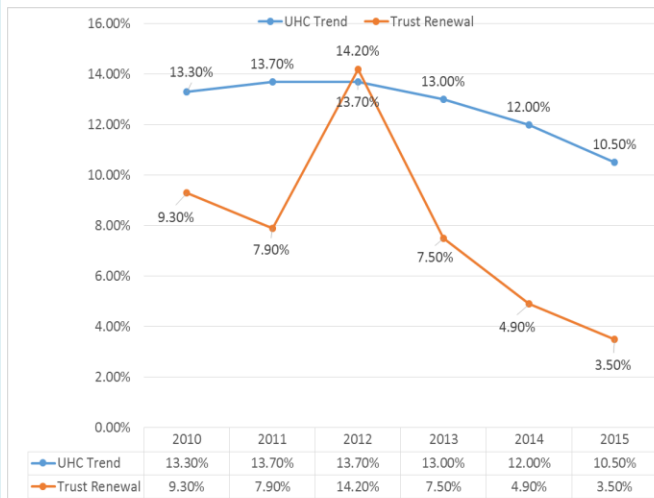


# OUR MEMBERS

MEMBER MUNICIPALITY	PARTICIPANT EMPLOYEES	EFFECTIVE DATE OF COVERAGE
Angola	73	January 2010
Avon	26	January 2011
Bloomington	611	January 2011
Cicero	29	October 2010
Connersville	97	January 2011
Culver	14	May 2014
Danville	54	April 2010
Darlington	2	June 2011
Fowler	14	June 2010
Georgetown	15	February 2011
Greenfield	196	January 2012
Hagerstown	17	June 2013
Hebron	10	July 2014
Highland	109	January 2010
Lafayette	568	January 2010
Lowell	56	July 2014
Monticello	56	July 2012
Nashville	19	November 2013
Rensselaer	77	September 2013
Rockville	17	September 2011
Swayzee	3	July 2014
Sweetser	2	February 2013
Valparaiso	268	September 2012
Warsaw	181	November 2010



## Member Experience with Annual Renewals



**2010 – 9.3%**  
Average increase of four charter members

**2011 – 7.9%**

**2012 – 14.2%**  
Strategic decision to build reserves

**2013 – 7.5%**  
Banding formula renewal range was 0% – 17.7%

**2014 – 4.9%**  
Banding formula renewal range of 0.5% – 8.9%

**2015 – 3.5%**  
Banding formula renewal range of 1.5% – 6.5%



## Financial Strength and Growth

Year	Municipal Members	Participant Employees	Net Income	Net Position (Cash Reserve)	Reserve Per Participant
2010	8	1,655	\$1,281,642	\$1,281,742	\$774
2011	15	2,481	\$895,886	\$2,177,628	\$878
2012	18	2,976	\$2,745,814	\$4,923,442	\$1,654
2013	21	3,064	\$5,517,256	\$10,440,698	\$3,408



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I BELIEVE THE IACF MEDICAL TRUST IS THE FUTURE FOR MUNICIPAL GOVERNMENTS IN CONTROLLING THEIR HEALTH CARE COST.

- MAYOR TONY ROSWARSKI, LAFAYETTE



## Trust Regulation and Protection

- The Trust is **regulated** by the Indiana Department of Insurance
- The Trust is **certified** as a Multiple Employer Welfare Arrangement
- Annual financial audit and actuarial certification is required
- The Trust purchases both specific and aggregate stop loss insurance protection.
  - Limits annual claims cost per member to a maximum level
  - Limits total annual claims for the Trust to a maximum level of exposure
- The Trust has fiduciary liability insurance protection



## Ownership and Governance

- The Trust is a separate legal entity from IACT
- The Trust is **owned** by the participating member municipalities
- IACT municipal members are eligible to join
  - Subject to IDOI underwriting guidelines
  - Trust agreement approved by Board of Works or Town Council
- Governed by a Twelve Member Board of Trustees
  - 6 elected by member municipalities, 4 appointed by IACT Board
  - CPA/Financial Consultant & IACT Executive Director
  - Review financial performance, set policies, approve Trust operational guidelines, select vendor/service team
  - Quarterly meetings and an Annual Member's Conference
  - Trustees are subject to HIPAA standards of confidentiality



## IACT Medical Trust Board of Trustees

- **Elected by the Trust Members (6):**
  - Sue Essman, Angola, Human Resources Director
  - Michael Griffin, Highland, Clerk-Treasurer
  - Doris Sims, Bloomington, Human Resources Director
  - Amy Cating, Danville, Clerk-Treasurer
  - Tony Roswarski, Lafayette, Mayor
  - Elizabeth “Liz” Oilar, Monticello Clerk-Treasurer
- **Appointed by the IACT Board of Directors (4):**
  - Allan Kauffman, Goshen, Mayor and President of the Trust
  - Joseph Thallemer, Warsaw, Mayor
  - Larry Breese, Greenfield, Clerk-Treasurer
  - Bill Oeding, Valparaiso, City Administrator
- **Other Trustees Defined in the Trust Agreement (2):**
  - Gary Malone, Umbaugh, Partner (required CPA)
  - Matthew Greller, IACT, Executive Director (non-voting)



OUR PATH WASN'T SUSTAINABLE. WE HAD TO SET  
ASIDE POLITICS TO DO WHAT'S RIGHT FOR THE LONG-TERM.

- MAYOR JOE THALLEMER, WARSAW



## Challenges and Opportunities

### Municipal Hurdles

- Hometown Politics
- Local Broker Relationships
- Fear of Change
- 3-Year Commitment

### Membership Value

- Premium Stability
- Sustaining the Community
- Relieve HR Workload
- Focus on Wellness
- Dependable Plans and Covered Benefits
- Satisfied Employees



The mission of the IACT Medical Trust is to improve the well-being and quality of life of municipal employees. The Trust offers financially secure, stable and cost-effective medical coverage with service of the highest quality.





## Contact Information

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Note: The IACT Medical Trust is a multiple employer welfare arrangement. The IACT Medical Trust may not be subject to all of the insurance laws and regulations of Indiana. State insurance guaranty funds are not available for the multiple employer welfare arrangement.

