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

<table>
<thead>
<tr>
<th>Network/Provider</th>
<th>UnitedHealthcare</th>
<th>In-Network</th>
<th>In-Network</th>
<th>In-Network</th>
<th>In-Network</th>
<th>In-Network</th>
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<tr>
<td>Deductibles</td>
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<tr>
<td>Individual</td>
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<td>Coinsurance (applied after deductible)</td>
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<td>Paid by Insurance</td>
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<td>Out-of-Pocket Maximum (includes deductible and medical/prescription copays)</td>
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<td>Co-Payments (paid by individual)</td>
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<td>Office Visit (PCP/SCP)</td>
<td>$25</td>
<td>$25</td>
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<td>$30</td>
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<td>Inpatient Hospital</td>
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<td>Prescriptions (paid by individual)</td>
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<td>$10</td>
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<td>$50</td>
<td>$50</td>
<td>$60</td>
<td>0%*</td>
<td>20%*</td>
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<td>$60</td>
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</table>

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

**NOTE:***

* 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
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Municipal Members</th>
<th>Participant Employees</th>
<th>Net Income</th>
<th>Net Position (Cash Reserve)</th>
<th>Reserve Per Participant</th>
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<tbody>
<tr>
<td>2010</td>
<td>8</td>
<td>1,655</td>
<td>$1,281,642</td>
<td>$1,281,742</td>
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<td>2011</td>
<td>15</td>
<td>2,481</td>
<td>$895,886</td>
<td>$2,177,628</td>
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<td>2012</td>
<td>18</td>
<td>2,976</td>
<td>$2,745,814</td>
<td>$4,923,442</td>
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<td>2013</td>
<td>21</td>
<td>3,064</td>
<td>$5,517,256</td>
<td>$10,440,698</td>
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</table>
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)

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“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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone Number</th>
<th>Email Address</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Cottongim</td>
<td>Deputy Director and CFO, IACT Director of Trust Operations</td>
<td>317-237-6200 ext. 245</td>
<td><a href="mailto:acottongim@citiesandtowns.org">acottongim@citiesandtowns.org</a></td>
<td><a href="http://www.iactmedicaltrust.org">www.iactmedicaltrust.org</a></td>
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<tr>
<td>Gary Henriott</td>
<td>Benefits Consultant &amp; Broker Henriott Group</td>
<td>765-838-8601</td>
<td><a href="mailto:ghenriott@henriott.com">ghenriott@henriott.com</a></td>
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</tr>
<tr>
<td>Jim Hamilton</td>
<td>Trust Legal Counsel Bose McKinney and Evans, LLP</td>
<td>317-684-5419</td>
<td><a href="mailto:jhamilton@boselaw.com">jhamilton@boselaw.com</a></td>
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</tbody>
</table>

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.