

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

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

Examination of: **Aim Medical Trust**

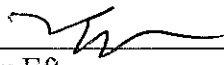
NOTICE OF ENTRY OF ORDER

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 Aim Medical Trust, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on April 18, 2024 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 Aim 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.

June 20, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3185

STATE OF INDIANA)
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

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

Examination of: **Aim Medical Trust**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Aim Medical 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 May 25, 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 May 3, 2024.

The Company did not file any objections.

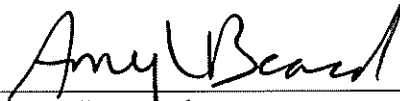
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Aim Medical Trust as of December 31, 2020.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Aim 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 20th day of
June, 2024.



Amy L. Beard
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.

STATE OF INDIANA

Department of Insurance

REPORT OF THE LIMITED SCOPE EXAMINATION

OF

AIM MEDICAL TRUST

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

As of and for the year ending

December 31, 2020

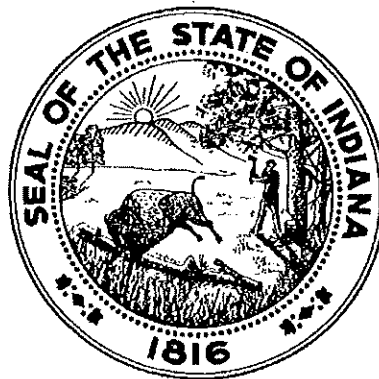


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STATE OF INDIANA

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

May 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 4098, an examination was performed of the affairs and financial condition of:

Aim Medical Trust
125 West Market Street, Suite 100
Indianapolis, IN 46204

Aim Medical Trust (Trust) 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 the Trust.

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 Aim Medical 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

Five (5) participating employers established IACT Medical Trust effective January 1, 2010. The purpose of the Trust is to provide medical, dental, vision, life, disability and related coverages and administrative services for the benefit of the eligible employees and retirees of participating employers. The Trust was renamed as Aim Medical Trust effective January 1, 2017. The Trust's current governing document is the Second Amended and Restated Agreement and Declaration of Trust of the Aim Medical Trust (Trust Agreement) with an effective date of January 1, 2018. The Trust is considered exempt from tax under Section 115(1) of the Internal Revenue Code. The Trust was comprised of forty-six (46) participating employers as of December 31, 2020.

TERRITORY AND PLAN OF OPERATION

The Trust offers group medical, dental, vision, life and disability insurance benefits to eligible employees, dependents and retirees of participating employers of cities and towns across Indiana. The medical 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 4,045 participating employees across forty-six (46) 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	\$52,319,204	\$6,139,883	\$46,179,321	\$12,851,086
2019	39,739,470	6,411,235	33,328,235	10,083,184
2018	28,954,323	5,709,272	23,245,051	1,789,402
2017	27,063,587	5,607,938	21,455,649	(1,860,093)
2016	27,354,703	4,038,961	23,315,742	5,009,429

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, there will be a minimum of 12 and a maximum of 18 Trustees determined as follows:

- A minimum of six and a maximum of nine Trustees will be appointed or elected as follows:
 - The City of Angola, the Town of Highland and the City of Lafayette are entitled to appoint one (1) Trustee;
 - A maximum of four (4) Trustee positions will be reserved for large participating employers defined as any participating employer that employs at least 300 people; and
 - Subject to the maximum, one or more Trustees will be elected by the participating employers (PE) that are municipalities.

- A minimum of six (6) and a maximum of nine (9) Trustees will be appointed or serve in an ex officio capacity as follows:
 - One (1) Trustee will be an independent financial expert appointed by Accelerate Indiana Municipalities (Aim);
 - One Trustee will be the Chief Executive Officer of Aim; and
 - Subject to the maximum, one or more Trustees will be appointed by Aim.

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

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

Name	Participating Employer
Matthew Greller	Accelerate Indiana Municipalities (Aim)
Sue Essman	City of Angola
Caroline Shaw	City of Bloomington
Chuck Fewell	City of Greenfield
Kim Meyer	City of Lafayette
Jim Mann	City of Monticello
Joseph Thallemer	City of Warsaw
Mike Jessen	City of Valparaiso
Jenny Percy	Town of Danville
Michael Griffin	Town of Highland
Dustin Anderson	Town of Munster
Dan Hedden, CPA*	Independent Financial Expert Trustee

* See Other Significant Issues section of this Report of Examination regarding the recommendation to remove the Independent Financial Expert Trustee position as an appointment to the Board of Trustees.

Trust Officers

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

Name	Title
Joseph Thallemer	President
Sue Essman	Vice-President
Matthew Greller	Secretary/Treasurer

Board of Trustees

The Board of 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 employees. Instead, the Trust has entered into a service agreement with Aim to provide daily administrative services to the Trust. All operational functions that are not performed by the Trustees or Aim 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 maintained an Amended and Restated Agreement and Declaration of Trust with an effective date July 1, 2011. The Trust amended the trust agreement as the Second Amended and Restated Agreement and Declaration of Trust on January 1, 2018. There were no additional amendments made to the Trust Agreement during the examination period.

The Trust Agreement is consistent with Indiana statutory requirements and regulations except as noted in the Other Significant Issues section of this Report of Examination. The examination noted the absence of any instances where the Trust was operating contrary to the provisions of the Trust Agreement.

Bylaws

The bylaws were amended August 22, 2019 to add an Investment Committee. There were no additional 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 Plan Documents

The Trust's medical plan documents are updated annually. The Trust's plan documents describe the insurance benefit offerings. United Healthcare (UHC) administers the medical 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.

Dental Plan

Effective January 1, 2020, the Trust and Delta Dental entered into a contract to insure and administer the Trust's dental plan. The Trust's plan documents included coverages and limitations.

Vision Plan

Effective January 1, 2020, the Trust and Vision Service Plan Insurance Company entered into a contract to insure and administer the Trust's vision plan. The Trust's plan documents included coverages and limitations.

Life and Accidental Death and Dismemberment (AD&D) Plans

Effective January 1, 2020, the Trust and MetLife entered into a contract to insure and administer the Trust's life and AD&D plans. The Trust's plan documents included coverages and limitations.

Disability Plans

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

Administrative Services Agreement

Effective January 1, 2020, the Trust and UHC, entered into an Administrative Services Agreement whereby UHC 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.

Benefits Administrator Services

Effective January 1, 2020, the Trust entered into an agreement with Aim whereby Aim agreed to assist the Trust with the overall management, administration and oversight of the Trust, including marketing to eligible employers, billing, service provider coordination, financial report preparation and compliance administration. The agreement renews annually until cancelled by either party.

Consulting Agreement

Effective January 1, 2018, the Trust entered into an agreement with Henriott Group, Inc. (Henriott). Henriott agreed to assist the Trust with the administration of programs and core services, developing and review of benefits design, compliance assistance and procurement of carrier rates. The agreement renews annually until cancelled by either party.

Biometric Screenings Services

Effective December 20, 2019, the Trust entered into an agreement with Verve Health to provide biometric screening services to members of the Trust.

Mental Health Services

For the period June 15, 2020 through June 14, 2021, the Trust engaged Preventia Group, LLC to provide mental health services to members of the Trust.

Benefits Administration Platform

For the period May 1, 2018 through September 15, 2021, the Trust engaged Emphyrean Benefit Solutions, Inc. to provide online benefits administration system services to the Trust for purposes of processing enrollment and claims.

Medical Data Management Services

Effective July 1, 2020, the Trust engaged Springbuk, Inc. to provide medical data management services to the Trust. The agreement continues until cancelled by either party.

Consulting Services

For the period October 7, 2019 through December 31, 2020, the Trust has engaged Careignition, LLC to provide data analytics and data warehouse consulting services to the Trust.

Marketing Services

For the period January 6, 2020 through December 31, 2020, the Trust engaged Element Three Inc. to provide marketing services to the Trust.

Actuarial Services Agreement

Effective January 30, 2020, the Trust entered into an agreement with Nyhart to provide the required actuarial certification of the Trust's operations and funding. Suraj M. Datta, ASA, MAAA and Cody Kocher, ASA, MAAA signed the actuarial report for the Trust as of December 31, 2020 on March 24, 2021.

Legal Services Agreement

Effective October 27, 2017, 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.

Lobbyist Services

Effective September 1, 2020, the Trust entered into an agreement with Hallowell Consulting, LLC to provide lobbyist services. The agreement continues until cancelled by either party.

Independent Audit Agreement

Effective January 21, 2021, 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.

Cash Advisory Services Agreement

Effective January 11, 2017, Umbaugh Cash Advisory Services, LLC (Umbaugh) was engaged by the Trust to provide cash advisory services. In 2019, Umbaugh merged with Baker Tilly Krause, LLP (Baker Tilly). The agreement continues until cancelled by either party.

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 Federal 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 UHC. 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 \$350,000 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.

RELATED PARTY TRANSACTION

The Trust has entered into a service agreement with Aim, a participating employer of the Trust, to provide daily administrative services to the Trust. The service expenses incurred by the Trust for the administrator services by Aim for the year ended December 31, 2020 were \$900,000. Additionally, the Executive Director of Aim serves as Secretary/Treasurer on the Trust's Board of Trustees.

The Trust has entered into a service agreement with Baker Tilly to provide cash advisory services to the Trust. A representative of Baker Tilly is currently filling the independent financial expert Trustee role on the Trust's Board of Trustees. The service expenses incurred by the Trust for the cash administrator services by Aim for the year ended December 31, 2020 were approximately \$20,000. See Other Significant Issues section of this Report of Examination regarding the recommendation to remove the Independent Financial Expert Trustee position as an appointment to the Board of Trustees.

AIM MEDICAL TRUST
Statement of Assets, Liabilities and Fund Balance
As of December 31, 2020

	Per Examination*
ASSETS	
Cash and cash equivalents	\$ 39,290,343
Stop loss, rebate and refund receivables	2,090,556
Accrued interest income	65,049
Prepaid expenses	21,047
Accounts receivable	5,128
Investments	10,847,081
Total Assets	\$ 52,319,204
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 76,435
Claims payable and incurred but not report claims reserve	6,063,448
Total Liabilities	6,139,883
 Fund Balance	
Restricted reserve - supplemental contribution reserve	28,548,999
Unrestricted reserve	17,630,322
Total Fund Balance	46,179,321
Total Liabilities and Fund Balance	\$ 52,319,204

* 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.

AIM MEDICAL 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	\$ 76,291,666
Reinsurance premiums paid	(5,821,122)
Total net premiums	70,470,544
Interest income	385,640
Realized gain on investments, net	24,849
Unrealized loss on investments, net	(15,627)
Other income	333,108
Total Revenue	71,198,514
EXPENSES	
Claims paid, net of refunds and rebates	52,913,812
Change in claims reserve	(69,096)
Administrative and network fees	2,882,896
Trust administrator services	900,000
Shared savings fees	858,006
Professional fees	602,366
Wellness initiative	131,117
Miscellaneous	128,327
Total Expenses	58,347,428
CHANGE IN FUND BALANCE	
Net change	12,851,086
Fund balance, beginning of year	33,328,235
Fund balance, end of year	\$ 46,179,321

* 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

Indiana Administrative Code section 760 IAC § 1-68-2(d)(2) states in part that, “The MEWA must be (A) controlled and sponsored directly by participating employers or participating employees, or both...” The Trust Agreement requires Aim to appoint an independent financial expert as a Trustee to the Trust’s Board of Trustees. It is recommended that the Trust remove the independent financial expert position from the board. Additionally, it is recommended that the Trust modify the existing Trust Agreement to exclude the appointment of a Trustee that is not in accordance with the Indiana Administrative Code for a MEWA. This issue was also included in the prior examination for the five-year examination period ended December 31, 2015. Additionally, a representative of Baker Tilly is currently filling the independent financial expert Trustee role. Baker Tilly provides the Trust with cash advisory services for a fee.

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

SUBSEQUENT EVENTS

In 2022, the Trust developed a captive insurance structure, involving United States Fire Insurance Company and MSL Advantage, IC, to facilitate the stop loss insurance requirements of the Trust.

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.

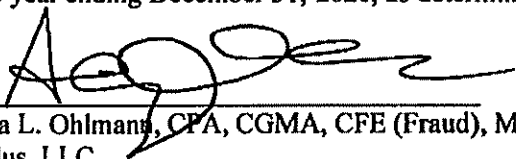
AFFIDAVIT

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 Aim Medical 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.

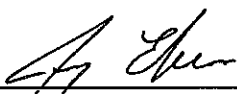
This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed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

The attached Report of Examination is a true and complete report of the condition of Aim Medical 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:

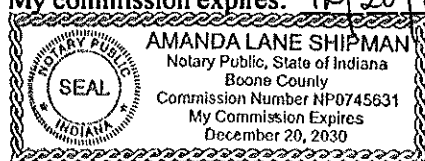


Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

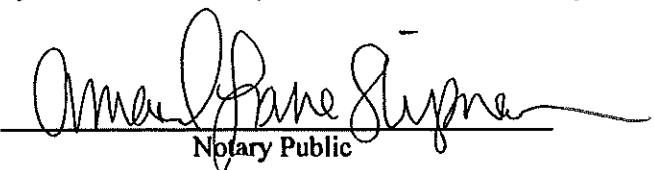
On this 29 day of April, 2024, before me personally appeared, Angela L. Ohlmann and Jerry Ehlers, to sign this document.

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



AMANDA LANE SHIPMAN
Notary Public, State of Indiana
Boone County
Commission Number NP0745631
My Commission Expires
December 20, 2030



Notary Public

