

Special Announcement: Innovative Method to Reduce Your Costs
IACT Medical Trust Launched in January
By Ann Cottongim

The financial challenges confronting Indiana municipalities in 2010 and beyond are significant. IACT believe it is our responsibility to help you with these challenges and to develop creative alternatives for your consideration, ideas like the IACT Medical Trust.

The IACT Medical Trust launched on January 1, 2010, with five charter members: the City of Angola, the Town of Highland, the City of Lafayette, the City of Mishawaka and the Indiana Association of Cities and Towns. Each municipality will save money in 2010 as a result of its participation in the IACT Medical Trust.

The IACT Medical Trust is not for every Indiana city and town. However, for many municipalities, the IACT Medical Trust will provide significant cost reductions and exceptional service.

Nuts and Bolts of the IACT Medical Trust

The IACT Medical Trust is a self-insured medical insurance pool that gives cities and towns the possibility of lower health-care-cost increases and ownership in the Trust. Pooling aggregates the powers and resources of the individual municipal entities to address the collective needs of its membership. The goal of pooling in the IACT Medical Trust is to spread risk over a larger population, rather than just one city or town. This size advantage provides leverage to negotiate lower administrative costs, lower reinsurance premiums and deeper network discounts.

IACT Medical Trust Insurance Offerings

The IACT Medical Trust offers six PPO (preferred provider organization) plans through UnitedHealthcare (UHC), the administrative service provider for the Trust.

The PPOs are managed care organizations of medical doctors, hospitals and other health care providers who have contracted with UHC to provide the Trust with reduced rates. The medical and prescription plans start with an individual and family deductible as low as \$250 and \$500 with five additional plans gradually increasing the individual deductible to \$1,500 and the family deductible to \$3,000.

A health savings account (HSA) is also offered by the IACT Medical Trust as the high deductible health plan. The individual and family deductible and maximum out-of-pocket is \$2,500 and \$5,000.

HSAs are owned by the individual employee and the funds may be used to pay for qualified medical expenses without federal tax liability. Unlike a flexible spending account, HSA funds roll over and accumulate year to year if they are not spent.

Premium Quotes and Rate Structures

Any IACT municipal member can obtain a premium equivalent quote with the submission of certain data relating to a municipality's employee demographics, medical claims history and current plan data. A quote will be provided for all plan offerings with a rate for an employee only, employee/spouse, employee/child(ren) and family coverage.

The IACT Medical Trust plan year runs from Jan. 1 through Dec. 31; however, the Trust is accepting new members now with 2010 midyear renewals.

About the Trust's Partners

UnitedHealthcare provides administrative services and stop-loss coverage for the IACT Medical Trust. UnitedHealthcare is an operating division of UnitedHealth Group, the largest single health carrier in the United States. UnitedHealthcare's nationwide network includes 606,000 physicians and health care professionals, 80,000 dentists and 5,015 hospitals. We are extremely pleased with UnitedHealthcare's commitment to quality and the resources it has dedicated to ensure the long-term success of the IACT Medical Trust.

The Henriott Group is an insurance brokerage and consulting firm based in Lafayette. The Henriott Group was founded in 1963 and provides guidance to governmental and private employers throughout Indiana.

Governance

The IACT Medical Trust is governed by a board of 12 trustees: the participating municipalities elect six trustees and the IACT executive board appoints four trustees. In addition, the IACT Executive Director and an independent financial expert serve as trustees. The Trust board retains legal counsel and is committed to working in full cooperation with the Indiana Department of Insurance.

Please consider obtaining a quote for your health insurance needs by contacting Ann Cottongim at acottongim@citiesandtownns.org.

Quote from Highland Clerk-Treasurer Michael Griffin on the IACT Medical Trust

"I am extremely pleased at the high promise of the establishment of the IACT Medical Trust and its inaugural act establishing group health benefits for member cities and towns. My community of Highland faced an impossible to support 25% increase in our health insurance premiums for 2010. In fact, Highland generally experienced increase of between 12%-15% in recent years. By joining the IACT Medical Trust, Highland is only experiencing an increase of 5% in our premiums! Further, Highland workers are experiencing lower co-payments for many services, in a group plan that offers very fine coverage with an underwriter (UnitedHealthcare) with which Highland had been favorably associated before.

I am pleased still further that by participating in the IACT Medical Trust, Highland and all participants will control and slow the cost curve increase that we were experiencing for our group health benefit. In a period of fiscal contraction, any step that controls costs is highly desirable. I commend the leadership of IACT for initiating what I believe will eventually become to Indiana Cities and Towns the most fiscally significant membership service of all."