

STATE OF INDIANA)
)
COUNTY OF MARION)

) /
) SS:
)

BEFORE THE INDIANA
COMMISSIONER OF INSURANCE

IN THE MATTER OF:)

Indiana University Health Plans, Inc.)
950 North Meridian Street, Suite 200)
Indianapolis, IN 46204)

Examination of: **Indiana University Health Plans, Inc.**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Indiana University Health Plans, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 18, 2017, 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 Indiana University Health Plans, Inc. 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.

2/16/2018

Date



Roy Eft

Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8933

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

IN THE MATTER OF:)
)
Indiana University Health Plans, Inc.)
950 North Meridian Street, Suite 200)
Indianapolis, IN 46204)

Examination of: **Indiana University Health Plans, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Indiana University Health Plans, Inc. (hereinafter "Company") for the time period January 1, 2014 through December 31, 2016.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on July 31, 2016.

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 December 18, 2017 and was received by the Company on December 21, 2017.

The Company did not file any objections.

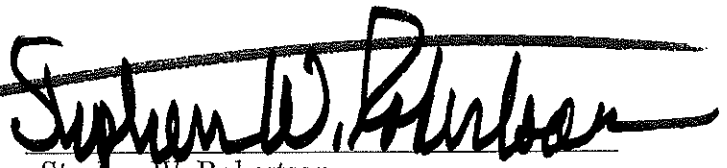
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Indiana University Health Plans, Inc. as of December 31, 2016.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Indiana University Health Plans, Inc. 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 16 day of
February, 2018.



Stephen W. Robertson
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.

[Handwritten signature]

[Handwritten signature]

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

INDIANA UNIVERSITY HEALTH PLANS, INC.

NAIC Co. CODE 13164
NAIC GROUP CODE 4637

As of

December 31, 2016

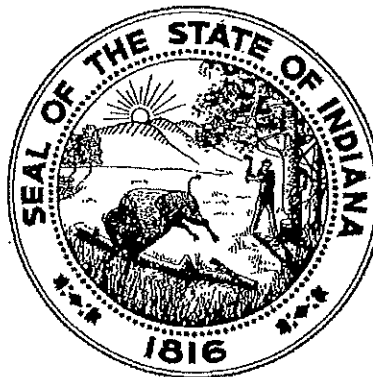


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	3
DIVIDENDS.....	3
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	4
CONFLICT OF INTEREST.....	5
CORPORATE RECORDS.....	5
Articles of Incorporation.....	5
Bylaws.....	5
Minutes.....	5
AFFILIATED COMPANIES.....	5
Organizational Structure.....	5
Affiliated Agreements.....	6
FIDELITY COVERAGE AND OTHER INSURANCE.....	6
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....	7
SPECIAL AND STATUTORY DEPOSITS.....	7
REINSURANCE.....	7
Ceded Reinsurance.....	7
Assumed Reinsurance.....	7
ACCOUNTS AND RECORDS.....	8
FINANCIAL STATEMENTS.....	9
Assets.....	9
Liabilities, Surplus and Other Funds.....	10
Statement of Revenue and Expenses.....	11
Capital and Surplus Account Reconciliation.....	12
COMMENTS ON THE FINANCIAL STATEMENTS.....	13
OTHER SIGNIFICANT ISSUES.....	13
SUBSEQUENT EVENTS.....	13
AFFIDAVIT.....	14



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

July 31, 2017

Honorable Stephen W. Robertson, 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 3937, an examination has been made of the affairs and financial condition of:

Indiana University Health Plans, Inc.
950 North Meridian Street, Suite 200
Indianapolis, Indiana 46204

hereinafter referred to as the "Company", or "IUHP, Inc.", an Indiana domestic health maintenance organization. The examination was conducted at the corporate offices of the Company and the offices of Noble Consulting Services, Inc. (Noble) in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2016, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-2402	COMPANY RECORDS 317-232-5692	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
---------------------------------	------------------------------------	--	------------------------------------	-------------------------------------	---------------------------------	--

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2011 through December 31, 2013. The present risk-focused examination was conducted by Noble, and covered the period from January 1, 2014 through December 31, 2016, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

Michael Berman, FSA, MAAA, of Merlinos & Associates, Inc., provided the actuarial services throughout the examination and conducted a review of the Company's loss reserves and loss adjustment expense reserves as of December 31, 2016.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company is a for-profit health maintenance organization (HMO) incorporated on March 6, 2008. The Company is a wholly-owned subsidiary of Indiana University Health, Inc., (IU Health) previously known as Clarian Health Partners, Inc. IU Health is an Indiana private, not-for-profit corporation that was formed in 1997 through a consolidation of three (3) downtown Indianapolis hospitals: Indiana University Hospital, Methodist Hospital of Indiana, and Riley Hospital.

On December 15, 2010, the Company merged with M-Plan, Inc., with the Company being the surviving entity. Effective June 15, 2011, the Company changed its name from Clarian Health Plans, Inc., to Indiana University Health Plans, Inc. On September 20, 2013, a new affiliate, Indiana University Health Plans NFP, Inc. (IUHP NFP) was formed and organized as a not-for-profit corporation. IUHP NFP is an affiliate of the Company and was established as part of IU Health's internal reorganization of its health insurance companies. The internal reorganization resulted in several steps which included the transfer of the Company's Medicare Advantage (MA) line of business being transferred to IUHP NFP through an Asset Purchase Agreement effective December 31, 2015. The Company plans to continue to operate as a for-profit HMO offering commercial products in Indiana.

CAPITAL AND SURPLUS

The Company had 100,000 shares authorized, of which 1,000 shares were issued and outstanding at the examination date. The Company reported capital stock totaling \$1,000 with total capital and surplus of \$7,821,703 as of December 31, 2016. The Company received paid-in capital and surplus from its parent company during the examination period as follows:

<u>Year</u>	<u>Paid-in capital</u>
2016	\$ 23,250,000
2015	8,000,000
2014	4,000,000

DIVIDENDS

As part of the Asset Purchase Agreement between IUHP, Inc and IUHP NFP, which was non-disapproved by the INDOI on August 6, 2015, a dividend was declared to the affiliate, IUHP NFP for \$10,254,576.

TERRITORY AND PLAN OF OPERATION

The Company was incorporated as an Indiana HMO focusing on Medicare operations. During the examination period, the Company wrote business in Indiana only. Effective January 1, 2009, the Company began operations as a MA plan in Marion County, Indiana. From 2009 through 2015, the Company had expanded offerings to 75 counties in central Indiana. The MA Plan is the federal government-sponsored health insurance program for United States citizens aged 65 and older, qualifying disabled persons, and persons suffering from end-stage renal disease. IUHP, Inc. transferred the MA line of business to the newly formed government sponsored HMO, IUHP NFP, through an Asset Purchase Agreement on December 31, 2015. IUHP, Inc. continued to operate as a for-profit HMO offering commercial products in Indiana. Effective January 1, 2015, the Company launched the Marketplace Exchange plan in seventeen (17) counties of Central Indiana offering seven (7) products across three (3) levels of insurance: Bronze, Silver, and Gold. In addition, a fully insured (FI) line of business was launched in early 2015 for individual employers.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Total Revenues</u>	<u>Net Income</u>
2016	\$ 41,668,355	\$ 33,846,652	\$ 7,821,703	\$ 73,872,847	\$ (20,181,527)
2015	22,159,533	7,966,764	14,192,769	141,880,637	(3,353,020)
2014	13,174,327	3,135,581	10,038,746	134,810,021	(1,213,254)

Assets increased during 2016 as a result of capital contributions from IU Health and net cash from operations. Partially offsetting the increase was the transfer of the MA business to IUHP NFP, which sent capital of approximately \$10 million to IUHP NFP.

For 2016, capital and surplus decreased (\$6.4) million primarily due to negative net income and the MA Asset Purchase Agreement with IUHP NFP. The decrease was offset by the capital contributions from IU Health. Total

revenue for 2016 decreased significantly as a result of the transfer of the MA line of business and risk adjustment payable (estimated CMS liability) of \$7.9 million. Net income decreased (\$16.8) million in 2016, due primarily to the decrease in premium earned and an increase in general and administrative expenses.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of between two (2) and seven (7) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors at December 31, 2016, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
John F. Fitzgerald M.D. Indianapolis, Indiana	President and Chief Executive Officer IU Health Physicians
Ryan C. Kitchell Indianapolis, Indiana	Chief Administrative Officer Indiana University Health, Inc.
Cynthia S. Miller Carmel, Indiana	Retired
Dennis M. Murphy Indianapolis, Indiana	President and Chief Executive Officer Indiana University Health, Inc.
Ben H. Park M.D. Indianapolis, Indiana	President American Health Network
James T. Parker ^A Indianapolis, Indiana	President IUHP, Inc. and IUHP NFP
Steven L. Pollack Carmel, Indiana	Retired

Officers

The Bylaws state that the elected officers of the Company shall consist of the President, Treasurer, and Secretary. The Board may also elect such Vice Presidents, Assistant Secretaries, and Assistant Treasurers from time to time by resolution. The officers shall be elected by the Board and need not be selected from among the members of the Board. Any two (2) or more offices may be held by the same person.

^A James T. Parker was replaced as President by Mark Lantzy in March, 2017.

The following is a list of key officers and their respective titles as of December 31, 2016:

<u>Name</u>	<u>Office</u>
James T. Parker ^A	President and Chief Executive Officer
Susan M. Mann	Secretary
Ryan C. Kitchell ^B	Treasurer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed Conflict of Interest statements as of December 31, 2016.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

As of December 31, 2016, the Board had no committees.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's ultimate controlling party and relevant affiliates as of December 31, 2016:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Indiana University Health, Inc.		
Indiana University Health Plans Holding Company, Inc.		IN
Indiana University Health Plans, Inc.	13164	IN
Indiana University Health Plans NFP, Inc.	15450	IN

^A James T. Parker was replaced as President by Mark Lantzy in March, 2017.

^B Gerald C. Bradford was appointed CFO in February, 2017. He was appointed Treasurer on May 18, 2017 by the Board.

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Administrative Services Agreement

Effective December 31, 2014, IU Health entered into an Administrative Services Agreement with IUHP, Inc. and other affiliates, whereby IUHP, Inc. may receive and provide certain administrative services. The Company made reimbursements and payments netting to \$7,177,980 to IU Health for expenses paid or provided on its behalf for the year ended December 31, 2016.

Asset Purchase Agreement

Effective December 31, 2015, IUHP, Inc. and IUHP NFP entered into an Asset Purchase Agreement. Under the agreement, IUHP NFP agreed to purchase and IUHP, Inc. agreed to sell all of the assets associated with its MA business totaling \$10,254,576*. In addition, IUHP, Inc. agreed to transfer and IUHP NFP agreed to accept and assume IUHP, Inc.'s MA Prescription Drug Contract and all other obligations associated with its MA business. The INDOI approved a request by the Company to allow a recording date of January 1, 2016.

Assignment and Assumption Agreement

Effective December 31, 2015, IUHP, Inc. assigned all rights in relation to the MA Delivery Service Agreement (MA DSA) to IUHP NFP pursuant to an Assignment and Assumption Agreement as part of the transition of the MA business from IUHP, Inc. to IUHP NFP. The MA DSA was originally entered into by and between IU Health and IUHP, Inc., effective January 9, 2009.

Delivery System Agreement - Exchange and Commercial

Effective December 31, 2014, IU Health and IUHP, Inc. entered into an Exchange and Commercial Delivery System Agreement whereby, IU Health acts as a delivery system in the administration of IUHP, Inc.'s commercial health plans and delivers or arranges for the delivery of medical services through its provider network to members of IUHP, Inc.'s commercial plans on a prepaid, capitated basis. Medical capitation payments paid by the Company to IU Health totaled \$61,750,200* through December 31, 2016.

Letter of Guarantee

On December, 9, 2016, IU Health provided an updated Risk Based Capital (RBC) and Plan of Receivership Guarantee to the INDOI whereby, IU Health agrees to “ensure that IUHP, Inc., and IUHP NFP have adjusted capital maintained at not less than three hundred percent (300%) of its Authorized Control Level RBC per IC 27-1-36-29, indefinitely. IU Health also agrees to ensure that both entities provide the minimum dollar amount required per IC 27-13-16 and 760 IAC 1-70 in the event of a receivership, indefinitely.” It should be noted this arrangement is not listed on Form B as an affiliated agreement, but is considered as such for purposes of this Report of Examination.

FIDELITY COVERAGE AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through fidelity coverage issued by Beazley Insurance Company, Inc. The policy has a coverage limit of \$20,000,000, with a \$150,000 deductible. The coverage is adequate to meet the prescribed minimum coverage specified by the NAIC.

* Immaterial difference noted between this amount and the amount on the Form B filing.

The Company had additional types of coverage in-force at December 31, 2016, including but not limited to automobile liability, commercial general liability, directors and officers liability, employment practices liability, errors and omissions liability, excess workers' compensation, managed care liability, and umbrella liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in a 401(k) defined contribution plan sponsored by its parent (IU Health) and has no legal obligation for benefits under the plan.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following special and statutory deposit at December 31, 2016:

State	Book Value	Fair Value
Deposits For the Benefit of All Policyholders:		
Indiana	\$ 498,864	\$ 498,864
Total Deposits ^C	\$ 498,864	\$ 498,864

REINSURANCE

Ceded Reinsurance

The Company has an HMO Plan Excess of Loss Reinsurance Agreement with Munich Reinsurance America, Inc., effective June 1, 2016 through May 31, 2017, for the fully insured line of business. The agreement applies to both the large and small group lines of business. Premium rates payable per member per month are \$5.93, for the applicable lines of business. The maximum benefit per covered member in excess of specific retention is \$5,000,000. The specific retention for each line of business is \$425,000. The Company ceded \$200,666 in premiums for this contract for the year ended December 31, 2016.

Section 1341 of the Affordable Care Act established a transitional reinsurance program to stabilize premiums in the individual market inside and outside the Marketplace. The transitional reinsurance program will collect contributions from contributing entities to fund reinsurance payments to issuers of non-grandfathered reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the General Fund of the U.S. Treasury for the 2014, 2015, and 2016 benefit years. The Company's transitional reinsurance agreement is with the U.S. Department of Health & Human Services. The Company ceded \$765,099 in premiums for the Company's commercial group business for year ended December 31, 2016.

Assumed Reinsurance

The Company has no assumed reinsurance.

^C IC 27-13-13-1(4) notes except as provided in this chapter, an HMO shall deposit with the Commissioner or, at the discretion of the Commissioner, with any bank or bank and trust company or other trustee acceptable to the Commissioner through which a custodial or controlled account is used... which at all times must have a value of at least five hundred thousand dollars (\$500,000). As of December 31, 2016, the reported value of the required deposit fell below the required amount. Subsequent to the examination date, it was determined the required amount was on deposit at year-end 2016. See full IC citing in the Other Significant Issues section of this Report of Examination.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2015 and December 31, 2016, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2014 through December 31, 2016, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

INDIANA UNIVERSITY HEALTH PLANS, INC.

Assets

As of December 31, 2016

	<u>Per Examination*</u>
Cash, cash equivalents, and short-term investments	<u>\$ 41,360,562</u>
Subtotals, cash and invested assets	41,360,562
Investment income due and accrued	3,376
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	28,217
Health care and other amounts receivable	<u>276,200</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	41,668,355
Totals	<u><u>\$ 41,668,355</u></u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

INDIANA UNIVERSITY HEALTH PLANS, INC.
 Liabilities, Surplus and Other Funds
 As of December 31, 2016

	Per Examination*
Aggregate health policy reserves	\$ 2,384,368
Premiums received in advance	2,389,218
General expenses due or accrued	2,902,631
Amounts due to parent, subsidiaries and affiliates	17,781,379
Aggregate write-ins for other liabilities	8,389,056
Total liabilities	33,846,652
Common capital stock	1,000
Gross paid in and contributed surplus	52,494,424
Unassigned funds (surplus)	(44,673,721)
Total capital and surplus	7,821,703
Total liabilities, capital and surplus	\$ 41,668,355

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

INDIANA UNIVERSITY HEALTH PLANS, INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2016

	Per Examination*
Member Months	339,994
Net premium income	\$ 72,907,082
Aggregate write-ins for other health care related revenues	965,765
Total revenues	73,872,847
Hospital and Medical:	
Hospital/medical benefits	61,750,200
Subtotal	61,750,200
Total hospital and medical	61,750,200
General administrative expenses	32,306,943
Total underwriting deductions	94,057,143
Net underwriting gain or (loss)	(20,184,296)
Net investment income earned	2,769
Net investment gains (losses)	2,769
Net income or (loss) after capital gains tax and before all other federal income taxes	(20,181,527)
Net income	\$ (20,181,527)

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

INDIANA UNIVERSITY HEALTH PLANS, INC.
Capital and Surplus Account Reconciliation

	2016	2015	2014
Capital and surplus prior reporting year	\$ 14,192,769	\$ 10,038,746	\$ 7,282,090
Net income or (loss)	(20,181,527)	(3,353,020)	(1,213,254)
Change in nonadmitted assets	815,037	(492,957)	(30,090)
Capital changes:			
Paid in	23,250,000	8,000,000	4,000,000
Dividends to stockholders	(10,254,576)	-	-
Net change in capital and surplus	<u>(6,371,066)</u>	<u>4,154,023</u>	<u>2,756,656</u>
Capital and surplus end of reporting year	<u>\$ 7,821,703</u>	<u>\$14,192,769</u>	<u>\$ 10,038,746</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2016, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues as of December 31, 2016, based on the results of this examination.

SUBSEQUENT EVENTS

The Company filed an amended 2016 Annual Statement primarily to reflect audit adjustments not considered financially significant made by the external auditors.

The Company had several executive level officer changes after filing the 2016 Annual Statement. James Parker (CEO) left the Company to become President of affiliate, MDwise and was replaced by Mark Lantzy effective March 27, 2017. Mr. Lantzy is also the Chief Information Officer of IU Health. Gerald Bradford, CFO, began working at the Company effective February 6, 2017. Mr. Bradford was appointed Treasurer on May 18, 2017 by the Board. See Officers section on page 4 for additional details.

The Company recorded a capital contribution of \$5 million as of December 31, 2016, as approved by the INDOI during February, 2017.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlinos & Associates, Inc., performed an examination of Indiana University Health Plans, Inc., as of December 31, 2016.

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

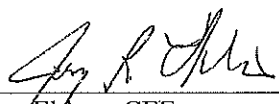
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 condition of Indiana University Health Plans, Inc., as of December 31, 2016, as determined by the undersigned.



Brad Neff, CFE
Noble Consulting Services, Inc.

Under the supervision of,




Jerry Ehlers, CFE
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 31st day of July, 2017, before me personally appeared, Brad Neff 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 _____


Notary Public

