EXPECT MORE
THE VALUE OF BLUE

BLUE CROSS AND BLUE SHIELD OF KANSAS CITY / ANNUAL REPORT 2017
EXPECT MORE FOR MEMBERS
FOR PHYSICIANS
FOR OUR COMMUNITY
FOR OUR PARTNERS
EXPECT MORE FOR MEMBERS
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FOR OUR PARTNERS
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THE VALUE OF BLUE
Expect More: The Value of Blue isn’t just the theme of our 2017 Annual Report, it’s the precept that underlies everything we do. We expect more of ourselves because simply meeting expectations is not an option. Our goal is to offer more than is expected to our members, physicians, community and partners.

For members, more means going beyond what they expect from traditional health insurance and creating products and services that improve their lives; ultimately increasing quality of care while lowering overall healthcare costs.

For physicians, more means actively seeking out innovative partnerships with the provider community that place a greater emphasis on primary care, which has been proven to drive positive change in the way healthcare is delivered in our community.

For our community, more means giving back through long-standing relationships with organizations that improve health and wellness, not only for our members but for the communities we serve in and around Kansas City.

For our partners, more means using our experience and expertise to develop creative solutions with the end goal of establishing quality-driven, patient-centered and outcomes-focused health delivery strategies that improve their bottom line.

For those we serve, the value of Blue comes from knowing we’re doing our best to be more than an insurance company and offering more than we’ve ever offered before.

And as always, there is more to come.

Danette Wilson | President and CEO
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In 2017, members told us that we could do more for them by making healthcare less confusing. In response, we developed valuable products and services that put the member first and make healthcare simpler.

Lauren Bessey, D.O., family practice physician at Spira Care Olathe
WE’VE BUILT A HEALTHCARE EXPERIENCE WITHOUT TIME CONSTRAINTS. IT’S A WORLD WHERE YOU CAN ACTUALLY SPEND TIME WITH YOUR DOCTOR.

Greg Sweat, M.D., Blue KC Senior Vice President and Chief Medical Officer

Spira Care Olathe

THIS CHANGES EVERYTHING

Few things are as personal as your health. And yet healthcare sometimes seems so impersonal and confusing. In 2017, Blue KC set out to put the “care” back into healthcare.

This is the story of Spira Care. It started with us asking ourselves, “How can we make healthcare simpler and more affordable for everyone?” It’s a question that made us rethink what a health plan could be. The healthcare and strategy professionals at Blue KC partnered with top regional healthcare providers, like Shawnee Mission Health. Together, we erased the chalkboard and built a new model from the ground up. The result is Spira Care – an innovative health plan that combines care, coverage and coordination into one seamless offering.

“In the Amazon era, consumers are used to experiences that are simple and intuitive, yet personal and convenient, and we wanted to make sure we were offering that kind of desired experience to our members,” said Jason Spacek, Blue KC Vice President and Chief Innovation Officer.

“We started by inviting the people in our hometown to help us design the care of the future.”

People wanted a welcoming place for their care and a simplified health plan. These insights led us to streamline the member experience around our Care Centers and Care Guides.

Everything about Spira Care revolves around the member. We created a singular experience with a medical and advocacy team that is focused on the individual’s needs.

“WE’VE BUILT A HEALTHCARE EXPERIENCE WITHOUT TIME CONSTRAINTS. IT’S A WORLD WHERE YOU CAN ACTUALLY SPEND TIME WITH YOUR DOCTOR.”

Greg Sweat, M.D., Blue KC Senior Vice President and Chief Medical Officer
As a local health insurance company, we understand the needs of our community. With the rising cost of care, it’s why we’re committed to making health insurance more affordable. And that’s why we created Greater Blue.

So, what exactly is Greater Blue? It’s a portfolio of new solutions and includes the BlueSelect Plus network and Spira Care – both designed to give access to superior healthcare at lower premiums for employers and their employees across Greater Kansas City.

**BLUESELECT PLUS**

How do you offer consistent, sustainable savings to employees and members without sacrificing benefits? You start by partnering with high-quality, local care providers. The BlueSelect Plus network gives members access to over 3,000 physicians and specialists at over 11,000 access points. It also gives employees and employers an option that helps manage rising healthcare costs.

Facing the need to dramatically cut costs, North Kansas City School District (NKCSD) replaced all their health insurance plan offerings with BlueSelect Plus.

While this was a major decision for NKCSD, Blue KC was able to share accessibility and utilization reports indicating that 86 percent of the school district’s employees were already using providers within the BlueSelect Plus network, easing concerns around disruption.

“Choosing BlueSelect Plus was the right decision for our district. And it was the right decision for our employees,” said Dr. Dan Clemens, NKCSD Superintendent. “We were able to save over $2.9 million off our annual premiums and put these cost savings back into our schools.”

It’s these types of successes that drive Blue KC to find more cost-effective solutions that help meet our clients’ needs as the landscape of health insurance continues to change. Greater Blue has given us new options to share with our customers that can’t be matched in the marketplace.
Since entering the Medicare Advantage (MA) market three years ago, we have been constantly evaluating our plans to ensure we’re doing the most we can to meet our members’ needs. Blue KC expanded its MA plan offerings to include a Preferred Provider Organization (PPO) for the 2018 Annual Enrollment Period, giving seniors in the Kansas City area more choices and flexibility. Our diverse portfolio of products has helped us increase our market share with year-over-year growth and more than 10,000 members at the start of 2018.

“We wanted to give our senior population the choices they desired,” said Heather Rollins, Blue KC Department Vice President, Individual and Small Group Sales. “We know they have a lot to consider when choosing a Medicare plan, like health conditions, lifestyle and financial situation. We now offer different options to meet their needs.”

When we started offering our MA plan three years ago, we began with a Health Maintenance Organization (HMO) that gave MA participants broad coverage at the lowest cost. But some people prefer the greater flexibility of a PPO – like being able to see doctors outside of the network without going through a primary care physician – even if there is a cost difference. By adding a PPO to our MA portfolio, we now offer more great healthcare options for our community.

“WE LIKE IT SO MUCH THAT WE’VE ALREADY REFERRED SEVERAL OF OUR FRIENDS. WE ESPECIALLY APPRECIATE THAT THE PLAN INCLUDES VISION AND DENTAL COVERAGE, SINCE EXPENSES IN THOSE AREAS CAN REALLY ADD UP.”

Tom and Donna Bailey, Blue Medicare Advantage PPO Members
Since 2013, Blue KC customer service representatives have been recognized as part of the World Class Certification Program. Why is that a big deal? The certification comes directly from our customers’ feedback about their interactions with our representatives.

At Blue KC, our customers are our priority. We are constantly evaluating, and then enhancing our systems, procedures, programs and offerings to be more attuned to our customers’ needs.

“We listen to our customers to understand what will simplify their experiences with us,” said Dan Frazier, Blue KC Vice President of Operations. “People’s stress levels run high when they’re dealing with health issues. We want to do all we can to help alleviate that stress and make things as easy and uncomplicated as possible. So improving and streamlining our customers’ experience will continue to be a main priority for us.”

In 2017, we focused on two areas of improvement. First, we made significant upgrades to our phone system. The new system monitors call volume and trends, so we can reduce our customers’ wait time and ensure they’re being directed to the right person. And now, customers can request a callback if the approximate wait time is too long for them.

Second, we streamlined our electronic payment processes to make our customers’ experience more convenient; now, they can call in and make premium payments any time, in a secure format, without speaking to a live representative.

And in those cases where it is necessary for our customers to speak with a representative, they are working with someone right here in Kansas City.

“The people we serve are our neighbors, friends, our kids’ teachers,” said Mindy Rubio, Blue KC Director of Operations. “People who call are often surprised, and comforted, to find they are speaking to someone in their hometown. They know we’ll have a better understanding of their issue, whatever it may be.”
In 2017, we explored new ways to help our providers deliver more to their patients. As a result, we were able to increase the value of existing programs while investing in new ways to improve quality and control cost.

Innovative Programs for Physicians

In 2017, we explored new ways to help our providers deliver more to their patients. As a result, we were able to increase the value of existing programs while investing in new ways to improve quality and control cost.
Blue KC has long been at the forefront of exploring innovative approaches to deliver high-quality, affordable healthcare to our members and facilitate smarter spending on behalf of all stakeholders. Since 2010, when we launched the Blue KC Medical Home Program, we have actively sought partnerships that will place a greater emphasis on primary care; ultimately lowering the cost of care, improving health and reducing health inequities.

In 2017, Blue KC and Centrus Health, a Clinically Integrated Network (CIN) of more than 1,600 providers from across the region, formed an Accountable Care Organization (ACO) bringing together some of Blue KC’s highest performing medical homes in a first-of-its-kind, physician-led network to improve quality and reduce costs by delivering coordinated, efficient patient care.
Centrus Health is made up of the employed medical groups of North Kansas City Hospital, Shawnee Mission Health and The University of Kansas Health System, and independent physicians including The Kansas City Metropolitan Physician Association. Its membership makes it unique to the Kansas City market because competing health systems aren’t often found in the same ACO.

Chris Wilson, Centrus Health Executive Director, said that Centrus Health has three main priorities, “Physician-led governance focused on quality, shared data and infrastructure, and a mechanism through which to contract for value-based arrangements.”

This five-year initiative is described by CMS as “its largest-ever multi-payer initiative to transform and improve how primary care is delivered and paid for in America.” The Kansas City region is one of only 14 markets across the country chosen to participate in this program. In 2017, Blue KC had the distinction of being the only payer in the Kansas City region taking part in this groundbreaking initiative.

This partnership aims to significantly expand patient-focused payment offerings to an estimated 20,000 primary care physicians, which will affect nearly 25 million Medicare, Medicaid and privately-insured patients across the 14 markets.

In the Kansas City region, there are more than 800 clinicians caring for more than 300,000 patients covered by Medicare and Blue KC, but the benefits from this transformation are expected to affect the broader community.

The multi-payer nature of the CPC+ program will significantly accelerate the level of collaboration between providers and payers. CMS purposefully designed the program to foster transparent conversations that start with patients, providers and payers in each market.

Blue KC’s role in bringing the program to the Kansas City area gives us the opportunity to participate in discussions with providers as we work to improve outcomes and affordability for people in our community.

Many of Blue KC’s key constituents stand to benefit from the partnership. Centrus Health gives participating providers access to shared data and infrastructure and the heightened ability to spot the gaps in care and take action. Those providers are then able to drive the discussion around the quality of care in our community, ultimately leading to improved health for their patients.

How will Centrus Health accomplish this? Wilson explained, “We’ve set standards on quality metrics. To be in the network, providers need to focus on meeting the standards. For example, the metrics include a focus on preventive care, like cancer screenings, and chronic conditions, like diabetes.”

With partnerships like Centrus Health, Blue KC is playing a key role in helping to drive high-quality care while helping members and employers lower their overall healthcare costs.
In 2017, we did more for our community by supporting organizations that provide children and adults with the tools and supplies they need to live healthier and happier lives.
THE CARING PROGRAM FOR CHILDREN: FEBRUARY 13-17
+ $42,375 DONATED

Employees donated money to The Caring Program to fund specialized medical equipment for local children with special needs, including floor sitters, valet seats and gait trainers.

GIVING CAMPAIGNS

YEAR IN REVIEW

BLUE KC GIVES BACK

OUR MISSION

WE WILL USE OUR ROLE AS THE AREA’S LEADING HEALTH INSURER TO PROVIDE AFFORDABLE ACCESS TO HEALTHCARE AND TO IMPROVE THE HEALTH OF OUR MEMBERS.

Each year, Blue KC employees give back to our community in various ways including drives for organizations and countless hours spent volunteering. We also spend one week in April recognizing the volunteers and all the hard work they do. Employees volunteered 6,000 hours in 2017 in various volunteer opportunities across the city. We are proud to help create impact through volunteerism.

KVC HOLIDAY HEROES: NOVEMBER 28-DECEMBER 15

Employees brought in in-kind donations, toys and gifts for role in foster care at KVC.

UNIQUE WAY: OCTOBER 16-20
+ $81,315 DONATED
+ MORE THAN 600 EMPLOYEES PARTICIPATED

Employees boosted local business, business owners and staffs to come together. Four days to help local businesses under 20 businesses.

HARVESTERS: JULY 17-21

Employees contributed canned goods as well as volunteering at the warehouse and donated online.

+ OVER 3,462 POUNDS OF FOOD DONATED
+ 120 VOLUNTEER HOURS
+ 17,550 POUNDS OF FOOD PACKED
+ 91,638 TOTAL MEALS PROVIDED

NATIONAL VOLUNTEER APPRECIATION WEEK: APRIL 24-28

Blue KC celebrated National Volunteer Appreciation Week by giving their time and talents throughout the Kansas City community. We also launched a new volunteer tracking system paired with a Dollars for Doers program to track volunteer hours so employees are eligible for a grant towards a charity of their choice.

ORGANIZATIONS SUPPORTED IN 2017:
+ HAPPYBOTTOMS
+ GIVING THE BASICS
+ BLOOD DRIVE FOR THE COMMUNITY BLOOD CENTER
+ PAINTED AND POTTED FLOWER POTS FOR KANSAS CITY HOSPICE
+ RONALD MCDONALD HOUSE CHARITIES
+ LUNCH & DINNER
+ STARTED KITS FOR DIALYSIS PATIENTS FOR NATIONAL KIDNEY FOUNDATION
In December, Blue KC employees went shopping. Not for themselves, but to buy toys, like remote-control helicopters, dolls and LEGOS, for the kids in the KVC Kansas Holiday Heroes program. Every year during the holiday season, KVC Kansas collects presents, gift cards and monetary donations to ensure that children in the foster care system have every chance for a happy holiday. Every December, Blue KC employees choose an organization to support for our holiday drive. In 2017, employees chose KVC Kansas because of the work they are doing to improve our community.

KVC Kansas helps stabilize and strengthen families in crisis so they can safely reunite. They support children rescued from abuse and neglect, and partner with caring relatives and foster families so the children can heal from unimaginable trauma. KVC Kansas provides practical parenting skills needed to create happy, healthy families and works to find children forever families through adoption.

"On any given day, KVC Kansas provides out-of-home care for more than 3,700 kids. Every child in our care received a variety of wonderful toys and clothing with the help of the generous donors at Blue KC," said Michelle Lawrence, KVC Health Systems Vice President of Development.

That’s why Blue KC has supported KVC Kansas since 2002. In fact, we’ve supported more than 350 regional organizations like KVC Kansas over the years and host five internal giving campaigns for various local organizations throughout the year. It’s a testament to Blue KC’s commitment to improving the health and wellness of not only our members, but also the communities we serve in and around Kansas City.

As for whether goodwill has the power to actually improve health? Let’s just say, we believe.
MADE (BLUE) IN KC

Blue KC is proud to serve many national companies that call Kansas City home.

VML

“VML’s partnership with Blue KC has been in place for more than a decade, and during this time VML has grown immensely. Blue KC, with their large national network, has been able to accommodate our increasing number of employees across the nation.”

Ammania Burnette, Managing Director of Employee Benefits

BOULEVARD BREWING COMPANY

“We have received a lot of support from Blue KC since developing our wellness program. Their on-site biometrics, wellness challenges and commitment to the health and well-being of their partners has enriched our overall experience.”

Jeff Knurl, President

DAIRY FARMERS OF AMERICA

“We’ve been partners with Blue KC since 2009 due to the flexibility in program offerings and the exceptional customer service.”

Jack Hask, Vice President of Human Resources

GARMIN

“Blue KC shares our philosophy of treating associates like family and lives it in all that they do.”

Gene Lampa, Director of Human Resources

JE DUNN

“Blue KC has helped us create competitive medical plan options that our employees value.”

Steve Best, Vice President, Compensation and Benefits

POPULOUS

“We continue to choose Blue KC because it’s a local, not-for-profit company that has our best interest at heart and one we can trust to truly partner with us for the long term.”

Missy Ragsdale, Human Resources Director and Principal

Blue KC is proud to serve many national companies that call Kansas City home.
EMPLOYEE AWARDS

Blue KC employees are committed to our community and we are proud to showcase their outstanding achievements.

HEATHER ROLLINS
Department Vice President of Individual and Small Group Sales
Award: 2018 Black Achiever in Business and Industry

GRETCHEL FITZGERALD
Large Group Sales Consultant
Award: Greater Kansas City Chamber of Commerce 2017 Centurion of the Year

MONICA GREEN
Business Analyst
Award: Zeta of the Year

RACHEL ARNETT
Director of Large Group Sales
Award: Ingram’s 40 Under Forty Recipient

DEBRA JOHNSON
Retired Department Vice President of Operations
Award: Greater Kansas City Chamber of Commerce 2017 ACE Award Recipient

“ONE WAY TO SHOW OUR DIVERSE COMMUNITY WE CARE IS TO HAVE A DIVERSE WORKFORCE.”

Debra Johnson, Retired Blue KC Department Vice President of Operations

WHO WE COVER

AS THE AREA’S MARKET LEADER AND HOMETOWN HEALTH PARTNER, WE SERVE MORE THAN 1 MILLION MEMBERS AND ARE COMMITTED TO IMPROVING THE HEALTH OF THE KANSAS CITY COMMUNITY.

67 MUNICIPALITIES
120 NON-PROFITS
119 SCHOOLS & UNIVERSITIES
75,848 SMALL GROUP MEMBERS
44,438 FEDERAL EMPLOYEE PROGRAM MEMBERS
494,001 LARGE GROUP MEMBERS
74,291 LABOR MEMBERS
30,717 MEDICARE MEMBERS
In 2017, we did more for our partners by helping them navigate the ever-changing healthcare industry and providing them with valuable solutions that save money and improve the health and wellness of their employees.
A conversation that started two years ago with Dr. Charles Ambrose, University of Central Missouri (UCM) President, and Ron Rowe, Blue KC Senior Vice President, Sales and Marketing, about ways payers, providers and employers can work together to bring down the escalating costs of healthcare, came to fruition in 2017.

The result is a groundbreaking agreement between UCM, Western Missouri Medical Center, Saint Luke’s Health System and Blue KC to establish a quality-driven, patient-centered and outcomes-focused health delivery strategy that stabilizes overall healthcare costs. An agreement that Dr. Ambrose calls a win for all involved.

Rowe said, “This was Dr. Ambrose’s vision. He came to us looking for ways to help UCM control costs for its employees. We had been talking to him about the success of the Blue KC Medical Home program, and he put two and two together and said, ‘Why don’t we offer a medical home on the UCM campus?’”

The idea to offer a medical home grew into something even bigger: an Integrated Community Care Model that would improve health and reduce healthcare costs for UCM employees.

Dr. Ambrose explained, “University healthcare costs were climbing at the rate of $1 million annually. We had put ourselves into a position where our cost curve was broken. We needed partners who would help us explore new opportunities to help reduce the financial impact on the institution and its employees and their families while providing high-quality patient care and wellness activities. Western Missouri Medical Center, Saint Luke’s Health System and Blue KC were willing to do that.

“Every dollar we save in this plan, we’re going to give back. As we start building savings, we’re going to find the appropriate way to give that back to employees by reducing their premium cost and incentivizing healthier behaviors,” said Dr. Ambrose.

Rowe adds, “The employees who choose to be a part of this now have a $0 copay when they go to their primary care physician. And ensuring more people have relationships with their primary care physician helps control the medical spend."

While this agreement is unique in both the way it is being delivered and the partners involved, Integrated Community Care Models have proven to be successful in driving high-quality, cost-efficient care across the United States.

But how does the model actually save money?

Dr. Gregg Laiben, Blue KC Vice President for Employer Health Solutions, explained, “Unit costs and utilization drive everything, and there’s lots of variation in costs from facility to facility. A knee replacement might cost $45,000 at one facility but only $22,000 at another, with both facilities having the same outcomes. If we can use data to help primary care physicians find the best care at the best price for their patients, we can lower cost and improve outcomes.”

The Integrated Community Care Model will also drive down costs by giving patients the help they need to navigate a system that can be confusing.

“The healthcare system is one of the most complex things most of us will ever deal with. The primary care physician is the best person to help patients navigate that system, giving them answers when they have questions such as ‘What can I do to prevent a complication from occurring? How do I control my chronic condition so I don’t end up in the hospital? When is the appropriate time to go to the emergency room?’ Giving patients the ability to easily see a primary care doctor to answer their questions instead of going to the ER will save money, improve health and ultimately help people live healthier, happier lives,” said Dr. Laiben.
Blue KC has had a strong relationship with the City of Kansas City, Missouri, for decades. The City came to us recently for help. They wanted an integrated Workers’ Compensation Program for their employees.

“We greatly value Blue KC, not only as our health insurance provider but as our partner in health, which is why we knew they could deliver an outstanding program that met our employees’ unique needs,” said Louie Wright, Chair, KC Health Care Trust.

We understood that the City was in a unique position, with a special group of employees. The City of Kansas City, Missouri, is responsible for the care of dozens of first responders – such as firefighters, EMTs and paramedics – with physically demanding, high-risk jobs. So, we developed a new Workers’ Compensation Program to better meet the needs of their employees.

“We’re a hometown company and we look out for our members. We knew a Workers’ Compensation Program for the City would benefit not only our client, but also the first responders who put their lives on the line for our community,” said Ron Rowe, Blue KC Senior Vice President of Sales and Marketing.

On May 1, 2017, Blue KC began administering the Workers’ Compensation Program for the city.

“Since its inception in May, the Workers’ Compensation Program has resulted in more than $3.6 million of savings to the City and improved services to the members,” said Wright. “In addition, through streamlined communication processes set up by Blue KC, injured workers can speak directly with a dedicated nurse when they call to report an injury; the nurse provides medical advice and helps direct the injured worker to the care they need. A dedicated inquiry line and team of local claim adjusters are available to answer any questions.”

Under the program, the City’s injured workers receive favorable pricing with qualified providers who have experience treating work-related injuries.

Our partners trust us with the health and well-being of their employees; that’s not something we take lightly. So, when they come to us with a problem, we come back with a solution.
When it comes to the challenges of high-cost care scenarios, such as managing chronic diseases, sometimes you just have to think outside the box. With 20 percent of the population accounting for 80 percent of the healthcare dollars spent, Blue KC is always looking for new ways to help employers manage expenses while improving the health outcomes of their employees.

How? For starters, we have a clinical team that combines data analytics with advanced research care options. This results in innovative alternatives that improve patient outcomes and lower cost.

The clinical team at Blue KC is made up of people like Shelly Chavez, a clinical account coordinator, who acts as a liaison between Blue KC and our partners. She responds to inquiries from across the continuum of care – including members, customer service representatives, physicians and employers. Shelly can see when high-cost claims come through that are related to a particular diagnosis or prognosis. She can then reach out to members to ensure that they are receiving the care they need and identify cost savings opportunities.

“I’m here to find creative ways to help members get the right care and help lower the costs for all stakeholders. If we can help employers and employees better understand their care options and cost savings opportunities, it’s a win-win for all parties,” said Chavez.

Last year, a Blue KC member needed infusions that cost roughly $270,000. Shelly reviewed the claims, did some research, and found a free drug program that the member qualified for. The member was able to receive scheduled infusions and start a maintenance phase, with no charge for the drug and medical expenses of less than $10,000 per visit. Shelly’s ability to pinpoint this care option created a potential savings of about $1 million per year for 2018 and 2019. This savings will result in a lower cost for both the employer and the employee.

High-quality care doesn’t have to mean high-cost care.

High-Cost Claims

Blue KC’s labor partners have been looking to us to help them navigate the ever-changing healthcare landscape for the past 20, 30, even 50 years. And as a local health insurer in Kansas City, we believe we have a better understanding than other insurers of this community, its people and their healthcare needs.

Mo-Kan Sheet Metal Workers Welfare Fund has been a customer for nearly 20 years. “One reason we’re so loyal to Blue KC is because of the local account team, who truly understands our unique needs,” said Greg Chastain, Sheet Metal Workers Local Union No. 2 Business Manager. “They know us, they know our history, they know this region. And they’re always available to answer our questions.”

Our union labor partners rely on us to guide them through all the changes in the healthcare industry and to continue delivering quality healthcare at affordable prices. “We’ve worked closely with our partners, their business managers and even their trustees to come up with creative ways to continue providing plans that are affordable but still offer extensive, wide-ranging benefits,” said Garry Kemp, Blue KC board member and former Executive Vice President and Business Manager of the Greater Kansas City Building and Construction Trades Council.

Our Partners

“WE CHOOSE TO PARTNER WITH THE HOMETOWN TEAM, AND WE HAVE FOR NEARLY 30 YEARS.”

Alise Martiny, Secretary-Business Manager for the Building and Construction Trades Council

With Blue KC and Labor Unions, the Feelings Are Mutual

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Another key to successful long-term partnerships is having common interests. Both Blue KC and our labor partners are dedicated to the local community. “We choose to partner with the hometown team, and we have for nearly 30 years,” said Alise Martiny, Secretary-Business Manager for the Building and Construction Trades Council. “Not only does Blue KC offer a great product, but they believe in giving back to the Kansas City community like we do, and that’s important to us.”

Labor Partnerships

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Labor Partnerships
Our 2017 financial overview proves we remain a strong and stable force for our members, physicians, community and partners.

FINANCIALS
FOR 2017

Standing: John Pina, Vice President, Controller; Thomas Nightingale, Senior Vice President and Chief Financial Officer; Kirk Bushy, Manager of Actuarial Services
Seated: Wayne Powell, Vice President of Membership and Strategic Sourcing; Lisa Walt, Manager of Actuarial Services

44 Financials 44 Cobalt Ventures
## Consolidated Balance Sheet*

*Reflects Blue KC’s 2017 unaudited financials. Audited financials will be available by request in June.

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<th>2017</th>
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</tr>
<tr>
<td><strong>Total Liabilities and Surplus</strong></td>
<td><strong>$1,415,182</strong></td>
<td><strong>$1,304,633</strong></td>
</tr>
</tbody>
</table>

## Consolidated Statement of Operations*

*Reflects Blue KC’s 2017 unaudited financials. Audited financials will be available by request in June.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Revenue</td>
<td>$2,905,896</td>
<td>$2,748,771</td>
</tr>
<tr>
<td>Fees and Other Revenue</td>
<td>$138,311</td>
<td>$120,249</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$3,044,207</strong></td>
<td><strong>$2,869,020</strong></td>
</tr>
<tr>
<td>Claims Incurred</td>
<td>$2,472,099</td>
<td>$2,382,335</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$454,202</td>
<td>$462,973</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td><strong>$117,306</strong></td>
<td><strong>$23,712</strong></td>
</tr>
<tr>
<td>Investment and Other Income</td>
<td>$79,108</td>
<td>$32,240</td>
</tr>
<tr>
<td><strong>Income before Taxes</strong></td>
<td><strong>$197,014</strong></td>
<td><strong>$55,952</strong></td>
</tr>
<tr>
<td>Income Tax Expense(Benefit)</td>
<td>$88,151</td>
<td>($7,409)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$108,863</strong></td>
<td><strong>$63,361</strong></td>
</tr>
</tbody>
</table>

What do you think of when someone says Cobalt? As the President and CEO for Cobalt Ventures, the for-profit subsidiary arm of Blue KC, Bret Oettmeier thinks opportunity. He explained, “In 2017, we had the opportunity to analyze and enhance our existing Cobalt Ventures portfolio and develop a go-forward strategy to generate superior financial returns for Blue KC.”

Oettmeier and his team kicked off the year by developing and implementing a strategic plan. “Cobalt’s strategy is focused on profitable and growing healthcare companies with an emphasis on home health, telemedicine, pharmaceutical and ancillary services. Cobalt is in a solid position to drive strong financial and operational results for 2018 and beyond,” Oettmeier said.

Cobalt’s portfolio includes four wholly owned and joint-venture subsidiaries: Cobalt MedPlans and Preferred Health Professionals, CompAlliance, MEDIAC and New Directions Behavioral Health.
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Founder,
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1: Audit Committee, 2: ERM Committee, 3: Compensation Committee, 4: Executive Committee, 5: Governance Committee, 6: Health Innovation and Performance Committee, 7: Investment and Finance Committee, 8: Spira Care Task Force
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Erin Schneider-Stucky
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Coni Fries
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Vice President of Strategic Partnerships and Network Operations

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John Pins
Vice President and Controller

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Expect More – The Value of Blue
An independent licensee of the Blue Cross and Blue Shield Association.