



Blue Cross Blue Shield of Michigan Foundation 2013 Annual Report





Improving health care: It's what we do

The BCBSM Foundation was created by Blue Cross Blue Shield of Michigan in 1980 with \$800,000 in seed money. Three years later, Michigan physicians endowed the Foundation with \$19.2 million in incentive funds from a BCBSM cost-containment program. Since then, with no further contributions of new funds, the Foundation's assets have grown to approximately \$60 million.

The Blue Cross Blue Shield of Michigan Foundation is dedicated to improving the health of Michigan residents by supporting health care research and innovative health programs. The diversity, relevance and practical application of the research and service delivery projects we fund have earned the Foundation a reputation for excellence and innovation in health philanthropy.

Over the past 30 years, the Foundation contributed approximately \$52 million in grants for research and \$11 million for community health programs. This funding resulted in enhancements to the quality of care, and improved patient safety and access to care for the people of Michigan.

The Foundation also supports efforts to control the rising cost of health care — through research, demonstration and evaluation projects.

The Foundation, a 501(c)(3) nonprofit organization, is the philanthropic affiliate of Blue Cross Blue Shield of Michigan and Blue Care Network. All three organizations are nonprofits and independent licensees of the Blue Cross and Blue Shield Association. For more information, visit bcbsm.com/foundation.

In 2013, the Foundation provided approximately \$2 million in grants to Michigan-based researchers and nonprofit organizations to address:

Quality and costs of care

Access to care

Community health



Mission

The Blue Cross Blue Shield of Michigan Foundation's mission is to support health care research and innovative programs designed to improve the health of all Michigan residents.

Vision

Michigan's population will enjoy improved health and access to cost-effective, quality care. The BCBSM Foundation will be a leader in fostering the development of socially responsible and innovative solutions to critical issues that affect the health of all Michigan residents.

Values

- Commitment to quality performance
- Honesty, integrity, collaboration and teamwork
- Effective and efficient use of resources
- Excellence in programs, grants and communications

Presidents' message

Making Michigan stronger, healthier during times of momentous change

This is a historic time in our nation as the Affordable Care Act is bringing about dramatic change in the health care industry and for every person who uses health care services.

The new health care law is expected to give millions more people access to health care and Blue Cross Blue Shield of Michigan is leading the way, through innovation and partnerships, to improve the quality and affordability of care in our home state. That's been the mission of Blue Cross Blue Shield of Michigan for 75 years and makes us uniquely qualified to lead the state into this new era in health care.

It also makes the work being done by the Blue Cross Blue Shield of Michigan Foundation more important than ever. As the philanthropic affiliate of the Blues, the BCBSM Foundation supports health care research and other innovative programs that improve health for Michigan's people. For more than 33 years, the BCBSM Foundation has been a leader in cultivating socially responsible and innovative solutions to critical health issues in Michigan. Through grants to researchers and nonprofit community organizations, the BCBSM Foundation is addressing the quality and costs of care, and helping people gain access to care.

As you review the pages of this year's annual report, you'll see how researchers and health organizations throughout Michigan – with the help of the BCBSM Foundation – are making a difference in the lives of Michigan's individuals, families, neighborhoods and communities. We're pleased to recognize their efforts and look forward to 75 more years of building a stronger, healthier Michigan.





Daniel J. Loopp

President & CEO
Blue Cross Blue Shield
of Michigan



Lynda M. Rossi

Executive Vice President,
Strategy, Government and Public Affairs
Blue Cross Blue Shield of Michigan
President
Blue Cross Blue Shield
of Michigan Foundation

**Shauna
Ryder Diggs, M.D.**

Chairwoman, Board of Directors

Blue Cross Blue Shield
of Michigan Foundation





Ira Strumwasser, Ph.D.

Executive Director and
Chief Executive Officer

**Blue Cross Blue Shield
of Michigan Foundation**

Executives' message

Meeting critical needs in Michigan's communities

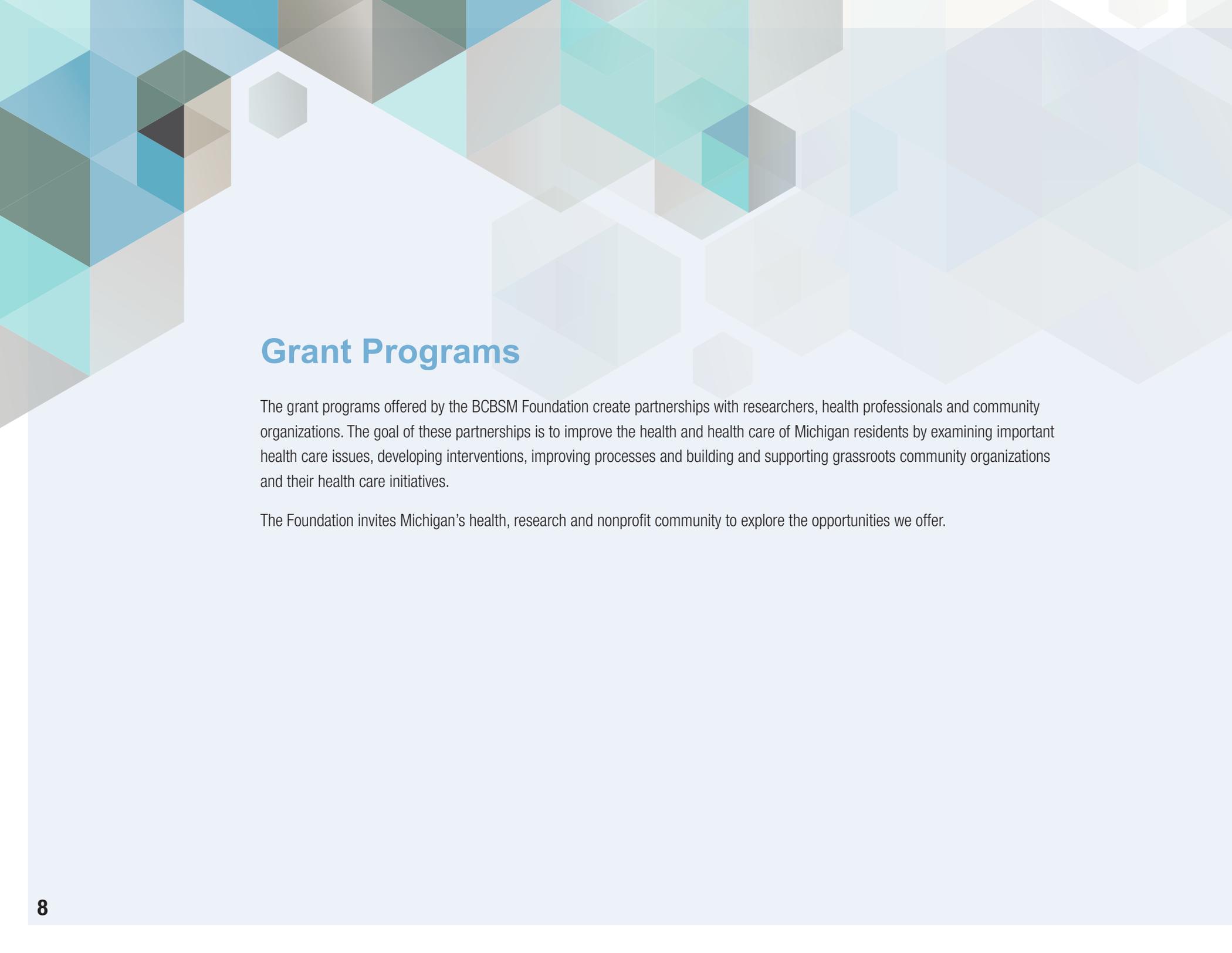
Foundations have a special role in society, filling in gaps in services and pioneering solutions to problems that affect the health and well being of our communities. It's a role that the Blue Cross Blue Shield of Michigan Foundation takes very seriously.

In 2013, the BCBSM Foundation provided a \$50,000 grant to support a special program that is helping solve two critical issues in our state – a lack of jobs for returning veterans and a shortage of health care professionals. Created by Lansing Community College, the Military Medic Model helps medics who are returning from Iraq and Afghanistan transition their military medical training into a successful civilian career.

And thanks to a \$30,000 grant from the Blue Cross Blue Shield of Michigan Foundation and an outpouring of more than \$30,000 from the community, a free health care clinic run by University of Michigan medical students and faculty physicians reopened in Pinckney. The clinic, which serves uninsured adults, closed after a fire destroyed it in early 2013.

The BCBSM Foundation also funded eight projects as part of the Patient Safety: Implementing Checklists initiative. Started in 2012, this initiative encourages physicians and hospitals to use checklists to enhance patient safety, and it has achieved excellent results so far. As a result, the Foundation is offering current grantees the opportunity to apply for additional funding in 2014 to continue their projects.

These are just a few examples of how the Blue Cross and Blue Shield of Michigan Foundation is proudly serving communities throughout Michigan. You can read more in the pages of this report. We look forward to our continued partnership with physicians, researchers, community-based nonprofits, public agencies and other foundations to promote high quality, cost-effective and affordable health care in Michigan.



Grant Programs

The grant programs offered by the BCBSM Foundation create partnerships with researchers, health professionals and community organizations. The goal of these partnerships is to improve the health and health care of Michigan residents by examining important health care issues, developing interventions, improving processes and building and supporting grassroots community organizations and their health care initiatives.

The Foundation invites Michigan's health, research and nonprofit community to explore the opportunities we offer.

Investigator Initiated Research Program

Program total: \$1,271,953

Physician Investigator Research Award Program

Program total: \$59,106

Frank J. McDevitt, D.O., Excellence in Research Award

Program total: \$40,000

Excellence in Research Award for Students

Program total: \$2,250

Student Award Program

Program total: \$69,000

Community Health Matching Grant Program

Program total: \$431,000

Proposal Development Award

Program total: \$24,500

**Total research and
program grants in 2013:
\$1,897,809**

**Total membership grants
in 2013: \$19,640**

**Grand total:
\$1,917,449**

Investigator Initiated Research Program

Program total: \$1,271,953

The Investigator Initiated Research Program is available to health care researchers interested in finding ways to improve health and health care in Michigan. Projects address health care quality, costs and access to services, and include research.

Investigator Initiated Research Program grants average \$75,000 for one year. Multiyear grants or grants in excess of \$75,000 are awarded for exemplary projects. This program does not support basic or biomedical research, or any research involving nonhuman subjects.

Applications are accepted at any time. Please contact the BCBSM Foundation for an application, or download application materials and instructions from our website at bcbsm.com/foundation. Submissions must include an unbound original and five copies of the following:

- Completed application form
- A one-page project summary
- A detailed budget for the project, including information on other sources of funding, either existing or anticipated
- A proposal of approximately 20 double-spaced pages delineating the nature of the research questions, study design, methodology and an assessment of barriers that may impede the project
- A statement that all applicable requirements of the applicant's institution have been met, including requirements for research involving human subjects and data confidentiality (adherence to HIPAA requirements)
- Curricula vitae of the principal investigators and other key personnel

Paul Park, M.D. **\$75,000**
Evaluating the Impact of Blue Care Network Spine Care Referral
 University of Michigan, Department of Neurosurgery

Diane E. Adamo, Ph.D. **\$72,539**
Getting a Grasp on Stroke Rehabilitation
 Wayne State University, College of Pharmacy and Health Sciences

Julie Gleason-Comstock, Ph.D. **\$74,986**
Achieving Blood Pressure Control through Enhanced Discharge
 Wayne State University, Department of Family Medicine

Daniel Eisenberg, Ph.D. **\$74,934**
An Innovative Online Video-based Intervention for Promoting Access to Mental Health Care and Reducing Psychological Distress in Employee Populations
 University of Michigan, School of Public Health

Herbert D. Aronow, M.D., M.P.H., F.A.C.C., F.S.C.A.I. **\$107,740**
A Randomized Cost Minimization Analysis Comparing Same Day Discharge With Overnight Hospital Stay Following Percutaneous Coronary Intervention
 St. Joseph Mercy Hospital, Michigan Heart Division

Shoou-Yih Lee **\$74,742**
Meaningful Use of Electronic Health Records in Michigan Hospitals
 University of Michigan, School of Public Health

Nathaniel S. Miller, Ph.D. **\$67,263**
Effectiveness Assessment of a Community-Based Assisted Exercise Intervention for Parkinson's Disease
 University of Michigan, School of Kinesiology

AkkeNeel Talsma, Ph.D., R.N. **\$75,000**
Effecting Change in Michigan Hospitals that Participate in Collaborative Quality Initiatives
 University of Michigan, School of Nursing

Marcia Valenstein, M.D. **\$94,814**
Assessing Tailored Mental Health Management Support for Primary Care
 University of Michigan, Department of Psychiatry

Jeremy Adler, M.D., M.S. **\$75,000**
Identifying Fistulizing Crohn's Disease from Administrative Claims
 University of Michigan, Pediatric Gastroenterology

Eric McGrath, M.D. **\$74,841**
Pre-emptive Ethanol Lock Therapy in Pediatric Blood Stream Infection
 Wayne State University, School of Medicine

Caroline Richardson, M.D. **\$75,000**
Healthy Blue Living Walkingspree Outcomes Study
 University of Michigan, Department of Family Medicine

Suha Kridli, Ph.D. **\$72,921**
Improving Health Behaviors in Arab American Youth
 Oakland University, School of Nursing

Laura Bix, Ph.D. **\$18,842**
Assessing the Critical Labeling Information of Indwelling, Urinary Catheters to Develop New Designs for Enhanced Attention Capture and Comprehension
 Michigan State University, College of Agriculture and Natural Resources

Hayley Thompson, Ph.D. **\$74,690**
Providing Human Papillomavirus Vaccine Education and Decision Support
 Wayne State University, College of Pharmacy and Health Sciences

Albert J. Shih, Ph.D. **\$75,000**
Neurosurgery Simulators for Training, Research and Patient Safety
 University of Michigan, Mechanical Engineering

Wanda Gibson-Scipio, Ph.D., A.P.R.N., B.C. **\$69,721**
Development of a Mobile Application to Support Transition Readiness of African American Youth with Asthma
 Wayne State University, College of Nursing



Arinze Nkemdirim Okere, Pharm.D., M.S.

Ferris State University, College of Pharmacy
\$18,920

Retrospective Study - The Impact of Patient-Centered Approach to Medication Reconciliation in Medically Ill and Stroke Patients

The study investigates the benefits of a patient-centered approach to medication reconciliation in medically ill and stroke patients.

A patient-centered approach to medication reconciliation can be described as “a face-to-face” comprehensive review of all of a patient’s home medications prior to admission plus inpatient-prescribed and administered medications during hospital encounters and upon discharge. The purpose of this process is to personalize interventions that will improve patients’ outcomes in the hospital and avoid medication errors such as dosing errors, drug interactions, duplications or omissions.

This grant also will fund at least two pharmacy students from the College of Pharmacy to work directly with patients and participate in this research study.

Physician Investigator Research Award Program

Program total: \$59,106

Physicians are often the first to identify breakthroughs in health care. The Physician Investigator Research Award provides seed money to physicians to explore the merits of a particular research idea for further study. We offer grants of up to \$10,000 for projects that include pilot, feasibility or small research studies in clinical or health services research.

The **Physician Investigator Research Award** program request for funding should include a brief proposal (three to five pages) that describes the project, the nature of the research question(s) to be addressed and the proposed approach of the study.

An application may be submitted at any time. Please contact the BCBSM Foundation for application materials, or download application materials from our website at bcbsm.com/foundation.

Proposals will be competitively reviewed based on:

- The viability and importance of the project as a possible area of research
- The potential of the project for appropriately answering the research question
- The applicant's qualifications for conducting the proposed project
- The feasibility of the proposed project

Marlene Seltzer, M.D.

Screening Youth Presenting to the Emergency Center for Exposure to Bullying

William Beaumont Hospital, Research Institute

\$9,967

Pablo Antonio Yzunza, M.D., Ph.D.

Surgical Design of Velopharyngeal Surgery According to Findings of Videofluoroscopy and Videonasopharyngoscopy

Beaumont Hospital, Speech Pathology

\$9,170

Paul Chittick, M.D.

Assesing Patient and Family Understanding of and Satisfaction with Contact Precautions

William Beaumont Hospital, Research Institute

\$9,970

Rishindra Reddy, M.D.

Barriers to Accessing Esophageal Cancer Care

University of Michigan, Department of Surgery

\$10,000

Elie Mulhem, M.D.

Group Pelvic Floor Muscle Training Class for Prevention of Postpartum Urinary Incontinence

William Beaumont Hospital, Research Institute

\$10,000



Robert Swor, D.O.

William Beaumont Hospital, EMS Programs
\$9,999

Evaluating Post Arrest Hospital Care in Michigan for Patients who were Resuscitated after an Out of Hospital Cardiac Arrest

Therapeutic Hypothermia is a relatively new technique that is applied to patients that survive an initial resuscitation after cardiac arrest and who are comatose. It is currently unknown how often this treatment and other procedures are being provided to post-cardiac arrest patients nationally and in Michigan. Our objective is to characterize the provision of post-cardiac arrest care provided to patients in Michigan and assess variation in this care by region. We propose to combine two statewide datasets, the Michigan Inpatient Database and the Michigan EMS Information System using probabilistic linkage methodology. We believe that these data will be useful in informing policymakers regarding the current status of inpatient cardiac arrest care.





**Frank J.
McDevitt, D.O.,
Excellence in
Research Award**

Program total: \$40,000

Our annual Frank J. McDevitt, D.O., Excellence in Research Award for Health Services, Policy and Clinical Care is named in honor of our late board chair. This award honors researchers, both physicians and those with terminal research degrees, who make significant contributions to improving health care in Michigan. We hope to encourage continued excellence in research by recognizing outstanding Michigan researchers.

Nominations for the annual **Frank J. McDevitt, D.O., Excellence in Research Award** may be submitted by individual researchers or other interested parties. The BCBSM Foundation grants a total of four \$10,000 awards annually to Michigan physicians and doctoral-level researchers.

The nominated research must have been published in the past two years or accepted for publication in a refereed journal focusing on health or medical care. Awards are made in each of two categories:

- Health policy or health services research that focuses on public health, the financing and organization of health services, reimbursement or resource allocation
- Clinical care research that focuses on outcomes, clinical effectiveness or clinical protocol research

Applications must be received by January 1 of each year, with awards announced during the second quarter of each year.

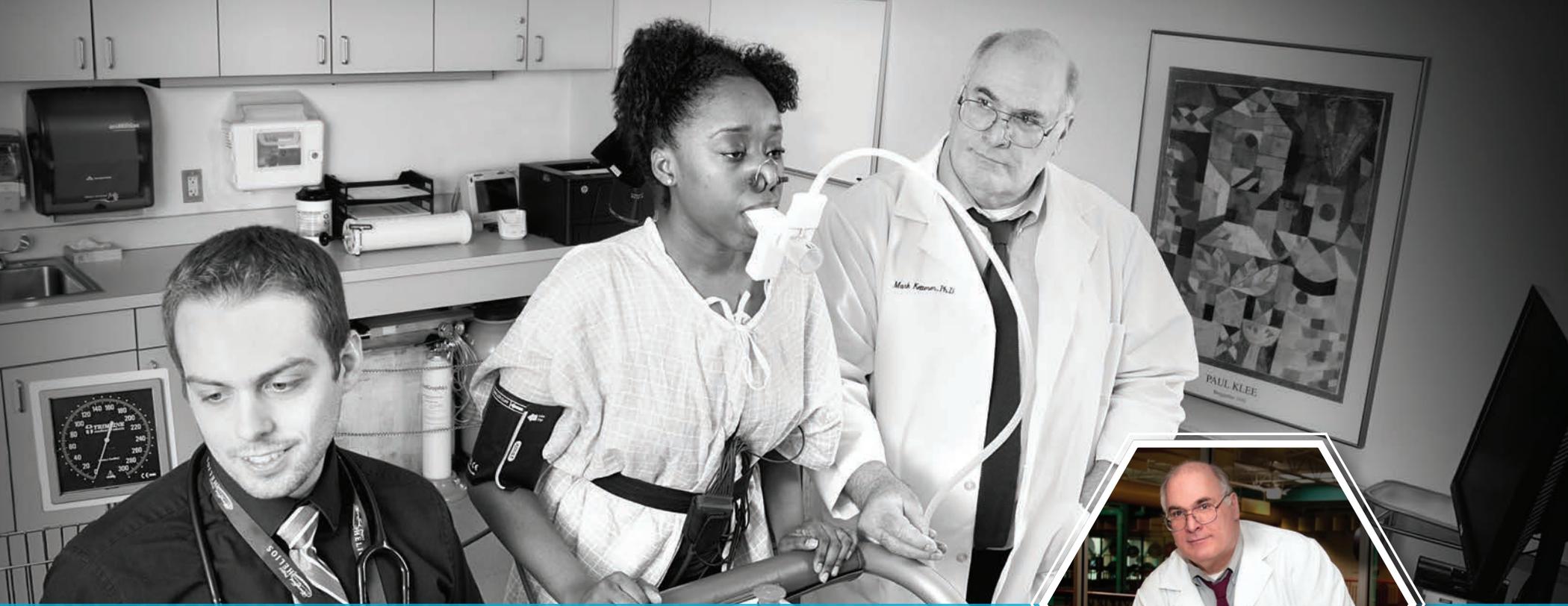
The \$10,000 award is issued to the researcher's affiliated organization in the form of a grant for unrestricted research in health or medical care.

Along with a copy of the nominated research article, nominations must include the name, degree, affiliated organization and address of the nominee. In cases of multiple authorship, the nominee must be the first author.

Kavitha M. Chinnaiyan, M.D. **\$10,000**
Impact of a Continuous Quality Improvement Initiative on Appropriate Use of Coronary Computer Tomography Angiography
William Beaumont Hospital

Maria Muzik, M.D., M.S. **\$10,000**
Mindfulness Yoga during Pregnancy for Psychiatrically At-Risk Women: Preliminary Results from a Pilot Feasibility Study
University of Michigan, Department of Psychiatry

Sandra L. Spoelstra, Ph.D., R.N. **\$10,000**
An Intervention to Improve Adherence and Symptoms for Oral Oncolytics
Michigan State University, College of Nursing

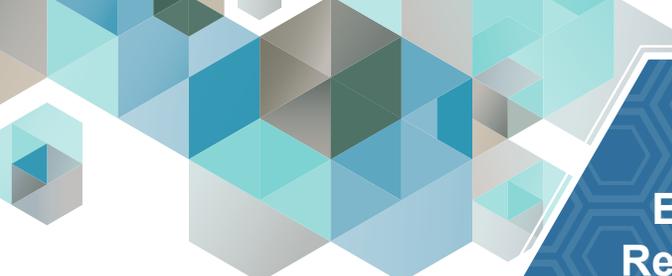


Mark W. Ketterer, Ph.D., A.B.P.P.

Henry Ford Hospital
\$10,000

Symptoms of Anxiety and Depression Are Correlates of Angina Pectoris by Recent History and an Ischemia-Positive Treadmill Test in Patients with Documented Coronary Artery Disease in the Pimi Study

This study concerns the impact of emotional distress (anxiety & depression) on the frequency/intensity/duration, or “burden,” of symptoms a patient experiences with an illness. Emotional distress is more often undiagnosed and untreated than not. Many patients may confuse the health system by presenting symptoms which are either aggravated by the distress, or are misconstrued as being due to the medical illness. The study demonstrated that when patients have an illness and concomitant emotional distress, they have a greater symptom burden (Ketterer et al., 2011). This in turn leads to more treatment-seeking and more aggressive (and perhaps unproductive) care.



Excellence in Research Award for Students

Program total: \$2,250

The BCBSM Foundation recognizes students for their contributions to the research literature and for their potential to make future contributions to health care. The Excellence in Research Award for Students is designed to identify students at Michigan universities who have made contributions to the health and medical care research literature.

Excellence in Research Award for Students nominations must be submitted by a faculty member from the student's university. Nominations must include a copy of a published article or a manuscript accepted for publication in a refereed research journal. Also include the name, degree program, university department, address and phone number of the student nominee. A letter of endorsement from the nominating faculty member should accompany the nomination, as well as an abstract that explains the topic's significance to health care in Michigan. If a research paper has multiple authors, the nominated student must be the first author.

Second Place

Adam J. Gadzinski

\$750

Utilization and Outcomes of Inpatient Surgical Care at Critical Access Hospitals in the United States

University of Michigan, Medical School

Third Place

Avinash Konkani

\$500

Noise in Hospital Intensive Care Units – a Critical Review of a Critical Topic

Oakland University, School of Engineering and Computer Science



David Jones

First Place

University of Michigan, School of Public Health

\$1,000

The Fate of Health Reform – What to Expect in 2012

My doctoral research examines the implementation of the Patient Protection and Affordable Care Act enacted in March 2010. As I wrote in *The New England Journal of Medicine*, the ACA “is arguably the most significant health legislation enacted in generations.” However, what the reform actually accomplishes will be largely determined by how it is implemented. In order to understand the policy implications of the law, it is crucial to understand the politics of implementation. In particular, I identified four key events in 2012 that would shape whether and how the law is implemented and discussed what was at stake. It is important to note that some of the challenges I discuss were subsequently addressed by the Obama administration, such as extending the deadline for the Level 2 Establishment Grants.



Student Award Program

Program total: \$69,000

The BCBSM Foundation encourages and nurtures students by funding their health and medical care research. The Foundation recognizes that students return significant value throughout their professional lives.

With this award, students have the opportunity to enhance their academic experience while making contributions to our knowledge of health and medical care.

The **Student Award Program** is available to medical and doctoral students enrolled in Michigan universities. The one-year, \$3,000 award is intended to support research for Ph.D. doctoral dissertations and research by students in medical school. Applications may be obtained from the BCBSM Foundation or downloaded from our website at bcbsm.com/foundation. The deadline for annual submission is April 30 of each year. In addition to the completed application form, we request:

- Two copies of a three-page proposal
- One copy of the Human Subjects Review Committee approval, including compliance to HIPAA regulations, if applicable
- A letter of endorsement from a faculty member from the student's academic department
- The student's official transcript
- The student's resume
- A one-page biographical sketch of the student

Central Michigan University

Christie Clipper **\$3,000**
Behavioral Engagement with Pure Presence: Research Pilot Study
 Doctor of Health Administration Program

Eastern Michigan University

Annette Richard **\$3,000**
Visual Attention Shifting in Autism Spectrum Disorder
 Psychology Department

Nancy Hage Bouassaly **\$3,000**
A Male Targeted Educational Intervention as a Tool to Mediate Sexual Risk Taking Behaviors and Attitudes in Relation to Human Papillomavirus
 Department of Psychology

Michigan State University

Katherine Pickard **\$3,000**
The Role of Parent Social Networks in their Access and Use of Interventions and Services for their Child with Autism Spectrum Disorders
 Clinical Psychology Ph.D. Program

Paul Beach **\$3,000**
An Investigation of Pain in Severe Alzheimer's Disease Using Behavioral Pain Testing and Functional MRI
 College of Osteopathic Medicine

Mallory R. Marshall **\$3,000**
Physical Activity during Pregnancy and Programming of Disease Risk in Offspring
 Department of Kinesiology

Daniel Ryan Zomerlei **\$3,000**
A Grounded Theory of the Processes Contributing to Family Resilience Following a Diagnosis of Pediatric Cancer
 Department of Human Development & Family Studies

Alexander H. Montoye **\$3,000**
Improving Health and Wellbeing through Improved Assessment of Sedentary Behaviors
 Department of Kinesiology



Joanna Hernandez, R.N., B.S.N.

Wayne State University, Nursing Department
\$3,000

Implementation of a 12-lead ECG Educational Program for Registered Nurses in an Emergency Department

Nurses are often the first contact with patients and need to know how to use a 12-lead ECG as an essential tool to determine if the patient is having a life-threatening myocardial event. Research suggests the ability of nurses to know how to read 12-lead ECGs is a standard of care and within their scope of practice, yet many institutions do not require their nurses to be trained in this essential skill. This is especially important in the city of Detroit, as a significant number of ambulances do not have the capability to transmit pre-hospital 12-lead ECGs. The American College of Cardiology and the American Heart Association have a goal of 10-minute door-to-ECG physician-read ECG time and a 90 door-to-balloon benchmark in the case of ST-elevation myocardial infarctions (heart attacks). It is currently not a standard of practice for nurses to read or perform 12-lead ECGs. If this practice is changed, physicians may be alerted to any life-threatening cardiac issues faster and treatment may be immediately initiated. This change in practice will promote optimal patient outcomes and have the potential to save lives when minutes can mean life or death.





University of Michigan

Xi Tan \$3,000
Attention-Deficit/Hyperactivity Disorder Medication Use, Adherence and Costs Among Children
College of Pharmacy

Ellen Waxler McGinnis \$3,000
Behavioral Assessments of NIH Research Domain Criteria to Detect Preschool Mood Disorders
Clinical Psychology

Jonathan Gumucio \$3,000
Statin Medication and Fatty Degeneration in Patients with Rotator Cuff Tears
Orthopedic Surgery

Lucie Kalousova \$3,000
Associations between Financial decline and Adopting Harmful Health Behaviors
Sociology Department

Yasmina Bouraoui \$3,000
Analysis of the Cost-Benefit of a Healthy Homes Intervention Project
Health Management and Policy

Stephanie E. Mayer \$3,000
The Role of Stress in Depression: Incorporating Hair Cortisol into a Longitudinal Study of Chronic Stress
Clinical Psychology

Edward Andrew Pitchford \$3,000
Obesity in Adolescents with Down syndrome: Examining Cortisol Regulation, Physical Activity and Diet
School of Kinesiology

Kyle H. Sheetz \$3,000
Improving Ostomy Surgical Care in Michigan
Department of Surgery

Katherine Garfield \$3,000
Parents' Opinions Concerning the Use of Home Oxygen Therapy for Treatment of Uncomplicated Bronchiolitis
Department of Emergency Medicine

Lee Kirstin Roosevelt \$3,000
Fear of the Childbirth Experience
School of Nursing

Wayne State University

Elyse Thakur \$3,000
Stress Management for Irritable Bowel Syndrome
Psychology Department

Amy Loree \$3,000
Mindfulness Yoga during Pregnancy for Promotion of Smoking Abstinence and Reduction of Preterm Birth
Clinical Psychology

Western Michigan University

Catherine Gayman \$3,000
Deposit Contracts in Contingency Management for Smoking Cessation
Psychology Department



Elyse Connors

Western Michigan University, College of Health and Human Services
\$3,000

The Effect of Container Shape on Prescription Drug Label Readability in Older Adults with Low Vision

The leading causes of vision loss are age-related eye diseases, including age-related macular degeneration, cataracts, diabetic retinopathy and glaucoma. As the population of Michiganders ages, more and more individuals are being diagnosed with vision loss. For persons with vision loss, reading prescription drug labels is not only difficult but potentially dangerous, leading to adverse drug events. The BCBSM Student Grant Award is allowing us to examine the effect of container shape on the readability of the prescription drug labels. Our goal is to find container shapes that enhance the readability of prescription drug labels, and ultimately making taking prescription drugs safer for all Michiganders.



Community Health Matching Grant Program

Program total: \$431,000

In 2013, the Community Health Matching Grant Program's funding priority was access to health care for the uninsured. In 2014, we will continue to offer matching grants of up to \$50,000 per year for a maximum of two years to community organizations that collaborate with nonprofit health care organizations or government agencies to implement and rigorously evaluate new models designed to improve access to care for the uninsured. We also will support projects to improve the quality and cost-efficiency of care.

Since 1980, the BCBSM Foundation has been funding research and community health programs that are making a real difference in the lives of Michigan residents.

Through our **Community Health Matching Program**, we encourage community-based nonprofit organizations to develop, test or validate new approaches that address community health problems. Matching funds are available for programs that help:

- Increase access to health care
- Address critical public health issues
- Improve the quality of care
- Enhance efficiency

Applicants are encouraged to partner with health care organizations, universities, research or governmental agencies to develop and evaluate projects aimed at addressing community problems. Partners may assist in the design and evaluation of the project.

The Foundation seeks projects that are:

- **Systemic in nature.** Community problems can only be successfully addressed if relevant stakeholders in the community are contributing members of the partnership.
- **Cost-effective.** Once operational, the proposed approach will be both affordable and sustainable.
- **Replicable.** The proposed approach would be feasible in other communities and would produce similar outcomes

An application may be submitted at any time. Please contact the Foundation for application materials, or download application materials from our website at bcbsm.com/foundation.

Hari Conjeevaram, M.D. \$30,000
Faith Medical Clinic
 University of Michigan Medical School

Valerie Simon, Ph.D. \$50,000
Strengthening Mental Health Utilization to Reduce the Negative Consequences of Child Sexual Abuse
 Wayne State University

Michigan State Medical Society Foundation \$36,000
The 17th Annual Conference on Bioethics: The Age of Personalized Medicine

Paula Schreck, M.D. \$20,000
St. John Mother Nurture Project-Club Expansion
 St. John Hospital & Medical Center

Corporation for Supportive Housing \$50,000
Corporation for Supportive Housing's Frequent Users of Health Services Pilot Program

Michigan League for Public Policy \$45,000
Kids Count in Michigan

FOCUS: HOPE \$25,000
Healthcare Workforce Development Initiative

Gleaners Food Bank of Southeastern Michigan \$20,000
Cooking Matters

Interfaith Hospitality Network at Alpha House \$25,000
Access to Healthcare for Children and Families Experiencing Homelessness

Michele Tomlinson, Ph.D. \$25,000
Smoking Cessation for Adults with Serious Mental Illness in Specialized Residential Facilities: A Pilot Study
 Hope Institute for Research

Detroit Central City Community Mental Health, Inc. \$50,000
Detroit Central City Health Center

Interfaith Health & Hope Coalition \$5,000
Acting in Faith: Understanding Child Sexual Abuse, Prevention and Effective Response to Suspected Abuse



Lisa Ferris-McCann

Lansing Community College Foundation
\$50,000

A Healthcare Careers Education Model for the Returning Veteran

The Foundation grant was instrumental in allowing us to expand our training facilities and classroom space to serve more returning servicemen and servicewomen in transitioning from a military medic to a civilian nationally registered paramedic. The program at Lansing Community College grants college credit for military training that enables the candidate to secure the additional required education and training to be licensed as a paramedic. With a combination of prior learning credit and competency-based testing, this advanced track program enables the candidate to finish in just six months instead of the traditional 13 months. The program also serves as a conduit for Michigan veterans and reservists to enter the Michigan work force quickly after completing their service in the military. By recognizing the exceptional training that our service members receive, this program provides the pathway to completion quickly so that employment opportunities can be capitalized upon soon after course work is done. Emergency medical services and our citizens throughout Michigan will benefit by the addition of these highly trained veterans.

Proposal Development Award

Program total: \$24,500

Innovative ideas for improving health care delivery are often born in community service organizations. However, because these organizations are usually lean, both in staff and resources, many valuable ideas never become reality. To implement their ideas, nonprofit organizations may need to develop proposals for funding that require specialized assistance beyond their financial reach.

The Proposal Development Award is designed to help community nonprofit organizations develop high-quality, effective proposals that will result in innovative services to improve the health of the community.

The **Proposal Development Award** is a technical assistance program that offers \$3,500 to help nonprofit organizations develop proposals for health and medical care projects. Funds awarded are restricted to proposal development costs, such as freelance proposal writers and related research and production costs. Proposals that are already complete are not eligible for funding.

Applications may be submitted at any time. Obtain application forms from the BCBSM Foundation, or download them from our website at bcbsm.com/foundation. Application materials should include:

- A concept paper that includes a description of the health care project, its approximate cost and an explanation of why proposal development assistance is needed
- Detail on potential funding sources, which may include the BCBSM Foundation and others
- Information about the nonprofit organization
- Resume of the project director
- A copy of the Internal Revenue Service 501(c)(3) federal tax exemption letter

Awards will be determined based on:

- Demonstrated need or problem
- Potential of the proposed activity to improve health and health care in Michigan
- Applicant's qualifications or organization's ability to conduct the proposed project
- Likelihood that the organization can secure funding for the proposed project

St. Clair County Health Department \$3,500
Reduce Injuries to Soccer Players

Michigan Blood \$3,500
Michigan Blood Stem Cell Programs

Fountain Hill Center for Counseling and Consultation \$3,500
Increase Outreach Services to West Michigan

Jewish Family Services of Washtenaw County \$3,500
Improved Medical Care Utilization through Client Accompaniment

Holland Free Health Clinic \$3,500
Diabetic Support and Education Services

Michigan Pharmacy Foundation \$3,500
Michigan Pharmacy Foundation Young Practitioner Leadership Academy



Evangelical Homes of Michigan

Denise Rabidoux
\$3,500

Alternative Adult Day Care Program

As America's population continues to age there will be an increased demand for elder care. This increased demand comes at a time when financial resources for elder care are decreasing. Historically, most adult day care services have been provided in centers that are becoming increasingly more expensive for the clients and their families that use those centers. One alternative, which makes use of current brick and mortar, is to offer adult day care services in local churches. Led by a qualified supervisor and staffed by volunteers, this alternative would cut the cost of adult day care services by more than half, offer familiar surroundings to the clients and save families the time and expense of commuting to wherever the centers are located.



Administration

Grant seekers should review the requirements of our individual grant programs. For more detailed information on BCBSM Foundation grant programs, please contact the Foundation program officers.

Grant proposals are reviewed by staff to determine if they meet program guidelines and objectives. Proposals are then reviewed by members of our Grants Advisory Panel. Based on Grants Advisory Panel and staff reviews, funding recommendations are presented to the Foundation Board of Directors.

Research proposal evaluation criteria

Significance of project

This criterion reflects the significance of the project as a means of understanding or ameliorating important health care problems and concerns. Applicants must document, to the extent possible, the significance of the problem being addressed, the anticipated effect of the project on the problem, and the potential for widespread dissemination and replication of the results.

New information

To what extent does the proposed project contribute new information not otherwise available? Has the intervention been tested or evaluated elsewhere? Is the research original? Is the proposed program or research particularly innovative?

Technical quality

Technical quality will be demonstrated by the clarity of the presentation, the degree to which the applicant demonstrates understanding of the problem, the description of the methodology to be employed, the suitability of the proposed analytical methods for the proposed research and the quality, appropriateness and availability of the data.

Qualifications of project staff

This criterion requires documentation of the experience, qualifications and time commitment of the project director and the key project staff who will conduct the proposed research or implement the proposed initiative.

Feasibility

The feasibility of the project will be demonstrated by the clarity with which the applicant has described the tasks to be undertaken and the objectives to be met in carrying out the project. This includes the appropriateness and reasonableness of the budget and the feasibility of achieving project objectives within the specified time frame and budget.



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Ira Strumwasser, Ph.D.,
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Financial Statements

Financial Statements as of and for the Years Ended December 31, 2013
and 2012, and Independent Auditors' Report

Independent Auditors' Report

To the Board of Directors of Blue Cross Blue Shield of Michigan Foundation Detroit, Michigan



We have audited the accompanying financial statements of Blue Cross Blue Shield of Michigan Foundation (the Foundation), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying financial statements have been prepared from the separate records maintained by the Foundation and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Foundation had been operated as an unaffiliated company. Portions of certain expenses represent allocations made from Blue Cross Blue Shield of Michigan Mutual Insurance Company, the Foundation's ultimate parent.

Deloitte & Touche LLP

March 27, 2014

Blue Cross Blue Shield Of Michigan Foundation

BALANCE SHEETS

AS OF DECEMBER 31, 2013 AND 2012

(In thousands)

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 1,042	\$ 873
Investments	58,826	51,742
Accounts receivable — investments sold	218	68
Accrued investment income	11	166
Other assets	145	100
TOTAL	\$ 60,242	\$ 52,949
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Grants payable	\$ 3,030	\$ 3,188
Accounts payable — affiliates	674	699
Accounts payable — investments purchased	275	206
Other liabilities	203	177
Total liabilities	4,182	4,270
NET ASSETS:		
Common stock, \$100 par value — 2 shares authorized, issued, and outstanding		
Unrestricted net assets	56,060	48,679
Total net assets	56,060	48,679
TOTAL	\$ 60,242	\$ 52,949

See notes to financial statements.

Blue Cross Blue Shield Of Michigan Foundation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (In thousands)

UNRESTRICTED NET ASSETS:

Revenue:

Investment income — net of investment expense of
\$202 and \$200 for 2013 and 2012, respectively

Net realized and unrealized gain on investments

Total unrestricted revenue

Expenses:

Grants

Supporting activities

Total unrestricted expenses

TOTAL INCREASE IN UNRESTRICTED NET ASSETS

TOTAL NET ASSETS — Beginning of year

TOTAL NET ASSETS — End of year

See notes to financial statements.

2013	2012
\$ 369	\$ 984
9,772	5,403
<u>10,141</u>	<u>6,387</u>
1,599	1,975
1,161	1,283
<u>2,760</u>	<u>3,258</u>
7,381	3,129
48,679	45,550
<u>\$ 56,060</u>	<u>\$ 48,679</u>

Blue Cross Blue Shield Of Michigan Foundation

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 7,381	\$ 3,129
Reconciliation of increase (decrease) in net assets to net cash used in operating activities:		
Accretion of investments		(1)
Net gain on sale of investments	(2,909)	(1,704)
Unrealized gain on investments	(6,863)	(3,699)
Changes in:		
Accrued investment income	155	87
Other assets	(3)	
Grants payable	(158)	604
Accounts payable — affiliates	(25)	324
Other liabilities	26	59
Net cash used in operating activities	<u>(2,396)</u>	<u>(1,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(35,692)	(48,916)
Proceeds from sales and maturities of investments	38,257	50,171
Net cash provided by investing activities	<u>2,565</u>	<u>1,255</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	169	54
CASH AND CASH EQUIVALENTS — Beginning of year	873	819
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 1,042</u>	<u>\$ 873</u>
NONCASH SUPPLEMENTAL DISCLOSURE —		
Change in net accounts receivable/payable — investments	<u>\$ (81)</u>	<u>\$ 142</u>

See notes to financial statements.

Blue Cross Blue Shield Of Michigan Foundation

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General — Blue Cross Blue Shield of Michigan Foundation (the Foundation) is a Michigan nonprofit corporation and a wholly owned subsidiary of Blue Care of Michigan, Inc. (BCMI), which in turn is a wholly owned subsidiary of Blue Cross Blue Shield of Michigan Mutual Insurance Company (BCBSM), formerly Blue Cross Blue Shield of Michigan. BCMI does not exercise control over the Foundation, therefore the Foundation is not consolidated with BCMI. The Foundation was organized to improve individual and community health through the support of research and innovative health programs designed to provide high quality, appropriate access to efficient health care for the residents of Michigan.

Basis of Presentation — The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant policies followed by the Foundation are summarized below.

Income Tax Status — The Internal Revenue Service has determined that the Foundation meets the applicable requirements of Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code and is generally exempt from federal income taxes under Section 501(a).

Use of Estimates — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents — Cash equivalents are carried at fair value and are comprised of money market mutual funds and short term investments with initial maturities at the date of acquisition of 90 days or less.

Investments — The Foundation classifies its investments in debt and equity securities as trading, for they are actively managed by external investment managers with broad authority to buy and sell securities without prior approval; and accordingly, such securities are carried at fair value. Realized gains and losses on sales of securities are determined based on the specific identification method; and both realized and unrealized gains and losses are included in the statements of activities and changes in net assets.

Fair Value Measurements — The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced liquidation or sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced liquidation or sale.

Fair values are based on quoted market prices when available. The Foundation obtains quoted or other observable inputs for the determination of fair value for actively traded securities. For securities not actively traded, the Foundation determines fair value using discounted cash flow analyses, incorporating inputs such as non binding broker quotes, benchmark yields, and credit spreads. In instances where there is little or no market activity for the same or similar instruments, the Foundation estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used. The Foundation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by the Financial Accounting Standards Board (FASB) Accounting

Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. It defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in the principal most advantageous market for the asset or liability in an orderly transaction between market participants. An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

Investment Risks — Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying balance sheets and statements of activities and changes in net assets and cash flows.

Grants Payable — Grants payable are recorded as of the date of approval. Grants subsequently canceled or adjusted are recorded as reductions of grant expense in the year of cancellation or adjustment.

Common Stock — In the event of dissolution, the stockholder is entitled to the original subscription price of the stock. All other assets, after all obligations have been met, must be distributed to one or more organizations described in Section 501(c)(3) of the Internal Revenue Code.

Unrestricted Net Assets — Unrestricted net assets are those not limited by donor imposed restrictions and available for the designated purposes of the Foundation. These funds are available for and used in the Foundation's regular activities entirely at the discretion of the Board of Directors.

Adoption of New Accounting Standards — For the year ended December 31, 2013, there are no new accounting standards that are applicable to the Foundation.

2. INVESTMENTS

Investments, by asset category, as of December 31, 2013 and 2012, consist of the following (in thousands):

	2013	2012
Common stock	\$ 52,834	\$ 24,776
U.S. treasury securities		10,562
Mortgage-backed securities		1,806
Corporate debt securities		8,446
Commingled international equity fund	5,992	6,152
Total investments	<u>\$ 58,826</u>	<u>\$ 51,742</u>

The Foundation recognized net unrealized gains of approximately \$10,806,000 and \$3,699,000 at December 31, 2013 and 2012, respectively, relating to trading investments still held at year-end.

For the year ended December 31, 2013, proceeds from the sales of investments totaled approximately \$38,407,000. Gross realized gains and losses on those sales were approximately \$3,426,000 and \$517,000, respectively.

For the year ended December 31, 2012, proceeds from the sales of investments totaled approximately \$49,376,000. Gross realized gains and losses on those sales were approximately \$2,650,000 and \$944,000, respectively.

As of December 31, 2013 and 2012, the Foundation's trading investment portfolio contained \$5,992,000 and \$6,152,000, respectively, of holdings in a commingled international equity fund that holds investments in publicly traded international equity securities. The fair market value of the fund has been determined using the net asset value (NAV) per share of the fund. Accordingly, the change in NAV is included in investment income. The Foundation can redeem its investment in this fund on a monthly basis upon written notification 30 days prior to the predetermined monthly redemption date.

3. FAIR VALUE MEASUREMENTS

The fair values the Foundation's securities are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value in accordance with U.S. GAAP guidance for fair value measurements and disclosures.

The Foundation obtains only one quoted price for each security from third party pricing services, which is derived through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Foundation is responsible for the determination of fair value, management performs periodic analysis on the prices received from third parties to determine whether the prices are reasonable estimates of fair value.

In certain circumstances, it may not be possible to derive pricing model inputs from observable market activity, and therefore, such inputs are estimated internally. Such securities would be designated Level 3 in accordance with U.S. GAAP guidance with the fair values estimated using a discounted cash flow model that incorporates inputs such as credit spreads, default rates and benchmark yields.

The Foundation and its investment managers classify fair value balances based on the hierarchy defined below:

Level 1 — Quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as: (a) quoted prices for similar assets or liabilities, (b) quoted prices in markets that are not active, or (c) other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities as of the reporting date.

Level 3 — Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities.

The following techniques were used to estimate the fair value and determine the classification of assets and liabilities pursuant to the valuation hierarchy:

Cash Equivalents — May consist of commercial paper, money market and mutual fund amounts and other securities that mature in 90 days or less. Valuation is based on unadjusted quoted prices, and are classified as Level 1.

U.S. Treasury Securities — May consist of certain U.S. government securities, and bonds issued by U.S. government backed agencies. Because valuation is based on unadjusted quoted prices for these securities in an active market and there is a lack of transparency into the specific pricing of the individual securities they are classified as Level 2.

Common Stocks — May consist of actively traded, exchange listed equity securities. Valuation is based on unadjusted quoted prices for these securities or funds in an active market, and are classified as Level 1.

Commingled International Equity Funds — May consist of international equity securities. Valuation is recorded at NAV and is based on the underlying investments in the funds, and are classified as Level 2.

Corporate Debt Securities, Mortgage Backed Securities, and Commingled Fixed Income Funds — May consist of corporate notes and bonds, commercial paper that matures after 90 days, government bonds, commingled mutual funds and debt issued by noncorporate entities. Valuation is based on inputs derived directly from observable market data such as discounted cash flows and are not consistently or actively traded and are classified as Level 2.

The Foundation's financial instruments recorded at fair value that are measured on a recurring basis at December 31, 2013 and 2012, are as follows (in thousands):

	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2013				
Cash equivalents	\$ 571	\$ —	\$ —	\$ 571
Common stock	\$ 31,929	\$ —	\$ —	\$ 31,929
Commingled fixed income fund		20,905		20,905
Commingled international equity fund		5,992		5,992
Total investments	\$ 31,929	\$ 26,897	\$ —	\$ 58,826
2012				
Cash equivalents	\$ 661	\$ —	\$ —	\$ 661
Common stock	\$ 24,776	\$ —	\$ —	\$ 24,776
U.S. treasury securities		10,562		10,562
Mortgage-backed securities		1,806		1,806
Corporate debt securities		8,446		8,446
Commingled international equity fund		6,152		6,152
Total investments	\$ 24,776	\$ 26,966	\$ —	\$ 51,742

Some of the Foundation's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short term nature. Such financial assets and liabilities include: accounts receivable — investments sold; accrued investment income; other assets; grants payable; accounts payable — affiliates; accounts payable — investments purchased; and other liabilities.

There were no financial instruments measured at fair value on a nonrecurring basis as of December 31, 2013 and 2012.

Transfers between levels may occur due to changes in the availability of market observable inputs. Transfers in and/or out of any level are assumed to occur at the end of the period.

Transfers into Level 3 — During the years ended December 31, 2013 and 2012, there were no transfers into Level 3.

4. RELATED-PARTY TRANSACTIONS

On a routine basis, the Foundation conducts business transactions with affiliates: BCBSM and Blue Care Network of Michigan (BCN). These transactions include management, administrative, and professional services, including computer operations and accounting services.

For the years ended December 31, 2013 and 2012, \$1,063,000 and \$882,000, respectively, were billed from affiliates and are included in supporting activities in the statements of activities and changes in net assets; and \$674,000 and \$699,000, respectively, were due to affiliates. The majority of the transactions and balances are related to BCBSM.

The accompanying financial statements present the financial position, results of operations and changes in net assets and cash flows for the Foundation and are not necessarily indicative of what the financial position, results of operations and changes in net assets and cash flows would have been if the Foundation had been operated as an unaffiliated corporation during the periods presented.

All outstanding shares of the Foundation are owned by BCMI. Since BCMI does not exercise control over the Foundation, the Foundation is not consolidated with BCMI. The Foundation, BCBSM, and BCN have some common officers and board members.

5. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date of December 31, 2013 through March 27, 2014, the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure under FASB ASC 855, *Subsequent Events*.

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