

Investing in the **Health** of our Community

Blue Cross Blue Shield of Michigan Foundation
2014 Annual Report



Improving health care: It's what we do

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

The Blue Cross Blue Shield of Michigan Foundation was created 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 Blue Cross 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 \$50 million in grants for research and 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 2014, the Foundation provided approximately \$2.1 million in grants to Michigan-based researchers and nonprofit organizations to address:

Quality and costs of care

Access to care

Community health



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Presidents' and executives' messages

A Strong history of partnerships continues to improve the health of Michigan residents

Since 1980, the Blue Cross Blue Shield of Michigan Foundation has worked with health professionals and community organizations to make sure all Michigan residents have access to quality, affordable health care.

One of those partnerships began nearly 20 years ago, when the Foundation provided a grant to two doctors at the University of Michigan to improve the quality of heart angioplasty procedures through collaboration with other Michigan hospitals. The success of that early initiative grew into Value Partnerships— a collection of patient safety, clinical quality and care process efforts that improve health care in Michigan.

Today, as the Blue Cross philanthropic affiliate, the Foundation continues to lead the way with groundbreaking efforts with doctors and hospitals. The Foundation invests

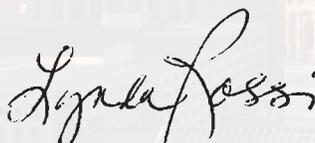
in innovative solutions to reduce cost, improve quality and increase access to health care in Michigan. For the last 34 years, the Foundation has worked with Michigan's researchers in universities and hospitals to find new ways to address both long-standing and emerging health care issues.

Further, the Foundation's contributions to free clinics and other safety net providers — who are dedicated to providing coverage and care for the underserved — are helping get more of Michigan's most vulnerable citizens the care they need.

We are grateful for the efforts of researchers, health care organizations and community-based nonprofit organizations featured in the pages of this annual report, and we look forward to continuing to support the excellent, innovative work they do to build a healthier Michigan.



Daniel J. Loepp
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

Shauna Ryder Diggs, M.D.

Chairwoman, Board of Directors
Blue Cross Blue Shield of Michigan Foundation



Audrey J. Harvey

Audrey Harvey

Executive Director and Chief Executive Officer
Blue Cross Blue Shield of Michigan Foundation

Investing in the health of our community

The Blue Cross Blue Shield of Michigan Foundation’s mission — to support health care research and innovative programs designed to improve the health of all Michigan residents — is the driving force for all we do.

In 2014, the Foundation invested \$2.1 million to improve health care in communities throughout Michigan, from Emmet to Muskegon to Wayne County. That included \$1.5 million in research to address the quality of care, \$350,000 to address creative ways to increase access to care and, \$203,000 to address the cost of care.

Further, we continued to partner with Michigan’s physicians, universities, public agencies, health care organizations and community-based nonprofit organization that focus on many important health care issues facing our state.

For example, in 2014, the Foundation funded three programs to address helping people avoid unnecessary trips to the hospital emergency room. In one of the programs,

the Genesee County Free Medical Clinic in Flint is following up with uninsured adults discharged from the emergency room — many of whom are likely to require medical assistance and medications — to help them avoid having to return to the emergency room.

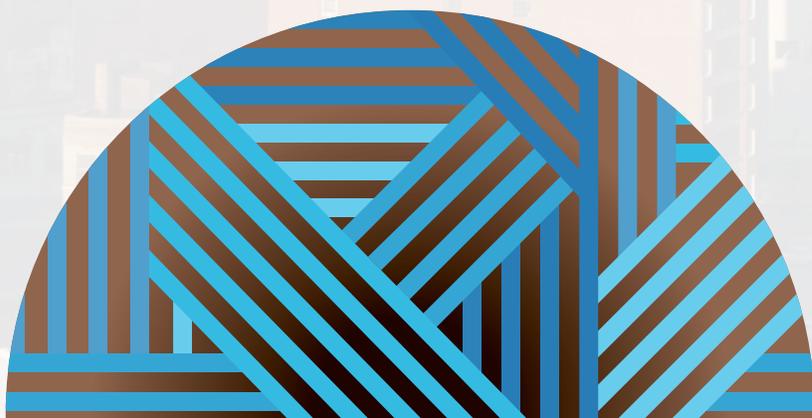
To support a more holistic approach to health care and recognize the impact of oral care, the Foundation funded two community-based approaches to increase access to quality dental care. Finally, the Foundation invested \$92,300 in students to recognize their excellence and support their continued development and learning.

You can learn more about these grants and others in our annual report. With the help of our statewide partners, we continue to make great strides toward achieving our vision in which Michigan’s population will enjoy improved health and access to cost-effective, quality care.

Grant programs

The grant programs offered by the Blue Cross Blue Shield of Michigan 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: \$736,494

Physician Investigator Research Award Program

Program total: \$74,498

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: \$90,000

Request for Proposal

Program total: \$497,617

Community Health Matching Grant Program

Program total: \$656,000

Proposal Development Award

Program total: \$10,500

Total research and program grants in 2014: \$2,107,359

Total membership grants in 2014: \$22,715

Grand total: \$2,130,074

Investigator Initiated Research Program

Program total: \$736,494



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 Blue Cross Blue Shield of Michigan 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

Lena Chen, M.D. **\$75,000**

Medical Consultants and the Value of Hospital Care
University of Michigan, Medical School

Lauren M. Hamel, Ph.D. **\$49,533**

Analyzing Discussions of Cost between Patients and Oncologists
Wayne State University, Department of Oncology

Jean Nagelkerk, Ph.D., F.N.P. **\$85,900**

Improving Outcomes in Adults with Diabetes through an Interprofessional Collaborative Practice and Education Program
Grand Valley State University, Cook-Devos Center for Health Sciences

Kathryn Harnes, M.D. **\$75,000**

Barriers to Insulin Initiation
University of Michigan, Department of Family Medicine

Vineet Chopra, M.D. **\$75,000**

Vascular Access Nursing Practices Related to Peripherally Inserted Central Catheters: The PICC One Survey
University of Michigan, Medical School

Beatrice Kalisch, R.N., Ph.D., F.A.A.N. **\$111,501**

An Intervention to Increase Teamwork and Increase Quality of Care
University of Michigan, School of Nursing

Dean Yang, Ph.D. **\$74,985**

Promoting Preventive Health Care in Michigan
University of Michigan, Population Studies Center

Sara Leasure Reeves, Ph.D., M.P.H. **\$75,000**

Variations and Health Services Use among Children in Michigan with Sickle Cell Trait
University of Michigan, Center for Social Epidemiology and Population Health

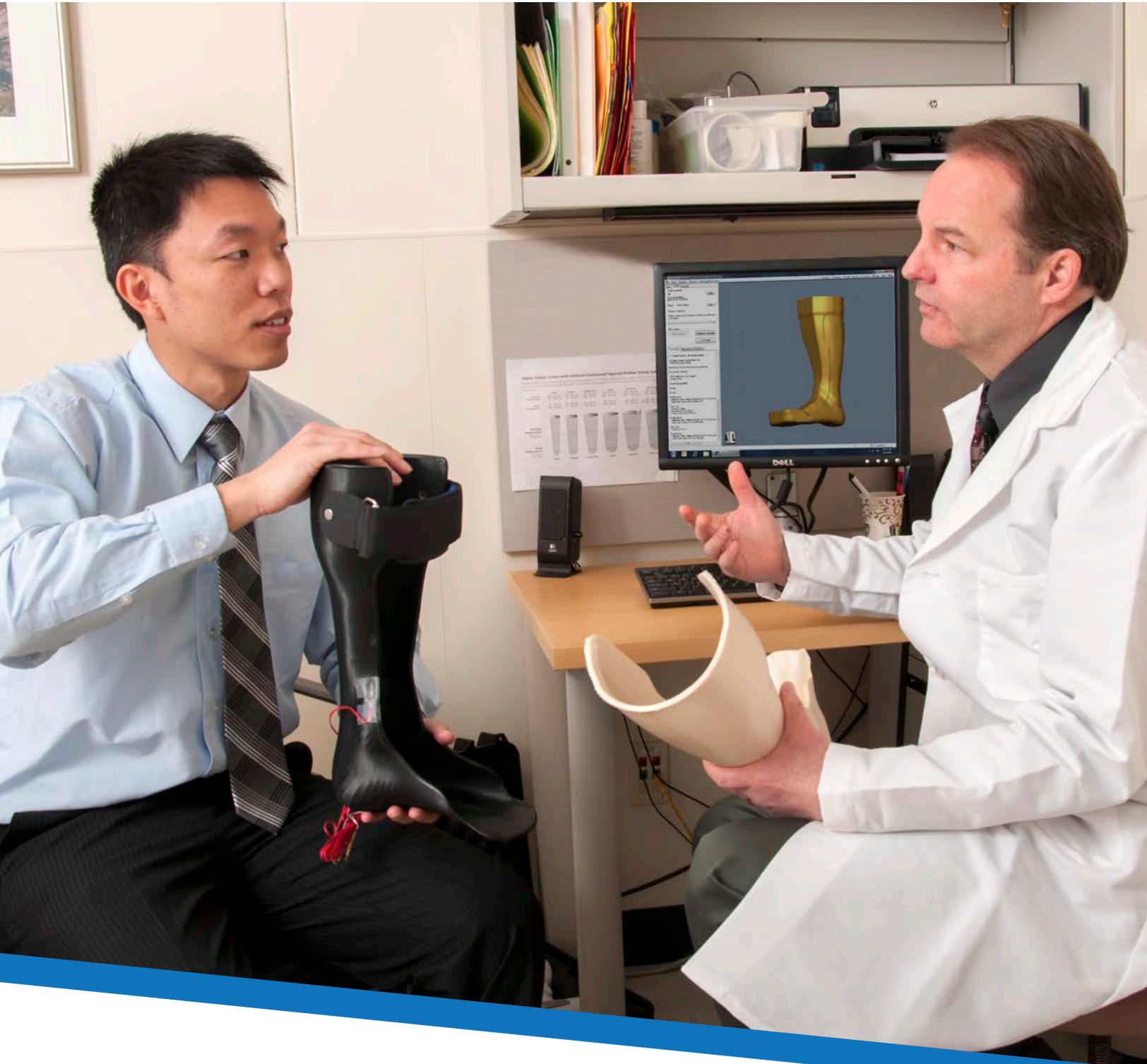
Paul Stein, M.D. **\$39,575**

Home Treatment of Deep Venous Thrombosis and Factors Associated with its Nonuse
Michigan State University, College of Osteopathic Medicine



Roland Chen, Ph.D.

University of Michigan, Mechanical Engineering | \$75,000



Clinical Evaluation: 3D Printing of Ankle-Foot Orthosis with Optimal Design for Rapid Fabrication

This study evaluates the performance of 3D printed ankle-foot orthoses. About 1.5 million AFOs are made every year in U.S., making it the second most common type of orthosis. The current fabrication process for AFOs has not significantly changed for decades and it takes a few weeks to deliver an AFO. With the emerging of 3D printing technology, we are now able to turn this around more quickly with optimal design to make AFOs lighter in weight and cost-effective. However, without seeing more clinical data showing that 3D printed AFOs are effective and safe, the orthotics society is not going to switch their paradigm. The Foundation grant supports such a clinical study and we hope to optimize the design of AFOs and validate their performance.



Physician Investigator Research Award Program

Program total: \$74,498

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 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



Adrienne Haggins, M.D., M.S. **\$8,771**
Assessing Access to Follow-Up Care for Emergency Patients in Michigan
University of Michigan, Department of Emergency Medicine

Amit Bahl, M.D. **\$10,000**
Analyzing Discussions of Cost between Patients and Oncologists
William Beaumont Hospital Research Institute

Roy Soto, M.D. **\$10,000**
Perioperative Optimization for Colorectal Surgery Patients
William Beaumont Hospital Research Institute

Renuka Tipirneni, M.D. **\$10,000**
Primary Care Access after ACA and Healthy Michigan
University of Michigan, Medical School

Michael Rontal, M.D. **\$9,940**
Gore-Tex Thyroplasty Procedure to Treat Patients with Unilateral Vocal Cord Paralysis
William Beaumont Hospital Research Institute

Tovah A. Buikema, D.O. **\$6,000**
Maternal Serum Concentrations of Soluble Endoglin
St. Joseph Mercy Oakland

Kathleen Schlecht, D.O. **\$9,787**
Music Selection and Anesthesia Effects
William Beaumont Hospital Research Institute



Sherezade Khambatta, D.O., M.H.A.

St. John Hospital & Medical Center | \$10,000



Association of Bleeding Avoidance Strategy with Age Related Bleeding; 2 Outcomes in Patients Undergoing Percutaneous Coronary Intervention

Bleeding is a common complication among patients undergoing percutaneous coronary intervention, or PCI, and is associated with a higher morbidity and mortality post-procedure as well as longer hospitalization and increased costs. Older age has been reported as a significant risk factor for bleeding after PCI. Recently the use of bleeding avoidance strategy, or BAS, has been shown to lower the risk of peri-PCI bleeding. This strategy consists of a combination of radial access (rather than femoral access), bivalirudin (rather than heparin and/or glycoprotein GPIIb/IIIa antagonists) and vascular closure devices after femoral access for PCI. However, use of BAS with age and its association with bleeding and outcomes remains unknown. We evaluated the age-related use of BAS and its relationship with bleeding and outcomes in patients undergoing PCI enrolled in the Blue Cross Blue Shield of Michigan Cardiovascular Consortium. The consortium is a collaborative, statewide, multi-hospital PCI quality improvement initiative. Our results indicated that BAS is underutilized in the elderly despite evidence of the highest benefit in this high-risk group. Thus, our data identifies an opportunity to improve the care of these patients undergoing PCI.



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 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.

Vineet Chopra, M.D.

\$10,000

*Risk of Venous Thromboembolism Associated with Peripherally
Inserted Central Catheters: A Systematic Review and Meta-Analysis*

Journal: *The Lancet*

University of Michigan, Medical School

Paul Delamater, Ph.D.

\$10,000

Do More Hospital Beds Lead to Higher Hospitalization Rates?

A Spatial Examination of Roemer's Law

Journal: PLOS ONE

Michigan State University, Department of Geography

Emily Somers Ph.D., Sc.M.

\$10,000

*Population-Based Incidence and Prevalence of Systemic Lupus
Erythematosus*

Journal: *American College of Rheumatology*

University of Michigan, Internal Medicine

David Miller, M.D., Ph.D.

University of Michigan, Medical School | \$10,000





Anticipating the Effects of Accountable Care Organizations for Inpatient Surgery Journal: *JAMA Surgery*

Much of the enthusiasm for Accountable Care Organizations, or ACOs, is driven by evidence that integrated delivery systems perform better than other health systems on measures of quality and cost in the ambulatory care setting; however, it remains unknown whether this model offers similar benefits for complex hospital-based care. To help anticipate the effect of ACOs on hospital-based care, we used Medicare data to assess whether existing integrated delivery systems, or IDS, are associated with improved quality and lower costs around episodes of inpatient surgery. We found no evidence that IDS-affiliated hospitals have lower mortality or fewer complications and readmissions. With the exception of post-discharge care for certain procedures, episode payments for patients treated in IDS were indistinguishable from those for non-IDS facilities. These findings suggest that the benefits of IDS observed for ambulatory care may not extend to inpatient care. As such, improvements in the quality and cost-efficiency of hospital-based surgical care will likely require steps beyond current ACO initiatives.



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:

Eric Kim

\$750

Life Satisfaction and Frequency of Doctor Visits

Journal: *Psychosomatic Medicine*

University of Michigan, Department of Psychology

Third place:

Adam Wilk

\$500

Differential Responses among PCPs to Varying Medicaid Fees

Journal: *Inquiry*

University of Michigan, School of Public Health



Kelly Ferguson

University of Michigan, School of Public Health | \$1,000



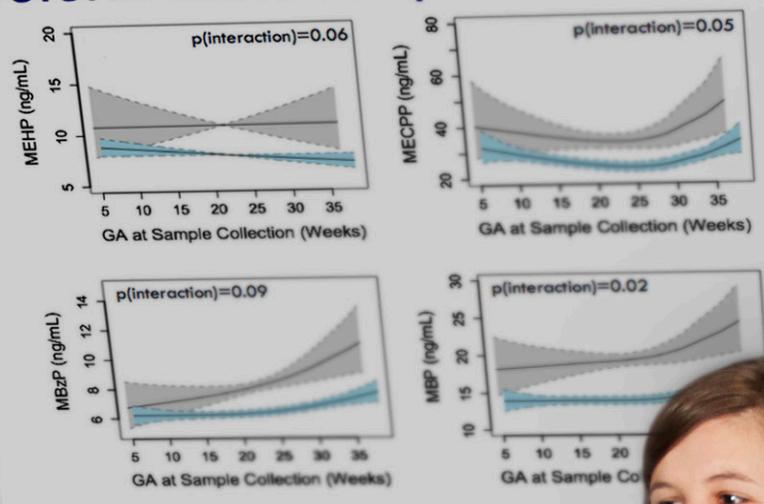
First place:

Environmental Phthalate Exposure & Preterm Birth

Journal: *JAMA Pediatrics*

My dissertation research explored the relationship between mothers' exposure to chemicals during pregnancy and their risk of having a premature birth. Premature birth is a significant health concern, because babies born too soon are much more likely to die or have significant health complications at delivery or later in life. Mothers are exposed to a multitude of chemicals during pregnancy, including phthalates. Phthalates are found in many plastics as well as personal care products, and exposure in the general population, including pregnant women, is widespread. My research findings published in *JAMA Pediatrics* demonstrated that women who were exposed to phthalates while pregnant were at increased risk of delivering prematurely. These findings may be particularly consequential, as behavioral modifications may be effective in reducing maternal exposure. More broadly, this study shows the importance of the environment in the etiology of premature birth.

Phthalate trajectories in spontaneous preterm cases compared to controls



Student Award Program

Program total: \$90,000



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 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

Eastern Michigan University

Barry Eye \$3,000

A Brief Group Acceptance and Commitment Therapy Intervention for Anxiety Sensitivity
Department of Psychology

Alison Colbert \$3,000

Working Memory and Symptoms of Inattention Deficit Hyperactivity Disorder in Children
Department of Psychology

Miriam Goldstein \$3,000

The Impact of Parenting on Attention and Executive Functioning in School Age Children
Department of Psychology

Lauren Harrison \$3,000

Parent Influences on Pediatric Chronic Pain and Disability
Department of Psychology

Ashley Anne Wiedemann \$3,000

Exploring the Role of Emotion Regulation in Binge Eating Behavior and Emotional Eating
Department of Psychology

JooHyun Lee \$3,000

Towards a Culturally Informed Model of Psychological Maladjustment for Asian Americans
Department of Psychology

Katherine Guyon-Harris \$3,000

Trajectories of Maternal PTSD Symptoms and Atypical Parenting Behaviors: Implications for the Health and Social Emotional Well Being of Infants and Toddlers
Department of Psychology

Jessica Riggs \$3,000

Atypical Parenting Behaviors and Obesity in Response to Parent Intervention in a High Risk Sample
Department of Psychology

Amanda Ellis \$3,000

The Impact of Life Stress on Attention and Executive Functioning in School Age Children
Department of Psychology

Sara Johns \$3,000

Father Involvement, Maternal Depression, and Child Externalizing Behavior Problems in Low Income African Americans
Department of Psychology

Michigan State University

Jeffrey Shahidullah \$3,000

The Michigan Integrated Behavioral Health ADHD Treatment Algorithm Demonstration Project: An Evaluation
College of Education, Department of Counseling

Sheryl Groden \$3,000

The Intersection of Geriatric Social Work and Complementary and Alternative Medicine
School of Social Work

Kelly Adams \$3,000

Emotion Regulation in African American Patients with Heart Failure
College of Nursing

Jessica Wallace \$3,000

Concussion Knowledge and Education in Michigan High Schools
Department of Kinesiology



University of Michigan

Erin Wentz, P.T.

\$3,000

The Impact of an Early and Intense Prone Positioning Program on Infants with Down Syndrome and on Typically Developing
School of Kinesiology

Adam Horwitz

\$3,000

Assessing the Suicidal Ideation Rumination Scale as a Predictor of Future Suicide Attempts
Department of Psychiatry

Natalia Blanco-Herrera

\$3,000

Development of an In-Host Mathematical Model of Clostridium Difficile Infection
School of Public Health

Ivan Vargas

\$3,000

Investing the Effect of Sleep Deprivation on HPA-Axis Functioning: Implications for Affect and Cognition
Department of Psychology

Tyler Grove

\$3,000

Auditory and Emotion Processing in Schizophrenia Spectrum Disorders
Department of Psychology

Ala Iaconi

\$3,000

Improving Statin Medication Adherence
Department of Clinical, Social and Administrative Sciences

Chi-Mei Liu

\$3,000

Evaluating Clinical Pharmacist Provided Services and Patient Outcomes in the Patient Centered Medical Home
College of Pharmacy

Wayne State University

Jason Kiernan **\$3,000**
Mitigation of Delayed Chemotherapy Induced Nausea with Ginger
College of Nursing

Maisa Ziadni **\$3,000**
Stress & Health Interview for Primary Care Patients with Medically Unexplained Symptoms: A Clinical Trial
Department of Psychology

Jennifer Carty **\$3,000**
Life-Stress Interview for Women with Chronic Urogenital Pain
Department of Psychology

Laurel Hicks **\$3,000**
Improving Maternal, Infant and Birth Outcomes in Detroit Mothers: A Trauma Sensitive Mindfulness Intervention
School of Social Work

Christina Raheb **\$3,000**
The Relationship between Ghrelin, Mood and Binge Eating Behavior among College Students
College of Nursing

Western Michigan University

Marie Barrett **\$3,000**
Beta-Testing of an Alternative Multimedia Computer Program of Exposure Therapy for Post Traumatic Stress Disorder
Department of Psychology

Jamie Hirsh **\$3,000**
Functional Analysis of Infantile Colic
Department of Psychology

Jennifer Kuhn **\$3,000**
Applying the Transactional Stress and Coping Model to Understand Negative Outcomes Following Child Injury
Department of Psychology

Amanda Atchoo

Wayne State University, College of Nursing | \$3,000



Acupressure: A Way to Decrease Cost and Improve Positive Patient Outcomes

The purpose of this pilot study is to educate labor and delivery nurses how to use acupressure on women in labor to enhance patient outcomes while decreasing costs due to medical interventions. Many women today use some form of medication during labor, which has been associated with higher rates of vaginal assisted deliveries, Cesarean sections, and negative perinatal outcomes. Evidenced-based research shows acupressure assists women with labor while decreasing rates of Cesarean sections, vaginal-assisted deliveries and use of medications. Once nurses are educated on the technique, the nurses' beliefs, attitudes and confidence of acupressure before and six weeks after the educational intervention will be evaluated. After the intervention is completed, nurses will document epidural time and if patient received medication. A data analysis will be performed during a set time to determine if acupressure has assisted with decreasing costs and improving patient outcomes.



Request for Proposal

Program total: \$497,617

Specific areas of health care deserve focused attention. Under the Request for Proposal Program, the BCBSM Foundation periodically identifies important health issues and solicits proposals. Individual topics are explored within the context of quality, cost, access to care and community health.

Checklist — Supplemental Funding

In 2013 the Foundation funded eight projects under our Patient Safety: Implementing Checklists initiative. The purpose of this initiative was to encourage the development and expanded use of checklists in hospital medicine and surgery to enhance patient safety. The Foundation has an interest in evidence-based projects that seamlessly integrate checklists into providers' work flow so they can be readily adopted and used. The grantees' projects showed remarkable results. In 2014, we provided current grantees supplemental funding of \$25,000 to expand and/or continue their projects.

State of Michigan Prostate Cancer Research Fund

The Blue Cross Blue Shield of Michigan Foundation and the Michigan Department of Community Health issued a Request for Proposal to Michigan medical schools to develop an online continuing medical education module on prostate cancer survivorship care based upon the Michigan Cancer Consortium recommendations. The purpose of the initiative was to ensure that primary care physicians as well as medical students have the knowledge and skills to provide the best care for survivors of prostate cancer. The Foundation/state partnership awarded Wayne State University a grant of \$100,000 to develop the online continuing medical education module on survivorship care.

Enhancing Primary Care in Michigan's Safety Net Organizations

After issuing a joint request for letters of interest, the Foundation and Blue Cross awarded five Michigan-based safety net organizations grants to develop or adapt an innovative health care delivery model to provide access and improve service quality. Additionally, the Foundation has provided an evaluator to assess each of the five projects for effectiveness, cost-efficiency and replicability to other Michigan safety net organizations.



Checklist – Supplemental Funding

Maysaa Merhi Basha, M.D. **\$25,000**

Improving Patient Safety Outcomes and Direct Hospital Costs with the Use of Patient Checklists in Acute Seizure Management
Wayne State University, Department of Neurology

Joel J. Gagnier, N.D., Ph.D. **\$23,377**

Development, Implementation and Evaluation of a Checklist for Patient Handoffs
University of Michigan, Department of Orthopaedic Surgery

Linda C. Schofield, R.N., Ph.D. **\$25,000**

The Prevention of Delirium in the ICU
Northern Michigan Regional Hospital

Fabian Fregoli, M.D. **\$24,400**

Implementing The Joint Commission Stroke Checklist
St. Joseph Mercy Oakland

Daniel Silvasi, M.D. **\$25,000**

SCIP Safety Checklist: Improving Perioperative Handover and Followup
William Beaumont Hospital Research Institute

Robert Sherwin, M.D. **\$24,880**

A Checklist Tool to Improve the Quality of Care for Critically Ill Patients Boarded in the Emergency Department
Wayne State University, Department of Emergency Medicine

Arthur L Riba, M.D., F.A.C.C. **\$24,960**

Development, Implementation and Impact of a Daily Coronary Care Unit Rounding Quality Checklist
Oakwood Hospital & Medical Center

State of Michigan Prostate Cancer Research Fund

Cancer Control Department, Michigan Department for Community Health **\$75,000**

Prostate Cancer Survivorship Care: Development, Implementation and Evaluation of a Continuing Medical Education Module for Primary Care Providers

Enhancing Primary Care in Michigan's Safety Net Organizations

Mercy Primary Care Clinic **\$50,000**

Mercy Primary Care Coordinated Care Program
Detroit

Corner Health Center **\$50,000**

Here for Youth
Ypsilanti

Mercy Hospital Grayling **\$50,000**

Rural Telepsychiatry
Grayling

Arab American Chaldean Council **\$50,000**

ACC Health Connectors
Troy

Grace Health

\$50,000



Maternal and Infant Oral Health Initiative

A 2014 grant enabled the genesis of an innovative approach to dental disease reduction among Calhoun County mothers, mothers-to-be and their children.

The project is a recognition of a reality: Tooth decay is the most prevalent, preventable childhood disease in America. It affects low-income populations disproportionately due to several factors; including low oral health literacy, poor oral hygiene, inappropriate diet management and lack of access to professional dental services.

The Initiative embedded a dental hygienist within the Grace Health Ob/Gyn Department. This unique model fosters access to dental screening services, oral health education, oral hygiene services plus connects patients to a “dental home.”

The Grace Health goal for the project is to eliminate oral health care barriers at a critical time of life, coupled with sustainable improvement of health outcomes.



Community Health Matching Grant Program

Program total: \$656,000



In 2014, the Community Health Matching Grant Program's funding priority was access to health care for the uninsured. The matching grant program offers matching grants of up to \$25,000 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.

Tomorrow's Child/MI SIDS \$25,000

Keeping Michigan Babies Safe and Healthy: reducing infant mortality in Michigan.
Statewide

Michigan State Medical Society Foundation \$36,000

18th Annual Michigan State Medical Society: End of Life Care/Palliative Care
Statewide

Greater Flint Health Coalition \$75,000

Community-Wide, Systemic Approach to Advance Care Planning in Genesee County
Genesee County

University of Michigan, School of Public Health \$20,000

Speak to Your Health: assessing the health and quality of life of Genesee County residents.
Genesee County

The Guidance Center \$50,000

Renew You: to expand an effective obesity program to the uninsured.
Southgate

Mission for Area People \$50,000

Improving Health Outcomes for Mission Consumer Populations: to expand outreach and service capacity to the under-served in Muskegon.
Muskegon

Adult Well-Being Services \$25,000

PATH to Sustainable Good Health for Medicare Adults with Diabetes in Wayne County
Wayne County

Mercy Health Saint Mary's \$50,000

Access & Emergency Department Diversion for High Risk Homeless Persons
Grand Rapids

Genesee County Free Medical Clinic \$50,000

A New Role of the Free Clinic in Times of Emergency: Transition in Health Care
Flint

Housing Resources, Inc. \$50,000

Health through Housing Stabilization: assessing the impact of housing support services on health improvement.
Kalamazoo

Southwest Counseling Solutions, Inc. \$75,000

Partners 4 Health: an intervention to address super utilizers of emergency department and inpatient services.
Wayne/Oakland County

Samaritan Center \$50,000

My Health Place: a disease care management program to improve health behavior.
Detroit

Joy-Southfield Community Development Corporation, Inc. \$50,000

Joy-Southfield: linking clinical care and community based prevention strategies to manage chronic disease.
Detroit

Muskegon Community Health Project

\$50,000



Muskegon Volunteer for Dental Care

Muskegon Volunteer for Dental Care's mission is to provide access to urgent dental care and oral health education through a pay-it-forward dental partnership for low-income, uninsured adults. Exchanging volunteer service for dental care makes dental care available to a population previously not receiving care due to their lack of ability to pay. This program helps reduce dental emergencies at local emergency rooms, increase volunteer service in the community and helps build self-esteem in the patients served.

In the first year of Muskegon Volunteer for Dental Care's operation, over 215 dental appointments have been completed. Eighteen dentists provided 446 services to 77 patients (exams, X-rays, cleanings, fillings, extractions, periodontal treatment, one root canal, oral surgery and an orthodontic consultation for a car accident case). One hundred and thirty-four people have attended free dental health classes. The total value of dental services performed is \$57,157 and our patients have logged 2,093 hours of volunteer time as payment for services provided.



Proposal Development Award

Program total: \$10,500

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 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 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



Personalized Nursing LIGHT House **\$3,500**
Men's Residential Treatment Program and Housing

The Color of Autism Foundation **\$3,500**
Spectrum of Care

Wyandotte Clinic for the Working Uninsured

\$3,500



Helping Working People without Medical Insurance Get and Stay Healthy

The Wyandotte Clinic for the Working Uninsured, now in its tenth year, has been the medical home for more than 10,000 patients in the last decade, providing free primary medical care to low-income, uninsured working adults. Volunteer medical staff provide physical exams and diagnostic testing, including cancer screenings. They also provide education and referrals — including health insurance options -- to economically disadvantaged patients who otherwise would not have access to care. In partnership with Henry Ford Wyandotte Hospital, medical students and residents work with attending physicians to assess and care for patients, acquiring invaluable skills along the way. Nancy Zack, clinic administrator, describes the clinic as volunteerism at its best: “We are providing critical patient care to keep workers on the job, enhancing community health and nurturing excellent future physicians. It is a win-win for everyone involved. Clinic patients don’t have to forego important medical appointments and screenings due to financial concerns. The significance of our long partnership with Blue Cross Blue Shield of Michigan cannot be overstated and the grant from the Foundation will enable the clinic to pursue future funding and continue vital patient care for the underserved.” (www.wyandotteclinic.com)



Administration

Grant seekers should review the requirements of our individual grant programs. For more detailed information on 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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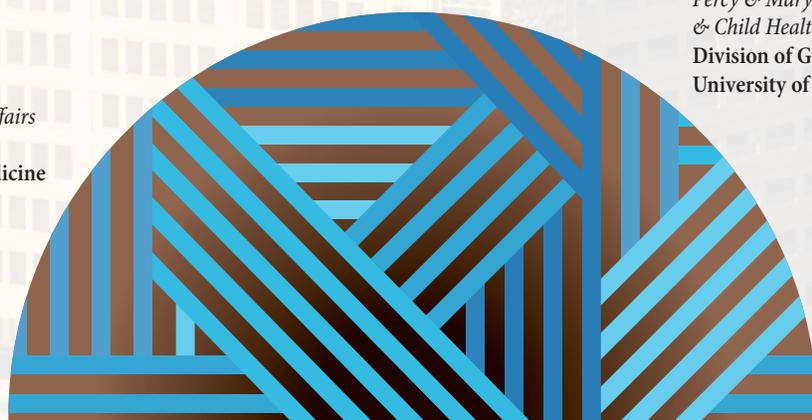
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Program Associate



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 Detroit Medical Center
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*As of April 15, 2015

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, 2014 and 2013, 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, 2014 and 2013, 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 parent.

Deloitte & Touche LLP

Detroit, Michigan

March 31, 2015



Blue Cross Blue Shield Of Michigan Foundation

Balance sheets

As of December 31, 2014 and 2013 (in thousands)

	2014	2013
Assets		
Cash and cash equivalents	\$ 6,873	\$ 1,042
Investments	53,028	58,826
Accounts receivable — investments sold	136	218
Accrued investment income	28	11
Other assets	172	145
Total	\$ 60,237	\$ 60,242
Liabilities and net assets		
Liabilities:		
Grants payable	\$ 3,076	\$ 3,030
Accounts payable — affiliates	605	674
Accounts payable — investments purchased	119	275
Other liabilities	258	203
Total liabilities	4,058	4,182
Net assets:		
Common stock, \$100 par value — 2 shares authorized, issued, and outstanding		
Unrestricted net assets	56,179	56,060
Total net assets	56,179	56,060
Total	\$ 60,237	\$ 60,242

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, 2014 and 2013 (in thousands)

	2014	2013
Unrestricted net assets		
Revenue:		
Investment income — net of investment expense of \$249 and \$202 for 2014 and 2013, respectively	\$ 206	\$ 369
Net realized and unrealized gain on investments	3,205	9,772
Contributions	2	
Total unrestricted revenue	3,413	10,141
Expenses:		
Grants	1,943	1,599
Supporting activities	1,351	1,161
Total unrestricted expenses	3,294	2,760
Total increase in unrestricted net assets	119	7,381
Total net assets — Beginning of year	56,060	48,679
Total net assets — End of year	\$ 56,179	\$ 56,060

See notes to financial statements.

Blue Cross Blue Shield Of Michigan Foundation

Statements of cash flows

For the years ended December 31, 2014 and 2013 (in thousands)

	2014	2013
Cash flows from operating activities:		
Increase in net assets	\$ 119	\$ 7,381
Reconciliation of increase (decrease) in net assets to net cash used in operating activities:		
Net gain on sale of investments	(9,166)	(2,909)
Unrealized loss (gain) on investments	5,961	(6,863)
Changes in:		
Accrued investment income	(17)	155
Other assets	(2)	(3)
Grants payable	46	(158)
Accounts payable — affiliates	(69)	(25)
Other liabilities	55	26
Net cash used in operating activities	<u>(3,073)</u>	<u>(2,396)</u>
Cash flows from investing activities:		
Purchase of investments	(69,625)	(35,692)
Proceeds from sales and maturities of investments	78,529	38,257
Net cash provided by investing activities	8,904	2,565
Net increase in cash and cash equivalents	5,831	169
Cash and cash equivalents - Beginning of year	1,042	873
Cash and cash equivalents - End of year	\$ 6,873	\$ 1,042
Noncash supplemental disclosure - Change in net accounts receivable/payable - investments	<u>\$ (74)</u>	<u>\$ (81)</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, 2014 and 2013

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). 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, which are carried at fair value, are composed of short term investments with original maturities of 90 days or less. If applicable, cash overdrafts are reported in the liability section of the balance sheets.

Investments — Investments in debt and equity securities are classified 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. 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*. ASC 820 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 (Level 1 and Level 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, 2014, there are no new accounting standards that are applicable to the Foundation.



2. Investments

Investments, by asset category, as of December 31, 2014 and 2013, consist of the following (in thousands):

	2014	2013
Common stock	\$ 21,773	\$ 52,834
Commingled fixed income fund	22,530	
Commingled international equity fund	8,725	5,992
Total investments	\$ 53,028	\$ 58,826

The Foundation recognized net unrealized (losses) gains of approximately (\$5,933,000) and \$10,806,000 at December 31, 2014 and 2013, respectively, relating to trading investments still held at year-end.

Realized Gains/Losses — In the ordinary course of business, sales will produce realized gains and losses. The Foundation will sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectations that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; or (iv) a change in credit quality.

For the year ended December 31, 2014, proceeds from the sales of investments totaled approximately \$78,447,000. Gross realized gains and losses on those sales were approximately \$9,674,000 and \$508,000, respectively.

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.

As of December 31, 2014 and 2013, the Foundation's trading investment portfolio contained \$8,725,000 and \$5,992,000, 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. As of December 31, 2013 the Foundation could redeem its investment in this fund on a monthly basis upon written notification 30 days prior to the predetermined monthly redemption date. The investment held as of December 31, 2014 can be redeemed at any time without restriction.

3. Fair Value Measurements

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

The Foundation obtains only one quoted price for each security from its custodian banks, 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 custodian banks 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.

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 Accounting Standards Update (ASU) 820 guidance. The fair values of these securities would be 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 — 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.

Common Stocks — 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 — 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.

Commingled Fixed Income Funds — 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 either on 1) inputs derived directly from observable market data such as discounted cash flows and are consistently or actively traded and are classified as Level 1 or 2) 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, 2014 and 2013, are as follows (in thousands):

Fair Value Measurements Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
2014				
Cash equivalents	\$ 6,231	\$ —	\$ —	\$ 6,231
Common stock	\$ 21,773	\$ —	\$ —	\$ 21,773
Commingled fixed income fund	22,530			22,530
Commingled international equity fund	8,725			8,725
Total investments	\$ 53,028	\$ —	\$ —	\$ 53,028
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



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, 2014 and 2013.

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 between Levels 1 and 2— During the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2.

Transfers into Level 3 — During the years ended December 31, 2014 and 2013, there were no transfers into or out of 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, 2014 and 2013, \$1,127,000 and \$1,063,000, respectively, were billed from affiliates and are included in supporting activities in the statements of activities and changes in net assets; and \$605,000 and \$674,000, 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, 2014 through March 31, 2015, 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.





For more information and application materials call 313-225-8706.

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