



Blue Care Network  
2014 Annual Report

# THE HMO YOU CAN TRUST

In 2014, we remained committed to providing you with the level of service you've come to expect from us, while launching new initiatives to benefit your bottom line.

## Building trust with our providers

Working closely with our health care providers allows us to offer you low-cost product options. Many hospitals and physician groups participate in Blue Cross Blue Shield of Michigan and Blue Care Network's Value Partnerships program, which has saved hundreds of millions of health care dollars in its 10-year history.

## Building trust with our products

At Blue Care Network, we're always looking for ways to reinvent our product portfolio to ensure we meet your evolving needs. Last year was no different. We offered a wide variety of plan choices, but didn't alter the quality of coverage you received.

## Building trust with our members

Last year we remained the HMO market share leader in Michigan, and improving the member experience became a top priority. We provided our members with more tools and resources, such as our redesigned *Member Handbook*, to help them better understand their plan.

## Trust in Blue

I hope we've been able to provide you with the support you've needed, and that we'll continue to earn your trust.



Kevin James Klobucar  
President and CEO





# TRUST IN OUR GROWTH

In 2014, Blue Care Network continued to experience growth as a result of the Affordable Care Act. Our individual membership grew from 3,000 to more than 115,000, with 87 percent selecting a plan through the Health Insurance Marketplace.

With our new individual members, combined with other growing areas of our business, we exceeded our goal of 750,000 members by yearend. This means we're well positioned to reach our long-term goal of one million members by 2017.

As we focus on long-term membership goals, we also have immediate goals that include working to improve areas of our business to support that growth now.

One of those focus areas has been to improve the member experience, specifically our Consumer Assessment of Health Plans Survey scores. Last year we made progress in the Health Plan Overall measure for commercial business, which was an area of concentration.

Maintaining our strong membership in our group business is another focus. We've created innovative wellness solutions and products that work for your business and your employees.

We're confident we'll see our growth continue. We hope you'll trust us to remain your health care adviser as we work through new changes and create more opportunities.

A handwritten signature in black ink, appearing to read 'William H. Black', written in a cursive style.

William H. Black  
Chairman, Board of Directors



TRUST IN  
OUR PRODUCTS



Our top priority is to give you a diverse portfolio that includes plans that are easy to understand and use, with innovative options to fit your needs and keep health costs manageable.

In 2014, our small group products were very competitive and in some cases up to 45 percent less expensive than our closest competitors.

Our product menu included 18 individual plans and 28 small group plans. For groups with 51 to 99 employees we offered 32 plans and, to give these groups more alternatives, 29 of those plans could be paired with PCP Focus. Fourteen of the plans also offered a health reimbursement account.

Our high deductible plan with a health savings account continued to be a popular option for our groups, with a 151 percent increase in membership.

# TRUST IN OUR MEMBERS

Our work last year to create a competitive and solid product portfolio has paid off. We saw exceptional growth in many areas of our business:

- Our individual business grew by 3,600 percent.
- Our PCP Focus product expanded into 21 counties in 2013, and it grew by 251 percent in 2014.
- BCN Advantage<sup>SM</sup> saw a 12 percent increase in total membership.

As we continued to gain new members, we worked hard to build their trust by providing services tailored to meet their needs. Highlights include:

**Revised Member Handbook:** We completely revised our *Member Handbook* to include design elements and language that will help our members clearly understand everything they need to know about their benefits.

**Improved pharmacy services:** We now send new members letters and a copy of our *Drug List Quick Guide* so they know what pharmacy benefits are covered.

*"My Member Handbook was very helpful with answering questions I had about specific coverage. So far, I am very pleased with my new insurance plan through BCN."*

— Sally L.



*"Many thanks to BCN for outstanding service throughout my recent stem cell transplant. Great coverage meant minimal stress. I cannot thank you enough."*

— Cathy C.



### **24-Hour Nurse Advice Line:**

Members can talk with a registered nurse by phone 24 hours a day, seven days a week. Nurses are available to answer health care questions and address medical concerns. They're able to assess symptoms and determine the appropriate level of care, as well as provide self-care tips so members can feel better faster.

### **Customer Service email:**

We've expanded how members can reach us by adding an email: **help@bcbsm.com**. Members can now email a Customer Service representative any time with questions about their coverage.

**Member videos:** We developed helpful videos featuring our employees explaining how an HMO works and other important information so members can better understand their benefits.

### **BCN Advantage Concierge:**

This concierge program for Medicare members became a permanent offering in 2014 and continues to demonstrate our commitment to seniors in Michigan.

As a result of these efforts, we received another 4.5 star rating, which ranks us among the top performing Medicare Advantage plans.

*"I found the 24-hour Nurse Advice Line — good to know there is someone to call for health care advice. Love it! I didn't have health insurance for four years before I got BCN this year. When seeing the doctor I found out that I am a diabetic and I am now on meds to keep it under control. I'm feeling so much better. Thanks!"*

— Genia J.



# TRUST IN OUR PROVIDER NETWORKS

We're constantly looking for new and creative ways to grow our partnerships and strengthen the services we can provide, and last year was no exception.

In 2014, our expanding provider network continued to deliver quality and cost-effective care. As part of this growth, we added Lenawee County to our service area, which means we now cover the entire Lower Peninsula.

We also partnered with providers to deliver low-cost products for both our Medicare and individual business, including the following new, local network plans:

- **BCN Advantage<sup>SM</sup> ConnectedCare:** This plan was created in collaboration with Together Health Network and Oakwood Accountable Care Organization for Medicare-eligible residents living in Genesee, Kalamazoo, Livingston, Macomb, Oakland, St. Clair, Washtenaw and Wayne counties.
- **Blue Cross<sup>®</sup> Metro Detroit HMO:** This individual plan was developed in partnership with six local provider organizations for residents of Wayne, Oakland and Macomb counties.

In addition to these new plans, we continued to offer Blue Cross<sup>®</sup> Partnered and Blue Cross<sup>®</sup> Partnered MyChoice to residents of Kent, Muskegon and Oceana counties. These types of localized networks were top choices in our individual business area. In 2014, 68 percent of individual members chose a plan in one of our local networks.

# TRUST IN OUR COMMUNITY

Blue Care Network proudly supported 27 events across Michigan in 2014.

One of these events was the Turkey Trot in Grand Rapids. As the presenting sponsor, Blue Care Network gave \$25,000 to the Grand Rapids Public Schools Student Advancement Foundation, which allows this organization to offer scholarships to students who can't afford to pay to play organized sports.

We also had 22 Blue Care Network employees who served as ambassadors in the faith-based community and connected with church members throughout the state.

Actively engaging in the communities we serve remains one of our cultural values. It's important to us that we're not only here for our valued customers as a health partner, but also as a community partner.

**Find us online:**

**[bcbsm.com](http://bcbsm.com)**

**[news.bcbsm.com](http://news.bcbsm.com)**

**[facebook.com/MiBCN](https://facebook.com/MiBCN)**

**[ahealthiermichigan.org](http://ahealthiermichigan.org)**



**Vision** As the premier managed care plan in Michigan, Blue Care Network's purchasers, members, physicians, unions and employees are partners in maintaining and improving health.

**Mission** People helping people to promote health and peace of mind through high quality care and service.

## Cultural values

- Integrity and honesty
- Family and personal life
- Personal accountability and empowerment
- Helping and caring
- Quality and excellence
- Diversity and inclusiveness
- Community involvement

# FINANCIAL STATEMENTS

Financial data (in thousands) as of December 2014  
(statutory basis)<sup>1</sup>

	2014	2013
<b>Balance Sheets</b>		
<b>Assets</b>		
Total current	\$866,251	\$747,690
Other	<u>933,079</u>	<u>845,909</u>
<b>Total assets</b>	<b><u>\$1,799,330</u></b>	<b><u>\$1,593,599</u></b>
<b>Liabilities, capital and surplus</b>		
Total liabilities	\$785,840	\$593,840
Total capital and surplus <sup>2</sup>	<u>1,013,490</u>	<u>999,759</u>
<b>Total liabilities, capital and surplus</b>	<b><u>\$1,799,330</u></b>	<b><u>\$1,593,599</u></b>
<b>Statements of Operations</b>		
<b>Premium revenue</b>	<u>\$2,992,076</u>	<u>\$2,613,280</u>
<b>Expenses</b>		
Health care benefits	2,506,138	2,155,047
Administrative	<u>497,236</u>	<u>359,339</u>
<b>Total expenses</b>	<b><u>\$3,003,374</u></b>	<b><u>\$2,514,386</u></b>
Operating (loss) gain	(11,298)	98,894
Net investment income	29,428	20,977
Other	<u>(813)</u>	<u>(1,292)</u>
<b>Net income</b>	<b><u>\$17,317</u></b>	<b><u>\$118,579</u></b>

<sup>1</sup> BCN is required to file quarterly and annual statements with the Michigan Department of Insurance and Financial Services.

The full 2014 annual statement can be found online at [michigan.gov/difs](http://michigan.gov/difs) by entering "HMO Financial Information" in the search box.

<sup>2</sup> Includes investments in subsidiaries and affiliated trusts.

# OUR BOARD OF DIRECTORS

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**Diana L. Watson\***

*Physician Practice Development, Henry Ford Health System, Dearborn*

**Mary Ann Weaver\***

*President, Michigan Disability Sports Alliance, Caledonia*

# OUR RESOURCES AND TOOLS

## FOR GROUP CUSTOMERS



### Group Secured Services

Additional plans are offered as the licensed agent of our client. Please contact your broker for the following information.

#### Summary, Terms & Notes

**Payment Process and Agreement:** You can find more information to help you with the application process. Please contact your broker for more information. Blue Cross Blue Shield of Michigan and Blue Cross National of Michigan are providing coverage for the majority and continuity of action. Coverage becomes effective 01-18.

**Transitioned Coverage:** Information for our employees that are transitioning to a new health care coverage and we are happy to help you with a group health care plan.

**Healthy Blue Shield:** A new health plan designed for Michigan Blue Shield to help your work force maintain and live healthier.

**Summary of Benefits and Coverage:** Your Summary of Benefits and Coverage document can be available online at this time. We apologize for any inconvenience. To learn more of the SBC, please contact your broker.

**Health Care Network:** Resources to help you compare the Preferred Provider and Alternative Care Act.

**Blue Cross Policy Brief:** A helpful resource that can help you better understand the State and Federal policy goals across different your business.

#### Membership & Eligibility

See our MCO and PPOP options to determine your preferred health plan. Please contact your broker.

- Coverage and waiting list details
- Membership information

#### Your Benefit Guides

View, download, and email benefit guides for your employees. RCHSD plans.



## Group Secured Services

Using a secure, private online account makes managing your health plan easier. Log in to your account at **bcbsm.com** any time to access helpful tools and resources.

Depending on your plan(s), you'll be able to:

- View group and member information, add and update member contracts and request ID cards
- Access your group account through eBilling
- View, download and email benefit guides for employees
- Receive wellness education materials to share with your employees

## Blues agents and sales representatives

Talk with them for guidance so they can help you make the best choices for your business.

## *BluesMarketplace<sup>SM</sup> — Customer Edition*

Our monthly e-newsletter provides news and information of special interest to you. To sign up, log in as an employer at **bcbsm.com**.

## Field Services

If your group has ten or more employees, call toll-free **1-877-465-5120** to have a Blue Care Network field specialist assigned to you. You'll get concierge-level customer support, including claim and benefits assistance, on-site visits and presentations to employees at open enrollment events.



We welcome your comments on our 2014 annual report. Go to [bcbsm.com/bcnfeedback](http://bcbsm.com/bcnfeedback) and click *Annual report* in the drop-down menu.

 Blue Care Network is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.