



Daniel J.
Loepf

President and CEO,
Blue Cross Blue Shield of Michigan

For 20 years, Blue Care Network has been an essential component of what we do and who we are at Blue Cross Blue Shield of Michigan. Commitment to our members, our mission and health care quality have always been defining characteristics of BCN. Those commitments continue to be demonstrated every day. And that's why BCN continued to grow and improve again in 2018.

Twenty years ago, Blue Cross brought together four regional HMOs and combined them into one with the goal of providing affordable, high-quality health care coverage options throughout the state of Michigan. The rest is history. BCN has grown membership by more than 50 percent and the strength of our HMO offerings is a primary reason we can proudly say Blue Cross offers choices for coverage in all 83 Michigan counties from Marquette to Monroe.

As Blue Cross focuses on delivering great customer experiences, strengthening our market presence and maintaining financial stability, BCN is a vital contributor to all we have achieved. We've expanded product offerings, resources and capabilities and broadened our services to become a strong Michigan company with a national reach, all while moderating costs for our customers and members. BCN supports and sustains our business model as a nonprofit mutual health insurer and fuels our efforts in many ways.

For years, I've described BCN as an incubator for innovation when it comes to lower-cost health care solutions. It is a role in which BCN excels, launching some of Blue Cross Blue Shield of Michigan's greatest success stories. That was certainly the case in 2018, and we believe the best is yet to come.

Tiffany
Albert

President and CEO,
Blue Care Network



At Blue Care Network, we know what it takes to succeed. In 2018, we continued to navigate ongoing market challenges and remained the leading Michigan HMO, claiming 46% of the market share – a 3.4% increase from 2017.

We operate in a highly competitive environment, but we continued to grow in 2018 by focusing on what's most important – providing high-quality, accessible and affordable care to our members and their families.

Our commitment to innovation and adjusting to market demands in 2018 helped us increase our membership.

Last year, we saw growth across all segments of our business. Over the past five years, Blue Care Network's membership has grown more than 30%, driven by new, innovative products backed by our strong brand.

We'll continue to align strategically with the Blue Cross enterprise to meet or exceed our shared goals. This alignment will allow us to be strongly positioned for the changing markets and remain competitive in the future.

We're dedicated to being your trusted advisor by providing expertise and resources while delivering exceptional value to you and your employees. In 2018, our Field Services team conducted more than 500 on-site visits with new and current groups to ensure we were meeting your needs and helping you understand the value of your health care plan.

Care is at the center of what we do, and it always will be. We appreciate your business and your shared commitment to improving the health and well-being of our members and communities.

I am excited about what's in store for 2019 and beyond, and for the opportunity to continue working with all of you to make this year even better.

William
Black

Chairman, Board of Directors



In 2018, Blue Care Network celebrated 20 years of providing access to quality health care to members across the state as Michigan's largest HMO network.

We've evolved over the years, but care has always remained at the center of what we do. We continue to focus on offering a wide range of quality, affordable products and services that meet the diverse needs of our members and customers.

We remain a key asset to the Blue Cross enterprise by strengthening our operations and implementing initiatives that positively impact our members and customers.

Caring for our communities through volunteerism, funding and support is also at the center of what we do.

We supported and donated to organizations such as the United Way, the Michigan Senior Olympics and the Michigan Health Endowment Fund — to help improve the health of Michigan residents, with special emphasis on the health and wellness of children and seniors.

We'll continue to work hard to ensure that we remain an industry leader through our innovative products, value-added services and by making a difference on issues that touch our members' lives.



We care about our customers

Employees are at the heart of every business. It's important to us that we keep providing you with a variety of products and the necessary resources to help your employees maintain their health.

Last year, we introduced new solutions to empower employees to take steps toward a healthier lifestyle:

- In 2018, we offered a new health care plan, **Healthy Blue Living HMO BasicSM**. This plan offers premium savings in exchange for your employees complying with a portion of the to-do items that are required in our original **Healthy Blue LivingSM HMO** plan.
- We also began offering our **BCN Wellness Rewards TrackingSM** program, which was designed for groups who want to introduce the idea of rewarding wellness to their employees. This encourages employees to track their current health status and maintain a healthy lifestyle.
- **Behavioral health**
 - ⊙ We launched **CLIMB**, a clinical pilot program to test a comprehensive approach to treating opioid use disorder as a chronic disease. The program is being piloted with up to 250 members.
 - ⊙ Members who have access to **Blue Cross Online VisitsSM** can now use the service to receive behavioral health treatment.
- **Savings**
 - ⊙ Our health and benefit management programs focus on ensuring our members receive the right care, in the right setting, at the right time.
 - ⊙ Our specialty pharmacy discounts and dispensing fees delivered \$57 million in prescription savings.
 - ⊙ Better coordination of benefits continues to result in savings for Blue Care Network. Last year, we saved \$113 million — more than a 15% increase over 2017. By paying claims appropriately, we keep costs down for our customers.

Customers

Our Customer Service team answered over

1.3 million
calls from our members.

Over 70 percent of those inquiries were resolved within the first call.

Our Field Services team visited with more than

520
commercial groups

Taking care of our customers and members through our service

Our walk-in centers across the state saw nearly

2,000
visitors.

“The changes in the health industry over the past decade make it critical for us to find a reliable partner. Processing claims, developing unique plan designs and keeping premiums affordable are important for us and our clients. We’ve worked closely with Blue Care Network since 1998, and the relationships we’ve built with BCN are important to our agency. They are our trusted partner and one that truly cares about us.”

Shannon Enders
Lakeshore Employee Benefits

“Our Blue Care Network field specialist is quick to answer questions and is always so helpful when I have an issue. We work with many carriers, but our BCN field specialist is by far one of my favorites to work with.”

Angela Romey
44North agency

We care for our members

We're focused on providing resources to our members so they can understand, find and manage the care they need to live healthier.

We made key improvements so it's easier for members to register for their secured online account and manage their benefits using any mobile device, including:

- **Simpler processes:** We improved the way members select their primary care physician and reset their passwords, significantly reducing calls to Customer Service.
- **Faster notification of statuses:** Most members receive an email notification as soon as a new, approved or denied referral or authorization is posted to their account.
- **Greater innovation and efficiency with technology:** We seamlessly integrated the member account across all devices, desktop and laptop computers, tablets and smartphones to improve the user experience. A simpler interface helps members navigate and use the tools easily.

In 2018, we added behavioral health care services to **Blue Cross Online Visits**. Psychologists, licensed clinical social workers, marriage and family therapists, and professional counselors are available by smartphone, tablet or computer to talk with members.

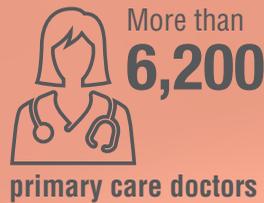


Blue Cross Online Visits

- Enrollment for BCN members **more than doubled**
- Number of visits by BCN members **nearly tripled**

Our valued members have access to the largest HMO network in the state, featuring Michigan's leading doctors.

- Access to **30% more** leading doctors and specialists than our closest competitor

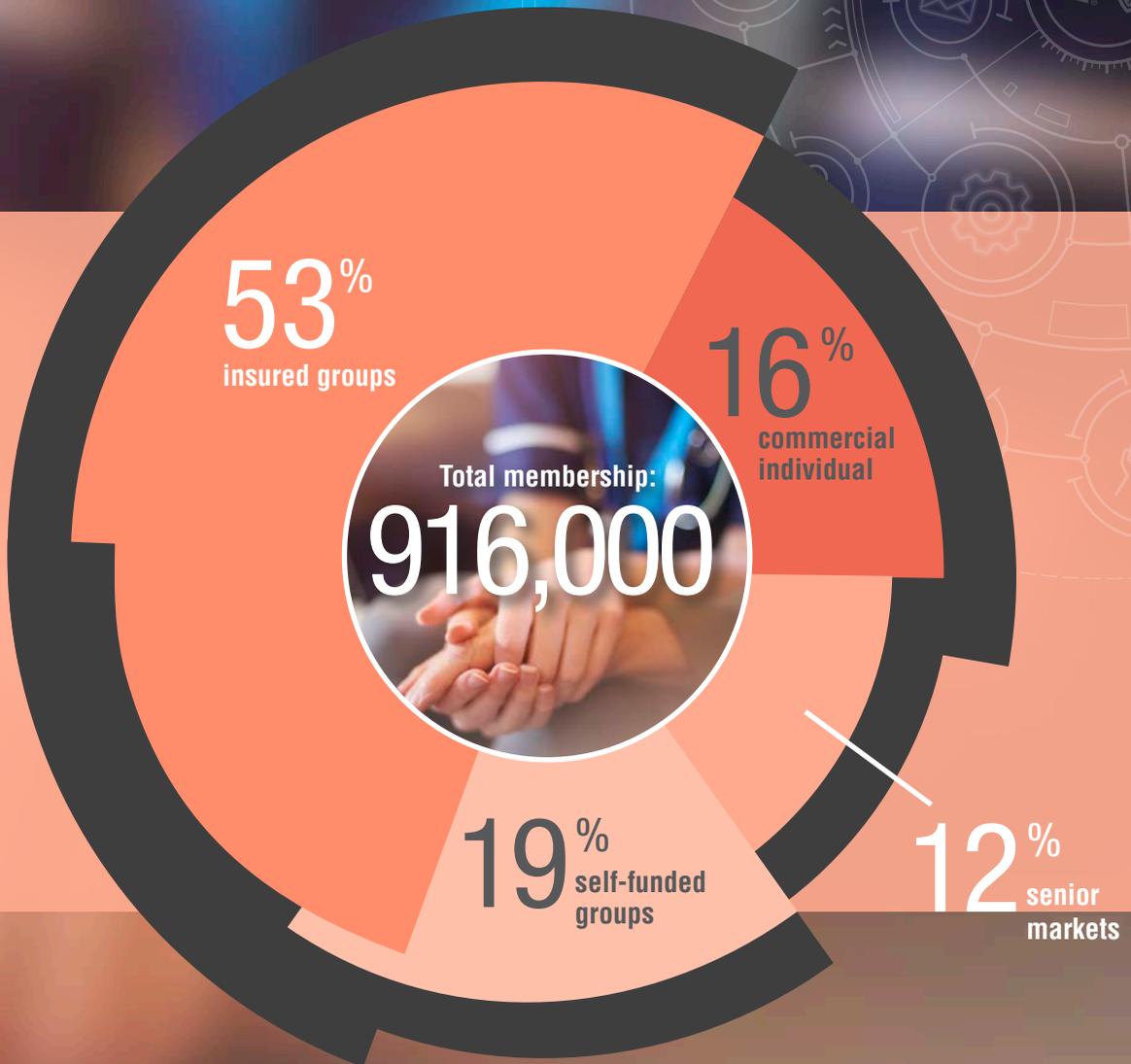


Since having a heart attack in 2015, I'm exercising, eating healthy, and living a better life altogether. Information I've gotten from you helps me a great deal!

Joanne K., Sterling Heights

I'm grateful for your coverage in my health!

Annette G., Saginaw



Members



We show **care** in our communities

Giving back to the communities where we live and work is important to us. We've built strong relationships throughout Michigan by donating to important causes, volunteering and sponsoring special events.

In 2018, we helped the Blue Cross Blue Shield of Michigan enterprise provide an \$85 million contribution to the Michigan Health Endowment Fund. The money will go toward programs that improve the health of Michigan residents, with special emphasis on the health and wellness of children and seniors, while reducing the cost of health care.

Blue Cross Blue Shield of Michigan and Blue Care Network sponsored a Dream Racer car for placement in the new surgical area of Children's Hospital of Michigan at the Detroit Medical Center. The cars come equipped with a TV, CD/DVD player, PlayStation™, IV stand, oxygen bottle holder, easy-roller coasters with brakes and a storage trunk. They give kids a fun break from their treatments and surgeries.

We also continued our support in the community by sponsoring many events like Big Brothers Big Sisters: Bowl for Kids' Sake, the Grand Rapids Public Schools Turkey Trot and Zoo Boo at the Detroit Zoo.



Community



Our employee volunteers gave more than

2,000

hours

of their personal time at events around the state.



“It’s amazing how many people from Blue Care Network come out to support the Michigan Senior Olympics. We have over 100 volunteers from them every year. The games would not be a success without their help. We truly appreciate everything they do to contribute and support the Michigan Senior Olympics.”

Becky Ridky, Executive Director,
Michigan Senior Olympics

“The support that Blue Care Network has shown to Grand Rapids Public Schools has been a game changer for us. They helped the Turkey Trot grow beyond our wildest dreams and have helped both our students and the entire community reach a new level of health and fitness awareness.”



Kurt Johnson, GRPS Executive Director of K-12 Athletics



Resources and tools for you

Access your employer account information online

Manage your health plan easier using a secure online account. Log in to your employer account at **bcbsm.com** any time to access helpful tools and resources. Depending on your plan, you'll be able to:

- View employer and member information, add and update member contracts, request ID cards
- Access your account through eBilling
- View benefit summaries of your employees' coverage
- Receive wellness education materials to share with employees

MIBlues Perspectives

We're dedicated to helping Michigan businesses navigate today's changing health care landscape. To stay up to date on news, products and resources for your business, visit **MIBluesPerspectives.com**. Subscribe if you'd like us to send real-time updates to your inbox.

bcbsm.com/engage

To help your employees get the most out of their Blue Care Network coverage, we have digital toolkits for a wide variety of topics at **bcbsm.com/engage**. Choose what you need from brochures, flyers, videos, signage, email templates and other helpful online resources.

Blue Cross agents and sales representatives

Ask them for guidance so you can make the best choices for your business.

Field Services

Your assigned Blue Care Network field specialist ensures your business gets concierge-level customer support, including claims and benefits assistance, on-site visits and employee presentations at open enrollment events. To reach your assigned field specialist, call **1-877-465-5120**.

Health coaches

Our certified health coaches provide free on-site well-being sessions. These sessions cover topics such as healthy lifestyles and stress management. We also support your employee health fairs by providing health screenings, well-being displays and educational materials. To schedule an event, contact your Blue Cross agent or sales representative.



Mission

We're committed to being our members' trusted partner by providing affordable, innovative products that improve their care and health.

Financial Statements

Financial data (in thousands) as of December 2018 and 2017 (statutory basis)

2018

2017

Balance Sheets

Assets

Total current	\$873,528	\$823,413
Other	1,529,231	1,330,998
Total assets	\$2,402,759	\$2,154,411

Liabilities, capital and surplus

Total liabilities	\$793,405	\$755,463
Total capital and surplus	1,609,354	1,398,948
Total liabilities, capital and surplus	\$2,402,759	\$2,154,411

Statements of Operations

Premium revenue	\$4,239,171	\$3,580,955
Expenses		
Health care benefits	3,420,967	2,943,353
Administrative	612,304	443,439
Total expenses	\$4,033,271	\$3,386,792
Underwriting gain	205,900	194,163
Net investment income	45,082	50,138
Other	(370)	(1,844)
Net income	\$250,612	\$242,457

Note: Blue Care Network is required to file quarterly and annual statements with the Michigan Department of Insurance and Financial Services. The full 2018 annual statement can be found online at michigan.gov/difs by entering "HMO Financial Information" in the search box.

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We welcome your comments about our 2018 annual report.

Go to bcbsm.com/bcnfeedback and click *Annual report* in the drop-down menu.