

## Staying the course: Being the best in Kansas



Andy Corbin  
President & CEO

Our country has experienced several major changes since I last reported to you in the summer of 2008. We watched our stock market tumble as a world-wide, financial recession raised

unemployment, devalued portfolios and created uncertainty. We concluded one of our nation's most historic presidential campaigns by electing a new leader who promises to reform our health care delivery system.

Even though we live in an era of change, let me assure you that one thing has not changed: Blue Cross and Blue Shield of Kansas remains a financially strong company committed to being the best health insurer in Kansas for years to come.

### Financial strength and world-class service

Strong investment income the past couple of years has allowed Blue Cross to contribute to our policyholders' reserves even while experiencing annual, underwriting losses. In 2008, the opposite occurred. Underwriting gains offset losses

we experienced in investment income, keeping our policyholders' reserves strong and our company financially stable.

We will continue to follow our long-standing, conservative investment philosophy. A.M. Best, considered the most authoritative rating source in the insurance industry, reaffirmed our "A" or "excellent" rating for 2009.

Throughout 2008 we continued our commitment to providing our members superior service. I am pleased that we were recognized for a second consecutive year with a World Class in Customer Service Award by Service Quality Measurement Group. Additionally, we received awards for outstanding service to health care providers and for our business ethics.

### Focused on being the best in Kansas

Maintaining our high level of service is a daily focus for our employees as we strive to fulfill our mission to be the best at providing health insurance in Kansas. We also are focusing on these three initiatives in 2009:

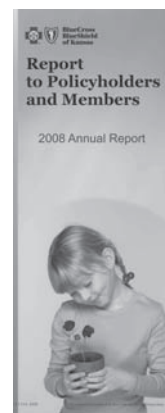
- We intend to grow our enrollment by offering innovative products which meet the demands of today's market. Healthy Blue®, our plan which focuses on preventive health, LTC Blue<sup>SM</sup>, our new long-term care ancillary product, and A Healthier You<sup>TM</sup>, an add-on health

### Report to Policyholders and Members now available

Even in the midst of an historic recession, Blue Cross and Blue Shield of Kansas

remains a financially strong company. The 2008 Annual Report, now available online, chronicles the previous year through the eyes of President/CEO, Andrew Corbin. You

can access the entire report by visiting our Web site at [www.bcbsks.com/AboutUs/AnnualReport](http://www.bcbsks.com/AboutUs/AnnualReport)



*"Let me assure you that Blue Cross and Blue Shield of Kansas endorses health care reform and improvements to our current delivery system – but only changes that make sense. We are closely monitoring the discussions and will share our insight and expertise when we can."*

– Andy Corbin

## New group consultant in southeast

Anderson, Linn, Bourbon, Crawford, Cherokee and Labette counties comprise the marketing territory for newly-named group consultant, Cristy Mitchell.

Prior to her employment with Blue Cross, Mitchell worked at Beneficial Kansas for 11 years, most recently serving as the branch sales manager in Topeka. She earned a bachelor's in accounting and business from Drury University in 1997. Mitchell and her husband, Chris, have one daughter.



## Marsh re-elected chairman

Steven D. Marsh, a certified public accountant (CPA) from Wichita, was re-elected to a one-year term as chairman of the Blue Cross and Blue Shield of Kansas Board of Directors at its annual meeting May 14 in Topeka.

Gary D. Shorman, Hays, was re-elected to a four-year term on the board of directors and also will serve a second one-year term as vice chairman. He is president/CEO of Eagle Communications in Hays.

Other directors elected to four-year terms were Leon J. Boor, retired administrator of Memorial Hospital, Abilene; Andrew C. Corbin, president/CEO of Blue Cross and Blue Shield of Kansas, Topeka; and, Susan M. Smith, vice president, Gossen Livingston Architecture, Wichita.

## Staying the course (continued)

and wellness program for larger employer groups, are new offerings.

- We are providing more educational and training opportunities for our employees to assure we have a strong workforce to better serve our members now and in the future. Like many Kansas companies, we will lose many long-tenured, knowledgeable employees to retirement in the next few years, so we are planning ahead.
- We are committed to taking a leadership role in improving the health and wellness of our members, employees and all Kansans. We have actively supported clean air legislation for our state, and will continue to partner with organizations focused on improving the health of Kansans. We will continue to enhance Resource Blue<sup>SM</sup>, an online health and wellness resource for all our members, and will offer tools to our employer groups who want to improve the health of their workforce.

### A future of reform

Controlling health care costs by improving the health and wellness of individual Americans must be a key component of health care reform. Health insurance

premiums increase because the total number of services received and the cost of those services are growing at a rapid rate.

No health care system – private or government-run – will be sustainable if we do not do a better job of improving our health and lowering the incidence of chronic conditions such as diabetes, heart disease, hypertension and obesity.

You will hear much debate in the coming weeks and months regarding the best approach to health care reform. Let me assure you that Blue Cross and Blue Shield of Kansas endorses health care reform and improvements to our current delivery system – but only changes that make sense. We are closely monitoring the discussions and will share our insight and expertise when we can.

On behalf of all Blue Cross and Blue Shield of Kansas employees, we appreciate the opportunity to serve you and look forward to providing you outstanding service and programs in the future.

Andrew C. Corbin  
President/CEO

## Blue Cross and Blue Shield of Kansas, Inc. Condensed Consolidated Balance Sheet<sup>†</sup>

December 31, 2008 and 2007

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Cash and Investments	\$838,922,730	\$917,126,507
Premiums and Other Receivables	44,465,489	61,382,656
Property and Equipment, Net	73,745,109	74,654,809
Investments in Subsidiaries*	-0-	-0-
Other Assets	159,493,456	133,741,253
<b>Total Assets</b>	<b>1,116,626,784</b>	<b>1,186,905,225</b>
<b>Liabilities</b>		
Claims Incurred and Unpaid	\$197,139,375	\$223,252,059
Premiums Received in Advance	79,145,314	63,465,105
Accounts Payable and Other Liabilities	284,185,931	306,729,872
<b>Total Liabilities</b>	<b>560,470,620</b>	<b>593,447,036</b>
Policyholders' Reserves	556,156,164	593,458,189
<b>Total Liabilities and Policyholders' Reserves</b>	<b>\$1,116,626,784</b>	<b>\$1,186,905,225</b>

<sup>†</sup>As derived from the audited financial statements of Blue Cross and Blue Shield of Kansas, Inc.

\*Investments in subsidiaries of \$77,915,158 and \$82,029,337 for 2008 and 2007 respectively, are eliminated for consolidated financial statements.

# Via Christi to Join BCBSKS Network in 2010

## Five-year contract effective

Jan. 1, 2010

Via Christi Regional Medical Center is the state's largest and most comprehensive provider of acute-care services – and in 2010, the facility becomes a part of Blue Cross and Blue Shield of Kansas' Wichita-area network. That means more than 110,000 members living in Sedgwick County can receive covered services at Via Christi as in-network benefits. While BCBSKS members will continue to be responsible for appropriate deductibles, copayments and coinsurance, they no longer will pay an out-of-network penalty.



“We continually strive to provide our members with the best network in Kansas, and recognize that our members value choice when it comes to selecting their care partners,” notes Graham Bailey, vice president of corporate communications and

public relations at BCBSKS. “We believe our members in the Wichita area, as well as those throughout southern Kansas, will be excited to have Via Christi Regional Medical Center in the BCBSKS provider network.”

## More than a limited service agreement

Bailey said that BCBSKS and Via Christi have partnered on a limited basis under a special services contract for a number of years. “We look forward to building on that partnership in the future.” Under the new agreement BCBSKS members who, in the past, have decided to receive services on an out-of-network basis at Via Christi now will have more convenience and less out-of-pocket costs.

## Productive talks with Wesley continue

Wesley Medical Center continues to welcome Blue Cross members as a contracting hospital during 2009. “We have enjoyed a successful relationship with Wesley Medical Center for a number of years and expect to continue a mutually beneficial relationship for years to come. We are having meaningful and productive conversation with Wesley leaders and look forward to reaching an agreement with them for 2010 and beyond,” said Bailey.

## HealthNotes

### Make your own skincare product

You don't have to buy those expensive skin serums to activate and rejuvenate your skin. You can make your own concoction. Here's the recipe: Stir the juice of half a lemon into one cup of yogurt. Keep it refrigerated and apply it as you would a cream every night before bed. You can even apply a thin coat of moisturizer over it after the yogurt mixture penetrates your skin. After three to four weeks, you should see improvements in pigmentation and skin smoothness. – [healthynewage.com](http://healthynewage.com)

### Anti-aging foods

When you cook food, you remove some of its nutrition. Raw foods can be considered anti-aging supplements as they contain more of the vitamins and minerals your body craves. They can also eliminate toxins, which in time bring out aging. Here's a brief list of raw foods that can help reduce the effects of aging: pumpkin seeds, lemons, grapefruit, carrots, onion, garlic, cauliflower, asparagus and celery. – [healthfulhealthtips.com](http://healthfulhealthtips.com)

# New Vision Vendor Added to Resource Blue Lineup

Since FDA approval, more than 13 million LASIK vision correction procedures have been performed in the U.S. A study by the Vision Council of America found that more than a third of Americans who use corrective eyewear are considering this elective procedure. Now, as part of Resource Blue's discount offerings, members have even more choices when selecting laser vision correction.

QualSight, featuring 40 to 50 percent off the national average pricing of LASIK, joins other discount vendors in Resource Blue's impressive lineup. Members that are currently considering corrective eye surgery can now take advantage of:

- **Experienced physicians** – access to credentialed, board certified ophthalmologists using FDA approved technologies
- **Financing** – interest free financing plans are available
- **Convenience** – there are more than 700 locations nationwide

Members can learn more about QualSight by visiting the BCBSKS Web site, clicking on the Resource Blue logo and then clicking on the “Be Healthy” tab.

## HealthNotes

### What is cell phone elbow?

There seems to be a name for every affliction you can imagine. The latest one is cell phone elbow. Initially, you may notice numbness, tingling or aching in the forearm and hand. The cause has been pinpointed to prolonged flexing of the elbow such as when talking on a cell phone. Other causes include sleeping with your elbows tucked up into your chest, and driving with your elbow propped on the window for prolonged periods. – *OptumHealth*

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## CMS Mandates Collection of SSNs

BCBSKS continues its efforts to comply with a new reporting law as directed by the Centers for Medicare & Medicaid Services (CMS). The new law mandates that all group health insurers report Social Security Numbers (SSN) or Medicare Health Insurance Claim Numbers (HICN), and Tax Identification Numbers (TIN) so that Medicare may properly coordinate Medicare payments with other insurance and/or workers' compensation benefits.

The voluntary reporting of this information was already in place; however the new law

makes the process mandatory. CMS has a longstanding practice of requesting these identification numbers for coordination of benefits.

Over the next several months, some of your group members may receive requests from Blue Cross and Blue Shield of Kansas as we move forward with compliance of the new reporting requirements. We'll also be asking you to help us with collection efforts of appropriate identification numbers and/or requesting that you confirm numbers that we already have on file.

## Mark Your Calendars for "What's Cookin' with Diabetes"

Being able to self-manage your diabetes is essential to staying healthy. The "What's Cookin' with Diabetes" free workshops are the perfect place to learn or refresh your knowledge about self-management guidelines.

This year the workshop topics include educational tools such as how and why to monitor your blood sugars, problem solving, ways to reduce your risks, the importance of taking medications, eating healthy and being active.

Attendees also will be offered small samples of diabetes-friendly foods. Recipes of these snacks will be included in take-home materials.

For additional information about the

workshops and to register online, go to [www.bcbsks.com](http://www.bcbsks.com), then click on the "What's Cookin' with Diabetes" link at the bottom of the home page.

### The workshops are scheduled from 6 to 8 p.m. in the following cities:

Sept. 22: Lawrence

Sept. 24: Manhattan

Oct. 1: Fort Scott

Oct. 6: Wichita

Oct. 6: Garden City\*

Oct. 13: Hutchinson

Oct. 13: Hoyt

\* English and Spanish seminars