



Your partner for a healthier you.

2018 ANNUAL REPORT



**BlueCross
BlueShield
of Kansas**

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A message from our president

2018 was a year of progress and renewal at Blue Cross and Blue Shield of Kansas.

With a change in leadership, we had the opportunity to have a dynamic, robust conversation, both among our employees and with our members, about how we can make our home state a better, healthier place. We heard from employees, both young and old, from new recruits to our most seasoned veterans. We heard from members across the state, from Lawrence to Garden City, from Pittsburg to Goodland and everywhere in between.

What we heard was that we're doing plenty of things right. People appreciate that we're the local company that's truly committed to Kansas. They appreciate our commitment to integrity and doing the right thing. And they know our customer experience is second to none.

But we also heard about how much needs to improve in health care. Too many Kansans lack access to the care they need. The system is still too confusing and frustrating. And we all know it's still too expensive.

For all the good we do, we know it's still not good enough. But we are committed to making it better.

We're going to do that in three ways.

First, we are going to put people first. That means making health care easier to understand and navigate. It means giving people the tools to manage their health and live better lives. And it means giving our customers access to the health care they need for themselves, their families and their employees.

Second, we are going to pursue affordability relentlessly. That means changing the way we pay for health care so that our members get the best quality care at a lower price.

And third, we are going to invest in healthy communities. We were created by the communities of Kansas, and we exist to serve them. We believe that helping those communities promote healthy lifestyles – with plenty of places to exercise and plenty of access to good, healthy food – will allow our members to live better, longer, healthier lives.

We will do all of this to give the people of Kansas a health care system that works for them – one they trust, understand and can afford. We will not rest until that happens.

Sincerely,

Matt All
President/CEO



We will lead a movement to give Kansans a health care system that works for them – one they trust, understand and can afford.



State Capitol
Topeka, KS



If I were in his shoes, I would hope to reach a customer experience representative who didn't quit when things got tough.

Shay Holman — Customer Service Written Specialist
Blue Cross and Blue Shield of Kansas

Put People First

Blue Cross and Blue Shield of Kansas is committed to putting people first. One of the many ways we pursue this is by attracting and retaining dedicated employees who take time to listen to, understand and empathize with our customers.

In 2018, our call center named Shay Holman, customer experience written specialist, Customer Experience Specialist of the Year for cultivating a genuine and positive customer experience with every interaction. One interaction in particular stood out to Holman. She recounts a phone call with a customer who was upset about receiving a large bill in the mail.

“Each time I tried to interject, it only resulted in the caller becoming more frustrated,” said Holman. “So, although I became overwhelmed, I told myself that the caller’s anger wasn’t directed towards me. As simple as it may seem, I knew he wanted someone to be quiet and just listen. I sat on the line with him and listened intently. Over the next few minutes, I took notes on all the major points he mentioned; I was determined to offer some resolution for him whether it be good or bad.”

Holman learned the caller’s 17-year-old son had recently been in a major car accident that caused several broken bones and a ruptured spleen. The boy had to be rescued from the vehicle and was driven by ambulance to the nearest hospital where he was rushed into emergency surgery. Because this was a life or death situation for their son, the boy’s parents weren’t asked to approve the services prior to surgery.

Immediately, Holman went to work researching what was happening with his son’s claims.

“I was able to see that the son was an active member and that his family had been with Blue Cross for more than 15 years. Right away, I found three claims that were rejected for eligibility,” said Holman. “I was able to see that instead of listing the son’s date of birth on the insurance claim, the claims were filed with the father’s date of birth.”

Holman spoke with the hospital and they were able to update the son’s date of birth and place a hold on the account for the largest bill. The other providers were able to follow suit. Holman also located a recently-approved predetermination for the son to obtain a wheelchair.

The next day, Holman called the customer again. “He informed me that he received a call from the hospital and he was already aware that I was working with the provider and that the \$17,000 bill was sent in error. Although, the hospital stole my thunder,” said Holman. “I was so excited that I was able to fix one of his main concerns.”

She explained the date of birth mix up and why the claims were not being covered. It wasn’t that we were refusing to cover his son’s bills, Blue Cross was simply verifying that his personal information matched what was on file.



Put People First *(continued)*

Holman and the customer talked about the predetermination and discussed some of the claims that were processed. He confided that he didn't know how insurance worked, so Holman gladly explained a few key points. Holman reviewed their deductible, coinsurance and other details, including the out-of-pocket maximum.

"After all was explained, he asked me to accept his apology for being rude on our last call and expressed his gratitude for my patience," said Holman. "I immediately told him that there was no need for an apology. After all, I am also a parent and I know very well how terrifying these situations can be."

"If I were in his shoes," said Holman. "I would hope to reach a customer experience representative who didn't quit when things got tough."

Because of Holman's patience, persistence and ability to find common ground with the customer, she was able to not only resolve his problem, but also offer additional education about his coverage. At Blue Cross and Blue Shield of Kansas, our customer service representatives are dedicated to building trust with our customers and ensuring they receive a truly world-class experience. 🇺🇸❤️



Great Western Hotel & Boot Hill Museum
Dodge City, KS



Pursue Affordability Relentlessly

Constant change – whether regulatory, policy, technology or competition – is the new normal. As complex as it is, at Blue Cross and Blue Shield of Kansas, we have the vision to bring clarity and stability to our members.

A shift is happening in the business of health care, and Blue Cross and Blue Shield of Kansas is leading the way in improving quality, while creating a better experience for our members and working toward a more sustainable future.

Many Kansans are looking to lower costs without sacrificing quality care and choice. We've made advances in this area, developing tiered and alternate network designs by leveraging our data and network resources for our health and dental products.

Tiered designs can be customized to address a company's unique objectives while still preserving member choice.

With our employer groups that we cover, our captive sales force is able to provide a personalized approach – finding solutions that meet their needs. Sales representatives cover the state of Kansas and meet daily with groups and members, helping them feel confident and arming them with the right information and resources to empower the right decisions.

With our long-standing relationship with Kansas doctors and hospitals, we are able to offer significantly greater discounts resulting in real savings for our members. Saving members more than \$3.1 billion in exclusive provider

discounts in 2018 with savings up to 59% on common medical services, we strive to provide our members the greatest discounts and best service with the largest provider network in Kansas.

Our trusting partnerships with those doctors and hospitals helps us move toward outcomes-based health care by improving the quality of health care, creating a better experience and working towards a more sustainable future, ultimately slowing the long-term growth of medical costs.

Fueled by the largest doctor and hospital network in Kansas, we are leading the transition to an outcomes-based system, while continuing to drive greater value out of fee-for-service. This transformation is increasing focus on health outcomes and managing costs – changing the way doctors are paid and medical care is delivered.

Our site of care program was developed to generate significant savings through administration of certain drugs at cost-effective facilities.

"By analyzing some of our highest cost medications, we quickly found the cost of these drugs varied wildly between different facilities," said Tiffany Liesmann, staff pharmacist.

At Blue Cross, we're always searching for solutions that provide better outcomes that also lower the cost of care.

Tiffany Liesmann, PharmD — Staff Pharmacist
Blue Cross and Blue Shield of Kansas



Pursue Affordability Relentlessly *(continued)*

When utilizing alternate facilities, we are able to offer the same drug treatment outcomes as the higher cost settings, at a better price. These savings directly impact member premiums and help to reign in the total cost of health care.

Case managers are an integral part of our site of care program. These nurses directly assist members in finding alternate sites of care, and can facilitate more convenient outcomes.

“Our team receives stories of members who no longer have to miss a full day of work or school to travel for their infused drug therapy. We also have members who are excited to receive therapy in the comfort of their own homes,” said Liesmann. “The financial impact has been positive, but our member success stories have been the biggest wins for this program.”

We look forward to continuing to provide purposeful innovation and addressing today’s and tomorrow’s challenges in new ways. At Blue Cross, we’re leading the way to better health care, while focusing on what matters most to our members. 



Teter Rock
Cassoday, KS



When we come together at the community level to tackle the root causes of poor health outcomes, we have the ability to find the best solutions to ensure our children and future generations can live better, longer.

Virginia Barnes, MPH — Director, Blue Health Initiatives
Blue Cross and Blue Shield of Kansas

Invest in Healthy Communities

Blue Cross and Blue Shield of Kansas is a company founded by Kansans for Kansans. People living throughout Kansas saw a need to take care of their family, friends and neighbors, so they worked to actively enroll people in our health insurance plans – starting with only eight members and three employees when the company opened in 1942.

Blue Cross has never forgotten that we were built by Kansans, and that is one reason we are passionate about helping all Kansans have peace of mind and access to a better quality of life for years to come.

As the largest and only local health insurer operating in Kansas, we are uniquely attuned to the health risks and social determinants that Kansans in both urban and rural areas face, and the challenges that communities must overcome to provide sustainable, healthy environments where Kansans live, work and play.

“When we come together at the community level to tackle the root causes of poor health outcomes that are affecting our families, friends, and neighbors, we have the ability to find the best solutions to ensure our children and future generations can live better, longer,” said Virginia Barnes, director, Blue Health Initiatives.

We care about the overall health of Kansas communities enough to invest in programs like Blue Health Initiatives. This program allows us to invest dollars from partnerships and share our expertise in order to build healthy communities and improve the health of Kansans for the long term.

Through Blue Health Initiatives, Blue Cross is strategically investing funds in programs that encourage healthier lifestyles throughout Kansas. We are partnering with 16 communities, serving nearly 365,000 Kansans, through Pathways to a Healthy Kansas – the largest community grant program ever funded by Blue Cross and Blue Shield of Kansas; giving Kansans access to the resources and tools they need to build sustainable, healthy communities.

Blue Cross provides the tools and resources needed so the coalition and residents can focus on key pathways: community policy, resident/community well-being, health care, food retail, restaurants, schools and worksites. With the aid of a \$100,000 coordination grant and up to \$400,000 in non-competitive implementation and achievement grants per community, each one is removing barriers to make healthy eating and tobacco-free living a way of life.

“Over \$2.6 million dollars in grants to implement changes that build health into Kansas lifestyles have been awarded to the 16 communities since Pathways began in 2016,” said Barnes. “By partnering with restaurant and grocery owners, health care providers, school administrators, policymakers,



Invest in Healthy Communities *(continued)*

and business owners, the local health coalitions are inspiring healthy changes based on what is the best fit for their community.”

LiveWell Crawford County installed active-living signage and is running a local tobacco prevention advertising campaign. In Franklin and Geary counties, safer, more inclusive playground equipment, upgraded sidewalks and trails, and improved recreation created more opportunities for all ages and abilities. In Bourbon, Seward and Kearny counties, a PedNet assessment was developed for comprehensive biking and pedestrian plans, while initiatives in Hoisington and northern Barton County, Lyon and Dickinson counties installed sidewalks and enhanced crosswalks for better walking and biking. Cowley County added lighting for improved safety on a paved trail and is working to add miles of trail. LiveWell Northwest Kansas, Healthy Harvey Coalition and Heal Reno County worked to implement healthy changes with local restaurants and grocers. Bike share programs were established in Atchison, Bourbon, Chanute, Kearny and Wichita Counties. More in-depth information on the progress in each community will be available on our website this summer.

This is just the beginning; Blue Cross and Blue Shield of Kansas has plans to do so much more in the coming years to help improve the health of all Kansans. 



Keeper of the Plains
Wichita, KS



Blue Cross and Blue Shield of Kansas, Inc. Condensed Consolidated Balance Sheet^A

December 31, 2018 and 2017

	2018	2017
Assets		
Cash and Investments	\$1,520,124,544	\$1,505,876,659
Premiums and Other Receivables	118,200,346	222,668,652
Property and Equipment, Net	84,578,594	82,941,434
Investments in Subsidiaries ^B	-0-	-0-
Other Assets	<u>189,002,432</u>	<u>170,371,447</u>
Total Assets	<u>\$1,911,905,916</u>	<u>\$1,981,858,192</u>
Liabilities		
Claims Incurred and Unpaid	\$297,396,045	\$305,687,315
Premiums Received in Advance	116,926,794	108,945,853
Accounts Payable and Other Liabilities	<u>425,762,799</u>	<u>530,378,620</u>
Total Liabilities	840,085,638	945,011,788
Policyholders' Reserves	<u>1,071,820,278</u>	<u>1,036,846,404</u>
Total Liabilities and Policyholders' Reserves	<u>\$1,911,905,916</u>	<u>\$1,981,858,192</u>

^A As derived from the audited financial statements of Blue Cross and Blue Shield of Kansas, Inc.^B Investments in subsidiaries of \$108,739,650 and \$109,837,708 for 2018 and 2017 respectively, are eliminated for consolidated financial statements.

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*as of December 31, 2018



The University of Kansas
Lawrence, KS

Statement of Licensee

Blue Cross and Blue Shield of Kansas is licensed by the Blue Cross Blue Shield Association to offer certain products and services under the Blue Cross and Blue Shield brand names within the company's own geographic service area — all Kansas counties except Johnson and Wyandotte.

Blue Cross and Blue Shield of Kansas is an independently licensed company governed by its own board of directors and is solely responsible for its own debts and other obligations. Neither the Blue Cross Blue Shield Association nor any other organization using the Blue Cross and/or Blue Shield brand names acts as a guarantor of Blue Cross and Blue Shield of Kansas obligations.

The Blue Cross and Blue Shield system of individual Plans is not a single entity, but rather an association of independent licensee companies.