



of Tennessee

Annual Report 2019

MISSION TO SERVE





**PEACE OF MIND
THROUGH
BETTER HEALTH®**

WHAT IT MEANS TO BE MISSION-DRIVEN



JD Hickey
PRESIDENT & CEO



Marty Dickens
CHAIRMAN OF THE BOARD

We're often asked what it means to be a not-for-profit, mission-driven company, and how that differentiates BlueCross BlueShield of Tennessee from peer organizations and competitors.

The answer is simple: It means we can focus on our members, their health and their care, as the priority. Everything else comes second.

Leading with our mission in mind

Though it starts at the top with our Board of Directors and Senior Leadership team, leading with our mission in mind drives the effort, commitment and engagement of every person at BlueCross to deliver on our mission every day, the way it is intended.

When we simplified our mission statement to Peace of Mind through Better Health six years ago, we acknowledged its various applications beyond better health for our plan members.

It's about better health delivered through a better health care system. Better health based on quality of care, not quantity. About partnering with providers, vendors and like-minded organizations to bring innovation and technology to the forefront for a better health care experience – and encouraging those partners to continually contain and lower costs for all our members who need care.

Leading through our mission is about generously sharing our TeamBlue support, Foundation funding and volunteer hours with our Tennessee communities to create stronger, healthier places to grow and thrive.

Creating value as we drive better health

Whether it's working to mitigate the rapidly rising costs of specialty drugs and medications, or partnering with our primary care physicians to establish Patient-Centered Medical Home programs that help ensure effective preventive health and quality care, our mission places member care at the core of our work. And equips us all at BlueCross to perform individually and collectively in a way that meets or exceeds the needs of our 3.5 million members and customer groups. ■



RESIDENT EXPERT

MEMPHIAN JOSEPH JONES HELPS BRING BLUECROSS HEALTHY PLACE TO LIFE



“The Whitehaven community is very tight, so this BlueCross Healthy Place means so much to us, and to Memphis.”

Joseph Jones

Walk up to the Whitehaven grocery store and you’re likely to see more than potted plants and shopping carts. Most days, the parking lot is full of people – neighbors shaking hands, friends slapping backs, families catching up and making plans for the weekend. It’s been this way for years, says BlueCross marketing support assistant Joseph Jones, and it’s one of many reasons he’s lived in Whitehaven most of his life.

“I went to high school nearby, my daughter went to school a few blocks from here, and my son went to middle school a few blocks from that,” says Joseph. “The grocery store is right here in the middle, so it’s where we catch up on our way to a football game, or meet up after church.”

While Joseph and his neighbors have turned this local store into a place their community can come together, that was never its true purpose. But just around the corner you’ll find a place with a different story.

Something old into something new

Two blocks away sits David Carnes Park, a public space in need of new life. Joseph has brought his kids there often since moving back to Memphis in 2008 after military tours of Iraq and Afghanistan. And he was there again, hard at work alongside other TeamBlue colleagues and Whitehaven High School students building benches, constructing exercise equipment and putting the finishing touches on the huge playground that anchors the new BlueCross Healthy Place.



The \$5.4 million BlueCross Healthy Places Park at David Carnes Park opened last summer as part of a BlueCross BlueShield of Tennessee Foundation program to create and improve public spaces across Tennessee. The Memphis location was the first in the state — something Joseph had been looking forward to since day one.



“My next-door neighbor is on the Memphis City Council, so when I saw discussions about the BlueCross Healthy Place come across my social media stream last year, I just felt pure excitement,” he says, breaking into a smile. “I knew it was going to mean so much to all of us in Whitehaven. We are ready to see something new.”

Creating a BlueCross Healthy Place

The \$5.4 million allocated to the park included a \$4.5 million investment in new construction but also \$900,000 for maintenance. Ongoing investment, Joseph says, is something his community has been waiting on.

Joseph feels like his tight-knit community is starting to get the attention it deserves, and he’s thrilled the BlueCross Healthy Place is leading the way.

“The blacksmith area is really nice to see,” says Joseph, pointing to a playhouse designed like a blacksmith shop to pay tribute to the park’s namesake, David Carnes, one of Whitehaven’s first businessmen and one of the first African-Americans to purchase property here.

“I’m also really excited about the 40-yard dash.

“And honestly? I want to get on that seesaw! For me, a seesaw was just a big

metal bar going across, so this is a whole new thing.”

Joseph is describing the RoxAll See Saw, which can accommodate users of all abilities and ages. It’s one of many design elements here that begs passersby to climb on and play – with friends, family or neighbors they may not yet know.

That was exactly the idea. In April 2018 when BlueCross asked Whitehaven neighbors what they wanted to see in the park, they requested a walking path, fitness area and splash pad, all of which are included in the park. But most of all they asked for a place where neighbors can come together. Seeing the park’s progress – and knowing his Whitehaven neighbors and BlueCross colleagues pitched in – is something Joseph is proud of.

“We’re excited that our city has so many positive things to come out and see. And we’re excited that the newest one is right here in Whitehaven.” ■



11,398 hours
volunteered with
234 organizations

1,307 pairs
of pajamas and
8,000 meals
donated



\$8 million invested to bring
communities together



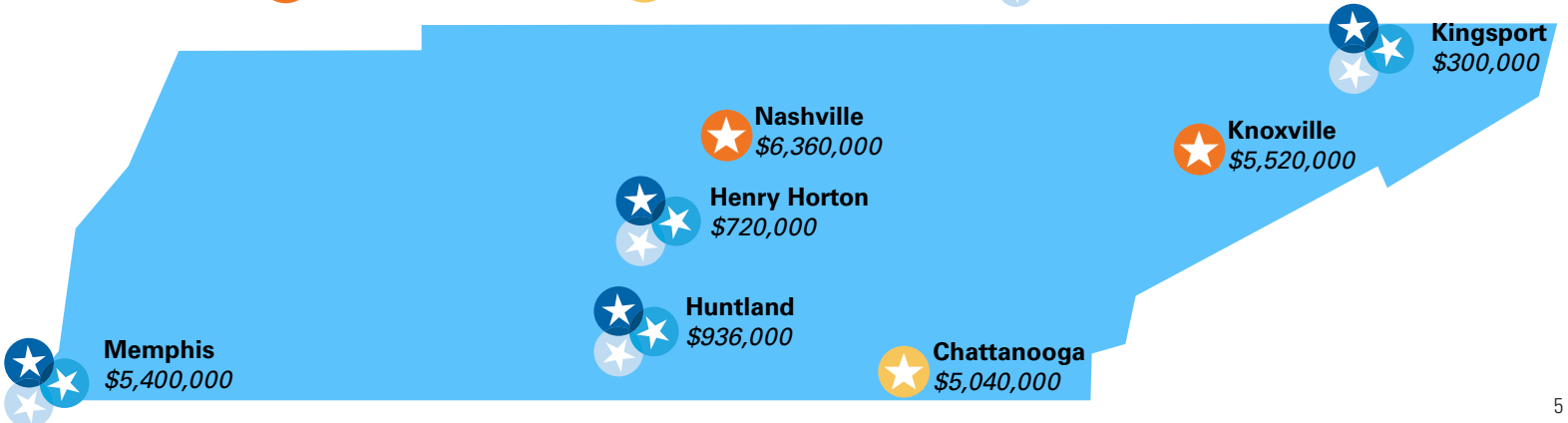
\$435,000 given to
98 local organizations



2020 Project

Project Underway

Project Completed





Chanda Hurst-Davis:

WHY MEMBERS MAKE HER A PART OF THEIR STORIES

As a child, Chanda Hurst-Davis spent much of her free time assisting seniors in need. It proved to be the beginning of her career today as a health navigator.

"I spent some summers with my grandmother in the Kingston area, and we would visit church members in the nursing home," Chanda recalls.

"I would go around and paint fingernails, run little errands, but mainly just talk to the people there.

"I just remember thinking it made me feel happy to see somebody else happy," she says. "I knew then that was the area in which I wanted a career."

“What is this member’s individualized needs? That same question drives all of my efforts. But the answer is always different.”

Determined to make a difference

Chanda joined BlueCross in 2015, advising doctors and their staff on implementing and tracking best practices and processes that ensured members got the right care at the right time. Now she serves as an onsite health navigator working primarily with City of Knoxville employees.

Her role is unique because members come to her directly for support and she helps them identify the resources they need. “The City of Knoxville has more than 1,500 full-time employees and 3,300 members we serve,” she says. “My job is to make sure these members have access to care and ensure they’re receiving the proper care. That’s done by guiding them through wellness, care coordination, and collaboration with providers to make sure all their needs are met.”

Helping members take the next step

If Chanda’s meeting with a member who has diabetes, she’s recommending they have their eye and foot exams, she says. She’s also checking claims to ensure they’ve had their lab work and tests to help manage their blood sugar. At the same time, if case management is recommended and they haven’t signed up, she’s offering to make those appointments to get them there.

First and foremost, Chanda addresses specific medical needs, but the end goal is to enable her members to overcome those and facilitate managing themselves as a whole.

“Sometimes I have to see past their hesitation to help them take the next step,” she explains. “What are the barriers and/or challenges to scheduling appointments?

Do we need to find a doctor’s office with extended hours? Is this a person who is uncomfortable discussing their needs?”

Even assisting with the costs

Chanda often recommends preventive screenings and helps members locate specialists, but some members’ needs go beyond what we typically think of as health concerns.

In one case, Chanda helped a father with a sick daughter who was struggling to pay nearly \$60,000 in medical bills – some of which Chanda helped him get reimbursed for.

She recognized that dealing with any type of disease, specifically with a child, can lead to exhaustion -- and it can manifest on emotional, physical, and financial levels. Through her outreach and organization, she helped this member improve his situation.

“Every time he would get things in the mail, he’d scan and email them to me,” she remembers. “This enabled me to see where some facilities hadn’t properly billed him. A few hadn’t even made the proper adjustments for his BlueCross coverage. Due to the overwhelming volume of bills, he’d made some payments he wasn’t responsible for.”

It’s amazing to see what some of these members go through and come out with these smiles, she says.

“I find strength from what they’re going through, what they’re fighting every day, and then still see their smile at the end. Becoming part of their stories makes me feel pretty fortunate every day.” ■



FROM DIAGNOSIS TO RECOVERY

ONE MEMBER'S CANCER AND BEHAVIORAL HEALTH JOURNEY

Rachel Myers clearly remembers the day when something felt off.

"I had taken my grandson to school, and I had a sore spot in my mouth," the Chattanooga resident says. "I called my dentist, and he said, 'Stop on your way back home and we'll look at it.' And we started from there."

Rachel had already lost two loved ones due to progressive disease. Even with that family history, Rachel wasn't jumping to conclusions – but she also wasn't waving off nagging suspicions. In July 2018, a test confirmed Rachel had oral cancer. A flood of emotions nearly overwhelmed her, but fortunately she had faith and family to lean on.

Those pillars of support would be critical as Rachel faced surgery to remove her cancerous growth in September 2018.

Treating the whole person

Part of Rachel's support system was a dedicated team of care managers at BlueCross. A nurse on our transitional care team recognized Rachel as a candidate for emotional support due to her upcoming surgery. She asked Rachel for permission to have a behavioral health representative contact her. Rachel agreed and began speaking over the phone with case manager Katie Parker.

"Mrs. Myers and I first spoke the day before her surgery," says Katie, a licensed clinical social worker who got her start in hospice and nursing home social work. "Our transitional care team picked up on her anxiety, which was incredibly normal for her situation.

"She was nervous as she was facing a major surgery and had her family history on her mind," Katie recalls. "During that initial conversation, we agreed to



Katie typically works with members like Rachel who have a medical diagnosis and were referred because of secondary emotional stress or depression.



talk again after the surgery. That gave me plenty of time to prepare a list of resources I thought she would benefit from.

“My goal is to encourage members to research and seek their own therapy while offering ways to connect with resources like community mental health programs or support groups,” Katie says. “We support, we advocate, we encourage, but our goal is to give them as many good choices as possible and let them choose the path forward that makes the most sense for them.”

One day at a time

Rachel had surgery to remove the cancer, followed immediately by reconstructive surgery on her neck and throat. Recovery in the hospital was difficult, and she spent time in intensive care.

She’ll see her surgeon every three months for two years following her surgery and has not needed radiation treatment. She attends the Hope Program, a cancer survivors support group that Katie connected her with

before referring her to a medical care manager.

Just a phone call away

Though Rachel is on the road to recovery and no longer needs behavioral health services BlueCross offers, Katie can still be there for her.

“We always make sure our members know our support is still available,” Katie says. “If they’re feeling a change in mood or unsupported at any point in time, they can restart the support the next day. Mrs. Myers knows I’m here and happy to take a call from her.”

Rachel agrees and offers some advice of her own. “I really was surprised that BlueCross offers these services,” she says. “Katie was kind and compassionate from the beginning. I would encourage anyone who’s struggling or doesn’t know where to turn to accept that call from BlueCross and talk to them. It will help you.” ■



WANG MIN: HELPING OUR MEMBERS BY CHALLENGING HIMSELF



“We want members to be able to use this information as a means to talk with their providers.”

Wang Min

In 1999, Wangsik Min – Wang to his friends – landed in the U.S. for the first time.

It was the first international travel for the South Korea native and graphic designer, whose journey took him from Seoul to Tokyo, on to Atlanta, and finally to Chattanooga and work at BlueCross.

Work has always been a major theme in Wang’s life thanks to his strong ethic, ambition and a love for creating with his own hands. He’s an innovative thinker, with a degree in graphic design and a passion for the tactile nature of creation and problem-solving. Plus a history of composing process enhancements.

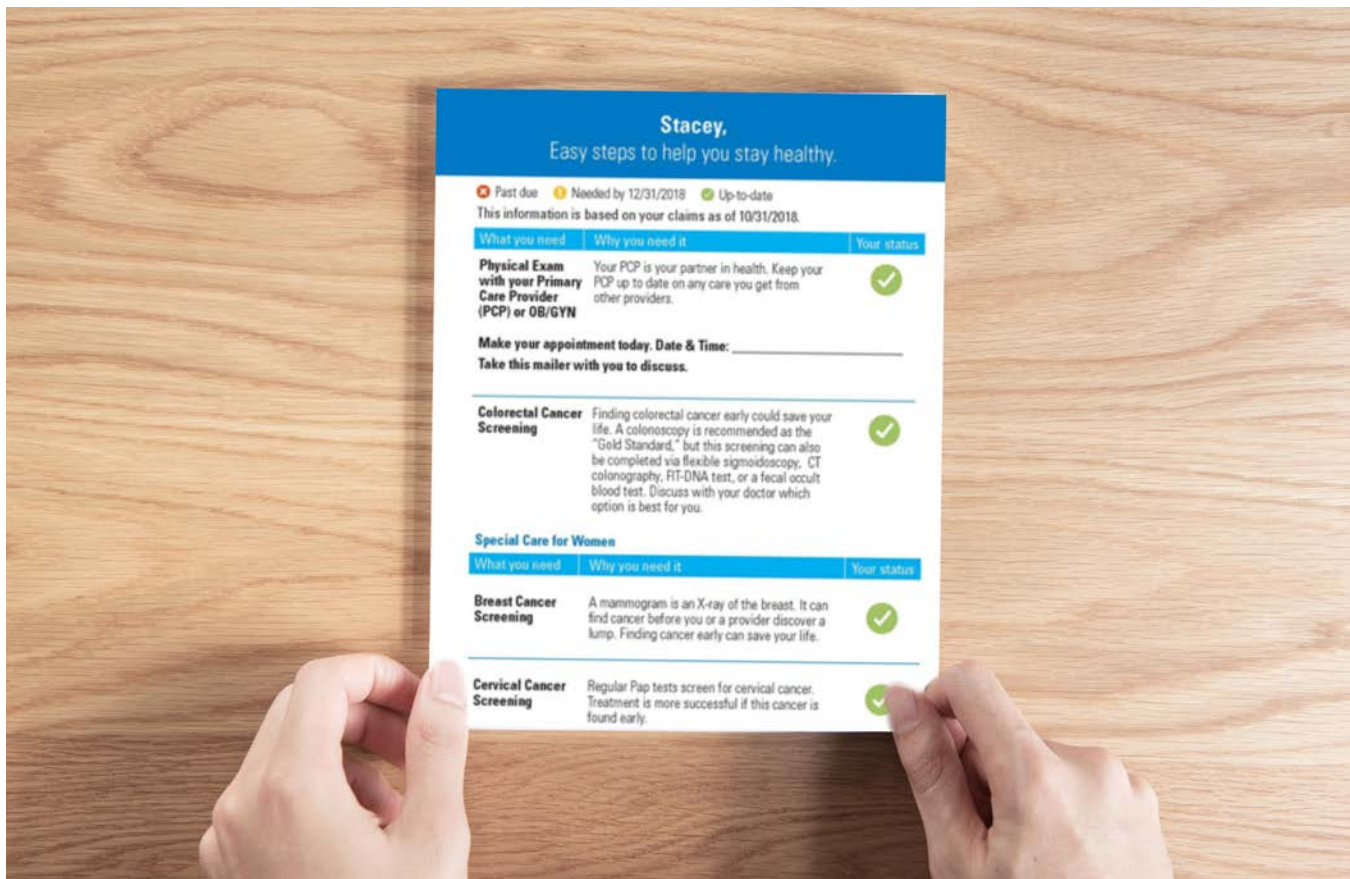
Mechanics of member health awareness

Wang joined BlueCross in 2016, and quickly found that his passion for hands-on creation served him – and more important, our members – well. This

is particularly true for our preventive health campaigns, projects for which he comes in at the developer level and devotes most of his time.

One such project is the member scorecard, a personalized direct-mail piece and the brainchild of our Total Health Management clinical team. Typically sent each spring to every adult, teen or child member in need of a screening, exam or vaccination based on gender, age and existing chronic conditions, this self-evaluation is completed by the member for their own health awareness.

The project is intended as a way for members to not only conveniently keep track of needed screenings, but also as a tangible piece to be brought to their next provider visit. Our data might show a significant time gap between provider visits, which triggers a notification within BlueCross to contact the member.



The scorecard reminds members to get screened, which helps them in the long run. Members can help prevent serious disease by taking a more active role in their health.

“We want members to be able to use this information as a means to talk with their providers,” Wang says. “I’m provided the most up-to-date member data and use that to create a personalized hierarchy specific to their health conditions.”

An ever-evolving approach to preventive health

When working with our clinical teams to build tools to improve members’ health, Wang must work carefully to present information that’s easy to comprehend. He’s the first to admit that can present its own challenge, but one he embraces.

“We want to encourage members to play an active role in their health, but listing all recommended screenings and why they’re necessary can be a lot of information in one piece,” he says. “My job from a design standpoint is to make sure we’re not trying to squeeze too much in there, and to ensure members are compelled to read it, keep it, and take action from it.” Part of that challenge involves rethinking the mechanics of our preventive health campaigns – and whether they require a paper element at all. In 2019, Wang and his team explored ways to approach these projects from a strictly digital angle, taking into account member preferences and capabilities in that area. ■



Exploring the Issue:

DR. LISA STATON ON DIABETES IN TENNESSEE

Did you know diabetes can cause depression? It's true, and it's a fact that affects many of us every day.

More than half a million of us in Tennessee are living with type 2 diabetes,” says Dr. Lisa Staton, medical director for BlueCare Tennessee, “and that puts us at higher risk of health problems such as heart attack, blindness, kidney failure and amputations. The good news is that all of these risks can be managed, and at BlueCross, we help our members do that through outreach, support groups, online education, personal coaching — whatever it takes to help our neighbors get healthy.”

Here’s what Dr. Staton says we need to know about diabetes in Tennessee now.

What kinds of problems can diabetes cause in a person’s life?

Diabetes takes a real toll on your body, causing excessive thirst, making you feel tired and causing blurry vision. But people who are struggling with diabetes also face other challenges with their finances, employment and productivity. More personal health care resources are spent on diabetes than any other condition. At BlueCross, we are committed to giving our members living with diabetes the support they need so they can pursue the quality of life they deserve.

What factors are most likely to cause diabetes here in Tennessee?

Well, we’re more likely to be overweight, so that’s the single biggest driver of diabetes for us. Tennesseans are up against several health challenges, including not getting enough physical activity and using tobacco at higher rates. Nutritionally, we also rank low in our consumption of fruits and vegetables.

And then there’s the issue of comorbidity – having two chronic diseases at once – which means that if you have diabetes, you’re also more likely to have high blood pressure, for example, and vice versa. And that’s tough.

How is diabetes affecting our children?

As a whole, American kids today have access to more sugary sodas than previous generations, for example, and little issues like that add up. In Tennessee, we know our high-schoolers in particular are less likely to eat fruits and vegetables, and our kids overall are more likely to be obese. That automatically puts our young people at higher risk of developing diabetes, and at BlueCross, we believe we have a responsibility to change that.

How is BlueCross addressing diabetes in Tennessee?

First and foremost, BlueCross is educating members about how to make healthy choices. We’re teaching people how to prevent and manage diabetes, and we’re offering them personalized support with care managers.

Our nurse care managers are required to have five years of clinical experience before they start working in these highly specialized roles, so we know they can create care plans that work. Some people like phone calls while others like texts. Some want to read about managing diabetes while others want to watch videos. Some need in-home eye screenings, telemonitoring of blood glucose or nurse visits. Because of the experience our care managers have, they can work with members to figure out what they need and make it happen.

What resources do we provide members who struggle with diabetes?

BlueCross has a digital care management app for members with diabetes. Our website has a diabetes section where anyone can get help, whether you’re concerned about having diabetes or you’ve been managing it for years. We want people to understand that even if you’re diabetic or pre-diabetic, we can help you get healthy so you can live the life you want. We’re always here to help. ■



WE PRIORITIZE SENIOR OUTREACH EFFORTS

Jameekah Bowling recalls a specific moment when she knew her team had made a difference in the life of a member.

“I went to a community event and met an older gentleman who a few weeks earlier thought he didn’t need a colonoscopy,” she says. “He was refusing it because he thought it was going to be too much of a hassle. But my team had called him, and we sent him what’s called an fecal occult blood test, or fit kit. His results were sent to his doctor, and it was later learned he needed some polyps removed.”

“When he introduced himself, he thanked me,” the operations supervisor on the senior care outreach team at BlueCross continues. “That resonated with me, because all it takes is a gentle nudge from one of our specialists to help ensure we have a member who is going to be with us a bit longer.”

A proactive approach

The goal of the senior care outreach team is to ensure members get recommended screenings and take their medications as directed. It’s accomplished through:

- **Member Education** – Representatives call members to educate them on why these screenings, such as a mammogram, diabetic retinal eye exam or colonoscopy, can help them stay healthy. From there, members are invited to one of our health and wellness events in their area or our team offers to schedule appointments for these services with a local plan provider.
- **Pharmacy Technicians** – Certified pharmacy technicians call members to stress the importance of taking their medication as directed. If we see they’re not refilling their prescriptions, a pharmacy technician will call just to check in. It may be that the member

only has a 30-day supply that has run out, so the pharmacy technician may provide education about the benefits of receiving a 90-day supply by mail.

- **Connecting Members to Primary Care Physicians**
–These calls involve inquiring about whether or not a member has a primary care doctor. If so, we encourage the member to schedule an appointment if needed. If the member doesn't have one, we can look up providers in their area who are part of our network, and recommend one to see.

"The member health and wellness events are especially important to build relationships and trust," Jameekah says. "We understand it's hard for some members to get to a doctor's office. So when we call about an event, we stress that, 'We're in your area, and we want you to complete your preventive screening so you can stay healthy and have peace of mind, as well.'"

Connecting the communication dots

The team works to help members realize we're here to help and make screenings and medication as convenient and comfortable as possible for them. "We have specialists who relate to members by sharing their truth," Jameekah says. "Sometimes that's a story about how a 3-D mammogram detected a lump, leading to lifesaving treatment. Or how they were pleasantly surprised themselves by how easy the process was. 'Things are different than what they were 10 years ago. It's a different machine. It doesn't hurt.' Our specialists take that extra step."

"Opening up can go a long way and show 'This is a person who has called me and is willing to share a piece of themselves in the interest of me being healthier.'"

Recognizing member preferences

The senior care outreach team's efforts involve more than just phone calls. The team is strategic in its approach, asking members when they sign up for Medicare about their contact preferences. Sometimes their efforts involve a reminder postcard, other times all communications moving forward are digital. That has meant getting past preconceived notions about how seniors use technology.

"The members who are aging in to the Medicare Advantage program are much savvier than even five years ago," Destiny says. "We've seen three times the amount of digital

engagement than before. A lot of that comes with the education at our health and wellness events. Our team attends these events and can help members set up the MyHealthPath app on their smartphones."

While defining success for the senior care outreach team is easy – Medicare Advantage members adhere to their medications and receive recommended preventive health screenings – the methods to achieve this success are anything but. Moments like the one in Jameekah's story demonstrate how members benefit from these services. And those moments always begin with a simple step – and a familiar refrain.

"We nudge," Jameekah says. "We nudge, and we educate." ■



THE HEALTH PROGRAM EMPLOYEES SAY THEY WANT MOST

Nearly 9 in 10 young professionals ages 18 to 34 say wellness incentives that reward healthy behavior are the No. 1 benefit they hope for, yet less than half of employers offer them.

“Employees want medical, dental, vision and wellness coverage in the least complicated, most comprehensive way,” says Missy Brumlow, principal product manager at BlueCross BlueShield of Tennessee. “All of these can be bundled in an approach we call total health, which allows members to get everything they need with one card, supported by one team.”

What is total health?

Total health is a unified approach to health and wellness that looks at the whole person. It relies on a single, data-driven system where providers, coaches and employees can track health and progress and address problems.

“Total health support is a unique and comprehensive solution for a company’s employees,” Missy says. “It includes onsite support, digital and mobile tools, and telephonic options to help our members manage their health. Our priority is improving health for our members.”

A total health approach works because it’s simple to understand and use – employees have one card and one contact source for dental, vision, medical or wellness coverage, meaning more convenience and less stress thanks to one company managing all of their claims. Total health is also fundamentally a better way to see a full health picture. Health data is often stored in different systems that aren’t connected. Using a total health system helps employees with everything from decreasing stress to early diagnosis of disease.

Total health through BlueCross

Because dental, vision, medical and wellness are fully integrated into the BlueCross system, the total health approach is simple for employees, administrators and providers.

“Our clinical staff has access to data on a member’s full health profile,” says Angie Haines, specialty product manager. “When our teams look at whole-person data rather than just a single issue in someone’s mouth or eyes, we can understand our member holistically and take better care of them.”

For instance, certain medical conditions like diabetes and high blood pressure are better managed with good oral and vision care, and BlueCross provides extra dental cleanings to members with diabetes. So total health can work in many ways:

- During a teeth cleaning, a member’s dentist may diagnose the early stages of gum disease, and talk about the fact that gum disease in combination with the member’s age and weight could be a warning sign of diabetes. Once that information enters the BlueCross system, the member’s health profile is automatically updated, allowing for additional outreach. The BlueCross team can now identify the member for intervention programs that can help her learn how to make lifestyle changes to improve her health.
- A wellness challenge at work may lead an employee to fill out an online health assessment indicating he’d like help losing weight but doesn’t have the time or skills to cook at home. That prompts a wellness coach to reach out and help him create a plan that works for his family and his schedule.
- At an annual eye exam, a member’s ophthalmologist notices a vision change that indicates he may have diabetes. This information is captured in the BlueCross system, and the

eye doctor lets the member know that there are extra vision benefits available for diabetic members that can be provided.

Benefits are better together

- Since BlueCross serves more members than any other health plan in Tennessee, it has the advantage of spotting total health trends early on.
- One trend is members are three times more likely to get eye exams than physicals. People are more proactive when they can’t see well than they are with their overall health. That creates another opportunity to get people the care they need.

In addition to identifying health conditions at every touchpoint, BlueCross can also use total health data to customize coverage and wellness plans through wellness challenges, health fairs, lifestyle coaching, healthy maternity and diabetes management programs.

“We’re proud to have a customer satisfaction score of 94.8%,” Angie says. “Doing that with one call and one card means we can make total health easy for members, administrators and providers.” ■

People with diabetes who get treatment for periodontal disease have 39% fewer hospital admissions and 40% lower medical costs.

MEET OUR LEADERS

Generations of strong leadership, and nearly 75 years of service to Tennesseans and the state have made BlueCross BlueShield of Tennessee the insurer of choice for thousands of Tennessee businesses. Today, industry-recognized professionals provide leadership and expertise to support the company’s long-standing commitment to service, quality, innovation and value for our members and communities.



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We commit to having a great workplace

We want BlueCross to be an employer of choice. And our commitment to diversity, inclusion, and making everyone feel a valued part of our company makes a positive impact – inside and outside our organization.



OUR FAMILY OF COMPANIES

BlueCross BlueShield of Tennessee works to improve the health of our customers and communities with innovative products and services that provide access to cost-effective, quality-based care.

Through our subsidiaries and affiliates, we provide a comprehensive range of group and individual health plan products, ancillary benefits, and health and wellness management services. Our health innovation initiatives, technology services, and charitable giving work together to improve the health of Tennesseans and drive health care system improvement. In 2019 our family of companies included:



Volunteer State Health Plan, Inc., doing business as BlueCare Tennessee, is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. Founded in 1993 as Volunteer State Health Plan, the Chattanooga-based company focuses on managing care and providing quality health care products, services, and information for government programs. It was organized to participate, by contract with the State of Tennessee, as a managed care organization in the state's TennCare program, and has remained a valuable partner for more than two decades, providing innovative and cost-effective plan services to the State of Tennessee, and vital health care access and quality care to the residents of Tennessee. BlueCare Tennessee is a licensed HMO subject to regulation by the Tennessee Department of Commerce and Insurance and is licensed with the BlueCross BlueShield Association.



SecurityCare of Tennessee, Inc., doing business as BlueChoice Tennessee, is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. BlueChoice Tennessee is a licensed HMO subject to regulation by the Tennessee Department of Commerce and Insurance and is licensed with the BlueCross BlueShield Association. BlueChoice Tennessee offers a portfolio of Medicare Advantage HMO products as authorized by the Centers for Medicare and Medicaid Services within the State of Tennessee.



Golden Security Insurance Company, Inc., doing business as BlueRe of Tennessee, is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. BlueRe of Tennessee offers a portfolio of policies for specific and aggregate medical stop-loss coverage for the benefit of Tennessee businesses. It is licensed with the BlueCross BlueShield Association.



Group Insurance Services, Inc. (GIS), a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc., provides the ancillary products necessary to complement any health benefit plan and provide a complete employee benefit package. GIS offers a full and comprehensive line of life, disability and long-term care insurance, as well as voluntary dental, flexible spending accounts, HR support and more.



Shared Health, Inc., a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc., provides all the tools needed to operate a successful Medicaid program. Shared Health specializes in providing technology and expertise to help health plans design and operate their Medicaid managed care programs. Shared Health has developed accurate and efficient software tools and mobile applications to ensure that care coordinators can focus on their members, rather than dealing with inefficient, time-consuming paperwork.



The BlueCross BlueShield of Tennessee Foundation is a public benefit not-for-profit Tennessee corporation that seeks to improve the health and quality of life of all Tennesseans.

The BlueCross BlueShield of Tennessee Foundation provides funding for the BlueCross Healthy Places program, which creates active, healthy spaces across Tennessee. The Tennessee Foundation is an affiliate of BlueCross BlueShield of Tennessee and is licensed with the BlueCross BlueShield Association.



The BlueCross BlueShield of Tennessee Community Trust is a not-for-profit Tennessee corporation that allows BlueCross BlueShield of Tennessee to offer generous support to organizations and communities to help improve the social welfare of Tennesseans. Contribution dollars support Tennessee communities, emphasizing healthy living and quality of life. It is an affiliate of BlueCross BlueShield of Tennessee, licensed by the BlueCross BlueShield Association. ■

More About BlueCross BlueShield of Tennessee

BlueCross BlueShield of Tennessee, Inc. is a not-for-profit corporation and the state's trusted leader in providing health coverage and wellness solutions. BlueCross BlueShield of Tennessee is taxed and regulated in a manner similar to other commercial insurance companies.

Founded in 1945, the company and its subsidiaries and affiliates provide a comprehensive range of group and individual health insurance plans, benefit products, and health and wellness services to more than 3.5 million people and thousands of Tennessee businesses. BlueCross BlueShield of Tennessee is an independent organization governed by its own board of directors, and it is responsible for its own obligations.

In 2019, BlueCross BlueShield of Tennessee paid \$16 billion in health care benefits on behalf of our members, while employing more than 6,500 people. In 2019, the company achieved a net gain of \$495.4 million. For the same year, the company incurred \$449.8 million in federal, state and local tax expenses.

BlueCross BlueShield of Tennessee owns and operates several subsidiaries, including Volunteer State Health Plan, Inc., doing business as BlueCare Tennessee, a licensed HMO; Group Insurance Services, Inc., an insurance agency for ancillary and flexible benefit programs; Golden Security Insurance Company, Inc., offering policies for specific and aggregate stop-loss coverage, doing business as BlueRe of Tennessee; SecurityCare of Tennessee, Inc., doing business as BlueChoice Tennessee, a licensed HMO; and Shared Health, Inc., and Shared Health Mississippi, Inc., Medicaid and long-term services and supports companies.

BlueCare Tennessee, BlueRe of Tennessee and BlueChoice of Tennessee are licensed with the Blue Cross Blue Shield Association.

BlueCross BlueShield of Tennessee operates two affiliates, the BlueCross BlueShield of Tennessee Foundation, a 501(c)(3) organization that promotes the philanthropic mission of the company, and the BlueCross BlueShield of Tennessee Community Trust, a 501(c)(4) organization with the purpose of improving the quality of health in Tennessee. They are both independent licensees of the Blue Cross Blue Shield Association and offer certain products and services under the Blue Cross and Blue Shield names.

BlueCross BlueShield of Tennessee owns a majority interest in Healthbox Nashville I, LLC, a venture capital company that provides early-stage capital and mentoring to high-potential health care technology startups in Tennessee. ■



of Tennessee

Annual Report 2019

FINANCIAL SUMMARY

BlueCross BlueShield of Tennessee, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31	
	2019	2018
	<i>(In Thousands)</i>	
Assets:		
Cash and cash equivalents	\$ 488,340	\$ 454,390
Fixed maturity securities, at fair value (amortized cost: \$2,555,241; \$2,134,613)	2,634,679	2,115,818
Equity securities, at fair value	866,305	741,151
Commingled investments, at fair value	145,322	124,184
Trading securities	21,101	17,009
Fair value option investments	115,616	155,918
Investments held by charitable trusts	249,633	220,706
Equity method and other investments	38,210	28,919
Receivables (net of allowance: \$18,811; \$11,621):		
Benefit-related	538,992	528,302
Premiums and administrative fees	301,686	233,332
Investment-related	34,641	34,248
Federal income taxes, net	25,708	32,881
Provider	11,912	3,663
Total receivables	912,939	832,426
Property, software and equipment, net	359,096	353,186
Other assets	85,331	71,889
Deferred taxes, net	—	3,930
Total assets	\$ 5,916,572	\$ 5,119,526
Liabilities:		
Policy liabilities:		
Liability for unpaid claims	\$ 646,643	\$ 608,132
Other policy liabilities	55,572	49,234
Total policy liabilities	702,215	657,366
Accounts payable and other liabilities	717,976	587,062
Long-term debt	200,000	200,000
Liability for interest rate swap	45,865	35,459
Liability for postretirement and postemployment benefits	40,044	42,118
Deferred taxes, net	39,373	—
Unearned revenue	2,010	3,242
Total liabilities	1,747,483	1,525,247
Surplus:		
Legally required and operating surplus	4,159,557	3,571,765
Noncontrolling interest	93	2,224
Accumulated other comprehensive income	9,439	20,290
Total surplus	4,169,089	3,594,279
Total liabilities and surplus	\$ 5,916,572	\$ 5,119,526

BlueCross BlueShield of Tennessee, Inc. and Subsidiaries
Consolidated Statements of Income

	Year Ended December 31	
	2019	2018
	<i>(In Thousands)</i>	
Premiums	\$ 7,906,605	\$ 8,018,681
Administrative fees and other revenue	631,097	585,550
Net investment income	355,661	51,215
Net realized investment gain	40,019	13,142
Total revenue	8,933,382	8,668,588
Benefits expense	6,645,528	6,269,472
Administrative expenses and broker commissions	1,400,290	1,222,271
State premium tax and assessments	279,251	430,301
Total operating expenses	1,679,541	1,652,572
Income before federal income taxes	608,313	746,544
Federal income tax expense	113,231	177,540
Net income	495,082	569,004
Net loss attributable to noncontrolling interest	(283)	(55)
Net income attributable to BCBST	\$ 495,365	\$ 569,059

BlueCross BlueShield of Tennessee, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

	Year Ended December 31	
	2019	2018
	<i>(In Thousands)</i>	
Net income	\$ 495,082	\$ 569,004
Other comprehensive income (loss), net of tax:		
Net unrealized holding gains (losses) arising during the period, net of income taxes of 2019 - \$20,629; 2018 - (\$27,442)	77,605	(103,234)
Change in interest rate swap, net of income taxes of 2019 - (\$2,185); 2018 - \$1,764	(8,221)	6,636
Change in unrecognized pension and postretirement benefits, net of income taxes of 2019 - \$3,241; 2018 - (\$2,811)	12,192	(10,572)
Total other comprehensive income (loss), net of tax	81,576	(107,170)
Comprehensive income	576,658	461,834
Less: Comprehensive loss attributable to noncontrolling interest	(283)	(55)
Comprehensive income attributable to BCBST	\$ 576,941	\$ 461,889

See accompanying notes.



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