



of Tennessee

ANNUAL REPORT

2020

Living Our Mission
In a Defining Year





LIVING OUR MISSION

In a Defining Year

For BlueCross BlueShield of Tennessee, the clock both stopped and started in March 2020 as we took extraordinary measures to respond to the COVID-19 public health crisis.



We stopped any semblance of business as usual and immediately started transforming BlueCross BlueShield of Tennessee to benefit our members and our TeamBlue employees.

While the health care industry responded quickly and with overwhelming commitment to the health emergency, the virus has claimed the lives of far too many people across the state. Among them are plan members we've served, as well as cherished relatives, coworkers and friends. Overnight, we transitioned to an innovative new work model, implemented a series of industry-changing actions that created immediate access to care. We also rapidly began delivering nearly \$9 million in support for affected communities and families statewide through our BlueCross Foundation.

The year 2020 proved to be our once-in-a-generation test to truly live our mission – by taking swift actions to enhance our ability to protect our members' health, shield our own employees, and quickly and confidently choose the right thing to do – in a time of daunting challenge.

Our members always need us, but in 2020 depended on us more than ever. And combined with the national requisite for racial justice and healing, the need was great.

First Major Insurer to Lead with Telehealth

We became the first major insurer to commit to covering in-network telehealth services on an ongoing basis. In short time, by partnering with our providers, we saw 80 times more telemedicine claims than during the same period the previous year – an outstanding increase in access for our members.

Real Relief for Members, Groups and Providers

We made the decision early on to immediately waive member costs on COVID-19 testing and treatment until the end of the COVID-19 national emergency – whenever that may be. And later, for the approved and fast-tracked

vaccines. We waived primary care and behavioral health costs for our Medicare Advantage members – those most vulnerable to the pandemic. We also moved swiftly to assist our customer groups by extending payment periods to help their employees keep their critical group coverage – even as so many small businesses were facing difficult decisions about mass layoffs and closures.

And we honored and supported the front-line providers and first responders who worked tirelessly to deliver care round the clock.

Excelling in Member Satisfaction

Through the end of the year, our net promoter score continued to rise as our levels of service only increased during the challenging period. As an indicator of outstanding member satisfaction and loyalty, we're working to be in the top quartile of performance for this key consumer service metric.

Taking the Right and Only Stand Against Racism

Though separated by distance, we joined together in our support of racial justice and healing, establishing internal conversations to make sure our employees had the opportunity to speak of their experiences, and taking the conversation public with a stake-in-the-ground stance against racism.

Our Mission is Our Guide

Throughout 2020, we took care with each decision to ensure it was the right thing to do for our members, our groups, and the providers we rely on to care for BlueCross members – to deliver peace of mind through better health, and an unqualified level of support in a defining moment of challenge and change.

JD Hickey, M.D.
President and CEO

Marty G. Dickens
Chairman of the Board



MAKING COVID-19 RELIEF A REALITY

The health of our members, employees and the communities we serve was the first priority in 2020. Since the COVID-19 pandemic was unlike anything we had faced, our first decision was to remove any barriers to those needing and receiving care. We waived all member cost-sharing for COVID-19 treatments, including hospitalizations, in addition to waiving copays and cost-sharing for FDA-approved COVID-19 testing. No out-of-pocket costs were necessary for testing and treatment administered through in-network providers, including care at a doctor's office, urgent care facility, emergency room, and COVID-19-related inpatient hospital stays.

3.4M
MEMBERS

\$16B
2020 CLAIMS COSTS

READ MORE

COVERING FULL TREATMENT COSTS FOR
COVID-19





REACHING OUT TO MEMBERS AND COMMUNITIES

As COVID-19 made its way to Tennessee, BlueCross took immediate steps to prepare for and respond to member and community needs, including supporting providers and first responders who placed their lives on the line every day. Our nurses and case managers took additional measures to ensure members had both their health and safety needs met – even arranging for food pantry and meal deliveries for those having financial difficulties.

Our BlueCross Foundation began providing almost \$9 million in support for area food banks, to sponsor provider education and COVID-19 vaccine education, address health disparities and encourage vaccine acceptance – especially in communities of color.

And though in-person volunteer activities were suspended temporarily in 2020 due to COVID-19, TeamBlue volunteers still found ways to help their neighbors through our Community Trust outreach and engagement opportunities, making personal calls and check-ins on area residents as an additional way to give back to the communities where they live and work.

\$9M
COVID-19 RELIEF

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SUPPORTING THE STATE'S FOODBANKS





SUPPORTING FIRST RESPONDERS AND FRONT-LINE CAREGIVERS

There were many ways to say thank you to the first responders and health care professionals who stepped up to the challenge and remained in action throughout the most difficult times of the coronavirus outbreak. BlueCross chose to thank and recognize the doctors, nurses, firefighters, police officers and EMTs for their life-saving work with public ad messages, social media support, and more than 6,500 yard signs that every employee could place on their property. The signs and messaging — along with donating and delivering lunchtime meals to hospital work teams across the state — were a unifying way for BlueCross, our employees and volunteers, to visibly show support for these heroic efforts.



FIRST IN INDUSTRY TO MAKE TELEHEALTH PERMANENT

We became the first major insurer to embrace telehealth for the long-term after our dramatic expansion of these services during the COVID-19 pandemic. Strategically aligning with our commitment to improve access to primary care, our decision to permanently cover virtual visits with in-network providers gave members easier access and options to health care services moving forward. Our decision covered telephone and video visits with primary care providers, specialists, and behavioral health providers, as well as occupational, physical, speech, and ABA therapy services. Telehealth offers members and their trusted providers more options that fit their everyday needs for preventive, routine and maintenance care – driving better health.

80-FOLD TELEHEALTH INCREASE

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[DR. ANDREA WILLIS TAKES
TELEHEALTH TO THE U.S. SENATE
COMMITTEE](#)





BRINGING ACCESS TO THE UNDERSERVED

Primary care is one of the best ways a person can pursue better health — and BlueCross BlueShield of Tennessee has a history of investing in successful, collaborative partnerships to elevate and ensure quality primary care for statewide residents. Our joint venture to open eight primary care clinics with Sanitas, a Keralty company, demonstrated an innovative way to fulfill our 2020 business priority to advance new models of care. Supporting and expanding convenient access to primary care, these medical centers in Middle and West Tennessee exclusively serve BlueCross members from all lines of business, along with self-pay and original Medicare members. Benefits of using our new clinics include same-day appointments, extended hours, and enhanced digital tools that make it easy to connect with care teams and medical center staff.

8 NEW PRIMARY CARE CLINICS

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[PARTNERING TO OPEN EIGHT NEW
PRIMARY CARE MEDICAL CENTERS](#)





4-STAR QUALITY THAT BENEFITS MEMBERS

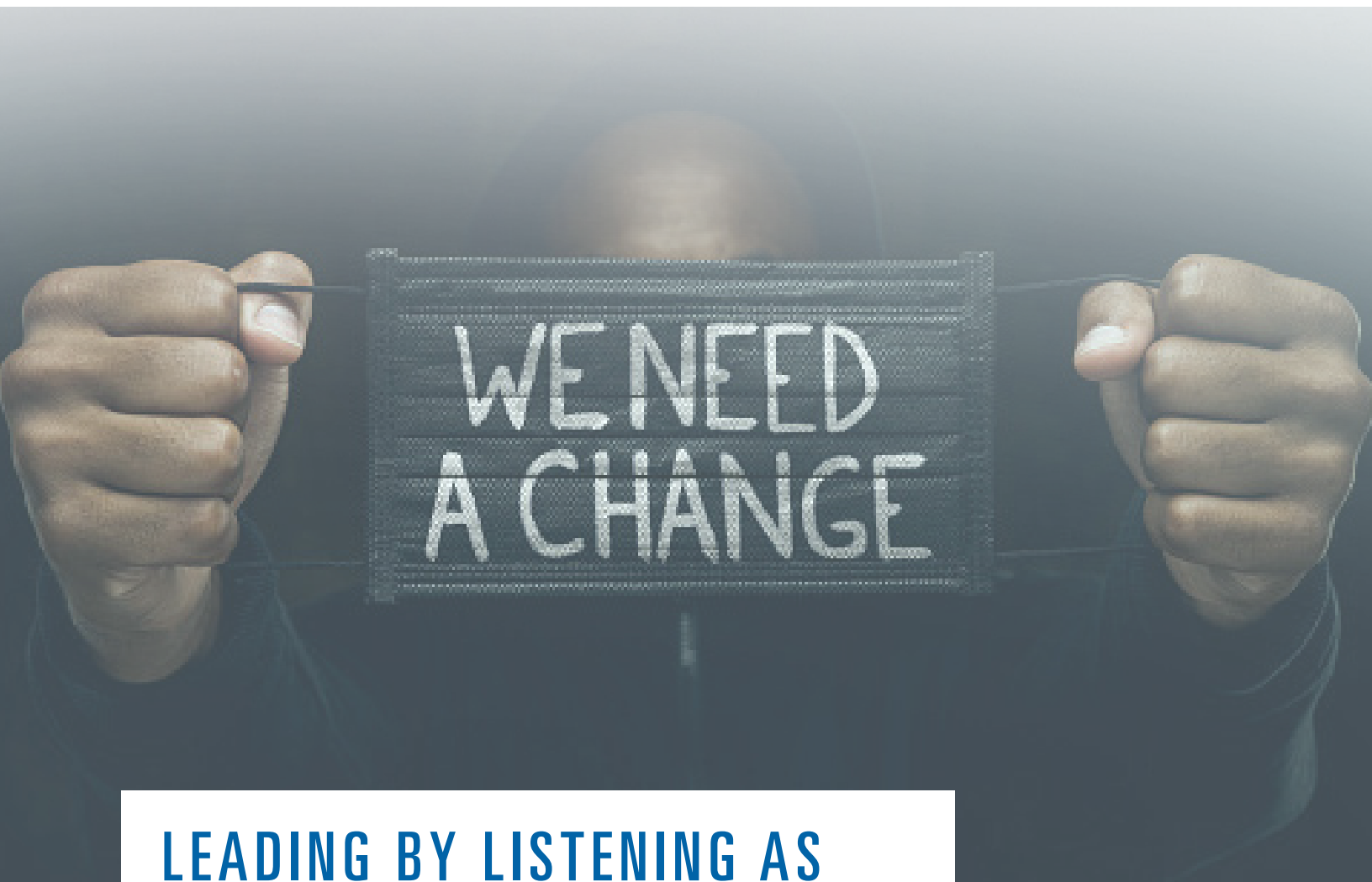
For the sixth year in a row, CMS recognized our Medicare Advantage PPO plan with a 4-Star quality achievement rating. Never easy to achieve, this industry accolade is based on up to 40 different performance measures, which are updated and weighted differently each year. Measures and calculation points can also change annually based on other Medicare Advantage plans' performance across the U.S. – as well as CMS Stars program changes – so the bar continues to be raised each year. Four-Star rankings require consistent high performance across the entire structure of plan operations – with metrics designed to continually push plan programs for continuous improvement.

4 STARS SIXTH YEAR

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**BLUECROSS MEDICARE
ADVANTAGE PPO EARNS SIXTH
4-STAR QUALITY RATING**





LEADING BY LISTENING AS WE STAND AGAINST RACISM

For all the progress made, the scars of deep-seated racism still exist. The disparities evident in COVID-19 outcomes and several tragic deaths over the summer turned our collective eyes to these issues with a new sense of urgency. We made a public statement to work to end racism and committed the company to better serve our communities in support of these specific needs. We funded new ventures and partnerships to research and address health disparities and hosted our most-attended Power of We workforce diversity conference to share best practices with business leaders across the state.

READ MORE

[WHAT DATA TELLS US ABOUT
HEALTH DISPARITIES IN TENNESSEE](#)





DEMONSTRATING AGILITY OF OUR ENGAGED WORKFORCE

At the start of 2020, no one could have predicted that 97% of our employees would spend the next year working from their homes – or that we'd have to make the transition happen in a matter of days. Change has become the new normal and BlueCross BlueShield of Tennessee has adapted well to change over the past decade, as the competitive marketplace and regulatory landscape have evolved. Throughout, our enterprise strategy has focused on helping employees tie their roles and impact to our strategic goals, aligning our efforts while building agility and resilience. When faced with the need to balance the health of our employees and our commitment to member service, we were ready. In an unplanned era of remote work, our people have thrived – maintaining high levels of service, collaborating in new ways, and increasing our already-high engagement scores

96
ENGAGEMENT
SCORE

READ MORE

**OUR COMMITMENT TO
WORKPLACE CULTURE**





MARKING 75 YEARS OF A MISSION TO SERVE

Starting in 1945, our organization's purpose centered on access to affordable care and being good stewards of the health care dollar — guideposts we still follow. We continually add value for our customer groups and members, promoting evidence-based care and employing hundreds of nurses and other clinicians to assist our members and support their needs to achieve better health and a better quality of life. We've built a legacy of giving back to Tennessee communities. And to mark our 75th anniversary, our people used digital tools — ones our founders never could have imagined — to share photos, memories and perspectives on our mission. The common thread in all our efforts is the common good, which our people pursue by living these words each day: Peace of Mind through Better Health.

READ MORE
75 YEARS, ONE MISSION
TO SERVE





Peace of Mind
through Better Health®

MEET OUR LEADERS

Generations of strong leadership and 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.



JD Hickey, M.D.
President &
Chief Executive Officer



Scott Pierce
Executive Vice President &
Chief Operating Officer



John Giblin
Executive Vice President &
Chief Financial Officer



Anne Hance
Senior Vice President,
General Counsel &
Chief Privacy Officer



Andrea Willis, M.D.
Senior Vice President &
Chief Medical Officer



Roy Vaughn
Senior Vice President &
Chief Human Resources Officer



Dalya Qualls
Senior Vice President &
Chief Communications Officer



Dakasha Winton
Senior Vice President &
Chief Government Relations Officer



Ron Harris
Vice President
Diversity & Inclusion



BOARD OF DIRECTORS

Marty G. Dickens

Chairman of the Board
Retired Executive
AT&T – Tennessee

Lamar J. Partridge

Vice Chairman
Retired Executive
Valley Capital Corporation

JD Hickey, M.D.

CEO
BlueCross BlueShield of Tennessee

James B. Baker

River Associates Investments, LLC

Bruce A. Bosse

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Kingsport Chamber of Commerce

Reginald W. Coopwood, M.D.

Regional One Health

Herbert H. Hilliard

Retired Executive
First Tennessee Bank

Jack B. McCallie, M.D.

Ridgeside Internal Medicine

James M. Phillips

Covenant Ventures

Emily J. Reynolds

Former Secretary of U.S. Senate

Lottie F. Ryans

First Tennessee Development District

Martha S. Wallen

Pinnacle Financial Partners

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 2020 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 3.4 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 2020, BlueCross BlueShield of Tennessee paid \$16 billion in health care benefits on behalf of our members, while employing more than 6,800 people. In 2020, the company achieved a net gain of \$355 million. For the same year, the company

incurred \$601 million in federal, state and local tax expenses. In 2020, BlueCross BlueShield of Tennessee owned and operated 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, doing business as BlueChoice Tennessee, a licensed HMO; Riverbend Government Benefits Administrator, Inc.; RiverTrust Solutions, Inc.; Southern Diversified Business Services, Inc.; BeneVive, Inc.; and Shared Health, a Medical and long-term care services support company. BlueCare Tennessee, BlueRe of Tennessee and BlueChoice of Tennessee are licensed with the Blue Cross Blue Shield Association.

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

	December 31	
	2020	2019
	<i>(In Millions)</i>	
Assets:		
Cash and cash equivalents	\$ 926.4	\$ 488.3
Fixed maturity securities, at fair value (amortized cost: \$2,612.1; \$2,555.3)	2,751.9	2,634.9
Equity securities, at fair value	918.9	866.3
Commingled investments, at fair value	189.6	145.3
Trading securities	20.0	21.1
Fair value option investments	131.6	115.6
Investments held by charitable trusts	252.0	249.6
Equity method and other investments	50.2	38.2
Receivables (net of allowance: \$50.7; \$18.8):		
Benefit-related	506.0	539.0
Premiums and administrative fees	264.3	301.7
Federal income taxes, net	43.2	25.7
Provider	24.0	11.9
Investment-related	21.3	34.6
Total receivables	858.8	912.9
Property, software and equipment, net	373.4	359.1
Other assets	97.0	85.3
Total assets	\$ 6,569.8	\$ 5,916.6
Liabilities:		
Policy liabilities:		
Liability for unpaid claims	\$ 711.1	\$ 646.6
Other policy liabilities	283.2	55.6
Total policy liabilities	994.3	702.2
Accounts payable and other liabilities	737.6	720.0
Long-term debt	200.0	200.0
Liability for interest rate swap	57.8	45.9
Deferred taxes, net	52.6	39.4
Liability for postretirement and postemployment benefits	43.2	40.0
Total liabilities	2,085.5	1,747.5
Surplus:		
Legally required and operating surplus	4,514.3	4,159.6
Noncontrolling interest	0.1	0.1
Accumulated other comprehensive (loss) income	(30.1)	9.4
Total surplus	4,484.3	4,169.1
Total liabilities and surplus	\$ 6,569.8	\$ 5,916.6

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

Year Ended December 31

2020 2019

(In Millions)

Premiums	\$	8,192.4	\$	7,906.6
Administrative fees and other revenue		643.8		631.1
Net investment income		240.9		355.7
Net realized investment (loss) gain		(39.2)		40.0
Total revenue		9,037.9		8,933.4
Benefits expense		6,675.4		6,645.5
Administrative expenses and broker commissions		1,470.5		1,400.3
State premium tax and assessments		414.2		279.3
Total operating expenses		1,884.7		1,679.6
Income before federal income taxes		477.8		608.3
Federal income tax expense		123.0		113.2
Net income		354.8		495.1
Net income (loss) attributable to noncontrolling interest		0.1		(0.3)
Net income attributable to BCBST	\$	354.7	\$	495.4

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

2020 2019

(In Millions)

Net income	\$	354.8	\$	495.1
Other comprehensive income (loss), net of tax:				
Net unrealized holding gains arising during the period, net of income taxes of 2020 - \$12.3; 2019 - \$20.6		46.3		77.5
Change in interest rate swap, net of income taxes of 2020 - (\$2.5); 2019 - (\$2.2)		(9.4)		(8.2)
Change in unrecognized pension and postretirement benefits, net of income taxes of 2020 - (\$20.3); 2019 - \$3.2		(76.4)		12.2
Total other comprehensive (loss) income, net of tax		(39.5)		81.5
Comprehensive income		315.3		576.6
Less: Comprehensive income (loss) attributable to noncontrolling interest		0.1		(0.3)
Comprehensive income attributable to BCBST	\$	315.2	\$	576.9



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Practical Advice for Healthy Living

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