



we're here
to reimagine
healthcare

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we're here for you

How can we make quality care easier to get and simpler to understand? How can we make it more affordable? What if we opened care centers focused on high-quality, more complete care for our members? What if we helped people not just live longer, but live better?

At Blue KC, we never stop asking the big questions, because that's the only way we get to the big ideas. For 80 years, all our big ideas have had one thing in common: better healthcare for our members, partners, physicians and the community we call home. We're here—for you.



PRESIDENT'S LETTER

Blue KC has been a part of the Kansas City community since 1938, providing access to high-quality healthcare for our members and creating lasting partnerships with employers, brokers and providers.

But we know that in today's evolving healthcare market, Blue KC must continue to adapt as we face new challenges and opportunities. That's why we are reimagining healthcare and creating innovative solutions and experiences. The following pages tell the stories of some of the initiatives, programs and enhancements we implemented in 2018 and highlight the relationships that bring the stories to life.

I also want to share some personal news. I will retire in 2019 after 32 years with the company, including five as President and CEO. I'm very pleased to share that Erin Stucky, who I have worked closely with for 25 years, will be my successor. She is an exceptional leader and is well prepared to ensure Blue KC's continued success.

Thank you for your support during my tenure as President and CEO, and please join me in congratulating Erin as she leads our company forward.

Danette Wilson

Danette Wilson, President and CEO

Back Row L-R: Chad Moore, Vice President of Strategic Partnerships and Network Operations; Greg Sweat, M.D., Senior Vice President and Chief Medical Officer; Jason Spacek, Vice President and Chief Innovation Officer; Ron Rowe, Senior Vice President and Chief Operating Officer; Thomas Nightingale, Senior Vice President and Chief Financial Officer; Kim White, Senior Vice President and Chief Administrative Officer
Middle Row L-R: Erin Stucky, President and CEO-Elect; Danette Wilson, President and CEO; Mark Newcomer, Vice President and General Counsel
Front Row L-R: Scott McAdams, Senior Vice President and Chief Audit, Compliance and Risk Officer; Jenny Housley, Senior Vice President and Chief Marketing Officer





Stefani Lim, APRN, FNP-C
Nurse Practitioner, Spira Care Shawnee



CARE AND CLIENT EXPERIENCE

We're here to keep our members at the center of healthcare. But first, there are some important questions we must ask. What do our members need? How do they want to interact with us? What are their challenges, their goals, their vision for a healthy life? These questions are fundamental to what Blue KC does, but we continue to ask them in pursuit of innovative approaches to providing the high-quality healthcare experiences that will gain our members' trust and build their loyalty.

we're here to keep
our members at the
center of healthcare

"We're a local Kansas City business, so it's important to us to work with other local companies when we can. Blue KC has been a tremendous partner in bringing new and innovative products to us while maintaining a solid, cost-effective foundation. For us, it's the best of both worlds: a local relationship, with a national caliber of product, service and value."

Aaron J. Greer, Director of Human Resources,
Cosentino's Food Service

"We have had a strong partnership with Blue KC since 2009. Our employees continue to enjoy great coverage across all of our locations."

Jodie Hughey, Chief People and
Communications Officer, Polsinelli

The first chapter of changing healthcare

In 2018, the Spira Care story came to life. What started as a bold initiative to create a simplified healthcare experience for members—one that put them at the center of everything—became a reality as we opened the doors to the Shawnee and Olathe Spira Care Centers.

Based on our clients' feedback, it's fair to say the reaction has been positive.

"It's the first time I've had employees excited about going to the doctor," said Amy Willyard, Human Resources Director for Mortgage Lenders of America. "I've been doing HR for 25 years and I've never had employees come back and brag about our health plan."

While this sort of response has helped validate our initial plans, we look to the data to tell us if our new approach to healthcare is working. And there's good news on that front as well.

In Spira Care's first year, we've seen substantial decreases in acute admissions and emergency room visits. We've seen an increase in primary care visits and a corresponding decrease in specialty care visits. In just one year, Spira Care has been able to deliver total cost of care savings. Although it's preliminary, that's real cost savings for clients and members.

"Our primary care visits are up, but we'll happily make that tradeoff because it's all about getting

the right care delivered at the right time and the right place," said Dave Olson, Blue KC Vice President of Business Development. "By investing in primary care, we're able to give the member a better experience and reduce the total cost of care."

A NEW APPROACH TO PRIMARY CARE

One of the benefits of starting the Spira Care story from a blank page was that it enabled us to completely re-envision what the healthcare experience could look like. For starters, we combined primary care with health insurance to simplify the member experience, making it more personal and affordable.



*Anna Finigan, Department Vice President of
New Business Growth, Implementation and Operations;
Greg Sweat, M.D., Senior Vice President and Chief Medical Officer;
Dave Olson, Vice President of Business Development*



*Sara Nelson-Johns, LSCSW, MSW
Behavioral Health Consultant, Spira Care Shawnee*



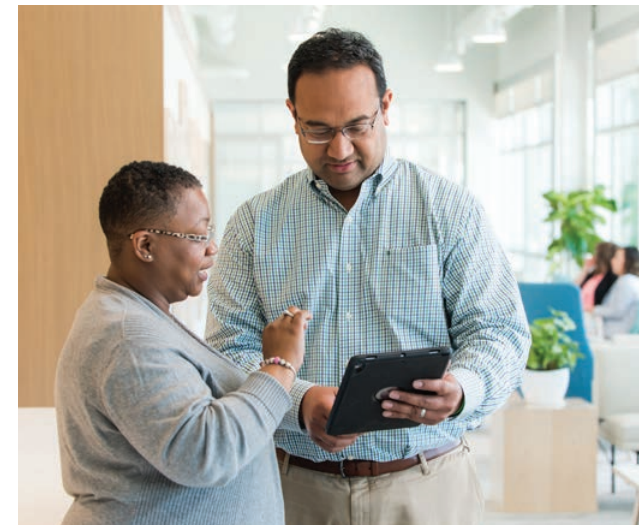
(Spira continued)

We also integrated behavioral health consultations into our primary care offering. By bringing medical and behavioral health services together under one roof, chronic conditions like diabetes, asthma, obesity and cardiovascular disease can be managed more holistically to achieve better health outcomes and improve quality of life.

“We recognize that many chronic diseases have coexistent behavioral health components to them. By focusing on both components, we can make a real difference in people’s lives,” said Dr. Greg Sweat, Senior Vice President and Chief Medical Officer.

THE CARE GUIDE DIFFERENCE

We know the healthcare landscape can be confusing. So, we asked ourselves what it would look like if members had someone in their



corner, ready to do things like explain benefits, answer questions, help make appointments and find in-network specialists. With Spira Care, we've empowered people to do just these things. We call them Care Guides, and we think of them as a member's healthcare partner.

Since Spira Care is a unique combination of both care and coverage under one roof, we have Care Guides that come from varied backgrounds. Some are registered nurses who can help members understand what type of visit is appropriate for their needs. Some have extensive backgrounds in health insurance and can provide expert help when explaining benefits and plan details. All of our Care Guides share a passion and enthusiasm for going above and beyond to help each and every member. It's one of the many things that makes Spira Care unlike any other healthcare model.

THE STORY CONTINUES

The momentum of the first year has positioned Spira Care to grow exponentially in the future. As Dr. Sweat said, "We will continue to evolve Spira Care to meet the needs of our members."

In the second half of 2018, Spira Care expanded its footprint by building three more Care Centers. The Crossroads, Lee's Summit and Liberty locations, which opened on January 2, 2019, represent the next chapter for Spira Care and allow us to tell this success story to members throughout the greater Kansas City area. ●●●

"I've been doing HR for 25 years and I've never had employees come back and brag about our health plan."

Amy Willyard, HR Director,
Mortgage Lenders of America



*Kelli Clymer, CX Manager,
Senior Markets;
Susan Parrish, Senior Marketing
Research Analyst;
Justin McCoy, CX Manager,
Group Business;
Gratia Carver, Department
Vice President of CX;
Rusty John, Senior CX Business
Intelligence/Data Insights Analyst;
Mary Nacrelli, CX Manager,
Innovation Markets*



CUSTOMER EXPERIENCE

Now, Customer Experience isn't just a department... it's a culture

In 2018, Blue KC made changes to implement a more customer-centric corporate culture by forming a dedicated Customer Experience team, tasked with making customer loyalty the job of every department.

The Blue KC Customer Experience (CX) team has led the way in evolving the organization's mindset to an "outside-in" approach—where the customer relationship drives goal-setting and decision-making.

CX is more than just a theory—it's a proven business strategy. Companies that prioritize their customers' experiences over internal objectives, like cutting costs or creating efficiencies, have consistently higher loyalty than companies that prioritize internal goals.

"We set our goals around what will create and maintain loyalty among our customers instead of trying to get customers to engage with Blue KC in a way that supports our corporate goals," said Department Vice President of Customer Experience, Gratia Carver.

This dramatic shift in priorities requires buy-in at every level. Carver emphasized, "We've been very fortunate to enjoy tremendous executive support as we've made this transition. We could not have achieved this kind of success without total commitment from our executive team." ●●●

“We set our goals around what will create and maintain loyalty among our customers instead of trying to get customers to engage with Blue KC in a way that supports our corporate goals.”

Gratia Carver, Department Vice President of Customer Experience

What is customer experience?

Customer Experience (CX) is the perception and feelings our customers have about their relationships, connections and touchpoints with Blue KC. To track and analyze these perceptions, our CX team developed the CX Measurement Portfolio, a customer survey that assesses the ease, effectiveness, trust and loyalty our customers feel in their interactions with Blue KC.



CX makes it easy

The CX team introduced Blue KC employees to an expanded definition of customer experience with unexpected “acts of easy,” small gestures that went a long way toward making difficult situations better. From offering golf cart rides to employees who had a long walk to their car to passing out umbrellas and ice scrapers during inclement weather, the CX team looks for ways to surprise and delight employees.



Building CX into our company goals

Everyone at Blue KC impacts members in some way during the course of their journey. To successfully achieve the “outside-in” approach, improving customer experience is a key element in our 2019 strategy and part of our overall corporate incentive structure.



The best cure for illness... is wellness

Advancements in healthcare and technology are providing more opportunities for us to help our members stay healthy.

In our region, Blue KC is at the forefront of this ongoing healthcare shift. In 2018, we introduced several innovative programs designed to improve wellness, prevention and early intervention, while also reducing costs. What follows are stories of their success that illustrate what's possible when members, employers, providers and insurers work together—everybody wins.

Julie Ham, Director of Care Management; Raelene Knolla, D.O., Department Vice President and Senior Medical Director; Qiana Thomason, Vice President of Community Health; Evan Griffith, Enterprise Product Manager; Carla Reimche, Director of Product Development and Management; Nancy Treu, Population Health Benefit Consultant



DIABETES PREVENTION

In the fight against diabetes, we've got your back

For many employers, Type 2 diabetes continues to be the top condition impacting benefit plan costs. According to the Centers for Disease Control and Prevention (CDC), approximately one in three Americans have prediabetes. Most of those don't know they are on the verge of developing the disease, and without intervention, about half of them will be diagnosed with diabetes in the next five to 10 years.

To combat these staggering numbers, Blue KC launched a Diabetes Prevention Program, a new preventive care benefit available to eligible Blue KC members at no cost. By offering lifestyle changes that can lead to weight loss and healthier habits, this new program helps participants reduce their risk of developing Type 2 diabetes and focus on their general well-being.

"The program helps mitigate other health risk factors, like obesity and heart disease, in addition to diabetes," said Noelle King-Whitlow, Department Vice President, Healthcare Transformation. "Our goal is to effectively pursue better overall health for our members while lowering healthcare costs for the community."

The program starts with eligible members connecting with a partner who will guide them as they establish, pursue and track their health goals. What follows is typically a 16-week series of lessons and access to a lifestyle coach and support group, as well as helpful tools like wireless scales and fitness trackers. ●●●



“Healthcare used to be about treating the sick. Now it’s about helping people stay well. When providers, payers and patients focus on prevention, costs decrease while vitality and wellness among the population increases.”

Qiana Thomason, Vice President of Community Health

“I’m no longer at risk for Type 2 diabetes. The tips and tools this program provided have trained me to live differently, and I know the weight won’t come back this time.”

Deanna M.,
Raytown School District employee,
Diabetes Prevention Program participant
through Betr Health

30
MILLION

**PEOPLE IN THE U.S.
HAVE DIABETES**

84
MILLION

**PEOPLE IN THE U.S.
HAVE PREDIABETES**

\$345
BILLION

**ANNUAL COSTS FOR
HEALTHCARE SYSTEM
AND EMPLOYERS**

Diabetes by the Numbers

According to the CDC, more than 30 million people in the U.S. have diabetes; a staggering 84 million more have prediabetes, putting them at risk for Type 2 diabetes. Diabetes alone is a leading cause of death in the U.S., without even tacking on the other serious health conditions associated with it—heart disease, kidney failure and blindness. The American Diabetes Association estimates that diabetes costs the healthcare system and employers roughly \$345 billion per year in medical costs and lost productivity.

"We look at all options for finding high-quality, cost-effective alternatives with the goal of significantly improving the member experience."

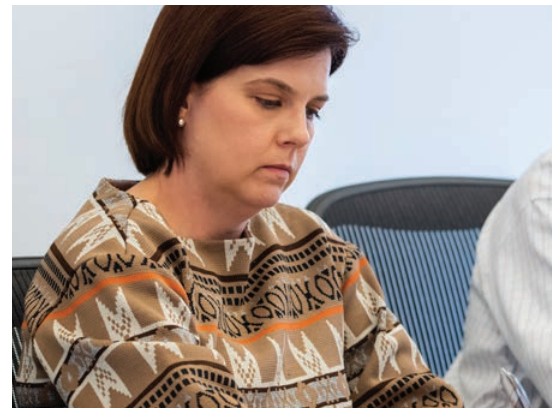
Julie Ham, Director of Care Management



Noelle King-Whitlow, Department Vice President of Healthcare Transformation, and Julie Ham, Director of Care Management



The High-Cost Claims Unit team



HIGH-COST CLAIMS UNIT

HCCU: Providing solutions to help control costs for our members

In 2018, Blue KC continued to focus on high-cost claims and significantly enhanced our High-Cost Claims Unit (HCCU), a program to help members facing high-cost healthcare. “We look at all options for finding high-quality, cost-effective alternatives with the goal of significantly improving the member experience. For example, by giving one member the option of receiving an infusion in their home instead of the hospital, we were able to make their treatment less stressful and easier while also saving money,” said Julie Ham, Director of Care Management. Through 2018, the HCCU had already saved more than \$5.5 million for our clients.

Using analytics and predictive modeling, our HCCU nurses—all with at least 15 years’ experience—identify members who may benefit from intervention. These cases are then analyzed during weekly meetings that include nurses and specialists in pharmacology, research, contracting and underwriting. ●●●

The Shafer family needed help finding a solution for their toddler who was having difficulty learning to walk. Charlie Shafer, a three-year-old boy, was a fast crawler but needed the additional support of a gait trainer. “The HCCU team was able to coordinate the delivery of the gait trainer at the end of January, and, by the beginning of May, he was walking full time without the use of a walker,” said Ashlee Shafer, Charlie’s mom. “It was so special seeing him navigate the world in a way that was more appropriate for his age. His personality really started to develop, and he started to live his life more authentically.”



Connecting our members to better health

Blue KC is offering a new remote monitoring program to keep at-risk members connected with healthcare professionals to detect potential health crises before they happen.

Launched in September, the program is now being utilized by nearly 300 participants. It's designed to give members with congestive heart failure and/or diabetes the ability to monitor and share their daily vital signs—blood pressure, heart rate, weight,

pulse, oxygen and blood sugar—with a registered nurse from the comfort of their own home. With access to their patients' daily health data, providers can help prevent emergency room visits and hospitalizations.

"For members with certain conditions, small changes in health can signal big, even life-threatening issues. On top of that, these issues can deteriorate quickly, sometimes becoming critical in a matter of hours. With remote monitoring, we can see what's going on with our members and help them get care before it gets to a critical stage," said Dr. Raelene Knolla, Department Vice President and Senior Medical Director.

Participating members receive a home wellness kit with all the equipment they need—an internet

connection isn't even required. Participants also receive an app that provides personalized educational content, video conferencing and interactive health sessions with a clinician. Best of all, the program is offered at no cost to employers or members.

"The program is not meant to replace, but rather enhance, the relationship between primary care providers and members," said Dr. Knolla.

One member who recently joined the program quickly recognized the value. The education our nurses provided and the results of his remote monitoring helped him identify symptoms he had previously ignored. As a result, he immediately went to see his physician and circumvented what could have been a lengthy and expensive hospital stay. ●●●

Remote monitoring kit



"The program is not meant to replace, but rather enhance, the relationship between primary care provider and member."

Raelene Knolla, D.O., Department Vice President and Senior Medical Director



Inaugural Blue KC Healthcare Innovation Prize awarded

Last year, Blue KC partnered with the Regnier Institute for Entrepreneurship and Innovation and the Henry W. Bloch School of Management at the University of Missouri–Kansas City to offer the Blue KC Healthcare Innovation Prize, honoring advancement in patient-centered healthcare. As part of the Regnier Venture Creation Challenge, eligible teams include Kansas and Missouri college students who compete in the challenge by creating business plans and pitching new ventures that inspire change in the healthcare space.

Developers of the first-place winner, BodyGuard ID, took home \$15,000 for their proposal to prevent medical errors by creating a better and more reliable medical ID bracelet.

BuildIT: empowering employees, creating change

In its third year, Blue KC's innovation competition, called BuildIT, encouraged employees to collaborate outside the boundaries of their daily job to work together to improve business processes and address customer needs. The 2018 BuildIT attracted 105 employees (organized into 18 teams) from across the company, tasked with offering big solutions for the challenges and opportunities facing Blue KC.

The Klondike Data Miners took the top prize for their plan to use big data and text analytics to improve Blue KC's decision-making capabilities and overall customer experience. Their proposal, currently being implemented, will help collect and mine customer experience data more effectively, expanding the ways we receive customer feedback in real time through new platforms like text messaging and social media—along with traditional surveys.

The BuildIT event continues to push the boundaries of innovation, ensuring our business continues evolving to meet the demands of tomorrow. ●●●





MEMBER AND COMMUNITY HEALTH

We're here not just to help you live longer, but to help you live better. And that means giving people the choices and opportunities they need to live a healthier life. Whether it's offering affordable care for college students or helping provide specialty care for the uninsured, Blue KC is committed to helping advance the health and well-being of the communities we serve.

we're here not just to
help you live longer,
but to help you live better

"Our employee-base is truly an extended family, and as such, their health and overall well-being is of the utmost importance to our organization. We strive every day to make an impact in the Kansas City community, and part of that is through meaningful partnerships like Blue KC that extend our focus on employees."

Lisa Ginter, CEO of CommunityAmerica Credit Union

We're going to need a new goal

It was back in 2015 that Healthy KC—a regional health and wellness program organized by Blue KC and the Greater Kansas City Chamber of Commerce—launched the Tobacco21 initiative. The campaign's sponsors set forth with a pretty clear goal for the first three years: convince five cities in the area to raise their legal smoking age from 18 to 21.

The rationale behind these efforts was also clear. Nearly 95 percent of smokers start before the age of 21. Smoking rates in Kansas and Missouri

continue to remain above the national average. And the Chamber's research overwhelmingly shows that tobacco-related health problems are a top concern for area employers. If successful, Tobacco21 would have the potential to make a significant and lasting impact on this serious regional health issue.

Success, as it turned out, would not be a problem. By January 2018, more than 25 local municipalities had passed ordinances raising their smoking age.

So, what does a public health initiative do when it surpasses its start-up goal by a whopping 400 percent? It sets a new goal, of course.

The early data on the impact of Tobacco21's efforts is encouraging, but teenage smoking has shifted

from traditional tobacco products to alternatives like vaping devices and e-cigarettes. The path forward is again clear. Today, Tobacco21 is focusing more and more on curbing the use of these electronic nicotine delivery systems. But changing the public perception that vaping is risk free will take time.

"Public health initiatives of this magnitude can't be accomplished by a single organization," said Dr. Bridget McCandless, public health policy expert and Chief Executive Officer, Health Forward. "It takes the efforts of the Chamber, public health stakeholders and community voices working together to bring about this kind of lasting change." ●●●

"We didn't have any idea that Tobacco21 would resonate with so many communities so quickly. One of our greatest challenges was keeping up with all the cities that wanted to work with us on the issue."

Scott Hall, Greater Kansas City Chamber of Commerce,
Senior Vice President, Civic and Community Initiatives





Safety Net doctors at KC CARE Health Center

KANSAS CITY MEDICAL SOCIETY

Logistics leads to better access for the uninsured

Blue KC has long provided financial support to Safety Net Clinics, which offer primary care to the uninsured. While these clinics provide critical services, most don't offer specialty care. Metro Care and WyJo Care—charitable care programs operating under the Kansas City Medical Society (KCMS)—maintain a network of more than 700 specialty care providers who donate their time to help the nearly 175,000 people in the Kansas City metro living without health insurance.

We asked ourselves how we could help these critical programs reach more people, and the answer came down to logistics.

By offering access to our claims-processing systems, we're able to help volunteer physicians more easily log the time and specialty care services they're providing. The goal is to lessen the administrative burden these doctors face when donating their time, freeing them up to continue helping people get the healthcare they need.

"A recent patient was a working mother of two with a full-time job at a charitable organization and a part-time job in a restaurant. She was in need of a gynecological surgery and WyJo Care was able to provide it via a volunteer surgeon," said Angela Bedell, Executive Director for KCMS. "She would have died without the surgery. Her only other option would have been to wait until her situation

got bad enough that an emergency room would treat her. Our solution was less expensive and allowed her to get back to work."

With Blue KC's technology working behind the scenes, Metro Care and WyJo Care are now annually sending 1,400 claims through the system—translating to more than \$6.5 million in care donated each year. People who need this care are getting it.

"Our lean staff and budget are able to help exponentially more people with the backing of Blue KC," Bedell said. "Without this assistance, we wouldn't be able to provide care to the 1,200 patients we help each year." ●●●

Blue KC Client Focus

Blue KC serves many municipalities across multiple counties in Kansas and Missouri. We take great pride in the strength of our partnerships and our commitment to improving the health of the Kansas City community.

"It is important to partner, whenever possible, with other organizations in the area. Blue KC is well respected and the City's partnership with them is a natural fit."

Mike Russo,
Human Resources Manager,
Benefits & Retirement Plans for
the City of Overland Park, KS

"According to employee surveys, the vast majority of our employees identify their Blue KC medical plan as the most valued benefit offered by the county."

Cameron Ahrens,
Benefits & Wellness Manager
for Johnson County Government

"Our employees value having a broad local network where they can see the doctors they want to see."

Annette Lanham,
Senior Human Resources
Consultant for the City
of St. Joseph, MO

"We've been partners with Blue KC for decades and know that we can depend on them to help us with any of our health insurance needs."

Troy Schulte,
City Manager for the
City of Kansas City, MO

KANSAS

MISSOURI

Leadership sparks community collaboration

Back in 2015, Blue KC invited area healthcare leaders to come together and discuss ways they could improve healthcare delivery in Kansas City. Four years later, what began as a dialogue among a small group of forward-thinking individuals has now evolved to become the KC Health Collaborative (KCHC)—a growing group of committed healthcare stakeholders from across the community.

The goal now? Take the conversation Blue KC helped start and convert it into community-based action.

In the summer of 2018, the KCHC convened a series of meetings with working groups of more than 25 leaders from area health insurers, healthcare providers, employers, foundations, academic institutions and public health departments.

“Healthcare is complex. As individual organizations, we are limited in how much we can impact the overall system. But if we work together to identify those ways in which collaboration helps move the needle for all in our community—we all win,” said Karen Johnson, Blue KC’s Vice President of Healthcare Insights and Partnerships.

The KCHC now sets its sights on creating a three-year strategic plan. They remain focused on bringing healthcare stakeholders together to confront the challenges we all face, and in doing so hope to create an environment where participants will feel comfortable sharing data that can provide insight and drive cohesive action plans. ●●●

“KCHC will provide a platform for community problem solving and data-driven, proactive programs. As healthcare leaders, we applaud Blue KC for catalyzing this collaborative conversation.”

Bruce Bagley, M.D., Facilitator
for the KC Health Collaborative



*Bruce Bagley, M.D., Facilitator
for the KC Health Collaborative;
Karen Johnson, Vice President of
Healthcare Insights and Partnerships;
Henry Hodes, Community and
Professional Engagement Liaison*



Rockhurst University students

STUDENT HEALTH PLANS

Blue KC's Student Health Plans earn high marks

After first partnering with Rockhurst University in early 2017, Blue KC has added Student Health Plan relationships with the University of Central Missouri and Kansas City University of Medicine and Biosciences. The initial results have been overwhelmingly positive, and there is opportunity for continued growth as more and more universities look to add similar plans.

QUALITY CARE FOR STUDENTS = PEACE OF MIND FOR PARENTS

Blue KC's Student Health Plan offers preventive care, behavioral care, pharmaceutical coverage and BlueCard, allowing them access to healthcare across the United States. Best of all, students enrolled in the plan are covered for the entire year—not just for the time they're at school.

WE DID OUR HOMEWORK – AND FOUND A GREAT GROWTH OPPORTUNITY

For Blue KC, the growth potential in this line of business extends beyond the Student Health Plans market. When an institution has a positive experience with Blue KC for their students, they may take another look at us for their employee healthcare options. There's also long-term growth potential in Blue KC's involvement with the students themselves. "Today, in strengthening our region's universities, we are building up the region itself. At the same time, the Blue KC name appears on each student healthcare membership card—so we are building long-term relationships with a new generation of customers as they near the age of choosing their own health insurance," said Jenny Housley, Senior Vice President and Chief Marketing Officer. ●●●



"Since we switched to Blue KC as the provider of our student health insurance, we've seen substantial growth in the number of students taking advantage of the Student Health Plan. We attribute this to Blue KC's name recognition, its broad network of providers beyond just the Kansas City area, and the positive customer experiences that our students and families are having with the Blue KC staff."

*Matthew D. Quick, Ph.D.
Dean of Students/Vice President
Student Development & Athletics
Rockhurst University*

Blue KC offers new ways to serve Kansas City retirees

In 2018, Blue KC increased our focus on group coverage Medicare Advantage (MA) plans for retirees and responded to market feedback by introducing a new individual PPO plan. There was a need for a plan that would allow individuals the freedom to access hospitals and doctors of their choice. Blue Medicare Advantage Access (PPO) expands Blue KC's Medicare Advantage portfolio and includes a PPO network and national coverage.

In addition, Blue KC partnered with the City of Kansas City, Missouri, and William Jewell College

to offer a Blue Medicare Advantage plan designed with their retirees in mind. The Medicare Advantage team held on-site visits with new retirees to answer questions, go over benefits and assist with enrollment. The clients were able to transition their large retiree populations onto a Blue Medicare Advantage plan while the retirees maintained their coverage with little to no disruption in their lives.

"Our personal approach sets us apart from our competitors. Our team members act as advocates, helping our members fully understand their plans and how to use them. We are here for

them at every step in the process," said Monett Jackson, Manager of Medicare Sales.

The Medicare Advantage team is also an essential resource for groups' Human Resource departments and plan administrators, working with them to ensure a smooth transition from commercial to Medicare plans for retirees and answer questions. "The Medicare population is important to us, and we're pleased our expanded portfolio gives more options to those we serve," said Heather Rollins, Department Vice President, Individual and Small Group Sales. ●●●

"We've had such a positive experience with our Medicare Advantage plan. My wife and I have been able to keep all of our doctors, which is critical to us."

Patrick Gilchrist, Blue Medicare Advantage Member



Monett Jackson, Medicare Sales Manager, with Shirley Curtis-Klein, a Blue Medicare Advantage member

*Natalie Dillon, Insights Consultant,
meeting with other Blue KC volunteers*



GROWTH AND COMMITMENT

We're here because a healthier community is a happier community. That's why our commitment to the area we serve extends well beyond the healthcare landscape. After all, what's good for the Kansas City area is good for Blue KC. So we do things like honor those who are impacting our neighborhoods. We donate laptops to supplement the STEM curriculum in local high schools. And we support the organizations and causes that align with our vision for what a healthier, happier community truly looks like.

we're here because
a healthier community is
a happier community

"We provide coverage for about 12,000 members in a large geographic area – and many of them travel throughout the U.S. for work. Because the Blue KC network is so extensive, our members are covered wherever they go; it's easily the best and broadest coverage available to us."

Jason Mendenhall, President and Business Manager
of Heavy Construction Laborers Local #663

We've made a commitment to help cure hunger in our community



Gratia Carver, Department Vice President of Customer Experience; Macaela Stephenson, Manager of Community Relations; Laura Read, Community Outreach Manager; Casey Stotts, Senior HR Systems Analyst; Michelle Carmichael, Employee Wellness Specialist; Front Row: Fran Shopper, Accounting Cashier

In 2018, Blue KC decided it could make a difference in the lives of people in Kansas City by focusing on a vital need—food access. Blue KC launched the Well Stocked program, a partnership with local community organizations who share the same vision and goal of improving access to nutritious food for the people who need it.

“Caring for our community is at the heart of what we do,” said Danette Wilson, President and CEO. “We’re committed to improving the overall health of our community, and that starts with ensuring that everyone in Kansas City knows where they’ll get their next nutritious meal.”

In Well Stocked’s inaugural year, Blue KC teamed up with local organizations to make an immediate impact on the community. Some highlights of the first year of Well Stocked include:

- Partnership with Harvesters Community Food Network—As part of the Food 4 Thought Series,

“We’ve always valued our partnership with Blue KC, and look forward to strengthening our efforts together through Well Stocked.”

Valerie Nicholson-Watson, President and CEO of Harvesters

“With Blue KC’s generous support and partnership, we are proud of the strides we’ve made to address food insecurity on campus.”

Rob M. Wyrick, JCCC Foundation

we hosted three discussions on the intersection of health and hunger and are working together to create a school pantry program located on school premises for students and families in need.

- After the Harvest—Blue KC employees volunteered and gleaned 1,200 pounds of food for this local organization that keeps nutritious fruits and vegetables from going to waste by donating them to agencies that serve hungry people.
- Johnson County Community College (JCCC) MEALShare program—Blue KC invested in this program which provides students with a daily credit in the form of a scannable card for food anywhere on campus.
- A Turning Point—Blue KC supported their mission to “transform lives by empowering people to self-sufficiency” with a corporate gift

and almost \$4,000 in basic cooking and kitchen supplies donated for those that needed it.

- Cultivate KC—Through the Double Up Food Bucks program, users receive double the amount of fruits and vegetables they can buy. For every \$1 they spend on fruits and veggies at participating farmer’s markets or grocery stores, they receive an additional \$1 to spend on those healthier options.

“Eating healthy food, having access to healthier food and having access to food, in general, is a huge component of your overall health,” said Macaela Stephenson, Manager of Community Relations at Blue KC.

Blue KC saw our community was in need and we had the ability and the drive to help, and that’s what we did—not just in monetary donations, but also with thousands of volunteer hours and personal contributions by Blue KC employees. ●●●



"I've really enjoyed my time at Blue KC! I've gained new administrative skills and experience working in a professional environment."

Ikeiea Coppage, Cristo Rey Student

*Raphael Herring and Ikeiea Coppage,
Juniors at Cristo Rey High School*



CRISTO REY HIGH SCHOOL

Blue KC helps students prepare for the future

When Blue KC employees accepted an invitation to attend an open house at Cristo Rey High School, they knew they would be learning about a next-level program specializing in Science, Technology, Engineering and Math (STEM). What

they didn't expect was to fall in love with the school and their students. This open house led to a Corporate Work Study Program between Cristo Rey and Blue KC where their students work on-site, learning from Blue KC employees while performing administrative and clerical work.

The Cristo Rey Corporate Work Study Program not only provides the students with real work experience, it also helps by paying for half their tuition and can lead to a full-time summer job.

Blue KC employees also see the benefits of this partnership. "I'm sure everyone thinks they have the best kids, but we [Blue KC] have the best kids.

Every single one of them has figured out what they need to do, and they do it. And they're good at it," said Stephanie Byram, Application Specialist, Senior, and student mentor.

Blue KC was so impressed with the school and the students, that in 2018 we donated 75 Microsoft Surface Pros to the Cristo Rey robotics team, part of the school's STEM program.

Blue KC has been a part of the community for more than 80 years, and programs like this are one way we can say thank you to the community we serve. ●●●

Honoring the best of KC, one hero at a time

All around us in this great city, ordinary people are doing extraordinary things. So Blue KC teams up every year with the Chiefs, the Royals and Sporting Kansas City to bring these behind-the-scenes do-gooders to the forefront by honoring them like the hometown heroes they truly are. Blue KC partners with these sports teams in a special way to celebrate different people from our community who are working hard to make Kansas City a better place to live, work and play. Through these partnerships, deserving citizens get a unique and unforgettable tribute.

These heroes don't ask for or expect any fanfare—which is all the more reason to give them the VIP treatment. Each experience varies and includes things like tickets to a home game, where the honoree and their family can watch warmups, spend time on the field before the game, be celebrated at the start of the game and even watch part of the game from the broadcast booth. ●●●



HONORING OUR AREA'S OUTSTANDING TEACHERS AND STUDENTS

In partnership with Sporting Kansas City, Blue KC's Sporting Samaritan program celebrates teachers and students who go above and beyond to improve their school and/or community—like North Kansas City School District's Crestview Elementary School ELL Teacher Brooke Wiens.



CELEBRATING COACHES WITH CHARACTER

Blue KC partners with Kansas City Royals General Manager Dayton Moore's "C" You in the Major Leagues Foundation to celebrate local coaches who are using their role to do much more than just teach sports—like Matthew Marble, defensive backs coach for the Blue Springs High School football team.



PAYING TRIBUTE TO COMMUNITY CHAMPIONS

Blue KC uses its partnership with the Kansas City Chiefs to celebrate heroes through the Blue KC Chiefs Kingdom Champions program, which honors first responders, veterans, community leaders and difference-makers of every kind—like Monica Roberts, founder of Healing Pathway Victim Service Agency.

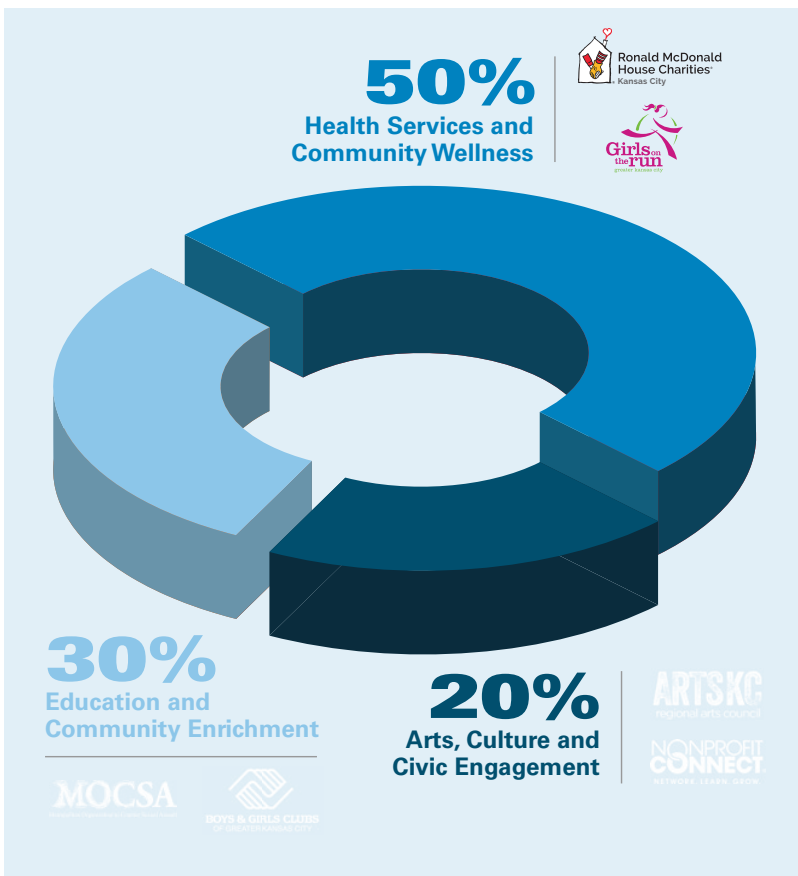
Blue KC Gives Back

Giving Campaigns Year in Review

Every year, Blue KC showcases its commitment to the community. Not by social media posts or press releases, but by the hours and hours of time Blue KC employees volunteer every year, and 2018 was no exception. In 2018, Blue KC employees volunteered over 10,000 hours, spreading them out over 25 Kansas City organizations. This joyful commitment to community is what makes our employees, and Kansas City, so special.

Blue KC Charitable Contributions

Blue KC is committed to improving the health and wellness of the individuals and families living and working in the communities we serve. One way we fulfill this mission is through charitable contributions to a range of worthwhile causes and not-for-profit organizations.



The Caring Program

In February, Blue KC employees donated to The Caring Program for Children, which provides children and their families with medical equipment and items that greatly improve their quality of life.

Donation: \$105,000

Harvesters

In July, employees contributed canned goods, volunteered at Harvesters and donated online.

Donation: \$15,000
Pounds of Food: 2,920
Volunteer Hours: 290





United Way Dodgeball Tournament

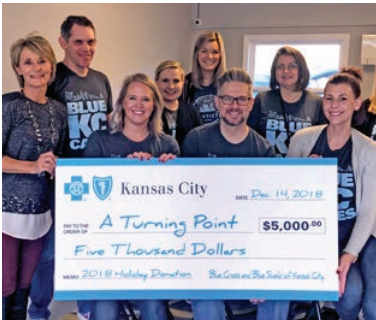
Back by popular demand was the Blue KC Dodgeball Tournament. Fourteen teams competed in 2018. Employees also raised money for local nonprofits supported by United Way.

Donation: \$197,000

Holiday Giving Campaign A Turning Point

As part of our Well Stocked initiative, Blue KC chose A Turning Point for our Holiday Giving Campaign. This organization focuses on transforming the lives of those in need by empowering people to self-sufficiency. We held a drive for basic cooking utensils, cooking items and spices.

Donation: \$5,000 worth of items and supplies provided to more than 200 families



Blue KC Cares

Throughout 2018, employees volunteered with over 25 Kansas City organizations, held 10 team building volunteer outings and celebrated National Volunteer Appreciation Week.

Donation: 10,000 volunteer hours

Blood Drives

- February 8 – 40 donations
- April 19 – 41 donations
- July 19 – 50 donations
- November 27 – 69 donations

Donations: 200
Lives Saved: 600



Individual and Company Awards

Circle of HOPE

Harvesters Circle of Hope

Blue KC received the Hall of Fame Award from Harvesters. This award is presented to companies and individuals whose participation over the years has been so tremendous and consistent, that they could (and should) be recognized annually.

Heather Rollins

Department Vice President,
Individual and Small Group Sales
2018 Black Achiever in Business and
Industry by the Black Achievers Society
of Greater Kansas City



Best of Business – Ingram's

Blue KC was voted by *Ingram's Magazine* readers as the Top Health Insurer in Kansas City for the ninth consecutive year as part of the outlet's Best of Business edition.



Drew Hatten

Director of Underwriting and Sales Strategy
Ingram's 40 Under Forty

Macaela Stephenson
 Manager of Community Relations
*Kansas City Business Journal's
 NextGen Leaders*



Healthy KC Platinum
 The goal of Healthy KC is to create a culture of health and wellness in Greater Kansas City. Blue KC earned the highest level and was a Workplace Wellness Certified Healthy KC Company.

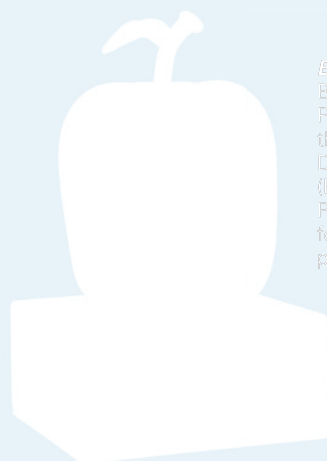


Danette Wilson
 President and CEO
*Kansas City Business Journal's
 Women Who Mean Business*



Henry Hodes
 Community and Professional
 Engagement Liaison
*Centurions Leadership Program Class of
 2020 by the Greater Kansas City Chamber
 of Commerce*

Nancy Curran
 Senior Strategic Sourcing Specialist
*Centurions Leadership Program Class of
 2020 by the Greater Kansas City Chamber
 of Commerce*



Blue Apple Award
 BCBSA Federal Employee
 Program® awarded Blue KC
 the Healthcare Effectiveness
 Data and Information Set
 (HEDIS®) for Most Improved
 Plan All-Cause Readmission
 for a 40 percent decrease in
 plan all-cause readmissions.

2018 Financial Overview

Our 2018 financial overview demonstrates our ability to grow and serve our members, partners and community.



In 2018, Cobalt Ventures, the for-profit holding company for many of Blue KC's subsidiaries, refreshed its strategic plan to more closely align with Blue KC's long-term vision.

Bret Oettmeier, President and CEO for Cobalt Ventures said, "In 2018, we really concentrated on two divestitures and one investment, allowing us to successfully align our portfolio with Blue KC's care delivery model. In addition, Cobalt has

significantly enhanced its pipeline of potential investment opportunities to be pursued in 2019 and beyond."

Cobalt also achieved its best consolidated net income since 2013, and several of its portfolio companies achieved their best financial performances since inception.

Cobalt's portfolio includes a mix of wholly owned and joint-venture subsidiaries.

CONSOLIDATED BALANCE SHEET

December 31, 2018, and December 31, 2017 (\$ in thousands)

	2018	2017
Cash and Investments	\$927,638	\$920,301
Premiums and Other Receivables	\$280,693	\$263,703
Intangibles and Other Assets	\$227,648	\$231,178
Total Assets	\$1,435,979	\$1,415,182
Claim Liabilities	\$244,511	\$273,460
Unearned Income	\$70,680	\$87,104
Accrued Expenses and Other Liabilities	\$324,745	\$311,784
Total Liabilities	\$639,936	\$672,348
Blue KC Surplus	\$796,043	\$742,834
Non Controlling Interest Surplus	\$0	\$0
Total Surplus	\$796,043	\$742,834
Total Liabilities and Surplus	\$1,435,979	\$1,415,182

CONSOLIDATED STATEMENT OF OPERATIONS

December 31, 2018, and December 31, 2017 (\$ in thousands)

	2018	2017
Premium Revenue	\$2,705,925	\$2,905,896
Fees and Other Revenue	\$142,521	\$138,311
Total Revenue	\$2,848,446	\$3,044,207
Claims Incurred	\$2,321,717	\$2,472,099
Operating Expenses	\$499,086	\$454,202
Operating Income	\$27,643	\$117,906
Investment and Other Income	\$511	\$79,108
Income before Taxes	\$28,154	\$197,014
Income Tax Expense/(Benefit)	\$18,279	\$88,151
Net Income	\$9,875	\$108,863

BOARD OF DIRECTORS

(left to right)

Jack A. Newman, Jr. ^{1, 2, 3}
Retired Executive Vice President,
Cerner Corporation

Russell W. Kohl, M.D. ^{4, 5}
Chief Medical Officer,
TMF Health Quality Institute

Anne D. St. Peter ^{2, 3, 4}
Founder,
Global Prairie

John A. Spertus, M.D. ^{1, 5}
Clinical Director of Cardiovascular
Education & Health Outcomes
Research, St. Luke's Mid-American
Heart Institute,
Owner, Health Outcome Sciences

Cheryl D. Alston ^{2, 3, 6, 7}
Executive Director and
Chief Investment Officer,
Employees' Retirement Fund
of the City of Dallas

Larry A. Rues, M.D. ^{3, 5, 6}
Retired Faculty,
Research Medical Center,
Family Medicine Residency

Marilyn M. Rymer, M.D. ^{1, 2, 3, 4, 5, 6}
Blue KC Board Chair,
Vice President, Neuroscience,
The University of Kansas Hospital



Karon Harris Hicks ^{2, 3, 4}

Blue KC Board Vice Chair,
Retired Chief of Staff,
Blue Cross and Blue Shield of
Kansas City

Nate J. DaPore ^{1, 2, 7}

Managing Director – Healthcare
& Technology,
Acertitude

James R. Roath ^{1, 5}

Blue KC Board Secretary,
Retired Business Owner

Karen L. Daniel ^{1, 6}

Retired, Chief Financial Officer,
Black & Veatch

Michael G. Valentine ^{5, 6}

Chief Executive Officer,
Netsmart

Danette K. Wilson ³

President and CEO,
Blue Cross and Blue Shield of
Kansas City

Sam R. Reda ^{5, 6}

Retired Executive,
Lockton Benefit Company

Garry K. Kemp ^{4, 5}

Retired Executive Vice President,
Greater Kansas City Building and
Construction Trades Council

1. Audit Committee

2. Compensation Committee

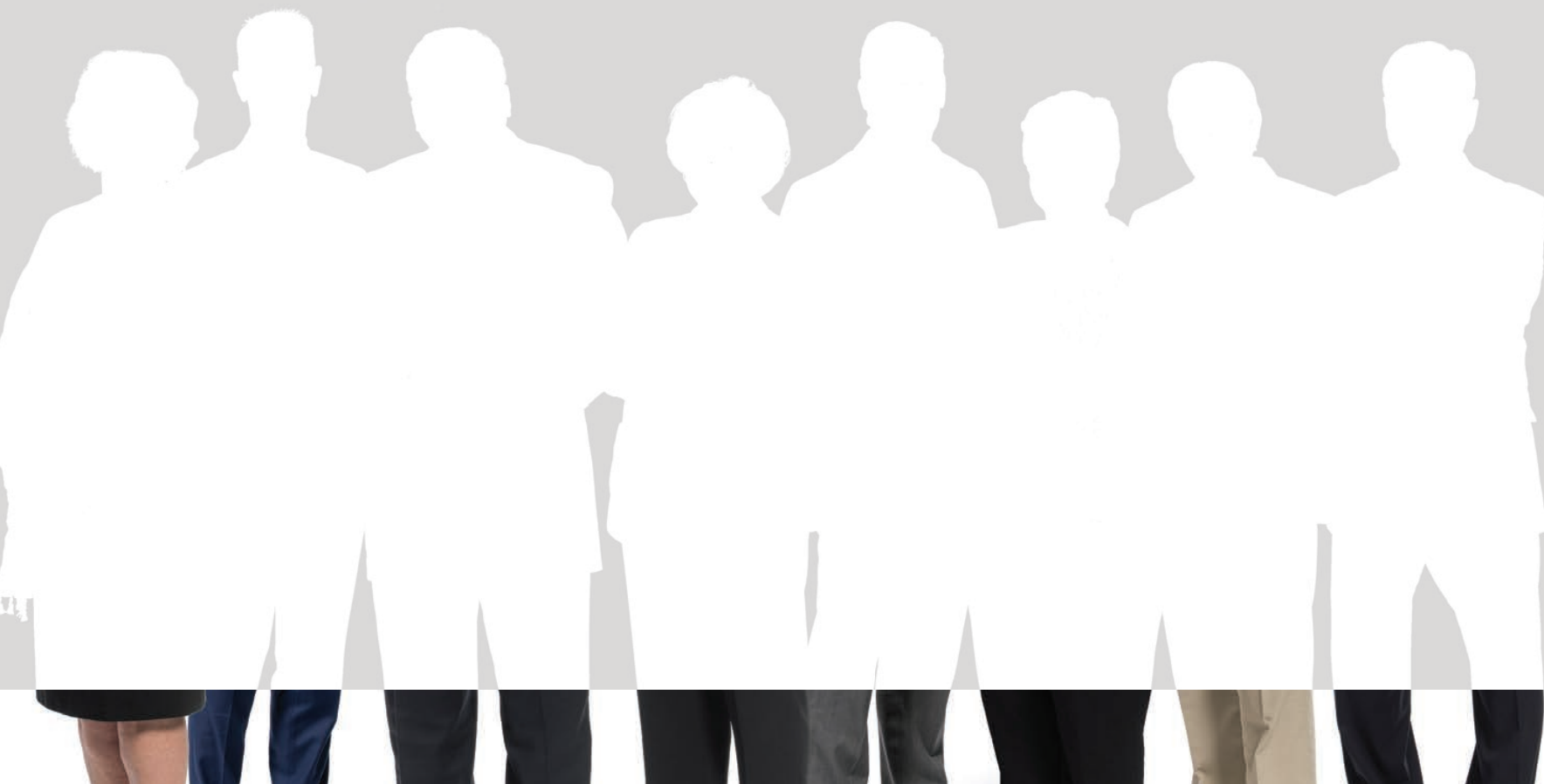
3. Executive Committee

4. Governance Committee

5. Health Innovation and Performance Committee

6. Investment and Finance Committee

7. Cobalt Ventures, LLC



CORPORATE OFFICERS

Danette Wilson

President and CEO

Erin Stucky

President and CEO-Elect

Jenny Housley

Senior Vice President,
Chief Marketing Officer

Scott McAdams

Senior Vice President,
Chief Audit, Compliance and Risk Officer

Thomas Nightingale

Senior Vice President,
Chief Financial Officer

Ron Rowe

Senior Vice President,
Chief Operating Officer

Greg Sweat, M.D.

Senior Vice President,
Chief Medical Officer

Kim White

Senior Vice President,
Chief Administrative Officer

Jeff Berry

Vice President,
Financial and Strategic Planning

Dan Frazier

Vice President,
Operations

Coni Fries

Vice President,
Government Relations

Dan Janatello

Vice President,
Chief Technology Officer

Karen Johnson

Vice President,
Healthcare Insights and Partnerships

Gregg Laiben, M.D.

Vice President,
Employer Health Solutions

Kirby McDaniel

Vice President,
Government Programs

Phil Merrell

Vice President,
Chief Information Officer

Chad Moore

Vice President,
Strategic Partnerships and
Network Operations

Mark Newcomer

Vice President and General Counsel

Tim O'Brien

Vice President,
Executive Director of Care Delivery

Dave Olson

Vice President,
Business Development

Wayne Powell

Vice President,
Membership and Strategic Sourcing

Jason Spacek

Vice President,
Chief Innovation Officer

Qiana Thomason

Vice President,
Community Health

OUR MISSION:

**To provide affordable access
to healthcare and to improve the
health of our members.**



Kansas City

Blue Cross and Blue Shield of Kansas City is an independent licensee of the Blue Cross and Blue Shield Association.