



**2020
CORPORATE
REPORT**

**OUR
CUSTOMERS
COMMUNITIES
PEOPLE**



**BlueCross BlueShield
of North Carolina**

The Triune Towers sculpture symbolizes the synergistic relationship between doctors, our members and our company. It was designed by Saunders Shultz and William Severson of Scopia Studio, a St. Louis firm specializing in monumental public art. After more than 40 years in front of our former headquarters, the Triune was moved to its current site in 2016.



CEO MESSAGE

Resolve. This simple word can mean two different things; it can mean making a firm commitment to an idea or it can mean finding solutions to problems.

Both were true for Blue Cross and Blue Shield of North Carolina (Blue Cross NC) in 2020, my first year with the company. My transition into the CEO role was made easier by Gerald Petkau, currently the senior vice president of our commercial markets segment. He served as interim CEO prior to my arrival and initiated the company's vigorous response to the COVID-19 pandemic; I thank him for his steady hand and reliable counsel as I assumed leadership.

It was a year that may not be remembered fondly by very many of us as our state's collective resolve was tested. Still, it was a pivotal year in health care and an important year for Blue Cross NC as we pushed forward in our efforts to resolve some of the issues that make it harder for North Carolinians to live their healthiest lives.

It was a year fraught with crises – a global pandemic that remains a source of significant concern for North Carolinians, a powerful social justice uprising and a contested election season – but our resolve was not compromised.

Alongside the work of many state and national leaders, our company's efforts were not diminished.

Blue Cross NC quickly launched critical initiatives and collaborations to transform our health care system during the COVID-19 pandemic and meet the needs of **our customers, our communities** and **our people**.

The pandemic did not deter us from our quest for better, simpler, more affordable health care. Indeed, COVID-19 brought more urgency to our work. In 2020, we announced lower premiums for our individual under 65 customers for the third consecutive year, provided direct relief to customers in the form of \$200 million in health and wellness retail cards and the first full year of our Blue PremierSM provider payment model rendered \$153 million in cost savings for our customers.

Our rural health initiative contributed \$8 million to expand access to care outside metro areas in our state. Funds went toward improving housing, supporting technology improvements, funding scholarships at community colleges, expanding health care for the uninsured and moving toward value-based care in community and rural hospitals.

The summer's call for social justice propelled our company's commitment to diversity, equity and inclusion (DEI). We reimaged our DEI Council to think boldly about what more we can do to accelerate meaningful change for our employees, members and communities.

I encourage you to explore the following sections of this report to learn more about how we accomplished extraordinary things for **our customers, our communities** and **our people**.

In 2021, we resolve to continue helping North Carolinians navigate the COVID-19 crisis.

We resolve to accelerate our efforts to lower the cost of health care.

We resolve to fight for equity in health care and in our communities.

We resolve ■



Tunde Sotunde, MD, MBA, FAAP
President and CEO



OUR CUSTOMERS COMMUNITIES PEOPLE

AT A GLANCE:

Our Members

2020 Total Membership
(including BlueCard®) – 3,861,722
BlueCard – 1,174,433
Major Group – 999,569*
Local Group – 238,521
Individual Under 65 – 467,406
Federal (Medicare & Federal
Employee Program) – 397,485
State of North Carolina – 584,308

Our Financial Results

Revenue – \$9.9 billion
Net Income – \$260.5 million
Net Income Ratio – 2.6%
Taxes (Federal, State, Local) – \$544.6 million
Claims and Medical Expenses – \$7.5 billion
Months in Reserve – 5.38 months

*Excludes BlueCard Host; includes National Carolina's Program and ACS Benefit Services.

OUR CUSTOMERS

When we talk about our customers at Blue Cross NC, we're referring to a constellation of members, providers, employers and agents across the state. In 2020, the company upheld its commitment to making health care better, simpler and more affordable by adapting quickly to unprecedented change in our daily lives due to the COVID-19 pandemic. Across the enterprise, teams worked harder than ever to help our customers.

Reaching for the Stars

Based on efforts in 2019, Blue Cross NC received a 4-star rating for our Medicare Advantage (MA) HMO and PPO plans from the Centers for Medicare and Medicaid Services' 2021 Medicare Star Quality Ratings. This high score truly validates our hard work at every step of the member journey such as choosing a plan, enrollment, accessing health care and claims payments.

2020 Qualtrics® XM Breakthrough Artist Award in Customer Experience

This international award recognizes the most innovative brands for "designing breakthrough products, services, cultures and optimizing experiences to the point that they delight and disrupt the status quo." Blue Cross NC received the honor for its work in ramping up Voice of Consumer (VoC), an enterprise listening program, in 2019-2020. VoC delivers insights across multiple groups and segments to inform Blue Cross NC's service improvements and member engagement initiatives with the resulting goal of improved business performance. The VoC team expanded stakeholder listening to include providers and administrators with insights from this effort guiding enhanced self-service capabilities into 2021.



Blue Premier generated \$153 million in cost savings, quality improvements and a slowdown in the rate of spending on health care in 2019, its first year.

Growing Blue Premier

Blue Cross NC's Blue Premier value-based care program is one of the most rapid and comprehensive shifts to this model in the nation. It holds participating providers and Blue Cross NC jointly accountable for meeting quality and cost measures. Under value-based care, provider pay is based on quality of care, not on the quantity of procedures, tests and appointments performed. In other words, through a "shared risk" financial model, Blue Premier providers share in cost savings if they meet industry-standard goals to improve the health of patients and share in the losses if they fall short.

The program's first-year results were calculated in August 2020 from the five major health systems that joined at launch in January 2019.

Blue Premier also includes independent physician practices across the state participating through four accountable care organizations (ACOs) powered by a collaboration with Aledade. Collectively, the systems and practices met their performance goals for delivering high-quality, cost-effective care for the 536,000 Blue Cross NC members they served in the first year.

This collaboration helps doctors more actively manage a patient's health care conditions, leading to fewer hospital visits and better health overall. Additionally, patients may have more time and more frequent communication with their doctors.

For example, they collectively increased screenings for colorectal cancer by an additional 3,041 members and controlled blood pressure for 13,412 more members than in 2018.

These efforts likely averted many heart attacks, strokes and deaths. Using estimates from the U.S. Preventive Services Task Force, the enhanced efforts in colorectal cancer screening alone could result in more than 800 additional years of life for Blue Cross NC members.

Blue Premier added three more health systems and more independent primary care practices since its inception. We can attribute 52% of our eligible membership to a provider with a value-based care agreement, surpassing our original goal of reaching 50% in 2020. We look forward to sharing our results from 2020 in the coming months.

In 2021, we estimate that more than one million members will be receiving care from primary care providers in value agreements.

■ **Blue Cross NC made \$85 million in performance payments to Blue Premier providers in 2019 as a result of delivering high-quality, cost-effective care.**

Accelerating Support

Independent primary care practices across the state were hit hard as patients postponed or cancelled health care visits and procedures during the pandemic.

With the Accelerate to Value program, we stepped up to provide a strong measure of financial stability to help these practices weather the financial crisis and chart a path to value-based care.

- The program resulted in 203 new practices joining Blue Premier.
- Out of the practices that participated in Accelerate to Value but were not already in a Blue Premier agreement, 87% chose to join Blue Premier.



Blue Cross NC distributed \$19.8 million in funds to 513 independent primary care practices. These practices care for more than 500,000 of our members.

AT A GLANCE: COVID-19 Response

Blue Cross NC acted quickly to help keep our members well, prepared and able to get the care they needed as cases of COVID-19 were discovered in North Carolina. Our teams launched a microsite, bluecrossnc.com/coronavirus, and translated many sections of the content into Spanish. This educational resource was the year's top-performing area of the public-facing website.

The company provided \$600 million in COVID-19 relief for our customers and provider networks, including expanded telehealth options; early medication refills; expedited approvals for care related to COVID-19; and zero out-of-pocket costs for COVID-19 testing and treatment.

To help our members prioritize their wellness during such a difficult time, **we issued \$200 million in health and wellness retail cards to more than 600,000 eligible subscribers**, or households, across the state (eligible subscribers are those enrolled in individual under 65 and fully insured employer plans, including vision and dental plans). The cards were loaded with \$100 - \$500, depending on their enrollment, and were eligible for health-related expenses such as over-the-counter medications, food, first aid supplies, baby care items and more.

This direct benefit to our members was made possible by the funds we received from the federal government following litigation related to the Affordable Care Act (ACA) temporary risk corridor program. The United States Supreme Court ruled in April that the federal government is required to follow-through on the promise of the ACA risk corridor program covering 2014 - 2016.

In addition to the health and wellness retail cards, Blue Cross NC applied the remaining risk corridor funds to help keep 2021 rates for many of its customers lower. The company has been working hard to contain rates for several years and has achieved results. For example, for 2021, ACA plans offered to individuals will be reduced by an average of 1% on a statewide basis, for the third straight year and a three-year cumulative reduction of nearly \$1 billion.

The "Made in NC" initiative was devised to serve the needs of the state's health care workers by increasing equity in access to personal protective equipment (PPE).

Since the onset of the pandemic, demand for N95-approved respirator masks and other PPE has outpaced current U.S. manufacturing capabilities, resulting in supply

chain challenges in delivering an efficient and reliable source at a reasonable cost. The shortage of critical supplies has left health care providers and essential workers at a higher risk of infection.

Made in NC can produce 100,000 - 200,000 N95-approved respirator masks per month through a unique statewide, cross-sector collaboration with Blue Cross NC, NC State University's Nonwovens Institute, Freudenberg Performance Materials, UNC Health, the North Carolina Healthcare Association Strategic Partners and the North Carolina Medical Society. **At full capacity, the collaboration's manufacturing equipment is expected to produce up to two million N95 respirators per year.**



Since the start of the COVID-19 pandemic and through 2020...

7,000%

Telehealth increase

Over 35%

Of individual members used telehealth during COVID-19

Over 86%

Of individual members who haven't used telehealth are open to it



tellBlueSM

tellBlue is Blue Cross NC's online member insights community of 5,000 members from individual under 65 and local/major groups.

"I think a lot about how the pandemic will affect my future health and wellness. And so, in that sense, I appreciate that Blue Cross mailed a couple of masks to my house. I would have gladly accepted any other PPE that they thought was appropriate."

— Kyle, Blue Cross NC Member

"Ways that I think you guys can improve? It's kind of hard because you guys pretty much are very prompt with sending emails about how to stay healthy, especially during the times of COVID-19, saying things like 'wear your mask, make sure you wash your hands, make sure you social distance,' things of that nature. You guys are very spot on with health-related things that can be relayed to the masses and you guys do it very well."

— Hervon, Blue Cross NC Member

Encouraging Whole Person Care

Behavioral health care (BH) in the U.S. is still largely reimbursed on a fee-for-service basis, and efforts to transition to value-based care lag behind physical health care. There are several reasons, including: Quality metrics are not clearly defined and can be subjective, a lack of consolidation among BH independent practices and a poor understanding of value-based care among BH providers.

However, we believe focusing on the whole person will help lower the cost of and improve patient outcomes in the primary care setting. So, we defined metrics and created our own value-based reimbursement program for BH providers called Blue Premier Behavioral Health.

By late-2020, 13,770 members were included in Blue Premier Behavioral Health. Final quality measures will be calculated, evaluated independently and reported in the 2021 Corporate Report.

Blue Cross NC teamed up with tech-enabled Quartet Health in 2020 to grow integrated care in the state and collect data on these quality metrics, which payers traditionally do not have an ability to measure. At the close of 2020, 2,635 primary care providers (PCPs) have been onboarded to Quartet, referring to a network of 2,110 independent BH providers.

■ **“We resolve to make whole person care a priority, and that means we have to think beyond treating conditions, and work to prevent and reverse them.”**

— Von Nguyen, MD, MPH
Senior Vice President, Chief Medical Officer

Beyond behavioral health, and as an additional part of our focus on whole person care, we look forward to sharing results from partnerships launched in November with Carrot Inc. and Virta Health to address smoking and type 2 diabetes, two of the most pervasive (and preventable) health issues in the country. The cessation and reversal programs are available to individual under 65 members and fully insured group members.

- Smoking-caused health care costs in North Carolina: \$3.81 billion per year.¹
- Diabetes and prediabetes health care costs in North Carolina: An estimated \$10.9 billion per year.²

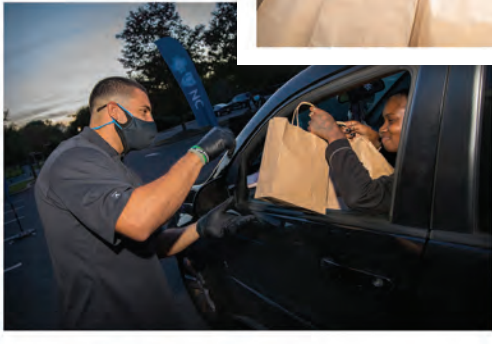
Focusing on Drivers of Health

At Blue Cross NC we see many North Carolinians struggling with preventable, high-cost health conditions like hypertension, diabetes and maternal health issues. And that’s why we’re focusing on drivers of health.

Good health is dependent on a set of factors or conditions, and many are related to the environments in which people are born, live, work and play. These drivers of health (also known as social determinants of health) influence the health, functioning and quality-of-life outcomes/risks of every human being.

To support our members and communities more holistically, the Drivers of Health Strategy Team is looking at how Blue Cross NC can address the most urgent living needs as these evolve during and after the pandemic. More specifically, how we can support efforts that may or may not exist within our communities to provide regular access to food, reliable transportation and safe housing.

Blue Cross NC continues to build on its legacy of championing food access with statewide community partnerships. For more on this work, please see the following section of this report titled, **“Our Communities.”**



Carrot is an independent company providing the Pivot smoking cessation program on behalf of Blue Cross NC. Virta is an independent company providing diabetes reversal services on behalf of Blue Cross NC. Quartet is an independent company providing data services on behalf of Blue Cross NC.

1. “Tobacco Use in North Carolina.” *Truth Initiative*, 28 June 2019, truthinitiative.org/research-resources/smoking-region/tobacco-use-north-carolina-2019. Accessed 5 Feb. 2021.
2. “The Burden of Diabetes in North Carolina.” *American Diabetes Association*, main.diabetes.org/dorg/PDFs/Advocacy/burden-of-diabetes/north-carolina.pdf. Accessed 5 Feb. 2021.



OUR CUSTOMERS COMMUNITIES PEOPLE

■ “We showed resolve through investment and giving back, maybe more than ever before. In the face of extreme circumstances, we found creative ways to continue to be of service to our nonprofit partners.”

— Cheryl Parquet, Director, Community Engagement and Marketing Activation

OUR COMMUNITIES

While 2020 brought about unprecedented change, the one thing that didn’t change was Blue Cross NC’s commitment to communities across North Carolina. It’s who we are and how we operate – 85 years and counting.

Healthy communities are caring communities. And when we have a safe place to live, good food to eat and people we can depend on, it’s easier to be healthy and compassionate.

While COVID-19 impacted everyone in many ways, some areas across the state were nearly devastated by the financial, economic and health concerns associated with the pandemic. Black and Hispanic populations have been disproportionately impacted by COVID-19 – whether that’s in ability to find work or care for their families and their own health care needs.

We invested more than \$7 million in direct COVID-19 relief to help North Carolinians access nutritious food and other wellness essentials, as well as through support to community centers and crisis relief organizations. Within this investment, we delivered more than one million PPE kits to eligible members, community partners and employees. The kits featured a face mask and hand sanitizer with a message from our new President and CEO, Dr. Tunde Sotunde.

In addition, Blue Cross NC participated in a campaign to donate one million masks to people and families in need – alongside Atrium Health,

Bank of America, Carolina Panthers, Honeywell, Lowe’s and Red Ventures – when the governor’s executive order mandated face masks in June.

We soon realized that slowing the spread of the virus would take a combination of thoughtful strategies and changes in public attitudes and behaviors. Blue Cross NC convened a public health coalition comprising philanthropic, government and business partners to support the state of North Carolina and its leaders in this effort – a “coalition of the willing,” if you will. We asked our partners to contribute their time and expertise to the communities and industries they know best.

In 2020, Blue Cross NC invested \$25.2 million in our communities.

Delivering Meals and Hope

We knew we had to move quickly to make sure our neighbors didn't go hungry during the pandemic.

Because one in seven North Carolinians was food insecure in 2020, and reports estimate that approximately 40% of food bank utilization was by families in need as a direct result of the pandemic.

Through investments of \$7 million for food security initiatives, we supported organizations that provide fresh, healthy meals to children and seniors across North Carolina as COVID-19 disrupted the food system. We supported our food agency partners in providing additional meals and capacity to serve their communities.

Key initiatives in this effort provided nutrition education in addition to meals, addressed hunger in rural and economically distressed counties, engaged seniors in meal deliveries and offered sustainable solutions to growing hunger gaps.

With hunger representing a primary driver of health, we understand the need to support access to fresh, healthy food to improve health outcomes.

In 2020, Blue Cross NC provided more than 4.7 million meals to those in need across the state.

Here's a closer look at one way we pivoted to help our communities:

In collaboration with our collegiate and professional sports partners, we delivered more than 16,000 meals to children, families and frontline health care workers in Durham, Forsyth, Guilford, Mecklenburg, Moore, Orange and Wake counties. Our cafeteria partner, Compass, helped prepare the meals for the Triangle area.

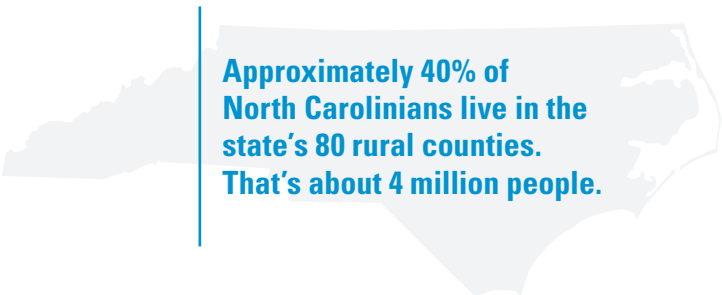
Meal-Distribution Partners:

- Boys and Girls Clubs (Charlotte, Durham/Orange and Sandhills)
- Carolina Hurricanes
- Carolina Panthers
- Charlotte Black Owned
- Charlotte Hornets
- Communities In Schools of Greater Greensboro
- Duke Hospital
- Durham Bulls
- LPGA Symetra Tour
- North Carolina A&T State University
- North Carolina Central University
- Project BOLT
- UNC Hospitals
- Wake Forest Baptist Medical Center
- Winston-Salem State University



Improving Rural Health

At the start of the year – before the pandemic – the company announced an \$8 million investment for programs committed to improving the health and well-being of rural communities. These funds supported first responders in rural counties, expanded access to quality care for uninsured patients and provided health-centered home repairs.



Part of improving rural health means taking a closer look at the factors that have the greatest impact on overall health. These factors, or drivers of health, can include access to quality health care, living in a safe community, food security and social connectedness.

Community Partners:

- Appalachian State University and East Carolina University
- InterAct
- North Carolina Association of Free & Charitable Clinics
- North Carolina Community Action Association
- North Carolina Community Colleges
- North Carolina Harm Reduction Coalition
- North Carolina State Firefighters Association
- YMCA

Volunteerism

Blue Cross NC’s greatest resources might arguably be the talent and generosity of its employees. Each year, employees volunteer their skills to work closely with a nonprofit partner in addressing a pressing organizational challenge. In 2020, the needs of our nonprofit partners changed and grew as everyone moved to a virtual setting. With the grit of our employees and nonprofit partners, we were able to contribute our expertise to eight community organizations, including the American Heart Association, Greensboro Housing Coalition, Helius Foundation, North Carolina Association of Free and Charitable Clinics, North Carolina Justice Center, Pisgah Legal Services, U.S. Committee for Refugees and Immigrants and Working Landscapes.

Volunteers helped nonprofit organizations in key areas such as marketing and communications, program valuation and cost analysis, data collection, equity in human resource processes and customer relationship management. The graphic below demonstrates the impact we made this year.

2020 PRO BONO VALUATION

	Pro Bono Day	Long-Term Program	PRO BONO PROGRAMS <i>by the numbers</i>
Nonprofits Served	6	2	8
Employees Engaged	30	13	43
Dollar Value of Pro Bono	\$88,905*	\$121,875**	\$210,780

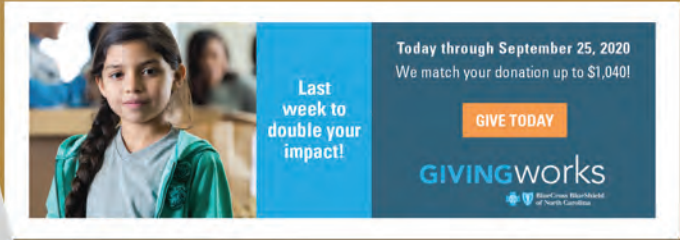
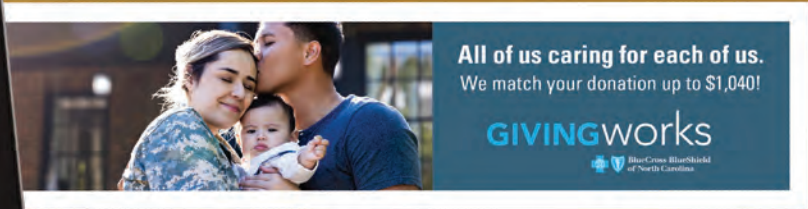
100%

- ... of nonprofit participants anticipate increased effectiveness, or the rate of success in achieving the organization’s mission or desired end outcomes.
- ... of nonprofit participants met or exceeded their goal for the program.
- ... of employee respondents agreed this program made them feel more connected to the community.

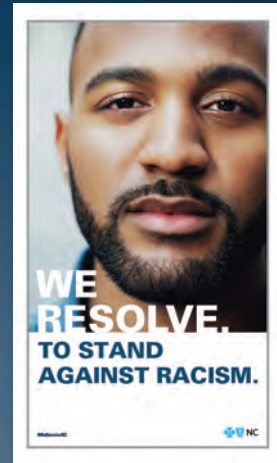
* Pro Bono Day engaged 30 employees who each donated 10 hours of pro bono over the course of the program. The average hour of pro bono service is valued at \$195.
 ** The long-term program engaged 13 employees who donated and average of 3.5 hours of pro bono service each over 10 weeks of project work. Additionally, employees each donated about 8 hours of pro bono service to prepare for project work. The average hour of pro bono service is valued at \$195.

GivingWorks

During a year mired in challenges and uncertainty, our employees showed up for North Carolina nonprofit organizations. We raised nearly \$1.4 million with donations from more than 1,970 employees during the company’s annual giving campaign, “GivingWorks.”



■ With the company match:
 Nearly \$2.4 million in total contributions to 1,400+ nonprofit organizations.



With All of Us Caring For Each of Us, We Can Achieve Amazing Things Together

Working alongside health care providers, consumers, policymakers, business leaders and community organizations, we'll continue to transform health and health care in North Carolina.

2020 was a year of significant uncertainty and change. We created the "We Resolve" Blue Cross NC marketing campaign to assure North Carolinians that we're here, and will continue to be here, to support them through the pandemic and other challenges. The campaign encouraged folks to follow the 3 Ws (Wear, Wait, Wash) and to not delay care by using telehealth services. The campaign garnered over 151 million impressions across TV, radio, print, social and digital channels.

WE RESOLVE.

**TO HELP NORTH CAROLINA STAY HEALTHY.
TO STAND AGAINST RACISM.
TO MAKE HEALTH CARE MORE AFFORDABLE.
TO MAKE HEALTH CARE BETTER.
WEAR. WAIT. WASH.**

Watch the 30-second video:
youtube.com/watch?v=WHj09aQGNU4





OUR CUSTOMERS COMMUNITIES PEOPLE

OUR PEOPLE

Our 5,100 employees were tested and challenged throughout 2020, and we're proud of how they kicked their work into high gear as the pandemic changed the world.

At the same time, the country's endemic problem with racism erupted in the streets of many U.S. cities after the murders of Ahmaud Arbery, Breonna Taylor and George Floyd, and too many other lives lost due to the excessive use of force by those who are supposed to protect our communities from violence.

While facing these challenges, Blue Cross NC welcomed a new leader in June. One of Dr. Sotunde's first actions as CEO was to challenge the enterprise to think boldly about its pursuit of health equity. During this critical time in

American history, the entire company came together to fight for racial justice through the lens of health.

Blue Cross NC utilized the company's nearly 15-year effort in diversity, equity and inclusion (DEI) as a springboard. We created an internal task force, the DEI Council, to reimagine what Blue Cross NC should and can do to address DEI and DEI issues for our customers, our communities and our people. The DEI Council developed new commitments in different areas of our work. Working together, everyone at Blue Cross NC is elevating the health care system by looking at diversity across all dimensions: Age, ability, ethnicity, gender identity, religion, sexual orientation and socioeconomic status.

■ **"People of color have historically been at a health and well-being disadvantage. This is directly correlated to the systemic racism that underpins American society. As designed and executed, this system fails to provide, even inhibits, people of color from living a long and healthy life. We at Blue Cross NC are committed to finding solutions."**

— John Lumpkin, MD, MPH
Vice President, Drivers of Health Strategy

Read the "Blue Cross NC Statement on Racism and Traumatic Events" from June 3, 2020:
bit.ly/3qkkG69



The following are some of the tangible efforts we made in 2020:

- 2021 Holiday Schedule Change: Employees recognize and celebrate many different religious and cultural holidays beyond the ten holidays we officially observe through a day off from work. To better accommodate our diverse workforce, we adjusted our 2021 holiday schedule to include a floating holiday – a day selected at the employee’s discretion that is meaningful and significant to them.
- Recruitment and Hiring: Developed a hiring strategy for historically black colleges and universities (HBCU) through the Diversity Recruitment Action Teams. At the same time, our internal recruiters obtained a Diversity and Inclusion Recruiter Certification. An unconscious bias primer is now part of our interview process as well.
- Raised the company’s minimum wage to \$16 per hour.
- Invested in early IT talent by collaborating with local colleges like Durham Tech to recruit diverse tech talent for apprenticeships and internships.
- IT Leadership and Diversity Development Experience Rotation (LADDER): Mentorship program connecting minority IT leaders with IT professionals who are early in their careers to help nurture and develop a culturally fluent workplace.
- Employee Networks: Leadership actively working with Blue Cross NC employee networks (affinity groups) to serve as internal focus groups to ensure our marketing and communications materials are relevant and authentic for all audiences.
- Expanded Corporate Panel Policy: We committed to participating in panel discussions that better represent gender and racial or ethnic diversity.
- Tell Our Stories: We created an internal newsletter article series to provide a platform for our racially and ethnically diverse colleagues who may not have had a way to share their unique perspectives and experiences in the past.
- Supplier Diversity: We’re thinking through our diverse and inclusive supplier strategy to fully understand where we are today and opportunities to grow.
- User-Centered Design Thinking: We’re developing the first Blue Cross NC Health Care Equity Index (HCEI) framework to see how we can incorporate DEI efforts into value transformation in health care delivery.
- Women in Insurance (WomenIN): We launched an initiative to strengthen the representation of women in our agent and agency population by encouraging and supporting their professional development. The virtual portal offers a place for women in the industry to connect and engage.
- Communication: We released an inaugural diversity report and created a new microsite showcasing our ongoing diversity efforts. We also launched the 21-Day Equity Challenge, in which we shared our DEI resources externally. The concept is to encourage people to engage with racial equity educational materials for 21 days to help them form lasting antiracist behaviors and habits.

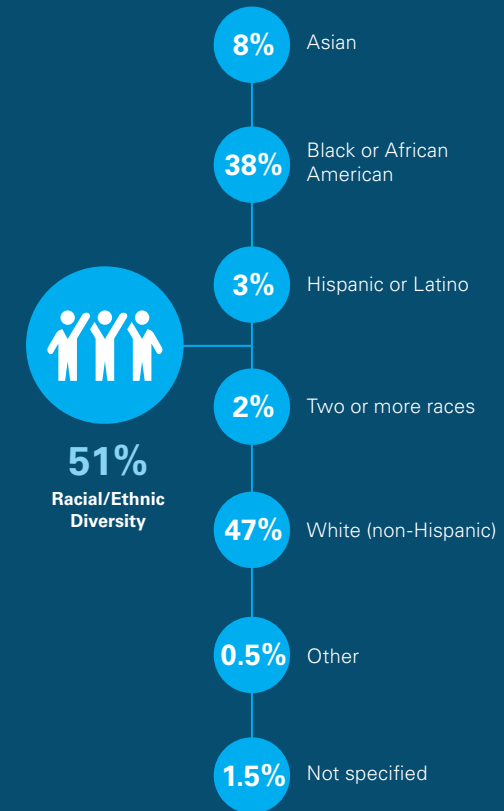
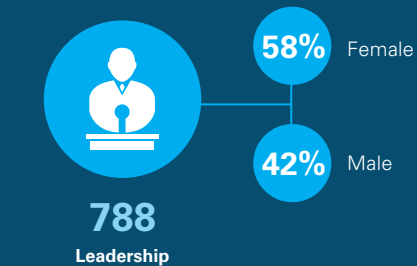
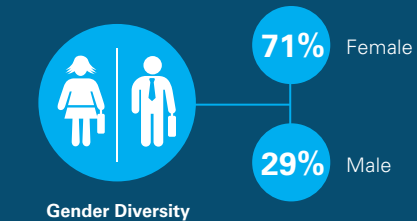
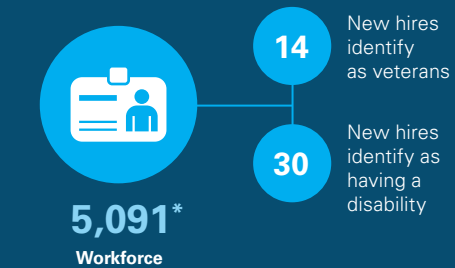
To learn more, visit bluecrossnc.com/diversity-equity-inclusion.



Blue Cross NC’s Employee Networks represent our diversity:



OUR WORKFORCE IN 2020



*Not including contingent labor

OUR VALUES



People First Bring positive energy, be the solution, make a difference



Every Customer Matters Understand and meet our customers' needs



Show Grit Take chances, be courageous, speak the truth



Think Data Balance intuition with data and insights to make decisions



Innovate to Elevate Push boundaries, be curious, inspire breakthroughs

Showing Up for Our People and the People We Serve

Why do we put our people first? Because it builds trust and it's the right thing to do – even when it's hard. This allows us to do big things, face uncertainty and navigate change.

In 2020, we continued to deliver the things that make our workplace great by leaning into tough situations and into our values. We take pride in our long-standing commitment to our customers and communities. Our desire to do what's best for our people, and the people we serve, is part of who we are.

With that said, it was more important than ever in 2020 to make sure our workforce felt supported at work – as “at work” turned into “working from home” (WFH).

When surveyed about WFH after a few months, **nearly 96%** of our workforce felt they...

- Were informed about important issues and changes within the company
- Had access to the technical resources they needed
- Were supported by their supervisors
- Trusted senior leadership to make good decisions throughout the crisis

2020 ACCOLADES

- America's Best Midsize Employers, *Forbes*, 2020
- Great Place to Work Certified, *Great Place to Work Institute*, 2020
- Best Employers for Diversity, *Forbes*, 2020
- 100 Best Companies for Working Mothers, *Working Mother Media*, 2020
- Best Companies for Multicultural Women, *Working Mother Media*, 2020
- Diversity Best Practices Inclusion Index Company, *Working Mother Media*, 2020
- Healthiest Employers of the Triangle, *Triangle Business Journal*, 2020
- Champion for Military Hiring, *Bradley-Morris*, 2020



The company activated its pandemic plan with a cross-functional committee of experts across the company. They teamed up to create programs, benefits and policies to help employees and their families stay safe and cope with working through the pandemic.

Dr. Von Nguyen, Blue Cross NC's chief medical officer, utilized what he learned as an epidemic intelligence service officer at the Centers for Disease Control and Prevention (CDC) to help the company react quickly.

Human Resources provided a host of new benefits like childcare support, a \$200 stipend to outfit home offices, new sick leave policies and a special bank for employees to donate hours to those who needed extra days off.

We also encouraged our Healthcare division employees, many of whom are medical doctors, registered nurses and pharmacists, to volunteer as the pandemic precipitated a staffing shortage at medical facilities across the country. With the Temporary Volunteer Leave Program for Medical Professionals, Blue Cross NC provided eligible employees with two weeks of paid time off for an approved volunteer activity.

In addition, we developed a COVID-19 Contact Tracing Volunteer Leave Program for employees to help local and state health officials increase capacity for tracking and monitoring people exposed to the virus. Our employees were able to remotely perform contact tracing duties for two weeks without an interruption to their regular pay.

Despite the pivot to WFH, we continued our internship program remotely for 38 college students and moved to a fully digital model for onboarding and training new employees.

"I began working at Blue Cross remotely in March, and I was instantly struck by how welcomed I felt in spite of these extraordinary and challenging circumstances. My colleagues went out of their way to make me feel like part of the team, while our leadership showed me what our company's values mean in practice: Supporting employees as whole people and putting our health and well-being first."

— Emilie Poppett,
Communications Specialist

We also shifted the onboarding process for our new CEO by scheduling all-hands meetings, listening sessions, coffee chats and relying on its change network to make Dr. Sotunde's arrival in a remote setting seamless.

As the weeks of the pandemic turned into months, it became even more important to connect and engage with our employees.

■ "Fearless doesn't mean that you don't have fear, it means moving forward in spite of the fear."

— Carmella Melton
Director, Internal
Communications and
Employment Brand



(Virtual) Spirit Week

Despite the myriad changes to the company's daily operations, we hosted our third annual Spirit Week in October – in a safe and socially distant format. **Forgoing the celebration of our company, our culture and our employees was simply not an option!**

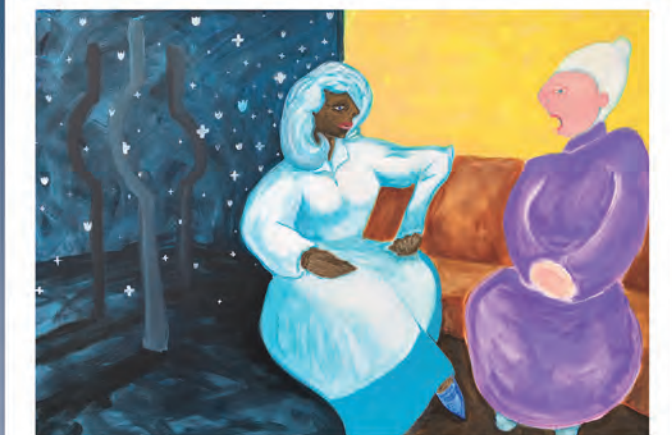
There were themed dress-up days, a benefits expo and a talent show. The planning team also compiled a list of meaningful community service opportunities for our employees to engage in outside of the company.

"What we do at Blue Cross NC is all about care. Caring for our members and caring for our communities. Spirit Week, to me, is my company showing me that same love and care. Letting me know that the work I do is valued and that I'm appreciated."

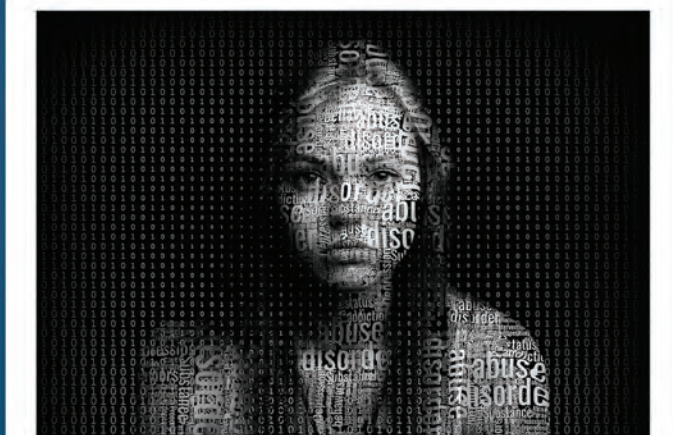
— Amy Greene, Senior
Business Operations Advisor



1 Artist: Tony Luongo. Oil on canvas.



2 Artist: Dan Metz. Acrylic on canvas.



3 Artist: Greg Boykin. Digital on canvas.



4 Artist: Michael Winslow. Wood cut print/mixed media.

AT A GLANCE: Enterprise Innovation Showcase

2020 Theme: The Art of Innovation

Blue Cross NC presents the Enterprise Innovation Showcase to highlight and celebrate the creativity and problem-solving skills of our workforce annually. In 2020, the theme was inspired by one of the company's core values, "Innovate to Elevate," which pushes employees to break through boundaries with curiosity. Each innovation is designed to provide ideas and solutions for advancing health care and enhancing the lives of our members. The ideas are then brought to life by our in-house creative team. To see how each innovation was interpreted and illustrated through a creative lens, match the initiative to the original piece of art by its assigned number.

1 Stars Rating

The *Improving Stars Rating Through Medication Compliance Outreach Plan* increased the number of members who take their prescribed medications through better access and engagement with providers and pharmacies.

Innovators: Karen Coderre, Madhavi Manduru-Rao

2 Medicare Insights

The *Medicare Advantage (MA) Insights Program* gathered substantive qualitative data through on-site focus groups and robust surveying to help Blue Cross NC better understand the needs and concerns of members in the MA program.

Innovators: Alice Fortune-Britt, Kelly Nelson

3 Behavioral Health

The *Behavioral Health Grouping Initiative* implemented a scalable and validated method for identifying and grouping members with behavioral health conditions for inclusion in value transformation programs such as alternative payment models.

Innovators: Erin Boland, Lindsay McGovern

4 Food Insecurity

Blue Cross NC partners with organizations and invests in communities across the state to achieve the highest level of health for all. By addressing the factors that impact health, like food insecurity, we're able to strengthen our communities through better health outcomes and equity.

Innovators: Blue Cross NC company-wide initiative

AT A GLANCE: Sustainability

At Blue Cross NC, sustainability means focusing on the needs of the present and the future with a positive impact on our environment, community and economy. Real Estate and Facility Services promotes environmental stewardship by managing how we optimize our real estate footprint, increase our energy and water efficiency, reduce the amount of waste sent to landfills and increase positive health and well-being outcomes for our people.

We used 2020 as an opportunity to expand sustainable efforts beyond our campus and into our communities with the following results:

- Donated more than 3,500 pieces of furniture to the Boys and Girls Club of America, Habitat for Humanity, Triangle Residential Options for Substance Abuse (TROSAs) and Wake County Public Schools.
- Maximized recycling efforts with 104 tons of recyclables that avoided landfills.
- Gathered materials such as metals, building components and more than seven tons of copper for recycling purposes.
- Introduced composting in our cafeteria kitchen, where more than 8,000 pounds of food waste was diverted from landfills. We donated nutrient-rich soil through CompostNow to 25 community garden partners in the Research Triangle area.



Spotlight on IT

The Information Technology (IT) team at Blue Cross NC played a crucial role in the enterprise's ability to adapt to change due to the pandemic.

- IT helped move our workforce to WFH status within two weeks, allowing the company to continue to serve customers without disruption.
- IT partnered with our Healthcare division to expand telehealth capabilities for both providers and patients and assisted with coding our systems to reflect policy changes as a result of COVID-19.
- IT worked hard to continue modernizing our technology ecosystem, leveraging cloud technologies and tools, new methods of advanced automation and numerous system consolidations, resulting in more than \$30 million in cost reductions.

Accolades

- The Blue Connect MobileSM application achieved a 4-star rating, up from 1.7 stars, from Android device users on the Google Play Store as a result of improved software quality and customer experience.
- Chief Information Officer Jo Abernathy was named CIO of the Year at the NC Tech Awards.
- Blue Cross NC was named one of *Computerworld's* Top 100 Places to Work in IT for the fourth time in five years.

Inclusivity

The Technology Network of Women (TechNOW) appointed the first Diversity, Equity and Inclusion (DEI) chair within the employee network system and launched the "Women Do Lead" podcast featuring strong Blue Cross NC women in all levels of leadership.

Partnering with HR and external partners like Power to Fly, the NC Tech Association, TriWiSTEM and local colleges and universities, IT saw a significant increase in hiring data for people of color and gender diverse demographics from any previous year.

IT Diversity Hiring Stats 2020 | Job Acceptance Rate

90.3%

People of color

50%

...of all new leadership positions hired in 2020 were held by people of color

90.9%

Women

37.5%

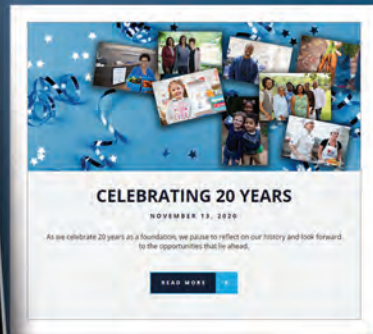
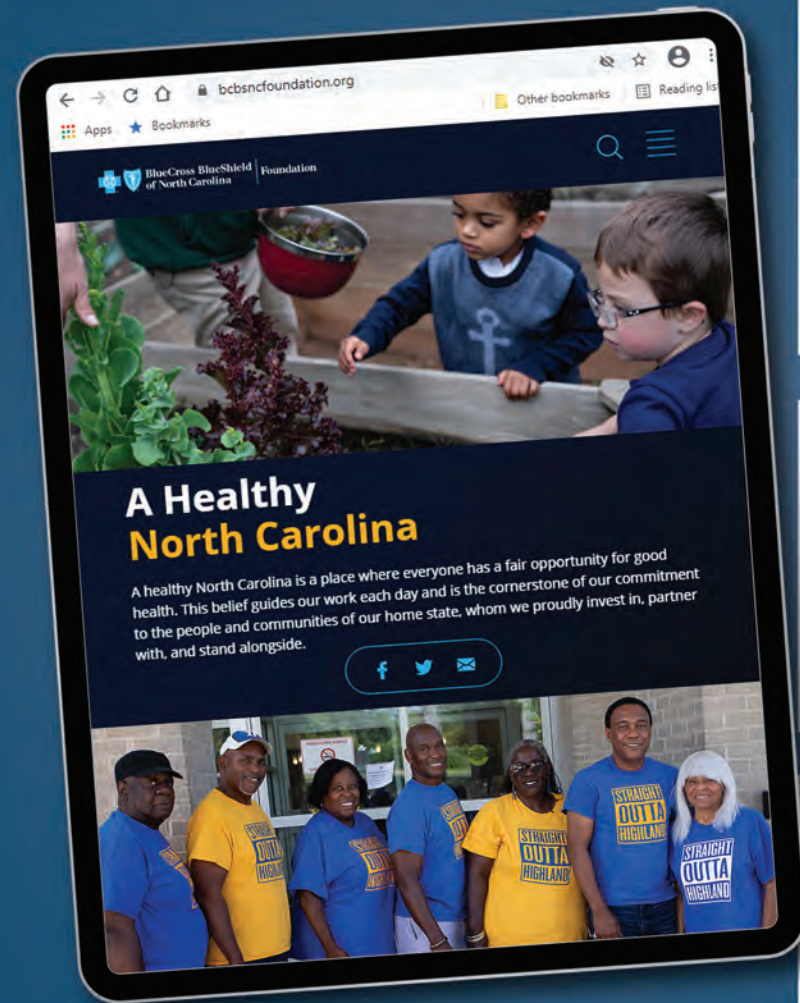
...of new leadership positions were held by women





“In 2020, being a better partner for the people and places of North Carolina meant being nimble and embracing a willingness to change.”

— John Lumpkin, MD, MPH
President



20th Anniversary

The Blue Cross and Blue Shield of North Carolina Foundation marked a major milestone in 2020 with its 20th anniversary. We’re proud of our ongoing investment in the health of North Carolina and the relationships forged in our communities through more than 1,150 grants, collaborations and initiatives, totaling \$157 million. What traditionally would have been a year of celebration turned into a race to respond to an unfolding public health crisis and an opportunity to grow our commitment to equity.

Our mission to improve the health and well-being of everyone in North Carolina became even more urgent in 2020.

**122 grants =
\$13.8 million
in 2020**

COVID-19 Response

The needs of our communities rapidly changed during the COVID-19 pandemic, and it became essential to adapt with them – without delay. The Foundation allocated \$2.4 million to 89 grantees throughout the year so the organizations on the ground could continue to serve those who rely on them. We also took steps to ease reporting and documentation requirements for grantees, while streamlining the application process for new grants.

We’re inspired by our grantees and how they met 2020’s challenges in creative and collaborative ways. Of the many examples: Boone-based Hunger and Health Coalition navigated an increase in families seeking their services as their volunteer count decreased. Their solution? To convert their 30-year-old food and pharmacy programs into a drive-through setup to ensure the equitable distribution of food, medicine and pantry supplies.

This new reality is one in which the Foundation’s work for the foreseeable future will be related to the pandemic or its wide-reaching effects.

A Strategic Shift

COVID-19 widened the holes in our society’s safety net and put the disparities within our communities on full display. These became even more apparent with the killing of George Floyd, and the resulting widespread calls for justice, as the eyes of many were opened to the fact that individuals and communities of color live at the mercy of biased and unjust systems. Achieving better health for all who live in North Carolina will be impossible if we don’t first acknowledge this, and then – more importantly – do something about it.

In response, the Foundation shifted its strategy, while also assigning an initial \$10 million in funding to more explicitly address structural racism and increase equitable opportunities for health. We asked for external feedback from grantees, peer funders, community stakeholders and subject-matter experts. We listened and received diverse perspectives and opinions from those directly impacted by, and working in and around, these issues. As we embark on our third decade, it’s their stories that inspire us to move forward in tackling the root causes of poor health and inequities.

To learn more about the Foundation, visit bcbnsncfoundation.org.





IN MEMORIAM

More than 9,000 North Carolinians lost their lives in 2020 to COVID-19, a virus that has disproportionately impacted the state's Black and Hispanic residents. We will never forget them.

Our work to shape the future of a healthier and more equitable state continues with more resolve than ever before.

Blue Cross and Blue Shield of North Carolina
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For more information, visit bluecrossnc.com.

Blue Cross and Blue Shield of North Carolina Foundation
For more information, visit bcbsncfoundation.org.

All results and statistics are drawn from Blue Cross NC internal data.

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of North Carolina**