

LIVING OUR VALUES

2021 MISSION REPORT



HUMAN

HONEST

COURAGEOUS

LETTER FROM THE PRESIDENT

Over the last two years, we've faced the biggest public healthcare crisis of our lifetime and experienced, more than ever, why we need a healthcare system that is worthy of our family and friends and sustainably affordable.

From the onset of the COVID-19 pandemic and with each unpredictable turn that it has taken, Blue Shield of California stepped up to the challenge to protect the health and safety of all Californians.

When the Governor's public-private task force asked us for help on testing, we leaned in to make it happen. Then, in February 2021, we stepped up to provide leadership and expertise as the third-party administrator for the state's vaccine network. We are proud to have been a part of these vital public health efforts.

Throughout the pandemic, we also learned more about the inequities and barriers that exist and need to be addressed as we transform the healthcare system. We have an ambitious strategy, and we are moving at an accelerated pace to innovate and reimagine health care for all.



We must bring health care into the digital age. We know that providers can make better—and more timely—care decisions when they have real-time access to all of a patient's health information. We also need to pay for value and health outcomes over procedures and processes. As we reimagine health care, we are working to improve access, serve more people, be sound financial stewards, live our values, and stand for what's right in the communities where we live and work.

**We have made great progress
— and we've only just begun.**

Delivering on our mission starts with our 7,800 employees who have chosen to be part of our mission-driven organization. Our people are

at the center of everything we do, and it's up to us to grow and develop them to bring their best selves to work, so that they can take care of the members we serve. It's then, and only then, that we can continue to be a great place to work and make a meaningful difference.

I couldn't be more grateful for the opportunity to lead Blue Shield through these unprecedented times. We have endured so much and have come such a long way. I feel so incredibly inspired and optimistic about how we will continue to change health care for the better.

Paul Markovich
President and Chief Executive Officer



Blue Shield of California is a nonprofit health plan dedicated to ensuring all Californians have access to high-quality health care at a sustainably affordable price.

We are transforming health care in a way that truly serves our nonprofit mission by lowering costs, improving quality, and enhancing the member and physician experience. We are committed to addressing health disparities and integrating health equity in all we do.

FAST FACTS

(as of Dec. 31, 2021)

Headquartered in

OAKLAND

Founded in San Francisco in

1939

4.7M

members

7,800

employees

\$22.9B

in revenue

\$120M

invested in communities through our Foundation over the last 3 years





OUR MEMBERS COME FIRST

We offer [products](#) that fit our members' needs at every age, in every zip code in California.

Blue Shield of California and our affiliates provide **health, dental, vision**, Medicaid and Medicare healthcare service plans in California.

Our **high-quality provider network** includes access to California's most reputable hospitals and physician/provider groups.

We're backed by the **depth and power of the national Blue provider network**, ensuring members have coverage across the nation. One in every three Americans holds a Blue card.



STEPPING UP DURING THE PANDEMIC

During the biggest healthcare crisis of our lifetime, we stepped up to lead and protect the health and safety of Californians.



Key actions we took included:

Played a leadership role in the State of California's COVID-19 Testing Task Force and [Vaccine Task Force](#). We supported the State of California by building a vaccine provider network that reached more than 99% of Californians with enough capacity to equitably provide more than 6 million COVID-19 vaccines per week.

Educated and improved COVID-19 vaccine acceptance and access. We [collaborated with providers and nonprofit organizations](#) to reach vulnerable communities in multiple languages to dispel vaccine myths and counter misinformation.

Offered [\\$200 million to healthcare providers](#) in 2020 and 2021 — through financing guarantees, advance payments and restructuring of contracts — to alleviate economic pressure.

Expanded access to mental health support for our members with the addition of Headspace and Ginger through our digital lifestyle platform, [Wellvolution](#).

Blue Shield of California Promise Health Plan Community Resource Centers added and enhanced initiatives, including [free vaccine clinics](#), a series of [back-to-school events](#) last fall, and free food, backpacks and resources for families disproportionately impacted by the pandemic.

Blue Shield of California Foundation deployed \$3.3 million toward COVID-19 emergency relief.

With every step, we kept our values of being human, honest and courageous at the forefront.

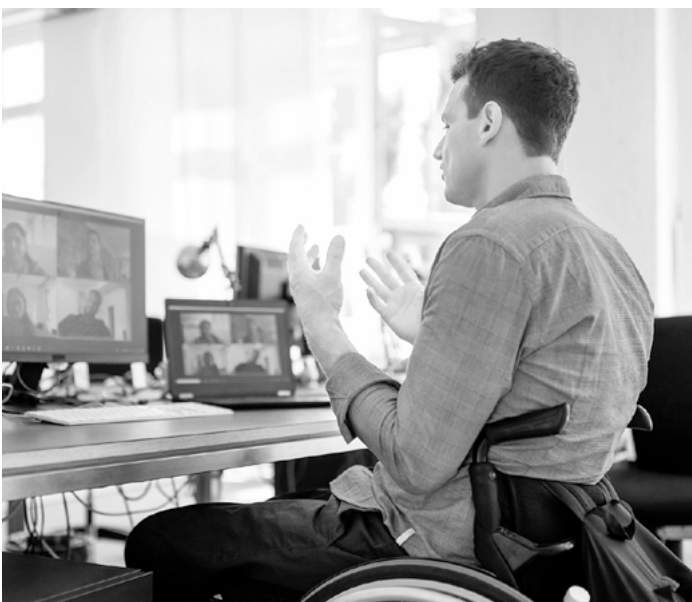
CARING FOR OUR PEOPLE

A great customer experience starts with a great employee experience.



Every day we strive to develop leaders at all levels and provide opportunities for all our employees to grow personally, professionally and financially. We are committed to cultivating a diverse, equitable, and inclusive environment where all employees can be their authentic selves.

As the pandemic continues, we are amplifying our focus on employees' health and well-being. We are [supporting our employees](#) with hybrid ways of working, enhanced mental health resources, flexible work hours, meeting-free quiet hours, increased childcare and caregiver benefits, and a COVID-19 leave program. By listening to our people, we are designing a future of work that's collaborative, engaging and flexible. Our [diversity, equity, and inclusion](#) action plan is enhancing and growing initiatives to recruit, retain, and promote diverse talent — all in support of our goal to foster an inclusive workplace and diverse workforce that reflect the communities we serve.

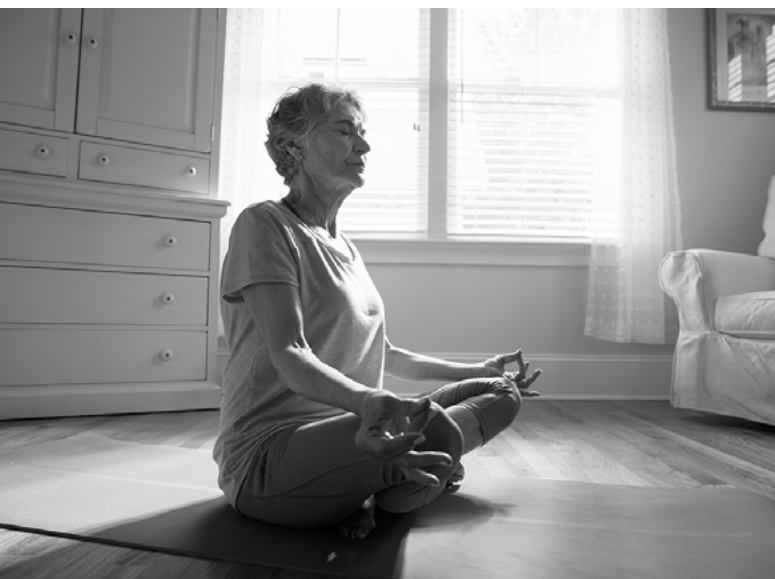


We have made representation commitments with 1-year, 3-year, 5-year and 10-year milestones to monitor and show our progress along the way. Our systematic approach also means we look to hire and promote from within first. We support career advancement through a diversity, equity and inclusion lens and pipeline programs designed to help all people in our company learn and grow in their careers.

TRANSFORMING CARE THROUGH INNOVATION

We continue to drive value for our members with [Health Reimagined](#), our ambitious plan to transform a dysfunctional healthcare system into one that's worthy of our family and friends

We are innovating to improve our products and services, lower costs, and enhance the member and physician experience, as well as drive change across the system. We are committed to addressing health disparities and integrating health equity in all we do.



Expanding mental health supports

Blue Shield's Wellvolution platform is making mental health support more easily accessible with the addition of meditation and sleep app [Headspace](#), which offers guided meditations, Sleepcasts, and 1000+ hours of exercises to help you live your whole day mindfully. We've also added [Ginger](#), which provides on-demand, confidential mental healthcare through coaching and self-guided activities.

Enhancing access to personalized care

We launched Health@Home, including collaborations with [Walgreens](#) and DispatchHealth. The initiative has introduced retail clinic and Health Advisor services, health screenings by mail, and urgent care delivered at home.



Delivering real-time claims and retail-like experiences

Through our collaboration with [Google Cloud](#), we're making billing and payments easier. Real-time claims reduce administrative burdens for providers and bring a retail-like experience to patients.

Supporting maternal and infant health

Our [Maternal Child Health Equity initiative](#) provides community-based resources, doulas, and technology tools to transform support and care for expecting and new mothers, and their babies. We're focusing on communities of color, which have disproportionate rates of adverse health outcomes.

Reimagining pharmacy

We joined four Blue Cross and Blue Shield plans to [invest in Evio Pharmacy Solutions](#), a new venture focused on improving affordability, patient experience, and clinical outcomes in the pharmacy space.

Lowering drug costs

Our [collaboration with Gemini Health](#) generated more than \$20 million in drug cost savings in its first two years. We're empowering prescribers with real-time information about medications and lower-cost options, so they can discuss with their patients and collaborate to reduce drug costs.





STANDING FOR WHAT'S RIGHT

We operate with integrity, responsibly stewarding our company's financial resources, investing in social justice and our communities, and caring for the environment.

Of the company's \$20.1 billion total revenue, 88.2% was spent on medical care in claims paid to healthcare facilities and providers.

We paid more than \$287 million in income taxes, Affordable Care Act taxes, premium taxes, and other fees.

SUPPORTING COMMUNITIES



WHERE WE LIVE AND WORK

- Our 2% Pledge: We are the only major health plan to voluntarily cap our income at 2% of revenue, returning the difference to our customers and back to the communities we serve. Since establishing this pledge in 2011, Blue Shield has returned \$817 million to our members and California communities.
- In 2021, Blue Shield of California made a [\\$40-million contribution to Blue Shield of California Foundation](#), whose mission is to support lasting and equitable solutions that make California the healthiest state and to end domestic violence.
- In 2021, our generous employees set all-time records with our Shield Cares Giving Campaign, donating \$1.58 million (including company match) and volunteering more than 40,000 hours.
- Blue Shield of California's \$20 million contribution to support the state's Homekey initiative continues to change lives: [Nursing student Jorge "JJ" Chavez](#) is one of 26 Imperial Valley College students housed in the new Lotus Living Tiny Homes Project, one of 21 Homekey projects funded through Blue Shield.
- Since 2017, 67 Blue Shield employees have mentored 87 scholars with Oakland Promise, a nonprofit organization aimed at getting Oakland youth into and through college. Employees are strongly [encouraged to become mentors](#), building on our \$1 million contribution to the organization when we relocated our headquarters to Oakland in 2019.



INVESTING IN YOUTH MENTAL HEALTH

We continued to grow [BlueSky](#), our signature youth mental health initiative. We worked with the California Department of Education and nonprofit organizations to improve educational and health outcomes for youth by ensuring access to culturally diverse and responsive mental health resources. Highlights include:

- Contributing \$1 million to support youth mental health services across [California's education system](#).
- Supporting Health Career Connection's [summer internship program](#) to help the next generation of diverse mental and behavioral health professionals and leaders in California.
- Teaming up with the Child Mind Institute on a series of [mental health guides](#) for parents and guardians, and sponsoring their [Getting Better Together](#) campaign.
- In collaboration with Wellness Together, serving nearly 500 youth through more than 4,000 counseling sessions at 20 California schools.
- Supporting the expansion of NAMI California (National Alliance on Mental Illness) [student-led clubs](#) in high schools throughout the state with the goal of reducing mental health stigma.

DRIVING EQUITY

We announced our [NextGen sustainability goals](#) in 2021, aimed at safeguarding the health of the next generation and supporting health equity. Goals include being carbon negative by 2023 and zero-waste operations by 2025.

& SUSTAINABILITY

In 2021, we **launched a supplier sustainability program** to address Scope 3 greenhouse gas emissions in our supply chain.

ACROSS OUR BUSINESS



ADVOCATING FOR MEANINGFUL CHANGE

Blue Shield's advocacy team supported initiatives aimed at improving affordability, access, and equity – all of which are essential to transforming the healthcare system and achieving universal coverage.

Highlights from our Advocacy efforts include:

- Blue Shield joined patient advocacy groups and labor organizations in calling for the creation of the **Office of Health Care Affordability in California**. The Office would analyze cost trends and drivers of spending, create a strategy to control costs, ensure affordability for consumers and purchasers, and enforce cost targets.
- Blue Shield, along with the Connecting for Better Health coalition, advocated for legislation to **establish a secure health information exchange in California**. This network would empower healthcare providers, hospitals, and payers to securely exchange consumer health information in real time to advance whole-person care, improve efficiencies, and reduce costs.
- To help ensure all Californians have access to high-quality health care, Blue Shield advocated for the Governor's proposal to **expand full-scope Medi-Cal coverage** for income-eligible adults, age 50 and over, regardless of immigration status. The bill was signed into law in early 2022, closing a gap in Medi-Cal eligibility.



- Blue Shield joined a [national initiative](#) with nonprofit pharmaceutical company Civica to help **make life-saving insulin more affordable** to diabetes patients. Civica's insulin price will be transparent to all purchasers with no rebates to obscure the actual cost, and the drug is expected to be available starting in 2024.
- We formed a health plan collaborative to develop a **“Roadmap to Advanced Primary Care in California.”** The group is addressing disparities in access and health outcomes by advancing efforts to scale value-based payments and hybrid payment models in primary care. In addition, Blue Shield is engaging a wide audience of stakeholders through events, research, and advocacy.
- We are advocating for systems of care that **advance health equity and improve wellbeing in our communities**. We've published research and hosted events to help educate policymakers and providers about how to leverage data sharing and how to work with community partners to provide culturally relevant services in marginalized communities.

AWARDS AND RECOGNITION

Visit our [Awards and Recognition](#) webpage for a complete list.

Fortune 100 Best Companies to Work For®

Great Place to Work certification

Ethisphere Institute's World's Most Ethical Companies

Deloitte's Best Managed Company

Business Intelligence's Excellence in Customer Service

People Magazine Companies that Care

Points of Light Civic 50

San Francisco Business Times' Top 100 Bay Area Corporate Philanthropists

California Department of Health Care Services Health Equity Award

Diversity Inc.'s Top Regional Companies for Diversity

Human Rights Campaign's Best Place to Work for LGBTQ+

National Organization on Disability's Leading Disability Employer

Military Friendly Gold designation

2021 FINANCIALS

CONSOLIDATED FINANCIALS (\$ IN MILLIONS)	2021	2020	2019
Premiums, net and other revenue	\$22,909	\$21,806	\$21,086
Investment Income	\$399	\$366	\$426
Total Revenue	\$23,308	\$22,171	\$21,512
Health Benefits	\$20,102	\$17,985	\$18,006
Marketing & Selling	\$698	\$651	\$649
General & Administrative	\$2,180	\$2,447	\$2,156
Total Operating Expenses	\$22,980	\$21,084	\$20,810
Net Operating Income/(Loss) before Tax	\$328	\$1,088	\$702
Income Tax Expense	\$91	\$408	\$129
Net Income/(Loss)	\$237	\$680	\$573
Net Income as a % of premiums	1.0%	3.1%	2.7%
2% Pledge amount	n/a	\$81	\$120
Social Impact Giving Contribution	\$49	\$46	\$45

BSC PREMIUM DOLLAR SPENT: HEALTH PLANS 2021

to Hospitals	\$0.40
to Physicians	\$0.27
to Pharmaceuticals	\$0.14
to Other Medical Services	\$0.07
	\$0.88 Cost of health care total
to Blue Shield administrative expenses	\$0.11
to Government-mandated taxes and fees	\$0.01
	\$1.00
Note: Health Plans only (excludes Altas and investment income)	



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BLUE SHIELD OF CALIFORNIA IS AN INDEPENDENT MEMBER OF THE BLUE SHIELD ASSOCIATION