

# Annual<sup>2</sup><sub>3</sub> Report



## Table of Contents

<b>1</b>	CEO Message
<b>2</b>	Serving Our Members
<b>5</b>	Our History
<b>6</b>	Our Values
<b>7</b>	Connecting to Our Communities
<b>10</b>	Partnering with Providers
<b>14</b>	Enhancing Value Delivered to Stakeholders
<b>18</b>	Sustainability
<b>19</b>	Ethics and Compliance
<b>20</b>	Our Employees
<b>21</b>	Financial Results
<b>22</b>	Our Leadership Team

# CEO Message

For nearly a century, HCSC has been the partner of choice for the care coordination and health benefit needs for millions of people across the United States. Every day as our 28,000 employees meet the needs of our members, we are led by our guiding principle of empowering whole person health with compassion and innovation. Embedded within our culture is a deep sense of caring and commitment that informs how we serve our members, engage in local communities, and deliver positive change to the health care industry.

We pair our enterprise scale and capabilities with our proven community-first member and provider engagement model that values local relationships. Through our engagement with more than 400,000 providers and our partnership with numerous community organizations with extensive local expertise, we continuously strengthen bonds of trust with our stakeholders and build a meaningful understanding of how to better meet their needs.



**Maurice Smith**  
President, Chief Executive Officer  
and Vice Chair

With our large impact comes a profound responsibility to ensure that we are delivering quality and value. Through our diverse family of affiliate companies we have developed a unique, complementary set of capabilities that addresses whole person health and provides a pathway to care for people of every age and income. We also lead in the development of value-based care approaches to spur greater collaboration and accountability among health care stakeholders to improve outcomes and enable members to lead healthier lives.

In these pages you will see in 2023 how we continued to grow our membership, serve our communities, evolve our products and services, and ensure the durability of our enterprise through prudent financial management. Our experience, industry knowledge and culture form a foundation that provides an incredibly powerful promise for our future progress—driving innovations that further expand access, improve health outcomes, and reduce health care costs for the millions of people who depend on us.

**We are led by our guiding principle  
of empowering whole person health with  
compassion and innovation.**



# Serving Our Members

We are the largest customer-owned health insurer in the United States, serving over 22.5 million people and managing nearly \$110 billion of medical spend in 2023. We offer products and services that empower whole person health with compassion and innovation. We are advancing our offerings by:

**Expanding Access to Care:** We offer a range health benefit products to meet the various needs and preferences of members across all stages of their lives and across all reimbursement types. We enable access to quality care for members no matter how they get their health insurance — through employers, the individual and family market, Medicare or Medicaid — and work to create equitable health outcomes for all.

**Improving Affordability of Care:** Health care costs now account for more than 17% of the U.S. economy. Collaborating with doctors, hospitals and other providers, we establish provider networks that connect members with high-quality, affordable care.

**Enabling Better Health Outcomes:** We offer a range of solutions to optimize health outcomes for our members, including care coordination, behavioral health management, and pharmacy management. Our service model and digital tools are designed to drive a superior experience for our members and other stakeholders in a way that promotes trust and collaboration.

**Driving Innovation in Care:** We continuously enhance our technology, capabilities, and programs to improve the affordability of our products and the member experience. We take a broad view of health care needs and make long-term investments that provide value to our members, providers, communities, and other stakeholders with the aim of making the health care system work better for everyone.





## Our Subsidiaries - Enhancing Value Delivered to Stakeholders


Our diverse portfolio of affiliate companies provides benefits, capabilities and services that complement our health insurance offerings, enabling us to deliver more value in the form of greater access, better


affordability, superior outcomes, and improved experience. Together, our subsidiaries and affiliates further empower whole person health and help members and customers meet their evolving health care needs.

### Wholly Owned Subsidiaries


 **Dearborn Group**<sup>™</sup> Dearborn Group provides ancillary products and services, including life, disability, critical illness, and vision.


 **INNOVISTA**  
HEALTH Innovista Health enables physicians to engage, support, and manage value-based savings and shared-risk models.


 **luminare health**<sup>™</sup> Luminare Health is a total benefits solution that helps self-funded employers manage their healthcare costs, supports clients' strategic growth goals through white-labeled back-office services, and empowers members to live their healthiest lives. Luminare Health is a standalone operating subsidiary of HCSC with clients across the United States.

 **medecision**<sup>™</sup> Medecision, Inc., is an integrated health management company connecting the care ecosystem by providing Aerial<sup>™</sup>, a platform that engages health consumers and their care circles to pursue the next right action and drive the best health outcomes.

### Partially Owned Subsidiaries

 **Availity**<sup>™</sup> Availity, LLC, operates a health care clearinghouse and provides internet-based e-health information services.

 **Collective Health** Collective Health is a technology solutions provider for employer health care.

 **PRIME**  
THERAPEUTICS<sup>®</sup> Prime Therapeutics, LLC is a pharmacy benefit management company for HCSC and other third-party companies.

*Please note that this is not a complete list of HCSC affiliates and subsidiaries.*

## Key Metrics

In 2023, we supported our 22.5 million **members** by:

- Providing access to a network of nearly 416,000 physicians and other providers and more than 10,000 hospitals and other health care facilities.
- Managing \$108.5 billion in managed medical spend.
- Processing more than 99% of claims accurately, with automation processing 91% of all claims.

In 2023, we supported our local **communities** by:

- Contributing more than \$29 million in grants and sponsorships to community organizations.
- Investing more than \$9 million in 257 nonprofit organizations through our major grant program.
- Contributing nearly 123,400 employee volunteer hours.
- Providing access to 68,406 immunizations and more than 125,000 other health care services through our mobile health units.

## Recognition

- The Civic 50 Community-Minded Companies Award
- Chicago United Business Leaders of Color Award
- Computerworld's Best Places to Work in IT
- Fortune Magazine America's Most Innovative Companies
- Military Friendly Employer Award
- Modern Healthcare's 100 Most Influential People in Healthcare
- Newsweek America's Greatest Workplaces for LGBTQ+
- World's Most Ethical Companies Award (Ethisphere)



# Our History

## Pioneering Affordable Access to Health Care

- HCSC's predecessor company, Hospital Service Corporation, was incorporated in **1936** in Chicago. The company was founded by visionaries who sought to offer solutions for affordable access to health care using the Blue Cross and Blue Shield models.
- In **1966**, Hospital Service Corporation formed Fort Dearborn Life Insurance Company, which began operations in 1969.
- The Blue Cross Plan for hospital services and the Blue Shield Plan for physician services operated separately until **1975** when they were merged as Health Care Service Corporation.
- By **1982**, all the smaller Blue Cross Plans in Illinois were also merged with the Chicago-based Plan, and the company operated as Blue Cross and Blue Shield of Illinois.
- In **1998**, Blue Cross and Blue Shield of Texas joined HCSC.
- In **2001**, Blue Cross and Blue Shield of New Mexico joined HCSC.
- In **2005**, Blue Cross and Blue Shield of Oklahoma joined HCSC.
- In **2008**, Meddecision joined HCSC.
- In **2013**, Blue Cross and Blue Shield of Montana joined HCSC.
- In **2022**, Trustmark Health Benefits joined HCSC, and was rebranded as Luminare Health in 2023.

We have been  
in business  
for nearly a  
century, with a  
**deep**  
**heritage**  
and long track  
record of  
promoting  
access to  
high-quality,  
affordable  
health care.

# Our Values

## Integrity:

### Always Do the Right Thing

- Always do the right thing in the right way, even when no one is watching.
- Model the Code of Ethics and Conduct.
- Be a team player, even when it's not the easy choice.

## Respect:

### Everyone Deserves It

- Be thoughtful with our words and actions.
- Have honest conversations that encourage open communication.
- Be inclusive and welcoming of diverse perspectives.

## Commitment:

### We Keep Our Promises

- Act with our members in mind.
- Manage our commitments and deliver on our promises.
- Lead by example in all that we say and do.

## Excellence:

### We Drive Extraordinary Results

- Seek opportunities to learn, network, grow, and develop.
- Embrace change, challenge, and uncertainty through flexibility and resilience.
- Define high performance and then hold yourself accountable for achieving it.

## Caring:

### We Put Our Heart into Our Work

- Place HCSC's members and the communities we serve at the heart of our work.
- Make relationships a priority.
- Think about how our actions and work impact others.



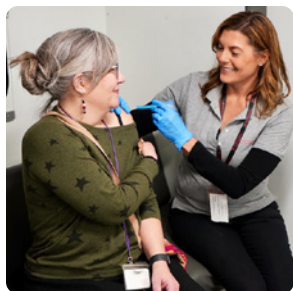
# Connecting to Our Communities

For decades, we have worked in close collaboration with local community partners, leveraging their knowledge, experience and talents to help create healthier communities. In 2023, we awarded more than \$29 million in grants and sponsorships to community organizations to expand access to care and address social determinants of health in five strategic focus areas:

- Optimal Health Outcomes
- Neighborhood and Local Assets
- Food Access and Nutrition
- Economic Opportunity and Stability
- Locally Defined Health Solutions

Health equity is core to our mission of expanding access to quality, affordable health care. By identifying barriers to high-quality health care in our communities, we improve lives and strengthen bonds of trust with our stakeholders in those communities.





### Optimal Health Outcomes

Our grants focus on helping close gaps in care for immunizations, diabetes care, cardiovascular care, behavioral health, early detection cancer screenings, and maternal and infant health.

In Oklahoma, our grantee Health Alliance for the Uninsured is helping up to 25 free clinics implement and train staff to use an electronic medical record system for screening and monitoring patients with chronic diseases. This nonprofit provides supplies, information and training to nearly 100 free and charitable clinics and coordinates diagnostic testing, specialty consultations and surgical care for Oklahomans who otherwise wouldn't have access.

In Texas, Vitamin Angels, a global public health nonprofit working to improve maternal and child nutrition, joined us to create a special maternal and infant health initiative to put at least 10,000 sets of six-month supplies of prenatal vitamins and minerals in the hands of family planning, pregnant and postpartum women. We awarded Vitamin Angels with a \$300,000 grant to enable eligible providers, clinics and community organizations to distribute no-cost vitamins and minerals to their clients and patients across Texas. This grant builds on our maternal and infant care programs to reduce the number of preterm/low birth weight babies and obstetric and postpartum emergencies, and to expand access for mothers to comprehensive health services from preconception through postpartum periods.

### Neighborhood and Local Assets

People depend on transportation to go to work, grocery stores, medical appointments and pharmacies. They also depend on public spaces and programs for physical fitness and on safe and affordable housing for their families. Strengthening neighborhoods and built environments represents a key focus area of our major grant program.

In Texas, a grant helped the nonprofit organization San Antonio Sports offer a 12-week summer program for adults and teens and more than 100 weekly fitness events at no cost. The program also helped approximately 5,000 San Antonians increase their physical activity and gave health screens to hundreds of participants.

Our three neighborhood centers within Chicago offer both in-person and virtual health and wellness programming. These centers use



location-specific population health data to customize their programming. In 2023, 27,030 visitors attended the centers and more than 2,000 programs and events were hosted across all three sites.

Our mobile health programs in Illinois, Montana, New Mexico, Oklahoma, and Texas partner with public health

departments and nonprofit organizations to deliver no-cost immunizations, screenings, dental care, chronic disease education, and other services. In 2023, 29 care vans served more than 125,000 clients, providing more than 68,000 immunizations and over 125,000 other health services.

### Food Access and Nutrition

Recognizing that reliable access to nutritious food is essential to health and wellness, we dedicate a substantial portion of our major grants to Feeding America and other organizations that buy and distribute fresh food and provide nutrition education and support.

In Illinois, we teamed with T. Castro, a 100-year-old family owned and operated produce company, to distribute 1.2 million pounds of fresh fruit and vegetables at no cost at community events and pop-up farmers markets throughout Illinois. Partnering with T. Castro and Dion's Chicago Dream, our neighborhood center in the Morgan Park community in Chicago also provided access to fresh food from refrigerated lockers for up to 175 families a week.

We also collaborated with Feeding America to launch the Good Jobs Challenge. This program aims to address root causes of hunger by establishing employer partnerships, strengthening workforce development programs, and connecting workers with quality jobs. Thirteen food banks in nine states participated with more than 200 job placements anticipated.

### Economic Opportunity and Stability

We are working with community organizations to help shelter housing-insecure individuals and provide them with job training and support on their path toward stability. Thanks to a \$40,000 award through our major grant program, Lazarus House in Kane County, Illinois is continuing to offer emergency and long-term transitional

## In 2023, we awarded more than \$29 million in grants and sponsorships to community partners through our major grant program to expand access to care and address social determinants of health.

living assistance, substance misuse support, daily meals, individual case management and other services to housing-insecure and other vulnerable residents. During their 2023 fiscal year, Lazarus House cared for 147 individuals and provided more than 13,500 nights of shelter. Last year, 92% of participants actively engaged in weekly meetings to develop a path toward stability.

### Locally Defined Health Solutions

Health needs often differ from one community to the next, requiring the unique experience and expertise of the people and organizations working at the local level to address them. To help identify and assist children and teens with mental health needs, we invested \$50,000 in the Montana Chapter of the American Academy of Pediatrics to fund evidence-based behavioral health training for up to 45 pediatricians and primary care providers for three years. Our support for addressing the health needs of local communities also extends to rural New Mexico, where we partner with New Mexico Lions Operation KidSight to provide eye screenings to children across the state.



# Partnering with Providers

Care is best delivered through close relationships between physicians and their patients. Our strong networks of community providers and our portfolio of health care solutions are key factors in our ability to provide members with access to high-quality, affordable health care. We make it easy for providers to do business with us, enabling them to spend more time in the exam room and less on administrative activities.

Our provider partnerships range from establishing primary care clinics in communities where they are needed to investing in physician and other provider groups to assist them in maintaining their independence and improving the quality and affordability of their services.





## Engaging Providers through Clinical Data Exchange

In health care, data has the power to help improve quality, reduce costs, and make the experience of receiving and paying for care easier for patients, their doctors and other providers.

Our use of data sharing in real time through the Health Data Exchange has significantly improved our performance on Healthcare Effectiveness Data Information Set (HEDIS) measures of performance and service. In 2023, across all lines of business, we saw year-over-year improvement in the rates of preventive screenings, immunizations, and blood pressure and diabetes control. The use of real-time data fosters collaboration among physicians and enables providers and HCSC teams to improve patient outcomes, while also improving HCSC's operational effectiveness and reducing the overall cost of care.

## Behavioral Health

The COVID-19 pandemic significantly raised the level of awareness of behavioral health issues and their impact on our members. Rates of depression, anxiety, substance use disorder, suicide, and domestic violence all increased over the last three years. The provider community pivoted to providing virtual care for behavioral health services, managing an overall growth in visits.

As we look to continue providing broad access and easy navigation for behavioral health care, we are working with Headway as a strategic partner to expand access to behavioral health care services. Headway offers easy-to-navigate provider access and uses outcome measures to demonstrate improvement. For more specialized and complex care, we are pursuing several additional programs for conditions such as obsessive-compulsive disorders, substance use disorders, and Equip Health for eating disorder treatment.

## Value-Based Care and Provider Enablement

HCSC is focused on creating holistic, value-based care models that address fragmentation and gaps in health care. Through our VBC payment models and investments in provider enablement solutions, we strive to drive accountable care, address affordability, and achieve systemic transformation that increases access to coordinated, high-quality care and equitable outcomes for our members. We have a three-pronged approach.

### 1. Continue offering and improving our broad portfolio of VBC payment models that are aligned to clinical care models.

We have worked closely with doctors, hospitals, and other health care providers since the Medicare Access and CHIP Reauthorization Act in 2015 established value-based payments. We take a data-driven approach to identify key levers and clinical areas that VBC contracts can positively impact, which we then align to clinical best practice care models and care delivery transformation goals.

With both primary care and specialty care models, our programs range from focusing only on quality improvements, to sharing savings and risk, to full capitation. Depending on the market need, the business case, and provider maturity, we leverage the following models to deliver value for our members and providers.

- **Quality Bonus Programs** reward providers for quality performance and quality reporting data.
- **Patient Center Medical Home** gives each patient an ongoing relationship with a primary care physician who coordinates a team to handle patient care.
- **Intensive Medical Home** helps high-risk members with complex and chronic conditions receive greater attention to their care, while reducing avoidable complications and related treatment costs.
- **Accountable Care Organizations** bring together groups of doctors, hospitals, and other health care providers to enhance the coordination and quality of patient care.

- **Episodes of Care-Based Reimbursement** compensates providers with a single negotiated payment for all services related to a specific episode of care to better control costs. In 2023, we launched our Maternity Episode of Care program for both Medicaid and Group members, which aims to reduce maternal morbidity, mortality, and health disparities by aligning shared saving incentives for providers with key quality metrics from the prenatal through postpartum periods.
- **Comprehensive Primary Care Initiative** is a multi-payer program to help primary care providers deliver higher quality, better coordinated care.
- **Capitation-Based Reimbursement** provides primary care physicians with a budget for patient health care services to manage costs.

**Our strong networks of community providers and our portfolio of health care solutions are key factors in our ability to provide members with access to high-quality, affordable health care.**

## 2. Continually improve provider engagement and insights through enabling analytics and platform solutions that promote care collaboration.

VBC provider services have evolved in recent years through investments in enhanced insights and reporting capabilities. This includes an increased focus on data, analytics, actionable insights, and bi-directional connectivity that is required for providers to be successful in VBC. Our expanded analytics portfolio includes single-sign-on enabled self-service tools across the VBC spectrum, including risk, cost, utilization, quality gaps, real-time admission and discharge data, and electronic medical record-driven clinical data.

Actionable insights, when aligned with contract incentives and clinical goals, can drive positive change across our provider groups and allow for more effective collaboration. An example of this evolution is our wholly-owned subsidiary Innovista Health, which creates long-term partnerships to help providers better engage, support and manage populations in new value-based savings and shared-risk models.

## 3. Increase investments to advance primary care delivery and practices.

Over the next few years, we anticipate continuing to invest in the strategic application of VBC to advanced primary care practices. This transformation spans people, processes, and technology.

Achieving this requires sustained innovation and value realization by breaking away from institutionalized fee-for-service approaches and accelerating VBC capabilities. This includes investment in the ability to move advanced primary care from hospitals and acute care facilities to homes, virtual settings, and physician offices.

Alignment across the health care ecosystem, including member benefits, member engagement, and data transparency, is critical to achieving these outcomes. We aim to offer customers nationwide a differentiated primary care experience by empowering and incentivizing PCPs to spend more time with patients, play a more active role in the delivery of care, and to rely on integrated care teams, all enabled by aligned payment models.

We also anticipate an increase in demand from our employer group clients looking for solutions that include narrow, tiered, and customized networks and Alternative Health Plans. Moving effectively towards advanced primary care will require focusing on the key intersections between reimbursement models, network optimization, and member benefit design to ensure that VBC models are effectively delivered to the market.

Achieving our vision for VBC requires us to focus on capabilities and offerings that will improve quality, enhance access, optimize costs, and elevate the member experience.

# Enhancing Value Delivered to Stakeholders

## Access to Health and Wellness Resources

In addition to health care coverage, we provide our members with access to a variety of programs to help them lead their healthiest lives. These personalized experiences aim to motivate them to choose healthy behaviors no matter where they are in their health journey.

Our transparency tools help members make more informed decisions when they access care. Whether online or by phone, these tools help members easily find the information they need to take control of their health and related expenses by highlighting differences in cost and quality among providers as well as by providing cash incentives for value-based choices.

For all key stakeholders – members, providers, brokers, employees, employers, and regulators – we are committed to delivering an easy, reliable, and personalized experience that proactively addresses their needs. Accurate and reliable solutions, with a digital-first focus, strengthen these relationships and make it easy to do business with us.





**Advocacy Solutions:** Our health advocates help members navigate the complex health care system and answer their questions related to benefits and care. Advocates provide the customer service and clinical support members need, holistically managing their conditions at every stage in their care journey.

**Benefits Advisors:** Specially trained advisors provide personalized education and navigation via phone or live chat, explaining complex benefit options so that members can use their benefits more wisely and get better value.

**Virtual Primary Care:** Members engage with primary care providers via phone or video, enabling a coordinated care experience without the requirement of an in-person visit. Virtual Primary Care increases access to care for members with limited time, mobility, or resources in their geographic location.

**Behavioral Health:** Through programs like Digital Mental Health and the Employee Assistance Program, members have access to cognitive behavioral therapy resources when they need them most. Online or in-person programs and services address mental health concerns such as depression, insomnia, anxiety, and substance use.

**Finding Providers:** The Find Care experience integrates all medical and pharmacy benefits with member cost into one navigation experience, enabling members to search for in-network doctors, hospitals, urgent care facilities, and medications through our Provider Finder® tool. In addition, providers' overall performance and treatment cost estimates are also available to guide members when selecting a provider. Members can register and log in to our digital member portal on their phone, tablet, or desktop to conduct a personalized search based on their health plan and network.

**Member Rewards:** This innovative program uses cash rewards to encourage members to shop for high-quality, lower-cost health care options. If they receive care from a designated lower-priced provider, they can receive a \$25 to \$500 check depending on the service and the claims (medical or Rx) savings generated. This is available for more than 150 services and procedures as well as for maintenance medications. Members can also earn \$25 to \$150 in rewards if they choose a reward-eligible PCP or specialist identified as a "Top Performing Physician."

**Evoke:** The Digital Member Hub, powered by Evoke, offers employees a personalized platform that integrates their benefits in a single location, including those not offered by HCSC. Through a single sign on, members can also connect to third-party vendors, making engagement simple and seamless.

**Wellbeing Management:** This program utilizes a comprehensive team to manage ongoing member care. Members may use the communication method they prefer — telephone, email, or secure messaging via a mobile app — to become more engaged in their health care.

**Wellness Offerings:** Our suite of wellness offerings engages members no matter where they are on their health journey. Our Well on Target portal provides members with access to health assessments, self-management programs, incentives for healthy behaviors, personalized wellness communications, nutrition coaches, fitness memberships, and onsite and virtual worksite wellness solutions which include flu shots and biometrics screenings.

**Medication Finder:** This integrated experience helps members save on the cost of their prescriptions via a partnership with Prime Therapeutics, Rx Savings Solutions, and Zelis. Members receive communications to notify them of a cost savings opportunity; they choose a medication; RxSS approves with the prescribing provider; and the member receives their new, lower cost medication at a pharmacy or by mail order. Members save on their prescriptions and our employers save on their Rx claims.

## Spotlight on Innovation

### Musculoskeletal

Hinge Health pairs a complete clinical care team with advanced technology to deliver an all-in-one solution for a variety of needs, including preventing an injury, addressing acute or chronic pain, or receiving rehabilitation support after surgery. Motion tracking technology is combined with customized exercise therapy for real-time feedback. Members who experience chronic pain can receive Enso, a wearable device that sends high-frequency components to the skin as an alternative to invasive or addictive pain management options.

### Diabetes Management (powered by Teladoc Health)

Living well with diabetes means balancing diet, exercise, and medications. Many of our benefit plans use advanced technology to make living with diabetes easier. For example, members can register to receive glucose-monitoring supplies and coaching at no extra cost. The Chronic Condition Management Plus program provides services to address other conditions associated with diabetes, such as hypertension, dyslipidemia, unhealthy weight and mental health concerns.

### Weight-Related Chronic Disease Prevention and Management (powered by Omada)

This data-driven solution empowers compassionate, coach-led programs for diabetes prevention and hypertension management with personalized care plans, peer communities, and connected devices that together help people lead healthy lifestyles. A digital program includes 16 weeks of interactive courses, ongoing support, a wireless scale, and a blood pressure cuff that uploads data directly to a mobile app. Members can also connect their fitness trackers for a fully digital experience.

### Wondr™

This is a behavioral counseling program for metabolic syndrome reversal and weight management that teaches simple and clinically proven behavioral skills through a branded mobile app and website. This year-long program is broken up into three stages—skill-building, reinforcement, and maintenance—which are personalized for a member's journey. Wondr features weekly self-paced, informative online video sessions, as well as interactions with health coaches and an online community.

# Sustainability

As a health care company, we promote sustainability efforts that make a healthier world for our members and communities. These include:

**Optimizing Our Resources:** We offset 100% of our emissions related to electric power usage with the purchase of Renewable Energy Certificates. We also reduced our electric power consumption through energy efficiency projects.

**Building Design:** Our headquarters buildings have earned the Well Health-Safety Rating and are Fitwel-certified in our five states. Our Texas and Montana headquarters are LEED-certified.

**Recycling and Waste Reduction:** We reduced our impact by limiting paper consumption, recycling paper and electronics, and composting organics from our employee cafes.

**Supporting Biodiversity:** Our urban beekeeping program and pollinator gardens supported surrounding gardens and crops and promoted conversations about sustainability.

**Transparency Initiatives:** We participated in the Carbon Disclosure Project and other disclosure programs to measure our environmental impact, support sustainable supply chain practices, and better understand where we can expand our efforts.

**Renewable Energy:** In 2023, we committed \$450 million in funding towards renewable energy projects through tax incentives, including \$58 million for renewable gas facilities, \$300 million for the production of solar and wind energy over the next 12 years, and \$92 million for battery storage infrastructure to stabilize the transition to renewable energy over the next three years.

## In 2023, HCSC demonstrated its commitment to sustainability by:

- Saving 578,000 kilowatt hours through energy efficiency projects.
- Hosting 600,000 honeybees at seven locations in five states.
- Composting 116,000 pounds of organics.
- Saving more than one million plastic bottles with water dispensers in offices.
- Offsetting 100% of emissions related to electric power usage through the purchase of Renewable Energy Certificates.





# Ethics and Compliance

At HCSC, we strive to act ethically and honestly in everything we do. Working with integrity is one of our core values. We require all employees to operate ethically, with integrity, and according to all applicable laws, regulations, and contractual obligations.

Our policy is to prevent unethical or unlawful behavior, detect such behavior as early as possible if it occurs, appropriately disclose to authorities when it happens, and to fully cooperate in any investigation or regulatory inquiry.

HCSC and its subsidiaries, under certain contracts, provide services to various agencies of federal, state, or local governments as either a prime contractor or a subcontractor.

We are committed to full and comprehensive compliance with all contractual obligations regarding these services. This includes, but is not limited to, adopting specific policies and procedures for employees who work on such contracts, providing appropriate training and resources, and operating an effective compliance program regarding such contracts.

# Our Employees

Our greatest asset is our workforce of more than 28,000 employees. Every day, they stand with our members, answering more than 52,000 phone inquiries and processing 1.2 million claims. Our employees include 178 doctors and 2,910 nurses who help ensure our members receive the right care in the right setting at the right time.

To equip our employees to adapt to the evolving workplace and marketplace, we have established Blue University<sup>SM</sup>, an internal learning and development institution. Blue University offers employees access to more than 100,000 learning activities, ranging from leadership development to instruction on how to code.

We also cultivate an environment where our employees are valued, respected, and recognized for their unique talents, perspectives, and differences. We promote a culture of inclusion that is purpose- and values-driven, welcomes the ideas and contributions of employees, and connects them to the communities we serve.

Our workforce reflects our culture of inclusion. More than 45% of our employees are people of color and more than 60% of our management are women. Our employees champion diversity and allyship through our nine business resource groups, which contribute to enhancing community outreach efforts while supporting our business goals.



# Financial Results

As a customer-owned health insurer, we are not driven by the quarterly earnings cycle. Instead, we take a broad view of health care and make long-term investments in our customers, providers, communities, and other stakeholders with the aim of making the health care system work better for everyone.

Our financial strength provides the foundation that allows us to meet and exceed member expectations today while continuing to innovate and grow in meeting the evolving health care needs of the future. In 2023, we maintained steady premiums for members while continuing to make critical investments in support of strategic imperatives and valued community partners.

Financial performance remained strong, driven by membership growth and robust investment portfolio performance.

(in millions)	2022	2023
Total revenue	49,304	54,748
Benefit expenses	42,845	48,028
Total administrative and other expenses	5,495	5,712
Net underwriting gain	964	1,008
Net investment income	802	926
Net realized capital losses	(285)	(148)
Income before federal income tax expense (benefit)	1,519	1,753
Federal income tax (benefit) expense	50	308
<b>Net income</b>	<b>1,469</b>	<b>1,445</b>

Source: Statutory Filings





# Our Leadership Team

## Executive Team



**Maurice Smith**  
President,  
Chief Executive Officer  
and Vice Chair



**Opella Ernest, M.D.**  
President,  
HCSC Markets



**Michael Frank**  
Executive Vice  
President, Chief  
Operating Officer



**Catherine Nelson**  
Executive Vice  
President,  
Chief Legal Officer



**Arun Prasad**  
Executive Vice President,  
Chief Strategy Officer  
& President, Diversified  
Businesses



**James Walsh**  
Executive Vice  
President,  
Chief Financial Officer



**Jill Wolowitz**  
Executive Vice President,  
Chief Administrative  
Officer, Chief  
Compliance & Privacy  
Officer



## Corporate Leaders



**Monica Berner, M.D.**  
Senior Vice President,  
Markets &  
Chief Clinical Officer



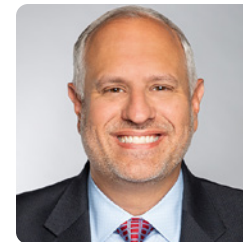
**Greg Brown**  
Senior Vice President,  
Chief Customer  
Service Officer



**Kevin M. Cassidy**  
President,  
HCSC National Accounts



**Christine Kourouklis**  
President, Medicare



**Scott Morgan**  
Senior Vice President,  
Chief Information  
Officer



**Manika Turnbull, Ph.D.**  
Senior Vice President,  
Chief Human Resources  
Officer



**Nancy Wohlhart**  
President, Medicaid

## Plan Presidents



**Stephania Grober**  
President,  
Oklahoma Plan  
& Western Markets



**Stephen Harris**  
President,  
Illinois Plan & Senior  
Vice President,  
Markets



**Lisa Kelley**  
President,  
Montana Plan



**James Springfield**  
President,  
Texas Plan & Senior  
Vice President,  
Markets



**Janice Torrez**  
President,  
New Mexico Plan

