



BCBS INSTITUTE ANNUAL BENEFIT REPORT
2019: ANNUAL BENEFIT
REPORT

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1.0 Addressing Environment and Behavior Barriers to Health

It is well-documented that a person's health is influenced by much more than visits to a doctor's office or a hospital. A person's neighborhood is as strong a health indicator as individual genetics. Communities in which individuals work and live may not provide fresh, affordable healthy food. Community infrastructure can create barriers to accessing hospitals, physicians and other health care resources such as pharmacies. Access deserts exist in communities when conditions are present that hinder affordable and convenient access to health care resources required to maintain health.

In 2018, The BCBS Institute furthered their work to address existing systems to support communities experiencing access deserts. BCBS Institute developed rideQSM to address transportation deserts and deployed the service in several geographies. Additionally in 2018, the BCBS Institute launched foodQSM to disrupt nutrition deserts.

Access to Nutrition = Access to Better Health

Access to proper and adequate nutrition is essential to a person's immediate and long term health. Lack of proper nutrition is linked to the preventable chronic disease obesity. Obesity left unchecked can lead to increased health expenses and the onset of other nutrition-sensitive health complications (such as type 2 diabetes, hypertension, and cardiovascular heart disease). The current United States obesity prevalence is 39.8% affecting approximately 93.3 million people.¹ In 2013, it is estimated that approximately \$342.2 billion or 28.2% of the healthcare dollars spend that year was on obesity or obesity related health complications.² This cost passes directly to the individual who will spend thousands of dollars more a year in healthcare cost compared to a person considered to have a normal weight.³

¹ Center for Disease Control and Prevention. (2017). *CDC National Center for Health Statistics (NCHS) data brief*. Retrieved from <https://www.cdc.gov/obesity/data/adult.html>.

² Biener, A., Cawley, J. and Meyerhoefer, C. (2017). The Impact of Obesity on Medical Care Costs and Labor Market Outcomes in the US. *Clinical Chemistry*, 64(1), pp.108-117. DOI: 10.1373/clinchem.2017.272450 Published January 2018.

³ Biener, A., Cawley, J. and Meyerhoefer, C. (2017). The Impact of Obesity on Medical Care Costs and Labor Market Outcomes in the US. *Clinical Chemistry*, 64(1), pp.108-117. DOI: 10.1373/clinchem.2017.272450 Published January 2018.

Although there is an immediate and long term benefit to addressing American nutrition, only 3% of health dollars are used on proactive preventative measures, like nutritional health programs. Reducing nutrition deserts requires an investment in making healthy, affordable and desirable foods available to communities. The BCBS Institute, with its unique and granular knowledge of access barriers, has developed an innovative solution to make nutrition affordable, convenient and accessible to those living in nutrition deserts.

foodQSM: Access to Food is not Access to Nutrition

BCBS Institute, using proprietary technology, identified “nutrition deserts” stretching across both rural and urban America. A nutrition desert is a geographical area that lacks adequate access to affordable, healthy food options (like fresh fruits and vegetables) combined with healthcare utilization patterns that reflect the negative impact of poor nutrition. Conservative estimates suggest that there are over 46 million Americans living in nutrition deserts.⁴ This number may be even greater still because some areas may be saturated with smaller grocery stores that do not sell or have limited availability of fresh, nutritious food.

In addition to access barriers, nutrition is a monetary and time investment. Fresh foods are commonly at a higher price point than their prepackaged or canned counterparts. The lower shelf life of fresh foods also requires the commitment of frequent visits to a grocery store to maintain a nutritious diet. If a person is in a nutrition desert and uses public transportation, this can be a significant and inconvenient time cost. This cost is further exacerbated by the time needed to prepare, cook, and serve the purchased food. The combination of lack of access, increased cost, and significant time investment makes a healthy diet difficult for individuals living in nutrition deserts.

The choice to invest in a nutritious diet can be further complicated as communities in nutrition deserts see about 2.5 times the exposure to fast food compared to other communities.⁵ Due to this increased exposure and lack of local affordable, nutritious options, many people in nutrition deserts will use inexpensive fast food as a high energy, calorie dense method to stretch limited budgets, leading to obesity and other chronic preventable diseases.⁶ In Chicago, the death rate from diabetes in a nutrition desert is twice that of areas with access to a grocery stores.⁷ To give individuals and families living in nutrition deserts access to affordable, fresh, and nutritious meals, BCBS Institute created an innovative technology solution to deliver healthy, flavorful foods and remove the barriers of affordability, convenience.

⁴ Nancy S. Weinfield et al. (2014). *Hunger in America 2014: National Report*. Feeding America.

⁵ Yeh M-D, Katz DL. Food, Nutrition and the Health of Urban Populations. In: Freudenberg N, Galea S, and Vlahov D (ed). *Cities and the Health of the Public*. Vanderbilt University Press. Nashville, TN. 2006. pp. 106-125.

⁶ Heather Hartline-Grafton. (2015). “Understanding the Connections: Food Insecurity and Obesity.” Food & Research Access Center.

⁷ Curry, Andrew. (2009). “Bringing Healthy Fare to Big-City ‘Food Deserts.’” Diabetes Forecast.

foodQSM: A Community Driven Service

Through market research, the BCBS Institute discovered that individuals in nutrition deserts require three components to sustain a nutritious diet: affordability, convenience, and flavorful, healthy food options. Individuals in nutrition deserts are open to nutrition food options that are competitively priced to less nutrition options like pre-packaged goods. As mentioned above, many individuals in nutrition deserts face transportation barriers to nutrition. Because of the time investment to overcome these transportation barriers, many individuals seek a convenient nutrition option that meets them in their community.

To make nutritious meals affordable and accessible, the BCBS Institute partnered with local food companies to develop a low price, high volume meal distribution service, foodQSM. The service is designed to meet the key needs of individuals living in nutrition deserts. foodQSM provides flavorful, nutritious, and affordable prepared meals delivered directly to individuals living in nutrition deserts. This service removes time, cost and transportation barriers associated with accessing nutritious food. Further, the service model enables competitive pricing against readily available options, such as fast-food, without sacrificing nutritional value. The BCBS Institute deployed foodQSM in Chicago and is planning to launch in several additional pilot cities throughout 2019.

rideQSM: Scaling the Service to Meet the Need

The BCBS Institute continues to address transportation deserts since the launch of its transportation solution in 2018. The Institute collaborates with strategic partners to develop a value-added service that addresses transportation barriers to healthcare resources. Health plans work with case managers, healthcare providers, and other third party health management companies to coordinate rides for members to their medical appointments, pharmacies and other community health resources. Hospitals and emergency room departments coordinate rides home for patients ready for release who are not able to independently secure a ride home. In 2019, the service will begin development to include transportation to community health resources. Recently, the Center for Medicare & Medicaid Services (CMS) expanded the definition of primary health-related benefits to improve members' quality of life. This expansion allows health plans to offer non-emergency medical transportation (NEMT) to traditional medical appointments and to access other health resources such as pharmacies and fitness programs. The BCBS Institute is working with health plans and NEMT networks to enhance our transportation service to allow individual beneficiaries to benefit from this CMS expansion. This expansion to the BCBS Institute's transportation service will assist health plans and providers in implementing a holistic health strategy for all patients.

2.0 Benefit Corporation Requirements

Benefit Director Attestation

It is my experience that the BCBS Institute has and will continue to act in accordance with the benefit corporation's social impact responsibilities as outlined in our incorporation filings. This past year, I was impressed with the forefront role the Institute assumed in comprehensively addressing nutrition deserts with a progressive meal delivery service. The BCBS Institute set a goal to have their services accessible to 500,000 individuals by the end of 2019. At the time of publishing, The BCBS Institute had already met its goal with over 1.4 million people covering several geographies across the United States able to access its nutrition and transportation services. The Institute's accessibility to individuals facing barrier to social determinants of health will only increase throughout 2019 as we expand our nutrition service into new markets and work towards increasing the groups eligible for transportation services.

In addition, all leadership, officers, and employees have and continue to operate in compliance of all applicable regulations and policies. Each team member personifies the mission of the BCBS Institute and is committed to removing barriers to social determinants of health. The Institute with endless passion, creativity, and diligence will continue to work towards removing all access barriers affecting our communities.

Sincerely,

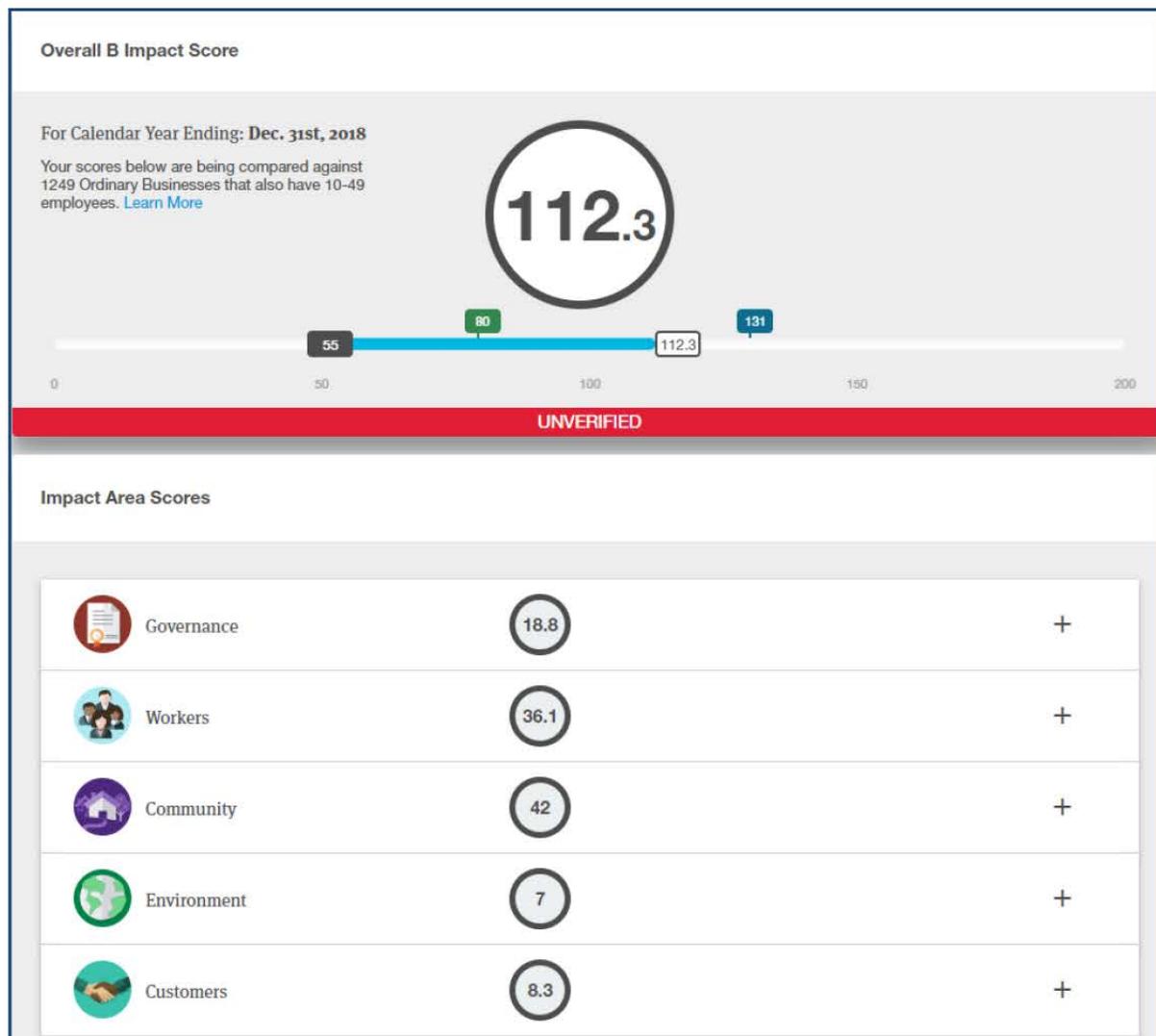
Robert A. DuPuy, J.D.

BCBS Institute Benefit Director

B Lab Impact Assessment Score

In 2018, BCBS Institute continues to use the B Impact Assessment, developed by B Corp, as the third-party standard to fulfill the Illinois Benefit Corporation statute requirement. From 2017 to 2018, there is a significant increase in the Institute's score from 84.2 to 112.3. The BCBS Institute score increased in four of five categories: Worker, Community, Environment, and Customer. This year community engagement activities increased through collaboration with local strategic partners, impact to consumers of our services was enhanced, and the products and services to address social and environmental barriers to health expanded.

While the BCBS Institute saw notable growth in the impact score, the Institute is strives to continuously improve solving for Social Determinants of Health. Thus, the Institute will continue to strive for excellence in creating innovative products and services that increase access to health resources for all communities nationwide.



3.0 Appendix

Disclosures

Name of each person owning 5% or more of the outstanding shares of the benefit corporation.

- BCBSA is the only stakeholder as it maintains 100% ownership at this time.

Disclosure of any connections between benefit corporation and third-party standard.

- No connection between BCBS Institute and B Corp exists.

Disclosure if benefit corporation has dispensed with or restricted power of the board of directors.

- No restrictions have been imposed on the board of directors.