



2020 ANNUAL REPORT HIGHLIGHTS



FIGHT COVID-19

We Know BC Best.

In 2020 Pacific Blue Cross celebrated 80 years of service to the province of British Columbia. We could not have anticipated that we'd mark this anniversary in a year turned upside down by a global pandemic.

We were formed in 1997 by the merger of our two predecessor organizations, which began life in the 1940s as health benefits societies with a like-minded vision: to chart new ground as not-for-profit providers of pre-paid health insurance — long before Medicare came into existence. And we've remained a health benefits society.

Today, we are BC's largest health benefits and insurance provider. We grew up in this province, have integrated closely with government programs, agencies, and health care provider networks along the way, and always look for unique BC-inspired ways to serve our members. We're proud of our history and privileged to be of service.



FIGHT COVID-19

OUR MISSION: TO IMPROVE HEALTH AND WELLBEING FOR BRITISH COLUMBIANS.

BUSINESS SNAPSHOT

1.624 million members — a **+1.4%** increase from 2019

40% male, **60%** female

26% family, **29%** couple, **44%** single

Percentage of BC's population covered: **31.5%**

AGES

10-19: 4.0%

20-29: 17.7%

30-39: 16.3%

40-49: 16.0%

50-59: 17.8%

60-69: 15.9%

70+: 12.3%

2020 RESULTS

\$1.35 billion in total consolidated revenue

Total claims: **23.92 million** (-6.5% from 2019 due to COVID-19 restrictions)

Claims paid: **\$1.2 billion**

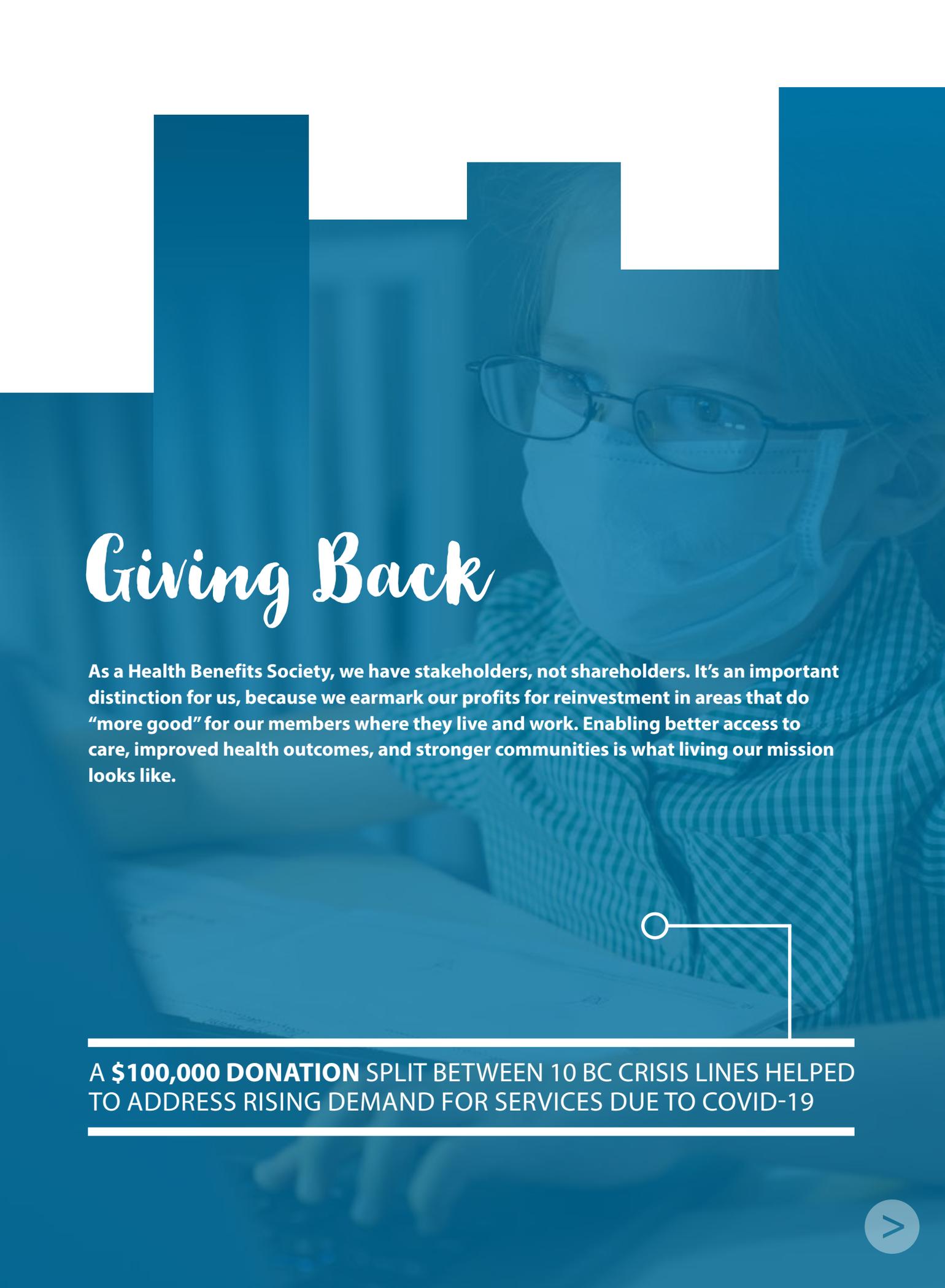
+7: New COVID-related products and services launched in 2020

+8: More benefits areas that can be claimed digitally

58%: Individual Product sales done through digital channels (+10.4% from 2019)

99%: Retention rate on Group Business (indicates client satisfaction with our services)





Giving Back

As a Health Benefits Society, we have stakeholders, not shareholders. It's an important distinction for us, because we earmark our profits for reinvestment in areas that do "more good" for our members where they live and work. Enabling better access to care, improved health outcomes, and stronger communities is what living our mission looks like.

A \$100,000 DONATION SPLIT BETWEEN 10 BC CRISIS LINES HELPED TO ADDRESS RISING DEMAND FOR SERVICES DUE TO COVID-19



CORPORATE SPONSORSHIPS AND STAFF INITIATIVES

\$413,500: Total support given to various not-for-profit and community-based organizations including United Way Lower Mainland, Burnaby Pride, Make-a-Wish Foundation, YWCA, BC Women's Health Foundation

Donated 1,000 N95 masks to protect BC front line health care workers

Nominated for an Association of Fundraising Professionals **Giving Hearts Award** in the "Outstanding Corporation" category

PACIFIC BLUE CROSS HEALTH FOUNDATION

Proudly supporting not-for-profit organizations in communities big and small — across all four corners of the province — that are improving healthy outcomes for British Columbians.

\$589,232: Total grants and scholarships awarded

- Mental health: **\$288,302**; Chronic disease: **\$248,350**
- Scholarships/bursaries/employee matching donations: **\$52,600**

62: Number of organizations funded

Supported organizations include: Centre for Epilepsy and Seizure Education, Royal Columbian Hospital Foundation, Kootenay Kids Society, Burnaby Family Life¹

¹ For more, read the Health Foundation's 2020 Annual Report at www.pac.bluecross.ca/company/community/health-foundation





Our People: Diverse. Engaged. Experts in health care.

To keep our employees safe in the pandemic, most have been working from home since March 2020. It's a testament to them and their commitment to our members, clients, and advisors that our service standards have remained high. We've started to play a leadership role in promoting diversity, equity, and inclusion in BC, because we believe that every person has the right to be who they are and feel like they belong.

JOHN CRAWFORD ELECTED PRESIDENT OF THE CANADIAN ASSOCIATION OF BLUE CROSS PLANS

HEIDI WORTHINGTON SHARED HER INSIGHTS ON GENDER EQUITY AS A SENIOR FEMALE BUSINESS LEADER FOR THE NEW BOOK "THE INVISIBLE RULES"

ROB CHIARELLO WAS NAMED VICE-CHAIR OF THE GREATER VANCOUVER BOARD OF TRADE'S NEW DIVERSITY AND INCLUSION LEADERSHIP COUNCIL



361: Employees with 10+ years of service (**74%** of which have 15+ years)
Positions filled as internal promotions: **17.4%** (+**1.7%** from 2019)
7.3 million: Approximate minutes spent in 37,000 Zoom meetings

DIVERSITY, EQUITY, AND INCLUSION

	WOMEN	UNDER-REPRESENTED ¹
BOARD	29%	14%
SENIOR LEADERSHIP	43%	32%
MANAGEMENT	57%	34%
ALL PBC	70%	37%

TRAINING AND DEVELOPMENT

80%+: Staff trained on bias, diversity and inclusion, and gender and Indigenous awareness
\$1,367: Average investment per employee on professional development

¹ Using the Canadian government's 50/30 challenge, this is defined to include visible minorities, LGBTQ2S+, and people with disabilities





Member Experience

In 2020, we quickly oriented to serving our members in the safest way possible by accelerating our digital strategy. More claims processes were automated, new providers were added to our insta-claim direct billing, and more virtual treatment options and enhanced e-claim capabilities were enabled thanks to our strong relationships with provider associations.



BRAND POSITION IN BC¹

- #1 INDIVIDUAL PRODUCT—HEALTH AND DENTAL
 - #1 GROUP BENEFITS—HEALTH AND DENTAL
 - #3 INDIVIDUAL PRODUCTS—TRAVEL
-

¹ Source: Fraser Group Universe Report, 2018



DIGITAL UTILIZATION — MEMBERS

89%: Total claims submitted electronically (+2% from 2019)

84.3%: Health claims submitted electronically by members and providers (+2% from 2019)

+26%: Increase in mobile app downloads

Mobile app digital interactions in 2020: **1.5 million** (+8% increase from 2019)

Page views of our online COVID-19 Resource Centre: **250,000+**

DIGITAL UTILIZATION — PROVIDERS

93%: Pay-provider claims submitted electronically (+1% from 2019)

90%: Electronic claims paid to dental, health, and pharmacy providers (+1% from 2019)

59%: Paramedical claims paid directly to the provider (+4% from 2019)

59%: Decrease in annual paper usage in 2020 (reduction from baseline equates to **5.48 tonnes**)²

PROVIDERnet registrations for direct bill and e-claim

- Paramedical providers: **13,119** (+4% from 2019)
- Dental and pharmacy providers: **5,696** (+1.4% from 2019)

PERSONALIZED SERVICE

While these numbers decreased due to pandemic shut downs, we're still committed to providing caring, trusted services in all that we do.

Total calls received: **619,334**

Total emails: **61,707**

79% OF OUR MEMBERS ARE SATISFIED WITH OUR SERVICES

82% OF MEMBERS IDENTIFY THEMSELVES AS ADVOCATES OR RECOMMENDERS OF PACIFIC BLUE CROSS³

² 2012 baseline (14,135,759 sheets) minus 2020 paper usage (5,680,750); weight converted using kylesconverter.com

³ Based on 430,087 customer surveys sent and a 8.5% response rate





Health and Wellbeing

COVID-19 has had a profound impact on the health and wellbeing of Canadians. Public research — including a BC-wide survey we commissioned in the fall — paint a telling picture: half of us believe our mental health has worsened, and many have loosened up on some of their healthy behaviours. Our challenge was to adapt our products and services to ensure that members had access to the care they needed, when they needed it.



77% OF MEMBERS RATED OUR HEALTH AND WELLNESS SUPPORT DURING THE PANDEMIC AS GOOD TO EXCELLENT¹



PROMOTING “HEALTHY” EVERY DAY

Health Challenge healthy goals made: **25,000+** (+15% from 2019)

Special COVID-19 Health Challenge healthy goals made: **3,500+**

Total votes cast in support of goals by family and friends: **221,000+**

New centralized online information sources for COVID-19, mental health support, and the vaccination roll out helped members navigate access to care.

DEDICATED MENTAL HEALTH SUPPORT

- Coverage added for 3 online cognitive behavioural therapy (CBT) programs offering different therapies to treat different conditions — because mental health challenges are not all the same.
- Expanded Work & Wellness early intervention services helps address or prevent a disability claim for mental or physical health issues.
- First Canadian benefits carrier to offer Mental Health First Aid program training to employers, which equips people leaders to identify and address mental health issues in the workplace.

HEALTH LEADERSHIP

As a key participant in BC’s health care and business sectors, Pacific Blue Cross feels a keen responsibility to lead or contribute to public dialogue about issues impacting the health and wellbeing of our communities.

- **Health care forum:** BC and Canadian health experts shared insights on the future of health care in a time of COVID-19.²
- **Pandemic mental health:** Proprietary research found declining mental health in BC, continued stigma, and lack of awareness on available support.³
- **“Unmasking Gender Inequity”:** New report confirmed that women have shouldered the burden of the pandemic in BC.⁴

² Second annual health forum presented in partnership with the Greater Vancouver Board of Trade ³ Survey was conducted online by Insights West among 800 adult British Columbians across the province in September 2020 ⁴ Report was jointly published by Pacific Blue Cross and the BC Women’s Health Foundation as part of our pillar sponsorship





Stewardship and Sustainability

Our expertise shines when it comes to plan stewardship, because knowing BC best means having organizational leaders with extensive experience in the BC health care system — including a 40+ year operations executive with longstanding relationships in the sector, the former head of the BC PharmaCare program, a chief actuary who has spent decades studying BC health trends, and a Clinical Assistant Professor in the Faculty of Pharmaceutical Sciences at UBC — along with the biggest repository of BC benefits data in the province.



DID YOU KNOW? CANADIANS ARE HIGH USERS OF BIOLOGICS. THE OECD ESTIMATES AS MUCH AS **\$1 BILLION+ PER YEAR** IN SAVINGS BY INCREASING THE USE OF BIOSIMILARS¹. PACIFIC BLUE CROSS IS LEADING THE WAY.

¹ <http://www.pmprb-cepmb.gc.ca/view.asp?ccid=1478&lang=en>



DRUG MANAGEMENT BY THE NUMBERS

12: Government agencies we integrate with as part of our Last Payor commitment²

Costs avoided by aligning with BC PharmaCare's Biosimilars Initiative³: **up to \$27 million**

1,965: Plan members notified about the biosimilars transition

Direct plan savings due to Pharmacy Agreement⁴: **\$1,704,797** (+**1.7%** increase from 2019)

Member savings due to Pharmacy Agreement: **\$7,823,246** (+**10.7%** from 2019)

Blue RX managed formulary uptake: **72%**

NEW! We automated prior approvals for depression, diabetes, and asthma/COPD drugs in our Blue RX managed formulary

BC pharmacies in our Preferred Pharmacy Network⁵: **232**

EFFECTIVE MANAGEMENT OF BENEFITS FRAUD AND INSURANCE ABUSE

Fraud prevention is complex and requires sophisticated technology. Our advanced analytics tool applies artificial intelligence, machine learning, and predictive analytics to run BC-based use-case algorithms on all claims data. This identifies risk-bearing transactions and patterns of claiming behaviours so we can get money back to our plan sponsors and contribute to the long-term sustainability of their plans.

Total number of audits/investigations completed: **1,950+**

(+**30%** from 2019)

Tips received through our whistleblower hotline: **52**

\$1.7 MILLION: TOTAL RECOVERIES DUE TO FRAUD AND INSURANCE ABUSE

² Pacific Blue Cross ensures private plans are always last payor by coordinating with 12 provincial and federal programs and agencies including BC Renal, BC Cancer, BC Centre for Excellence in HIV/AIDS, Provincial Retinal Diseases Treatment Program, BC Transplant, and Canadian Blood Services. Savings do not include members that are directed to the correct program or agency before submitting a prior authorization. ³ We aligned our formulary in full support of the BC Ministry of Health. Patients prescribed brand name biologic drugs used to treat diabetes, arthritis, and certain types of skin conditions were transitioned to their biosimilar drug. ⁴ We negotiate lower drug costs with our pharmacy providers through a Pharmacy Agreement. ⁵ Helps plan members save drug mark-up and dispensing fees and provides other value-added services.





Innovation

2020 was a year of agility and adaptation for Pacific Blue Cross. We continued to invest in automation and systems transformation to deliver value to our stakeholders, but quickly shifted technology priorities to support the health and safety of our employees and members.



**85% OF STAFF MOVED TO
WORK-FROM-HOME IN 11 DAYS**



HEALTH SOLUTIONS AND DIGITAL INNOVATION

- **Virtual care:** 24/7 access to a physician through EQ Care was introduced at no added cost in 2020, and is now standard in all individual health and small group plans.
- **Health Connected:** Our new digital wellness tool helps members take control of their health and wellbeing.
- **New Parent Boost benefit:** This first-in-Canada benefit provides additional coverage for mental health and physiotherapy for new moms and families.¹
- **Small business Blue Chip enhancements:** Providing small businesses the flexibility of a large group benefits plan at a price they can afford.
- **Innovative disability claims:** Fully digital process for new applications includes the Attending Physician Statement — just in time for the COVID-related shift to virtual care.
- **Enhanced digitization:** Fully digital claims for additional health services, new workflow tools, and robotic process automation deliver additional capacity and better member service.

UNIQUE ALLIANCES

Health Benefits Trust: We're proud we are able to continue our long service to health care and other workers throughout the province.

D.A. Townley: The claim service transformation and launch of the My Claims system allows their plan members to submit claims using a secure web portal and digital app.

Ministry of Social Development and Poverty Reduction: Digitization of provider claims for Emergency Dental and Hearing better serve BC's most vulnerable people.

Blue Cross Life: This alliance went live in 2020, bringing together local service and insight with national expertise and scale for our Life and Living Benefits business.

AGILE AND ADAPTIVE PROJECT MANAGEMENT THROUGH SAFe (ENTERPRISE SCALED AGILE FRAMEWORK)

Number of projects in 2020 portfolio: **23** fully completed (**15** carried forward to 2021) Value of projects: **\$10.78 million**

90%: Planned business objectives achieved in 2020

SAFe practices are now leveraged in all project-related areas (including operations)

¹ Developed in collaboration with the BC Women's Health Foundation



Financials

SUMMARY CONSOLIDATED BALANCE SHEET

\$'000's	2020	2019
ASSETS		
Investments and cash	427,632	449,553
Receivables	58,595	46,046
Amounts due from reinsurers	1,954	108,949
Premises, equipment and software	93,306	103,069
Other assets	38,574	6,020
Total assets	620,061	713,637

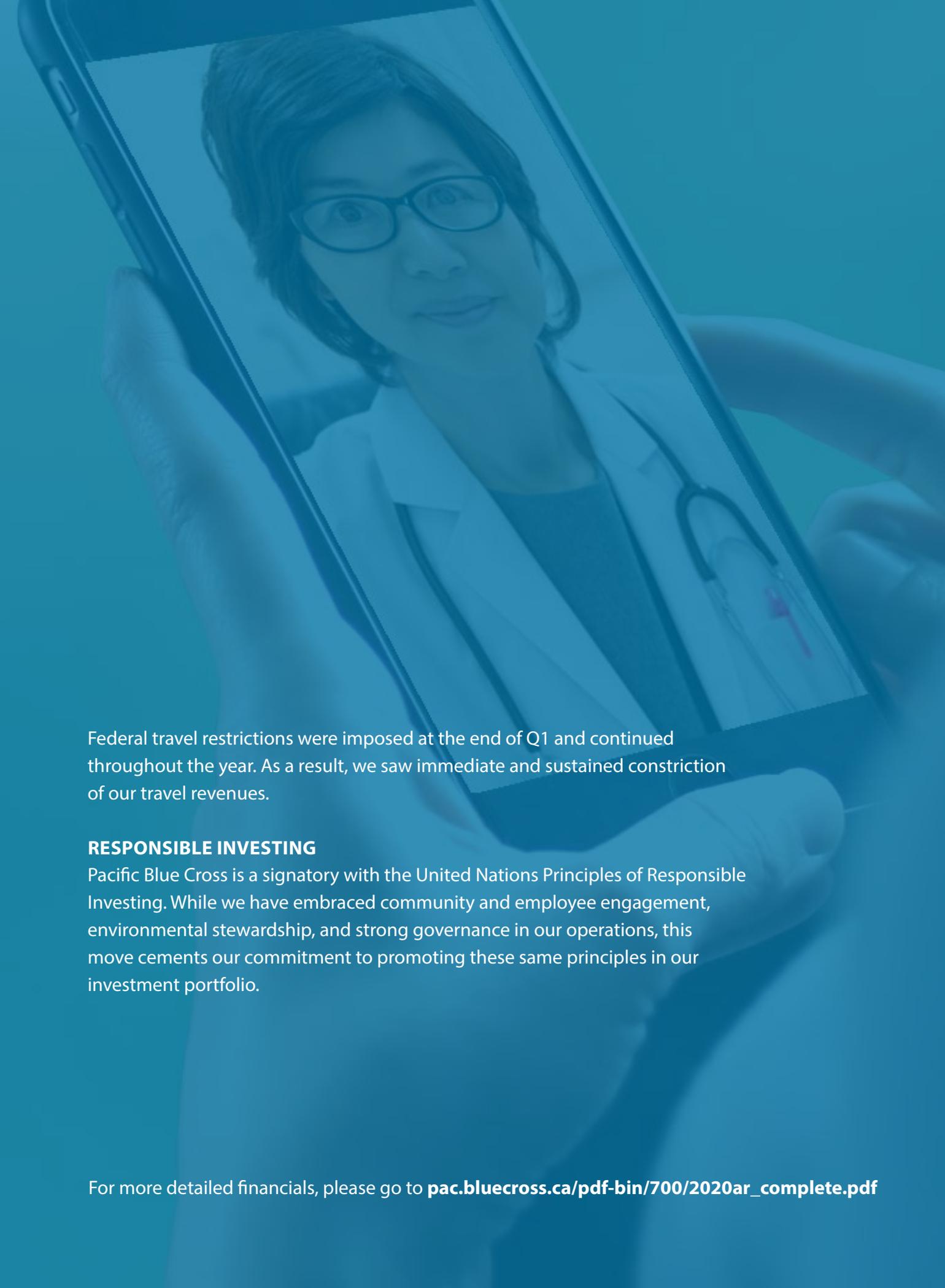
LIABILITIES AND EQUITY

Insurance liabilities	17,118	207,567
Trade and other payables	304,477	215,057
Lease liabilities	40,919	42,026
Other liabilities	33,179	33,863
Total equity	224,368	215,124
Total liabilities and equity	620,061	713,637

SUMMARY CONSOLIDATED STATEMENT OF OPERATIONS & OTHER COMPREHENSIVE INCOME

\$'000's	2020	2019
Total billings processed	1,296,310	1,507,667
Total revenue	367,947	450,486
Total claims	210,477	288,047
Commissions and premium taxes	17,517	16,755
Administration expenses	133,621	135,797
Total claims and expenses	361,615	440,599
Earnings from operations	6,332	9,887
Income tax recovery	(3,381)	(818)
Other comprehensive income / (loss)	(469)	(37)
Net income and comprehensive income	9,244	10,668





Federal travel restrictions were imposed at the end of Q1 and continued throughout the year. As a result, we saw immediate and sustained constriction of our travel revenues.

RESPONSIBLE INVESTING

Pacific Blue Cross is a signatory with the United Nations Principles of Responsible Investing. While we have embraced community and employee engagement, environmental stewardship, and strong governance in our operations, this move cements our commitment to promoting these same principles in our investment portfolio.

For more detailed financials, please go to pac.bluecross.ca/pdf-bin/700/2020ar_complete.pdf



pac.bluecross.ca

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