

# Leading the way to well ahead

2023 MISSION REPORT



## LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

In 2023, the World Health Organization officially declared the end of the COVID-19 pandemic. It was also the first full year that our global population remained steady at 8 billion people, with more young people alive today than ever before in history. As a global society we experienced the hottest year on record, indicating that climate change is no longer a future threat — it is a current one. We also saw the introduction of generative artificial intelligence through technology like ChatGPT and witnessed violence and death as war continued in Ukraine and flared in the Middle East.

Global health, demographic shifts, climate change, advancements in technology, and war and conflict — these are the events that marked 2023 for all of us around the world. In reflecting on the past year and the challenges and successes we have had at Blue Shield of California, I am reminded of our core values of being human, honest and courageous. To me, these values are more important in the world we are living in today than ever before, and I remain very proud of how we personify them every day.

In 2023, we remained unwavering in our pursuit of creating a healthcare system that is worthy of our family and friends and sustainably affordable for everyone. We are leading the way to “well ahead,” and we have a lot to be proud of. As an organization, we orchestrated a financial turnaround of more than \$1 billion. That is no coincidence. It happened because of the will and disciplined execution by our more than 7,000 employees. As of year-end, we achieved our highest average [Net Promoter Score](#) on record,



indicating Californians continue to choose Blue Shield of California. And, in August, we announced our plans to flip the script on pharmacy care through our [Pharmacy Care Reimagined](#) initiative — making national news, influencing the industry and garnering attention from many interested stakeholders.

## We believe our members deserve better than the status quo.

For us, this effort is just the beginning of the positive disruption we are bringing to the healthcare system. These achievements are notable and provide a solid foundation to proceed

in our mission with accelerated vigor. We are, however, not without challenges. We put a lot of high-quality work into achieving our mission, yet in the health insurance industry, the results are not always immediately apparent. While this may cause some outside our organization to wonder whether our transformational vision can actually happen in a system that has been dysfunctional for so long, we are convinced that with our resilience and persistence, it absolutely can.

I am incredibly proud of where we stand today. We have significant momentum and a very thoughtful, carefully laid out plan with the opportunity to make significant advances through our transformational strategy. We must remain focused on the outcome and continue to bring forward our passion, vision and discipline to realize a healthcare system that is truly worthy of our family and friends and sustainably affordable. Here's to another year in which we experience the fruits of our labors and proudly own the label of being "rebels *with* a cause."

Paul Markovich  
President and Chief Executive Officer





# Advancing our vision to transform health care

We are a nonprofit health plan with a mission to ensure all Californians have access to high-quality health care at a sustainably affordable price.

We are transforming health care in a way that genuinely 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.

We're driven by our mission — not by meeting shareholder expectations. That's why we cap our net income at 2% of revenue and return anything above that to our customers and the communities we serve.



## FAST FACTS

(as of Dec. 31, 2023)

Headquartered in

# Oakland

Founded in San Francisco in

# 1939

# 4.8M

members

# 7,119

employees

# \$25B

in revenue

# \$77M

invested in communities  
through our Foundation over  
the last three years





# Creating a personal, high-quality and equitable experience

We continue to innovate and drive better health outcomes with [Health Reimagined](#), our ambitious plan to transform the healthcare system. We are championing health care that is worthy of our family and friends and sustainably affordable.



## INNOVATING TO EMPOWER OUR MEMBERS

In 2023, we rolled out our [Virtual Blue health benefits plan](#), offering members easy-to-access, comprehensive care through a team of virtual primary, behavioral and specialist healthcare professionals. Virtual Blue's accessible, integrated care experience emphasizes doctor-patient relationships to support whole-person care, which includes in-person visits when needed or preferred.

We expanded Wellvolution — which offers programs for diabetes, weight management, mental health, hypertension, tobacco cessation and more — to reach two new populations: [Medi-Cal members](#) and [Spanish speakers](#). This expansion of Blue Shield's digitally based lifestyle medicine and mental health support is closing care gaps and increasing access to lifestyle medicine, especially in traditionally underserved communities.



In a 2023 survey, 82% of members enrolled in Wellvolution reported their experience was worthwhile.

We added virtual access for [Ornish Lifestyle Medicine](#), an intensive cardiac rehabilitation program designed to prevent, treat and even reverse heart disease. This nine-week program focuses on lifestyle interventions, emphasizing nutrition, exercise and stress management through interactive coaching and a support group.

Most notably, we announced Pharmacy Care Reimagined in August 2023. The initiative is our transformational pathway to mitigate ever-rising drug costs while creating more transparency for clients and members.

## PHARMACY CARE REIMAGINED

Blue Shield of California is continuing to advocate for pharmacy transformation. Pharmacy care is one of the most significant opportunities to [drive change](#) — and lower costs — in the healthcare system, as [prescriptions account for 18% of healthcare costs](#) in the United States. The entire pharmacy ecosystem is also unnecessarily complex and opaque, resulting in disjointed and time-consuming member experiences with complicated hand-offs between different supply chain stakeholders.

That is why Blue Shield has taken radical approaches to create change. In 2023, we announced our [Pharmacy Care Reimagined initiative](#), rethinking the traditional supply chain model to confront ever-rising costs while creating more transparency for members.

With implementation scheduled for 2025, Blue Shield's new pharmacy care model removes barriers in the prescription drug supply chain and shines a light on hidden costs. Pharmacy Care Reimagined builds on the success of [three key partnership initiatives](#):



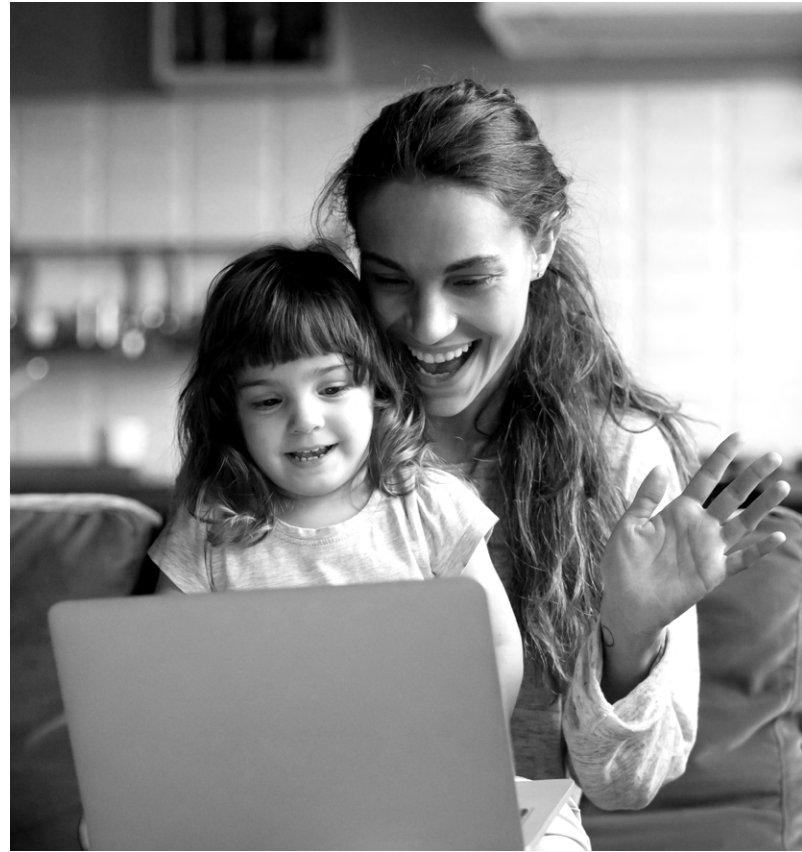
## CONNECTING PROVIDERS TO LOW-COST ALTERNATIVES

Since April 2018, Blue Shield and Gemini Health LLC have been working together to give healthcare providers instant access to a list of low-cost alternative medications that they can prescribe to their patients. Thus far, the work has achieved \$60 million in cost savings.



## BRINGING GENERIC DRUGS TO UNCOMPETITIVE MARKETS

Since 2020, Blue Shield of California has led this initiative with more than a dozen other Blue health plans to launch CivicaScript, a nonprofit drug company dedicated to lowering the price of outpatient medications. Our aim has been to join with like-minded manufacturing companies to bring more affordable generic drugs to uncompetitive markets. Together, we are working to bypass inefficiencies to benefit our members and the entire healthcare system.



## USING EVIDENCE AND DATA TO CONTROL COSTS

In 2021, Blue Shield invested in Evio Pharmacy Solutions, a startup that is using a data-based approach aimed at controlling drug costs. Evio helps its investor health plans by improving medication affordability, patient experience and clinical outcomes. Evio is using evidence and data from real patient experiences to show how individual drugs perform for patients in their own context, across the drug's indications and different patient types.

## ELEVATING HEALTH EQUITY

We advanced health equity by problem solving for obstacles to health, such as poverty, discrimination and their consequences. Our initiatives engage our members, healthcare providers and communities. Highlights from our health equity efforts include diversifying our plan network by adding providers with a focus on [gender-affirming care](#) and [the Latino community](#); and investing in [our Maternal Child Health Equity initiative](#) to strengthen supports for pregnancy and postpartum communities, especially for Black families. To inform our work, we have also established forums to solicit perspectives from members closest to disparities.

Blue Shield has created a plan to reduce disparities for C-sections and colon cancer screenings by 50% by 2028.

We implemented a [Collaborative Care model](#) with three medical groups across the state, making it easier for members to access behavioral health care by making it part of their primary care, pediatric or OB/GYN office visits. More than 413,000 Blue Shield members now have access to Collaborative Care, which [has been shown to create](#) a 50% reduction on average in suicidal ideation post-treatment and 27% reduction in depression symptoms.



# Being digital-first and making health care simpler

At the core of Blue Shield's role as a trusted health partner is our connection to our members. We continue to leverage technology to fuel our vision of creating more personalized, simplified and integrated healthcare experiences.

We've streamlined every step our members take with Blue Shield in their health journey. From finding the nearest provider or specialist, to enrolling in a care plan — we're applying intelligent technology to make health care simpler. Ultimately, greater access to the right care and services results in improved health outcomes and reductions in the cost of care. Technology brings us closer to our members.

## BRINGING HEALTH CARE INTO THE DIGITAL WORLD

By modernizing our foundational technologies, we're enabling seamless interactions between members, clinical providers, care teams and claims staff.

[We're using cloud technology](#) that gives Blue Shield the ability to securely share data in near real-time with healthcare providers across the care ecosystem. We can improve care coordination and support more precise and personalized care to help providers and patients make decisions together and help members navigate more easily.







[We partnered with Microsoft](#) to create more tailored and holistic health care experiences for our members. To do that, we've built an intelligent data hub, or Experience Cube, that enables near real-time clinical data exchange by bringing together authorized information from disparate sources to get greater insights.

We're transforming the way we provide support for members with the most complex care needs through the launch of [Care Connect](#), a care-management solution that consolidates member data from 13 systems into a single, unified view. The system gives care managers a more complete, 360-degree view of a member's health — from automation-enhanced health risk assessments to lab results, prescription data and information about chronic conditions.

Built in collaboration with [Salesforce](#), the Care Connect system connects Blue Shield to over 800 internal and external care partners to support seamless clinical care coordination. Electronic referrals now expedite a member's connection to support for housing, transportation or other services and interventions that address barriers to health.

A game changer in achieving our Health Reimagined vision, Care Connect won the 2023 Gartner "Eye on Innovation" Award in Healthcare and Life Sciences.

# Serving more people

Blue Shield of California and Blue Shield of California Promise Health Plan continuously adjust and expand our offerings to better meet the needs of our members, employers and partners. Through innovative collaborations with local employers, organizations and healthcare providers, we continue to grow and serve more people in California and beyond.

We grew membership in 2023, reaching 4.84 million members, including 517,000 Blue Shield Promise members.

## ENHANCING CARE WHILE DECREASING COSTS

Launched in 2010, Blue Shield's Accountable Care Organization (ACO) program is one of the longest-standing in the nation and a cornerstone in our pay-for-value strategy. It pairs cost savings with bold incentives for physicians to deliver high-quality clinical care and member experiences. We believe this value-based model will not only create an exceptional experience for both members and providers, but that it is also the key to achieving optimal health and well-being for all Californians.

Last year, our [ACO partnership with San Francisco Health Services System](#) was analyzed by researchers at the University of California at Berkeley. The study found that our innovative plan design, featuring a small network of highly engaged providers, created greater member satisfaction and cost of healthcare savings compared to a larger-network plan.



We also continued to expand the availability of our [low cost, high-quality options for California Public Employees Retirement System \(CalPERS\) members](#) throughout the state. In 2023, we added our Acces+ offering for public employees in two new rural counties. Our Trio HMO plan continues to be among the most affordable options for CalPERS members, and it provides additional quality services such as: 24/7 virtual consults, virtual medical and behavioral health appointments at no additional cost, pharmacy delivery at no additional cost and more.

## OUR PROMISE FOR A HEALTHIER CALIFORNIA

Blue Shield of California Promise Health Plan, which serves more than 517,000 members in Los Angeles and San Diego counties, had an eventful 2023, focused on advancing health equity and closing care gaps. With our renewed [Medi-Cal contract for San Diego County](#) beginning in January 2024, we spent the year preparing to meet [rigorous new criteria](#) from the Department of Health Care Services (DHCS). Highlights from the year include:

- During the annual redetermination of eligibility for Medi-Cal members, we successfully worked with thousands of community-based, advocate, and government organizations and providers to motivate Medi-Cal beneficiaries to re-enroll by providing education and active outreach to our diverse populations. Blue Shield Promise reached out to more than 200,000 members through various channels with a high-touch, high-tech approach, resulting in a successful retention rate that exceeded the statewide average and the averages of Los Angeles and San Diego counties.
- We continued to implement the CalAIM (California Advancing and Innovating Medi-Cal) program, with its [Enhanced Care Management and Community Supports](#) services. These programs under CalAIM's whole-person care approach have helped identify and manage members' risks and needs, and improve health outcomes by addressing social determinants of health as part of the healthcare system.



“I couldn’t believe I had someone to help me who could say the right words to a doctor for me, and he would listen and respond. I’m so happy to have Blue Shield Promise and a care management person on my side. It has made all the difference in the world to my life.”

— Kenyale Kearney, a Blue Shield Promise member, reflects on care after being injured in a bus accident. >> [Read Kenyale’s story](#)



- To close care gaps for our youngest members — children — our [Well-Child Visits](#) pilot program saw more than 300 kids. Our [Community Doc](#) workshops educated dozens of families on the importance of preventive care and regular health checkups, and helped reduce health disparities. Well-Child Visits will become a regular health plan service in 2024.
- A \$1 million grant from Blue Shield Promise helped build the [El Cajon Urgent and Cardiac Care Center, which opened in the summer of 2023](#). Operated by [Family Health Centers of San Diego \(FHCS\)](#), this Center eases the strain on local Emergency Departments by reducing avoidable visits and saves lives by reducing travel time for residents in crisis.
- We also opened Community Resource Centers in Long Beach and Norwalk with L.A. Care Health Plan. We now jointly operate 12 Centers across Los Angeles County; two more are scheduled to open in 2024. Our Centers address social determinants of health through food distributions, [nutrition and cooking classes](#), fitness programs, [school supplies](#) and social service resources.



In 2023, 6,829 community members received Medi-Cal enrollment assistance; 2,571 community members received support for social determinants of health; and 1,600 care gaps were closed for members.



# A great place to do meaningful work

Transforming health care starts with exceptional talent and cultivating a diverse, equitable and inclusive workplace where innovation thrives, and every employee is empowered to contribute to a healthier tomorrow.

In response to the evolving needs of our workforce, we actively listen and adapt, ensuring our team remains engaged and aligned with our mission. Specifically, we:

- Embrace a flexible, hybrid work model that encourages both in-person and remote collaboration, which enhances productivity and connectivity.
- Invest heavily in developing leaders by providing programs and resources to help our people learn, grow and own their career paths and progress.
- Embed diversity, equity and inclusion (DEI) into all areas of the organization, including learning and development. Notably, more than 85% of people leaders have engaged in inclusive leadership courses. Foundational diversity, equity and inclusion and health equity courses are also available for all employees.
- Prioritize compensation that pays all employees equitably.
- Foster an inclusive workforce that reflects the diversity of California's eligible labor force to drive impact in the communities we serve.



## OUR PROMISE TO OUR PEOPLE INCLUDES:

- Employee well-being and development through medical, dental and vision benefit plans
- Tuition reimbursement
- Childcare and caregiver benefits
- Reproductive and family planning benefits
- Access to lifestyle medicine and health platforms
- Comprehensive mental health resources
- A number of perks and discount programs
- 24 hours of paid community service time per employee
- Matching donations to employees' charities of choice
- A four-week sabbatical after five years of employment

Our vibrant [Employee Resource Groups](#) are essential partners in our efforts and create belonging for employees. Our eight groups represent diverse generations of age, women, Veterans, Blacks, Hispanics and/or Latinx, Asians, people with disabilities, and LGBTQ+ employees and their allies.

Employee Resource Groups are supported and governed by Blue Shield's Diversity, Equity and Inclusion Leadership Council. Founded in 2018, this Council plays a critical role in holding Blue Shield accountable for achieving our diversity, equity and inclusion goals.



44% of Blue Shield employees are members of at least one Employee Resource Group.







## INCREASING HEALTH EQUITY AND DIVERSITY IN THE INDUSTRY

We celebrated year two of our [Blue Shield of California Health Equity Fellowship program](#) with the UC Berkeley School of Public Health. This five-year partnership will support about 100 master's and Ph.D. candidates from underrepresented communities to increase diversity among health professionals and make systemic change to create a more equitable healthcare system.

Visit our [careers website](#) to learn more about Blue Shield of California's commitment to diversity, equity and inclusion, and discover opportunities to join our team.





“When we bring our full selves to work, Employee Resource Groups not only give us support, but also make us better coworkers and leaders, enabling us to be more empathetic and supportive of others around us. And as we are in the business of health care, it allows us to ultimately better serve our members.”

— Patrice Bergman, vice president of Individual and Family Plans, [on her involvement with the Disability Inclusion Alliance Employee Resource Group](#)







# Standing for what's right

As one of California's largest health plans, Blue Shield is uniquely positioned to make a positive impact in the communities where we live and work.

Standing for what's right means we are taking action and inspiring others to act on important issues affecting the health and well-being of our people, our planet and our communities.

## SUPPORTING OUR COMMUNITIES

96% of employees participated in our 2023 Shield Cares Campaign

Our generous employees set all-time high records with our Shield Cares Campaign, donating \$1.7 million (including company match) and volunteering more than 57,000 hours last year.

Blue Shield made a \$20 million contribution to [Blue Shield of California Foundation](#), which awarded 70 grants in 2023 to support programs that prevent domestic violence, strengthen economic security and empower communities to achieve health equity. The Foundation also introduced a [five-part podcast series](#) about breaking the cycle of domestic violence in our state.





## ADVANCING CLIMATE ACTION

Climate change is a major public health crisis that impacts Californians every day and disproportionately affects our most vulnerable populations. At Blue Shield, we're taking action across many parts of our business to protect the environment and ensure that our healthcare system is climate resilient.

- Blue Shield of California committed to set targets with the [Science Based Targets Initiative \(SBTi\)](#), which has established the most rigorous and clearly-defined pathway for companies to reduce greenhouse gas emissions to meet goals of the Paris Climate Accords.
- In its third year, [Blue Shield's Supplier Sustainability Program](#) engaged 41 suppliers, who account for 67% of our supply chain emissions. Of those, 90% (37 of the 41) reported to CDP (formerly Carbon Disclosure Project), an essential first step for decarbonization action.
- Blue Shield set a goal for 80% of our members to opt in to paperless communications by 2025. We continue to convert paper-based interactions to digital, all while carefully protecting members' data. By the end of 2023, 61% of our members had opted for paperless communications.
- [Blue Shield conducted a study](#) that showed virtual and hybrid models of health care — like our new health plan Virtual Blue — can significantly reduce climate impacts, including an average 35% reduction in water consumption and a 25% reduction in carbon emissions. These reductions hold great promise, as the healthcare industry currently accounts for 8.5% of U.S. carbon emissions and 7% of commercial water consumption.
- Since 2020, our [environmental justice investments](#) have supported nonprofits that address climate impacts on marginalized communities and support community-led urban greening, community farming, climate literacy and access to clean energy.



“Blue Shield’s support will allow us to get so many more people engaged, both youth and adults, in this work of protecting our planet and doing it in a way that really prioritizes the people who have been left out of environmental conversations for too long.”

– Masada Disenhouse, executive director of nonprofit SanDiego350. >> [Read more about our partnership with SanDiego350](#)

## INVESTING IN YOUTH MENTAL HEALTH

We created the [BlueSky](#) youth mental health initiative in 2019 to invest in and advocate for programs that empower youth to support themselves and their peers, with a focus on health inequities in communities of color. >> [Learn more about BlueSky's goals and impact.](#)

Highlights from 2023 include:

- As students returned to school last fall, Blue Shield released the results of its [BlueSky Youth Mental Health Survey](#), a nationwide poll that shows gun violence, racism and climate change are taking a toll on mental health. On a positive note, a majority of youth are taking action on the issues they care about.
- Blue Shield of California joined Blue health plans across the country to support [Boys & Girls Clubs of America's new mental health initiative](#). Blue Shield's investment will help support training of more than 48,000 staff to better support the emotional and mental well-being of more than 3.6 million children at over 5,000 Clubs.
- In January, Blue Shield led a panel on [youth mental health at the National Governors Association](#). We joined governors, California First Partner Jennifer Siebel Newsom and national experts to discuss reducing stigma among youth and expanding access to care.



“The internship really helped me, and now I want to help my community. I want to be a part of creating change and spreading the word about mental health to underserved communities.”

— Jesus Cubilla, a [Health Career Connection](#) intern who was sponsored by BlueSky. >> [Read Jesus' story.](#)

## ADVOCATING FOR MEANINGFUL CHANGE

Blue Shield of California's strategic health reform priorities are grounded in our mission to ensure all Californians have access to high-quality health care that's sustainably affordable. Our priority areas for health reform — including improving affordability, increasing access to care and bringing health care into the digital age — are now in implementation phase. Highlights from our advocacy efforts include:

- Blue Shield has been [a strong supporter of California's Office of Health Care Affordability](#), which was adopted in 2023. The office is poised to set industry cost growth limits, increasing transparency and accountability. In addition, the office will benchmark alternative payment models, behavioral health and primary care investments statewide.
- Blue Shield has taken bold action in the pharmaceutical market through a variety of advocacy and innovation efforts and announced Pharmacy Care Reimagined in August (see page 7-8 of this report). We are proud to be part of the national conversation, an advocate for policy changes and a pioneer in innovation and collaborations for greater value and transparency across the pharmacy ecosystem. In Washington D.C., Blue Shield supported empowering Medicare to negotiate high-cost prescription drugs. In California, Blue Shield helped usher in a partnership with [CivicaRx and the State of California to develop nonprofit insulin](#).



- Blue Shield successfully supported policies that expanded federal subsidies for the individual market and state contributions, lowering both premiums and co-pays. We also saw [California in 2024 become the first state to guarantee universal access to coverage](#) with Medi-Cal coverage expanding to all residents regardless of immigration status.
- Blue Shield and other health care stakeholders in California participated in the [statewide Data Sharing Agreement](#), an important piece of the California Health and Human Services Data Exchange Framework. The data sharing agreement establishes common policies and procedures that govern and require the exchange of health and social services information.





# Blue Shield Cares

Blue Shield is committed to creating positive impact for our people, our planet and our communities. This dashboard highlights our commitments and progress.

## Our People

Our commitments	Our impact
<p><b>Foster an inclusive workforce that reflects the diversity of California’s eligible labor force to drive impact in the communities we serve</b></p>	<ul style="list-style-type: none"> <li>• On track with 3-, 5-, and 10-year representation</li> <li>• 56% of employees are people of color</li> <li>• 43% of leadership are people of color</li> <li>• 56% of leadership are female</li> <li>• 44% of employees are members of Employee Resource Groups</li> </ul>
<p><b>Make diversity, equity and inclusion training available to all employees</b></p>	<p>85% of people leaders participated in inclusive leadership training, which is available to all employee leaders</p>
<p><b>Prioritize compensation that pays all employees equitably</b></p>	<p>Since 2018, achieved greater than 99% pay equity between women and men and people of color and white individuals</p>
<p><b>Create connection and community for employees</b></p>	<ul style="list-style-type: none"> <li>• 96% of employees volunteered and/or made charitable contributions</li> <li>• 96% of employees surveyed said they are confident of our company’s strategic direction</li> </ul>



# Our Planet

Our commitments	Our impact
<p><b>Reduce carbon footprint</b></p>	<ul style="list-style-type: none"> <li>Committed to set near-term companywide emissions reductions in line with climate science with the Science Based Targets initiative (<a href="#">SBTi</a>). Targets will be set by 2025</li> <li>Achieved B score from CDP (formerly Carbon Disclosure Project)</li> <li>In 2023, our Supplier Sustainability Program engaged 41 suppliers who account for 67% of our supply chain emissions. 90% of these suppliers reported to <a href="#">CDP</a>, an essential first step for decarbonization</li> <li>61% of our members use <a href="#">paperless communications</a>, the equivalent of saving 25,000 trees annually, all while carefully protecting members’ data</li> </ul>
<p><b>Embrace “digital-first” to drive more sustainable models of care</b></p>	<ul style="list-style-type: none"> <li>Compared to fully in-person models of care, <a href="#">hybrid-virtual models can significantly reduce climate impacts</a>, including an average 35% reduction in water consumption and a 25% reduction in carbon emissions</li> <li>In 2023, we launched <a href="#">Virtual Blue</a>, a health benefits plan that offers members high-quality, integrated virtual care, with in-person care when needed or preferred</li> </ul>



# Our Communities

Our commitments	Our impact
<p><b>Our 2% Pledge</b>  <b>We cap our income at 2% of revenue, returning the difference to our customers and the communities we serve</b></p>	<ul style="list-style-type: none"> <li>• Since establishing this pledge in 2011, Blue Shield has returned \$817 million to our customers and California communities</li> <li>• In 2023, Blue Shield of California Foundation awarded 70 grants to programs that work to achieve health equity and <a href="#">end domestic violence</a></li> </ul>
<p><b>Grow opportunities for small and diverse companies to do business with Blue Shield</b></p>	<ul style="list-style-type: none"> <li>• Spent 10.3% of annual procurement with minority-, women- and veteran-owned small businesses</li> <li>• 167 jobs supported by our diverse spend</li> </ul>
<p><b>Improve access to high-quality, culturally diverse and congruent mental health counseling and support</b></p>	<ul style="list-style-type: none"> <li>• Provided over 5,500 counseling sessions to 660 youth through our BlueSky initiative</li> <li>• When surveyed, underrepresented youth reported a 14% increase in strengths-based measures*</li> </ul>

\*Underrepresented youth refers to Black, Indigenous, Latino/a/x, Asian, Pacific Islander and Mixed-Race youth 13+; Strengths-based measures move focus away from deficits, and instead focus on the individual’s strengths and capabilities



# Being financially responsible

As a nonprofit, tax-paying health plan, we are committed to reducing the cost of health care for all. We do this by sustaining profitable growth, investing in innovation, delivering business insights that drive strategic decisions and safeguarding our finances to deliver on our mission.

We know we can't achieve our mission to make access to high-quality, affordable health care without building and maintaining a responsible financial organization. In 2023, Blue Shield continued to address changing market conditions through vigorous financial planning, timely implementation of internal control measures and reducing costs.

As a testament to our financial management, Blue Shield was selected as a [2023 US Best Managed Company Gold Standard](#) honoree. Sponsored by Deloitte Private and The Wall Street Journal, the program recognizes outstanding U.S. private companies that have demonstrated excellence in strategic planning and execution, a commitment to their people, fostering a dynamic culture and strong financial management.

Building and sustaining enterprise-wide diversity and inclusion is essential for success in Blue Shield's efforts to transform health care. To dismantle barriers and promote equity and inclusion, our [Supplier Diversity Program](#) encourages and supports our leaders to do business with certified small businesses and those that are at least 51% owned and operated by women, minorities, disabled persons, disabled veterans, or LGBTQ+ (lesbian, gay, bisexual, transgender, and queer and/or questioning) people. In 2023, Blue Shield's diverse supplier spend was \$112.3 million or 10.3% of our total \$1.09 billion procurement spend for goods, products and services.



# 2023 Financials

Consolidated financials (\$ in the millions)	2023	2022	2021	2020
Premiums, net and other revenue	\$25,091	\$24,075	\$22,909	\$21,806
Investment Income	\$260	(\$190)	\$399	\$366
<b>Total Revenue</b>	<b>\$25,351</b>	<b>\$23,885</b>	<b>\$23,308</b>	<b>\$22,171</b>
Health Benefits	\$22,147	\$22,122	\$20,102	\$17,985
Marketing & Selling	\$675	\$701	\$698	\$651
General & Administrative	\$2,329	\$2,431	\$2,180	\$2,447
<b>Total Operating Expenses</b>	<b>\$25,151</b>	<b>\$25,234</b>	<b>\$22,980</b>	<b>\$21,084</b>
<b>Net Income/(Loss) before Tax</b>	<b>\$200</b>	<b>(\$1,369)</b>	<b>\$328</b>	<b>\$1,088</b>
<b>Income Tax Expense/(Benefit)</b>	<b>\$70</b>	<b>(\$459)</b>	<b>\$91</b>	<b>\$408</b>
<b>Net Income/(loss)</b>	<b>\$130</b>	<b>(\$910)</b>	<b>\$237</b>	<b>\$680</b>
Net Income as a % of premiums	0.5%	-3.8%	1.0%	3.1%
<b>2% Pledge amount</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$81</b>
<b>Social Impact Giving Contribution</b>	<b>\$30</b>	<b>\$30</b>	<b>\$49</b>	<b>\$46</b>

Note: 2% Pledge calculation based on a five-year net income average excluding unrealized equity gains/(losses)

## Breakdown of premium dollar spent: 2023 Health Plan

Hospitals	\$0.40
Physicians	\$0.27
Pharmaceuticals	\$0.14
Other Medical Services	\$0.07
<b>Total Cost of Health Care</b>	<b>\$0.88</b>
<b>Administrative Expenses and Fees</b>	<b>\$0.10</b>
<b>Government Mandated Taxes and Fees</b>	<b>\$0.01</b>
<b>Net Income</b>	<b>\$0.01</b>
<b>Premium dollar</b>	<b>\$1.00</b>



# Awards and Recognition

U.S. Best Managed Companies

Ethisphere Institute's World's Most Ethical Companies

The Civic 50, Points of Light

Gartner Eye on Innovation, Healthcare and Life Sciences

DiversityInc, Top Ranked Regional Companies

Fortune 100 Best Companies to Work For®

California Insurance Diversity Index, Gold Distinction





2023 MISSION REPORT

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HUMAN • HONEST • COURAGEOUS

Blue Shield of California is an independent member of the Blue Shield Association