

STRONGER TOGETHER

COMMON GROUND HEALTHCARE COOPERATIVE

2015/2016 ANNUAL REPORT



HEALTHCARE COOPERATIVE

Dear Stakeholders and Members,

I am honored to present to you the 2015-2016 Annual Report of the Common Ground Healthcare Cooperative (CGHC).

2016 marked our third year of providing health insurance to the people of Eastern Wisconsin. To date, CGHC has touched 67,600 lives. Thank you to all of those reading this for your part in making this possible. I hope after looking through this annual report, you'll have a better understanding of what we've been able to accomplish with your support and participation, and what we hope to do in the near future to change health insurance for the better.

What a roller coaster ride it has been! This annual report describes both our ups (such as successfully building out our internal infrastructure and meeting our enrollment goals) and downs (such as the announcement from the federal government that they would pay only 12% of what was owed to us under the Risk Corridor program). Yet we are steadfast in moving forward in our mission to provide honest, compassionate and exemplary service to our members, and to earn their trust through advocacy and information.

What keeps us going strong is the work of our amazing team, including our employees and our Board of Directors, as well as the commitment and support we receive from the members that buy our insurance. That's why our motto for year's annual meeting and report is "Stronger Together." We know this through the collective strength of our members, the caring employees on our staff and the stakeholders in the community, we can accomplish anything we set out to do.

Cathy Mahaffey

Chief Executive Officer

OUR NEW MISSION STATEMENT

PEOPLE. NOT PROFIT.

Common Ground Healthcare Cooperative believes its members deserve honesty, compassion and exemplary service from their health insurer. We are committed to changing the health insurance experience through open dialogue, powerful advocacy and the delivery of trusted and understandable information.

BOARD OF DIRECTORS

Jim Wesp, Chairman of the Board

Jim's experience as a small-business owner providing health insurance to his employees has been invaluable to the cooperative, as are the countless hours he's dedicated to our mission and vision.

Kristy Buus, Secretary/Treasurer

Kristy has a background in insurance, accounting, IT and process development. She leads the Board's work on financial oversight and chairs our Audit Committee.

Amy Murphy, Director

A strategic planner and group facilitator with a master's degree in public health, Amy is our Board leader on member engagement and input.

Mary Rynders, Director

Mary is a retired attorney helping us strengthen the mission of the cooperative. She serves on our Compliance and Integrity Committee.

John Meurer, Non-Voting Director

Dr. Meurer is a pediatric clinician-educator and director of the Institute for Health and Society. He also directs the Institute/Pediatrics Primary Care Research Fellowship and the Medical School Health Policy Course at the Medical College of Wisconsin.

Bob De Vita, Non-Voting Director

Bob served as CGHC's first CEO before re-retiring from the health care industry in 2014.

Keisha Krumm, Vice Chairman

Keisha works with Milwaukee area nonprofits including CGHC to solve problems facing our communities through our collective strength.

Suzanne Garrity, Director

As a former employee of small medical practices, Suzanne brings her perspective on clinical matters, provider contracting and claims to the Board.

John P. Maglio, Director

John served as an advocate for workers during labor health care negotiations and is now a nonprofit volunteer in his community. John also serves on our Audit and Finance Committee.

James Lazar, Director

James has lent his experience with board governance, finance, accounting and startups to the cooperative's strategic planning efforts.

Bob Connolly, Non-Voting Director

It was Bob's vision and persistence that gave rise to CGHC. After bringing together the leaders that helped get the cooperative off the ground, Bob chaired the cooperative's formative Board and has since been asked to serve as a non-voting director. Bob is the owner of a small business and a leader of Common Ground of Southeast Wisconsin, dedicated to addressing social problems in our communities.

LOOKING BACK AT OUR ACCOMPLISHMENTS

NCQA ACCREDITATION. CGHC was awarded accreditation from the National Committee for Quality Assurance—a not-for-profit organization dedicated to improving health care quality. Accreditation means that we have met a rigorous set of more than 60 standards and that we report on our quality performance in more than 40 areas.

OUR MISSION AND VISION. One of the early initiatives undertaken by our newly elected Board in 2015 was a new mission and vision statement that aligned with the needs of our members and our strategic direction. Our vision is described on the facing page; you can read our mission statement on page 2.

CORE VALUES. At the same time our Board developed a new mission and vision, our staff was hard at work on our core values. We believe our core values are the foundation of our success. Read them on page 6.

SUPPORT FOR MEMBERS. In 2016, we formed strategic partnerships with organizations such as Covering Wisconsin that share our mission to help people better understand insurance. We then launched a series of member open houses to present specific information to our members about their coverage.

NEW WEBSITE. In May of 2016, we launched a new website with the intent of empowering our members with easy-to-find, easy-to-understand information about health care and health insurance. Check it out: www.CommonGroundHealthcare.org.

OPERATIONAL STABILITY. At our last annual meeting, we promised to focus on operational stability after determining that our third party administrator was not providing the level of customer service we think our members deserve. Since then, we've brought claims processing in-house to better serve our members, improved our medical management programs and reduced our average call wait times to less than three minutes! As you'll see on the facing page, we have now set our sights on operational excellence.

ADDED BELLIN HEALTH AND TELADOC TO OUR NETWORK OF PROVIDERS. CGHC is proud to partner with Bellin Health—a nationally recognized leader in quality that earned a top grade in hospital safety from the prestigious Leapfrog Group. Our CGHC Doctor Line through Teladoc, Inc. has proven to be a popular and convenient way for our members to get the care they need without leaving home.

ADVISORY COMMITTEES. The CGHC Board established both a Member Advisory Committee and a Broker Advisory Committee to ensure input from these important constituencies is heard.

HIT THE TARGET. CGHC reached its enrollment targets for both 2015 and 2016. Thank you members for believing in us!

LOOKING AHEAD TO 2016-2017 GOALS

The CGHC staff and Board of Directors dedicated significant time in the past year developing our 2016-18 strategic plan. The plan includes nine initiatives that align with the following vision adopted by the Board of Directors:

- Creative provider partnerships driving superior outcomes
- Committed relationships with partners that share our mission
- Restored trust in health insurance
- Financial success
- Inspired and engaged team achieving operational excellence
- Informed and empowered members
- Better member health and well being

Some of our nine initiatives are inward facing such as becoming a great place to work, excelling at compliance and improving our technology infrastructure. In this annual report, we'd like to highlight a few of the initiatives that will be felt and observed by our members and stakeholders:

OPERATIONAL EXCELLENCE We understand that nothing is more important to our members than getting the basics right. Through this strategic initiative, CGHC will continue to focus on quality improvement in the areas of billing, enrollment, claims and member services. While we don't feel we are there yet, our goal is the "exemplary service" to our members that is highlighted in our mission statement.

FINANCIAL STRENGTH Starting a health insurance company in the middle of the volatile launch of the ACA has not been without its challenges—both operational and financial. CGHC has been hard hit by some of the decisions that have been made by the federal government since 2014. We've made strategic moves to strengthen our cooperative financially. We will continue to focus on bringing down the cost of our operations and stabilizing our rates to the benefit of our members.

THE MEMBER EXPERIENCE It's one thing to get the basics right, it's another to be able to communicate effectively with our members. In the coming months and years, our members will begin to see big changes in the way we communicate and in the self-service functionality we offer. First, our website was redone to make information easier to find and understand. Then, we'll launch a phone application and set our sights on a new member portal.

PARTNERSHIPS AND PRODUCTS TO IMPROVE HEALTH AND UNDERSTANDING Through these strategic initiatives, we will look for ways to work more efficiently with our provider partners to help our members stay well and navigate their health care decisions. We'll also be looking to partner with non-traditional organizations to deliver services that support wellness in addition to health. Finally, we'll be looking to add products similar to our CGHC Doctor Line that make it easier for members to stay healthy.

OUR CORE VALUES

A strong platform of core values that our staff lives by and believes in is critical to our success. Our exemplary staff of more than 70 dedicated and hard-working individuals adopted the following core values to guide our collective work:

- **We put members first.** Members' needs are a priority, and they will know they are important to us through every interaction we have with them.
 - **We engage and evolve.** Evolution is critical to grow as an organization. As a team, we understand our history and are engaged with a vision for the future.
 - **We are honest and ethical.** Together as an organization and independently as staff, we will do what is ethical and right.
 - **We perform at a high level.** We measure performance by effectiveness; we work with a sense of purpose, accountability and accomplishment.
 - **We promote teamwork.** Team members rely on each other for support, embrace diversity, cultural sensitivities and each other's strengths and differences.
 - **We communicate and connect.** Communication and connectivity includes a positive approach and active listening; opinions matter and ideas matter.
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OUR SECRET WEAPON: MEMBER ADVISORS

In their wisdom, the CGHC Board of Directors created and appointed its Member Advisory Committee with the following responsibilities:

- Provide input and feedback to the staff on new services and products.
- Help evaluate the performance of existing services and products.
- Serve as a sounding board for the board and staff when questions or concerns arise and help shape CGHC policies.
- Support the cooperative by providing input on member communications and assisting with public relations efforts.

Any CGHC member willing to volunteer some time to the cause of improving health insurance may request to participate in the Member Advisory Committee. From the bottom of our hearts, we thank these members that donate their time and input into our work!

Amy Murphy (committee chair), **Suzanne Garrity**, **Kathy Berger**, **Roy De Ruyter**, **Jeff Eilers**, **John Meurer**, and **Jeff Smith**.

GIVING BACK TO THE COMMUNITY

"Concern for the community" is a cooperative principle that we have incorporated into our workplace culture. To that end, our employees donate time and resources to a variety of causes both at work and in the communities where they live. They give generously to our annual backpack drive for public school children and our funding drive to our fellow non-profits. They participate in our holiday campaigns to benefit mothers and children, keep people warm during our hard Wisconsin winters and feed the hungry.

In 2016 and beyond, we will continue to seek opportunities to provide hope, happiness and comfort to those who need it most. If you are a community organization looking to partner, please send an email to us at Marketing@CommonGroundHealthcare.org.

OUR FINANCIALS

2015 ASSETS

Cash & ST Investments	\$23,481,721
ACA Receivables*	\$44,097,521
Other Current Assets	\$6,561,301
Total Assets	\$74,140,543

2015 LIABILITIES & SURPLUS

Claims Reserves	\$36,328,416
Other Liabilities	\$13,222,751
Capital & Surplus (incl. surplus notes)	\$24,589,376
Total Liabilities & Surplus	\$74,140,543

2015 REVENUES & EXPENSES

Premium Revenue Net	\$136,312,511
Expense Net	\$136,076,189
Net Operating Gain	\$236,322

Salaries, Compensation & Benefits	\$6,805,214
Professional Fees	\$7,068,724
Depreciation	\$174,319
ACA Related Fees	\$6,643,041
Other Expenses	\$7,799,812
General Administrative Expenses	\$28,491,110

Net Investment Income	\$5,711
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NET INCOME (LOSS)	\$(28,249,077)
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*This number would have been \$34 million higher had it not been for the write-off associated with Risk Corridor.

THANK YOU FOR MAKING US **STRONGER TOGETHER**

We are grateful to our members for placing their trust in us to deliver an outstanding health care experience.

By choosing Common Ground Healthcare Cooperative as their health insurer, these many individuals, families and small business employers have joined our effort to change health care for the better.



HEALTHCARE COOPERATIVE