ABOUT US:
Common Ground Healthcare Cooperative was founded when a group of like-minded community leaders answered the call to create a different kind of health insurance company - one that would be more responsive to the needs of individuals and small employers. They decided to launch this idea as a non-profit cooperative under Wisconsin law to ensure that the policyholders would always have control over the company, and that decisions would always be made in the best interests of the membership as a whole.

OUR MISSION: PEOPLE. NOT PROFIT.
We believe our 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.

CORE VALUES:
Put Members First
Engage & Evolve
Be Honest & Ethical
Perform at a High Level
Promote Teamwork
Communicate & Connect

www.CommonGroundHealthcare.org
Dear Members and Stakeholders,

As we prepare to release the Common Ground Healthcare Cooperative (CGHC) 2017/18 Annual Report on our progress over the past year, I am compelled to look back on our short history and marvel at the change that has taken place over the past five years.

In 2012, we were just getting started on building a new non-profit, member-governed health insurance cooperative. In 2014, we insured our first member. Just four years later, we are the only insurance company serving the health insurance Marketplace (Healthcare.gov) in seven Wisconsin counties. In our other 12 counties, we are one of only two or three carriers. While this is sad news for our state, I’m glad we could give people living in those counties the chance to use their federal tax credits to afford quality, comprehensive coverage in 2018.

While we are standing strong, it has not been an easy road to get here. The financial report inside these pages is reflective of the challenges insurers have faced navigating the Affordable Care Act and the politics and uncertainties surrounding it. Other insurers have similar stories - and this is a big reason why so many of them have abandoned the individual market, at least for now.

The theme of our annual meeting this year is change, challenge and opportunity. We have certainly had our share of both changes and challenges, but we are excited to now have time to focus on opportunities to serve our members better. 2018 is going to be a strong year for CGHC, and I’m sure when we look back a few years from now we’ll say this was the year we transitioned from a start-up to an established company. It’s our year to concentrate efforts on helping and supporting our members in their quest to be healthy and secure in knowing they are protected by a health insurer they can trust.

These pages are filled with our ideas about these opportunities, but we will not be successful as a cooperative if we don’t have your active participation. Our cooperative is about service to people, and we need your direction as we continue to evolve as a cooperative.

Sincerely,

Cathy Mahaffey, CEO
YOUR BOARD OF DIRECTORS

Common Ground Healthcare Cooperative’s Board of Directors is elected from its membership by its membership. All our voting directors are local citizens who have purchased our insurance, nominated themselves for the Board and received the most votes by our membership at large. All major decisions are approved by the board. In 2018, five seats are up for election. Voting ends on May 22nd for members to select the 2018-2019 Board of Directors.

YOUR 2017-2018 VOTING BOARD OF DIRECTORS

**Keisha Krumm, Interim Board Chair**  
Keisha works with Milwaukee area nonprofits including CGHC to solve problems facing our communities through our collective strength.

**Mary Rehberg, Secretary/Treasurer**  
Mary has a background in accounting, business management, and risk management. She serves as the Board Secretary/Treasurer and on the Audit & Finance and Nominations & Governance Committees.

**Amy Murphy, Director**  
A strategic planner and group facilitator with a master’s degree in public health, Amy is the Chair of the Member Advisory Committee and she also serves on the Strategic Planning Committee.

**Clifford Pukel, Director**  
Clifford has experience in clinical medical practice, business management and leadership of nonprofit organizations. He serves on CGHC’s Audit & Finance Committee.

**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. She serves on the Member Advisory, Compliance & Integrity, and Strategic Planning Committees.

**Brett Remington, Director**  
Brett has extensive experience with executive management and is a small business owner. He brings values and personal expectations to the table providing insight on performance management.

**Mike Braun, Director**  
With a long history of human resources experience, Mike shares his expertise in benefits and insurance policies that meet the needs of the community. Mike also serves on the Broker Advisory Committee.
NON-VOTING BOARD MEMBERS

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.

Jim Wesp, Non-Voting Director 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 as our former Board Chair. Jim will continue to serve the cooperative as a non-voting board member.

John Maglio, Non-Voting Director John served as an advocate for workers during labor healthcare negotiations and is now a nonprofit volunteer in his community. John has completed his term as a director and served on our Audit & Finance Committee. He has also transitioned to a non-voting board member.

CO-OP DECISIONMAKING: WHAT SETS US APART

At Common Ground Healthcare Cooperative, we understand what it means to be a cooperative. But some of our members may think of us as just another health insurance company.

We hope to change that line of thinking with our commitment to transparency and the way we make decisions. The cooperative difference means cooperative business decisions are weighed by what is in the best interests of the cooperative and its membership. This is true even when there are trade-offs to be considered, which is nearly always the case with health insurance. We know affordability is the number one priority for members and we keep our focus there. But at the same time, our member-governed Board, our staff and our Member Advisory Committee are working together to ensure that we understand and consider the member impact of every decision. Decisions are ultimately made based on the best interests of the whole, after weighing member impact carefully.

What is not part of our decision making process is how much money we’ll make, or how much we’ll pay outside shareholders. That’s because in a cooperative model, members are considered the business owners or shareholders. If there is a surplus, it is used to build reserves that can be used to smooth out bad years down the road, or it is used to positively impact rates or provide additional services to members. Successful financial years always benefit the cooperative members in the short- or long-term.
## 2017 ASSETS

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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Cash &amp; ST Investments</td>
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<td>ACA Receivables</td>
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<td>Other Current Assets</td>
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<td><strong>Total Assets</strong></td>
<td><strong>$58,730,586</strong></td>
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## 2017 LIABILITIES & SURPLUS

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Claims Reserves</td>
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<td>Other Liabilities</td>
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<td>Capital &amp; Surplus (incl. surplus notes)</td>
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<tr>
<td><strong>Total Liabilities &amp; Surplus</strong></td>
<td><strong>$58,730,586</strong></td>
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## 2017 REVENUES & EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
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</tr>
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<tbody>
<tr>
<td>Premium Revenue Net</td>
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<td>Expense Net</td>
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<td><strong>Net Operating Gain</strong></td>
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<td>Salaries, Compensation &amp; Benefits</td>
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<td>Professional Fees</td>
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<td>Depreciation</td>
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<td>ACA Related Fees</td>
<td>$5,297,325</td>
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<td>Other Expenses</td>
<td>$(4,082,978)</td>
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<td><strong>General Administrative Expenses</strong></td>
<td><strong>$23,031,968</strong></td>
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<tr>
<td>Net Investment Income</td>
<td>$178,630</td>
</tr>
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</table>

## NET INCOME (LOSS)

$-(11,115,745)$

A recent surprise was an announcement by the President that he would stop making payments to issuers for “Cost Share Reduction” plans which we are required to offer. This amounted to an approximate $12 million loss in net operating gain after the federal government withheld payments for these plans for the last three months of 2017.
LOOKING BACK: OUR YEAR IN REVIEW

- **Membership Growth.** The cooperative doubled the size of its membership from 2017 to 2018. We now serve about 58,000 individuals, family members and small business employees living and working in Eastern Wisconsin. Although enrollment can be difficult to predict, we properly planned for an increase in size to ensure that our standards for call wait times, claims processing times and invoicing would continue to be met.

- **Financial Footing.** Even though the federal government has time and again refused to pay its obligations to us under the Affordable Care Act (see opposite page), CGHC is gaining financial strength. 2017 would have been a breakeven year had the federal government not ended Cost Share Reduction plan payments to insurers for the last three months of the year. We weathered that storm and continue to offer these plans that reduce out of pocket costs for members. The outlook for 2018 is positive.

- **Top Workplace Recognition.** For the second year in a row, CGHC has been recognized as a Top Workplace by the Milwaukee Journal Sentinel based on a survey of our employees. We believe there is a direct correlation between employee happiness and providing great service to members, and we’re proud to be a two-time winner.

- **Advocacy and Action:** Health insurance reform continues to be a hot topic at the state and federal levels. Efforts to repeal and replace the Affordable Care Act in 2017 did not garner the votes needed to become law, while the President’s administration has made changes that favor short term and association health plans. At the state level, a reinsurance program will likely have a positive impact on consumer premiums. CGHC has been in communication with lawmakers on behalf of our members to help them understand the financial impact of their decisions on real people, and to propose common sense solutions where they are needed.

- **Member Education:** CGHC has gone out to our communities and held numerous open house type meetings to help our members understand changes to our plans for 2018 (such as the EPO decision described below) as well as how their benefits work after they enroll. We want our members to understand our decisions, how to use their insurance and sidestep avoidable costs. This is our commitment to honesty and transparency that is central to our mission.

- **Transition to EPO Products:** In 2018, CGHC’s individual benefit plans moved from Preferred Provider (PPO) plans to Exclusive Provider (EPO) plans. Quite simply, this means that CGHC will no longer cover out of network care in many situations for our individual members. (Note: our employer plans are still PPOs.) We will cover out-of-network emergency care, approved referrals if needed and out-of-network urgent care outside of our 19 counties. We took great care to ensure members had the information needed to navigate this change, and overall it has run smoothly.

- **Operational Quality Measurement Programs:** In 2017, as part of our commitment to operational excellence, we launched two quality programs aimed at improving our claims processing and member services departments. We know these are two areas of the cooperative’s operations that have a significant direct impact on members. These programs are focused on continual improvement and accountability.
MEMBER EDUCATION AND ADVOCACY

Perhaps one of the biggest opportunities we’ve identified at CGHC is our ability to support our members with helpful and easy-to-understand information. Our members have shared with us how important it is that they understand health care reform proposals, their treatment options and their health insurance benefits.

One of the ways we help educate our members is through town hall meetings and our Talk. Learn. sessions held during the first several months of the year. We travel to locations throughout our 19 counties to help our members better understand health insurance and their benefit plans specifically. There is an amazing question and answer session that happens at every meeting, where members learn from us and each other, and we learn from them.

Other initiatives we are launching to educate our members include the video we recently created called Health Insurance 101: Understanding your Benefits. We also created a new blog called The Torch that we will use to deliver information our members should know, such as how to avoid unexpected costs and what you can do to protect yourself against surprise charges. See the back page of this Annual Report to locate these resources.

When it comes to health care reform and member advocacy, we believe it is time to get past the politics of the ACA and start working on fixes to our broken system. Some of those fixes require legislative intervention, but many of them are shorter-term solutions we can do for ourselves. That’s why we invited Kaiser Health News Editor in Chief Elisabeth Rosenthal to our 2018 Annual Meeting as the keynote speaker. She wrote the book on what needs fixing in health care, and has great ideas about how our members, when they become patients, can advocate for themselves to get the kind of care and service they deserve.

We’d also like to see bigger picture, longer-term solutions in place to tackle the cost of health care generally. The cost of health care is out of control, with certain pharmacy treatment costing upwards of $250,000 per year and certain medical treatment reaching into the millions. Turning this around is probably going to require legislative intervention, and we continue to educate and encourage our elected officials in this regard. We often highlight these efforts on our website’s Knowledge to Action page.

We are now a cooperative that is nearly 60,000 members strong. We believe in empowering those members to work together on solutions. Member education and advocacy will always be a cornerstone of our cooperative difference.

See the back page for more information about where to find these member resources.
Looking Forward to New Opportunities

Shortly after Common Ground Healthcare Cooperative launched, we set our sights on becoming a high performing organization. We defined the key strategic objectives we would use to measure and evaluate our initiatives. These are the yardsticks that help us choose what priorities and projects to take on and how successful they are.

• **Improve the Member Experience:** Operational excellence is a critical part of this objective. Under this strategic objective we measure and improve on the basics: phone answer times, claims payment turnaround times and accuracy and improvements to the member invoicing and payment experience. This objective also measures our innovations in the areas of care coordination and communication. It evaluates the level of member engagement in outreach and education efforts, as well as our efforts to help members gain access to care or information they need.

**2018 initiatives focused on Member Experience:** CGHC just started working on a large project to replace its core technology system. This will take approximately two years to complete, but it will result in significant improvements to invoicing, claims payment and tools available to our members. We will also continue to focus on quality initiatives for those areas that impact members the most: claims and member services. And finally, CGHC is evaluating new member portals and looking to soon launch an initiative that would provide a safe and convenient way for members to access health care online through nurse practitioners that can prescribe medication when needed.

• **Financial Health:** We understand our members want our plans to be affordable. That means the cost of running our health cooperative must be as lean as possible, and the prices we pay for high quality health care are as low as possible. This objective ensures that we are ever-vigilant about our administrative costs as well as the total cost of clinical care and treatment for our members.

**2018 initiatives focused on Financial Health:** CGHC is currently studying potential new product lines that will ensure that we can remain focused on our core business of supporting families with individual health insurance coverage while helping people understand their benefit and coverage options. We are also building partnerships with health care providers to pay them based on the value they provide to our members, rather than the number of procedures they do.

• **Top Workplace:** At CGHC, we believe happy employees lead to happy members. We will continue to learn from employees and improve so we can retain great talent, attract new talent and bring the fulfillment our employees get out of working for our members to the next level.

**2018 initiatives focused on Top Workplace:** As we continue to grow our cooperative, we are building upon our efforts to help employees find meaning in their work, and to understand how their day to day tasks matter to our members. We will continue to support our employees with training and coaching to ensure we are providing exemplary service to members at all positions in the company.
CONCERN FOR OUR COMMUNITY

We are committed to our local communities and doing our part to support their health and progress. That’s why engaging with communities through service is central to our mission. Over the past few years as our employee numbers have grown, we have been able to support the causes listed below that we believe help better our communities. Common Ground Healthcare Cooperative employees have given time, goods and additional resources to several local causes. We have established a culture of giving and encourage employees to share their time, talent and resources both at work and in their daily lives.

Throughout the year our employees helped build affordable housing units, made hundreds of sandwiches and collected cans of food for the hungry. Here is a list of our community involvement activities:

**Guest House of Milwaukee** – The Guest House serves approximately 100 sandwiches per day to Milwaukee’s homeless as one part of their mission. Our employees had a volunteer day in February to make sandwiches from donated turkey, ham, cheese, bread and condiments for the Guest House to help in their effort to assist homeless individuals seeking to transform their lives with dignity and purpose.

**Holiday Giving Tree Program** – Each year CGHC participates in the Holiday Giving Tree Program coordinated by the Nonprofit Center of Milwaukee. CGHC employees are the gift givers who create memorable moments for individuals who would go without if it were not for these gifts. This past year we were assigned to Gerald L. Ignace Indian Health Center, Inc. This organization is a medical clinic that offers a variety of services for health, behavioral, culture, fitness, nutrition, etc. Their mission is to improve the health, peace and well-being of urban Native Americans in the greater Milwaukee area.

**Mitten Tree Drive** – Each year in December, CGHC employees collect items for our “Mitten Tree” including fleece mittens, hats and gloves to help keep students in the Milwaukee area warm during the long cold winter. Wisconsin winters can be harsh and many families right here in our community struggle to keep their children protected from the bone chilling cold. We are grateful for the opportunity to partner with Milwaukee Public Schools to provide a little relief from the freezing temperatures to Milwaukee’s students.

**Hunger Task Force Food Drive** – Each day most of us eat our breakfast, lunch or dinner without a second thought, but hunger is prevalent in our community. That’s why we support the Hunger Task Force through food drives throughout the year to help fill the food pantry shelves that feed vulnerable children, families and seniors in our area. The Hunger Task Force food pantry offers families healthy choices of non-perishable food items to those in need of a decent meal.

**Habitat for Humanity** – During the summer of 2017, Common Ground Healthcare Cooperative employees participated in affordable housing projects with the Waukesha chapter of Habitat for Humanity. We were proud to support the effort to bring quality housing to individuals and families in the Waukesha County area by helping to construct, paint and build homes.
**Sista Strut** – Each year we have the pleasure of supporting and participating in the annual Sista Strut walk in its effort to promote early detection of breast cancer among women of color and the search for a cure. The annual V100.7 Sista Strut two-mile event celebrates survivors, honors loved ones and raises awareness for breast cancer.

**School Supplies Collection Drive** – Many school students in our area do not have the supplies they need to feel confident and succeed at school. For another year, we were able to take part in the Salvation Army’s Back to School efforts to collect school supplies for children registered in the Milwaukee Public Schools system who need the additional supplies.
MEMBER EDUCATION RESOURCES

TALK.LEARN. & OTHER EDUCATIONAL SESSIONS
Our events will list members’ opportunity to have two-way conversations to help make health care less confusing, and identify ways for members to save money.

www.cgcares.org/events

HEALTH INSURANCE 101 VIDEO: UNDERSTANDING YOUR BENEFITS
We created this video to help you understand insurance terms and how to read your policy to avoid unexpected charges.

www.cgcares.org/videos

KNOWLEDGE TO ACTION
Keep up with the latest on health reform and proposed changes that impact your health care.

www.cgcares.org/action

THE TORCH
Sign up to receive this blog delivered right to your inbox.

www.cgcares.org/blog

A COOPERATIVE’S STRENGTH IS ITS PEOPLE: JOIN IN!

The Member Advisory Committee is one of the best ways to share information about your experience and your opinions about improving healthcare and insurance. The committee has helped us design our website, redesign our invoices, redesign our Explanations of Benefits and review our plan documents and renewal materials.

The committee meets about four times per year, typically by phone. Meetings last ninety minutes. If you are interested in working with other members to find real solutions in the areas of healthcare and insurance, please consider joining this volunteer committee. This is your cooperative – and your opportunity to provide feedback to the board and staff. For information, please contact Marketing@CommonGroundHealthcare.org.

We’d also like to thank our current Member Advisory Committee for volunteering their time and for their contributions to our work. While we can’t share their names under privacy laws, we want each and every one of them to know how much they’re appreciated.