



**BlueCross BlueShield
of Alabama**

An Independent Licensee of the Blue Cross and Blue Shield Association

THE CARING COMPANY

**2009
COMMUNITY
ANNUAL REPORT**

WHAT'S INSIDE



GIVING BACK TO THE COMMUNITY

2

Every year Blue Cross joins other companies to set the pace for the annual United Way General Campaign.



*Tony Carter
Vice President of Customer Contact
and 2009 Campaign Chairman*



REDUCING COSTS THROUGH WELLNESS

5

We're passionate about health and wellness. Our statewide programs touch the lives of Alabamians every day with the tools and information they need to achieve better health.



*Tim Vines
Senior Vice President
of Business Operations*



HELPING UNINSURED CHILDREN

10

Blue Cross and lots of caring citizens have helped the Alabama Child Caring Foundation provide healthcare coverage to more than 71,000 children in Alabama.



*Barbara Hutchinson
Executive Director
Alabama Child Caring Foundation*



LEADING WITH QUALITY INITIATIVES

13

Blue Cross is making an impact on the quality of care in Alabama through statewide initiatives that promote healthcare accountability, efficiency and transparency.



*Jeff Ingram
Senior Vice President
of Health Care Networks*

For almost 75 years, Blue Cross and Blue Shield of Alabama has provided affordable healthcare coverage to Alabamians. Maintaining our business for more than seven decades means we have proven that we take care of our customers, and our customers know they can depend on Blue Cross.

I cannot be more proud of this Company and the services we provide. I am equally proud of the long-standing dedication and work our staff provides to the community. The caring attitudes do not stop when they walk out the door at the end of the work day. In addition to volunteering at Company-sponsored events, there are many lives touched by our employees that we never know about. That's because we have people who go above and beyond in their personal time to help others.

Whether it's participating in a charity walk, mentoring a child, giving blood or donating books for elementary school children, our associates step up to help with the same caring attitude demonstrated at Blue Cross. Also, we have a long-running relationship with United Way of Central Alabama, and we serve as a Pacesetter Company. Every year our associates step up to contribute their fair share to United Way to help others less fortunate.

Not only do we donate money to help others, every year we go out, work up a sweat and get our hands dirty. Blue Cross employees volunteer their talents and skills for two days to help build or repair Habitat for Humanity® houses.



Phillip Pope
Chief Executive Officer
Blue Cross and Blue Shield Of Alabama

As "The Caring Company," we will continue to care for our customers and strive to give back to people in the communities we serve. People continue to lose their jobs, financial security and healthcare coverage, so it is more important than ever to help others who struggle to provide for themselves and their families.

We are blessed to have employees who desire to help others. We touch lives in everything we do — from motivating someone to walk for better health to improving surgical outcomes through quality and transparency measures.

As our employees participate in philanthropic efforts in communities throughout Alabama, they exemplify the spirit of caring that Blue Cross is known for. In the following pages, we share some of our efforts with you.

We take this opportunity to celebrate some of the ways we touch the lives of Alabamians — through teaching, giving, helping and leading.

We're All About Caring, Sharing and Volunteering



When Ruby Davis was selected to participate in Blue Cross' United Way agency tours, she was excited. But she didn't realize the opportunity to see some of the agencies at work would leave her wanting to do more than donate money anonymously.

Ruby, who has worked for Blue Cross for almost 11 years, has contributed her fair share to United Way since being hired. "When I looked at my check and saw the United Way deduction, I used to think, it hurts." After seeing several agencies in action, her attitude changed. "Even in this bad economy, I gladly give," Ruby said. "And seeing that the people in charge love helping others in need really touched my heart in a special way."

Blue Cross is a long-time contributor to United Way and has been a Pacesetter company since 1999. Pacesetters are businesses and organizations that have a strong history of support for United Way and agree to run an early campaign to "set the pace" for the annual General Campaign.

"United Way is by far the most effective way of getting money where the need is," said Tony Carter, Blue Cross Vice President of Customer Contact and 2009 Campaign Chairman. Early in his career, Tony saw Blue Cross' commitment to United Way when he was asked to work on the Company's campaign in 1983, shortly after being hired. Since that time, he has seen the number of agencies in need of funding increase, as well as the amount of money donated in Blue Cross' name.



Tony Carter
Vice President of Customer Contact
and 2009 Campaign Chairman

"One of the first things people want to know is where their money goes," said Larry Logan, Executive Director, United Way Community Food Bank. That is why Larry is willing to talk to anyone who wants to know what the food bank does. "We serve a 12-county area and distributed 7.2 million pounds of food last year," he said. "The food bank had more calls last year than any other United Way agency. Without Blue Cross, we'd never be able to provide the amount of food we deliver. One of the major players in helping us help those in need is Blue Cross and Blue Shield of Alabama."

We realize that the more we know about United Way, the more we appreciate its value to our communities. That's why Blue Cross selects associates to visit agencies for a first-hand look at what the agencies do.

"Talking about how our donations to United Way are used is one thing," said Tony Carter. "Getting an up close, personal visit and seeing the assistance people receive at some of the agencies is eye-opening for many associates."

Before her agency visits were completed, Ruby already knew she wanted to continue to give her fair share, but she also wanted to do more. She volunteered to serve on a Visiting Allocation Team. The team is made up of volunteer members who help make decisions about community programs that will be a good investment of United Way dollars. Ruby is representative of many Blue Cross associates who carry The Caring Company attitude out the door when they finish their workdays.

Susan Winslett, a 15-year Blue Cross associate, participated in agency tours and was surprised at the "wide range of people helped." She remarked, "They are not just homeless. We saw people who were housed at the Ronald McDonald House. Some even have jobs but can't afford a hotel room for months at a time while a child is being treated at Children's Hospital."

She was also pleased to observe the professionalism of the staff at each of the agencies. "They are so appreciative and wanted us to know what they are allowed to do because of our contributions," Susan said.

Prior to joining Blue Cross, Paul Calhoun served United Way as a loaned executive and was responsible for raising funds during the campaign. Accompanying other Blue Cross associates on agency tours allowed Paul to see the spending side of United Way. "I saw ways the money is spent as well as some of the people who need help," Paul recalled. "You see people who are just like you, but situations lead them down a different path. It may be a neighbor, and it could be you." Paul also served as a volunteer for the Visiting Allocation Team.

"Blue Cross and Blue Shield does not help United Way just during the campaign," said Daniel Kasambira, Relationship Manager with United Way of Central Alabama. "United Way helps the needy year-round and we could not help so many people without Blue Cross."

Blue Cross consistently ranks among the top Alabama companies in fair-share giving to United Way.

Each year, Blue Cross joins a select group of high-performing Pacesetter companies that demonstrate commitments to United Way. This campaign is conducted prior to the community-wide campaign for the Central Alabama chapter.

Blue Cross participates in the Loaned Executive Program and has associates on various United Way committees, including the Visiting Allocation Team.

Blue Cross staff members conduct in-house discussions about opportunities available to associates who want to volunteer with a United Way agency.

Blue Cross and Blue Shield of Alabama and its associates continue the caring tradition as they give, advocate and volunteer.



Habitat for Humanity
Greater Birmingham

Every year, Blue Cross associates volunteer to spend a long, usually hot day working on a Habitat for Humanity house.

Racshelle Chatman wasn't sure what she would do, but she really wanted to help a family through Habitat for Humanity. She was chosen to work on the day Blue Cross helped with house repairs on an older house.

"I was hoping I would do something I could do," Racshelle remembers. She had painted before and that was her assignment; only the job was outside on a very warm April day. "The exhilaration of helping someone exceeded the fatigue," she said. "I forgot how tired I was."

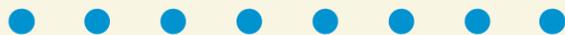
In addition to improving a house for someone, there was another reward that day. "We met the

people who lived in the house and that was priceless," beamed Racshelle as she thought back on the before and after appearance of the house where she spent many hours laboring with love to improve.

"Some associates who feel they don't have carpentry skills find they are more talented than they thought," says Robert Orr, Blue Cross Vice President of Business Consulting and 2009 Campaign Co-Chair. "Our associates who finish a Habitat day are tired and drained," Orr says, "but they all have smiles and know they helped someone less fortunate."



Robert Orr
Vice President of Business Consulting
2009 Co-Chair United Way Campaign



REDUCING COSTS THROUGH WELLNESS

While the cost of healthcare fuels the constant debate about healthcare reform, most people can agree maintaining good health is perhaps the best way to minimize healthcare costs. That's because the cost for having poor health can be staggering. The cost of obesity alone in the United States was as high as \$147 billion in 2008, based on a study from Research Triangle Institute (a leading research institute) and the Centers for Disease Control and Prevention. A healthier nation means lower healthcare costs – for everyone! Turn the page to get a closer look at what Blue Cross is doing.

Helping Employees and Customers Get Healthy ● Health and wellness initiatives minimize injuries, reduce healthcare costs and help people live healthier. At Blue Cross, we touch the lives of people every day with the message that they can improve their health by taking simple, positive steps toward that goal. This message reflects the core of our mission – to care about our members' health, financial security and peace of mind. We begin by setting an example within our own Company.



Scale Back Alabama

Participation in Scale Back Alabama is one way our Company leads by example. Blue Cross sponsors this statewide weight loss and physical activity program along with Alabama hospitals, the Alabama Department of Public Health and Barber's Dairies. The goal is to form teams of four people, with each team member losing 10 pounds in 10 weeks. Blue Cross employees are encouraged to participate.

"Our experience planning innovative wellness activities for our own associates as well as for our customer groups helps us develop and share ideas that work well," said Chelsea Hendrix, Health Management Manager at Blue Cross. Scale Back Alabama is one wellness program that Blue Cross has worked hard to implement for employees and also support statewide. "For our employees, we try to take it a step further than just weight loss. We incorporate initiatives that encourage good habits and healthy lifestyles, like quarterly weigh-ins, physical activity challenges and health assessments."

Nancy Roberts, a Senior Claims Analyst at Blue Cross, was one of many employees who was successful with the Scale Back program. "Scale Back Alabama was the incentive that started me toward losing weight," said Roberts. "I lost 17 pounds during the 10-week program and have lost 60 pounds total since beginning Scale Back last year." Nancy enjoys the Scale Back program because her co-workers also participate and everyone has the same goal – lose 10 pounds. "I definitely think Blue Cross offers an encouraging atmosphere for losing weight and improving overall health." This atmosphere is due in large part to

the support of our executive leadership at Blue Cross. "We wouldn't be able to do a lot of what we do without their support," said Meg Baker, Wellness Enhancement Analyst with Blue Cross. "We truly are The Caring Company. Our top executives really care about the health and well-being of our employees. In fact, our own CEO, Mr. Phillip Pope, showed his support for the 2009 Scale Back program by participating on a team and meeting his weight goal."

This same type of support has enabled Mannington Mills, a Blue Cross customer group, to become what Blue Cross wellness experts refer to as their "Wellness Champions." "They have support from their executive leadership on down," said Meg. "This is what has made the difference for them and for us at Blue Cross."

"Our presidents and CEO are very supportive of our wellness initiatives," says Nancy Koenig, Manager of Benefits Planning and Administration at Mannington Mills. "Letters from them are sent out with the introduction of new wellness programs to encourage participation. They also participate in our programs, which really makes a difference."

Blue Cross associate Nancy Roberts was successful during Scale Back Alabama.



Blue Cross wellness experts have quarterly conference calls with Mannington Mills' wellness representatives from many different states. Even with locations throughout the U.S., Mannington Mills has proven that, with a little coordinated effort, wellness programs can be implemented with tremendous success. They even sent wellness representatives from each location to Blue Cross headquarters to participate in a whole-day seminar and strategic wellness planning session. "Blue Cross has been an outstanding partner in helping us develop our wellness programs," said Koenig.

"Like Mannington Mills, many employers are beginning to realize that a healthy workforce means a productive workforce, and they're looking to us for assistance," said Tim Vines, Senior Vice President of Business Operations. "Part of our job is to make sure we're giving companies wellness program options they can employ within their own organization with the goal of reducing overall healthcare costs. We help companies establish a culture of wellness and provide tools to help them engage as many employees as possible in programs that encourage lifestyle changes."



Tim Vines Senior Vice President of Business Operations

For decades to come, we will continue to share our passion – health and wellness – to help all Alabamians experience better health.

Blue is Gold



In 2009, Blue Cross and Blue Shield of Alabama was one of 25 companies nationwide that received a "Best Employers for Healthy Lifestyles" Gold Award from the National Business Group on Health (NBGH). This award recognized our Company as one of the nation's leading corporations for innovative programs promoting a healthy workplace. NBGH recognizes those organizations that have found creative solutions to advancing the well-being of employees.

BeHealthy Web Tools

A one-stop shop for personalized health information is just a click away through BeHealthy.com.

- **HealthQuotient™** – Assesses your health with an online questionnaire and offers recommendations to minimize risk factors.
- **Health Trackers** – Monitors your health with a variety of trackers, including blood pressure, cholesterol, weight, stress and more.
- **Calorie Counter** – Estimates how many calories you can burn during a workout.
- **LifeStyle Solutions** – Promotes healthy lifestyles through online health programs.
- **Treatment Cost Estimator** – Lists a wide variety of medical conditions and the historical range of costs to cover their treatment.
- **Personal Health Record** – Allows you to keep health information in one secure, centralized location.
- **Hospital Quality Comparison** – Allows you to compare the number of patients, complication rates and length of stay for a variety of procedures at hospitals near your home.

In 2009, 130,389 users started a personal health record.

PROMOTING GOOD HEALTH STATEWIDE

Our Company's vision for a healthier future extends beyond the walls of our corporate offices to the entire state of Alabama. At Blue Cross, we've created and supported both local and state wellness programs that have touched lives for decades.

“We realize there are some health issues inherent to our state, and we have an obligation as an insurance company to address those issues. Through our wellness initiatives and partnerships with statewide programs and task forces, we are raising awareness of wellness tools we have to offer and taking an active role in efforts to find solutions.”

— Tim Vines
Senior Vice President
of Business Operations

BodyTrek: A Journey Through Me

BodyTrek is a freestanding mobile learning experience that offers a series of interactive exhibits to help school children learn about their bodies and accident safety. Five stations are featured within BodyTrek to teach children about growth and development, safety and nutrition, senses, germs, heart and lung health, fitness and healthy habits. The exhibit demonstrates how to make responsible choices, how each body system functions, how to stay healthy, and how we use our bodies in our daily lives. The BodyTrek exhibit is provided to schools at no cost.

One of the exhibit's most popular stations is the giant nose. Children can stick their hands up the nostrils to grab nose hairs and other gooey surprises – all while watching their exploration on a computer screen. It always makes them laugh.



During the 2008-2009 school years, BodyTrek visited nine schools in Jefferson and Shelby counties where a total of 4,758 students participated in the program. In the summer of 2009, BodyTrek made a stop at the YMCA where an additional 700 children were able to visit the exhibit. After 16 years of touring, there still remains a three- to four-year waiting list for schools that want to give their students the BodyTrek experience.

Gulf Coast Exploreum Science Center

In 2009, Blue Cross and Blue Shield of Alabama was given the opportunity to use this same interactive exhibit concept by sponsoring 11 BeHealthy Stations in the Gulf Coast Exploreum Science Center in Mobile, Alabama. The objective of the BeHealthy Stations, which are part of the My BodyWorks gallery, is to promote whole-body health through movement and fun that appeals to all ages. Visitors measure variables such as muscle strength, flexibility, pulse and blood pressure at the 11 stations. Visitors receive a magnetic striped card to insert at each station to record their progress. At the end of the exhibit, a printout shows the results.



“Since My BodyWorks has opened, we have learned that not only is it a great interactive exhibit for instructing children, but it is also a great resource for seniors,” said Hela Sheth, Director of Marketing and Public Relations for the Exploreum. The exhibit's 11 interactive BeHealthy Stations that allow visitors to monitor vital functions are perfect for helping seniors evaluate their overall health. As a result, the Exploreum now offers health and wellness classes specifically tailored to older adults. Participants have access to the My BodyWorks health exhibit, enabling them to print out a weekly snapshot health assessment to measure their progress.

Through our sponsorship at the Exploreum, Blue Cross supports economic growth in our state and impacts the health of Alabamians as well as Exploreum visitors from all over the world.



Think exercising requires a gym membership, a lot of time and big bulky equipment? Think again! Studies show that simple physical activity, such as walking, can help a person lose weight and strengthen the heart and lungs. That's why Blue Cross and Blue Shield of Alabama promotes WalkingWorks, a program to help motivate Alabamians to incorporate more walking into their everyday routine. WalkingWorks helps participants set personal walking goals based on their current level of fitness and provides online resources to get participants started on the road to better health.

Walking Facts

- On average, every minute of walking can extend your life by 1.5 to 2 minutes.
- Walking an extra 20 minutes each day will burn off seven pounds of body fat per year.
- Longer, moderately paced daily walks (40 minutes at 60 to 65 percent maximum heart rate) are best for losing weight.
- Shorter, faster walks (20-25 minutes at 75 to 85 percent maximum heart rate) are best for conditioning your heart and lungs.

Step Trade-Offs

Can't give up your favorite food? Here's how much walking you'll have to do to burn those calories.

Chocolate chip cookie	2,150 steps
Blueberry muffin	10,950 steps
Carton of salted popcorn	3,025 steps
Chocolate milkshake	10,075 steps
Tuna melt sandwich	15,525 steps



In 2007, Blue Cross and Blue Shield of Alabama held its first National Walk@Lunch Day® (NW@L). NW@L was created to help individuals achieve and maintain a basic level of fitness by incorporating physical activity into their lives without disrupting their busy schedules. In 2009, more than 13 Blue Cross customer groups and more than 700 participants across Alabama joined Blue Cross and Blue Shield of Alabama for NW@L Day.



The Alabama Child Caring Foundation helps give Alabama's children a better start by giving them a healthy start

When a Baldwin County elementary school nurse showed up at work one morning, she knew she could not let the day pass without trying to help a little boy who had an ear infection.

He had experienced so many of these infections, it was affecting his hearing. The infections were so severe; he was frequently "out sick" from school, which meant he was falling behind academically. Seeing a doctor was not an option because he had no medical coverage. His parents could not afford insurance, although they both had jobs.

Seeing those brown eyes sagging again with another fever, Emily Steiner knew this child must see a doctor. She contacted the child's parents and collected enough information to help her determine the appropriate agency to ask for assistance.

"It's not these babies' fault that their parents cannot afford insurance," said Steiner. "Some parents have lost jobs, and others who have jobs have house payments, power bills and general living expenses. They just don't have enough left over to pay for healthcare insurance."

Steiner has been a nurse at Baldwin County schools for more than 29 years and knows when a child needs to see a doctor. So she contacted the Alabama Child Caring Foundation (ACCF). Having worked with the ACCF staff to get help for other children attending her schools, she knew the ACCF was her only hope of getting that little boy to the doctor.

The ACCF's aim is to support every child whose parents cannot afford health insurance and who do not qualify for government assistance programs such as Medicaid and ALL Kids. Another qualifying factor requires that families must meet the program's financial criteria. Steiner knew the program's guidelines, and she knew the ACCF was her only option.

Finally, the little Baldwin County student was able to go to the doctor, where he was diagnosed with otitis media, an infection or inflammation of the middle ear. Because of the help from the ACCF and regular doctor visits, this little boy feels better, he has better school attendance, and his school work is improving because he can hear his teacher.

"It is extremely rewarding to see our state's children who are from low-income families receive medical services that they otherwise would not have," said Barbara Hutchinson, Executive Director, Alabama Child Caring Foundation. "Without ACCF, our donors and Blue Cross and Blue Shield of Alabama's matching funds, Alabama's needy children would not receive the healthcare they need."



Barbara Hutchinson
Executive Director
Alabama Child Caring Foundation

Children who are unable to go to doctors often have medical issues that are misunderstood in school.

"Some children are classified as slow learners and considered to be on special education learning levels," said Wayne Flynt, noted historian and Distinguished University

Professor Emeritus, Auburn University. "Because their eyes are so bad, it is their vision causing the problems and it's not a learning problem." But the issue isn't solved unless these children, and others with undiagnosed problems, see a doctor.

In Alabama, the poverty rate is rising, and 60,000 people lose healthcare insurance every year, according to Flynt. "People are working one, two and three jobs and still can't buy health insurance." Flynt calls these people our "deserving poor."

Flynt knows his subjects well because he has conducted extensive research about poor people living in the South and has authored or co-authored numerous books about the South's unfortunate residents. "Alabama: A History of a Deep South State," and "Poor But Proud: Alabama's Poor Whites," were both nominated for Pulitzer Prizes. He agrees that children are not responsible for their poor conditions. In fact, Flynt and his Sunday school class know that's the case and are long-time contributors to the ACCF.

Flynt believes we should help the "deserving poor" by helping their children. Many of these people are employed but still cannot afford insurance, and the parents are "doing the best they can." He knows the ACCF is a valuable resource to help our children grow into healthy, productive adults.

"It's a good bargain," Flynt said. "The money we spend, we get back from children who can visit a doctor rather than be required to use other medical services like pricey visits to emergency rooms and other services like Medicaid."

Flynt and Steiner take every opportunity to promote the value of the ACCF, whether Flynt mentions ACCF to a captive audience following a speech or at a meeting Steiner attends.

"We must have compassion for our kids," Steiner said. "And if we don't have healthcare, we don't have healthy children."

Hutchinson hopes that one day every child in Alabama will have medical coverage. Unfortunately, the list of underprivileged children is growing faster than ever before.

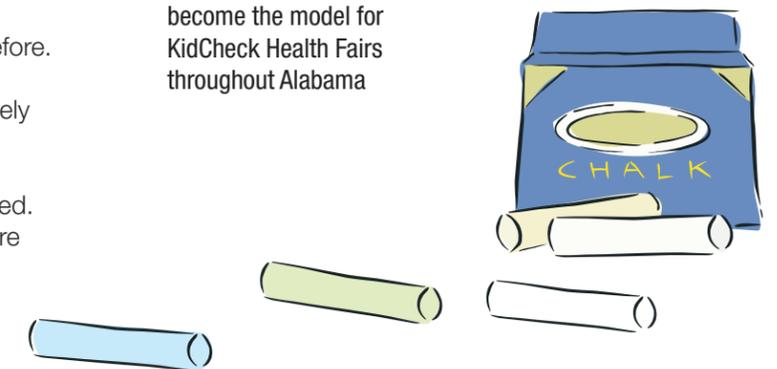
"Now, more than ever, donor contributions are extremely important," Hutchinson said. "We continue to receive steady contributions, but because of the economic downturn, the dollar amounts contributed have declined. Over 6,000 children are currently receiving medical care through the ACCF."

HELPING UNINSURED CHILDREN

The Alabama Child Caring Program, under the Alabama Child Caring Foundation, was created by Blue Cross and Blue Shield of Alabama in 1987 to provide Alabama's uninsured children with the healthcare they need.

ACCF Facts

- The first child enrolled in ACCF: March 1988
- Through ACCF, the Alabama Child Caring Program provides healthcare for Alabama's needy children who do not qualify for other state programs
- Total number of children served since 1988: 71,263
- Blue Cross and Blue Shield of Alabama matches donations dollar for dollar
- Cost to insure one child for one year: \$240
- Over 2,400 ACCP specialty license plates have been sold to support children who need healthcare coverage. Blue Cross matches the sales which have generated over \$200,000 in contributions
- Contributors include businesses, healthcare providers, civic groups, foundations, individuals, religious organizations, special events, specialty license plates and Blue Cross matching funds
- Children in all 67 Alabama counties are served by ACCF
- Currently 6,000 are receiving benefits; 1,100 are waiting for coverage
- In 2009, ACCF raised \$44,000 in donations through Birdies for Charity, a fundraising program through the Regions Charity Golf Classic Foundation. ACCF finished in first place among more than 140 organizations registered for the Birdies event
- The most recent census data shows that Alabama leads the Southeast for having the lowest percentage of uninsured children. Alabama ranks second in the nation — behind Massachusetts — for having the lowest percentage of uninsured children. The ACCF is proud to partner with Medicaid and ALL Kids to ensure disadvantaged children receive medical care in Alabama
- In 2008, the ACCF health fair was adopted by Alabama Governor Bob Riley and the Alabama Rural Action Commission to become the model for KidCheck Health Fairs throughout Alabama



KidCheck is a Valuable Tool for Alabama's Uninsured School Children

The Alabama Child Caring Foundation (ACCF) began health screenings in Bibb County schools approximately 16 years ago. These health fairs were established to help detect unknown health conditions among school children and to identify uninsured children. Children without insurance were quickly enrolled in the Alabama Child Caring Program. This allowed them to get immediate medical care as well as ongoing medical coverage. The ACCF health fairs were so successful they quickly spread to seven other counties.

In 2008, the Alabama Rural Action Commission, formed by Gov. Bob Riley, became interested in these health fairs and adopted this approach as the "model" for school screenings. Creating a name that describes the process, "KidCheck" was born and continues our health screenings for all K-12 students in public schools in Alabama. Gov. Riley established a KidCheck Committee and named a KidCheck Director to ensure its future success. Many partners and sponsors became involved in order to support KidCheck Health Fairs, and KidCheck continues to emulate the original ACCF health fair concept as it identifies uninsured children and undetected health conditions.

The KidCheck Health Fair examines students' height weight, body mass index (BMI), vision, heart, lungs, ears, nose, throat, blood pressure, respiration, and dental health.



Barbara Hutchinson, Executive Director of the Alabama Child Caring Foundation, accepts a special recognition from Gov. Bob Riley for the Alabama Child Caring Foundation's role in KidCheck.

Over 17,000 children were screened in its first year during 2008-2009. An estimated 35,000 children were screened during the 2009-2010 school year.

Barbara Hutchinson, Executive Director of the Alabama Child Caring Foundation, says, "We are proud that ACCF initiated such a propelling and successful concept which has served Alabama's young children, and we are also proud to continue to sponsor KidCheck Health Fairs."

Blue Cross sponsors many programs that benefit children throughout the state.

Here are just a few.

Blue Sky Program provides education and job search preparation tools for high school juniors and seniors.

Wellness, Academics and You (WAY) Program helps prevent Alabama children from experiencing obesity issues by encouraging physical activity and healthy eating for the whole family.

Character Through Reading/Healthy Reading Programs help develop and increase reading comprehension among students in grades K-5, while promoting positive character traits.

Focus First gives free vision screening for children, ages six months to five years, in urban and rural poverty areas of Alabama through a partnership with Sight Savers of Alabama.

VERB Program is a local version of the national, multi-cultural program that makes physical activity accessible, exciting and rewarding for youths during the summer, when many students are inactive.



LEADING WITH QUALITY INITIATIVES

At Blue Cross, our mission has always been to provide our customers with quality, affordable healthcare – not just pay claims. That is why joining the movement to improve quality and transparency in healthcare is so important to us.

But how do you ensure quality care from Alabama's healthcare providers? What is considered quality care, and how can it be measured? How can patients make more informed decisions about their own healthcare?

These questions and many others were carefully considered as Blue Cross joined forces with leaders in the physician, hospital and business communities to improve accountability and efficiency in healthcare. The results are several statewide initiatives that are making a significant impact on the quality of care in Alabama. They include the Alabama Hospital Quality Initiative (AHQI), Blue Distinction, the Alabama Hospital Tiered Network, and the Quality Forum.

According to the Centers for Disease Control and Prevention (CDC), hospital-acquired infections are associated with 99,000 deaths per year in the U.S., one person every six minutes. This exceeds deaths due to AIDS or auto accidents in the U.S. annually. In addition to the human cost of hospital-acquired infections, the financial cost is huge – ranging from \$4,644 to \$12,197 per infection.

Improving Hospital Care

Since 2004, the **Alabama Hospital Quality Initiative (AHQI)**, a partnership among Blue Cross and Blue Shield of Alabama, CareFusion MedMined™ and Alabama hospitals, has reduced hospital-acquired infections by 33 percent. AHQI enables infection experts to facilitate and maintain a team-oriented, hospital-wide approach to minimize the incidence and effects of hospital-acquired infections as well as promote effective antibiotic therapy.

AHQI has proven to be a "win-win" situation for all by reducing the human and financial harm of infections and providing financial benefit to hospitals. In 2009 alone, 64 hospitals participated, 15,810 infections were prevented, and an estimated 316 lives were saved.

Even small Alabama hospitals benefit from AHQI through its online targeted educational programs. This outreach has supplied much-needed resources within the hospitals and contributes to our campaign to reduce infections.

Coosa Valley Medical Center's CEO Glenn C. Sisk said, "The Alabama Hospital Quality Initiative represents a collaborative effort between Blue Cross and Blue Shield of Alabama and the Alabama Hospital Association that is unrivaled in our history. Representatives from the community along with providers have worked closely to structure a program that effectively measures outcomes with a common goal of improving care. These metrics have allowed hospital leaders, physicians and other clinicians to remain in step as Alabama healthcare consumers have been the beneficiaries of this collective work."

The AHQI model is currently being adopted in Texas, New Jersey, New York, California and Pennsylvania. AHQI's 2009 performance benchmarks show 40 percent of Alabama hospitals are excellent, 89 percent perform better than expected, and 70 percent are improving.

Fifty percent of all hospital care complications are due to hospital-acquired infections.

The **Quality Forum** is a meeting held twice a year that allows Alabama hospitals to share successes and missteps with each other. Sponsored by the Alabama Hospital Association, the Alabama Quality Assurance Foundation, the Medical Association of the State of Alabama and Blue Cross and Blue Shield of Alabama, the meeting is designed to provide the latest information on quality and patient safety, while encouraging open networking for hospital leaders.



Increasing Physician Quality and Transparency

In addition to improving the quality of hospital care, Blue Cross saw the need to improve the quality and safety of physician care. The result is the **Physician Quality and Transparency Program**. The program includes three components – patient satisfaction surveys, physician quality indicators and the Surgical Care Improvement Project (SCIP).

“The goal of this program is to establish a statewide agenda to advance quality and improve clinical outcomes,” said Blue Cross Senior Vice President of Health Care Networks, Jeff Ingram. “Enhancing accountability, transparency and efficiency in healthcare will ultimately lead to better patient outcomes, more informed decision-making by consumers and cost savings through medical best practices.”



Jeff Ingram
Senior Vice President
of Health Care Networks

To establish quality measures, Blue Cross worked closely with the officers and members of the Medical Association of the State of Alabama, leadership from the Alabama Quality Assurance Foundation, the Alabama Hospital Association, and various medical group leaders. A Quality Collaborative Committee was also created with leaders from the physician community, hospitals, businesses and Blue Cross to oversee the development of the program.

Physician quality measures are derived from several state and national quality programs. Patient satisfaction surveys provide additional ratings. These surveys give Blue Cross patients an opportunity to rate their doctors based on their recent office visits.

Currently viewable through “Doctor Finder” on our website, www.bcbsal.com, our physician quality ratings help individuals make informed healthcare decisions. They also help doctors and practices improve the quality of their care.

Another program, the **Alabama Health Improvement Initiative (AHII)**, developed in 2008, unites the efforts of employers, healthcare providers and Blue Cross in a collaborative approach to reward doctors who demonstrate superior outcomes for their patients.

The **Diabetes Initiative** was the initial rewards program established by AHII to improve the diagnosis and care of diabetics in Alabama. Nearly 334,000 Alabamians are aware they have with diabetes, and four die each day from complications related to this disease. Complications include heart disease and stroke, and more new incidences of blindness are associated with diabetes than with any other condition.

“In my practice, I feel our care of diabetics is much more organized and standardized. We are spending more time educating the patients on the importance of meeting all their ‘number goals’ in order to lessen their chances of complications of diabetes,” says Tamara McIntosh, M.D., a Blue Cross healthcare provider and AHII participant. “Many patients have been more motivated to have better blood pressure control, exercise, and lose weight. They are all now getting the same organized/standardized approach to the management of their diabetes, and I feel we are doing a better job of pushing them to meet goals in needed areas.”

With Doctor Finder, Find Quality Care Quickly

Blue Cross’ improved website tool, “Doctor Finder,” makes it easier than ever to find high-quality, efficient healthcare. All Alabamians can visit www.bcbsal.com to find doctors and hospitals, search for specialists, check credentials, obtain procedure pricing information and more. A star rating system* indicates how doctors and hospitals rate based on proven, evidence-based clinical measurements that cover various areas of care.

*These ratings are not available for all doctors and hospitals, and they should not be used as the only factor when making healthcare decisions.

In addition to AHQI and AHII quality indicators, Blue Cross utilizes quality indicators from national quality programs to provide doctor and hospital rating information through Doctor Finder.

Blue Distinction

Blue Distinction is a designation awarded by Blue Cross and Blue Shield companies to medical facilities demonstrating expertise in delivering quality healthcare. Based on specific criteria established in collaboration with expert physicians’ and medical organizations’ recommendations, its goal is to help consumers find quality specialty care on a consistent basis. It also enables healthcare professionals to improve the overall quality and delivery of care nationwide.

Alabama Hospital Tiered Network

Blue Cross is improving quality and transparency in healthcare through the Alabama Hospital Tiered Network. This program categorizes Alabama hospitals into one of three “tiers” based on their performance in three primary areas of interest: quality awareness, patient safety awareness, and financial awareness. Hospitals designated as “Tier 1” are recognized as having attained the highest level of compliance in these areas. In 2009, 75 out of 100 facilities achieved Tier 1 status and there were no Tier 3 facilities.

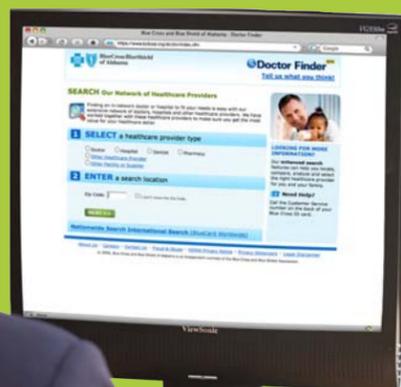
“Many Alabama hospitals have benefited from this ‘report card.’ Blue Cross has worked in partnership with our hospitals to help us improve quality outcomes and patient safety,” said Jim Weidner, CEO, Cullman Regional Medical Center. “The Tier 1 report card is a clear measure comparing the expectations of the customer and the performance of the hospitals.”

Patient Surveys

Blue Cross uses the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) data to display hospital patient satisfaction. HCAHPS is a national, standardized survey of hospital patients and asks a random sample of recently discharged patients about important aspects of their hospital experience.

Surgical Care Improvement Project (SCIP)

This program is sponsored by the Centers for Medicare and Medicaid Services and includes several patient care measures that help reduce the risk of infection and other complications associated with surgical procedures. Blue Cross uses hospital SCIP data to tie a physician with admitting privileges to the hospital’s performance. Groundwork was laid in 2009 to make SCIP data available on our website beginning in 2010.

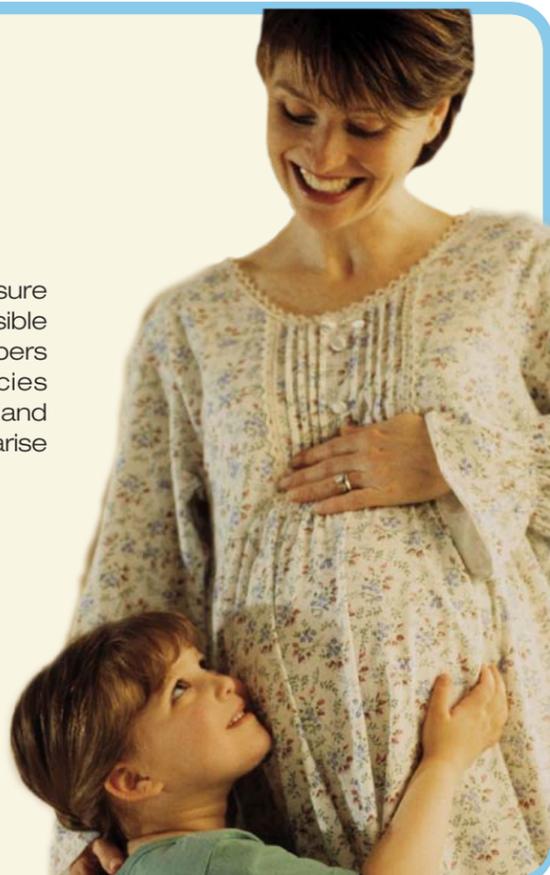


B A B Y Yourself

Baby Yourself is a prenatal wellness program that helps ensure expectant mothers and their babies receive the best possible healthcare during pregnancy. This program is available to members who are expecting regardless of whether their pregnancies are normal or high-risk. It offers resources, such as support and educational materials, plus a nurse to call when questions arise throughout the pregnancy.



"My nurse was great! She provided excellent answers to my questions and even sent me extra information on breastfeeding that I found to be most helpful. I would recommend Baby Yourself to others."



The Baby Yourself Prenatal Wellness program is provided through the For Your Health program by Blue Cross and Blue Shield of Alabama, an independent licensee of the Blue Cross and Blue Shield Association.



Go green WITH BLUESM

We have only one planet but many chances to positively impact our environment. That's why Blue Cross and Blue Shield of Alabama developed the "Go Green With Blue" campaign. We're improving our work processes for a greener environment, and we encourage you to become environmentally friendly too.

Here are some of the ways Blue Cross has gone green:

- Recycle bins for cans and plastic are available in all our buildings.
- All cardboard is recycled.
- Local schools collect our used printer cartridges and recycle them to fund reading programs and purchase computers.
- Our cleaning staff uses 100 percent green cleaning products, meaning they don't harm the environment.
- Bins are available for associates to recycle white paper.
- Many of our publications and communication materials are printed on recycled paper.
- The carpet in the buildings at our headquarters was purchased from a company providing earth-friendly products.

Find out how healthy you are with the HealthQuotientSM at BeHealthy.com



HealthQuotient (HQ) helps companies develop wellness strategies. From an employer's perspective, this online health assessment helps companies pinpoint employee health risks, such as stress, tobacco use or low physical activity. Blue Cross wellness experts use results from the health assessment to help companies create strategic wellness plans that target their employees' health needs. The HQ can be taken annually to check progress.

Most companies have excellent participation in the HQ. Within our own Company, 91.5 percent of our employees took the HQ in 2009.

In 2009, there were 24,401 individual completions on the HealthQuotient.



WHAT'S NEXT?

While the healthcare industry is changing, our mission at Blue Cross and Blue Shield of Alabama remains the same.

We provide employers, families and individuals access to quality, affordable healthcare because we care about our members' financial security, health and peace of mind.

With our corporate strengths and resources, we will pursue this mission and build an even healthier future for Alabama.

This is a Blue Cross and Blue Shield of Alabama publication. Programs listed below are offered through Blue Cross in collaboration with independent companies.

BeHealthy.com, a wellness website offered by Blue Cross and Blue Shield of Alabama, is powered by WebMD[®], an independent company.

WebMD[®] is an independent company providing health assessment tools and services, such as HealthQuotientSM, to our customers.

Aler[®] is an independent company providing health assessment tools and resources, such as LifeStyle Solutions, to our customers.



Blue Cross and Blue Shield of Alabama
2009 Community Annual Report