

BUILDING HEALTHY FAMILIES



2018 ANNUAL REPORT



Blue Cross
Blue Shield
of Michigan



The Blue Cross Blue Shield of Michigan Foundation was created in 1980 with \$800,000 in seed money. Three years later, Michigan physicians endowed the Foundation with \$19.2 million in incentive funds from a Blue Cross cost-containment program. Since then, the Foundation's assets have grown to \$55 million.

The Foundation is dedicated to improving the health of Michigan residents by supporting health care research and innovative health programs. The diversity, relevance and practical application of the research and service delivery projects we fund have earned the Foundation a reputation for excellence and innovation in health philanthropy.

Our 38-year history of grant funding has resulted in enhancements to quality of care and improved patient safety and access to care for the people of Michigan.

The Foundation also supports efforts to control the rising cost of health care through research, demonstration and evaluation projects. The Foundation, a 501(c)(3) nonprofit organization, is the philanthropic affiliate of Blue Cross Blue Shield of Michigan and Blue Care Network. All three organizations are nonprofits and independent licensees of the Blue Cross and Blue Shield Association.

For more information and application materials, please visit bcbsm.com/foundation, or write to:

Blue Cross Blue Shield of Michigan Foundation
600 E. Lafayette Blvd., MC X520
Detroit, MI 48226-2998

BUILDING HEALTHY FAMILIES

TABLE OF CONTENTS

2	3	4	22	37	46
---	---	---	----	----	----

PRESIDENTS' LETTER	CEO & BOARD CHAIR LETTER	COMMUNITY IMPACT	GRANTEE PROGRAM TOTALS & AWARDEES	ADMINISTRATION	AUDITED FINANCIAL STATEMENTS
--------------------	--------------------------	------------------	-----------------------------------	----------------	------------------------------

MISSION

To support health care research and innovative programs designed to improve the health of all Michigan residents.

VISION

Michigan's population will enjoy improved health and access to cost-effective, quality care. The Foundation will be a leader in fostering the development of socially responsible and innovative solutions to critical issues that affect the health of all Michigan residents.

VALUES

- Commitment to quality performance
- Honesty, integrity, collaboration and teamwork
- Effective and efficient use of resources
- Excellence in programs, grants and communications



SUSTAINING THE PRESENT AND PREPARING FOR THE FUTURE

We at Blue Cross Blue Shield of Michigan recognize that Michigan's future depends heavily on the health and well-being of its residents. We're proud that over the last 80 years, we've worked hard to make sure people have access to quality, affordable care. These efforts span our insurance business — where we offer coverage in every Michigan ZIP code — to our social mission activities, where we help communities address health disparities, strengthen the safety net for the uninsured and combat chronic health conditions.

The Blue Cross Blue Shield of Michigan Foundation, one of Michigan's largest nonprofit foundations, also works with partners across the state to support a healthier Michigan. In 2018, the Foundation and our statewide partners gave more than \$2.7 million to address critical health issues.

We funded innovative community interventions that directly impacted health issues. This year's annual report highlights specific community grants focused on improving the health of the children in various communities.

The Foundation is also proud to support our medical research community. As the landscape of health care changes, we must assist Michigan's leading academic and clinical researchers to discover ideas and innovations to improve lives and change health care. In 2018, we were proud to award 28 research grants to established, professional researchers and cultivate the research talents of 42 students at eight Michigan universities.

We're pleased to offer this report about our outcomes from the past year, as we continue to work with our partners to invest in the health of all Michiganders and to be a Force for Positive Change for many years to come.



DANIEL J. LOEPP



LYNDA M. ROSSI

DANIEL J. LOEPP

President and CEO
Blue Cross Blue Shield of Michigan

LYNDA M. ROSSI

Executive Vice President, Strategy,
Government and Public Affairs
Blue Cross Blue Shield of Michigan

FROM THE CEO AND BOARD CHAIR

In 2018, the Foundation's focus on families was driven by the health crises of substance abuse and undiagnosed and untreated behavioral health comorbidities. As part of our focus on the overall health and wellness of Michigan families, these issues reach across the state and into many homes as people grapple with the difficulties they present.

To help counteract the ongoing issue of opioid use and abuse in the state, we partnered with researchers who addressed the many facets of the crisis. They looked at different aspects, including opioid use in after-surgery care, prescribing guidelines in Michigan, addicted mothers and infants and residential treatment plans.

One aspect of behavioral health we focused on was the impact childhood trauma could have on parents and children. We funded community development innovative interventions that taught families how to manage the lifelong impacts. The interventions give a positive voice and access to diagnosis and treatment of behavioral health issues, so families can become active members of their own health care teams. In Detroit, we're partnering with other funders, the Detroit Public Schools and the University of Michigan, to implement a three-year, evidence-based behavioral health plan for children in grades K-12.

In the Upper Peninsula, we sought to improve health and access to cost-effective quality care for the residents. This special investment gave 14 community organizations more than \$800,000 in grant funding for projects that address critical health problems in their communities. These projects were funded through a partnership between Blue Cross Blue Shield of Michigan, the Blue Cross Blue Shield of Michigan Foundation and the Superior Health Foundation.

We're proud to continue to serve the state of Michigan and hope you'll enjoy reading about these and our other accomplishments of 2018.



AUDREY J. HARVEY



SHAUNA RYDER DIGGS, M.D.

AUDREY J. HARVEY

Executive Director and CEO
Blue Cross Blue Shield of Michigan Foundation

SHAUNA RYDER DIGGS, M.D.

Chairwoman, Board of Directors
Blue Cross Blue Shield of Michigan Foundation



bcbsm.com/foundation



6

Head Start recognizing and treating kids who've experienced childhood trauma

BARAGA-HOUGHTON-KEWEENAW CHILD DEVELOPMENT BOARD, INC. UPPER PENINSULA

8

GREAT MOMs helps moms battling opioid addiction during pregnancy

SPECTRUM HEALTH FOUNDATION WEST MICHIGAN

10

Immune-compromised kids "fit in" at germ-free Children's Healing Center

CHILDREN'S HEALING CENTER WEST MICHIGAN

12

WMU Mapping Project helps service organizations pinpoint need

AMY CURTIS, PH.D., MPH, HDReAM CENTER AT WESTERN MICHIGAN UNIVERSITY WEST MICHIGAN

14

Blue Cross Foundation grant helps Starfish measure success of program for kids with behavioral issues

STARFISH FAMILY SERVICES SOUTHEAST MICHIGAN

16

Ottawa County Coalition fighting opioid abuse across generations

BOYS AND GIRLS CLUB OF HOLLAND WEST MICHIGAN

18

Grant helps Child & Family Services expand behavioral access for kids

CHILD & FAMILY SERVICES OF NORTHWESTERN MICHIGAN NORTHERN MICHIGAN

20

Blue Cross grant helps behavioral health program expand into Detroit public schools

ELIZABETH KOSCHMANN, PH.D., DEPARTMENT OF PSYCHIATRY, UNIVERSITY OF MICHIGAN SOUTHEAST MICHIGAN

COMMUNITY IMPACT

BUILDING HEALTHY FAMILIES

HEAD START RECOGNIZING AND TREATING KIDS WHO'VE EXPERIENCED CHILDHOOD TRAUMA

COMMUNITY IMPACT

A \$65,000 grant from the Blue Cross Blue Shield of Michigan Foundation is helping an Upper Peninsula Head Start program implement an intervention program for kids who've experienced early childhood trauma that's impacting their ability to interact with adults.

The program, **Watch Me Shine**, helps caring adults build supportive, responsive relationships in an effort to stave off lifelong repercussions to learning and physical and mental health.



bcbsm.com/foundation

Cheryl Mills, executive director and Head Start director, Baraga-Houghton-Keweenaw Child Development Board, Inc., said, she's noticed a trend developing in the last few years that's gone beyond typical toddler and early childhood behavior.

BHK covers a wide swath of rural geography in the Upper Peninsula counties. Meaningful employment that pays a decent wage can be hard to come by, opioid and alcohol addiction have hit the region hard and accessing mental and behavioral health services is difficult considering how far away families might need to travel to get them.

About 63 percent of the children who attend BHK come from families with income below 100 percent of the federal poverty level. An additional 27 percent are on some type of public assistance.

Stressful situations in childhood can weaken a child's developing brain and permanently set his or her body's stress response system on high alert. A large part of the program that started at the beginning of the 2018-2019 school year involves training teachers to recognize trauma in kids and identify ways to build relationships that help those kids feel safe.

BHK is also working through intervention plans with parents so that they can implement supportive strategies in the home. "I'm a strong believer that if you can help the parents, they can help the children," said Tracy Newton-Cadeau, mental health and disabilities coordinator, BHK. That might mean helping parents address the source of trauma a child has been exposed to through referrals to counseling or other types of community resources or programs.

As the program progresses, Mills hopes to build awareness about the effects of childhood trauma in the broader community, so a stronger support system is put in place to help kids and their families build resiliency. ■

"I'm a strong believer that if you can help the parents, they can help the children."

GREAT MOMS HELPS MOMS BATTLING OPIOID ADDICTION DURING PREGNANCY

COMMUNITY IMPACT



The Grand Rapids Encompassing Addiction Treatment with Maternal Obstetric Management program, or **GREAT MOMs**, with grant funding from the Blue Cross Foundation, is offering hope to expectant mothers recovering from or actively battling a substance use disorder. Spectrum Health in Grand Rapids, Michigan, runs the program that embeds addiction treatment in a prenatal care clinic that streamlines their patients' individual needs to promote better outcomes for moms and their babies.

Through GREAT MOMs, women simply schedule a block of appointments during a single day with an addiction specialist, certified nurse midwife and others involved in their care. It saves them from having to make up to four different appointments in four different locations during a given week.

Women are treated with buprenorphine to help reduce or quit use of heroin or other opioids. Cara Poland, M.D., M.Ed., spokesperson for GREAT MOMS, said medication to treat addiction during pregnancy is preferable and produces better outcomes than quitting "cold turkey." Without treatment, opioid use disorder during pregnancy can cause low birth weight, stillbirth and prematurity in infants.

Poland noted, "If somebody is actively using opioids, their body is often going in and out of withdrawal, and withdrawal is a physical stress on the body and that results in stress on the baby." Poland is one of the first 1,200 American Board of Medical Specialties board-certified addiction medicine specialists. She's also the president of the Michigan chapter of the American Society of Addiction Medicine.

Women who enter treatment during pregnancy have higher rates of compliance with prenatal care, and their babies need fewer medical interventions after birth. On average, six-week postpartum checkups are adhered to by only about 40 percent of women. The rate of compliance for GREAT MOMS is 95 percent.

Long-term, babies born to moms taking medication to treat an opioid use disorder do well, Poland said, typically without lasting complications. ■

"If somebody is actively using opioids, their body is often going in and out of withdrawal and withdrawal is a physical stress on the body and that results in stress on the baby."



IMMUNE-COMPROMISED KIDS "FIT IN" AT GERM-FREE CHILDREN'S HEALING CENTER

COMMUNITY IMPACT

Roan Collins' white blood cells don't work optimally, leaving him vulnerable to illness. His immune deficiency also makes the Caledonia fourth grader vulnerable to something else: isolation and loneliness.

Thanks to the **Children's Healing Center**, a Grand Rapids-based facility that's kept as germ-free as possible, Collins, 9, is no longer alone. CHC is a place where families and their immune-compromised children and young adults up to 26 years old can play, learn and connect with others.



bcbsm.com/foundation

After his first visit, Collins' dad reported, "He said, 'Dad, I feel like I fit in here.'"

It's stories from kids such as Roan Collins that keep CHC founder and executive director Amanda Winn focused on the expansive goals she has for the center.

A \$24,000 grant from the Blue Cross Blue Shield of Michigan Foundation is helping researchers from Helen DeVos Children's Hospital and Calvin College's Center for Social Research see how the center's programming impacts the well-being and quality of life for kids and the adults in their lives.

Programming is split into four main zones at the center and includes:

- **Exploratory play** — A hub for exploration, this space helps younger children work on their fine motor skills and reading, and offers play-based learning.
- **Active fitness** — This space allows children to move and exercise. The CHC hosts a wide variety of fitness classes, group games and sports for the entire family.
- **Art and learning** — Group and educational projects take place here, including science experiments and therapeutic art sessions.
- **Technology zone** — A favorite space for teens and young adults, this area encourages hanging out and fun uses of technology, such as karaoke, movie nights and fitness-based video games. A stage encourages kids to explore their dramatic side.

Winn said she expects the Blue Cross-funded research will show improvements in mental and emotional health for caregivers, parents and their children. She said earlier research showed that it helped reduce stress and improve moods.

"We feel that by strengthening families, we're strengthening every person's mental and emotional health," Winn said. ■

"We feel that by strengthening families, we're strengthening every person's mental and emotional health."



WMU MAPPING PROJECT HELPS SERVICE ORGANIZATIONS PINPOINT NEED

COMMUNITY IMPACT

For kids who rely on free and reduced lunch programs at school, summer vacation is sometimes synonymous with hunger. A lack of food is unhealthy for growing bodies.

"If it's not maintained throughout childhood, even if they don't feel the immediate effects of it, it can affect the child's health as they age," said Phyllis Hepp, policy and planning director, Kalamazoo Loaves & Fishes.



bcbsm.com/foundation

In Michigan, the participation rate for summer food programs that target underserved children averages about 12 to 15 percent. In Kalamazoo County, it's 21 percent, which Hepp credits to a dedicated anti-hunger coalition in the community and the use of an innovative data mapping program that allowed the group to visualize where the need is and take appropriate action to up the number of kids getting summer meals.

Helping summer food programs increase effectiveness is just one of many wins realized since Western Michigan University instituted the Health Data Research, Analysis and Mapping Center, or HDReAM, in 2014.

By mapping things like education and economics, transportation, maternal and child health, infectious disease hotspots, housing, services, medical information and population census data, community groups can pinpoint geographic areas where needs aren't being met.

Blue Cross Blue Shield of Michigan Foundation and the Battle Creek Community Foundation provided the initial funding for HDReAM, a collaboration between WMU, the Calhoun County Health Department and the Kalamazoo County Health and Community Services Department, along with other organizations.

The program is prompting discussion about how data can be used to improve health services and outcomes, explains Kathleen Baker, director of the HDReAM Center at WMU. Her team is working to update the data mapping technology and website. They're also helping other communities institute their own data mapping systems.

The project is instrumental in teaching a new generation of students about the role technology can play in shaping public health initiatives, as well as providing them insights into their communities. Researchers have worked with other local organizations to identify and address gaps in health services related to sexually transmitted infections, maternal health care for at-risk moms and other complex issues. ■

"To actually be able to map that out and see how it is affecting different areas of the community was just so much more powerful."



**BLUE CROSS
FOUNDATION GRANT
HELPS STARFISH
MEASURE SUCCESS OF
PROGRAM FOR KIDS
WITH BEHAVIORAL ISSUES**

**COMMUNITY
IMPACT**



bcbsm.com/foundation

Despite their tiny frames, kids have big, sometimes out-of-control feelings. When those emotions erupt, the outbursts can fray the nerves of teachers and caregivers.

At Starfish Family Services, efforts have been under way to address the behavior and understand why it's happening in the first place. The nonprofit organization works with families in metro Detroit through early childhood education, behavioral health services and community and parenting classes.

Starfish serves a population where adverse childhood experiences are significantly higher than the national average, meaning the kids they work with have seen more trauma in their short lives than many of their counterparts in other parts of the state and country.

Starfish has been implementing evidence-based Trauma Smart training for all staff, which has been recognized as an effective tool in helping children and the adults who care for them address the negative impact of violence and trauma.

A \$50,000 grant from the Blue Cross Blue Shield of Michigan Foundation is helping the organization measure the effectiveness of the work, which has found broad support from many philanthropic organizations.

Staff has made an empathetic shift in how they deal and interact with outbursts, particularly for kids with recurring behavioral issues. Children who act out aren't immediately labeled as "bad." Instead, caregivers put themselves in those children's shoes and consider what they might be going through outside the classroom.

"We are helping to create a place that feels safe, where children in the classrooms are able to learn," said Brianne Twombly, trauma manager at Starfish. For example, students might not have enough to eat at home. Their family might be going through a difficult time due to drugs, crime or abuse. They might simply not feel safe. The coping mechanisms they use to overcome trauma at home might not be the best response to use in the classroom, which needs to be recognized by their teachers.

Mental health experts also have been helping teachers shift their thinking about what causes behavioral problems. Additionally, parents can take classes to learn strategies to break negative habits they learned from their own parents. The hope is that more resilient adults will lead to more resilient children. ■

"We are helping to create a place that feels safe, where children in the classrooms are able to learn."



OTTAWA COUNTY COALITION FIGHTING OPIOID ABUSE ACROSS GENERATIONS

COMMUNITY IMPACT



On a recent afternoon, a group of teenage girls gathered in tight quarters at Silkscreen Marketing in Holland. They took turns screen printing blue T-shirts with a humorous image of large glasses and a mustache with the logo: “Hidden Heroes: Solving the world’s opiate problem ... one day at a time.”

Community Mental Health of Ottawa County Prevention Specialist Jessica Irvin has been working with the teens through the Boys and Girls Club of Greater Holland. It’s one of many initiatives being undertaken by the Ottawa County Prescription Drug and Opiate Taskforce.



bcbsm.com/foundation

The state average for opioid prescriptions is a staggering 131 for every 100 people.

A \$27,900 grant from the Michigan Opioid Partnership (Blue Cross Blue Shield of Michigan, the Blue Cross Blue Shield of Michigan Foundation, the Michigan Health Endowment Fund, the Community Foundation for Southeast Michigan and the Superior Health Foundation) is funding this initiative to educate local teens about the epidemic and overall dangers of substance use disorders.

The funding also supports a second initiative — the Holland Physician Hospital Organization Opiate Misuse Reduction Project, a physician-led, multi-pronged strategy to reduce the rate of opiate misuse in southwest Ottawa County. The PHO represents 193 providers in the Holland and Zeeland area.

Since 2016, the PHO taskforce, that also includes representatives from law enforcement and community organizations, has worked to increase drug takeback days, distribute the opioid-reversal drug Narcan and train to the community about its use.

The state average for opioid prescriptions is a staggering 131 for every 100 people. Holland’s numbers were closer to 166 prescriptions for every 100 people. In 2017, there were 31 overdose deaths in Ottawa County, with 90 percent involving an opiate.

Gina Schutter, quality manager at the Holland Physician Hospital Organization, said there are three key areas the PHO is focusing on with help from the grant funding:

- Reducing the quantity of prescribed opiates
- Creating a protocol for responsible prescribing
- Increasing medication assisted treatment for patients with opiate-related substance use disorders

The organization is also establishing a dashboard of opiate prescribing rates for each primary care physician and will then provide feedback if rates seem especially high compared to their peers. Responsible prescribing protocols will help physicians understand how to appropriately limit opiate prescriptions and recognize the signs of medication misuse. ■



**GRANT HELPS CHILD &
FAMILY SERVICES EXPAND
BEHAVIORAL HEALTH
ACCESS FOR KIDS**

**COMMUNITY
IMPACT**

When the little girl first came to **Child & Family Services of Northwestern Michigan**, it was clear she needed help.

Her mother's parental rights had been terminated and her custodial grandmother described a child who couldn't regulate herself emotionally at home, at school or in any social situation. "She just couldn't make friends, couldn't engage in a positive way with her peers or her teachers," said Paula Smith, director of behavioral health, CFS.



bcbsm.com/foundation

The nonprofit serves more than 20 counties in northern Michigan through foster care and adoption services, counseling services, a youth shelter and other wraparound programs.

She underwent a comprehensive trauma assessment with many health professionals who dug for previous or ongoing traumatic events. They're goal was to learn what happened to this child so they could help her.

With buy-in from the adults in her life, who received recommendations from the findings, the 8-year-old made amazing progress. Her grandmother remarked that she had "a new child in my home," Smith recounted.

A \$25,000 grant from the Blue Cross Blue Shield of Michigan Foundation will help CFS provide increased access to affordable trauma-informed behavioral health services in rural northern Michigan. The nonprofit serves more than 20 counties through foster care and adoption and counseling services, a youth shelter and other wraparound programs.

The funding will help children avoid disruptions to services when they go through a family transition due to changes in foster care or adoption status. Smith points to a recent example of a sibling group able to continue horse-assisted therapy throughout parental termination, foster care and subsequent adoption.

"The grant funding could be used for cases like that to help cover therapeutic intervention that benefits the children at a time when they're going through this challenging transition," she said. "Having those funds available to bridge the deficit allows for circumstances like that when we're either uninsured or underinsured."

In addition to helping children through their trauma, CFS is committed to family reunification for foster children when possible. This includes counseling services to parents in need.

Making sure children and teens have access to behavioral health services is important to their long-term well-being. Left unresolved, Smith said, children with trauma tend to have difficulties in the classroom, are more likely to be truant and break the law. They're also at a higher risk of self-harm and suicide. ■



BLUE CROSS HELPS BEHAVIORAL HEALTH PROGRAM EXPAND INTO DETROIT PUBLIC SCHOOLS

COMMUNITY IMPACT

In the United States, nearly one in five children experience a behavioral health problem during the school year. Due to stigma and lack of access, only 20 percent receive necessary treatment. Typically, students are supported through social workers, counselors and partnerships with local agencies. But now, school districts are taking a more clinical approach.

Dr. Elizabeth Koschmann, an assistant research scientist at University of Michigan-Ann Arbor, spearheaded a pilot project in 2013 that focused on cognitive behavioral therapy in schools. Since then, it's grown into a full-fledged mental health program called **TRAILS** (Transforming Research into Action to Improve the Lives of Students). It provides educational staff with clinical training in the evidence-based techniques, cognitive behavioral therapy and mindfulness.



bcbsm.com/foundation

The Blue Cross Blue Shield of Michigan Foundation awarded a \$50,000 grant to aid its expansion into the Detroit Public Schools Community District. TRAILS is implementing the first of a three-year plan that hopes to impact all students. To date, nearly 150 Michigan schools have participated.

The TRAILS model has three levels of behavioral health programming. They include:

- A universal approach that emphasizes education, awareness and stigma reduction
- Early intervention for students at risk and in need of additional support
- Crisis intervention and response to students in need of intensive mental health services

School professionals receive access to comprehensive online tools, plus in-person support from a TRAILS-trained coach. Although program materials target middle and high school students, additional resources for grades K-5 are currently being developed. Skills learned through the program can help all children, particularly those facing high-stress situations such as poverty, homelessness, food insecurity and abuse.

TRAILS is affiliated with the University of Michigan Depression Center and co-funded by multiple organizations including the Blue Cross Blue Shield of Michigan Foundation, Ethel & James Flinn Foundation, Michigan Health Endowment Fund, Metro Health Foundation Children's Hospital of Michigan, as well as the Jewish Fund, DMC Foundation, and Community Foundation of Southeast Michigan. It also receives support from the Centers for Medicare and Medicaid Services through the Michigan Department of Health and Human Services.

"Knowing that children spend nearly half of their awake hours at school, schools are an ideal place to provide health services," said Dr. Elliott Attisha, Chief Medical Officer at DPSCD. "Awareness and early intervention is key but schools obviously can't do it alone. Through partnerships and collaboration, we can work to overcome existing challenges and help our students receive the safe and healthy learning environments they deserve." ■

"Knowing that children spend nearly half of their awake hours at school, schools are an ideal place to provide health services."



TOTAL RESEARCH AND PROGRAM GRANTS IN 2018: \$2,785,262

TOTAL MEMBERSHIP GRANTS IN 2018: \$26,725

GRAND TOTAL: \$2,811,987

GRANT PROGRAM TOTALS

The grants offered by the Blue Cross Blue Shield of Michigan Foundation are categorized to allow for a wide range of applicants and ideas. This method increases our range of support, partnerships, grantee research and impact across the state. All who share in our mission will find opportunities to work with us to improve the health of Michigan residents.



bcbsm.com/foundation

GRANT PROGRAM AWARDEES

24

Request for
Proposal

Program total: **\$949,652**

26

Community Health
Matching Grant Program

Program total: **\$842,400**

28

Investigator Initiated
Research Program

Program total: **\$732,093**

30

Physician Investigator
Research Award Program

Program total: **\$137,117**

32

Student Award
Program

Program total: **\$117,000**

36

Proposal Development
Award

Program total: **\$7,000**

**REQUEST
FOR PROPOSAL
PROGRAM TOTAL
\$949,652**



bcbsm.com/foundation

The Foundation doesn't just sit back and wait for grant applications. With the **Request for Proposal program**, we reach out to Michigan-based safety net organizations that primarily serve the uninsured, underinsured, Medicaid recipients and other vulnerable populations. Our goal is to solicit proposals that align with areas of need that we identify.

Sixteen community organizations throughout Michigan's Upper Peninsula received funding in 2018 to begin new projects or expand existing projects that address critical health care problems.

The funding was provided through Blue Cross Blue Shield of Michigan, the Blue Cross Blue Shield of Michigan Foundation and the Superior Health Foundation's Investing in Upper Peninsula Health grant initiative. The partnership provides one-time grants that will be used to improve health and access to cost-effective, quality care for residents in Michigan's UP.

Some of the most prevalent health issues affecting residents of the UP are linked to obesity, mental and behavioral health, substance abuse and chronic disease. The goal of this initiative is to identify and support programs that address the following focus areas: expanding access to health care, improving quality of health care and addressing critical health problems.

All 15 counties of the Upper Peninsula will benefit from the projects funded.

ABUNDANT LIFE MISSION INC. | \$65,000

Community Nutrition Program
Menominee

**BARAGA-HOUGHTON-KEWEENAW CHILD
DEVELOPMENT BOARD, INC. | \$65,000**

Watch Me Shine
Houghton

BAY CLIFF HEALTH CAMP | \$48,000

Life After Stroke
Marquette

DIAL HELP INC. | \$25,000

Mobile Response Team Expansion
Houghton

GREAT LAKES RECOVERY CENTER | \$50,000

Exercise-based Intervention Enhancing
Recovery Outcomes
Marquette

HANNAHVILLE INDIAN COMMUNITY | \$33,700

Dental Health Prevention Services and Education
Menominee

HELEN NEWBERRY JOY HOSPITAL | \$65,000

Behavioral Health Services Expansion
Luce

MUNISING MEMORIAL HOSPITAL | \$65,000

School-based Health Clinic
Alger

NORTHERN LIGHTS YMCA | \$62,952

Active for Life
Delta

SCHOOLCRAFT MEMORIAL HOSPITAL | \$65,000

Schoolcraft Memorial Hospital Substance Abuse
Treatment Program
Schoolcraft

SUPERIOR HEALTH FOUNDATION | \$50,000

Addressing Substance Abuse Use Issues
in the Upper Peninsula
Marquette

TECHNICAL ASSISTANCE | \$50,000

Upper Peninsula RFP – Technical Assistance
Houghton

U.P. DIABETES OUTREACH NETWORK | \$50,000

Preventing Type 2 Diabetes Across a Rural 15-County
Area – The Upper Peninsula of Michigan
Marquette

**UPPER GREAT LAKES FAMILY HEALTH CENTER
\$90,000**

Gwinn Family Health Center Service Expansion
Marquette

**UPPER PENINSULA HEALTH CARE SOLUTIONS,
INC. | \$65,000**

Upper Peninsula Health Care Solutions Diabetic
Retinopathy Screening Telehealth Project
Marquette

**WESTERN UPPER PENINSULA HEALTH
DEPARTMENT | \$100,000**

Leadership for the Local Health Improvement Cycle:
Assess, Plan, Implement, Evaluate
Houghton

COMMUNITY HEALTH MATCHING GRANT PROGRAM

PROGRAM TOTAL
\$842,400



bcbsm.com/foundation

Through our **Community Health Matching Grant Program**, we partner with community-based nonprofit organizations to develop, test or validate new techniques and programs that address the needs of residents and produce a tangible effect in their lives. With increased collaboration at the community and organizational levels, we're sowing the seeds for a future when communities will have the resources and ability to meet their own health needs.

During 2018, matching grants represented innovative solutions to address pressing public health issues that prevented communities from being healthy. Communities addressed the behavioral concerns of all residents. Behavioral health was the focus of interventions designed to improve the health of veterans, seniors, first responders and children. Communities also focused attention on the care of the aging, the health of homeless seniors and the needs of caregivers. Finally, communities tested interventions to reduce addiction and support the health of those who seek recovery.

Applications are accepted any time. Application materials and instructions are at bcbsm.com/foundation.

ALZHEIMER'S ASSOCIATION | \$50,000

LiveWise
Oakland

BARRY-EATON DISTRICT HEALTH DEPARTMENT \$50,000

PATHWAYS to Improving Rural Health Disparities
Eaton

CHILD & FAMILY SERVICES OF NORTHWESTERN MICHIGAN | \$25,000

Increased Behavioral Health Capacity for Child & Family Services
Grand Traverse

CHILDREN'S HEALING CENTER | \$24,000

Improving Mental Health With No Germs, Just Fun
Kent

COMMUNITY ENCOMPASS | \$25,000

Muskegon Prescribes Food for Health
Muskegon

GOOD SAMARITAN MINISTRIES | \$25,000

Circles Ottawa County – Health Intervention Initiative
Ottawa

HARBOR BEACH COMMUNITY HOSPITAL | \$50,000

Increase Access to Psychiatry Services in Huron
County Michigan
Huron

HEALTHY HOMES COALITION OF WEST MICHIGAN, INC. | \$50,000

The Breathe Easier Asthma Program
Kent

JUDSON CENTER | \$25,000

An Integrated Health Care Solution for Poor Children
with Mental Illness
Oakland

KADIMA | \$25,000

The Kadima Integrated Care Program
Oakland

LUELLA HANNAN MEMORIAL FOUNDATION \$25,000

Zena Baum Outreach Program
Wayne

MACOMB CHILDREN'S HEALTHCARE ACCESS PROGRAM | \$25,000

Macomb-Oakland Children's Healthcare Access Program
Macomb

MARINERS INN | \$20,000

Mariners Inn Peer Recovery Support Program
Wayne

MCLAREN NORTHERN MICHIGAN FOUNDATION | \$11,950

McLaren Northern Michigan Sepsis Education
Emmet

MICHIGAN STATE MEDICAL SOCIETY | \$36,000

22nd Annual Conference on Bioethics
Ingham

MICHIGAN STATE UNIVERSITY, DEPARTMENT OF EPIDEMIOLOGY AND BIostatISTICS \$60,000

An Evaluation of the BCBSM/BCN C.L.I.M.B. Pilot
Program for Opioid Use Disorder
Ingham

MONROE COUNTY OPPORTUNITY PROGRAM \$45,000

Partnering Agencies Integrating Resources
Monroe

SAGINAW COUNTY COMMUNITY MENTAL HEALTH AUTHORITY | \$25,000

Mental Health First Aid Training
Saginaw

SHELTER ASSOCIATION OF WASHTENAW COUNTY | \$33,250

Shelter Association of Washtenaw County Older
Adult Medical Respite Care Program
Washtenaw

SPECTRUM HEALTH FOUNDATION | \$50,000

Grand Rapids Encompassing Addiction Treatment
with Maternal Obstetric Management
Kent

UNIVERSITY OF MICHIGAN, DEPARTMENT OF PSYCHIATRY | \$50,000

3-Tiered School Mental Health Program with Detroit
Public School Community District
Washtenaw

UNIVERSITY OF MICHIGAN, DEPARTMENT OF PSYCHIATRY | \$50,000

Leveraging Peers to Decrease Stigma and Increase
Access to Mental Health Services for Veterans
Washtenaw

UNITED WAY FOR SOUTHEASTERN MICHIGAN \$50,000

Detroit Regional Workforce Fund – Henry Ford Health
System Apprenticeship Program
Wayne

WAYNE STATE UNIVERSITY, SCHOOL OF MEDICINE | \$12,200

Educational Projects to Prevent Falls at Extended
Care Facilities, Created by Medical Students
Wayne

INVESTIGATOR INITIATED RESEARCH PROGRAM

PROGRAM TOTAL
\$732,093



bcbsm.com/foundation

Before an innovative idea can be implemented, it must be tested. The **Investigator Initiated Research Program** is the arm we extend to Michigan researchers, enabling them to turn theory into data and data into knowledge. These grantees often go on to be published in scholarly journals, academic circles and community platforms to inform and shape future thought and improvement.

In 2018, the investigator researchers received grants to address a wide variety of health issues that impact the quality and cost of health care. The quality of care received by children will be improved by research funded to address illness at each stage of a child's development, including assessing pre-term viability, developing infant intensive care treatment protocols and assessing transition programs for children with autism spectrum disorder. It's also important to address a mother's health so we've funded grants that address perinatal depression, women's reproductive planning knowledge and the cost of postpartum contraceptive options. Finally, researchers sought to improve family life by investigating ways to prevent opioid dependence after surgery, and new high-risk prescribing protocols for controlled substances.

Applications are accepted any time. Application materials and instructions are at bcbsm.com/foundation.

CYNTHIA ARFKEN, PH.D. | \$60,000

High-risk Prescribing of Controlled Medications
Wayne State University, Department of Psychiatry and Behavioral Neurosciences

ADEJOKE AYOOLA, PH.D. | \$60,000

Women's Reproductive Knowledge Promotion
Calvin College, Department of Nursing

STEVEN ELMER, PH.D. | \$52,093

Be FREE in the UP! Improving Recovery after a Knee Replacement with Blood-Flow Restriction Exercise Enhancement
Michigan Technological University, Department of Kinesiology and Integrative Physiology

BRIAN KELLY, D.O. | \$35,000

Clinical Evaluation of Custom 3D-Printed Silicone Prosthetic Finger
University of Michigan, Department of Physical Medicine & Rehabilitation

JAY LEE, M.D. | \$50,000

Preventing Iatrogenic Opioid Dependence after Cancer Surgery
University of Michigan, Department of Surgery

SUSAN MLYNARCZYK, PH.D. | \$60,000

Validating a New Assessment Tool to Detect Need for Early Intervention Services in Preterm Infants
Grand Valley State University, College of Nursing

MICHELLE MONIZ, M.D. | \$50,000

Expanding Postpartum Contraceptive Treatment Options: Estimating Payer & Hospital Costs
University of Michigan, Department of Obstetrics and Gynecology

FOLA O. ODETOLA, M.B.C.H.B., MPH | \$60,000

Outcomes of Transfer to Level I Pediatric Intensive Care Units in Michigan
University of Michigan, Medical School

JOSHUA PLAVNICK, PH.D. | \$50,000

Connections: A Pilot Investigation of an Early Childhood Transition Program for Children with Autism Spectrum Disorders
Michigan State University, Department of Counseling, Educational Psychology and Special Education

ARCHANA RADHAKRISHNAN, M.D. | \$50,000

Characterizing Active Surveillance Care Delivery: Examining Current Patterns in Care and Patients' and Providers' Perspectives
University of Michigan, Division of General Medicine

MEGAN SCHIMPF, M.D. | \$50,000

Effect of Irritating Beverages on Overactive Bladder Symptoms: A Randomized Controlled Trial
University of Michigan, Department of Obstetrics and Gynecology

ANDREW SHUMAN, M.D. | \$50,000

Statewide Approaches to Drug Shortages
University of Michigan, Department of Otolaryngology – Head and Neck Surgery

XIAOLING XIANG, PH.D. | \$65,000

Happy@Home: Training Personal Care Aides to Administer Online Therapy for Depression in Homecare Seniors
University of Michigan, School of Social Work

KARA ZIVIN, PH.D. | \$40,000

Identifying Unmet Treatment Needs for Perinatal Depression in Michigan Medicaid
University of Michigan, Department of Psychiatry

PHYSICIAN INVESTIGATOR RESEARCH AWARD PROGRAM

PROGRAM TOTAL
\$137,117



bcbsm.com/foundation

As professionals who bear witness to unmet health needs, unsatisfactory medical practices and potential areas of interest, doctors are in the best position to identify and act on innovative breakthroughs in health care. The **Physician Investigator Research Award Program** supports these physicians in their studies, and in doing so, improves the delivery and quality of patient care.

The 2018 Physician Investigator Research awards focused on the quality of the patient experience and the cost of health care. These grants represent an evaluation of a very narrow improvement plan that can be shared across medical facilities and often enlarged with additional funding after the pilot has been completed. The awards are working to evaluate models for decision-making for patients receiving gender affirming hormones, effective practices for addressing social determinants of health factors impacting patients, creating prototypes risk calculator for recovery after a prostatectomy, and methods to improve a patient's medication education before and after discharge from the hospital.

Applications are accepted any time. Application materials and instructions are at bcbsm.com/foundation.

NNENAYA AGOCHUKWU, M.D. | \$10,000
Development of a Prototype Risk Calculator for Sexual Function Recovery Following Radical Prostatectomy
University of Michigan, Urologic Health Services, Global Health

DAVID BERGER, M.D. | \$10,000
Evaluating Post Arrest Hospital Care for Patients Resuscitated after Out of Hospital Cardiac Arrest Patients in Michigan
William Beaumont Hospital Research Institute

VINEET CHOPRA, M.D. | \$10,000
Vascular Access Patterns in the ICU
University of Michigan, Internal Medicine

JOSHUA EHRlich, M.D. | \$10,000
Does Incident Diagnosis of Age-related Eye Disease Increase the Likelihood of Falls in Older Adults
University of Michigan, Ophthalmology and Visual Sciences

RITA HADDAD, M.D. | \$9,957
Brief Resolved Unexplained Events: Epidemiology, Clinical Evaluation and Patient Outcomes
Wayne State University, Department of Psychiatry and Behavioral Neuroscience
Emergency Medicine

NAMITA JAYAPRAKASH, M.D. | \$10,000
Accelerated Critical Therapy Now in the Emergency Department: The Effects of Early Critical Care Consultation for Intensive Care Unit Boarders
Henry Ford Health System

MICHAEL KLINKMAN, M.D. | \$10,000
Patient Perspectives on Social Determinants of Health Screening at FQHCs in Michigan
University of Michigan, Family Medicine

KELLY LEVASSEUR, D.O. | \$10,000
Comparison of Anaphylaxis Epidemiology Between Inner City and Suburban Populations in Metro Detroit Area Pediatric Emergency Departments
William Beaumont Hospital Research Institute

JOEL MAURER, M.D. | \$10,000
Reasons for Lack of Follow-up after Prenatal Abnormal Pap Test in Postpartum Medicaid Women
Michigan State University, Obstetrics, Gynecology, and Reproductive Biology

VIVEK NAGARAJA, M.D. | \$10,000
Integration of Patient-reported Outcome Measurement into Rheumatology Clinical Practice
University of Michigan, Division of Rheumatology

YAGNARAM RAVICHANDRAN, M.D. | \$7,160
Systemic Steroids in the Emergency Department Management of Mild to Moderate Pediatric Asthma
Wayne State University, Pediatric

NAKUL SHEKHAWAT, M.D. | \$10,000
Analyzing Nationwide Management Practices, Clinical Outcomes, and Health Care Disparities Among US Patients with Herpes Simplex Keratitis and Herpes Zoster Ophthalmicus
University of Michigan, Ophthalmology and Visual Sciences

DAPHNA STROUMSA, M.D., MPH | \$10,000
Models for Initiation Decision for Gender Affirming Hormones: Patient and Provider Perspectives
University of Michigan, Health Management and Policy

MARY THOMSON, M.D. | \$10,000
Enhanced Medication Education Before and After Discharge in Patients with Chronic Liver Disease
University of Michigan, Internal Medicine

STUDENT AWARD PROGRAM

PROGRAM TOTAL

\$117,000



bcbsm.com/foundation

As a frequent partner of Michigan universities and researchers, the Foundation is acutely aware of the importance of higher education. Without properly trained professionals, Michigan would have little hope of creating effective and efficient solutions to the many health issues that people face every day.

The **Student Award Program** recognizes Michigan students who excel in the academic programs offered by our universities. It's our responsibility to support these young minds in their journey to complete their degree programs and become the researchers, medical professionals and healers of tomorrow.

The 2018 Student Award Program provided support for the research of 42 students at eight Michigan universities.

All applications are due April 30. Find materials and instructions at bcbsm.com/foundation.

CENTRAL MICHIGAN UNIVERSITY

CARLA CAVALLIN | \$1,500

Risk Factors for Trigger Finger Development Following Open vs. Endoscopic Carpal Tunnel Release
Central Michigan University
Medical School

GHAZALEH GOLDAR | \$1,500

Differences in Quality of Anticoagulant Therapy for Atrial Fibrillation in Minority Patients
Central Michigan University
Medical School

NATALIE HAMILTON | \$3,000

Access Barriers to Healthcare for People with Disabilities
Central Michigan University
Medical School

AKBAR HUSAIN | \$1,500

Aortic Stenosis Community Research Project
Central Michigan University
Medical School

THOMAS ITTOOP | \$3,000

Prevalence and Impact of Adverse Childhood Experiences on Diabetes and Obesity in Adults
Central Michigan University
Medical School

YASMEEN MANN | \$1,500

Differences in Quality of Anticoagulant Therapy for Atrial Fibrillation in Minority Patients
Central Michigan University
Medical School

MEGAN MAZZELLA | \$1,500

Aortic Stenosis Community Research Project
Central Michigan University
Medical School

MICHAEL MEGALY | \$3,000

Predictors for Re-stenosis in Patients Who Underwent Carotid Artery Stenting
Central Michigan University
Medical School

JACOB NOSEWICZ | \$1,500

Risk Factors for Trigger Finger Development Following Open vs. Endoscopic Carpal Tunnel Release
Central Michigan University
Medical School

SARA SALIBA | \$3,000

Healthier and Happier Families: Preventing and Fighting Childhood Obesity
Central Michigan University
Medical School

EASTERN MICHIGAN UNIVERSITY

NATALIE MORRIS | \$3,000

The Impact of Desensitization as a Modality to Reduce Oral Hypersensitivity and Improve Intake in Children with Pediatric Feeding Disorders
Eastern Michigan University
Department of Psychology

STEFANIE POEHACKER | \$3,000

Development of a Brief Acceptance and Commitment Therapy-based Intervention for Mothers of Premature Infants Admitted to the Neonatal Intensive Care Unit
Eastern Michigan University
Department of Psychology

MICHIGAN STATE UNIVERSITY

DANIELLE CHIARAMONTE | \$3,000

Qualitative Examination of Factors Impeding HIV Care Engagement for Transgender Youth Living with HIV
Michigan State University
Department of Psychology

MEGAN FLANIGAN | \$3,000

Exploring Pain and Spiritual Quality of Life in Women with Advanced Breast Cancer
Michigan State University
College of Nursing

ERICA LESCHT | \$3,000

Executive Function Skills in Young Children with Developmental Stuttering
Michigan State University
College of Communication Arts & Sciences

BROOKE SLAWINSKI | \$3,000

What are the Neural Networks Underlying Social Aggression?
Michigan State University
Department of Psychology

DIONDRA STRAITON | \$3,000

Characterizing Providers' Utilization of Parent Training for Children with Autism Spectrum Disorder in Michigan Community Mental Health Agencies: A Mixed Method Study
Michigan State University
Department of Psychology

BAHAR ZARRABIAN | \$3,000

Optimal Pain Management to Prevent Complications in Patients with Three or More Rib Fractures
Michigan State University
College of Osteopathic Medicine

MICHIGAN TECHNOLOGICAL UNIVERSITY

JOSHUA GONZALEZ | \$3,000

Vaporized Nicotine and Autonomic Control
Michigan Technological University
Department of Kinesiology

OAKLAND UNIVERSITY

ALEXANDRA RANSKI | \$3,000

Street Medicine Pontiac: A Collaboration and Extension of the Gary Burnstein Community Health Clinic and the Oakland University William Beaumont Student Run Free Clinic
Oakland University
Medical School

KEVIN WEISZ | \$3,000

Retrospective Review of Infected Shoulder Arthroplasty Cases to Assess Culture-positive and Culture-negative Infections
Oakland University
Medical School

UNIVERSITY OF MICHIGAN

DAVID PORTNEY | \$3,000

Measuring Provider Cost Reduction through Use of Telemedicine Video Visits using Time-Driven Activity-Based Costing
University of Michigan
Medical School

MINAKSHI RAJ | \$3,000

Meeting the Geriatric Care Needs of an Aging Population: Patient and Caregiver Perspectives
University of Michigan
School of Public Health

ANDREA ROBERTS | \$3,000

Hair Cortisol as a Biomarker of Treatment Response to Mood Lifters: A Novel Group Based Supportive Treatment
University of Michigan
Department of Psychology

WAYNE STATE UNIVERSITY

CHAITALI ANAND | \$3,000

Age-Related Differences in Hippocampal Glutamate Modulation during Associative Learning: An In Vivo Proton Functional Magnetic Resonance Spectroscopy Study
Wayne State University
Department of Psychiatry

RNDA ASHGAR | \$3,000

Personal Satisfaction, Health Promoting Behavior, and Cardiovascular Disease Risk in Arab American Middle-aged Women
Wayne State University
College of Nursing

ANKUSH CHANDRA | \$3,000

Sarcopenia as a Predictor of Survival and Morbidity in Spinal Metastasis
Wayne State University
Medical School

ELYSE DESHAW | \$3,000

The Journey of Left Ventricular Assist Device Therapy: A Decision-making Process
Wayne State University
College of Nursing

JENNIFER ELLIS | \$3,000

Borderline Personality Traits and Alcohol Use: The Role of State Anger
Wayne State University
Department of Psychology

SAMIRA FAZEL ANVARYAZDI | \$3,000

Functional Analytic Psychotherapy to Develop Social Skills in Adolescents with Autism Spectrum Disorder
Wayne State University
School of Engineering

JEREMY GRANT | \$3,000

Predictors of Cognitive Reserve in Multiple Sclerosis
Wayne State University
Department of Psychology

BINCY JOSHWA | \$3,000

Fatigue in Chronic Kidney Disease-Hemodialysis
Wayne State University
College of Nursing

JACQUELINE KENDALL | \$3,000

Does Nutrition Education Matter? A Study of the Effectiveness of the Cooking Matters Program on Health Outcomes and Food Security
Wayne State University
College of Nursing

DARIN MATHKOR | \$3,000

The Relationships of Postpartum Depression, Acculturation, and Social Support on Mother-Infant Bonding among U.S. Immigrant Women of Arabic Descent
Wayne State University
College of Nursing

LAUREN RADIGAN | \$3,000

Multicultural and Single-cultural Facial Recognition Memory among Black and White Adults
Wayne State University
Department of Psychology

JONATHAN SOBER | \$3,000

Trained and Derived Relational Responding
Wayne State University
Department of Psychology

QIJING YU | \$3,000

The Roles of Socioeconomic Status and Brain-derived Neurotrophic Factor Genotype in Brain and Memory Development in Children
Wayne State University
Department of Psychology

WESTERN MICHIGAN UNIVERSITY

OLIVIA GRATZ | \$3,000

Functional Analytic Psychotherapy to Develop Social Skills in Adolescents with Autism Spectrum Disorder
Western Michigan University
Department of Psychology

KAYLA JENSSEN | \$3,000

Let's Move! Increasing Daily Steps for Young Adults with Developmental Disabilities
Western Michigan University
Department of Psychology

MEAGHAN LEWIS | \$3,000

Investigating the Physical and Psychological Effects of Two Analog Tasks
Western Michigan University
Department of Psychology

DANA PRICE | \$3,000

Using a Multisensory Stimulation Environment in a Memory Care Assisted Living with Reduced Personnel Interaction: A Pilot Study
Western Michigan University
College of Health Sciences

SELA SANBERG | \$3,000

Evaluation of Melatonin vs. Behavioral Intervention in the Treatment of Sleep Disturbances in Children with Autism Spectrum Disorder
Western Michigan University
Department of Psychology



PROPOSAL
DEVELOPMENT AWARD
PROGRAM TOTAL
\$7,000

Crafting a proposal that makes a project stand out from the rest can be challenging, and often requires special grant-writing resources. The **Proposal Development Award** financially supports organizations that need these services.

Applications are accepted any time. Application materials and instructions are at bcbsm.com/foundation.

ALL THINGS WOMEN, INC. | \$3,500

*Ferndale Homeless Veteran Housing and Supportive Services Program – Corinthian House
Wayne*

SUICIDE LOSS FOUNDATION | \$3,500

*Suicide Loss Foundation Fund Development Program
Oakland*



ADMINISTRATION
600 E. LAFAYETTE BLVD., MC X520, DETROIT, MI 48226-2998

If you're seeking a grant, start by reviewing the requirements of our individual grant programs. For more detailed information on Blue Cross Blue Shield of Michigan Foundation grant programs, email the Foundation's program officers at foundation@bcbsm.com.

What happens next? When the Foundation receives a grant proposal, our staff determines if it meets the program guidelines and objectives. Our Grant Advisory Panel then evaluates the suitable proposals. Lastly, the Foundation's Board of Directors receives funding recommendations based on the staff and Grant Advisory Panel's reviews.

RESEARCH PROPOSAL EVALUATION CRITERIA

Significance of project

This criterion evaluates the project as a means of understanding or improving important health care problems and concerns.

To the extent possible, applicants must document the:

- Significance of the problem being addressed
- Anticipated effect of the project on the problem
- Potential for widespread dissemination and replication of the results

New information

To what extent does the proposed project contribute new information not otherwise available?

This criterion additionally evaluates whether or not the:

- Intervention has been tested or evaluated elsewhere
- Research is original
- Proposed program or research is particularly innovative



Technical quality

This criterion evaluates the project as a means of understanding or improving important health care problems and concerns.

This is demonstrated by the:

- Clarity of the presentation
- Degree to which the applicant shows understanding of the problem
- Description of the methodology to be employed
- Suitability of the proposed analytical methods for the proposed research
- Quality, appropriateness and availability of the data

Qualifications of project staff

This criterion requires documentation of the experience, qualifications and time commitment of the project director and key project staff who will conduct the proposed research or implement the proposed initiative.

Feasibility

The feasibility of the project is demonstrated by how clearly the applicant describes the tasks to be undertaken and objectives of carrying out the project. This includes the appropriateness and reasonableness of the budget as well as the feasibility of achieving project objectives within the specified time frame and budget.

GRANTS ADVISORY PANEL

LAWRENCE J. BAER, PH.D.

Consultant

Grand Rapids

JANE BANASZAK-HOLL, PH.D.

Associate Professor

Department of Health Management & Policy
School of Public Health
University of Michigan

DEBORAH BANAZAK WAGENAAR, D.O.

Associate Professor

Department of Psychiatry
Michigan State University

ASHEESH BEDI, M.D.

Associate Professor

Orthopedic Surgery Medical School
University of Michigan

JOHN E. BILLI, M.D.

Associate Vice President for Medical Affairs

Professor

Department of Internal Medicine
University of Michigan

CLIFFORD L. BROMAN, PH.D.

Professor

Department of Sociology
Michigan State University

KIRK J. BROWER, M.D.

Professor

Department of Psychiatry
Medical School
University of Michigan

ROBERT BURACK, M.D., M.P.H.

Professor

Internal Medicine
Wayne State University
Detroit Medical Center
University of Michigan

DEREK E. DIMCHEFF, M.D., PH.D.

Instructor

Department of Internal Medicine
Medical School
University of Michigan

KIM EAGLE, M.D.

Professor

Department of Internal Medicine, Cardiology
Medical School
University of Michigan

DANIEL EISENBERG

Associate Professor

Department of Health Management & Policy
School of Public Health
University of Michigan

N. CARY ENGLEBERG, M.D.

Professor

Department of Internal Medicine
Medical School
University of Michigan

ANN FLANAGAN WHALL, PH.D., R.N.

Professor Emeritus

School of Nursing
University of Michigan

SCOTT A. FLANDERS, M.D.

Director

Hospitalist Program
Professor of Internal Medicine

Associate Division Chief

Division of General Medicine
University of Michigan Health System

GARY L. FREED, M.D., M.P.H.

Professor

Pediatrics and Communicable Diseases
Health Management and Policy
Division of General Pediatrics
Medical School
University of Michigan

CHARLES GIVEN, PH.D.

Professor

Department of Family Practice
Michigan State University

JOHN GODDEERIS, PH.D.

Professor

Department of Economics
Michigan State University

ALLEN GOODMAN, PH.D.

Professor

Economics Department
Wayne State University

**ROBERT GOODMAN, D.O.,
MHSA, FACEP, FACOEP**

Medical Director

Blue Care Network of Michigan

JOHN R. GRIFFITH, M.B.A.

Professor Emeritus

Health Management & Policy
School of Public Health
University of Michigan

ANDY HAIG, M.D.

Professor

Physical Medicine & Rehabilitation
University of Michigan

JAMES R. HOLMES, M.D.

Assistant Professor

Orthopedic Surgery
Division of Foot & Ankle Surgery
University of Michigan

CLEOPATRA HOWARD CALDWELL, PH.D.

Professor

Department of Health Behavior & Health Education
School of Public Health
University of Michigan

PHILLIP LEVY, M.D., M.P.H., FACEP

Associate Director of Clinical Research

Department of Emergency Medicine
Wayne State University
Detroit Medical Center



GRANTS ADVISORY PANEL

JERSEY LIANG, PH.D.

Professor

Department of Health Management & Policy
School of Public Health
University of Michigan

RICHARD L. LICHTENSTEIN, PH.D.

Associate Professor Emeritus

Department of Health Management & Policy
School of Public Health
University of Michigan

**MILISA MANOJLOVICH, PH.D.
R.N., C.C.R.N.**

Associate Professor

School of Nursing
University of Michigan

TAMARA MCKAY, PH.D., L.P.

Director

Counseling and Psychological Services
University of Michigan

LAURENCE MCMAHON, M.D., M.P.H.

Professor

Department of Internal Medicine

Chief

Division of General Medicine
University of Michigan Health System

SHARON MILBERGER, SC.D.

Director

Henry Ford Live Well
Henry Ford Health System

KAGAN OZER, M.D.

Associate Professor

Orthopedic and Plastic Surgery
University of Michigan

NEAL W. PERSKY, M.D., M.P.H.

Assistant Professor Emeritus

Internal Medicine, Medical School
University of Michigan

**BARBARA PIEPER, PH.D., R.N.,
C.W.O.C.N., C.S., F.A.A.N.**

Professor

College of Nursing
Wayne State University

PHILLIP RODGERS, M.D.

Associate Professor

Department of Family Medicine
University of Michigan

SANJAY SAINT, M.D., M.P.H.

Professor

Department of Internal Medicine

Director

Patient Safety Enhancement Program
University of Michigan Health System

KENDRA SCHWARTZ, M.D., M.S.P.H.

Assistant Dean

Medical Academic and Student Programs
Medical School
Wayne State University

JAMES A. SHAYMAN, M.D.

Professor

Internal Medicine and Pharmacology
University of Michigan

MICHAEL SIMON, M.D., M.P.H.

Professor

Department of Internal Medicine
School of Medicine
Wayne State University

MIRON STANO, PH.D.

Professor

Department of Economics & Management
Oakland University

IRA STRUMWASSER, PH.D.

Executive Director & CEO (Retired)

BCBSM Foundation

MARIANNE UDOW-PHILLIPS, M.H.S.A.

Director

Center for Healthcare Quality & Transformation

KSENIA I. USTINOVA, PH.D.

Associate Professor

School of Rehabilitation and
Medical Sciences
Central Michigan University

LORI J. WARNER, PH.D., LP, BCBA-D

Director

HOPE Center
Center for Human Development
Beaumont Hospital

TERESA WEHRWEIN, PH.D., R.N.

**Associate Dean for Academic and
Clinical Affairs**

Associate Professor

College of Nursing
Michigan State University

ROBERT DEAN WELCH, M.D., M.S.

**Professor and Director of
Clinical Research**

Department of Emergency Medicine
Wayne State University
Detroit Receiving Hospital

HENRY M. WELLMAN, PH.D.

Professor

Center for Human Growth & Development
University of Michigan

JOHN R.C. WHEELER, PH.D.

Professor Emeritus

Department of Health Management & Policy
School of Public Health
University of Michigan

FELETA WILSON, PH.D., R.N.

Associate Professor

School of Nursing
Wayne State University

ROBERT A. ZUCKER, PH.D.

Professor

Department of Psychiatry
University of Michigan





AUDREY HARVEY, MPH, CPH
Executive Director and CEO



NORA MALOY, DRPH
Director of Programs



ELBA HUERTA
Senior Analyst



JACQUELINE PAUL
Program Associate



SUSAN SHELTON
Executive Assistant

OFFICERS

Chairwoman

Shauna Ryder Diggs, M.D.

Vice Chairman

Joel I. Ferguson

President

Lynda M. Rossi

Executive Director

Audrey J. Harvey

Treasurer

Benjamin N. Grier, J.D., C.P.A.

Secretary

Susan Shelton

BOARD COMMITTEES

FINANCE COMMITTEE

Chairman

James K. Haveman

Shauna Ryder Diggs, M.D.

Haifa Fakhouri, Ph.D.

GRANTS COMMITTEE

Chairman

Bruce A. Wolf, D.O.

Vice Chairwoman

Shauna Ryder Diggs, M.D.

James K. Haveman

Joel I. Ferguson

Spencer C. Johnson

Thomas L. Simmer, M.D.

**FOUNDATION STAFF,
OFFICERS AND BOARD
COMMITTEES**



bcbsm.com/foundation



SHAUNA RYDER DIGGS, M.D.
Chairwoman

*Dermatologist,
CosmeticDerm
Grosse Pointe Farms, Michigan*

Regent, Board of Regents
University of Michigan



JOEL I. FERGUSON
Vice Chairman

*President,
Ferguson Development LLC
Lansing, Michigan*

Trustee, Board of Trustees
Michigan State University



LYNDA M. ROSSI
President

*Executive Vice President,
Strategy, Government
and Public Affairs
Blue Cross Blue Shield
of Michigan*



BENJAMIN N. GRIER, J.D., C.P.A.
Treasurer

*Director,
Treasury Services
Blue Cross Blue Shield
of Michigan*



HAIFA FAKHOURI, PH.D.

*President and
Chief Executive Officer,
Arab American
Chaldean Council
Troy, Michigan*



JAMES K. HAVEMAN
*Retired Director of the
Michigan Department of
Community Health
Grand Rapids, Michigan*

Finance Committee Chair,
Board of Trustees
Northern Michigan University



THOMAS L. SIMMER, M.D.
*Senior Vice President and
Chief Medical Officer,
Blue Cross Blue Shield
of Michigan*



SPENCER C. JOHNSON
*Retired President of the
Michigan Health & Hospital,
Okemos, Michigan*



BRUCE A. WOLF, D.O.
*Assistant Professor,
Interventional Radiology
Michigan State University*

**BOARD
OF DIRECTORS**



Blue Cross Blue Shield of Michigan Foundation
is a nonprofit corporation and independent licensee
of the Blue Cross and Blue Shield Association.

AUDITED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017, AND INDEPENDENT AUDITORS' REPORT



bcbsm.com/foundation

Deloitte.

Deloitte & Touche LLP
200 Renaissance Center
Suite 3900
Detroit, MI 48243-1300
USA

Tel: +1 313 396 3000
Fax: +1 313 396 3618
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Blue Cross Blue Shield of Michigan Foundation
Detroit, Michigan

We have audited the accompanying financial statements of Blue Cross Blue Shield of Michigan Foundation (the Foundation), which comprise the balance sheets as of December 31, 2018 and 2017; the related statements of activities and changes in net assets, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 29, 2019

ASSETS

	2018	2017
Cash and cash equivalents	\$ 332	\$ 96
Investments	54,727	61,956
Accrued investment income	-	29
Software — net	3	8
Other assets	35	20
TOTAL	\$ 55,097	\$ 62,109

LIABILITIES AND NET ASSETS**LIABILITIES:**

Grants payable	\$ 2,791	\$ 2,520
Accounts payable — parent and affiliates	536	921
Other liabilities	108	97
Total liabilities	3,435	3,538

NET ASSETS:

Common stock, \$100 par value — 2 shares authorized, issued, and outstanding	-	-
Without donor restrictions	50,245	56,722
With donor restrictions	1,417	1,849
Total net assets	51,662	58,571
TOTAL	\$ 55,097	\$ 62,109

See notes to financial statements.

BLUE CROSS BLUE SHIELD
OF MICHIGAN FOUNDATION

BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017
(In thousands)

BLUE CROSS BLUE SHIELD
OF MICHIGAN FOUNDATION

**STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**
(In thousands)

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue:		
Investment loss – net	\$ (146)	\$ (57)
Net realized and unrealized (loss) gain on investments	(2,712)	7,384
Contributions	-	85
Net assets released from restrictions	396	-
Total (loss) revenue without donor restrictions	(2,462)	7,412
Expenses:		
Grants	2,534	1,898
Supporting activities	1,481	1,575
Total expenses without donor restrictions	4,015	3,473
TOTAL (DECREASE) INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,477)	3,939
NET ASSETS WITH DONOR RESTRICTIONS:		
Investment income – net	19	16
Net realized and unrealized (loss) gain on investments	(155)	169
Agency funds and other contributions	100	1,664
Net assets released from restrictions	(396)	-
Total (decrease) increase in net assets with donor restrictions	(432)	1,849
TOTAL (DECREASE) INCREASE IN NET ASSETS	(6,909)	5,788
TOTAL NET ASSETS — Beginning of year	58,571	52,783
TOTAL NET ASSETS — End of year	\$ 51,662	\$ 58,571

See notes to financial statements.

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (6,909)	\$ 5,788
Reconciliation of (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	5	6
Net gain on sale of investments	(1,981)	(275)
Unrealized loss (gain) on investments	4,843	(7,278)
Changes in:		
Accounts receivable — affiliates	-	85
Accrued investment income	29	1
Other assets	(15)	(20)
Grants payable	271	(398)
Accounts payable — affiliates	(385)	222
Other liabilities	11	18
Net cash used in operating activities	<u>(4,131)</u>	<u>(1,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(5,840)	(1,889)
Proceeds from sales and maturities of investments	10,207	2,350
Net cash provided by investing activities	<u>4,367</u>	<u>461</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236	(1,390)
CASH AND CASH EQUIVALENTS — Beginning of year	96	1,486
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 332</u>	<u>\$ 96</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Organization — Blue Cross Blue Shield of Michigan Foundation (the Foundation) is a Michigan nonprofit corporation and was a wholly owned subsidiary of Blue Care of Michigan, Inc. (BCMI), which was a wholly owned subsidiary of Blue Cross Blue Shield of Michigan Mutual Insurance Company (BCBSM). On July 1, 2018, BCMI merged into Blue Care Network of Michigan (BCN), which is a wholly owned subsidiary of BCBSM. Due to the merger, the Foundation became a wholly owned subsidiary of BCN. Neither BCMI, BCN or BCBSM exercise control over the Foundation, therefore, the Foundation is not consolidated in the financial statements of these entities.

The Foundation was organized to improve individual and community health through the support of research and innovative health programs designed to provide high quality, appropriate access to efficient health care for the residents of Michigan.

Basis of Presentation — The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash Equivalents — Cash equivalents, which are carried at fair value, are composed of short term investments that mature within 90 days or less from the date of acquisition and have minimal credit or liquidity risk. If applicable, cash overdrafts are reported in the liability section of the Balance Sheets.

Investments — The Foundation classifies its investments in debt and equity securities as trading in accordance with its intent, for they are actively managed by external investment managers with broad authority to buy and sell securities without prior approval and, accordingly, such securities are carried at fair value. Realized gains and losses on sales of securities are determined based on the specific identification method, and both realized and unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets.

Fair Value Measurements — The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced liquidation or sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced liquidation or sale.

Fair values are based on quoted market prices when available. The Foundation obtains quoted or other observable inputs for the determination of fair value for actively traded securities. For securities not actively traded, the Foundation determines fair value using discounted cash flow analyses, incorporating inputs such as nonbinding broker quotes, benchmark yields, and credit spreads. In instances where there is little or no market activity for the same or similar instruments, the Foundation estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used. The Foundation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in the most advantageous market for the asset or liability in an orderly transaction between market participants. An asset's or a liability's classification is based on the lowest-level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Level 1 and Level 2) and unobservable (Level 3).

The Foundation and its investment managers classify fair value balances based on the hierarchy defined below:

Level 1 — Quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as: (a) quoted prices for similar assets or liabilities, (b) quoted prices in markets that are not active, or (c) other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities as of the reporting date.

Level 3 — Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities.

Certain securities that do not have readily determined fair values are measured at fair value using methods, models and assumptions that management deems appropriate. The Foundation uses the net asset value (NAV) per share for valuation purposes on these securities. According to ASU No. 2015-07, securities measured using NAV are not required to be classified into the fair value hierarchy levels.

The following techniques were used to estimate the fair value and determine the classification of assets and liabilities pursuant to the valuation hierarchy:

Cash Equivalents — Consist of money market funds that mature within 90 days or less of acquisition and have minimal credit or liquidity risk. Valuation is based on unadjusted quoted prices and are classified as Level 1.

Common Stocks — Consist of actively traded, exchange listed equity securities and equity mutual funds. Valuation is based on unadjusted quoted prices for these securities or funds in an active market and are classified as Level 1.

Limited Liability Companies — Consist of interests in limited liability companies providing large cap U.S. equity exposure. Valuation is recorded at NAV based on the underlying investments held by the limited liability companies. These securities are not required to be classified in the fair value hierarchy.

Commingled Fixed Income Investment Trust — Underlying assets in the trust consist of corporate notes and bonds, collateralized mortgage obligations, asset backed and mortgage backed fixed income securities, commercial paper, government and agency bonds, public and private debt obligations issued by corporate and non-corporate entities and other fixed income commingled investment vehicles. Valuation is recorded at NAV based on the underlying investments held by the trust. These securities are not required to be classified in the fair value hierarchy.

International Equity Funds — Consist of an international equity mutual fund and an investment in a commingled investment vehicle that holds underlying international equity securities with readily determinable market prices. The mutual fund valuation is based on unadjusted quoted prices and are classified as Level 1. For the commingled international equity fund, valuation is recorded at NAV based on the underlying investments in the vehicle. These securities are not required to be classified in the fair value hierarchy.

Limited Partnerships — Consist of interests in hedge funds structured as limited partnerships. Valuation is recorded at NAV based on information provided by the fund managers along with audited financial information. These securities are not required to be classified in the fair value hierarchy.

Liquidity — The Foundation has \$52,767,000 of financial assets available within one year of the balance sheet date to meet its cash needs to cover grants and administrative expenses. These assets include cash and cash equivalents of \$332,000 and short-term investments of \$52,435,000. A portion of investments are subject to donor restrictions and are unavailable for general expenditure. Additionally, income from the investments held related to the contribution is also limited to the specified purposes and, therefore, is not available for general expenditure.

As part of the Foundation's liquidity management, the Foundation structures its investment portfolio to provide sufficient liquidity to cover grants and administrative expenses as they come due. Investments with lock-up provisions may reduce the total amount of investments immediately available to cover grants and administrative expenses. As of the balance sheet date, 1.6% of the Foundation's investment assets are subject to lock-up provisions preventing complete redemption within 365 days. The remainder of the Foundation's investment portfolio can be liquidated within 75 days' notice or less.

Software — Purchased software is stated at cost, net of depreciation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset, which is three years. Capitalized software costs were \$17,000, offset by accumulated depreciation of \$14,000 and \$9,000, resulting in a net book value of \$3,000 and \$8,000 as of December 31, 2018 and 2017, respectively. Depreciation expense was \$5,000 and \$6,000 for the years ended December 31, 2018 and 2017, respectively.

Grants Payable — Grants payable are recorded as of the date of approval. Grants subsequently canceled or adjusted are recorded as reductions of grant expense in the year of cancellation or adjustment.

Common Stock — In the event of dissolution, the sole stockholder, BCN, is entitled to the original subscription price of the stock. All other assets, after all obligations have been met, must be distributed to one or more organizations described in Section 501(c)(3) of the Internal Revenue Code.

Net Assets Without Donor Restrictions — Net assets without donor restrictions are those not limited by donor-imposed restrictions and are available for the designated purposes of the Foundation. These funds are available for and used in the Foundation's regular activities entirely at the discretion of the Board of Directors.

Net Assets With Donor Restrictions — Net assets with donor restrictions consist of monies received in 2017 in support of grants to be awarded by the Foundation to qualified recipients for use in the Upper Peninsula of Michigan. Any earnings on these funds are also restricted and included in net assets with donor restrictions. Additionally, in 2018, the Foundation received monies from BCBSM in an agency capacity to make payments for grant awards being administered by the Foundation and co-funded by BCBSM and the Foundation. As the funds are paid, amounts are released from restrictions. Monies that were received in the same year that the restriction has been met are not reported in net assets with donor restrictions but are reported as contributions without donor restrictions.

Income Tax Status — The Internal Revenue Service has determined that the Foundation meets the applicable requirements of Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code and is generally exempt from federal income taxes under Section 501(a).

Use of Estimates — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards Adopted — In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This guidance removes the requirement to categorize within the fair value hierarchy all investments for which the fair value is measured using the net asset value (NAV) per share practical expedient. This guidance also removes the requirement to make certain disclosures for investments that the Foundation elected to measure at fair value using the NAV per share practical expedient. This guidance became effective January 1, 2017. The adoption of ASU No. 2015-07 did not have a material impact on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The guidance in ASU No. 2016-14 addresses changes in the presentation and disclosure requirements for not-for-profit entities. The guidance became effective January 1, 2018. The adoption of ASU No. 2016-14 did not have a material impact on the financial statements, and the related disclosures include a new classification of expense table in Note 5, Classification of Expenses.

Forthcoming Accounting Pronouncements — In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance requires equity investments, not accounted for under the equity method of accounting or those that result in the consolidation of the investee, to be measured at fair value with changes in value recognized in net income. The guidance simplifies impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The guidance also removes the requirement to disclose fair value of financial instrument measured at amortized costs for entities that are not public business entities. This guidance is effective beginning January 1, 2019. The Foundation continues to evaluate the effects the adoption of ASU No. 2016-01 will have on the financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The guidance in ASU No. 2016-13 amends the reporting of credit losses for assets held at amortized cost basis, eliminating the probable initial recognition threshold and replacing it with a current estimate of all expected credit losses. This estimate credit loss allowance is reflected in a valuation account that is deducted from the amortized cost basis of the financial asset to present the net amount expected to be collected. The guidance also addresses available for sale securities, whereby credit losses remain measured on an incurred loss basis with the presentation of the credit losses using an allowance rather than as a write-down. This guidance is effective beginning January 1, 2021. The Foundation continues to evaluate the effects the adoption of ASU No. 2016-13 will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The guidance in ASU No. 2016-15 addresses various cash flow issues. The guidance should be applied using a retrospective transition method for each period presented. This guidance is effective for the fiscal years beginning January 1, 2019. Early adoption of the guidance is permitted. The Foundation continues to evaluate the effects the adoption of ASU No. 2016-15 will have on the financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance in ASU No. 2018-08 provides clarity when evaluating whether transactions should be accounted for as contributions or as an exchange transaction, as well as determining whether a contribution is conditional. The guidance should be applied using a modified prospective basis. This guidance is effective for the fiscal years beginning January 1, 2019 for contributions received, and January 1, 2020 for contributions made. Early adoption of the guidance is permitted. The Foundation continues to evaluate the effects the adoption of ASU No. 2018-08 will have on the financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in ASU No. 2018-13 describe the development of a framework that promotes consistent decisions by the Board about disclosure requirements and the appropriate exercise of discretion by reporting entities. This guidance is effective beginning January 1, 2020, with early adoption permitted. The Foundation continues to evaluate the effects the adoption of ASU No. 2018-13 will have on the financial statements and related disclosures.

2. INVESTMENTS

Investments at December 31, 2018 and 2017, by asset category, are as follows (in thousands):

	2018	2017
Common stock	\$ 1,700	\$ 2,583
Limited liability companies	18,219	19,196
Commingled fixed income investment trust	15,932	16,565
International equity funds	9,036	13,413
Limited partnerships	9,840	10,199
Total investments	<u>\$ 54,727</u>	<u>\$ 61,956</u>

The Foundation recognized net unrealized losses of \$4,843,000 and net unrealized gains of \$7,278,000 at December 31, 2018 and 2017, respectively, relating to trading investments still held at year end.

Realized Gains/Losses — In the ordinary course of business, sales will produce realized gains and losses. The Foundation will sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectations that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; or (iv) a change in credit quality.

During the years ended December 31, 2018 and 2017, the Foundation sold \$10,207,000 and \$2,350,000 of investments, which resulted in gross realized gains of \$2,140,000 and \$275,000, and gross realized losses of \$159,000 and \$0, respectively.

As of December 31, 2018, the Foundation's investment portfolio includes \$18,219,000 of investments in limited liability companies, \$15,932,000 of investments in a commingled fixed income investment trust, and \$5,634,000 of investments in a commingled international equity fund that can be redeemed with 30 days' notice. The portfolio also includes \$3,459,000 of holdings in a limited partnership that can be redeemed with 60 days' notice, \$2,915,000 of holdings in a limited partnership that can be redeemed with 75 days' notice, and \$3,466,000 of holdings in a limited partnership in which the Foundation can redeem 25 percent per quarter with 45 days' notice. None of the investments have unfunded commitments.

As of December 31, 2017, the Foundation's investment portfolio includes \$19,196,000 of investments in limited liability companies, \$16,565,000 of investments in a commingled fixed income investment trust, and \$6,937,000 of investments in a commingled international equity fund that can be redeemed with 30 days' notice. The portfolio also includes \$3,387,000 of holdings in a limited partnership that can be redeemed with 60 days' notice, \$3,462,000 of holdings in a limited partnership that can be redeemed with 75 days' notice, and \$3,350,000 of holdings in a limited partnership in which the entire interest can be redeemed effective February 1, 2018 or, thereafter, the Foundation can redeem 25 percent per quarter with 45 days' notice. None of the investments have unfunded commitments.

3. FAIR VALUE MEASUREMENTS

Fair values of the Foundation's securities are based on quoted market prices, where available. These fair values are obtained from either custodian banks or third-party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value.

The Foundation obtains only one quoted price for each security, either from the custodian banks or third-party pricing services, which are derived through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information. For securities not actively traded, either the custodian banks or third-party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Foundation is responsible for the determination of fair value, management performs periodic analysis on the prices received from third parties to determine whether the prices are reasonable estimates of fair value.

In certain circumstances, it may not be possible to derive pricing model inputs from observable market activity, and therefore, such inputs are estimated internally. Such securities would be designated Level 3. The fair values of these securities are estimated using a discounted cash flow model that incorporates inputs such as credit spreads, default rates, and benchmark yields.

The primary market risks are exposures to (i) changes in interest rates that affect our investment income and interest expense and the fair value of our fixed-rate financial investments and debt and (ii) changes in equity prices that affect our equity investments.

An increase in the market interest rates decreases the market value of fixed-rate investments and fixed-rate debt. Conversely, a decrease in market interest rates increases the market value of fixed-rate investments and fixed-rate debt.

The Foundation manages exposure to market interest rates by diversifying investments across fixed-income market sectors and across various maturities. Future increases in prevailing interest rates could have an adverse effect on the Foundation's financial results.

The Foundation's assets recorded at fair value at December 31, 2018 and 2017, are as follows (in thousands):

	Fair Value Measurements Using			Total Fair Value
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2018				
Cash equivalents	\$ 3	\$ -	\$ -	\$ 3
Common stock	\$ 1,700	\$ -	\$ -	\$ 1,700
International equity funds	3,402	-	-	3,402
Total investments measured at fair value	\$ 5,102	\$ -	\$ -	5,102
Total investments measured at NAV				49,625
Total investments				\$ 54,727
2017				
Cash equivalents	\$ 67	\$ -	\$ -	\$ 67
Common stock	\$ 2,583	\$ -	\$ -	\$ 2,583
International equity funds	6,476	-	-	6,476
Total investments measured at fair value	\$ 9,059	\$ -	\$ -	9,059
Total investments measured at NAV				52,897
Total investments				\$ 61,956

Transfers between levels may occur due to changes in the availability of market observable inputs. Transfers in and/or out of any level are assumed to occur at the end of the period.

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2018 and 2017, and there were no transfers into or out of Level 1, Level 2 or Level 3.

4. RELATED-PARTY TRANSACTIONS

On a routine basis, the Foundation conducts business transactions with BCBSM and BCN. These transactions include management, administrative, and professional services, including computer operations and accounting services.

For the years ended December 31, 2018 and 2017, \$1,129,000 and \$1,313,000, respectively, were billed from BCBSM and BCN and are included in supporting activities in the Statements of Activities and Changes in Net Assets; and \$536,000 and \$921,000, respectively, were due to BCBSM and BCN. The majority of the transactions and balances are related to BCBSM.

The accompanying financial statements present the financial position, results of operations, and changes in net assets and cash flows for the Foundation and are not necessarily indicative of what the financial position, results of operations, and changes in net assets and cash flows would have been if the Foundation had been operated as an unaffiliated corporation during the periods presented.

All outstanding shares of the Foundation were owned by BCMI through July 1, 2018, after which all outstanding shares of the Foundation are owned by BCN. In addition, the Foundation, BCBSM, BCN, Blue Cross Complete of Michigan LLC, owned by BCBSM through a joint venture, and COBX CO., a subsidiary of a BCBSM wholly owned affiliate, Emergent Holdings, Inc., have some common officers and board members.

5. CLASSIFICATION OF EXPENSES

The financial statements include certain categories of expenses that are attributable to more than one program or supporting function, and therefore, requires an allocation. Salaries and benefits are allocated based on estimates of time spent on each program. Office expense, information technology, occupancy, travel, dues and subscriptions, and other expenses are allocated based on their impact to the programs.

The table below presents expenses by both their nature and function at December 31, 2018 (in thousands):

	Program Service Expenses	Management & General Expenses	Total Expenses
Grants	\$ 2,534	\$ -	\$ 2,534
Salaries and wages	772	486	1,258
Other employee benefits	12	3	15
Accounting fees	-	41	41
Office expense	3	1	4
Information technology	14	5	19
Occupancy	56	35	91
Travel	18	11	29
Contractors	14	-	14
Grants review panel	8	-	8
Dues and subscriptions	-	1	1
Other expenses	-	1	1
	<u>\$ 3,431</u>	<u>\$ 584</u>	<u>\$ 4,015</u>
Total expenses			

6. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date of December 31, 2018, through March 29, 2019, the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure under FASB ASC 855, *Subsequent Events*.

* * * * *



18

ANNUAL
REPORT



Blue Cross Blue Shield of Michigan Foundation is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.
Blue Cross Blue Shield of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

R085993