

2021 ANNUAL REPORT

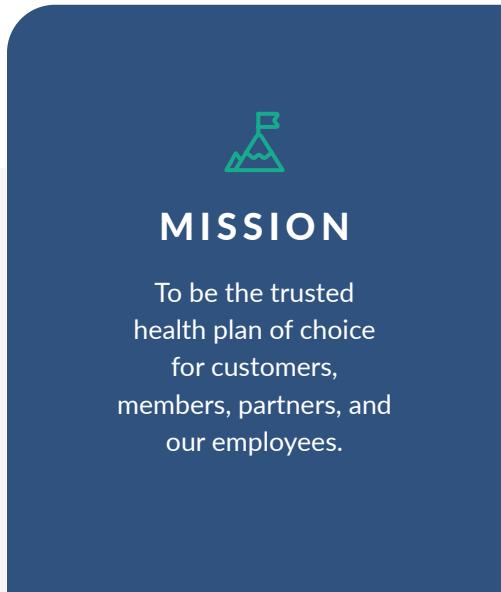


Meeting the Moment



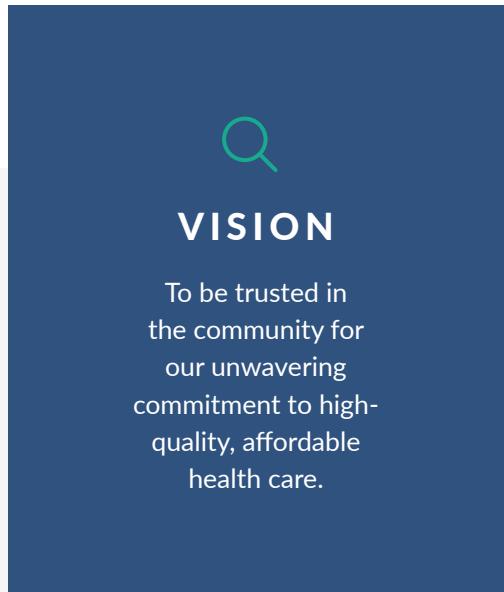
 **Medica**®

Medica lives its mission



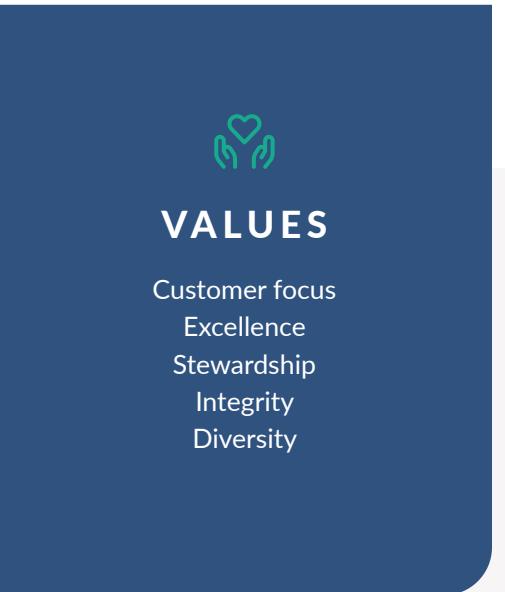
MISSION

To be the trusted health plan of choice for customers, members, partners, and our employees.



VISION

To be trusted in the community for our unwavering commitment to high-quality, affordable health care.



VALUES

Customer focus
Excellence
Stewardship
Integrity
Diversity

What it takes to Meet the Moment

For nearly 50 years, Medica has supported the health and well-being of communities across the Midwest.

In 2021, we had challenges and opportunities unlike any we have had over the course of our history.

Our communities and members continued to deal with the impact of COVID-19 and all the disruptions the pandemic caused in their lives. The availability of effective vaccines began to provide a path back to some sense of normalcy. But the emergence of the Delta and Omicron virus variants reminded us that this will be a long-haul struggle.

For Medica, living our mission in 2021 meant:

- Continuing to help our members and communities through unprecedented challenges on their physical, social, emotional and family health
- Making sure everyone, regardless of their circumstances, could realize the promise offered by the vaccines
- Learning from our experiences over the past two years to find new ways to make the health care system work better for everyone
- Finding new partners and strengthening existing partnerships to share in this critical work, knowing we are stronger together

This report chronicles the stories of what we have done as a company and through our Foundation to meet the challenges of this moment. It includes stories about a new partnership with Dean Health Plan that will only strengthen us in the future, about a strategic initiative to support the expansion of dental care across northeast Minnesota, about new ways to deliver health care, about our passion to serve, and a lot more.

I am honored to share these stories with you. Behind every one of them are my colleagues who are relentless in their determination to earn your trust.

On behalf of our entire team, thank you for your support, your partnership, and the trust you place in Medica.

A handwritten signature in black ink that reads "John Naylor".

John Naylor
President + CEO





2021

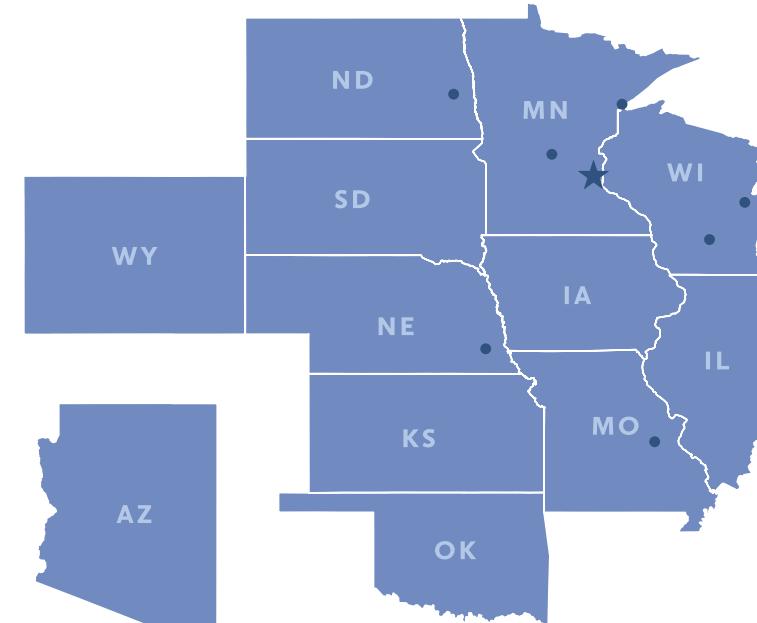
You're not just covered, you're cared for.



We've expanded where we are and who we serve

SERVICE AREA

Serving members across 12 states, with local offices and employees across our service area.



MEMBERSHIP

Nearly 1.5 million people trusted us to safeguard their health through a global health crisis.



231,000

Medicare + Medicaid

218,000

Individual + Family

973,000

Employer-Based

2021 Highlights



Added or strengthened provider partnerships with:

SSM Health
ST. LOUIS, MO.

MU Health
COLUMBIA, MO.

Mercy
SPRINGFIELD, MO. + OKLAHOMA CITY, OKLA.

University of Iowa Health Center
IOWA CITY, IOWA

Hennepin Healthcare
HENNEPIN COUNTY, MINN.

M Health Fairview
TWIN CITIES, MINN.



We expanded our presence with new products in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, and Wyoming.



We formed a joint venture with SSM Health, and through that invested in Dean Health Plan. Medica and Dean Health Plan, both mission-driven organizations, now serve nearly 1.5 million members.



Growing with New Partners

Bringing affordable and high-quality care to more people — no matter their age, background, or location — is a challenge we fully embrace. Success requires a commitment to growth and innovation that comes from being an active partner with others who share our mission and passion.

Building a healthy future together.

In 2021, we reached an agreement with SSM Health that brings Dean Health Plan and its 500,000 members and nearly 1,000 employees into the Medica family. This partnership offers exciting possibilities. Our complementary values, histories, and experience will accelerate advancements in all the ways we serve and care for members. We are already learning from each other and leveraging our strengths.

Medica

Simplify and enhance the member experience through technology and operations platforms.

Dean Health Plan

Coordinate coverage and care through innovative provider relationships and integrated delivery networks.

SSM Health

Deliver exceptional care through a focus on clinical quality and value-based care capabilities.

A WORD FROM OUR LEADERS

"What I see in Dean Health Plan is what I see in Medica. It starts with teamwork and internal collaboration, which we then demonstrate externally. We are both laser-focused on our members in everything we do and how it impacts them — from product design to call center processes to communication materials to our community engagement."

John Naylor
Medica President and CEO

"Medica shares our commitment to making high-quality care affordable and sustainable — and brings complementary expertise and resources that will enable us to further simplify and enhance the health care experience. Together, we'll be able to develop and deliver innovative new solutions that better meet the needs of all those we serve."

Laura S. Kaiser
SSM Health President and CEO

"This relationship provides an opportunity for employees from both organizations to collaborate and learn from each other. Together we will continue to strengthen our integration of health insurance and care delivery to best serve our communities and members."

Dave Docherty
Dean Health Plan President



Headquarters in St. Louis, Mo.

40,000 team members

Clinics and hospitals in Wisconsin, Illinois, Missouri, and Oklahoma

Legacy: In 1872, five German nuns migrated to St. Louis to bring God's care to those in need, establishing the beginnings of what would ultimately become SSM Health.



DeanHealthPlan

A member of SSM Health

Headquarters in Madison, Wis.

877 team members

Serves 500,000 members in four states

Legacy: In 1904, Dr. Joseph Dean opened his first clinic.

Caring that Knows No Bounds

Health care is personal. It is dependent on age, gender, ethnicity, race, income, geography, health status, social stigma, personal preference, and comfort with technology. The list goes on. We are determined to ensure each person gets the care they need to achieve optimal health.



 CARING



"This is not a theoretical exercise on our part. Our focus has been on creating an action-oriented plan — with goals that are measurable and attainable — that will extend health care to those who have been left out."

Cara Broich
Medica | Quality and Clinical Advancement

OUR COMMITMENT

In 2021, we established a three-year plan to strengthen health equity for every member. Our team participated in a number of community partnerships to advance this work:



- Minnesota Council of Health Plans Health Equity Committee
- Association of Health Plans Health Equity Committee
- City of St. Paul Health Equity Committee
- Minnesota Initiative for Vaccine Equity

We also expanded efforts to ensure we offer equitable and culturally competent provider access and availability for everyone we serve.



One Important Step

To address racial disparities in kidney care, we adjusted our clinical guidelines to eliminate race as a factor in measuring kidney health. Commonly used guidelines use differential measures based on race for eGFR (a measure of kidney function) to assess kidney health. The higher measure for African Americans risks delaying access to care. We are now asking providers not to use these differential measures. This change to our clinical guidelines aligns with leading advocates for the advancement of equity in kidney care.



A Team Effort

Our annual Accountable Care Organization (ACO) Summit brought together nearly 100 representatives from all 22 of our ACO partners across our service area. The summit is a concentrated time for us to learn from each other and lay the groundwork for new and better ways to deliver care.

This year, much of the two-day conference focused on sharing strategies to address the social determinants that adversely affect health equity, with presentations and workshops led by teams from Medica and a number of our partners on ways we are closing gaps in care.

In terms of benefit received, 96% of respondents rated the summit as extremely or very valuable.



Addressing the Cost Barrier to Health Equity

For those with chronic conditions, medication costs can be a barrier to staying on a course of treatment. In 2020, we implemented a \$25 cap on insulin copays. In 2021, we launched a pilot program to cover more than 400 maintenance drugs at no cost to members in small and large group plans in Iowa and Nebraska. This covered drug list extends beyond what the Affordable Care Act requires.



 SUPPORTING

New Challenges, New Ways

In year two of the COVID-19 pandemic, we continued to find innovative ways to support our members and customers. What's become clear: Many of the new steps we took in response to COVID will continue to benefit our members even as the pandemic recedes.

Connecting

The stress and isolation caused by the pandemic has impacted seniors, parents, children, and caregivers — people of every age and background. That's why finding new ways to support people with mental health concerns has been a priority.

We worked with our provider partners to build a more robust telehealth network to support members and provide payment parity, regardless of the type of visit.

Here's what we've learned: Reducing barriers to care makes a difference. And anxiety, depression, and trauma have been the top three conditions treated through our telehealth network. For those conditions, approximately 70% of our claims were for telehealth visits. This new way of providing care in the comfort of our members' homes is becoming a new standard.

"We were pleased that Medica stepped up to ensure continued — and enhanced — access to mental health treatment through telehealth."

Sue Abderholden
NAMI Minnesota



Vaccines for Everyone

In early 2021, the emergence of COVID-19 vaccines generated waves of excitement and relief. But getting those vaccines to people, especially those who are underserved, was a challenge. In response, we participated in the Minnesota Initiative for Vaccine Equity. Our nurses reached out to our Medicaid members to help schedule appointments and transportation. We also staffed a series of vaccination clinics in partnership with the People's Center Clinics and Services in Minneapolis.

Health care in your hands

The strong response to our telehealth innovations is one example of how members want new ways to take control of their health. In 2021, we provided our members with tools to put that control in their hands:



Omada
Virtual solutions for people with chronic conditions



Sanvello
On-demand help for emotional well-being



Wellthy
Changing the way families experience care



Medica Member
Your plan at your fingertips



We invited 3,500 women enrolled in one of our Medicare, Medicaid, or Commercial plans to **Mammo-A-Go-Go**, a breast cancer screening event we cosponsored with HealthPartners Park Nicollet.



Medica®
FOUNDATION

Living Our Mission



20 Years of Giving

Last year marked the 20th year since the establishment of the Medica Foundation. During that time, the Foundation has made grants totaling \$37 million to organizations working to address health care system inequities by increasing access to care and reducing disparities in outcomes.

We are passionate about making the promise of optimal health real for everyone. Our work has always prioritized engaging in the communities we serve by building strong relationships with community partners. We know that establishing enduring partnerships is the best way to address the health disparities that exist in every community.

"As a founding member of the Medica Foundation Board, retired Minnesota Supreme Court Justice Esther Tomljanovich was a strong voice for making strategic investments to address the systemic issues that affect health care. In recognition of her tireless advocacy for those who are underserved, future strategic grants will be named Esther Tomljanovich Strategic Initiative Grants."

John Stanoch
Medica Foundation Board Chair

Focusing on What's Important

We created a new Mission, Vision, and Values to help sharpen our focus on addressing health disparities and inequities.

Our Mission. Improve the health of those in need by investing in community-led initiatives that advance health equity.

Our Vision. We envision healthy communities free of inequities, where health resources, care, and treatment are accessible and available to all.

Our Values. Stewardship, Integrity, Equity, Community Focus, and Collaboration.

2021 Grants

\$2.75 MILLION TOTAL

 **\$1,000,000**
Behavioral health

 **\$575,000**
Early childhood health

 **\$440,000**
Rural health

 **\$360,000**
General health improvement

 **\$200,000**
Strategic initiatives

 **\$200,000**
Crisis relief

Given to nearly
200 NONPROFITS



[See all the grants we made in 2021 >](#)



Mitakuye Oyasin

We are all related

HEALING

Healing History

While the events of the past two years have helped expose the inequities people live with — inequities that affect their health and wellbeing — there is nothing new about them. The combination of health inequities and historical trauma that many people experience can create tragic consequences, including generational poverty and a lack of health resources and care for entire populations.



Tanyan Wichoiyé
Good words

Omakiya Oyakihi?
Can you help me?

In 2021, we were proud to support organizations that are creating trusted and safe spaces for healing from trauma, leveraging cultural traditions and strengths to foster growth in young children, and doing new things to break entrenched cycles of mental illness.

A Safe Place to Heal

New immigrants, especially those fleeing from violence and unrest, often experience significant trauma. They need trusted, safe places for healing. Our grant funding to Raíces Sagradas Community Mental Health allowed it to conduct Healing Circles to help community members overcome their isolation, and to recognize and destigmatize their trauma.

The Healing Circles were held in two churches — Ascension Catholic Church in North Minneapolis and Sagrado Corazón/Incarnation Catholic Church in South Minneapolis — because these are trusted, safe places for community members. Peer leaders conducted the Healing Circles.

Participants overwhelmingly indicated an increased understanding of trauma in their lives and the lives of those in their community. The long-range goal of this work is to decrease the transmission of intergenerational trauma.

Breaking the Cycle

Persistent and untreated mental illness can have a devastating impact on individuals and those around them.

The Foundation provided funding to Region 3 Behavioral Health Services in Kearney, Neb., to develop a co-responder program for crisis calls. The need was great, as the pandemic has expanded the number of mental health crisis calls received by Kearney's Buffalo County Law Enforcement.

The co-responder model pairs law enforcement and behavioral health practitioners. Response teams use the combined expertise of police officers and behavioral health clinicians to deescalate situations and help individuals with behavioral health issues get the services they need for stabilization and recovery.



Healing Words

Sicangu Community Development Corp. (CDC) is a nonprofit serving Lakota families on the Rosebud Indian Reservation in Mission, S.D. Its mission is to change broken systems by transforming them with Lakota values.

The Foundation provided a grant to help Sicangu CDC develop a program of social emotional learning (SEL) for kindergarten and first grade students based on Lakota values. That included creating a framework for SEL based on the question, "What does Lakota social emotional development look like?"

The curriculum leveraged the Lakota people's language and traditional values. To date, 39 classes and numerous summer camp sessions have been completed. Based on their success, we awarded a second grant to continue the work.



Making the Promise of Opportunity Real

We know that rewarding and well-compensated work is crucial to the health and well-being of individuals and families. That's why creating opportunities for educational and career advancement have been priorities for Medica and the Foundation. It's about more than funding good organizations and programs. As a workplace, we strive to create opportunities and to be a model employer.

SINCE 2010

Genesys Works
83 Medica interns
\$827,000 salaries paid
\$46,500 in program support

SINCE 2012

University of Minnesota Community Health Initiatives
147 undergraduate scholarships
322 graduate scholarships
\$6,600,000 total funding

IN 2021

Genesys Works
8 interns
3 former interns now on the Medica team
\$10,000 in program support

University of Minnesota Community Health Initiatives
13 undergraduate scholarships
31 graduate scholarships
\$437,184 total funding

Learning From Each Other

Genesys Works is on a mission to provide pathways to career success for students in underserved communities through skills training, meaningful work experiences, and impactful relationships. Since 2010, we have partnered on that mission by bringing Genesys Works interns onto our teams and by hiring graduates as full-time, permanent employees.

We are thankful for the pathways we've helped create. But we are also grateful for what we've learned. We are better at identifying, recruiting, developing, and promoting talented individuals we may have overlooked in the past. That learning is helping us advance our mission.



"Genesys Works is the doorway for young adults to step into the real world. Thanks to them, I was able to join and be a proud member of Medica."

Nchatxu Vang
Medica | IT Support Specialist

Pathways for Health Care Professionals

The University of Minnesota Community Health Initiative (CHI) works to reduce disparities within communities. Through support from Medica, the program provides scholarships to socially and economically disadvantaged students to help them succeed in pursuing health-related careers.

Joan T. A. Gabel, University of Minnesota President, said, "Through the Office for Business and Community Economic Development, Medica's longtime support for Community Health Initiative Scholarships has opened pathways in health care professions for students who have been historically underrepresented in medicine, public health, and social work."



How has receiving your scholarship impacted you?
"The scholarship alleviates the financial burdens and the mental burnout I am currently facing. My family and I are forever thankful."

How do you hope to make an impact?
"I know what it feels like to feel unheard. I want to serve as a resource so young people, particularly young women of color, know they are not alone and are capable of making a difference."

Shehrose Charania
Scholarship Recipient

Walking Together

Choosing where and how to direct grant funds are some of the hardest decisions to make. While a clear mission and focus helps, knowing the communities we serve and the partners we work with is even more important. We make it a practice to listen to and walk alongside the organizations serving our communities.

In 2021, we leveraged our trusted partnerships and built new relationships to help expand our work into new communities.

TOGETHER



"CDS has worked collaboratively with Medica and the Medica Foundation for the past 15 years to provide dental care to low-income communities across the state."

Sarah Wovcha
Children's Dental Services

Breakthrough Project

Since 2006, the Medica Foundation has supported the work of Children's Dental Services (CDS), a non-profit dental clinic serving the state of Minnesota for over 100 years, with grants totaling \$500,000. CDS helps makes dental care available to children and pregnant women, regardless of their ability to pay. We have seen its success at creating sustainable solutions to seemingly intractable challenges.

In 2021, CDS and Medica announced plans to establish a new dental health hub in Duluth, Minn., for teledental health services and mobile dentistry units that will bring culturally sensitive dental care to underserved children in tribal communities, schools, and social service sites across northern Minnesota.

The Foundation provided a \$200,000 innovation grant to support strategic planning, community engagement and program implementation. CDS projects that the new hub will improve the oral and overall health more than 2,000 children from low-income households, tribal communities, and other communities of color in its first year alone.



Taking Time to Listen

As the Foundation has sought to expand its work in Nebraska, we conducted community conversations with community leaders and organizations in North Platte and Omaha. They allowed us to introduce ourselves, learn about the challenges and successes in their work, and build our own community connections.

Through our first conversation in Omaha in 2019, we were introduced to Buffalo County Community Partners in Kearney. We learned about its nearly two-decade effort to build collaborative partnerships with dozens of community organizations to strengthen community well-being. The organization has helped us connect to its community by supporting subsequent community conversations with leaders in Kearney and surrounding areas.

We have also been pleased to provide grant support to Buffalo County Community Partners for three years running. We are grateful for this partnership, and are excited for how it will continue to grow.



COMMUNITY CONVERSATIONS

A Team That Cares

Our 3,000 team members are the ones who bring our mission to life every day for the members and communities we serve. They answer your questions, help you with your care, direct you to resources, and work to ensure your medical expenses are taken care of. Most importantly, they are your neighbors. **They are there for community celebrations, to help out in times of need, and to support community causes.**

In 2021, we accelerated our commitment to making sure our team members reflect the rich diversity of those we serve. **We now have team members from hundreds of communities across our service area.**

“

“An organization’s culture and values really come to light in hard times, especially during a global pandemic. I feel incredibly lucky to work for a company that continues to put its employees and members first.”

Kayla Wandersee
Medica | Human Resources

Bringing Life to Our New Midway Office

We officially opened our new office at the Wilder Center in St. Paul’s Midway neighborhood in July. We’ve hired 45 employees from the neighborhood, bringing jobs, training, and economic opportunity to the area. About 70% of these new team members are people of color.



Building Bridges

From the beginning, our goal has been to learn about and connect to this community. We commissioned Patrick Cunningham, a local artist and St. Paul social worker, to create artwork depicting Midway’s cultural diversity for the new office space.

“The beautiful art created by Patrick is a great reminder to me, and others who work at the Midway location, that the community has had to overcome many things. The title symbolizes everyone working together from diverse populations and building bridges to overcome adversity.

Lake McCorison
Medica

We have been fortunate to work with a number of amazing partners as we continue to build our Midway team and community relationships. Thank you to:

TWIN CITIES RISE

GOODWILL EASTER SEALS

EMPLOYMENT AND ECONOMIC DEVELOPMENT

RAMSEY COUNTY

We to Show Up

“Every time there is a need, Medica is there.”

Medica President and CEO John Naylor



On 9/11, members of our Medica Salutes Veteran Employee Resource Group honored and celebrated first responders by delivering cookies to police and fire stations in Minnetonka, Plymouth, St. Paul, St. Cloud, and Omaha.



During 2021, Dean Health Plan employees donated \$35,000 to Second Harvest Foodbank Share Your Holidays; with SSM Health, administered 32,000 COVID-19 vaccines through 174 mobile clinics; and provided more than 10,000 diapers to No Child Wet Behind.



To help celebrate Raising Rondo, an annual event that celebrates the historic Black neighborhood in St. Paul that was lost when I-94 was built, employees collected nearly 800 items in 90 boxes to distribute to community members at their homes.

“I am so impressed how our employees engaged in the community, as individuals and as a team, to meet the needs of our members. They always go the extra mile.”

Alex Tittle
Medica | DEI

Board of directors

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CEO
Whitefish Ventures

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Professor of Finance, D’Amore-McKim School of Business
Northeastern University

Brigid Bonner
President
Bonner Consulting, LLC

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Vice President & Executive Medical Director of Perioperative Services
M Health Fairview

Samuel Leon, M.D. *
Physician
MNGI Digestive Health, P.A.

Gaye Adams Massey, J.D.
CEO
YWCA St. Paul

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TCF Financial Corporation

Esther Tomljanovich, J.D. §
Retired Associate Justice
Minnesota Supreme Court

Mary Twinem *
Retired Executive Vice President, Chief Financial Officer & Treasurer
Buffalo Wild Wings

2021 financial summary

We’re a nonprofit health plan. That means we don’t work to make money for shareholders. We invest our earnings into delivering on our commitments to you and your community.

Combined balance sheet (in millions):

Assets	2021	2020
Cash and investments	2,864	2,867
Other assets	1,015	504
Total assets	3,879	3,371

Liabilities and net assets	2021	2020
Claims payable	536	548
Other liabilities	758	612
Total liabilities	1,294	1,160
Net assets	2,585	2,211
Total liabilities and net assets	3,879	3,371

Combined statement of operation and changes in net assets (in millions):

Revenue	2021	2020
Premiums, net of reinsurance	4,419	4,450
Administrative service contract fees	114	109
Total revenue	4,533	4,559

Expenses	2021	2020
Medical & other benefits, net of reinsurance	3,752	3,533
Other operating expenses	655	689
Total expenses	4,407	4,222
Operating income	126	336

Investment income, income taxes and other non-operating expenses	(92)	(313)
Net unrealized gains (losses) on investment	—	—
Contributions to the Medica Foundation	—	—
Change in net assets	34	23

† Chair of Medica board

‡ Chair of the Medica Foundation board

* Also a member of the Medica Foundation board

§ Retired from the Medica and Medica Foundation boards in June 2021



Medica.[®]

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