

ANNUAL REPORT



HEALTHCARE COOPERATIVE

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Putting Members First. Pursuing Better Healthcare.

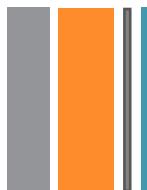


HEALTHCARE COOPERATIVE

Putting Members First.

Pursuing Better Healthcare.

www.CommonGroundHealthcare.org



A Letter from our CEO

Dear Members,

I am pleased to present our 2021 Annual Report. For the theme of this report, we are highlighting our mission: Putting Members First, Pursuing Better Healthcare. You are the reason we exist, and we want to use this report to show you how we live our mission every day.

I'm proud to lead a non-profit cooperative dedicated to changing the health insurance landscape and creating a better path forward that is member-driven and honest. As a cooperative, we don't answer to external stakeholders. We answer to you. With that in mind, we continuously work to improve our products and services. As we make decisions, we keep you, our members, at the center of those decisions. This Annual Report reflects the aspects of our work that we have achieved throughout 2021.



As I reflect on the past year of unprecedented challenges that we have all faced, I am proud of the way we have come together to navigate our new world. As your health insurance carrier, we worked tirelessly to provide timely information, fair coverage, and seamless operations - all while ensuring the safety of our members and community. In 2021, we settled into this new normal while remaining true to our roots. Knowing the financial stress our members were under, we were proud to be able to decrease premiums for individual and family plans for the fourth year in a row. Even more amazing, we were able to return a portion of monthly premiums to our 2020 members in the form of a premium rebate for the third consecutive year! Needless to say, our staff and Board of Directors were beyond excited to give back to our members after such a difficult year.

Taking a hard look at where we have been helps us to determine where we want to go. Moving forward, we will continue to fight on your behalf. Diversity, Equity, and Inclusion has always been important to CGHC, and throughout 2020 and 2021, it has become an integral priority of our work internally. We will work to address health inequities and limitations to accessing low-cost healthcare solutions. We will advocate for more inclusive health policies at the state and federal level. We are not afraid to do what we think is right, and we invite you to maintain your stake in our cooperative where you can count on honesty and having your voice heard.

Our commitment to forging a path to better healthcare has only grown stronger through the years, and our passion more fervent. As our strategic plan unfolds, we will maintain our foundational elements: advocacy, partnership, and innovation, with you and your families' health needs at the center of everything we do. We look forward to more years of stability. Through the challenges, we want you to know that our commitment to you has never wavered. We will be here for you and with you for as long as you need.

Sincerely,

Cathy Mahaffey, CEO

Member-Elected Board of Directors

Your 2021 Voting Board of Directors

One unique part about being a cooperative is that we are governed by a member-elected Board of Directors made up of the people who buy our insurance. They are the voice for our members when making cooperative decisions.



Amy Murphy
Board Chair



Terri Piszczor
Vice Chair



Rachael Bush
Board Member



Kevin Gilligan
Board Member



Erin Kenneke
Board Member



Will Kort
Board Member



Tonni Larson
Board Member



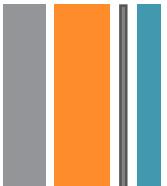
Mary Rehberg
Secretary Treasurer



Brett Remington
Board Member

A special thank you to the Non-Voting Directors on our board: Bob Connolly, Jim Wesp, and John Maglio.
They continually support our mission with their talents and expertise.

To read more about your Board members, visit
www.commongroundhealthcare.org/board-of-directors/



Putting Members First

World-Class Member Experience

In 2021, we developed the Member Experience Department, a new part of the organization that is entirely devoted to putting members first. The first task was to create an organizational goal: **providing a world-class experience to our members every single day**. To achieve that goal, several projects have been implemented with the help of a team of staff members, the Member Experience Committee:

- **EXCEED Training:** EXCEED stands for Exceeding Customer Expectations Every Day, and it is a training required for every single employee from our frontline up to the CEO.
- **Pain Point Identification and Solutions:** Another key initiative is identifying member pain points, or areas of dissatisfaction, that cause our members to be frustrated or upset with the service they were provided. We then work to solve those issues, so our members have the best possible experience going forward.
- **Service Recovery:** Even the best organizations have service breakdowns that can result in customer dissatisfaction and complaints. That's why we created a Service Recovery program. Our goal is to use a consistent approach when resolving service breakdowns and communicating about them with members. Not only do we work to resolve every issue quickly and permanently, but we also apologize for our mistakes.
- **Above & Beyond the Fix:** Sometimes, when an error occurs, an apology is not enough. That's why we created a process to do something a little extra for members who bring the situation to our attention.

Measuring Member Satisfaction

One measure we track is Net Promoter Score (NPS), which is based on one question:

On a scale of 0 to 10, with 0 being not likely and 10 being extremely likely, how likely are you to recommend Common Ground Healthcare Cooperative to a friend or family member?

The score is determined by the percentage of members who rate us 9 and 10 (promoters) minus the percentage of members who rate us a 0-6 (detractors). In 2021, **we were in the 100th percentile of health insurance companies** for our Net Promoter Score (NPS).



Putting Members First

Going Back to Our Roots: Insurance for Small Businesses

When launching Common Ground Healthcare Cooperative, our founders, Bob Connolly and Jim Wesp, envisioned the cooperative offering health insurance plans to small businesses. At the time, business owners were looking for a better healthcare solution for their employees that was local and gave them a voice. Since then, CGHC has grown and focused more on selling plans to individuals and families. Yet, we never lost sight of the small business need for insurance.

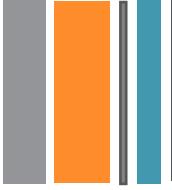
In the beginning of 2021, we decided to go back to our roots and relaunch the small group product.

Research guided our actions. We interviewed small business owners and health insurance agents to understand what small business owners need and want from their health insurance plans. Our goal was to offer a solution that would best serve the employees.

Small Group Product Features

- ✓ Competitive pricing and plan designs to serve any employee's needs
- ✓ Dedicated service team for small businesses
- ✓ More HSA-eligible plan options
- ✓ Any employees who do not live in the CGHC service area can purchase an Out-of-Service-Area EPO Plus plan
- ✓ \$15 Insulin copay on all non-Bronze plans





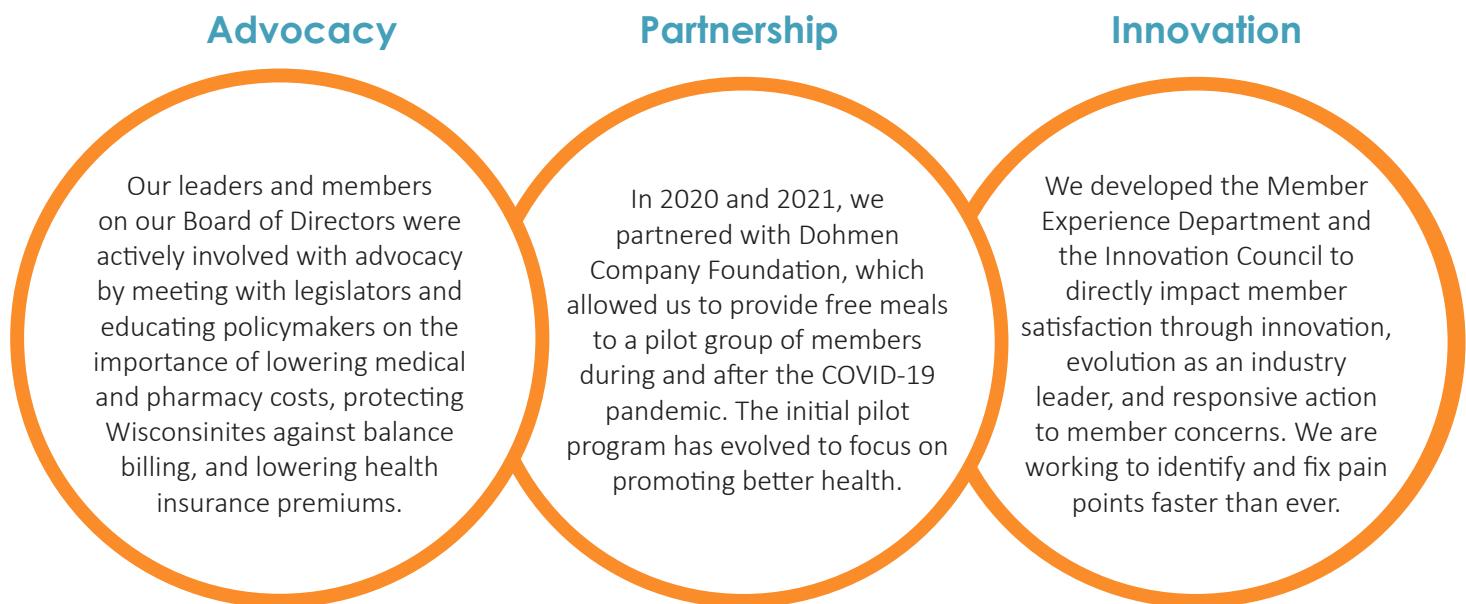
Pursuing Better Healthcare

"Everyone doesn't have health insurance literacy and with that understanding, I try to treat all members like an extension of my own family. We are different and helping members with healthcare comprehension is our job."

-Wendy, Member Services

Our Promise

To serve you better and reduce the rising cost of healthcare, we pursue an organization-wide initiative dedicated to three pillars: advocacy, partnership and innovation.



Our core values are at the heart of what we do and support our mission:
Putting Members First. Pursuing Better Healthcare.

Put Members First | Engage and Evolve | Be Honest and Ethical

Perform at a High Level | Promote Teamwork | Communicate and Connect

Strengthening our Community

Community Engagement

Since the beginning, our staff and leadership have felt connected to the community and the people we serve. Each year, CGHC staff have used their own individual resources like time and money to support the needs of our community through volunteering and donating to local organizations.

Though our team was working from home for the majority of 2021, we still found ways to support our community by donating Christmas presents and cold-weather gear for children in the Milwaukee Public School System (MPS).

We also continue to support organizations like Covering Wisconsin, the Milwaukee Enrollment Network (MKEN), and Core/El Centro that consistently overcome monumental challenges in their respective areas of service.

We are proud of our staff for continuing to prioritize community engagement as we grow and evolve.



Giving Back

CGHC understands the challenges that our community has endured during the COVID-19 pandemic. In 2021, CGHC gave financial donations to support organizations around our community. CGHC donated to the charitable foundations of our key provider partners: Aurora Health Care, Bellin Health, and ThedaCare. Our donations were meant to honor the healthcare workers who selflessly supported our members and communities during this dangerous and difficult time. Frontline healthcare demonstrated heroism during the pandemic but also work miracles for people each and every day.

The Waukesha County Christmas Parade tragedy in December 2021 affected our community in ways that could not be ignored. CGHC contributed to the United Way of Waukesha County to help support the families and loved ones of those who experienced injury or died.



Highlighting 2021 Successes

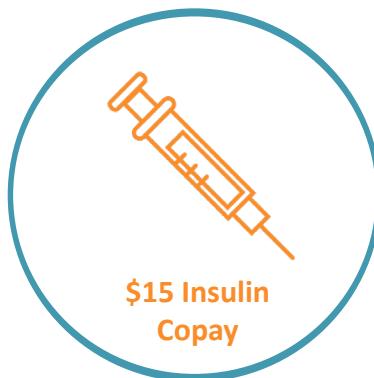
Common Ground Healthcare Cooperative (CGHC) experienced successes during 2021, mostly inspired by member feedback. In 2021, our service area grew to include Green Lake and Florence counties. We also lowered premiums for the 3rd consecutive year for Individual and Family plan members. Lastly, we created a \$15 insulin copay for all of our Silver and Gold plans, which ensures this life-saving medicine is more accessible to diabetic members.



Service Area Growth



Lowering premiums



\$15 Insulin Copay

Awards & Accreditations

CGHC earned the Top Workplace Award again for 2021, for the fifth consecutive year.



We are also accredited as a NCQA certified Qualified Health Plan (QHP).



Our Chief Executive Officer, Cathy Mahaffey, was named a 2021 Woman of Influence by the Milwaukee Business Journal. Cathy shows compassion for our members, strong leadership, and resilience every day. Congratulations, Cathy!

Our Financial Journey

Premium Rebates

For the third consecutive year, CGHC sent money back to our individual members in the form of premium rebates called Medical Loss Ratio (MLR) Rebates. Over the past three years, CGHC has sent more than \$100 million back to our members through these MLR rebates. This is one of our proudest accomplishments as a cooperative because this is the exact reason we started: to be fair, transparent, and active partners with our own members. We remain dedicated as ever to world-class service, innovative healthcare solutions, and providing Wisconsinites with lower-cost healthcare coverage. Thank you for choosing CGHC as your health insurance carrier and opting-in to our cooperative community. We are in this together!

2018



2019



2020



2021



After losing money during our first years in business, CGHC recorded our first profitable year in 2018! We repaid in full our start-up loan!

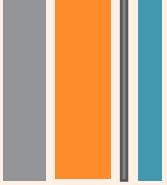
CGHC reported another profitable year and achieved financial stability as a cooperative. 2018 members received money back on their 2018 monthly premiums!

CGHC had another profitable year! We were able to send MLR Rebates to all 2019 individual plan members AND give another round of rebates to 2018 individual members from the Risk Corridor lawsuit. CGHC also gave back to our insured small businesses in the form of premium relief.

The impact of COVID-19 related expenses and the increase in previous-delayed elective services contributed to a financial loss in 2021. However, CGHC continues to be one of the most financially strong insurance carriers in Wisconsin.

“A sincere thank you for providing us with the best health insurance I have ever had. We have been very impressed with how smooth all of the paperwork and communication have been. I was just thinking about how grateful I was to have great health insurance.”

Jennifer, CGHC Member



2021 Financial Report

2021 ASSETS

Cash & Short-Term Investments	\$117,761,054
Bonds	\$88,839,663
Affordable Care Act (ACA) Receivables*	\$58,464,491
Other Current Assets	\$13,133,722
Total Assets	\$278,198,931

2021 LIABILITIES & SURPLUS

Claims Reserves	\$64,278,602
Medical Loss Ratio Payable	\$0
Other Liabilities	\$30,817,557
Capital & Surplus (incl. surplus notes)	\$183,102,772
Total Liabilities & Surplus	\$278,198,931

2021 REVENUES & EXPENSES

Premium Revenue Net	\$326,829,844
Benefit Expense Net	\$317,698,024
Net Operating Gain	\$9,131,820
Salaries, Compensation & Benefits	\$11,814,335
Professional Fees	\$4,230,008
Depreciation	\$217,241
ACA Related Fees	\$9,436,606
Other Expenses	\$13,213,537
General Administrative Expenses	\$38,911,726
Net Investment Income	\$2,694,518

NET INCOME (LOSS) After Taxes **(\$27,085,388)**

*ACA Receivables includes Advanced Premium Tax Credit (APTC) Receivables, Risk Adjustment Receivable, and CMS Reinsurance Receivable.

**Numbers are rounded to the nearest whole value.



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