WHO ARE WE?

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2014 ANNUAL REPORT
WHO ARE WE?

We are dedicated to helping the Blues build a better healthcare system for America. We are more than just a company. We are a community.

We are NASCO.
NASCO is owned by and exclusively serves the needs of Blue Cross® and Blue Shield® (BCBS) plans across the nation. Our shared, single-system platform offers Blue Plans the most affordable means for solving common business challenges, and our partnership with multiple Blue Plans provides a community that fosters the collaboration needed to identify shared solutions for common needs.

On April 24, 2014, NASCO celebrated 27 years of partnering with the Blues, and as I look back on the rich history we’ve shared, I am proud to see how far we’ve come together.

NASCO can proudly look back at a heritage of achievement in which we’ve increased the number of our products, enhanced our services and expanded our technologies to efficiently process claims and support the membership and billing needs for over 3200 accounts and more than 20 million members. And we know that we will continue to build upon that heritage as we leverage our 27 years of experience to help our Plan customers remain competitive through increased productivity and lower operating costs.

In 2014, NASCO worked closely with our Blue Plan customers to ensure that we were aligning our product capabilities and our services with their business processes. We engaged our customers in the development of a new customer servicing product. We fostered the collaboration among several Plans to help them achieve new levels of efficiency. We delivered on our promises and completed the migrations of several implementations. We expanded our reach within the Blues with the introduction of BlueCross BlueShield of Vermont as the newest member of our NASCO community.

Our company culture is definitely one of family and community. We are a team. From our senior leaders to our academy trainees, NASCO associates exude a sense of pride in the work that we do, and we all work together to meet the needs of our customers. We are dedicated to helping the Blues build a better healthcare system for America. We are more than just a company. We are a community. We are NASCO.

John Ladaga
President and Chief Executive Officer
NASCO
We optimize NASCO’s maturity in managing our product management discipline to effectively support product innovation, and we are continually working with our plan customers to find more efficient and effective ways to operate and to increase NASCO’s value to our plan customers. In other words, we are in the midst of NASCO optimization. Optimizing how we operate and build our products, optimizing how our customers use our products, optimizing how our customers interact with us and with one another.

NASCO optimization means increasing adoption of shared-product capability and product standardization. It also means creating Plan engagement models that help guide our product strategies and roadmaps. We want to ensure that we are engaging our customers in a more meaningful way, and we want to understand each Plan’s business strategy to take advantage of leveraged capabilities and determine the best way to introduce leveraged-investment opportunities across all Plans.

\[ \text{\"By leveraging shared capabilities and optimizing the use of the NASCO platform and the related support model, Owner Plans can reduce both their operating and IT costs associated with the functions NASCO enables,\" said Bill Fandrich, Senior Vice President and Chief Information Officer for Blue Cross and Blue Shield of Massachusetts.} \]

\[ \text{\"This reduction is driven via economy of scale, reduced first dollar cost, reduction in proprietary solutions and platforms, leveraging best practices across all Plans and reduction in maintenance of systems and solutions.\"} \]

NASCO understands that each of our Plan customers has a slightly different view on how to deliver capabilities, and we know that it is our job to look for what is common and leverage a single solution that has the flexibility to meet each individual Plan’s needs while improving speed to market for all. By focusing on our customers’ business processes and aligning product capabilities with those processes, we have a more clearly defined product direction and value proposition.
NASCO fosters Plan collaboration aimed at identifying shared solutions to common business challenges. Greater collaboration among our Plan customers drives more shared services and shared investments. By leveraging NASCO capital and seeking shared funding opportunities, Plans can stretch their investment dollars substantially and potentially accomplish much more than they could relying solely on their own resources. This collaborative effort also helps NASCO refine the focus of our current and future products and enables us to align the further development and optimization of our product segmentation strategy with our customers’ business practices.

Our comprehensive product segmentation strategy is fundamental to bringing increased value to our shared services. We are enabling public and private exchanges, and we have successfully entered the Medicare market segment. We are also developing many new capabilities, and we will continue to evaluate our products and services at the platform level to ensure that our solutions provide maximum value and can be easily leveraged by all of our Plan customers.

"The healthcare industry is going through dramatic changes, and one thing we know for sure about the future of healthcare is that the cost to run our businesses must be significantly reduced. By leveraging capabilities across Plans and sharing the on-going support and modernization costs, the NASCO Owner Plans can reduce both the overall capital investment and the cost structure associated with the functions and systems that NASCO supports, and we can be more proactive with innovative solutions that give us a competitive position in the market," said Fandrich.

NASCO remains committed to the needs of our Plan customers, and we will continually look for ways to engage our customers and, together, find innovative ways to ensure that we all remain competitive and aligned with changing market demands.

“We have made significant progress in our quest to become a more product-based company, and we have worked diligently to develop new products, improve capabilities and shareable services, and optimize our business and delivery processes,” said John Ladaga, President and CEO for NASCO. “Partnered with our governance and product committees, we are charting a three-year investment course that will greatly enhance our core products and services and increase the value we provide to our Plan customers.”
As 2014 came to a close, it marked the end of an era for NASCO and many of our Plan customers. It was the end of NASCO’s multi-year, multi-plan migration program that began in 2008 with Blue Cross Blue Shield of Michigan’s (BCBSM) first Michigan Operating System (MOS) wave. Over the course of the past six years, NASCO has delivered on our commitment to help our Plan customers achieve greater overall efficiency and lower costs by eliminating the redundancy of multiple operating systems and consolidating most, if not all, of their business onto the NASCO platform.

In March, Blue Cross and Blue Shield of Massachusetts (BCBSMA) successfully migrated its Federal Employee Program (FEP) line of business onto the NASCO platform. The FEP, which is the Plan’s single largest account with more than 117,000 members, was a complex piece of business to migrate due to the coordination of claims processing with the FEP Operations Center in Washington, D.C.

In addition to the FEP migration, NASCO and BCBSMA also successfully completed migrations for two other lines of business in 2014, concluding the multi-year program. NASCO is now processing all lines of business for the Plan with the exception of dental. When the program started in 2010, NASCO was hosting around 270,000 contracts for BCBSMA. As of November 2014, we are hosting close to 1.1 million contracts for the Plan.

In August, Blue Cross and Blue Shield of Georgia, an Anthem, Inc., Plan, completed the migration of their BlueCard® Host and Participating Plan business over to NASCO; that business accounts for nearly 900,000 imputed members. The migration, which was completed in five waves, was part of Anthem’s strategy to consolidate its portfolio of claims systems to reduce expenses. NASCO is one of the Plan’s target platforms for this migration and future system consolidation efforts. In addition to the BlueCard Host migrations, NASCO successfully completed our fifth year of group migrations for Anthem in 2014. This migration included nearly 176,000 members, which brings the grand total of members migrated over the course of the past five years to more than 2.3 million.
In November, BCBSM achieved the vision it had when it began the MOS migration project—to move to a new operating platform and eventually phase out its local systems. Although the MOS migration itself was completed in 2012, shutting down the local systems required subsequent planning and work. After more than 30 years of service, the BCBSM local processing system completed its last claims processing cycle and was officially retired on Nov. 1, 2014.

Blue Plans choose NASCO because they know we will deliver on our commitment to increased performance and lowered costs, but they also choose NASCO because they know they will benefit from working with a trusted leader in the healthcare payer industry and will have the opportunity to partner with other Blue Plans.
WE ENGAGE

NASCO HAS ALWAYS BEEN COMMITTED TO MAXIMIZING THE PERFORMANCE OF OUR PLAN CUSTOMERS, INCREASING THEIR EFFICIENCIES AND LOWERING THEIR COSTS. TO ENSURE THAT OUR PRODUCTS DELIVER ON OUR COMMITMENTS, WE ENGAGE THOSE ON THE FRONT LINES TO GAIN VALUABLE USER INSIGHT FOR PRODUCT DEVELOPMENT.

On Monday, Sept. 29, 2014, the Employee Inquiry Unit of Blue Cross Blue Shield of Michigan (BCBSM) achieved a major milestone for NASCO and our Plan customers: the group’s Customer Service Representatives (CSRs) became the first team to field customer service calls using NCompass™.

NCompass is NASCO’s next generation, multi-tenant customer servicing product. This new business process-oriented servicing application provides fully automated workflows and multi-channel communications, such as chat, instant messaging and text, to manage customer interactions across multiple member and provider touch points.

NCompass represents a foundational investment in NASCO’s consumer-centric strategy and establishes an integrated platform to provide our Plan customers with a holistic view of the consumer.

One of the unique aspects of the development of NCompass is how the project has leveraged the expertise of the CSRs who have helped build the application. The CSRs have participated in focus groups to design the system and review the builds. They also play a critical part in user acceptance testing to ensure that their requirements and needs are incorporated into the build and working effectively before deployment to production.

“The development of NCompass has truly been a collaborative journey,” said Amy Frenzel, Vice President of Service Operations for BCBSM. “Our CSRs have been instrumental in providing real-life scenarios, experience and know-how that have all aided in the development of NCompass as a customer servicing tool and platform that will greatly improve the customer service experience for our members, providers, agents and employees. We believe that including the end users up front will save us time and
There are many benefits to the NCompass product, but one that BCBSM is most excited about is reduced average call time. The Plan anticipates a significant reduction in the average length of calls, which will dramatically decrease costs. With NCompass, CSRs can quickly access information, spending less time searching for information in multiple systems and more time assessing and understanding a caller’s needs. BCBSM can redirect the money saved in reduced call times to additional improvements in their call centers through efforts such as training, performance recognition, coaching, process improvements or deployment of additional tools.

“We are very excited about the potential for NCompass and the improved customer experience it will bring. Today CSRs spend more energy and time on navigating systems to find information that they could be spending on engaging with the caller and listening to and understanding their questions,” said Fronzol. “NCompass will allow CSRs to focus on the individual caller and the experience they create by personally interacting with them and efficiently meeting their needs.”

NCompass will be deployed at BCBSM over a multi-year period ending in 2016. Additional releases incorporating new functionality and roll out to new CSRs will occur every three to four months until the product is fully deployed.

Both NASCO and BCBSM are very proud of NCompass and how it consolidates core customer service capabilities into a coherent, overarching servicing experience. Anthem, Inc., has also selected NCompass as their customer servicing solution for their membership on NASCO and will begin implementation in early 2015.

With NCompass, Plans can improve customer service productivity, resolve calls during the first customer interaction, improve member and provider experiences, and harness other key capabilities and products to support effective decision-making.
NASCO has expanded our value proposition a great deal over the past five years, and today our solutions scale effectively for the largest of Blue Plans as well as for smaller Blue Plans.

BlueCross BlueShield of Vermont (BCBSVT) initiated the largest project in its history when it decided to transition its business onto the NASCO platform. This decision was made to ensure that the Plan can serve its members with products and services that are built on next-generation technology.

“Our new partnership with NASCO will assure that BlueCross BlueShield of Vermont can meet the changing needs of Vermonters for years to come,” said Don George, President and CEO for BCBSVT. “It allows us to further enhance our best-in-class customer and member service and our efficient, industry-leading low administrative costs by adopting next-generation technologies, products and operations to best serve Vermonters in a reformed healthcare system.”

BCBSVT initiated an industry-wide review of leading core operating platforms earlier in 2014. With the help of leading consultants, BCBSVT identified five industry-leading systems on which it conducted full, comprehensive evaluations.

“NASCO clearly is the system that is best able to meet our requirements,” said Daniel Galdenzi, Vice President of Business Technology and CIO for BCBSVT. “It provides us with speed to market for unique customers’ needs; flexibility to customize our products; experience with the Blue Cross and Blue Shield system that assures our members’ coverage across the country and the world; and a strong focus on operational efficiency and cost savings. Importantly, NASCO also shares the service-focused culture that is one of the defining characteristics of BlueCross BlueShield of Vermont.”
NASCO has always been committed to maximizing Plan performance through our unique shared-system environment and consistently high performance. Shared solutions offer Blue Plans an affordable means for solving common business challenges, creating cost advantage and minimizing business risk. With the ability to automatically adjudicate high percentages of all claims processed, we enable our Plan customers to achieve greater overall efficiency and maximize their operational performance.

“NASCO has grown tremendously over the years as we’ve continued to generate increased value for Blue Cross and Blue Shield Plans nationwide. We are now delighted to have BlueCross BlueShield of Vermont as a part of the NASCO family, and for that we are fortunate,” said John Ladaga, President and CEO for NASCO. “Our product-based, shared services model is helping Blue Cross and Blue Shield Plans deliver on their commitment to their members by driving economies of scale and leveraging shared investments and solutions. More Plans driving common solutions results in stronger and more superior solutions for all.”

NASCO and BCBSVT began planning for the transition to the new operating platform in late 2014. Development work is currently slated to take place in 2015 and 2016, and the platform will be tested and rolled out during 2017 – with the Plan’s full member base deployed by Jan. 1, 2018.
WE COLLABORATE

MANY OF NASCO’S PLAN CUSTOMERS ARE LOOKING TO MEMBEREDGE® (ME) TO HELP INCREASE EFFICIENCIES AND LOWER COSTS IN THE ENROLLMENT, MEMBERSHIP AND BILLING SPACE, AND WHAT BETTER WAY TO UNDERSTAND HOW TO ACHIEVE THOSE OPTIMIZATION GOALS THAN TO COLLABORATE WITH OTHERS WHO ARE ALREADY REALIZING SUCCESS IN THOSE AREAS?

ME simplifies and automates the enrollment and billing processes and supports customer service through user-friendly interfaces and integrated Web services. ME development and investment is tightly managed through the ME Product Roadmap tools and processes, and Plans using this product also benefit from a Community of Practice that allows Plans to collaborate, share best practices and learn from one another.

Of all of NASCO’s Plan customers, Blue Cross Blue Shield of Michigan (BCBSM) has the largest ME footprint and the broadest business application and capability use of ME. The Plan is currently leveraging ME to grow its private healthcare exchange foothold, and it is also partnering with NASCO to develop a migration recommendation to consolidate all of BCBSM’s NASCO membership and billing onto a single platform. To say the least, BCBSM knows a lot about ME, and how to gain efficiencies in using the product. The Plan also understands the value of NASCO’s leveraged capabilities and leveraged-investment opportunities.

In 2014, CareFirst BlueCross BlueShield (CareFirst) celebrated the completion of three major membership and billing migrations to ME. While these successful migrations were huge milestones for CareFirst, the Plan wanted to ensure that it was using ME as effectively as possible and was continuing to gain efficiencies. Soon after the migrations were complete, CareFirst began collaborating with NASCO on ways to become even more efficient, and the Plan wanted to better understand BCBSM’s experience in using ME. BCBSM graciously hosted a meeting with CareFirst and openly provided information about their use of ME, best practices and lessons learned.

“Having the opportunity to discuss day-to-day operations Plan to Plan is invaluable,” said Jennifer Brooks, Director of Operations Large Group SBU for CareFirst. “After meeting with several Plans at the 2014 NASCO Conference, my team was invited to Blue Cross Blue Shield of Michigan to learn more about their processes. We were introduced to several members of their team, and they took us step by step through their workflow. My team and I walked away from that meeting with so many ideas—several of which we are implementing today—and we are incredibly thankful for our continued partnership with NASCO and Blue Cross Blue Shield of Michigan.”
Of course, CareFirst was not the only Plan to benefit from a meeting with BCBSM. BCBSM also hosted Horizon Healthcare Services, Inc., and Blue Cross and Blue Shield of Massachusetts. These Plans wanted to better understand BCBSM’s implementation approach in order to refine their own approaches to implementation.

“We thought sharing our experience would be valuable to the other Plans,” said Mark Price, Manager of Membership and Billing (MembersEdge) for BCBSM, when asked why BCBSM offered to host these meetings.

“If Plans are able to learn from our knowledge and experiences, it will allow them to move faster on the learning curve and hopefully onto the MembersEdge platform so we can all have greater opportunity for leveraged capabilities and shared funding.”

NASCO is also engaging our Plans through the MembersEdge Community of Practice (MECoP). Each interested Plan is represented in the MECoP, and this group meets on a regular basis to discuss market trends and share experiences. Engaging our Plan customers in this manner allows Plans to gain knowledge and insight from one another, and it helps NASCO better understand our Plans’ business strategies so we can ensure that our product strategy is directly aligned with those strategies and that we are able to increase shared investments.

“The MembersEdge Community of Practice has allowed us to gain greater insight into the pain points and priorities of other Plans,” said Price. “It has also provided a forum for the Plans to explain the need for the enhancements, which provides a greater chance for shared funding of the projects.”

Linda Leigh Brock, Director of Membership and Billing Products for NASCO, also sees the benefit of such meetings on the NASCO side. “Coming together with our Plan customers and engaging in an open forum has really helped to drive strategy alignment for the MembersEdge product. Learning about market trends and the demands our customers face is imperative knowledge to have as we look at our value proposition. We want to ensure that we are thinking outside of our normal boundaries and challenging everything that does not meet these demands and trends in our market. We want our customers to realize greater efficiency and see more opportunities for leveraged capabilities and shared investments, and the best way to do that is to understand what is important to all of our Plan customers and ensure that the MembersEdge product is strategically aligned with those needs.”

NASCO remains committed to maximizing the performance of our Plan customers, increasing their efficiencies and lowering their costs. We are continuing to mature the ME product as well as the product’s governance. The ME product team is capturing metrics to determine how ME capabilities are universally leveraged and drive efficiencies, and they are also working on process improvements and introducing design principles that will increase product agility and speed to market for our Plan customers.
ONE OF THE COMMON CHALLENGES BLUE PLANS FACE IS THE NEED TO QUICKLY AND ADEQUATELY OBTAIN SKILLED RESOURCES REQUIRED TO PERFORM SPECIFIC ROLES OR FUNCTIONS. WHEN OUR PLAN CUSTOMERS NEED SUPPLEMENTARY STAFFING, ADVICE ON INTEGRATION OF, OR SUPPORT FOR NASCO PRODUCTS AND SERVICES, THEY THINK OF NASCO FIRST. NO ONE KNOWS OR UNDERSTANDS NASCO PRODUCTS AND SERVICES BETTER THAN NASCO RESOURCES.

From the beginning, superior service has been NASCO’s hallmark, and our newly restructured Professional Services organization works closely with our Blue Plan customers to help achieve more effective business outcomes with quality support and personal service. NASCO Professional Services resources are trusted partners who have both NASCO product expertise and Blue Plan experience, enabling them to easily integrate into the Plan’s business and immediately begin working to achieve the Plan’s business goals.

“I love the partnership that we’ve been able to develop with NASCO,” said Sally Miller, Senior Director of National Accounts for CareFirst BlueCross BlueShield. “The team is exceptional at what they do, and we’ve seen the results firsthand.”

Plans can depend on NASCO Professional Services to perform a variety of functions and achieve superior results. NASCO Professional Services divides its services into two main areas: resource solutions and optimization solutions. Resource solutions provide NASCO experts to perform roles directly. Optimization solutions offer consulting services to ensure that a Plan is using NASCO products and services as effectively as possible.

RESOURCE SOLUTIONS

Benefit Solutions: These solutions improve Plan performance by meeting their benefit-related needs and requirements. This team has extensive functional knowledge of the NASCO Processing System and applies that expertise to maintaining a Plan’s benefit services.

Project Solutions: These solutions help Plans with efficient project management services, including project planning, scoping, scheduling and budgeting. All NASCO project managers follow a defined project management methodology and oversee all aspects of a program or project. Business analysts also assist with the assessment of their customers’ needs and can provide support in particular areas such as business process flows, requirements, artifacts, impacts and scenarios.
**Testing Solutions:** These solutions help improve Plan performance through assurance of high quality testing and thorough testing standards. They provide expertise in areas such as product release testing, major program and project testing, testing consulting services and customized Plan-specific testing services.

**Steady State Solutions:** These solutions help Plans use the NASCO system effectively while also meeting their members’ needs. In contrast to our other solution areas, this group focuses primarily on system and operational performance. They provide expertise in key areas such as system maintenance, product support, account implementation and enhancement management.

**OPTIMIZATION SOLUTIONS**

**Workforce Readiness Solutions:** These solutions help ensure that resources at a Plan are properly engaged and prepared with the information, skills and experience they need to perform their jobs successfully and to achieve the greatest possible benefit from NASCO’s products and services.

**Business Effectiveness Solutions:** These solutions help Plans grow their business, reduce administrative costs and improve customer service. Their focus is helping Plans process claims more efficiently and with less human intervention, saving time and money.

A key characteristic that differentiates NASCO Professional Services is their expertise — their expertise in NASCO products and services, their expertise working with and for Blue Plans, including Blue Plan systems and processes, and their expertise in integrating NASCO’s products and services into a Plan’s particular line of business and optimizing that integration.

“Horizon wanted to improve its IPP Scorecard performance. Over time, we had developed variations in many of our internal workflows and processes. Professional Services came in, assessed the situation and immediately began coordinating efforts to define a single, mutually acceptable workflow for all teams,” said Cynthia Aurell, Director of Claims Operations for Horizon Healthcare Services, Inc. “The new workflow helped the operational teams, and in particular, the Medical Record teams better understand their impacts. The efforts of the NASCO team collaborating with the internal Horizon teams resulted in increased efficiencies, automation opportunities and process improvements. The end result also improved our business — along with provider and member satisfaction — and brought operational improvement and efficiencies across the system.”

NASCO Professional Services helps Plans by following best-in-class procedures consistent with NASCO products and services and customized for each individual Plan’s specific book of business. By coupling NASCO expertise with Plan expertise, the NASCO Professional Services group delivers solutions that address and solve the wide variety of business challenges that Plans face every day.
A CORNERSTONE OF NASCO’S STRATEGY IS TO SECURE AND PROTECT DATA. AS A TRUSTED PARTNER TO OUR PLAN CUSTOMERS, NASCO IS COMMITTED TO PROVIDING THE HIGHEST LEVEL OF DATA PROTECTION FOR THE PERSONAL HEALTH INFORMATION (PHI) OF OUR CUSTOMERS’ MEMBERS. WE UNDERSTAND OUR ROLE AS CUSTODIANS OF THIS INFORMATION AND TAKE OUR RESPONSIBILITY VERY SERIOUSLY.

Our best offense against a threat is the vigilance of our workforce. Every NASCO associate, contingent worker and business associate understands data protection is a personal responsibility, and this responsibility is reinforced through ongoing communication and training. This year’s education campaign focused on teaching our associates how to avoid falling victim to phishing. Associates learned various ways to spot phishing emails and were taught to “Think before you click.”

NASCO’s commitment to security starts at the top. NASCO’s Executive Committee receives updates on our security plan and action items at each board meeting and, in 2016, approved additional investment in the security roadmap. NASCO’s leadership team conducts ongoing reviews of security programs so that any adjustments can be made as needed. Working with NASCO business owners, our Enterprise Risk Management team conducts audits, assessments and inquiries to identify potential vulnerabilities before they can be exploited so NASCO can understand potential risks and take appropriate action. NASCO’s Information Security team, which has grown fourfold in the last two years, manages the execution of the security roadmap projects in conjunction with NASCO Operations. In some way, every NASCO associate is engaged in improving NASCO’s security capabilities.
We are focused on continual improvement of our security culture, knowledge, processes and capabilities. To that end, NASCO adopted the Health Information Trust Alliance (HITRUST) security framework, and we are working to achieve Level 3 certification in 2018. In collaboration with healthcare, technology and information security leaders, HITRUST has established a common security framework (CSF) specifically for healthcare companies that work with PHI or other sensitive data. The CSF combines standards from various other control frameworks, such as COBIT (from the information technology industry), NIST (from the federal government) and PCI (from the credit card industry). NASCO has aligned our security policies and standards with the CSF requirements and those requirements were communicated to our associates. In addition, we completed a SOC2 assessment, and we will soon perform our first SOC2 audit, which includes an audit against the AICPA-defined security controls. Using the SOC2 audit and the HITRUST CSF as benchmarks provides measurement and accountability to meet our mission and security vision across our entire enterprise.

**NASCO’s commitment to investing in maturing security capabilities enables us to reduce risk by keeping up with industry shifts and new threats, to maximize our ability to improve security measures across processes and technology, to accelerate certifications, especially HITRUST and SOC2 controls, to simplify adoption through training programs, and to integrate security practices into our business.**

Security threats will continue to grow at a rapid rate, and NASCO must be ever vigilant. To meet and exceed the needs of our customers, NASCO will continue to develop a culture where security is the first, middle and last thought in all the work we do.
We care

At NASCO, we have earned a reputation for bridging the payer gap with quality support and personal service. That’s because the strength of NASCO is our people, recognized for our ability to solve problems quickly and accurately. NASCO associates have a wealth of healthcare and NASCO knowledge and experience. Most importantly, however, NASCO associates care about the job they do, and they care about our customers.

One group that definitely cares about our customers is NASCO’s Plan Advocates team. This group works directly with our Client Delivery team and with our Plan customers to ensure that issues are being managed appropriately and that we deliver a satisfactory resolution for whatever issues our customers are facing. Through their Plan Advocate, Plans have a direct link to our NASCO Operations teams as well as a point of contact for issue resolution and escalations.

Prior to the creation of the Plan Advocate role, customers submitted issues to Solution Center Analysts in the NASCO Customer Service Center (NCSC) who then worked and, if necessary, escalated those issues. Tickets were triaged and prioritized collectively for all Plans and there was no direct point of contact for each Plan to assist with resolutions. Now Plan Advocates provide that direct point of contact. Our Plan customers and our Client Delivery team have both responded very favorably to the new support model and have encouraged us to continue to explore its possibilities.

Of course, we all know that there are times when issues arise outside of normal operating hours, and it may not always be possible to reach a Plan Advocate. Fortunately for our Plan customers, an Operations resource is available 24 hours a day, 7 days a week and 365 days a year to assist in the event of an emergency or to escalate an issue. When issues arise, authorized callers may ask NCSC or after-hours operational support personnel to contact a NASCO Duty Manager (DM) at any time. DMs respond to escalated calls within 15 minutes and manage the emergency and/or escalation through to resolution.

To gain some insight into the lives of these unsung heroes, we asked them a few questions:
What is the best part of your job?

Our customers! The people we work with at the Plans are great and really share in the partnership with NASCO. They know that as we help solve their issues, they can better serve their members, so they are willing to work with us to get it all done.

— Patrick Hart, Plan Advocate

What is your least favorite part?

Getting the middle-of-the-night calls, the calls that last more than 12 hours or even extend into several days, and having to miss activities with my family.

— Joseph Kukowski, Duty Manager

Describe the most rewarding outcome you’ve experienced.

I received a weekend customer call, examiners were working overtime, and I resolved the issue while we were on the phone. Hearing the customer’s relief and gratitude was the best!

— Michael Nevel, Duty Manager

What is the one thing people would be surprised to know about your role?

A Plan Advocate works around the clock. This isn’t a 9 to 5 job by any means. We are always on call, and at any given time we might need to step in and provide guidance, leadership or just a listening ear for our customers.

— Tynasha Scott, Plan Advocate

Describe the most bizarre, funniest, most interesting or perhaps the most non-escalation-worthy call you’ve ever had to handle.

One time, I got a call that a person was frustrated and punched their laptop screen. The picture was blurry and they wanted someone to fix it.

— Jessica Brander, Duty Manager
The 2014 NASCO Conference, also known as Converge, served as an epicenter for connection and collaboration among our plan customers. Our annual conference was anything but ordinary and created numerous opportunities for our plan customers to meet with one another, discuss business challenges, brainstorm potential solutions and share experiences and new ideas.

Held at the Waldorf Astoria in beautiful Naples, Florida, Converge was our largest, and arguably our best, conference to date, and it wasn’t just the sun and the sand that brought folks down to Florida. The 2014 conference was jam-packed with valuable content from general sessions on the future of information technology in healthcare and transforming economies through new business models to collaborative roundtable discussions on NASCO’s business plan and our governance model.

The conference included nearly 20 breakout sessions on a wide range of topics from healthcare reform and consumerism to IT strategy and NASCO 2.0 business requirements. The agenda was quite diverse and offered learning and networking opportunities for the nearly 250 conference attendees.

Converge also featured a new breakout segment called Starting Point. This fun, interactive forum featured a series of mini breakout sessions that were all designed to provide a succinct but educational introduction to NASCO’s products and services. Starting Point received such a positive response that we will be expanding these sessions for the 2015 Converge conference.

Plan customers and NASCO partners alike commented on how much they enjoyed the dynamic keynote speakers and how much they benefited from the informative sessions. Most of all, however, they commented that they appreciated the networking and face-to-face conversations they were able to have throughout the week. Of course, being on the oceanfront didn’t hurt the atmosphere either.

If you missed the networking and information sharing, don’t worry; we’re planning the next conference even as you read this. So go ahead and mark your calendars for June 8 – 11, when the 2015 NASCO Conference heads back to Naples. Yes, we will be at the same location, but the hotel has undergone significant changes, including a new name – the Naples Grande Beach Resort – and a $21 million complete renovation. This conference will definitely be one you will not want to miss! We hope to see you there!
We Give

Nasco Associates are deeply involved in the communities in which we live and work all across the United States. Each year, we come together to give back to our communities, to the communities surrounding our plan customers and to communities across the globe. Together, we donate our time, energy, talents and gifts to groups such as the American Red Cross, Children’s Healthcare of Atlanta, Cure ALS, Clark’s Christmas Kids and the Atlanta Community Food Bank.

One particular cause that Nasco has sponsored and that associates have volunteered with for the past five years is Cure ALS, a nonprofit organization founded by Paul and Kathy Tavano. This 100 percent volunteer-based group raises money to help find a cure for ALS, also known as Lou Gehrig’s disease, a condition that has affected Paul since 2009. Paul worked with many of our Nasco associates over the years, one of the reasons this cause is so near and dear to our hearts.

ALS is considered an orphan disease - one that typically doesn’t get the attention of the large pharmaceutical research companies. Therefore, grassroots efforts like Cure ALS are vital to fund research at the smaller pharmaceutical company and academic institution levels.

“Five years ago when we sent out the ‘Save the Date’ for our very first fundraising golf tournament, John Ladaga replied within minutes, ‘NASCO is in,’” said Kathy Tavano, Founder of Cure ALS. “NASCO’s support and faith in us and our cause inspired us and infused us with the confidence that we could, indeed, be successful! You don’t know how thankful – and relieved – we were and still are. Your continued support still inspires us!”

As the ALS Ice Bucket Challenge flooded the social media scene in 2014, Nasco found it only fitting to participate and incorporate a company-wide ice bucket challenge to raise additional funds and awareness for Cure ALS. In fact, our very own CEO, John Ladaga, was challenged to participate in the ice bucket challenge by Marc Fein, News Anchor for Dallas-Fort Worth’s NBC News Channel 5. As an added twist, our entire senior leadership team agreed to take the ice bucket challenge if Nasco associates made contributions to Cure ALS. For every $500 in associate contributions, one of our senior leaders would be doused with ice water. If over $3,500 in associate contributions was received, the entire senior leadership team would get an icy soaking.
In addition to sending in pictures and videos of their own ice bucket challenges, NASCO associates came together in a big way with individual contributions totaling over $6,000. Coupled with NASCO’s corporate donation, NASCO was able to deliver a check for more than $13,500 to CURE ALS. In total for 2014, CURE ALS was able to raise over $115,000 for ALS research.

“We are so very appreciative that NASCO and its associates supported our efforts through the ice bucket challenge,” said Tavano. “The awareness of the disease and donations generated by the ice bucket challenge movement throughout the world has been amazing! We are so very grateful to everyone who helped to make it a resounding success! Together, we will cure ALS!”

If you’d like to learn more about CURE ALS, please visit their Website at www.WeWillCureALS.com.
WE PARTNER

NASCO IS TAKING OUR PLAN PARTNERING TO THE NEXT LEVEL OF COLLABORATION. WE ARE ACTIVELY DETERMINING THE MOST EFFICIENT AND EFFECTIVE METHODS TO APPROACH PROJECT DELIVERY. WE WANT TO ENSURE THAT WE ARE EXCEEDING OUR CUSTOMERS’ EXPECTATIONS AND IN ORDER TO DO THAT, WE NEED TO MAKE SURE WE’RE INFORMED AND PREPARED.

In 2014, we asked Horizon Healthcare Services, Inc., (Horizon) to give us their “Top 10” list of most important projects. We then collaborated with Horizon on a joint review of these key projects. We acknowledged and dissected known roadblocks on both sides of the equation, and then we took a look at our engagement and delivery models and realized that we needed a more tightly coordinated approach to our delivery.

NASCO has implemented a new project engagement and delivery model that brings the NASCO IT team (NDM/NDT) into the earlier phases of key projects and provides each project with a Program Manager who is positioned as the single source of communication throughout the delivery lifecycle. This single adjustment has improved communication and coordination between NASCO’s project and product support teams and our customers, reducing duplication of efforts and sometimes even avoiding confusing situations for our customers. NASCO has been very pleased with the results so far, and so has Horizon.

“In order to ensure that we are meeting the objectives of our members, it is imperative that we effectively collaborate with our strategic partner, NASCO, to ensure there is a clear understanding of Horizon’s major projects and our defined target dates and deliverables,” said Leo McMenimen, Director of Systems Development – Core Applications for Horizon Healthcare Services, Inc. “The implementation of our newly formed Blue List project management process ensures that our goals and objectives are fully aligned, and we succeed as one collective team.”
The Plan reinforced its commitment to collaborating with NASCO in the rollout of a NASCO Executive Overview program. This series of executive-level meetings began as a way to provide an overview of NASCO to executives who may be new to the Plan and/or new to NASCO. NASCO executives have led discussions on topics such as NASCO’s history and organization, our governance, our NASCO Steering Committee strategies, and our products and services.

NASCO and Horizon also collaborated on improvements within the Benefits area. The Plan wanted to improve efficiencies and reduce costs, and the first step included standardizing processes. By making processes more consistent, the Plan benefitted from increased efficiencies almost immediately. The teams also worked together to develop a staffing management tool, which allows the Plan to easily relocate staff to different areas as workloads shift. This tool has allowed Horizon to more effectively manage its staffing load while maintaining quality outcomes.

Of course, NASCO firmly believes that the value of a solution can only be measured by the results it achieves, and if NASCO’s 2014 Customer Satisfaction Survey results are any indication, NASCO’s partnership with Horizon has been well received and quite successful. For the 2014 survey, NASCO received our highest customer satisfaction score ever from Horizon.

As one survey participant responded when asked to name the strengths of NASCO, “They’re responsive. In the past 12 months specifically, they have been very collaborative to solve business needs and problems.” And another participant remarked, “They definitely know the health insurance industry and stay on top of hot topics like ICD-10 and health insurance exchanges. They have brought in new experts in areas such as Medicare Advantage and FEP, they have introduced new products, and all of that shows that they are eager to be relevant and able partners to help us get through all challenges.”
WE SHARE

NASCO CONTINUES TO REMAIN FINANCIALLY STABLE WITH A HEALTHY BALANCE SHEET AND VIRTUALLY NO DEBT, EVEN AS WE LOWER COSTS FOR OUR PLAN CUSTOMERS. WE SHARE OUR CAPITAL WITH OUR PLAN CUSTOMERS BY LOWERING OUR PRICES WHILE MAINTAINING OUR LEVEL OF REINVESTMENT INTO OUR PRODUCTS. OUR PLAN CUSTOMERS BENEFIT FROM OUR ECONOMIES OF SCALE BUSINESS MODEL THAT PROVIDES DISCOUNTS AS CLAIMS VOLUMES INCREASE, AND SOON, OUR CUSTOMERS WILL ALSO BENEFIT FROM ESTABLISHED, ONGOING PRICING REDUCTIONS FOR 2015 AND BEYOND.
<table>
<thead>
<tr>
<th>Year</th>
<th>Claims in Millions</th>
<th>Total Claims/Average Price Per Claim</th>
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<tbody>
<tr>
<td>2011</td>
<td>$0.10</td>
<td>$180</td>
</tr>
<tr>
<td>2012</td>
<td>$0.20</td>
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<tr>
<td>2016</td>
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</tr>
<tr>
<td>2017</td>
<td>$0.70</td>
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</tr>
</tbody>
</table>

**Average Price Per Claim**

- **2011:** $0.52
- **2012:** $0.59
- **2013:** $0.61
- **2014:** $0.63
- **2015:** $0.52
- **2016:** $0.53
- **2017:** $0.53

**Total Claims/Average Price Per Claim**

- **2011:** $219.7
- **2012:** $248.6
- **2013:** $261.0
- **2014:** $283.5
- **2015:** $287.6
- **2016:** $290.9
- **2017:** $300.0

**Per Member/Per Month**

- **2011:** $0.69
- **2012:** $0.65
- **2013:** $0.64
- **2014:** $0.62
- **2015:** $0.63
- **2016:** $0.64
- **2017:** $0.65
WE ALIGN

NASCO’S PARTNERSHIP WITH MULTIPLE BLUE PLANS PROVIDES A COMMUNITY THAT FOSTERS THE COLLABORATION NEEDED TO IDENTIFY SHARED SOLUTIONS FOR COMMON NEEDS. WE FOCUS ON OUR CUSTOMERS’ BUSINESS PROCESSES AND ALIGN OUR PRODUCT CAPABILITIES AND OUR SERVICES WITH THOSE PROCESSES. THIS COLLABORATIVE APPROACH ENSURES THAT WE PROVIDE THE TOOLS OUR PLAN CUSTOMERS NEED TO REMAIN COMPETITIVE AND TO KEEP THEIR OWN BUSINESSES AlIGNED WITH CHANGING MARKET DEMANDS.