

EXECUTIVE SUMMARY  
ANNUAL MEETING OF MEMBERS  
SAPPHIRE EDGE, INC.  
MARCH 29, 2021

---

At its meeting on Monday, March 29, 2021, the Members of Sapphire Edge, Inc. took the following actions:

1. Received the Annual Report of the Board Chair and President and the Annual Report of the Treasurer. Approved the actions taken by the Board of Directors since the last Annual Meeting of Members.
2. Established that no more than 7 Directors will serve in 2021.
3. Elected the slate of candidates for Directors consisting of Ms. Susan Courtney, Mr. Steve Grandfield, Ms. Malorie Maddox, Mr. Michael Nelson and Mr. Chad Werner for one-year terms expiring in March 2022.
4. Approved an indemnification resolution.

MINUTES  
ANNUAL MEETING OF MEMBERS  
SAPPHIRE EDGE, INC.  
MARCH 29, 2021

---

The Annual Meeting of Members of Sapphire Edge, Inc. (SEI or the Company) was held on Monday, March 29, 2021, at 4:30 p.m., via conference call. Mr. Michael Nelson, Board Chair, presided at the meeting. As Chair, Mr. Nelson was designated to be the Board's representative at the meeting.

Mr. Nelson welcomed participants to the annual meeting of members. Mr. Nelson stated due to the precautionary measures implemented in response to the Coronavirus global pandemic this year's meeting is being held via conference call.

Ms. Gretchen Twohig, Secretary, advised the Company sent the Notice of Annual Meeting, which included the biographical information of those standing for election and proxy, to 6,345 Members: 921 Members returned written votes; and 869 Members voted for the slate of candidates for election to the Board of Directors. There was one additional proxy on file by a Member naming other person as proxy, and that person was present. There was 1 Member present on the call. Board Members and Company Officers present on the call included: Ms. Susan Courtney, Mr. Steve Grandfield, Ms. Malorie Maddox, Mr. Michael Nelson, Ms. Gretchen Twohig, and Mr. Chad Werner.

The meeting was called to order at 4:30 p.m., and Ms. Twohig confirmed a quorum was present. The following business was conducted:

1. Report of the Board Chair and President and the Report of the Treasurer

---

Ms. Twohig reported that the Board Action Report is contained in the meeting materials and includes all significant actions taken by the Board of Directors at its 2020 meetings.

Mr. Nelson stated that the Report of the Chair and President is contained in the meeting materials and waived the reading of this report.

Mr. Werner, Treasurer, stated that the Treasurer report is contained in the meeting materials and waived the reading of this report.

Each report is attached as Attachment 1 and 2 respectively, and made a part of these Minutes.

There was no discussion. Whereupon,

**It was moved and seconded that the Annual Report of the Board Chair and President, the Report of the Treasurer, and the actions taken by the Board of Directors since the last Annual Meeting of Members are approved.**

**The motion passed unanimously.**

## 2. Number of Directors to Serve in 2021 and Election of Directors

The Members of the Company are responsible for establishing the number of Directors to serve on the Board each year. Mr. Nelson reported that the Board of Directors recommends that the number of Directors to serve in 2021 be set at a maximum of no more than 7.

Ms. Twohig confirmed there were no additional nominations received in accordance with the procedures required by the Company's Bylaws.

Mr. Nelson reported consistent with the policies and procedures set forth in the Company's Bylaws and with the approval of the Board of Directors, the following individuals are recommended to serve on the Board of Directors for terms ending in March 2022, subject to the limitations of the Bylaws: Ms. Susan Courtney, Mr. Steve Grandfield, Ms. Malorie Maddox, Mr. Michael Nelson and Mr. Chad Werner. This recommendation would set the number of Directors to serve in 2021 at no more than 7.

There was no discussion. Whereupon,

**It was moved and seconded that the number of Directors to serve in 2021 be set at no more than 7, and to elect Ms. Susan Courtney, Mr. Steve Grandfield, Ms. Malorie Maddox, Mr. Michael Nelson and Mr. Chad Werner. To serve as Directors, each for a one-year term expiring March 2022.**

**The motion passed unanimously.**

## 3. Business Items

Ms. Twohig noted that due to the global pandemic and consistent with the guidance issued by the Nebraska Department of Insurance in its memorandum dated April 8, 2020, there was no meeting of the Members in 2020 and therefore no meeting minutes to approve.

Ms. Twohig stated that the resolution of indemnification of Directors, Officers, and Employees was provided in the meeting materials. This indemnification is provided to the fullest extent of the law and in accordance with the Company's Articles of Incorporation. Whereupon,

**It was moved and seconded to approve the indemnification resolution.**

**The motion passed unanimously.**

There being no further business to come before the Members, the meeting was adjourned at 4:39 p.m.

Respectfully submitted,

Gretchen Twohig,  
Corporate Secretary

ANNUAL MEETING OF MEMBERS  
MARCH 29, 2021

---

**REPORT OF THE BOARD CHAIR/PRESIDENT  
AND  
THE SIGNIFICANT ACTIONS OF THE 2020 BOARDS OF DIRECTORS**

Thank you for your interest in the Annual Meeting of Members of Sapphire Edge, Inc., a health maintenance organization and non-profit mutual insurance company whose members have policies of insurance underwritten by Sapphire Edge, Inc. (SEI). SEI is wholly-owned subsidiary of Blue Cross and Blue Shield of Nebraska, Inc.

**2020 in Review**

Every year, Medicare evaluates plans based on a 5-star rating system. Medicare's Star Rating program measures the quality of health and drug services received by beneficiaries and reflects the experience of beneficiaries with the plan. SEI is pleased to announce that our Medicare Advantage plan received a 4 Star Rating in 2020. We are very proud of achieving the 4 Star Rating in such a short time.

Medicare Advantage membership growth far exceeded expectations in 2020. We introduced a new Medicare Advantage PPO plan and expanded into 42 more counties within Nebraska, making Medicare Advantage available in 68 of the state's 93 counties. Due to this and the diligence of our internal sales team and brokerage relationships, we added more than 3,000 new members and increased total Medicare Advantage membership to more than 6,200 members.

**2020 Board of Directors**

In 2020, the SEI board held four regularly scheduled meetings, and acted by written consent from time to time, as appropriate.

The board took the following significant actions during 2020:

- Supported the company's strategic goals and initiatives.
- Oversaw a successful Medicare Advantage CMS Program Audit.
- Oversaw the Medicare Advantage compliance program, including review and oversight of contractors who help SEI administer Medicare Advantage policies of insurance.

Five individuals are being presented for re-election to the board: Susan Courtney, Steve Grandfield, Malorie Maddox, Michael Nelson and Chad Werner.

Respectfully,

Michael Nelson  
Chair, Board of Directors

ANNUAL MEETING OF MEMBERS  
MARCH 29, 2021

---

**2020 REPORT OF THE TREASURER**

**Sapphire Edge, Inc.**

**(All financial information is unaudited and based on statutory accounting principles)**

Sapphire Edge, Inc. (SEI) entered its fourth year of operations in 2020. The company had significant growth in both membership and premium. In 2020 membership grew 106% and premium grew 114%, driven by the introduction of a PPO product which was well received by the market.

In 2020, the company used approximately 89.6% of every premium dollar for the payment of medical and pharmacy claims. This is up from 86.4% in 2019. Our administrative cost ratio decreased to 22.2%, compared to 28.9% the prior year. The increased premium—driven by membership growth—is the primary driver of this decrease.

The company's direct operating margin was (11.8%) for 2020. This was anticipated and is an improvement from (15.3%) in 2019. We are expecting continued improvement in 2021, as additional membership and revenue growth is projected.

In its fourth year of operations, SEI saw improved results and is focused on carrying that momentum into 2021.

Respectfully,

Chad Werner  
Treasurer and Chief Financial Officer  
Sapphire Edge, Inc.