

EXECUTIVE SUMMARY
ANNUAL MEETING OF MEMBERS
SAPPHIRE EDGE, INC.
MARCH 25, 2024

At its meeting on Monday, March 25, 2024, 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 2024.
3. Elected the slate of candidates for Directors consisting of Ms. Susan Courtney, Mr. Ron Rowe, Ms. Gretchen Twohig, Mr. Chad Werner and Ms. Joni Wheeler for one-year terms expiring in March 2025.
4. Approved the Minutes of the Annual Meeting of Members held on March 27, 2023 and approved an indemnification resolution.

MINUTES
ANNUAL MEETING OF MEMBERS
SAPPHIRE EDGE, INC.
MARCH 25, 2024

The Annual Meeting of Members of Sapphire Edge, Inc. (SEI or the Company) was held on Monday, March 25, 2024, at 4:30 p.m., via conference call. Mr. Ron Rowe, Board Chair, presided at the meeting. As Chair, Mr. Rowe was designated to be the Board's representative at the meeting.

Mr. Rowe welcomed participants to the annual meeting of members.

Ms. Gretchen Twohig advised the Company sent the Notice of Annual Meeting and proxy to 7,688 Members: 646 Members returned written votes and 616 Members voted for the slate of candidates for election to the Board of Directors. There was 1 Member present on the call. Board Members and Company Officers present on the call included: Ms. Susan Courtney, Ms. Gretchen Twohig, Mr. Jeff Russell, Mr. Ron Rowe, 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

Mr. Rowe, Board Chair and SEI President, stated the Report of the Chair and President includes significant actions taken by the Board of Directors at its 2023 meetings, is contained in the meeting materials and waived the reading of this report.

Mr. Werner, Treasurer, stated that the Treasurer's 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 including the actions taken by the Board of Directors since the last Annual Meeting of Members and the Report of the Treasurer are approved.

The motion passed unanimously.

2. Number of Directors to Serve in 2024 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. Rowe reported the Board of Directors recommends the number of Directors to serve in 2024 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. Rowe 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 2025, subject to the limitations of the Bylaws: Ms. Susan Courtney, Mr. Ron Rowe, Ms. Gretchen Twohig, Ms. Joni Wheeler and Mr. Chad Werner.

There was no discussion. Whereupon,

It was moved and seconded that the number of Directors to serve in 2024 be set at no more than 7, and to elect Ms. Susan Courtney, Mr. Ron Rowe, Ms. Gretchen Twohig, Ms. Joni Wheeler and Mr. Chad Werner to serve as Directors, each for a one-year term expiring March 2025.

The motion passed unanimously.

3. Business Items

Ms. Twohig noted the Minutes of the Annual Meeting of Members held on March 27, 2023 have been reduced to writing, are on file and have been available for reading for the past 12 months.

Ms. Twohig stated 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 Minutes of the 2023 Annual Meeting of Members and to approve the indemnification resolution.

The motion passed unanimously.

There being no further business to come before the Members, the meeting was adjourned at 4:41 p.m.

Respectfully submitted,

Gretchen Twohig,
Corporate Secretary

2024 Annual Meeting of Members Report of the Board Chair

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 a wholly owned subsidiary of Blue Cross and Blue Shield of Nebraska, Inc.

2023 in Review

Blue Cross and Blue Shield of Nebraska enjoyed another year of strong Medicare Advantage enrollment, in both the PPO and HMO plans. Our county footprint remained the same as 2022 with 76 counties. Our year-end 2023 statewide individual contract enrollment included a total of 7,719 members.

The Centers for Medicare & Medicaid Services (CMS) awarded both the PPO and HMO plans with a 4-star rating. Medicare Star Ratings are issued by CMS annually and rate health plans on a scale of one to five stars, with five being the highest. Star Ratings measure the experiences Medicare members have with their health plan and health care system and are based on more than 40 quality measures.

We will continue to focus on increasing administrative efficiency and accurate risk scoring, controlling medical usage while maintaining the highest standards of quality.

2023 Board of Directors

The SEI board of directors met four times in 2023. The meetings focused on financial governance, quality of care for members, CMS compliance and planning for future growth.

SEI board members are Ron Rowe, Chad Werner, Susan Cortney, Gretchen Twohig, and Joni Wheeler.

Respectfully,

Ron Rowe

Chair, Board of Directors

2023 REPORT OF THE TREASURER

Sapphire Edge, Inc.

In 2023, Sapphire Edge, Inc. (SEI) entered its seventh year of operations. The company had an 11% decrease in membership, while premium remained relatively constant. This decrease was driven by lower-than-expected sales during the 2023 Annual Enrollment Period (AEP) cycle.

In 2023, the company used approximately 102.5% of every premium dollar for the payment of medical and pharmacy claims. This is up from 100% in 2022. Claims were higher than expected, driven by continued high utilization in 2023. Our administrative cost ratio decreased to 14.3% compared to 15.6% the prior year.

The company's direct operating margin was (16.8%) for 2023 compared to (15.6%) in 2022. This is a direct result of the increased loss ratio in 2023.

We have updated our strategic plan and are confident in our ability to improve the profitability of this business. We look forward to continuing our commitment to our members for many years to come.

Respectfully,

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