



Healthcare Solutions

Delivering solutions that put people first.



2021
Annual Report

Table of Contents

- 1 A Letter from our CEO
- 2 Innovation Everywhere Overview
- 4 Business Process Modernization
 - BPM—The process
 - BPM—The people
- 8 Innovating for Rural Health
 - Rural health care closures—A growing problem
 - Noridian provides a safety net for rural health
 - Proactive support reduces burden for rural providers
- 12 Developing Innovative Business Leaders
 - The innovation-leadership connection
 - Noridian’s leadership development program builds a strong bench
 - A group of innovators in an industry of repetitive routines
- 16 Our Reach
- 17 Financial Statement
- 18 Leadership and Board of Directors

A Letter from our CEO

Let me begin by thanking you for your trust in Noridian. We work to earn it every day.

You'll notice some new faces and names in this year's report, one of which is mine. In my first full year as CEO, I was joined by several new senior leaders who, along with existing leadership, are wasting no time in making an impact.

Speaking of leadership, one of Noridian's major 2021 undertakings was a culture-changing leadership development program focused on innovation.

When your culture provides a nonthreatening environment to raise new ideas, people flourish. Establishing a culture where staff have space to think and create requires a specific leadership style. Through an organizationwide effort, we're developing those kinds of leaders. Read more in the "Developing Innovative Business Leaders" section.

Amplifying our innovation efforts was the red thread throughout 2021 and is the theme of this report. One of the most exciting and pervasive organizational initiatives is our business process modernization (BPM) efforts.

There's been a shift in our BPM approach. Instead of relying on the few big transformational ideas, we're incorporating constant innovation everywhere. We've taken BPM from a concept to embracing it as our operational discipline.

What does that look like? Yes, there are big, bold, innovative initiatives. But many days, innovation means designing our work to be a little better tomorrow than we were yesterday. Multiply those seemingly small, incremental changes and they can potentially result in millions of dollars of savings.

A third highlight area is our innovative efforts in working with rural health care providers. A large portion of the U.S. population lives more than 45 minutes away from a primary care provider, and that has serious consequences on health outcomes. The problem has been exacerbated by rural health facility closings resulting from the ongoing pandemic.

Because of our unmatched understanding of and expertise in rural health issues, Noridian is helping to close the gap in underserved rural America. Read more about the problem and our solutions in the "Innovating for Rural Health" section.

As we look forward as an organization, we're excited to build on our strong foundation. It provides a solid platform to continue adding value to current clients and to take our expertise in new directions. I'm already feeling the excitement of what we can potentially report to you in our 2022 report.

Again, thanks for allowing us to be your partner in simplifying the business of health care.

Best regards,

Jon Bogenreif





Innovation Everywhere

- 1 Business Process Modernization (BPM)
- 2 Innovating for Rural Health
- 3 Developing Innovative Business Leaders



1

Business Process Modernization

BPM—From Concept to Organizationwide Discipline

In an environment where efficiency and quality reign, process improvement and streamlining workflows are everyday events. But midway through the last decade, Noridian recognized what it would take to bring its signature industry-leading service to the next level.

Enter business process modernization. It's a term that elicits different meanings for different users. To Noridian, it means constant, widespread innovation to reimagine workflows. Over the last six years, it's grown from a single business unit's project to the company's operating foundation.

The transformation has been a heavy lift, with equal weight given to process and people.

BPM—The process

Search the term business process modernization and you'll get varied definitions. At its core, BPM involves continuous improvement to create efficiency and reduce waste. It often involves automation.

Noridian's adaptation of BPM is more holistic. It's pervasive. Multidisciplinary. And it has transformed the way Noridian does business.

Where most continuous improvement models incorporate one-off efforts to help identify opportunities for efficiency, Noridian's brand of BPM examines whole processes and reshapes workflows from beginning to end.

"At Noridian, BPM has evolved into training the entire organization to reimagine processes, empowering employees to overhaul workflows," says Troy Aswege, Noridian's senior vice president of operations.

"It's not something we do, but it's who we are as an organization. There's an expectation that we'll always be changing."

BPM—The people →

Appeals process makeover results



➤ One process. One million+. One year.

How does BPM translate into results? Reconstruction of the appeals process tells a powerful story. Applying their expertise, robotics and other IT improvements, Noridian staff dramatically improved efficiency and saved three clients more than a million dollars.

Similar results are found throughout the company.

› **The “innovation everywhere” philosophy engages employees, increasing retention.**

Collaboration leads to buy-in

Noridian’s BPM model does away with leadership directives being forced on front-line staff. Solutions are formed collaboratively among employees at all levels.

The real BPM work starts and ends with front-line employees when they’re joined by IT analysts, finance staff and the quality team to examine different workflows. The multidisciplinary team maps workflows, identifies waste, automates where possible and, ultimately, rolls out new processes.

These project teams serve as a model to encourage collaboration, promote brainstorming and inspire creative solutioning.

Everyone wins

It’s a natural inclination for people to resist change, but changing the Noridian culture involves helping employees thrive through change. As they see results, employees at every level share in the enthusiasm.



Process engineers get to show others their world as they dissect workflows and introduce modern tools for efficiency, quality monitoring and ongoing continuous improvement.



IT analysts get to bring in newer technologies, like automation and robotics software, and expand existing technologies to other departments.



Front-line staff are active participants in the solutions. Ultimately, they’re released from repetitive tasks and can take on more creative thinking and peer collaboration.

At the end of the day, what the customer cares about is that the organization has a culture that delivers a great value.

➤ Employees are engaged in the BPM experience

"I appreciate the opportunity to influence change."

"It's a 'sky's the limit' kind of mentality, pushing the boundaries."



"We're developing the ideal state and then working toward that goal."

"Cross-team input allows us to aggregate years of expertise to affect processes."

BPM—The people

"Will I have a job?"

Consciously or subconsciously, that's a fear that generally keeps people from participating in change efforts.

It follows, then, that helping people thrive through change requires creating a safe environment. With that in mind, leadership training has shifted. Leaders are specifically trained to lead their teams through innovation and change management. Part of that training is developing trust around why Noridian has adopted a continuous innovation business model.

"BPM is not about reducing headcount. This is about maximizing process and giving people more meaningful work," Aswege notes.

With its signature people-first philosophy, Noridian repositions displaced employees into work that provides opportunities to grow and add value.

Noridian has intentionally avoided a reduction in workforce. Quite the opposite. Providing more meaningful work has improved the Noridian employee value proposition. People tend to stay at organizations where they find the work meaningful.

Even hiring looks different than just a few years ago. Today, interviews set the stage for constant change. Interviews become conversations not only about the open job, but around the recognition that Noridian is an innovative company and roles will change over time.

While the Noridian BPM model is still being rolled out, the marketplace is taking note of its holistic nature. More importantly, providers are noting improvements in process and culture. At its core, BPM has one purpose—it enables Noridian to provide the best service possible.

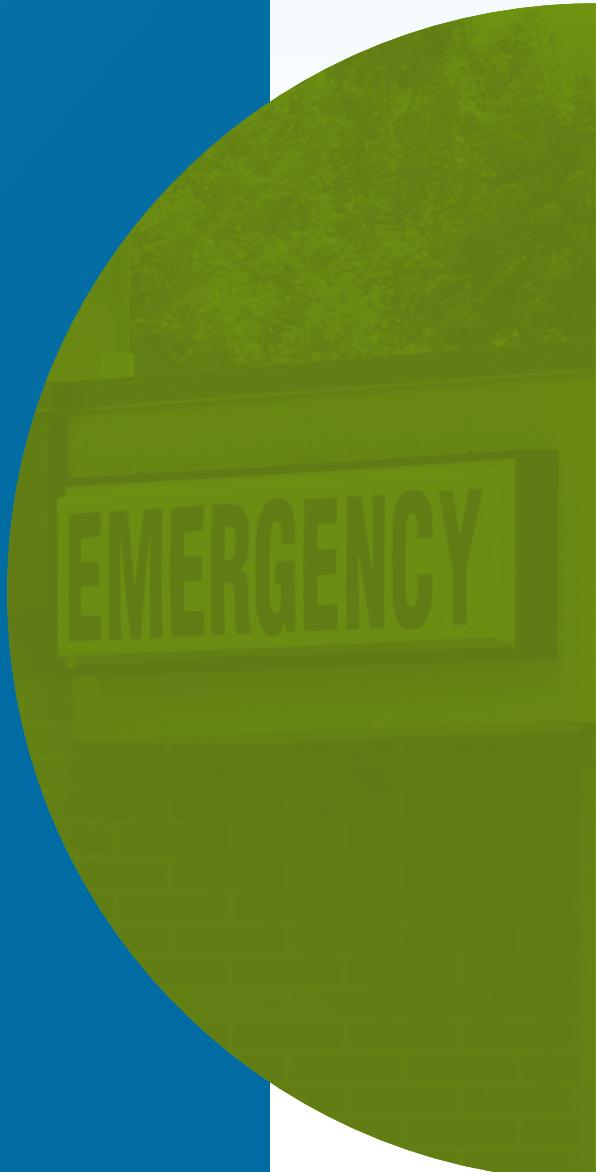


Noridian Helps Solve Rural Health Disparity

Rural American health care facilities are fragile businesses.

So, it's no surprise the COVID-19 pandemic was particularly hard on them. In fact, a record 20 rural hospitals across the nation closed in 2020 alone.

Even before the pandemic, rural health care facilities were affected by low volume and heavy reliance on government payers. But public fear around COVID-19 added another financial blow as Americans deferred and delayed routine care.



Rural health care closures—A growing problem

› Rural health care closures are nothing new

While the ongoing pandemic exacerbated the strain on rural providers, closures started long before. Since 2010, more than 135 rural hospitals have closed, and the number continues to rise.

The National Association of Rural Health identifies an additional 450 facilities as vulnerable. That number represents nearly one-quarter of rural hospitals in the U.S.



1 in 5 Americans are rural

Problems in rural health care affect more Americans than you might think. The U.S. Census Bureau classifies 60 million Americans as rural. That equates to one in five Americans—all who rely primarily on rural health care facilities.

Fewer rural facilities for 20% of the population creates an enormous health care gap. Many consider rural Americans one of the largest medically underserved populations in the country.

› Noridian is part of the solution

Addressing rural health care inequities takes a nationwide effort. Both government and commercial payers can help close the gap.

Noridian contributes by setting rural health care providers up for success in working with existing reimbursement systems—both public and private. Supporting rural providers translates into a better experience for health care users and payers alike.

Sources:

United States Census Bureau <https://www.census.gov/library/stories/2017/08/rural-america.html>

Becker's Healthcare <https://www.beckershospitalreview.com/finance/why-rural-hospital-closures-hit-a-record-high-in-2020.html>

National Association of Rural Health <https://www.ruralhealth.us/advocate>

- Many consider rural Americans one of the largest medically underserved populations in the country.

Noridian provides a safety net for rural health

Reimbursement is the lifeline for rural providers.

Large health systems, usually urban, have sophisticated infrastructure to connect with payers. Conversely, independent rural providers do not.

It's true, some rural health care facilities are satellite locations associated with larger health systems. Those facilities can tap into the resources of their tech-enabled mothership. But for independents, it's a different story. One that comes with its own unique challenges.

➤ Rural providers experience unique challenges

Through six decades of working with a large rural provider audience, we've developed a deep understanding of their unique business issues, some of which include:

- Every reimbursement is critical to keeping the lights on and salaries paid
- Less technology translates into more manual processes to seek reimbursement
- With fewer dedicated resources, keeping on top of regulatory changes is a bigger effort
- Administrative staff wear many hats

Perhaps the biggest challenge for independent rural providers is they feel ignored.

➤ Noridian empowers rural providers

Providers associated with large health systems typically have the ability to delegate administrative tasks. Rural independents do not.

Noridian's provider management and support services help fill some of the gaps. Our proactive strategy has earned industry recognition. More importantly, it's earned the trust of providers nationwide. Providers that, with our support, have better odds of remaining viable to serve our rural neighbors.

Proactive support reduces burden for rural providers

- ✓ **Provider credentialing and enrollment**—Credentialing tasks take precious time away from patient care. Noridian streamlines the process.
- ✓ **Provider education**—The unique challenges of rural providers are addressed through tailored presentations.
- ✓ **Claims**—Rural providers receive technical assistance, such as review of billing systems and internal controls, to establish the most efficient means of program compliance.
- ✓ **Free software for claims submission**—Our EDI team supports independent rural providers by offering and supporting user-friendly claims submission software.
- ✓ **Advanced payments**—Although not a common practice, Noridian issued advanced payments to help keep providers' doors open during the COVID-19 pandemic.

Existing provider relationships can help drive rural access

Many care models that benefit urban populations leave the rural population without viable access to providers. Just one example includes Medicare Advantage, designed to keep premiums low by limiting the provider network. However, the networks rarely include rural providers. Many other networks also limit access in rural America.

Alongside other rural health advocates, Noridian is providing input for program development that benefits rural health participants.

As that happens, Noridian stands ready with existing provider relationships throughout rural America.

In fact, of all underserved areas nationwide, 30% of providers therein have existing relationships with Noridian. We envision an environment where it will be easy for rural providers to participate in new or expanded programming and serve their rural constituents.

Noridian has existing relationships with rural providers, nationwide.



3

Developing Innovative Business Leaders

Changing a Culture to Find Innovation Everywhere

How do you ensure a spirit of innovation?

If you're Noridian, you develop it throughout the organization, at every level.

Noridian's extensive leadership development program isn't limited to those with certain titles. It's intentionally designed for anyone in the organization, from those who are just curious about their leadership aptitude to those who manage the enterprise.





The innovation-leadership connection

Innovative ideas are everywhere. The leadership development training empowers Noridian staff to mature the ideas and bring them to fruition.

It's a philosophy you'd expect in a high-tech business, but it's uncommon in the highly regulated world of administrative services. It's also relatively new.

In the last half decade, Noridian has intentionally recognized innovation throughout the organization. No one is waiting for leadership to drive change and innovation; rather, it's a shared responsibility.

In the claims management area. On the medical review team. On the provider management team. In the contact center. Throughout the organization, ideas are shared formally through Noridian's internal idea-sharing platform or casually through conversations.

Fostering leadership from everywhere requires a psychologically safe environment, one where employees feel heard and respected.

It requires facilitation to build on one another's ideas. And, it requires the ability to move an idea to the next level.

Those are the skills developed through Noridian's learning and development program.



Noridian's leadership development program builds a strong bench

In a business like ours, there's continual personnel movement. A new contract or a process change typically means people are pulled into new roles. The leadership development program ensures there's talent ready to fill vacancies and add value from the start. Ultimately, a "strong bench" means more growth opportunity.

While the organization grows, so too do employees. Those interested in developing leadership skills begin with an assessment that covers three areas:



Agreement on Noridian's goal to be the industry leader



How will you contribute to industry leadership?



What do you need to make your contribution?

The assessment is the launchpad for robust, tailored plans that facilitate ongoing individual growth while moving the company toward common goals. As director of talent development, Victoria Simonson puts it,

"At Noridian, leadership is not something we do; it's an extension of who we are."

A group of innovators in an industry of repetitive routines

In an industry where efficiency, accuracy and process reign, Noridian has turned its lens toward employees. Why? Because when you take care of employees, all the other metrics follow.

On this viewpoint, Noridian zigs when others zag. While it would be easier to follow the rest of the industry and simply train staff for transactional work, Noridian trains employees to innovate.

The Noridian way leads to a more rewarding user experience. "Even the most technical solutions have a service layer," says Jesse Score, manager of operations.

"Think of chat bots, AI and similar technologies. When front-line employees have design input, the end product provides a better service experience...and at the end of the day, that's what we are—a service organization."

From water cooler conversations to companywide improvements

Our learning and development revolves around building a culture where casual conversations can mature into organizationwide initiatives. Three examples below:



› Upfront quality checks give providers a second chance for success

Initiative: Proactive claims editing to reduce provider burden.

What: Pre-adjudication quality checks give providers almost immediate feedback and offer a second chance to resubmit claims correctly.

- Results:**
- ✓ In 2021, 17 edits were added, which flagged 84,951 claims for resubmission (claims that would otherwise be rejected). Call center received an average of only 10 calls/month regarding upfront edits.
 - ✓ Provider calls about one type of edit, nonjustified late claims, were reduced by 41%.
 - ✓ COVID-19 tracking information from this system will be used to inform other claim types (i.e., over-the-counter testing claims).

› One client's process improvement benefits entire industry

Initiative: Military treatment facility process improvement.

What: Edit that checks a nonparticipating provider's eligibility to process claims.

- Results:** Reduces burden for providers and overpayment by payers. After Noridian shared results with CMS, they directed the change across the industry.

› Chronic care management (CCM) pilot provides lessons

Initiative: Enabling providers to practice CCM.

What: In place since fall 2020, this pilot enables CCM by educating providers, sharing detailed beneficiary health information, tracking patient outcomes and ensuring provider adherence to appropriate therapies.

- Results:** While initiating an optional care management program during a worldwide pandemic skews results, lessons learned thus far will be applied to future pilots and many markets.



Our Reach

Noridian Healthcare Solutions—Business process outsourcing for health care payers

Since 1966, Noridian has focused solely on health care to solve some of its biggest administrative challenges.

Today, public and private payers nationwide rely on Noridian to apply that experience in new, innovative ways. The result is a full suite of back-office business solutions for:

- Provider management
- Medical review
- Claims management
- Contact center

Solutions for public and private payers

Noridian's life work is to be a trusted partner to:

- Federal government health programs
- State health programs
 - » Medicaid and HHS programs
 - » Public health crisis call centers
- Health insurance plans

Enhancing health care throughout the U.S.

Across the nation, Noridian serves public and private health care payers, providers and those they serve.



Financial Statement

Balance Sheets

December 31, 2021 and 2020

2021

2020

Assets

Current Assets

Cash	\$ 14,263,458	\$ 18,828,913
Receivables	58,129,952	51,442,766
Prepaid Expenses	7,070,230	6,982,784
Total Current Assets	79,463,640	77,254,463

Other Assets

Prepaid Costs	11,347,902	12,430,229
Due from Blue Cross Blue Shield—Future Tax	1,862,105	2,218,164
Total Other Assets	13,210,007	14,648,393

Investment Pooling—BCBSND/Noridian	9,929,471	19,485,724
---	-----------	------------

Equipment, Leasehold

Improvements and Software	41,897,891	39,990,385
Less Accumulated Depreciation	(38,295,236)	(34,615,432)
Total Equipment, Leasehold		
Improvements and Software	3,602,655	5,374,953

Total Assets	\$ 106,205,773	\$ 116,763,533
---------------------	-----------------------	-----------------------

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$ 19,540,139	\$ 21,148,508
Other Payables—Short-Term	9,709	9,426
Accrued Compensation	22,760,256	22,778,261
Due to Blue Cross Blue Shield	1,191,919	578,435
Due to Blue Cross Blue Shield—Current Tax	3,176,048	3,551,604
Total Current Liabilities	46,678,071	48,066,234

Long Term Liabilities

Other Payables—Long-Term	—	9,709
Total Long-Term Liabilities	—	9,709

Total Liabilities	46,678,071	48,075,943
--------------------------	-------------------	-------------------

Members' Equity	59,527,702	68,687,590
------------------------	-------------------	-------------------

Total Liabilities and Members' Equity	\$ 106,205,773	\$ 116,763,533
--	-----------------------	-----------------------

SENIOR LEADERSHIP

Jon Bogenreif
President & CEO

Troy Aswege
Senior Vice President
Operations

Woody Barela
Senior Vice President
& Chief Growth Officer

Todd Knain
Senior Vice President
& Chief Information Officer

Ranga Nutakki
Senior Vice President
& General Counsel,
Corporate Secretary

Paul O'Donnell
Senior Vice President
Government Contracts

Jennifer Sandell
Senior Vice President
Strategy & Enterprise
Risk Management

Laura Werk
Senior Vice President
& Chief Financial Officer

BOARD OF DIRECTORS

Dan Conrad
Chair

Karen Klein
Vice Chair

Charlene Frizzera
Board Member

Tim Huckle
Board Member

Amy Caro
Board Member

David Sprynczynatyk
Board Member

Peter Zimmerman
Board Member

Cyndee Thormodson
Ex Officio