What type of leadership will step up to solve our problems? It is a question we must ask of ourselves and not of others.
Our sixth president, John Quincy Adams, once said: “If your actions inspire others to dream more, learn more, do more, and become more, you are a leader.” Taken by that measure, there are many leaders described in the pages of this year’s report.

We have chosen leadership as our theme because it is so desperately needed at this moment in time. A serious detour in the road to health reform here in California has stalled our progress in reducing the ranks of the uninsured. Their numbers may instead increase as economic hardship and budget shortfalls take their toll. The current context makes every kind of progress more challenging; in expanding access to health care, in improving quality of care, and in protecting those who are most vulnerable.

Tough times, however, are when true leaders really shine.

Leaders like the freshman class of our Clinic Leadership Institute: emerging leaders honing their skills so that the safety net can not only survive but thrive in a new century with all the new pressures and demands.

Leaders like the hospital officials who have joined our California Healthcare-Associated Infection Prevention Initiative, which expands a successful pilot project that saves lives and money by using technology to track infection patterns and allows hospitals to dramatically improve prevention efforts.

Leaders like the young people who are engaging in a new campaign to prevent teen dating violence, getting the word out by using social networking sites, texting, and creating their own videos and customized logos.

It’s our special honor as a foundation to serve as a convener and a catalyst for new leadership, supporting fresh voices who can make the changes we need here in California. A few setbacks cannot deter us from our mission of universal health care, dramatically improving quality of care, and ending the scourge of domestic violence in our lifetime.

We want to take this opportunity to thank our grantees, partners, and colleagues for showing us the way forward. In this critical moment, you are the leaders we need.

Crystal Hayling
President and CEO
in search of new leaders

At the heart of true leadership are very real risks. Not just of the actions taken but the consequences of those not taken.
As Californians, we pride ourselves on leading the country in many ways – whether through technological innovation, our great quality of life, or a typically strong economy.

But, in the past year, we Californians have seen the emergence of very real challenges that we simply cannot ignore. Rising unemployment, soaring gas prices, and the housing fallout are pushing many families to the brink.

Meanwhile, our state’s fragile healthcare safety net faces billions in cuts, which may push the number of uninsured as high as 7.5 million.

These challenges call out for a new brand of leadership. This means leaders who have come up through the ranks, and who understand the needs of communities and service gaps that reduce opportunity – that most cherished American value.

We need leaders who gain influence by solving problems, not just repeating the same old tired “positions;” leaders who foster creativity and who know that authenticity trumps the script.

At the Foundation, we are in search of such leaders. And we strive to conduct our grantmaking in a way that makes us a valued partner to our grantees.

Here’s how we’re conducting our search:

**empower**
The best way to secure our future is to invest in communities and tomorrow’s leaders. That’s why so much of our support goes to building the leadership capacity of community health clinics, the backbone of our healthcare system, particularly for the state’s most vulnerable residents.

**collaborate**
When we work in partnership, we get better results more quickly. This year, we’ve taken steps to move our workplace domestic violence initiative in a new direction by engaging senior-level corporate executives.

We also brought policymakers, advocates, business leaders, and health professionals together to tackle statewide healthcare reform and work to improve care for all Californians.

**take risks**
Breaking through on an issue requires risk. It means challenging the business community to not only engage in but help lead the fight for health reform.

It means asking hospitals to step forward and tackle the problem of hospital-acquired infections head-on. It means empowering teens with tools that help them defuse conflict in their relationships before it escalates to violence.

In the following pages, we invite you to learn more about our efforts. In more ways than one, this time of challenge requires that leadership be put to the test.
The Foundation has been visionary in giving us the tools to strengthen the clinic movement so that we continue to be important players in building a healthy community.

Lynnette Worden, Center Manager for the Woodland Planned Parenthood Health Center

developing the next generation of community clinic leaders

Leaders aren’t born. They’re made. That’s the idea behind Clinic Leadership Institute (CLI), a signature project of the Foundation that is working to cultivate and empower the next generation of leaders at California’s community clinics.

The constantly changing healthcare environment and growing number of uninsured Californians are creating new demands on community clinics – where many of California’s uninsured seek care. The goal of CLI is to identify emerging leaders and then strengthen their skills and leadership potential so they can rise to tomorrow’s challenges.
Our vision is to create a cohort of future leaders that will collectively drive policy and systems change to strengthen community clinics. We are not just investing in the current individual participants but rather the entire field and its future.

The 18-month program, a partnership between the Foundation and the University of California San Francisco (UCSF) Center for the Health Professions, takes 25 to 50 emerging leaders through six intensive seminars on decision making, financial management, relationship management, and strategic planning. Participants also receive executive coaching and are required to develop and implement a leadership project at their clinic.

The response after the first seminar was “overwhelming,” according to Brenda Solórzano, Director of the Health Care and Coverage program. “We heard from CLI participants that they’ve learned things that just weeks later they were able to put into practice.”

Our grantmaking continues to meet the immediate healthcare needs of the growing number of uninsured Californians, while we also work toward a long-term, sustainable solution to the state’s health coverage crisis.

Program goals:
• Increase access to health care and coverage for all Californians
• Strengthen the healthcare safety net to provide care for uninsured Californians
• Serve as a catalyst for health reform that uses a shared responsibility approach

Recent funding efforts:
Community Clinic and Consortia Core Support Initiative
This unique initiative provides unrestricted funding for approximately 200 community clinics and consortia serving vulnerable populations in California. The funding strengthens clinics’ ability to provide care by allowing them to apply funds where they are most needed.

Healthy Kids Premium Subsidy Initiative
Through this initiative, over 7,000 children are able to receive comprehensive health insurance through local Healthy Kids programs in 19 California counties. The funds ensure that coverage is continued throughout the year for children who would otherwise be uninsured.

Insure the Uninsured Project
This project brings everyone from advocates, labor, policy, health providers, and other stakeholders to the table to develop and implement solutions to cover California’s uninsured.

Operation USA
Operation USA helps community clinics offset uncompensated care costs by providing free medical equipment and supplies. Support through this grant expands this vital service to clinics in Northern California.
working together

Data mining shows us how many hospital-acquired infections we have in any one unit at any given time. The biggest epiphany was just how many infections we had. It’s data that drives change.

Debbie Mulligan, Infection Prevention Manager, Mission Hospital

helping hospitals heal, not harm
On average, 764 Californians die every month from an infection acquired in a hospital. Californians are five times more likely to die from a hospital-acquired infection than in drunk driving accidents.

Yet most of these infections are entirely preventable.

Prevention is the driving force behind the Foundation’s California Healthcare-Associated Infection Prevention Initiative (CHAIPI), an ambitious effort to decrease hospital-acquired infections. In 2005–06, the initiative tested MedMined’s innovative data-mining technology in nine hospitals to automatically flag infections so staff could take
appropriate treatment and prevention measures. With surveillance software, hospitals can identify trouble spots in real-time instead of manually searching records, lab results, and pharmacy data.

Within 18 months, pilot hospitals protected 600 lives and saved $9 million. At Mission Hospital in Orange County, the real-time data led to new safety protocols that cut urinary tract infections by 20 percent. In July 2008, the Foundation announced a major expansion to 55 hospitals, including a technology program and learning collaborative; a timely move given Medicare’s announcement that it will no longer reimburse for hospital-acquired infections from blood or urinary catheters.

Sometimes lives are saved outside the operating table or ER. It can begin with something as simple as better data analysis. Through process improvement and high-level commitment, our partner hospitals are building the groundswell to make every hospital in California safer.

Participants at the inaugural CHAIPI Collaborative Learning Session
BOM helps young people start with the good qualities in a relationship early so when they get older, they already know how to be a good boyfriend or girlfriend.

Timothy Dupree, BOM Teen Participant/Dancer and Poet, Buckworld One

preventing dating violence among teens

Angry with her boyfriend, a girl switches her status to “single” on her Facebook page. He responds by barraging her with 20 text messages. The tension rises, and they get into an argument.

Welcome to the new world of teen dating.

In June 2008, the Foundation piloted a new social marketing campaign, BOM, or “Boss of Me,” in Oakland and Riverside-San Bernardino that targets young people ages 14 to 18, of all races, ethnicities, and genders. The campaign taps into teens’ fluency in new media, incorporating social networking sites, Web videos, and texting to help defuse relationship conflicts.
The Foundation built the campaign with insight from two years of field research, including conversations with young people and observational research at malls, stores, and other hangouts. Here’s what we learned and put into practice:

**No victims, no perps:** Teens said that relationship “drama” is something both boys and girls need to own and deal with.

**Social networking is king:** Teen relationships unfold over texting, instant messaging, Facebook, and MySpace – powerful tools for staying in touch, but also landmines for miscommunication that can escalate to abuse.

**Humor:** Teens tune out preaching. But humor can disarm and get the message across. The BOM411.com Web site features an interactive quiz that uses humorous questions and an animated “psychometer” to spotlight troubling behaviors.

“At the end of the day, we want young people reflecting on their behavior,” said Virginia Witt, Director of Public Affairs. “The goal is to get the dialogue going.”

Encouraged by strong test-phase results, the Foundation has funded Oakland-based Youth Radio to expand the campaign in 2009.

Teen participants from Black Voice Foundation/ Buckworld One of Riverside-San Bernardino
The grantmaking and operations of Blue Shield of California Foundation are entirely funded by an annual contribution from Blue Shield of California. The company's commitment to the Foundation reflects the corporate mission and values.

### Statements of Financial Position

**(Dollars in Thousands)**

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$47,165</td>
</tr>
<tr>
<td>Investments</td>
<td>11,731</td>
</tr>
<tr>
<td>Other Assets</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$58,971</td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Grants Payable</td>
<td>$12,357</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>258</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>12,615</td>
</tr>
<tr>
<td>Net Assets</td>
<td>46,356</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$58,971</td>
</tr>
</tbody>
</table>
Statements of Activities and Changes in Net Assets
For the 18 Months Ended June 30, 2008
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>18-Month Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support</strong></td>
<td></td>
</tr>
<tr>
<td>Blue Shield of California Contributions</td>
<td>$ 43,116</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>2,503</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td>$ 45,619</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Grant Awards</td>
<td>$ 41,632</td>
</tr>
<tr>
<td>Program Expenses</td>
<td>5,660</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>2,588</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 49,880</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Assets</strong></td>
<td>$ (4,261)</td>
</tr>
</tbody>
</table>

Grant Awards

- Blue Shield Against Violence: 9%
- Health & Technology: 30%
- Health Care & Coverage: 61%

* No longer an active Foundation program area as of January 2009

For a list of our grantees, please visit us at blueshieldcafoundation.org

Board of Trustees

- **Ezra C. Davidson, Jr., M.D., F.A.C.O.G.**
  CHAIR
  Associate Dean of Primary Care,
  Charles R. Drew University of Medicine & Science

- **Esta Soler**
  VICE CHAIR
  Founder and President,
  Family Violence Prevention Fund

- **Thomas Epstein**
  SECRETARY
  Vice President, Public Affairs,
  Blue Shield of California

- **Belva Davis**
  Television Journalist

- **Bill Hauck**
  President, California Business Roundtable

- **Crystal Hayling**
  President and CEO,
  Blue Shield of California Foundation

- **David J. Kears**
  Director, Alameda County Health Care Services Agency

- **Heidi Kunz**
  Executive Vice President and
  CFO, Blue Shield of California

- **Aliza Lifshitz, M.D.**
  Internal Medicine,
  General Internal Medicine,
  Cedars-Sinai Medical Center
Transparency. It’s a word we hear often now in the philanthropic world. Communities are rightfully interested in knowing which organizations and what types of services receive foundation funding. We believe that greater visibility into giving is the right step toward improving where and how funds are allocated. These pages aim to provide such transparency, and we will continue to demonstrate how our giving works to reach as many Californians as possible.

<table>
<thead>
<tr>
<th>region</th>
<th>number of grants</th>
<th>amount awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>38</td>
<td>$2,345,535</td>
</tr>
<tr>
<td>San Francisco Bay Area</td>
<td>97</td>
<td>$6,042,721</td>
</tr>
<tr>
<td>Sacramento Valley</td>
<td>23</td>
<td>$2,215,135</td>
</tr>
<tr>
<td>Central</td>
<td>68</td>
<td>$3,844,896</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>72</td>
<td>$8,288,412</td>
</tr>
<tr>
<td>South</td>
<td>49</td>
<td>$3,577,195</td>
</tr>
<tr>
<td>Statewide</td>
<td>43</td>
<td>$14,479,981</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>$40,793,875</td>
</tr>
</tbody>
</table>

Data includes all awards made from January 2007 to June 2008 (18 months).

BSCF region        counties
---                  -----------------------------------
North               Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yuba
San Francisco Bay Area Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma
Sacramento Valley El Dorado, Placer, Sacramento, Yolo
Central             Alpine, Amador, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, Monterey, San Benito, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare, Tuolumne, Ventura
Los Angeles         Los Angeles
South               Imperial, Orange, Riverside, San Bernardino, San Diego
Los Angeles County received a total of $8,288,412 in grants.
### Grant Awards Strategy

<table>
<thead>
<tr>
<th></th>
<th>Health Care and Coverage</th>
<th>Health and Technology*</th>
<th>Blue Shield Against Violence</th>
<th>All Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building</td>
<td>7%</td>
<td>3%</td>
<td>44%</td>
<td>9%</td>
</tr>
<tr>
<td>Convening and Collaboration</td>
<td>2%</td>
<td>6%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>Demonstration</td>
<td>0%</td>
<td>57%</td>
<td>5%</td>
<td>17%</td>
</tr>
<tr>
<td>Direct Service</td>
<td>70%</td>
<td>12%</td>
<td>8%**</td>
<td>48%</td>
</tr>
<tr>
<td>Education and Advocacy</td>
<td>13%</td>
<td>3%</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>Research and Evaluation</td>
<td>8%</td>
<td>19%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*No longer an active Foundation program area as of January 2009.

**Percentage does not include 24-month BSAV Shelter Initiative awards made in 2006.

Data includes all awards made from January 2007 to June 2008 (18 months). Percentages based on total dollars awarded.

### Grant Awards by Type

<table>
<thead>
<tr>
<th></th>
<th>Health Care and Coverage</th>
<th>Health and Technology*</th>
<th>Blue Shield Against Violence</th>
<th>All Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>66%</td>
<td>20%</td>
<td>0%</td>
<td>46%</td>
</tr>
<tr>
<td>Proactive</td>
<td>24%</td>
<td>0%</td>
<td>52%</td>
<td>20%</td>
</tr>
<tr>
<td>Responsive</td>
<td>10%</td>
<td>80%</td>
<td>48%**</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*No longer an active Foundation program area as of January 2009.

**Percentage does not include 24-month BSAV Shelter Initiative awards made in 2006.

Data includes all awards made from January 2007 to June 2008 (18 months). Percentages based on total dollars awarded.
map 1: number of grants by county

○ = 1 grant