Blue Cross Blue Shield of Massachusetts Announces First Quarter 2013 Financial Results

BOSTON — May 15, 2013 — Blue Cross Blue Shield of Massachusetts (BCBSMA), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced its first quarter 2013 financial results today and is reporting a combined after-tax net income of $28 million. The results reflect an operating loss of $3.7 million offset by $29.5 million in investment income. BCBSMA is the leading private health plan in Massachusetts with 2.8 million members.

"Our first quarter operating loss reflects, in part, our continued aggressive management of our administrative and medical spending to ensure that the premiums we deliver to the marketplace are as low as possible," said Allen Maltz, Chief Financial Officer at BCBSMA. Maltz noted that an additional state assessment related to last year's Chapter 224 health reform law and seasonally higher claims costs that typically occur in the first three months of the year also contributed to the company's operating loss in the first quarter.

Maltz said the company "continues to partner with the broader health care community to slow the growth of health care costs even as it undertakes the significant effort to implement both state and national reform." He highlighted a number of BCBSMA initiatives which are helping to control health care costs, improve care and innovate in the marketplace:

- Partnering with physicians and hospitals in a spirit of shared responsibility to achieve **more modest contracts** to reflect the community's urgency on affordability and to meet the ambitious targets set in the state's 2012 cost containment law.
- **Continued growth and support** of the **Alternative Quality Contract** (AQC), which is improving the quality of care members receive while at the same time slowing the growth in medical spending. Blue Cross now has 82% of its in-state HMO primary care physicians, and 86% of specialists, participating in the AQC caring for approximately 85% of the health plan's in-state HMO members.
- **Innovative value-based products** that reward employers and employees when they choose to receive care from physicians and hospitals that deliver high-quality care at a lower cost continue to be popular options for employers throughout the state. Blue Benefit Administrators of Massachusetts, a subsidiary of BCBSMA, recently announced it is offering Select Blue Network, an innovative new health plan offering that includes a select PPO network of cost-effective, high-quality hospitals, doctors, and other health care providers.
- **Enhancing wellness** at the worksite and **chronic illness prevention** initiatives. BCBSMA recently awarded the fifth annual Municipal Blue Innovation Awards to the cities of Amesbury, Fall River, Newburyport, the town of Ware, the Mayflower Municipal Health Group, and Southeastern Massachusetts Health Group. The awards recognize cities and towns for successfully implementing health and wellness initiatives and plan design changes to make health care more affordable, while improving employee health.

BCBSMA's 2012 Annual Report is available online and highlights how we are working collaboratively with others in the health care community to create an exceptional and affordable health care system in Massachusetts.

About Blue Cross Blue Shield of Massachusetts - Blue Cross Blue Shield of Massachusetts (www.bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We are the trusted health plan for more than 30,000 Massachusetts employers and are committed to working with others in a spirit of shared responsibility to make quality health care affordable. Consistent with our corporate promise to always put our 2.8 million members first, we are rated among the nation's best health plans for member satisfaction and quality.

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