Blue Cross Blue Shield of Massachusetts Members Benefit from Significant Portion of Premiums Spent on Health Care and Improving Quality

Only health plan in the state to exceed spending requirements for third consecutive year totaling \$700 million above government requirements

BOSTON — **July 23, 2014** — <u>Blue Cross Blue Shield of Massachusetts</u> (BCBSMA) paid \$700 million¹ more than what state and federal governments required on the health care of its members over the past three years¹.

Under state and federal law, health plans are required to spend a significant portion of the premium dollar on the medical care of its members. These standards help keep profits and administrative expenses low, and ensure members get high value care for their premiums. Health plans that don't meet these benchmarks are required to issue rebates to their customers.

"For the third consecutive year we've dedicated more to our member's medical care than what the government requires," said Allen Maltz, Chief Financial Officer at BCBSMA. "This means they are getting more medical services and value — doctors' visits, hospital care, prescriptions — among other important services for the premiums they pay."

Maltz noted that Massachusetts' standards for individuals and small businesses are the highest in the nation. BCBSMA consistently exceeds state and federal standards by spending more than 90% of every premium dollar on its members' medical care.

"We continue to effectively price premiums while focusing on delivering high quality, affordable health plans to our customers and members in a highly competitive marketplace," said Maltz.

In 2013, BCBSMA paid nearly \$180 million in federal, state and municipal taxes and assessments, up from \$133 million in 2012, and ended the year with a net margin of 1.1%

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 31,500 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. Connect with us on Facebook, Twitter, YouTube and LinkedIn.

¹ Number includes HMO Blue and BCBSMA, Inc. Merged and Large Group Markets for the past three fiscal years. Beginning in 2013, insurers' MLRs were calculated based on a three-year period of the accumulated experience for the current reporting year and the two preceding years.

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