Blue Cross Blue Shield of Massachusetts Announces First Quarter 2020 Financial Results

Company posts $78m operating loss amid challenging business environment
Also named top health plan in Massachusetts by J.D. Power for fourth consecutive year

BOSTON — May 15, 2020 —Blue Cross Blue Shield of Massachusetts (Blue Cross), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. today reported a combined after-tax first quarter net income of $28.8 million on revenue of $2.1 billion (1.4% net margin). The results reflect an operating loss of $77.7 million (-3.7% operating margin) and investment income of $30.8 million.

“Our first quarter results are consistent with our expectations as we continue to operate in a challenging business environment,” said Andreana Santangelo, Blue Cross' chief financial officer. “As the quarter came to an end, we were only just beginning to feel the impact of COVID-19, with a slowdown in claims for elective procedures and a rise in COVID-related costs for the care of our members.”

Santangelo added that “given the intense volatility caused by the pandemic, we will carefully monitor our business and make prudent and appropriate decisions in the months ahead to ensure that we can meet our financial obligations.” She noted the company has so far processed claims for more than 19,000 commercial members with diagnosed or suspected COVID-19, and more than 850,000 new claims for telehealth services (telephonic and video), or approximately 40,000 claims per day (compared to 200 per day pre-COVID). The explosion in telehealth claims came after the company changed its policy in March to both waive member cost sharing and to pay for telehealth services at the same rate as an in-person visit during the COVID-19 public health emergency.

Since early March, Blue Cross has taken significant steps to expedite access to care and provide additional support to members for the duration of the Massachusetts public health emergency, including:

- Waived member cost share (co-pays, co-insurance and deductibles) for medically necessary COVID-19 testing, counseling, vaccines (when available) and treatment and supportive care, in accordance with the Centers for Disease Control and Prevention and Massachusetts Department of Public Health guidelines.
- Removed administrative barriers such as prior authorizations and referrals for medically appropriate treatment for COVID-19.
- Covered all medically necessary covered services with in-network providers viatelehealth at no cost to members.
- Increased access to prescription medications. Members have access to early refills of their prescription maintenance medications. Blue Cross will ensure formulary flexibility if there are shortages or access issues.
- Set up a dedicated member help line (888-372-1970) for all COVID-19 related inquiries.

In an effort to keep members informed, the company has launched aregularly updated resource center that includes information about how to stay safe, a downloadable tip sheet for employers, a video featuring a Blue Cross physician, and answers to frequently asked questions.

Blue Cross is also working hard to ensure that our clinician partners can focus on the care of our members during the COVID-19 emergency by easing administrative requirements to facilitate access to care, providing direct financial support, and continuing to work at full capacity to process claims promptly and efficiently.

The company and its Foundation have also committed more than $3.35 million in financial support to COVID-19 relief efforts, along with a pledge of pro bono and in-kind support surpassing $4.68 million in value for a total community investment of $8.02 million. Blue Cross has re-deployed more than 120 employees to address critical community health needs through the Community Tracing Collaborative, Boston Hope field hospital, and a partnership with FLIK – the company’s food service partner – and nonprofit Lovin’ Spoonfuls to make and distribute up to 5,000 meals per week across Greater Boston.

Blue Cross is the leading private health plan in Massachusetts with 2.8 million members. We use approximately 90 cents of every premium dollar to pay for health care services for our members.

Blue Cross was recently named the top health plan in Massachusetts for the fourth consecutive year, according to J.D. Power, a global leader in consumer insights—the only plan in Massachusetts to be ranked #1 by J.D. Power for four consecutive years. The J.D. Power Commercial Member Health Plan Study measures member satisfaction in 21 regions throughout the United States. Blue Cross earned the highest score in coverage and benefits, provider choice, information and communication, and billing and payment in the Massachusetts region.

About Blue Cross Blue Shield of Massachusetts

Blue Cross Blue Shield of Massachusetts (bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We are committed to the relentless pursuit of quality, affordable health care with an unparalleled consumer experience. Consistent with our promise to always put our 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.

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