# Blue Cross Blue Shield of Massachusetts Announces Third Quarter Financial Results

## Continued disciplined strategy results in modest year-to-date 1.1% operating margin

**BOSTON — November 15, 2012 —** Blue Cross Blue Shield of Massachusetts, (BCBSMA) Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. (BCBSMA HMO Blue) today announced a combined after-tax net income of $62.8 million for the period between July and September 2012. The results reflect an operating income of $50.4 million and investment income of $17.4 million offset by federal income taxes. BCBSMA, a taxpaying not-for-profit health plan, reported $31.9 million in taxes and assessments in the third quarter. For the first nine months of this year, combined after-tax net income was $121 million, which reflects operating income of $53.7 million and investment income of $68.5 million—a 1.1% operating margin.

"Our disciplined business strategy resulted in the third quarter meeting our expectations as we maintain our aggressive approach to manage administrative and medical costs," said Allen Maltz, Chief Financial Officer at Blue Cross Blue Shield of Massachusetts. "We continue to monitor for an uptick in medical utilization, but have not seen any indications it is happening now. Our efforts to make quality health care affordable are making progress—but there's still much to do."

Maltz also noted BCBSMA's innovative value-based products, *Blue Options* and *Hospital Choice Cost Share*, continue to be a popular option for employers throughout the state and now have more than 215,000 members. "Consistent with our focus to make quality health care affordable for all our members, we announced last month that premiums for 165,000 seniors including all Medex®, and Blue MedicareRx℠ prescription drug coverage plans will be lower for 2013, and an affordable new Medicare Advantage PPO plan will be offered to seniors and Medicare-eligible individuals throughout most of Massachusetts."

Blue Cross Blue Shield of Massachusetts is the top-ranked Medicare Advantage PPO health plan in America, and the #25 Medicare Advantage plan, according to NCQA's Medicare Health Insurance Plan Rankings 2012-2013. Both Blue Cross Blue Shield of Massachusetts' HMO Blue and PPO plans are also among the highest-rated private health plans in the nation.

In September, BCBSMA celebrated its 75-year anniversary with its second annual company-wide Service Day. On September 25, more than 3,000 BCBSMA employees, known as BlueCrew volunteers, fanned out across the state to provide 16,000 volunteer hours to 29 schools, parks, and other community organizations all on one day. The twenty-nine 2012 Service Day projects support BCBSMA's corporate citizenship strategy, which is centered on four key focus areas: Healthy Child Development, Education Enrichment, Healthy Environments and Family Nutrition, and Sustainable Health Care. In addition, four local not-for-profits each received a $75,000 BCBSMA 75th Anniversary Grant to promote nutrition education and access to healthy foods. The grants were awarded to the Urban Food Initiative; Holyoke Food and Fitness Policy Council; Project Bread in partnership with Lynn Economic Opportunity, Inc.; and Boston Natural Areas Network.

**Blue Cross Blue Shield of Massachusetts** (www.bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. Celebrating our 75th anniversary in 2012, we 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.

For further information: CONTACT: Sharon Torgerson 617-246-2357 sharon.torgerson@bcbsma.com

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