Blue Cross Blue Shield of Massachusetts Announces First Quarter 2012 Financial Results

BOSTON — May 15, 2012 — Blue Cross Blue Shield of Massachusetts, Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced its first quarter 2012 financial results today. The health plan reported an operating loss of $4.7 million and net income of $29.8 million for the first quarter of 2012.

"We continue to aggressively manage our administrative and medical costs and our expected operating loss was due to the high number of medical claims we typically see in the first quarter of every year," said Allen Maltz, Chief Financial Officer at Blue Cross Blue Shield of Massachusetts. "We're making steady progress in keeping health insurance as affordable as possible, and we are pleased that we continue to deliver the lowest premium increases since 2005."

The Massachusetts Division of Insurance recently approved third quarter average premium increases of 0.2 percent for Blue Cross' HMO business in the individual and small business market. This is significantly lower than the rate increases delivered the past few years to fund escalating medical costs.

"Rate increases are lower this year thanks to our continued focus on affordability, and our partnership with physicians and hospitals to drive down medical costs," said Maltz who pointed to the following initiatives which are helping to control health care costs while improving overall care:

- **Blue Cross' Alternative Quality Contract** now has more than 75% of in-state HMO doctors participating in the program which is improving the quality of care members receive while at the same time slowing the growth in medical spending. Lahey Clinic is the latest provider group to join this pioneering payment model program.

- **More modest contracts** with physicians and hospitals renewing their contracts. Approximately half of all medical trend is related to the prices Blue Cross pays providers for the health care services its members receive.

- **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.

- **Enhancing wellness** at the worksite and **chronic illness prevention** initiatives.

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.

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