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

BOSTON — August 15, 2013 —Blue Cross Blue Shield of Massachusetts (BCBSMA), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced second quarter 2013 financial results today and is reporting a combined after-tax net income of $11.8 million, or a net margin of 0.8%. The results reflect an operating loss of $8.5 million offset by $19.5 million in investment income. BCBSMA is the leading private health plan in Massachusetts with 2.8 million members.

"Our results reflect our continued commitment to making quality health care affordable by aggressively managing our administrative and medical spending to deliver lower premiums to our customers," said Allen Maltz, Chief Financial Officer at BCBSMA. "At the same time, we're focused in 2013 on strengthening our competitiveness in the market while meeting the significant requirements of state and national health reform."

Maltz noted the company continues to bring innovative products and services to the market including:*Blue Funding Solution, Healthy Actions and Pathway to Savings.*

- *Blue Funding Solution* is a self-funded option for employers with 51-99 employees that helps them maximize savings potential while simultaneously limiting risk and managing cash flow.
- *Healthy Actions* is a wellness incentive offering that helps individuals, employers, and their employees earn incentives and save on health care costs.
- *Pathway to Savings* is a customized and integrated, multi-year strategy designed for fully insured accounts with 100+ employees to help ease rising health care costs and improve employee health.

"While the company has made meaningful progress in moderating health care costs, there is more work to be done," said Maltz. "Our efforts will only be sufficient when we are able to reliably deliver sustainable premium relief to our members and employer customers, which will require health care costs to grow more modestly and in line with the rest of the economy."

Maltz added that BCBSMA is committed to doing its part by adopting a disciplined approach to efficiently managing the 10 cents of every premium dollar spent on administrative costs. The company recently announced that in 2012 it exceeded — for the second year in a row — state and federal requirements on the amount of money it must spend on medical care for its members. "Our ability to exceed these standards reflects our disciplined approach and commitment to appropriately pricing premiums to the cost of the benefits and to keeping our medical and administrative costs low."

Maltz also noted that to truly make care affordable, we have to address the 90 cents of the premium dollar spent on health care services. "As part of this effort, we are again asking physicians and hospitals renewing their contracts this year to continue to work with us to reach agreements that reflect the community's urgency on affordability," said Maltz.

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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