Blue Cross Blue Shield of Massachusetts Announces 2013 Financial Results

Reports modest 1.1% net margin

BOSTON—February 28, 2014 - Blue Cross Blue Shield of Massachusetts (BCBSMA), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced a combined after-tax net income of $69.1 million and an operating loss of $17.2 million for its calendar year 2013 financial results. BCBSMA, the leading private health plan in Massachusetts with 2.8 million members as of December 31, 2013, paid more than $180 million in federal, state and municipal taxes and assessments in 2013, up from $133 million in 2012.

"Our 2013 operating performance reflects our disciplined effort to keep premiums as low as possible," said Allen Maltz, Chief Financial Officer at BCBSMA. "It also reflects our continued investment in new capabilities such as technology enhancements that will help us deliver even greater value to our customers and members while meeting the obligations of federal and state health reform."

Maltz added that the company is committed to working collaboratively with physicians and hospitals to address the cost of medical care, the largest driver of premium increases. "As good stewards of our members' premiums, we're working hard to ensure that the 90% of the premium dollar used to pay for medical care is being used in the most cost-effective manner." He said the company is also tightly managing the 10% of premiums used for administrative purposes noting that BCBSMA's total administrative spending was lower in 2013 than it was five years ago.

BCBSMA's affordability efforts will continue throughout 2014 as the not-for-profit health plan continues to tightly manage costs while ensuring that members receive the most for their health care premiums. Those efforts include:

- Rewarding physicians and hospitals for improving the cost and quality of care they offer to BCBSMA members. The Alternative Quality Contract(AQC) is improving the quality of care members receive while at the same time slowing the growth in medical spending. BCBSMA now has 85% of its in-state HMO primary care physicians and 86% of specialists participating in the AQC, caring for approximately 85% of the health plan's in-state HMO members.

- Redesigning our benefits and product offerings to help our members make informed choices about their care. BCBSMA is a leader in 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.

- Focusing on the way we support member health for both those with chronic illness and others who are trying to stay healthy.

2013 Achievements include:

- Ranked the #3 private health plan in America[1], the top-ranked Medicare Advantage PPO health plan2 and among the highest-rated PPO private health plans1 and Medicare HMO[2] plans, according to the NCQA's Health Insurance Plan Rankings 2013-2014. The 2013-14 NCQA Health Insurance Plan Rankings list measures the quality of care and member satisfaction among 557 of the nation's Medicare health insurance plans and 577 private plans.

- Exceeded both state and national standards for the percentage of premiumsthat health plans must spend on medical care for their members for the second consecutive year.

- Earned 4.5 out of 5 Stars for Overall Plan Rating and5 Stars for Customer Service according to the Centers for Medicare and Medicaid Services' (CMS) ratings for 2013** for our HMO and PPO Blue PlusRx Medicare Advantage Plans. CMS ranks over 550 plans nationwide each year and award star ratings to help consumers make an informed choice when comparing plans.

- Serving as the trusted advisor on the Affordable Care Act (ACA) for businesses and families with tools such as the*Straight Answers* website designed to be a 'go to' resource. Blue Cross is proud to have played a key role in Massachusetts Health Care Reform and is building on that experience to implement the ACA - working continuously with state and federal leaders as additional sections of the law are rolled out.

- Paid more than 47 million medical claims on behalf of our members and handled nearly 2.99 million phone calls from our members and provider partners.

- Insured more than 75% of Massachusetts municipalities and welcomed theTown of Saugus, the first community to join the Group Insurance Commission (GIC), back to Blue Cross. The company continues to see great interest from cities and towns like Saugus, and others like Wachusett Regional School District, in switching to Blue Cross from the GIC because of the benefits and value Blue Cross provides.

- Provided $6 million in contributions, grants, and sponsorships to more than 535 nonprofit organizations that address the health and wellbeing of children and families facing economic hardship in the Commonwealth and celebrated the third annual company-wide Service Day when more than 3,000 BCBSMA employees fanned out across the state to provide 18,750 volunteer hours to 39 schools, parks, and other community organizations all on one day.

- Recycled more than 2,130 tons of waste, which saved 6,457 trees.

- Other honors include BCBSMA being named:

    - A top place to work by *The Boston Globe*
    - A top charitable contributor by the *Boston Business Journal*
    - A corporate leader in diversity by the *Boston Business Journal*

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. Follow us on Facebook, Twitter, YouTube and Google+.

[1]NCQA's Health Insurance Plan Rankings 2013–2014—Private, [2]NCQA's Health Insurance Plan Rankings 2013–2014—Medicare

**Plan performance Star Ratings are assessed each year and may change from one year to the next. Rankings refer to Medicare HMO Blue ValueRx, Medicare HMO Blue PlusRx and Medicare PPO Blue PlusRx Medicare Advantage Plans.

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