Blue Cross Blue Shield of Massachusetts Announces First Quarter 2014 Financial Results

BOSTON — May 15, 2014 - Blue Cross Blue Shield of Massachusetts (BCBSMA), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced its first quarter 2014 financial results today and reported a combined after-tax net loss of $59.3 million. The results reflect an operating loss of $91 million, which includes an estimated $76 million in taxes and fees to support the Affordable Care Act (ACA), offset by $30.2 million in investment income. BCBSMA is the leading private health plan in Massachusetts with 2.8 million members.

"Our first quarter results are in the range of what we expected given the new ACA costs and our continued focus on delivering high quality, affordable health plans to our customers and members in a highly competitive marketplace," said Allen Maltz, BCBSMA's Chief Financial Officer. Maltz noted the company is required to expense the full year cost of the ACA taxes and fees in the first quarter under recognized statutory accounting guidelines. He added that seasonally higher claims costs that typically occur in the first three months of the year also contributed to the company's results.

Maltz said the company "continues to aggressively manage medical and administrative costs while investing in innovative solutions that are helping both members and employers." He highlighted a number of recent initiatives to showcase that commitment:

- BCBSMA's Prescription Pain Medication Safety Program has improved safety and quality, decreased painkiller prescriptions, lowered addiction risk for members and prevented excess pills from reaching the community.
- Partnering with employers to improve the health of their employees and lowering their healthcare costs as celebrated in the sixth Annual Municipal Blue Innovation Awards. BCBSMA offers a team of wellness consultants who help employers strategize and execute comprehensive wellness programs while delivering cutting edge reporting and data analysis to help with health and medical management.
- Offering members innovative new online tools such as *ahealthyme*, a wellness website designed to be interactive and fun while helping members reach their personal health goals.

BCBSMA recently unveiled its 2013 annual report, an interactive website that uses a compelling combination of customer stories, videos and graphics to report on the company's progress as an innovator, problem solver, and trusted adviser during a time of unprecedented change in health care. *Leading Through Change: Health Care Solutions for the Reform Era* provides a broader, forward-looking perspective on the company's commitment to making high-quality health care affordable and accessible.

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. Connect with us on Facebook, Twitter, YouTube and LinkedIn.

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