Blue Cross Blue Shield of Massachusetts Announces First Quarter 2015 Financial Results

BOSTON — May 15, 2015 — Blue Cross Blue Shield of Massachusetts (Blue Cross), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. announced its first quarter 2015 financial results today and reported a combined after-tax net loss of $41.8 million. The results reflect an operating loss of $73.1 million, which includes an estimated $87 million in taxes and fees to support the Affordable Care Act (ACA). Blue Cross is the leading private health plan in Massachusetts with 2.8 million members.

“In addition to expensing the full year of ACA taxes and fees within the first quarter, the major story of the quarter, and likely for the year, is the increasing cost of so-called specialty medications which continue to rise after growing more than 30 percent in 2014,” said Allen Maltz, Blue Cross’ Chief Financial Officer. “Another factor is the typically higher claims costs that occur in the beginning of the year.”

Maltz noted that Blue Cross “continues to focus on delivering high quality, affordable health plans to our customers and members in a highly competitive marketplace while also aggressively managing administrative and medical costs.” He highlighted a couple of recent initiatives to showcase that commitment:

- In March, we announced that we are offering physicians and hospitals in Massachusetts a new payment model that changes the way health care is paid for to reward value over quantity for our PPO members who represent half of our commercial membership. As numerous studies have demonstrated, our payment model for HMO members, the Alternative Quality Contract (AQC), has led to dramatic improvements in the quality of care our members are receiving while lowering spending.
- In February, Blue Cross negotiated a discount for Gilead Sciences Inc.’s Harvoni and Sovaldi medications to treat Hepatitis C. The discount ensures that our employer customers save millions of dollars while making sure that our members continue to have access to these life-changing drugs.
- Our Prescription Pain Medication Safety Program continues to improve safety and quality, decrease painkiller prescriptions, lower addiction risk for members and has prevented more than 9.6 million excess pills from reaching the community.

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.

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