Blue Cross Releases Third Quarter Results

BOSTON — November 13, 2015 —Blue Cross Blue Shield of Massachusetts (Blue Cross), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc., today reported an after-tax net income of $35 million, which reflects an operating income of $22 million, in the third quarter of 2015. Blue Cross is the leading private health plan in Massachusetts with 2.8 million members.

"Our modest operating margin in the quarter reflects our commitment to keeping premiums affordable in an intensely competitive environment," said Blue Cross Chief Financial Officer Allen Maltz. "We continue to aggressively monitor expenses while we comply with regulatory requirements such as the major billing overhaul to ICD-10 (International Classification of Diseases) and costs associated with health reform."

Maltz noted that Blue Cross:

- Invested $50 million since 2011 to be prepared for the October 1, 2015 implementation of ICD-10, and has incurred more than $106 million in taxes and fees to support the Affordable Care Act in the first three quarters of 2015.
- Expanded its innovative payment reform models to deliver even greater value to customers by reaching an agreement with four Massachusetts physician and hospital organizations to provide care to thousands of its PPO members under a payment model that's been shown to improve the quality of patient care and lower health care costs.
- Aggressively monitors the rising cost of specialty medications. Specialty medications account for only 1 percent of all prescriptions written for Blue Cross members, but represent 35 percent of annual pharmacy spending, or approximately $500 million.

Blue Cross continues to be one of the highest-performing health insurers in the United States, according to the National Committee for Quality Assurance's Health Insurance Plan Ratings 2015–2016. Blue Cross is:

- The highest-rated Medicare PPO plan in America, with a rating of 4.5 out of 5. Our Medicare PPO was a top ten plan for four years from 2011-2015;
- One of the nation's top rated Medicare HMO plans; and in the top 10 percent nationally for private health insurance plans for both HMO and PPO products.

Blue Cross' Medicare Advantage HMO and PPO products are also top rated – receiving 4.5 out of 5 Stars by the Center for Medicare & Medicaid Services and was also recently named a Best Medicare Plan by U.S. News & World Report for 2016.

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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