BLUE CROSS BLUE SHIELD OF MASSACHUSETTS ANNOUNCES 2019 FINANCIAL RESULTS

Company also releases 2019 Annual Report, celebrating the power of partnerships

BOSTON – February 28, 2020 – Blue Cross Blue Shield of Massachusetts (Blue Cross), Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. reported an adjusted combined after-tax net gain of $122.7 million (1.4% percent net margin) in 2019. These results reflect an operating loss of $32 million, investment gain of $78 million and the benefit of federal tax law changes.



“Throughout 2019, we continued our disciplined approach to managing medical and administrative spending as part of our commitment to affordability and quality,” said Blue Cross chief financial officer Andreana Santangelo. “It was a strong year focused on developing solutions that enhance service and provide a better experience for our members.”

Blue Cross’ notable accomplishments in 2019 included the following:

- Named top health plan in Massachusetts for member satisfaction for the third consecutive year by J.D. Power, a global leader in consumer insights.
- Named in the top 10 percent of health plans in the country for quality by the National Committee for Quality Assurance.
- Earned high ratings from the Centers for Medicare & Medicaid Services for Medicare plans, including 5 stars out of 5 for its Medicare Prescription Drug Plan (PDP), making Blue Cross the only PDP individual plan with a five-star rating in New England.[i]
- Exceeded state and federal requirements for the amount of premium dollars spent on health care services for members for the seventh year in a row by spending more than 90 cents of every premium dollar on members’ medical care.

Adjusted net income is net income excluding non-recurring events. These items totaled approximately $92 million in 2019.

Today, Blue Cross also released its 2019 Annual Report, focused on its relentless pursuit of quality, affordable health care with an unparalleled consumer experience, including:

- **Payment innovation:** Our groundbreaking Alternative Quality Contract slowed the rate of medical spending growth by up to 12% while improving patient care over the course of eight years, according to a landmark study published by Harvard Medical School researchers in the New England Journal of Medicine in 2019. More than 80 percent of the physicians and hospitals in our network participate in the AQC.
- **Enhanced member experience:** The health plan began a new partnership with PillPack by Amazon Pharmacy, to offer members who take four or more medications a convenient, personalized service that removes the guesswork from managing prescriptions. By using the Pillpack app, members can receive timely home delivery of a dispenser with their monthly medications, sorted by dose, with a picture of each pill and the day and time it should be taken. In addition to making it easier to order, track, use and refill medications, the Pillpack app provides cost notifications for each order and keeps a record of overall medication spending. Blue Cross also announced a collaboration with Atrius Health, with the goal of co-creating new products and services for Atrius Health patients who are also Blue Cross members.
- **Community commitment:** The plan focused on forming strong partnerships with community programs and organizations that champion healthy living, including expanding the Dot Rx “prescription for healthy living” program to new communities - starting with East Boston - and introducing a new grant program that invests in five nonprofits to help launch a new idea or scale an existing model that improves access to nutritious meals, fitness opportunities or healthy environments in communities across Massachusetts. In total through its community efforts, Blue Cross contributed $8.1 million to 478 not-for-profit organizations, and 3,194 associates volunteered 28,500 hours as part of 285 community service projects, valued

at $1.02 million. Blue Cross also paid more than $168 million in federal, state, and local taxes and assessments. The Blue Cross Blue Shield of Massachusetts Foundation contributed $3.8 million in grants to 80 not-for-profit community organizations.

About Blue Cross Blue Shield of Massachusetts
Blue Cross Blue Shield of Massachusetts (bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We are committed to the relentless pursuit of quality, affordable health care *with* an unparalleled consumer experience. Consistent with our promise to always put our 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.

[i] Every year, Medicare evaluates plans based on a 5-star rating system.

CONTACT: Amy McHugh
amy.mchugh@bcbsma.com
617-246-2311