BLUE CROSS BLUE SHIELD OF MASSACHUSETTS ANNOUNCES LATEST RESULTS

Costs for members' medical care and prescriptions increasing at fastest rate in a decade

Major driver is GLP-1 medications; more than $300m spent on five drugs in 2024

BOSTON – February 28, 2025 – Blue Cross and Blue Shield of Massachusetts, Inc. and Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. (together, "Blue Cross") today reported a **net loss** of **$223.6 million** on revenue of $9.7 billion (-2.3% net margin) for the **full year 2024**. These results reflect an **operating** and other loss of **$400.4 million** (-4.3% operating margin), and an investment income of $176.8 million. These results compare to a year ago when Blue Cross reported a net income of $146.6 million (1.6% net margin) and an operating and other income of $47.8 million (0.4% operating margin) for the full year 2023.

"Costs for medical care and medications for our members have escalated rapidly and spending is now growing at the fastest rate in more than a decade," said Chief Financial Officer Ruby Kam. "The surge in spending is putting a heavy and unsustainable burden on our employer customers and members who are struggling to keep up with rising costs."

Kam noted that while the spending increase is across almost all categories of services, the costs related to new and popular GLP-1 weight loss medications have had the biggest single impact. In fact, five GLP-1 drugs now account for nearly 20% of Blue Cross' pharmacy spend, totaling more than $300 million in 2024, double the number in 2023.

Blue Cross is taking specific actions to address these significant financial challenges including pricing benefit plans to reflect higher costs, working collaboratively with physicians and hospitals to moderate the growth in the prices of services, and identifying solutions to address the major impact of prescription drug and pharmaceutical costs. At the same time, the company is also aggressively managing its administrative spending which it held flat last year through a series of actions such as implementing a hiring pause, eliminating some positions, consolidating its real estate footprint, and renegotiating vendor contracts.

For the fourth quarter 2024, Blue Cross reported a net loss of **$250.8 million** on revenue of $2.5 billion (-10.2% net margin). These results reflect an operating and other loss of **$286.6 million** (-11.8% operating margin), and an investment income of $35.8 million. These results also reflect a premium deficiency reserve for 2024.

Insights from our CEO

Our President and CEO Sarah Iselin looks ahead and shares her perspective on 2025's challenges and opportunities in this letter.

About Blue Cross Blue Shield of Massachusetts

Blue Cross Blue Shield of Massachusetts (bluecrossma.org) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We are committed to showing up for everyone like they're the only one and guiding our members to the exceptional health care they deserve – affordably, equitably and seamlessly. In keeping with our commitment, we are rated among the nation's best health plans for member satisfaction and quality. Connect with us on Facebook, Twitter, YouTube, and LinkedIn.
