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## News Release

**FOR IMMEDIATE RELEASE**

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### **BLUE CROSS BLUE SHIELD OF MASSACHUSETTS FILES FIRST QUARTER FINANCIAL RESULTS**

BOSTON – May 15, 2009 – Blue Cross and Blue Shield of Massachusetts, Inc. (BCBSMA) and Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. (BCBSMA HMO Blue) announced its 2009 first quarter, statutory financial results today and is reporting a combined after-federal-tax net loss of \$36.6 million. This total is comprised of a net income of \$3.9 million for BCBSMA and a net loss of \$40.5 million for BCBSMA HMO Blue. See attached fact sheet for details.

Allen Maltz, BCBSMA's Chief Financial Officer said, "First quarter results came in as expected given the typical seasonality in health care claims and the weakness in the financial markets and economy." Maltz noted that the company's operating income was comparable to a year ago, but investment income fell when compared to last year.

Maltz added, "In addition to working to reduce our own administrative expenses, which account for approximately \$.10 of every premium dollar on average, the company continues to focus on the \$.90 of every premium dollar that is used to pay for the health care services its members receive by working with providers to address overuse, underuse, and misuse of health care services and improve the quality of care and health outcomes for its members. It will take some time to see the impact of these initiatives, but it is a primary focus for the company and we are beginning to see positive signs that this work is getting traction." According to Maltz, employers continue to shift to products with higher co-pays and deductibles, which tends to produce lower premiums.

Maltz is also encouraged by the momentum of the Alternative Quality Contract (AQC), a new contract with physicians and hospitals designed to improve the quality of care our members receive and reduce the rate of medical cost trend over time. Since January of this year, five physician organizations and four hospitals have signed BCBSMA's AQC. These contracts currently impact approximately 1,500 physicians and 112,000 members. Maltz added, "The AQC is one example of a long-term initiative to address both quality and cost. We're only in the first inning with the AQC, but the interest in this new contract is promising."

Additional actions at BCBSMA to impact costs include a series of steps to reduce administrative spending, including a freeze on salaries and hiring, as well as actions that will reduce cash compensation for the company's senior executives in 2009 by approximately 30-50 percent.

BCBSMA continues to be the leading private health insurer in Massachusetts, with approximately 3,019,000 members as of March 31, 2009.

Blue Cross Blue Shield of Massachusetts ([www.bluecrossma.com](http://www.bluecrossma.com)) was founded 72 years ago by a group of community-minded business leaders. Today, headquartered in Boston, BCBSMA provides coverage to more than 3 million members, 2.5 million in Massachusetts. BCBSMA believes in rewarding doctors and hospitals for delivering safe and effective care, and in empowering patients to take more responsibility, become educated health care consumers, and become stronger partners with their doctors. Blue Cross Blue Shield of Massachusetts is an independent licensee of the Blue Cross Blue Shield Association.

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