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News Release

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BLUE CROSS BLUE SHIELD OF MASSACHUSETTS FILES SECOND QUARTER 2010 FINANCIAL RESULTS

BOSTON – August 13, 2010 – 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 second quarter, statutory financial results today and is reporting a combined after-tax net loss of \$14.3 million for the period from April through June. These results reflect an operating loss of \$36 million offset by investment income of \$20.6 million (see attached fact sheet for details). For the first half of 2010, the company experienced a \$79.5 million net loss as compared with a \$70.3 million net loss at the same time last year. Administrative expenses in the first six months of the year were 12% lower than the same period a year ago.

Allen Maltz, BCBSMA’s Chief Financial Officer said, “investment income improved due to the recovery in the financial markets. Operating results reflect the continued high claims levels in the merged individual and small group market and the impact of collecting inadequate premiums as a result of state rate caps. Inadequate premiums will remain in effect for the remainder of 2010 and into 2011 and will continue to negatively affect revenue.”

Maltz added, “With the distraction of premium rate caps behind us, we’re committed to working with doctors and hospitals to reduce the rising cost of medical care, the main driver of premium increases. We are asking highly paid hospitals and physicians’ practices and those who earn a healthy margin on caring for BCBSMA members to reduce their prices in order to provide real and lasting premium relief to employers and consumers.”

Blue Cross Blue Shield of Massachusetts continues to spend approximately 90 cents of each dollar collected in premiums to pay for members’ medical care such as doctor’s visits, prescription drugs, and hospital stays.

BCBSMA continues to be the leading private health plan in Massachusetts, with 2,901,798 members as of June 30, 2010.

Blue Cross Blue Shield of Massachusetts (www.bcbsma.com) was founded 73 years ago by a group of community-minded business leaders. Today, headquartered in Boston, BCBSMA provides coverage to nearly 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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