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## News Release

**FOR IMMEDIATE RELEASE**

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### **BLUE CROSS BLUE SHIELD OF MASSACHUSETTS FILES FIRST QUARTER 2010 FINANCIAL RESULTS**

BOSTON – May 17, 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 first quarter, statutory financial results today and is reporting a combined after-tax net loss of \$65.2 million (see attached fact sheet for details). Fifty-five million of this loss is a required accounting treatment that reflects the decision by the state Division of Insurance to disapprove adequate premium rates in the individual and small group markets.

“Accounting rules require health plans to immediately record the expected future losses caused by inadequate premium rates,” said Allen Maltz, BCBSMA’s Chief Financial Officer. “The \$55 million loss reflects that 2009 rates are being charged for coverage effective in April, May and June 2010, and these premium rates are inadequate to cover the actual cost of health benefits for customers in the small group and individual market. At this time, we are not reporting any anticipatory losses or making any assumptions about premium rates for effective dates beyond the second quarter.”

Maltz noted that first quarter results overall came in as expected with operating income affected by the typical seasonality of health care claims while investment income saw an improvement due to the recovery in the financial markets since the first quarter of last year.

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 with approximately 10 cents of each premium dollar used for administrative expenses and to fund our financial reserves.

BCBSMA continues to be the leading private health plan in Massachusetts, with 2,922,313 members as of March 31, 2010.

Blue Cross Blue Shield of Massachusetts ([www.bluecrossma.com](http://www.bluecrossma.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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**Fact Sheet**  
**BCBSMA and BCBSMA HMO Blue Inc. Combined results**

	<u><b>Q1 2010</b></u>	<u><b>Q1 2009</b></u>
Premiums	\$ 1.6 Billion	\$ 1.7 Billion
Claims	\$ 1.5 Billion	\$ 1.5 Billion
Operating Income (loss)	\$ (95.5) Million	\$ (49.0) Million
Investment Income (loss)	\$ 26.7 Million	\$ 13.7 Million
Federal Income Taxes (benefits)	\$ (2.9) Million	\$ 1.0 Million
Premium Deficiency Reserve (loss)	\$ (55.0) Million	Not Applicable
<b>Net Income (loss)</b>	<b>\$ (65.2) Million</b>	<b>\$ (36.6) Million</b>