



# Annual Report 2016

All about your health

## CEO Letter



“ We have taken the lead in offering solutions to complex issues that extend far beyond our own membership.

**Andrew Dreyfus**  
President & CEO



# Featured Stories

We continue to offer innovative, effective solutions to the health care challenges faced by consumers, employers, clinicians, and local communities.



## Members First

Delivering a simpler, more personal experience



## Total Health Engagement

Taking a holistic approach to employee wellness



## Serious Illness Care

Honoring patients' goals and values





**Quality Care Advantage**  
Expanding a national model for payment reform



**Innovation**  
Driving transformational innovation

## Year in Review

We enter 2017 financially and operationally strong, with our priorities firmly grounded in our Promise to *Always put our members first* and our Vision of *Making quality health care affordable*

## Company Overview



3,726

Associates Employed



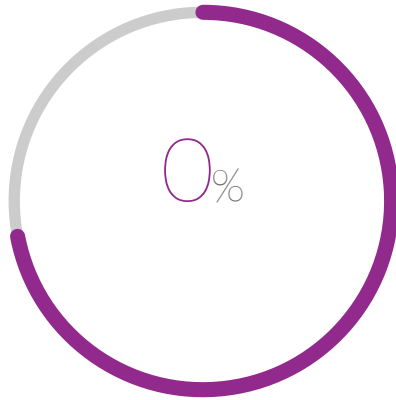
25,403

Employer Accounts

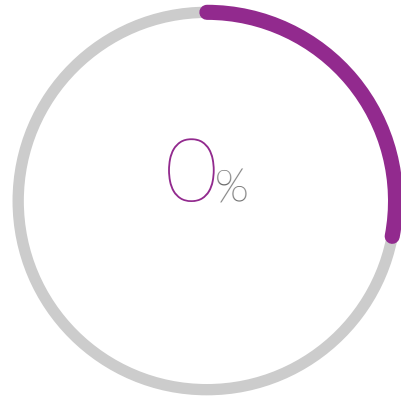


2,850,221

Blue Cross Blue Shield Members



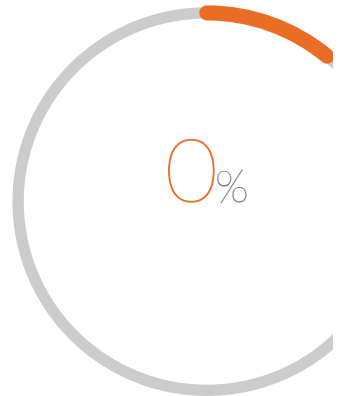
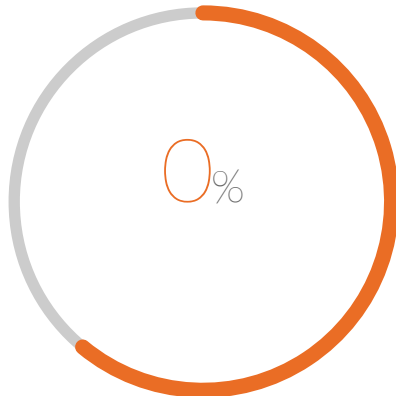
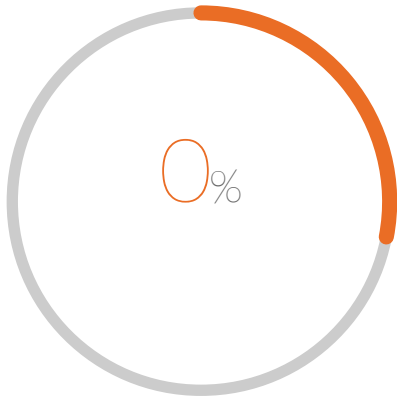
2,056,892  
Massachusetts  
Members



793,329  
Out-of-State Members

---

Product Lines



805,000  
HMO/POS

1,728,100  
PPO/Indemnity

310,370  
Senior  
Products/Medicare



818,000  
Dental Members

---

Operational Highlights



2.8M  
Calls Answered



48.6M  
Claims Processed



\$14.4B  
Paid Toward Member Care



\$300M  
Taxes and Assessments Paid



### Per Dollar Spent

90¢ Medical Care

10¢ Administrative Costs

45¢ Hospital Services



30¢ Physician Services



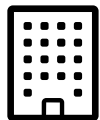
15¢ Prescription Drugs



- Pay & Benefits
- Facilities Maintenance
- Contributions to Reserves
- IT Investments
- Taxes & Assessments

### Zaffre Investments

We created Zaffre Investments to help fund innovations aimed at improving the delivery and u health care.



14

Portfolio Companies



\$50M

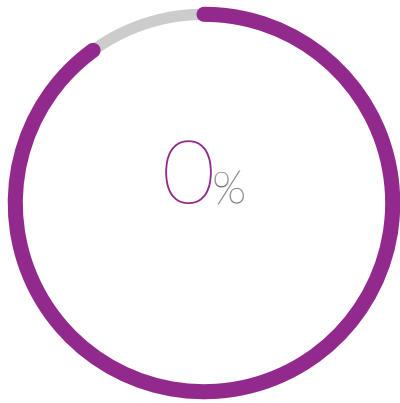
Portfolio Revenue



300

Companies Review

### Corporate Citizenship



3,295  
Associate Volunteers



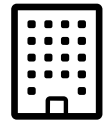
\$1.4M  
Value of Volunteer Service



\$5.7M  
Corporate Giving



\$3.9M  
Foundation Giving



550+  
Nonprofits Supported



36%  
Reduction in Electricity  
Use (since 2010)



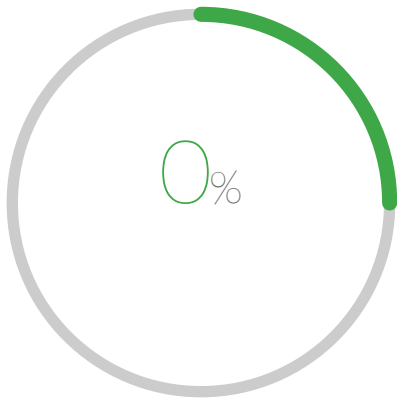
25%  
Reduction in Waste to  
Landfills (since 2010)



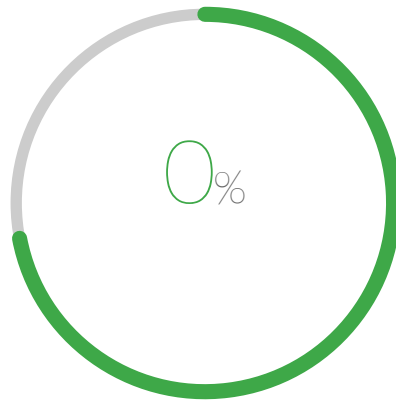
42%  
Reduction in Paper  
Use (since 2010)

## Diversity & Inclusion

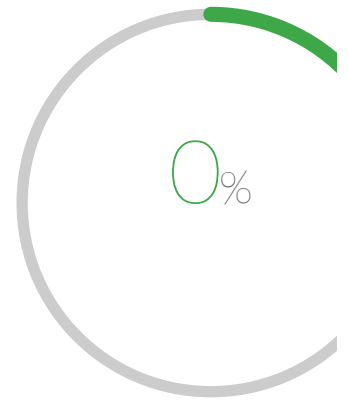




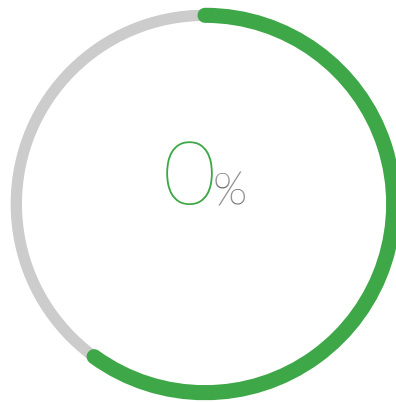
Associates of Color



Female Associates



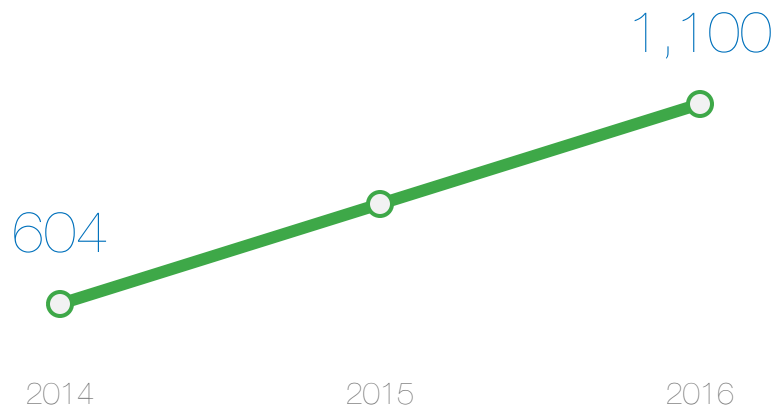
Millennial Associa



Leadership Positions held  
by Women (VP and above)



Associates in an Employee  
Resource Group



## Awards & Recognition



Our commercial PPO and HMO plans are among the highest-rated in the U.S., with our HMO plan receiving a top rating of 5.<sup>1</sup>



Our Medicare Advantage PPO and HMO plans are among the highest rated in the U.S.<sup>2</sup>



Our Medicare Advantage HMO plan and our Prescription Drug Plan (PDP) received a top rating of 5 out of 5 stars from CMS. Our Medicare Advantage PPO plan is also a high rated plan with 4.5 stars out of 5 stars.<sup>3</sup>

**Boston Business Journal**  
Healthiest Employers in  
Massachusetts

**Boston Business Journal**  
Top Charitable Contributor in  
Massachusetts

**Boston NAACP**  
Black Professional Net  
ERG Difference Maker

**Human Rights Campaign  
Foundation**  
Best Places to Work for LGBT  
Equality

**MassRIDES**  
Excellence in Commuter  
Options

**NAAAP Boston**  
Valued Corporate Partner

**Out & Equal at Work**  
LGBT ERG of the Year

**Rosoff 2020**  
Change Agent

**Springboard Consulting**  
Disability ERG Award of  
Excellence

**Worcester Business Journal**  
Best Health Insurance  
Provider

1 National Committee for Quality Assurance (NCQA) Private Health Insurance Plan Ratings 2016–2017.

2 National Committee for Quality Assurance (NCQA) Medicare Health Insurance Plan Ratings 2016-2017. Blue Cross Blue Shield of Massachusetts' Medicare Advantage PPO plan and Medicare Advantage HMO plan are rated 4.5 out of 5 on

nationally. NCQA is not affiliated with Blue Cross Blue Shield of Massachusetts or CMS, nor is the award given or endorsed by Medicare.

3 Medicare evaluates plans based on a 5-star rating system. Star ratings are calculated each year and may change from year to the next. Star Ratings can be found at [www.medicare.gov](http://www.medicare.gov).

## Financials

### 2016 Combined Balance Sheets and Income Statements

Our Combined Balance Sheets and Income Statements provide a statutory-basis overview of financial results of both Blue Cross Blue Shield of Massachusetts, Inc. and Blue Cross Blue Shield of Massachusetts HMO Blue, Inc.

### 2016 Audited Financial Reports

2016 Audited Financial Reports include Audited Statutory-Basis Financial Statements for Blue Cross and Blue Shield of Massachusetts, Inc. for the years ended December 31, 2016 and 2015 and Report of Independent Registered Public Accounting Firm.

The reports also include the Audited Statutory-Basis Financial Statements for Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. for the years ended December 31, 2016 and 2015 and Report of Independent Registered Public Accounting Firm.





# In the Community

Supporting Healthy Living

## Our Vision



“ Our vision is to help people across the Commonwealth thrive as healthy and engaged citizens by supporting programs and organizations that foster healthy eating, healthy, active lifestyles and healthy environments.

**Jeff Bellows**

Vice President, Corporate Citizenship & Public Affairs

## Our Healthy Living Focus



### Healthy Eating



### Healthy, Active Lifestyles



### Healthy Environment

## Our Programs



## Civic Engagement



## Sustainability

## Community Investments



## Public Affairs

## Executive Leadership



Front row (left to right)

**Stephanie Lovell**

Executive Vice President, Medicare and Chief Legal Officer

**Deborah Devaux**

Chief Operating Officer

**Andrew Dreyfus**

President and Chief Executive Officer

**Andreana Santangelo**

Executive Vice President, Chief Financial Officer

**Susan Sgroi**

Senior Vice President, Organizational Effectiveness, Chief Human Resources Officer

Back row (left to right)

**Jay McQuaide**

Senior Vice President, Corporate Communications & Citizenship

**Patrick Gilligan**

Executive Vice President, Sales, Marketing & Product

**Jason Robart**

President and CEO, Zaffre Investments, Chief Strategy Officer

**Bruce Nash**

Chief Physician Executive

Board of Directors





Missing from photo: Donald Stern, Director

Standing (left to right)

**Dorothy Puhly**

Director

**George Alcott, III**

Director

**Timothy Sweeney**

Director

**Francis J Callahan, Jr.**

Director

**Andrew Dreyfus**

President and Chief Executive Officer

**Philip W. Johnston**

Director

**Ralph Martin, II**

Director

**Robert Meenan, M.D.**

Director

**Marcy Reed**

Director

Sitting (left to right)

**Paula Price**

Director

**Helen Drinan**

Vice Chair

**Phyllis Yale**

Chair

**Benaree Wiley**

Director

**Adriana Karaboutis**

Director



Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association.

® Registered Marks of the Blue Cross and Blue Shield Association.

© 2018 2016 Blue Cross and Blue Shield of Massachusetts, Inc.

101 Huntington Avenue, Suite 1300, Boston, MA 02199-7611 | **1-800-262-BLUE (2583)**