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Blue Cross Blue Shield of Massachusetts Declines to Bid on Group Insurance Commission

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BCBSMA Municipal Blue product meets or exceeds potential GIC cost savings

BOSTON — November 28, 2007 — Blue Cross Blue Shield of Massachusetts (BCBSMA) has decided not to bid to participate in the Group Insurance Commission (GIC). BCBSMA carefully reviewed the GIC bid requirements before reaching its decision. As an independent insurer, BCBSMA retains the ability to offer MA cities and towns customized insurance plan designs that meet their specific cost and utilization needs. In addition, these cities and towns retain the ability to revisit their plan design annually, and maintain full local control over benefits.

"BCBSMA is committed to providing quality health insurance products and controlling the increasing cost of healthcare," said Stephen Booma, BCBSMA's Executive Vice President of Sales Marketing Service and IT. "The GIC has a different approach to provider tiering than BCBSMA. We believe that having the two organizations follow their approaches independently will result in a competitive environment that benefits Massachusetts cities and towns."

GIC bid requirements illustrate a fundamental difference in the approaches to physician tiering taken by BCBSMA and the GIC. The bid requirements mandate bidders participate in the tiering of specialists at the individual level, rather than the group level. BCBSMA currently tiers provider groups on quality and efficiency, but feels the measures available to tier individual specialists are unreliable. BCBSMA will not direct members to physicians on the basis of data that has not been shown to give an accurate and complete picture of physician performance. BCBSMA remains committed to its current methodology for provider tiering and will continue to make BCBSMA tiered products available to interested accounts. Maintaining two separate tiering systems for one insurer could result in increased administrative costs and create confusion among members and providers.

Typically, GIC products can be offered at a lower price point than traditional municipal insurance products because they have significant member cost sharing built into their plan designs. In response to interest from the marketplace, BCBSMA has created Municipal Blue. Similar to GIC offerings, Municipal Blue plans offer higher levels of cost sharing than traditional municipal insurance products. As a result, these products will generate premium savings that meet or

exceed savings generated by GIC products. Through BCBSMA, municipal groups have the opportunity to achieve these cost savings without being required to cede local control of health care, and can alter their benefit design as needed on an annual basis, rather than every three or six years.

"Cities and towns should review every option available to them when researching their health plan options," said Booma. "For some plans, joining the GIC may be an option. But for many, the best solution may be to stay with BCBSMA and join our Municipal Blue product to experience cost savings, without having to leave BCBSMA."

Blue Cross Blue Shield of Massachusetts (www.bluecrossma.com) was founded 70 years ago by a group of community-minded business leaders. Today, headquartered in Boston, BCBSMA provides coverage to more than 3 million members. 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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