

THE YEAR IN REVIEW: 2012

WASHINGTON



▶ Space Needle

Regence BlueShield serves select counties in the state of Washington and is an Independent Licensee of the Blue Cross and Blue Shield Association



Regence
your health, connected.SM

Growing with Washington

Regence has partnered with families, employers, doctors and hospitals to connect Washington residents with health care services for 95 years.

We serve more than 925,000ⁱ residents in Washington State (select counties), through their workplace or personal coverage, with customer service that sets the standard for the industry.ⁱⁱ And we hold strongly to our nonprofit heritage, which means our focus is on helping people first, today and for the long term.

Beyond Washington, our members have access to health care in all 50 states and around the world through our affiliation with the Blue Cross and Blue Shield Association's BlueCard® Program. We are proud to be one of The Blues®, the health plan of choice for one in three Americans.

Partnering for innovation

Health is personal, and we design our products and services to help our members achieve their personal best every day. And when they or their loved ones need care, we support them with personal service and tools that help them be an informed and powerful voice in their treatment.

Our award-winningⁱⁱⁱ, patient-centered care program connects primary care providers and specially trained nurses with chronically ill members to monitor their conditions and treatments, support adherence to care plans and encourage lifestyle adjustments.

We strengthen the partnership between patients and providers, equipping and educating both to arrive at the best care decision. We help lead the way among organizations that promote system-wide change to benefit our members and all Washington residents.

- ▶ We advance the work of the Puget Sound Health Alliance, through which more than 150 employers, health plans, hospitals and physician groups, government agencies, educational institutions, pharmaceutical companies and individuals, collaborate to improve health care quality and affordability.

Fostering healthy communities

We live and work among our neighbors, friends and families, and we are dedicated to making our communities stronger and healthier. Our Community Partner Organizations receive a three-year commitment of funding, as well as executive and volunteer support. This leaves them better positioned to fulfill their charitable missions for years to come.

- ▶ **Food Lifeline** is dedicated to ending hunger in Western Washington through its network of 300 food banks, meal programs and shelters. Our partnership with Food Lifeline through 2013 will support its development of a children's nutrition program.
- ▶ **Treehouse** is committed to improving the lives of more than 5,000 children living in foster care. Our support through 2013 funds the development of an educational model with an ambitious goal: achieving graduation rate equity for foster youth.

Overall, our community support exceeded \$1.4 million for Washington charitable activities in 2012. Additionally, our employees contributed \$394,967 for nonprofits through our annual giving campaign, and volunteered 1,151 hours.

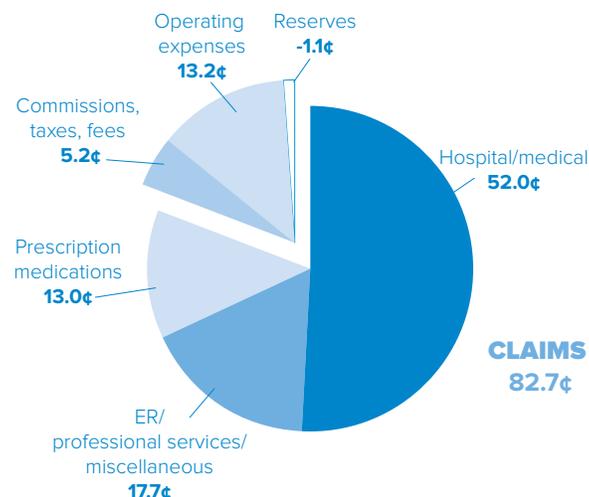


Value and service for every member, every day

In keeping with our nonprofit values, 82.7% of every premium dollar goes to pay our members' medical claims and expenses.^{iv} We invest the rest in services that help our members maintain their health, manage their conditions, and navigate the complexities of the health care system.

- ▷ Our Washington members filed nearly 1.4 million claims per month in 2012, for a total of 17,193,431 claims over the year, which were paid with a financial accuracy rate of 99.9%
- ▷ Customer Service handled 1.7 million phone calls in 2012, including more than 852,000 from our Washington members; 82% are resolved with just one call.
- ▷ Members can speak with a specially trained clinician at any time to answer health questions and receive assistance in self-managing their condition and care coordination.
- ▷ Members can access health records, treatment costs and comparison information, and participate in activities that encourage and reward health via myRegence.com, our 24/7 online platform.
- ▷ 1,700 employees in Washington provide or support customer service, ensure that we comply with all state and federal regulations, fight fraud and prudently manage member resources.

WHERE THE PREMIUM DOLLAR WENT 2012^{iv}



Long-term strength and stability

Our commitment to visionary leadership, sound fiscal management and prudent investment helped us earn an A.M. Best financial strength rating of A, with a stable outlook for the past six years.^v

Taxes and assessments

As a tax-paying nonprofit, Regence supports Washington through various fees and assessments:

- ▷ \$37.5 million in premium taxes to Washington State
- ▷ \$12.4 million to Washington State Health Insurance Pool
- ▷ \$5.6 million in federal taxes

TOTAL: \$55.5 million

Key Financial Metrics

	2010	2011	2012 ^{iv}
TOTAL REVENUE	\$2.3 billion	\$2.2 billion	\$2.2 billion
NET INCOME RATIO	2.2%	-0.5%	1.4%
MEDICAL LOSS RATIO % OF PREMIUM TO CLAIMS	82.9%	85.5%	82.7%
MONTHS IN RESERVES FOR UNFORESEEN COSTS	5.0 months	5.3 months	5.9 months

ⁱ Total members served.

ⁱⁱ Best of Blue award for First Call Resolution, 2012: 82% of member calls resolved in first contact.

ⁱⁱⁱ Clinical Distinction Award from the Blue Cross and Blue Shield Association, 2012.

^{iv} Data filed with the Washington State Office of the Insurance Commissioner according to statutory accounting principles.

^v A.M. Best news release, June 20, 2012.

CHANGE IS HERE

Our country is in the midst of the most far-reaching change to our health care system since the passage of Medicare and Medicaid in 1965. The Affordable Care Act (ACA) touches each of us and every aspect of coverage and care. It calls upon us all to take personal responsibility for becoming informed consumers and engaged patients.

The ACA helps states extend access to coverage and care in our communities. But our families, our businesses and even our government agencies struggle with affordability, as the cost of care continues to rise faster than inflation.

Regence is working with Washington agencies, provider networks and businesses to curb rising costs while ensuring that our members and all Washington residents get well-coordinated care when and where they need it. We also invest in tools and services to help our members make informed decisions. With all of us working together, we can make a difference in costs and quality.

Find out what change has in store for you. Visit us at healthcareandreform.com for the tools, resources and information that will help you navigate the changing health care landscape.

TO REACH US

Seattle

(206) 464-3600

1800 Ninth Avenue
Seattle, WA 98101

Tacoma

1 (888) 367-2122

1501 Market Street
Tacoma, WA 98402

Everett

(425) 348-8100

12728 196th Avenue SE
Suite 101
Everett, WA 98208

Burlington

1 (877) 276-5906

333 Gilkey Road
Burlington, WA 98233

Customer Service

1 (888) 334-6347

Sales office

1 (888) 734-3623

Media inquiries

(206) 332-3713

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Find us on Facebook: Regence BlueCross BlueShield



► Shi Shi Beach