



Operating as a Customer-Owned Health Insurer

Health Care Service Corporation (HCSC) is the largest customer-owned health insurance company in the nation and the fourth largest health insurer overall. As a non-investor-owned (NIO), mutual company serving more than 12.4 million members through its Blue Cross and Blue Shield plans in Illinois, New Mexico, Oklahoma and Texas, HCSC operates with a unique combination of focus, scope and philosophy.

Unlike a stockholder-owned company, a customer-owned company enjoys perfectly aligned interests. Individuals and employers who are served by HCSC are the same people who sustain the company. At HCSC, there are no third-party investors to demand priorities that would place financial returns ahead of service to our members.

Focusing on our members and on the communities in which we do business instead of stock prices and dividends allows HCSC to develop health care solutions with more flexibility and long-term perspective. Investments in technology, wellness and disease management programs, quality improvement initiatives and physician incentive arrangements are made with the goal of benefiting our members and improving the entire health care system. HCSC makes investments for the future because they are the right thing to do, not because they are financially expedient or provide quick returns for stockholders.

Accountability to customers rather than investors enables HCSC to weather cyclical economic patterns without resorting to bottom line-driven price increases. Short-term adjustments in service are not needed to meet the quarterly expectations of Wall Street. HCSC provides the same level of service to its members and to physicians and hospitals on the first day of the quarter as it does on the last day of the quarter.

HCSC's mission is to promote the health and wellness of its members and communities through accessible, cost effective, quality health care. To that end, our Blue Cross and Blue Shield plans operate throughout their states offering a full range of products. HCSC does not pick and choose only the most profitable markets or products.

Additionally, HCSC takes seriously its obligation to share in the responsibility for addressing the needs of the communities where it does business. At HCSC, we have worked on solutions for the uninsured in our states; we provide millions of dollars to eligible charitable, educational and governmental organizations to support programs and projects that address wellness and health care access and affordability issues; we partner with public and private organizations to provide more than 100,000 immunizations and other health services to disadvantaged children annually; and HCSC employees volunteer thousands of hours of personal time in company coordinated programs for community initiatives that improve health and well-being.

HCSC's guiding principles include the belief that the interests of our members and communities are of primary importance. Whenever we are faced with a difficult decision at HCSC, we only have to ask one basic question: What's best for our members?

We believe customer-owned is an appropriate structure for a health insurance company. This is how we have operated successfully and served our members for more than 70 years.

HCSC believes that NIO health insurers provide valuable competitive counterpoints to investor-owned insurers. And NIO companies keep money in the health care system where it benefits those who already have insurance coverage and those who must have the opportunity to access cost effective, quality health care. HCSC believes that reforms to our health care system must consider and preserve the role of NIO health plans.

About Health Care Service Corporation

Health Care Service Corporation, a Mutual Legal Reserve Company, is the largest customer-owned health insurer in the United States and the fourth largest health insurer in the country overall, with 12.4 million members in its Blue Cross and Blue Shield Plans in Illinois, New Mexico, Oklahoma and Texas. The company is an independent licensee of the Blue Cross and Blue Shield Association. HCSC also has a rating of AA- (Very Strong) from Standard and Poor's, A1 (Good) from Moody's and A+ (Superior) from A.M. Best Company. For more information, visit www.HCSC.com.