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MMIT Payer Profile

Health Care Service Corp.

July 2023

Executive Summary

- Health Care Service Corp. (HCSC) is the largest mutual health insurance company in the U.S. with more than 14.9 million medical lives.
- HCSC is the parent of Blue Cross Blue Shield plans in five states: Illinois, Texas, New Mexico, Montana and Oklahoma.
- Despite covering a regional area, HCSC is the fifth-largest health insurer in the country in terms of covered medical lives behind UnitedHealth Group, Elevance Health, Inc., CVS Health Corp.-owned Aetna and Centene Corp.
- HCSC has nearly 12.7 million beneficiaries enrolled in commercial plans, accounting for 84.8% of its total membership. It also offers health exchange, managed Medicaid and Medicare plans.
- Nearly 51% of HCSC's members are part of plans in Illinois, while nearly 41% of its enrollees are enrolled in plans in Texas.
- In 2022, HCSC generated premium revenue of \$49.6 billion – the most in the past five years.
- In December 2022, HCSC announced it would help support the TriWest Healthcare Alliance in administering the U.S. Department of Defense's TRICARE program starting in 2024. HCSC will work alongside TriWest to serve TRICARE-eligible members in Illinois, Montana, Oklahoma and Texas.
- In October 2022, HCSC completed its acquisition of Trustmark Health Benefits, a third-party administrator of health benefits.

Company Overview

Website

www.hcsc.com

Headquarters

Chicago, IL

Key Personnel

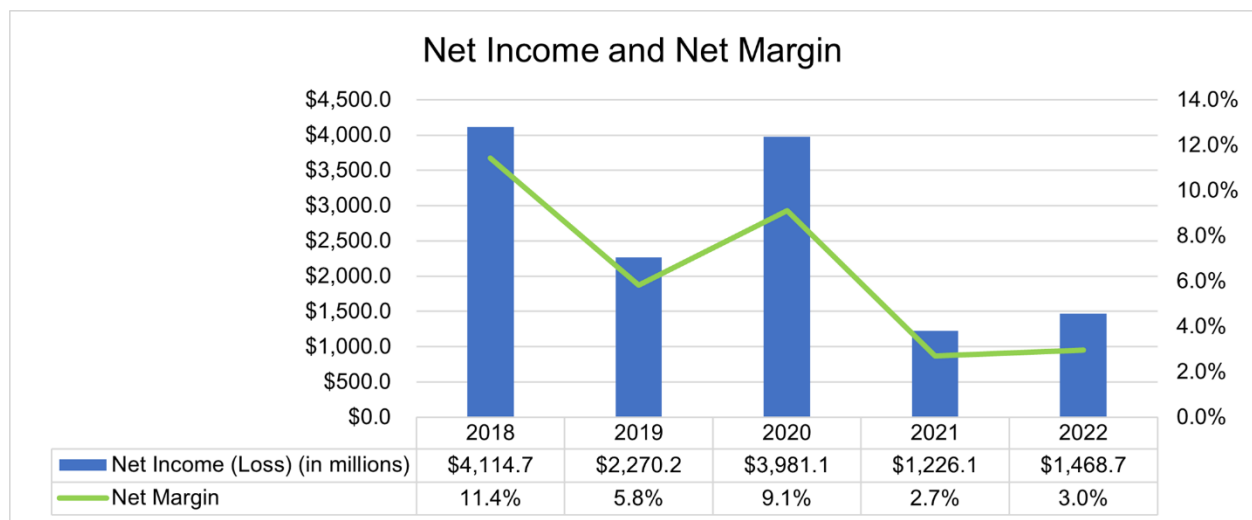
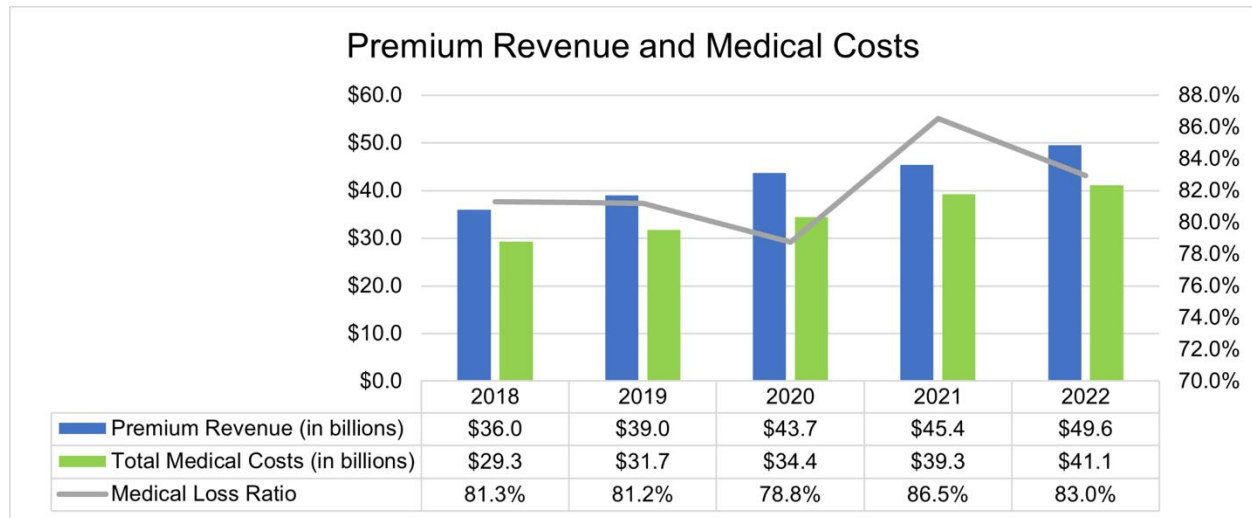
- Maurice Smith, Chief Executive Officer
- Opella Ernest, M.D., Executive Vice President, HCSC Commercial Markets
- Mike Frank, Senior Vice President and Chief Operating Officer
- James Walsh, Chief Financial Officer
- Monica Berner, M.D., Chief Clinical Officer
- Tom Boras, Chief Ethics, Compliance and Privacy Officer
- Arun Prasad, Chief Strategy Officer, HCSC and President, Diversified Businesses
- Jill Wolowitz, Senior Vice President and Chief Administrative Officer
- Nathan Linsley, Senior Vice President, Government and Individual Markets
- Catherine Nelson, Senior Vice President, Chief Legal Officer and Corporate Secretary
- Christine Kourouklis, President, Medicare
- Lauren Macklis, President, Individual and Family Markets

Ownership Structure

Health Care Service Corp. is a mutual legal reserve company and an independent licensee of the Blue Cross and Blue Shield Association

Financial Status

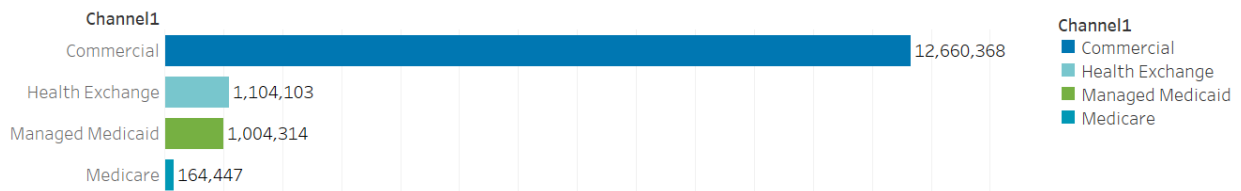
- In 2022, Health Care Service Corp. had \$1.47 billion of net income and \$49.6 billion of premium revenue, up from \$1.23 billion and \$45.4 billion, respectively, in 2021.
- HCSC had an 83% medical loss ratio in 2022, down from 86.5% the previous year.



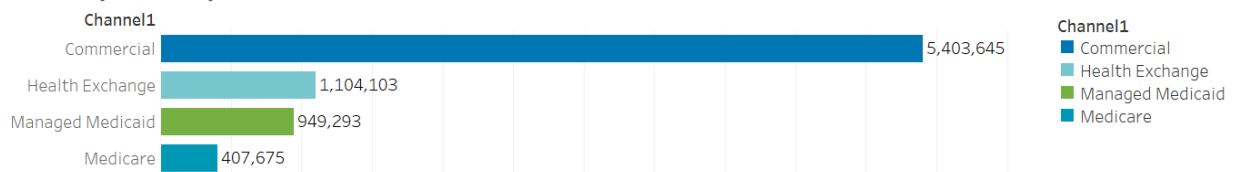
Healthcare Products

- Health Care Service Corp. offers PPO and HMO commercial plans as well as managed Medicaid plans, Medicare Advantage plans and health insurance exchange plans. HCSC subsidiaries offer group life, disability, vision and dental products.

Medical Lives by Channel



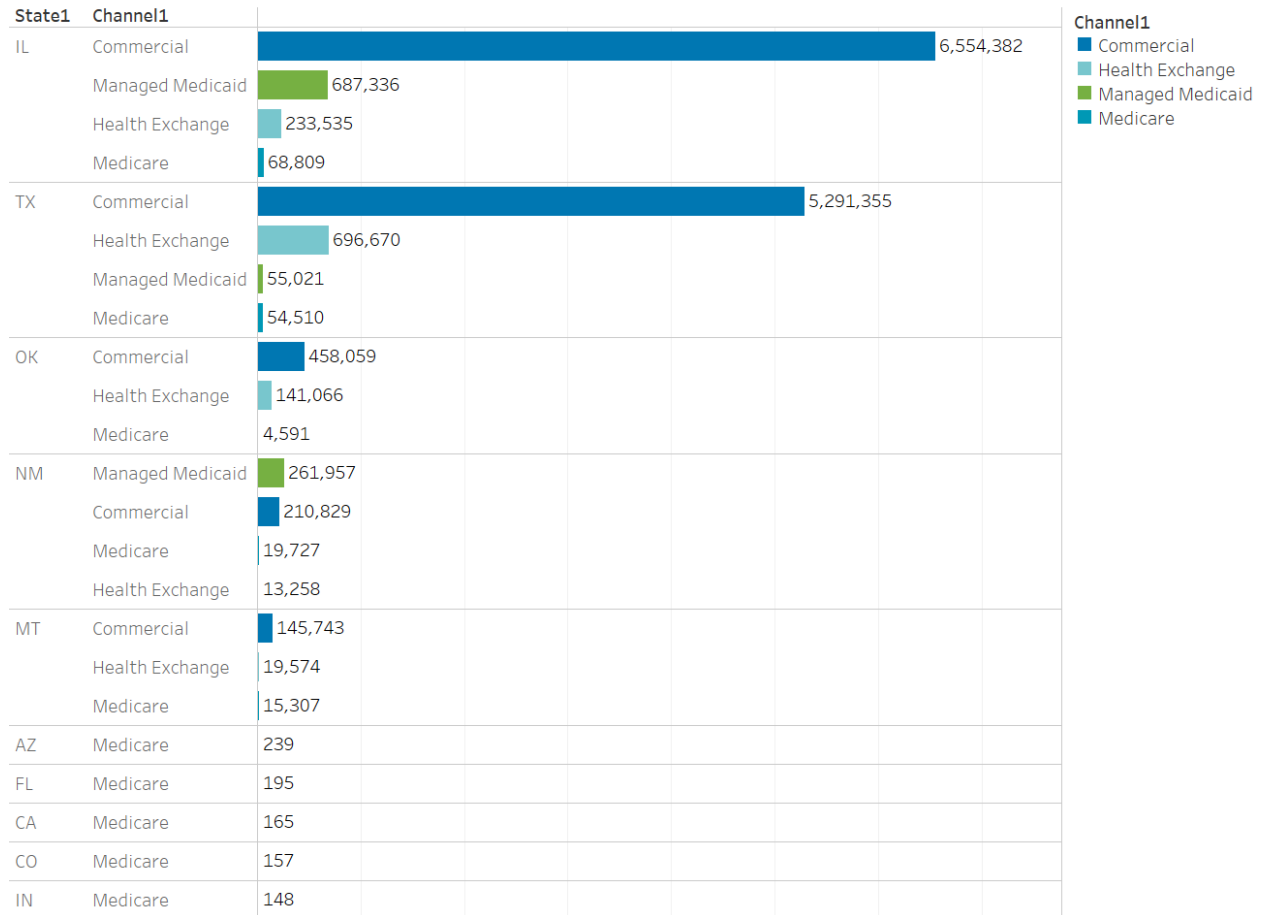
Pharmacy Lives by Channel



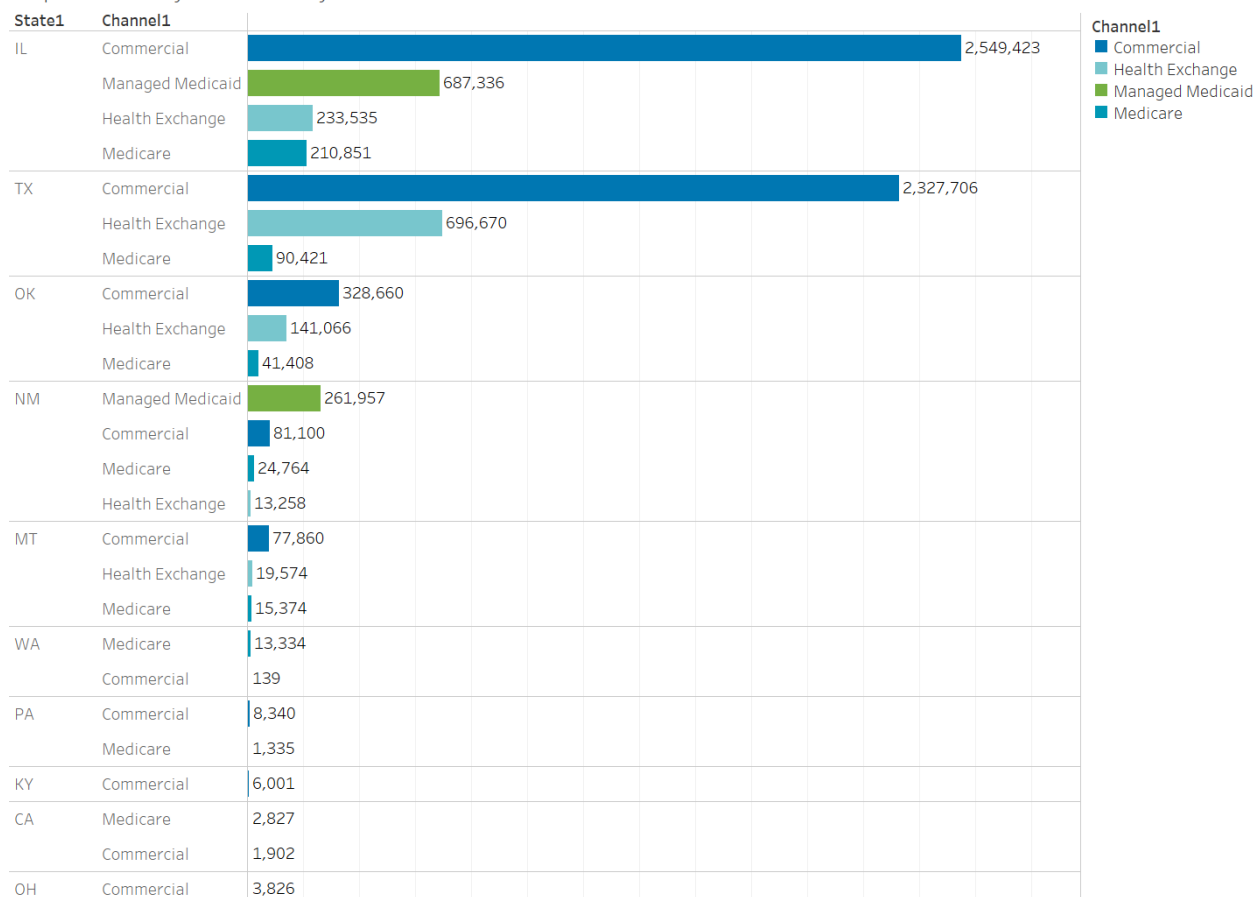
Geographic Presence

- Nearly 51% of Health Care Service Corp. members are part of plans in Illinois, including nearly 52% of its commercial beneficiaries and more than 68% of its managed Medicaid enrollees.
- Nearly 41% of HCSC's enrollees are part of plans in Texas, including 41.8% of its commercial members and 63.1% of its health exchange beneficiaries.
- HCSC also has a sizable presence across multiple segments in Oklahoma, New Mexico and Montana as well as a small number of Medicare enrollees in Arizona, Florida, California, Colorado and Indiana.

Top Medical Markets by Channel



Top Pharmacy Markets by Channel



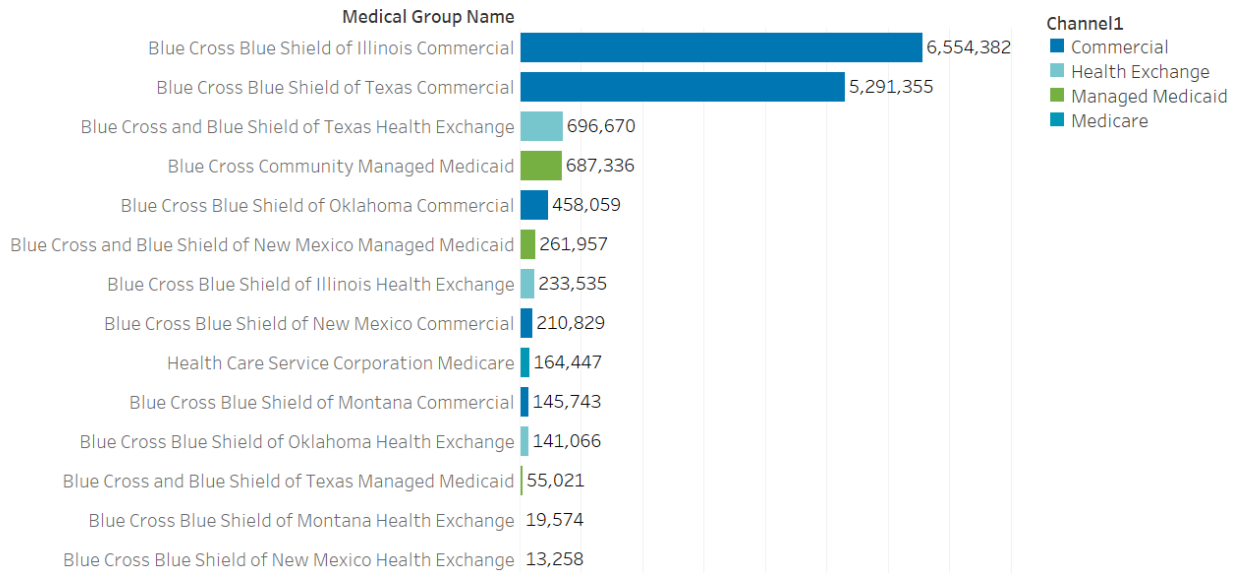
Subsidiaries

- Health Care Service Corp. has 22 subsidiary health plans. The company's wholly-owned subsidiaries include Dearborn Group, which offers life, disability, critical illness and vision insurance, as well as Medecision, Inc., a health management company.
- The largest health plan subsidiary is the Blue Cross Blue Shield of Illinois commercial PPO with more than 5.1 million members.

Medical Groups by Payer and Plan Type

Medical Group Name	Plan Type	Channel	Lives
Blue Cross Blue Shield of Illinois Commercial	HMO	Commercial	1,420,208
	PPO	Commercial	5,134,174
Blue Cross Blue Shield of Texas Commercial	HMO	Commercial	1,146,533
	PPO	Commercial	4,144,822
Blue Cross and Blue Shield of Texas Health Exchange	HMO-HIX	Health Exchange	696,670
Blue Cross Community Managed Medicaid	HMO - Medicaid	Managed Medicaid	687,336
Blue Cross Blue Shield of Oklahoma Commercial	HMO	Commercial	99,251
	PPO	Commercial	358,808
Blue Cross and Blue Shield of New Mexico Managed Medicaid	HMO - Medicaid	Managed Medicaid	261,957
Blue Cross Blue Shield of Illinois Health Exchange	HMO-HIX	Health Exchange	176,485
	PPO-HIX	Health Exchange	57,050
Blue Cross Blue Shield of New Mexico Commercial	HMO	Commercial	45,679
	PPO	Commercial	165,150
Health Care Service Corporation Medicare	MA	Medicare	29,329
	MA-PD	Medicare	135,118
Blue Cross Blue Shield of Montana Commercial	HMO	Commercial	31,576
	PPO	Commercial	114,167
Blue Cross Blue Shield of Oklahoma Health Exchange	PPO-HIX	Health Exchange	141,066
Blue Cross and Blue Shield of Texas Managed Medicaid	HMO - Medicaid	Managed Medicaid	55,021
Blue Cross Blue Shield of Montana Health Exchange	HMO-HIX	Health Exchange	14,793
	PPO-HIX	Health Exchange	4,781
Blue Cross Blue Shield of New Mexico Health Exchange	HMO-HIX	Health Exchange	13,258

Top Medical Groups by Payer and Channel



Provider Relationships

- In 2022, Health Care Service Corp. contracted with a network of 406,388 providers and 9,246 health care facilities.
- HCSC in recent years has increased the number of value-based care arrangements with providers. The initiatives include a quality bonus program that rewards providers for quality reporting and performance as well as episodes of care reimbursement that give providers a negotiated payment for all services related to an episode of care.
- HCSC noted that in 2022 it had year-over-year improvement in the rates of preventive screenings, immunizations, controlling blood pressure and diabetes, which the insurer attributed primarily to its health data exchange program with providers.

Vendor Relationships

- HCSC led a \$280 million Series F funding round in March 2021 for Collective Health, a health technology company. HCSC began offering Collective Health's platforms to its members in Illinois and Texas in 2022.
- HCSC partnered with Teladoc Health to offer virtual primary care to some employer groups in Illinois and Texas starting in 2023.

Key Market Events

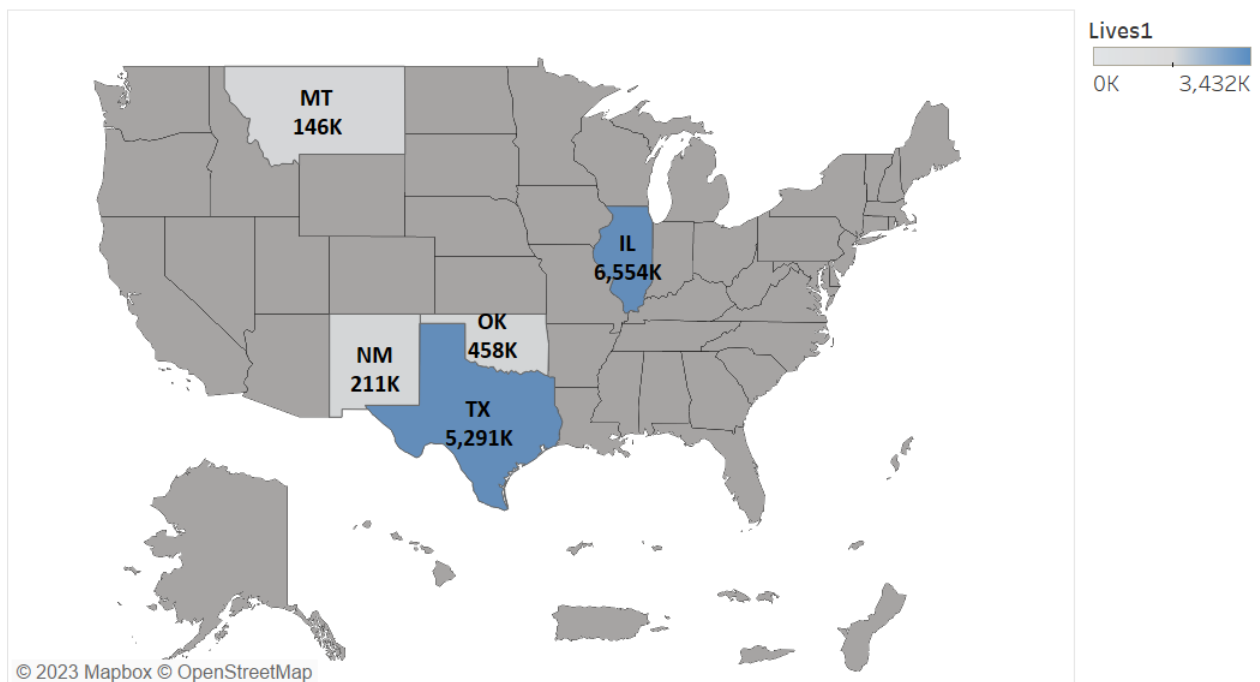
- In 2023, HCSC expanded its use of a proprietary augmented intelligence tool for prior authorizations. The insurer's tool includes requests for inpatient acute care, long-term acute care, inpatient rehabilitation, home health and other services. The company also has an artificial intelligence tool that it claims is used for 93% of its members.
- HCSC expanded the number of behavioral health providers available to members via its addition in 2023 of Headway as an in-network provider for its beneficiaries in Illinois and Texas. Headway has a network of more than 21,000 mental health providers.
- In December 2022, HCSC announced it would help support the TriWest Healthcare Alliance in administering the U.S. Department of Defense's TRICARE program starting in August 2024. HCSC will work alongside TriWest to serve TRICARE-eligible people in Illinois, Montana, Oklahoma and Texas.
- In October 2022, HCSC completed its acquisition of Trustmark Health Benefits, a third-party administrator of health benefits.

Commercial Market

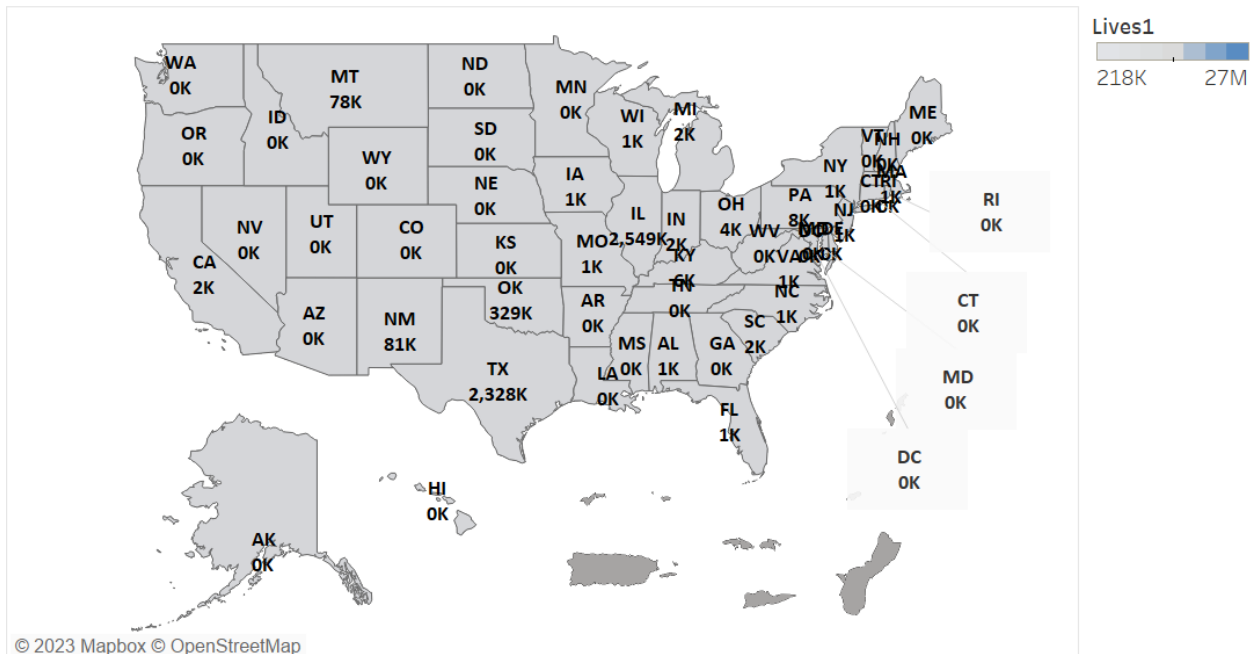
Summary

- Health Care Service Corp. is the U.S.'s fifth-largest insurer in the commercial channel with nearly 12.7 million covered medical lives.
- The commercial segment is by far HCSC's largest, accounting for 84.8% of its total covered medical lives.
- More than 78% of Aetna's commercial members, or more than 9.9 million lives, are in PPO plans. The remaining members are in HMO plans.

Commercial Heat Map: Medical Lives



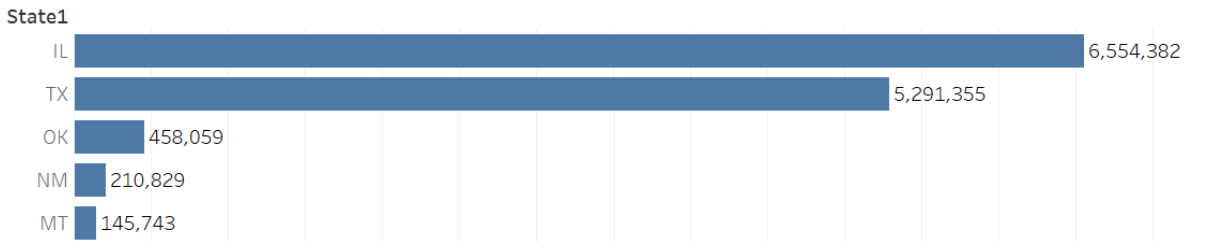
Commercial Heat Map: Pharmacy Lives



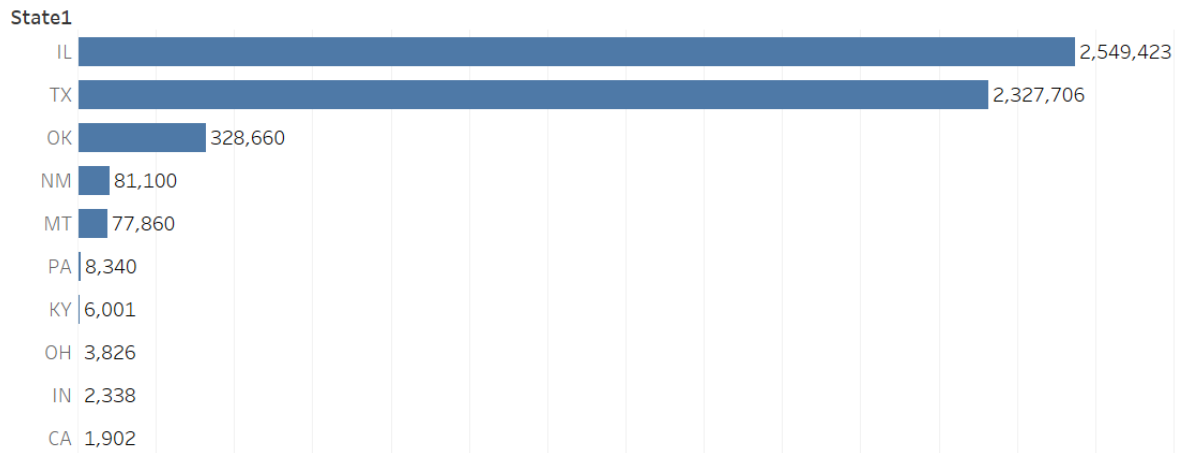
Key Takeaways

- HCSC has more than 5 million commercial members in two states: Illinois and Texas.
- Illinois is HCSC's largest commercial market with more than 6.5 million enrollees, accounting for 51.8% of the insurer's total commercial membership. Aetna is the largest commercial insurer in the state with a 74% market share.
- In Texas, HCSC has nearly 5.3 million commercial beneficiaries, making it the largest commercial insurer in the state with a 42.4% market share.
- HCSC is also the largest commercial insurer in Oklahoma (458,059 beneficiaries), New Mexico (210,829 members) and Montana (145,743 enrollees).

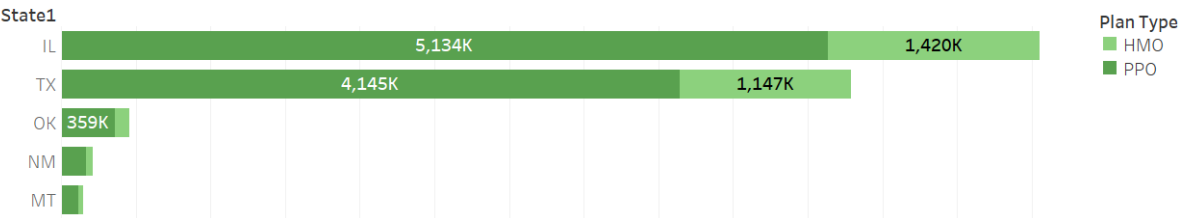
Top Commercial Markets: Medical Lives



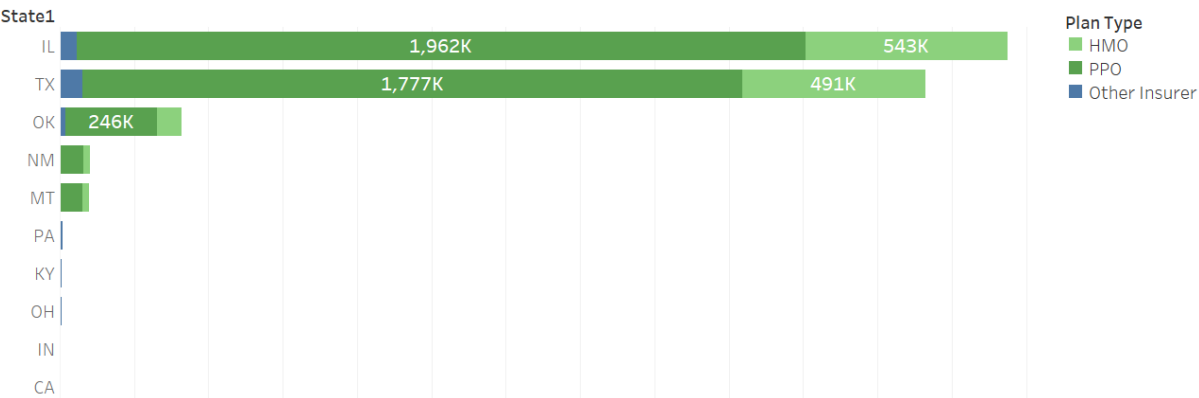
Top Commercial Markets: Pharmacy Lives



Top Commercial Markets by Plan Type: Medical Lives



Top Commercial Markets by Plan Type: Pharmacy Lives

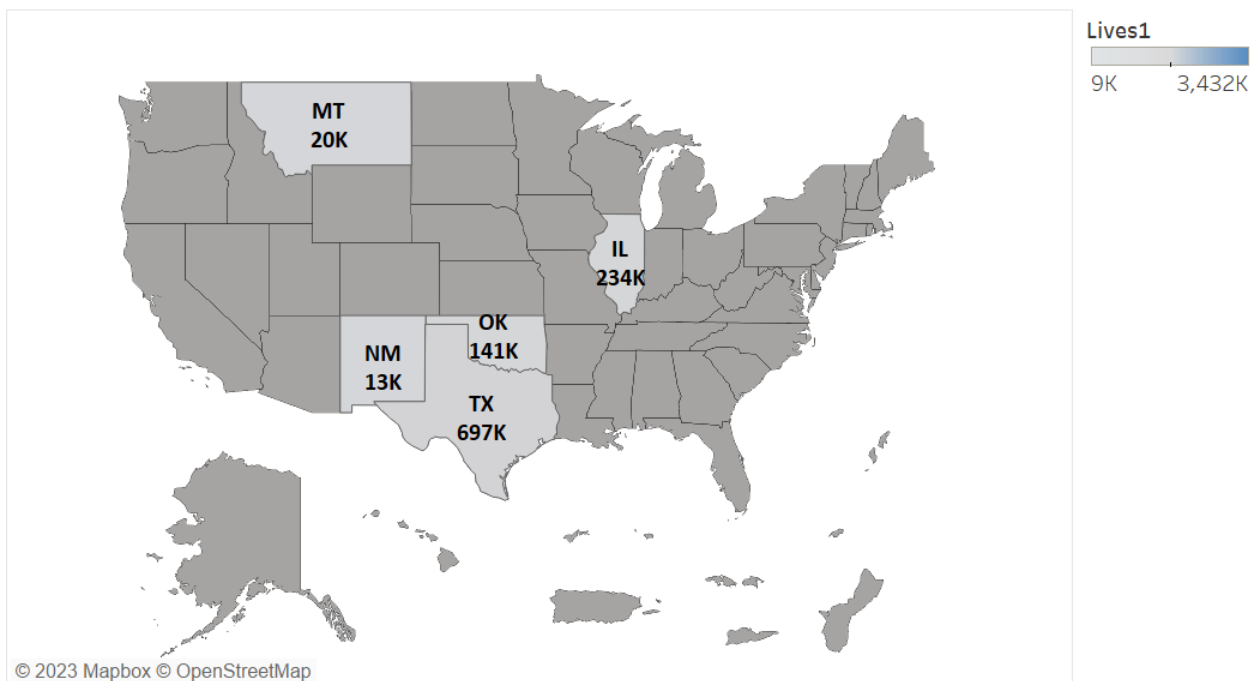


Exchange Market

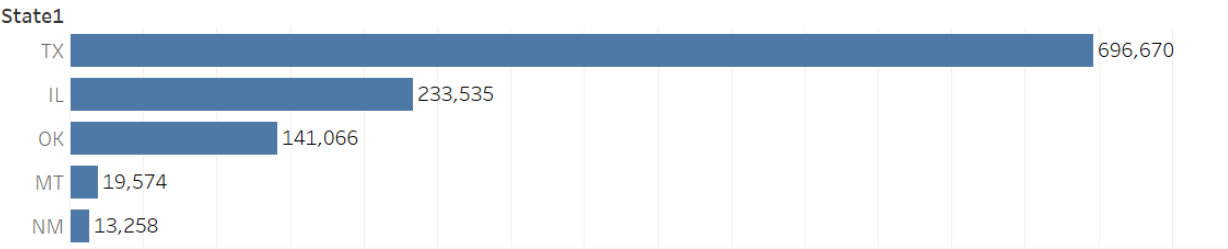
Summary

- Health Care Service Corp. is the fourth-largest health exchange in the insurer.
- HCSC covers just over 1.1 million exchange lives in five states, making it the insurer's second-largest channel behind the commercial segment.
- HCSC's largest exchange market is Texas, where it has 696,670 covered lives. It is the second-largest exchange insurer in the state behind Centene Corp. It is also the largest exchange insurer in Illinois, Oklahoma and Montana.

Exchange Heat Map: Medical/Pharmacy Lives



Top Exchange Markets: Medical Lives



Top Exchange Markets: Pharmacy Lives

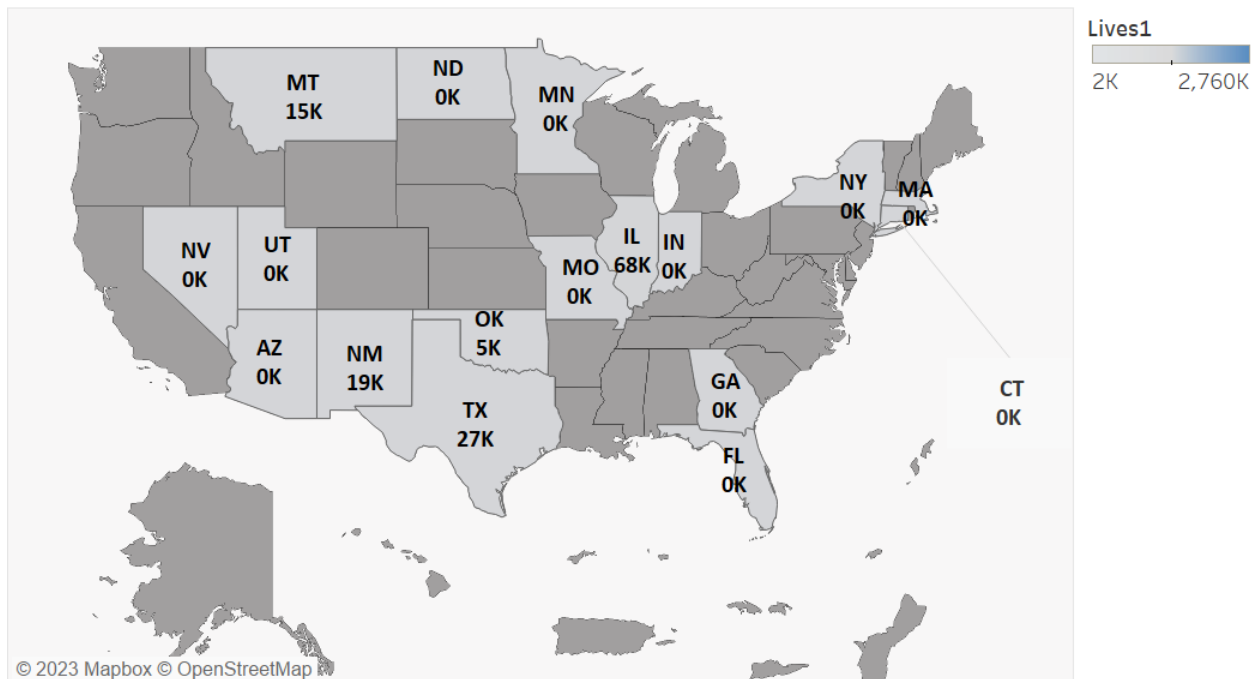


Medicare Market

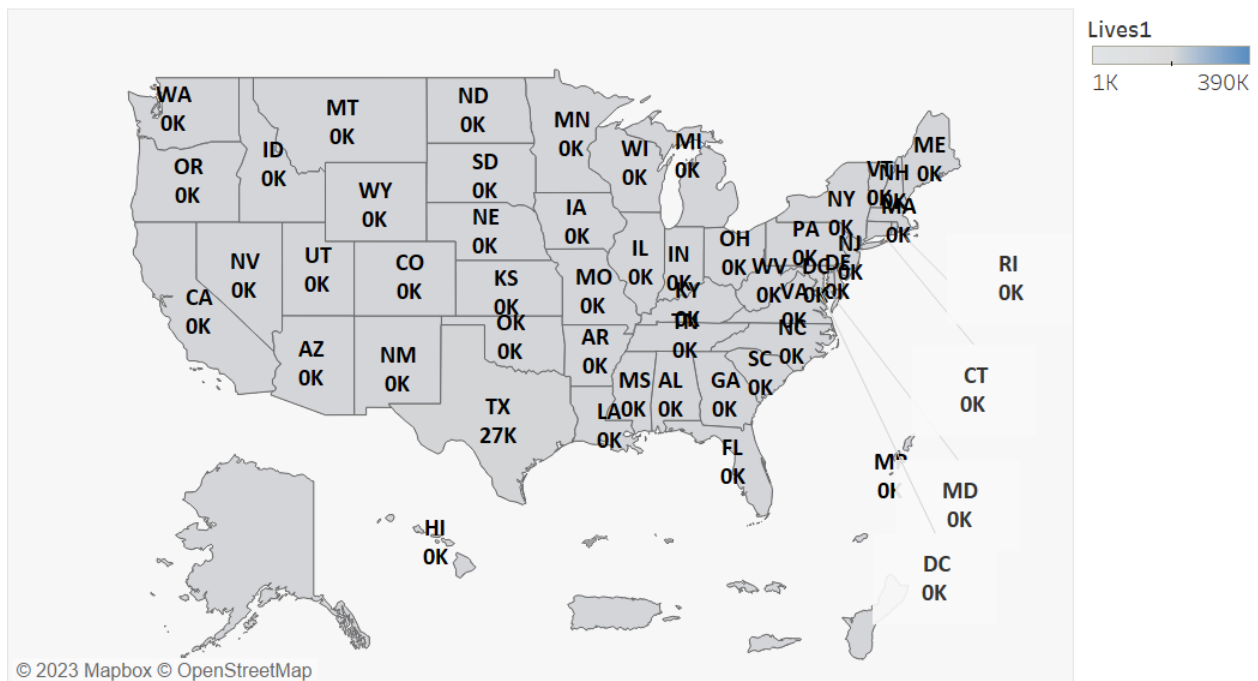
Summary

- Health Care Service Corp. covers 164,447 medical lives in Medicare plans, accounting for just 1.1% of its total membership and making it the insurer's smallest segment.
- Aetna has Medicare Advantage Prescription Drug (MA-PD) members in 10 states: Illinois, Texas, New Mexico, Montana, Oklahoma, Indiana, Arizona, Nevada, Utah and North Dakota.

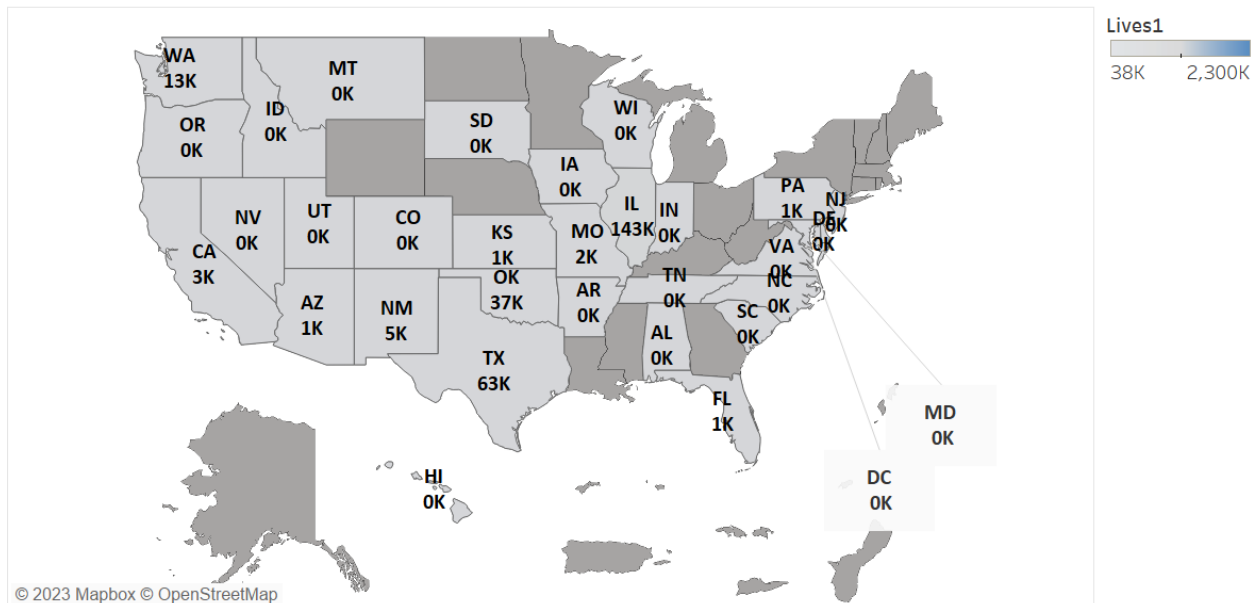
Medicare Advantage MA-PD Heat Map: Medical Lives



Medicare Advantage MA-Only Heat Map: Medical Lives



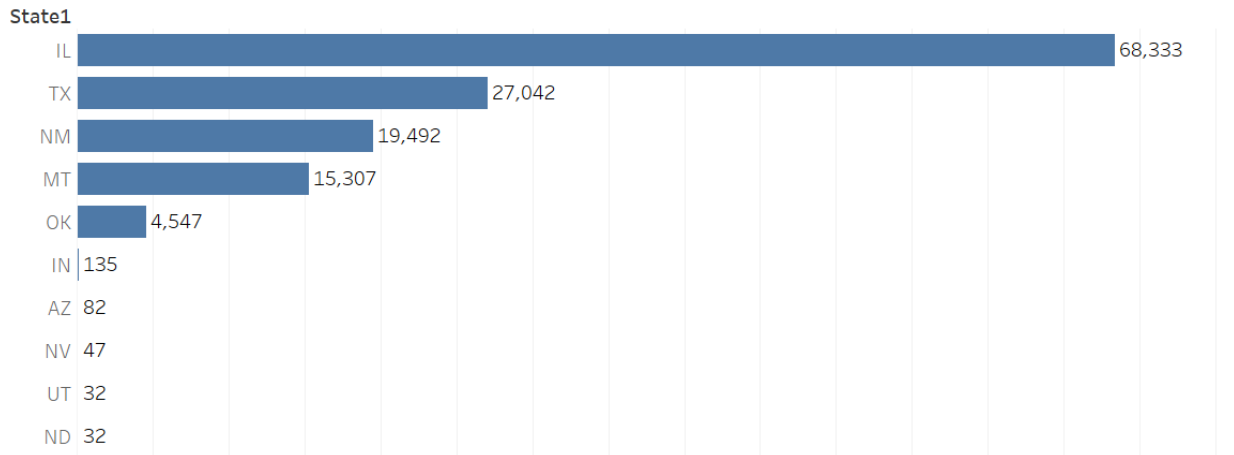
Medicare PDP Heat Map: Pharmacy Lives



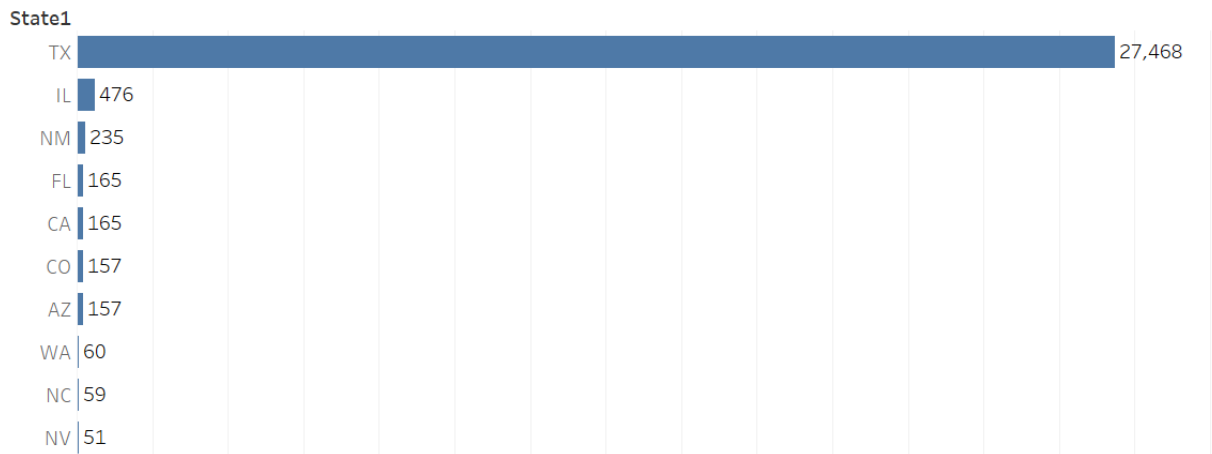
Key Takeaways

- After departing the Medicare market for several years, HCSC in 2012 began re-offering MA plans as well as Medicare Supplement and Prescription Drug Plan coverage.
- In 2023, HCSC had the biggest MA-PD expansion effort in its history when it rolled out offerings in more than 150 new counties in Illinois, Montana, New Mexico, Oklahoma and Texas. Most of the new counties are in rural and underserved areas.
- HCSC's largest MA-PD market is Illinois, where it covers 68,333 lives. It is the fourth-largest MA-PD insurer in the state.
- HCSC has 27,042 MA-PD lives in Texas, making it the insurer's second-largest market in the segment. It is the ninth-largest MA-PD insurer in Illinois.

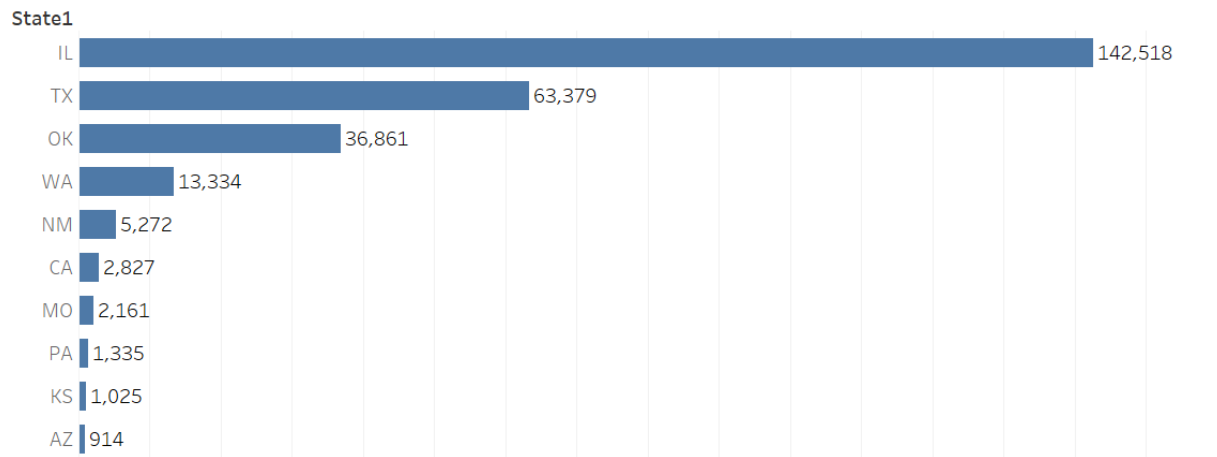
Top Medicare Advantage MA-PD Markets: Medical Lives



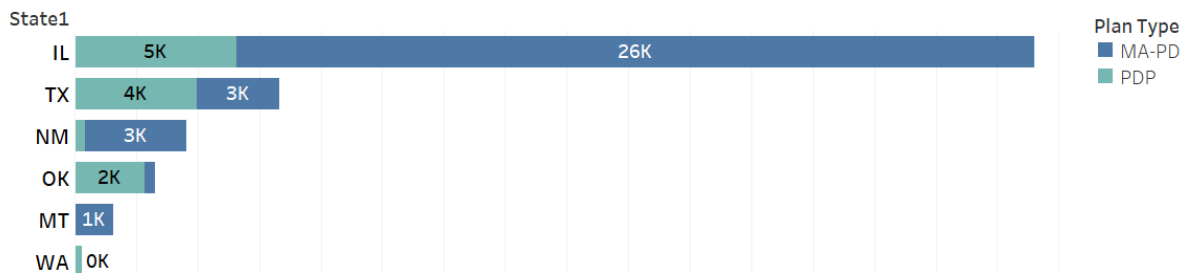
Top Medicare Advantage MA-Only Markets: Medical Lives



Top Medicare PDP Markets: Pharmacy Lives



Medicare Low-Income Subsidy (LIS) Pharmacy Lives

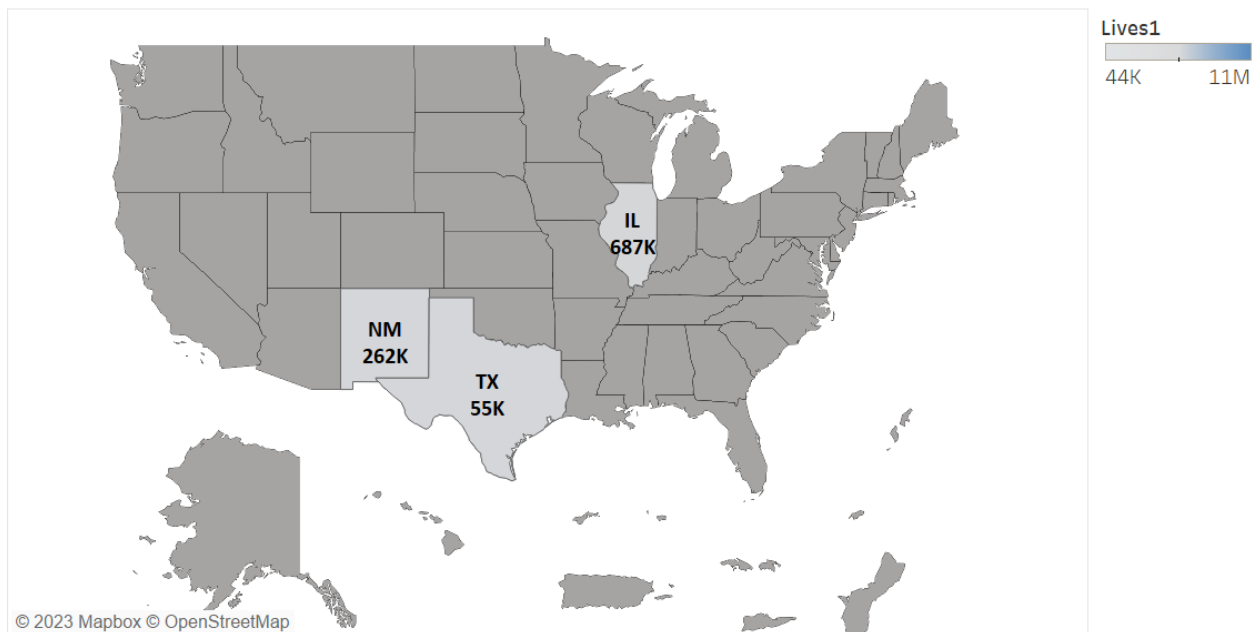


Medicaid Market

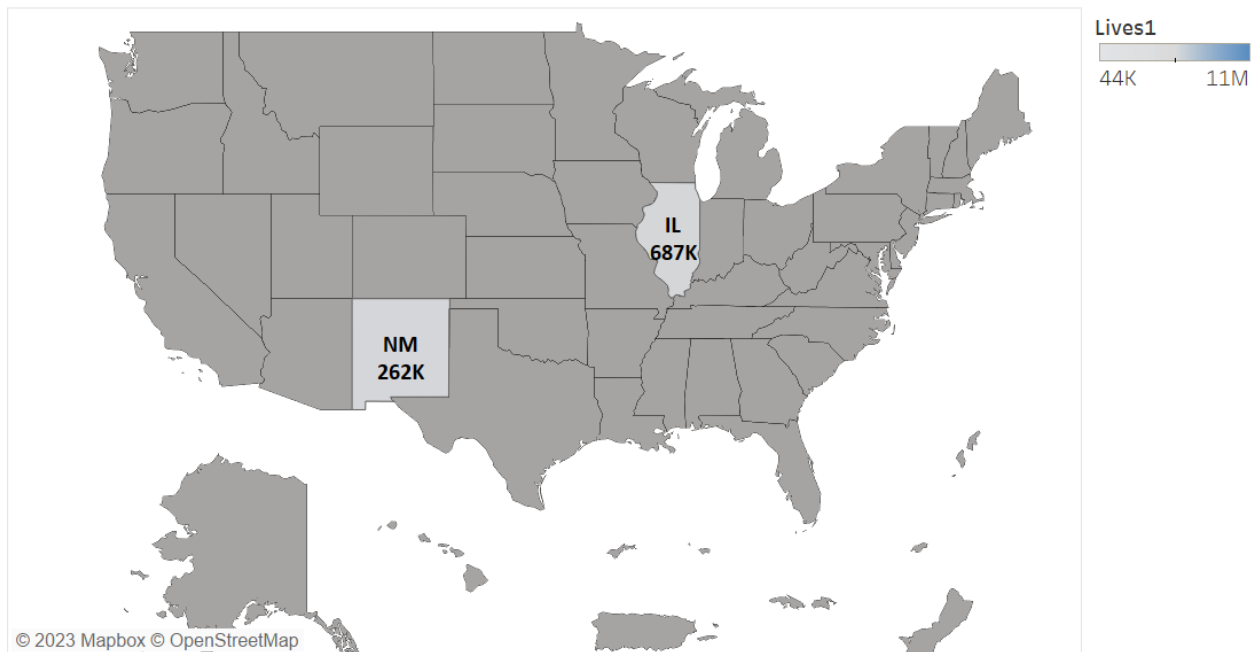
Summary

- Health Care Service Corp. covers just more than 1 million managed Medicaid lives, accounting for 6.7% of its total medical membership.
- HCSC is the 13th-largest managed Medicaid insurer in the U.S.
- HCSC offers managed Medicaid lives in three states: Illinois, New Mexico and Texas.

Medicaid Heat Map: Medical Lives



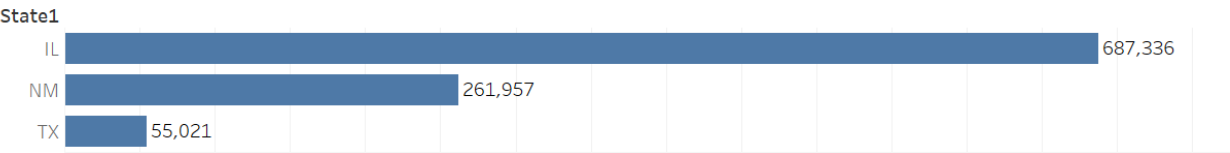
Medicaid Heat Map: Pharmacy Lives



Key Takeaways

- HCSC's largest managed Medicaid market is Illinois, where it covers 687,336 lives, accounting for 68.4% of its total Medicaid membership. It is the second-largest managed Medicaid insurer in the state behind Centene Corp.
- New Mexico is HCSC's second-largest managed Medicaid market. The insurer has 261,957 managed Medicaid lives in the state, making it the second-largest insurer in the channel behind Presbyterian Healthcare Services.
- HCSC's other managed Medicaid market is Texas, where it has 55,021 members. It is the second-smallest of the 15 managed Medicaid insurers in Texas.

Top Medicaid Markets: Medical Lives



Top Medicaid Markets: Pharmacy Lives



Pharmacy Benefits

Summary

- Through its commercial, Medicare, Medicaid and health exchange products, Health Care Service Corp. has nearly 7.9 million pharmacy lives. It has the 10th-most pharmacy lives in the U.S.
- Nearly 69% of HCSC's pharmacy lives, or 5.4 million, are in the commercial segment. About 14%, or 1.1 million lives, are in health exchange plans, while 12%, or 949,293 lives, are in managed Medicaid plans. The remaining are in Medicare plans.

Number of Formularies by Channel



Key Takeaways

- HCSC has 66 formularies, consisting of 45 commercial formularies, 11 health exchange formularies and five formularies apiece in the managed Medicaid and Medicare segments.
- In the commercial channel, the company's most influential formulary is BCBS of Illinois Basic 6 Tier with nearly 2.7 million lives.
- Blue Medicare Advantage Semi Custom is HCSC's largest Medicare formulary with 79,318 pharmacy lives.
- The company's largest managed Medicaid formulary is Blue Cross Community Health Plans with 687,336 pharmacy lives.
- BCBS of Texas HIX 6 Tier is the company's largest health exchange formulary with 696,670 pharmacy lives.

Formulary Name and Lives by Line of Business

Channel	Formulary Name	Lives
Commercial	BCBS of Illinois Basic 6 Tier	2,678,782
	BCBS of Illinois Performance Formulary	2,162,946
	BCBS of Texas Basic 6 Tier	1,411,211
	BCBS of Texas Performance Formulary	1,271,512
	BCBS of Texas Performance Select Formulary	1,092,135
	BCBS of Texas Performance Annual Formulary	412,725
	BCBS of Illinois Balanced Formulary	393,262
	BCBS of Illinois Performance Annual Formulary	327,719
	BCBS of Texas Balanced Formulary	271,975
	BCBS of Illinois Enhanced 6 Tier	262,175
	BCBS of Illinois Performance Select Formulary	232,680
	BCBS of Texas Enhanced 6 Tier	225,411
	BCBS of Illinois Multi-Tier Enhanced 6 Tier	196,631
	BCBS of Texas Multi-Tier Basic 6 Tier	180,435
	BCBS of Texas Multi-Tier Enhanced 6 Tier	167,735
	BCBS of Illinois Multi-Tier Basic 6 Tier	167,136
	BCBS of Oklahoma Basic 6 Tier	156,660
	BCBS of Oklahoma Performance Formulary	146,578
	BCBS of Texas Basic Annual Formulary	96,831
	BCBS of Texas Multi-Tier Enhanced Annual	90,482
	BCBS of New Mexico Basic 6 Tier	77,103
	BCBS of New Mexico Performance Formulary	76,636
	BCBS of Illinois Basic Annual Formulary	65,543
	BCBS Montana Basic 6 Tier	59,977
	BCBS of Oklahoma Performance Select Formulary	49,470
	BCBS of Oklahoma Enhanced 6 Tier	45,805
	BCBS of Montana Performance Formulary	39,379
	BCBS of Texas Enhanced Annual Formulary	38,626
	BCBS of Oklahoma Multi-Tier Enhanced 6 Tier	36,644

	BCBS of Illinois Multi-Tier Basic Annual Formulary	32,771
	BCBS of Texas Multi-Tier Basic Annual Formulary	32,277
	BCBS of New Mexico Performance Select Formulary	27,218
	BCBS of Illinois Enhanced Annual Formulary	26,217
	BCBS of Oklahoma Balanced Formulary	13,741
	BCBS of Montana Performance Select Formulary	11,178
	BCBS Montana Multi-Tier Enhanced 6 Tier	11,047
	BCBS of New Mexico Enhanced 6 Tier	10,267
	BCBS Montana Enhanced 6 Tier	9,662
	BCBS of Oklahoma Multi-Tier Basic 6 Tier	9,161
	BCBS of Illinois Multi-Tier Enhanced Annual Formulary	8,520
	BCBS of Montana Balanced Formulary	8,292
	BCBS of New Mexico Multi-Tier Enhanced 6 Tier	7,547
	BCBS Montana Multi-Tier Basic 6 Tier	6,208
	BCBS of New Mexico Balanced Formulary	6,029
	BCBS of New Mexico Multi-Tier Basic 6 Tier	6,029
Health Exchange	BCBS of Texas HIX 6 Tier	696,670
	Blue Cross Blue Shield of Illinois Marketplace 6 Tier HMO-HIX	176,485
	BCBS of Oklahoma 6 Tier HIX	141,066
	Blue Cross Blue Shield of Illinois Marketplace 6 Tier HIX	57,050
	BCBS of Montana Marketplace HIX	19,574
	BCBS of New Mexico HIX	13,258
Managed Medicaid	Blue Cross Community Health Plans	687,336
	BCBS New Mexico Centennial Care	261,957
	Blue Cross and Blue Shield of Texas STAR	44,537
	Blue Cross Blue Shield of Texas STAR Kids	8,965
	Blue Cross Blue Shield of Texas CHIP	1,519
Medicare	Blue Medicare Advantage Semi Custom	79,318
	Blue Cross Medicare Advantage Enhanced	30,766
	Health Care Service Corporation Medicare MA Only	29,329
	Blue Cross Community MMAI	21,648
	Blue Cross Medicare Advantage Dual Care	3,386

About MMIT

MMIT is a product, solutions and advisory company that brings transparency to pharmacy and medical benefit information. MMIT partners with PBMs, payers and pharmaceutical manufacturers from P&T to point of care. We analyze market access trends and market readiness issues, while providing brand and market access solutions to navigate today's rapidly changing healthcare market.

Our team of experts focuses on pharmaceuticals, business drivers, market intelligence and promotional behavior. Our products and services support brands approaching launch, commercialization efforts, pre-P&T market planning, launch strategy and readiness. We partner with hundreds of payers and manufacturers ensuring that our products continually capture and analyze formulary coverage and restriction criteria for more than 98% of all covered lives.

Learn more at <https://www.mmitnetwork.com>

Contact support@mmitnetwork.com

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