



Our Point of View: *The Advantages of Customer Ownership*

The Issue

Blue Cross and Blue Shield of Oklahoma (BCBSOK) – as a Division of Health Care Service Corporation (HCSC), a Mutual Legal Reserve Company – brings all the advantages of customer ownership to our clients and members.

As the nation's largest customer-owned health insurance company and the fourth largest health insurer overall, HCSC serves 12.4 million members* through its Blue Cross and Blue Shield Plans in Illinois, New Mexico, Oklahoma and Texas. HCSC operates with a unique philosophy, focus and mission: *to promote the health and wellness of our members and communities through accessible, cost-effective, quality health care.*

Our Approach

We believe that customer ownership is the appropriate structure for a health insurance company. Unlike a stockholder-owned company, a customer-owned company enjoys perfectly aligned interests.

- > The interests of our members and communities are of primary importance. When faced with a difficult decision, we only have to ask: *What's best for our members?*
- > The individuals and employers being served are the same people who sustain the company. We operate throughout our home states, offering a full range of products. We do not pick and choose only the most profitable markets or products. And there are no third-party investors demanding that financial returns take a higher priority than service to our members.
- > Our attention remains focused on our members and the communities we serve, rather than stock prices and dividends. This approach allows us to develop health care solutions with more flexibility and long-term perspective. Investments in technology; wellness, disease management and quality improvement programs; and provider performance payments are made to benefit members and improve the entire health care system, rather than provide quick returns to stockholders.
- > Our philosophy and interests are aligned with contracting providers and hospitals in our local communities – many of whom are also non-investor owned. By maintaining positive, long-term relationships and providing fair and steady payments, members benefit from consistent access to one of the largest networks. These relationships allow us to work closely with providers on quality improvement initiatives, which in conjunction with performance payments, promote patient safety, preventive care and best practices that can lead to improved health outcomes for members.
- > Customer-owned health insurers provide valuable competitive counterpoints to for-profit insurers, by keeping money in the health care system (rather than paying out dividends). Not only does this help individuals who already have insurance coverage, but also helps support those individuals who need access to cost-effective quality health care. We believe that reforms to our health system must consider and preserve the role of customer-owned health plans.
- > Accountability to customers rather than investors enables us to weather cyclical economic downturns, without resorting to bottom line-driven price increases. We are not in the position of having to make short-term adjustments in service to meet the quarterly expectations of Wall Street.

To help improve the communities we serve, BCBSOK and the other Divisions of HCSC support local organizations with donations and services:

- Contributing millions of dollars to eligible charitable, educational and governmental organizations for programs that address wellness, health care access and affordability
- Providing more than 100,000 immunizations and other health services annually to disadvantaged children
- Coordinating and supporting employee volunteer programs that contribute thousands of service hours

We remain committed to the customer-ownership structure. For more than 70 years, this model has served our members, our clients and our communities well.

* Based on HCSC enrollment as of June 2009.