

# WHAT'S DRIVING OUR FINANCIAL PERFORMANCE

Blue Cross NC is on stronger financial footing after years of losses totaling \$485 million since implementing the Affordable Care Act.

The health insurance industry is in the midst of a volatile, unstable market. What has allowed us to withstand this type of volatility is operating on a long-term basis. This has enabled us to serve all 100 counties even as other health plans abandoned the Marketplace.

Our goal is to be here for our customers now and in the future, no matter what comes from Washington.



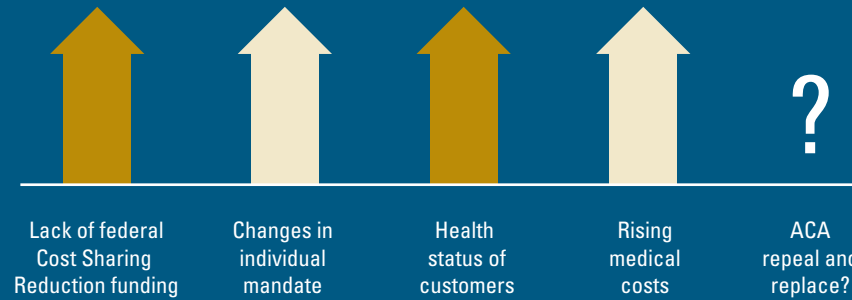
## About profits:

We're a mission-driven organization committed to spending more of our customers' premium dollars on their medical care than others in the industry. As a not-for-profit, any earnings, or profits the company receives goes right back into the company to improve pricing, services and operations for our customers, not to shareholders. We also invest in the North Carolina community to improve the health and well-being of our customers.

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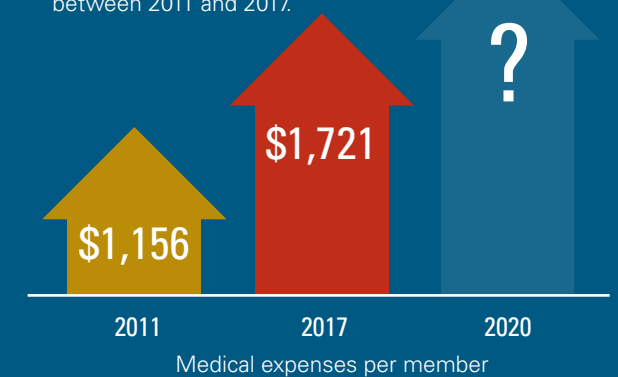


## Factors of uncertainty driving market volatility

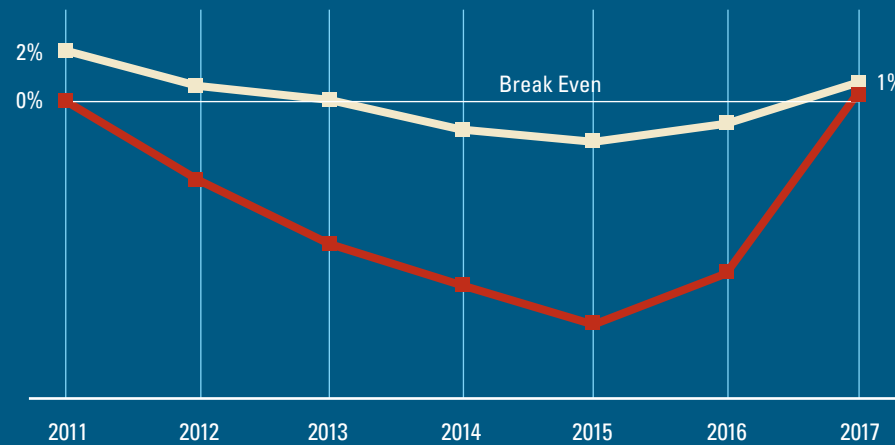


## No ceiling in sight

Medical costs per customer have risen by 49% between 2011 and 2017.



## ACA Plan Losses and Improvement Amid Uncertainty



### Total Operating Income (cumulative)

- All customers and plans
- ACA and individual plans under age 65

## Key Cost Drivers in 2017

- Injectable drugs and infusions (both chemotherapy and non-chemotherapy drugs administered in a facility setting)
- Specialty drugs
- Inpatient cardiology costs from heart transplants and coronary bypass surgeries
- High rates of out-of-state lab testing