



Taking Care
of North Carolina



**BlueCross BlueShield
of North Carolina**



Your plan for better health.™





Serving the Tarheel State

Of our nearly 9 million citizens,* one in three is a customer of Blue Cross and Blue Shield of North Carolina (BCBSNC). That's right. Nearly 3.6 million people depend on our company to handle their health coverage.**

We take that responsibility seriously, but it's only the beginning of our commitment to the people of this state. And as you'll see, we're working harder than ever to help make North Carolina healthier and stronger.

* Source: U.S. Census Bureau 2007 estimated population.

** Source: BCBSNC internal records as of 3/31/2008. Includes self-funded groups and customers served on behalf of other Blue Plans.



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All in a day's work

To understand how our work in North Carolina has changed over the years, it is helpful to look at what actually happens at Blue Cross and Blue Shield of North Carolina during a typical day.

A day in the life of our company

Number of claims processed: **137,971**

Value of claims handled: **\$30,872,548**

Customers served: **3,598,696**

Number of customer service calls: **36,813**

Number of BCBSNC employees: **4,497**

Daily tax obligation: **\$573,586**

Payments to vendors: **\$1,434,200**

Vendor payments and customer calls based on 250 business days in 2007. Claims and tax numbers based on 303 claims processing days in 2007. Customer data as of 12/31/2007.

Every customer comes first

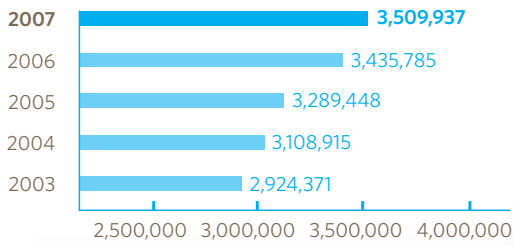
Handling the health coverage of nearly 3.6 million people is a big job, and our success is evident by our fast-growing customer base. The total number of people served by Blue Cross and Blue Shield of North Carolina has increased nearly 100 percent between 2000 and 2007.*

Blue Cross and Blue Shield of North Carolina has more customers than 23 states have citizens.** About the same number of people depend on Blue Cross and Blue Shield of North Carolina as live in the state of Connecticut – and we're still growing.

* Source: BCBSNC internal calculation of growth in customers served between 2000 and 2007.

** Source: U.S. Census Bureau population estimates program, 2007.

Growth in customer base



Source: BCBSNC internal records as of 12/31/07.
Includes self-funded groups and customers served on behalf of other Blue plans.



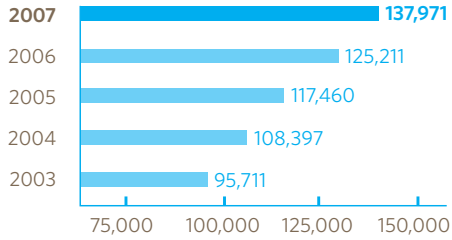
Every claim counts

We handle health care claims for everything from pediatrician visits to outpatient procedures to heart surgeries. And whether big or small, each one matters.

As our company grows, our claims volume steadily increases. Open 303 business days a year, our claims handling department is kept busy with an average of nearly 138,000 claims each day.*

* Source: BCBSNC internal records
as of 12/31/2007.

Claims processed per day



Source: BCBSNC internal records as of 12/31/07.





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The value of good health

All across the state, millions of people depend on Blue Cross and Blue Shield of North Carolina to protect them financially. Without health insurance, a customer could lose a lifetime of savings in a matter of days because of a serious illness.

Doctors, hospitals, pharmacies and customers all across North Carolina depend on those payments. Having the funds on hand to meet this huge and growing responsibility is a duty we take very seriously.

Every day, we handle approximately \$30.9 million in health claims.* In 2007, we handled a staggering amount in claims – about \$9.4 billion.* That's a big number to wrap your head around. Other North Carolina economic figures help put this amount in perspective.

- + BCBSNC annual medical claims paid on behalf of customers*
- + Larger than the GDP of 64 countries in the world**
- + Almost twice the amount appropriated by the state of North Carolina for all Health and Human Services Programs***
- + Nearly half of North Carolina's state budget***
- + \$1.5 billion more than the state of North Carolina spends annually on K-12 education***
- + Annual spending on Medicaid in North Carolina***
- + BCBSNC is spending \$1.3 million an hour every day in medical claims payments on behalf of customers – 303 days a year.

* Source: BCBSNC internal records as of 12/31/2007.

** Source: The World Bank Group, 2008.

*** Source: North Carolina State Budget Records, 2008.





What does 9.4 billion look like?



Small businesses are a big priority

Ninety percent of North Carolina businesses are small businesses, making them the engine of North Carolina's economy and one of our fastest-growing market segments.*

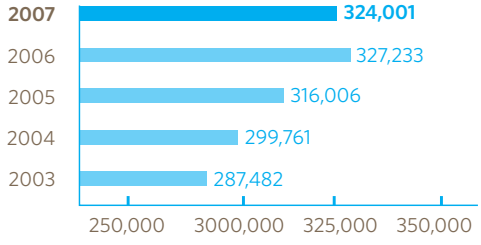
In 2007, Blue Cross and Blue Shield of North Carolina provided group coverage to 28,095 small business owners in the state.** The number of small business customers insured with Blue Cross and Blue Shield of North Carolina has increased by 48.45 percent since 2002.*** We provide coverage where small businesses need it – in small towns and cities all across the state.

* Source: U.S. Small Business Administration, 2006.

** Source: BCBSNC internal records as of 12/31/2007.

*** Source: BCBSNC internal calculation of growth in small business employees covered from 2002 to 2007.

Small business customers covered



Source: BCBSNC internal records as of 12/31/07.



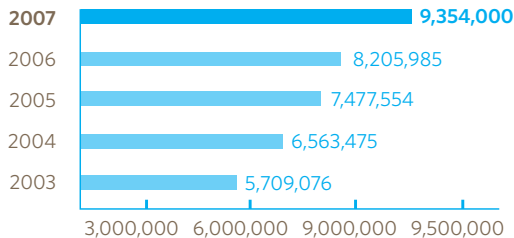
Working with providers

We work with health care providers thousands of times every day, and we pay the majority of the \$9.4 billion a year in claims to North Carolina hospitals and physicians.*

That's a lot of contact. And through it all, over three-fourths of providers say they are satisfied with their overall relationship with Blue Cross and Blue Shield of North Carolina.**

While we are pleased with that response, we're committed to improving these relationships within our statewide provider community.

Annual Claims Paid



Source: BCBSNC internal records as of 12/31/07.

* Source: BCBSNC internal records as of 12/31/2007.

** Source: BCBSNC provider satisfaction survey, 2007.

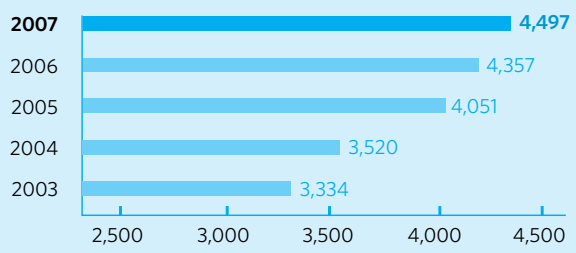
Working in North Carolina for North Carolina

Blue Cross and Blue Shield of North Carolina employs nearly 4,500 people right here in North Carolina. In 2007 alone, we created nearly 300 jobs.* These are stable jobs with good benefits, competitive pay and educational opportunities.

In fact, in 2007, BCBSNC was named one of the 100 Best companies for working mothers by the nationally-renowned Working Mother magazine for its focus on life-work flexibility, its broad array of benefits and its programs to support employees.

Our growth continues to be solid, and we're among the top 100 employers in the state.**

BCBSNC jobs in North Carolina



Source: BCBSNC internal records as of 12/31/07.

* Source: BCBSNC internal records as of 12/31/2007.

** Source: Labor Market Information, Employment Security Commission of North Carolina, 2007.

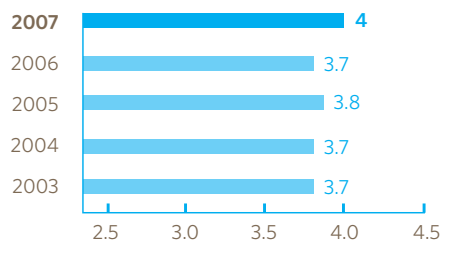
Your safety net

We live in an uncertain world. We have to be ready for anything. More than 3 million people are counting on us, and we intend to be there for them. That's why we maintain a financial reserve to make sure that we're ready to respond to an unexpected health crisis or natural disaster.

As our responsibilities have grown, the dollar amount of our reserves has grown too. But the relationship between reserves, claims and expenses has been remarkably constant. We now have about four months in reserves, which is at the low end of the three to six months required by law and in line with our 25-year average of 4.1 months.



Months in reserves (statutory basis)* 25 year average: 4.1**



* Source: NCGS 58-12-2, et. all.

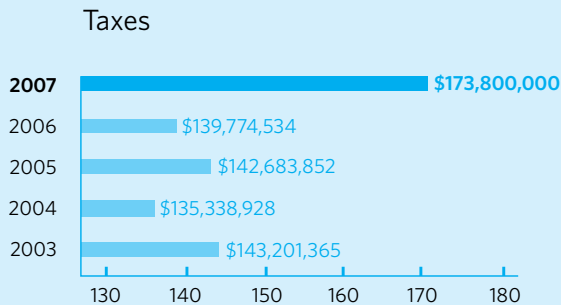
** Source: BCBSNC data based on statutory reserves, claims and operating expenses shown in the Annual Statement filed with the NC Department of Insurance.



A taxing truth

When you hear that Blue Cross and Blue Shield of North Carolina is a not-for-profit company, you might think that gives us the same status as other nonprofit organizations. You might think that we aren't required to pay taxes – but that's just not true. We not only have to compete with for-profit companies for customers and employees, but we are fully taxed too.

In 2007, Blue Cross and Blue Shield of North Carolina's local, state and federal taxes were \$173.8 million.* Over the course of the past five years, that adds up to more than \$734.7 million in taxes.



Source: BCBSNC internal records
as of 12/31/07.

* Source: BCBSNC internal
records as of 12/31/2007.

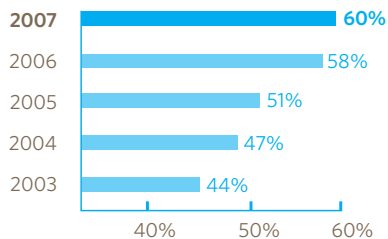
Rx for savings

Blue Cross and Blue Shield of North Carolina encourages customers to talk with their physicians about whether switching to a generic drug is right for them. With the average brand-name drug costing more than five times as much as its generic equivalent, the savings can quickly add up.

We saved our customers millions in direct out-of-pocket costs when customers who had been paying for brand-name medicines found out there were generics available.* In 2007, generic drugs were prescribed 60 percent of the time for BCBSNC customers*, up from 47 percent in 2004.**

BCBSNC is the first insurer in the state to offer ePrescribe, a program that funds and promotes electronic prescribing while streamlining administration, increasing patient safety and lowering health care costs. We're proud to be a national leader in electronic prescribing – an effort that saves time, saves money and saves lives.

Generic drug usage



Source: BCBSNC internal records as of 12/31/07.

* Source: BCBSNC internal records as of 12/31/2007.

** Source: BCBSNC internal records as of 12/31/2004.

A partner for North Carolina communities

We have a commitment to the communities in which we work and live. Through financial support, community initiatives and employee volunteer programs, we are proud to support efforts to improve the health of North Carolina communities.

Eighty percent of our corporate officers participate in community outreach programs, and we provide opportunities for employees to actively participate in volunteerism, fundraising and other community-based projects. Over the last 10 years, BCBSNC employees have logged 236,000 volunteer hours, valued at nearly \$4 million. Employees also regularly participate in blood drives, walk-for-a-cause teams, hands-on volunteer projects and annual drives for food and back-to-school supplies.



In 2007, our employees

- + Volunteered more than 27,000 hours
- + Contributed \$770,000 to the United Way
- + Donated more than 500 units of blood to the American Red Cross
- + Collected 20,000 pounds of food for local food banks

2007 Highlights

- + Kids Café, an after-school nutrition education program supported largely by BCBSNC, served 110,000 meals and reached 1,300 children in eastern North Carolina.
- + We helped to broaden local perspectives on global issues by sponsoring public presentations by presidential historian Michael Beschloss and other acclaimed national figures through the Meredith College Presidential Lecture Series.
- + We continued our support as founding sponsor of Be Active North Carolina, promoting physical activity and healthy lifestyles. Be Active North Carolina has been recognized as the nation's leading statewide organization for health and physical activity by the National Association for Health and Fitness.

Giving back to North Carolina

In November 2000, BCBSNC established the Blue Cross and Blue Shield of North Carolina (BCBSNC) Foundation, a separate, independent, private, charitable foundation dedicated to improving the health and well-being of North Carolinians. The Foundation is focused specifically on improving the health of vulnerable populations; encouraging healthy, active communities; and increasing the effectiveness of North Carolina's nonprofit organizations.



The BCBSNC Foundation invests in programs and services in response to grant requests and proactively creates initiatives and partnerships to address specific needs. To date, more than \$32 million has been invested through 220 grants to organizations statewide.*

The BCBSNC Foundation has also developed and continues to support signature programs to promote physical activity, increase breast health awareness and increase the capacity of nonprofits across the state. Find out more online at www.bcbsncfoundation.org.

BCBSNC Foundation* Highlights

[The North Carolina Association of Free Clinics](#) has expanded its reach by 32 percent with support from a five-year, \$10 million grant from the Foundation. Since the partnership began in 2004, patient visits have increased nearly 50 percent and annual care to the uninsured has increased to more than \$65 million. The overall goal of the collaboration is to sustain and expand North Carolina's free clinic network and increase overall access to care. Currently, 74 free clinics serve our state, making it the largest free clinic association in the country.

[The North Carolina Medical Society Foundation](#) Community Practitioner Program places medical professionals in underserved communities across the state. Supported through a five-year, \$10 million grant from the BCBSNC Foundation, the program provided more than 466,000 patient visits and \$6.2 million in care to the uninsured in 2007.

[Be Active Kids^{®1}](#) is a nationally recognized physical activity, nutrition and food safety program for children ages four and five. Since inception, the program has expanded into each of North Carolina's 100 counties, reaching more than 20,000 preschoolers.

[5 Good Ideas Make Them Great](#) was launched in 2007 as the Foundation's newest Signature Program. 5 Good Ideas is a half-day interactive training session that focuses on nonprofit management skills and leadership development. It's expected to serve more than 100 nonprofit leaders annually.

* The BCBSNC Foundation is a separate, independent, private charitable foundation with the mission of improving the health and well-being of North Carolinians.



Caring for 100 Counties

We serve all of North Carolina's 100 counties through our headquarters in Chapel Hill, major customer service centers in Durham and Winston-Salem, and six regional offices across the state.*





Regional offices:

- + Chapel Hill (HQ)
- + Charlotte
- + Durham
- + Greensboro
- + Greenville
- + Hickory
- + Raleigh
- + Wilmington
- + Winston-Salem





CAPE FEAR AND FRYING PAN SHOALS

An underwater labyrinth of sandbars stretches for 20 miles into the Atlantic Ocean, varying in depth from 3 to 15 feet, causing frequent shipwrecks. One of North Carolina's three great capes, collectively known as the Graveyard of the Atlantic, these treacherous waters are part of the reason for its name.

A tradition of trust

Blue Cross and Blue Shield of North Carolina remains committed to making our state a better place to live.

For 75 years, this goal has guided our actions: adapting to meet the changing needs of our customers, meeting financial responsibilities, working with physicians and businesses, paying taxes and being a good corporate citizen. You can count on Blue Cross and Blue Shield of North Carolina to be there when you need us most.

Blue Cross and Blue Shield of North Carolina

Corporate Communications
P.O. Box 2291
Durham, NC 27702-2291
1-800-250-3630

bcbsnc.com



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