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Form 990

## Return of Organization Exempt From Income Tax

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

► The organization may have to use a copy of this return to satisfy state reporting requirements

## A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009

B Check if applicable	C Name of organization Blue Cross and Blue Shield Association		D Employer identification number 13-5656874
<input type="checkbox"/> Address change	Doing Business As		E Telephone number (312) 297-6483
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address) 225 North Michigan Avenue		G Gross receipts \$ 420,373,130
<input type="checkbox"/> Initial return	Room/suite		
<input type="checkbox"/> Terminated	City or town, state or country, and ZIP + 4 Chicago, IL 60601		
<input type="checkbox"/> Amended return	F Name and address of principal officer Scott Serota 225 North Michigan Ave Chicago, IL 60601		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Application pending			H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)

I Tax-exempt status  501(c) ( 4 ) ► (insert no)  4947(a)(1) or  527

J Website: ► www.bcbs.com

K Form of organization  Corporation  Trust  Association  Other ► L Year of formation 1948 M State of legal domicile IL

## Part I Summary

1 Briefly describe the organization's mission or most significant activities The organization's tax exempt purpose is promoting through independent BCBS member (Plans), the common good and general welfare of the community by fostering broad-based health insurance coverage	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a) . . . . .	3 40
4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4 39
5 Total number of employees (Part V, line 2a) . . . . .	5 1,184
6 Total number of volunteers (estimate if necessary) . . . . .	6 0
7a Total gross unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a 1,043,631
b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b 15,726

8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g) . . . . .	0	0
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	398,203,776	418,234,720
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,816,364	981,887
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	6,086,618	1,037,413
	411,106,758	420,254,020

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	0	0
14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	144,022,258	152,668,220
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) . . . . .	243,830,111	244,354,745
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	387,852,369	397,022,965
19 Revenue less expenses Subtract line 18 from line 12 . . . . .	23,254,389	23,231,055

20 Total assets (Part X, line 16) . . . . .	Beginning of Current Year	End of Year
21 Total liabilities (Part X, line 26) . . . . .	461,854,751	485,649,781
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .	373,462,177	370,205,799
	88,392,574	115,443,982

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge		
Signature of officer		2010-11-08 Date
Robert Kolodgy Sr VP & Chief Financial Officer Type or print name and title		

Preparer's signature ►	Date	Check if self-employed ► <input type="checkbox"/>	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ►			EIN ►
			Phone no ►

May the IRS discuss this return with the preparer shown above? (see instructions) . . . . .  Yes  No

**Part III Statement of Program Service Accomplishments****1** Briefly describe the organization's mission

The Association serves its membership consisting of independent Blue Cross and Blue Shield Plans (Plans) which operate within specified service areas. The Association provides a variety of services to member Plans and coordinates government services such as the Medicare Part A prime contract and the contract under the Federal Employee Health Benefit Program (FEHP), all of which are the core of the organization's exempt purpose of promoting the common good and general welfare of the community by fostering broad-based health insurance coverage.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

**4a** (Code ) (Expenses \$ 111,488,662 including grants of \$ 0 ) (Revenue \$ 118,425,725 )

The BlueCard program is a clearinghouse service provided when a member Plan participant receives healthcare in another member Plan's service area. The program continued to grow in 2009 as national account market share increased from 39 percent in 2008 to 43 percent in 2009. BlueCard now has a national or local presence in 85 percent of fortune 500 companies. Blue Cross Blue Shield Plans saved more than \$64 billion in provider discounts through the BlueCard program in 2009, an approximate 13 percent increase from 2008. BlueCard transaction volume increased 4 percent over 2008, to 264 million. In 2009, BlueCard launched projects to increase provider and member satisfaction, including an enhancement to BlueCard Eligibility 1-800-line prompts that route providers to the appropriate location for pre-certification and pre-authorization. BlueCard provider satisfaction increased, with overall satisfaction exceeding 71 percent in 2009.

**4b** (Code ) (Expenses \$ 93,329,261 including grants of \$ 0 ) (Revenue \$ 93,653,654 )

The Blue Cross and Blue Shield Associations' Federal Employee Program (FEP) administers the Blue Cross and Blue Shield Service Benefit Plan. Approximately 60 percent of all federal employees and retirees who receive their health care benefits through the government's Federal Employee Health Benefits Program (FEHBP) are members of the Service Benefit Plan receiving health coverage through member Plans. Service Benefit Plan has been part of the FEHBP since its inception in 1960 and is the largest plan in the program. The FEP program experienced its 25th consecutive year of net enrollment increases, ending the year serving more than 4.8 million members and with a retention rate of nearly 98 percent. FEP enhanced its Care Coordination Portal and introduced new online tools to help members take a more active role in healthcare decisions for themselves and their families, including Blue Health Assessment, which provides an easy way for members to assess their health status and wellness programs to improve member health. FEP launched JUMP4 Health for children and parents - targeting weight management, diet, exercise and mental well being. FEP offered WalkingWorks® with an online guide to help members set and achieve health goals. FEP also undertook two disease management initiatives, instituting a program for congestive heart failure and a patient-centered medical home to improve members' health management. FEP Information Systems introduced a new 72 hour claims and enrollment processing recovery effort.

**4c** (Code ) (Expenses \$ 49,177,512 including grants of \$ 0 ) (Revenue \$ 62,605,097 )

Blue Health Intelligence (BHI) is a central data warehouse composed of aggregate standardized and de-identified data (such as medical and drug claims, membership and other provider information) obtained from participating member plans for use in complementing the analytical systems within each of the Plans to improve business intelligence and for the benefit of understanding and managing health care costs and quality via benchmarking and trend analysis. BHI analytics are being enhanced to further advance value to members, accounts and the marketplace. BHI research studies also are leveraging the depth and breadth of the aggregate data, yielding actionable insights and driving down costs while improving healthcare quality. In 2009, BHI developed and delivered key initiatives to deliver greater value to Plans and their customers. Deliverables included the Analytic Data Mart, supported by enterprise reports giving Plans and customers better data and trend information, new analytical tools and industry and account benchmark materials to support customer acquisition and retention.

**4d** Other program services (Describe in Schedule O ) See also Additional Data for Description

(Expenses \$ 127,959,178 including grants of \$ 0 ) (Revenue \$ 143,550,244 )

**4e** Total program service expenses \$ 381,954,613

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .

2 Is the organization required to complete Schedule B, Schedule of Contributors? . . . . .

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II . . . . .

5 **Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II . . . . .

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .

11 Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.

- Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.
- Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.
- Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.
- Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.
- Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.
- Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.

12 Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

12a Was the organization included in consolidated, independent audited financial statements for the tax year? 

Yes	No
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If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional . . . . .

12a 

12a	Yes
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13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .

14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I . . . . .

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II . . . . .

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III . . . . .

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I . . . . .

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .

20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H . . . . .

	Yes	No
1		No
2		No
3	Yes	
4		
5	Yes	
6		No
7		No
8		No
9	Yes	
10		No
11	Yes	
12		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20		No

**Part IV Checklist of Required Schedules (continued)**

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33		No
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34	Yes	
35	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35	Yes	
36	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	38	Yes	

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	<b>1a</b> 158	
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b> 0	
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 1,184	
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	Yes	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	No	
<b>4b</b>	If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	No	
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	No	
<b>5c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	No	
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
<b>7g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

### Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body . . .	1a 40	
b	Enter the number of voting members that are independent . . .	1b 39	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2 Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3 No	
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .	4 No	
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .	5 No	
6	Does the organization have members or stockholders? . . . . .	6 Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	7a Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	7b Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body? . . . . .	8a Yes	
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9 No	

### Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Does the organization have local chapters, branches, or affiliates? . . . . .	10a Yes	
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	10b Yes	
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? . . . . .	11 Yes	
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . .		
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	12c Yes	
13	Does the organization have a written whistleblower policy? . . . . .	13 Yes	
14	Does the organization have a written document retention and destruction policy? . . . . .	14 Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official . . . . .	15a Yes	
b	Other officers or key employees of the organization . . . . .	15b Yes	
	If "Yes" to line a or b, describe the process in Schedule O (See instructions )		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a No	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b No	

### Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed  IL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply  
 Own website  Another's website  Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►  
 Robert J Kolodgy  
 225 North Michigan Ave  
 Chicago, IL 606017680  
 (312) 297-6462

## **Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

Check this box if the organization did not compensate any current or former officer, director, trustee or key employee.

<b>1b Total</b>	11,214,889	0	2,706,521
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**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **►457**

		<b>Yes</b>	<b>No</b>
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<b>3</b>	No
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	<b>4</b>	Yes
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person	<b>5</b>	No

## Section B. Independent Contractors

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

<b>(A)</b> Name and business address	<b>(B)</b> Description of services	<b>(C)</b> Compensation
CSC Consulting Inc 2021 Spring Road Oak Brook, IL 605231854	System Development	16,970,793
BeelineCom Inc 12724 Granbay Parkway West Jacksonville, FL 32258	Sourcing	11,048,925
World Access Services Corp 2805 North Parham Road Richmond, VA 23294	InterPlan Consulting	8,976,462
Hewlett Packard Company PO Box 281935 Atlanta, GA 303841935	Computer Systems	7,720,399
Accenture Consulting 161 North Clark Street Chicago, IL 60601	Consulting	6,756,843
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization <b>►130</b>		

**Part VIII Statement of Revenue**

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b> Membership dues . . . . .	<b>1b</b>				
	<b>c</b> Fundraising events . . . . .	<b>1c</b>				
	<b>d</b> Related organizations . . . . .	<b>1d</b>				
	<b>e</b> Government grants (contributions)	<b>1e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>				
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		0				
Program Service Revenue	<b>2a</b> BlueCard	Business Code				
		900,099	118,425,725	118,425,725	0	
	<b>b</b> Federal Employee Program	900,099	93,653,654	93,653,654	0	
	<b>c</b> Blue Health Intelligence	519,100	62,605,097	62,605,097	0	
	<b>d</b> Other Services	900,099	58,494,155	58,494,155	0	
	<b>e</b> Brand Enhance & Protection	900,099	31,296,284	31,296,284	0	
	<b>f</b> All other program service revenue		53,759,805	53,759,805	0	
<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		418,234,720				
Other Revenue	<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .					
			1,100,997	0	0	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		0	0	0	
	<b>5</b> Royalties . . . . .		0	0	0	
	<b>6a</b> Gross Rents	(i) Real	(ii) Personal			
	<b>b</b> Less rental expenses					
	<b>c</b> Rental income or (loss)	0	0			
<b>d</b> Net rental income or (loss) . . . . .						
<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
<b>b</b> Less cost or other basis and sales expenses	0	0				
<b>c</b> Gain or (loss)	0	119,110				
<b>d</b> Net gain or (loss) . . . . .	0	-119,110	-119,110	0	0	
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .						
<b>b</b> Less direct expenses . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from fundraising events . . . . .						
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .						
<b>b</b> Less direct expenses . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from gaming activities . . . . .						
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .						
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory . . . . .						
Miscellaneous Revenue		Business Code				
<b>11a</b> Service Fee Revenue	525,990	1,043,631	0	1,043,631	0	
<b>b</b> K-1 Partnership Distribution	900,001	-6,218	0	0	-6,218	
<b>c</b>						
<b>d</b> All other revenue . . . . .		0	0	0	0	
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .		1,037,413				
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		420,254,020	418,234,720	1,043,631	975,669	

**Part IX Statement of Functional Expenses****Section 501(c)(3) and 501(c)(4) organizations must complete all columns.****All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees . . . . .	10,545,182	7,140,897	3,404,285	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0	0	0	
7 Other salaries and wages	103,285,312	102,233,353	1,051,959	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	15,760,948	10,256,925	5,504,023	
9 Other employee benefits . . . . .	15,712,715	15,034,837	677,878	
10 Payroll taxes . . . . .	7,364,063	7,174,658	189,405	
11 Fees for services (non-employees)				
a Management . . . . .				
b Legal . . . . .	6,930,149	6,452,076	478,073	
c Accounting . . . . .	1,740,530	1,740,530		
d Lobbying . . . . .	11,576,553	11,576,553		
e Professional fundraising See Part IV, line 17 . . . . .				
f Investment management fees . . . . .				
g Other . . . . .	115,007,064	114,279,862	727,202	
12 Advertising and promotion . . . . .	5,433,282	5,433,282		
13 Office expenses . . . . .	11,637,815	11,468,219	169,596	
14 Information technology . . . . .	29,433,273	29,159,757	273,516	
15 Royalties . . . . .				
16 Occupancy . . . . .	13,682,982	13,160,265	522,717	
17 Travel . . . . .	4,432,129	4,001,744	430,385	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19 Conferences, conventions, and meetings . . . . .	4,365,419	3,855,384	510,035	
20 Interest . . . . .	31,478	16,270	15,208	
21 Payments to affiliates . . . . .				
22 Depreciation, depletion, and amortization . . . . .	30,169,798	29,956,098	213,700	
23 Insurance . . . . .	2,949,064	2,925,343	23,721	
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below )				
a Memberships & Sponsorships	4,402,476	4,081,535	320,941	
b Books & Periodicals	1,267,714	1,220,992	46,722	
c Miscellaneous	797,649	288,663	508,986	
d General Contributions	497,370	497,370	0	
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	397,022,965	381,954,613	15,068,352	0
26 Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	1,846,433	<b>1</b>
	2 Savings and temporary cash investments . . . . .	352,471,578	<b>2</b>
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	27,958,820	<b>4</b>
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .		<b>5</b>
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .		<b>6</b>
	7 Notes and loans receivable, net . . . . .	7	
	8 Inventories for sale or use . . . . .	8	
	9 Prepaid expenses and deferred charges . . . . .	8,043,247	<b>9</b>
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	80,483,400	
	b Less accumulated depreciation . . . . .	10a	31,394,104
		10b	46,618,252
		<b>10c</b>	33,865,148
	11 Investments—publicly traded securities . . . . .	11	8,286
	12 Investments—other securities See Part IV, line 11 . . . . .	4,709,500	<b>12</b>
	13 Investments—program-related See Part IV, line 11 . . . . .	13	
	14 Intangible assets . . . . .	26,135,726	<b>14</b>
	15 Other assets See Part IV, line 11 . . . . .	9,295,343	<b>15</b>
	<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	461,854,751	<b>16</b>
Liabilities	17 Accounts payable and accrued expenses . . . . .	76,225,644	<b>17</b>
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	3,120,888	<b>19</b>
	20 Tax-exempt bond liabilities . . . . .	20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	221,620,435	<b>21</b>
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	22	
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	23	
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
	25 Other liabilities Complete Part X of Schedule D . . . . .	72,495,210	<b>25</b>
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	373,462,177	<b>26</b>
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	88,392,574	<b>27</b>
	28 Temporarily restricted net assets . . . . .	0	<b>28</b>
	29 Permanently restricted net assets . . . . .	0	<b>29</b>
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	30 Capital stock or trust principal, or current funds . . . . .	30	
	31 Paid-in or capital surplus, or land, building or equipment fund . . . . .	31	
	32 Retained earnings, endowment, accumulated income, or other funds . . . . .	32	
	33 Total net assets or fund balances . . . . .	88,392,574	<b>33</b>
	<b>34 Total liabilities and net assets/fund balances . . . . .</b>	461,854,751	<b>34</b>
		485,649,781	

**Part XI Financial Statements and Reporting**

**1** Accounting method used to prepare the Form 990       Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

**2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .

**b** Were the organization's financial statements audited by an independent accountant? . . . . .

**c** If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . . .

**d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both  
 Separate basis       Consolidated basis       Both consolidated and separated basis

**3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .

**b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . . . .

	Yes	No
<b>2a</b>		No
<b>2b</b>	Yes	
<b>2c</b>	Yes	
<b>3a</b>		No
<b>3b</b>		

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 13-5656874  
**Name:** Blue Cross and Blue Shield Association

### Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

#### 4d. Other program services

(Code	) (Expenses \$	51,452,631	including grants of \$	0 ) (Revenue \$	58,494,155 )
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As the umbrella organization for the member Plans, the Association coordinates advertising and communications programs, provides policy and representation of member interests, monitors and fosters the financial stability of all the Plans and supports the ability of the Plans to operate efficiently by providing conference, consulting and miscellaneous services to the Plans

(Code	) (Expenses \$	29,706,256	including grants of \$	0 ) (Revenue \$	31,296,284 )
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The Association develops, enhances and protects the value of the Blue Cross and Blue Shield brand names and symbols and supports the oversight and management of member Plan license agreements

(Code	) (Expenses \$	15,721,519	including grants of \$	0 ) (Revenue \$	19,604,847 )
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The Association provides optional consulting services and other miscellaneous services to the member Plans

(Code	) (Expenses \$	14,049,770	including grants of \$	0 ) (Revenue \$	16,849,898 )
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Operation of the telecommunications network which facilitates inter-plan communication

(Code	) (Expenses \$	11,196,707	including grants of \$	0 ) (Revenue \$	11,322,199 )
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Operation of the National Employee Benefits Administration Program which provides a comprehensive group package of employee benefits programs to the Plans

**Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)****4d. Other program services**

(Code	(Expenses \$	5,832,295	including grants of \$	0	(Revenue \$	5,982,861 )
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BCBSA performs services for the Medicare A program and other services agreements with the Secretary of the United States Department of Health and Human Services (DHHS). BCBSA acts in a coordinating role for all Blue Cross and Blue Shield Plans to perform certain aspects of the Medicare A intermediary functions and other government business services provided to Plans

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Office	Key employee	Highest compensated employee			
Scott P Serota President & CEO	40	X		X			2,981,984	0	239,459
H R Brereton Barlow BoardMember	0	X					0	0	0
Richard L Boals BoardMember	0	X					0	0	0
Bruce G Bodaken BoardMember	0	X					0	0	0
Tom Bowser Board Chairman	0	X					0	0	0
Angela Braly BoardMember	0	X					0	0	0
Chester Burrell BoardMember	0	X					0	0	0
Denise S Cesare BoardMember	0	X					0	0	0
Sherry L Cladouhos BoardMember	0	X					0	0	0
Timothy J Constantine BoardMember	0	X					0	0	0
Andrew C Corbin BoardMember	0	X					0	0	0
Tim J Crilly BoardMember	0	X					0	0	0
Ray Flachbart BoardMember	0	X					0	0	0
John D Forsyth BoardMember	0	X					0	0	0
Joseph A Frick BoardMember	0	X					0	0	0
Mark B Ganz BoardMember	0	X					0	0	0
Don George BoardMember	0	X					0	0	0
Patrick J Geraghty BoardMember	0	X					0	0	0
Vicky B Gregg BoardMember	0	X					0	0	0
Richard J Hale BoardMember	0	X					0	0	0
Patricia A Hemingway Hall BoardMember	0	X					0	0	0
Robert P Hiam BoardMember	0	X					0	0	0
Cleve L Killingsworth Jr BoardMember	0	X					0	0	0
David H Klein BoardMember	0	X					0	0	0
Scott D Kreiling BoardMember	0	X					0	0	0

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Office	Key employee	Highest compensated employee			
William Lehr Jr BoardMember	0	X					0	0	0
Daniel J Loepp BoardMember	0	X					0	0	0
Robert I Lufrano MD BoardMember	0	X					0	0	0
William J Marino BoardMember	0	X					0	0	0
Steven S Martin BoardMember	0	X					0	0	0
Kenneth R Melani MD BoardMember	0	X					0	0	0
Alphonso O Neil White BoardMember	0	X					0	0	0
G Phillip Pope BoardMember	0	X					0	0	0
James E Purcell BoardMember	0	X					0	0	0
Michael Reitz BoardMember	0	X					0	0	0
Ramon M Ruiz Comas BoardMember	0	X					0	0	0
M Edward Sellers BoardMember	0	X					0	0	0
Paul von Ebers BoardMember	0	X					0	0	0
Mark White BoardMember	0	X					0	0	0
J Bradley Wilson BoardMember	0	X					0	0	0
Paul F Brown VP, Dep Gen Counsel & Asst Secretary	40		X				380,568	0	92,512
William J Colbourne SR VP, HR and Administration	40		X				441,134	0	129,586
Frank E Coyne Jr VP, Inter-Plan Programs	40		X				359,117	0	138,854
John T Erickson VP, Federal Relations	40		X				348,017	0	151,347
Jena Estes VP, Federal Employee Program	40		X				307,144	0	104,683
Alissa T Fox SR VP, Legislation & Regulatory Policy	40		X				454,593	0	188,015
Stephen Gammarino SR VP, National Programs	40		X				541,066	0	151,554
Robert J Kolodgy SR VP, Finance and CFO	40		X				376,163	0	26,658
Allan M Korn SR VP, Chief Medical Officer	40		X				684,086	0	137,619
Shirley S Lady VP, Business Informatics - BHI	40		X				270,909	0	107,861

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Office	Key employee	Highest compensated employee			
William B O'Loughlin VP & Chief Technology Officer	40			X			326,199	0	197,486
Doug Porter SR VP, Chief Information Officer	40			X			452,889	0	104,962
Maureen E Sullivan SR VP, Strategic Services	40			X			510,551	0	129,819
Jennifer Vachon VP, Marketing Services	40			X			284,566	0	97,840
Jody A Voss VP, Business Development	40			X			286,181	0	110,178
Roger G Wilson SR VP, Gen Counsel & Secretary	40			X			592,203	0	134,828
Mitchell J Helfand Executive Director of Finance	40				X		248,119	0	103,340
Don Errol Beck Exec Dir of Clinical Programs	40					X	320,203	0	53,040
Edgar R Black Med Dir Pol Resources	40					X	258,621	0	101,224
Kathy Ripley Didawick Exec Dir Political Affairs	40					X	253,925	0	80,251
Carole R Flamm Executive Medical Director	40					X	285,011	0	70,739
Mark A Talluto Exec Dir Brand Strategy-Market	40					X	251,640	0	54,666

**Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -**

	<b>Business Code</b>	<b>(A) Total Revenue</b>	<b>(B) Related or Exempt Function Revenue</b>	<b>(C) Unrelated Business Revenue</b>	<b>(D) Revenue Excluded f rom Tax under IRC 512, 513, or 514</b>
BlueCard	900,099	118,425,725	118,425,725	0	0
Federal Employee Program	900,099	93,653,654	93,653,654	0	0
Blue Health Intelligence	519,100	62,605,097	62,605,097	0	0
Other Services	900,099	58,494,155	58,494,155	0	0
Brand Enhance & Protection	900,099	31,296,284	31,296,284	0	0

2009

Open to Public  
Inspection**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****For Organizations Exempt From Income Tax Under section 501(c) and section 527**► Complete if the organization is described below.  
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization Blue Cross and Blue Shield Association	Employer identification number 13-5656874
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV	► \$ 360,028
2 Political expenditures	► \$ 0
3 Volunteer hours	► \$ 0

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955	► \$ 0
2 Enter the amount of any excise tax incurred by organization managers under section 4955	► \$ 0
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b If "Yes," describe in Part IV	

**Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities	► \$ 0
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	► \$ 60,000
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	► \$ 60,000
4 Did the filing organization file Form 1120-POL for this year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
Republican State Leadership Committee	1800 Diagonal Road Suite 230 Alexandria, VA 22314	05-0532524	10,000	0
Republican Governors Association	1747 Pennsylvania Ave NW Washington, DC 20006	11-3655877	25,000	0
Democratic Governors Association	1401 K Street NW Suite 200 Washington, DC 20005	52-1304889	25,000	0

**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

**A** Check  if the filing organization belongs to an affiliated group  
**B** Check  if the filing organization checked box A and "limited control" provisions apply

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

**1a** Total lobbying expenditures to influence public opinion (grass roots lobbying)**b** Total lobbying expenditures to influence a legislative body (direct lobbying)**c** Total lobbying expenditures (add lines 1a and 1b)**d** Other exempt purpose expenditures**e** Total exempt purpose expenditures (add lines 1c and 1d)**f** Lobbying nontaxable amount Enter the amount from the following table in both columns

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over \$500,000	20% of the amount on line 1e
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000
Over \$17,000,000	\$1,000,000

**g** Grassroots nontaxable amount (enter 25% of line 1f)**h** Subtract line 1g from line 1a If zero or less, enter -0-**i** Subtract line 1f from line 1c If zero or less, enter -0-**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? Yes  No**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
<b>2a</b> Lobbying non-taxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots non-taxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

**Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b> Volunteers?			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
<b>c</b> Media advertisements?			
<b>d</b> Mailings to members, legislators, or the public?			
<b>e</b> Publications, or published or broadcast statements?			
<b>f</b> Grants to other organizations for lobbying purposes?			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
<b>i</b> Other activities? If "Yes," describe in Part IV			
<b>j</b> Total lines 1c through 1i			
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	No
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	No
<b>3</b> Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	No

**Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".**

<b>1</b> Dues, assessments and similar amounts from members	1	83,200,000
<b>2</b> Section 162(e) non-deductible lobbying and political expenditures ( <b>do not include amounts of political expenses for which the section 527(f) tax was paid</b> ).		
<b>a</b> Current year	2a	18,836,300
<b>b</b> Carryover from last year	2b	0
<b>c</b> Total	2c	18,836,300
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	18,836,300
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	0
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	5	0

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1.

Also, complete this part for any additional information

Identifier	Return Reference	Explanation
SchC_P1A_S00_L01	Schedule C, Part I-A, Line 1	The filing organization made contributions from the general treasury to three Section 527 political organizations and sponsored a separate segregated fund designated for exempt purposes

**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements****2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11, or 12.  
► Attach to Form 990. ► See separate instructions.

**Name of the organization**

Blue Cross and Blue Shield Association

**Employer identification number**

13-5656874

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?  Yes  No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?  Yes  No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e.g., recreation or pleasure)  Preservation of an historically importantly land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
2a	
2b	
2c	
2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ► \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?  Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a  Public exhibition      d  Loan or exchange programs  
 b  Scholarly research      e  Other  
 c  Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

b If "Yes," explain the arrangement in Part XIV

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance . . . . .					
1b Contributions . . . . .					
1c Investment earnings or losses . . . . .					
1d Grants or scholarships . . . . .					
1e Other expenditures for facilities and programs . . . . .					
1f Administrative expenses . . . . .					
1g End of year balance . . . . .					

## 2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ► %

b Permanent endowment ► %

c Term endowment ► %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations . . . . .  Yes  No(ii) related organizations . . . . .  Yes  No3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .  Yes  No

4 Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .	0	0		0
1b Buildings . . . . .	0	0	0	0
1c Leasehold improvements . . . . .	0	22,970,321	7,923,199	15,047,122
1d Equipment . . . . .	0	57,513,079	38,695,053	18,818,026
1e Other . . . . .	0	0	0	0
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ►				33,865,148

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12

<b>(a) Description of security or category (including name of security)</b>	<b>(b) Book value</b>	<b>(c) Method of valuation Cost or end-of-year market value</b>
Financial derivatives		
Closely-held equity interests		
Other		
Non Public Mutual Funds	46,999,171	F
Wells Fargo Short Duration Mutual Funds (MNSGX)	36,086,206	F
Investment in Subsidiary	4,201,000	C
Investment in Affiliates	508,500	C

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 12.)

87,794,873

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 13.)

---

**Part IX Other Assets.** See Form 990, Part X, line 15

**Total** (Column (b) should equal Form 920, Part X, col (B), line 15)

11 333 970

**Part X Other Liabilities** See Form 990, Part X, line 25

2. Fin 48 Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	420,254,020
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	397,022,965
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	23,231,055
4	Net unrealized gains (losses) on investments	4	-373,220
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	-100
8	Other (Describe in Part XIV)	8	3,383,873
9	Total adjustments (net) Add lines 4 - 8	9	3,010,553
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	26,241,608

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	423,383,783
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-373,220
b	Donated services and use of facilities	2b	0
c	Recoveries of prior year grants	2c	0
d	Other (Describe in Part XIV)	2d	4,540,396
e	Add lines 2a through 2d	2e	4,167,176
3	Subtract line 2e from line 1	3	419,216,607
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0
b	Other (Describe in Part XIV)	4b	1,037,413
c	Add lines 4a and 4b	4c	1,037,413
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 )	5	420,254,020

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	397,142,175
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	0
b	Prior year adjustments	2b	100
c	Other losses	2c	0
d	Other (Describe in Part XIV)	2d	119,110
e	Add lines 2a through 2d	2e	119,210
3	Subtract line 2e from line 1	3	397,022,965
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0
b	Other (Describe in Part XIV)	4b	0
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 )	5	397,022,965

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
SchD_P04_S00_L02b	Schedule D, Part IV, Line 2b	The Association holds funds as agent for its member plans under arrangements covering its Blue Card and Federal Employee Programs
SchD_P10_S00_L00	Schedule D, Part X	The Association adopted the provisions of ASC 740-10-25 on January 1, 2009. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Association's consolidated financial statements. The Association does not believe there are any unrecognized tax benefits that should be recorded. No interest or penalties were accrued as of January 1, 2009 as a result of the adoption of ASC 740-10-25, nor were there any interest or penalties recorded or included in the consolidated statements of activities for the year ended December 31, 2009. The Association is open to examination by taxing authorities from fiscal year 2006 forward.
SchD_P11_S00_L08	Schedule D, Part XI, Line 8	\$3,383,873 = Subsidiary Gross Receipts, \$303,309, Gross Unrelated Business Revenue, (\$1,043,631), K-1 Partnership Income, \$6,218, Other Comprehensive Income, \$4,117,977
SchD_P12_S00_L02d	Schedule D, Part XII, Line 2d	\$4,540,396 = Loss on Sale of Non Inventory Assets, \$119,110, Subsidiary Gross Receipts, \$303,309, Other Comprehensive Income, \$4,117,977
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	\$1,037,413 = Gross Unrelated Business Revenue, \$1,043,631, K-1 Partnership Distribution Receivable, (\$6,218)
SchD_P13_S00_L02d	Schedule D, Part XIII, Line 2d	Loss on Sale of Non Inventory Assets, \$119,110

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
**► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.**  
**► Attach to Form 990. ► See separate instructions.**

**Name of the organization**

Blue Cross and Blue Shield Association

**Employer identification number**

13-5656874

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input checked="" type="checkbox"/> First-class or charter travel	<input checked="" type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input checked="" type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

**a** Receive a severance payment or change-of-control payment?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	Yes	
<b>2</b>	Yes	
<b>4a</b>		No
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>	Yes	
<b>8</b>		No
<b>9</b>		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information

Identifier	Return Reference	Explanation
SchJ_P01_S00_L01a	Schedule J, Part I, Line 1a	As an organization serving a system of locally based independent Plans offering health insurance in all 50 States, DC and Puerto Rico, the Association's officers are expected to maintain an unusually demanding travel schedule. Accordingly, a committee of the Association's Board comprised of independent Plan executives has established CEO travel policies designed to assure the organization is able to meet his travel commitments, including travel to underserved regional destinations. These policies include the use of charter aircraft and first class travel on scheduled commercial flights under certain limited circumstances. Housing allowance and tax gross-up payments are solely applicable to employee relocation agreements.
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	Refer to Schedule O response to Part VI, Section B, Line 15 relating to the compensation of the organization's CEO
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	4b - No reportable person received a distribution under the Association's Supplemental Retirement Program (SERP) in 2009. As required by the instructions to Form 990, Schedule J, Part II, a hypothetical SERP accrual was calculated for each reportable person who was eligible to participate in that program. The accrual amounts were determined using the Association's best estimate of the accrual using the methodology specified in the instructions to Schedule J. Because vested accruals under the SERP are currently taxed based on a different methodology and the instructions to Schedule J specify that amounts reported in columns B(i) through B(iii) should not be reported again in column C or D, the amount of imputed SERP income reported in column B(iii) was subtracted in each case and the balance of the hypothetical accrual was included in column C as follows in the following format: _____LEGEND=(NAME, B(i)-SERP ACCRUAL USING SCHEDULE J METHOD, B(ii) VESTED PORTION REPORTED IN COLUMN B (iii), B(iii)-PORTION REPORTED IN COLUMN C, C - ACTUAL PAYOUT REPORTED IN COLUMN B(ii))_____1 Scott Serota, \$651,880, \$527,438, \$124,442, \$0 00_____2 Allan Korn, \$66,544, \$225,052, \$0 00, \$0 00_____3 Roger Wilson, \$74,922, \$ 82,294, \$0 00, \$0 00_____4 Maureen Sullivan, \$ 66,262, \$ 65,006, \$1,256, \$0 00_____5 Stephan Gammariello, \$116,898, \$ 70,295, \$46,603, \$0 00_____6 William Colbourne, \$ 66,701, \$ 62,966, \$3,735, \$0 00_____7 Doug Porter, \$ 27,533, \$0 00, \$27,533, \$0 00_____8 William O'Loughlin, \$ 23,181, \$0 00, \$23,181, \$0 00_____9 Alissa Fox, \$ 96,271, \$ 41,638, \$54,633, \$0 00_____10 Frank Coyne, \$ 44,171, \$67,995, \$0 00, \$0 00_____11 Paul Brown, \$ 17,358, \$ 20,542, \$0 00, \$0 00_____12 John Erickson, \$ 55,016, \$ 34,580, \$20,436, \$0 00_____13 Shirley Lady, \$ 21,185, \$ 22,019, \$0 00, \$0 00_____14 Jena Estes, \$ 31,884, \$ 24,374, \$7,510, \$0 00,_____15 Jody Voss, \$ 14,696, \$ 27,534, \$0 00, \$0 00_____16 Jennifer Vachon, \$ 16,327, \$ 12,419, \$3,908, \$0 00_____17 Mitchell Helfand, \$ 195, \$ 21,405, \$0 00, \$0 00_____18 Carole Flamm, \$ 13,928, \$ 15,572, \$0 00, \$0 00
SchJ_P01_S00_L07	Schedule J, Part I, Line 7	The Association maintains an Association wide annual performance bonus program that assures a portion of employees' annual compensation is contingent upon the attainment of pre-approved organizational performance goals, as weighted by the performance measurement process that evaluates each individual employee's efforts. Officers, like all employees, are eligible to participate in this program. The performance goals and the budget for this bonus program are approved each year by the Association's Board based upon recommendations from a Board committee consisting of independent Plan executives. Moreover, the performance assessment judgments and the approval of actual payouts require approval by that committee. The CEO also participates in a Long Term Incentive Bonus program. As with the regular performance bonus program, payouts under the Long Term Incentive Program reflect the extent to which preestablished performance goals are reached. However, unlike the annual performance bonus program, the Long Term Incentive program operates on a multi-year cycle to assure that the CEO has incentives that look beyond the immediate year. This program, the performance measurements and the assessment of the achievement of those goals and the resulting payout amounts are all approved by the same Board committee described above and reported to the full Board. The committee's deliberations regarding the establishment of the program, the selection of the performance factors and assessment of performance all include consultation and recommendation from a qualified independent compensation consultant based upon a market study of comparable programs for comparable executives.

**Software ID:** 09000073  
**Software Version:** v1.00  
**EIN:** 13-5656874  
**Name:** Blue Cross and Blue Shield Association

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Paul F Brown	(i) 255,992 (ii) 0	102,300 0	22,276 0	65,423 0	27,089 0	473,080 0	0 0
William J Colbourne	(i) 247,371 (ii) 0	125,000 0	68,762 0	107,630 0	21,957 0	570,720 0	0 0
Frank E Coyne Jr	(i) 207,398 (ii) 0	80,000 0	71,718 0	111,653 0	27,201 0	497,970 0	0 0
John T Ericksen	(i) 218,057 (ii) 0	94,000 0	35,960 0	127,487 0	23,860 0	499,364 0	0 0
Jena Estes	(i) 215,536 (ii) 0	66,000 0	25,608 0	79,167 0	25,516 0	411,827 0	0 0
Alissa T Fox	(i) 278,760 (ii) 0	130,000 0	45,833 0	155,783 0	32,232 0	642,608 0	0 0
Stephen Gammarino	(i) 298,165 (ii) 0	165,000 0	77,901 0	133,347 0	18,207 0	692,620 0	0 0
Robert J Kolodgy	(i) 314,517 (ii) 0	0 0	61,646 0	7,908 0	18,750 0	402,821 0	0 0
Allan M Korn	(i) 313,474 (ii) 0	132,000 0	238,612 0	112,123 0	25,496 0	821,705 0	0 0
Shirley S Lady	(i) 182,290 (ii) 0	65,000 0	23,620 0	99,082 0	8,779 0	378,771 0	0 0
William B O'Loughlin	(i) 232,031 (ii) 0	93,000 0	1,168 0	166,610 0	30,876 0	523,685 0	0 0
Doug Porter	(i) 300,820 (ii) 0	150,000 0	2,069 0	83,180 0	21,782 0	557,851 0	0 0
Scott P Serota	(i) 856,055 (ii) 0	1,578,305 0	547,624 0	206,405 0	33,054 0	3,221,443 0	693,063 0
Maureen E Sullivan	(i) 294,734 (ii) 0	150,000 0	65,817 0	92,591 0	37,228 0	640,370 0	0 0
Jennifer Vachon	(i) 194,027 (ii) 0	77,500 0	13,039 0	78,540 0	19,300 0	382,406 0	0 0
Jody A Voss	(i) 184,556 (ii) 0	72,900 0	28,725 0	86,278 0	23,899 0	396,358 0	0 0
Roger G Wilson	(i) 347,410 (ii) 0	160,000 0	84,793 0	112,383 0	22,445 0	727,031 0	0 0
Mitchell J Helfand	(i) 169,040 (ii) 0	55,000 0	24,079 0	80,685 0	22,656 0	351,460 0	0 0
Don Errol Beck	(i) 266,300 (ii) 0	48,500 0	5,403 0	28,198 0	24,842 0	373,243 0	0 0
Edgar R Black	(i) 215,648 (ii) 0	41,100 0	1,873 0	92,361 0	8,864 0	359,846 0	0 0
Kathy Ripley Didawick	(i) 181,228 (ii) 0	65,000 0	7,696 0	59,204 0	21,048 0	334,176 0	0 0
Carole R Flamm	(i) 219,428 (ii) 0	49,000 0	16,583 0	53,756 0	16,983 0	355,750 0	0 0
Mark A Talluto	(i) 189,978 (ii) 0	61,100 0	562 0	35,206 0	19,460 0	306,306 0	0 0

**Schedule L**  
(Form 990 or 990-EZ)**Transactions with Interested Persons**

OMB No 1545-0047

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered  
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,  
or Form 990-EZ, Part V lines 38a or 40b.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

**Name of the organization**

Blue Cross and Blue Shield Association

**Employer identification number**

13-5656874

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person (b) Description of transaction (c) Corrected?  
Yes No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ► \$ \_\_\_\_\_

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ► \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?	(c) Original principal amount	(d) Balance due	(e) In default?	(f) Approved by board or committee?		(g) Written agreement?	
					To	From	Yes	No
Total								

Total . . . . . ► \$ | | | | |

**Part III Grants or Assistance Benefitting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person (b) Relationship between interested person and the organization (c) Amount of grant or type of assistance

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes No
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See Additional Data Table

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 13-5656874  
**Name:** Blue Cross and Blue Shield Association

### Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
F Ruiz	Family Relationship	67,918	Employee Salary		No
E Killingsworth-Walker	Family Relationship	65,098	Employee Salary		No
NASCO LLC	Business Relationship	2,880,824	Receipts for Services		No
BCS Insurance Company	Business Relationship	533,027	Receipts for Services		No
Service Benefit Plan Admin Services	Business Relationship	281,141	Receipts for Loan Repay		No
Blue Healthcare Bank	Business Relationship	212,253	Receipts for Services		No
Consortium Health Plans	Business Relationship	139,860	Receipts for Services		No
Consortium Health Plans	Business Relationship	1,146,369	Payments for Services		No
BCS Insurance Company	Business Relationship	770,392	Payments for Insurance Premiums		No
URAC	Business Relationship	398,796	Payments for Future Services		No
Council for Affordable Quality Healthcare	Business Relationship	210,000	Payments for Membership Dues		No

**SCHEDULE O**  
**(Form 990)****Supplemental Information to Form 990****2009****Open to Public  
Inspection**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
► Attach to Form 990.

**Name of the organization**  
Blue Cross and Blue Shield Association**Employer identification number**

13-5656874

Identifier	Return Reference	Explanation
F990_P06_S0A_L02	Form 990, Part VI, Section A, Line 2	Various BCBSA Board members (directors) also sit on the board of Blue Cross and Blue Shield Association affiliates
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	Blue Cross Blue Shield Association has thirty nine (39) independent member health care plan licensees operating in specified domestic service areas
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	The governing body approves a nominating committee to oversee governing body elections
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	Governing body decisions are approved according to the by-laws of the corporation
F990_P06_S0B_L11	Form 990, Part VI, Section B, Line 11	Form 990's content and sources of information are reviewed by subject matter experts including, but not limited to, internal and external tax and accounting professionals and internal legal personnel. A pre-final draft form 990 is provided to each board member for review
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	BCBSA maintains a comprehensive code of conduct and compliance program applicable to all employees and officers. In addition, all employees, officers, and board members are required to complete an annual conflict of interest form. The BCBSA Chief Auditor and Compliance Officer is charged with investigating any allegations of non-compliance with the code of conduct, including any complaints reported through the anonymous hot-line maintained through an independent organization. The results of the compliance program's effectiveness are reported to the audit committee of the Board of Directors on an annual basis. Failure to adhere to the code of conduct may result in disciplinary action, up to and including termination of employment. All conflict of interest questionnaire disclosures provided by each of the Association's board members are reviewed by general counsel and are made available to the board.
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	The compensation of the CEO and the continued retention of his services are approved each year by a committee of the Association's Board comprised of independent Plan executives. That committee acts after deliberations based upon advice from a qualified independent compensation consulting firm. The consultant's advice and those deliberations include a review of the results of the independent consultant's research regarding compensation paid by other organizations for officers serving in capacities comparable to that of the Association's CEO. Each year this committee's decisions are reported to the full Board during a regularly scheduled meeting. The Board deliberates on both matters. Extension of the period of the CEO's service requires action by the full Board. The compensation determinations of the committee stand approved unless the Board exercises its inherent prerogative to modify the committee's compensation decisions. The same committee of independent Plan executives annually receives the CEO's recommendations regarding the compensation to be paid to the officers. As with the CEO's compensation, the deliberations of this committee and its decisions to approve or modify the CEO's recommendation are based upon the results of an independent consultant's market research regarding comparable officer pay and the independent consultant's advice.
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	The Association complies with all applicable public disclosure requirements. Thus, for example, members of the public may request an opportunity to review the Association's Form 990 for the past three years or to make a copy by sending a written request or appearing in person at its principal office or any of its other locations. The Association's favorable determination letter regarding its tax exempt status and materials comprising its exemption application are also available in this manner. If the Association's governing documents (articles of incorporation and bylaws) and conflict of interest policy are subject to applicable federal or state public disclosure requirements, those documents will be made publicly available as applicable law may require. For example, Form 990 filings may include bylaw amendments and those amendments will be made available as noted above. Otherwise, the governing documents and conflict of interest policy will be provided to the public at the discretion of the Association's management.

SCHEDULE R  
(Form 990)

## Related Organizations and Unrelated Partnerships

2009

Department of the Treasury  
Internal Revenue ServiceName of the organization  
Blue Cross and Blue Shield Association

Employer identification number

13-5656874

Open to Public  
Inspection**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
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Health Services Foundation

225 North Michigan Ave

Education, Research

IL

501(c)(3)

9 N/A

Chicago, IL 60601  
23-7011867

BC and BS Foundation on Health Care

225 North Michigan Ave

Education, Research

IL

501(C)(3)

9 N/A

Chicago, IL 60601  
23-7164980

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		
								Yes	No	Yes	No

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
BCBSA Services Inc 225 North Michigan Ave Chicago, IL60601 36-4176277	Int'l Licensing	IL	N/A	C	-740,321	72,466	1 00 %

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

	Yes	No
1a	Yes	
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p		No
1q		No
1r		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a)  
Name of other organization(b)  
Transaction type(a-r)(c)  
Amount involved

(1) BCBSA Services Inc

a-iv

1,043,631

(1) See Additional Data Table

(2)

(3)

(4)

(5)

(6)

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?	(e) Share of end-of-year assets	(f) Disproportionate allocations?	(g) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?
Yes	No	Yes	No	Yes	No	Yes	No