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Form 990

Return of Organization Exempt From Income Tax

2012

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

A For the 2012 calendar year, or tax year beginning 01-01-2012, 2012, and ending 12-31-2012

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		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address)	Room/suite	E Telephone number (312) 297-6000
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 Chicago, IL 60601		
<input type="checkbox"/> Application pending			G Gross receipts \$ 415,828,814

I Tax-exempt status 501(c)(3) 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	39
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	38
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,259
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	17,852,372
b Net unrelated business taxable income from Form 990-T, line 34	7b	-4,545,541

		Prior Year	Current Year
		0	0
8 Contributions and grants (Part VIII, line 1h)	391,099,815	401,706,209	
9 Program service revenue (Part VIII, line 2g)	1,308,731	894,806	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-183,692	64,389	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	392,224,854	402,665,404	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)			

		Prior Year	Current Year
		0	0
8 Contributions and grants (Part VIII, line 1h)	391,099,815	401,706,209	
9 Program service revenue (Part VIII, line 2g)	1,308,731	894,806	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-183,692	64,389	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	392,224,854	402,665,404	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)			
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)	168,864,772	170,867,694	
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	
b Total fundraising expenses (Part IX, column (D), line 25)			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	236,658,500	230,723,477	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	405,523,272	401,591,171	
19 Revenue less expenses Subtract line 18 from line 12	-13,298,418	1,074,233	

		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	477,055,743	545,808,284	
21 Total liabilities (Part X, line 26)	372,770,195	441,368,086	
22 Net assets or fund balances Subtract line 21 from line 20	104,285,548	104,440,198	

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

Sign Here	Signature of officer	2013-11-12
	Robert Kolodgy Sr VP & Chief Financial Officer	Date

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no	

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

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III **1 Briefly describe the organization's mission**

The Association serves its membership consisting of independent Blue Cross and Blue Shield Plans (Plans) which operates within specified geographic 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 organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 103,463,891 including grants of \$) (Revenue \$ 102,187,488)

The BlueCard program is a clearinghouse service provided when a member Plan participant receives healthcare in another member Plan geographic service area. BlueCard enhancements in 2012 improved application performance, reliability and real-time processing of claims. This allows Plans to significantly reduce claim cycle time and realize significant operational efficiencies. Plan-reported examples include a seven-day reduction in claims cycle time and an 8 to 11-percent reduction in duplicate claims. Twenty eight (28) of thirty nine (38) Association licensees serve Fortune 500 companies nationally.

4b (Code) (Expenses \$ 107,379,928 including grants of \$) (Revenue \$ 107,463,438)

The Blue Cross and Blue Shield Associations' Federal Employee Program (FEP) administers the Blue Cross and Blue Shield Service Benefit Plan. Approximately 62 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 provided service to more than 5.3 million members and maintained a retention rate of 99.2 percent. To increase efficiencies and effectiveness, FEP launched several initiatives projected to save more than \$21 million over the next two to three years - which enabled the program to improve the competitive position of its program options. The FEP BlueVision product has approximately 885,000 members which is over fifty percent of the market share. The program wide service profile score increased for the fifth straight year, reaching a record high 114 out of 120. The program continues to increase member awareness through the offering of several on-line tools, including access to personal health records, wellness coaching modules and nurse-line.

4c (Code) (Expenses \$ 54,142,546 including grants of \$) (Revenue \$ 62,888,810)

As the umbrella organization for the member Plans, the Association coordinates advertising and communications programs, providing 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 conferences, consulting and miscellaneous services to the Plans.

(Code) (Expenses \$ 35,159,080 including grants of \$) (Revenue \$ 38,032,951)

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 \$ 30,491,181 including grants of \$) (Revenue \$ 36,315,856)

The Association provides optional consulting services and other miscellaneous services.

(Code) (Expenses \$ 22,266,183 including grants of \$) (Revenue \$ 17,732,141)

National Data Warehouse (NDW) 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.

(Code) (Expenses \$ 12,242,983 including grants of \$) (Revenue \$ 12,466,152)

Operation of the National Employee Benefits Administration Program which provides a comprehensive group package of employee benefits programs to the Plans.

(Code) (Expenses \$ 10,387,183 including grants of \$) (Revenue \$ 16,840,431)

Operation of the telecommunications network which facilitates inter-plan communication.

(Code) (Expenses \$ 8,920,920 including grants of \$) (Revenue \$ 7,778,943)

The Association 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. The Association provides additional services to DHHS through contracts with the Agency for Healthcare Research and Quality (AHRQ) utilizing funds from the American Recovery and Reinvestment Act (ARRA).

4d Other program services (Describe in Schedule O)

(Expenses \$ 119,467,530 including grants of \$ 0) (Revenue \$ 129,166,474)

4e Total program service expenses ► 384,453,895

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* (see instructions)?

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, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 for escrow or custodial account liability, 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 temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

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

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

b 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

c 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

d 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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f 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 (ASC 740)? If "Yes," complete Schedule D, Part XI

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

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional

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, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

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 United States? If "Yes," complete Schedule F, Parts II and IV

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 United States? If "Yes," complete Schedule F, Parts III and IV

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 (see instructions)

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

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

Part IV Checklist of Required Schedules (continued)

21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II

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

23 Did the organization answer "Yes" to Part VII, Section A, line 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

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 lines 24b through 24d and complete Schedule K. If "No," go to line 25

b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?

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?

d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?

25a **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I

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

26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II

27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III

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)

a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV

b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV

c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV

29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M

30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M

31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I

32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II

33 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 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1

35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?

b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2

36 **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2

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

38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O

21		No
22		No
23	Yes	
24a		No
24b		
24c		
24d		
25a		No
25b		No
26		No
27		No
28a		No
28b	Yes	
28c	Yes	
29		No
30		No
31		No
32		No
33		No
34	Yes	
35a	Yes	
35b	Yes	
36		
37		No
38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a 234		
b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b 0		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c Yes	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 1,259		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a Yes	
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		3b Yes	
4a 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)?		4a No	
b If "Yes," enter the name of the foreign country See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a No	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b No	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a 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 as charitable contributions?		6a No	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a 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?		7a	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	
d If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders	11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		14b	

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.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

			Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a	39		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b Enter the number of voting members included in line 1a, above, who are independent	1b	38		
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 governing documents since the prior Form 990 was filed?	4	No		
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No		
6 Did the organization have members or stockholders?	6	Yes		
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes		
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes		
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	8a	Yes		
a The governing body?	8b	Yes		
b Each committee with authority to act on behalf of the governing body?	9	No		
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				

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

		Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	Yes	
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	Yes	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13 Did the organization have a written whistleblower policy?	13	Yes	
14 Did 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?	15a	Yes	
a The organization's CEO, Executive Director, or top management official	15b	Yes	
b Other officers or key employees of the organization			
If "Yes" to line 15a or 15b, 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	Yes	
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

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 made these available. Check all that apply
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 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 Avenue Chicago, IL (312) 297-6462

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

Check if Schedule O contains a response to any question in this Part VII

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.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any. 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 neither the organization nor any related organization compensated any current officer, director, or trustee.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **522**

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	Yes
4	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? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	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. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
AGA SERVICE COMPANY ALLIANZ GLOBAL SERVICES Richmond VA 23294	InterPlan Support	8,486,299
HP ENTERPRISE SERVICE LLC PO Box 92013 Chicago IL 606752013	Systems Consulting	5,631,639
BLUE HEALTH INTELLIGENCE 225 N MICHIGAN AVENUE Chicago IL 60601	Data Access Fees	4,710,614
SYNOVATE INC 3040 W SALT CREEK LANE Arlington Heights IL 60005	Healthcare Surveys	3,149,108
AT&T PO Box 84685 Seattle WA 981245985	BlueCard Usage Telecom Fees	2,821,802

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **126**

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII

			(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	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f		0			
Program Service Revenue	2a BlueCard	Business Code 900099	102,187,488	102,187,488	0	0
	b Federal Employee Program	900099	107,463,438	107,463,438	0	0
	c Other Services	900099	62,888,810	62,888,810	0	0
	d Brand Enhance & Protection	900099	38,032,951	38,032,951	0	0
	e Consulting & Misc Services	900099	36,315,855	36,315,855	0	0
	f All other program service revenue		54,817,667	37,085,526	17,732,141	0
	g Total. Add lines 2a-2f		401,706,209			
	3 Investment income (including dividends, interest, and other similar amounts)		759,833	0	0	759,833
4 Income from investment of tax-exempt bond proceeds		0	0	0	0	
5 Royalties		0	0	0	0	
6a Gross rents	(I) Real 0	(II) Personal 0				
b Less rental expenses	0	0				
c Rental income or (loss)	0	0				
d Net rental income or (loss)			0	0	0	0
7a Gross amount from sales of assets other than inventory	(I) Securities 13,298,383	(II) Other 0				
b Less cost or other basis and sales expenses	13,117,521	45,889				
c Gain or (loss)	180,862	-45,889				
d Net gain or (loss)			134,973	0	0	134,973
8a Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c) See Part IV, line 18						
b Less direct expenses	a 0	b 0				
c Net income or (loss) from fundraising events			0	0	0	0
9a Gross income from gaming activities See Part IV, line 19						
b Less direct expenses	a 0	b 0				
c Net income or (loss) from gaming activities			0	0	0	0
10a Gross sales of inventory, less returns and allowances						
b Less cost of goods sold	a 0	b 0				
c Net income or (loss) from sales of inventory			0	0	0	0
Miscellaneous Revenue		Business Code				
11a Service Fee Revenue	525990	129,041	0	129,041	0	
b Partnership Pass Through Loss	900001	-64,652	-55,842	-8,810	0	
c						
d All other revenue		0	0	0	0	
e Total. Add lines 11a-11d		64,389				
12 Total revenue. See Instructions		402,665,404	383,918,226	17,852,372	894,806	

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)

Check if Schedule O contains a response to any question in this Part IX

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 United States See Part IV, line 21	0	0		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees . . .	16,046,931	12,749,775	3,297,156	0
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	0
7 Other salaries and wages	116,331,358	111,883,005	4,448,353	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . .	14,219,046	9,481,946	4,737,100	0
9 Other employee benefits . . .	15,731,807	15,450,239	281,568	0
10 Payroll taxes . . .	8,538,552	8,270,799	267,753	0
11 Fees for services (non-employees)				
a Management . . .	0	0	0	0
b Legal . . .	9,735,135	9,925,291	-190,156	0
c Accounting . . .	853,905	853,905	0	0
d Lobbying . . .	5,112,641	5,112,641	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees . . .	15,182	0	15,182	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . .	114,786,856	114,159,724	627,132	0
12 Advertising and promotion . . .	6,507,248	6,501,244	6,004	0
13 Office expenses . . .	9,485,357	9,358,226	127,131	0
14 Information technology . . .	31,890,727	31,470,036	420,691	0
15 Royalties . .	0	0	0	0
16 Occupancy . . .	10,805,225	10,380,104	425,121	0
17 Travel . . .	5,785,184	5,078,644	706,540	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . .	0	0	0	0
19 Conferences, conventions, and meetings . . .	4,141,864	3,447,866	693,998	0
20 Interest . . .	262,966	237,549	25,417	0
21 Payments to affiliates . . .	0	0	0	0
22 Depreciation, depletion, and amortization . . .	20,064,336	19,858,903	205,433	0
23 Insurance . . .	3,314,351	3,283,313	31,038	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Membership, Sponsorship, Gen'l Contribution	5,817,635	4,871,127	946,508	
b Books & Periodicals	1,898,118	1,833,463	64,655	
c Miscellaneous	246,747	246,095	652	
d				
e All other expenses	0			0
25 Total functional expenses. Add lines 1 through 24e	401,591,171	384,453,895	17,137,276	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X

		(A) Beginning of year	(B) End of year	
Assets				
1	Cash—non-interest-bearing	544,058	1	692,444
2	Savings and temporary cash investments	270,161,510	2	327,372,324
3	Pledges and grants receivable, net	0	3	0
4	Accounts receivable, net	25,371,551	4	24,332,048
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
7	Notes and loans receivable, net	9,696,675	7	5,014,976
8	Inventories for sale or use	0	8	0
9	Prepaid expenses and deferred charges	8,783,774	9	9,153,032
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	91,328,112	
b	Less accumulated depreciation	10b	65,663,397	27,718,663
			10c	25,664,715
11	Investments—publicly traded securities	15,000	11	15,000
12	Investments—other securities See Part IV, line 11	106,021,820	12	132,369,364
13	Investments—program-related See Part IV, line 11	0	13	0
14	Intangible assets	12,275,987	14	4,498,115
15	Other assets See Part IV, line 11	16,466,705	15	16,696,266
16	Total assets. Add lines 1 through 15 (must equal line 34)	477,055,743	16	545,808,284
Liabilities				
17	Accounts payable and accrued expenses	78,921,901	17	91,845,720
18	Grants payable	0	18	0
19	Deferred revenue	1,447,273	19	1,683,739
20	Tax-exempt bond liabilities	0	20	
21	Escrow or custodial account liability Complete Part IV of Schedule D	229,822,490	21	276,009,273
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
23	Secured mortgages and notes payable to unrelated third parties	0	23	0
24	Unsecured notes and loans payable to unrelated third parties	0	24	0
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	62,578,531	25	71,829,354
26	Total liabilities. Add lines 17 through 25	372,770,195	26	441,368,086
Net Assets or Fund Balances				
27	Unrestricted net assets	104,285,548	27	104,440,198
28	Temporarily restricted net assets	0	28	0
29	Permanently restricted net assets	0	29	0
Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
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	104,285,548	33	104,440,198
34	Total liabilities and net assets/fund balances	477,055,743	34	545,808,284

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	402,665,404
2	Total expenses (must equal Part IX, column (A), line 25)	2	401,591,171
3	Revenue less expenses Subtract line 2 from line 1	3	1,074,233
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	104,285,548
5	Net unrealized gains (losses) on investments	5	261,384
6	Donated services and use of facilities	6	0
7	Investment expenses	7	-15,182
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,165,785
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	104,440,198

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990 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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes
2c If "Yes," to line 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	2c	Yes
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?	3a	No
3b 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	3b	

Additional Data

Software ID: 12000197
Software Version: v1.00
EIN: 13-5656874
Name: BLUE CROSS AND BLUE SHIELD ASSOCIATION

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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(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
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee			
Peter Andruszkiewicz BoardMember	1 7 0	X					0	0	0
Richard L Boals BoardMember	1 7 0	X					0	0	0
Bruce G Bodaken BoardMember	1 7 0	X					0	0	0
Angela Braly BoardMember	1 7 0	X					0	0	0
H R Brereton Barlow BoardMember	1 7 0	X					0	0	0
Chester Burrell BoardMember	1 7 0	X					0	0	0
John Cannon BoardMember	1 7 0	X					0	0	0
Denise S Cesare BoardMember	1 7 0	X					0	0	0
Andrew C Corbin BoardMember	1 7 0	X					0	0	0
Andrew Dreyfus BoardMember	1 7 0	X					0	0	0
Paul von Ebers BoardMember	1 7 0	X					0	0	0
Ray Flachbart BoardMember	1 7 0	X					0	0	0
John D Forsyth BoardMember	1 7 0	X					0	0	0
Mike Frank BoardMember	1 7 0	X					0	0	0
Mark B Ganz BoardMember	1 7 0	X					0	0	0
David R Gentile BoardMember	1 7 0	X					0	0	0
Don C George BoardMember	1 7 0	X					0	0	0
Patrick J Geraghty BoardMember	1 7 0	X					0	0	0
Zelda Geyer-Sylvia BoardMember	1 7 0	X					0	0	0
Vicky B Gregg BoardMember	1 7 0	X					0	0	0
Patricia A Hemingway Hall BoardMember	1 7 0	X					0	0	0
Robert P Hiam BoardMember	1 7 0	X					0	0	0
Daniel J Hiltferty BoardMember	1 7 0	X					0	0	0
Terry D Kellogg BoardMember	1 7 0	X					0	0	0
David H Klein BoardMember	1 7 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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(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
		Former Officer Or director	Individual trustee	Institutional Trustee	Officer	Key employee			
Scott D Kreiling BoardMember	1 7 0	X					0	0	0
William Lehr Jr BoardMember	1 7 0	X					0	0	0
Daniel J Loepp BoardMember	1 7 0	X					0	0	0
Scott B Lynch BoardMember	1 7 0	X					0	0	0
Robert A Marino BoardMember	1 7 0	X					0	0	0
Steven S Martin BoardMember	1 7 0	X					0	0	0
Kenneth R Melani MD BoardMember	1 7 0	X					0	0	0
Alphonso O'Neil White BoardMember	1 7 0	X					0	0	0
David S Pankau BoardMember	1 7 0	X					0	0	0
M Carol Pigott BoardMember	1 7 0	X					0	0	0
Michael Reitz BoardMember	1 7 0	X					0	0	0
Ramon M Ruiz Comas BoardMember	1 7 0	X					0	0	0
Rick Schum BoardMember	1 7 0	X					0	0	0
Gary D St Hilaire BoardMember	1 7 0	X					0	0	0
Pamela Wheelock BoardMember	1 7 0	X					0	0	0
P Mark White BoardMember	1 7 0	X					0	0	0
J Bradley Wilson BoardMember	1 7 0	X					0	0	0
William Winkenwerder BoardMember	1 7 0	X					0	0	0
Scott P Serota President & CEO	40 0		X				3,905,943	0	1,301,741
William A Breskin VP, Government Programs	40 0		X				363,826	0	110,389
Paul Brown VP, Venturing	40 0		X				104,799	0	55,228
William J Colbourne SR VP, HR and Administration	40 0		X				571,192	0	137,538
Frank E Coyne Jr VP, Operations & Ntl Programs	40 0		X				464,242	0	194,188
Kathy R Didawick VP, Congressional Comm	40 0		X				316,329	0	77,216
John T Erickson VP, Federal Relations	40 0		X				436,511	0	121,471

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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(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	
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former		
Jena Estes VP, Federal Employee Program	40 0			X					360,184	0 91,199
Alissa T Fox SR VP, Policy & Representation	40 0			X					771,668	0 175,073
Paul John Julian Gerrard VP, Strategic Communications	40 0			X					261,305	0 41,393
Justine G Handelman VP, Legislative & Regulatory Policy	40 0			X					334,970	0 82,152
Trent T Haywood SR VP, Chief Medical Officer	40 0			X					24,038	0 2,237
Kari J Hedges VP, National Programs	40 0			X					280,976	0 36,990
Mitchell J Helfand VP, Finance	40 0			X					320,934	0 111,688
Robert J Kolodgy Jr SR VP, FSGP and CFO	40 0			X					588,892	0 60,254
Allan M Korn SR VP, Chief Medical Officer	40 0			X					719,559	0 237,923
Shirley S Lady VP, Information Strategy/Ops	40 0			X					335,169	0 103,959
W Scott Nehs VP, Dep Gen Counsel Asst Sec	40 0			X					249,620	0 26,297
William B O'Loughlin VP, Chief Technology Officer	40 0			X					526,092	0 112,452
Doug Porter SR VP, Chief Information Officer	40 0			X					722,068	0 83,801
Cynthia P Rolfe VP, Consumer Brand Strategy	40 0			X					298,878	0 24,482
Maureen E Sullivan SR VP, Strategic Services and CSO	40 0			X					644,597	0 123,926
Jennifer Vachon VP and Chief of Staff	40 0			X					350,085	0 81,454
Jody A Voss VP, Strategic Business Services	40 0			X					355,044	0 92,473
Roger G Wilson SR VP, Gen Counsel & Secretary	40 0			X					672,505	0 142,156
John Cerisano Exec Dir, Policy & Representation	40 0				X				288,023	0 66,536
Daniel A Engel Sr Assoc Gen Counsel	40 0				X				265,197	0 107,335
Carole R Flamm Exec Med Dir, National Programs	40 0				X				331,732	0 58,930
Steven D Putziger Exec Dir, Brand Protect & Finance	40 0				X				303,610	0 70,748
Mark A Talluto Exec Dir, Strategic Services	40 0				X				277,614	0 36,860
Stephen Gammarino Former Officer	0 0					X			860,677	0 3,790

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2012****Open to Public
Inspection**

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 V, 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, Part V, line 35c (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
--------------------------------------------------------------------	----------------------------------------------

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	
2	Political expenditures	► \$ 485,285
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	► \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	► \$
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	► \$ 275,000
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	► \$ 275,000
4	Did the filing organization file Form 1120-POL for this year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments 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-
(1) Democratic Governor's Association	1401 K Street NW Ste 200 Washington, DC 20005	52-1304889	125,000	0
(2) Republican Governor's Association	1747 Pennsylvania Ave NW Ste 250 Washington, DC 20006	11-3655877	100,000	0
(3) Republican State Leadership Committee	1201 F Street NW Suite 675 Washington, DC 20004	05-0532524	50,000	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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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.)		(a) Filing organization's totals	(b) Affiliated group totals										
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: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>		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		
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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f 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)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)	
	Yes	No	Amount	
1 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				
a Volunteers?				
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				
c Media advertisements?				
d Mailings to members, legislators, or the public?				
e Publications, or published or broadcast statements?				
f Grants to other organizations for lobbying purposes?				
g Direct contact with legislators, their staffs, government officials, or a legislative body?				
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?				
i Other activities?				
j Total Add lines 1c through 1i				
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?				
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d 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
1 Were substantially all (90% or more) dues received nondeductible by members?	1	No
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	No
3 Did the organization agree to carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	95,500,000
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	13,325,716
a Current year	2b	0
b Carryover from last year	2c	13,325,716
c Total	3	13,325,716
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	0
4 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?	5	0
5 Taxable amount of lobbying and political expenditures (see instructions)		

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, Part II-A (affiliated group list), Part II-A, line 2, 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	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 fund designated for exempt purposes

SCHEDULE D
(Form 990)**Supplemental Financial Statements****2012****Open to Public
Inspection**

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

 Department of the Treasury
 Internal Revenue Service

 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 can 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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year	
a Total number of conservation easements	Held at the End of the Year
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____	2d
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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 section 170(h)(4)(B)(ii)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> 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 XIII

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 XIII 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 XIII. Check here if the explanation has been provided in Part XIII

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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment

b Permanent endowment

c Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

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

(i) unrelated organizations

(ii) related organizations

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

Yes	No
3a(i)	
3a(ii)	
3b	

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

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		0	0		0
b Buildings		0	0	0	0
c Leasehold improvements		0	28,020,745	14,201,688	13,819,057
d Equipment		0	63,307,367	51,461,709	11,845,658
e Other		0	0	0	0
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					25,664,715

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives	0	
(2) Closely-held equity interests	0	
(3) Other		
(A) Non Public Mutual Funds	78,878,576	C
(B) Wells Fargo Mutual Funds (MNSGX)	39,428,092	F
(C) 1 share common, BCBSA Services, Inc	13,262,469	C
(D) Investment in Affiliates >5%	580,890	C
(E) 206,889 Common, BCS Insurance Corp	210,000	C
(F) 9,337 63 Common, Health Intelligence Co LLC	9,337	C
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	132,369,364	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)		

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

(a) Description	(b) Book value
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	

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

(a) Description of liability	(b) Book value
Federal income taxes	0
Pension Liability	44,558,967
Unsecured Note to Related Parties	9,897,555
Lease Liability	9,170,855
Post Retirement Liability	5,389,763
Other Benefits	2,399,887
Interest Payable	412,327
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	71,829,354

2. Fin 48 (ASC 740) Footnote In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	403,043,106
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	261,384
b	Donated services and use of facilities	2b	0
c	Recoveries of prior year grants	2c	0
d	Other (Describe in Part XIII)	2d	180,707
e	Add lines 2a through 2d	2e	442,091
3	Subtract line 2e from line 1	3	402,601,015
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 XIII)	4b	64,389
c	Add lines 4a and 4b	4c	64,389
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	402,665,404

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	401,637,058
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	0
c	Other losses	2c	0
d	Other (Describe in Part XIII)	2d	0
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	401,637,058
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 XIII)	4b	-45,887
c	Add lines 4a and 4b	4c	-45,887
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	401,591,171

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, 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	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 Program
SchD_P10_S00_L02	Schedule D, Part X, Line 2	The Association follows the requirements of ASC 740-10-25 "Accounting for Uncertainty in Income Taxes," which clarifies the accounting and disclosure for uncertainty in tax positions, as defined ASC 740-10-25 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under ASC 740-10-25, 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 Association does not believe that there are any uncertain tax positions that should be recorded. No interest or penalties were recorded or included in the consolidated statement of activities for the years ended December 31, 2012 and 2011. The Association is open to examination by taxing authorities from fiscal year 2009 forward
SchD_P11_S00_L02d	Schedule D, Part XI, Line 2d	Subsidiary Gross Receipts \$150,000 - \$45,889 reclassification of loss on sale of assets +\$15,182 reclassification of investment expenses = \$180,707
SchD_P11_S00_L04b	Schedule D, Part XI, Line 4b	\$129,041 Consolidated Intercompany Revenue - \$64,652 Investment pass through income from
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Reclassification of loss on sale of Assets to Revenue

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

OMB No 1545-0047

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.

2012**Open to Public Inspection**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 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 type="checkbox"/> Tax indemnification and gross-up payments	<input 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 of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. 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 includethe use of chartered air carriers or first class travel on scheduled commercial flights under certain limited circumstances.
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	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.
SchJ_P01_S00_L04	Schedule J, Part I, Line 4	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 for the applicable reportable persons as follows: William A Breskin - 22,752, Paul F Brown - 2,141, William J Colbourne - 20,038, Frank E Coyne Jr - 66,162, John T Erickson - 1,325, Jena Estes - 10,752, Alissa T Fox - 52,513, Justine Handleman - 5,811, Allan M Korn, MD - 127,635, Maureen E Sullivan - 5,954, Jennifer Vachon - 6,675, Jody A Voss - 8,640, Roger G Wilson - 15,912, John Cerisano - 1,671, and Scott Serota - 165,208. The combined total of imputed SERP included in column C = \$513,194.
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: 12000197
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				
Scott P Serota	(i) 955,947 (ii) 0	1,937,741 0	1,012,255 0	1,275,518 0	26,223 0	5,207,684 0	902,061 0
William A Breskin	(i) 247,219 (ii) 0	76,500 0	40,107 0	85,808 0	24,581 0	474,215 0	0 0
Paul Brown	(i) 62,085 (ii) 0	26,000 0	16,714 0	48,526 0	6,702 0	160,027 0	0 0
William J Colbourne	(i) 305,101 (ii) 0	155,000 0	111,091 0	116,935 0	20,603 0	708,730 0	0 0
Frank E Coyne Jr	(i) 276,262 (ii) 0	120,400 0	67,580 0	167,057 0	27,131 0	658,430 0	0 0
Kathy R Didawick	(i) 222,781 (ii) 0	75,000 0	18,548 0	59,890 0	17,325 0	393,544 0	0 0
John T Ericksen	(i) 260,817 (ii) 0	97,000 0	78,694 0	98,687 0	22,785 0	557,983 0	0 0
Jena Estes	(i) 238,481 (ii) 0	70,000 0	51,703 0	68,574 0	22,625 0	451,383 0	0 0
Alissa T Fox	(i) 374,684 (ii) 0	190,000 0	206,984 0	143,177 0	31,896 0	946,741 0	0 0
Paul John Julian Gerrard	(i) 216,363 (ii) 0	43,100 0	1,842 0	23,653 0	17,740 0	302,698 0	0 0
Justine G Handelman	(i) 228,197 (ii) 0	90,000 0	16,773 0	60,074 0	22,078 0	417,122 0	0 0
Trent T Haywood	(i) 24,038 (ii) 0	0 0	0 0	0 0	2,237 0	26,275 0	0 0
Kari J Hedges	(i) 205,369 (ii) 0	70,000 0	5,607 0	23,386 0	13,604 0	317,966 0	0 0
Mitchell J Helfand	(i) 192,730 (ii) 0	76,300 0	51,904 0	90,356 0	21,332 0	432,622 0	0 0
Robert J Kolodgy Jr	(i) 389,716 (ii) 0	195,000 0	4,176 0	32,000 0	28,254 0	649,146 0	0 0
Allan M Korn	(i) 341,365 (ii) 0	290,000 0	88,194 0	213,313 0	24,610 0	957,482 0	0 0
Shirley S Lady	(i) 214,751 (ii) 0	89,000 0	31,418 0	90,923 0	13,036 0	439,128 0	0 0
W Scott Nehs	(i) 248,120 (ii) 0	0 0	1,500 0	12,500 0	13,797 0	275,917 0	0 0
William B O'Loughlin	(i) 264,685 (ii) 0	115,600 0	145,807 0	82,589 0	29,863 0	638,544 0	0 0
Doug Porter	(i) 359,003 (ii) 0	195,000 0	168,065 0	64,866 0	18,935 0	805,869 0	0 0
Cynthia P Rolfe	(i) 242,020 (ii) 0	52,400 0	4,458 0	8,620 0	15,862 0	323,360 0	0 0
Maureen E Sullivan	(i) 349,312 (ii) 0	180,000 0	115,285 0	90,692 0	33,234 0	768,523 0	0 0
Jennifer Vachon	(i) 224,708 (ii) 0	101,100 0	24,277 0	60,480 0	20,974 0	431,539 0	0 0
Jody A Voss	(i) 217,486 (ii) 0	96,800 0	40,758 0	68,929 0	23,544 0	447,517 0	0 0
Roger G Wilson	(i) 393,807 (ii) 0	175,000 0	103,698 0	118,646 0	23,510 0	814,661 0	0 0
John Cerisano	(i) 213,135 (ii) 0	62,500 0	12,388 0	42,104 0	24,432 0	354,559 0	0 0
Daniel A Engel	(i) 193,161 (ii) 0	55,000 0	17,036 0	88,720 0	18,615 0	372,532 0	0 0
Carole R Flamm	(i) 250,537 (ii) 0	62,700 0	18,495 0	44,298 0	14,632 0	390,662 0	0 0
Steven D Putziger	(i) 206,933 (ii) 0	65,300 0	31,377 0	45,133 0	25,615 0	374,358 0	0 0
Mark A Talluto	(i) 209,410 (ii) 0	65,800 0	2,404 0	19,706 0	17,154 0	314,474 0	0 0
Stephen Gammarino	(i) 16,557 (ii) 0	135,000 0	709,120 0	3,790 0	0 0	864,467 0	708,840 0

Schedule L

Transactions with Interested Persons

► 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, line 38a or 40b.

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

OMB No 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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) Relationship between disqualified person and organization	(c) Description of transaction		(d) Corrected?	
			Yes	No		

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958. \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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 assistance	(d) Type of assistance	(e) Purpose 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
See Additional Data Table					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
SchL_P04_S00_L00	Schedule L, Part IV	Contracting with vendors, of which officers or board members listed in Part VII are also officers or board members of the vendor, are subject to an independent competitive bidding process

Additional Data

Software ID: 12000197
Software Version: v1.00
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
(1) F Ruiz	Directors Family	84,248	Employee Salary		No
(2) N Parker	Officer Family	58,240	Employee Salary		No
(3) Health Intelligence Co LLC	Officer-Vendor Director	19,852,052	Receipts - Contract Fees		No
(4) Health Intelligence Co LLC	Officer-Customer Director	4,172,205	Payment for Services		No
(5) Consortium Health Plans Inc	Director-Vendor Director	2,560,963	Payment for Services		No
(6) BCS Insurance Company	Officer-Vendor Director	691,220	Payment for Insurance		No
(7) Consortium Health Plans Inc	Director-Customer Board	325,500	Receipts - Contract Fees		No
(8) BCS Life Insurance Co	Director-Customer Board	261,644	Receipts for Services		No
(9) BCBS Venture Partners II LP	Officer-Customer Officer	241,604	Receipts for Services		No
(10) BCBS Venture Partners LP	Officer-Customer Officer	216,379	Receipts for Services		No

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

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

2012**Open to Public
Inspection**

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

Identifier	Return Reference	Explanation
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	Blue Cross and Blue Shield has thirty eight (38) independent member health care plan licensees operating in specified domestic service areas

Identifier	Return Reference	Explanation
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	The governing body approves a nominating committee to oversee governing body elections

Identifier	Return Reference	Explanation
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

Identifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	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 copy of form 990 is presented to the board prior to filing.

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	<p>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.</p>

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	<p>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.</p>

Identifier	Return Reference	Explanation
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.

Identifier	Return Reference	Explanation
F990_P09_S00_L11g	Form 990, Part IX, Line 11g	Temporary Employees \$29,104,490, Recruitment \$716,939 65, Professional Services \$81,787,592 42, External Printing & Graphics \$3,374,033 58

Identifier	Return Reference	Explanation
F990_P11_S00_L09	Form 990, Part XI, Line 9	ASC 715, Other comprehensive income from pension plan obligations = -\$1,233,663 + \$150,000 subsidiary gross receipts +\$64,652 pass through loss -\$129,041 service fee revenue -\$17,733 00 subsidiary net income = (\$1,165,784)

SCHEDULE R **(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

BLUE CROSS AND BLUE SHIELD ASSOCIATION

Employer identification number

13-5656874

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

(a) Name, address, and EIN (if applicable) 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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

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

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

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

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 or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related 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
1s		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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) BCBSA Services Inc	l	129,119	Actual cost plus markup

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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.

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
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Software ID: 12000197
Software Version: v1.00
EIN: 13-5656874
Name: BLUE CROSS AND BLUE SHIELD ASSOCIATION

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