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Form 990

Return of Organization Exempt From Income Tax

2014

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- Do not enter social security numbers on this form as it may be made public
- Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014

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			
<input type="checkbox"/> Name change	Doing business as		E Telephone number (312) 297-6000
<input type="checkbox"/> Initial return			
<input type="checkbox"/> Final return/terminated	Number and street (or P O box if mail is not delivered to street address) 225 North Michigan Avenue	Room/suite	
<input type="checkbox"/> Amended return			
<input type="checkbox"/> Application pending	City or town, state or province, country, and ZIP or foreign postal code Chicago, IL 60601		G Gross receipts \$ 462,483,783
F Name and address of principal officer Scott Serota 225 North Michigan Avenue Chicago, IL 60601		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

I Tax-exempt status 501(c)(3) 501(c) (4) (insert no) 4947(a)(1) or 527J Website: ► www.bcbs.comK Form of organization Corporation Trust Association Other ►H(b) Are all subordinates included? Yes No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

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 Blue Cross and Blue Shield 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	38
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	36
5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	1,253
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	15,015,912
b Net unrelated business taxable income from Form 990-T, line 34	7b	-1,297,363

8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g)	0	0
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	412,878,752	456,031,393
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	975,908	1,100,612
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	54,823	251,672
	413,909,483	457,383,677

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)	179,879,571	179,415,728
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	245,262,984	270,219,633
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	425,142,555	449,635,361
19 Revenue less expenses Subtract line 18 from line 12	-11,233,072	7,748,316

20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
21 Total liabilities (Part X, line 26)	588,221,414	691,620,828
22 Net assets or fund balances Subtract line 21 from line 20	453,203,066	588,934,440
	135,018,348	102,686,388

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		2015-11-12
	Robert Kolodgy Sr VP & Chief Financial Officer		Date
	Type or print name and title		

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2014)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line 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 \$ 146,757,690 including grants of \$) (Revenue \$ 146,872,413)

The Blue Cross and Blue Shield Association's Federal Employee Program (FEP) administers the Blue Cross and Blue Shield Service Benefit Plan. Approximately 61 percent of all federal employees and retirees who received their health care benefits through the government's Federal Employees 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. Accomplishments in 2014 were related to product innovation, expanding service offerings and enhancing member experience. Research efforts were geared toward providing meaningful ways to improve cost and quality of care. Key success includes - 99 percent member retention, 15 percent growth in the BlueVision product to 50 percent market share, redesign of the fehbpblue website

4b (Code) (Expenses \$ 109,537,175 including grants of \$) (Revenue \$ 113,521,164)

The BlueCard program is a clearinghouse service provided when a member Plan participant receives healthcare in another member Plan geographic service area. BlueCard gives Blue members seamless national access to physicians and hospitals that participate in Blue networks. The program links participating healthcare providers with the independent Blue Cross and Blue Shield Plans through a single electronic network for claims processing and reimbursement. During 2014 the BlueCard program celebrated its 20th year of continued success. Approximately 1.1 million claims enter the blue card system daily. The fees associated with this delivery platform continues to generate a significant amount of revenue for the Association. The BlueCard program generated an estimated Plan savings of more than \$74.6 billion in 2014

4c (Code) (Expenses \$ 56,165,371 including grants of \$) (Revenue \$ 63,034,613)

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

See Additional Data

4d Other program services (Describe in Schedule O)
(Expenses \$ 118,604,493 including grants of \$ 0) (Revenue \$ 132,756,213)

4e Total program service expenses ► 431,064,729

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 other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, 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	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or 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	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
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	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
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	33		No
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	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
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	35b	Yes	
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	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . .	1a	214	
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		
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	1,253	
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" to line 3b, 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)			
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).	7a		
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? . . .	7b		
b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . .	7c		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . .	7d		
d If "Yes," indicate the number of Forms 8282 filed during the year			
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. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8		
9a Did the sponsoring organization make any taxable distributions under section 4966? . . .	9a		
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . .	9b		
10 Section 501(c)(7) organizations. Enter	10a		
a Initiation fees and capital contributions included on Part VIII, line 12 . . .	10b		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
11 Section 501(c)(12) organizations. Enter	11a		
a Gross income from members or shareholders . . .	11b		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . .			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . .	12a		
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.	13a		
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	13b		
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 . . .	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 or note to any line 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	38		
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	36		
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 <input checked="" type="checkbox"/> 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
<input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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, address, and telephone number of the person who possesses the organization's books and records ►Robert J Kolodgy 225 North Michigan Avenue Chicago, IL 60601 (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 or note to any line 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

(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
		Individual trustee Or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

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

(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
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A			
d Total (add lines 1b and 1c)	18,264,041	0	5,019,184

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 **►616**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	No
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? If "Yes," complete Schedule J for such individual	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? If "Yes," complete Schedule J for such person	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
HP Enterprise Services LLC PO Box 92013 Chicago, IL 60675	Systems Consulting	9,125,627
Health Intelligence Co LLC 225 N Michigan Avenue Chicago, IL 60601	Data Analytics	11,613,143
AXA Assistance USA Inc 122 S Michigan Avenue Chicago, IL 60602	Medical Claims Processing	7,656,241
Kirkland & Ellis 200 E Randolph Drive Chicago, IL 60601	Legal Services	7,413,511
WebMD Health Corp 669 River Dr Ctr Two Elmwood Park, NJ 07407	System Consulting Services	10,894,844
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 ►105		

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
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 Federal Employee Program	Business Code 900099	146,872,413	146,872,413	0
	b BlueCard	900099	113,521,164	113,521,164	0
	c Other Services	900099	63,034,613	63,034,613	0
	d Consulting & Misc Services	900099	44,670,408	44,670,408	0
	e Brand Enhancement & Protection	900099	35,283,863	35,283,863	0
	f All other program service revenue		52,648,932	37,731,682	14,917,250
	g Total. Add lines 2a-2f		456,031,393		
	3 Investment income (including dividends, interest, and other similar amounts)		1,123,501	0	0	1,123,501
4 Income from investment of tax-exempt bond proceeds		0	0	0	0
5 Royalties		0	0	0	0
6a Gross rents	(I) Real	(II) Personal			
b Less rental expenses					
c Rental income or (loss)	0	0			
d Net rental income or (loss)					
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other			
b Less cost or other basis and sales expenses	5,077,217	0			
c Gain or (loss)	4,972,133	127,973			
d Net gain or (loss)	105,084	-127,973			
			-22,889	0	0
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b Less direct expenses	b				
c Net income or (loss) from fundraising events					
9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances	a				
b Less cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue	Business Code				
11a Service Fee Revenue	525990	98,662	0	98,662	0
b Partnership Pass Through Gain	900001	153,010	153,010	0	0
c					
d All other revenue		0	0	0	0
e Total. Add lines 11a-11d		251,672			
12 Total revenue. See Instructions		457,383,677	441,267,153	15,015,912	1,100,612

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 or note to any line 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 domestic organizations and domestic governments See Part IV, line 21	0	0		
2 Grants and other assistance to domestic individuals See Part IV, line 22	0	0		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals 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	19,561,917	15,468,802	4,093,115	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	124,349,218	119,509,312	4,839,906	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	12,262,914	7,503,427	4,759,487	0
9 Other employee benefits	14,413,894	14,539,082	-125,188	0
10 Payroll taxes	8,827,785	8,599,383	228,402	0
11 Fees for services (non-employees)				
a Management	0	0	0	0
b Legal	10,099,369	9,846,981	252,388	0
c Accounting	1,271,159	1,271,159	0	0
d Lobbying	4,095,329	4,095,329	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	0	0	0	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	142,871,299	142,162,761	708,538	0
12 Advertising and promotion	9,498,288	9,498,288	0	0
13 Office expenses	9,645,965	9,550,297	95,668	0
14 Information technology	45,554,259	44,913,387	640,872	0
15 Royalties	0	0	0	0
16 Occupancy	12,158,097	11,091,274	1,066,823	0
17 Travel	5,743,985	5,088,956	655,029	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	5,192,917	4,539,711	653,206	0
20 Interest	25,347	0	25,347	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	12,214,476	12,041,438	173,038	0
23 Insurance	4,252,013	4,212,085	39,928	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 Contribut	4,074,011	3,700,282	373,729	0
b Books & Periodicals	2,009,299	1,936,045	73,254	0
c				
d				
e All other expenses	1,513,820	1,496,730	17,090	0
25 Total functional expenses. Add lines 1 through 24e	449,635,361	431,064,729	18,570,632	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 <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year	(B) End of year
Assets			
1	Cash—non-interest-bearing	711,793	1 2,720,860
2	Savings and temporary cash investments	368,976,369	2 446,581,844
3	Pledges and grants receivable, net	3	
4	Accounts receivable, net	28,053,132	4 33,446,130
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
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	6	
7	Notes and loans receivable, net	386,485	7 2,928
8	Inventories for sale or use	8	
9	Prepaid expenses and deferred charges	14,109,695	9 9,260,918
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 99,097,514	
b	Less accumulated depreciation	10b 75,941,555	21,665,074 10c 23,155,959
11	Investments—publicly traded securities	15,000	11 15,000
12	Investments—other securities See Part IV, line 11	145,710,892	12 166,129,773
13	Investments—program-related See Part IV, line 11	0	13 0
14	Intangible assets	3,662,752	14 3,532,448
15	Other assets See Part IV, line 11	4,930,222	15 6,774,968
16	Total assets. Add lines 1 through 15 (must equal line 34)	588,221,414	16 691,620,828
Liabilities			
17	Accounts payable and accrued expenses	93,095,762	17 115,574,350
18	Grants payable	18	
19	Deferred revenue	4,364,488	19 4,463,579
20	Tax-exempt bond liabilities	20	
21	Escrow or custodial account liability Complete Part IV of Schedule D	312,923,125	21 391,376,227
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	22	
23	Secured mortgages and notes payable to unrelated third parties	23	
24	Unsecured notes and loans payable to unrelated third parties	24	
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	42,819,691	25 77,520,284
26	Total liabilities. Add lines 17 through 25	453,203,066	26 588,934,440
Net Assets or Fund Balances			
27	Unrestricted net assets	135,018,348	27 102,686,388
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 27 through 29, and lines 33 and 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	135,018,348	33 102,686,388
34	Total liabilities and net assets/fund balances	588,221,414	34 691,620,828

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	457,383,677
2	Total expenses (must equal Part IX, column (A), line 25)	2	449,635,361
3	Revenue less expenses Subtract line 2 from line 1	3	7,748,316
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	135,018,348
5	Net unrealized gains (losses) on investments	5	21,090
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-40,101,366
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	102,686,388

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

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? 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 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? 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	3a	No
	3b	

Additional Data

Software ID: 14000267
Software Version: v1.00
EIN: 13-5656874
Name: BLUE CROSS AND BLUE SHIELD ASSOCIATION

Form 990, Part III - Line 4c: Program Service Accomplishments (See the Instructions)

(Code	) (Expenses \$	37,639,167	including grants of \$	) (Revenue \$	44,670,408)
The Association provides optional consulting services and other miscellaneous services					
(Code	) (Expenses \$	35,283,863	including grants of \$	) (Revenue \$	35,283,863)
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					

Form 990, Part III - Line 4c: Program Service Accomplishments (See the Instructions)

(Code	(Expenses \$	16,098,193	including grants of \$) (Revenue \$	14,917,250)
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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 \$	13,415,224	including grants of \$) (Revenue \$	13,862,814)
-------	--------------	------------	------------------------	---------------	--------------

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

Form 990, Part III - Line 4c: Program Service Accomplishments (See the Instructions)

(Code) (Expenses \$	11,244,870	including grants of \$) (Revenue \$	18,672,150)
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Operation of the telecommunications network which facilitates inter-plan communication

(Code) (Expenses \$	4,923,176	including grants of \$) (Revenue \$	5,196,718)
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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)

Form 990, Part III - Line 4c: Program Service Accomplishments (See the Instructions)

(Code	(Expenses \$	0	including grants of \$	0) (Revenue \$	153,010)
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K-1 Partnership revenue from BlueCross BlueShield Venture Partners II, LLP and National Account Service Company, LLC Both entities provide goods and services related to BCBSA's tax exempt purpose

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

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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated			
(51) Sudhana Gopalan.....VP, Strategy	40 0			X			232,190	0	3,356
(1) Kris O Haltmeyer.....VP, Health Policy & Analysis	40 0			X			342,145	0	37,102
(2) Justine Germann Handelman.....VP, Legislative & Regulatory Policy	40 0			X			450,578	0	87,880
(3) Trent T Haywood.....SR VP, Chief Medical Officer	40 0			X			537,736	0	44,363
(4) Kari J Hedges.....VP, National Programs	40 0			X			396,012	0	34,761
(5) Mitchell J Helfand.....VP, Finance	40 0			X			382,530	0	139,652
(6) Kim D Holland.....VP, State Affairs	40 0			X			282,597	0	33,991
(7) Robert J Kolodgy Jr.....SR VP, FSGP & CFO	40 0			X			716,216	0	46,107
(8) Shirley S Lady.....VP, Transformation Services	40 0			X			399,655	0	122,058
(9) William S Nehs.....VP, Dep Gen Counsel Asst Sec	40 0			X			409,419	0	42,070
(10) William Barry O'Loughlin.....VP, Operational Readiness	40 0			X			485,747	0	126,734
(11) Doug Porter.....SR VP, Operations & CIO	40 0			X			688,629	0	101,032
(12) Cynthia Passmore Rolfe.....VP, Consumer Brand Strategy	40 0			X			364,959	0	14,703
(13) Maureen E Sullivan.....SR VP, Strategic Services & CSO	40 0			X			704,517	0	137,510
(14) Cheryl L Thomas.....VP, Human Resources	40 0			X			138,121	0	10,647
(15) Jennifer Vachon.....SR VP, Admin Services & Chief of Staff	40 0			X			460,165	0	90,358
(16) Jody A Voss.....VP, Strategic Business Services	40 0			X			393,949	0	69,027
(17) Roger G Wilson.....SR VP, Gen Counsel & Secretary	40 0			X			780,165	0	170,239
(18) Nasir Khan.....Exec Dir, Enterprise Informatics	40 0			X			347,262	0	163,059
(19) Carole R Flamm.....Exec Med Dir, Ctr for Clinic Value	40 0			X			355,752	0	85,818
(20) John Cersano.....Exec Dir, Congress Relations	40 0			X			353,158	0	81,292
(21) Daniel A Engel.....Sr Assoc Gen Counsel	40 0			X			330,621	0	106,971
(22) Steven D Putziger.....Exec Dir, Brand Protect & Finance	40 0			X			330,620	0	109,183
(23) Mark A Talluto.....Exec Dir, Marketing	40 0			X			318,055	0	42,374

2014

Open to Public
Inspection**SCHEDULE C**
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****For Organizations Exempt From Income Tax Under section 501(c) and section 527**

► Complete if the organization is described below. ► Attach to Form 990 or Form 990-EZ.
 ► Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

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) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

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

Name of the organization BLUE CROSS AND BLUE SHIELD ASSOCIATION	Employer identification number 13-5656874
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization's direct and indirect political campaign activities in Part IV	
2	Political expenditures	► \$ 715,140
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?	□ Yes □ No
4a	Was a correction made?	□ Yes □ 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	► \$ 525,000
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	► \$ 525,000
4	Did the filing organization file Form 1120-POL for this year?	✓ Yes □ 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) Republican Governor's Association	1747 Pennsylvania Ave NW Ste 250 Washington, DC 20004	11-3655877	250,000	0
(2) Democratic Governor's Association	1401 K Street NW Ste 200 Washington, DC 20005	52-1304889	250,000	0
(3) Republican Attorneys General Association	1747 Pennsylvania Avenue Washington, DC 20006	46-4501717	25,000	0

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

A Check if the filing organization belongs to an affiliated group (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:		
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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(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	89,500,000
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)		
a Current year	2a	11,568,654
b Carryover from last year	2b	0
c Total	2c	11,568,654
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	11,568,654
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?	4	0
5 Taxable amount of lobbying and political expenditures (see instructions)	5	0

Part IV Supplemental Information

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-B, lines 1 and 2 (see instructions), and Part II-C, line 1. Also, complete this part for any additional information.

Return Reference	Explanation
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

Part IV **Supplemental Information (continued)**

2014

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

► 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.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.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 value of contributions to (during year)		
3 Aggregate value of 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)

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

Protection of natural habitat Preservation of a certified historic structure

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

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

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

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes 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) Revenue 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 Revenue 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, for escrow or custodial account liability? 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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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	28,657,720	17,742,040	10,915,680
d Equipment		0	70,439,794	58,199,515	12,240,279
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).)					23,155,959

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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		
(2) Closely-held equity interests		
(3) Other		
(A) Non Public Mutual Funds	103,448,365	C
(B) Wells Fargo Mutual Funds (MNSGX)	43,170,501	F
(C) 1 share common BCBSA Services, Inc	13,262,469	C
(D) Investments in Affiliates >5%	6,038,438	C
(E) 206,889 Common, BCS Insurance Corp	210,000	C
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	166,129,773	

Part VIII Investments—Program Related. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d. 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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
Pension Liability	50,908,418
Long-Term Deferred Revenue	13,534,784
Lease Liability	7,598,861
Other Benefits	3,106,691
Post-Retirement Liability	2,371,530
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	77,520,284

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
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	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
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	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	

Part XIII Supplemental Information

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

Return Reference	Explanation
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
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, 2014 and 2013. The Association is open to examination by taxing authorities from fiscal year 2011 forward

Part XIII Supplemental Information (continued)

Return Reference	Explanation

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

OMB No 1545-0047

2014**Open to Public
Inspection**Department of the Treasury
Internal Revenue ServiceFor certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

► Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

► Attach to Form 990.

► Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

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 directors, trustees, officers, including 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), 501(c)(4), and 501(c)(29) organizations 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 in column(B) 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

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

Return Reference	Explanation
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 Association is able to meet his travel commitments, including travel to underserved regional destinations. These policies include the use of charter aircraft and first class travel on scheduled commercial flights under certain limited circumstances. The use of these travel services are not treated as taxable compensation to the officers or board members.
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 consultants advice and those deliberations include a review of the results of the independent consultants 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 consultants market research regarding comparable officer pay and the independent consultants advice.
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: Scott P Serota - 447,641, William A Breskin - 15,837, William J Colbourne - 256,653, Frank Coyne - 32,353, Kathy Didawick - 13,160, Jena Lanise Bell Estes - 15,583, Alissa T Fox - 44,888, Justine Handleman - 20,951, Mitchell Helfand - 49,064, Shirley Lady - 22,640, Bill O'Loughlin - 31,227, Doug Porter - 20,162, Maureen E Sullivan - 33,260, Jennifer Vachon - 24,676, Jody Voss - 17,997, Roger G Wilson - 70,088, Nasir Khan - 29,036, Carole Flamm - 14,861, Dan Engel - 11,755 and Steven Putziger - 41,973. The combined total of imputed SERP included in column C = 1,213,805.
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 employees 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 committees 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.

Additional Data

Software ID: 14000267
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 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)(1)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Scott P Serota, President & CEO	(i) 1,019,242 (ii) 0	2,460,817 0	69,194 0	1,994,955 0	39,477 0	5,583,685 0	1,214,514 0	
1 William A Breskin, VP, Government Programs	(i) 275,862 (ii) 0	90,000 0	88,207 0	69,801 0	33,583 0	557,453 0	0 0	
2 William James Colbourne, SR VP, HR and Administration	(i) 540,773 (ii) 0	185,000 0	152,705 0	339,352 0	28,951 0	1,246,781 0	0 0	
3 Frank E Coyne Jr, VP, Operations & Ntl Programs	(i) 304,294 (ii) 0	125,000 0	188,333 0	114,282 0	32,925 0	764,834 0	0 0	
4 Kathy Ripley Didawick, VP, Congressional Communications	(i) 249,470 (ii) 0	80,000 0	37,773 0	57,780 0	27,839 0	452,862 0	0 0	
5 John T Erickson, VP, Federal Relations	(i) 288,261 (ii) 0	97,000 0	102,801 0	71,325 0	24,172 0	583,559 0	0 0	
6 Jena Lanise Bell Estes, VP, Government Programs	(i) 271,305 (ii) 0	76,300 0	26,880 0	60,873 0	40,046 0	475,404 0	0 0	
7 Alissa T Fox, SR VP, Policy & Representation	(i) 431,708 (ii) 0	245,000 0	306,264 0	116,947 0	30,843 0	1,130,762 0	0 0	
8 Paul John Julian Gerrard, VP, Strategic Communications	(i) 241,200 (ii) 0	90,300 0	19,555 0	6,978 0	28,770 0	386,803 0	0 0	
9 Sudhama Gopalan, VP, Strategy	(i) 232,131 (ii) 0	0 0	59 0	2,241 0	1,115 0	235,546 0	0 0	
10 Kris O Haltmeyer, VP, Health Policy & Analysis	(i) 238,370 (ii) 0	70,000 0	33,775 0	7,527 0	29,575 0	379,247 0	0 0	
11 Justine Germann Handelman, VP, Legislative & Regulatory Policy	(i) 267,635 (ii) 0	130,000 0	52,943 0	54,852 0	33,028 0	538,458 0	0 0	
12 Trent T Haywood, SR VP, Chief Medical Officer	(i) 376,236 (ii) 0	160,000 0	1,500 0	13,000 0	31,363 0	582,099 0	0 0	
13 Kari J Hedges, VP, National Programs	(i) 249,023 (ii) 0	95,000 0	51,989 0	6,746 0	28,015 0	430,773 0	0 0	
14 Mitchell J Helfand, VP, Finance	(i) 230,366 (ii) 0	85,000 0	67,165 0	120,893 0	18,759 0	522,183 0	0 0	
15 Kim D Holland, VP, State Affairs	(i) 207,297 (ii) 0	57,000 0	18,300 0	12,180 0	21,811 0	316,588 0	0 0	
16 Robert J Kolodgy Jr, SR VP, FSGP & CFO	(i) 467,770 (ii) 0	222,000 0	26,445 0	17,500 0	28,607 0	762,322 0	0 0	
17 Shirley S Lady, VP, Transformation Services	(i) 251,346 (ii) 0	95,000 0	53,308 0	98,446 0	23,612 0	521,712 0	0 0	
18 William S Nehs, VP, Dep Gen Counsel Asst Sec	(i) 312,411 (ii) 0	94,800 0	2,208 0	13,000 0	29,070 0	451,489 0	0 0	
19 William Barry O'Loughlin, VP, Operational Readiness	(i) 298,088 (ii) 0	125,000 0	62,660 0	88,466 0	38,268 0	612,482 0	0 0	

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

(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 in column (B) reported as deferred in prior Form 990
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
21 Doug Porter, SR VP, Operations & CIO	(i) 409,418 (II) 0	195,000 0	84,212 0	69,625 0	31,407 0	789,662 0	0 0
1 Cynthia Passmore Rolfe, VP, Consumer Brand Strategy	(i) 253,431 (II) 0	91,700 0	19,828 0	10,671 0	4,032 0	379,662 0	0 0
2 Maureen E Sullivan, SR VP, Strategic Services & CSO	(i) 394,952 (II) 0	175,000 0	134,565 0	93,087 0	44,423 0	842,027 0	0 0
3 Cheryl L Thomas, VP, Human Resources	(i) 45,237 (II) 0	74,200 0	18,684 0	2,779 0	7,867 0	148,767 0	0 0
4 Jennifer Vachon, SR VP, Admin Services & Chief of Staff	(i) 257,235 (II) 0	150,000 0	52,930 0	61,638 0	28,719 0	550,522 0	0 0
5 Jody A Voss, VP, Strategic Business Services	(i) 243,218 (II) 0	93,300 0	57,431 0	51,038 0	17,989 0	462,976 0	0 0
6 Roger G Wilson, SR VP, Gen Counsel & Secretary	(i) 424,979 (II) 0	206,000 0	149,186 0	154,165 0	16,074 0	950,404 0	0 0
7 Nasir Khan, Exec Dir, Enterprise Informatics	(i) 232,896 (II) 0	80,000 0	34,367 0	133,910 0	29,149 0	510,322 0	0 0
8 Carole R Flamm, Exec Med Dir, Ctr for Clinic Value	(i) 278,484 (II) 0	60,500 0	16,769 0	59,487 0	26,331 0	441,571 0	0 0
9 John Cerisano, Exec Dir, Congress Relations	(i) 242,892 (II) 0	63,500 0	46,766 0	41,057 0	40,236 0	434,451 0	0 0
10 Daniel A Engel, Sr Assoc Gen Counsel	(i) 221,083 (II) 0	56,000 0	53,539 0	85,660 0	21,311 0	437,593 0	0 0
11 Steven D Putziger, Exec Dir, Brand Protect & Finance	(i) 233,115 (II) 0	60,000 0	37,505 0	84,639 0	24,544 0	439,803 0	0 0
12 Mark A Talluto, Exec Dir, Marketing	(i) 236,228 (II) 0	72,900 0	8,927 0	14,119 0	28,255 0	360,429 0	0 0

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

OMB No 1545-0047

2014**Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

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

► Attach to Form 990 or Form 990-EZ.

► Information about Schedule L (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

Name of the organization

BLUE CROSS AND BLUE SHIELD ASSOCIATION

Employer identification number

13-5656874

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) 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 ► \$ _____

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

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

Complete if the organization answered "Yes" on Form 990-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

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

Total

► \$ _____

Part III Grants or Assistance Benefiting 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

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference

Explanation

Additional Data

Software ID: 14000267
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	102,728	Employee Salary		No
(2) N Parker	Directors Family	93,718	Employee Salary		No
(3) Health Intelligence Co LLC	Officer - Customers Director	11,727,817	Payment for Services		No
(4) BCS Insurance Company	Officer-Vendors Director	729,845	Payment for Insurance		No
(5) Health Intelligence Co LLC	Officer - Vendors Director	16,720,287	Receipts - Contract Fees		No
(6) National Account Services Company	Officer-Customers Director	3,250,354	Receipts for Services		No
(7) Highway to Health Inc	Officer-Customers Director	1,756,216	Receipts for License		No
(8) Consortium Health Plans Inc	Director-Vendors Director	407,875	Payment for Services		No
(9) BCBS Venture Partners LP	Officer-Customer Director	289,579	Receipts for Services		No
(10) BCBS Venture Partners II LP	Officer-Customers Director	254,181	Receipts for Services		No
(11) BCS Life Insurance Co	Director-Customers Director	146,771	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 990-EZ or to provide any additional information.****► Attach to Form 990 or 990-EZ.****► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.****2014****Open to Public
Inspection**

Name of the organization

BLUE CROSS AND BLUE SHIELD ASSOCIATION

Employer identification number

13-5656874

Return Reference**Explanation**

Form 990, Part III, Line 2

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Return Reference	Explanation
Form 990, Part VI, Section A, Line 2	Various Association Board members (directors) also sit on the board of Blue Cross Blue Shield Association affiliates

Return Reference	Explanation
Form 990, Part VI, Section A, Line 6	BCBSA has thirty seven (37) independent health care plan licensees operating in specified domestic service areas. All health care plan licensees are Association members.

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

Return Reference	Explanation
Form 990, Part VI, Section A, Line 7b	Governing body decisions are approved according to the by-laws of the corporation

Return Reference	Explanation
Form 990, Part VI, Section B, Line 11b	In general, Form 990 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. Finalizing the return draft consists of discussions between Finance Officers and Finance Managers regarding the numeric results and written responses to select return questions. Upon internal agreement as to the form and content, an electronic draft 990 is sent to the Association's board prior to filing.

Return Reference	Explanation
Form 990, Part VI, Section B, Line 12c	BCBSA maintains a comprehensive code of conduct and compliance program applicable to all employees and officers. In addition, all employees, officers, and board members are required to complete an annual conflict of interest form. The BCBSA Chief Auditor and Compliance Officer is charged with investigating any allegations of non compliance with the code of conduct, including any complaints reported through the anonymous hotline maintained through an independent organization. The results of the compliance programs 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.

Return Reference	Explanation
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>

Return Reference	Explanation
Form 990, Part VI, Section C, Line 19	<p>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 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.</p>

Return Reference	Explanation
Form 990, Part IX, Line 11g	Temporary Help - \$39,495,877, Recruiting - \$942,252, Printing and Graphics - \$2,786,885, Various Consulting Fees including (but not limited to) actuaries, public relations, market research and business strategy, public policy and government relations, data analysis and infrastructure design - \$100,707,283

Return Reference	Explanation
Form 990, Part XI, Line 9	ASC 715 Other Comprehensive Income from Pension Plan Obligations (\$40,104,756) + Intercompany Activity \$3,390

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2014

► Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
 ► Attach to Form 990.
 ► Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Open to Public
InspectionDepartment 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" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
Yes	No					
(1) Health Services Foundation 225 North Michigan Avenue Chicago, IL 60601 23-7011867	Education, Research	IL	501(c)(3)	9	N/A	
(2) BC and BS Foundation on Health Care 225 North Michigan Avenue Chicago, IL 60601 23-7164980	Education, Research	IL	501(c)(3)	9	N/A	No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership		(i) Section 512 (b)(13) controlled entity?
							Yes	No	
(1) BCBSA Services Inc 225 North Michigan Avenue Chicago, IL 60601 36-4176277	Int'l Licensing	IL	N/A	C	13,837	42,755	100 %	Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on 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		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l	Yes	
1m		No
1n		No
1o		No
1p		No
1q	Yes	
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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) BCBSA Services Inc	l	64,015	Actual costs plus markup for BCBSA costs
(2) BCBSA Services Inc	q	97,121	Actual costs incurred by reporting entity

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
				Yes	No			Yes	No			

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Schedule R (Form 990) 2014