

Form 990  
2016Department of the Treasury  
Internal Revenue Service

## Return of Organization Exempt From Income Tax

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](http://www.irs.gov/form990)

Open to Public  
Inspection

## A For the 2016 calendar year, or tax year beginning 01-01-2016, and ending 12-31-2016

- B Check if applicable
- Address change
  - Name change
  - Initial return
  - Final
  - Return/terminated
  - Amended return
  - Application pending

C Name of organization BLUE CROSS BLUE SHIELD ASSOCIATION		D Employer identification number 13-5656874
% ROBERT J KOLODGY Doing business as		E Telephone number (312) 297-6000
Number and street (or P O box if mail is not delivered to street address) 225 NORTH MICHIGAN AVENUE		Room/suite
City or town, state or province, country, and ZIP or foreign postal code CHICAGO, IL 60601		
F Name and address of principal officer SCOTT SEROTA 225 NORTH MICHIGAN AVENUE CHICAGO, IL 60601		G Gross receipts \$ 553,267,531

I Tax-exempt status  501(c)(3)  501(c) ( 4 ) ► (insert no)  4947(a)(1) or  527

J Website: ► WWW BCBS COM

K Form of organization  Corporation  Trust  Association  Other ►

- H(a) Is this a group return for subordinates?  Yes  No
- 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  
SEE SCHEDULE O

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2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets	3	37
3 Number of voting members of the governing body (Part VI, line 1a)	4	36
4 Number of independent voting members of the governing body (Part VI, line 1b)	5	1,292
5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	6	0
6 Total number of volunteers (estimate if necessary)	7a	8,688,872
7a Total unrelated business revenue from Part VIII, column (C), line 12	7b	
b Net unrelated business taxable income from Form 990-T, line 34		

Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
		0	0
9 Program service revenue (Part VIII, line 2g)	500,166,247	529,379,397	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,431,971	3,493,769	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	580,131	3,256,939	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	504,178,349	536,130,105	

Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	Prior Year	Current Year
		0	0
14 Benefits paid to or for members (Part IX, column (A), line 4)	500,166,247	529,379,397	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,431,971	3,493,769	
16a Professional fundraising fees (Part IX, column (A), line 11e)	201,104,962	209,581,774	
b Total fundraising expenses (Part IX, column (D), line 25) ► 0	0	0	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	308,585,154	325,374,555	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	509,690,116	534,956,329	
19 Revenue less expenses Subtract line 18 from line 12	-5,511,767	1,173,776	

Net Assets or Fund Balances	Beginning of Current Year	End of Year
	650,271,510	646,430,670
20 Total assets (Part X, line 16)	539,461,724	539,476,077
21 Total liabilities (Part X, line 26)	110,809,786	106,954,593
22 Net assets or fund balances Subtract line 21 from line 20		

## 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  
ROBERT J KOLODGY EVP & CFO  
Type or print name and title

2017-11-10  
Date

Paid Preparer Use Only	Print/Type preparer's name ERICA R MCREYNOLDS	Preparer's signature ERICA R MCREYNOLDS	Date 2017-11-07	Check <input type="checkbox"/> if self-employed	PTIN P00977806
	Firm's name ► PricewaterhouseCoopers LLP			Firm's EIN ►	
	Firm's address ► 2001 MARKET STREET SUITE 1800 PHILADELPHIA, PA 19103			Phone no (267) 330-6228	

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 (2016)

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response or note to any line in this Part III **1** Briefly describe the organization's mission

SEE SCHEDULE O

**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

<b>4a</b>	(Code ) (Expenses \$ 179,137,151 including grants of \$ 0 ) (Revenue \$ 179,424,213 )
See Additional Data	
<b>4b</b>	(Code ) (Expenses \$ 147,280,367 including grants of \$ 0 ) (Revenue \$ 161,056,895 )
See Additional Data	
<b>4c</b>	(Code ) (Expenses \$ 61,726,973 including grants of \$ 0 ) (Revenue \$ 63,014,935 )
See Additional Data	
<b>4d</b> Other program services (Describe in Schedule O ) (Expenses \$ 129,312,832 including grants of \$ 0 ) (Revenue \$ 125,834,002 )	
<b>4e</b> <b>Total program service expenses ►</b>	<b>517,457,323</b>

**Part IV Checklist of Required Schedules**

	<b>Yes</b>	<b>No</b>
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	No
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	2	No
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	3	Yes
4 <b>Section 501(c)(3) organizations.</b> 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	4	
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	5	Yes
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	6	No
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	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	No
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	9	Yes
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	10	No
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 <ul style="list-style-type: none"> <li>a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI</li> <li>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</li> <li>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</li> <li>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</li> <li>e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X</li> <li>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</li> </ul>	11a	Yes
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	11b	Yes
12b 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	11c	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	11d	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	11e	Yes
14b 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	11f	Yes
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	12a	No
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	12b	Yes
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)	13	No
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	14a	No
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	14b	No
	15	No
	16	No
	17	No
	18	No
	19	No

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

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

	Yes	No
<b>20a</b>		No
<b>20b</b>		
<b>21</b>		No
<b>22</b>		No
<b>23</b>	Yes	
<b>24a</b>		No
<b>24b</b>		
<b>24c</b>		
<b>24d</b>		
<b>25a</b>		No
<b>25b</b>		No
<b>26</b>		No
<b>27</b>		No
<b>28a</b>		No
<b>28b</b>	Yes	
<b>28c</b>	Yes	
<b>29</b>		No
<b>30</b>		No
<b>31</b>		No
<b>32</b>		No
<b>33</b>		No
<b>34</b>	Yes	
<b>35a</b>	Yes	
<b>35b</b>	Yes	
<b>36</b>		
<b>37</b>		No
<b>38</b>	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
<b>1a</b> Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . .	<b>1a</b>	222	
<b>b</b> Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	<b>1b</b>	0	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>		
<b>2a</b> 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 . . . . .	<b>2a</b>	1,292	
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	<b>2b</b>	Yes	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>	Yes	
<b>b</b> If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O</i> . . . . .	<b>3b</b>	Yes	
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .	<b>4a</b>	No	
<b>b</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)			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .	<b>5a</b>	No	
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .	<b>5b</b>	No	
<b>c</b> If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . . . .	<b>6a</b>	No	
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>		
<b>7</b> <b>Organizations that may receive deductible contributions under section 170(c).</b>	<b>7a</b>		
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .	<b>7b</b>		
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7c</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7d</b>		
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7e</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7f</b>		
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7g</b>		
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7h</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>8</b>		
<b>8</b> <b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? . . . . .	<b>9a</b>		
<b>b</b> Did the sponsoring organization make any taxable distributions under section 4966? . . . . .	<b>9b</b>		
<b>9a</b> Did the sponsoring organization make any taxable distributions under section 4966? . . . . .			
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . . . .			
<b>10</b> <b>Section 501(c)(7) organizations.</b> Enter	<b>10a</b>		
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10b</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
<b>11</b> <b>Section 501(c)(12) organizations.</b> Enter	<b>11a</b>		
<b>a</b> Gross income from members or shareholders . . . . .	<b>11b</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .			
<b>12a</b> <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13</b> <b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	<b>13a</b>		
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O			
<b>b</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 . . . . .	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand . . . . .	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>	No	
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O</i> . . . . .	<b>14b</b>		

**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

Line	Description	Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	37
	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		
1b	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	No
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.)

Line	Description	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	Yes
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12b	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12c	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	13	Yes
13	Did the organization have a written whistleblower policy?	14	Yes
14	Did the organization have a written document retention and destruction policy?	15a	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?	15b	Yes
a	The organization's CEO, Executive Director, or top management official	16a	Yes
b	Other officers or key employees of the organization	16b	Yes
	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?		
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?		

## Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IL
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply	
	<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 Q 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

compensated employees, and former such persons

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Check this box if neither the organization nor

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

(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
See Additional Data Table					

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

<b>1b Sub-Total . . . . .</b>	►			
<b>c Total from continuation sheets to Part VII, Section A . . . . .</b>	►			
<b>d Total (add lines 1b and 1c) . . . . .</b>	►	22,398,168	0	4,216,827

**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 ► 677

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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 1 for such individual.

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.

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 . . . . .

## **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
HEALTH INTELLIGENCE CO LLC, 225 N MICHIGAN AVENUE CHICAGO, IL 60601	DATA ANALYTICS	27,660,102
KIRKLAND ELLIS, 200 E RANDOLPH DRIVE CHICAGO, IL 60601	LEGAL SERVICES	21,336,657
HP ENTERPRISE SERVICES LLC, PO BOX 92013 CHICAGO, IL 60675	SYSTEM CONSULTING	11,523,356
ALEGEUS TECHNOLOGIES LLC, 1601 TRAPELO RD 2ND FL WALTHAM, MA 20451	BENEFIT HEALTH ADMIN	6,700,424
AXA ASSISTANCE USA INC, 122 S MICHIGAN AVENUE CHICAGO, IL 60602	MED CLAIMS PROCESS	6,907,295

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 ► 148

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

Contributions, Gifts, Grants and Other Similar Amounts		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
		0	0	0	0
<b>1a</b> Federated campaigns . . .	<b>1a</b>				
<b>b</b> Membership dues . . .	<b>1b</b>				
<b>c</b> Fundraising events . . .	<b>1c</b>				
<b>d</b> Related organizations . . .	<b>1d</b>				
<b>e</b> Government grants (contributions) . . .	<b>1e</b>				
<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . .	<b>1f</b>				
<b>g</b> Noncash contributions included in lines 1a-1f \$ . . .					
<b>h Total.</b> Add lines 1a-1f . . .		►	0		
<b>Program Service Revenue</b>		Business Code			
<b>2a</b> FEDERAL EMPLOYEE PROGRAM . . .		900099	179,424,213	179,424,213	
<b>b</b> BLUECARD . . .		900099	161,056,895	161,056,895	
<b>c</b> OTHER SERVICES . . .		900099	63,064,287	61,835,272	1,229,015
<b>d</b> CONSULTING & MISC SERVICES . . .		900099	48,772,721	48,772,721	
<b>e</b> BRAND ENHANCEMENT . . .		900099	36,467,482	36,467,482	
<b>f</b> All other program service revenue . . .			40,593,799	36,440,233	4,153,566
<b>g Total.</b> Add lines 2a-2f . . .		►	529,379,397		
<b>Other Revenue</b>					
<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . .		►	2,355,709		2,355,709
<b>4</b> Income from investment of tax-exempt bond proceeds . . .		►	0		
<b>5</b> Royalties . . .		►	0		
<b>6a</b> Gross rents . . .	(i) Real	(ii) Personal			
<b>b</b> Less rental expenses . . .					
<b>c</b> Rental income or (loss) . . .	0	0			
<b>d</b> Net rental income or (loss) . . .		►	0		
<b>7a</b> Gross amount from sales of assets other than inventory . . .	(i) Securities	(ii) Other			
	4,222,643	14,052,843			
<b>b</b> Less cost or other basis and sales expenses . . .	2,576,970	14,560,456			
<b>c</b> Gain or (loss) . . .	1,645,673	-507,613			
<b>d</b> Net gain or (loss) . . .		►	1,138,060		1,138,060
<b>8a</b> Gross income from fundraising events (not including \$ . . . of contributions reported on line 1c) See Part IV, line 18 . . .	a	0			
<b>b</b> Less direct expenses . . .	b	0			
<b>c</b> Net income or (loss) from fundraising events . . .		►	0		
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . .	a	0			
<b>b</b> Less direct expenses . . .	b	0			
<b>c</b> Net income or (loss) from gaming activities . . .		►	0		
<b>10a</b> Gross sales of inventory, less returns and allowances . . .	a	0			
<b>b</b> Less cost of goods sold . . .	b	0			
<b>c</b> Net income or (loss) from sales of inventory . . .		►	0		
<b>Miscellaneous Revenue</b>		Business Code			
<b>11a</b> SERVICE FEE REVENUE . . .		525990	341		341
<b>b</b> PARTNERSHIP PASS THROUGH GAINS . . .		900001	-49,352	-49,352	
<b>c</b> K-1 INCOME . . .			3,305,950		3,305,950
<b>d</b> All other revenue . . .					
<b>e Total.</b> Add lines 11a-11d . . .		►	3,256,939		
<b>12 Total revenue.</b> See Instructions . . .		►	536,130,105	523,947,464	8,688,872
					3,493,769

**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 

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21	0			
2 Grants and other assistance to domestic individuals See Part IV, line 22	0			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, line 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	21,947,730	16,023,964	5,923,766	
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			
7 Other salaries and wages	145,809,576	143,286,054	2,523,522	
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions)	13,621,281	11,501,111	2,120,170	
9 Other employee benefits	17,824,924	17,177,550	647,374	
10 Payroll taxes	10,378,263	10,122,098	256,165	
11 Fees for services (non-employees)				
a Management	0			
b Legal	15,634,700	14,290,380	1,344,320	
c Accounting	1,967,420	1,967,420		
d Lobbying	4,573,109	4,573,109		
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	178,572,091	177,314,593	1,257,498	0
12 Advertising and promotion	8,619,280	8,605,582	13,698	
13 Office expenses	9,871,106	9,796,479	74,627	
14 Information technology	50,287,530	49,637,556	649,974	
15 Royalties	0			
16 Occupancy	12,549,328	12,140,618	408,710	
17 Travel	6,380,636	5,879,503	501,133	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	5,659,264	5,049,040	610,224	
20 Interest	24,713	-692	25,405	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	17,258,174	17,070,097	188,077	
23 Insurance	6,726,204	6,656,841	69,363	
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	2,135,226	1,952,161	183,065	
b GENERAL CONTRIBUTIONS	3,479,928	2,883,726	596,202	
c BOOKS & PERIODICALS	1,831,835	1,788,955	42,880	
d MISCELLANEOUS	-195,989	-258,822	62,833	
e All other expenses				
<b>25 Total functional expenses.</b> Add lines 1 through 24e	534,956,329	517,457,323	17,499,006	0
<b>26 Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				
Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part IX 

		(A) Beginning of year		(B) End of year	
Assets	1 Cash—non-interest-bearing	3,088,958	1	1,232,240	
	2 Savings and temporary cash investments	324,567,662	2	332,382,459	
	3 Pledges and grants receivable, net	0	3	0	
	4 Accounts receivable, net	47,118,056	4	49,392,994	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0	
	7 Notes and loans receivable, net	8,294,710	7	3,055,997	
	8 Inventories for sale or use	0	8	0	
	9 Prepaid expenses and deferred charges	13,219,275	9	11,403,334	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	101,897,303			
	b Less accumulated depreciation	10b 76,513,003	30,719,734	10c	25,384,300
	11 Investments—publicly traded securities	15,000	11	15,000	
	12 Investments—other securities See Part IV, line 11	207,464,718	12	203,092,575	
	13 Investments—program-related See Part IV, line 11	0	13	0	
	14 Intangible assets	5,174,430	14	3,961,052	
	15 Other assets See Part IV, line 11	10,608,967	15	16,510,719	
	16 Total assets Add lines 1 through 15 (must equal line 34)	650,271,510	16	646,430,670	
Liabilities	17 Accounts payable and accrued expenses	146,903,310	17	148,319,317	
	18 Grants payable	0	18	0	
	19 Deferred revenue	6,184,827	19	5,877,081	
	20 Tax-exempt bond liabilities	0	20	0	
	21 Escrow or custodial account liability Complete Part IV of Schedule D	324,982,703	21	317,274,989	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0	
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0	
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	61,390,884	25	68,004,690	
	26 Total liabilities Add lines 17 through 25	539,461,724	26	539,476,077	
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117 (ASC 958), check here ► <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>				
	27 Unrestricted net assets	110,809,786	27	106,954,593	
	28 Temporarily restricted net assets	0	28	0	
	29 Permanently restricted net assets	0	29	0	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here ► <input type="checkbox"/> and complete lines 30 through 34.</b>				
	30 Capital stock or trust principal, or current funds	30			
	31 Paid-in or capital surplus, or land, building or equipment fund	31			
	32 Retained earnings, endowment, accumulated income, or other funds	32			
	33 Total net assets or fund balances	110,809,786	33	106,954,593	
	34 Total liabilities and net assets/fund balances	650,271,510	34	646,430,670	

**Part XI Reconciliation of Net Assets**Check 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	536,130,105
2	Total expenses (must equal Part IX, column (A), line 25)	2	534,956,329
3	Revenue less expenses Subtract line 2 from line 1	3	1,173,776
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	110,809,786
5	Net unrealized gains (losses) on investments	5	2,460,678
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-7,489,647
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	106,954,593

**Part XII Financial Statements and Reporting**Check 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
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
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
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		
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		

## **Additional Data**

**Software ID:**

**Software Version:**

**EIN:** 13-5656874

**Name:** BLUE CROSS BLUE SHIELD ASSOCIATION

Form 990 (2016)

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**Form 990, Part III, Line 4a:**

SEE SCHEDULE O

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**Form 990, Part III, Line 4b:**

**SEE SCHEDULE O**

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**Form 990, Part III, Line 4c:**

**SEE SCHEDULE O**

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**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)				(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Former Or Director	Individual trustee	Institutional trustee	Highest compensated employee			
David W Anderson	1 0					0	0	0
Board Member	0 0	X						
Peter Andruszkiewicz	1 0					0	0	0
Board Member (retired 5/2016)	0 0	X						
Richard L Boals	3 0					0	0	0
Board Member	0 0	X						
Christopher Booth	1 0					0	0	0
Board Member	0 0	X						
Chester Burrell	1 0					0	0	0
Board Member	0 0	X						
Andrew C Corbin	2 0					0	0	0
Board Member	0 0	X						
Andrew Dreyfus	3 0					0	0	0
Board Member	0 0	X						
John D Forsyth	1 0					0	0	0
Board Member	0 0	X						
Mark B Ganz	2 0					0	0	0
Board Member	0 0	X						
Roberto Garcia-Rodriguez	2 0					0	0	0
Board Member (START 3/17/2016)	0 0	X						

**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	Former Officer	Highest compensated Employee			
Don C George	1 0					0	0	0
Board Member	0 0	X						
Patrick J Geraghty	3 0					0	0	0
Board Member	0 0	X						
Zelda Geyer-Sylvia	1 0					0	0	0
Board Member (retired 4/2016)	0 0	X						
Michael A Gold	1 0					0	0	0
Board Member	0 0	X						
Michael Guyette	3 0					0	0	0
Board Member	0 0	X						
JD Hickey	1 0					0	0	0
Board Member	0 0	X						
Daniel J Hilferty	3 0					0	0	0
Board Member	0 0	X						
David Holmberg	2 0					0	0	0
Board Member	0 0	X						
Tim Huckle	1 0					0	0	0
Board Member	0 0	X						
Kim Keck	1 0					0	0	0
Board Member (START 6/16/2016)	0 0	X						

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)				(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Former Officer Or Director	Individual trustee	Institutional Trustee	Key employee	Highest compensated employee			
Terry D Kellogg	3 0						0	0	0
Board Member	0 0	X							
Scott D Kreiling	1 0						0	0	0
Board Member	0 0	X							
Daniel J Loepf	4 0						0	0	0
Board Member	0 0	X							
Charlene Maher	1 0						0	0	0
Board Member (START 3/17/2016)	0 0	X							
Robert A Marino	2 0						0	0	0
Board Member	0 0	X							
Paul Markovich	3 0						0	0	0
Board Member	0 0	X							
Steven S Martin	2 0						0	0	0
Board Member	0 0	X							
David S Pankau	2 0						0	0	0
Board Member	0 0	X							
M Carol Pigott	1 0						0	0	0
Board Member	0 0	X							
Michael Reitz	1 0						0	0	0
Board Member (retired 2/2016)	0 0	X							

**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	
Jeff Roe	1 0	Former Or Director	Individual trustee	Institutional Trustee	Key employee	Highest compensated employee			
Board Member	0 0	X					0	0	0
Rick Schum	1 0								
Board Member	0 0	X					0	0	0
Paula Steiner	3 0								
Board Member (START 3/17/2016)	0 0	X					0	0	0
Gary D StHilaire	1 0								
Board Member	0 0	X					0	0	0
Joseph Swedish	3 0								
Board Member	0 0	X					0	0	0
Steven Udvarhelyi	1 0								
Board Member	0 0	X					0	0	0
P Mark White	3 0								
Board Member	0 0	X					0	0	0
Danette K Wilson	2 0								
Board Member	0 0	X					0	0	0
J Bradley Wilson	1 0								
Board Member	0 0	X					0	0	0
Scott P Serota	40 0								
President, CEO & Board Member	0 0	X	X				5,034,645	0	1,500,592

**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
William A Breskin	40 0			598,101	0
Sr VP, Government Programs	0 0	X			344,514
Bhaskar Bulusu	40 0			327,142	0
VP, Enterprise Information	0 0	X			52,585
Maureen Cahill	40 0			606,150	0
SVP & Chief Human Res Officer	0 0	X			40,326
John Cerisano	40 0			409,355	0
VP, Federal Relations	0 0	X			197,118
Teresa Clark	40 0			361,552	0
VP, Office of Clinical Affairs	0 0	X			45,556
Terry Cooney	40 0			378,885	0
VP Invest & Nat Emp Ben Admin	0 0	X			173,799
Kathy Didawick	40 0			431,784	0
VP Congressional Communication	0 0	X			76,403
John T Erickson	40 0			210,882	0
VP Fed Relations(end 1/6/16)	0 0	X			3,667
Jena Estes	40 0			672,191	0
VP Gov Programs(end 4/29/16)	0 0	X			22,320
Alissa T Fox	40 0			1,143,528	0
SR VP, Policy & Representation	0 0	X			124,847

**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
Paul Gerrard	40 0			357,543	0
VP, Strategic Communications	0 0	X			37,410
Kris O Haltmeyer	40 0			413,088	0
VP, Health Policy & Analysis	0 0	X			31,162
Justine Handelman	40 0			464,538	0
SVP, Policy & Representation	0 0	X			61,177
Trent T Haywood	40 0			624,192	0
SR VP & Chief Medical Officer	0 0	X			35,419
Kari J Hedges	40 0			529,665	0
SVP, National Programs	0 0	X			30,358
Mitchell J Helfand	40 0			444,503	0
VP, Finance	0 0	X			117,144
Kim D Holland	40 0			320,361	0
VP, State Affairs	0 0	X			35,090
Mike Joyce	40 0			307,407	0
VP Chief Auditor & Compliance	0 0	X			92,290
Nasir Khan	40 0			457,262	0
VP & Chief Technology Officer	0 0	X			117,556
Robert J Kolodgy Jr	40 0			854,319	0
Executive VP & CFO	0 0	X			39,520

**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	Key employee officer	Former highest compensated employee			
Shirley S Lady	40 0			X		422,180	0	105,037
VP, Transformation Services	0 0							
Petar Naumovski	40 0			X		463,520	0	49,141
VP & Chief Info Security Ofcr	0 0							
William S Nehs	40 0			X		590,686	0	37,520
SR VP, Gen Counsel & Secretary	0 0							
William O'Loughlin	40 0			X		590,794	0	97,363
VP & CIO Fed Employee Program	0 0							
Doug Porter	40 0			X		843,306	0	96,809
SR VP, Operations & CIO	0 0							
Cynthia Rolfe	40 0			X		373,610	0	18,241
VP, Consumer Brand Strategy	0 0							
Maureen E Sullivan	40 0			X		820,243	0	60,705
Chief Strategy & Innov Officer	0 0							
Mark Talluto	40 0			X		362,915	0	30,775
VP, Strategy and Analytics	0 0							
Jennifer Vachon	40 0			X		694,797	0	118,376
Executive VP & Chief of Staff	0 0							
Jody A Voss	40 0			X		472,463	0	65,513
VP Develop , Innovation & GPO	0 0							

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Officer	Key Employee	Highest compensated Employee	Former						
Carole R Flamm Executive Medical Director	40 0 0 0			X			415,189	0	99,381		
Winfred D Lawrence Jr ED Enterprise Program	40 0 0 0			X			321,894	0	127,289		
Robert A Long ED Strategic Services	40 0 0 0			X			372,145	0	44,343		
Steven D Putziger Exc Dir Brand Protect&Finance	40 0 0 0			X			370,979	0	45,674		
David Yoder ED Integrated Care Mgmt	40 0 0 0			X			336,354	0	41,807		

**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2016****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

**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](http://www.irs.gov/form990).

If the organization answered "Yes" on 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" on 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" on 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 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 ► \$ 841,109
- 3 Volunteer hours

**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 ► \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ 550,000
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ► \$ 550,000
- 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) DEMOCRATIC GOVERNORS ASSOCIATION	1401 K STREET NW STE 200 WASHINGTON, DC 20005	52-1304889	250,000	
(2) REPUBLICAN GOVERNORS ASSOCIATION	1747 PENNSYLVANIA AVE NW STE 250 WASHINGTON, DC 20006	11-3655877	250,000	
(3) DEMOCRATIC ATTORNEY GENERAL ASSOCIATION	1580 LINCOLN ST STE 1125 DENVER, CO 80203	05-0532524	25,000	
(4) REPUBLICAN ATTORNEY GENERAL ASSOCIATION	1747 PENNSYLVANIA AVE NW WASHINGTON, DC 20006	46-4501717	25,000	
5				
6				

**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.)

**1a** Total lobbying expenditures to influence public opinion (grass roots lobbying)

**b** Total lobbying expenditures to influence a legislative body (direct lobbying)

**c** Total lobbying expenditures (add lines 1a and 1b)

**d** Other exempt purpose expenditures

**e** Total exempt purpose expenditures (add lines 1c and 1d)

**f** Lobbying nontaxable amount Enter the amount from the following table in both columns

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

**g** Grassroots nontaxable amount (enter 25% of line 1f)

**h** Subtract line 1g from line 1a If zero or less, enter -0-

**i** Subtract line 1f from line 1c If zero or less, enter -0-

**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  Yes  No

**4-Year Averaging Period Under section 501(h)**  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

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

Calendar year (or fiscal year beginning in)	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

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

- 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?

	(a)		(b)
	Yes	No	Amount
1			
a			
b			
c			
d			
e			
f			
g			
h			
i			
j			
2a			
b			
c			
d			

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

- 1 Were substantially all (90% or more) dues received nondeductible by members?
- 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?
- 3 Did the organization agree to carry over lobbying and political expenditures from the prior year?

Yes	No
1	No
2	No
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
- 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
- b Carryover from last year
- c Total
- 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues
- 4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?
- 5 Taxable amount of lobbying and political expenditures (see instructions)

1	87,000,000
2a	12,668,137
2b	0
2c	12,668,137
3	12,668,137
4	
5	

**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-A, lines 1 and 2 (see instructions), and Part II-B, 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 FOUR SECTION 527 POLITICAL ORGANIZATIONS AND SPONSORED A SEPARATE FUND DESIGNATED FOR EXEMPT PURPOSES

2016

Open to Public  
InspectionSCHEDULE D  
(Form 990)  
  
Department of the Treasury  
Internal Revenue Service

## Supplemental Financial Statements

► Complete if the organization answered "Yes," on 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](http://www.irs.gov/form990).

Name of the organization BLUE CROSS BLUE SHIELD ASSOCIATION	Employer identification number 13-5656874
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**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year	<b>Held at the End of the Year</b>
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**  
Complete if the organization answered "Yes" on 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 on 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 on 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  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other

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" on 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

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

	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" on 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 on 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" on 3a(ii), are the related organizations listed as required on Schedule R? . . . . .

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

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered 'Yes' on 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 . . . . .				
b Buildings				
c Leasehold improvements		23,928,889	14,147,474	9,781,415
d Equipment . . . . .		77,968,414	62,365,529	15,602,885
e Other . . . . .				
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c) ) . . . ►				25,384,300

**Part VII Investments—Other Securities.** Complete if the organization answered 'Yes' on 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	94,225,100	C
(B) WELLS FARGO MUTUAL FUNDS	28,571,057	F
(C) EXCHANGE TRADED FUNDS	59,738,979	C
(D) 1 SHARE COMMON BBSBA SRVCS INC	13,262,469	C
(E) INVEST IN AFFILIATES >5%	7,084,970	C
(F) 206,839 COMMON, BCS INSR CORP	210,000	C
(F)		
(G)		
(H)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 12 )	203,092,575	

**Part VIII Investments—Program Related.** Complete if the organization answered 'Yes' on 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 13 )		

**Part IX Other Assets.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15 )	

**Part X Other Liabilities.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	0
PENSION LIABILITIES	39,655,768
LONG-TERM DEFERRED REVENUE	10,134,776
LEASE LIABILITY	5,932,019
OTHER BENEFITS	3,510,370
POST-RETIREMENT LIABILITY	7,771,757
LONG-TERM CONTRACT REVENUE	1,000,000
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25 )	68,004,690

**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' on 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' on 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
See Additional Data Table	

## **Part XIII      Supplemental Information (continued)**

Return Reference	Explanation

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 13-5656874

**Name:** BLUE CROSS BLUE SHIELD ASSOCIATION

### Supplemental Information

Return Reference	Explanation
FORM 990, SCHEDULE D, PART IV, LINE 2B	ESCROW & CUSTODIAL ARRANGEMENTS THE ASSOCIATION HOLDS FUNDS AS AGENT FOR ITS MEMBER PLANS UNDER ARRANGEMENTS COVERING ITS BLUE CARD AND FEDERAL EMPLOYEE PROGRAM

## Supplemental Information

Return Reference	Explanation
FORM 990, SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE THE ASSOCIATION FOLLOWS THE REQUIREMENT OF ASC 740-10-25 "ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES," WHICH CLARIFIES THE ACCOUNTING AND DISCLOSURES 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, 2016 AND 2015 THE ASSOCIATION IS OPEN TO EXAMINATION BY TAXING AUTHORITIES FROM FISCAL YEAR 2013 FORWARD

2015

Open to Public  
Inspection**Schedule J**  
(Form 990)Department of the  
Treasury  
Internal Revenue  
Service**Compensation Information**For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

► Complete if the organization answered "Yes" on 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](http://www.irs.gov/form990).Name of the organization  
BLUE CROSS BLUE SHIELD ASSOCIATION

Employer identification number

13-5656874

**Part I Questions Regarding Compensation****Yes****No****1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

- |  |  |
|--|--|
| <input 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?**1b** Yes**2** Yes**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 type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed on 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?**4a** No**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?**4b** Yes**c** Participate in, or receive payment from, an equity-based compensation arrangement?**4c** No

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 on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of**5a** No**a** The organization?**5b** No**b** Any related organization?

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

**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of**6a** No**a** The organization?**6b** No**b** Any related organization?

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

**7** For persons listed on 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**7** Yes**8** Were any amounts reported on 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**8** No**9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?**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 on 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.

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

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 13-5656874

**Name:** BLUE CROSS BLUE SHIELD ASSOCIATION

## Part III, Supplemental Information

<b>Return Reference</b>	<b>Explanation</b>
FORM 990, SCHEDULE J, PART I, LINE 1A	As an organization serving a system of locally based independent Plans offering health insurance in all 50 States, DC and Puerto Rico, the Association's officers are expected to maintain an unusually demanding travel schedule. Accordingly, a committee of the Association's Board comprised of independent Plan executives has established CEO travel policies designed to assure the organization is able to meet his travel commitments, including travel to underserved regional destinations. These policies include the use of charter aircraft and first class travel on scheduled commercial flights under certain limited circumstances

### Part III, Supplemental Information

Return Reference	Explanation
FORM 990, 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 Associations 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 Associations CEO. Each year this committees decisions are reported to the full Board during a regularly scheduled meeting. The Board deliberates on both matters. Extension of the period of the CEOs 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 committees compensation decisions. The same committee of independent Plan executives annually receives the CEOs recommendations regarding the compensation to be paid to the officers. As with the CEOs compensation, the deliberations of this committee and its decisions to approve or modify the CEOs recommendation are based upon the results of an independent consultants market research regarding comparable officer pay and the independent consultants advice.

## Part III, Supplemental Information

Return Reference	Explanation
FORM 990, 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 - 13,750 William A Breskin - 178,480 John Cerisano - 60,932 Terry Cooney - 41,805 Mike Joyce - 8,101 Nasir Khan - 37,909 William O Loughlin - 1,055 Doug Porter - 14,704 Jennifer Vachon - 49,459 Carole R Flamm - 14,353 William D Lawrence Jr - 20,337. The combined total of imputed SERP included in column C \$437,885

### Part III, Supplemental Information

Return Reference	Explanation
FORM 990, SCHEDULE J, PART I, LINE 7	<p>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 Associations 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 pre-established 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.</p>

**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 on prior Form 990
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Scott P Serota President, CEO & Board Member	(i) 1,018,697 0	(ii) 3,459,880 0	(iii) 556,068 0	1,469,905 0	30,687 0	6,535,237 0	1,340,303 0
1 William A Breskin Sr VP, Government Programs	(i) 282,031 0	(ii) 160,000 0	(iii) 156,070 0	321,580 0	22,934 0	942,615 0	0 0
2 Bhaskar Bulusu VP, Enterprise Information	(i) 228,085 0	(ii) 80,000 0	(iii) 19,057 0	12,631 0	39,954 0	379,727 0	0 0
3 Maureen Cahill SVP & Chief Human Res Officer	(i) 411,479 0	(ii) 190,100 0	(iii) 4,571 0	18,000 0	22,326 0	646,476 0	0 0
4 John Censano VP, Federal Relations	(i) 270,071 0	(ii) 92,000 0	(iii) 47,284 0	157,882 0	39,236 0	606,473 0	0 0
5 Teresa Clark VP, Office of Clinical Affairs	(i) 242,052 0	(ii) 100,000 0	(iii) 19,500 0	13,250 0	32,306 0	407,108 0	0 0
6 Terry Cooney VP Invest & Nat Emp Ben Admin	(i) 233,642 0	(ii) 74,700 0	(iii) 70,543 0	148,924 0	24,875 0	552,684 0	0 0
7 Kathy Didawick VP Congressional Communication	(i) 268,458 0	(ii) 98,000 0	(iii) 65,326 0	56,310 0	20,093 0	508,187 0	0 0
8 John T Erickson VP Fed Relations(end 1/6/16)	(i) 22,230 0	(ii) 85,000 0	(iii) 103,652 0	845 0	2,822 0	214,549 0	0 0
9 Jena Estes VP Gov Programs(end 4/29/16)	(i) 480,283 0	(ii) 62,100 0	(iii) 129,808 0	13,579 0	8,741 0	694,511 0	0 0
10 Alissa T Fox SR VP, Policy & Representation	(i) 445,643 0	(ii) 290,000 0	(iii) 407,885 0	98,665 0	26,182 0	1,268,375 0	0 0
11 Paul Gerrard VP, Strategic Communications	(i) 264,133 0	(ii) 91,300 0	(iii) 2,110 0	15,823 0	21,587 0	394,953 0	0 0
12 Kris O Halmeyer VP, Health Policy & Analysis	(i) 260,525 0	(ii) 100,000 0	(iii) 52,563 0	7,719 0	23,443 0	444,250 0	0 0
13 Justine Handelman SVP, Policy & Representation	(i) 301,399 0	(ii) 110,000 0	(iii) 53,139 0	38,503 0	22,674 0	525,715 0	0 0
14 Trent T Haywood SR VP & Chief Medical Officer	(i) 384,692 0	(ii) 220,000 0	(iii) 19,500 0	13,250 0	22,169 0	659,611 0	0 0
15 Kan J Hedges SVP, National Programs	(i) 289,037 0	(ii) 147,000 0	(iii) 93,628 0	7,950 0	22,408 0	560,023 0	0 0
16 Mitchell J Helfand VP, Finance	(i) 253,076 0	(ii) 70,500 0	(iii) 120,927 0	98,442 0	18,702 0	561,647 0	0 0
17 Kim D Holland VP, State Affairs	(i) 220,861 0	(ii) 80,000 0	(iii) 19,500 0	16,952 0	18,138 0	355,451 0	0 0
18 Mike Joyce VP Chief Auditor & Compliance	(i) 226,481 0	(ii) 55,000 0	(iii) 25,926 0	70,450 0	21,840 0	399,697 0	0 0
19 Nasir Khan VP & Chief Technology Officer	(i) 272,556 0	(ii) 126,000 0	(iii) 58,706 0	89,630 0	27,926 0	574,818 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 on prior Form 990
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
<b>21</b> Robert J Kolodgy Jr Executive VP & CFO	(i) 517,778	310,000	26,541	18,000	21,520	893,839	0
	(ii) 0	0	0	0	0	0	0
<b>1</b> Shirley S Lady VP, Transformation Services	(i) 244,342	88,200	89,638	82,636	22,401	527,217	0
	(ii) 0	0	0	0	0	0	0
<b>2</b> Petar Naumovski VP & Chief Info Security Ofcr	(i) 366,157	75,500	21,863	13,250	35,891	512,661	0
	(ii) 0	0	0	0	0	0	0
<b>3</b> William S Nehs SR VP, Gen Counsel & Secretary	(i) 380,466	190,000	20,220	18,000	19,520	628,206	0
	(ii) 0	0	0	0	0	0	0
<b>4</b> William O'Loughlin VP & CIO Fed Employee Program	(i) 334,939	144,000	111,855	65,564	31,799	688,157	0
	(ii) 0	0	0	0	0	0	0
<b>5</b> Doug Porter SR VP, Operations & CIO	(i) 440,144	280,000	123,162	76,451	20,358	940,115	0
	(ii) 0	0	0	0	0	0	0
<b>6</b> Cynthia Rolfe VP, Consumer Brand Strategy	(i) 260,502	92,700	20,408	12,660	5,581	391,851	0
	(ii) 0	0	0	0	0	0	0
<b>7</b> Maureen E Sullivan Chief Strategy & Innov Officer	(i) 392,162	210,000	218,081	28,139	32,566	880,948	0
	(ii) 0	0	0	0	0	0	0
<b>8</b> Mark Talluto VP, Strategy and Analytics	(i) 268,585	91,700	2,630	14,480	16,295	393,690	0
	(ii) 0	0	0	0	0	0	0
<b>9</b> Jennifer Vachon Executive VP & Chief of Staff	(i) 358,723	210,000	126,074	96,108	22,268	813,173	0
	(ii) 0	0	0	0	0	0	0
<b>10</b> Jody A Voss VP Develop , Innovation & GPO	(i) 266,039	94,800	111,624	45,093	20,420	537,976	0
	(ii) 0	0	0	0	0	0	0
<b>11</b> Carole R Flamm Executive Medical Director	(i) 266,859	88,300	60,030	71,249	28,132	514,570	0
	(ii) 0	0	0	0	0	0	0
<b>12</b> Winfred D Lawrence Jr ED Enterprise Program	(i) 217,092	69,000	35,802	115,629	11,660	449,183	0
	(ii) 0	0	0	0	0	0	0
<b>13</b> Robert A Long ED Strategic Services	(i) 278,912	50,000	43,233	30,347	13,996	416,488	0
	(ii) 0	0	0	0	0	0	0
<b>14</b> Steven D Putziger Exc Dir Brand Protect&Finance	(i) 233,809	57,700	79,470	28,210	17,464	416,653	0
	(ii) 0	0	0	0	0	0	0
<b>15</b> David Yoder ED Integrated Care Mgmt	(i) 226,964	89,800	19,590	18,000	23,807	378,161	0
	(ii) 0	0	0	0	0	0	0

**Schedule L**  
(Form 990 or 990-EZ)

## Transactions with Interested Persons

OMB No 1545-0047

2016

## Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
BLUE CROSS 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 40.

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

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

Total

▶ \$

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

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

<b>(a) Name of interested person</b>	<b>(b) Relationship between interested person and the organization</b>	<b>(c) Amount of assistance</b>	<b>(d) Type of assistance</b>	<b>(e) Purpose of assistance</b>

**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
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## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 13-5656874

**Name:** BLUE CROSS 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) N PARKER	OFFICER'S FAMILY MEMBER	96,455	EMPLOYEE SALARY		No
(2) BCBS VENTURE PARTNERS LP	OFFICER-CUSTOMER DIRECTOR	233,934	RECEIPTS FOR SERVICES		No
(3) BCS FINANCIAL	OFFICER-VENDORS DIRECTOR	4,085,815	PAYMENTS FOR SERVICES		No
(4) BCS FINANCIAL	OFFICER-CUSTOMER DIRECTOR	202,477	RECEIPTS FOR SERVICES		No
(5) CONSORTIUM HEALTH PLANS INC	OFFICER-VENDORS DIRECTOR	788,277	PAYMENTS FOR SERVICES		No
(6) HEALTH INTELLIGENCE COMPANY LLC	OFFICER-CUSTOMER DIRECTOR	4,329,102	RECEIPTS FOR SERVICES		No
(7) HEALTH INTELLIGENCE COMPANY LLC	OFFICER-VENDORS DIRECTOR	22,115,470	PAYMENTS FOR SERVICES		No
(8) HEALTH INTELLIGENCE COMPANY LLC	OFFICER-VENDORS DIRECTOR	5,931,118	REVENUE SHARE PAYMENTS		No
(9) BCBS VENTURE PARTNERS II LP	OFFICER-CUSTOMER DIRECTOR	373,377	RECEIPTS FOR SERVICES		No
(10) BCBS VENTURE PARTNERS II LP	OFFICER-VENDOR DIRECTOR	217,134	CONTRIBUTED CAPITAL		No
(11) NATIONAL ACCT SERVICE COMPANY LLC	OFFICER-CUSTOMER DIRECTOR	3,247,149	RECEIPTS FOR SERVICES		No
(12) BCBS VENTURE PARTNERS III LLC	OFFICER-CUSTOMER DIRECTOR	762,451	RECEIPTS FOR SERVICES		No
(13) BCBS VENTURE PARTNERS III LLC	OFFICER-VENDOR DIRECTOR	269,609	CONTRIBUTED CAPITAL		No
(14) HIGHWAY TO HEALTH INC	OFFICER-CUSTOMER DIRECTOR	1,700,004	RECEIPT OF LICENSE FEE		No

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury

~~Internal Revenue Service~~

Name of the organization

BLUE CROSS BLUE SHIELD ASSOCIATION

**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](http://www.irs.gov/form990).

OMB No 1545-0047

**2016****Open to Public  
Inspection****Employer identification number**

13-5656874

## 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART I, LINE 1	<p>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 FORM 990, PART III, LINE 1 THE ASSOCIATION SERVES ITS MEMBERSHIP CONSISTING OF INDEPENDENT BLUE CROSS AND BLUE SHIELD MEMBER PLANS WHICH OPERATES WITHIN SPECIFIC GEOGRAPHIC SERVICE AREAS THE ASSOCIATION PROVIDES A VARIETY OF SERVICES TO MEMBER PLANS AND COORDINATES GOVERNMENT SERVICES SUCH AS THE CONTRACT UNDER THE FEDERAL EMPLOYEE HEALTH BENEFIT PROGRAM (FEP), WHICH IS 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 FORM 990, PART III, LINE 4A THE BLUE CROSS AND BLUE SHIELD ASSOCIATION'S FEDERAL EMPLOYEE PROGRAM (FEP) ADMINISTERS THE BLUE CROSS AND BLUE SHIELD SERVICE BENEFIT PLAN APPROXIMATELY 64 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 2016 INCLUDED THE ADDITION OF A SELF PLUS ONE BENEFIT LEVEL, BEGINNING THE MODERNIZATION OF FEP'S CENTRAL CLAIMS SYSTEM, FURTHER ENHANCEMENTS TO MEMBER HEALTH TOOLS AND MEMBERS DIGITAL EXPERIENCE AS WELL AS THE DEVELOPMENT OF INTEGRATED CARE MANAGEMENT PROGRAMS ACROSS THE ENTIRE SPECTRUM TO SERVE MEMBERS AND IMPROVE MEMBERS EXPERIENCE RETENTION RATE WAS 98.9% FORM 990, PART III, LINE 4B THE BLUECARD PROGRAM ENABLES BLUE PLAN MEMBERS TO RECEIVE THE BENEFITS OF THEIR INSURANCE CONTRACTS WHILE TRAVELING OR LIVING IN ANOTHER MEMBER PLANS GEOGRAPHIC SERVICE AREA THROUGH BLUECARD, BLUE PLAN MEMBERS ARE GIVEN SEAMLESS NATIONAL ACCESS TO PHYSICIANS AND HOSPITALS THAT PARTICIPATE IN BLUE NETWORKS ADDITIONALLY, 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 FORM 990, PART III, LINE 4C AS THE UMBRELLA ORGANIZATION FOR THE MEMBER PLANS, THE ASSOCIATION COORDINATES ADVERTISING AND COMMUNICATION 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 FORM 990, PART III, LINE 4D OTHER PROGRAM SERVICE ACCOMPLISHMENTS 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 EXPENSE 43,042,869 GRANTS NONE REVENUE 36,467,482 THE ASSOCIATION PROVIDES OPTIONAL CONSULTING SERVICES AND OTHER</p>

**990 Schedule O, Supplemental Information**

Return Reference	Explanation
FORM 990, PART I, LINE 1	MISCELLANEOUS PROJECTS EXPENSE 39,418,398 GRANTS NONE REVENUE 48,772,721 OPERATION OF THE NATIONAL EMPLOYEE BENEFITS ADMINISTRATION PROGRAM WHICH PROVIDES A COMPREHENSIVE GROUP PACKAGE OF EMPLOYEE BENEFITS PROGRAMS TO THE PLANS EXPENSE 17,895,445 GRANTS NONE REVENUE 17,669,340 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 COMPLETING THE ANALYTICAL SYSTEM 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 EXPENSE 16,406,087 GRANTS NONE REVENUE 4,153,566 OPERATION OF THE TELECOMMUNICATION NETWORK WHICH FACILITATES INTER-PLAN COMMUNICATION EXPENSE 12,550,033 GRANTS NONE REVENUE 18,770,893

# 990 Schedule O, Supplemental Information

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

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	BCBSA HAS THIRTY-SIX (36) INDEPENDENT HEALTH CARE PLAN LICENSEES OPERATING IN SPECIFIED DOMESTIC SERVICE AREAS ALL HEATH CARE PLAN LICENSEES ARE ASSOCIATION MEMBERS

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	EACH PRIMARY LICENSEE MEMBER PLAN, BY THE AUTHORITY OF THEIR INDIVIDUAL GOVERNING DOCUMENTS, SELECT THE CEO OF THEIR RESPECTIVE COMPANIES TO SERVE AS A MEMBER OF THE ASSOCIATION'S BOARD

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	CERTAIN GOVERNING DECISIONS, SUCH AS BY-LAW AMENDMENTS, REQUIRE ACTION BY BOTH THE ASSOCIATION'S BOARD AND ITS MEMBER PLANS

## 990 Schedule O, Supplemental Information

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 (PWC) 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 ASSOCIATIONS BOARD PRIOR TO FILING

## 990 Schedule O, Supplemental Information

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 FINANCIAL AND 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

**990 Schedule O, Supplemental Information**

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINES 15A & 15B	THE COMPENSATION OF THE CEO AND THE CONTINUED RETENTION OF HIS SERVICES ARE APPROVED EACH YEAR BY A COMMITTEE OF THE ASSOCIATIONS 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 COMMITTEES DECISIONS ARE REPORTED TO THE FULL BOARD DURING A REGULARLY SCHEDULED MEETING THE BOARD DELIBERATES ON BOTH MATTERS EXTENSION OF THE PERIOD OF THE CEOS 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 COMMITTEES COMPENSATION DECISIONS THE SAME COMMITTEE OF INDEPENDENT PLAN EXECUTIVES ANNUALLY RECEIVES THE CEOS RECOMMENDATIONS REGARDING THE COMPENSATION TO BE PAID TO THE OFFICERS AS WITH THE CEOS COMPENSATION, THE DELIBERATIONS OF THIS COMMITTEE AND ITS DECISIONS TO APPROVE OR MODIFY THE CEOS RECOMMENDATION ARE BASED UPON THE RESULTS OF AN INDEPENDENT CONSULTANTS MARKET RESEARCH REGARDING COMPARABLE OFFICER PAY AND THE INDEPENDENT CONSULTANTS ADVICE

## 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ASSOCIATION COMPLIES WITH ALL APPLICABLE PUBLIC DISCLOSURE REQUIREMENTS THUS, FOR EXAMPLE, MEMBERS OF THE PUBLIC MAY REQUEST AN OPPORTUNITY TO REVIEW THE ASSOCIATIONS 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 ASSOCIATIONS FAVORABLE DETERMINATION LETTER REGARDING ITS TAX EXEMPT STATUS AND MATERIALS COMPRISING ITS EXEMPTION APPLICATION ARE ALSO AVAILABLE IN THIS MANNER IF THE ASSOCIATIONS 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 ASSOCIATIONS MANAGEMENT

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART XI, LINE 9	OTHER CHANGES IN NET ASSETS OTHER COMPREHENSIVE INCOME-ASC 715 \$ (4,191,325) INTERCOMPANY REVENUE (341) SUBSIDIARY INCOME TAX 7,969 K-1 Revenue (3,305,950) ----- TOTAL \$ (7,489,647)

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION VAR CONSULT FEES INCL (BUT NOT TOTAL FEES 133871656

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION TEMPORARY HELP TOTAL FEES 41540774

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION PRINTING & GRAPHICS TOTAL FEES 2458558

# 990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION RECRUITING TOTAL FEES 701103

**SCHEDULE R  
(Form 990)**

## Related Organizations and Unrelated Partnerships

► 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](http://www.irs.gov/form990).**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
BLUE CROSS 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.

**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.

**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.

**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) . . . . .

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

**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

<b>(a)</b> Name of related organization	<b>(b)</b> Transaction type (a-s)	<b>(c)</b> Amount involved	<b>(d)</b> Method of determining amount involved
(1)BLUE CROSS BLUE SHIELD INSTITUTE INC	Q	17,390	ACTUAL COST

**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.

**Part VII      Supplemental Information**

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

Return Reference	Explanation
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