

2005 highlights

FINANCIAL HIGHLIGHTS

CareFirst continued its strong financial performance in 2005, recording record revenues of \$5.6 billion, up from \$5 billion a year earlier. CareFirst also paid out a record \$4.6 billion in medical care expenses for our members, up from \$4 billion in 2004. In a highly competitive market, our enrollment reached an all-time high of 3.4 million customers.

In January 2005, CareFirst announced a multi-year initiative called *CareFirst Commitment* to help keep health care affordable and accessible, improve patient safety and quality of care, and address ethnic and racial disparities in the health care delivery system. One of the key components of this initiative was the decision to lower CareFirst's 2005 net income targets by \$60 million to moderate premium increases. In addition, in 2005, the company absorbed a newly imposed 2 percent tax on HMO premiums saving our HMO members in Maryland \$20 million in taxes they otherwise would have paid. The company reported 2005 net income of \$132.7 million, down from \$140.5 million in 2004.

CUSTOMER SERVICE HIGHLIGHTS

CareFirst's primary mission is to serve the health care coverage needs of our customers. Providing excellent service is always central to our commitment to our customers. In 2005:

- We processed more than 42 million claims, with 99 percent of those claims handled within 30 days of receipt.
- Our customer service department addressed more than 9 million phone calls and 400,000 letters.
- CareFirst issued more than 4.3 million member identification cards.

