

# Brief Notes

News for  
Brokers and Consultants

May 4, 2009 Vol. 18 No. 622

3 Penn Plaza East, Newark, NJ 07105-2200

**Applies to:** All markets

## **Horizon Blue Cross Blue Shield of New Jersey announces cost reduction initiatives to weather economic downturn**

Horizon Blue Cross Blue Shield of New Jersey announced today that it has taken a number of cost reduction initiatives over the past few months, including the elimination of 253 jobs, to reduce operating expenses as a result of the continuing economic downturn. The elimination of jobs affects 170 employees, who were notified today. The remaining 83 jobs being eliminated are open positions that will not be filled.

For the first time in nearly a dozen years, Horizon BCBSNJ is forecasting flat enrollment for the year due to rising unemployment and employer benefit cutbacks. The loss of enrollment has affected Horizon BCBSNJ's revenue and operating income.

Over the past few months, Horizon BCBSNJ has taken a number of actions to reduce operating expenses, including reductions in advertising, travel and other administrative costs, and reducing or eliminating pay raises for employees. While these actions were necessary to address falling revenues, we remain financially strong with a Standard & Poor's "A-" rating and with adequate reserves to protect policyholders.

"The current economy has forced us to make difficult decisions in order to reduce operating expenses and maintain our financial stability so that we continue to serve our 3.6 million members effectively," said William J. Marino, President and CEO of Horizon BCBSNJ. "The majority of the actions we have taken are not related to staffing, but, unfortunately, layoffs have become necessary. Our employees are the foundation of our success and we acknowledge the personal impact this will have on those affected, but we believe these actions are critical to meet our commitment to our members and for the long-term success of the company."

All of the employees laid off today will receive severance packages as well as outplacement assistance. The company announced that it is continuing to identify organizational and operational improvements to increase efficiency, which could lead to additional layoffs later in the year.

The reduction actions announced today will not affect our commitment to providing you and your clients with high-quality customer service. We will continue to provide updates as we have more information in the coming months. If you have questions, please contact your Horizon BCBSNJ sales representative.



Horizon Blue Cross Blue Shield of New Jersey

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