

FALL 2004

perspectives

CELEBRATING YOUR ROLE IN OUR SUCCESS



blue

OPTIONS

MEETING AFFORDABILITY
and choice needs



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association



perspectives

CELEBRATING YOUR ROLE IN OUR SUCCESS

Personal care coordination

Data mining proves golden for insured members

Surprised. Appreciative. Relieved! That's how many members feel when they receive a call from a Blue Cross and Blue Shield of Florida (BCBSF) case manager, also known as personal care coordination. Facing a health crisis, these members are often stressed and overwhelmed by circumstances.

Case management helps members who have serious or complex health issues navigate the health care system. The service is available for BCBSF members across all product lines, and member participation is voluntary.

Our 53 case managers that provide care coordination, are registered nurses who work with members, their physicians and/or medical facilities to coordinate complex benefit coverage and service issues. They provide needed information so members can make informed decisions about their care and treatment options. In addition, they reinforce the doctors' treatment plans and may identify community resources that can assist members and their families as needed.

The goal is to maximize covered benefits and help members receive efficient and personalized attention. Members who've been helped indicate high satisfaction with the program, with comments

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LETTER

You'll notice the fall issue of *Perspectives* is a little different—we've made some enhancements to continue providing you the best information possible.

One of those enhancements is to tie each story to one of our seven corporate objectives. You'll notice a box (see the example below) in the top corner of each story with the objective represented in the story bolded. Our seven corporate objectives provide the foundation and framework for how we conduct our business.

Corporate Objectives

Financial Strength	Blue System
Organizational Effectiveness	Customer Satisfaction
Market Leadership	Delivery System
Public Understanding	

The seven corporate objectives are:

- **Customer Satisfaction:** Satisfy our customers by excelling in identifying, understanding and meeting their needs for superior health, service and economic outcomes.
- **Market Leadership:** Achieve and maintain the position of number one in the entire Florida market, number one or two in each Florida market in which we compete and among the leaders nationally.
- **Financial Strength:** Maintain Blue Cross and Blue Shield of Florida as a financially strong and competitive organization while increasing the economic value of the company over the long term.
- **Public Understanding:** Gain public and government understanding of how we create value for our customers. Develop public policy positions that benefit our customers, our company and the general public. Gain support for both our business policies, programs and actions and our public policy positions.
- **Organizational Effectiveness:** Develop and maintain an effective, highly motivated and productive organization of outstanding employees who function as a highly motivated team and perform to the very best of their individual abilities. Excel in the ability to develop innovative capabilities that respond to market needs and take advantage of new technologies and tools.
- **Delivery System:** Create sustainable competitive advantage through effective business relationships with selected providers, high quality networks and care management, and information technology capabilities.
- **National Association:** Provide leadership for a strong, effective national organization of independent Blue Cross and Blue Shield Plans to protect and enhance the brand name, to maintain exclusive service areas and to support inter-Plan capabilities.

You play an important role in the company meeting these seven objectives. Our tagline of *Perspectives* states, "Celebrating your role in our success." We hope these enhancements help you gain a better understanding of where we're headed.

We appreciate your feedback on *Perspectives* to help us know what you need and expect from your newsletter. Please write us at BlueViews and provide your comments. We hope you enjoy the fall issue.

Quotables

The following quotes were taken from stories in this issue of *Perspectives*, providing you with a little more insight on what the articles are about.

"By maintaining health goals, these individuals may be able to postpone or avoid costly complications over time."

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"Incepture could provide the services we wanted and at a good price."

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"We want to reward physicians for taking the time to do the right thing."

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"It's an exciting, innovative solution, the kind of true value for customers that will differentiate us in the Florida market."

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"This is really an exciting time, and if employees look at it this way, we can really distinguish ourselves."

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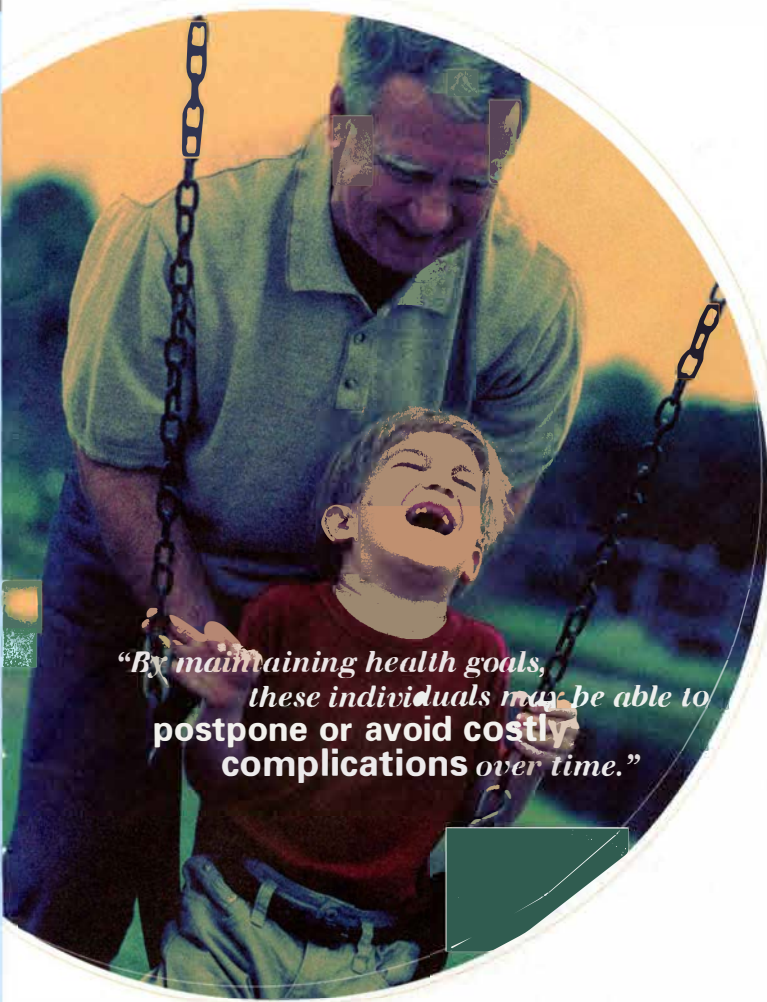
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“By maintaining health goals, these individuals may be able to postpone or avoid costly complications over time.”

such as “my case manager has done her best to make sure I was satisfied,” and “[my case manager is very good at] staying on top of things.”

A new approach to caring and cost control
The concept of case management is not new. What is new, however, is the integrated approach BCBSF is taking toward it.

“The most critical issue we face as a company is the rising cost of health care,” says Dr. George Mayzell, director, pharmacy and care management. “The question is how do we support our Health Business vision of providing affordable health care choices for our customers to achieve their health goals given the cost pressures and dynamics of our industry? The old approach was reactive,” he says. “We focused on growth and cost management and developed gates and front-end controls. Our new approach is member-centric. It integrates data mining, medical quality and benefit management to provide caring solutions and manage costs. The goal is to assist the right person with the right service to achieve the best performance and produce the best results.”

Data mining is a central part of the equation. It is the automated extraction of predictive information from databases. The technology enables an organization to analyze large databases for each customer’s needs. The intelligence-gathering process of pulling and analyzing information from various sources provides a more complete picture of members’ health needs and provides a framework from which we can take action.

To identify members who may benefit from our care programs, we continuously mine member data from multiple sources—from claims and authorization data, to hospital admissions and onsite discharge planners, to physicians and Health Dialog®, among others.

The new approach goes beyond identifying members currently in need, however. “We are now using these new and innovative tools to help us predict those who may need help in the future so we can reach out to them,” explains Marjorie Ford, manager, case management. “Predictive risk modeling enables us to identify drivers of cost trends and provide early intervention for at-risk populations.”

From meteorology to retailing, predictive modeling has been used as a management tool in many types of industries. Use by health insurers, however, is relatively new. Proponents assert the tool improves patient care while supporting medical cost controls. According to various studies, about one out of 200 people account for 15 percent to 20 percent of health care costs.¹ Relative risk is high for those with a chronic illness, like diabetes or heart disease, for example, and even higher if an individual presents two or more disease states.

“By maintaining health goals, these individuals may be able to postpone or avoid costly complications over time,” Ford explains.

Identifying those high-risk members is what the technique known as predictive risk modeling is all about. There are several types of predictive modeling applications. Each applies different logic, or algorithms, to data collected from claims and other sources, and creates a statistical relationship between current use and future outcomes.

Currently, BCBSF is using predictive modeling in various ways. The medical cost performance analysis department has used the software for several years in its population-based analysis. In April, care management launched a pilot program to evaluate the effectiveness of the predictive risk modeling tool to assess future outcomes. The pilot is examining the South Geographic Business Unit’s Medicare & More member population. The pilot team is developing identification rules to prioritize members within episode risk groups for case

Corporate Objectives

■ Financial Strength

Organizational Effectiveness

■ Market Leadership

Public Understanding

Blue System

■ Customer Satisfaction

■ Delivery System

management intervention. Each member receives a risk score to identify those who have a higher probability of significant future illness. Members who may benefit from our case management program are contacted to discuss how these services may be of help to them.

“The pilot, which runs through year-end, will help to align the analytical process with the business process associated with case management,” Dr. Mayzell says. The desired end-state is to incorporate the predictive risk modeling data for members in all lines of business into the new case management/disease management system, which is planned for implementation in the first quarter of 2005.

Health Dialog supports data mining

An important means of data mining and predictive risk modeling comes from our newest care management program, Health Dialog, which supports 1.9 million members across a wide spectrum of medical events.

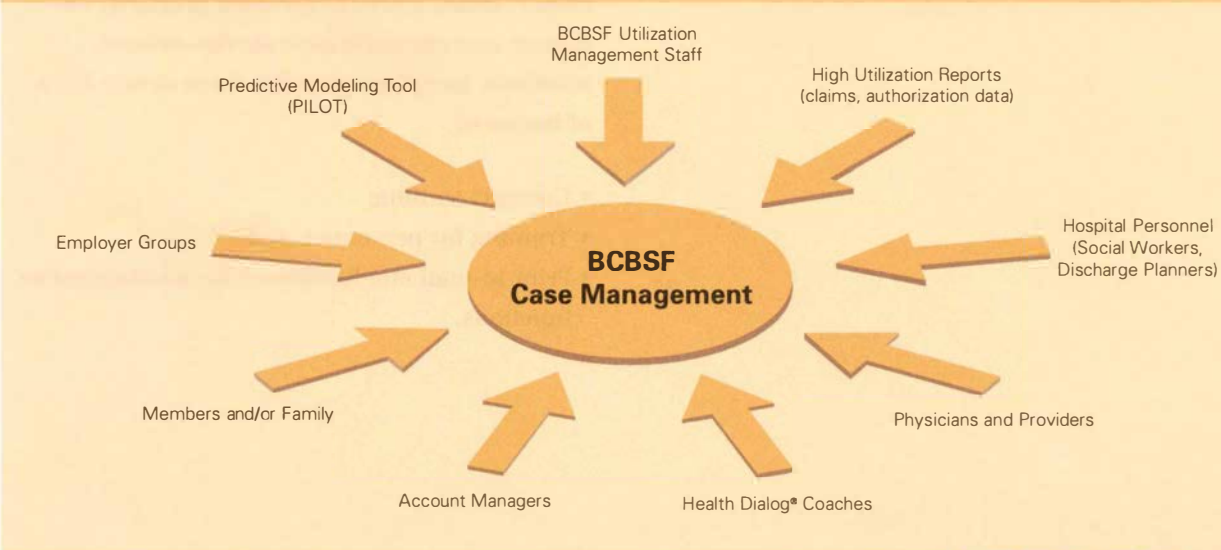
“Health Dialog uses a different predictive risk modeling application to analyze our claims,” says Ford. “They also are identifying and stratifying members who can benefit from targeted outreach and participation in BCBSF care programs.”

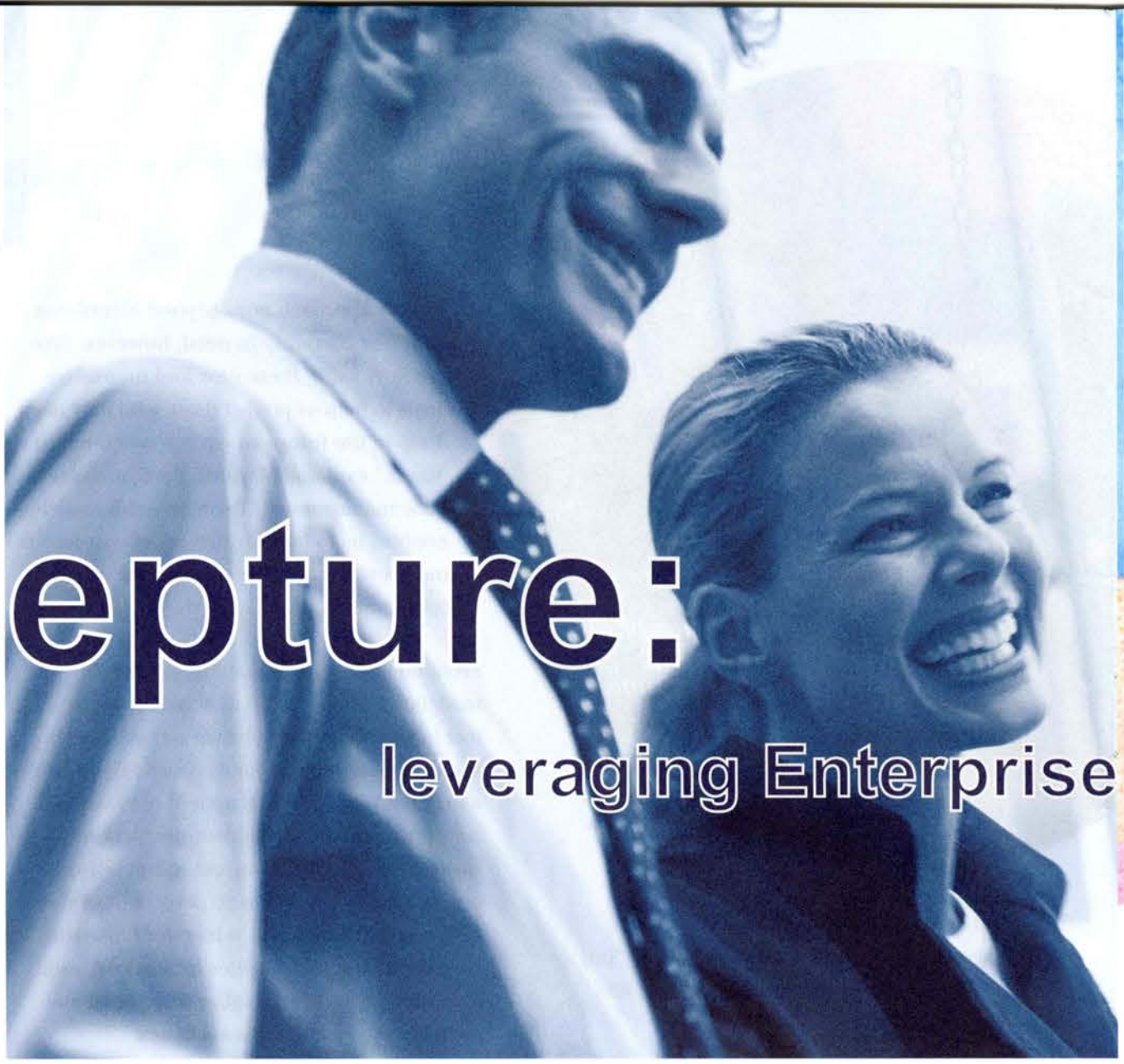
Health Dialog’s personal health coaches proactively call identified high-risk members or those with potential gaps in care as part of a planned intervention. Educational materials provide needed support to members with chronic illness or those making significant medical treatment decisions. The health coaches also coordinate with our care programs to ensure members have access to all appropriate services.

Dr. Mayzell believes predictive risk modeling will play an important role in meeting the challenges of our Health Business strategy. “It offers an opportunity to enhance member health, improve resource management and lower medical costs.”

¹ *Business and Health*, Jan. 10, 2004; 22

Early intervention is made possible through a variety of sources for case identification:





Inception:

leveraging Enterprise



Inception is “results oriented.” The two-year-old company achieved what many other companies only dream about—a profit in the first year of business and terrific positioning that will enable it to enjoy a repeat in its second year! This “small company that could” now anticipates revenues of more than \$18 million this year alone.

Launched in January 2002 to leverage the skills, capabilities and assets developed by the Government Business sector, Inception began with a strategy to create a variety of products and services that would strike a balance between the government and private sector. This has evolved into leveraging Enterprise assets for developing and deploying services.

Inception uses a “Blue to Green” growth strategy for developing and deploying its services. This means it leverages the skills, capabilities and assets developed by the Enterprise (the Blue piece) as a vehicle to successfully develop and deploy services for the external market (the Green piece). In addition, some ideas for new services come from within Inception itself. Essentially, this means Blue Cross and Blue Shield of Florida (BCBSF) is an important catalyst for us in launching services (ideas, skills, assets, capabilities). Using this “Blue to Green” process, Inception is well on its way to achieving its business strategy of creating an asset with “value-added” for a diverse marketplace.

“We wanted to put our expertise to work commercially,” says Inception Vice President Diana Haramboure. By focusing primarily on human and administrative service-related solutions, Inception provides three strong lines of business:

- Contract staffing;
- Training for personnel; and
- Print-to-mail and fulfillment for administrative functions.

In the beginning, Inception marketed its services to BCBSF. The initial strategy was to add value to the Enterprise and generate the revenue Inception needed to grow. “For example, the print-to-mail center, located at the Westside Industrial Park in Jacksonville, has a talented staff and state-of-the-art equipment,” Haramboure says. Inception chose to leverage



Diana Haramboure and Bob Wright

these Enterprise assets by competing for a product management contract—and they won! As a result of that win, Sandy Paphides, manager, product service delivery, is a satisfied customer. “Direct mail is a way of life for product line management (PLM) and we must depend on our vendors,” says Paphides. “Even the smallest legal addendum to a contract may require a mailing to nearly a million customers.”

Prior to selecting Inception, PLM had a well-established relationship with an outside mail vendor. When the decision was made to make some changes, PLM sent the projects out for bid, a process that asks a variety of companies to submit proposals for doing work. Inception bid on the job, just like any other vendor and successfully won the project.

Corporate Objectives

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Blue System

Organizational Effectiveness

Customer Satisfaction

■ **Market Leadership**

Delivery System

Public Understanding

assets for the external market

“The choice was easy,” says Chip Kenyon, director, PLM. “Incepture could provide the services we wanted at a good price.”

Incepture saved the company significant dollars and the mailing went out on time with no problems. As is the case with similar situations in the business world, success has led to more projects.

“Incepture exceeded expectations and now enjoys a great relationship with a satisfied customer,” says Haramboure. “We earned a profit and saved the Enterprise money that would have gone to another company. That success gave us the leverage to go to CSX and Wachovia and confidently bid on jobs for commercial businesses outside of BCBSF.”

Contract staffing is another big piece of Incepture’s business plan. Enterprise Controller Cheryl Mose says Incepture is on target in matching the person with the needs in her

right balance,” Haramboure says. Incepture’s Marketing Manager, Kathleen Wilkes, says the team is small but mighty: “We’re a creative and energetic team that works well together! Things definitely don’t get stale with that combination.”

Incepture has 25 permanent employees and nearly 200 contract staffers. These staff members serve in a variety of locations at BCBSF, First Coast Service Options (FCSO) and even at the IT Help Desk at Lockheed Martin in Baltimore, Md. “We’re continuing to look at markets beyond our Jacksonville backyard,” Wilkes says. “Our services can easily go nationwide. The financial industry is currently adjusting to new laws, which may create opportunities because those new regulations require new systems and skills for some companies. Incepture has that expertise.”

Indeed, Incepture’s early “bread and butter” resulted from its ability to provide BCBSF with

“Incepture could provide the services we wanted at a good price.”

area—whether it’s a one-time contractor, an accounting temporary or a temp-to-perm placement. An added bonus is reduced cost and stress. “Trying to negotiate rates is stressful because that’s not our expertise. Incepture has done an excellent job at getting us a competitive rate,” Mose says.

While Incepture benefits from being a wholly owned subsidiary of BCBSF, it is also establishing its own brand. “It’s important we achieve the

quality IT contract staffing. Incepture Vice President Bob Wright cites the collaboration with Senior Vice President Duke Livermore as crucial to that early success and the beginning of the company’s “Blue to Green” strategy. That important collaboration with IT continues under Chief Information Officer Jeannette Ekh.

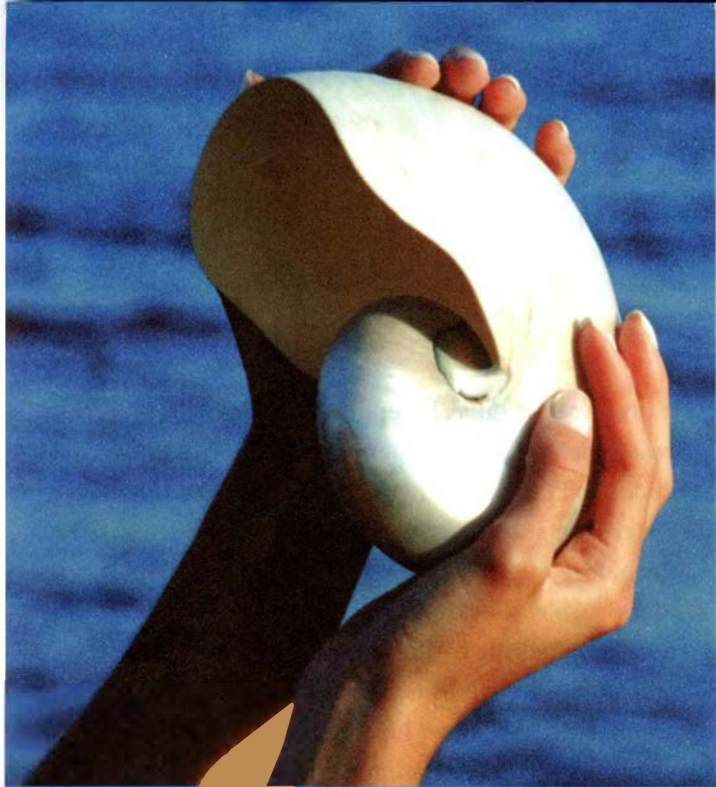
As a preferred vendor, Incepture receives a preset lead-time to fill open contractor positions in IT. It makes perfect sense to have an Enterprise subsidiary work on Enterprise needs before offering the opportunity to other vendors. “We’re working on reducing that to no lead time, hopefully by the end of the year,” Wright says. “IT gave us a unique and important opportunity, yet we must be able to compete head-to-head with our competitors in the staffing market. We believe we bring value to BCBSF and can compete effectively in the marketplace.” The next step in staffing will be contract-to-permanent placement.

In addition, Incepture launched “Learning Solutions,” a training organization that recently received certification as an “institute” from the state of Florida. While Learning Solutions began as a business-to-business training center, offering technical training such as Microsoft certification to companies, it can offer courses to individual consumers with the state certification. For example, the institute can now provide retraining to displaced workers through WorkSource, a publicly funded agency that provides workforce-related services to six counties in the First Coast area.

“I’m optimistic about the future,” says Haramboure. “We’re planning our strategy for expanding beyond Jacksonville and Baltimore, and we’re going to become more profitable by providing excellent customer service, expanding of our services and living our values: doing the right things, the right way.”

To learn more, visit www.Incepture.com.





Corporate Objectives

Financial Strength

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■ **Customer Satisfaction**

Market Leadership

■ **Delivery System**

Public Understanding

“We want to *reward physicians* for taking the time to do the right thing.”

Recognizing Physician ExcellenceSM Program

Encouraging quality care and service superiority

Blue Cross and Blue Shield of Florida (BCBSF) believes in recognizing physicians who are committed to providing our members with quality care and excellent service. That’s why our new Recognizing Physician Excellence (RPE) program will recognize and financially reward physicians for excellence in quality and service criteria when compared to their peers.

RPE is a key component of our Health Business strategy to enable high quality and efficient health care. Initially, family practice, general practice and internal medicine physicians, pediatricians and obstetrician/gynecologists who serve a significant percentage of BCBSF members will be offered RPE participation. Other specialties will be added in 2006.

“We need to reallocate more resources toward the people who really drive costs and the quality of health care,

and they are the physicians,” explains Robert Forster, M.D., our chief medical officer and vice president of health care services. To calculate the financial rewards, physicians will be rewarded on various measures of clinical quality, member satisfaction, clinical efficiency and administrative efficiency. Additional metrics will be introduced over time.

“We’re partnering with physicians to encourage members to receive preventive services, to manage their chronic diseases and to improve the overall health of our members,” adds Robert Mirsky, M.D., regional medical director and RPE program co-leader.

“This is something new and innovative BCBSF is bringing to the marketplace because RPE doesn’t offer incentives to reduce utilization, but rather

encourages appropriate medical care,” Mirsky says.

“We want to reward physicians for taking the time to do the right thing,” Mirsky says. “This will better serve our members because it will result in improved health and better quality of life for our members, which ultimately reduces medical costs.”



RPE MEASURES | Physicians will be rewarded on the following criteria:

Clinical Quality:

- Women’s health
 - Breast cancer screenings
 - Cervical cancer screenings
- Cardiovascular disease management
 - Cholesterol-lowering drugs prescribed
- Diabetes management
 - Glycosylated hemoglobin (HbA1c) testing
 - Retinal exams
- Asthma management
 - Use of long-term control drugs

Clinical Efficiency:

- Percentage of drugs prescribed that are either generics or on BCBSF’s preferred medication list
- Emergency room avoidance for asthmatic and diabetic patients
- Participation in our new e-Medicine online program

Administrative Efficiency:

- Percentage of claims submitted electronically
- Validating provider directory information at least annually

Member Satisfaction:

- Annual member surveys



On May 20th, all Health Business Service Organization Employees received t-shirts to launch the new BCBSF tagline.

ABSOLUTELY, POSITIVELY BLUE

Where have you heard, *"When it absolutely, positively has to be there overnight?"*

More than likely you knew within the first five seconds where the statement originated.

Federal Express developed the statement to encapsulate their Brand in a single statement. And they used it prolifically throughout the 1980s in their advertising.

The statement, also known as a tagline, helped the company win numerous advertising awards, but more importantly it became a rallying cry for their employees.

At first glance, the tagline may be mistaken for another piece of pop-culture or a disposable catch phrase. Think of what happened to Wendy's Old Fashioned Hamburgers®' *"Where's the beef?®"* In actuality it's much more than what it appears.

Federal Express, which is now known as FedEx®, began in 1971 by selling overnight delivery services. It has evolved into a broad

network of companies that includes ground deliveries, freight deliveries and their newly unveiled business services company, FedEx Kinko'sSM.

No matter what the service or product they offer, the tagline clearly articulates what they do and how they do it. And the most important part, the "how they do it", is the guarantee and trust they convey by stipulating "absolutely, positively."

FedEx realizes that their services can be duplicated by anyone and probably for less money, but what differentiates them from the competition is reliability.

The tagline conveys the company's Brand personality of reliability, trustworthiness and speed. In fact, the "absolutely, positively" spirit describes the employees' dedication and the company's vision by referencing the "whatever it takes" attitude that their employees bring to work with them everyday.

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Take this example, which FedEx published on their website:

"Steven Schott, a FedEx Express courier in Boulder, Colo., consistently puts the "absolutely, positively whatever it takes" philosophy into practice. During one shift, Steven completed his FedEx deliveries by repeatedly refilling the radiator of his overheating van. He returned to the station and loaded packages into another van, but that vehicle also broke down. Determined, Steven asked a customer if he could borrow the bicycle she road to work. He then attached a FedEx crate to his backpack and placed the packages inside. In 90-degree heat, Steven pedaled 10 miles up and down steep hills to complete all of his deliveries on time. On another day, Steven had similar troubles. Rather than allowing a delay in deliveries, he ran 3.6 miles to deliver packages "on the clock," then walked an additional 2.2 miles to pick up another shipment during his break. Steven finished his route on foot."

FedEx employees like Steven Schott embrace the phrase as not only a catchy advertising slogan, but as the way they approach their job. They know their customers depend on them and they "absolutely, positively" will do whatever it takes to meet their needs.

Past issues of *Brand Matters* discussed the importance of a strong recognizable corporate signature and how, when used properly, the signature is a powerful statement of the company it represents. A tagline is another powerful statement that builds and reflects on the company's personality.

By now you have seen or heard our new tagline, "How can Blue help you?" It too is part of our advertising campaign, but just like FedEx, it's much deeper than just a catchy

ABSOLUTELY, POSITIVELY BLUE (CONTINUED)

slogan. It gets to what our company must do to win in a competitive marketplace. It differentiates us from our competition.

The tagline was developed with the idea of service in mind. It states in a simple phrase that Blue Cross and Blue Shield of Florida is a company built around being strong, responsible, action-oriented and warm.

Again like FedEx, we are in a business where our products and services are easily duplicated. To separate ourselves from the competition, we must offer not just health care, but caring solutions. The new tagline seeks to put our customers first. It's not a declarative statement, but an invitation to conversation.

"How can Blue help you?" is also a good description of our number one resource – our employees. Whether you are a customer service associate or an IT project manager, your job and the way you approach your job impacts our customers.

The "How can Blue help you?" spirit is alive and well within BCBSF. You can see it in our ability to deliver new products to our customers such as BlueOptions. It's what led us to launch our 24/7-service option, MyBlueServiceSM. And it's what drives us to help our friends, families and Florida neighbors when hurricanes batter our state.

Additionally, as we begin to reach out more effectively to our Hispanic customers we'll be using a derivative of the tagline, "Su Salud Es Nuestra Prioridad" or translated into English, "Your health is our priority."

To maintain our level of success in the marketplace and our customers' confidence, we must approach our job with a "helping you" spirit.

"How can Blue help you?" is much more than a slogan or a piece of advertising, it's what makes us Blue Cross and Blue Shield of Florida.

HOW CAN BLUE HELP YOU?



MEASURES AND METRICS

Each quarter the measure and metrics section looks at facts and figures that demonstrate how companies are living their Brand. This week we're trying something a little different. Rather than illustrate metrics to tell a Brand success story, we're going to leave it up to you to match the tagline with the Brand.

Below are 10 classic taglines that are not only memorable, but captured the Brand personality of the companies they represented at the time. How many can you get right? The answers are below.

- | | |
|---|----------------------|
| 1. Good to the last drop.® | A. Visa |
| 2. We bring good things to life.® | B. Publix® |
| 3. Have it your way.® | C. American Express® |
| 4. Just do it.® | D. General Electric® |
| 5. Where shopping is a pleasure.® | E. Michelin® |
| 6. When it rains it pours.® | F. Burger King® |
| 7. Everywhere you want to be.® | G. Maxwell House® |
| 8. The ultimate driving machine.® | H. Morton Salt |
| 9. Don't leave home without it.® | I. Nike® |
| 10. Because so much is riding on your tires.® | J. BMW® |

Answers: 1. – G; 2. – D; 3. – F; 4. – I; 5. – B; 6. – H; 7. – A; 8. – J; 9. – C; 10. – E.

- If you matched all 10 correctly, you are a Brand Master.
- If you matched at least 7 correctly, you are a Brand Genius
- If you matched at least 5 correctly, you are a Brand Up and Comer
- If you matched 2 or less correctly, you are a Brand Newbie

THE BRAND OF YOU

Just like products and services we are all brands. There are tangible and intangible qualities in us that make us unique. We’ve all got special skills, qualities and talents that help us succeed either at work or in our personal lives.

Each quarter Brand Matters will spotlight a person that helps Blue Cross and Blue Shield of Florida deliver on our Brand Promise in their own unique way.

In keeping with the “absolutely, positively” spirit we are spotlighting Joe Girouex, Supervisor of Shipping and Receiving at the Deerwood Corporate Campus. Additionally, Joe and his team did an outstanding job helping Brand Management deliver the “How can Blue help you?” t-shirts to the Health Business Service Organization employees last May.



JOE GIROUX

Supervisor
Shipping and Receiving at DCC

Who am I?

Although I was born in Cleveland, Ohio, I’ve lived most of my life in Jacksonville. My wife, Sheri – who also works at BCBSF, and I have been married 23 years. We have a 19-year-old son, John, and a 12-year-old daughter who’s growing up way too fast, Jeni. On January 9th I will be entering my 39th year with BCBSF.

What’s my role at BCBSF?

My current position at BCBSF allows me to coach a great customer-focused and service-oriented team. Much of my time is spent building and maintaining relationships with customers and sharing what I learn from those relationships with the team.

What are my three best qualities?

I am told by others that I exhibit a genuine concern for everyone. Plus, I’m flexible, willing to change and dedicated.

If it were the weekend I'd be:

I really enjoy spending time with my family and doing yard work. Ideally, I’m fishing with a friend or going to Walt Disney World.

Classic Rock or Hip Hop?

I must fall back to the music of my youth and pick classic rock.

Pepsi® or Coke®?

Although I will drink a Pepsi if nothing else is available, my favorite is classic Coke.

My favorite Brand:

For those of you who know me it will come as know surprise that my favorite brand is Disney. They are leaders within many facets of business. I’m truly impressed with the way they hire, train and treat their cast members.



Corporate Objectives

Financial Strength

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e-Medicine

First in the state to offer physicians and their patients
online medical consultations and other e-Medicine services

For Blue Cross and Blue Shield of Florida (BCBSF) members, communicating with their doctors just got a lot easier. That's because we are the first health plan in the state to offer our physicians and members an easy, convenient and safe way to communicate online with each other about non-emergency health care needs.

Enabling high quality and efficient health care through the development of new products and services is the direction Blue Cross and Blue Shield of Florida (BCBSF) is taking. By way of these new products and services, BCBSF members now have choices in how they access their health care, from the benefits they choose to how they communicate with their doctors.

"It's an exciting, innovative solution, the kind of true value for customers that will differentiate us in the Florida market," says Lynn Monson, director of health care services.

Provided through RelayHealth, the nation's premier provider of secure online health care communication services, e-Medicine offers a number of features, including:

- Online personal health records created by each member; and
- Online medical evaluations or e-office visits from a member's own doctor—as long as a member already has an established relationship with that doctor.

Whenever it is convenient, whether at work or home, a member will be able to access RelayHealth through the BCBSF website. Employing clinical guidelines and algorithms, RelayHealth's interactive program will guide the patient to formulate a succinct, structured message to his or her doctor. To compose a response, the physician—at his or her convenience—can reference the patient's personal online health record and, if the doctor chooses,

refer to a database of 140 customizable treatment option templates. The physician can also attach a prescription (automatically sent to the patient's pharmacy) and/or specific instructions and medical information.


In addition, depending on a physician's preferences, his or her patients may also be able to schedule appointments, refill prescriptions, obtain normal lab results and request referrals.

For both members and BCBSF, there is no charge for all of these services except the online medical evaluation. BCBSF will allow physicians \$29 for this type of office visit, and members will be responsible for any relevant deductibles, coinsurance or copayments for their service exam. RelayHealth will submit the claim to BCBSF through Availity for the physician.

"Physicians provide 10 to 20 percent of their treatment over the phone now," says Robert Forster, M.D., our chief medical officer and vice president of health care services. "For the many patients who wish to communicate this way, it's an opportunity for physicians to do that using the Internet and get paid for it as if it is an office visit."

To enhance their convenience, physicians will access RelayHealth electronically through our already-existing Availity® Gateway. Availity will provide eligibility and benefits information and will enable RelayHealth to automatically send BCBSF claims for online medical evaluations. Any Availity-connected physician can use it, but BCBSF is covering RelayHealth's \$49.95 monthly subscription fee for the first year for any doctor who participates in the Recognizing Physician Excellence (RPE) program. In keeping with the one-stop-shop strategy, physicians and providers will also be able to contact the Availity customer service center for support.

Participation in the RelayHealth program will also contribute to a physician's RPE score, since the online capability enhances both clinical and administrative efficiencies.

"One e-mail," says Monson, "is the equivalent of three telephone contacts, so it frees up time for both patients and physicians' staff members to communicate more effectively with patients." 

*"It's an exciting, innovative solution, the kind of
true value for customers
that will differentiate us in the Florida market."*

blue

OPTIONS

Meeting affordability and choice needs

Blue Cross and Blue Shield of Florida's (BCBSF) newest health product family platform, BlueOptions, blends innovation and an eye toward the future with the best qualities from our existing products (BlueCare and BlueChoice) to give consumers more choice and control at a reasonable price.



Group Vice President of Health Business Service Organization Darnell Smith (left) and Group Vice President of Enterprise Marketing John Kaegi (right)

This fall, BlueOptions will be among the selections employees can make during Annual Enrollment. *Perspectives* interviewed Group Vice President of Health Business Service Organization Darnell Smith, Group Vice President of Enterprise Marketing John Kaegi, Senior Vice President of Human Services Barbara Hunter, and Vice President of Product and Services Development Craig Thomas, to give colleagues a better understanding of BlueOptions and how we can help support our company's business direction.

Perspectives: What drove the decision to design BlueOptions?

Kaegi: Simply put, our members are looking for affordable choices. We all know this is a growing concern and it really is the primary issue that drove BlueOptions. Affordability is the crux of our strategy. We must find a way to make health care more affordable, and BlueOptions helps us do that.

Smith: It goes back to our Mission. We have a unique role to play in providing Floridians with access to health care. We have a responsibility to contribute to an efficient, effective health care system and to provide

the best products and services that will bring value to our customers. BlueOptions meets a number of affordability and choice needs. It puts decision-making in consumers' hands and allows them to decide how to spend their health care dollars.

Perspectives: How will BlueOptions help us provide more affordable coverage?

Kaegi: BlueOptions provides us with three levers that help deliver more affordable health plans. Number one, it helps reduce our overall administrative costs by eventually moving to one product platform, which will reduce redundancy in

our cost structure. The second lever is our new provider network, NetworkBlue, and associated medical management capabilities. BlueOptions, utilizing NetworkBlue, provides us with the opportunity to have effective medical management programs—like Health Dialog® for example—that are more likely to make a difference in people's lives while reducing medical costs. And third, this new plan helps our members achieve their own health goals through an array of information and education-focused capabilities and programs.

Perspectives: This fall, our employees will be able to select BlueOptions, making BCBSF the model for the large group roll out. Why is this the right approach?

Thomas: As employees, we have a unique perspective as members and as those who touch our customers. We want employees to benefit from new products and services and learn from our experiences so we can continue to improve what we're offering to our customers.

Smith: From a marketing and sales standpoint, it will be an advantage for our sales group to be able to say, "We're in BlueOptions." This will give them first-hand experience with the new plan. Also, as employees, we can provide suggestions on how to refine BlueOptions to make it even more beneficial to our members as we roll it out statewide.

- Financial Strength
- Blue System
- Organizational Effectiveness
- Customer Satisfaction
- Market Leadership
- Delivery System
- Public Understanding

“This is really an exciting time,
and if employees look at it this way,
we can really distinguish ourselves.”



Perspectives: What are the challenges for consumers and for BCBSF in moving to BlueOptions?

Thomas: Breaking the existing paradigm is the first big hurdle because people are familiar with managed care today and they are not familiar with this model. So, the first challenge we have is helping people feel more comfortable with a new approach. The comfort level will grow when they see BlueOptions delivering on its promises of affordability and choice.

The second challenge is making sure we can provide affordable choices and we don't get caught up in our own cost structures. The third challenge is making sure employees are focused on delivering BlueOptions even while we're meeting our current growth and profitability goals that are challenged by current market conditions. The biggest issue we face internally is making sure employees understand where we're going as a company and are focused on



Senior Vice President of Human Services
Barbara Hunter

helping move us into this “new world” of health care.

Perspectives: What can employees do to help make BlueOptions successful?

Hunter: It is important for employees to educate themselves on how the marketplace works and understand what the issues really are. I think if employees understand where the industry is going, where BCBSF is going and also how the new product and administrative components of the common platform can help them personally in meeting their own health goals, they can become even bigger advocates for us as we roll out BlueOptions.

Thomas: This is really an exciting time, and if employees look at it this way, we can really distinguish ourselves. This is a historic time in our industry—on perhaps the same level as the transition to HMOs back in the '80s. The market is changing, and we are at the ground level, helping to foster this change and lead consumers through it.

Smith: Of course, service is a big factor. Regardless of the products we offer, we must provide a foundational level of service. We are holding ourselves—all employees—accountable for the things that really deliver value to our customers—courtesy, promptness, follow-through, the timeliness of resolving issues, etc. We need to take responsibility for each interaction and pull other folks in to resolve concerns quickly.

Hunter: We tend to look at the operations area when we talk about service, and I think we have to go well beyond that. Customer service is an attitude, not a department. All employees have to understand their role in making BlueOptions successful. It's not just those employees on the front line whom we count on every single day.

Smith: Every employee has a marketing role.

Perspectives: What other changes are we making to provide better service?

Smith: One thing you'll see is extended service hours to be sure we are here as long as customers need us to be. We're also providing a number of self-service capabilities for customers who are comfortable handling some of their own service needs.

Thomas: We are really trying to provide that differentiated customer service experience. Our

What is BlueOptions?

BlueOptions is BCBSF's newest portfolio of health plans that offer a broad range of benefit and cost-sharing structures. The BlueOptions health plans are predominantly coinsurance and deductible. The four basic types of BlueOptions plans are listed below. The copay benefit structure is increasingly introduced as you go from Family Physician Plans to Physician Copayment Plans and finally the Network Advantage Plans.

- Network Advantage Plans feature copayments for covered services at a wider variety of locations
- Physician Copayment Plans offer low copayments for most in-network services
- Family Physician Plans have low copayments for primary care services
- Health Plans are lower premium plans by providing financial protection and access to care

Currently, BlueOptions offers up to 27 large group multi-plan packages and up to four small group multi-plan packages to provide an array of choices for an individual employer.

With BlueOptions, members have access to a number of health-related resources, including:

- Care decision support tools and health-related information 24 hours a day through Health Dialog®
- MyBlueServiceSM 24-hour member self-service
- Access to hospital quality data through Hospital AdvisorTM by SubimoTM
- BlueComplements health-related discount programs and services (such as chiropractic, massage therapy and acupuncture).

Service Delivery Model focuses on the customer and meeting their needs, not only on our internal measures.

Perspectives: How will the strength of our Brand help us to roll out BlueOptions?

Thomas: It's hard to fully appreciate how strong our Brand is in Florida.

continued on page 11

POINT OF VIEW



CHERYL ZOULEK
AWAY FROM HOME
CARE COORDINATOR

"I enjoyed this summer's issue of *Perspectives*. While I enjoyed all the articles, I especially liked the pictures of celebrating 75 years of the Blue Cross and Blue Shield Association. It reminded me—I was a Blue Cross and Blue Shield baby at Mercy Hospital in Rockville Center, NY. I still have the hospital bill and I think it was \$50.

All the articles reminded me of how much we have grown as a company. Keep up the good work!"

SEND US YOUR *Point of View*.
You can submit your letter to the editor by sending an email to **BlueViews**.

DID YOU KNOW?

When asked to name health insurance brands, 71 percent of more than 24,000 consumers named the Blue Cross and Blue Shield Brands.

Blue Cross and Blue Shield 71%

Aetna 26%

United Healthcare 14%

Cigna 11%

Source: Interim 2004 Brand Strength Measure Survey, Synovate, Inc.,

Blue Cross and Blue Shield Association, *Insight*, August 2004.

3rd Quarter Enterprise CPI Results on Track

The Enterprise Corporate Performance Indicators (CPIs) are important to all of us because they include the most critical results for the company in 2004, and they drive our incentive compensation programs.

Based on 3rd quarter results, the Enterprise CPIs are on track to meet or exceed annual goals. A year-end score of 875 out of 1,000 points is currently projected by the organization.

This compares to a target score of 800 and an improvement from the 2nd quarter score of 855. There is no deterioration of results in any CPI measure from the 2nd quarter. Favorable forecasts of net income and progress against our Six Sigma and BlueOptions launch goals are driving our projected year-end results. Enrollment in BlueOptions, however, remains projected below plan. A summary of the results for each Enterprise CPI is included in this chart.

3rd Quarter Enterprise CPI Results

MEASURES	YTD STATUS	MAX	TARGET	3RD QTR	COMMENTS
Financial Strength		350	280	320	
Net Income	○○○●	350	280	320	Projected to be \$238 million versus a plan of \$208 million.
Organizational Effectiveness		300	240	265	
Six Sigma					
• Training	○○○●	25	20	25	Completion of current wave of trainees will result in maximum performance for both Black Belt and Green Belt training.
• Certification	○○○●	25	20	20	Certification rates for eligible Black and Green Belts are on track.
• Net Benefits	○○○●	100	80	80	Savings from current Six Sigma and Continuous Improvement initiatives total \$3.1 million.
• Improvement efforts	○○○●	100	80	100	Maximum Six Sigma project penetration has been achieved in all areas of the organization.
Diversity	○○○●	50	40	40	Results will be measured through the Enterprise Employee Survey. The success of numerous activities designed to improve diversity awareness provides the basis for assessing this CPI at target.
Market Leadership/Capabilities		350	280	290	
BlueOptions					
• Launch 1	○○○●	40	32	32	Major metropolitan statistical area (MSA) goal reached. Four secondary (Geographic Expansion) MSAs planned for 9-1-04. With Polk and Collier declared marketable, secondary MSA target met.
• Launch 2 (Low Cost Plans)	○○○●	40	32	32	Target goal of a 7-1-04 member effective date achieved.
• Launch 3 (Under 65 Product)	○○○●	40	32	40	Maximum goal of a 7-1-04 member effective date achieved.
• Enrollment	●○○○	30	24	21	July YTD BlueOptions membership below plan. Current year-end membership continues to be projected at approximately 88,000 versus a goal of 103,000.
Common Platform					
• Member Service Model	○○○●	50	40	45	Release 1 is on track to achieve target goals while Release II is on track to achieve maximum goals.
• Distribution Service Model	○○○●	50	40	40	Releases I and II are on track to achieve target goals.
• FEP/Diamond	○○○●	50	40	40	All key deliverables continue to be on track to achieve target.
• BlueCard Host	○○○●	50	40	40	All key deliverables continue to be on track to achieve target.
Total Points		1,000	800	875	

LEGEND

○○○● ON-TRACK

○○○● OFF-TRACK, PROJECTED ON-TRACK

●○○○ OFF-TRACK, PROJECTED OFF-TRACK

People really look to our company and they trust us. They expect us to find solutions and help them through a change like this. Strong Brand recognition will help us tremendously in introducing this new type of health plan.

Perspectives: What is the biggest challenge we face in rolling out BlueOptions successfully?

Kaegi: That's a hard question because it's tempting to say affordability and competing against national companies. In terms of national competition, though, we have a unique advantage in that we are located in Florida, and we are neighbors with the people we are serving. Employees have a key role in helping us leverage this advantage by helping us better understand what's on the minds of people in Florida when it comes to meeting their health care needs. This will really help us compete against national competitors who are not in touch with Floridians like we are.

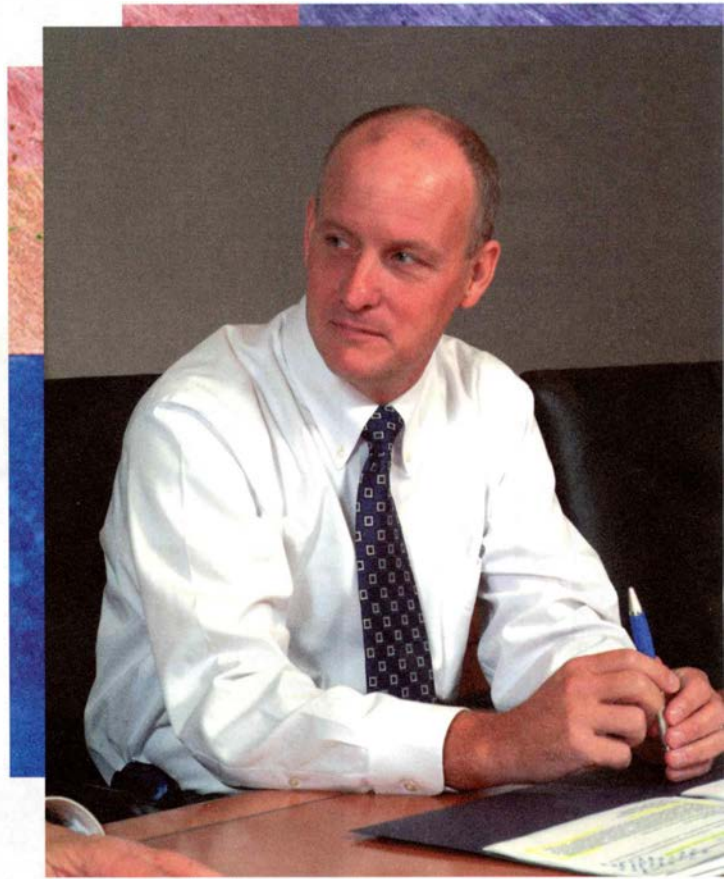
Smith: Another challenge for us is many customers do not necessarily want more responsibility and, for some, asking them to take on more is going to be difficult. However, those who do not get

involved may end up spending more or making the hard decision to go uninsured, so communicating the message there is a link between involvement and expense will be challenging.

Thomas: We are providing members with a number of self-service tools to make managing their health care easier. (See sidebar on page 9.)


Perspectives: What type of education will employees and our members need to make the best choices within BlueOptions?

Hunter: It's going to be important for all of us to understand how the BlueOptions plans work and how they are different from our existing HMO and PPO products. The concept of copays will be pretty comfortable for folks, but other new features like our high-performing network and hospital "tiering" will require more education. We want employees to understand total medical costs when choosing a plan—not just premiums. We'll be providing various opportunities to help employees prepare to make their 2005 Annual Enrollment decisions. Employees need to take the time to learn about their options.



Vice president of Products and Services Development Craig Thomas

Perspectives: In summary, what would you say are the most critical things for employees to do during transition to BlueOptions?

Thomas: The most critical things employees can do are enroll, learn and improve. Help us improve. 

WORD SEARCH

A N A L Y T I C A L T H I N K I N G D V G E C R F
A V O A T O H J G L D G M H T N J E V N S J O C Y
P R I M D I I D S I N N M J I L L P I O X F N T L
I D E Z C B N Q Q I O G Z K R E U K P H N U T J E
J G Q L T I R V Z K N X X B G L A R Z D K T I V V
Y X A U A O R I L I N I I A N M U G P B T W N Z I
T X U K C T N T N A I C T Q N P W N G V N L U F T
I A C E P A I N N S K I U O S Y J I V Y I I O B C
S J V Y G L A O E E O T I I V M R H L Q L A U I E
R S Q R L L V W N N C S D O H E G C K L A T S U F
E E O L P Z P U A S I R C L S G M A J T J E I U F
V G Y E G C L Q J C H O E U G M W O O M L D M G E
I J M T R N D W E T L I L M G F G C W B K O P N S
D M Y I A H I D T L E T P I U V O L X H E T R I E
A K F T O J N T A L S G S B J S G P P O F N O V T
Z O V D I U C B A O P Z N U U N N O Z W W O V L A
C J K I G L O R R V A S K A I I N O V K F I E O C
D B S T S R I I E S I R C P H Q L U C H Y T M S I
A R R X A I E B I A O T O K T C T D B X T N E M N
N U G T D N O R A W T L O N Z Y W Z I G K E N E U
J Z I K T G B N M T E I K M X H Q I G N M T T L M
W O E E E P C A X V P Q V Z Z D M E E X G T L B M
N M D K Y V E R E Z Q A U I X U G I H Q D A M O O
F K Q S D T U D X M X K D V T E M B R R D O S R C
H C I G R U W M D J K G K A N Y F K N W B L Z P Z

Look for the answers in an upcoming issue of *Quick Connections*.

Continuous learning and improvement are keys to Blue Cross Blue Shield of Florida's (BCBSF) success and retention of a talented, satisfied workforce. The Competency Development Guide is a resource to help employees select appropriate development activities for their current and future career goals. The activities in the Guide have been included based on their ability to foster competency growth for the six organizational and 12 professional competencies in the BCBSF Competency Dictionary for a High Performing Organization.

Below are key words and competencies included in the Competency Development Guide. See if you can locate all of these words in the word search provided to the left. The Competency Development Guide is located on the Training and Development page on the Intranet.

- | | |
|--------------------|----------------------------|
| • Adaptability | • Creativity |
| • Motivating | • Relationship Building |
| • Change | • Results Oriented |
| • Diversity | • Analytical Thinking |
| • Collaboration | • Decision Making |
| • Teamwork | • Attention to Detail |
| • Coaching | • Delegation |
| • Planning | • Continuous Improvement |
| • Organizing | • Problem Solving |
| • Developing | • Communicates Effectively |
| • Purpose | • Vision |
| • Consumer Centric | |



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