

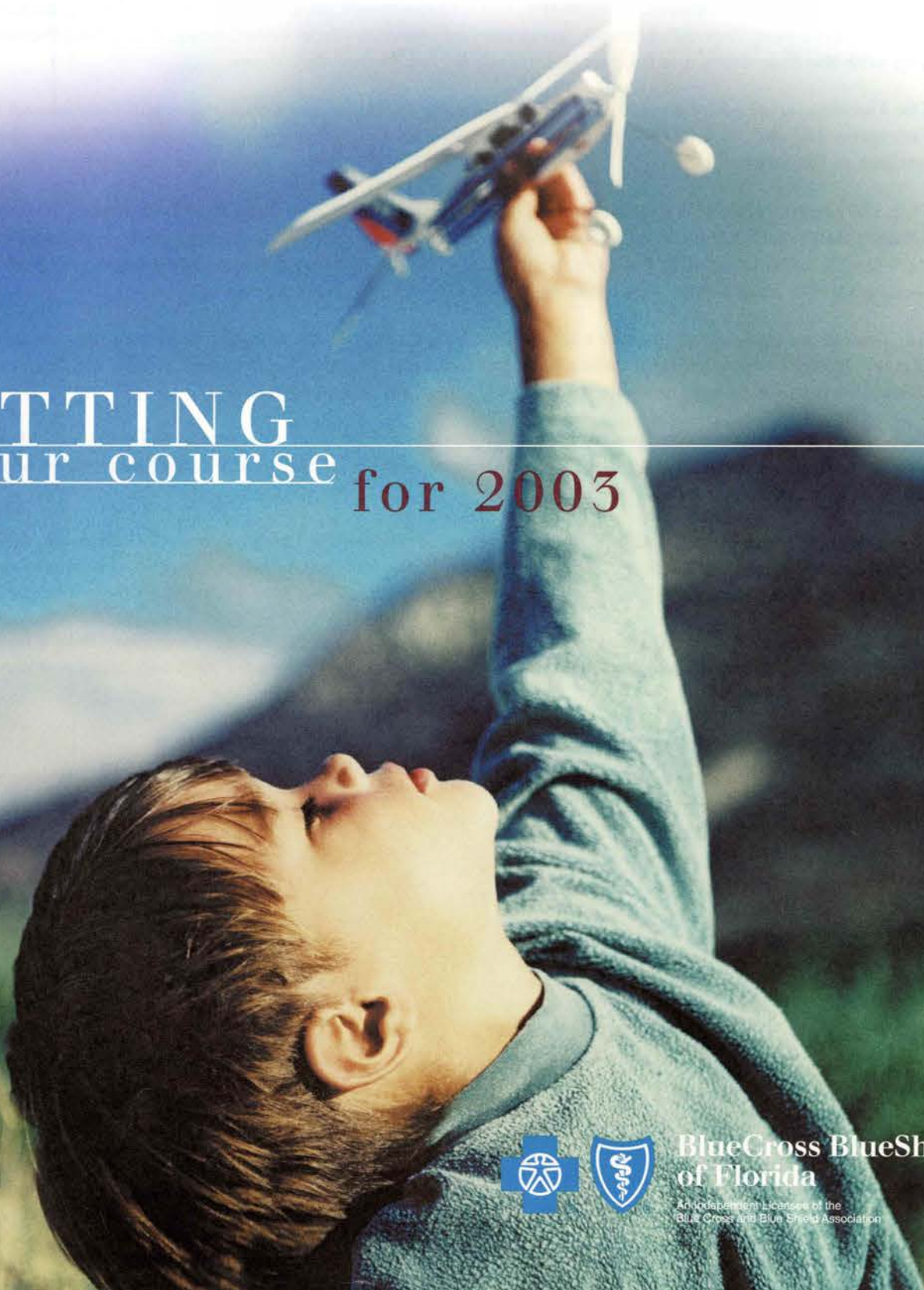
WINTER 2003



P perspectives

Celebrating your role in our success

SETTING
our course for 2003



BlueCross BlueShield
of Florida

An Independent Licensee of the
Blue Cross and Blue Shield Association

Setting our course FOR 2003

The new year begins our journey to success in 2003. Blue Cross and Blue Shield of Florida (BCBSF) had a successful year in 2002. To continue that success in 2003, our Enterprise plan will guide us in continuing to fulfill our Mission and live our Promise to customers. The Enterprise will focus on four areas: meeting customer/consumer needs, maintaining financial strength, improving our organizational effectiveness and strengthening our relationship with the Blue Cross and Blue Shield Association and other Blue Plans.

The Florida market presents challenges for BCBSF. Considering these challenges and their impact to our Enterprise Mission, we must follow our plan to continue strong financial results and retain our competitive position in the marketplace.

With 2003 comes rules and regulations, such as the implementation of the Health Insurance Portability and Accountability Act's Administrative Simplification (HIPAA-AS), which guarantees greater protection of an individual's health information than ever before. In 2003, we will meet compliance requirements for both the privacy section and the transactions and codes section of HIPAA requirements.

It is critical we continue to provide excellent customer service. We've made significant improvements in our service delivery capabilities including new applications, such as Convergence, which will help our service associates respond to both member and physician inquiries more effectively.

Empower represents the changes we are making to clearly focus on consumers and their individual choices. Empower enables us to support our customers more efficiently and to offer a wide variety of products and services to meet their needs.

Consistent with our financial and public confidence strategies, the company lives its Mission to advance the health and well-being of Florida's citizens. BCBSF carries out its commitment to the community through our Community Giving program, Blue Community Champions and The Blue Foundation for a Healthy Florida.

We could not carry out our Mission without your help as we meet the needs of the more than 6 million Floridians that BCBSF and its subsidiaries serve. Together we can face the challenges 2003 will bring and stay on course toward continued success.

O U R M I S S I O N

We believe Blue Cross and Blue Shield of Florida has a unique role in advancing the health and well-being of Florida's citizens. While all successful companies must focus on meeting customer needs, our corporate beliefs call for a much greater commitment to the public good. Our purpose requires working for public policy that enables an excellent, efficient health system; affordable products and services; and protection for as many Floridians as possible. It also demands that our programs support the delivery of high quality care.

Through our products, employee relations, political influence and community involvement, we consistently attempt to make a constructive contribution to the well-being of our customers and all Floridians.

A financially strong, independent, policyholder-owned parent company is most conducive to pursuing our community driven, customer-focused Mission. This allows us the flexibility to use various structures, as appropriate, for entities under the parent.

InSights

P
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11 2003 enterprise plan advances strategic direction for future success

In developing our 2003 plan, the company has carefully balanced investing in developing our capabilities with the need to achieve strong operational results. Read about the four areas of focus at the Enterprise level for 2003.



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Editor:
KATHY NELSON

Writers:
LAURA JO BRUNSON
PARKER CHIODIONI
CAROL COX
IRENE LOMBARDO

Photography:
CHRIS VAN HOUTEN

Design:
THE KURTIS GROUP

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16 How financially strong is strong enough?

Our Mission is to be a customer-focused and community-driven organization with programs that support the delivery of high-quality care. To fulfill our Vision and carry out our Mission, BCBSF must be a financially strong, independent company.

18 Advancing the health and well-being of Florida's citizens

BCBSF carries out its commitment to advance the health and well-being of Florida's citizens through our Community Giving program, Blue Community Champions and The Blue Foundation for a Healthy Florida. Consistent with our financial and public confidence strategies, we've increased our level of charitable giving throughout Florida.

20 Powering up: Next generation health plans debut

Empower, a cornerstone of the company's business transformation effort, reached major milestones in 2002. Read about Empower's 2002 accomplishments including NetworkBlue, web enrollment and the launch of two successful pilot groups.

Perspectives is also available on the Intranet at blueviews.bcbsfl.com.

> I wanted to thank *Perspectives* for the recent article about the new Print and Mail Center. Working in the Marketing and Sales Systems area of the Individual Consumer Business Unit (ICBU), we work regularly with letter shop vendors in providing files for direct mail campaigns. I am aware of their capabilities but was amazed at how complex and impressive a mail facility we have here at BCBSF. Several of my colleagues have had a chance to tour the facility, and they have remarked about how sophisticated a facility the company maintains. Thanks for sharing this information with us!

Skip Seefried
ICBU Marketing & Sales Systems Support

> I wanted to take a moment to let you know how much I enjoyed the last issue of *Perspectives*. As a new member of the "Blues Team," it has been enormously helpful to me in learning about the different aspects of the company. I like the fact that the magazine includes articles about everything from our diversity efforts to the measures we are taking to reduce costs with our new Print and Mail Center. I also think the *Brand Matters* section provides BCBSF employees with a clear understanding that

we, the employees, are the brand. It would be interesting to read about some of the jobs other employees do here at the company. It is always fascinating to read



Brandy Waters
Product Services Delivery

about all the different types of jobs that keep a company like ours a success. Keep up the good work!

> I was proud to be an employee of BCBSF when I read the article in *Perspectives* titled, "Training Health Care Professionals on New Capabilities." It helped me to see that BCBSF has not lost sight of its ultimate goal of customer satisfaction. It is nice to see that even though our current focus as a company is to cut administrative costs, we have not renounced our commitment to our customers and providers. I strongly agree with the ideals of one of the statements made by an Availity team member, "One of our goals is to address the provider's needs without transferring the burden to our members." I firmly believe that keeping our network of providers informed and properly trained will ensure

our success as a company and the accomplishment of meeting our customers' health care needs.

I would like to see *Perspectives* feature more stories about what the company is doing to stay competitive and remain a stable employer in the future. Thanks for keeping us all informed.



Lisa Kilis Bell
Membership & Billing

Send us your *Point of View*. You can submit your letter to the editor by sending an email to BlueViews.

Goliath

David slays Goliath...
with a little help



Consider this scenario: David Mowry, customer service associate (CSA), answers his ringing phone, “Blue Cross and Blue Shield of Florida. This is David. How may I help you?” The voice on the other end responds, “Hi. My name is Mary Smith, and I have a question about a claim.”

This seems to be a pretty simple question — but would you believe David had to complete 10 to 12 weeks of classroom training and up to 26 weeks of on-the-job training before he could answer this question on his own? Even then, he had to remember which one of hundreds of field codes would lead him to the computer screen that would provide the answer to Ms. Smith’s question. Put in the wrong code, and he’d get the wrong answer!

Above: (l-r) Jamie Farah, David Mowry, Owen Musselwhite, John Bayless, Bob Zimmer and Mike Beltz, members of The Convergence Team, used the knowledge, talent and skills of each team member to be successful.

Convergence, a customer service desktop application, is making life easier for our CSAs. With an emphasis on quality and customer-centric focus, Convergence provides a point-and-click solution for responding to customer inquiries with the goal of single contact resolution — resolving the customer’s problem during one phone call. Here’s how one team slew the proverbial giant.

Think outside the box

In early 2001, Bob Vance, business information consultant,

continued on next page

Bob Zimmer, project consultant, Velda Bell, senior project consultant and Jim Charrie, senior project consultant, got together to discuss how they could improve the existing Advanced Desktop System (ADS) for customer service so our CSAs could more quickly and efficiently service our customers. Member information was housed in multiple systems — Legacy, mainframe, web, local databases, etc. — but this team, together with the subject matter experts of the ADS Users Council, knew there had to be a better way of bringing all the information together in a more user-friendly format. Thinking outside the box and outside the norm of each system having its own independent screen of information, Zimmer, Charrie, Bell and Vance conceived an idea where all the information could be brought together onto one easy-to-use screen.

Fast forward to November 2001. Zimmer, Bell and Charrie developed a new prototype system they called “Convergence” — because of its ability to converge all screens from multiple systems to one screen. They presented their concept to Operations and Information Technology (IT) leadership who resoundingly applauded the design and authorized the full development of the system.



David Mowry, a customer service associate, worked directly with the team to ensure Convergence was designed for best use by service associates.

Listen to the user

Recognizing the end-user has the best insight and working knowledge of how the programs can help them do their job, the subject matter experts, including Mowry and other CSAs, worked directly with the team and provided input throughout the entire process. “We let the user tell us what we needed to do to improve the system, from end to end,” says John Bayless, project manager. Users had a direct link to the developers and provided feedback for suggested changes: IT modified the program, usually within 24 to 48 hours; users tested the modification; and the cycle began over again when users provided more feedback.

Speak in English

A ground rule agreed on by the team from day one was to “keep it simple and speak in English.” Blue-speak (the unofficial language at BCBSF) and acronyms were not allowed. Self-descriptive, intuitive terms and titles were used throughout the screens. For example, before Convergence, CSAs had to remember the correct cause code for an inquiry. Now, with one click users display a detailed listing of cause codes with descriptions making it easy to ensure they select the right code the first time. Using clear, easy-to-understand language eliminates the need for extensive training and memorization of hundreds of codes and acronyms. It also helps CSAs quickly find the screen they need to answer a member’s question.

Do with what you already have

Convergence was developed using existing software, infrastructure and staff. No new software, outside consultants or vendors were used in its development.

“We let the user tell us what we needed to do to improve the system, from end to end.”

The development team leveraged the knowledge, talent and skills of its team members. Owen Musselwhite, developer, says, “We accepted the challenge and made it work in a timely fashion. We had fun while we worked.”

Each team member had a unique role — and as part of the fun, creative titles were chosen for each of the members.

- **John Bayless**, a/k/a Grand Pooh-Bah, was the project manager.
- **Mike Beltz**, a/k/a Uber: Coder, was the lead developer in designing the core system.
- **Jamie Farah**, a/k/a CSR-ese interpreter, was able to provide real-life input from his previous experience as a CSR and knew what to ask and how to ask questions of the users.
- **Owen Musselwhite**, a/k/a Bells and Whistles Division, developed the system with an eye toward ease of use.
- **Bob Zimmer**, a/k/a Ace Detective, designed the concept and was mindful of issues that may impact the system, such as the Health Insurance Portability and Accountability Act and Client Letter System.

Knowing they wanted to achieve this development with existing resources, the team evaluated their current assignments and worked together to determine how they would get the work done. And this wasn't their only assignment — they also were accountable for developing four additional projects: Florida Healthy Kids, Away from Home, Balanced Budget Act and Medicare & More 20/20 Application. The team defined roles and responsibilities for each member and worked together to resolve any issues or challenges — they even worked together on who could take Paid Time Off so as not to hinder development. The team truly delivered a 110 percent effort.

Go above and beyond the expected

The team delivered more than required in the original scope of the project, adding additional features and enhancements that made the system even more user-friendly and efficient. One such feature was Price and Scan — proposed by a CSA — that allows CSAs to access answers to common inquiries with one click. And, once again thinking outside the box, a “blank” choice was provided to accommodate unique or infrequent inquiries.

Feedback to the new system has been exceptional, CSA satisfaction

is up and most have eagerly embraced the change. Mowry says, “I can now talk to the customer and think about the customer instead of thinking about what I need to do next on the computer.” Recently, Musselwhite was presented with a “Teamwork, Operational Effectiveness, Professionalism and Service (TOPS)” award by the Operations Division in recognition of his outstanding work on Convergence — the first time Operations has presented such an award to an employee outside their Division.

Our congratulations to the Convergence Team for exemplifying the IT Vision: Be valued by customers as partners in achieving business objectives. “IT’s success is measured by its customers’ achieving their objectives,” says Bayless. “I am very proud of our team’s work, and we look forward to continuing our work with Operations on building capabilities to better serve our members both today and in the future.”

Take a moment and send us your nomination for employee(s) who are In Focus. Email your nominations to BlueViews, including the name of the employee(s) or area you’re nominating and why you believe they should be spotlighted in an upcoming issue.

privacy

Come mid-April 2003, the federal government will carry a stick that is considerably bigger than normal. It has nothing to do with the Internal Revenue Service and everything to do with the health industry.

The stick is the Health Insurance Portability and Accountability Act's Administrative Simplification (HIPAA-AS), which guarantees greater protection of an individual's health information than ever before. HIPAA-AS regulates health information, marketing communications and member access to records.

Noncompliance with HIPAA-AS standards can result in severe civil and criminal penalties including: fines up to \$25,000 for multiple violations of the same standard in a calendar year; and fines up to \$250,000 and/or imprisonment up to 10 years for misuse of individually identifiable health information.

Protected health information

"We're used to living in the patient identifiable medical information (PIMI) world, but HIPAA privacy is far more extensive than that," says

Tony Harroun, project manager, HIPAA-AS Privacy. "You needed a name and diagnosis to qualify as PIMI. Under HIPAA-AS, a name alone is protected."

The rules don't cover just paper communication. "Under HIPAA-AS, any communication — whether electronic, oral or print — must be handled under the new privacy guidelines," says Wayne Gaff, HIPAA-AS program director.

"We expect HIPAA-AS to scrutinize the big players in the health industry, major health plans like us and large hospitals," adds Gaff.

The new rules allow members 18 or older to request any communication of their protected health information (PHI) to be sent to an alternate address.

"From the moment a member requests a PHI address, we have to make sure that address is used in the future for any confidential

communications that include PHI," Harroun says.

Confidential or PHI information includes explanation of benefits, medical clearances and continuity of care information. Communications that will continue to be sent to the policyholder (a policyholder is the entity that actually holds the policy) address include benefit booklets, identification cards and directories.

To say it complicates communications is an understatement.

"We have more than 200 systems that deal with member addresses," Harroun says. Those systems are being reprogrammed to accommodate storing PHI addresses in the Consumer Information Platform (CIP) database.

"The company is allowed under HIPAA-AS to share information for treatment, payment and health care operations with health care providers," Harroun says. But if a

RULES

A woman with long blonde hair, wearing a blue blazer, is looking down at a folder of papers she is holding. The background is a blurred office setting with other people.

PHI address communications

Communications that will be sent to an individual's PHI address under the new HIPAA regulations include:

- Explanation of Benefits (EOB)
- Checks associated with an EOB
- Medical clearances
- Continuity of care letters
- Illness/disease management communications
- Case management communications
- Utilization management letters
- Coordination of benefit letters
- Any PIN numbers and authentication/verification numbers

Policyholder address communications

Communications that will continue to be sent to the normal policyholder's address under the new HIPAA regulations include:

- Benefit booklets
- Directories
- Identification cards
- Certificates of credible coverage
- Over age dependent letters
- Endorsement and certificate riders
- Invoices and credited premiums/refunds

continued on next page

Systems solutions

Four system solutions will help the enterprise deal with new HIPAA privacy requirements:

1. Convergence

Customer service associates (CSAs) and others working directly with members will access member information through Convergence, which houses PHI data on the Consumer Information Platform (CIP). Associates can only share PHI information with the member who is the subject of the PHI and need to ensure that any letters are sent to the PHI address.

2. Client Letter

All outgoing mail addressed to members will need to be checked against the CIP for PHI addresses. Client Letter, which is replacing our current letter generating software, will be programmed to read CIP directly to check for the presence of a PHI address. Client Letter will be packaged with Convergence and will also be available as a stand-alone application. To minimize risk, all member letters should be generated through Convergence or Client Letter. Never reuse a mailing list, and do not pass information to anyone else for use or reuse.

3. Consumer Analytical Environment (CAE)

Any associates — programmers or others — who maintain a database with member addresses need to check for the presence of a PHI address. The CAE will be refreshed nightly from CIP. There will also be a high performance table created for specific high volume needs.

4. PHI data web screens

Associates who have an occasional need to look up an individual address do not need to access Convergence. There will be individual PHI web screens with read-only access to check for the presence of a PHI address.

researcher wanted to know how many members in a certain ZIP code had a certain diagnosis, that could not be shared without specific authorization from the member.

We also have to put in place reasonable measures to only discuss PHI with the member who is the subject of the PHI. To provide PHI to anyone else would require an authorization by the member.

Marketing issues

Under HIPAA-AS, marketing to people who have provided personal information at enrollment is a new ball game. The new rules define marketing as communication about a product or service that encourages the audience to purchase or use it, whether that communication is from the company [in this case, Blue Cross and

Authorization is not required for face-to-face communications by a plan representative or a promotional gift of nominal value from the plan.

Access to information


As of April 14, 2003, a member has the right to inspect and obtain a copy of PHI and can request amendments to any records on file. A member can also request an accounting of all the disclosures of his or her PHI.

“The access and amendment component has enormous operational implications for BCBSF,” Harroun says. “We have millions of members who can request access to their PHI. We also have strict time-frames —we must comply within 30 to 60 days of the request.”

“We’re used to living in the patient identifiable medical information (PIMI) world, but HIPAA privacy is far more extensive than that.”

Blue Shield of Florida (BCBSF) or a business partner or affiliate.

“We have to obtain permission to market anything other than our own products and services,” Harroun says. “So, if we want to send Medicare & More information to members who are approaching 65, that’s OK. But if we want to send them information about flowers or theater passes, we’ll need permission from them to do that.”

In March 2003, BCBSF will begin mailing privacy notices to all members. In addition, Federal Employee Program is publishing notices to its members. All notices are required by HIPAA-AS to be written in plain language. Harroun expects members to begin calling before April 14. 



2003 Enterprise Plan Advances **STRATEGIC DIRECTION** For **Future** **SUCCESS**

Last year was very successful for our company. We exceeded many of our corporate performance goals and made strides into new markets with new products. Our 2003 Enterprise plan builds on our strong performance and continues to advance our strategic direction.

“Our Mission forms the bedrock of our strategic direction,” says Joe Grantham, senior vice president and chief strategy officer. “It establishes a unique role for our company to advance the health and well-being of all Floridians and underscores our commitment to use the company’s resources not only to serve our members, but also to pursue community and public policy solutions that improve the quality, accessibility and efficiency of health care for all Floridians.” (For more information on our community giving, see page 18, *“Advancing the health and well-being of Florida’s citizens.”*)

As we work to fulfill our mission, the Florida market presents some immediate challenges: medical costs continue to significantly increase; higher premiums and out-of-pocket expenses are making health care unaffordable for many; the number of uninsured is on the rise; we are facing increased competition from national health plans in the Florida market; and may face competition from non-traditional competitors in the future.

These challenges and their impact on our ability to carry out our Mission make it clear we need to focus on our Health Business sector in 2003. We need to continue to achieve strong financial results and retain our competitive position. This focus does not diminish the importance of our other business

continued on next page

sectors; each sector contributes greatly to our current and future success.

2003 Enterprise plan

Across the Enterprise, there are four areas of focus for 2003:

Meet customer and consumer needs

“To increase our understanding of what our customers and consumers need, we will continue to focus on our market research capabilities at the enterprise level,” says Jane Rollinson, senior vice president and chief marketing executive. “Thoroughly understanding what consumers need and want in health care choices will help us improve existing products and services and develop new ones.”

Maintain financial strength

Consistent with 2002, financial performance has been given precedence over growth. “Our 2003 financial plan includes aggressive actions to reduce our costs to improve the affordability and competitiveness of our products and services,” says Chris Doerr, senior vice president and chief financial officer. (For more information on our financial objectives, see page 16, “*How financially strong is strong enough.*”)

Improve organizational effectiveness

“We will continue improving our organizational effectiveness in 2003,” says Larry Payne, senior vice president of the Human Services Group. We will continue to implement our High Performing Organization and Diversity strategies, and finalize the Enterprise Human Organization Strategy. “To ensure we conduct our business in the most efficient, cost-effective

manner,” says Bob Lufrano, president and COO, “we will implement an Enterprise continuous improvement process.”

Strengthen BCBSA and Blue Plan relationships

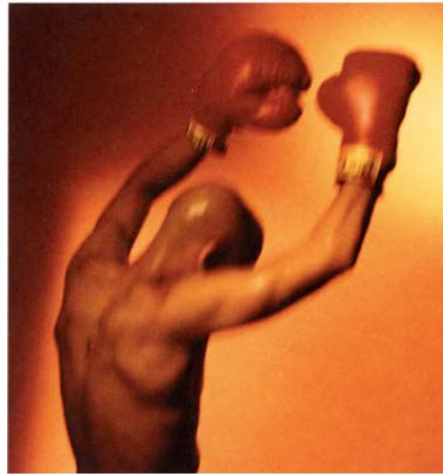
Our business is built on the Blue Brand and a strong system of Blue Plans. In 2003, we will strengthen our relationships with other plans and pursue Blue Plan alliances for new opportunities in the health industry. We also will continue to participate in more than 65 Blue Cross and Blue Shield Association (BCBSA) committees and workgroups.



brand matters

brought to you by Advertising and Market Communications

Winter 2003



Champions of Brand

"In this day and era of intellectual property, it is no longer plants and machinery, but brands and ideas that rule our world. This buzzword 'brand' has become synonymous with 21st-century life. Nike®, Coca-Cola®, Disney®, Microsoft® and even Marlboro® are billion dollar brands in their own right."¹ It's evident that many companies spend millions of dollars on marketing efforts. Their list of marketing activities is endless and they are constantly striving for new innovative ideas to ensure that brands "don't just sell a product or a service anymore: they sell a set of values, a philosophy, a meaning for life."

When most employees hear the word brand, they think of marketing to prospective customers or existing ones. Basically, we think of branding as an external business function. But the reality is that employees are walking, talking advocates for our Brand. As an employee of Blue Cross and Blue Shield of Florida (BCBSF) do you know and live the Brand? Are you a Brand champion?

"There is no shortage of reasons why companies should embrace the concept of internal branding: it leads to increased corporate loyalty and job longevity; employees are better able to serve customers because they understand the brand promise; and employees who believe in the brand work harder and better. But most importantly, when employees are brand champions, they create brand differentiation for your customers – something hard for your competition to replicate. This differentiation becomes part of your brand's edge on the competition, and employees add the edge. Employees should - must - be brand champions."²

A strong Brand, such as BCBSF, requires that everyone in our organization have an understanding of, and the ability to express, our Brand positioning and personality attributes. What is our Brand Personality? BCBSF strives to be experienced, ethical, trusted, strong, responsible, high-valued, action-oriented, modern and warm. What do these attributes mean to you? How would you express this through the work that you perform for our company?

Our goal, as the Brand Management Team, is to "internalize" our Brand Personality by putting a "face" on BCBSF – our positioning, our signature, and our Brand to the outside world – with the "heart" of our company – our people and our culture. Through this understanding, our company will enable us to "live the Brand" and reflect the values of the Brand that are seen every day in advertising and promotion through our behaviors and attitudes. You are the difference between our Brand being a reality instead of an idea!

¹ Jon Hopwood, "Why Evangelist Employees Are Champions of Your Brand," www.brandchannel.com.

² Kristine Kirby Webster, "Branding Your Employees," www.brandchannel.com.



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association



BRAND IN a

Sure, the Advertising and Market Communications Department has an understanding of the Blue Cross and Blue Shield of Florida Brand (at least, we better!). However, others in our organization, further removed from the behind-the-scenes Brand Management, may need a general awareness of our Brand and what it stands for.

We know that when our employees are exposed to Brand communications, they become aware of, and begin to connect with, the true essence of the Brand and how it is communicated. By participating in Brand contests, such as "Test Your Blue IQ," employees take more and more responsibility for our Brand – they become invested in this thing called "Brand." Our contest winners are perfect examples of this philosophy – they are proactive in nurturing our Brand, they support the



Brand in their day-to-day activities, they remain "on-Brand" in everything they do – even without thinking of it consciously. This is where our true Blue spirit becomes evident.

The "Test Your Blue IQ" contest culminated with a Brand Breakfast for the ten weekly winners. Throughout the contest, employees were encouraged to answer weekly questions with the answers being found on the Brand intranet site (<http://brand.bcbsfl.com>) for the chance to win an all-expense paid trip to Walt Disney World® Resorts in Orlando. The best part of the contest – everyone was a winner!

We want to share with you a few of the winners from the "Test Your Blue IQ" contest, but more than just a name and a photo. We asked them to share their favorite brand and why they are loyal to this brand. Keep reading to see what our winners had to say...



Weekly Winners with the Chief Marketing Executive, Jane Rollinson and David Pizzo, Vice President of Advertising and Market Communications

ct ion

Holton / Leblanc®

"Holton is a maker of musical instruments. They are my favorite brand because they make quality instruments and offer a variety of products, all at a fair price. I play the trombone and will never buy any trombone except a Holton."



Todd Bettis
Weekly Winner #6
www.gleblanc.com

Disney®

"I love Disney because when you think about the theme park, you feel a sense of joy and comfort. It's a happy place to go!"



Bettina Jamil
Weekly Winner #3
www.disney.go.com

American Red Cross®

"People in emergency situations recognize the Red Cross as bringing hope and help to meet the special needs at these times."



Victor Salzer
Weekly Winner #10
www.redcross.org

United Way®

"I believe in the United Way because I know they actually help people through bad times. They are a very important part of any community."



Pamela Phillips
Weekly Winner #5
www.unitedway.org

Cover Girl® Make-Up

"For the simple fact that no matter what other product I have tried regardless of price, the value in the quality cannot be compared. It makes my skin feel smooth and supple."



Rebecca Moore
Weekly Winner #8
www.covergirl.com

Tommy Hilfiger®

"The style of the clothes fits my personality. And I like all the different styles."



Timothy Mixon
Weekly Winner #7
www.tommy.com

Congratulations to Timothy Mixon for being selected as the "Test Your Blue IQ" contest winner!



brand matters Winter 2003

An enterprise-wide quarterly communication bringing you the latest on brand

Brand Research and Measures

Recently, *Newsweek Magazine* reported "1.4 million Americans lost their health insurance last year." More startling is that 800,000 of those losing their health insurance had an income of more than \$75,000 a year.¹

The health care challenges and needs within our marketplace are overwhelming. In Florida alone, more than 2 million people do not have health coverage. More than half of these individuals work full- or part-time, and nearly half of the uninsured earn less than 150 percent of the federal poverty level.

Lack of health care coverage has been shown to have detrimental effects on the access to care and health status. In a recent survey:

- one out of five uninsured adults said they did not get care for a serious problem;
- about two out of five skipped a recommended test or treatment; and
- three out of ten did not fill a prescription.

As the state's health industry leader, Blue Cross and Blue Shield of Florida (BCBSF) is dedicated to providing caring solutions to our members. But that promise reaches far beyond our customers to the economic and social needs of our communities and neighborhoods in which we live, work and serve.

Our corporate belief calls for a much greater commitment to the public good. The creation of The Blue Foundation for a Healthy Florida moves us beyond our day-to-day community giving activities. Priorities for the foundation include improving Floridians' health outcomes and fostering innovation in program and development and implementation.

As the industry continues to experience changes in the marketplace, BCBSF will continue to seek opportunities to further its commitment to promote health and wellness in Florida.

¹ Harriet Barovick, Elizabeth L. Bland and Sean Gregory, *Newsweek*, December 5, 2002.

2001 Annual Report: Planting Seeds for Improved Health, The Blue Foundation for a Healthy Florida, December 2002.



Brand Observer

There's much to be gained from outdoor life when the outcome is a gamble and the rush of adrenaline is the only guarantee. This is the soul of the sport: wild, free and introspective. When you think of alpine climbing, snow skiing and boarding, rock climbing, surfing, fishing, or mountain biking, what brand comes to mind?

Committed to the soul of the sport. Twenty-five years ago, Patagonia began as a group of climbers and surfers who wanted to climb in the summer and surf in the winter. Sport led them to business. If they had to work, they wanted it to relate to what made them come to life. The commitment of Patagonia has come to include the passions of employees and friends, from climbing to surfing to trail running. Each sport has its own intricacies, its nuances of skills and expertise. Patagonia's success lies in close

connection to the sport and the innovation that comes from the participation.

Committed to an uncommon culture. Patagonia tends to prefer the human scale to the corporate, vagabonding to tourism, the quirky and lively to the toned down and flattened out. A world-class surfer manages a retail store. An employee lobbies officials on behalf of the environment. The guy that answers the phone is an 11-time world champion freestyle Frisbee player. Scores of employees have extracurricular passions as strong as their passion for Patagonia. True, Patagoniacs are an eclectic bunch. Combining different interests and lifestyles enhances the life experience and makes work more fun.

Committed to environmental activism. Since 1985, Patagonia has donated 10 percent of their annual profits to hundreds of grassroots environmental groups. They also realize their business activity – from lighting their stores to dyeing their clothes – creates pollution as its by-product. They work to reduce those harms; to choose less harmful catalog stock or energy sources, to use recycled polyester where they can, and to use organic rather than pesticide-intensive cotton.

A company driven by their personal desires – simple, functional and suitable. Patagonia designs so that you forget you're wearing the clothes or carrying the gear, and focuses on the experience.

www.patagonia.com

Have a Promise success story, brand research or a little-known fact about another brand you'd like to share? Please contact Robin Sullivan (5-3012) to share your ideas for *Brand Matters*, an Advertising and Market Communications publication.

Health Business plan highlights

Health Business is our core business. It carries the strong Blue Brand and represents our largest customer base, adding more than 850,000 members since 1997 and achieving a 31 percent market share. Looking to the future, we must respond to significant changes and challenges to maintain our leadership position.

“Our underlying Health Business strategy is to transform into a consumer-driven health plan that meets the need for affordable choice,” says Nick Stam group vice

president of Health Business. To transform successfully, we must excel at product development, product quality, hospital and physician relationships and customer service.

“We have established three areas of focus for Health Business in 2003,” says Stam. “Focusing on these areas will ensure our ability to continue meeting consumer and customer needs while maintaining market presence and financial strength.”

First, we must “fix the basics.” These fundamental improvements will collectively improve customer satisfaction, provider relationships and our cost structure. We will improve two of our core business processes — moving prospects to enrolled customers and claims payment. Other “basics” include improving existing products and services; maintaining a strong performance in National Business (i.e., Wal-Mart and Publix); and improving service through claims inquiry and desktop enhancements.

Second, we will build new capabilities and develop next-generation products and services that will

provide consumers with an array of choices. Progress on Empower will continue with web-enabled products and services. And Availity will continue moving forward to provide a single portal for electronic claims submission and web access for multiple payers in the Florida market — continuing our effort to reduce the administrative burden and costs in hospitals and in physicians’ offices, an important part of our goal to keep health care costs affordable.

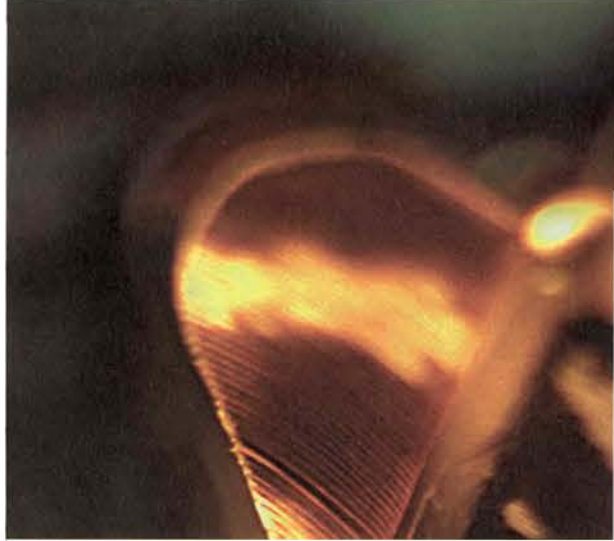
Third, we are improving organizational effectiveness. Our 2003 priorities focus on leadership, management and employee development. We will continue to identify the competencies and characteristics for superior performance and use them to drive our selection, development, reward and performance coaching systems. To ensure common understanding among all employees, strengthening employee communications also will be a 2003 priority.

Diversified Business plan highlights

Our Diversified Business sector is a customer-driven group of

continued on next page

“Our plan includes aggressive actions to **reduce our costs** to improve the affordability and competitiveness of our products and services.”



insurance and related businesses that provide an array of solutions for company benefit and employee financial security needs. Major product lines include life, disability, dental, long-term care, workers' compensation and third party administration.

"Diversified Business' strategic direction is to be a multi-product, customer-focused organization that will deliver best value by internal development and strategic alliances with best-in-class partners," says Walter Liptak, business sector president. "Diversified Business will work closely with health sales to package life and dental products and leverage relationships with intermediaries and customers. In so doing, we project Diversified Business can develop new businesses and grow market share to the point that the revenue from these products will be strategically important to the future success of the Enterprise."

Priorities for 2003 are to improve the operating performance of our current product portfolio in

existing markets (i.e., increase revenue for dental, long-term care and workers' compensation products by more than 35 percent), strengthen research and development capabilities, partner with E-Business to assess new products and business opportunities, and expand distribution channels to gain more market coverage.

Government Business plan highlights

Our Government Business sector, Diversified Service Options, is a wholly owned subsidiary of Blue Cross and Blue Shield of Florida. Diversified Service Options holds two operating companies — First Coast Service Options and Incepture — and a 50 percent ownership interest in TriCenturion.

"The Government Business sector's strategic direction is founded on leveraging assets to grow and improve profitability," says Curtis

Lord, business sector president and CEO. "In 2003, all three of our sector's companies — First Coast Service Options, Incepture and TriCenturion — will play key but different roles in executing win-win opportunities that create operational efficiency or synergistic growth. One such collaboration will involve working with corporate IT to leverage the Enterprise's newly consolidated print to mail capabilities to new customers."

Priorities for First Coast Service Options in 2003 are to improve our competitive position and maintain the significant Medicare business we currently hold, and to pursue and win new business as a subcontractor to prime contractors in other government-sponsored health programs such as Medicaid and TRICARE.

Incepture, a new company launched in 2002 to provide an

"Focusing on these areas will ensure our ability to continue meeting consumer and customer needs while maintaining market presence and financial strength."

additional vehicle for business growth, will continue to leverage capabilities to provide strategic value and growth in non-government contracting business. This work will focus on information technology, contract staffing and provider consulting businesses.

TriCenturion, a for-profit corporation owned equally by our Government Business sector and the South Carolina BCBS Plan, will focus on the significant fraud-fighting business it won from the Centers for Medicare and Medicaid Services during the last half of 2002 while also pursuing new business.

E-Business plan highlights

We established our E-Business sector in late 2000 to respond to the trends, uncertainties and opportunities in our industry. Created as a “non-operating” sector, the E-Business sector’s mission is to leverage key Enterprise assets through new business ventures (partnerships and alliances) that create value for BCBSF.

“In 2003, the E-Business sector will focus on new business development opportunities that help us prepare for the evolution of the health industry,” says Jill Gleeson, business sector head, and president and COO of Navigy. In addition, the E-Business sector will execute an alliance capability

to support the company in efficiently forming and managing strategic relationships with industry partners.

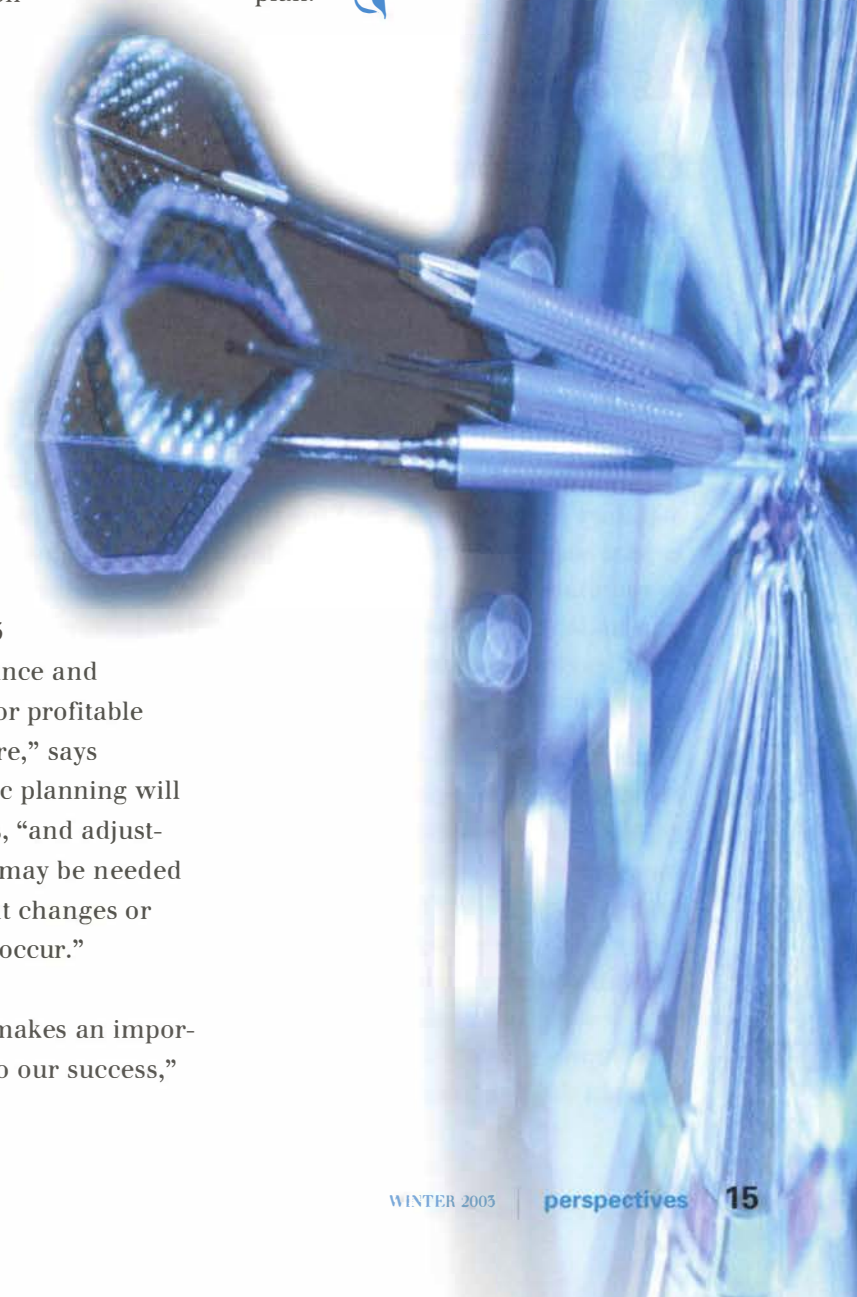
Summary

“Our 2003 Enterprise plan supports our strategic direction and responds to a very difficult environment,” says Lufrano. “It includes significant investments to execute our Health Business strategy and improve our competitive positioning, which are essential to our overall Enterprise strategy.”

The plan carefully balances investing in developing next-generation capabilities with the need for strong operational results. “Our plan demonstrates strong 2003 financial performance and positions us well for profitable growth in the future,” says Lufrano. “Strategic planning will continue,” he adds, “and adjustments to our plan may be needed as the environment changes or unplanned events occur.”

“Every employee makes an important contribution to our success,”

says Michael Cascone, chairman and CEO. “You put our plan into action. I encourage you to discuss your area’s 2003 plan with your management to see how your specific work supports the Enterprise plan.”





How **Financially Strong** is
STRONG Enough?

OUR MISSION IS TO BE A CUSTOMER-FOCUSED AND COMMUNITY-DRIVEN ORGANIZATION WITH PROGRAMS THAT SUPPORT THE DELIVERY OF HIGH QUALITY CARE. IT COMMITS OUR COMPANY TO ADVANCING THE HEALTH AND WELL-BEING OF ALL FLORIDIANS. OUR VISION IS TO BE A COMPANY FOCUSED PRIMARILY ON THE HEALTH INDUSTRY, DELIVERING VALUE THROUGH AN ARRAY OF CHOICES. TO FULFILL OUR VISION AND CARRY OUT OUR MISSION, WE MUST BE A FINANCIALLY STRONG, INDEPENDENT COMPANY.

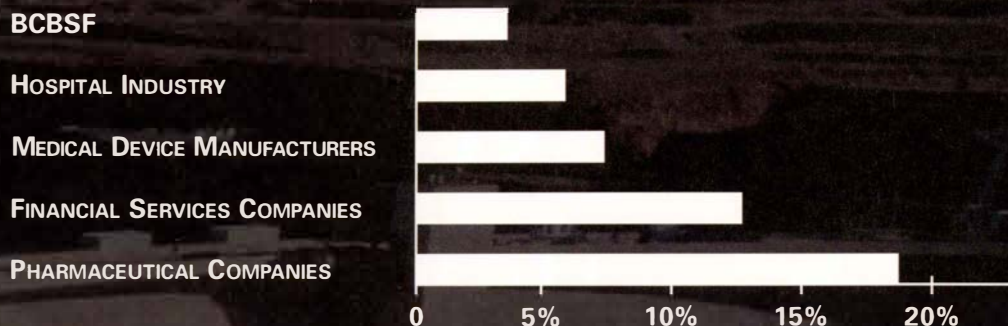
“When we set our financial goals, the company has to consider a myriad of factors,” explains Chris Doerr, senior vice president and chief financial officer. For example, we must meet Florida Department of Insurance statutory requirements, the Blue Cross Blue Shield Association’s (BCBSA) capital requirements and outside financial rating agencies’ requirements to maintain strong (A or A+) ratings. We must determine what profit margin is required to remain a competitive, independent Blue Plan, and what level of financial performance is needed to serve our members today and still be able to invest in capability development for the future.

Financial reserves — called policyholders’ equity or net worth — are an important factor outlined by the Florida Department of Insurance, the BCBSA and outside financial rating companies. The equity is a critical measure of the company’s ability to meet its obligations when claims or expenses are higher than anticipated or during times of economic uncertainty. Higher reserves are needed as health care costs continue to spiral upward and as we continue to grow our business. Policyholders’ equity also provides a strong foundation to support the capability developments that improve health care quality for our members while holding costs down in the long term.

Our Health Business sector alone processes approximately 161,000 claims each business day and pays on average more than \$22 million each day to physicians and other providers for our members’ health care services. “At the current rate,” says Doerr, “our reserves would be completely depleted in approximately two months if revenue flow were to cease.”

We build policyholders’ equity from our profits. “Because Blue Cross and Blue Shield of Florida is a policyholder-owned company,” says Doerr, “we reinvest our earnings back into the company rather than pay out dividends to stockholders.”

TARGET PROFIT MARGINS



All companies need capital/equity to grow and be competitive in today's extremely dynamic and challenging environment. Change is a constant in our industry and is occurring at an increasingly faster pace. Rising health care costs are putting tremendous pressure on the health industry. The federal and state governments continue to pass laws and create policies that are intended to improve our health care system but sometimes have unintended, costly consequences for consumers.

Due to our policyholder-owned status, we have limited opportunities to raise capital. We cannot raise money through equity markets, nor can the company depend on its limited capacity for borrowing money or issuing debt. That leaves net income as the main way our company raises capital.

"Our target profit margin (net income divided by revenue) is 3 to 4 percent, which is higher than what we have earned in the past several years prior to 2002. However, it is still below general industry standards," says Doerr.

For example, the hospital industry has an average margin of 5.7 percent, medical device manufacturers earn

"Because Blue Cross and Blue Shield of Florida is a policyholder-owned company, we reinvest our earnings back into the company rather than pay out dividends to stockholders."

margins of 7.2 percent, financial services companies enjoy margins of 12.5 percent and pharmaceutical companies experience margins of 18.5 percent.


Our company cannot earn less and expect to remain an independent Blue Plan. "To achieve our Vision and Mission, we need to maintain our current level of profitability while accelerating our business growth," says Doerr.

Right now, our administrative costs keep us from being as competitive as we could be for new business. "By reducing our administrative costs, we can continue to improve our business and enhance our competitiveness. By enhancing our competitiveness and building on our market share, we can create new jobs as we grow our business," says Doerr.

"If we do not reduce our administrative costs," cautions Doerr, "our

competitive advantage could be in jeopardy and could reduce the employment needs of our company."

Another way we actualize our Mission to advance the health and well-being of all Floridians is through our role as a corporate citizen. We financially support a wide variety of programs and services that enhance the lives of the people who live in our communities. We seek ways to expand access to health care through more affordable choices, and we encourage our employees to help us reach out through community volunteerism opportunities to those in need across the state.

"When you put it all together, the bottom line is that *our* bottom line must be strong enough to meet financial reserve levels, provide capital for capability development and support our community outreach programs," concludes Doerr. 

POLICYHOLDERS' EQUITY IS THE RESIDUAL INTEREST IN THE ASSETS OF AN ENTITY THAT REMAINS AFTER DEDUCTING ITS LIABILITIES.

CAPITAL INCLUDES CUMULATIVE NET INCOME WHICH HAS BEEN RETAINED BY THE COMPANY.

RETURN ON REVENUE INDICATES RATE OF PROFIT ON EACH DOLLAR OF REVENUE RECEIVED AND IS COMPUTED BY DIVIDING NET INCOME BY REVENUE.

ADVANCING the HEALTH and WELL-BEING of Florida's Citizens



Statewide, 500 employees walked thousands of miles for the Susan G. Komen Breast Cancer Foundation, American Heart Association and March of Dimes.

Blue Cross and Blue Shield of Florida has a deep commitment to promote better health and wellness in Florida. Our heritage covers nearly six decades and is closely tied to giving back to the communities we serve.

Consistent with our financial and public confidence strategies, we increased our level of charitable giving across Florida. These contributions demonstrate how our company fulfills its Mission to advance the health and well-being of Florida's citizens. We carry out our Mission in this regard through three avenues.

Community Giving program

Our Community Giving program supports organizations and projects that focus on health education and research, youth development and community development. It helps stimulate an environment in which health, education, social services and cultural institutions can flourish and better meet the needs of our communities.

A primary focus of our Community Giving program rests on health education and programs that foster healthy lifestyles. Donations to health-related organizations help fund research and treatment for cancer, heart disease, diabetes, cystic fibrosis, mental health, sickle cell anemia and more.

We believe that helping Florida's youth is an investment in our future. Our company supports numerous organizations that focus on developing strong character and skills such as Scouting, the Police Athletic League, Boys and Girls Clubs, Big Brothers and Big Sisters and Junior Achievement.

Blue Community Champions

dedicated to providing caring solutions...

In Florida, 21.9 percent of our children live below the poverty level. Poverty-stricken communities are more likely to be home to the hardships of hunger, violence, substance abuse, preventable disease, school failure, teen pregnancies, infant mortality and other forces that undermine the fabric of family life. We work to break that cycle by contributing to a range of programs that address problems plaguing our youth such as the Florida Department of Children & Families, Family Central, The Bridge of Northeast Florida and the Children's Home Society. We also contribute to education at all levels from preschool to college.

An intense commitment is needed to help rebuild and invigorate inner city neighborhoods ravaged by crime, drugs and poverty. The charitable donations we make through our Community Giving program help develop strong communities by supporting programs that feed needy families, provide safe after-school programs for children, help adults learn to read and build decent, affordable housing through Habitat for Humanity.

Blue Community Champions

In 2000, the company formalized our employees' long history of community involvement by launching its Blue Community Champions employee volunteer program.



Susan Towler, The Blue Foundation executive director, presents the Florida State University's School of Nursing a grant.

Through Blue Community Champions, employees volunteer thousands of hours every year to provide board leadership, feed the hungry, walk miles to raise funds for worthy causes, mobilize volunteers and challenge other organizations to get involved.

In addition, our employees donate generously to the United Way and participate in their local United Way Days of Caring. In fact, our employees have been number one in giving to the United Way campaign in Northeast Florida for the last four years.

In 2002, employees gave 11,150 hours to 100 agencies and 250 volunteer opportunities. Sixteen tons of food was collected and five Habitat for Humanity houses were sponsored by our company and built using Blue Community Champions volunteers.

The Blue Foundation for a Healthy Florida

Our philanthropic affiliate, The Blue Foundation for a Healthy Florida, was created in 2001 with an initial investment of \$5 million. We are proud to have increased our investment in the Foundation in 2002.

The Blue Foundation works to positively impact Florida's many different health care challenges with a

particular focus on the health and well-being of the uninsured and underserved. In its inaugural year, The Blue Foundation distributed a total of \$925,000 to 16 nonprofit organizations across Florida. In 2002, The Blue Foundation distributed a total of nearly \$1.3 million to 28 additional nonprofit organizations.

These diverse organizations all have one thing in common — they focus on uninsured and underserved Floridians through programs

It's the kind of positive teamwork that goes beyond the job to help protect Florida's children, seniors, families, men and women.

aimed at health care awareness and training, health education, research and policy initiatives or workforce preparation.

By channeling funds to nonprofit organizations for innovative programs that address health care awareness and education, The Blue Foundation can have a hand in preventing disease and improving the health of some of our state's neediest residents. By supporting education and training of health care professionals,


The Blue Foundation 
FOR A HEALTHY FLORIDA

The Blue Foundation can help some high-need areas get necessary medical resources. And, by providing grants for research, The Blue Foundation will help advance the course of medical treatment for those in need.

Making a difference

Together with our employees, Blue Cross and Blue Shield of Florida and its subsidiaries are proud to make a difference in the lives of our fellow Floridians. It's the kind of positive

teamwork that goes beyond the job to help protect Florida's children, seniors, families, men and women.

It is one more reason why more than 6 million Floridians depend on us for their health-related needs. 

The Blue Foundation Executive Director Susan Towler and President Bruce Bagni visit with the children of the MaliVai Washington Kids Foundation in Jacksonville.



POWERING



The year 2002 was a watershed for Blue Cross and Blue Shield of Florida. Empower, a cornerstone of the company's business transformation effort, reached a major milestone with the Nov. 1 launch of its new family of health plans — BlueOptions.

“The organization’s focus for business transformation is based on a consumer-driven value chain. To implement our health business strategy, we must be able to understand, attract, welcome, inform, care and service our customers in a way that meets their expectations,” says Lynn Esposito, director, Empower Service Platform.

Market research initiated in 2001 focused on understanding consumers’ needs and demands for more information, choice and self-direction in care. This laid the groundwork for development of a BlueOptions benefit design that will attract consumers with creative solutions that meet their needs. In 2002, we put into place major elements needed to properly structure the Empower platform and deploy BlueOptions. The work ranged from building a new provider network to developing web enrollment capabilities and a dedicated service unit to selecting vendors who will help members navigate the health care system.

“Currently, HMO members are insulated from medical costs,” says Tricia Engel, director, Empower Market Platform. “Empower is structured to address underlying medical and administrative costs more effectively than products have done in the past. It also provides movement toward consumerism.”

NetworkBlue

A major component of the Empower value proposition is the establishment of a provider network that will reduce administrative complexities and costs for us and for participating providers.

UP: *NEXT GENERATION HEALTH PLANS DEBUT*

empower

Putting the power of choice in your hands.

Network participants must use electronic claims and service capabilities. There are no referral authorization requirements, and members can see any non-network provider at a lower benefit level.

Physicians invited to participate in NetworkBlue have a record of good service, care and cost management. The selection process included an analysis of profiling data culled from PPO network and HMO primary care physicians. Multidisciplinary teams compared cost and utilization data of peers by market and specialty, adjusting for differences in patient demographics. In addition, the teams used Geographic Business Unit-level market knowledge when making

final network selections. They included member data on doctor satisfaction and ensured that physicians were associated with participating hospitals. What has emerged is a growing network of qualified providers who manage costs without compromising care.

A distinguishing feature of NetworkBlue is the development of a tiered hospital arrangement. "We've never before had the capability to segment providers in this way," says Menette Durham, project manager, Empower Network Build.

Under the new system, tier determines the hospital copay. Option 1 offers the lowest copayment; Option 3, the highest. Presently, hospital rates and geographical access, not quality, determine in which option a hospital will be included. The member knows upfront what the hospital stay will cost under this arrangement. Out-of-pocket cost is limited to the fixed per-admission cost. There is no bill after discharge, unlike a PPO, where members pay at least 20 percent of the total allowance after services are rendered.

"EMPOWER IS STRUCTURED TO ADDRESS UNDERLYING MEDICAL AND ADMINISTRATIVE COSTS MORE EFFECTIVELY THAN PRODUCTS HAVE DONE IN THE PAST."

continued on next page

A solution was needed to combat the rising cost of hospital care around the state. One option was to limit our members to a small network of hospitals. But BCBSF set its goal to ultimately include all Florida hospitals in NetworkBlue at varying cost levels. Tiering enables us to offer members additional choice in hospitals. It also encourages patients to consider hospital costs as one factor when arranging for hospitalization. Members make the value determination of a hospital instead of their health plan making it for them. Hospitals can benefit from improved collection rates and reduced administrative costs associated with billing.

Hospitals in Option 1 could be moved to Option 2 or 3 if their costs increase compared to their peers. The arrangement is not without controversy. "The biggest challenge has been to get provider acceptance of the tiered design. Some hospitals do not want to be placed in the higher categories," Durham notes.

Thus far, 40 hospitals have joined NetworkBlue and all are in Option 1.

Web enrollment

Use of the Internet and electronic self-service capabilities play an important role in lowering administrative costs. Members enter their enrollment information online using a secure site. Online help files include a glossary of common terms and

Frequently Asked Questions for each product. A decision support tool is available to assist in health plan selection by offering members recommendations based on their responses to a series of preference questions. The Web Enrollment and Benefits Service Organization (WEBSO), a dedicated service unit, is available to help new members through the enrollment process. They are available by phone, email or online chat and can provide support in both English and Spanish.

Another advantage to web enrollment is the ability to capture quality data. Information required to process enrollment is provided directly by the member, ensuring current information needed is received upon enrollment. Members who also purchase dental, life or disability insurance from Florida Combined Life need to complete only one application. The data is then automatically fed to all of our

"WE ARE PROVIDING CUSTOMERS WITH INFORMATION AND SUPPORT BASED ON THEIR PREFERENCES AND WHAT THEY VALUE."

back-end systems (no printing to paper and re-keying) and can be used for cross-selling purposes.

In early 2003, we will automate the handling of basic service inquiries. Enrolled members will be able to submit change requests to add or delete dependents, change their address and conduct other transactions online.

Informed decision-making

Health Dialog and Subimo are providing service and information

to help our members understand their care options. Health Dialog provides access to care navigation services, such as health content, health coaches, a health risk-assessment tool and care support. This care support helps our members understand their treatment options and positions them to make more informed decisions. Subimo provides web access to procedure-specific hospital data. Members considering a procedure can access the user-friendly, members-only website to identify the hospitals that perform the procedure. Members view the number of procedures performed at the hospital, the severity-adjusted complication rate, infection rate and other information on the hospital. A side-by-side comparison of several hospitals can be constructed based on the hospitals most likely to meet member-defined preferences.

"Our program serves people in a holistic way," says Dr. Elana Schrader, medical director, Empower Care Platform. "We are providing customers with information and support based on their preferences and what they value. Informed customers are able to interact more effectively with their doctor."

What differentiates Health Dialog from other care management companies is its exclusive Shared Decision-Making® materials generated by the Foundation for Informed Medical Decision Making. Patients and their doctors make treatment choices that are based on medical facts and patient preferences, feelings and values, and a deeper understanding of potential risks. Studies show that people coached using a Shared Decision-Making® approach are more confident,

motivated and satisfied with their treatment decisions because they've been key players in their own treatment and health management.

Pilot groups

Two pilot groups, Park Place Orthopedics and Palm Beach Gardens Christ Fellowships, successfully completed the enrollment process this fall with a BlueOptions effective date of Nov. 1, 2002. Another group, Eye Associates, located in Sarasota, becomes effective Feb. 1, 2002. Gradually adding groups allows us time to test our processes and capabilities and gather customer feedback. Applying what we learn as we move forward in our deployment will help us continuously improve the way we serve our members.

Feedback thus far has been favorable. "The enrollment meetings conducted by the BCBSF sales staff were extremely beneficial in explaining the new [BlueOptions] benefits to our employees," says Sharon Johnson, Christ Fellowship benefits administrator.


In addition, members who needed web enrollment assistance were satisfied with the service and resolution they received from the WEBSO enrollment benefit advisors. "Use of the web enrollment application scored high amongst the users," says Jennifer Lyons, manager, WEBSO. "Approximately 83 percent of users said they would use the web enrollment process again."

With Empower, we are moving the service model from transactional-based service to relationship-based service. The Empower Member Service Organization (EMSO), which provides ongoing service to BlueOptions members, became operational Nov. 1, 2002. The EMSO "Concierge Club Program" is designed as a "one-stop shop" approach to customer service.

"Our agents take the members out of the loop and serve as true advocates for our customers," says Brian Benda, team facilitator. "They are empowered to utilize their various skill sets and take ownership of

all members' inquiries or problems and provide timely and accurate resolution."

There is still work to be done. New desktop technology to be implemented in 2003 will enable customer service representatives eventually to view all of a member's contacts through the value chain. "First-contact resolution means they [customer advocates] will have the power to resolve whatever needs correction and can use the opportunity to educate members and cross-sell other products where appropriate," Esposito explains.

We also are working to ensure that Empower is delivered effectively through all of our sales distribution channels. In 2003 we will align critical dependencies with other corporate projects and operating areas. All the changes are designed to create a new era of market leadership. 

MAJOR ACCOMPLISHMENTS IN 2002

- Received Department of Insurance (DOI) approval on a solid set of products created with consumer feedback and with flexibility built in to make changes when needed.
- Developed a pricing proposition that enables us to be more competitive, exceeding our objectives in many markets.
- Created new provider network — NetworkBlue; contracted with more than 8,539 providers statewide as of Nov. 22, 2002, with viable networks in place in Palm Beach, Broward, Manatee and Sarasota counties.
- Developed a tiered hospital arrangement that will help manage rising medical costs and a web enrollment process that enables us to capture quality data
- from members, enables members to make changes to their plan online, automatically updates all back-end systems and offers cross-selling opportunities.
- Developed two Empower-dedicated service teams — one for enrollment (Web Enrollment and Benefits Service Organization) and one for ongoing service needs (Empower Member Service Organization).
- Contracted with Subimo to provide hospital information to assist members when making hospital choices and with Health Dialog to provide members with care navigation services.
- Launched Empower with two pilot groups to enable us to gather customer feedback and assess the process prior to wider deployment planned in 2003.

NOT THINKING ABOUT HEALTH PLANS

DITTO

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HERE'S WHY



BlueCross BlueShield
of Florida

CHRIS BARSANTI

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70125 740 240

07/95

When you're with the company that's been serving Florida for more than 50 years, you can think about what you want to think about. Not health plans. **The best health plan is the one you don't have to think about.**SM