

profile

December 19, 1996

1996 Holiday Message from the Chairman and the President

As the year draws to a close and we begin to celebrate the holidays with our family and friends, we want to thank you for a job well done and share some of our 1996 highlights.

Working together, we continued to meet the needs of more than two million Floridians and achieved another year of strong continued growth for our company. Our efforts to provide customers with comprehensive health care that fits within their budgets have been right on target because four times as many Floridians prefer BCBSF over our closest competitors.

Health Options, our wholly owned HMO subsidiary, solidified its place as the market leader and earned the distinction of being one of the fastest-growing HMOs in the country.

Expanding Medicare & More into the Tampa and Orlando markets, introducing new products like BlueCare, an individual HMO plan for people under the age of 65, and our quality initiatives such as NCQA accreditation are just a few examples of the excellent work that took place in 1996.

As Florida's health care industry leader, we continued our work to ensure the health care system evolves in a positive way. Working with our customers, physicians and other industry partners, we helped prevent passage of legislation that would harm the quality or raise the cost of health care. We also helped pass legislation to assure continued health care insurance for people employed by small companies who leave their jobs. And, through our

products and services, we have continued to improve the overall environment for Florida's seniors.

On a personal level, BCBSF employees continued to reach out to their communities and neighborhoods across the state. This year, the food you donated to the Second Harvest Food Bank of Florida provided more than 32,600 meals, you walked more than 3,000 miles to raise \$18,000 for the March of Dimes, and you raised more than \$7,000 for the Jacksonville Marines' Toys for Tots program. Employee contributions for the 1995-96 United Way campaign exceeded \$570,000 and early projections show this year's campaign will raise even more money for Florida's United Way programs.

We appreciate your continued dedication and commitment to our company, the customers we serve, and the people of our state. We look forward to the opportunities ahead in 1997 to expand our leadership position in the health care industry and increase the value we provide our customers through important corporate initiatives that range from illness management to organization re-design.

Best wishes for a safe and happy holiday, and may the joy of this season linger through each day of the coming year.

Sincerely,



William E. Flaherty
Chairman & CEO



Michael Cascone, Jr.
President & COO

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On the move New facilities for Jacksonville, Miami

Work on new corporate facilities at Deerwood Park North in Jacksonville continues at a feverish pace. Occupancy of the first of the three buildings is scheduled to begin February 7, 1997. Move-ins will continue through the summer.

Construction of the project is 70 percent complete. Parking lots are ready to accommodate close to 1,000 occupants. Elevators in the building are functional, floors 4, 5 and 6 have been carpeted and exterior landscaping has begun. Installation continues on the security system and audiovisual cabling.

Nearly 500 Southern Region employees, including about 27 from the Ft. Lauderdale office, will move into their new

office space in Miami on December 23. BCBSF will occupy the four-story West Tower of the newly constructed building.

The move substantially increases the amount of critically needed office space. The Southern Region has experienced substantial growth over the last few years. The new facility will allow BCBSF to grow by as much as 50 percent over the next seven to ten years. Benefits include increased training capacity and consolidation of administration functions in one location. The consolidation is expected to improve organization effectiveness and enable the company to respond to customer needs and expectations more quickly.

The new address is 8400 NW 33 Street, Suite 100, Miami, FL 33122-1932.



Health Options seeks NCQA re-accreditation by region

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Articles and photographs about the company's programs, policies, products and people may be submitted for consideration. Please send to: Joyce McCall, Communications, Riverside Home Office Complex, 9T. For information, call (904) 791-8274.

For nearly three months, reviewers from the National Committee for Quality Assurance (NCQA) have been casting a critical eye on Health Options, Inc. (HOI), practices and procedures in order to determine the accreditation status of the Blue Cross and Blue Shield of Florida HMO subsidiary.

Accreditation is an important test. Only 15 percent of the nation's HMOs have earned full accreditation, the highest rating available from NCQA.

"Our commitment to quality is an integral component of our managed care strategy," said Dr. Larry Tremonti, vice president, quality and care management. "Continuous quality improvement enables us to develop a competitive advantage in a rapidly changing health care environment. NCQA accreditation serves as a benchmark for us to measure our performance against the highest national standards. And Health Options customers are assured that they have access to the high quality health care and excellent service they demand." A nationally recognized, independent nonprofit organization, NCQA provides the only national, standardized evaluation consumers and purchasers can use in assessing the quality of managed care companies.

Regions to be accredited individually

Based on a policy change initiated by NCQA, this year each of Health Options' five regions must pursue accreditation as separate plans. NCQA applied the policy change to HOI based on the autonomy Health Options'

regions have in making medical management decisions and in developing networks. Although a corporate review was conducted September 30 - October 3 to evaluate planwide policies and procedures, each region must stand on its own with respect to quality management and improvement, provider credentials, members' rights and responsibilities, preventive health services, medical records and utilization management. The regional reviews, which began November 4, were completed December 12. Accreditation decisions should be announced next spring.

"We have always worked toward compliance with NCQA's stringent quality standards in every region," said Dr. Tremonti, "and we fully expect each will receive accreditation."

Positive findings shown

In order to maintain full accreditation, an HMO must be able to illustrate the effectiveness of its quality programs through continuous, significant improvements in care and service. Findings of the Health Options corporate review were very positive. Among improvements cited, the rate of mammography screening increased from 63.6 percent in 1994 to 67.5 percent in 1995; and pediatric immunizations soared from 66.8 percent in 1994 to 78.3 percent in 1995.

The review team is comprised of two NCQA administrative surveyors and two-to-four private-practice physicians who work in managed care. Full accreditation by NCQA is valid for three years.

Personal Health Advisor[®] fits managed care strategy

If your child has ever awakened in the middle of the night with a fever or an earache, or you suddenly developed stomach pains or dizziness, you know that uncertain feeling you can experience. You wonder: Is it serious enough to call the doctor?

Or maybe you just want more information about a condition but don't know where to get it.

Personal Health Advisor[®] (PHA) health information service has the answer. Callers receive immediate, confidential information about health care issues by telephone, toll-free, from the privacy of their own homes. They can speak to registered nurses who are available 24 hours a day, seven days a week, to provide health counseling and information. Callers also can tap into PHA's AudioHealth Library[®], featuring recorded messages covering more than 450 health topics. Printed material on any topic is available upon request.

The Personal Health Advisor service was added to BCBSF's Employee Group Health plan on November 1. PHA was launched a month earlier for most BCBSF customers in the Northeast Region and all Medicare supplement members statewide, and will be made available to other regions next year. There is no charge for the service. Value added service improves outcomes

"Personal Health Advisor is a value-added service that moves the company in a new direction with illness management and increases the quality of our members' health care experience," said Dr. Larry Tremonti,

vice president, quality and care management.

"Our managed care strategy requires that we develop care management capabilities that improve

outcomes and support medical cost controls. We want to encourage members to take a more active role in managing their health. Through member education programs, we can promote prevention, help members manage chronic diseases and support informed decision-making." He added, "PHA empowers members with health information. They gain a greater sense of control over and understanding of their health care decisions. This education can reinforce compliance with doctors' orders, promote healthy habits, and effect early diagnosis and intervention."

PHA also includes a health care resources information service that provides up-to-date information on participating BCBSF hospitals, physicians and other health care resources, such as support groups for cancer and other diseases.

Personal Health Advisor is a registered trademark of Access Health, Inc., a health information company with more than 10 million customers nationwide. Access Health was selected for this service after extensive evaluation to determine what company could best meet BCBSF's needs and those of our members.

"PHA empowers members with health information.

They gain a greater sense of control over and understanding of their health care decisions."

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