



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association

profile

August 31, 1998

BCBSF taps Internet's interactive marketplace for direct sales

Consumers looking for individual health care coverage now can get information on Blue Cross and Blue Shield of Florida products from a new source. On August 24, we became the first health plan to participate in InsWeb®—the Internet's first centralized, interactive insurance marketplace.

InsWeb provides consumers with information, electronic quotes and online purchasing power for a variety of insurance products, including life, property, casualty and auto.

Initially, we are featuring our under 65 individual product line. The over 65 products will follow, with small group offerings scheduled for 1999. The products are available to Florida residents only.

This new channel offers tremendous marketing potential. Research shows that the Internet is one of today's fastest growing markets. Approximately 25 percent of Floridians have access to it. Typical users are very similar demographically to those who buy our products.

"With InsWeb, we expect to respond faster and turn more leads into sales," says Cindy Tanton, director of Database Marketing. "Research shows that leads from the Internet result in more and quicker sales than direct mail and print, television and radio advertising."

InsWeb helps consumers compare

People can visit InsWeb 24 hours a day, seven days a week at www.insweb.com. They can ask for more information about products—and obtain online quotes. InsWeb also enables consumers to compare products online—important for making better buying decisions.

Consumers don't even have to know about InsWeb to benefit from the comparative information available there. If they use Yahoo, a popular Internet navigational guide, they can type in the keyword *insurance*, and InsWeb is the first site listed. InsWeb has an exclusive contract with Yahoo; the site is available to millions of visitors daily.

The customer-focused marketing channel is cost effective, too. "InsWeb provides technology that can significantly reduce the cost of lead generation activities," says Tanton.

More features to be launched

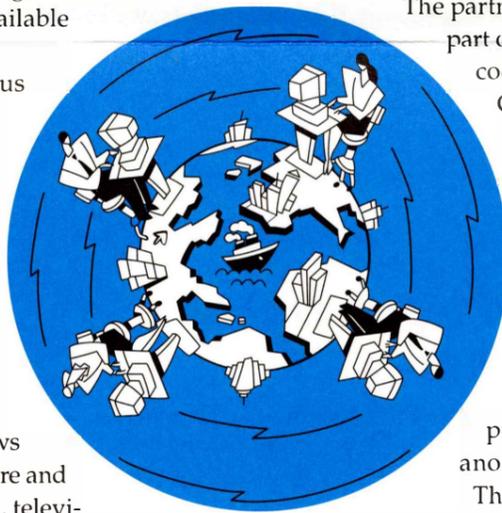
The partnership with InsWeb was developed as part of the Direct Market Internet Project—a coordinated effort between Electronic Commerce and Direct Sales—which was launched in November of 1997.

We plan to expand the Direct Market Internet Project to include a BCBSF mini-site and agent resource site. The sites will support an online provider directory.

The BCBSF mini-site—which will be accessed through our corporate Web site—will house BCBSF product information and provide another point of purchase.

Through the agent resource site, BCBSF contracting agents will be able to access support materials, order supplies, download benefits charts, send and receive email and get provider directory information for consumers. Agents will be able to use the provider directory to get physician information for a desired product within a desired zip code.

InsWeb is an independent company based in San Mateo, California.



Research shows that leads from the Internet result in more and quicker sales.

Company logo gets a new look

The Blue Cross and Blue Shield of Florida logo is sporting a new look these days—one that promotes our local presence.

"Two of our strongest competitive advantages are experience and local presence," says David Pizzo, vice president, Advertising and Market Communications. "We are a local company that has been serving Floridians for more than 50 years. Our employees care about Floridians and the quality of their lives. We want to promote that as part of our brand strategy. The new logo reinforces that message by giving "Florida" equal billing, so to speak, with the Blue Cross and Blue Shield name."

The logo's new typeface is consistent with the Blue Cross and Blue Shield Association's latest brand guidelines. Changing to the recommended standard helps to

bring the value and recognition of the national association to our company.

The logo change is the first step in a developing brand strategy designed to get the most mileage from the company's and association's good image. It will include Health Options, whose logo is currently being evaluated.

Advertising and Market Communications will issue an information package shortly to all departments. It will include reproduction materials, as well as instructions on the logo's use.



Left: New logo
Right: Old logo





VO requires a companywide effort

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We invite your comments. Call (904) 905-3402.

The largest initiative ever undertaken by Blue Cross and Blue Shield of Florida, Virtual Office represents a new paradigm—a one-stop health care delivery system that changes the way we do business with our members and participating physicians and hospitals. It is a major component in the company's managed care strategy designed to take us successfully into the next millennium.

Creating a new paradigm

Creating a successful new paradigm requires that we, as a corporation, look at how we get from here to there. How do we do business now? What business practices are needed in the new environment? Can we transform current practices to fit a simpler, more efficient process?

"VO is truly a corporatewide effort," says Tom Gniech, senior consultant, Program Management. "While overall responsibility for VO is housed in Capability Development, major initiatives are under way throughout the company that are crucial to the successful implementation of VO and the achievement of our managed care strategy."

One major requirement: Simplify. Two company initiatives focus on just that—simplifying product lines and contract language. These are necessary to operate Diamond, the system on which Virtual Office's online claims processing will run.

Product Simplification

Marketing's Product Management area is working to reduce the number of products offered across all three geographic business units (GBUs). Historically, our five regions each had their own unique HMO plans. There are 1,400 variations, making the HMO plans difficult and expensive to administer.

"Until plans are standardized and moved from our current claims processing systems to the Diamond System, they can't be processed through VO," says Bill O'Nale, director of Product Management.

Initially, the product simplification effort focused on reducing only our HMO product line to 15 standard plans with a list of optional benefits. Now, we plan to simplify our PPO and pharmacy product lines as well.



About Virtual Office

Virtual Office technologically places patient coverage information and processing capabilities directly in providers' hands. Teams dedicated to serving physicians' needs offer one point of accountability and support.

When Virtual Office is fully implemented, providers will be able to check patients' benefits and eligibility, obtain medical clearances, process claims and issue explanations of benefits—all online at the time of a patient's visit. What's more, physicians will receive payment electronically.

"We've reorganized and reallocated resources because we're essentially reengineering our entire product line," O'Nale says. Plans call for converting all groups to the new product lines by the year 2000.

Contract Simplification

Provider contract language that is complex and ambiguous results in inconsistent claims processing. Health Care Services (HCS) and the GBUs have developed standard contract language for all providers.

The simple, clear contract language is consistent across the GBUs and can be translated into "rules" required by the Diamond System. The GBUs are now renegotiating contracts with providers and expect to have contracts with the new language in place by next year.

HCS and the GBUs also are working to standardize the guidelines for medical clearances, referrals and authorizations so they, too, are more consistent across all product lines and all GBUs.

"These efforts will make it easier for providers to work with us and facilitate getting VO to providers," says Tricia Engel, a director of HCS. "Providers will be able to interact with us electronically and through VO. And, they'll have a higher comfort level because they'll get more predictable responses from us about what's covered and how much they'll be paid."

BCBSF reports first half performance

Blue Cross and Blue Shield of Florida announced that total revenue during the first half of 1998 climbed to \$1.73 billion, a 12.3 percent gain over the same period last year.

We are the only health care company in Florida to report nine consecutive years of positive earnings. Consolidated net income for the first two quarters of 1998 was \$34.1 million, compared with \$39.7 million for the first half of 1997, reflecting the impact of higher medical costs.

BCBSF's total assets during the second quarter rose to \$1.89 billion, up from \$1.76 billion a year ago, and the company continued to significantly increase policyholders' equity, which grew from \$822.1 million in the second quarter of 1997 to \$896.2 million at the end of the second quarter this year. Policyholders' 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.

BCBSF "delights" Wal-Mart

How do we "delight" the customer? One way is to be a low-cost producer that provides the customer with quality and value.

For Wal-Mart that means saving each of its associates in Florida more than \$1,770 during 1997—the best performance of any network in the country providing health care services to Wal-Mart employees.

Wal-Mart is a self-insured plan that BCBSF services in Florida. One of our largest private customers, Wal-Mart has 220 stores and a total of about 40,000 members and dependents in the state.

Shots for tots

Nothing is more important to a child's health than immunization against 10 major childhood diseases. Here in Florida, children entering kindergarten this year must be immunized against hepatitis B. Those entering seventh grade must have completed the hepatitis B series, a second measles shot and a tetanus-diphtheria booster.

BCBSF is offering parents a free magnet that includes an immunization schedule printed in English and Spanish. It's a handy reminder of when your kids need their shots.

Call now at 1-800-765-2442 for your magnet. And tell all your relatives, neighbors and friends to call, too. Help get our kids immunized!

For more information, see the "Shots for Tots" file in the public folders on Microsoft Exchange. To get there, double click on each of the following folders: PublicFolders/All Public Folders/Information Central/Blue Views/Shots for Tots.

For cc:mail users, go to the Shots for Tots file in the Blue Views folder on the cc:mail Bulletin Board.

**For free magnet
call
1-800-765-2442**