



**INTER-OFFICE MEMORANDUM**  
*Communications - 9T*

**TO:** Distribution A-D **DATE:** July 8, 1997  
**FROM:** Harold Barnett   
**SUBJECT:** **Blue on Blue: 2nd Quarter 1997**

Enclosed is a two-way communication package about the progress of organization re-design and the facilities at Deerwood Campus Complex. Also included are updates on Health Options, the Congestive Heart Failure Pilot, BCBSF's entry into the managed care workers' compensation market and NCQA accreditation.

This package contains three tools that will help you prepare for and conduct two-way discussions with your employees.

- Talking points that contain key messages about each topic.
- Overhead templates that correspond to the talking points.
- A *Blue on Blue* video presentation.

A meeting reaction form for employee feedback is also enclosed. Employee feedback is important in evaluating employees' understanding of the topics presented and the effectiveness of our suggested two-way approach. As we continue with the implementation of organization re-design, it is critical that employee feedback be received in a timely manner so future communications can address employee questions and concerns. Please distribute this form to your employees and when completed, return them to Carol Cox, Corporate Communications, ROC-9T.

Extra copies of the package are available upon request, and names can be added to our distribution by sending an e-mail message to Carol Cox, or by calling her at x16027. Departments with hearing impaired employees will receive a hearing impaired version.

Please call me at x16410 if you have any questions.

Enclosures

Video

Talking Points

Overheads

Meeting Reaction Form

BLUE ON BLUE

JUNE 1997

## Blue on Blue - June 1997

- Organization Re-design
- Deerwood Campus Complex Update
- Quick Hits
  - » Health Options #1 in Florida
  - » Congestive Heart Failure Pilot in Central GBU
  - » Managed Care Workers Compensation Product
  - » NCQA Full 3-year accreditation of Health Options, Inc.

2

•In this edition of Blue on Blue, we'll hear about the progress we are making with organization re-design. We are in the final phase - Phase III Implementation.

•We'll also have an update on the construction of the Deerwood Campus Complex.

•And last, we'll take a quick look at other accomplishments happening around BCBSF.

## Blue on Blue - June 1997

### Organization Re-design

- Phase III - Implementation
- Transform the company into a high-performing company
- Enable us to better meet and exceed our customers' needs
- Strengthen our leadership position in the Florida health care marketplace

3

•We are in the final phase of organization re-design: Phase III Implementation. Through organization re-design, we will transform our company into a high-performance organization that is well-equipped to meet the challenges presented by a highly competitive, dynamic environment.

•It will enable us to better meet -- and exceed -- the needs of our customers, and will strengthen our leadership position in the Florida health care marketplace.

## Blue on Blue - June 1997

### Organization Re-design

#### Geographic Business Unit (GBU)

- The Company's two driving strategies are Marketing and Managed Care
- Our new GBU structure will help implement those strategies that directly affect our customers and our providers
- GBU structure will enhance local presence
- Many divisions will be re-designing to support the GBU structure

4

•BCBSF's goal is to provide quality, affordable accessible care to our customers. Organization re-design will enable us to be the best at that.

•Two of the company's driving strategies are the Marketing Strategy and Managed Care Strategy which directly affect our customers and providers. Our new Geographic Business Unit -- or GBU -- structure will help us implement those strategies.

•The Managed Care Strategy has a component that we are accountable for the entire service experience for the customer. Another is to have win-win relationships with our providers.

•The GBU structure will enhance our local presence and enhance our ability to understand and address the needs, values and expectations of distinct customer segments. Each of the three GBUs will offer the same level of service, but their approach may be different based on their individual market needs.

•The corporate divisions will be re-designed to support the three business units and enable us to better respond to the market needs of each unit.

## Blue on Blue - June 1997

### Organization Re-design

- Phase III Implementation will be an incremental process as divisional designs are finished and approved
- Divisional re-designs will enable a higher degree of support to the GBUs as the focal point for day-to-day business
- Major decisions related to job positions and processes will be finalized by June 30

5

•Implementing the new organization designs will be an incremental process and not “occur” on any one day. Divisions will implement their designs as they are finished and approved.

•Divisional re-designs will will enable us to provide a higher degree of support to the GBUs as the focal point for day-to-day business. We will be able to achieve economies of scale in support of our low-cost producer strategy.

•With decision-makers placed at the GBU level, decisions can be made faster and in consideration of local conditions.

•We do expect that all major decisions related to job positions and the processes we will use to conduct our business will be finalized by June 30.

•All major decisions on people and the procedures for transitioning employees to the new organization will be finalized by September 30.

## Blue on Blue - June 1997

### Organization Re-design

#### Health Care Services Division Re-design

- Implemented re-design March 31
- Established three GBU Team Leaders to support the GBUs
  - » North GBU Team Leader            Jack Conway
  - » Central GBU Team Leader        Becky Gay
  - » South GBU Team Leader         Barney Dreistadt
- Product Development moved from Marketing to HCS

6

•Health Care Services Division finalized their re-design and implemented on March 31.

•HCS redesigned with the focus of the GBUs having primary accountability for day-to-day operations, and HCS would be accountable for strategy, policy, and program and product development.

•HCS established a team leader for each GBU who will interface with the GBUs and help align strategies and plans between HCS and the GBUs.

- »North GBU Team Leader            Jack Conway
- »Central GBU Team Leader        Becky Gay
- »South GBU Team Leader         Barney Dreistadt

•A significant change out of re-design is the movement of Product Development from the Marketing Division to Health Care Services. By combining product development with program development, we will be better able to meet our customer and provider needs by developing programs that meet their needs, values and expectations.

## Blue on Blue - June 1997

### Organization Re-design

- Organization re-design will bring change to every employee
- Change brings opportunities for growth - personally and for the Company
- You are an important part of the company's success
- Thank you for your support as we implement our re-design

7

•Organization re-design will bring change to every employee as each area organizes to support the new GBU structure.

•Organization re-design will improve efficiencies and maximize our reengineering efforts, such as GAMSU and Virtual Office capabilities, to provide better service to our customers and providers.

•There will be opportunities for growth -- both personally and for the company.

•Many of the jobs will be changing. Some of them are going to be relocated; some positions will report in to different places; some jobs will go away.

•You are an important part of the company's success. We ask for your continued support in successfully implementing the new design, and that you balance the uncertainty that change brings with the opportunities that it also brings for personal growth and development.

## Blue on Blue - June 1997

### Deerwood Campus Complex Update

- Strategic facilities planning began over 5 years ago
- Key objectives were to:
  - » Increase our operating efficiencies
  - » Insulate the company from the instability of the commercial rental market
  - » Provide maximum flexibility to re-design work areas

8

•The Deerwood Campus Complex (“DCC”) is a result of strategic facilities planning that began over five years ago. This planning had several key objectives.

•One objective was to gain efficiencies by putting areas that work together physically together. At one point, we had employees located in fourteen locations around Jacksonville.

•DCC will also help insulate the company from the instability of the commercial rental market. In the past few years, the Jacksonville area has experienced a high demand for office space, and in response to high demand, prices have escalated.

•The design of the buildings has allowed for maximum flexibility to re-design work areas in response to future business needs at minimal expense.

## Blue on Blue - June 1997

### Quick Hits

- Health Options #1 HMO in the State of Florida
- Congestive Heart Failure Pilot launched in Central GBU
- BCBSF entered the Managed Care Workers Compensation market with a new subsidiary - Integrated Administrators
- NCQA awards full accreditation to Health Options, our HMO

9

- Other accomplishments have been happening across the company.
- Health Options, our HMO, topped Humana as the largest HMO in Florida. Our membership grew 15% in 1996 to 589,000. Attributing to the growth was the HMO's expansion into five counties, the launch of BlueCARE, an individual HMO product, and the addition of large clients such as Wal-Mart and Staff Leasing.
- Illness Management has launched the Congestive Heart Failure Pilot in the Central GBU. The pilot provides capabilities to improve the quality of life for subscribers with this chronic illness.
- BCBSF entered the Managed Care Workers Compensation market with the creation of a wholly owned subsidiary called Integrated Administrators ("IA"). IA offers employers a specialized workers' compensation network of doctors, hospitals and specialists with an emphasis on occupational medicine, trauma treatment and early return-to-work programs. IA promotes an integrated approach to medical care, case management and claims processing.
- Health Options, our HMO, received full 3-year accreditation from the National Committee for Quality Assurance (NCQA). This level of accreditation is the highest award by NCQA to managed care organizations that have excellent programs for continuous quality improvement and meet NCQA's rigorous standards. Only 20% of all managed care organizations in the country have achieved full accreditation.

## Blue on Blue - June 1997

Questions and Answers

Meeting Reaction Form

10

- Do you have any questions about the information received today through *Blue on Blue*?
- Please take a moment to complete the Meeting Reaction Form and leave it with me after the meeting. The feedback you provide will be helpful in the preparation of future communications.

---

# BLUE ON BLUE

JUNE 1997

# Blue on Blue - June 1997

---

- Organization Re-design
- Deerwood Campus Complex Update
- Quick Hits
  - » Health Options #1 in Florida
  - » Congestive Heart Failure Pilot in Central GBU
  - » Managed Care Workers Compensation Product
  - » NCQA Full 3-year accreditation of Health Options, Inc.

# Blue on Blue - June 1997

---

## Organization Re-design

- Phase III - Implementation
- Transform the company into a high-performing company
- Enable us to better meet and exceed our customers' needs
- Strengthen our leadership position in the Florida health care marketplace

# Blue on Blue - June 1997

---

Organization Re-design

Geographic Business Unit  
(GBU)

- The Company's two driving strategies are Marketing and Managed Care
- Our new GBU structure will help implement those strategies that directly affect our customers and our providers
- GBU structure will enhance local presence
- Many divisions will be re-designing to support the GBU structure

# Blue on Blue - June 1997

---

## Organization Re-design

- Phase III Implementation will be an incremental process as divisional designs are finished and approved
- Divisional re-designs will enable a higher degree of support to the GBUs as the focal point for day-to-day business
- Major decisions related to job positions and processes will be finalized by June 30

# Blue on Blue - June 1997

---

## Organization Re-design

### Health Care Services Division Re-design

- Implemented re-design March 31
- Established three GBU Team Leaders to support the GBUs
  - » North GBU Team Leader                      Jack Conway
  - » Central GBU Team Leader                      Becky Gay
  - » South GBU Team Leader                      Barney Dreistadt
- Product Development moved from Marketing to HCS

# Blue on Blue - June 1997

---

## Organization Re-design

- Organization re-design will bring change to every employee
- Change brings opportunities for growth - personally and for the Company
- You are an important part of the company's success
- Thank you for your support as we implement our re-design

# Blue on Blue - June 1997

---

## Deerwood Campus Complex Update

- Strategic facilities planning began over 5 years ago
- Key objectives were to:
  - » Increase our operating efficiencies
  - » Insulate the company from the instability of the commercial rental market
  - » Provide maximum flexibility to re-design work areas

# Blue on Blue - June 1997

---

## Quick Hits

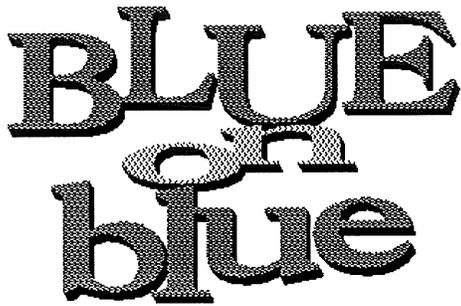
- Health Options #1 HMO in the State of Florida
- Congestive Heart Failure Pilot launched in Central GBU
- BCBSF entered the Managed Care Workers Compensation market with a new subsidiary - Integrated Administrators
- NCQA awards full accreditation to Health Options, our HMO

# Blue on Blue - June 1997

---

Questions and Answers

Meeting Reaction Form



*Organization Re-design &  
Deerwood Facilities Update*

*June 1997*

**BCBSF VIDEO MAGAZINE**

Department/Division \_\_\_\_\_ Date \_\_\_\_\_

*Please evaluate the video presentation.*

*Please circle one.*

*Poor Fair Good Very Good Excellent*

1. This Blue on Blue helped me to better understand:

How organization re-design will enable BCBSF to strengthen its leadership position in the health care marketplace and continue to meet and exceed its customers' needs.

1 2 3 4 5

The strategic objectives for the company's Deerwood Campus Complex.

1 2 3 4 5

2. Overall evaluation of the video presentation.

1 2 3 4 5

*Please evaluate the effectiveness of the 2-way communication process.*

*Circle either "Yes" or "No"*

3. The overheads and talking points were helpful.

Yes No

4. The video was viewed as part of a two-way communications meeting.

Yes No

5. The video was discussed either prior to or after viewing it.

Yes No

6. Do you have any questions or issues that need to be clarified?

---

---

---

---

*Please return to Carol Cox, Communications, ROC-9T. Thank you for your response.*