

# News Release



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## Blue Cross and Blue Shield of Florida Statement on the U.S. Senate Hearing on Blue Cross and Blue Shield of the National Capital Area

The U.S. Senate Permanent Subcommittee on Investigations, a subcommittee of the Committee on Government Affairs, chaired by Sen. Sam Nunn, is conducting hearings on January 26 and 27 to examine the management and regulation of Blue Cross and Blue Shield of the National Capital Area.

There are many different Blue Cross and Blue Shield (BCBS) companies, or plans, in the United States. Each of the more than 70 plans is independently managed and is regulated according to state and local law. Each BCBS is a member of the Blue Cross and Blue Shield Association, which is a trade association.

Blue Cross and Blue Shield of Florida (BCBSF) is an independent and locally-managed insurance company. Policyholders of BCBSF can be assured that the company is financially sound.

Factors that support the Florida plan's financial strength and stability include:

- \* A continued "A+" rating from Standard and Poor's, the independent insurance rating agency;
- \* Growing policyholders' equity -- the money held in reserve to pay customer claims and fund the development of programs to control our customers' health care costs, continues to grow well beyond State of Florida requirements, from \$191 million in 1990 to \$377 million in the third quarter of 1992. Policyholders' equity is also used to fund the development of innovative new managed care programs to help control our customers' health care costs;
- \* The growing strength of our managed care network, in which BCBSF has invested substantially, has resulted in lower, more predictable claims costs for our customers and has contributed to our strong financial performance;

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- \* No investments in junk bonds or risky real estate ventures, with all revenue not used to pay current claims invested back in the business;
- \* The company's status as a mutual insurance company, making BCBSF subject to the same extensive regulations in the state of Florida as commercial insurers; and
- \* A management and corporate structure based in Florida that is independent from other Blue Cross and Blue Shield plans.

In addition, all BCBSF subsidiaries are related to its core business of health care and are regulated by the state. Revenues from the subsidiaries, including Health Options and Florida Combined Life, are used to pay claims and cover operating expenses.

BCBSF's continued stability results from our commitment to managed care, which has proven to be successful at controlling health costs for our customers while maintaining quality care.

Looking forward, BCBSF will continue to focus its efforts on improving its managed care programs and lead the effort to expand access to affordable, quality health care in Florida.

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