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BCBSF STATEMENT ON THE DME CONTRACT

Blue Cross and Blue Shield of Florida (BCBSF) made a business decision not to pursue the regional durable medical equipment (DME) contract in June, 1992.

In November 1991, the Health Care Financing Administration (HCFA) announced plans to consolidate all claims processing and customer support services for durable medical equipment, prosthetics, orthotics and supplies from 30 contractors nationwide to four regional carriers.

Based on HCFA's plans, BCBSF management concluded the regional arrangement was not in the best interest of the company because it would divert significant resources from Medicare beneficiary service and the company's focus on achieving excellence in overall Medicare administration.

Employees affected by this business decision will have the opportunity to be considered for other positions with the company through our internal job posting system.

BCBSF anticipates the transition of its DME activities to the new regional carrier will take place in November 1993. We will continue to conduct business as usual to insure our commitment to customers is met, and that a smooth transition to a new regional carrier is completed.

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