

# News Release



**FOR IMMEDIATE RELEASE**  
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## Blue Cross and Blue Shield of Florida Reports Continued Success of Managed Care

JACKSONVILLE -- Blue Cross and Blue Shield of Florida (BCBSF) today announced continued strong financial results for the first quarter of 1993. BCBSF consolidated financial results showed a \$43.6 million net gain during the first quarter, and an increase in policyholders' equity to \$424.4 million.

"Our financial strength and the success we've achieved in controlling customers' health care costs is due to the growth and effectiveness of our managed care programs," said Richard Thomas, senior vice president of finance. "The continuing success of our Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) programs means Floridians have increasing access to quality health care at affordable cost."

BCBSF offers its customers a choice of physicians from the largest PPO network in the state and the sixth largest in the country. The company's PPO network now reaches 98 percent of all Floridians with 15,400 physicians or half the total number of doctors in Florida. The BCBSF PPO network also includes 140 hospitals.

Health Options, Inc., a BCBSF HMO, provides over 240,000 Floridians with access to more than 6,000 doctors. In a survey of HOI customers, 95 percent expressed satisfaction with their primary care physician's knowledge and medical expertise.

The company increased policyholders' equity by 11.4 percent during the first quarter of 1993. Policyholders' equity is used to develop managed care programs that will continue to control customers' health care costs. The equity is also an important measure of the company's ability to meet its obligations during times of economic uncertainty or when claims expenses are higher than anticipated. "As our company continues to grow, policyholders' equity provides the resources required to meet the needs of a growing customer base," Thomas said.

BCBSF experienced a 7 percent increase in its customer base in 1992, and a 3.5 percent growth rate for the first quarter of 1993. Customers continued to express a high level of satisfaction with the quality of health care service they receive. Ninety percent of BCBSF's customers renewed their health care coverage with the company in 1992.

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**BCBSF CONSOLIDATED FINANCIAL SUMMARY**  
(in millions)

	<u>1ST QTR 93</u>	<u>1ST QTR 92</u>	<u>YTD 1993</u>	<u>YEAR END 1992</u>
Revenue	489.8	462.1	489.8	1,881.3
Claims Expense	344.6	343.9	344.6	1,417.3
Total Expense	446.2	433.2	446.2	1,814.4
Operating Income	43.6	28.9	43.6	66.9
Investment & Related Income	11.6	14.4	11.6	40.2
Provision for Income Tax	11.6	9.7	11.6	25.2
Net Gain	43.6	33.6	43.6	81.9
Total Assets	996.3	796.5	996.3	924.3
Policyholders' Equity	424.4	328.5	424.4	380.9

**BCBSF REPORTS CONTINUED SUCCESS OF MANAGED CARE,**

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**BCBSF HMO GROUP FINANCIAL SUMMARY**

(in millions)

	<u>4Q</u> <u>1992</u>	<u>4Q</u> <u>1991</u>	<u>YTD</u> <u>1992</u>	<u>YTD</u> <u>1991</u>
Revenue	\$104.4	\$85.6	\$400.6	\$323.1
Claims Expense	82.7	67.0	311.4	260.6
Total Expense	97.9	76.3	359.8	299.5
Operating Income	6.5	9.3	40.8	23.6
Investment & Related Income	0.9	1.1	4.7	4.3
Provision for Income Tax	1.4	1.5	9.5	3.1
Net Gain	6.0	8.9	36.0	24.8
Total Assets	141.5	94.8	141.5	94.8

TALKING POINTS  
FIRST QUARTER 1993 BCBSF FINANCIAL RESULTS

Key Messages

- o BCBSF's commitment to managed care is paying off as we continue to hold down costs for our customers, and expand access to quality care.
- o The strength and accessibility of our managed care networks and our knowledge of the local marketplace has enabled us to keep our medical inflation rate below state and national averages.
- o More than 90 percent of our existing customers renewed their health care coverage with BCBSF in 1992.
- o Ninety-five percent of Health Options, Inc.'s customers also expressed satisfaction with their primary care physician's medical knowledge and expertise.
- o We are well positioned to develop new products that use the managed care concept and help expand access to affordable health care in Florida.
- o BCBSF will continue to focus its efforts on managing health care costs and providing our customers with the most value in the marketplace.
- o As our company continues to grow, policyholders' equity provides the resources we need to meet the needs of a growing customer base.
- o The growing level of policyholders' equity puts BCBSF in a strong position to meet our obligations to pay future customer claims in the face of continuing economic uncertainty.



## BCBSF FIRST QUARTER FINANCIAL RESULTS TALKING POINTS

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- o The equity is used to develop innovative managed care programs that will continue to control health care costs and provide for the growth and development of the business.
- o BCBSF's continued strong financial performance reinforces our confidence in the business strategies we have implemented and our commitment to the managed care concept.
- o We have a conservative investment portfolio that protects our customers. We have never invested in junk bonds or risky real estate ventures.

### **Key BCBSF Consolidated Financial Facts**

#### **Controlling Costs**

- o HMO and PPO programs influence the price and use of health care services. The savings are passed on the customers.
- o BCBSF is continuing to focus it efforts on improving its HMO and PPO programs and helping to expand access to affordable health care in Florida.
- o Our ability to keep costs down stems from our managed care experience and knowledge of the marketplace.
- o Our experience proves that competition among managed care companies works and is successful at controlling costs and increasing access to quality health care.

**Policyholders' Equity**

- o BCBSF reported a \$43.5 million increase in policyholders' equity for the first quarter of 1993, an 11.4 percent increase from year-end 1992.
- o Policyholders' equity reached \$424 million during the first quarter of 1993, compared with \$380.9 million last year.
- o We continue to grow policyholders' equity to meet the needs of our growing customer base.
- o The equity is also used to develop innovative new managed care programs that will continue to control health care costs and provide for the growth and development of the business.

**Net Income**

- o Net income for the first quarter was \$43.6 million, a 29.8 percent increase over 1992. In the first quarter of 1992, net income was \$33.6 million.

**Investment Income**

- o Investment and related income decreased 19.4 percent during the first quarter of 1993. Investment income declined due to lower interest rates.
- o We continue to have a conservative investment portfolio that protects our customers. We have never invested in junk bonds or risky real estate ventures.

**Growth in Business**

- o BCBSF increased its customer base by 7 percent in 1992, and 3.5 percent during the first quarter of 1993.
- o Our provider networks have been expanded to serve our growing customer base. Our PPO network now reaches 98 percent of all Floridians with 15,400 physicians - half the state total -- and 140 hospitals with 63 percent of acute care beds statewide.
- o Health Options, Inc., a Blue Cross and Blue Shield of Florida Health Maintenance Organization (HMO), provides over 240,000 Floridians with access to over 6,000 doctors.

**Customer Satisfaction**

- o In a national HMO membership satisfaction survey, 90 percent of Health Options customers said they were satisfied with the service provided by Health Options and its affiliated medical services.
- o More than 90 percent of our existing customers renewed their health care coverage with BCBSF in 1992.
- o Ninety-five percent of BCBSF customers also expressed satisfaction with their primary care physician's medical knowledge and expertise.