

News Release



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Blue Cross and Blue Shield of Florida Reports Continued Growth and Success of Managed Care

JACKSONVILLE -- Blue Cross and Blue Shield of Florida (BCBSF) reported a net gain of \$40.2 million during the second quarter of 1993. BCBSF consolidated financial results also showed an increase in policyholders' equity to \$465 million. Total revenue for the quarter was \$517.2 million.

"BCBSF's success in managed care has greatly contributed to our continued growth and financial strength," said Richard Thomas, senior vice president of finance. "Our customers are continuing to turn to managed care programs for cost-effective, quality health care."

Since the mid-1980s, BCBSF customers have increasingly preferred managed care over traditional indemnity insurance. In 1985, 15 percent of BCBSF's customer base was enrolled in managed care programs, with 85 percent covered under traditional insurance. By the end of 1992, 68 percent of BCBSF's customers were enrolled in managed care programs.

The company increased policyholders' equity by 9.6 percent from the first to second quarter of 1993. Policyholders' equity is used to develop managed care programs that will continue to control customers' health care costs and improve the quality of care. The equity is 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. Policyholders' equity also provides the resources necessary to serve the needs of new customers, and it funds investment in new programs and products that control costs and expand access to affordable, quality health care.

BCBSF continues to increase policyholders' equity to meet the needs of its growing customer base. The number of contracts in health maintenance organization (HMO) programs grew approximately 17 percent through the end of the second quarter of 1993, and the number of preferred provider organization (PPO) contracts grew nearly 5 percent. Traditional business contracts grew by approximately 3 percent.

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BCBSF Reports Continued Growth in Managed Care (cont.)

page 2

"Floridians continue to enroll in managed care programs, an indication that the private sector is expanding access to quality health care at affordable costs," Thomas said. "BCBSF's experience shows that customers are finding managed care plans cost-effective and efficient in providing quality care."

BCBSF's HMO, Health Options Inc. (HOI), the second largest HMO in the state and the fourth fastest growing HMO nationally, has a renewal rate of 95 percent. Ninety-five percent of HOI members also express satisfaction with their primary care physician's knowledge and medical expertise. HOI's medical inflation rate continues to be well below state and national HMO averages.

BCBSF is a strong and growing mutual insurance company. The company incurred more than \$55 million in state and federal taxes and assessments in 1992, and is subject to the same regulations by the Department of Insurance as other insurers operating in Florida.

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BCBSF CONSOLIDATED FINANCIAL SUMMARY
(in millions)

	<u>2ND QTR 93</u>	<u>2ND QTR 92</u>	<u>YTD 1993</u>	<u>YEAR END 1992</u>
Revenue	517.2	472.0	1007.0	1,881.3
Claims Expense	368.1	355.8	712.7	1,417.3
Total Expense	476.5	450.6	922.7	1,814.4
Operating Income	40.7	21.4	84.3	66.9
Investment & Related Income	11.4	9.9	23.0	40.2
Provision for Income Tax	11.9	6.9	23.5	25.2
Net Gain	40.2	24.4	83.8	81.9
Total Assets	1,018.5	828.1	1018.5	924.3
Policyholders' Equity	465.0	352.6	465.0	380.9