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BCBSF's Response to Bill Cotterell's Column
"Blues want health care the way it's always been"

Bill Cotterell's column implied that BCBSF has not supported placing the State Employees Health Plan into Community Health Purchasing Alliances (CHPAs) because of its self interest in maintaining the status quo as the largest provider of health care for state employees. This implication is unfair and untrue. Consider the following facts:

O BCBSF charges the state no more than is needed to cover the direct cost of administering the State Employee Health Plan. BCBSF does not make a profit on the State account.

O The column states that BCBSF is blocking a move towards cost saving Health Maintenance Organizations (HMOs). BCBSF, through its affiliate and subsidiary HMOs, provides HMO coverage to more state employees than any other company.

O BCBSF has proposed that the State carefully study moving the State Employee Health Plan into CHPAs. There are many complex issues that need to be studied to avoid possible increased costs and other negative consequences for the State and its employees. BCBSF's recommendation that a study be done has been rejected by the Governor. As the administrator for the State Employee Health Plan, we believe we have an obligation to raise this issue and we will continue to do so.

O In the event the State Employee Health Plan is moved into CHPAs without a study, BCBSF will not oppose legislation that allows individual state employees to select their health care plan on the basis of cost, access to quality care and member satisfaction. This approach is similar to the way the Federal Government and the State of California purchase health care for its employees. BCBSF covers more Federal employees in Florida than any other company.

O Although shifting more employees to HMOs could save the State money, the savings would be considerably less than the \$45 million figure reported by the Auditor General in his preliminary draft report to the state. The mathematical calculation cited in the column does not result in an accurate estimate of savings because it does not take into account basic insurance principles such as group demographics.

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- Additionally, a majority of state employees prefer to be covered under the state Preferred Provider Organization (PPO) program than under an HMO program. Many employees are not willing to give up the freedom to choose their own provider. The Legislature would have to decide that it wants to save money by eliminating provider choice for State employees under the PPO program or have employees pay more.

O The state's PPO program has performed well. The state's cost per employee and health care inflation trend is well below state and national averages. The BCBSF PPO is the state's largest, providing broad access to quality health care for 98% of all Floridians. The vast majority of state employees have elected to be covered under the state's PPO program, and 90% of those employees are satisfied.

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SECTION

Management Information Systems - This is a report on the progress of the project. The project is currently in the planning phase and is expected to be completed by the end of the year. The project is currently in the planning phase and is expected to be completed by the end of the year.