

Speaker: Tom Albright

Occasion: BCBSA Conference on National HMO Marketing

Date: May 1, 1996

Strategy: To welcome participants to Florida. To provide brief overview of Florida marketplace. To describe at a high level our commitment to and involvement in developing HMO Blue USA. To discuss opportunities in Florida and with the system of plans.

Messages: Health care industry is dynamic.

Marketplace is shifting from indemnity to a more coordinated approach to health care.

The shift in the marketplace has been voluntary.

The shift is occurring in a highly competitive market.

The number of "for-profit" HMOs is growing.

BCBSF's commitment to HMO Blue USA is strong. We understand our role as a host plan.

We are very involved in the development of the National Medicare Risk Program. This program has tremendous potential here in Florida and nationally.

BCBSF has realigned resources to better support the sales/management of HMO Blue USA groups.

HMO Blue USA is a way for all of us to capitalize on the brand equity of Blue Cross and Blue Shield.

Blue Chip companies are purchasing HMO services. They want local managed care on a national basis.

Employers are increasingly moving retirees into network-based health plans.

The HMO Blue USA Medicare network offers companies and seniors something no single Blue plan can — portable coverage.

By working together as a system of plans, we can respond more effectively to marketplace trends and opportunities.

Conferences like this are an important part of the process of working together.

Length: 10 minutes

**REMARKS FOR TOM ALBRIGHT
BCBSA CONFERENCE ON
NATIONAL HMO MARKETING
MAY 1, 1996 — ORLANDO, FLORIDA**

WELCOME/INTRODUCTION

- On behalf of the Florida Plan, it is my pleasure to welcome you to Orlando.
- I'd like to just take a few minutes and give you a brief overview of our market here in Florida and talk about some of the opportunities we see.

FLORIDA MARKET OVERVIEW

- The health care industry is dynamic — and it is changing at an increasingly faster pace. One of the biggest shifts we're seeing is in the growth of network-based health care.

- The marketplace is clearly shifting from indemnity to a more coordinated approach to health care — here in Florida and across the nation.
- More than 3.3 million Floridians are enrolled in an HMO, and recent studies show that Florida is a leading state in terms of national HMO enrollment gains.
- This shift in the marketplace has been voluntary — 94% of all Floridians participating in an HMO made that choice over other available options.
- This shift is occurring in a highly competitive market.
 - ⇒ New competitors have entered the Florida market (United HealthCare, PacifiCare), and
 - ⇒ Historical competitors have continued to evolve and invest in new capabilities (PruCare, Cigna).
 - ⇒ Consolidation is taking place within the managed care industry [United HealthCare acquired CAC-Ramsey and Metro].

- The number of “for-profit” HMOs is growing:
 - ⇒ startups,
 - ⇒ “for-profits” acquiring “not-for-profits,” and
 - ⇒ “not-for-profits” converting to “for-profits.”
- At a high level, this is a snapshot of what’s happening in the Florida market.

OUR COMMITMENT TO HMO BLUE USA

- As many of you know, our commitment to HMO Blue USA is strong. As a host plan, we’re working to fulfill our obligations in helping sister plans meet their needs.
- We are also very involved in the development of the National Medicare Risk Program.
- With more than 2.6 million seniors in Florida, and millions more who travel every year to Florida for 3-6 month visits, this program has tremendous potential for us. And we’re excited about the opportunities ahead — opportunities for us as well as for the system of plans.

- BCBSF has realigned resources so we can better support the sales/management of the HMO Blue USA groups.
- We currently have 75 HMO Blue USA groups on a PAR basis, and we are the control plan for 11 groups. Since January, we've been responding to an average of 10-12 proposals a month.

LOOKING FORWARD

- Looking forward, HMO Blue USA is a way for all of us to capitalize on the brand equity we share as a system of plans.
- Employer-driven health care looks like the system of choice for the foreseeable future. And employers — large and small — are increasingly turning to network-based health care.

- In response to enrollment gains and satisfaction indices that continue to show the value and quality of HMOs, Blue Chip companies like American Express, Xerox, Kodak and IBM are purchasing HMO services.

⇒ These companies want local managed care on a national basis so their employees can benefit from consistent health plans across many local areas.

- Blue Chip companies are turning to “systems managers” to coordinate their health benefits across the country. This is an area where HMO Blue USA, which acts as a systems manager, can bring added value to the table.
- Employers are increasingly moving retirees into network-based health plans.

⇒ A recent survey by William M. Mercer, Inc., found that 44% of employers added network health care options to their retiree benefits plans in the last three years.

- The HMO Blue USA Medicare network will offer companies and seniors what no single Blue plan can. And that is offer portable coverage. This gives us a tremendous advantage.
- By working together as a system of plans to develop and strengthen HMO Blue USA, we can respond more effectively to marketplace trends and be in a better position to act on future opportunities.
- As we move forward in this rapidly changing environment, it is important we — as a system of plans — continue to understand that great ideas come from within the Blues system and that by working together, we can create a strong competitive advantage.
- This, and other conferences like it, are an important part of this process.
- Again, welcome to Florida. I wish you a successful and productive conference as you discuss these important issues and opportunities.