At Blue Cross and Blue Shield of Florida, we are committed to the idea that quality health care should be consistently affordable, widely available, and efficiently delivered.
With Florida and the nation facing ongoing economic challenges, pursuing these core principles is more important now than ever. By continuing to expand our portfolio of affordable coverage options, and by giving consumers more choice along with greater support and guidance, BCBSF is playing a leading role in shaping the future of health care delivery – a future where greater access is made even more meaningful by consumers who are actively involved in their health care decisions.

As part of our efforts, BCBSF took its Mission to serve the public good to new lengths in 2009. In addition to supplementing and strengthening our products and services, we worked to promote sound and responsible health care reform on the national and state levels, advocating for initiatives to control costs, improve affordability, and empower patients. At the same time, we brought some of our health care reform ideas to life, developing groundbreaking public-private partnerships designed to lower costs and improve access to care.

With a new health care reform law in place, and with great uncertainty about its implementation on both the state and federal levels, BCBSF will continue to play an active role, working to inform and assist consumers and businesses as they face new requirements and options, as well as partnering with regulators and our trade associations to help influence the course of health care reform over the coming months and years. As in the past, our goals will be to drive down costs to ensure affordability, maximize access to services and pursue better outcomes.

A Focus on Affordability and Participation

Continued high unemployment and reduced access to lending means that Floridians continue to be confronted by significant financial pressures, making the cost of health care a more central and challenging issue in their daily lives. In 2009, we took new steps to implement and promote affordable coverage options, while also striving to encourage our customers to become more involved in their health care.

In January of 2009, we officially launched our low-cost insurance plans available to uninsured Floridians as part of our participation in Cover Florida. In May, we introduced Miami-Dade Blue, a unique public-private collaboration with the Miami-Dade County government in South Florida that is designed to increase access to coverage within underserved populations.

Our commitment to offering affordable access to high quality care also brought us to introduce and then expand our low-cost BlueSelect® health plan, now available in ten Florida counties – Hillsborough, Pinellas, Broward, Charlotte, Hernando, Pasco, Polk, Sarasota, Brevard and Martin Counties. Partnering with numerous health care providers, we provide an affordable, community-based network that allows our members to enjoy savings of up to 20 percent on services and premiums, without sacrificing quality coverage. BlueSelect® is specifically designed for working insured individuals and those who are at risk of becoming uninsured, as well as for small employers who want to provide cost-effective coverage for employees.

2009 also saw the launch of the $59 Gift of Health Care card, and the $19 FamilyBlue Discount card. The Gift of Health Care card provides a convenient way to obtain health care financing, and can be used to purchase Go Blue, one of our most affordable plans that covers routine and preventive care, along with other Blue Options health insurance plans. The FamilyBlue Discount card provides an entire family with discounts on dental, pharmacy and vision care for three months after the card is activated.
Finally, BCBSF moved to expand our Florida Blue retail centers, originally launched in 2007. We undertook planning and development for new centers in Tampa and Miami, opening the doors to these facilities in 2010. Today, our Florida Blue centers are having a profound impact on the lives of real people every day, providing one-on-one guidance on the selection of health plans and physicians, and helping consumers understand their claims and co-payments. Ultimately, these groundbreaking retail centers are truly engaging Floridians in their care, on both a quality of care and financial level.

Health Care Reform and the Future

BCBSF has been serving the people of Florida for more than 65 years, and we brought our decades of experience to the table during the challenging health reform debate in 2009. As we had in the past, we shared our expertise with government officials and consumer advocates, and advanced our vision of reform, including our view of the importance of shifting our health system to a wellness and prevention model of health care, and our understanding of the importance of containing health care costs and involving consumers in the management of their day-to-day care. We also conducted an editorial board tour with media outlets across the state.

With the passage of the Patient Protection and Affordable Care Act in 2010, Floridians can expect us to help them navigate the new requirements of the law. Driven by our Mission, we will continue our work towards building more affordable health plans and improving access to quality care, while still providing the highest level of customer support and assistance. Our goal is clear – to remain the preferred and most trusted health care partner in Florida.

Without a doubt, economic issues were a central concern for individuals and businesses in Florida in 2009, and BCBSF took critical steps to make health care more widely available even in these difficult times. With the introduction of new products and services, and the expansion and improvement of existing programs, we once again embraced our mission of service and sought to help build a stronger Florida, and a stronger company as well. In the months and years ahead, BCBSF will continue to innovate, and we will continue to play a central role in the transformation of our health care system, for the good of the people of this state and for the good of our distinguished medical provider community.

Sincerely,

Robert I. Lufrano, M.D.
Chairman and Chief Executive Officer
Blue Cross and Blue Shield of Florida
Increasing Access and Affordability

By giving consumers and employers a clear and understandable choice of insurance plans, including an array of low-cost options that put health care within reach, we worked to reinforce our place as a true and trusted health care partner.

Once again in 2009, stories of economic distress dominated the local and national headlines – and the lives of Floridians. Persistent high unemployment and tight credit markets left a growing number of our state’s residents facing severe financial pressures, and for many the prospect of paying for health care insurance became even more remote. With financial difficulties of their own, employers searched for ways to cut costs, and payroll and health care expenses were frequently put under the microscope, further jeopardizing the ability of individuals and families to access insurance. At the same time, the issue of national health care reform took center stage, with the debate focusing primarily on the issue of health insurance affordability.

At BCBSF, we brought our decades of health care experience to the national debate, but at the same time we continued to pursue a mission right here in our own company that we began long before the economy deteriorated, and before the health reform debate heated up: we continued to develop and expand innovative and affordable insurance products and services for the residents of Florida. By giving consumers and employers a clear and understandable choice of insurance plans, including an array of low-cost options that put health care within reach, we worked to reinforce our place as a true and trusted health care partner. And by providing the strong customer support and tools needed to navigate the complex health care arena, we worked to simplify the process and to engage businesses and consumers in a new health care dialogue.

To ensure that we could offer the highest quality, most affordable health coverage options, BCBSF also worked to improve administrative functions and reduce operational costs on every level in 2009. From business process improvements to medical cost management, we took key important steps to increase overall efficiency.

Opening the Door to Affordability

Established in 2007, BCBSF’s Florida Blue retail stores were the first of their kind in the nation. Today, we continue to lead the way toward the creation of a convenient,
Increasing Access and Affordability

customer-focused approach to health insurance delivery – one designed to involve and engage Floridians in every aspect of their care. To this end, in 2009 we set plans in place to expand our new retail centers to Tampa and Miami, with additional facilities opening in 2010. Ultimately, the Florida Blue centers are not only an important resource for Floridians who have questions and concerns about their care and coverage, they are a vital gateway to our full suite of affordable and low-cost insurance options.

By visiting our retail centers - or by going online or calling us - individual and business customers can explore our many affordable insurance programs. BCBSF offers a broad choice of plans, each established to meet different individual needs and life stages. By tailoring our plans, we are able to open the door to affordability for thousands of Floridians.

While we will certainly adapt our future products to ensure their leading position in the changing health care marketplace, our strategy will continue to reflect our longstanding commitment to innovative public-private partnerships and our focus on offering affordable products. In 2009, BCBSF brought many low-cost products to Floridians, including its plan available through our participation in the state’s official Cover Florida program. Other plans include:

**Miami-Dade Blue:** Developed in 2008 and launched in 2009, this unique product is the result of a partnership between Miami-Dade County and BCBSF. Developed to meet the needs of the uninsured and those struggling with the high cost of health care in the Miami-Dade County area, this plan is available to individuals under 65 years of age, as well as small groups, and it covers a wide variety of services including office visits, surgery, hospitalization, outpatient surgery, pharmacy and dental visits. Miami-Dade Blue has grown rapidly since its introduction, and our customers find that it provides great value and protection for the price.

**GoBlue and the Gift of Health Care Card:** GoBlue is designed to provide limited health insurance benefits at an affordable price, and offers our negotiated discounts on medical, dental and laboratory services. The plan, which also promotes the use of wellness and prevention services, has met a true need in the market, and now has over 25,000 members. BCBSF also offers unique gift cards that can be used toward the purchase of health coverage. When consumers use the $59 Gift of Health Care Card toward GoBlue, they can receive 1-2 months of coverage. Cards can be purchased at any CVS and Winn-Dixie store in Florida and will be offered at Walgreens in 2010.

**BlueSelect:** BlueSelect was developed in 2008 and introduced to the market starting in 2009. During 2009 through 2011, it will geographically expand to a series of key target counties. This regional plan is currently available in fourteen Florida counties. By harnessing the power of local provider networks, BlueSelect produces savings of up to 20 percent over traditional plans without sacrificing quality. Subscribers can receive coverage for routine health care, wellness, lab services, hospital charges, outpatient therapy, maternity services and prescription drugs.

**Achieving Efficiency**

Truly affordable health coverage – and meaningful health reform - can only be realized when the issue of cost control is addressed across the health care system. At BCBSF, we are doing our part to maximize efficiency and reduce overhead costs on an operational level every day. We are harnessing the power of technology to streamline our business processes, and we are implementing cost containment measures designed to combat the skyrocketing cost of care.
As in previous years, we pursued key cost-cutting initiatives in 2009. To improve and simplify administrative functions we worked to expand the use of health information technology (HIT) solutions within our provider community, and with our members. Personal health records, electronic health records and web-based tools that allow for better communication with providers and patients, as well as e-prescribing are quickly changing the way care is conceived and delivered, and BCBSF is on the cutting edge of these efforts.

In 2009, we witnessed important progress with e-prescribing. Currently, 50 of our vendors are utilizing Prime Therapeutics (a national pharmacy benefit manager in which BCBSF maintains equity interest) for e-prescribing, which is more than double the number from year-end 2008. In addition, the company experienced a 300 percent increase in on-line eligibility and formulary requests, receiving almost 700,000 requests in total. We achieved a 615 percent increase in on-line medication history requests. These efforts contributed $4.4 million in medical cost savings for the organization.

In 2008, a physician and member appeal and dispute process was established that provided the opportunity to present grievances with claims from BCBSF. While the implementation of this system has been deemed a success, the company realized that improvement could be made to help further streamline the process. As a result, in 2009 the member appeal team implemented a paperless system that not only improved efficiency, but also significantly increased administrative cost savings within the organization. The year-end goal of the dispute resolution team was to achieve 95 percent appeals resolution within the defined regulatory timeframes. With the technology enhancement, the team achieved a 98 percent success level.

Medical Cost Management (MCM) is one of the key cost-containment measures employed by BCBSF, and it continues to be an important contributor to the company’s overall goal of providing affordable products and services to our members. In 2009, a maximum MCM goal was set at $225 million, and through hard work and company-wide collaboration, this important goal was met.

2009 also saw the implementation of the Provider Administered Drug Program (PADP), a project focused on ensuring appropriate reimbursement for specific oncology drugs. Employing utilization management (UM) programs to ensure medical appropriateness, the PADP is critical cost containment tool. In addition, Pharmacy’s UM program, including increased efforts in step therapy, quantity limits and multiple projects focused on increasing generic utilization rates, added significant savings for the organization in 2009.

While we will certainly adapt our future products to ensure their leading position in the changing health care marketplace, our strategy will continue to reflect our longstanding commitment to innovative public-private partnerships and our focus on offering affordable products.
A Retail Approach that Works for Consumers

At BCBSF, our longstanding Mission to serve Florida’s communities has always driven us to put consumers first. Time and again, we have been motivated to excel and innovate by the real life stories of Floridians, from the patients who need urgent care to the families who deserve assurance that their medical coverage will be there when they need it most. For more than six decades, since our founding as a service-oriented not-for-profit company, we have worked diligently to bring quality health care to millions of Floridians, and a large part of our success lies in the industry-leading customer care programs and services that we have established.

Today, we are leading the way once again, helping to guide a revolutionary new approach to health insurance delivery that engages consumers in every aspect of their care. We are showing our members not only how their health coverage works, but also how important their own health really is. We believe that by simplifying the process of choosing a health plan, and by showing consumers how to make the most of their coverage and all of their medical decisions, we can improve satisfaction, enhance outcomes, and drive down unnecessary costs and spending.

In recent years we have developed groundbreaking new retail services and personalized health care solutions, and 2009 was no exception. From the expansion of our Florida Blue retail centers to the implementation of new education and outreach programs and interactive technology tools, our retail services are testament to the idea that consumers should always be at the center of the health care equation.

A New Level of Service

Launched in 2007, the Florida Blue(SM) retail centers represent a new concept in the health insurance arena. By engaging and assisting consumers one on one, BCBSF and our team of care consultants are making the delivery of insurance personal, understandable and easy. Encouraged by the positive results of our initial locations in Jacksonville and Pembroke Pines, we began planning for new centers throughout 2009, and in 2010 we opened the doors of our new facilities in Tampa and Miami. Additional retail centers will open later in the year.

Consumers visiting the Florida Blue centers can learn about BCBSF’s wide range of health care plans, including our low-cost coverage options. Current members can ask questions about our physician network, and they can learn how to access local walk-in clinics and lab facilities. They can gain insight into the cost of care,
their co-payments, and how exactly their coverage works. All community residents can attend health-related seminars, learn about the new health care reform law, and gain insight into the importance of wellness and prevention.

In 2009, nearly 15,000 Floridians visited our Florida Blue centers, and with new locations in place, this number is quickly on the rise.

Engaging Consumers in New Ways

Along with our retail centers, BCBSF is introducing and expanding programs to help consumers become more active participants in their own health care. Visitors to our Florida Blue centers can take part in Weekly Wellness discussions and our on-site Health Fairs. The Health Fairs offer free health screenings and assessments, along with helpful tips for staying well.

We are also bringing our support, guidance and services directly to Floridians where they live and work. In 2009, we continued with our statewide Florida BlueTour, an innovative mobile unit that takes health care services to cities and towns across the state. The mobile unit has engaged with nearly 85,000 residents since it first hit the road, offering education, training, health screenings and health fairs.

At BCBSF, we are committed to the search for new and better ways to reach and connect with people. In a first for Florida, our $59 Gift of Health Care Card and $19 FamilyBlue Discount Card are offered directly to consumers at CVS and Winn-Dixie stores, and will be offered at Walgreens in 2010. Our unique placement of the cards in retail racks has gained significant attention in Florida and nationwide, and is serving as a model for other Blue Cross organizations across the country.

We have set up a new Call Center which is giving consumers better access to information and support from our Care Compare team of experts. Members who call with questions and concerns, and non-members looking for information about our products and services, are able to quickly reach a customer advocate and get the help that they need. In fact, a recent survey showed that 90% of callers to BCBSF said they were able to get answers and useful advice, and that the support they received helped them save money.

BCBSF is also implementing targeted outreach programs or health care campaigns designed to help members get healthy, stay healthy and better manage their conditions. Many of the outreach campaigns have centered on connecting with members that have had gaps in their care for the treatment of conditions such as diabetes, asthma as well as a wide variety of other disease states, to educate and engage them about options for disease management and treatment. Another key focus of the health care campaigns has been providing members with information about lower cost drug options or treatment facilities to help drive savings. We have also created health care campaigns focused on our new online tools and how utilizing these web based offerings can help consumers both manage their health and save money on their health care.

Finally, BCBSF’s new Welcome Program is putting consumers first – from day one. Created to help new members understand the high level of service and support that we offer, the program is helping to streamline and simplify communications. When new members begin with BCBSF, they are contacted by phone by a BCBSF representative who welcomes them, and explains how best to receive future support and work with BCBSF consultants to maximize their health plan benefits.

The Right Tools

BCBSF continues to develop and launch critical technology tools that make it easier for consumers to understand their health coverage, while motivating them to be more involved in their overall care.

Our interactive member services website, MyBlueService (SM), has consistently set the standard for innovation, with features that allow members to monitor claim status, research prescription drugs, and find physicians and other health services. Partnering with WebMD, we now offer our members a broad set of personalized tools that have been specifically created for their use. These tools allow users to explore the benefits of wellness and prevention, and also the value of being cost-conscious when it comes to pursuing quality care. Our WebMD Personal Health Assessment encourages members to measure their own health status quickly and easily online, and to take further steps to actively monitor and improve their health. The WebMD Care Comparison tool allows consumers to see exactly how hospitals compare for both quality and cost. Members can research success rates for particular surgical procedures at specific hospitals, comparing key quality factors such as complication rates. Many of the MyBlueServices tools are designed specifically to help consumers save and become better informed overall on the financial side of medical treatment. The Treatment Cost Advisor, for instance, helps members estimate the costs for hundreds of common conditions, procedures, tests, and health care visits.

BCBSF also recently moved forward with a new mobile technology solution which provides Floridians fingertip access to health care information and tools wherever they go, including snapshots of plan benefits, provider directories and health alerts. Developed beginning in 2009 and launched in 2010, the new BCBSF mobile website is accessible from any Smartphone and is the first mobile website from an insurer available to both members and non-members.

In 2010, BCBSF is continuing to develop and enhance its interactive tools, with the goal of building a better and more engaged partnership with Floridians. New mobile and text messaging applications are in development, and we are maintaining a constant eye toward improving all of our interactive capabilities.
Throughout its long history, BCBSF has served Floridians and helped them access quality care, as well as advocated on their behalf to improve our health care system on a state and national level. In 2009, the long and contentious debate over federal health reform took center stage, and we brought our experience and expertise to the discussion, arguing strongly in favor of reform, universal coverage, and a new approach to the delivery of care that emphasizes wellness, patient involvement, and effective management of skyrocketing health care costs. Over the course of the year, we met with key members of Congress, congressional staff members, and regulators, to outline the challenges we see every day as we work to create and deliver affordable health coverage.

The health reform legislation signed into law in March 2010 promises significant changes in the way that consumers and businesses purchase and utilize health insurance. While the new law contains important improvements and BCBSF supports its overarching goals, we believe that more work remains to be done, not only to ensure the law’s effective implementation, but also to improve some of its key elements and add changes to improve our fragmented system. In the coming months, we will continue to advocate for changes that ensure true affordability and consistent access to quality care well into the future.

Our vision of health reform, which we have clearly defined and communicated with policymakers, centers on the idea that our health system must change from one that focuses on treating illness to one that focuses on promoting wellness.
Our reform vision also advocates that patients must be deeply involved in all of their health care decisions. At BCBSF, we have promoted programs and regulations that help patients become engaged in their health, and have been actively helping our members on this path for years.

For too long, our health system has simply paid physicians and other providers to treat the sick, with very little financial reward being offered to keep people healthy. Today, there are four disease states that represent nearly 75 percent of health care spending in the U.S.: heart disease, cancer, diabetes, and obesity. Preventive health strategies can directly impact these disease states through regular medical screenings, the adoption of healthy lifestyle habits, and structured treatment regimens. As such, during the 2009 debate on reform, we emphasized the importance of establishing incentives for physicians and patients to focus on healthy living, preventive care, integrated treatment, and lifelong health education. Moreover, the current reform law makes it clear that more work remains to be done in this area.

Our reform vision also advocates that patients must be deeply involved in all of their health care decisions. At BCBSF, we have promoted programs and regulations that help patients become engaged in their health, and have been actively helping our members on this path for years. Our unique technology tools already allow patients to research physicians, compare prices, and keep track of their health histories. In 2009, we advocated for reform measures to promote the wider use of electronic medical records, and we pushed for more education on the importance of preventive medicine. In this area as well, the new reform law includes some of these ideas, but BCBSF will continue to fight for new initiatives.

BCBSF has also been a leader in the discussion of how best to control runaway health care costs. Today, our nation spends nearly $2.4 trillion on health care, an amount that represents approximately 16 percent of the U.S. gross domestic product. Each year for the past fifteen years, health care costs have risen on the order of 10 to 15 percent. At this pace, health care spending will exceed 20 percent of the GDP by 2018, and economists agree that this massive rate of growth is simply unsustainable. To put the numbers in perspective, salaries for U.S. workers rise approximately 3 percent annually on average, and our nation’s defense spending, even with two wars overseas, has risen about 5 percent annually in recent years. Given the reality of increasing health care costs, it is clear that the recent reform law does not go far enough to ensure affordability, even with subsidies and the promise of a larger pool of insured Americans.

Ultimately, any real discussion of cost containment must address the politically difficult issue of medical malpractice reform. The practice of defensive medicine, where physicians over-prescribe extensive medical testing so that they can safeguard themselves against potential litigation, must be ended, and BCBSF will continue to advocate for this important reform. While the federal health reform legislation is a step forward, it is a step that will not lead us very far unless we bring medical costs, and particularly defensive medicine, under control.

Helping Floridians Understand Reform

The implementation of the new health care law promises to be just as challenging as the 2009 debate over the notion of reform itself. For Florida, which is home to a high concentration
of small businesses and self-employed individuals, the challenges and potential confusion will likely be amplified. Fortunately, there are a number of resources already available to help consumers and businesses understand the new law: how it applies to them, what they must do to ensure that they are in compliance, and how they may benefit.

At BCBSF, we are taking steps to keep our members informed, and to help them understand the law’s impact. We are also helping the uninsured and other non-members, by answering their questions at our Florida Blue retail centers, and by outlining the requirements of the law as they stand to date. Recognizing that state and federal regulations still in development will have a major impact on the marketplace, we will be engaging in regular communications with Florida’s communities in the months ahead.

Making Improvements Every Day

Guided by our mission to serve Florida’s communities, BCBSF has not waited for health care reform or its implementation to pursue innovative new strategies that will help businesses and consumers access affordable, high quality health care. Even as the health care legislation moved through Congress, we took steps here at home to help more people acquire health coverage, participate in their health decisions, and learn about the importance of wellness and prevention. Whether it was our unique public-private partnerships in the form of Miami-Dade Blue and Cover Florida, or our establishment of the nation’s first retail centers that provide wellness programs and seminars, BCBSF has always sought improvement and advancement from within. While we have advocated for important legislative changes, and believe that these changes are vital, we also recognize that we must continue to play a leading role on an organizational level in the establishment of new ideas and new programs. Only in this way can we guarantee a stronger future for our health care system.
we are committed to the idea that quality health care should be consistently affordable, widely available, and efficiently delivered.