



Your Trusted Partner in Health Care

Annual Report to the Community

Working Toward An Excellent, Efficient Health System

At Blue Cross and Blue Shield of Florida, our Mission compels us to work for public policy that enables an excellent, efficient health system, affordable products and protection for as many Floridians as possible.

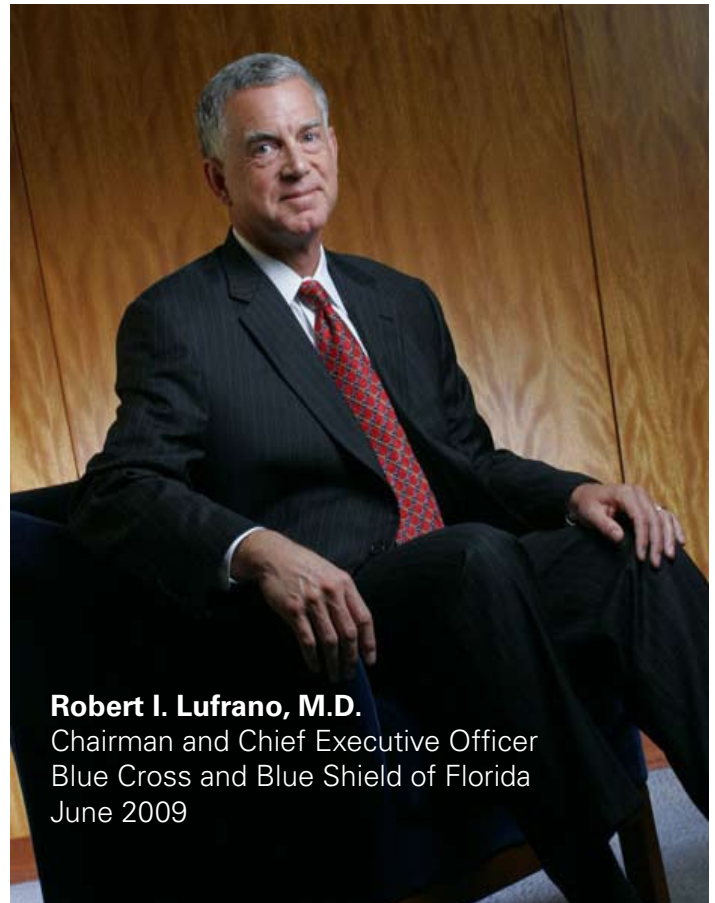
Today, Floridians face a fundamental transformation in how health care is accessed and delivered. So, it is more important than ever that BCBSF help lead the way by increasing access to coverage, making health care more affordable, offering more choices in a simpler fashion, and partnering in our communities to serve the people of Florida. By changing how effectively the health care industry works, we will continue to serve as one of Florida's trusted leaders in health care.

Increasing Access, Choices and Affordability

The economic climate has had a direct impact on the residents of Florida, for many further limiting their access to affordable health care. Our Mission calls on us to find ways to increase access, and in 2008, we addressed this challenge by launching a number of affordable options that put health care coverage within reach for more Floridians.

When the governor of Florida wanted to help the uninsured get access to lower cost, basic health coverage, we responded. We worked with the governor to address the needs of the uninsured by participating in the Cover Florida plan. We launched the FamilyBlue

“We are honored to serve the people of this state.”



Robert I. Lufrano, M.D.
Chairman and Chief Executive Officer
Blue Cross and Blue Shield of Florida
June 2009

Medical Discount Card program to provide an affordable option for families struggling to obtain basic coverage. And we began preparing for the launch of Miami-Dade Blue, a unique public-private collaboration with the local county government in South Florida designed to increase access to coverage within underserved populations. Furthermore, BCBSF expanded our GoBlue program, an affordable, limited benefit plan that provides access to medical services within the state's largest provider network at affordable rates.

To increase access to these and other health care plans and programs, BCBSF opened a second Florida BlueSM store in South Florida, building on the success of our first retail store operation, which debuted in 2007. We plan to open additional stores in 2009 and 2010, furthering our strategy to build a strong consumer-focused health care model.

Simplifying Health Care

In 2008, we launched new consumer-driven products and services to promote healthier lifestyles and to help Floridians become better-informed and more confident health care consumers. We realize that navigating today's health care environment can be complex and confusing to some. In response, we deployed enhancements to MyBlueService, our online member self-service Web site that now helps members reduce their prescription drug expenses by providing comparative cost information from local pharmacies. We continued to provide valuable tools to help providers manage patient care, including CareCalc[®], which accurately estimates treatment costs, and Availity[®] Care Profile, which provides an overview of patients' consolidated claims history.

Serving a multicultural and multilingual state, BCBSF's targeted resources provide our diverse member base with information in a variety of languages and from multiple cultural perspectives. BCBSF also offers a full suite of multilingual research tools for members and providers to increase their access to the latest health care information. These services advance an important objective: providing solutions that enable our members to make better and more informed health care decisions.

Taking a More Proactive Approach to Health Care

With more than 65 years of service in the state and a strong reputation for integrity, BCBSF has proposed valuable solutions to help reform the health care system. In 2008, we actively participated in the policy debate, sharing our expertise with state officials and consumer advocates as well as building relationships with other stakeholders within Florida's public and private sectors. We have a clear vision of reform and championed key aspects of it, including a move toward a wellness and prevention model of health care and a shift to a more proactive, responsible individual role for consumers to manage their day-to-day health care choices. We've also continued our push to increase the utilization of health information technology (HIT) across the industry (see our Thought Leadership Essay at the end of this annual report).

As we look back on our achievements in 2008 and with anticipation to the future, we are reminded again that it is an honor to partner with the finest health care provider community in the nation – the physicians, nurses and allied health care professionals who live and work in the state of Florida. Most of all, we are honored to serve the people of this state. As we move forward, BCBSF will continue to take a leadership role in shaping the state's health care future, thus guiding the availability of quality, affordable health care.

Sincerely,



Robert I. Lufrano, M.D.

Chairman and Chief Executive Officer
Blue Cross and Blue Shield of Florida
June 2009

Increasing Access And Lowering Costs

As part of our commitment to the residents of Florida, the company played a key role in helping Floridians cope with changing economic conditions by increasing access to health care through lower cost products and services.

Affordable health care has been a leading consumer issue as the number of Floridians who are uninsured or underinsured continues to grow. In fact, the state ranks third highest in the nation, with more than 4 million Floridians lacking health coverage. Unrelenting escalation of health care costs, tight credit markets and inflationary pressures have tested employers' and employees' ability to pay for or even consider health care insurance.

Introducing Affordable Solutions for New Challenges

Recognizing the unique role we play as Florida's trusted partner in health care, BCBSF continued its efforts to bring affordable coverage to Florida's citizens in 2008. Responding to the more than 150,000 consumer voices recorded on *The Power of the Human Voice* (POHV) Web site, BCBSF introduced a number of innovative plans and discount programs to address the concerns of Floridians.

These new solutions made health care more attainable for those who cannot afford more traditional plans. Whether they offer transitional health care coverage to members as they experience life changes or provide coverage to individuals purchasing health care for the first time, these plans have been developed to help improve the overall quality of life for many Floridians. Our suite of low-cost options now includes:

GoBlue: A limited benefit plan designed to provide members with access to medical care at discounted rates. A practical and more affordable plan, GoBlue offers members discounts on medical, dental and laboratory services and promotes use of wellness and prevention services.



Step up to the Microphone

BCBSF launched an innovative initiative in 2008: *The Power of the Human Voice*. It is a multi-media effort to record the voices of Floridians as they tell us about their experience with the health care system and how they would like to see it improved. Through television, radio and print ads and visits from the Florida Blue Tour mobile unit, Floridians were urged to join the health care discussion – including physicians, community advocates, politicians, consumers and businesses.

By listening to what is important to Floridians, BCBSF has been better able to tailor our products, services and programs to meet their needs.

The initiative continues today. Visit www.thepowerofthehumanvoice.com to learn more.

Cover Florida: To help address the needs of more than 4 million uninsured Floridians, BCBSF worked with Gov. Crist as he championed the development of the Cover Florida program in 2008. This government-sponsored program provides basic health benefits and discounts to citizens who would otherwise have no health coverage. BCBSF offers two Cover Florida options as part of the program, a non-catastrophic and catastrophic plan. Our non-catastrophic Cover Florida plan provides coverage for basic and preventive care, including physician office visits, dental care, pharmacy and lab work. The catastrophic plan offers the same services with the addition of hospital coverage.

FamilyBlue Medical Discount Card: Launched in October 2008, FamilyBlue is designed to give members and their families access to discounts on medical care, prescription drugs, vision services and dental care at a more affordable cost. The plan covers up to six family members, including extended family who live with the subscriber.

BlueSelect: This regional plan was developed in 2008 for residents of Pinellas and Hillsborough counties. It features a local network of medical providers and produces savings of up to 20 percent over traditional plans. Some options provide immediate coverage for routine health care and wellness benefits for adults and children, lab services, hospital charges and all covered physician services for approved hospital stays. BlueSelect also covers outpatient therapy, maternity services and prescription drugs without network restrictions. We expect to expand BlueSelect to other regions in 2009.

Miami-Dade Blue: Developed in 2008 (available in mid-2009), this unique product is the result of collaboration between Miami-Dade County and BCBSF. It was created specifically to meet the needs of the uninsured and those struggling with the high cost of health care in the Miami-Dade County area. Available to individuals under 65, including small groups, the locally focused program makes quality health coverage more affordable than many larger, comprehensive plans, while still providing a wide variety of services including office visits, surgery, hospitalization, outpatient surgery, pharmacy and dental coverage.

Cost Management Key to Affordability

Providing our members an array of affordable, high-quality health care plans requires that we manage costs throughout the organization. Last year was significant in the company's medical cost management efforts, as reductions were identified and implemented in areas such as pharmacy, network and care management.

As part of this integrated medical cost management program, we implemented best practices for specialty pharmaceuticals, chiropractic care and diagnostic imaging services, and strengthened our utilization and care management capabilities. For example, we identified a new specialty pharmacy vendor and negotiated a deeper discount for specialty drugs used, thus saving money for our members. In addition, we redesigned the statewide chiropractic network to create consistent reimbursement policies and industry reimbursement standards – thus reducing costs for the company and our members.

By leveraging our investments in health informatics and predictive modeling capabilities, we continue to realize savings for our customers. These medical cost savings, combined with reduced administrative expense achieved during the year, helped lower overall costs for the organization.

Carrying the momentum forward, additional cost management goals have been set for 2009, enabling us to continue creating more affordable product offerings for our current and future members, while also maintaining our high quality of service.

An Innovative Retail And Service Approach Meets Emerging Consumer Needs

To fulfill its community-driven, customer-focused Mission, BCBSF continued to support the delivery of high-quality care.

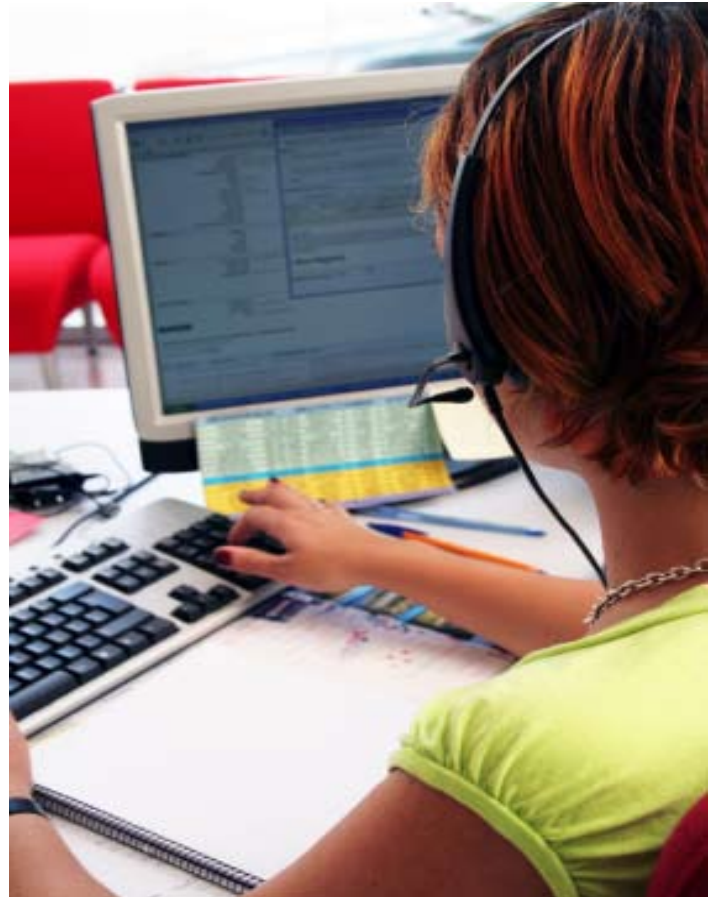
As Florida's leading health care company, BCBSF remains on the forefront of innovation. In 2008, we recognized the need to help individuals become confident, knowledgeable consumers. This is new territory, with high stakes. By offering new venues and tools, we help ensure that consumers are able to take more active responsibility for their care.

Reaching out to Our Communities

We believe that simplifying the process for choosing health care coverage helps Floridians understand and meet their unique needs. In 2007, BCBSF pioneered the concept of taking access directly into Florida communities with the Florida BlueSM store in Jacksonville. In 2008, we opened our second Florida BlueSM store, providing the Pembroke Pines community with a welcoming space and knowledgeable staff.

The overall look and feel of the store is very comfortable and inviting. Members can use self-service kiosks or consult with sales representatives in private workspaces. To date, more than 15,000 residents have visited the stores to learn about health care options and issues, attend seminars and receive health assessments. Additional stores will open in 2009 and 2010 in the Tampa, Orlando and South Florida areas.

The company continued its community outreach statewide with the Florida Blue Tour, an innovative mobile unit that takes health care services and information



BCBSF Receives Prestigious J.D. Power & Associates Award for Second Straight Year

BCBSF strives to offer customers the best possible service, and for the second consecutive year, we received an award commemorating our success. J.D. Power & Associates ranked BCBSF "Highest Member Satisfaction Among Commercial Health Plans in Florida" in 2008. Members gave us high marks for our broad network of providers; delivering timely and useful statements; providing strong customer service; and handling approvals in a timely way.

where Floridians live. Reaching nearly 50,000 residents in 2008, the tour offers consumer education, mobile conferences, training, health screenings and health fairs at dozens of local gatherings and events throughout the year. The Florida Blue Tour travels the state year-round, offering information in a fun, interactive environment. By increasing our community outreach, we increased access to better health care information, thus giving more Floridians better opportunities to become more confident consumers and improve the overall health of their families.

Providing Practical Consumer Tools

Enhancements to MyBlueService, our online member service Web site, include a pharmacy comparison tool – allowing members to compare drug prices at area pharmacies. It also features easier navigation and claim status information. It is now easier than ever to print claim statements, request new ID cards and find health resources on MyBlueService.

To help members better meet their health care needs, customer advocates are available to interact directly with BCBSF customers. We received approximately 1.5 million inquiries a month from customers seeking help in resolving issues related to their health care benefits and who are looking for more in-depth health care information. Our customer advocates help our members navigate through the complexities of their health care benefits and provide information on how to better manage the quality and cost of their care.

Partnering with Physicians to Actively Manage Care

BCBSF continues to lead the way in the development of health information technology (HIT) tools for our providers and members. Experience has shown us that increased usage of HIT resources helps drive higher quality and reduces administrative costs, playing an important role in the company's retail health strategy (see our Thought Leadership Article, "Delivering on the Promise of Technology," on page 13).

With more members coming to physicians' offices with different health care plans and benefits, keeping track of individual insurance information and payment responsibility has become very complex. And, as consumers become more knowledgeable about their benefits, they are requesting more detailed information

on procedures and their costs. Having the right technology on hand can provide the correct billing information quickly and accurately, which is crucial to quality patient service in the retail environment.

Our company is working toward a time where electronic tools and technologies that aid both the physician and member are readily available in every doctor's office. While it will take time for that vision to become a reality, we are proactively promoting their use as they will not only aid in lowering cost and increasing effective treatments, but will help further engage our members in their medical treatment.

For example, this past year BCBSF introduced the first technology tool in the health care industry to combine patient financial responsibility with real-time claim information. The CareCalc® Real-Time Claim Adjudication allows providers to collect the appropriate funds at the time of service, based on the procedure cost and insurance coverage. Members can also review claim summaries to better understand their financial responsibility for health care. In 2008, Florida physicians submitted nearly 300,000 CareCalc transactions.

Additionally, BCBSF is a strong proponent of electronic prescribing as a way to reduce prescription errors and lower associated pharmacy costs. The practice of e-prescribing is beginning to take hold in Florida, as more than 1,700 providers began utilizing e-prescribing, doubling the rate of use by Florida physicians in 2008.

We forged strong relationships with our delivery system partners by collaborating with local medical societies, expanding the Recognizing Physician Excellence program, hosting physician and hospital advisory panel discussions and conducting BlueNews seminars. These efforts, combined with the growing number of available technology resources, helped physicians increase patient safety and satisfaction, improve quality of care and streamline their practice management.

Continuing to Innovate in 2009 and Beyond

As our efforts throughout 2008 demonstrate, BCBSF remains committed to its goal of helping Floridians take charge of their health care. Over the course of 2009, we will provide even more tools and enhancements to deliver the information our members and provider community need to manage care more effectively.

Diverse Employees Serving Diverse Markets, Diverse Needs

At BCBSF, one of our core values is to be a diverse and culturally competent company. Our workforce reflects the diverse character of the state we serve, and it is a key strength that helps the company deliver value through an array of meaningful choices.

Florida is a unique state, and one of its primary assets is the diversity of its people. From Pensacola to Key West, Florida features near-infinite variety and an intriguing mix of cultures and customs. Serving such a state takes a uniquely customer-focused workforce.

At BCBSF, our diverse employees provide insight to help us better serve our customers. In 2008, BCBSF employees continued to fulfill our Mission by focusing on the changing needs of our diverse customer base.

Offering Services in Many Languages

Successfully serving a diverse population starts with recognizing that no one solution will work for everyone. The next step is to identify customer needs and design solutions accordingly. BCBSF accomplished this in 2008 through a variety of initiatives. One of the most notable was the launch of our Spanish language Web site, www.floridasaludable.com.

Within the next few years, it is estimated that Hispanics will represent about a quarter of Florida's population. Today, more than 30 percent of Hispanic Floridians do not have health insurance. One reason for the lack of insurance is affordability; another is the challenge to understand how health insurance works due to language barriers and diverse cultural norms.



BCBSF created our new Spanish language Web site to help close the multicultural information gap. We also continued to offer enrollment materials and health benefit information in Spanish and English, and we maintained a Multilingual Contact Center with customer service representatives who are fluent in Spanish, Creole, French, Portuguese and Russian. These services – along with the Web site – demonstrate our ongoing commitment to increasing access to health care for the people of our diverse state.

Gaining Insight from Multiple Perspectives

BCBSF spearheaded an initiative in 2008 that underscores our commitment to diverse opinions and multiple perspectives: our innovative *The Power of the Human Voice* campaign. Designed to capture the thoughts and opinions of all Floridians on the current state of health care and how it might be improved, the Internet-based campaign, with content also available in Spanish, centers on soliciting diverse points of view.

The Power of the Human Voice allows the company to capture multiple perspectives and use the feedback we receive to refine plan designs and formulate public policy stances. In addition, the campaign is also part of our continuous effort to cultivate a consumer-centric retail focus. Initiatives resulting from feedback include market research, product and service development, as well input for the creation of the Florida Blue stores.

Championing a Healthier Community

Chronic disease is a challenge that affects many Floridians. But research shows that many ethnic groups have a higher incidence of diseases such as diabetes and high blood pressure. In 2008, BCBSF provided a Multicultural Diabetes Education Program to help address this problem among our members, and the initiative will continue in 2009. Members can elect to receive information about diabetes online in Spanish or English, gain knowledge about the warning signs of this disease, and learn how BCBSF health care benefits support diabetes prevention and treatment.

The company also continued community outreach efforts, hosting wellness events in multicultural neighborhoods and rural areas, providing free blood pressure, glucose and balance screenings as well as information on health risks that disproportionately affect ethnic populations. These activities are designed to advance our Mission to provide health protection for as many Floridians as possible.

Becoming a Diverse, Culturally Competent Company

We believe that our diverse workforce and unwavering focus on our customers provide a key competitive advantage: With employees from all backgrounds located in communities throughout the state, we are uniquely positioned to understand changing customer requirements and respond with new approaches, plan designs and community improvement initiatives.

For BCBSF and our affiliates, it is our honor to serve nearly 8 million Floridians, and we never lose sight of the fact that each brings a unique perspective and combination of characteristics, including gender, age, ethnicity, education, religion, income, family status and experiences. This is why we continue to ensure our workforce reflects our diverse community and that we continue to build our cultural competence in order to meet the changing needs of the people we serve.

Mission

We believe Blue Cross and Blue Shield of Florida has a unique role in advancing the health and well-being of Florida's citizens. While all successful companies must focus on meeting customer needs, our corporate beliefs call for a much greater commitment to the public good.

Our purpose requires working for public policy that enables an excellent, efficient health system; affordable products and services; and protection for as many Floridians as possible. It also demands that our programs support the delivery of high-quality care.

Through our products, employee relations, political influence and community involvement, we consistently attempt to make a constructive contribution to the well-being of our customers and all Floridians.

A financially-strong, independent, policyholder-owned parent company is most conducive to pursuing our community-driven, customer-focused mission. This allows us the flexibility to use various structures, as appropriate, for entities under the parent.

Making A Constructive Contribution

At BCBSF, we strive to make a constructive contribution to the well-being of our customers and all Floridians through our products, public policy decisions and community involvement.

Building a health care system that works across all of Florida is a monumental task. No single company, state government agency or organization can do it alone. That is why BCBSF seeks common cause with a variety of stakeholders – including state officials, provider groups and community resources – to find new ways to improve health care.

In 2008, we made progress in a variety of initiatives, establishing partnerships with the state, local provider groups, community-based health care resources and others to improve the health of our communities and address the needs of the uninsured and underserved.

Improving the Health of Our Communities

Preventing illness from occurring is the best and most efficient way to improve the overall health of Florida residents. In 2008, BCBSF made significant contributions to community wellness. For example, through our philanthropic affiliate, The Blue Foundation for a Healthy Florida, we launched the Embrace a Healthy Florida initiative, which addresses childhood obesity across the state.

The Florida Blue Tour continued its community outreach by bringing health care information and testing to businesses and neighborhoods across the state. Throughout 2008, nearly 50,000 Florida residents received health care educational information, training, health screenings and attended health fairs at dozens



A Focus on Children

In South Florida, BCBSF has developed a strong community partnership with the NBA's Miami Heat to support and fund programs that have a meaningful impact on underserved children from across the region.

During 2008, BCBSF and the Miami Heat teamed up to teach more than 300 children to swim, provided support to ill children at area hospitals and hosted four basketball clinics attended by more than 500 children from underserved communities – teaching the kids the importance of fitness and teamwork. In addition, the Heat and BCBSF continued their annual tradition of opening “Learn and Play” centers at area schools, county parks and at community centers. These special centers provided nearly 1,000 children and their families a safe and nurturing environment in which to study and have fun.

of local gatherings and events in every corner of the state. Traveling the state throughout the year, the Florida Blue Tour encourages Floridians to access health care information by making the experience fun and interactive. As a result, participants become more knowledgeable and confident about health care delivery. This makes them better prepared to navigate the system for themselves and their families.

We also provided key support for community-based resources serving the poor. In one example, BCBSF funded programs to provide basic care for migrant workers as well as dental care for inner-city children, many of whom had never seen a dentist. BCBSF supported health care outreach programs statewide. Combined, these efforts made a significant difference for Florida's uninsured and underserved.

Reaching out Across Florida

Across the Metropolitan Orlando area, BCBSF has reached out to thousands of families, providing health screenings and consultations at health fairs and expos.

Working with the Society to Preserve Eatonville at the Zora Neal Hurston Festival, we reached out to more than 5,000 African-American families from Orange County. BCBSF and the Central Florida Black Nurses Association staffed the Florida Blue Tour vehicle and provided health screenings and information about BCBSF health plans. BCBSF and the Kissimmee Osceola Chamber of Commerce connected with more than 2,000 uninsured Hispanic residents, providing them with information on diabetes and other important health care information. Throughout the year, we are at the table helping communities treat patients and informing Floridians of their health care options.

In the Tampa area, BCBSF, working with the Tampa Bay Lightning Foundation and Hillsborough County employees, designed and funded an 18-week course for sixth grade boys and girls that helped these young people see the connection between healthy choices and a successful life. Kicking off with a student knowledge assessment, students feasted on healthy snacks and healthy living know-how shared by an incredible group of partner volunteers and staff. Each child received a memory book from the Fit Families Partnership with healthy snack recipes, their health

goals, important information from each session and individual professional portraits as well as action shots.

Working Together to Make a Difference

Our experience and unique position as Florida's largest health insurer give us insight on how laws, bills, regulations and government proposals that impact health care affect Floridians and the businesses that operate in the state. Plus, our reputation for integrity and knowledge give us a voice and a place at the table in helping to shape Florida's health care public policy.

Holding true to our Mission, BCBSF worked proactively with a variety of partners – including state officials, provider groups and community leaders – to help find better solutions to Florida's most pressing health care challenges. Working together, we found ways to improve health and increase access in 2008. Our work will continue in 2009 and beyond.

Vision

A company focused primarily on the health industry, delivering value through an array of meaningful choices.

Values

- Customers, our reason for being.
- Employees, our most valued resource for our customers.
- Performance-based.
- Open, honest, ethical, respectful.
- Diverse and culturally competent.
- Participative, team-based individual excellence.
- Learning organization, continuous improvement, speed to market.
- Relationship-based.
- Balance: family, health and work.

Our Areas Of Focus In 2009

In 2009, BCBSF and the entire health care industry face a very challenging environment. A key issue will be reforming the state of health care.

Reform may be the number one issue facing the health care industry today, but we need to continue our focus on serving our customers and providing them with the best service at the best price. In the short-term, the economic downturn will likely increase the number of uninsured and underserved, while the market is rapidly adopting lower-cost, limited benefit plans and consumer-directed products and services. We will need to sharpen our focus on enabling increased access and affordability of coverage, offering more choices in a simpler fashion, and working with our provider community to better serve the residents of Florida.

We will actively participate in the reform debate, offering solutions we feel will better serve all of our members and the people of Florida.

Our 2009 goals continue to address the issues we have faced over the past year, including:

- Improving access to care;
- Increasing choice;
- Lowering the overall cost of health care;
- Building and maintaining the best employee workforce to serve our customers;
- Engaging our members to help them better manage their own health care; and
- Simplifying our processes to help members make better decisions and utilize their benefits more effectively.



Moving Forward in 2009

Living out our Mission by focusing on our customers' needs and expectations will continue to be core to all that we do. As economic challenges continue to occur in today's health care environment, BCBSF will have a significant responsibility to address the state's needs and make a difference for all Floridians. For the years to come, BCBSF aspires to:

- Advance the health and well-being of Florida's citizens;
- Focus on our commitment to the public good;
- Work for public policy that enables an excellent, efficient health system;
- Offer affordable products and services;
- Protect as many Floridians as possible; and
- Remain financially strong, independent and customer-focused.

Thought Leadership Essay

Delivering on the Promise of Technology By Catherine Peper, V.P., Provider Technology Solutions

Introduction

Much of today's business world is powered by laptops and Internet applications, but paper files and fax machines all too often fuel the business of health care administration. Every year, remarkable technological advances are made in medicine, but the technology used to keep track of medical care has failed to keep up on a consistent basis. That means that patients can undergo state-of-the-art robotic microsurgery, but might not be able to access the record of their procedure without a self-addressed stamped envelope.

Recent years have seen the introduction of health information technology (HIT) solutions to help data and knowledge flow seamlessly and securely between caregivers, patients and pharmacies. Personal health records, electronic health records, Web-based tools that allow patients to communicate safely with physicians, and electronic prescribing are quickly changing the way care is conceived and delivered. However, while the technology is available, its implementation has been scattered and inconsistent. Information about certain patients may be available electronically in the middle of the night to busy emergency room staff, while other patients may arrive at the hospital well ahead of their paper-based medical histories.

BCBSF envisions a future where electronic medical records and other technologies are as available as MRIs, and we have taken significant steps to promote the wider adoption of HIT applications. Ultimately, technology offers the possibility not just of more



efficient and cost-effective care on every level, but it also promises to help shift the health care paradigm by engaging consumers in their medical decisions.

The Benefits of HIT

If today's information technology tools were consistently used throughout the health care system, patients could make more informed decisions based on quality, cost and risk. Physicians could make diagnoses more efficiently, offer treatments more quickly, and could focus on life-saving and cost-saving preventive care. In every part of the health care system, HIT represents an electronic pathway to care that is better coordinated, more accurately delivered, widely cost-efficient and unarguably patient focused. The value and promise of technology is well understood among health care experts, and the federal government has affirmed this fact with the inclusion of \$19 billion in the recent economic stimulus bill to fund HIT implementation on a wider scale.

“ Ultimately, technology can help light the road to real health care reform...”

Perhaps the most transformative aspect of this technology-based approach to managing care is its impact on consumers. By giving members access to their health records on-line, along with easy to use Web-based tools that allow them to understand test results and recommended courses of treatment, we can help consumers become advocates for their own care. Insurers like BCBSF are providing a wealth of information online for patients so they can collaborate with their physicians to select the care that is right for them. This approach includes allowing consumers to understand the financial side of their care, so that they can make choices based on their budgets as well.

BCBSF was the first payer in Florida to introduce e-medicine, allowing patients and physicians to engage in e-visits and communicate securely about health care issues. By arming consumers with knowledge, technology motivates them to pursue the benefits of healthy living, preventive care and good health care choices. In the end, this may be the best route to improving health outcomes and reducing health care costs.

A discussion of record keeping and information technology platforms may seem removed from frontline patient issues that involve life and death medical decisions, but in fact, the relationship is very real and direct. The Institute of Medicine has reported that medication errors, many of which stem from incomplete or inaccurate medical records, lead to approximately 3 million adverse drug reactions each year, harming an estimated 1.5 million patients annually. Studies also demonstrate that patients often do not receive recommended courses of care and treatment, suggesting that if medical histories were more closely monitored and readily available, needed care would follow.

With the sharing of electronic medical records used in medical offices and hospitals, and with electronic health records, physicians can keep better track of a patient's preventive care history. If every doctor could ensure testing for heart disease, prostate cancer, breast cancer and colon cancer for every patient, we could radically improve outcomes, which in turn would reduce costs and make health care more affordable.

Physicians and patients are also benefitting from electronic prescribing applications, which allow physicians to communicate directly with pharmacies online. E-prescribe programs can speed the

prescription process and help patients choose the most affordable medications, but they can also alert physicians to potentially dangerous drug-to-drug or drug-to-allergy interactions. With e-prescriptions, pharmacies and pharmacy benefits managers will see more efficient operations, which again will help cut costs and errors.

At BCBSF, we have doubled the number of prescriptions that were sent electronically in 2008, and this figure continues to climb. Today, more than 6,000 clinicians, and 74 percent of pharmacies in Florida, use e-prescribing. In addition, physicians can now generate up to date electronic health records on more than 4 million Floridians anytime, anywhere.

But while steadily increasing the use of electronic records and e-prescribing is extremely valuable, BCBSF believes that true success cannot be achieved unless there is a wholesale and complete commitment to HIT. In other words, it is not enough to have more caregivers utilizing electronic health records; every physician, hospital and medical facility must participate. It is not enough to have more patients accessing health information via personal health records and Internet-based tools; every patient must be involved. For caregivers, this means that Web-based health records must be as common as the file cabinet has been for the last century. For patients, it means that tracking health information, and understanding the costs involved, should be as easy as booking airline tickets or shopping for a new car online.

Realizing the Future

BCBSF believes that it is our responsibility not just to develop and use HIT solutions for the benefit of our own operation and for the benefit of our subscribers. We believe that we have an important role to play in promoting its adoption on a full-scale level, among all caregivers, patients and in every corner of the health care system. It is not enough to offer new technology tools to help consumers manage their health. We must work to make these tools appealing and understandable for patients, indispensable for physicians and other care providers, and interchangeable among insurers. Ultimately, technology can help light the road to real health care reform, by engaging consumers, improving efficiency and cutting health care costs.

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2009 Blue Cross and Blue Shield of Florida

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Front Row: left to right - Tracy A. Leinbach, Robert I. Lufrano, M.D., Barbara S. Thomas

Back Row: left to right - Frank P. Scruggs, Jr., Gonzalo F. Valdes-Fauli, John B. Ramil, Leerie T. Jenkins, Jr., Robert M. Beall II, Edward L. Boykin, Catherine P. Bessant

Consolidated Statements of Income

Blue Cross and Blue Shield of Florida, Inc. and Subsidiaries

Consolidated Statements of Income

Years Ended December 31, 2008 and 2007

<i>(in millions of dollars)</i>	2008	2007
Premiums earned	\$ 7,963	\$ 7,637
Amounts attributable to self-funded arrangements	7,057	6,108
Less amounts attributable to claims under self-funded arrangements	<u>(6,630)</u>	<u>(5,666)</u>
Net premiums and fees earned	8,390	8,079
Investment and other income	<u>142</u>	<u>268</u>
Total revenue	<u>8,532</u>	<u>8,347</u>
Claims and medical expenses	6,645	6,374
Operating expenses	1,669	1,685
Interest expense	<u>9</u>	<u>8</u>
Total expenses	<u>8,323</u>	<u>8,067</u>
Income before provision for (benefit from) income taxes	<u>209</u>	<u>280</u>
Provision for (benefit from) income taxes		
Current	94	133
Deferred	<u>(22)</u>	<u>(67)</u>
Total provision for income taxes	<u>72</u>	<u>66</u>
Net income	<u>\$ 137</u>	<u>\$ 214</u>



The Blue Foundation for a Healthy Florida and its Parent, Blue Cross and Blue Shield of Florida, are Independent Licensees of the Blue Cross and Blue Shield Association.