



DEPARTMENT OF MANAGEMENT
SERVICES

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FOR MORE INFORMATION

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NEW INSURANCE CONTRACTS SAVE FLORIDA \$100 MILLION

~ Savings will help offset projected cost increases of the state employee health insurance program ~

TALLAHASSEE – The Florida Department of Management Services (DMS) has competitively negotiated a new four-year contract with Blue Cross/Blue Shield of Florida to provide Third Party Administrator services and a new four-year contract with Caremark to provide Pharmacy Benefits Manager services for the State of Florida's self-insured PPO health plan. Combined the two contracts will save more than \$100 million over the next four years.

"Blue Cross/Blue Shield of Florida and Caremark have been great partners with the State, providing unparalleled service to our state employees," said Governor Jeb Bush. "The State has ensured continued quality coverage, and the savings realized under the new contracts will help offset future increases in state employee health insurance premiums, while saving taxpayer dollars."

The State's self-insured PPO plan currently provides health and prescription coverage to 106,000 state employees and retirees plus their dependents. The new contracts include the same benefits and coverage as the current contracts plus a series of new health care services for members. Both contracts are effective January 1, 2007.

"By focusing on health care, the State is investing in our most valuable resource – our employees," said DMS Secretary, Tom Lewis, Jr. "These contracts provide our state employees and retirees a high quality health care option at the lowest possible cost and continued access to their current health and pharmacy providers. In negotiating these contracts, the State was looking ahead. Our employee health insurance program is projected to grow as our workforce and retirees continue to age and as health care costs increase. The Department of Management Services drove a hard bargain, Blue Cross/Blue Shield and Caremark came to the table, and together we produced \$100 million in savings to help curb potential premium increases in the future."

Third Party Administrator Contract

The Third Party Administrator contract with Blue Cross/Blue Shield of Florida will result in a \$39 million savings over four years, as compared to the current contract and current enrollment. The savings is based on a reduction in the per-member, per-month administration fee that the State pays to manage the plan. Blue Cross/Blue Shield of Florida was selected from a total of three bidders. The four-year value of the contract is estimated at \$91 million.

As part of the contract, Blue Cross/Blue Shield of Florida will provide State of Florida members a series of free, enhanced health services which are designed to promote better health outcomes for members and to potentially produce additional savings for the State by reducing medical claims costs. Services include:

- Health screenings (blood sugar and cholesterol) and health risk assessments to proactively identify and provide counseling for members who may be at-risk for asthma, diabetes, congestive heart failure, coronary artery disease and other chronic health conditions.

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- Care coordination programs to ensure members receive the appropriate level of medical services required to meet their health care needs.
- Web-based comparison tools to help members research a medical condition or procedure, choose physicians or health care facilities, and estimate their health care costs.
- Participation in the “BlueCard Program” that enables members to obtain health care services while traveling or living in other Blue Cross service areas.
- Member outreach to provide information about plan benefits, promote informed health care choices, encourage treatment compliance and ultimately improve health outcomes.

Pharmacy Benefits Manager Contract

The Pharmacy Benefits Manager contract with Caremark will result in a \$65 million to \$85 million savings over four years, as compared to the current contract and current enrollment and utilization. The savings is the result of deeper drug company discounts and rebates. Caremark was selected from a total of nine bidders. The four-year value of the contract is estimated at \$1.3 billion.

The contract required new performance standards for timely and accurate claims processing, pharmacy network access, compliance and management, enrollment eligibility, best price guarantee, and account service and reporting. New member services offered under the new contract include:

- An annual prescription and pharmacy cost comparison report and information about more generic prescription choices to help members reduce their out-of-pocket costs.
- Member and physician outreach to encourage adherence to prescribed medications and ultimately improve health outcomes for members diagnosed with asthma, diabetes, heart failure, hypertension, breast cancer and other health conditions.
- Early identification and monitoring of high-risk conditions to help eliminate gaps in care and assist physicians in identifying members who may not be receiving care based on national clinical guidelines.
- Provider education of the value and the cost of prescriptions to members.
- Quarterly surveys to monitor customer satisfaction with program benefits and services.

The Florida Department of Management Services (DMS) serves those who serve Florida. DMS provides administrative support for state agencies and state employees including insurance, human resource management, retirement, real estate development and management, purchasing, vehicle/aircraft, property surplus and information technology services. The DMS Division of State Group Insurance is responsible for the administration of the State’s self-insured PPO plan and various state-contracted HMO plans which provide comprehensive health care benefits and coverage to state employees, retirees and their dependents. For more information, visit www.dms.myflorida.com.

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