

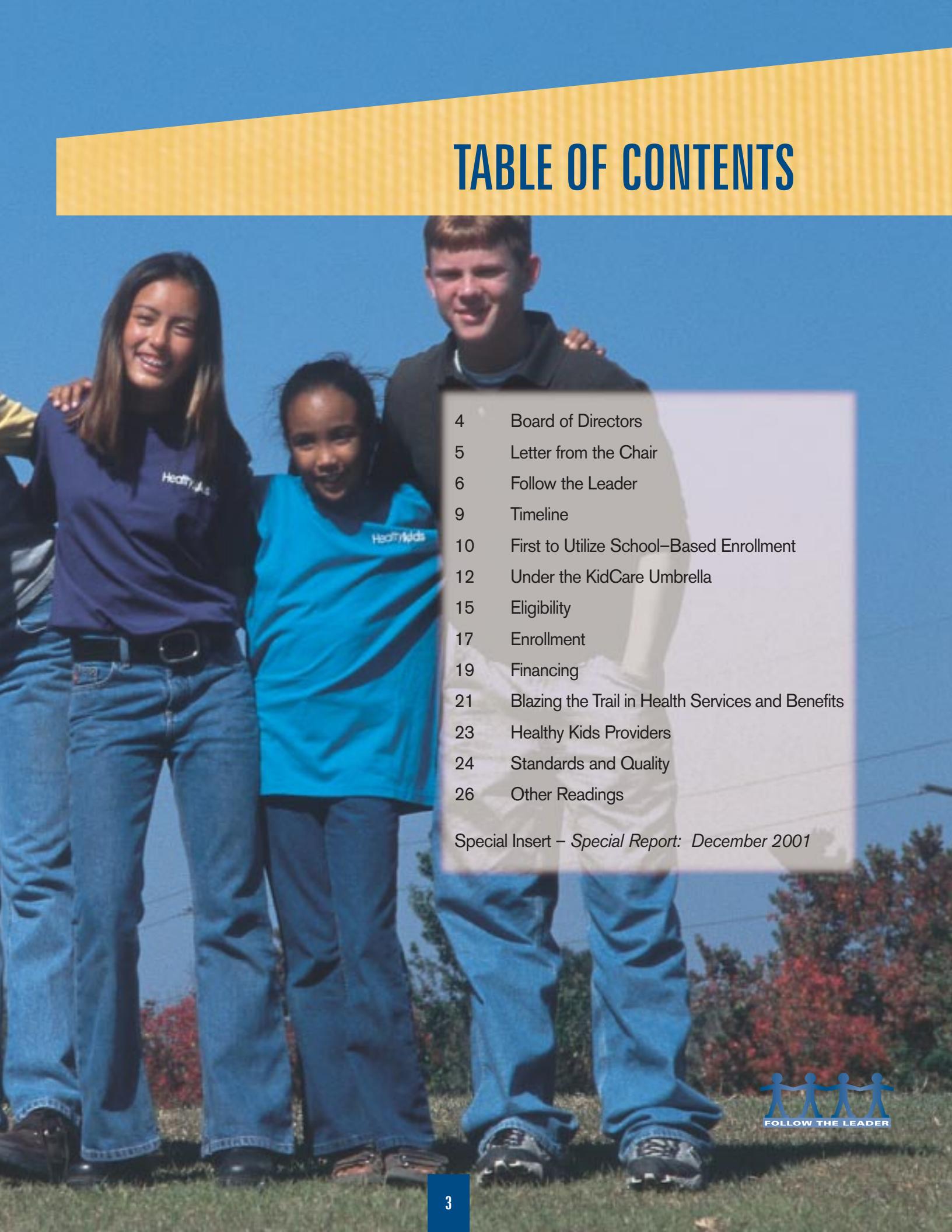
2002 Annual Report

FOLLOW THE LEADER

Healthy **kids**™



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Special Insert – *Special Report: December 2001*



FLORIDA HEALTHY KIDS CORPORATION – 2002

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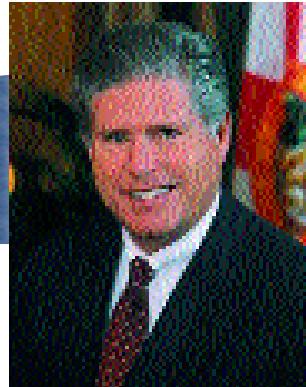
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LETTER FROM THE CHAIRMAN

*Tom Gallagher,
Chairman of the Board*

Dear Friends,

It is with great pride that I bring you the 2002 Annual Report of the Florida Healthy Kids Corporation. Florida Healthy Kids implemented the nation's first school enrollment-based children's health insurance program more than ten years ago. This initiative has given uninsured children in Florida access to quality healthcare and since then has proven to be a leader in children's health insurance programs. It was with this in mind that we titled our report, "Follow the Leader."

We have come a long way since the introduction of the Healthy Kids legislation and the opening of the corporate office in Tallahassee in 1990. I am proud to have been a part of the process from those beginning years to today.

Healthy Kids has grown from providing health insurance to 5,000 children in Volusia County to serving all 67 counties in Florida. It has insured over 388,000 children since the program's inception. We have made great strides in the areas of enrollee retention, customer service and technology, including a new online application process.

This growth has allowed the program to become a nationally recognized model for meeting the healthcare needs of our children. We will continue to work toward expanding this pioneering program in the hope that each child in Florida is given access to good healthcare and an opportunity for a successful future.

Sincerely,

A handwritten signature in blue ink that reads "Tom Gallagher".

Tom Gallagher, Chairman of the Board

Florida Healthy Kids Corporation





FOLLOW THE LEADER

Families have traditionally acquired healthcare coverage for their children in one of three ways. The majority of people receive coverage under group insurance programs provided through the employer of the working parent, which traditionally has the lowest premium rates. Others find insurance through public assistance programs like Medicaid, and a small number of families pay for their plans on an individual basis.

But what happens when the parent's employer doesn't offer health insurance and the family does not meet Medicaid eligibility requirements, nor can they afford to pay the high prices of health insurance at an individual rate? Many children were left uninsured and were not getting the regular check-ups that are vital to their health. Florida was one of the first states to design and deliver a successful solution to the challenge of providing healthcare to its young citizens.

On March 31, 1988, the New England Journal of Medicine published an article written by Steve A. Freedman, Ph.D. entitled "Coverage of the Uninsured and Underinsured: A Proposal for School Enrollment-Based Family Health Insurance". This article, which encouraged using school districts as "insurance risk pools" for covering children, would provide the foundation for the establishment of the Florida Healthy Kids Corporation, a non-profit organization devoted to providing health insurance to uninsured school age children.

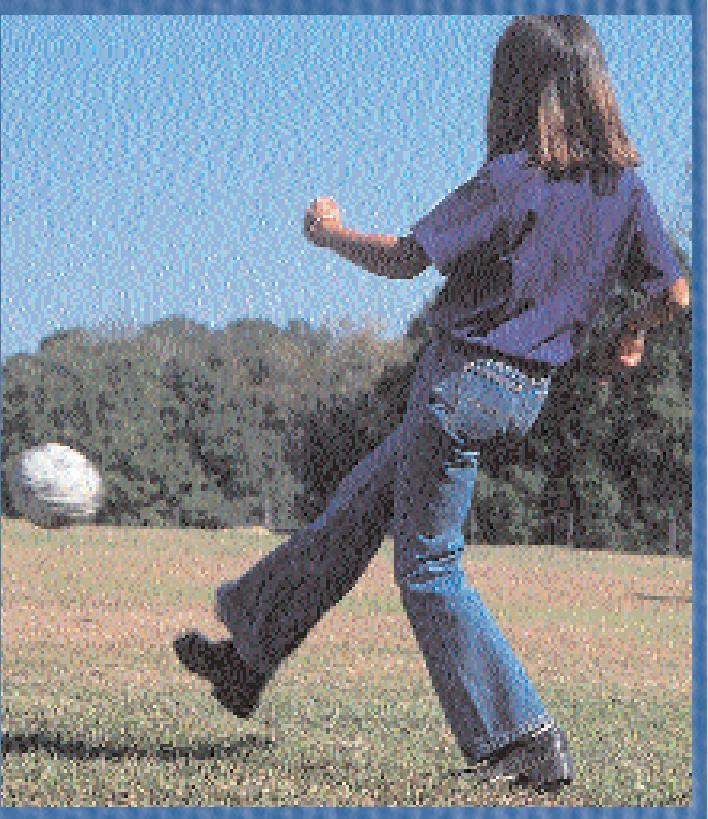
The Florida Healthy Kids Corporation Act, signed by Governor Bob Martinez in 1990, served as a precursor to the ambitious

"Florida was a real example of how a state could capitalize on its local needs, local interests and local development structure to put together a program that was somewhat uniform across the state, but had its own interesting local features."

Jeanne Lambrew, Ph.D.,
Program Associate Director
for Health, The White House
1997-2001







FOLLOW THE LEADER (*continued*)

project that Florida would undertake.

School systems would be used as the means for creating large risk pools to cover participants the way that businesses had been using employment-based models for decades. Coverage would be offered to families with children enrolled in school and benefits would be designed to suit the needs of children.

Volusia County was selected as the initial pilot site to implement the Healthy Kids program and in 1992 began enrolling children. In that first year, Healthy Kids covered 5,000 previously uninsured children.

Only six years after the program's inception and due to its tremendous success, the Robert Wood Johnson Foundation selected Healthy Kids as the National Program Office for the Foundation's Healthy Kids initiative. Healthy Kids would serve as

a model for other states as they sought to replicate this thriving program. Also in 1996, the Ford Foundation and the Kennedy School of

Government at Harvard University declared Healthy Kids a winner of the **1996 Innovations in American Government Award**. This prestigious award recognizes governmental initiatives that provide creative solutions to pressing social and economic problems.

Perhaps the largest expansion of healthcare since the Medicaid program was implemented in 1970, then President Clinton proposed the creation of the State Children's Health Insurance Program (SCHIP) in 1997 under Title XXI of the Social Security Act. The purpose of SCHIP was to identify children without health insurance and get them enrolled in a program that would meet their health care needs. SCHIP allocated billions of dollars for states to provide, or expand, health services for uninsured children.

The new state/federal program allowed Florida to significantly expand the Healthy Kids program in April 1998. The benefit package was grandfathered into federal law and deemed, in the federal statute, to be compliant with federal guidelines. With a few other changes to the longstanding Healthy Kids program, Florida launched one of the nation's first Title XXI programs.

Later in 1998, the second phase of Florida's SCHIP went into effect and the Florida KidCare Program was created. The programs under Florida KidCare are Healthy Kids, MediKids, Children's Medical Services Network and KidCare Medicaid.

With ten years under its belt, Healthy Kids had achieved statewide expansion of its program and was enrolling children in all 67 Florida counties. More recently, the program has added comprehensive dental benefits, which should be effective in all counties by mid-2002, and today enrollment is over 225,000 and steadily climbing towards its 250,000 goal.

Although Healthy Kids is thriving, it remains dependent on families' feedback and realizes the need to continue its hard work. As we meet new challenges and demands, the Corporation must remain focused on the goal of ensuring that Florida's youngest citizens have access to affordable, quality healthcare.



TIMELINE

1990

Introduction of Healthy Kids Legislation
Governor Martinez signs the "Florida Healthy Kids Corporation Act"
Applied for Medicaid demonstration grant
Healthy Kids Board appointed to oversee Corporation
Corporate office opens in Tallahassee, FL

1991

Benefit design completed
Awarded Medicaid demonstration grant
Volusia County selected as initial pilot site to implement Healthy Kids program
Eligibility system designed and tested
First health plan selected
Marketing for program begins

1992

Volusia County opens doors to enroll children
Eligibility system revisions made
1st premium reduction occurs in Volusia County
5,000 children covered in first year of program



1993

2nd premium reduction in Volusia County
1st local match policy developed in effort to enroll additional children
Highlands County selected as second pilot site to implement Healthy Kids program

1994

Broward County chosen as first urban site to deliver Healthy Kids benefits
Healthy Kids contracting with five different health plans to provide services to children
10,000 kids covered

1995

Medicaid Demonstration completed in Volusia County – Final report made
Eight counties have established Healthy Kids programs
15,000 kids covered

1996

Robert Wood Johnson Foundation chooses Healthy Kids as National Program Office for Healthy Kids Replication initiative
Program receives Innovations in American Government award from the Ford Foundation and Kennedy School of Government

1997

Congress creates Title XXI SCHIP
Florida submits its 1st SCHIP plan to federal government
Healthy Kids contracting with 8 health plans
19 counties have established Healthy Kids program
Enrollment reaches 47,000

1998

SCHIP Phase One is implemented in April
Local match policy reduced by 50%
Eligibility review for 50,000 Healthy Kids enrollees
1st joint Medicaid/Healthy Kids application designed
62,000 kids covered
SCHIP Phase Two: KidCare begins July 1st
Local match policy revised to include base enrollment allocations to counties
1st multi-plan offering available in Broward County

1999

Healthy Kids offers multi-plans choice in two additional counties
Enrollment reaches 91,000 mid-year
1st Exclusive Provider Organization (EPO) health plan joins
KidCare team receives Davis Productivity award for the implementation of KidCare
58 counties have established Healthy Kids program

2000

Program achieves statewide expansion
13 health plans contracting with Healthy Kids program
Healthy Kids celebrates 10th Birthday
Participant retention pilot project begins
Over 168,000 children enrolled

2001

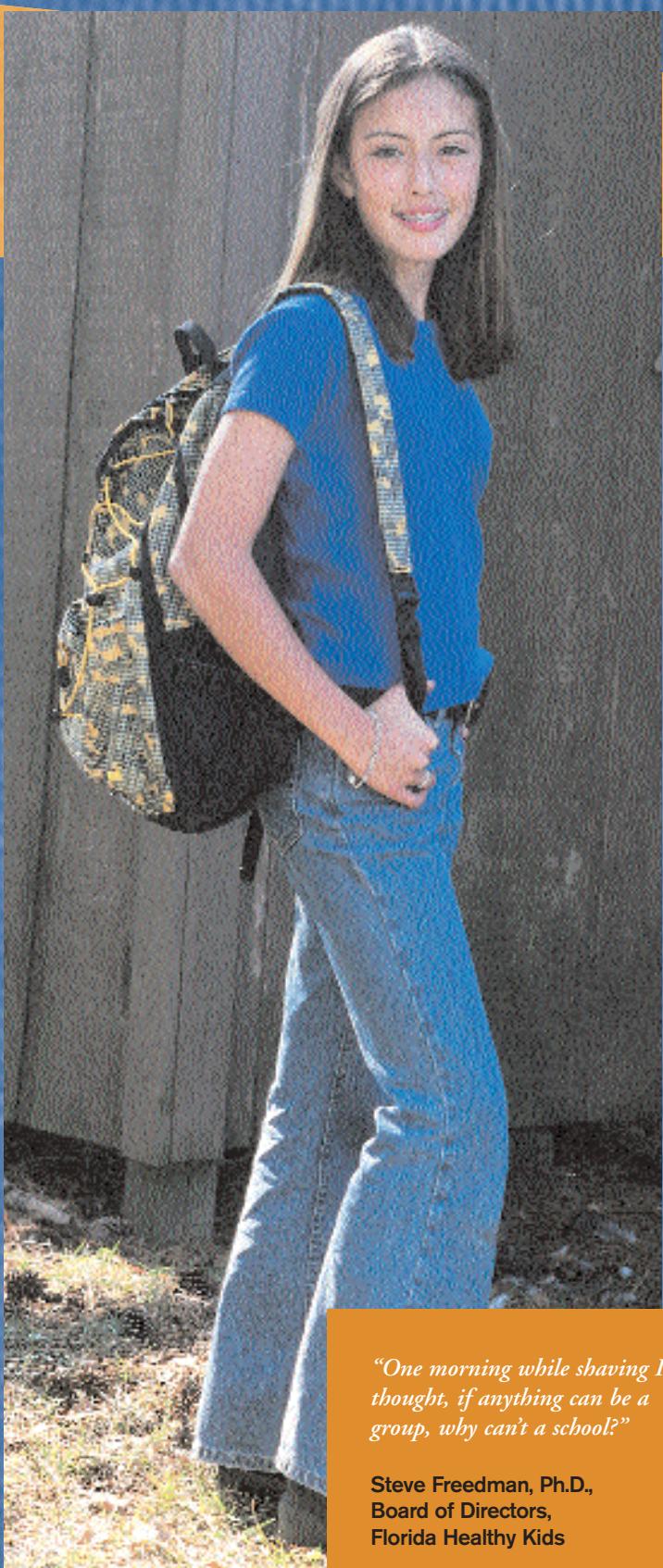
Comprehensive dental benefits are added as part of Healthy Kids benefit package
Healthy Kids contracting with three dental insurers statewide
Dental benefits begin in 37 counties
Online application pilot project begins
Local match requirements waived by Legislature for fiscal year
Enrollment grows to over 225,000

2002 PROJECTED

Dental benefits expansion completed
Healthy Kids enrollment reaches 250,000 goal



FIRST TO UTILIZE SCHOOL-BASED ENROLLMENT



"One morning while shaving I thought, if anything can be a group, why can't a school?"

**Steve Freedman, Ph.D.,
Board of Directors,
Florida Healthy Kids**

**45% of Healthy Kids participants
heard about the KidCare pro-
gram at school**



Healthy Kids was credited with inventing the concept of school-based outreach, a technique the nation embraces today in its SCHIP outreach efforts. Since the beginning, Florida's schools have maintained a critical role in helping families obtain health coverage. One of the most innovative means of using the school districts to enroll children occurred in Volusia County in 1993 with the use of the school's dial up system. This computer/phone system telephoned the homes of families who indicated their children were uninsured with a pre-recorded message about the Healthy Kids program.

Studies prove that children without health insurance tend to be ill more often and, subsequently, are absent from school more often than their peers that do have health insurance. For this reason, Healthy Kids and Florida school districts found it essential to collaborate in their efforts to educate and support families in obtaining healthcare coverage.

Several years later, school systems are still the primary venue for Healthy Kids to reach out to the communities of Florida. Applications are disseminated throughout the schools in an attempt to raise awareness to parents of the accessibility of affordable health insurance for their children. During the 2001 fall school term, Healthy Kids' school partners distributed more than a million applications. This effort by the schools contributes significantly to the rising number of children being insured.

Each fall, applications are dispersed to elementary, middle and high schools in all participating counties. In an effort to assure



that all families are aware of the program; the goal is to send an application home with each child who attends school. Applications are also available at the school's front desk, the nurse's office and guidance counselor's office for those parents who may inquire about the program later or to have for new students transferring in the middle of the year.

The school system is a vital component of the success of Healthy Kids and is the number one way that families find out about the program. In the report, "The Florida KidCare Evaluation

Year 2 Report" prepared by the Institute for Child Health Policy (ICHP), it stated that about 45% of those with children in Healthy Kids learned about the program through their school.

Healthy Kids is a leader because it was the first program to enlist the school districts to help provide children with the necessary healthcare coverage. The Florida schools contribute tremendously by educating families on the Healthy Kids program. Without their dedication, the number of children that Healthy Kids has enrolled would not be as significant as it is today.



UNDER THE KIDCARE UMBRELLA

In 1998, the Florida Legislature created Florida KidCare, the cognomen given to four programs offering healthcare coverage to previously uninsured children: Healthy Kids, MediKids, Children's Medical Services Network and KidCare Medicaid. These four components of KidCare work in partnership to ensure that Florida's children have the chance they need to grow up healthy.

THE KIDCARE MISSION STATEMENT

The KidCare partners embrace one shared focus: healthcare coverage for Florida's uninsured children. To achieve this goal, we continually strive for consistency in message, simplicity in process, and excellence in product.

HEALTHY KIDS

This program began in 1990 and was incorporated under the KidCare umbrella with 1998's Florida KidCare Act. Healthy Kids serves children ages 5 through 18 and currently has over 225,000 children enrolled. Healthy Kids is the only program that does not have a maximum income eligibility requirement. Coverage is provided to families through commercially licensed health plans. Families that exceed the income level to qualify for subsidy may buy into the program and pay full-priced premiums based on the county in which they live.

Healthy Kids Mission Statement: The Florida Healthy Kids Corporation arranges healthcare coverage for Florida's unin-

"Thank you for having a program like this. As a mother of four it's difficult to provide them with everything. But I'm happy that I can now provide them with good insurance coverage."

**Marisol Marrero,
Healthy Kids Parent,
Lake Worth**

TOTAL KIDCARE ENROLLMENT

FOR DECEMBER 2001

Children's Medical Services

6,760

MediKids

28,648

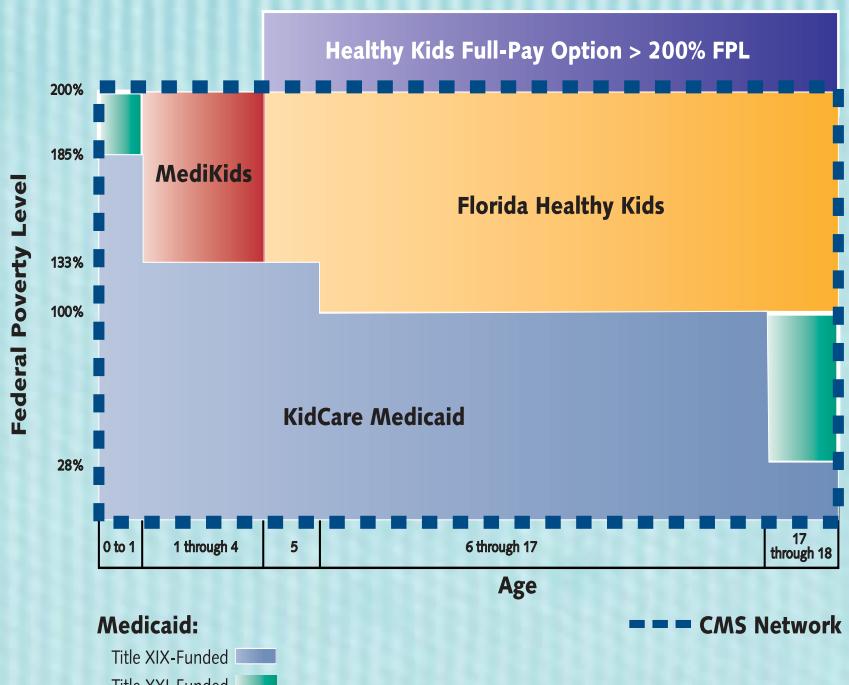
Healthy Kids

225,942

Medicaid

1,002,258

FLORIDA KIDCARE ELIGIBILITY



sured children. We develop and implement solutions, making quality a priority at every step in the process. We strive to instill a sense of security among the families of those we serve.

MEDIKIDS

This program is funded by state tobacco funds and federal SCHIP funds and currently serves children, ages 1 through 4. MediKids uses the same provider network as the Medicaid program and has over 28,000 children enrolled in the program.

CHILDREN'S MEDICAL SERVICES NETWORK (CMS)

This program was originally created in 1929 and was also added to the KidCare umbrella in 1998. CMS provides insurance to those children ages 0 through 18 that have special behavioral or chronic medical conditions. CMS has over

6,000 children with special needs enrolled, who qualify under Title XXI.

KIDCARE MEDICAID

Medicaid was created in 1970 and KidCare Medicaid was added to the KidCare umbrella in 1998. KidCare Medicaid is provided at no cost to the family for children birth through 18 who meet certain income guidelines. Children who are eligible for KidCare Medicaid are not eligible for the other KidCare programs.

KIDCARE PARTNERSHIP

Many challenges arose when instituting KidCare. This implementation required synchronization between multiple state and private





UNDER THE KIDCARE UMBRELLA *(continued)*

agencies, and included a retooling of eligibility systems, an expansion of delivery systems and benefits, and a reassessment of state and federal policies related to children's health care programs. The interagency team responsible for the implementation of KidCare won the distinguished Davis Productivity Award in November, 1999.

At this time, there are more than a million children in Florida enrolled in KidCare. These families enjoy the satisfaction of knowing that they have quality healthcare provided on a continuous basis due to these four programs.

Due to the effective collaboration of all the partners involved in KidCare, the program has achieved many successes. These successes prove that Florida KidCare is on the right path as it strives to reach its goal of ensuring quality healthcare to Florida's youngest citizens.

ELIGIBILITY



"(The application) was simple to fill out and not a whole lot of paperwork, like most insurance applications"

Terry Taylor,
Healthy Kids Parent, Cocoa

96% of families agree or strongly agree that the application is "easy to understand and convenient"

Healthy Kids evolved to fit into a new role with the implementation of SCHIP in 1998. The program stepped into a position of leadership because of the strong foundation it had built in the seven years before the start of the State Children's Health Insurance Program. That role continues to form and take on a new shape.

The process of KidCare enrollment rests mainly on the shoulders of Healthy Kids and is a continually developing piece of the program. One of the main goals of Healthy Kids and the other KidCare entities is to make sure that the enrollment process is as easy as possible for families, which in turn results in increased enrollment for all programs.

DETERMINING ELIGIBILITY

Once received, the application is reviewed to identify whether the child is eligible for KidCare. The Florida Healthy Kids Corporation contracts with a third party administrator that manages all the children's accounts and serves as the central point for the eligibility review of all KidCare programs.

The Corporation developed an electronic tool, which reviews household size and gross monthly income and assumes certain income disregards. Those children who appear likely candidates for the Medicaid program are electronically referred to the Department of Children and Families for a full Medicaid determination process. If the child does not seem to be Medicaid eligible, the application is reviewed for eligibility in one of the other KidCare programs.



ELIGIBILITY (*continued*)

ONLINE APPLICATIONS

Filling out an application has never been easier. The application process is the first step towards getting children enrolled. For this reason, Healthy Kids wants to make it as simple and as accessible as possible.

Healthy Kids is working on an online application process, which will allow families, with the help of a trained professional, to apply for the KidCare program online. Since the information entered will be electronically transferred to the processing center, this will reduce the amount of time it takes to process an application. The families can then sign the printed application and mail it in.

This innovation is sure to be important as the Corporation moves forward into the new millennium. Look for more on the online application project in the Special Report.

PASSIVE RE-DETERMINATION

Florida Healthy Kids Corporation has an eligibility renewal process that consists of a letter sent to each family every six months, containing all of their account information. Families make proper changes to the form and return it to Healthy Kids, or they can call. They do not have to resubmit a new application in order to renew coverage; nor must they return the form if information has not changed. Healthy Kids feels that the simple procedure ensures that less enrollees are dropped from coverage at the time of renewal. For more about the passive re-determination process and studies that have proven its effectiveness, look for the article in the Special Report.



BREAKDOWN OF CURRENT ENROLLEES

Title XXI Eligibles

89.40%

Families Paying Full Price

2.76%

Certain Non-citizens

6.30%

Dependents of state employees

0.52%

Children age 19

1.02%

Throughout its history, the Florida Healthy Kids Corporation has dedicated itself to retaining high enrollment in the program and assuring continued

growth for the future. This year is not unlike those in the past. Healthy Kids remains committed to providing Florida's children with quality healthcare coverage and maintains the objective of insuring as many children as fiscally possible.

With the availability of Title XXI funding in 1998, Healthy Kids was able to begin a major expansion effort. Within months, thousands of new children became enrolled in the quickly expanding program.



ENROLLMENT

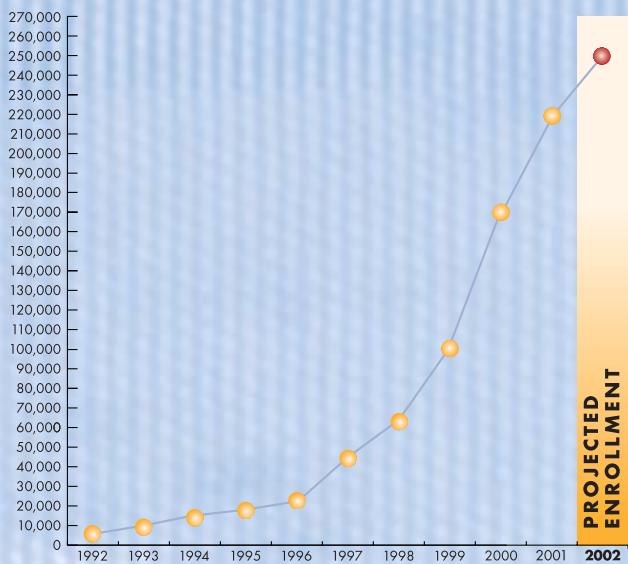
SCHIP INELIGIBLE

With the availability of federal funds also came restrictions on who was eligible for the federal funding, including children who were already enrolled in the Healthy Kids program prior to SCHIP. Kids over the age of 19, certain non-citizens, children of state employees or kids of over-income families are not eligible for SCHIP funding. The Board of Directors of the Florida Healthy Kids Corporation, however, decided in 1998 to allow these children to remain enrolled and continue to enroll new children utilizing non-federal funds. Families above the Title XXI income limit may also participate in Healthy Kids at a non-subsidized rate. Healthy Kids is currently the only KidCare program that allows these children to enroll.

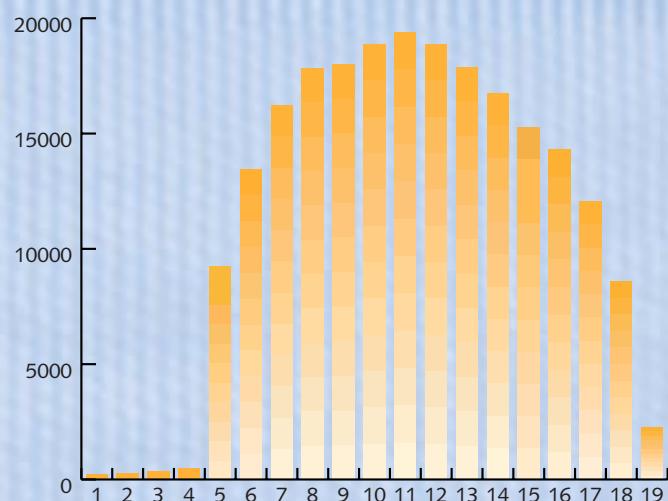
However, the 2000 Florida Legislature chose to limit funding for these groups by placing restrictions on the dollar amount that could be spent on those subsidized families who were ineligible for SCHIP. This restriction was extended by the 2001 Legislature. Today, there are 16,000 children in Healthy Kids who are receiving Healthy Kids benefits, without SCHIP funding. Additionally, a statewide waiting list of over 17,000 children has been accumulating since July 1, 2000.

At the direction of the Florida Legislature, Healthy Kids staff completed a study in 2000 about the feasibility of covering children of state employees through the Healthy Kids program. Since federal Title XXI funding is not available to cover these children, the cost of the program would have to come from state

ENROLLMENT HISTORY



FLORIDA HEALTHY KIDS ACTIVE ENROLLEE AGE



ENROLLMENT (continued)

funds or other sources. The study estimated that the total cost of such a program would be approximately \$1.2 million in state funds per year to serve the estimated 1,300 eligible children of state employees. This cost was dramatically less than other plans considered, including the state employee plan. The 2001 Legislature did not take any action on the study.

PARTICIPANT RETENTION

Healthy Kids realizes that its population needs a variety of methods through which it receives information about the program. Therefore, the Corporation decided to "pilot" a campaign of introducing families to the program through means other than correspondence by letter.

The participant retention project began on November 1, 2000. Staff dedicated half of each day to calling new Healthy Kids families and welcoming them to the program, as well as, answering any

questions they may have about benefits, payments or providers.

Since this participant retention project was a successful venture, on November 1, 2001, Benova was commissioned to make it a permanent fixture to the Healthy Kids program, under the title Enrollment Enhancement. As well as the welcome phone call to the family, an additional phone call that coincides with the enrollee's birthday was added to re-establish contact with the family. Look for more information about the participant retention project in the Special Report.

Since Healthy Kids has been around so long, some believe enrollment will begin to slow. In the past year, however, Healthy Kids has seen a dramatic increase in the number of applications received. In some cases, the number of people applying for Healthy Kids has doubled and tripled compared to the same time last year. Additionally, in the past couple of months, enrollment has grown by 6,000 children each month. We continue in our efforts to insure more of Florida's children and hope that everyone understands the need to continue enrolling as many children as possible.



The Healthy Kids program has changed over the years and so has the financing structure. In 1990, when the program began, an initial investment was

made of \$83,500 from the State. Florida hoped to secure enough grant funding from other sources to launch the first children's health insurance program of its kind. Twelve years later the Corporation's budget has grown to more than \$300 million annually.

In the 2001-2002 fiscal year, Healthy Kids financed medical care through a combined approach: participant payments, state funds and federal funds made available through Title XXI of the Social Security Act – for the purchasing of health insurance for previously uninsured children.

"Bless you for providing such a wonderful service for lower income folks, especially when they don't qualify for anything else. This is too wonderful for words."

Rosemary Sparks,
Healthy Kids Parent, Vero Beach

97% of enrolled families pay a \$15 per month premium to cover all of the eligible children in the family

FINANCING

PARTICIPANT PAYMENTS

Healthy Kids encourages parents to take a part in their child's healthcare by charging them a share of the insurance premium. Initially, a sliding scale of costs was available in each project site and varied at county option. This scale charged families a per-child amount, which varied from \$5 to \$65 per month. In response to limits placed on family cost sharing, which were imposed by Title XXI as a condition of receiving federal funds under the Act, the Corporation adopted "family" share of cost premiums for families that qualify for the subsidized rate. Today, 97% of enrolled families pay a single monthly amount of \$15 to cover all eligible children in the family. During the current year, the Corporation will collect over \$32 million in family contributions.

STATE FUNDS

From 1992 through 1997, Healthy Kids secured incremental increases to its State General Revenue funding and the program continued to grow and expand each year. By 1997, the State's contribution to the Corporation's funding pool reached \$16 million annually. In 1998, the landmark case against "Big Tobacco" was settled and a certain amount of tobacco settlement funds were allocated by the Florida Legislature to establish new or to expand existing children's health programs. Initially, the 1998 Legislature set aside \$75 million in tobacco funds to implement the Florida KidCare program. In 2001, the Florida Legislature replaced the



FINANCING *(continued)*

Corporation's \$16 million in general revenue funds with tobacco settlement funds. This year the Healthy Kids Program will receive \$68.4 million in state tobacco funds — a seven million dollar reduction from the prior year.

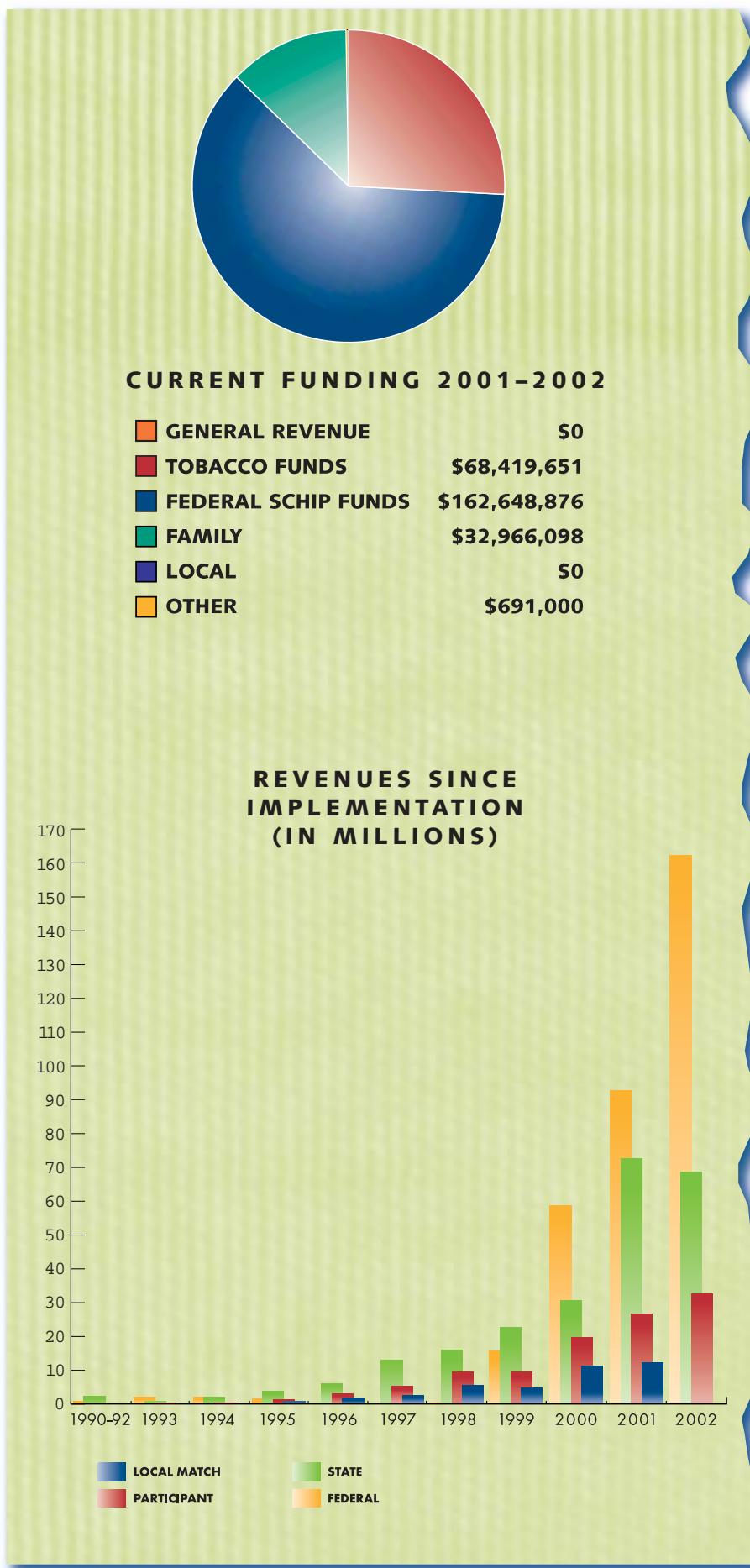
FEDERAL FUNDS

In 1990, a Medicaid demonstration grant provided federal Medicaid funding to launch the first pilot project in the State of Florida. Federal funds were utilized in Volusia County from 1991 through early 1995 when federal involvement ended as scheduled. The demonstration was a success and led to the implementation of additional county sites without the benefit of federal funds.

Later, with the passage of the Balanced Budget Act of 1997, Title XXI was established and made \$24 billion in new federal funds available to states to bridge the gap for uninsured children of working families. Florida was well positioned to take advantage of the new funding source and did so. The Florida Healthy Kids Corporation gained approval to utilize these new federal funds to cover more uninsured children by April 1998. For the 2001-2002 fiscal year, Healthy Kids estimates its federal Title XXI draw down to be over \$148 million.

LOCAL FUNDS: UNDER REVIEW

Prior to 1998 and the inception of Title XXI funding, the Corporation had developed a participation requirement for counties that desired to participate in the Healthy Kids program. Beginning in 1993, counties were required to contribute local funds to support enrolled children. In the current fiscal year, no local match funds are required.



BLAZING THE TRAIL IN HEALTH SERVICES AND BENEFITS



"Before, when we took Michael to the dentist it was a \$90 bill, now (after the addition of the dental benefits) the bill is only \$5"

**Stephen Rouse,
Healthy Kids Guardian,
Jacksonville**

98% of Healthy Kids families are either satisfied or very satisfied with the program's benefits

Healthy Kids created one of the first children-only insurance products offered in the nation. The Corporation recognized the need to offer health benefits that were appropriate to the lifestyle and age of kids. By discarding the traditional type of healthcare benefit plan, which is primarily for employer groups and adults,

Healthy Kids was able to create a package that focused on preventive services that promote learning.



The comprehensive benefit package was created in 1991 and included services such as: well child care, office visits, immunizations, prescriptions, primary and specialty physician office visits, inpatient hospital care, vision and hearing care, physical therapy, substance abuse and drug rehabilitation services and behavioral health services to name just a few.

In 1998, the Healthy Kids benefit package received minor modifications, as required by the Florida Legislature. Benefit enhancements were made, including an expanded substance abuse benefit, enhanced inpatient and outpatient days for behavioral health services and twice the number of chiropractic visits as previously covered under the original benefit package.

The package includes no deductibles and only small co-payments are required for some services. There are no co-payments for well childcare visits or preventive dental services.

Through the efforts of federal, state and local county partnerships, the Florida Healthy Kids program became available to each of Florida's 67 counties as of August 2000. As a result of the Healthy Kids broadening and strengthening of health services, many of Florida's children faced the year 2001 happier, healthier and ready to learn as they received healthcare coverage for the first time through Healthy Kids.

DENTAL BENEFITS

During the 2000 legislative session, the Florida Healthy Kids Corporation received funding from the Florida Legislature to add dental services to the already existing medical benefits package.

BLAZING THE TRAIL (continued)

The dental services include full diagnostic and preventive services, basic and restorative care, and major restorative treatment.

The Healthy Kids Board of Directors elected in October 2000 to implement a dental plan in which three dental insurance providers would contract with the Corporation statewide to provide services to program participants.

The program was launched on February 1, 2001 and so began the two year staggered rollout of dental services throughout the state, which is scheduled for completion June 1, 2002.

For the non-subsidized enrollees in Healthy Kids, the inclusion of dental benefits cost families an additional \$20 per child per month. The Board feared that these fees would cause some families to drop coverage altogether. Therefore, beginning in June 2001, full-pay families were given the ability to opt out of the dental coverage. Thus far, 32% of full pay families have elected to have coverage without dental benefits.

MULTIPLAN OFFERINGS

In order to give families access to more doctors, the Board of Directors adopted a policy in 1998 whereby Healthy Kids would consider offering more than one insurer in certain program sites. With more than one health plan offered in an area, there is a greater chance that a family's physician participates with one of the providers. The threshold for such consideration is a minimum of 10,000 enrollees.

Due to an enrollment exceeding 10,000 children in Broward County, Healthy Kids first elected to offer more than one health plan for that area. In 1999, Healthy Kids also expanded the number of provider plans in Dade and Palm Beach Counties. Presently four counties have more than one health plan provider: Broward, Dade, Orange and Palm Beach.



BENEFITS

- Well Child Care
- Immunizations
- Primary & Specialty Physician Office Visits
- * Lab Tests
- Inpatient Hospital Care
- Surgical Procedures
- Emergency Services & Transportation
- Prescriptions
- Vision and Hearing Screening & Glasses/Hearing Aids
- Physical Therapy
- Pre-Natal Care and Delivery
- Transplants
- Chiropractic Services
- Substance Abuse & Drug Rehabilitation Services
- Behavioral Health Services
- No Limitation on Pre-existing Conditions
- One Million Dollar Lifetime Maximum
- Dental (scheduled to be implemented statewide by June 2002)

2001 - 2002 CO-PAYMENTS

Office Visits	\$3
Prescriptions	\$3
Behavioral Health	\$3
Glasses	\$10
Emergency Room	\$10

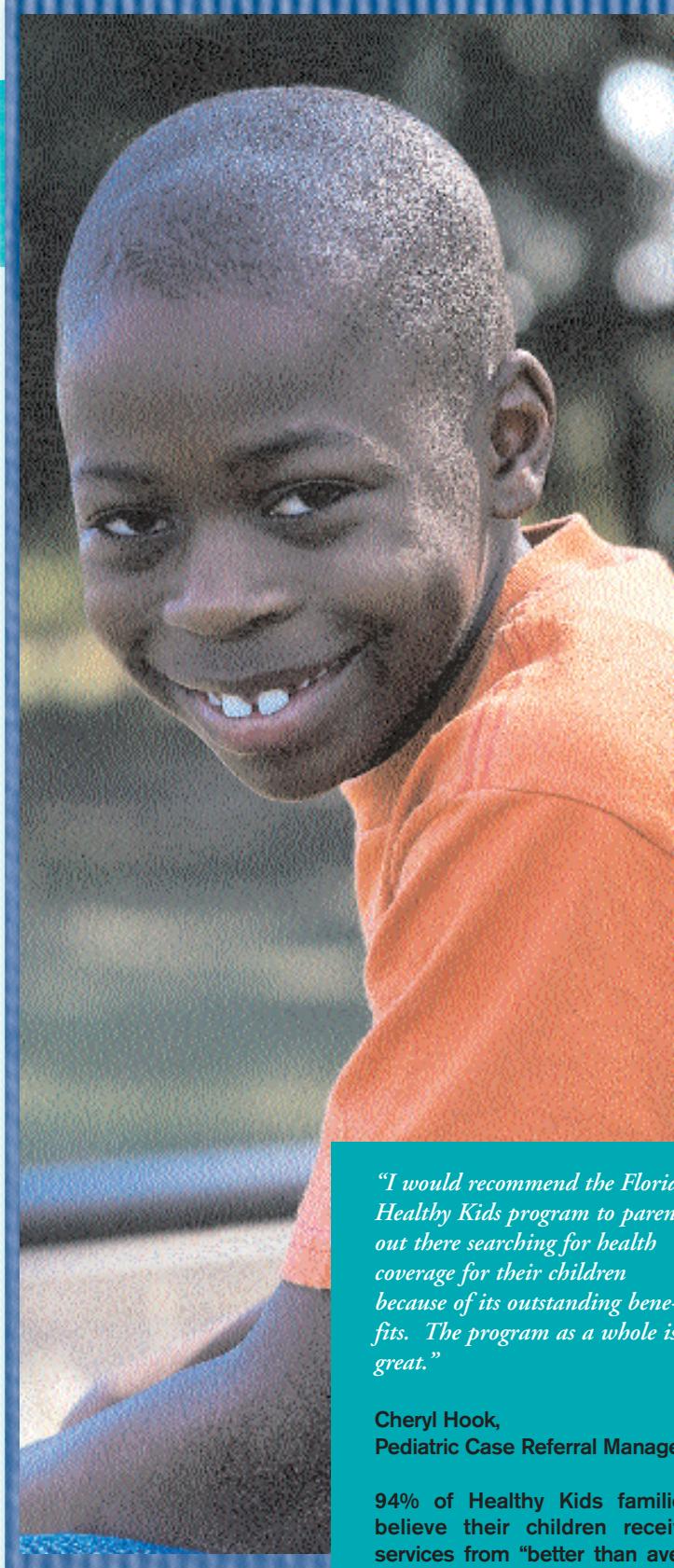
HEALTHY KIDS PROVIDERS

When selecting an insurer for Healthy Kids sites or re-bidding an existing contract, the Corporation considers five main areas: price, benefits, provider network, reporting capabilities and general criteria such as accreditation and solvency. The Selection Workgroup, which includes representatives from the Healthy Kids Board of Directors, the Department of Insurance, the Agency for Health Care Administration, the Medimetric Group and local stakeholders, analyzes each proposal and makes a recommendation to the board for an insurer. Each insurer under contract with Healthy Kids must meet exact requirements as to credentialing of providers, appointment standards, and their geographic access.

The following health plans and dental providers serve

Healthy Kids participants:

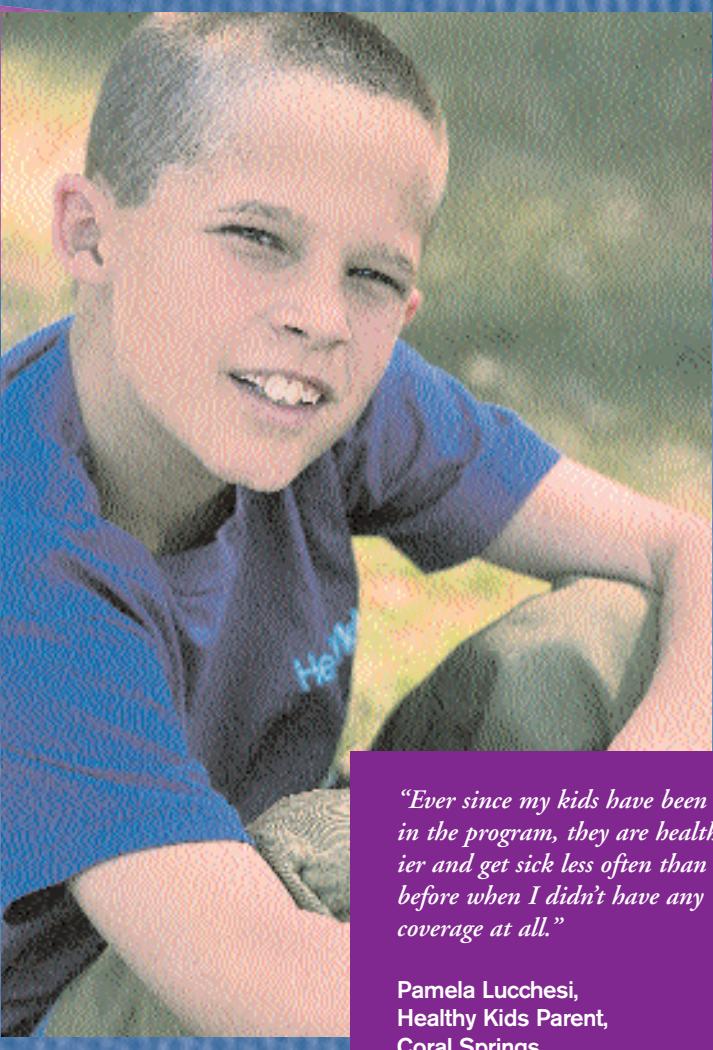
Atlantic Dental, Inc.	HealthPlan Southeast
Capital Health Plan	Health Options, Inc.
Clarendon National Insurance Company	Healthy Palm Beaches, Inc.
Compendent	JMH Health Plan
Delta Dental Insurance Company	Physicians Healthcare Plans, Inc.
Florida First Health Plans, Inc.	Staywell Health Plan
Florida Health Care Plans, Inc.	United Healthcare Plans of Florida
Foundation Health	Vista Health Plan
Health First Health Plans, Inc.	



"I would recommend the Florida Healthy Kids program to parents out there searching for health coverage for their children because of its outstanding benefits. The program as a whole is great."

**Cheryl Hook,
Pediatric Case Referral Manager**

94% of Healthy Kids families believe their children receive services from "better than average" doctors and nurses



STANDARDS AND QUALITY

"Ever since my kids have been in the program, they are healthier and get sick less often than before when I didn't have any coverage at all."

Pamela Lucchesi,
Healthy Kids Parent,
Coral Springs

Since the program's inception, Healthy Kids has focused on providing affordable and quality healthcare coverage to its enrollees. Handing a family a health plan identification card means nothing if the family cannot access its own family physician or receive the level of care required. For those reasons, Healthy Kids has established high standards of care for its participating health plans and insurers. These standards were set in 1991 as Healthy Kids geared up for its first enrollees and have not wavered in over ten years.

Children deserve the best care and Healthy Kids strives to deliver quality healthcare services to all of its enrollees. Each

health plan and insurer participating with Healthy Kids must comply with specific access and credentialing standards, including the utilization of

providers that specialize in the treatment of children. This means that health plans may only include family practice physicians and pediatricians that are board certified in their Healthy Kids provider networks. It also means that all insurers must agree to meet stringent appointment and access standards that require healthcare plans to provide ample primary care providers within a reasonable driving time for enrollees, as well as ensuring that a family is able to get an appointment with their physician within a specified time period.

Healthy Kids, recognizing also that some areas of Florida present unique challenges for insurers in developing provider networks, has established an exception process for providers that do not meet these quality standards. A review panel of physicians considers requests for exemptions and will make exceptions when it is necessary to ensure continuity of care or to provide enrollees with access to primary physicians in remote or rural areas.

COMPLIANCE REVIEWS

Review of provider networks and quality of care does not stop with the selection of health plan providers, as Healthy Kids continues its oversight throughout the term of an insurer's contracts. The Standards Workgroup of the Board of Directors is responsible for the supervision of quality review. The Standards Workgroup continues to stress the importance of creating a medical home for all enrollees and ensuring that children are



receiving the necessary preventive care and any required specialty referrals. To ensure such quality, Healthy Kids conducts medical quality reviews of its health plan partners.

The three major components of the medical quality audit are site review, access review and medical record review. The site review focuses on an individual physician's office compliance with basic safety and infection control as well as other integral office functions, such as processing lab reports. Access reviews involve assessing the accessibility that enrollees have to the office for appointments and whether the time guidelines for such access are being met. A review of a sample of medical records is also conducted in order to monitor compliance with basic documentation requirements and appropriateness of care.

2001 REVIEWS

In the 2001 fiscal year, Healthy Kids continued a similar review process as used in previous years for plans in their initial years of participation, and added a new feature this year. In addition to these baseline reviews, Healthy Kids instituted a new review process for those health plans that had previously been reviewed. These ongoing reviews allowed Healthy Kids to compare the results from the first year or two of our program with current performance indicators. Any issues that had been raised during the initial baseline review also received special attention. Additionally, the Workgroup may request corrective action plans from any insurer that falls short of the standards established by Healthy Kids.

For the 2001 fiscal year, Healthy Kids reviewed 26 counties covering five different insurers as part of the baseline review process. Follow up reviews were also conducted for five counties that encompassed three different health insurers.

RESULTS

- Site reviews were conducted at 123 sites during fiscal year 2001



- Access reviews were conducted at all sites reviewed
(Insurers must be able to provide after hours access to physicians and provide urgent care access within 24 hours)
 - Medical record reviews were conducted on more than 1,214 members statewide
- Florida Healthy Kids places a strong emphasis on the quality of care its enrollees receive from the contracted health plan partners. The Corporation's efforts seem to have paid off as Healthy Kids consistently receives high ratings from its families for the quality of care received and in the number of families who report a usual source of care – both more than 90%. Quality health care is essential to the success of the Healthy Kids program and will always be a priority for the Corporation.



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