



Diversified Service Options of Florida to Acquire Highmark Medicare Services
Will Expand Medicare Operations

Jacksonville, FL (Dec. 8, 2011)—Diversified Service Options (DSO), a wholly-owned subsidiary of Blue Cross and Blue Shield of Florida Inc. and the holding company for First Coast Service Options (FCSO), announces its agreement to acquire Highmark Medicare Services Inc. (HMS), a subsidiary of Highmark Inc. of Pittsburgh, PA.

“HMS is an outstanding organization, and we are proud to have the opportunity to welcome the company to our DSO family. Both FCSO and HMS have excellent reputations in the government-sponsored health care industry,” stated Sandy Coston, chief executive officer of DSO and FCSO. “This acquisition will allow DSO to dramatically increase our business volume which will be of great benefit in providing more cost-effective services for our Medicare claims administration business. We expect both FCSO and HMS to continue to deliver high quality services to which our customers are accustomed.”

Both HMS and FCSO will continue to operate as separate, independent organizations, as wholly-owned subsidiaries of DSO.

HMS holds the Medicare Administrative Contractor (MAC) contract for Jurisdiction 12 (J12), which is comprised of Pennsylvania, New Jersey, Maryland, Delaware, and the District of Columbia. When combined with FCSO’s existing MAC J9 contract, which includes Florida, Puerto Rico, US Virgin Islands, the two DSO companies will serve Medicare beneficiaries in five states, two U.S. territories, and the District.

“This is certainly a big change for the HMS organization, but one that will be very positive for the company and our employees,” said Patrick Kiley, president of HMS. “In the long-term we will continue to look to grow our government business.”

“This change was prompted by Highmark’s provider strategy,” said David O’Brien, executive vice president at Highmark Inc. “The decision was a difficult one but one which best positions HMS to maintain its current business and pursue its government business growth strategy.”

The acquisition is expected to close on or about January 1, 2012.

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About Diversified Services Options

Diversified Service Options (DSO), headquartered in Jacksonville, FL, is a holding company, wholly owned by Blue Cross and Blue Shield of Florida. DSO was created in 1998 to address the company's long-term government business strategies. It was established as a holding company for fee-for-service government health care companies, which today includes First Coast Service Options, Inc., (FCSO) an administrative services company for government-sponsored health care programs and the current Medicare Administrative Contractor (MAC) for Jurisdiction 9 (J9). DSO is also a fifty percent owner of TriCenturion, Inc., a Program Safeguard Contractor (PSC) under contract with the Centers for Medicare & Medicaid Services to perform selected Medicare program integrity tasks.

About First Coast Service Options

FCSO is an administrative services processor for government sponsored health care programs such as Medicare and Medicaid. Services include claims processing, customer service, appeals adjudication, education and outreach activities and functions that help promote the integrity of Medicare program payments. FCSO has more than 1,000 employees at the company's headquarters in Jacksonville, FL, and in field offices in Miami; Orlando; Tampa; Columbus, Ga.; and Camarillo, Calif. FCSO is the current Medicare Administrative Services Contractor for MAC J-9, awarded by CMS. For more information concerning FCSO, please see www.fcsso.com.

About Blue Cross and Blue Shield of Florida

Blue Cross and Blue Shield of Florida (BCBSF) is a leader in Florida's health industry. Since 1944, the company has been dedicated to meeting the diverse needs of all those it serves by offering an array of choices. BCBSF is a not-for-profit, policyholder-owned, tax-paying mutual company. Headquartered in Jacksonville, FL, BCBSF is an independent licensee of the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield companies. For more information concerning BCBSF, please see its website at www.bcbsfl.com.

About Highmark Medicare Services

Highmark Medicare Services' (HMS') mission is to provide quality services and innovative solutions in the administration of our government contracts, according to our core values (fiscal responsibility, operational excellence, customer focus, continuous improvement, and commitment to integrity), in support of stakeholder goals. HMS is the MAC for J12, handling Medicare Part A and Part B fee-for-service claims and other administrative activities for more than 4.1 million beneficiaries. HMS also is the federal contractor for administering Section 1011 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which reimburses eligible providers for emergency services. For more information about HMS and its current businesses, please see www.highmarkmedicare services.com

About Highmark Inc.

Highmark Inc., based in Pittsburgh, is an independent licensee of the Blue Cross Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans. Highmark serves 4.8 million members in Pennsylvania and West Virginia through the company's health care benefits business and is one of the largest Blue plans in the nation. Highmark has 19,500 employees across the country. Additional information is available at www.highmark.com.

