Strong balance sheet allows UPMC to thrive as the region’s most preferred provider, best serving needs of patients and businesses
- Expand top-ranked clinical care to meet increasing demand from more patients while operating efficiently
- Provide affordable insurance choice and competition for the region, among the lowest costs in the nation

- $616 million net income
- The largest medical insurer in western PA with more than 3 million members
- Substantial reinvestment in the region and beyond
  - $256 million in capital spending and business investments to enhance quality and care
- $252 million pension contribution protects employees’ retirement plans
  - Fully funded based on ERISA funding rules

**RESULTS IN BRIEF:**
$106M operating income / $616M net income / $5.8B investment reserve portfolio
**UPMC’S FINANCIAL PICTURE**

**Operations**
- Operating income of **$106 million** needed to run operations, fund capital expenditures and create new programs
  - UPMC Health Plan membership ↑7%
  - Outpatient revenue ↑16%
  - Admissions & observations ↑8%
  - Physician revenue ↑8%

**Investment Reserve Portfolio**
- **$5.8 billion** cash and investments provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Fiscal year return for UPMC ↑4.9%
UPMC’S INSURANCE DIVISION ADDED ...
$800M Revenue (14% YOY); 321,000 Members (11% YOY)
**UPMC HEALTH PLAN:**
**LARGEST MEDICAL INSURER IN WESTERN PENNSYLVANIA**

- UPMC has grown to become the largest medical insurer in western PA
  - More than 350,000 new members
  - 100,000 new members in CY2016

- Virtually every large employer including:
  - City of Pittsburgh
  - Allegheny County
  - North Allegheny School District
  - Port Authority

Offers the choice of full, in-network access to UPMC’s doctors and hospitals

---

Total managed care population = 3.3M in 29-county western PA region (excludes Medicare fee-for-service and uninsured)
Sources: CMS / PA DHS & DPW / Health Leaders / US Census & Penn State Data Center / UPMC Enrollment
Total medical & behavioral health insured = 4.0M in 29-county western PA region (excludes Medicare fee-for-service and uninsured)

Sources: CMS / PA DHS & DPW / Health Leaders / US Census & Penn State Data Center / UPMC Enrollment

- Improving behavioral health outcomes is increasingly recognized as a critical national priority
- CCBH has over 50% market share in western PA and statewide
**UPMC LEADS IN EXCHANGE MARKET ENROLLMENT**
*(29 Counties)*

---

**Market Share: On Exchange**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Carrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18%</td>
<td>UPMC</td>
</tr>
<tr>
<td>2016</td>
<td>58%</td>
<td>UPMC</td>
</tr>
<tr>
<td>2017</td>
<td>87%</td>
<td>UPMC</td>
</tr>
</tbody>
</table>

---

**52,205 new members / 88% members retained / 30% growth YOY**

---

**Carrier Enrollment**

<table>
<thead>
<tr>
<th>Carrier Combinations</th>
<th>March 2016</th>
<th>January 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On Exchange</td>
<td>Off Exchange</td>
</tr>
<tr>
<td>UPMC Only</td>
<td>66,523</td>
<td>44,337</td>
</tr>
<tr>
<td>UPMC &amp; Highmark</td>
<td>31,800</td>
<td>21,200</td>
</tr>
<tr>
<td>UPMC &amp; Geisinger</td>
<td>19,284</td>
<td>12,856</td>
</tr>
<tr>
<td>Total</td>
<td>117,607</td>
<td>78,393</td>
</tr>
</tbody>
</table>

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UPMC MEDICARE ADVANTAGE ENROLLMENT GROWTH
(Individual & Group Market)

Change in Medicare Advantage Membership
(Individual & Group Market)
Feb. 2014 vs. Feb. 2017

Medicare Advantage Membership (non SNP)

<table>
<thead>
<tr>
<th></th>
<th>Feb. 2014</th>
<th>Feb. 2017</th>
<th>Gain/(Loss)</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPMC</td>
<td>106,346</td>
<td>140,815</td>
<td>34,469</td>
<td>+32.4%</td>
</tr>
<tr>
<td>Highmark</td>
<td>207,541</td>
<td>168,953</td>
<td>(38,588)</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Aetna</td>
<td>74,527</td>
<td>91,149</td>
<td>16,622</td>
<td>+22.3%</td>
</tr>
<tr>
<td>United</td>
<td>3,273</td>
<td>12,240</td>
<td>8,967</td>
<td>+274.0%</td>
</tr>
<tr>
<td>Other Insurers</td>
<td>11,709</td>
<td>12,402</td>
<td>693</td>
<td>+5.9%</td>
</tr>
<tr>
<td>Total</td>
<td>403,396</td>
<td>425,559</td>
<td>22,163</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>


**UPMC MEDICARE ADVANTAGE ENROLLMENT GROWTH**

(Individual Market Only)

---

**Change in Medicare Advantage Market Share**

(Individual Market Only)

<table>
<thead>
<tr>
<th></th>
<th>February 2014</th>
<th>February 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPMC</td>
<td>0.5% 3.4%</td>
<td>1.8% 3.3%</td>
</tr>
<tr>
<td>Highmark</td>
<td>17.8% 30.0%</td>
<td>16.7% 38.7%</td>
</tr>
<tr>
<td>Aetna</td>
<td>48.4%</td>
<td>39.5%</td>
</tr>
<tr>
<td>United</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Insurers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Medicare Advantage Membership (non SNP)**

<table>
<thead>
<tr>
<th></th>
<th>Feb. 2014</th>
<th>Feb. 2017</th>
<th>Gain/(Loss)</th>
<th>% Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPMC</td>
<td>90,958</td>
<td>127,815</td>
<td>36,857</td>
<td>+40.5%</td>
</tr>
<tr>
<td>Highmark</td>
<td>146,996</td>
<td>130,472</td>
<td>(16,524)</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Aetna</td>
<td>53,993</td>
<td>55,168</td>
<td>1,175</td>
<td>+2.2%</td>
</tr>
<tr>
<td>United</td>
<td>1,416</td>
<td>6,025</td>
<td>4,609</td>
<td>+325.5%</td>
</tr>
<tr>
<td>Other Insurers</td>
<td>10,267</td>
<td>10,989</td>
<td>722</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Total</td>
<td>303,630</td>
<td>330,469</td>
<td>26,839</td>
<td>+8.8%</td>
</tr>
</tbody>
</table>

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# UPMC Quality Scores Continue to Improve

## 2016-2017 NCQA Rating
- Commercial HMO achieved NCQA 5 rating
- 11 Health Plans 5 nationally/3 plans are UPMC
- UPMC Health Plan is only PA Plan rated 5.0

“Excellent” level accreditation

Medicaid and Medicare HMO 4 star rating

## 2016 CMS Star Scoring
- Medicare Advantage HMO and PPO achieved a 4.5 score out of a possible 5 star score
- Only 18% of plans nationally scored 4.5

Medicare Special Needs Plan 4 star ★★★★★

## Other Recognition
- 7th Consecutive Platinum Award National Business Group on Health
- “National Best Practice Award” Medicaid Plans of America
- “Excellence in Analytics Award” International Institute for Analytics
- Highest Provider Satisfaction Rating in PA

## 2016 NCQA Ratings

<table>
<thead>
<tr>
<th>Plan</th>
<th>Product Line</th>
<th>2016 Rating</th>
<th>2015 Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial HMO/UPMC Health Plan, Inc.</td>
<td>Commercial</td>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>HMO/UPMC Health Coverage, Inc.</td>
<td>Commercial</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>PPO/UPMC Health Network, Inc.</td>
<td>Commercial</td>
<td>4.5</td>
<td>3.5</td>
</tr>
<tr>
<td>PPO/UPMC Health Options, Inc.</td>
<td>Commercial</td>
<td>4.5</td>
<td>4</td>
</tr>
<tr>
<td>Medicare HMO/UPMC Health Plan, Inc.</td>
<td>Medicare</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>PPO/UPMC Health Network, Inc.</td>
<td>Medicare</td>
<td>4</td>
<td>3.5</td>
</tr>
<tr>
<td>UPMC for You</td>
<td>Medicare</td>
<td>4.5</td>
<td>4</td>
</tr>
</tbody>
</table>
BEST IN CLASS MEMBER SERVICES
FOCUSED ON THE CONSUMER EXPERIENCE

2016 GOLD
STEVIE® WINNER
FOR SALES & CUSTOMER SERVICE
Back Office Customer Service Professional of the Year

2016 Certified

Contact Center FCR Best Practice – Career Development
First Call Resolution Improvement

Contact Center of the Year (Over 100 seats)

Best in Class Contact Center (200+ Seats)

#1 In PA Region Overall Member Satisfaction

Best Strategic Value to our Organization

Award for Innovation in Customer Service
UNIQUE POSITION OF EXCELLENCE IN EVERY HEALTH CARE SECTOR

Top Quality Clinical Care Provider
- Ranked #12 nationally on U.S. News & World Report Honor Roll
- 3,600 employed physicians

Fastest Growing Insurance Services
- 2nd largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
- More than 3 million members/$7B+ in revenue
- #1 in quality and satisfaction

Cutting Edge Academic Medical Center
- #5 in NIH funding with $475 million for clinical research with Pitt
- One of largest programs in US with 1,800 residents and fellows

Business & Entrepreneurial Innovation
- International presence in more than a dozen countries
- Evolent Health IPO valued >$1 billion
- Microsoft partnership
- IT – “Most Wired,” “Innovator Award”