UPMC’S FINANCIAL PICTURE

- 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
- $991 million net income
- The largest medical insurer in western PA with 3.2 million members
- Substantial reinvestment in the region and beyond
  - $589 million in capital spending and business investments to enhance quality and care
- $262 million pension contribution protects employees’ retirement plans
  - Fully funded based on ERISA funding rules

RESULTS IN BRIEF:
$240M operating income / $991M net income / $6B investment reserve portfolio
UPMC’S FINANCIAL PICTURE

Operations

- Operating income of **$240 million** needed to run operations, fund capital expenditures and create new programs
  - Outpatient revenue ↑15%
  - Physician revenue ↑10%
  - Admissions & observations ↑9%
  - UPMC Health Plan membership ↑5%

Investment Reserve Portfolio

- **$6 billion** cash and investments provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Fiscal year return for UPMC ↑11.9%
18th year UPMC ranked on “Best Hospitals” Honor Roll
- 1 of only 20 nationwide on Honor Roll

UPMC ranked in 14 of 16 specialties
- 3 specialties ranked in top 10 nationwide;
  10 ranked in top 20

Children’s Hospital of Pittsburgh of UPMC ranked #9 on “Best Children’s Hospitals” Honor Roll
- 8th year on the Honor Roll
- Ranked in all 10 pediatric specialties nationwide;
  4 ranked in top 10
## Giving Back and Improving Lives

UPMC’s success enables generous community contributions – $2.6 million per day.

### Approaching $1 Billion in Annual Community Contributions

- $960 million
  - Including UPMC Susquehanna and UPMC Chautauqua WCA

= $912 million
  - Provided in IRS-defined community benefits in Fiscal Year 2016

<table>
<thead>
<tr>
<th>$217 Million</th>
<th>$288 Million</th>
<th>$407 Million</th>
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<tbody>
<tr>
<td>Enhancing health and wellness through 3,000 free and subsidized programs</td>
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<tr>
<td>Committing more to charity care than any other health system in Pennsylvania</td>
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<tr>
<td>Caring for half of all Medicaid patients in western Pennsylvania</td>
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<td>Sponsoring 98 percent of all hospital-funded research in western Pennsylvania</td>
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UPMC LEADS IN COMMUNITY BENEFITS – NATIONALLY & REGIONALLY

Source of Peer Benchmark Data: IRS Forms 990 – Schedule H Based on Fiscal Year 2015
UPMC CARES FOR A DISPROPORTIONATE SHARE OF THE REGION’S VULNERABLE POPULATION

Charity Care Provided By Largest Non-Profit Health Systems in Pennsylvania ($ in Millions)

<table>
<thead>
<tr>
<th>Health System</th>
<th>Charity Care Provided ($ in Millions)</th>
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<tbody>
<tr>
<td>UPMC</td>
<td>$106.6</td>
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<tr>
<td></td>
<td>$40.3</td>
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<tr>
<td></td>
<td>$31.1</td>
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<td></td>
<td>$23.7</td>
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<td>$1.8</td>
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<td>$1.7</td>
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</tbody>
</table>

In **Pittsburgh**, UPMC cares for **4 out of 5** patients with behavioral health needs.

In **Altoona**, UPMC cares for **9 out of 10** Medicaid patients.

In **Erie**, UPMC cares for **7 out of 10** pediatric patients from low-income families.

In **Williamsport**, UPMC delivers **9 out of 10** babies born to low-income families.

UPMC provides more care to the region’s poor and underserved than any other health system in Pennsylvania.
EXCELLENCE IN MEETING COMMUNITY HEALTH NEEDS

CHILDREN

Fighting Childhood Obesity: Healthy Schools Program at 65 Pittsburgh area schools

Children's Hospital of Pittsburgh of UPMC
- Top 10 by U.S. News & World Report
- #1 in country for Pediatric Liver Transplant

WOMEN

- Tackling the Opioid Epidemic: Pregnancy Recovery Center for women addicted to opioids
- Community-focused: UPMC delivers 72% of babies born to low-income families in Allegheny County

SENIORS

- Keeping Seniors Healthy and Living at Home: serving low-income seniors; caregiver support; The Aging Institute
- UPMC for Life, the Medicare Advantage — access to high-quality, affordable care

CANCER

- Leading Preventive Health: free screenings, education, and support for survivors
- Pioneering Cancer Research and Treatment delivered close to home at 47 UPMC Hillman Cancer Center sites

BEHAVIORAL HEALTH

- Serving the Community with programs such as re:solve crisis hotline, peer support, and homeless resources
- Community Care Behavioral Health covers 1M Medical Assistance recipients
- #1 Research Institution in the U.S. for NIH funding

AAMC Recognized by AAMC for Meeting Community Health Needs
UPMC’S $30 BILLION ECONOMIC IMPACT

Every dollar directly spent by UPMC results in more than twice as much impact.

LOCAL SPENDING
$13 Billion for Goods and Services
Including more than $100 million in purchases through UPMC’s Supplier Diversity Program

CONSTRUCTION
Capital spending of $548 million, including UPMC’s investment in state-of-the-art facilities.

JOBS & WAGES
Nearly 70,000 Employees
Dollars earned by employees are spent on groceries, transportation, housing, and more.

VISITORS
Spurring demand for hotels, restaurants, and local retailers.

TAXES
$1 Billion+
Supporting local, state, and federal governments and municipalities

UPMC is the region’s largest non-governmental employer and supports more than one in five hospital jobs in Pennsylvania.
UNIQUE POSITION OF EXCELLENCE IN EVERY HEALTH CARE SECTOR

**Top Quality Clinical Care Provider**
- U.S. News & World Report - Honor Roll of Best Hospitals in the U.S.
  - #14 Best Hospital
  - #9 Best Children's Hospital
- 3,800 employed physicians

**Cutting-Edge Academic Medical Center**
- #5 in NIH grants with $513M for research with Pitt
- One of largest programs in U.S. with 1,800 residents and fellows

**Fastest Growing Insurance Services**
- 2nd largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
  - 3.2 million members
- #1 in quality and satisfaction

**Entrepreneurial & Business Enterprises**
- TRANSLATIONAL SCIENCE
  - Immune Transplant & Therapy Center attracting world-class talent
- DIGITAL INNOVATION
  - Microsoft partnership — A.I. and cloud computing to empower physicians and patients
  - IT – “Most Wired”
- Evolent Health IPO valued >$1 billion

**Large International Footprint**
- Exporting clinical excellence
  - 20-year anniversary of ISMETT transplant hospital in Italy
  - Unmatched network of cancer centers overseas

**Highly Evolved Integrated Delivery & Finance System (IDFS)**

**Technical Details**
- NIH National Institutes of Health
- U.S. News & World Report
- Microsoft Health Data Alliance
FINANCIAL RESULTS BRIEFING SCHEDULE

- Q1 FY2018: November 1, 2017
- Q2 FY2018: February 7, 2018
- Q1 CY2018: May 3, 2018
- Q2 CY2018: August 8, 2018
- Q3 CY2018: November 8, 2018
- Q4 CY2018: February 20, 2019
- 2 p.m., U.S. Steel Tower, Conf. Room 5763