



**FIRST NINE MONTHS 2018  
FINANCIAL RESULTS AND SYSTEM HIGHLIGHTS**

*November 20, 2018*

# 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 choices and competition for the region, among the lowest costs in the nation
- The largest medical insurer in western PA with **3.4 million** members
- Substantial reinvestment in the region and beyond
  - ✓ **\$662 million** in capital spending and business investments to enhance quality and care

## RESULTS IN BRIEF:

*\$190M operating income / \$264M net income / \$7.6B investment reserve portfolio*

# UPMC'S FINANCIAL PICTURE

## Operations

- Operating income of **\$190 million** needed to run operations, fund capital expenditures and create new programs
  - Outpatient revenue **↑33%**
  - Admissions & observations **↑20%**
  - Physician revenue **↑10%**
  - UPMC Insurance Plan membership **↑5%**

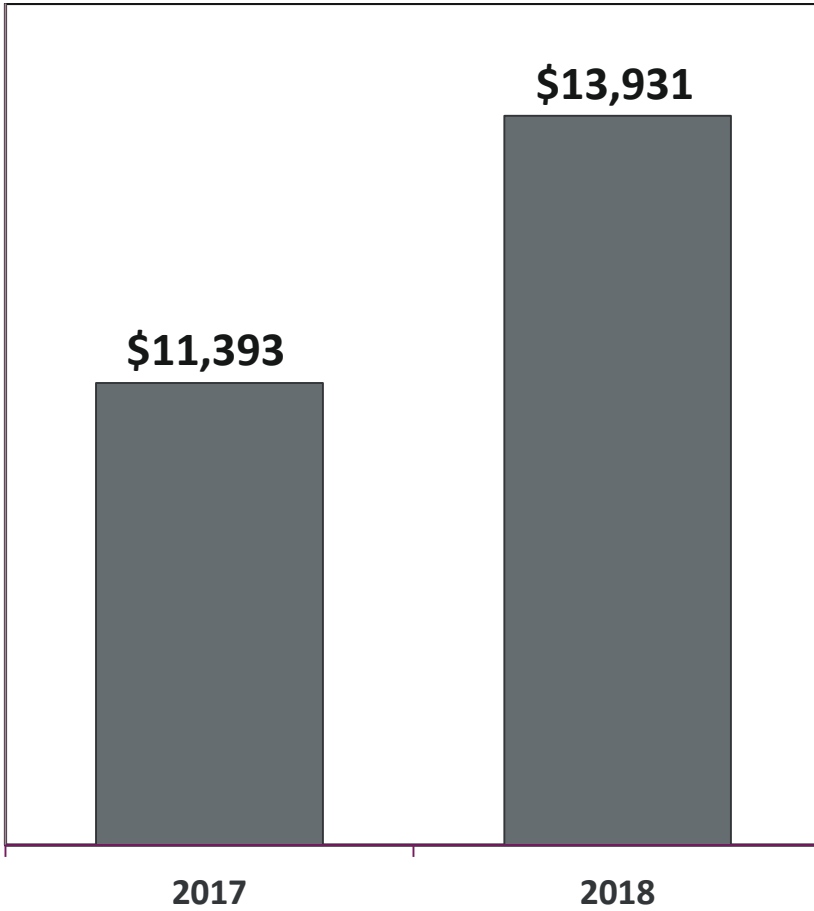
## Investment Reserve Portfolio

- **\$7.6 billion** cash and investments provides for long-term sustainability
  - Value rises and falls based on market conditions
  - Calendar year return for UPMC **↑3.3%**

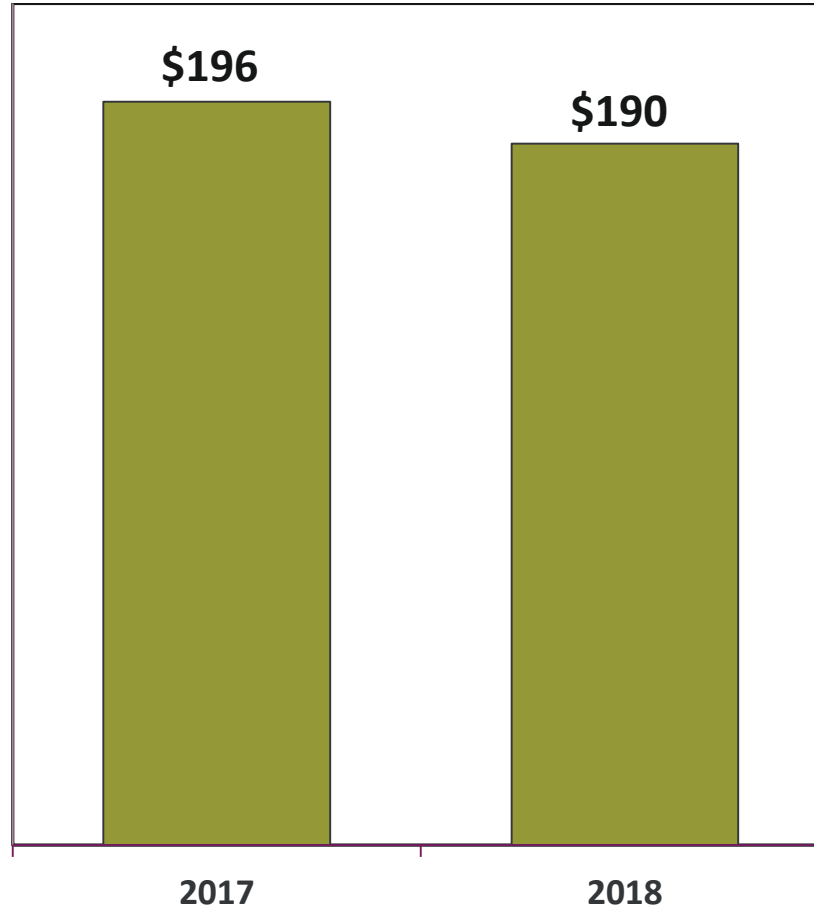
# UPMC OPERATING RESULTS

First Nine Months Ended September 30 (Dollars in Millions)

## OPERATING REVENUE



## OPERATING INCOME



## OPERATING EBIDA

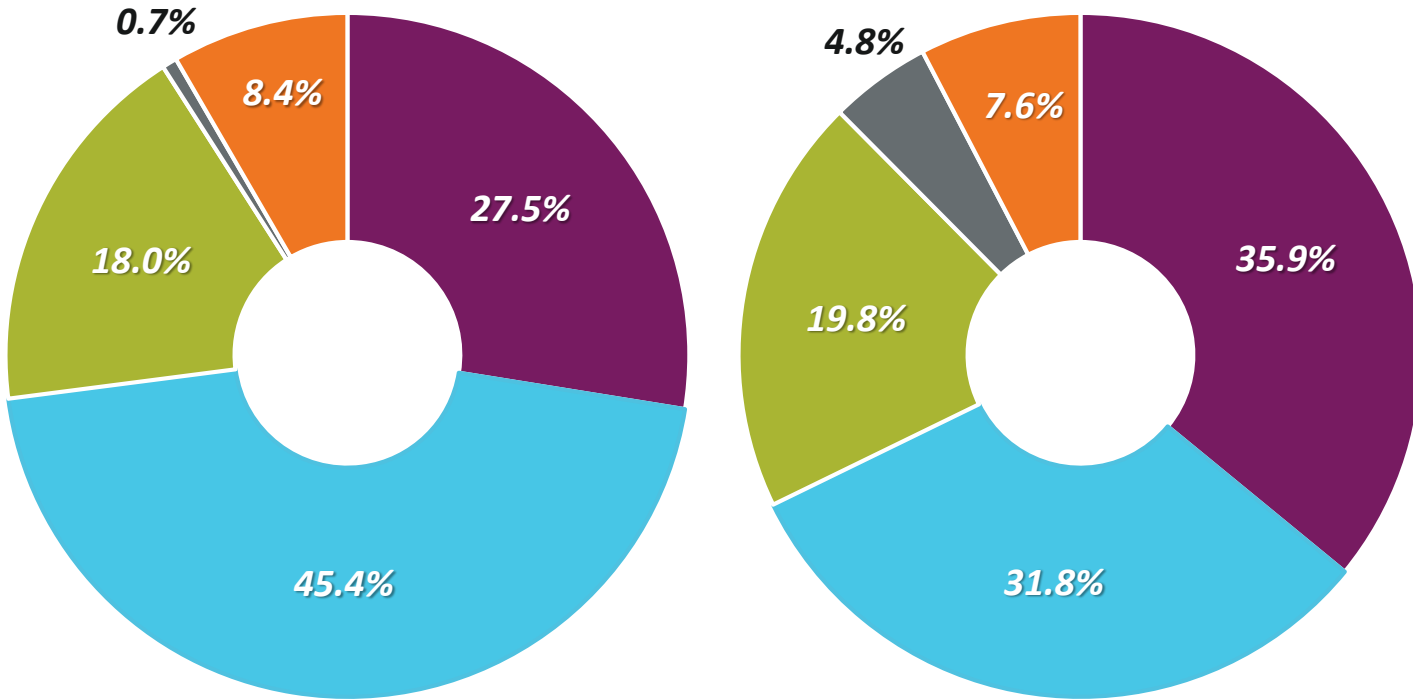


# UPMC MEDICARE ADVANTAGE ENROLLMENT GROWTH

## Change in Medicare Advantage Market Share

September 2014

September 2018



Medicare Advantage Membership				
	Sep. 2014	Sep. 2018	Gain/(Loss)	% Δ
UPMC	124,353	177,691	53,338	+42.9%
Highmark	205,046	157,460	(47,586)	-23.2%
Aetna	81,205	97,778	16,573	+20.4%
United	3,161	23,724	20,563	+650.5%
Other Insurers	37,763	37,802	39	+0.1%
<b>Total</b>	<b>451,528</b>	<b>492,254</b>	<b>42,927</b>	<b>+9.5%</b>

Source: CMS. September 2014 & 2018. Medicare Advantage Monthly Enrollment by Contract/Plan/State/County. [https://downloads.cms.gov/files/CPSC\\_Enrollment\\_2018\\_09.zip](https://downloads.cms.gov/files/CPSC_Enrollment_2018_09.zip). 28-county western Pennsylvania region

# UNIQUE POSITION OF EXCELLENCE IN EVERY HEALTH CARE SECTOR

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

### Top Quality Clinical Care Provider

- U.S. News & World Report - Honor Roll of Best Hospitals in the U.S.
- 4,800 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

- 2<sup>nd</sup> largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
  - 3.4 million members
- #1 in commercial member satisfaction in Pennsylvania, 3 years in a row – J.D. Power
- NCQA “Excellent” rating



### Large International Footprint

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

### Entrepreneurial & Business Enterprises

- TRANSLATIONAL SCIENCE
  - Immune Transplant & Therapy Center attracting world-class talent
- DIGITAL INNOVATION
  - Developing & investing in technologies that empower clinicians, payers and patients in the pursuit of high-quality, patient-centered care
  - IT – “Most Wired”
- Evolent Health IPO valued >\$1 billion

