



**CALENDAR YEAR 2019
FINANCIAL RESULTS AND SYSTEM HIGHLIGHTS**

February 27, 2020

SUMMARY

- UPMC thriving as the region's **most preferred provider** and **most preferred insurer**, best serving the needs of patients, members and businesses
 - Patients seeking UPMC's top-ranked care driving **increased volumes** across clinical areas
 - The largest medical insurer in western PA totaling **more than 3.7 million members**, with among the lowest-cost products in the nation
- Substantial reinvestment in the region and beyond
 - **\$971 million** in capital spending and business investments to enhance quality and care
 - **\$1.2 billion** in IRS-defined charitable contributions and community benefits

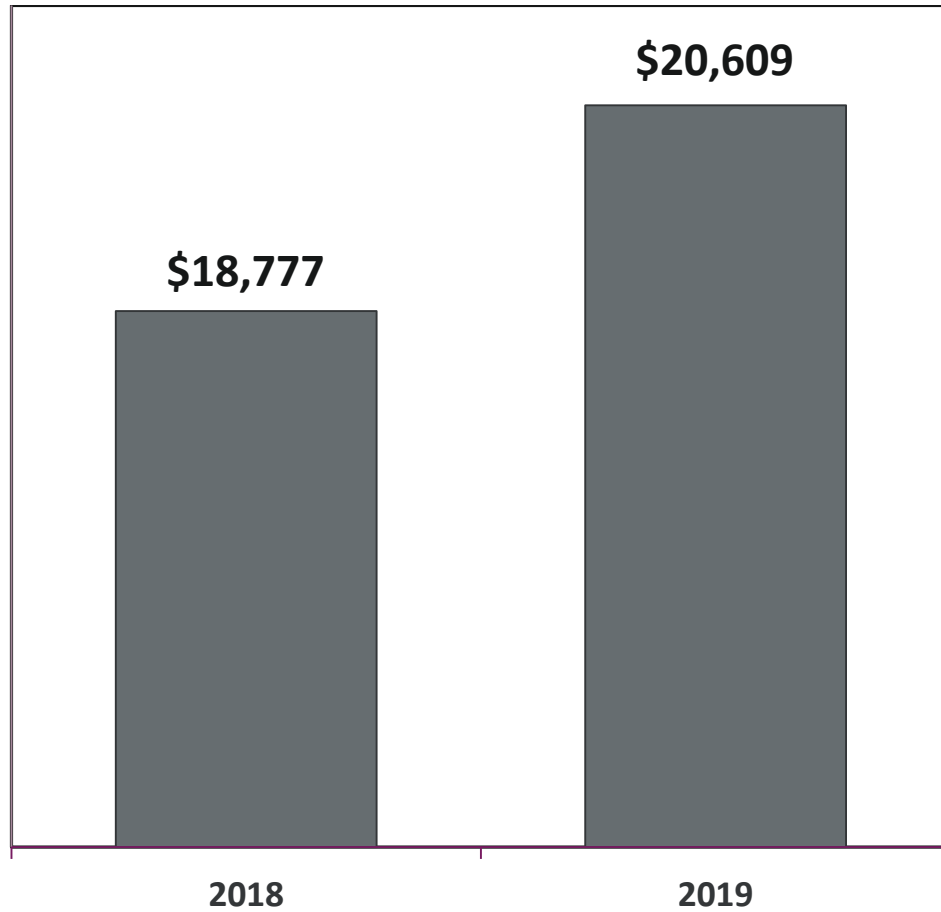
RESULTS IN BRIEF:

\$420M net income | \$6.6B investment reserve portfolio

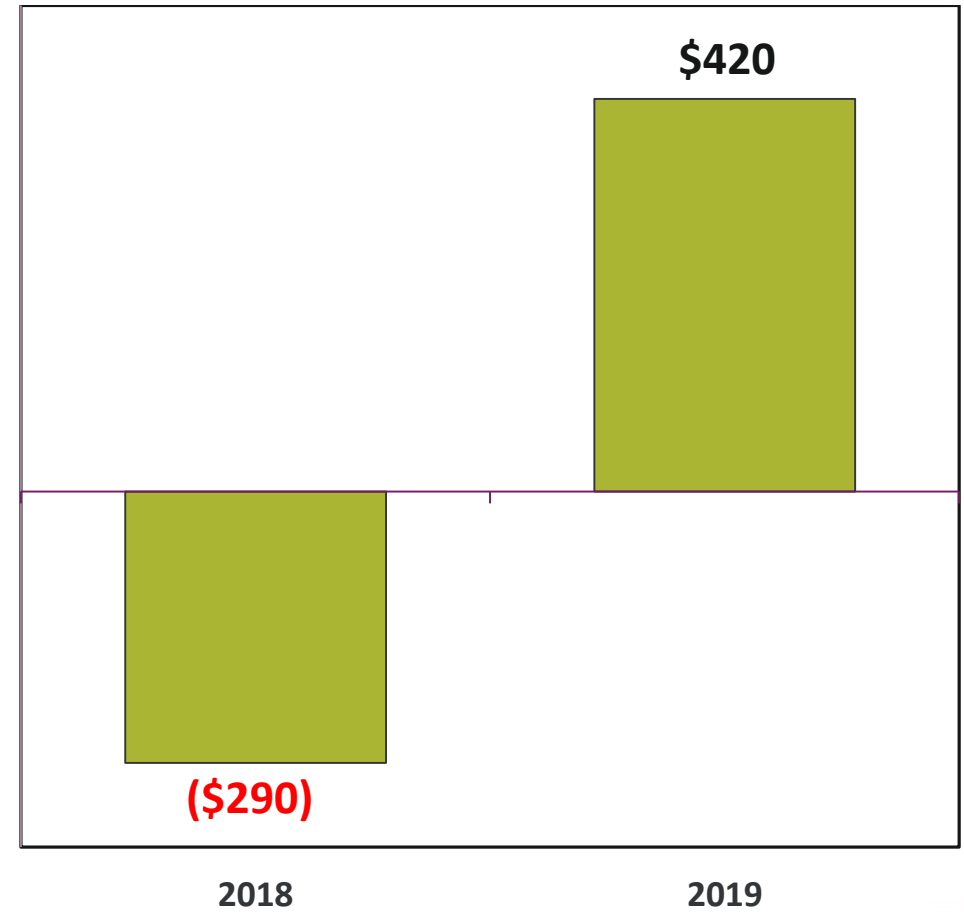
UPMC OPERATING RESULTS

Calendar Years Ended December 31 (Dollars in Millions)

REVENUE



NET INCOME



UPMC OVERVIEW

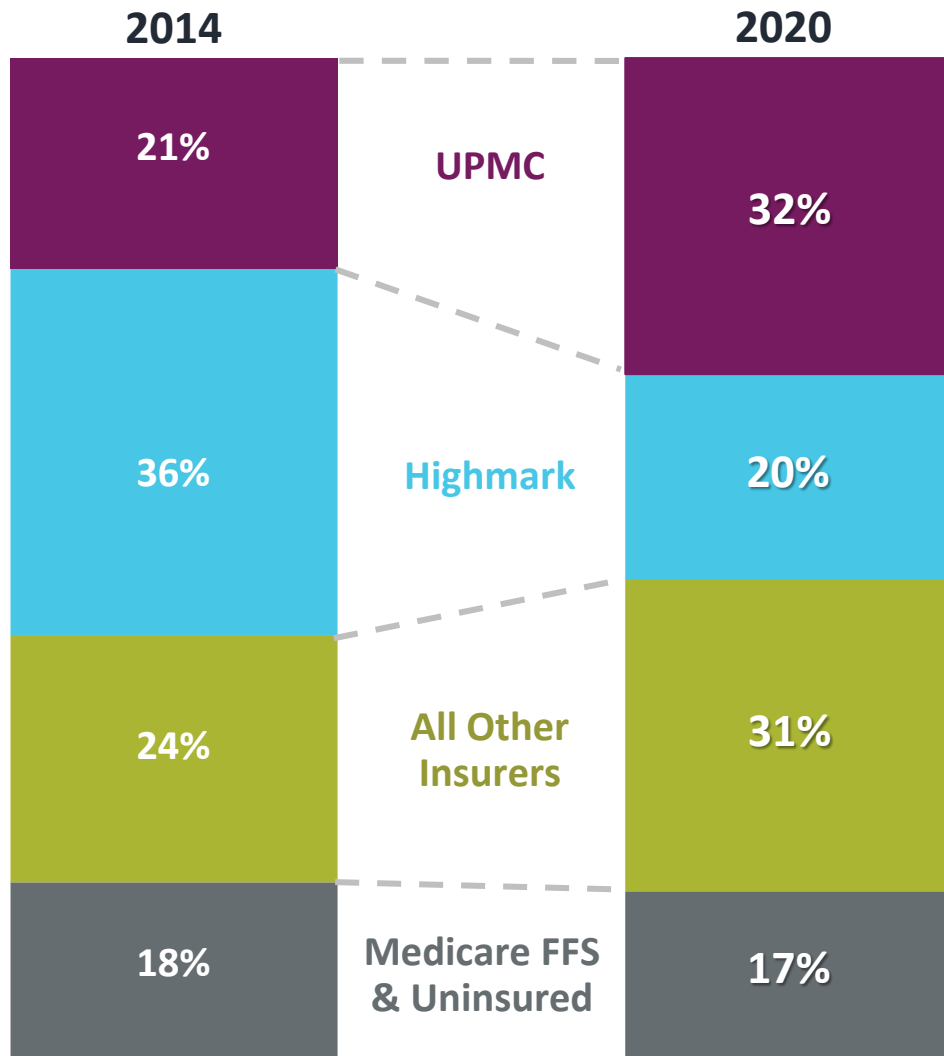
Operations

- Operating income of ***\$27 million*** needed to run operations, fund capital expenditures and create new programs
 - Outpatient revenue **↑ 6%**
 - Physician revenue **↑ 7%**
 - Admissions & observations **↓ 1%**
 - UPMC Insurance Plan membership **↑ 8%**

Investment Reserve Portfolio

- ***\$6.6 billion*** cash and investments provides for long-term sustainability
 - Value rises and falls based on market conditions
 - Calendar year return for UPMC **↑ 13%**

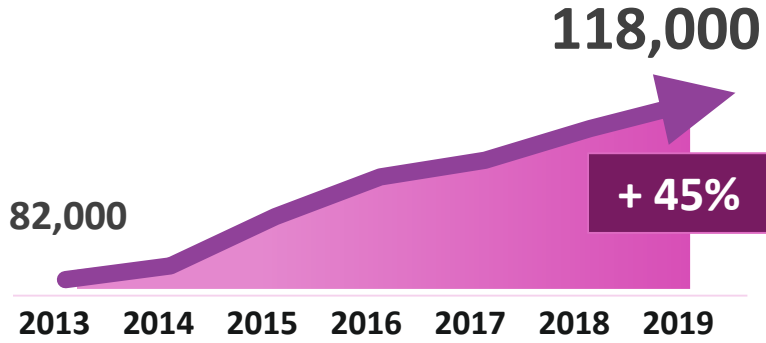
WESTERN PENNSYLVANIA'S HEALTH INSURANCE MARKET



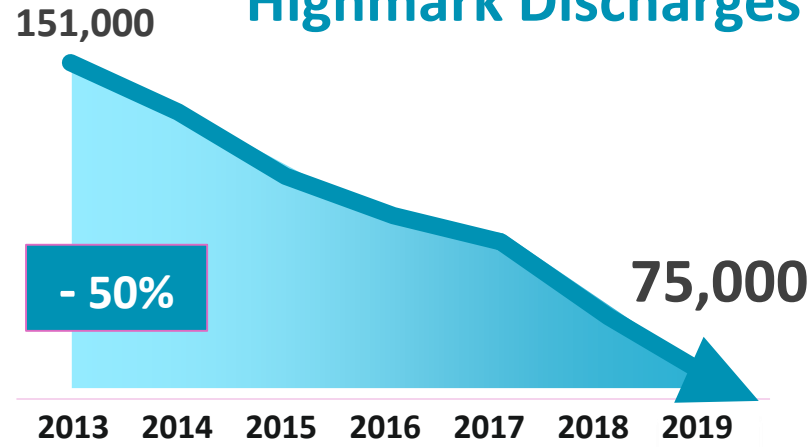
- UPMC largest medical insurer in Western Pennsylvania
 - ✓ *Current market share has stabilized following shift over previous 5 years*
 - ✓ *Highly competitive, pro-consumer insurance market*
- UPMC Insurance Services Division's membership reflects the region's strong preference for UPMC's integrated approach to health care and coverage
 - ✓ *Among the lowest cost "Top 30" cities nationwide*
 - ✓ *Most businesses offering employees choice of insurers*
 - ✓ *Marketplace for seniors has benefited from more choice and competition than ever—with many Medicare Advantage plans offering \$0 premiums/\$0 deductibles*
 - ✓ *UPMC's individual plans remain among the lowest prices nationwide*

SHIFTS IN INSURANCE MEMBERSHIP DIRECTLY IMPACTS DISCHARGES

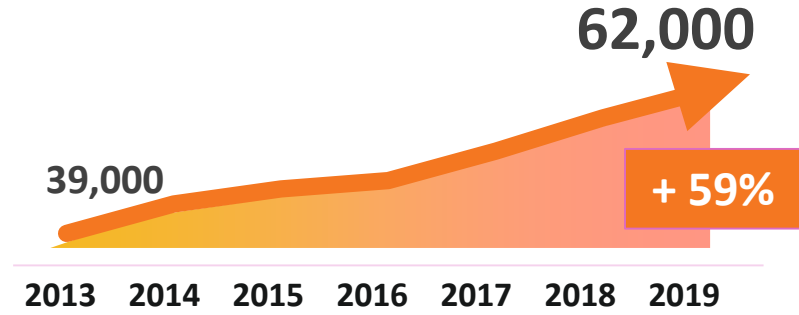
UPMC Health Plan Discharges



Highmark Discharges

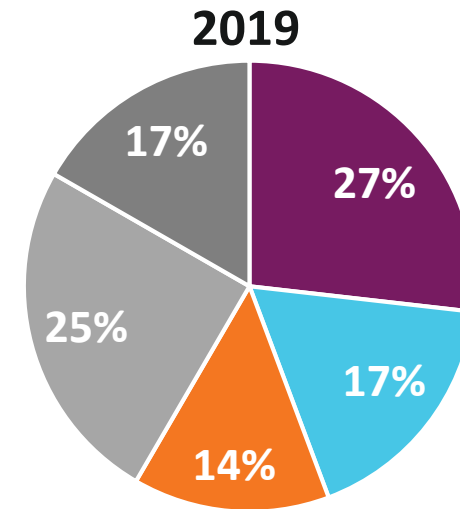
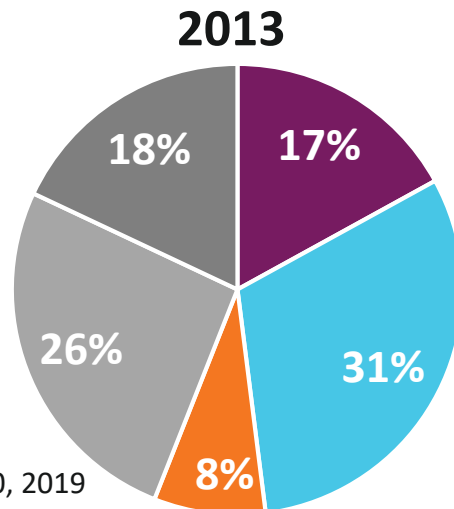


National Insurer Discharges



% of Discharges, Western Pennsylvania

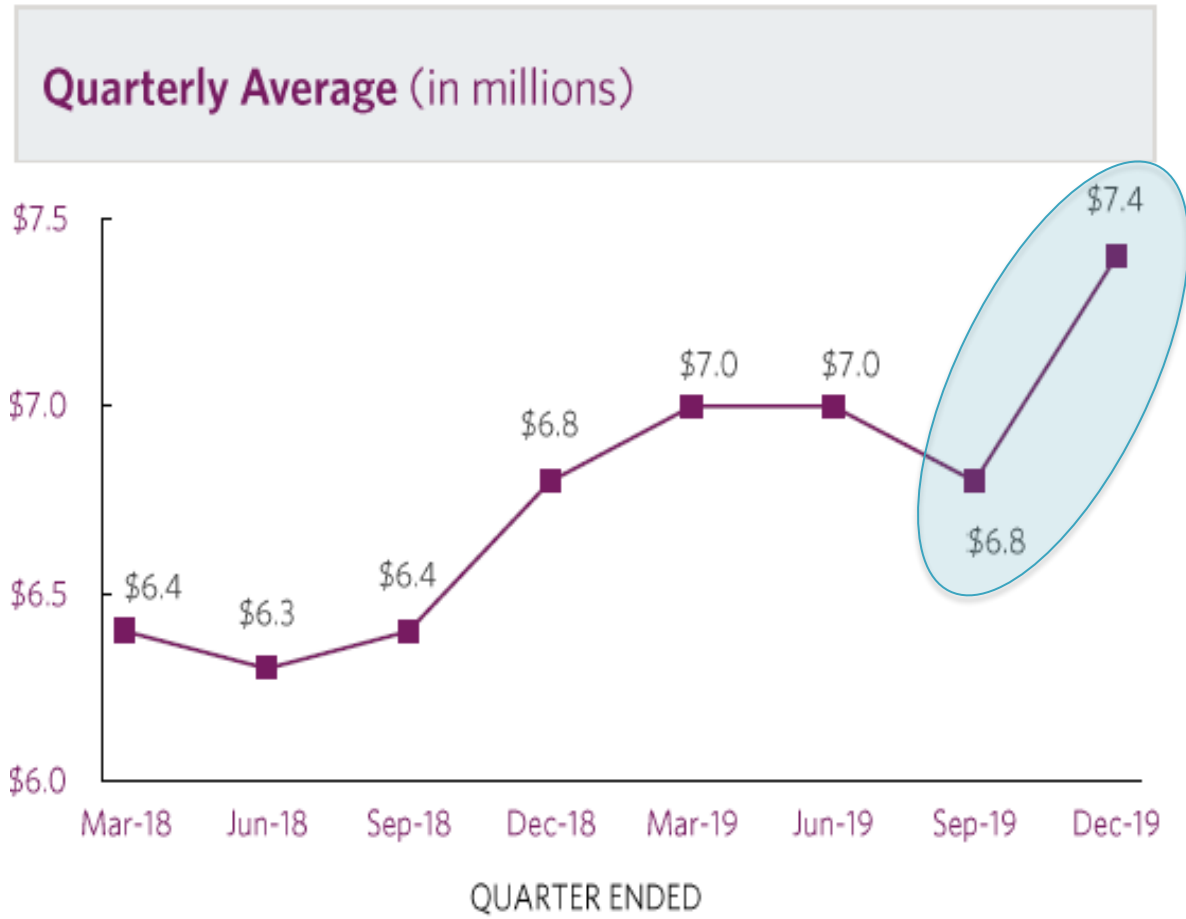
- UPMC
- Highmark
- Nationals
- Medicare FFS
- Others



Source: PHC4 FY2019 data through June 30, 2019

ACCESS OF HIGHMARK MEMBERS TO UPMC PROVIDERS DRIVING GROWTH

Physician Service Revenue per Weekday



- Inpatient discharges at UPMC hospitals up 30%
 - ✓ At UPMC Passavant, discharges up 36%; surgical volumes up 77%
- Outpatient physician visits up 26%
 - ✓ UPMC Hillman Cancer Center outpatient visits up 17%
- UPMC Magee-Womens trending for an additional 800-1,000 births in 2020
- Inpatient rehab up 20%

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.
- 4,900 employed physicians



Cutting-Edge Academic Medical Center

- #5 in NIH grants with \$577M for research with Pitt
- One of largest programs in U.S. with 1,800 residents and fellows



Expanding Insurance Services

- 2nd largest provider-owned Health Plan nationally
- Largest medical insurer in western PA
 - More than 3.7 million members
 - Only insurer in PA ranked by U.S. News & World Report - Best Medicare Advantage Plans
- State-wide Community HealthChoices initiative
- NCQA "Excellent" rating



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 > \$1B



Large International Footprint

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