

FINANCIAL RESULTS AND SYSTEM HIGHLIGHTS CALENDAR YEAR 2021

FEBRUARY 28, 2022

UPMC
LIFE CHANGING MEDICINE

SUMMARY

- UPMC thriving as the region's **most preferred provider** and **most preferred insurer** best serving the needs of patients, members, businesses, and our communities throughout challenging times
- The largest medical insurer in western PA totaling **4.1 million members**, with among the lowest-cost products in the nation
- Continuing **substantial reinvestment** in the region and beyond
 - **\$782 million** in capital expenditures to enhance facilities and ensure continued quality of care
 - **\$1.7 billion** in IRS-guided community benefits in Fiscal Year 2020

RESULTS IN BRIEF:

\$843M operating income / \$1.5B net income / \$10.7B investment reserve portfolio

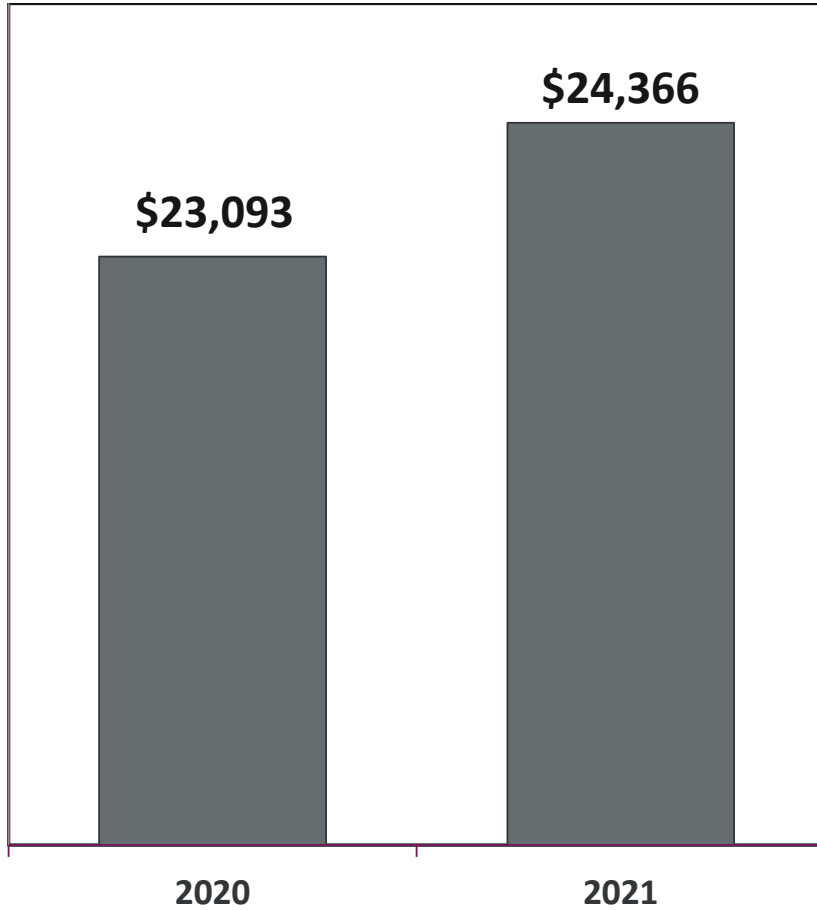
UPMC OVERVIEW

- Operating income of **\$843 million** needed to run operations, fund capital expenditures and create new programs
 - UPMC Health Plan membership **↑3%**
 - Outpatient revenue **↑13%**
 - Physician services revenue **↑11%**
 - Admissions and observations **↑3%**
- **\$10.7 billion** cash and investments provides for long-term sustainability
 - Value rises and falls based on market conditions
 - UPMC's calendar year return **↑10.2%**

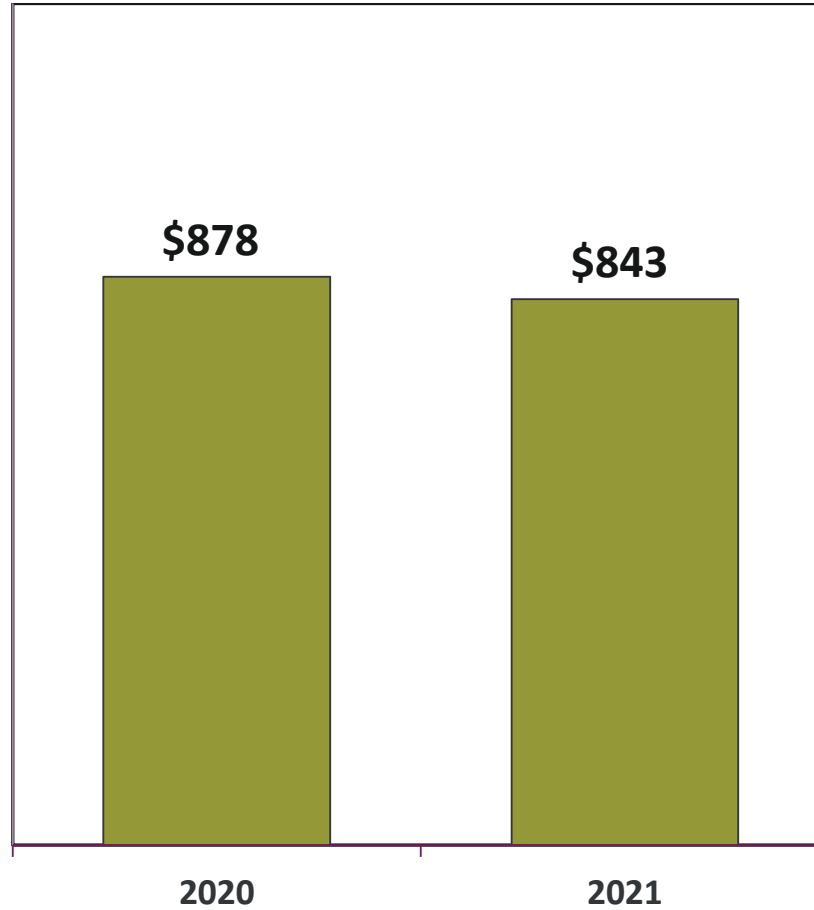
UPMC OPERATING RESULTS

Calendar Years Ended December 31 (Dollars in Millions)

OPERATING REVENUE



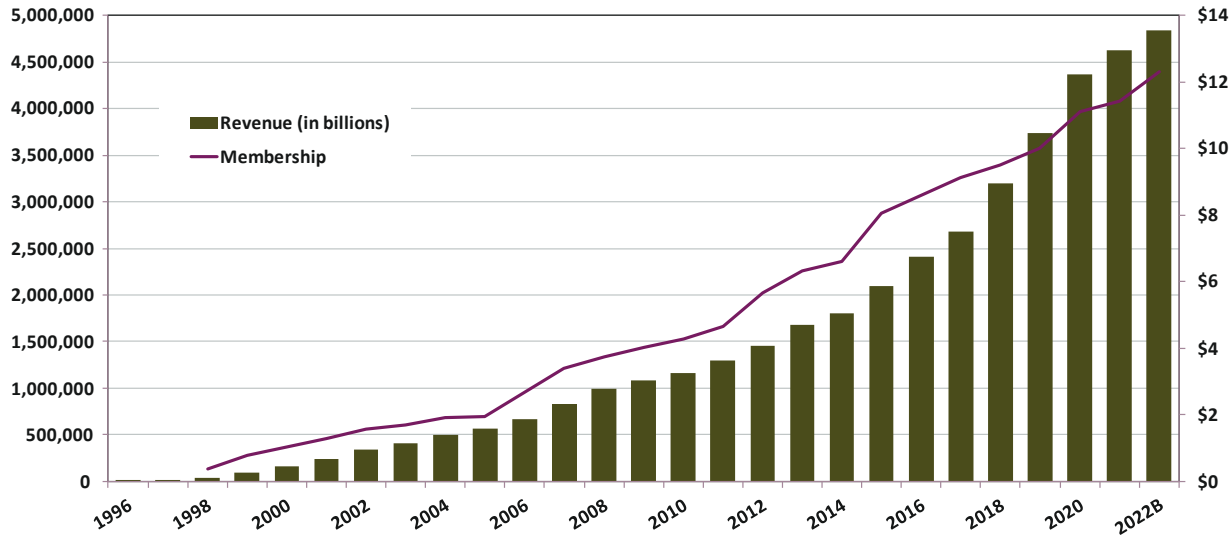
OPERATING INCOME



OPERATING EBIDA



Revenue Growth (YOY): Grew top line revenue for CY 2021 to \$13 billion, adding more than \$700 million YOY.



*December 2021; ** Total Revenue

Membership Growth (YOY)

Growth December 2021 vs. December 2020 – 3%

4.1 Total Members

**10 Year Membership Growth: 2011 - 1.7 Million Members
2021 - 4.1 Million Members**

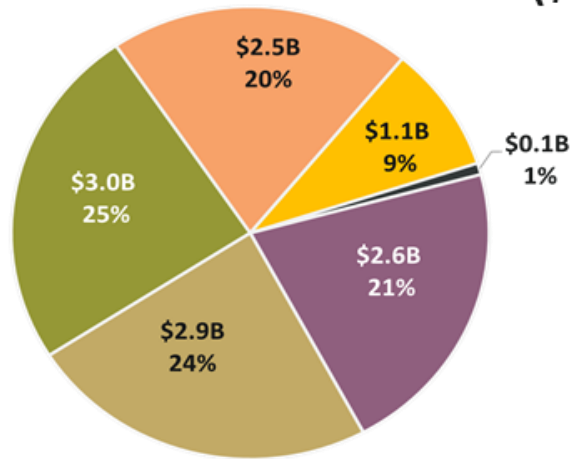
Employers Contracted: 14,000

Workpartners Expansion: Pennsylvania, Delaware, Maryland, New Jersey, West Virginia, Virginia, Florida

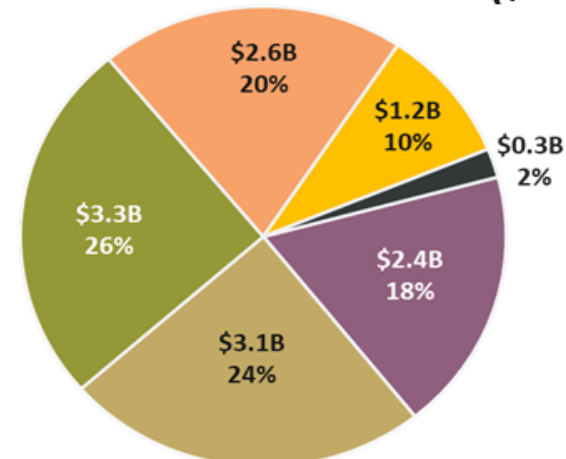
Statewide Medicaid UPMC *for You* Expansion

Community Care Behavioral Health Expansion

Revenue Diversification CY20 (\$12.2B)



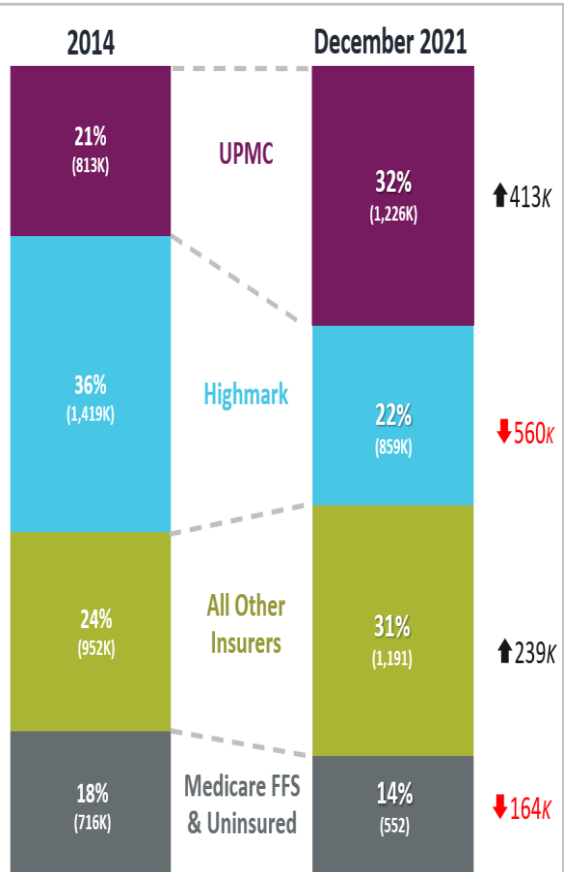
Revenue Diversification CY21 (\$13.0B)



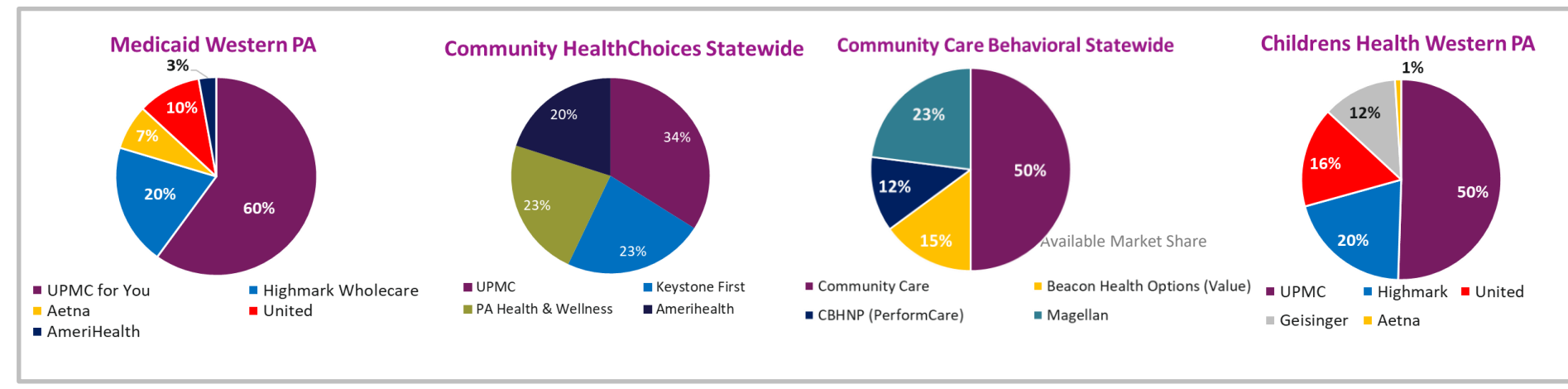
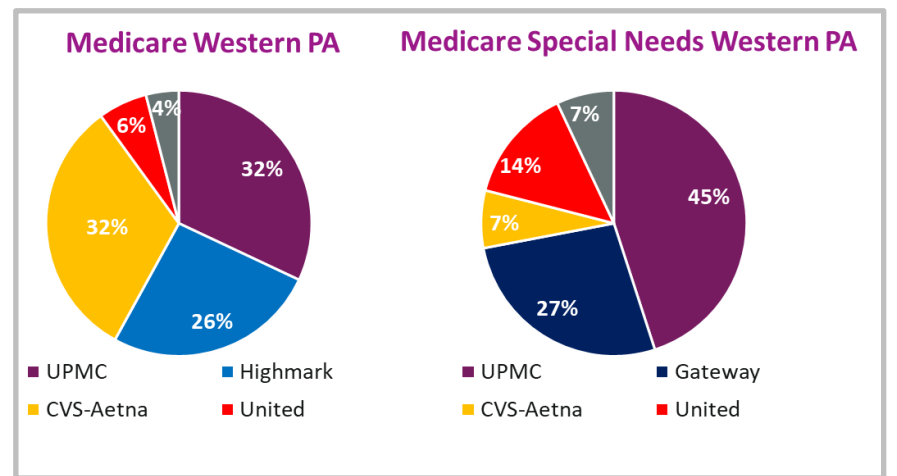
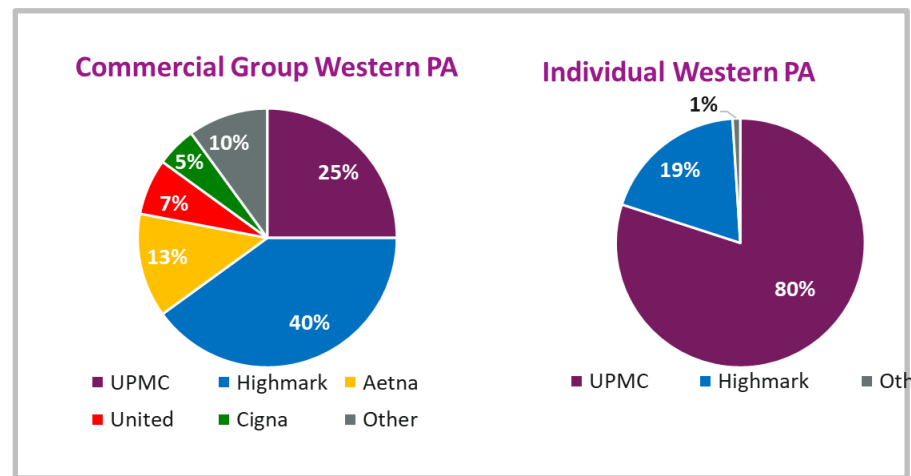
Commercial Medicaid and CHIP CHC Medicare and SNP Behavioral Health Other

UPMC LARGEST MEDICAL INSURER IN WESTERN PENNSYLVANIA

UPMC Largest Insurance Market Share WPA*



Total population 29-county Western PA region
 2014 = 3.90M; 2022 = 3.82M
 Sources: CMS / PA DHS & DPW / Health Leaders / 2020 US Census / UPMC Enrollment



Medicare UPMC *for Life* Receives 5 Stars

Service Excellence Awards:

J.D. Power & Associates – JD Power Call Center Recertified

Stevie Award (multiple Gold Awards):

- 2021 Grand Stevie Winner
- Customer Service Coaching Program of the Year - **Gold**
- Front-Line Customer Service Team (Retail Operations) – **Gold**
- Innovation in Customer Service (CCD) – **Gold**
- Best Back-Office Customer Service Team – Enrollment and COB – **Gold**
- Most Valuable Response by a Customer Service Team for COVID – **Silver**

International Customer Management Institute (ICMI)

- Best Large Call Center (200+ Seats)
- Best Strategic Value to the Organization

National Business Group on Health Platinum Award

Simply **THE BEST!** UPMC *for Life* is the best quality Medicare plan in PA.

UPMC *for Life* earned NCQA accreditation and an excellent 5 out of 5 overall star rating for both our HMO and PPO plans from Medicare for 2022. Every year, Medicare evaluates plans based on a 5-star rating system. Plus, *U.S. News & World Report* named UPMC *for Life* one of the BEST Medicare Advantage plans in PA (10-15-21).



UPMC for You – LARGEST PROGRAM IN WESTERN PENNSYLVANIA

Medicaid Programs Expanding Statewide

 **COMMUNITY CARE**
Behavioral Health Organization

Medical Assistance Behavioral Health Carve Out Program

Footprint – Active in 43 counties (as of 12/22)
Membership – 1,376,074 members

UPMC for You

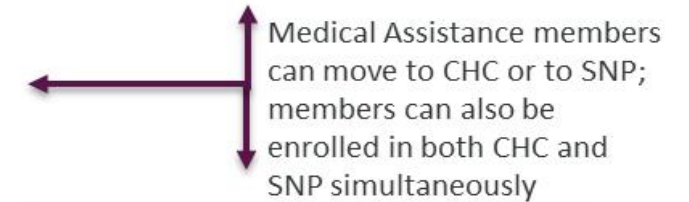
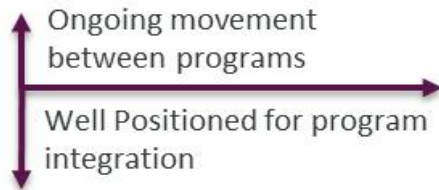
Medical Assistance HealthChoices Program

Footprint – Active in 40 counties (expanding to all 67 counties in July 2022)
Membership – 641,147 members

UPMC Community HealthChoices

Managed Long Term Services & Support

Footprint – Active in all 67 counties
Membership – 134,350 members



UPMC for Kids

Children’s Health Insurance Program

Footprint – Active in 57 counties
Membership – 32,322 members



UPMC for Life Complete

Specialty Needs Plan

Footprint – Active in 65 counties
Membership – 39,500 members

Notes

Membership for all products is budget for Dec. 2022
Annual Revenue based on current Projection for 2022



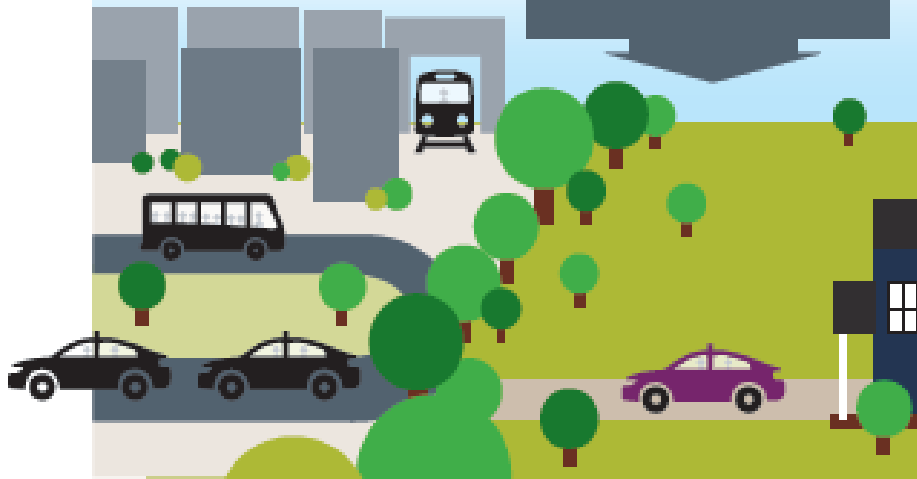
Addressing Social Needs That Impact Health Outcomes, Care Quality, and Costs

Social determinant

Increasing and expanding the public transportation system of a community is a social determinant and will require collaboration, government involvement, and investment.

Social need

A health insurance company that provides a ride service for doctor's appointments as part of a benefits package, like UPMC for Life offers, addresses an immediate social need to reduce a barrier to care.



Defining social determinants vs. social needs

Social determinants: the conditions in which people are born, grow, live, work, and age and that are shaped by the distribution of money, power, and resources.¹

Social needs: immediate barriers a member or patient faces in accessing the health care they need.

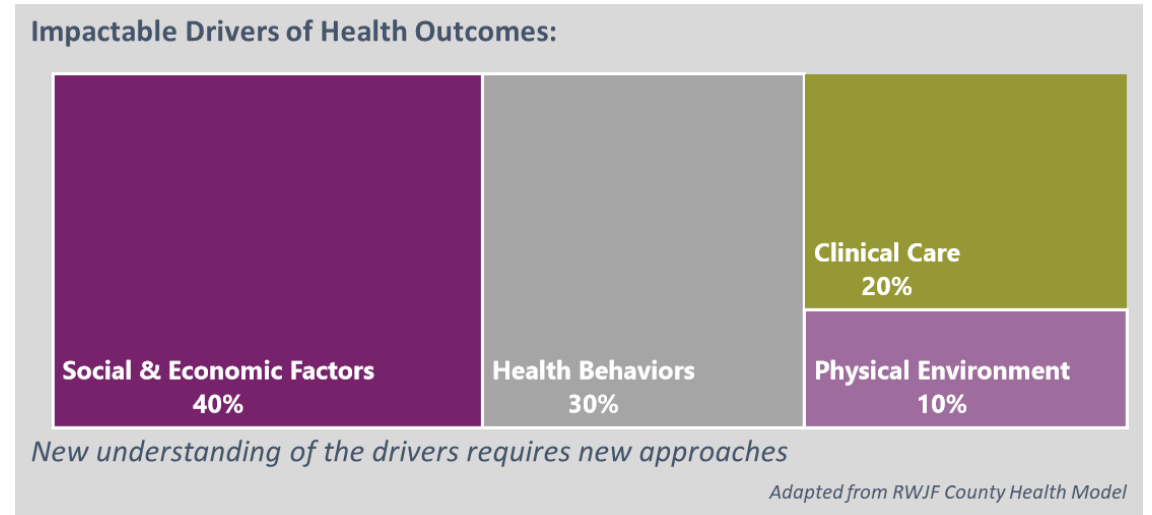
¹World Health Organization. Social determinants of health. Accessed October 20, 2021. https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1

UPMC Center for Social Impact addressing health-related social needs

Working upstream and on member needs to confront the social determinants of health with a focus on demonstrating the impact on health, quality, and cost

Major Project Areas Include:

1. **Blending and Braiding Resources** through cross industry partnership, human services data exchange, helping members enroll in programs and benefits, and partnering with community-based organizations.
2. **Homeward Initiative** with individual, neighborhood, and systems level activity to address homelessness, combat housing insecurity, and promote wealth building.
3. **Pathways to Work** is aligning workforce programs with Medicaid membership to create opportunities for employers, leverage programmatic dollars, and create self-sufficiency.



UPMC's Homeward Initiative began in 2019 working with national cohort

Accelerating Investments for Healthy Communities (AIHC), a national initiative to deepen affordable housing investments from healthcare systems

About the Initiative

AIHC was designed to help competitively selected health systems deepen their investments in affordable housing, and advance policies and practices that foster equitable housing solutions.

Cohort: CommonSpirit Health, Nationwide Children's, Kaiser Permanente, Boston Medical Center, Bon Secours Mercy Health, and UPMC

Program Outcomes

To date, **\$3,375,000** has been lent and leveraged **\$5,475,000** from local lenders and national foundations to ultimately renovate or build **350+ units** across two programs. Our partnership with Bridgeway Capital has created a flexible [loan program](#) to close funding gaps and the URA's [Small Landlord Fund](#) offers an innovative approach to increase the use of Housing Choice Vouchers.



350+ Units in the Development Pipeline



From the Pipeline, 207 Apartments are Complete



Today, 190 Families have moved into Healthy Homes

Homeward strategies impact how we give, partner, and invest

“New Fund Transforms Pittsburgh’s Affordable Housing Market” [NEXT Pittsburgh](#)

UPMC Health Plan has pledged \$40,000,000 to support housing initiatives in the City of Pittsburgh roughly half of that pledge has already been committed to a wide range of activities. The graphic illustrates the broad range of resources supporting this initiative.

Program Related Investments



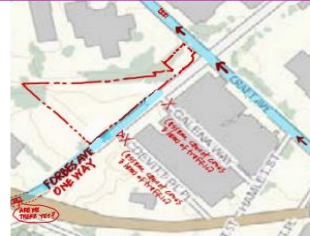
- \$3,875,000 Deployed to support 350+ Homes
- An additional \$12,000,000 Pledged

DCED Tax Credits



- 100+ Homes
- \$3,050,000 in 2020 & 2021

Land Leases & Donation



- 51 LGBTQ+ Friendly LIHTC Units
- Valued at \$2,000,000

Value-Based Contracts



- Support Programs and Capacity Building
- \$1,250,000 in 2020 & 2021

2nd Avenue Commons



- 95 Beds / 40 SRO Units
- \$6,500,000 for In-kind UPMC Services

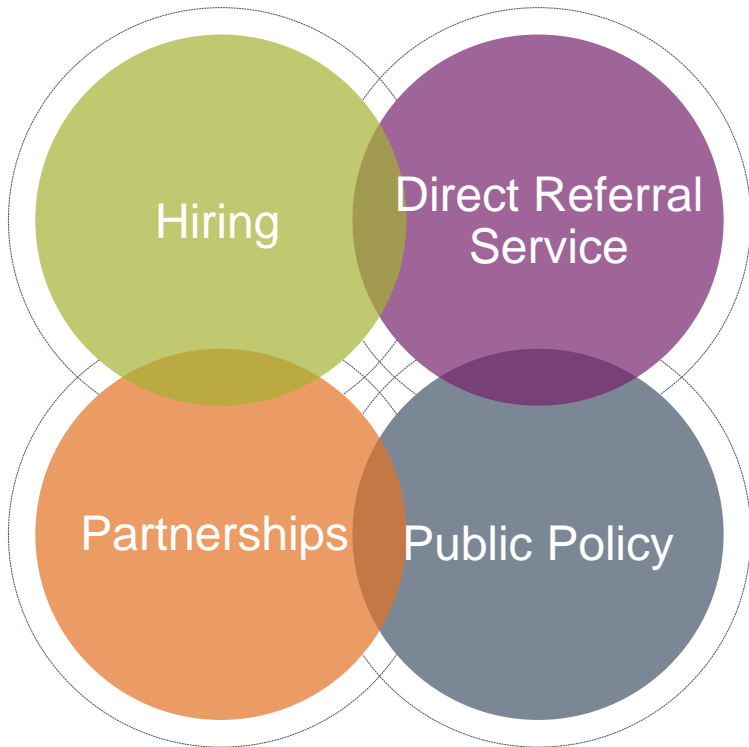
National Grants and Investments



- \$1,500,000 from Kresge Foundation
- \$478,000 from RWJF

Pathways to Work creates and scales programs that connect individuals who are out of work, underemployed or have barriers to work opportunities, including at UPMC. Our aim is to increase access to employment through training, education, and dedicated support from UPMC staff.

Tenants of Employment & Workforce



Opportunity

Most non-disabled adults with Medicaid (62%+) already work.

Those not working are often enrolled in school or caregiving for family members.

Vision

5 Person Pathways to Work Recruitment team built to help community find training opportunities and jobs at UPMC – pathwaystowork@upmc.edu

Focus on un(der)employed individuals, families and people with barriers to work.

Why?

Our mission and hiring needs and overall support of our western PA communities and those across the Commonwealth

We have jobs at UPMC with career pathways, educational supports, and sustainable wages.

Two Pillars, meeting people where they are



Job Navigation

~**200** Hires of ACTIVE UPMCFY Medicaid/TANF per month statewide (60% in Pittsburgh)

200+ individuals currently active in pipeline

20+ applications submitted per week

20+ new inquiries per day



Training Programs/Partners

5 *Freedom House 2.0* Cohorts 1/2021 – 7/2022

10 Workforce Investment Board referral and training partnerships

30+ community partnerships for job fairs and referral pipelines

\$1million+ in federal/state dollars into our communities



Freedom House 2.0 is a community-based training program – based on 1960s model – to recruit, train and employ first responders from economically disadvantaged communities, many of which have been impacted by COVID-19.

Future – Maintenance and other apprenticeships given ARPA focus, Pathways for Students and Pathways for Veterans new program launches

POSITION OF EXCELLENCE IN EVERY HEALTH CARE SECTOR

Unique Integrated Delivery & Financing System (IDFS)

Top Quality Clinical Care Provider

- UPMC Presbyterian Shadyside nationally ranked in 10 specialties; UPMC Children's on Honor Roll of nation's Best Children's Hospitals



Cutting-Edge Academic Medical Center

- #7 in NIH grants with nearly \$600 million for research with Pitt
- Fourth largest program in U.S. with 1,800 residents and fellows



Expanding Insurance Services

- 2nd largest provider-owned Health Plan nationally
- 4.1 million members
- NCQA "Excellent" rating



Global Reach

- More than 20 years managing international hospitals and cancer centers
- Clinical operations and collaborations in Italy, Ireland, China, and Kazakhstan

Innovation-Driven Business Enterprises

- **ACCELERATING THE TRANSLATION OF SCIENCES** *from Discoveries to Bedside*
- **DIGITAL SOLUTIONS** *Connecting Health with Patient-Centered, High-Quality, Compassionate Care at the Lowest Cost*

