

**Every Day** A B E T T E R I D E A

UPMC Health Plan Annual Report 2005

**UPMC HEALTH PLAN**  
Where you belong.

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Encouraging healthier lives through

innovation...every day

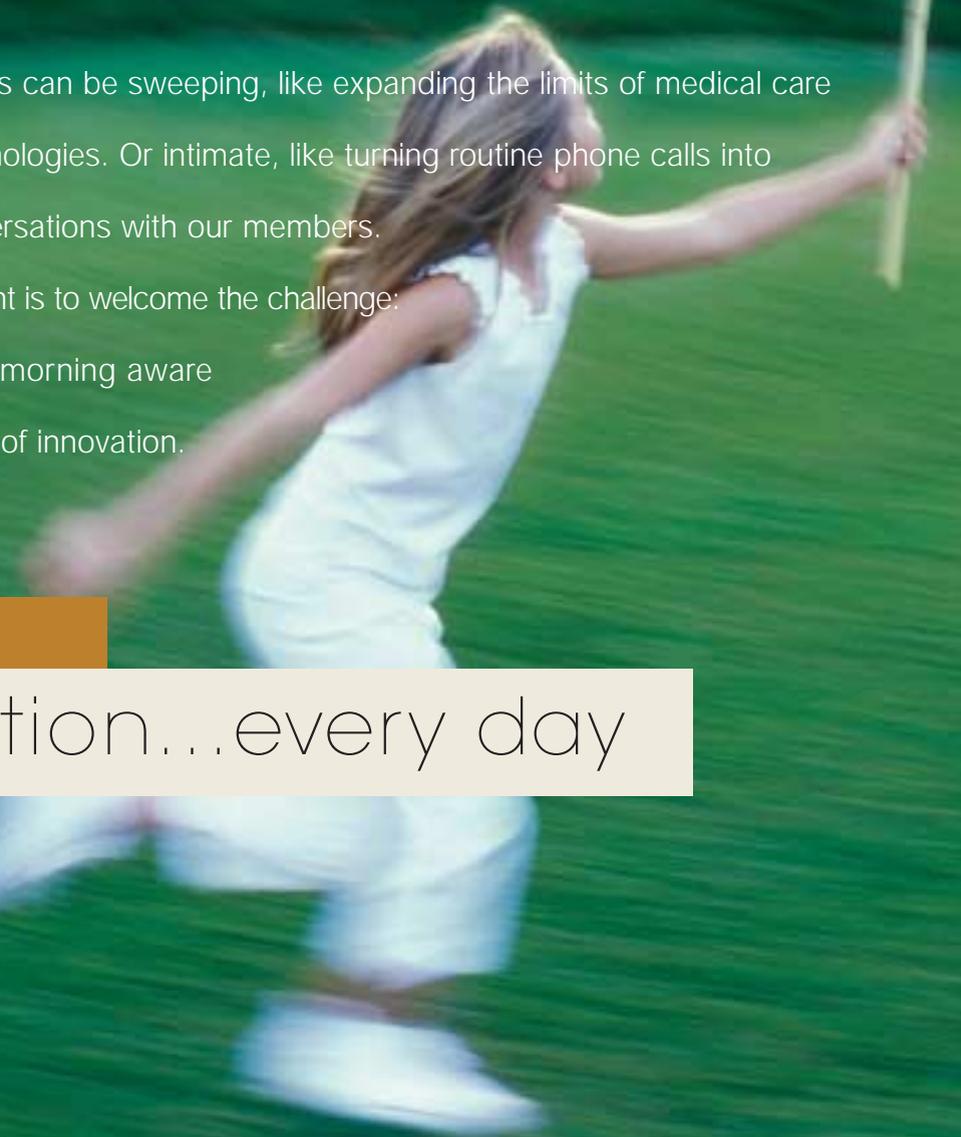
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In an increasingly demanding health care environment, the secret of success is to challenge the status quo. To set a higher standard. To make new connections. To foster a frame of mind in which constant improvement of process, product, and service is the only unquestioned rule. UPMC Health Plan was founded on the conviction that new ideas not only add value, but introduce new perspectives from which we can examine that value and extend it.

Innovative ideas can be sweeping, like expanding the limits of medical care with new technologies. Or intimate, like turning routine phone calls into personal conversations with our members.

What's important is to welcome the challenge: to begin each morning aware of the rewards of innovation.



monday 1.3.05



Our president maps out a new strategy.

In the fall of 2005, *U.S. News & World Report* published NCQA's annual ranking of HMOs in a special issue featuring "America's Best Health Plans." In that listing, UPMC Health Plan ranked among the top 20 health plans in the United States. And, for the second year in a row, we ranked No. 1 in the nation for breast cancer screening.

The Health Plan was also the highest ranked plan in Pennsylvania and the only plan in the state to earn five stars—the highest possible score—in the areas of prevention and treatment. In addition, our Medical Assistance program, UPMC *for You*, ranked No. 5 among Medicaid plans nationally.

Our consistently high national ratings are the result of our commitment to improving the health of our members and the community by offering innovative products, cost-effective solutions, and excellent service through our unique partnerships with both the University of Pittsburgh Medical Center and the high-quality community hospitals and physician practices in our network. These partnerships enable us to offer access to the highest-quality preventive and clinical care to members, as well as outstanding service and value to the employers and purchasers of our region.

The hallmark of our close working relationships with UPMC and community providers is our shared drive to innovate, to continuously make our best-in-class performance even better. Our model is based on a prevention-oriented care management approach for all members, whether they are healthy, at risk, or chronically ill. Our programs assist members in accessing appropriate clinical care and provide online information and tools, access to health advocates and coaches, and incentives to make healthy lifestyle choices.

In these pages you will read about our efforts to connect with our network hospitals and physician practices, with the goal of improved patient outcomes, access to care, coordination of services, and patient satisfaction.

Additionally, our commitment to information transparency helps members become more knowledgeable about their health status and risks and provides them with value-based data when seeking provider services.

I am pleased to present you with our 2005 annual report, which chronicles our accomplishments of the past year as well as our ongoing efforts to make innovation in health care an everyday reality.

Diane P. Holder, *President*  
UPMC Health Plan  
UPMC Insurance Services Division



## effectiveness of care

Commitment and capability based on best practices

In just a few years, UPMC Health plan has become one of the highest-rated plans in the nation. Credit for this achievement is partly due to a single-minded commitment to helping every one of our members enjoy the best possible health outcomes. But reaching for that goal would be difficult without the resources of the University of Pittsburgh Medical Center (UPMC) and the excellent community physicians and hospitals in our network. Through these resources, our members can connect to the leading doctors and hospitals in the region, and to the most up-to-date medical advances and preventive care protocols known today.

On the next few pages we document the hard facts, describing our resources and the context in which we do business. To bring these facts to life, we also present our “report card”—a set of highly favorable ratings issued by the respected and demanding National Committee for Quality Assurance. In the end, we believe that UPMC Health Plan has important qualitative as well as quantitative advantages over other plans.

# dedication to our members and the community

## Quality Performance

UPMC Health Plan, a leading health care company located in Western Pennsylvania, is part of the University of Pittsburgh Medical Center (UPMC), one of the nation's top-ranked health systems. The Health Plan partners with UPMC and other network providers to improve clinical outcomes as well as the health of the greater community.

The Health Plan's network includes more than 80 hospitals and more than 7,000 physicians in a 28-county region, as well as a large national network partner for out-of-area members. The UPMC Insurance Services Division—which includes UPMC Health Plan, UPMC for You, Community Care Behavioral Health, and EAP Solutions—serves over 700,000 members.

The National Committee for Quality Assurance and *U.S. News & World Report* listed the Health Plan as the top-ranked plan in Pennsylvania, one of the top 20 health plans in the U.S., and the highest-ranked managed care company in the nation for breast cancer screening. UPMC for You, our Medical Assistance company, ranked No. 5 nationally among Medicaid programs.

### Innovative care and service

The national recognition achieved by the Health Plan is the result of our efforts, in partnership with our network providers, to give our members the



Linda Kelley, RN, a Health Plan case manager, works with members to ensure continuity and coordination of care for chronic illnesses and complex medical needs. The services performed by our nurse case managers contribute to the Health Plan's consistent record of excellent NCQA ratings.

highest quality of care and service at every stage of life and condition of health. We work hard every day to develop better ways to conduct business, advise members, and facilitate healthy lives.

Our service to members is supported by innovation in every area: from our health promotion and care management programs based on the most up-to-date online tools and the latest medical protocols, to our concierge program that gives personal attention to Medicare members, to our state-of-the-art technology that enables us to provide outstanding customer service and process claims smoothly.



### Top-ranked in PA

In 2005, *U.S. News & World Report* collaborated with NCOA to publish "America's Best Health Plans." UPMC Health Plan was the only plan in the state to earn five stars in the Prevention and Treatment categories.

## 2005 NCQA HEDIS Performance Ratings

Measure	UPMC Health Plan 2004 (HMO/POS)	UPMC Health Plan 2005 (HMO/POS)	Quality Compass 2005 National Average
Breast Cancer Screening	★ 88%	★ 89%	74%
Cervical Cancer Screening	88%	90%	81%
Timeliness of Prenatal Care	97%	98%	92%
Postpartum Care	87%	89%	81%
Childhood Immunization	90%	90%	77%
Well-Child Visits in the First 15 Months	85%	89%	70%
Children's Access to PCPs—12-24 Months	98%	98%	97%
Children's Access to PCPs—25 Months to 6 Years	92%	92%	89%
Children's Access to PCPs—7-11 Years	93%	93%	90%
Adolescent Immunization	78%	85%	64%
Adult's Access to Preventive Services	96%	97%	95%
Comprehensive Diabetes: HbA1c Screen	91%	91%	87%
Cholesterol Management Post-Cardiovascular Event: LDL Screen	86%	87%	82%

★ For two years in a row, NCQA ranked UPMC Health Plan No. 1 in the nation in breast cancer screening.

The Health Plan earned high scores in a range of measures that encompass all stages of life and health. Our best-in-class scores keep getting better—most of our scores show improvement over last year's, and all are above the national average. Our top-ranking performance year after year is the result of our close working relationship with our network providers and our shared dedication to timely preventive care and evidence-based protocols.

The National Committee for Quality Assurance (NCQA) is an independent, not-for-profit organization that evaluates managed care organizations. NCQA's ratings are based on standardized performance measures known as the Health Plan Employer Data Information Set (HEDIS), which is designed to give purchasers and consumers the information they need to reliably compare managed health care plans. UPMC Health Plan's NCQA accreditation applies to our HMO and POS plans and to UPMC for You, Inc.



HEDIS® and Quality Compass® are registered trademarks of the National Committee for Quality Assurance (NCQA).

### UPMC Health Plan Ratings at a Glance

- Highest-ranked plan in Pennsylvania
- No. 1 in breast cancer screening nationally
- 5-star ratings in Prevention and Treatment—the only Pennsylvania plan so rated
- No. 5 Medicaid program nationally
- No. 2 in the nation for service to federal employees



# comprehensive, integrated health care

## UPMC on "Best Hospitals" List

In *U.S. News & World Report's* 2005 "America's Best Hospitals" edition, UPMC was one of only 16 hospitals that earned Honor Roll status. UPMC was number 13 in a field of more than 6,000 U.S. hospitals.



## Hospital Network

**UPMC Health Plan's network of over 80 hospitals and more than 7,000 physicians makes up one of the largest and most diverse teams of providers in the region.**

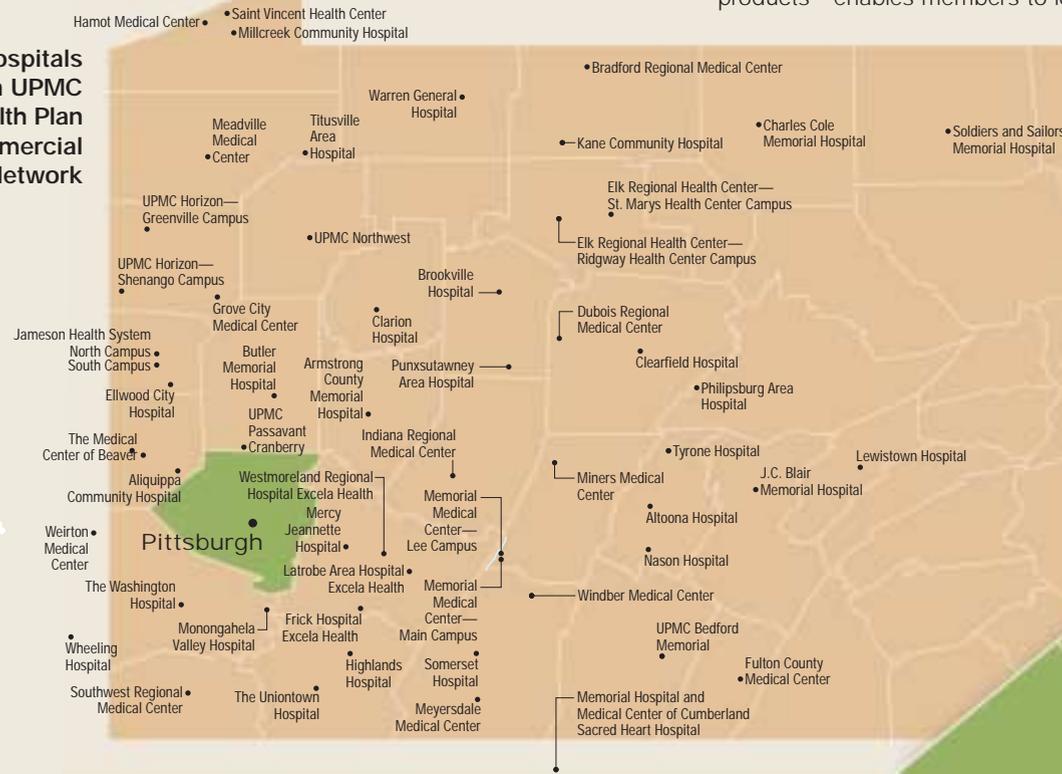
Our comprehensive network includes the academic, advanced care, and specialty hospitals of UPMC, as well as community hospitals, cancer centers, physician practices, behavioral health programs, and long-term care facilities. Together, they form an integrated system the people of Western Pennsylvania can count on.

### Care across the nation...

Dependable care and services are also available through our national network. Members who work for Pennsylvania employers but live or work outside the Health Plan's regular service area can get seamless routine care at in-network rates through our partnerships with Private Healthcare Systems (PHCS) and Medical Mutual of Ohio (MMO). PHCS has a network of nearly 415,000 providers and 3,700 facilities across the country. MMO serves our Ohio members through its more than 190 hospitals and 20,000 physicians.



### Hospitals in UPMC Health Plan Commercial Network



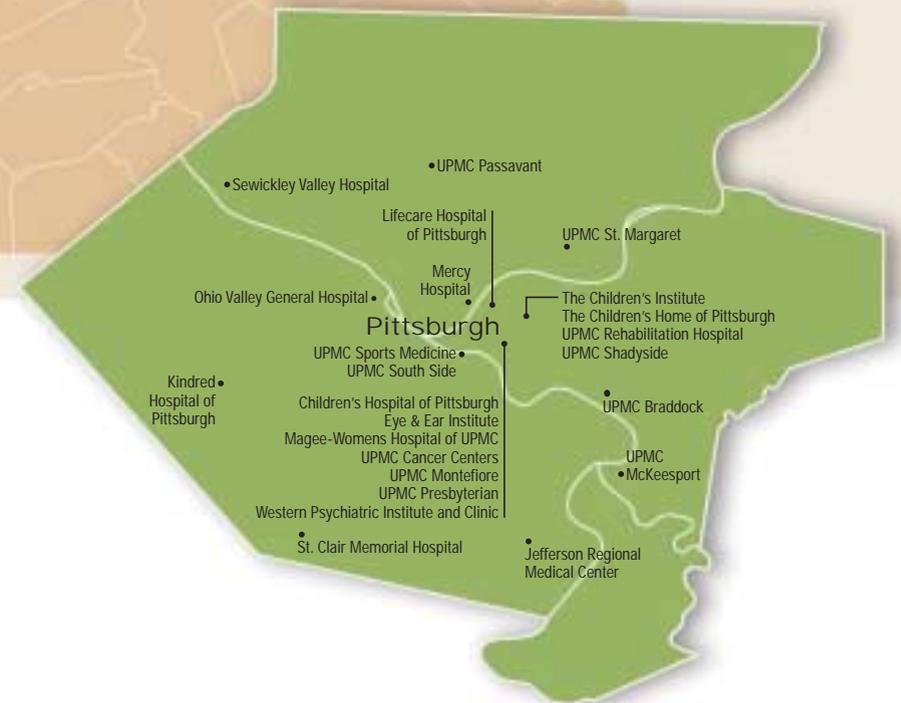
### ...and around the world

When our members travel within the U.S. or in foreign lands, they continue to have easy access to care through our travel assistance partner, Assist America. This benefit—which is included with our commercial and Medicare products—enables members to locate doctors

and hospitals and also handle emergencies wherever they go. Assist America personnel can help replace prescriptions, provide emergency medical evacuation, and arrange transportation for family members to join sick or injured relatives.



*Pam Mueller, RN (seated), a UPMC Health Plan care coordinator, works with hospital personnel at UPMC St. Margaret's. All of our hospital care coordinators are nurses, and they help to determine that our members who are hospitalized get the proper level of care in the most appropriate setting.*



**In 2005, the Health Plan enhanced its network with the addition of the Conemaugh Health System, which includes:**

- Memorial Medical Center—Main Campus
- Memorial Medical Center—Lee Campus
- Meyersdale Medical Center
- Miners Medical Center
- Windber Medical Center

# health-effective, cost-effective best practices



# 95%

of Pittsburgh Magazine's top-ranked area physicians belong to UPMC Health Plan's provider network.

## Physician Network

**As the only provider-led health insurer in Western Pennsylvania, we recognize the importance of partnership with network physicians and sensitivity to doctor-patient relationships.** Providing access to care that is based on best practices means working closely with the more than 7,000 primary care physicians, pediatricians, obstetrician-gynecologists, and specialists in our 28-county region. These include the premier doctors of UPMC and thousands of other outstanding network physicians.

### Emphasis on high performance

Employers, health plans, and physician advocacy groups increasingly endorse a "pay-for-performance" approach. In 2005 we continued to expand our pay-for-performance programs, collaborating with physicians and hospitals to develop performance measures that are attainable and meaningful. The goal is to improve outcomes for members and to reward providers for efficient use of resources.

### Community hospital initiatives

The Health Plan is collaborating with UPMC and with community hospitals and doctors to implement such innovative pay-for-performance programs, along with health promotion and care management initiatives.

For example, we are working closely with Heritage Valley Health System and The Washington Hospital to initiate pay-for-performance programs for both hospitals and physicians, and to establish electronic links for sharing clinical and claims data. The goals of these partnerships are improved patient outcomes, better access to care, enhanced coordination across all levels of care, and higher patient satisfaction.

Another example is our partnership with the Conemaugh Health System to improve the overall health status of the communities served by this hospital system. Our collaborative efforts include engaging local employers to find out what kinds of employee health promotion programs they would like to see; working with schools on healthy-living programs for children; and establishing regionally focused care management programs for the chronically ill.



Anne Docimo, MD, is chief medical officer for the Health Plan. Dr. Docimo is responsible for overseeing all activities related to the delivery of health care to our members.

## Physician Satisfaction Ratings

Measures	UPMC Health Plan 2005	All Other Plans 2005	UPMC Health Plan 2004
Customer Service	85%	81%	81%
Provider Relations	77%	75%	71%
Network	88%	87%	84%
Quality Management	76%	74%	73%
Finance Issues	76%	75%	71%
Willingness to Recommend to Other Patients	95%	NA	91%
Willingness to Recommend to Other Physicians	94%	NA	90%
Overall Satisfaction	88%	86%	82%

Source: The Myers Group

As part of this annual satisfaction survey, physicians were asked to rate UPMC Health Plan and all other health plans in which they participate on a number of performance and service measures. Scores indicate the percentage of respondents who indicated that they were "very satisfied" or "somewhat satisfied."



Michael Culyba, MD, is the Health Plan's vice president of Medical Affairs. Dr. Culyba has clinical oversight of all quality improvement and medical management activities for the Health Plan.



Daniel Martich, MD, was a featured speaker at UPMC Health Plan's annual conclave. The theme of this year's conclave was "Insight and Innovation." Dr. Martich is UPMC's associate chief medical officer and vice president of eRecord, UPMC's electronic health record initiative.



George Brett, MD, and his partners at the Beaver Internal Medicine Center have developed an innovative record-keeping system in conjunction with Heritage Valley Health System. A patient's entire medical history travels with the patient via computer every time he or she is seen by a doctor. "This system fits us and fits us well," says Dr. Brett.

## Pediatric Advice Line

Our Pediatric Advice Line (PAL) is available when most pediatricians' offices are closed. PAL is provided through a partnership with the Children's Hospital of Pittsburgh Triage and Advice Center. In response to a phone call about a child's symptom or illness, an experienced pediatric registered nurse assesses the child's medical status and provides advice in accordance with physician-approved protocols, then reports the call to the child's physician.



tuesday 3.15.05



Doctor South-Paul chairs a committee and provides prenatal care.

It's all in a day's work.

When she came to UPMC, Jeannette South-Paul, MD, realized that the tiny Matilda Theiss Health Center could show students how real-life family medicine works, while helping to correct health care disparities that challenge the big academic hospitals down the hill in Oakland.

“When I interviewed with the Department of Family Medicine, I asked, ‘Where are the health centers? I need a laboratory to model what family physicians do, and I want it to be in Oakland, because that’s where the medical students are.’ They said, ‘We operate this little clinic right up the hill...’ and I said, ‘Perfect! Students and an underserved population, right next door.’”

As the Andrew W. Mathieson professor and chair of family medicine at UPMC and the University of Pittsburgh, Dr. South-Paul shared strategies for improving health disparities with University of Pittsburgh School of Medicine and UPMC Health Plan network professionals at our recent physician conclave. In a typical day she finds time to mentor students, conduct research, and serve on academic and hospital committees. She also maintains a family, maternity, and pediatric practice at the Theiss clinic.

Creating new standards of care and raising expectations for high-quality community services are the focal points of Dr. South-Paul’s approach. “The reality is that there are major disparities in health status and access to services. In Allegheny County, African American babies have more than twice the infant mortality rate of white babies. There’s more than twice as much stroke in African American men and women. We have to work with people in their communities to help them make their lives better.” One of the ways the Health Plan accomplishes this is by improving access to the right kind of care.



## innovative products

A strong, multifaceted health plan portfolio

UPMC Health Plan offers a range of commercial plans to match the needs of employers large and small, including HMOs, PPOs, EPOs, and high-deductible plans. Every member is connected with the health care facilities and services of UPMC and a large network of community hospitals, physicians, and other medical professionals.

Our UPMC *for Life* products respond to the needs of our Medicare members. Playing a similar role for our Medical Assistance members is a program called UPMC *for You*. Both government programs consistently channel resources toward positive outcomes in key clinical areas like diabetes, asthma, heart disease, and immunizations.

Community Care Behavioral Health, a UPMC Insurance Services Division company, assists Health Plan members in obtaining the highest quality of care for their behavioral health needs.

Our employee assistance organization, EAP Solutions, also part of UPMC, is the largest EAP in Western Pennsylvania. EAP Solutions offers work-life balance programs and worksite-based services.





# an integrated suite of employer offerings

As a locally owned company, UPMC Health Plan understands the health care needs of Western Pennsylvania, its businesses, and its people.

## Commercial Products

**The rising cost of health care creates a struggle for employers who want to provide employees with high-quality coverage while controlling expenses.**

UPMC Health Plan is harnessing the power of innovation to offer superior health care solutions.

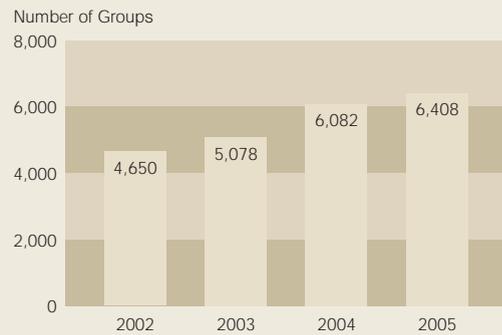
Our commercial portfolio offers plans to fit any client. All of our members have access to our growing network of outstanding physicians and other medical professionals, and to the health care facilities and services of UPMC and numerous community hospitals.

The Health Plan's integrated suite of programs is designed to improve our members' health, control costs, and maintain competitive rates. As a locally owned company, the Health Plan understands the health care needs of Western Pennsylvania, its businesses, and its people.

Our close collaboration with UPMC and network community hospitals enables us to offer the finest health care, the latest medical breakthroughs, and the most effective health management programs in ways that no other insurer in the region can match.

Although we maintain some of the industry's lowest administrative costs, we integrate technology and superior customer service with exceptional problem-solving capabilities.

### Steady Growth: More Employers Offer UPMC Health Plan



The Health Plan has experienced a steady growth in the number of Western Pennsylvania employers that offer our commercial products to their employees.

### Greater consumer involvement

We offer a full suite of consumer-directed health care products, complete with health promotion programs and state-of-the-art online tools to engage members in a consumer-focused health benefits environment. Our fully integrated HSA (Health Savings Account) and HRA (Health Reimbursement Account) products are convenient and easy to use. These plans give members more control of their health care spending as well as the ability to choose their own doctors.

*(Turn to pages 16–17 for an overview of the Health Plan's commercial offerings.)*



We service our client accounts personally, and our management service team for each account includes members of our clinical, finance, and pharmacy staff. This innovative approach enables us to share timely and accurate data with our clients and make recommendations that help them get the most for their health insurance dollar.



All of our formularies—lists of drugs that are covered by UPMC Health Plan—encourage the use of generic drugs, which offer the same safety, quality, and active ingredients as brand-name counterparts, at low copayment levels.



The Health Plan offers our members free health care news and decision-making information through a wide selection of brochures and newsletters like these.

### Pharmacy Programs

Unlike traditional “closed” formularies, our *Your Choice* pharmacy program allows members and doctors to choose drugs previously available only with special medical permission.

# continued commitment to a growing membership

# 14,216

members belong to our recently introduced UPMC for Life Specialty Plan. This no-cost Special Needs Plan is for people who are eligible for both Medicare and Medical Assistance and combines the coverage and protection offered by both programs.

- Benefits include:
- Hospital coverage
  - Prescription coverage
  - Doctor office visits
  - Fitness center membership

## Medicare—UPMC for Life

Our Medicare program, UPMC for Life, offers comprehensive benefits and easy-to-access resources to help members keep informed on health matters and enjoy the best possible quality of health and life.

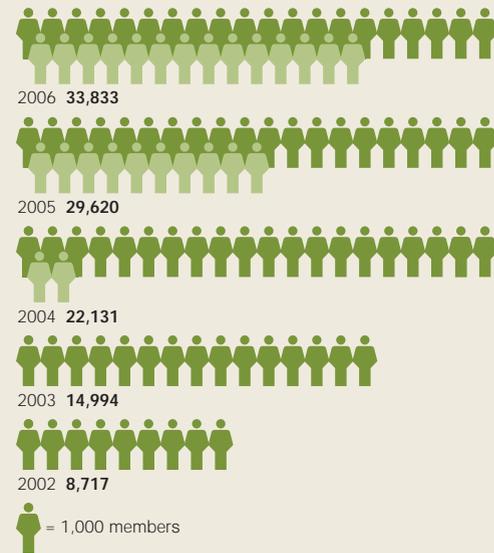
Our Healthy for LifeStyles program offers members a wide range of health-promotion activities at no additional charge. It features fitness-center memberships (including all area Curves facilities), access to online information, discounts on health-oriented magazines, a guided outdoor walking program, and local exercise programs.

### A range of benefit choices

We offer a variety of UPMC for Life plans—both with and without prescription drug coverage. Our \$0 monthly premium plan option, which offers members richer benefits for no cost beyond traditional Medicare payments, continues to be a popular choice.

In response to the federal government's recent implementation of the Medicare Modernization Act, we now offer a Prescription Drug Plan—affordable Medicare Part D coverage for both generic and brand-name drugs. All of our UPMC for Life plans allow members to refer themselves to specialists or get second opinions. (See our complete range of Medicare product choices on pages 16-17.)

### UPMC for Life Membership Growth

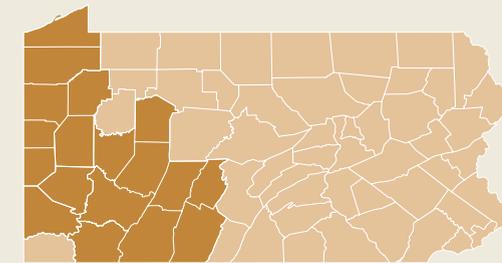


Since the inception of the UPMC for Life product line in 2002, our membership has increased nearly 300%. Spurred by the introduction of our \$0 premium plan, membership has grown by more than 50% in the last two years alone.

### Education for providers and members

The Health Plan mounted a comprehensive educational campaign to help both our members and our physicians understand the new Medicare prescription drug options. For providers, we conducted about 50 sessions on Medicare Part D at hospitals and large provider

### UPMC for Life Service Area



In 2005, we added Erie, Jefferson, and Venango counties to our UPMC for Life service area—bringing the total to 18 counties. Our Medicare members have access to UPMC hospitals and to 49 regional medical facilities.

group meetings throughout Western Pennsylvania. We held another 300 sessions at meetings for smaller practices and at rural sites across the region. We also offered hundreds of educational seminars for Medicare beneficiaries at convenient locations throughout the area.

### Service with a personal touch

In 2005, we introduced a Health Care Concierge program for all UPMC for Life members. In this unique and innovative program, each member receives periodic calls from a special customer representative—a concierge—assigned specifically to that member. Members are encouraged to call their personal concierges with questions or concerns about their health care benefits.



Amber Clark, a sales consultant for UPMC for Life, discusses Medicare plans with a prospective member. UPMC for Life sponsored sessions like this throughout the region to help older Pennsylvanians understand the choices available to them as a result of the recent changes in Medicare.

Through our care management programs, we also provide one-on-one support for members who are chronically ill with diabetes, asthma, or heart disease. Participants receive educational materials about their condition, reminders to get important tests, support in following their doctor's plan of care, and encouragement in making healthy lifestyle changes.

And our Living at Home program gives older members help with remaining in their homes and identifying community resources that can provide support.



### UPMC for Life Options

We offer a variety of products and services that fit the needs of Medicare beneficiaries—from no-cost plans to prescription drug benefits to personalized customer care.

wednesday 5.4.05



Kitty just scheduled her routine checkup.

She has a lot of reasons to stay healthy.

Kathryn “Kitty” McGraw has wrapped up her long career as a journalist, but the news is that she’s not slowing down. As she sees it, retirement gives her more time to be “a better type of active.”

A member of UPMC Health Plan’s Medicare program, UPMC *for Life*, Kitty, 75, spent decades covering Beaver County for local newspapers. Now her activities range from public speaking, singing, and volunteering to writing poetry and walking. She takes the stairs, not the elevator, whenever she can.

“Oh, I feel the aches and pains,” says Kitty. “But I don’t let that rule my life.” One reason she can stay active is her focus on preventive medicine. She sees her primary care physician regularly, just to stay ahead of any problems.

“The best move I ever made was switching to UPMC *for Life*,” she says. “It offered me so much more.” That “so much” includes a choice of benefit plans with and without prescription drug coverage. It also includes free membership in a local fitness club as part of the *Healthy for Life*Styles program, which offers our Medicare members health resources and opportunities for a variety of fitness activities.

And the Health Plan’s innovative Health Care Concierge program provides Medicare members with one-on-one customer service. “I really like this new Concierge program,” Kitty says. “The best part about UPMC Health Plan is the personal contact. It’s so nice, when you have a question, to be able to talk to a real person.”

# 10 years of service to a diverse population

## Medical Assistance—UPMC for You

**UPMC for You, Inc., our Medical Assistance company, celebrates its 10th anniversary in 2006.** Ranked No. 5 nationally by NCQA, UPMC for You excels in childhood and adolescent immunization, breast cancer screening, prenatal and postpartum care, and comprehensive diabetes care.

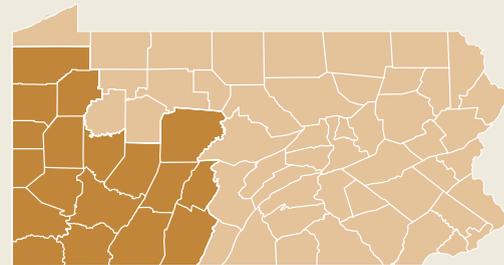
UPMC for You also offers programs focused on pediatric obesity, smoking cessation, and other important preventive services. Our enhanced smoking cessation program offers coverage for nicotine patch or gum prescriptions and counseling.

### Mothers-to-be get special attention

When we learn that a UPMC for You member is expecting, a maternity care manager, assigned to assist the member during pregnancy, telephones regularly, encouraging her to follow her doctor's plan of care, connecting her with support services if needed, answering questions, and providing emotional support.

Designed specifically for UPMC for You members, this program provides education and coordination of care throughout pregnancy. Our team identifies women at risk for complications and helps them to arrange clinical care with their obstetricians.

### UPMC for You Service Area



*UPMC for You serves members in 18 Pennsylvania counties, with the highest concentration of members in Allegheny County. Because we are part of UPMC, our Medical Assistance members have access to some of the finest doctors and hospitals in the region.*

In 2005, more than 635 women received the free infant car seats that we offer as part of our maternity program. We encourage pregnant members to seek early and consistent prenatal care and offer them access to the best doctors and programs.

### One-on-one support

In conjunction with East Liberty Family Health Care Center, Magee-Womens Hospital, and UPMC Braddock, the Health Plan is adding a *doula* program for members of UPMC for You who live in or near the Braddock area. Doulas are non-medical assistants who provide support, prenatal education, and advocacy to



*Pamela Wilson (left), a certified doula, helps Cori Hill with her concerns about pregnancy. Doulas act as companions to expectant mothers and support them throughout their pregnancy, during childbirth, and during the postpartum period.*

pregnant women, with the goal of increasing maternal confidence, parenting skills, and satisfaction with the birth experience. They provide childbirth education and birth support and attempt to find resources the woman and her family may need.

After the baby is born, a maternity care manager follows up to ensure that mother and child are receiving the necessary clinical services.

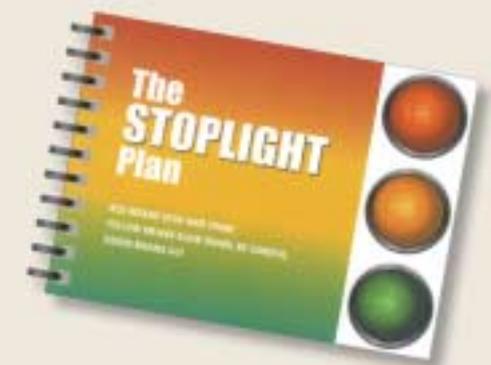
### Raising Standards

UPMC for You was ranked No. 5 among U.S. Medicaid plans in 2005 by the National Committee for Quality Assurance.

### Pediatric obesity grant

With the help of a grant from the Heinz Endowments, the University of Pittsburgh, UPMC for You, and the Pennsylvania Department of Public Welfare are collaborating on a project focused on overweight children.

This family-based program is geared toward helping the whole family make healthy lifestyle choices that may reduce that risk. Emphasis is on helping parents learn behavioral strategies for encouraging their children to make healthy changes in their eating and activity patterns.



*The UPMC for You pediatric obesity project features the Stoplight\* plan for children. It uses the colors green, yellow, and red to indicate which foods are healthy and which should be eaten in moderation or only occasionally.*

\*Adapted from the Stoplight Diet for Children, Epstein and Squires.

UPMC for You reached a total of

# 100,000

members in November 2005.

# holistic solutions for managing life's challenges

# 263,885

members had access to the services of EAP Solutions in 2005.

## Behavioral Health and Employee Assistance

### Community Care Behavioral Health

A UPMC Insurance Services Division company, Community Care Behavioral Health offers accessible, high-quality, cost-effective care in partnership with local providers.

Community Care manages behavioral health benefits for UPMC Health Plan's commercial and Medicare members. Community Care also contracts directly with the state and with county governments to manage behavioral health benefits under Pennsylvania's Medical Assistance HealthChoices program. Community Care is active in Adams, Allegheny, Berks, Chester, and York counties, as well as several counties in the Scranton-Wilkesbarre area.

The Health Plan and Community Care work together to provide exceptional access and service to members requiring care for depression, bipolar disorder, anxiety, addiction, and other behavioral health conditions. We collaborate on clinical practice guidelines, screening and outreach programs, and member education.

The two companies also work together on coordination of care; initiatives that promote safer, more effective use of medications; and case management for members with multiple illnesses or complex medical conditions.



James Gavin, president of Community Care Behavioral Health (top), welcomes participants to the organization's annual behavioral health care conference. This year's conference theme was "Recovery Can Happen."



James Schuster, MD, MBA, Community Care's chief medical officer (above), introduces the organization's principles of recovery. In 2005 Community Care sponsored recovery-focused conferences for members, families, providers, and other stakeholders in the Southwest, Lehigh-Capital, and Southeast HealthChoices regions.

UPMC Health Plan and Community Care work together to provide exceptional access and service to members requiring behavioral health care.

### 2005 NCOA HEDIS Behavioral Health Care Ratings

Measure	UPMC Health Plan	National Average	90th Percentile
Follow-up after hospitalization for mental illness: 30-day follow-up	★ 86%	76%	86%
Antidepressant medication management:			
Effective acute phase treatment	★ 76%	61%	69%
Initiation and engagement of alcohol and other drug dependence treatment:			
Initiation	★ 82%	46%	57%
Engagement	★ 76%	15%	26%

★ Highest ranking in Pennsylvania

Working together, Community Care and UPMC Health Plan surpassed the national average and achieved the highest ranking in Pennsylvania in several important clinical indicators for the treatment of depression, according to the National Committee for Quality Assurance.

Community Care's member outreach efforts and partnership with providers resulted in outstanding antidepressant medication and alcohol and drug treatment rates, scoring above the 90th percentile in both areas.

### EAP Solutions

Another UPMC Insurance Services Division company, EAP Solutions, provides employers with a comprehensive program that enhances workplace productivity, health, and wellness.

Working in a confidential manner, EAP Solutions helps employees and their families address personal and professional concerns. EAP Solutions provides 24/7 access to counselors skilled in services ranging from personal coaching and counseling to management consultation and training, crisis intervention, and workplace wellness. A Work/Life Balance referral program, introduced in 2005, helps employees and family members address financial and legal concerns, elder care, child care, adoption, college planning, and even pet care.

Balancing Life, Work & Wellness

EAP Solutions sends monthly e-mail newsletters to members on timely topics such as managing depression, dealing with tragic loss, and making healthy lifestyle changes.





## improving health

Healthy or ill, one continuum of attention

We view health status as a continuum, and we respond with a spectrum of programs and services focused on health promotion and care management.

Our health promotion and condition management programs focus on all of our members—people who are in good health, at risk of disease, ill but unaware of it, or diagnosed with one or more chronic conditions.

The objectives are straightforward: to encourage continued healthy living in healthy members; to support members for whom changes in behavior can improve their chances of avoiding serious medical problems; and to raise awareness and suggest corrective steps for those who can improve their health through lifestyle changes and adherence to appropriate preventive and treatment guidelines.

When members are diagnosed with chronic diseases or fall victim to injuries or multiple illnesses, Health Plan team members take direct, individually tailored steps to help them understand and manage their situations.

thursday 7.14.05



An innovative program inspires employees to improve their health.

Frank Greco and his colleagues Joanne Kurtz and Ron Giles are watching Chatham College staff members sign in for follow-up health screenings. “They’re always hungry for information about their health,” he says.

Frank is Chatham’s human resources director. He’s pleased with the turnout for this health promotion event, which is being conducted by UPMC Health Plan’s *MyHealth* team.

By 8 a.m, a third of the 200 employees on campus have registered for today’s screening. First in line is the college president, Dr. Esther Barazzone.

New activities like *MyHealth* screenings help motivate workers to choose healthier behaviors. Several months earlier, the school offered employees a chance to pre-test vital signs, setting baselines for improvement. This morning, a smiling maintenance worker skips out of the screening area waving a printout. The news is good: her cholesterol readings have improved dramatically.

Around the basketball court, professors, administrators, and support staff are being measured and weighed, undergoing carbon monoxide, cholesterol, and blood pressure tests, and discussing the results—printed out while they wait—with medical personnel.

At Chatham, Frank says, “We’re planting the seeds of a healthy work force.” With discreet cheerleading, a collaborative attitude, and quick feedback about their efforts, “Our folks are learning to avoid high-risk behaviors and mentoring the people they work with, too.”

# right care, right amount, right time

# 75%

of the nation's \$2 trillion in health care costs is incurred by people with chronic diseases.

Source: National Institutes of Health, April 2006

"It is critical to help members avoid developing conditions such as hypertension, diabetes, and high cholesterol in the first place. Our goal as a health plan is to put tools and supports in the hands of our members, physicians, and employers to improve health outcomes."

Diane P. Holder  
President  
UPMC Health Plan and UPMC Insurance Services Division

## Overview

### Health promotion and health management programs for every one of our members



**Healthy**



**At Risk**

- Overweight
- Smoking
- Inactivity



**Ill but Unaware**

- Hypertension
- Diabetes
- High cholesterol



**Chronically Ill**

- Diabetes
- Asthma
- Cardiovascular disease



**Multiple Illness or Injury**

- Multiple or complex conditions
- Need for integrated team management

Working closely with our members' physicians, we offer a comprehensive suite of resources and support—a *continuum of care*—that addresses the needs of our members at every level of health.

The range of support we offer includes online tools and resources for maintaining or improving health, medical screenings, worksite seminars and exercise programs, and telephone coaching for members who need help losing weight, quitting smoking, or managing stress.

We offer telephone support and coordination of care by nurse health managers to chronically ill members. We also offer online tools that educate them about their conditions and help them to interact with their health managers and physicians.

This spectrum of education, support, and care is designed to help all of our members enjoy the best possible quality of health and life.

## HEALTH PROMOTION SERVICES AND PROGRAMS

### Online tools

- Health surveys
- Interactive diet, exercise, and smoking cessation programs
- Personal medical information
- Condition and self-care information
- Symptoms search
- Free newsletters

### Health assessment

- Online risk appraisal
- Onsite screenings
- Cafeteria/food service evaluation
- Health education needs evaluation

### Health promotion

- Educational materials
- Educational seminars
- Health fairs
- Stairwell campaigns
- Walking programs
- Smoking cessation programs
- Weight management programs
- Stress management programs
- Rewards programs

## HEALTH MANAGEMENT SERVICES

### Condition management

- Health advocacy
- Coaching services
- Telephone and home visits
- Self-management education, tools, and support
- Online condition management programs
- Coordination with member's physician

### Case management

- Clinical, psychosocial, and environmental interventions
- Telephone and home visits
- Coordination with member's physician
- Mobile outreach

# 32%

of adults and 17% of children in the U.S. are obese.

Source: Journal of the American Medical Association, April 5, 2006

# making well-being a personal priority

## Health Promotion

In 2005, UPMC Health Plan built new partnerships with employers committed to helping workers lead healthier lives. Our MyHealth OnLine program, launched in 2005, supports members in the workplace by giving them resources that help them better understand and make informed decisions about their health.

Employers have responded enthusiastically, because healthy employees work more productively, display lower rates of absenteeism, and incur lower health care costs.

MyHealth OnLine is powered by WebMD, a leading source of online health information for physicians and consumers. When members log on to MyHealth, they unlock a free, confidential, round-the-clock resource that tailors itself to their individual needs.

An online questionnaire helps members to assess their health and potential risks. Members can print out reports to share with their physicians. While personal information remains confidential, employers can use aggregate data to plan programs tailored to specific employee needs.

MyHealth OnLine also includes access to a 4,000-topic library of health-oriented information. Interactive features enable members to devise personal action plans for getting in shape, eating better, losing weight, or quitting smoking.



*Ginny Andrews, a Health Plan account manager, participated in a health screening offered through MyHealth, our wellness program for employees. Because she had some of the warning signs for diabetes, she was invited to join a weight management program called "UPMC Lifestyle Balance."*

*Through this program, she learned how to manage stress, reduce her cholesterol, and increase her activity level. As a result, she lost 40 pounds in the first six months. "It was a good program for me," says Ginny. MyHealth programs will continue to expand in the coming years as we seek better ways to serve the health needs of our members.*

### Coaching for healthier members

Health coaching provides a personalized resource to help at-risk employees toward a healthier lifestyle. Members may call one of the Health Plan's telephone health coaches to receive expert advice and support in improving unhealthy behaviors ranging from tobacco use to weight management. A Health Plan coach can guide members with high cholesterol or hypertension

# 95%

of participants rate their overall experience at our worksite health screenings as "good" or "excellent."



*Voluntary MyHealth screenings in the workplace encourage our members to adopt healthy habits and avoid risky behaviors. After employees sign up for a screening, UPMC Health Plan personnel visit to record their height and weight; administer*

*carbon monoxide, cholesterol, and blood pressure tests; and discuss the results—right on the spot. One human resources manager described the program as a way of "planting the seeds for a healthier work force."*

in making healthier food choices, developing an exercise program, or managing stress. A health coach can work with a member's physician to facilitate recommended changes in health behaviors. The coach can also provide timely feedback to the physician about the member's progress.

### Employer collaboration

Our account managers work closely with our clients to encourage employees who are Health Plan members to use the full range of MyHealth OnLine resources. Employers may choose to add optional worksite health screenings, exercise programs, classes in topics such as nutrition, or health-improvement incentives.



*The MyHealth program includes educational literature on healthy eating, exercise plans, managing conditions such as low back pain and stress, and many other topics.*

# 246

vendors participate in our Healthy Living Rewards program, which offers discounts on fitness club memberships, weight-loss programs, exercise equipment, sporting goods, and related products and services. This program is free to UPMC Health Plan and UPMC for Life members.

friday 10.21.05



Sharon takes a test that saves her family.

A recently introduced UPMC Health Plan-sponsored test for pregnant women may have saved the lives of Sharon Dias and her children.

During a routine prenatal checkup at a Magee-Womens Hospital outpatient clinic, Sharon exhaled into a device that measures carbon monoxide (CO) levels. With Health Plan participation, the clinic had just added the CO check to the usual weigh-in and urine test. Since the new device instantly displays a reading of the patient's blood CO content, it can help educate the patient regarding the physical problems associated with smoking. It can also offer an opening for discussion about the negative effects of smoking on the child in the womb.

Sharon and her clinicians were surprised to see a CO reading three times higher than the nonsmoker's norm—the equivalent of a three-pack-a-day habit. Although not a smoker, Sharon did report headaches, fatigue, and nausea. Was she exposed to second-hand smoke, or to a CO-rich work environment? Negative answers to both questions set off alarm bells for clinic workers. Fire bells followed, as the Wilkinsburg fire department cordoned off Sharon's apartment house. A furnace check by a utility company technician confirmed the clinic's suspicions: dangerous levels of CO from a malfunctioning gas furnace were invading Sharon's and at least one neighbor's apartments.

Sharon and her two sons escaped serious harm, and today she, her baby, and the boys are doing fine.

CO testing is one of many components of the Health Plan's health promotion initiative, which also includes other preventive screenings and education programs for healthy living.

# engaging patients in the process

## Health Management

**Our health management programs, first introduced in 1999, serve members with chronic conditions such as asthma, diabetes, and heart disease.** Grounded in a holistic approach, our programs take into account not only medical conditions but also lifestyle factors that impact health status. By following recommended treatment guidelines for their illness as well as changing behaviors that may contribute to poor health, members can significantly improve their health outcomes.

### A holistic approach

Care managers, pharmacists, and behavioral health specialists on the health management team collaborate with physicians to help members manage their conditions, reduce risk factors such as overweight or smoking, interpret symptoms, seek treatment, and avoid crises. We emphasize member involvement while reinforcing doctor-patient relationships. Physicians can also facilitate a member's participation by contacting the health management department directly.

### Support tools

Better informed and educated members make better choices. Our health managers work directly with our members to help them use self-management tools. Our online condition management centers offer in-depth understanding of some of the most common chronic

diseases, including diabetes, asthma, coronary heart disease and hypertension in easy-to-understand terms. Members can access information about their specific condition from the privacy of home. They can also type in questions and receive answers from one of our health managers.



Georgina Davison, RN, a diabetes health management specialist, is part of the Health Plan's health management team. Specialists like Georgina work with members who have chronic diseases and teach them how to practice preventive care measures, monitor their conditions, and adhere to their doctor's plan of care.

### Help with complex conditions

Our case management staff is dedicated to removing barriers to care for members who suffer from multiple illnesses or complex conditions. Case managers assist members by acting as advocates and coordinating clinical care and community resources.

### Examples of Our Health Management Programs

**Asthma:** First implemented in 1999, this program was expanded in 2005 to include all members with asthma, whether their conditions are controlled or not.

**Cardiovascular disease:** Begun in 2002, this program was expanded in 2005 to include not only members who suffer from heart failure, but also those diagnosed with hypertension, coronary artery disease, and hyperlipidemia.

**Diabetes:** This program, which was first implemented in 1999, was recently expanded to include all diabetic members, regardless of the severity of their symptoms.

**Low back pain:** Begun in 2005 as a pilot program for UPMC employees and their family members diagnosed with low back pain, the program is expanding in 2006 to include all commercial members.

Since the Health Plan's congestive heart failure program began in 2002, hospital admissions for heart disease among participants are down by

# 73%

### A 20-minute lifesaver

Regular medical screenings can be effective in identifying health conditions before they become crises.

When George Huber signed up for his MyHealth screening, he wasn't expecting to learn anything new about himself. After all, he had regular checkups and followed an extensive exercise regimen three to four times a week.

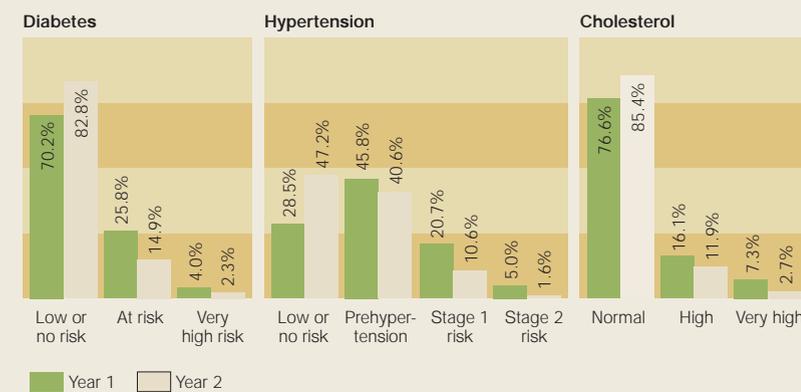
But the screening results proved surprising. George's blood glucose level was 135. He discovered he had diabetes. "Thank goodness I took the screening," says George. "This could have developed into a serious health issue if it hadn't been caught early."



A MyHealth screening enabled George Huber, senior vice president for Corporate Relations and Regional Programming for UPMC, to control his diabetes.

George worked with his doctor and a dietitian to develop a healthy eating plan, and he monitors his glucose levels every day. "The human body is a marvelous machine," says George. "But we have no internal diagnostic tool to let us know when something's wrong. That's what makes programs such as MyHealth so important."

### MyHealth Screenings Show Changes in Health Risk (1,463 participants)



In just one year, the percentage of UPMC employees at risk for diabetes, high blood pressure, and high cholesterol decreased significantly. Participants who scored at risk in Year 1 received follow-ups from UPMC Health Plan health coaches. The implication is clear: Information from screenings helps participants to change behavior and reduce their risk of illness.

As we refine our processes and techniques, we never lose sight of the people for whom they exist. From our call centers to our executive offices, our culture emphasizes respect and helpfulness in business, as well as responsible citizenship in the community.

To make every contact with a member or provider a positive experience, we employ an expanding matrix of advanced information technology, integrating our operations while affording both clients and providers access to and control of their accounts. At the same time, we continue to discover new ways to make human interactions both more personal and more efficient.

And because improving the health of the general community enhances our ability to respond to medical problems that simply can't be avoided, we devote considerable resources to outreach in the form of free information, financial support, and volunteer time. We help build the vitality of the region while promoting diversity, civic involvement, and healthy habits.

## exceptional service

There's more to it than medicine and management

saturday 12.3.05



Kurt checks in with Medicare members.

“These are my members.” Medicare outreach specialist Kurt Rutherford feels a personal connection to the UPMC *for Life* members for whom he’s the guide to an often confusing Medicare system. As a designated concierge in the Health Plan’s new Health Care Concierge program, Kurt aims for customer satisfaction like that produced by the go-the-extra-mile attention you’d get at an upscale hotel.

Resourceful, concerned, and intimately familiar with the system, Kurt develops a personal bond with every member. He’s a trusted advisor, not just a service provider.

“A lot of my members are elderly,” says Kurt. “Sometimes they have specific questions about our plan, but very often they’re just overwhelmed by Medicare: ‘Part B, Part D... how does it all fit together?’

“Of course concierges take inbound calls when people have questions, but we also reach out and contact them at least three times a year, just to check up: ‘Did you get your new ID cards? How are your grandchildren? Happy birthday!’ We build rapport, so that when they need help they can ask for us by name—they’re not just calling an anonymous phone center.

“We make it clear that we’re interested in solving their problems. My goal is to handle each particular call so that person doesn’t have to call me—or anybody else—back. Whether it takes five minutes, or two minutes, or an hour, I want to solve the problem right there and then.”

# new technology and a responsive attitude

## Customer Service

**Advanced business technology is enabling UPMC Health Plan's operations department to build productivity and member satisfaction while keeping administrative costs under control.** Just one example: by applying networked electronic data interchange (EDI) technology for secure information transfer from providers, we were able to smoothly process more than 5.8 million claims in 2005.

Thanks to EDI and optical character recognition (OCR), less than 3% of those claims had to be entered manually. OCR is one of the reasons that our average claim processing time dropped to just nine days, compared to the industry standard of 15. At the same time, we've reduced our claim-adjustment rate to less than 1%, a notable feat in an industry with a 5% average.

### Service and efficiency

Our call center includes distinct units, specially trained to assist commercial members, government program members, and providers. And our interactive voice recognition system, based on voice-directed technology that eliminates the need for telephone-keypad input by the caller, makes user-friendly, round-the-clock service both economical and reliable.

In 2005, our Provider Services unit reduced its telephone speed-to-answer time by almost 100%. The new average is down to only 18 seconds, compared to last year's 30-second industry standard response. And our abandoned-call rate (the measure of callers who hang up before a representative answers) dropped below 1%—a steady advance over 2004's 3%.

Overall caller satisfaction with phone-based transactions continued to rise. We achieved a combined 2005 member and provider service quality score of better than 98%, surpassing 2004's score of 96%.

### 2005 Customer Service and Claims Payment Measurements

Measure	UPMC Health Plan Actual	Industry Standard
Average speed of answer	14 seconds	30 seconds
% of calls answered in 30 seconds or less	85%	80%
% of abandoned calls	0.87%	3%
Claim payment quality	99.8%	99.5%
Claim payment turnaround	9.56 days	14 days

*Our "high-touch" approach to customer service works seamlessly with our technology platform to produce fast, superior service and exceptional problem-solving capabilities.*

### Online Customer Services

Our Health Plan OnLine services give members, employers, and providers the ability to manage many aspects of their Health Plan accounts.



*Through Member OnLine, users can link to a WebMD site that includes information and interactive programs that support healthy lifestyles.*

# 5.8

million claims were processed by the Health Plan in 2005 thanks to electronic data interchange technology. Less than 3% of these claims were entered manually.

**Member OnLine** ended 2005 with 51,189 registered users, an almost 50% increase over 2004. Members can use this service to change primary care providers, update personal contact information, and print out a temporary ID card.

**Employer OnLine** experienced a 26% increase in use in 2005. During that same period, our clients used Employer OnLine to process nearly 25,000 new enrollment transactions and enrollment updates via the Internet. Health Plan account representatives are available to help employers get online and learn how to use the service.

**Provider OnLine** experienced a 27% increase, with more than 25,000 secure transactions processed during 2005. Significant new features for providers include online drug authorization, individual submission of institutional claims, and the ability to amend claim submission errors. Provider OnLine allows providers to submit data electronically in a way that conforms with Health Insurance Portability and Accountability Act requirements.

*"I am a big fan of UPMC Health Plan's Employer OnLine website. You can see exactly what you want and where to go. This is definitely the easiest website to use that we have to deal with. My favorite part of the site is the **view transactions** feature, which allows me to see and verify everything I did that day: enrolled members, issued terminations, everything. I love this website. You can accomplish anything you need to do on it without any trouble."*

Carol Homonai  
Benefits Administrator, King's Family Restaurants

*"I love Provider OnLine—compared to other carriers it is very user-friendly. All the information I need is available with just a few clicks. I use the claims messaging part of the application because I receive a very fast response—usually within 24 hours."*

Maureen Skinner  
Insurance Collector, Children's Community Pediatrics

# nothing succeeds without a healthy community

UPMC Health Plan gave

# \$1,000,000+

in charitable donations to community organizations in support of events and initiatives in 2005.

## Community Outreach

**All health plans are committed to helping their members get well.** But UPMC Health Plan understands that it's equally important to help people avoid illness and injury in the first place. So, just as we maintain diabetes, asthma, and heart-disease health management programs, we also deploy educational and financial resources with the broader aim of preserving and improving the health of the people in the community we share. In the process, we help to ensure that care is available where the needs are most urgent.

### Bethlehem Haven

We are honored, for example, to lend support to the Bethlehem Haven Health Clinic. Bethlehem Haven is a nonprofit organization that for more than 20 years has provided shelter, support, rehabilitation, and safety to thousands of homeless people.

### Manchester Craftsmen's Guild

Another local nonprofit for which our financial support made a difference is the Manchester Craftsmen's Guild. The Health Plan's donation is helping the guild inspire urban youth and provide technological, culinary, and medical career training. Health Plan sponsorship also helped keep alive the Guild's Third-Grade Jazz program, which introduces students to jazz and its influence on all music forms.

### Working Hearts

Working Hearts, a community coalition initiated by the Jewish Healthcare Foundation, encourages people to improve their heart health through better nutrition, more physical activity, screenings, and stress management. UPMC Health Plan was a major sponsor of the third annual Working Hearts Day in the City of Pittsburgh.

*In 2005 the Health Plan sponsored the Genesis Riverside Run for Adoption for the seventh year in a row. Genesis provides support for young women facing unplanned pregnancies and is also a full-service adoption agency.*



### March of Dimes WalkAmerica

Diane Holder, president of UPMC Health Plan, served as co-chair of the March of Dimes WalkAmerica. Through donations and walk participation, staff members contributed more than \$45,000 dollars to this event. WalkAmerica supports research and programs to help babies in our community and across the country get a healthy start. The March of Dimes' mission is to improve the health of babies by preventing birth defects, premature birth, and infant mortality.



*Each year the Cub Scouts of Pack 115 challenge the employees of UPMC Health Plan to see who can collect the most food in the Scouting for Food drive. Despite the Health Plan's best efforts, the Scouts have won every year. In 2005, Pack 115 collected 4,200 units of food vs. our 4,100 units. (This total does not include Health Plan employees' online cash donations.) Scott Lammie (far left), the Health Plan's chief financial officer, is the 2006 general chairman for Scouting for Food. Maris Bondi (far right) coordinates the Health Plan's community relations activities.*



*UPMC Health Plan lent its support during the 15th annual YMCA Healthy Kids Day. This event is a free, fun-filled day of activities for kids and families designed to promote health in spirit, mind, and body. The Health Plan highlighted its participation with educational materials, healthy giveaways, and a "game show" that taught children about good nutrition.*

UPMC Health Plan supports a wide variety of community activities and organizations.



sunday 2.5.06



Shawn and Katie attend the Super Bowl and become fast friends.

“It was like we were one big family.” That’s how UPMC Health Plan case manager Pat Perkins describes the bond that developed between the care team and two young Health Plan members (and their families) who traveled to Super Bowl XL, thanks to a generous impulse—and a little bit of out-of-the-box thinking—on the Health Plan’s part.

Shawn Clemens, 16, and Katie Miller, 12, were receiving care at Children’s Hospital of Pittsburgh during the runup to Super Bowl XL. UPMC Health Plan donated its Super Bowl tickets to the Children’s Hospital Foundation, and Shawn and Katie were selected for an all-expense-paid trip to the game in Detroit.

Pat, who accompanied the young patients but did not attend the game, is Katie’s case manager at the Health Plan. “Everyone got along so well, and Shawn and Katie really hit it off,” she recalls.

Getting the children and their family members to Detroit on only four days’ notice took intensive planning. With assistance from John Chamberlain of STAT MedEvac, which serves UPMC and other Pittsburgh hospitals, UPMC Health Plan arranged for round-trip transportation to the game. Two STAT MedEvac flight nurses volunteered to accompany the young patients on the outbound and return legs of the trip. Community EMS of Detroit provided a van to ferry the children and their families around the city during their overnight trip.

“During the game I probably got 15 calls from the kids, telling me how happy they were,” Pat says. “They just love the Steelers, and now they love the Health Plan, too.”

# managing our resources responsibly

## Financial Highlights

Division financial highlights reflect the combined operating results and financial position among UPMC's health insurance subsidiaries.

Calendar year 2005 represented another strong year of growth, with Division revenue increasing by \$186 million (13%) to \$1.6 billion. Division operating margins were \$56 million (3.5% of revenue) in 2005 compared to \$43 million (3%) in 2004.

The Division's exceptional operating performance is the result of our highly disciplined focus on product line management, and the application of innovative technology solutions to achieve optimal clinical outcomes for our members while effectively managing member care costs.

Underscoring our commitment to cost containment and efficiency, UPMC Health Plan's administrative costs were maintained at less than 8% of premium revenue in 2005, an industry best practice performance.

During 2005, UPMC Health Plan also pursued and achieved SAS70 certification of its claims-processing internal controls environment, providing additional independent quality assurance for our self-insured customers.

### UPMC Insurance Services Combined Statement of Revenue and Expenses

For the year ended December 31 (in millions)

	2005	2004
<b>Enrollment Revenue</b>	<b>\$1,600</b>	<b>\$1,414</b>
Operating Expenses	1,544	1,371
<b>Operating Margin</b>	<b>56</b>	<b>43</b>
Operating Margin %	3.5%	3.0%
Investment Income	9	10
Interest Expense	(4)	-
Income Taxes	(20)	(4)
<b>Net Income</b>	<b>\$41</b>	<b>\$49</b>

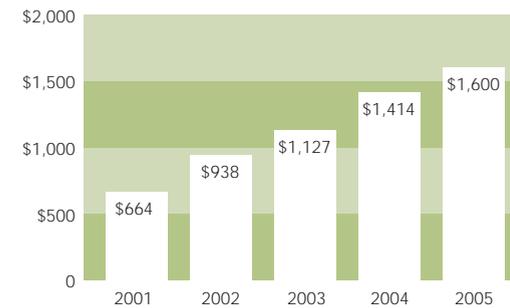
The Division is also participating in the University of Pittsburgh Medical Center's enterprise strategic initiative to become the first nonprofit health system in the nation to voluntarily achieve full compliance with all provisions of the Sarbanes-Oxley Act (SOX). UPMC is expecting SOX certification in 2006.

Community leadership is expressed in UPMC's commitment to organizational transparency and best-in-class governance.

UPMC's consolidated financial reporting is published on a quarterly (unaudited) and an annual (audited) basis. This reporting can be found at <http://www.upmc.com>.

### Insurance Services Revenue Growth

(in millions of dollars)

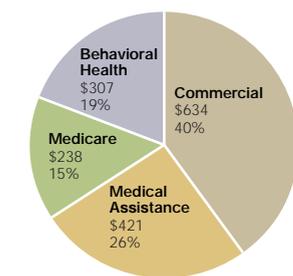


### Health Economics

UPMC Health Plan collects a wealth of administrative data each year. In an effort to better use these data for the good of our members, our clients, and our company, we have created our own Health Economics department. The goal of the department is to transform statistical data into information that employers can use in determining how to best use their resources to help make their employees healthier and more productive. Through financial modeling provided by the Health Plan, employers are able to see where the best opportunities lie and can make informed decisions about how to spend their health care dollars.

### 2005 Insurance Services Revenue Distribution by Product

(in millions of dollars)



### UPMC Insurance Services Combined Balance Sheet Highlights

For the year ended December 31 (in millions)

Assets	2005	2004
Cash and Investments	\$317	\$286
Current Receivables	102	76
Other Assets	8	30
<b>Total Assets</b>	<b>\$427</b>	<b>\$392</b>
Liabilities and Equity		
Health Claims Reserves	\$147	\$142
Other Current Liabilities	74	66
Surplus Notes*	128	-
Preferred Stock*	-	128
Common Shareholder Equity	78	56
<b>Total Liabilities and Equity</b>	<b>\$427</b>	<b>\$392</b>

\*The issuance of surplus notes and redemption of preferred stock occurred in connection with the conversion of UPMC Health Plan to a Pennsylvania nonprofit corporation in 2005.

# a flexible, responsive business organization

## Division Overview

UPMC Insurance Services Division comprises health maintenance organizations, preferred provider organizations, and health-related technology and benefit management companies offering a variety of government and commercial health insurance and health-related products and services.

UPMC Health Plan serves as the sentinel entity of the Division, offering commercial and Medicare HMO products while also providing the administrative, personnel, and financial services required by most entities in the Division. Another HMO, the nonprofit UPMC *for You*, Inc., offers benefits to Medical Assistance beneficiaries.

Community Care Behavioral Health complements the Division with its behavioral health products, delivered as health insurance offerings and independently under Pennsylvania's HealthChoices Medical Assistance program.

### UPMC Insurance Services Division Membership (as of December 2005)



UPMC Health Plan (Commercial)  
308,078



UPMC *for Life* (Medicare)  
29,620



UPMC *for You* (Medical Assistance)  
99,785



Community Care Behavioral Health  
267,237



EAP Solutions  
211,108

= 5,000 members



*Diane P. Holder, president of UPMC Health Plan and UPMC Insurance Services Division, was invited by Governor Ed Rendell to be part of a group of Pennsylvania business leaders that joined him as he rang the closing bell at the New York Stock Exchange on April 8, 2005. Ms. Holder, Governor Rendell, and other business leaders were in New York to advance the state's \$2.3 billion Economic Stimulus Package.*

UPMC Insurance Services Division includes:

UPMC Health Plan, Inc., a Pennsylvania nonprofit HMO offering commercial, Medicare, Special Needs, and CHIP products.

UPMC Health Benefits, Inc., a PPO offering Medicare Select and Supplemental products.

UPMC Health Network, Inc., a PPO offering Medicare and commercial PPO products.

UPMC *for You*, Inc., a Pennsylvania nonprofit HMO offering a Medicaid product.

UPMC Benefits Management Services, Inc., an entity that will offer administrative services to self-insured employers.

UPMC IS Technology Services, LLC, an entity offering ASP hosting and other technology services.

Community Care Behavioral Health Organization, a tax-exempt PPO offering both commercial and governmental behavioral health products.

EAP Solutions, a division of a nonprofit entity offering employee assistance programs.

Askesis Development Group, Inc., an entity engaged in the development and sale of behavioral health technology products.

# governance through in-depth expertise

## Committees, Board, and Company Officers

### Quality Improvement

We believe that to improve the quality and efficiency of health care delivery in our community, all stakeholders need to be involved in the decision-making process. This applies with particular significance to the physicians who care for our members. UPMC Health Plan's Quality Improvement Committee is largely made up of practicing physicians who create and support the Health Plan's clinical policies. The committee is a forum enabling these physician leaders to establish collaborative clinical programming with our provider community.

#### Quality Improvement Committee

Daniel Brooks, MD  
Richard Cartwright, MD  
Kenneth Ciesielka, MD  
Michael Culyba, MD  
Nicholas DeGregorio, MD  
Angelo DeMezza, MD  
Anne Docimo, MD  
Dennis English, MD  
William Fera, MD  
Juliet Jegasothy, MD  
Ken Nash, MD  
James Schuster, MD  
Dennis Stull, MD  
Jalil Tuchinda, MD  
Michael White, MD  
Jay Ziegler, MD

#### Behavioral Health/Physical Health

Bernard Bernacki, DO  
Michael Culyba, MD  
Frank Ghinassi, PhD  
Edward Post, MD, PhD  
Eric Rodriguez, MD  
Bruce Rollman, MD, MPH  
Octavio Salazar, MD  
James Schuster, MD  
Tony Stille, MD  
Anne Toland, PhD

### Credentialing

Michael Culyba, MD  
Nicholas DeGregorio, MD  
Christopher Olbrich, MD  
Jay Ziegler, MD  
Eileen Baade, MD  
John Maher, MD  
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## values

The first letters of UPMC Health Plan's corporate values spell

## PRIIDES

### *Partnership*

We believe positive partnerships and teamwork improve results.

### *Respect*

We treat others as we want to be treated.

### *Integrity*

We do what is right.

### *Innovation*

We create products and services for current and future success.

### *Development*

We invest in our staff members' continued growth and satisfaction.

### *Excellence*

We strive for "best-in-class" practices and outcomes.

### *Service*

We view exceptional service to all customers as a critical differentiator.

## mission

UPMC Health Plan employees are committed to improving the health of our members by offering innovative products, cost-effective solutions, and service excellence through our unique partnerships with our health system, our members, the community providers, and our purchasers.

Inspiring fresh outlooks by showing

vision...every day

UPMC HEALTH PLAN  
Where you belong.

UPMC HEALTH PLAN  
**Where you belong.**

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