GROWING STRONG TOGETHER

2016 Year in Review
2016’s Key Themes

MISSION
Staying true to our mission to serve the poor and vulnerable

STRENGTH
Strength in our ministry—financial, operational, and leadership team

COMMUNITY
Quality compassionate care for the community
Table of Contents

Letter from the CEO .................................................. 2
Our Heritage ............................................................. 4
Sustainable Growth .................................................... 6
Excellence ................................................................. 12
Population Health ....................................................... 14
Financials ................................................................. 16
Creating Healthier Communities ................................. 18
Future Outlook ........................................................... 20
EXPANDING OUR REACH

In the ever-changing world of health care, we are here for our members and the community. 2016 was a year unlike any other in our history, and we took significant steps to make our ministry better than ever. Our heritage of compassionate care serving the poor and vulnerable, combined with the strength of our system, will ensure that we continue as the most trusted health insuring organization in Oregon.

Serving members from a place of compassion is an incredible responsibility, one that each of our caregivers values with the utmost respect and dignity. Now part of the larger Providence St. Joseph Health family, we are able to expand our Mission into new areas within the PSJH footprint.

I am honored to have the opportunity to lead this organization, and our caregivers, into a bright future.

Michael Cotton
Chief Executive Officer
Meet the executive leadership team whose dedication as Mission-driven caregivers helped to nourish our growth in 2016.

**Father Tim Bushy**
Director, Mission Integration and Spiritual Formation

**Mike Cembrola**
AVP, Sales and Account Services

**Greg Dietzman**
AVP, Health Services Operations

**Stephanie Dreyfuss**
Vice President, Network Development

**Brad Garrigues**
Chief Sales and Marketing Officer

**Bob Gluckman, MD**
Chief Medical Officer

**Dana Hogan**
AVP, Application Support

**Mark Jensen**
Chief Service Operations Officer

**Siv Larsen**
Director, Program Integration

**Jon McAnnis**
Chief Information Officer

**Diania Otruba**
Director, Human Resources

**Caresse Sakagawa**
AVP, Product and Marketing

**Alison Schrupp**
Chief Administration Officer

**Carrie Smith**
Chief Compliance Officer

**Andrew Tarab**
AVP, Informatics

**Michael White**
Chief Financial Officer

**Dustin Yazell**
Director, Strategic Planning

**Greg Zamudio**
Senior Corporate Counsel
COUNTED ON AMONG GENERATIONS

Our Heritage of Working Together
What Grounds Us

Mission
As people of Providence, we reveal God’s love for all, especially the poor and vulnerable, through our compassionate service.

Vision
Together, we answer the call of every person we serve: Know me, care for me, ease my way.

Core Values
Respect, Compassion, Justice, Excellence and Stewardship

Providence Health Plan is not like other insurance companies. We are the result of a shared value system that began with The Sisters of Providence 160 years ago. They helped pioneer community growth by developing schools, hospitals and orphanages. Our Mission has grown a ministry including a seven-state health system, one of the largest in the country. We believe in our remarkable heritage. We know our members feel the difference this makes in their lives. We are growing strong together.

You understand that the mention of a hospital to a Sister of Providence is like touching every fiber of her heart.

—MOTHER JOSEPH, 1865
STEWARDS OF SUSTAINABLE GROWTH

Our Growth in 2016
Numerous challenges faced Americans in 2016 when it came to accessing improved health care. We saw changes in the health delivery system, the advancement of technologies, and in consumers’ expectations for how to access and understand their care. Amid these challenges, Providence continued to grow. Individuals seeking coverage under the ACA found multiple plans, while businesses and organizations turned to our group offerings for their employees. To cover 123,781 new members, Providence added more than 171 new caregivers and 1406 providers, each dedicated to fostering our members’ health via compassionate care.
Our sustained growth in 2016 challenged our infrastructure.

Our focus on our mission of providing compassionate service allowed us to meet the challenge. Our coverage helps show the wide variety of members who discovered our services, and where Providence is helping people and communities grow strong together.
Membership Growth by LOB

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>2014 YE</th>
<th>2015 YE</th>
<th>2016 YE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>11,767</td>
<td>29,855</td>
<td>103,252</td>
</tr>
<tr>
<td>Small Group</td>
<td>25,539</td>
<td>30,151</td>
<td>57,697</td>
</tr>
<tr>
<td>Large Group</td>
<td>102,251</td>
<td>107,537</td>
<td>108,959</td>
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<tr>
<td>ASO Group</td>
<td>198,076</td>
<td>221,533</td>
<td>253,332</td>
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<tr>
<td>ASO Carrier</td>
<td>18,480</td>
<td>39,329</td>
<td>25,845</td>
</tr>
<tr>
<td>Medicare</td>
<td>45,060</td>
<td>48,244</td>
<td>50,330</td>
</tr>
<tr>
<td>Medicaid</td>
<td>39,110</td>
<td>36,463</td>
<td>35,478</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>440,283</strong></td>
<td><strong>513,112</strong></td>
<td><strong>634,893</strong></td>
</tr>
</tbody>
</table>

44.2% GROWTH FROM 2014YE–2016YE +194,610 MEMBERS

16.5% GROWTH FROM 2014YE–2015YE +72,829 MEMBERS
We are accountable to our members at all times. This level of social responsibility reflects our core beliefs. It is our duty and obligation to ensure that all people receive the care they need.
Serving the Right Way

We took steps to serve members the right way by identifying several initiatives to bolster our operations and streamline internal processes. The results will help ensure that members will continue to receive the best care.

**Empowering Our Caregivers**
Our Mission to reveal God’s love for all, especially the poor and the vulnerable, is a powerful charge. It speaks to the heart of who we are, and helped attract dedicated caregivers to join us during 2016. Our Mission guides us in serving members as one of the largest non-profit health plans in the country.

**Nurturing Our Future Ministry**
We have the opportunity to maintain a leadership position with our determination for connecting as caregivers and with thoughtful innovations. We invested in our systems and processes to create a sustainable platform for ongoing growth.
EVIDENCE OF COMMENDABLE CARE

CAREGIVER
INSPIRED
EXCELLENCE

Evidence of Commendable Care
Serious About Quality

Medicare Advantage 4.5 Star Rating

4.5 ★★★★★

The Centers for Medicare and Medicaid Services awarded Providence Medicare Advantage Plans an overall 4-1/2 star rating for 2016 based on several care quality customer satisfaction metrics. Medicare evaluates plans based on a 5-star rating system. Star Ratings are calculated each year and may change from one year to the next.

Performance Metrics: Providence Health Plan strives for continuous improvement in all the ways we serve members.

- **97.8%** of total clean claims processed within 30 days
- **97.2%** overall claim processing accuracy
- **99.8%** financial payment accuracy

Providence Health Plan Caregivers

are committed to continuous improvements, to deliver the best service possible, from speedily answering calls to accurately processing claims. We invest in our culture, in training, and innovative tools to ensure that our members receive the care they deserve.

We participate in many measurement programs, including Healthcare Effectiveness Data and Information Set (HEDIS). In ratings comparing 90 percent of health plans, our HEDIS score puts us in the 90th percentile for Commercial plans for Adult BMI Assessment, Comprehensive Diabetes Care (HbA1c testing and Medical attention for Nephropathy), treatment for children with URI and persistence of Beta-Blocker treatment after a heart attack.

For proof of excellence, we’ve seen the effectiveness of performance measurement programs as benchmarks for success. They can help ensure we remain an industry leader, so that our members and our communities have the very best resources available.

The National Committee for Quality Assurance has awarded Providence Health Plan an accreditation status of Commendable for its Oregon Commercial PPO plans.
We have the caregivers and the infrastructure to help improve the health care experience in the communities we serve.
Population Health

**Providence Is Integrated Care**
Throughout the country, provider sponsored plans have an edge. That’s one reason why we are growing so quickly. We can be more effective and more efficient, which results in greater satisfaction and outcomes for patients, members and providers. Providence has the added experience and stability of operating as an integrated delivery system for over 30 years.

We work to improve the health of everyone in the communities we serve. We identify needs early and find new ways to connect with the most vulnerable.

We are well equipped to deliver on our Mission. As the health plan of Providence St. Joseph Health, we help drive enhancements at every touch point of the care experience. We do so while minimizing costs and maintaining best practices with care resources.

We imagine an integrated delivery system that supports the entire community, with opportunities for caregivers to work alongside members. Our caregivers provide compassion when it’s needed most. We believe in the principles that drive population health in our industry. Many more Americans will need our help to attain optimal health and wellbeing.
Finding Strength in Numbers
Providence Health Plan is financially strong and well-positioned as an insurer in the Northwest. Our financial stewardship allows us to fulfill our Mission—for our members and our communities.

**Indications of Our Stability**

› We continue to attract members. Membership grew by 123,781 in 2016.

› We have deep reserves. Our risk-based capital, used to support operations is well above the state requirement.

› We are part of a 21 billion-a-year health care system that enjoys top-tier bond ratings.

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**TOTAL MEMBERSHIP**

We have seen steady growth in membership, especially from the private sector.

**REVENUES**

Both the non-government and government-sponsored sectors have fueled our growth.

**DECLINING MEDICAL COSTS**

We are bringing down costs by cutting the number of inpatient admissions among 46 commercial group members.
COMMUNITY IS WHERE THE HEART IS

Creating Healthier Communities
Since 2001, our investment in community giving has provided more than $65 million in contributions, health improvement programs and subsidized services. We provide many wellness and community health programs. We offer vaccines, care and disease management. We help people avoid visits to the emergency room. The caring tradition of our mission compels us to touch lives where relief, comfort and care are needed most.

Here Are Just a Few of the Many Programs:

› The Providence Health Plan Annual Charity Auction is a caregiver-driven fundraising event that benefits charities in Oregon. Over 500 caregivers participated to raise nearly $100,000 in 2016 to benefit RTWC and The Sunshine Pantry.

› Rebuilding Together Washington County (RTWC) provides low-income homeowners with critical home repairs. Contributions will be used for materials and other costs.

› The Sunshine Pantry provides food and basic necessities to more than 500 families in the Portland metropolitan area each month. Contributions will provide fresh and perishable food items.

› Each year, the Table of the King Celebration honors the tradition of Blessed Emilie Gamelin, foundress of the Sisters of Providence, who provided nourishing food for the poor. This annual meal is provided to Providence colleagues in exchange for contributions to the St. Vincent de Paul Society for its ministries.

› At the St. Francis Dining Hall, 150–300 meals are served daily to the homeless. Generous volunteers including Providence caregivers fill thousands of work hours to help with daily operations and to offer important food services with compassion and dignity.
When it comes to health care, two things are certain: change is constant, and our commitment to serving our communities is unwavering. For more than 30 years, we have succeeded through hard work and by addressing challenges while maintaining our focus on the underserved. To ensure our future success, we must continue in our Mission of revealing God’s love for all, especially the poor and vulnerable, through our compassionate service.

As part of Providence St. Joseph Health, we will serve more people in our expanded service area, improve the community’s health and innovate through the introduction of new care models. We want all our members, and the people in our communities, to enjoy health and dignity in their daily lives. We will continue to work together toward achieving this goal—providing compassionate care, and building lasting relationships with members and communities.
MOVING MOUNTAINS WITH CARE
Our Mission
As people of Providence, we reveal God's love for all, especially the poor and vulnerable, through our compassionate service.

Our Core Values
Respect, Compassion, Justice, Excellence, Stewardship

providencehealthplan.com