WE ALL DESERVE TRUE HEALTH

2017 YEAR IN REVIEW
IN LIGHT OF TRUE HEALTH

EXCELLENCE
IN OUR SERVICE OPERATIONS, HEDIS SCORES, AND 5 STARS FOR MEDICARE

GROWTH
AMIDST CONTINUING CHANGE AND MARKET UNCERTAINTY

STRENGTH
IN THE MINISTRY—FINANCIAL, OPERATIONAL, AND LEADERSHIP TEAM

DEDICATION
THAT OUR CAREGIVERS TIRELESSLY GIVE TO THOSE WHO NEED A HAND
TRUE HEALTH IS FOR EVERYONE

TRUE HEALTH IS...

being true to the people you serve as well as to those who serve with you. Foremost, we serve our customers, more than 1.2 million strong, who rely on us for compassionate care.

Our growth over the past three years is evidence of our strength in the Northwest and in each of our Providence St. Joseph Health (PSJH) regions. We attribute our success to customers who count on Providence for providing quality benefits and services that help everyone stay healthy. They recognize us as the most trusted health care company in the Northwest, as will customers in new areas we serve.
A FEW WORDS FROM OUR CEO

Health care is an ever-changing industry. From delivery to insurance to serving vulnerable populations, Providence Health Plan has met many challenges for more than 32 years. With our integrated delivery system, we are able to shift from delivering “health care” to supporting “health.” This means looking at new opportunities to promote true health and a better quality of life for everyone. We can do so by focusing on innovation, personalized medicine, collaboration among diverse partners, and stability. These serve as vital resources for communities across the Northwest and help keep our Mission at the forefront of all we do. With our heritage to guide us, we are well-prepared to face the challenges ahead, ensuring that our foundation of caring remains strong and vital in the future.

MICHAEL COTTON
CHIEF EXECUTIVE OFFICER
PROVIDENCE HEALTH PLAN

Meet the committed leaders who bring our values to work every day.

Carol Brandt
Executive Assistant

Father Tim Bushy
Director, Mission Integration and Spiritual Formation

Greg Dietzman
AVP, Health Care Services

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

Helen Noonan-Hansberger
AVP, Pharmacy

Diana Otruba
Director, Human Resources

Caresse Sakagawa
AVP, Product and Marketing

Carrie Smith
Chief Compliance Officer

Andrew Tarab
AVP, Informatics

Michael White
Chief Financial Officer

Greg Zamudio
Senior Corporate Counsel
YOU UNDERSTAND THAT THE MENTION OF A HOSPITAL TO A SISTER OF PROVIDENCE IS LIKE TOUCHING EVERY FIBER OF HER HEART.”
– Mother Joseph, 1865

TRUE TO OUR MISSION FOR MORE THAN 160 YEARS

PIONEERS OF HEALTH CARE
The Sisters of Providence are true pioneers of health care. From 1856, they began caring for elderly women, orphaned children and the sick. Soon they built hospitals, schools and other care facilities across an area that today covers Washington, Oregon, northern Idaho, Montana, and British Columbia.

“YOU UNDERSTAND THAT THE MENTION OF A HOSPITAL TO A SISTER OF PROVIDENCE IS LIKE TOUCHING EVERY FIBER OF HER HEART.”
– Mother Joseph, 1865

“GOD WILL GIVE YOU SOMETHING SPECIAL TO DO THAT GOD WON’T ASK OF ANYONE ELSE, SO PAY ATTENTION.”
– Mother Bernard Gosselin

WHAT GROUNDS US
Rooted in the founding missions of the Sisters of Providence and the Sisters of St. Joseph of Orange, Providence St. Joseph Health shares a singular commitment to improve the health of all, especially vulnerable populations. Providence Health Plan, as part of PSJH, remains true to these roots.

The Sisters’ Missions were based on faith, determination and commitment. These signature traits have helped earn Providence Health Plan its trusted reputation, which our customers value most of all.

OUR MISSION
As expressions of God’s healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable.

OUR VALUES
Compassion
Dignity
Justice
Excellence
Integrity
CARING HOW WE GROW

COVERING 1.2 MILLION CUSTOMERS

The communities we serve rely on our compassionate care and our commitment to delivering true health whenever and wherever possible. Our growing footprint and coverage helps serve a wide variety of new customers who have discovered our services. We are helping people and communities grow stronger together.

PROVIDENCE HEALTH PLAN

LINES OF BUSINESS

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<thead>
<tr>
<th>LOB</th>
<th>2015 YE</th>
<th>2016 YE</th>
<th>2017 YE</th>
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<td>PHARMACY SERVICES</td>
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<td>n/a</td>
<td>n/a</td>
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<td>996,287</td>
<td>1,180,715</td>
<td>1,200,429</td>
</tr>
</tbody>
</table>

+20.5% GROWTH FROM 2015YE - 2017YE
+204,142 CUSTOMERS

HISTORICAL CUSTOMER GROWTH

FROM 2015 THROUGH 2017, GROWTH WAS PARTICULARLY STRONG IN OUR ADMINISTRATIVE SERVICES ONLY (ASO) AND COMMERCIAL SMALL GROUP PROGRAMS. OUR THREE-YEAR GROWTH TREND SHOWCASES THE STRENGTH OF OUR MINISTRY.
Our pillars support PSJH Population Health, helping improve the health of people in our communities by creating highly predictable experiences, access, quality, and affordability for all.

When it comes to improving health, we believe in patient-focused, quality health care that addresses the whole person while improving care coordination and expanding care management. Value-based care involves performance surrounding ambulatory care, the overall consumer experience, and how well we manage operations and partnerships.

Together, the goal is to build healthier communities where we can measure quantifiable improvements in various population outcomes. Together, we make Providence a key pillar in the regions we serve.

Having an integrated delivery system through provider-sponsored plans has given Providence a distinct advantage in the markets where we operate. Integrated services support entire communities, allowing us to be more effective and more efficient while yielding greater satisfaction and outcomes for patients, customers and providers.
THE TRUTH SHINES IN EVERY ACTION

Providence Health Plan is committed to meeting the health needs of the people we serve. This commitment is an integral part of our responsibility to serve the common good. Every year we contribute financially to local organizations. We support a broad range of community-based initiatives in our service area, with special concern for the poor and vulnerable.

Our employee-driven charity auction raised more than $64,000 which was split and donated to two local organizations, Saint Child and Portland Backpack Lunch Program. In addition, our employees also contribute thousands of volunteer hours each year. They are dedicated to service, carrying out the Providence Mission and making a difference.

Charity auction committee gears up for annual employee event supporting two local organizations.

Providence caregivers receive 2017 Spirit of Emilie Award honoring Blessed Emilie Gamelin, Foundress of the Sisters of Providence.

Teams raised $4,000 in cash and food donations to support Sunshine Food Pantry, a local food bank.

WHEN THE COMMUNITY BENEFITS, EVERYONE BENEFITS

Enriched by $568,835—the amount we gave to community organizations in 2017. In fact, in 30 years we have awarded more than $15 million in grants and donations. Here are some of the local and statewide Oregon-based groups we supported this past year:

PH&S PATIENT ASSISTANCE FUND
$200,000: Funds needed services such as prescriptions, transportation, housing, and food for individuals discharged from our facilities.

CATHOLIC CHARITIES
$100,000: Funds peer specialists in support of the transitional Kenton Women’s Village and the planned village for male homeless veterans in Clackamas County. The peer specialists work to secure permanent housing and toward providing access to wrap-around services such as behavioral health.

NEIGHBORHOOD HEALTH CENTER/SECOND BITE
$50,000: In partnership with the Oregon Community Health Division, providing access to dentures and oral health care for individuals with chronic diseases in Washington County.

URBAN GLEANERS
$25,000: Supports their target of feeding hungry children and their families in the Portland, Ore. metro area.

ST. VINCENT DEPAUL MOBILE KITCHEN
$25,000: Provision of meals throughout the Portland, Ore. metro area. Seventy-five percent of the individuals served are children.

NORTHWEST CHILDREN’S OUTREACH
$25,000: Provision of basics needs for children—formula, infant care products and clothing in the Portland, Ore. metro area.

MEALS ON WHEELS PEOPLE
$25,000: Provision of food for the elderly and vulnerable unable to leave their homes.

LETTY OWINGS CENTER (CENTRAL CITY CONCERN)
$25,000: Treats mothers and pregnant women for drug addiction and alcoholism with the goal of keeping children with their mothers.

BLANCHET HOUSE OF HOSPITALITY
$25,000: Supports men with addictions, unemployment and/or family issues in Yamhill County.

BOYS AND GIRLS CLUB OF PORTLAND
$25,000: Gives children access to services to assist with rent and housing insecurity.

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When the community benefits, everyone benefits.
A TRUE MEASURE OF QUALITY

We earned a 5-star rating for 2018 Medicare Advantage Plans by the Centers for Medicare & Medicaid. This premier level of recognition is evidence of the outstanding quality, patient-centered care and services our customers receive. It acknowledges the dedication of teams across Providence, including our medical group, along with affiliated providers and hospitals, all of whom are actively engaged in improving the health of our Medicare population.

NCQA rates more than 1,000 health plans on a scale of 1-5 based on clinical quality, member satisfaction, and NCQA Accreditation Survey results. In 2017-2018, Providence Health Plan’s commercial plan earned a rating of 4.0 and was recognized by NCQA as the highest-rated PPO health plan in Oregon (out of nine PPO plans). HEDIS clinical quality measure performance is a key driver of NCQA ratings and Providence Health Plan achieved top performance (90th percentile) in six measures, including:

- Follow-up Care for Children Prescribed ADHD Medication – Initiation Phase
- Comprehensive Diabetes Care — HbA1c Control (<8 percent)
- Pharmacotherapy Management of COPD Exacerbation
- Use of Imaging Studies for Low Back Pain

THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE has awarded Providence Health Plan an accreditation status of Commendable for its Oregon Commercial PPO plans.

MEDICARE ADVANTAGE 5-STAR RATING
THE HIGHEST RATING POSSIBLE

We are one of only 23 plans nationally that achieve 5-star status including D-SNP MA populations after two years retaining a 4.5 star rating.

SERVICE OPERATIONS

- 98 PERCENT OF CLEAN CLAIMS PROCESSED WITHIN 30 DAYS
- 668,832 MEMBER CALLS
- 378,485 PROVIDER CALLS ANSWERED
- 7,480,934 CLAIMS PROCESSED
LIFE DOESN’T COME WITH A BLUEPRINT

How we’ve made a difference

» Each year, we identify ways to control the total cost of care for our customers. In 2017, initiatives including reducing opiate use, providing data for improvement for our low-performing provider partners, and ensuring utilization at the lowest site of care resulted in total cost savings 34 percent higher than targeted.

» Our operational transformation initiatives are focusing on sustainable technology, system infrastructure and innovative product design that will help us grow operations, simplify our member, provider and caregiver experiences, and help us achieve our vision for the future.

» Our health coaching program logged 9,185 sessions.

» During the next 18 months, we will continue expanding our programs into more Providence St. Joseph Health regions; starting first with the further expansion of Medicare Advantage in Washington, and widening our products to self-funded employers and organizations seeking to develop value-based care programs.

TRUE DEDICATION

Our success as an industry leader in Oregon – one of the most competitive states in the country – is due to the dedication of our caregivers. Nearly 1,300 professionals carry out the work of those who came before us, positioning Providence as the health plan of choice.
COUNTING ON TRUE HEALTH

MEETING THE NEEDS OF OUR CUSTOMERS REMAINS AT THE HEART OF PROVIDENCE ST. JOSEPH HEALTH AND DRIVES OUR FISCAL STEWARDSHIP. OUR COMMITMENT TO FINANCIAL SUSTAINABILITY ALLOWS US TO CONTINUE TO DELIVER THE HIGHEST QUALITY CARE, PROVIDE INCREASED COMMUNITY BENEFITS, AND OFFER CHARITY AND DISCOUNTED CARE TO THOSE WHO CANNOT AFFORD ACCESS TO HEALTH CARE.

SUCCESSFUL MILESTONES

Our upward trend continues. Total revenue exceeded $2B for the first time in our history.

REVENUE GROWTH

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<th>Year</th>
<th>Revenue (B)</th>
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<tr>
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<td>$1.19B</td>
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<tr>
<td>2014</td>
<td>$1.28B</td>
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<tr>
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<tr>
<td>2016</td>
<td>$1.88B</td>
</tr>
<tr>
<td>2017</td>
<td>$2.01B</td>
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</table>
FOCUSED TOGETHER

**Empower** caregivers with new technology, access to data and financial incentives to coordinate care across the entire health care ecosystem.

**Keep pace** with the ever-changing industry landscape, and the rapid rate of development with new and innovative health care technologies.

**Promote** value-based care and integration with Providence St. Joseph Health that puts patients at the center of the health care experience.

**Embrace** proactive treatments—both preventive and to treat chronic conditions—with an emphasis on keeping people healthy.

**Help** make it simpler and easier for consumers to access quality, affordable care and services that ultimately improve health and well-being.

**Providence is steadfast in our Mission and remains true to our roots.**
Our Mission
As expressions of God’s healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable.

Our Values
Compassion
Dignity
Justice
Excellence
Integrity

ProvidenceHealthPlan.com