Geisinger Health System
An Integrated Health Services Organization

**Physicians & Providers**
$1.1 Billion
- ~1,300 Physicians
- ~800 Advanced Practitioners
- ~520 Fellows
- ~425 Med Students
- ~215 clinic sites

**Healthcare Facilities**
$3.1 Billion
- 7 Acute Hospitals
- 8 Surgery Centers
- 2 Nursing Homes
- Home Health & Hospice

**Managed Care**
$2.4 Billion
- ~500,000 members
- Diversified Products
- Public/Private Exchanges
- ~56,000 contracted providers

Geisinger
Budget Year 2016 $ & Statistics
Geisinger Timeline

- First employed physician – 1915 – 101 Years
- Health insurer - pilot program – 1972 – 44 Years
- Regional referral center designation – 1978
- Air Ambulance – 1982
- Received certificate to start an HMO – 1985
- Medicare managed care – 1994
- EPIC electronic health record install – 1996 – 20 Years
- Integrated Data Warehouse – 2003 – 13 Years
- Bundled Payments – 2005 – 11 Years
- Medicaid Managed Care – 2013
- Federal Insurance Exchange – 2013
Strategy
A Proven Patient Experience

- **Clinic:**
  - Deliver complex care close to the patient – “Right Care”
  - Large multispecialty, ambulatory sites capture increasing outpatient activity

- **Hospitals:**
  - Grow high-acuity service lines – stop outmigration
  - Distill lower acuity to outpatient facilities or local community hospitals

- **Health Plan:**
  - Change health outcomes with innovative care management – ex. ProvenHealth Navigator® (advanced medical home)
  - Differentiated from traditional arbitrage model of insurance
  - Efficient underwriting and product diversification

Transforming Healthcare with Technology

- **Fully-integrated Electronic Health Record**
- **Patient Portal: ~270,000 users (37% of patients)**
  - Patient self-service
  - Home monitoring integrated with Medical Home
- **“Outreach Health IT” to Non-Geisinger Providers**
  - 10,221 users in 865 non-Geisinger practices
  - Remote support for regional ICUs (eICU®)
  - Telestroke services to regional EDs (eHealth)
- **Regional Health-Information Exchange (KeyHIE)**
  - 22 hospitals, 175 practices, 1.1M patients
- **“Most Wired” for 13 consecutive years**
Genomics

- Bio-bank - consented DNA samples 98,000 patients
- Regeneron® partnership
  - World’s most comprehensive genotype-phenotype resource
  - Goal: sequence 250,000 patients DNA (50,000 completed)
  - Aid drug development and genomic medicine
  - Sequenced at no cost to Geisinger
- Data warehouse linked to EHR & health plan data
- Stable market area population
- MyCode® Community Health Initiative - health research
- GenomeFIRST Medicine
  - Treatment and prevention before symptoms
  - Physicians and counselors trained to act on results

Geisinger GenomeFIRST Genomic Medicine

- 27 common conditions found in GenomeFIRST
- Example
  - Familial Hypercholesterolemia (FH) early-onset coronary artery disease and stroke
  - Affects > 1 million people and <1% realize it
  - Prevalence: 1 in 175, much higher in hereditary family
  - 20-fold increase in heart attack, 20% of those before age 45
- Goals
  - Diagnose: 500 cases in MyCode participants/family (1-3 years)
  - Manage: Aggressive cholesterol management (1-3 years)
  - Population Health: Sustainable decrease in heart attacks in people under 60 in our service area (10-15 years)
ProvenCare® Acute Episodic Bundles

- Clinical Best Practices
- Workflow Process Redesign
- Convener for CMMI Bundling Initiative (7 organizations)
- Corporate Destination Medicine Option

Population Health
ProvenHealth Navigator®

See Reference to New York Times Articles and other press coverage in Appendix, Exhibits A and D.
Innovations in Chronic Care Management
Special Care Centers™ in an Urban Setting

Operates as a primary care medical home
- Improves the experience of care
- Improves the health of populations
- Reduces per capita costs of health care

Results
- Reductions in heart failure cases,
  Systolic BP and LDL-Cholesterol levels
- Average savings of $170-$200 PMPM
  for large groups and self-insured employers
- 20% reduction in pharmacy spend

Importing Best Practices from newly merged entities

Innovations in Anticoagulation Management

<table>
<thead>
<tr>
<th></th>
<th>GHS Anticoag Clinics¹</th>
<th>Reference Anticoag Clinics²</th>
<th>Usual Practice (non-GHS Patients)*</th>
<th>GHS Non-Anticoag Clinic Patients³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Bleeding</td>
<td>8.33%</td>
<td>15.30%</td>
<td>35.30%</td>
<td>17.10%</td>
</tr>
<tr>
<td>Rate of Thromboembolic Events</td>
<td>1.41%</td>
<td>3.60%</td>
<td>11.80%</td>
<td>20.60%</td>
</tr>
</tbody>
</table>

1 Based on 2007-2013 GHS Anticoag data - total of 19,362 patients on continuous therapy
3 Based on 2009 GHS data - total of 307 patients on continuous therapy
Innovations in Paramedic Care

- Responders trained in chronic disease management, medication compliance and home safety
- Augments visiting nurse services and home care programs
- Early results (March 2014-June 2015):
  - Prevented 42 hospitalizations, 33 ER visits and 168 inpatient days
  - In case of heart failure patients, hospital admissions and ER visits reduced by 50%, hospital readmissions <30 days fell by 15%
  - Patient satisfaction scores 100%

Proven Patient Experience

- Best Practices Bundle
- Rounding
- Provider Transparency
- Professional Appearances
- Consistent Communication

ProvenExperience™ Mobile App
Mergers and Acquisitions Progress Report

- **Geisinger-Shamokin and Geisinger-Bloomsburg (2012)**
  - Low cost delivery platforms aligned with GMC

- **Geisinger-Community Medical Center (2/2012)**
  - Major facility expansion, completed
  - Physician integration

- **Geisinger-Lewistown Hospital (11/2013)**
  - Extensive administrative/clinical integration

- **Holy Spirit Health System (10/2014)**
  - Integration and population health planning underway

- **AtlantiCare Health System (10/2015)**
  - Debt restructured
The Geisinger “Sweet Spot”

Geisinger Clinical Enterprise

Population Health Innovation
To improve quality and reduce total cost of care

Geisinger Health Plan

Data Driven Care Redesign
• Systems of Care
• Bundles
• Transitions of Care

Market Penetration Trend:
All Patients by Fiscal Year

Unique Patients as a % of Population

<table>
<thead>
<tr>
<th>Area</th>
<th>FY 2010 Penetration</th>
<th>FY 2015 Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>38-County SA Total</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Central Primary</td>
<td>47%</td>
<td>59%</td>
</tr>
<tr>
<td>*Northeastern Primary</td>
<td>59%</td>
<td>38%</td>
</tr>
<tr>
<td>Western Primary</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>**South Central Primary</td>
<td>0%</td>
<td>22%</td>
</tr>
</tbody>
</table>

*Northeastern Primary = Luzerne and Lackawanna counties
**South Central Primary = Cumberland and Perry counties
Geisinger Health Plans Membership

Unique Population Managed
A Better Measure of Healthcare Activity

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</thead>
<tbody>
<tr>
<td>Unique Patients</td>
<td>583,939</td>
<td>608,884</td>
<td>752,705</td>
<td>881,483</td>
</tr>
<tr>
<td>Geisinger Insurance Members</td>
<td>429,135</td>
<td>478,501</td>
<td>509,890</td>
<td>513,743</td>
</tr>
<tr>
<td>“Sweet Spot” Overlap (Both Patient &amp; Member)</td>
<td>(182,739)</td>
<td>(214,191)</td>
<td>(235,937)</td>
<td>(239,973)</td>
</tr>
<tr>
<td>Unique Population Managed</td>
<td>830,335</td>
<td>873,194</td>
<td>1,026,658</td>
<td>1,155,253</td>
</tr>
</tbody>
</table>
Strong, Consistent Revenue Growth

- FY2015 y/y growth 14.8%
- FY2008-FY2015: 13.4% compounded
- Revenue mix premium vs. patient service
  - FY2001 66% / 30%
  - FY2015 48% / 49%

Operating Performance

- Strong revenue growth
- Controlled expenses
- Excess earnings benefit from sizeable investment returns

- Significant operating cash flow
- Strong debt service coverage
Capital Expenditures

- EBITDA > capital expenditures & debt service
- “Best Practice” allocation system
- Strong central controls
- Capital expenditures / depreciation target = 1.5x

Liquidity

- Consistently strong liquidity
- Unrestricted cash is over half of assets
- Cash ~2.5 x debt

- Cash on hand 250 days
- Liquidity up > 300% since FYE 2005
Revenue Cycle Excellence

Customer Engagement
- Adoption of Patient Friendly Billing® Practices
- Patient Engagement Pre-Service to Billing (MyVisit Model)
- Pricing Transparency (MyEstimate®)

Value-Based Model
- Employee Engagement
- End-to-End Revenue Cycle
- Performance Outcomes Incentive Program

Innovative Technology
- Commitment to continuous improvement
- Innovative Business Practices
- Leading Edge Technology

Leverage

- Moderate leverage: debt/cap < 40% target
- Debt/cash flow shows low use of debt
- Low average age of plant, no deferred maintenance
AtlantiCare Debt Restructuring

- Purpose: Conform terms with all other Geisinger debt
- Refinanced: $224 million, ARMC tax-exempt bonds
  - ARMC Series 2007 Bonds defeased to 7/2017 call date
- Funded by $339 million, Geisinger Series 2015 Bonds
  - No new proceeds
  - Refinanced all ARMC Bonds
  - Refinanced $115 million, Geisinger Series 2009 B & C Bonds
  - All under Geisinger Master Trust Indenture
- Other AtlantiCare debt of $29 million restructured or repaid

Debt Mix
as of 12/31/2015
$ in 000s

<table>
<thead>
<tr>
<th>Committed Debt v Puttable Debt Mix</th>
<th>$1,099,165 , 76.3%</th>
<th>$342,300 , 23.7%</th>
</tr>
</thead>
</table>

Variable / Fixed Debt Mix

- Liquid investments to puttable debt = 10.4x
Investment Portfolio
Highly Liquid – Highly Diversified
as of 12/31/2015

Asset Allocation
- Equity 56.9%
- Fixed 33.1%
- Cash 10.0%

Liquidity
- Monthly 90%
- Annual 8%
- > 1 Year 2%

Concluding Comments
- Success integrating acquisitions/scaling “sweet spot”
- Proven quality with innovations and IT
- Expanding products and market positions
- Positioned for a “payment for value” environment
- Strong management and Board
- Strong balance sheet
- Sustained performance from core operations
- Thank you for your support