



Driving change through
health care innovation





We're transforming health care in the Philadelphia region and the nation.

As health care reform swiftly moves forward, one thing is certain: We are facing historic change. The health care companies that thrive will be those with a clear vision that move rapidly and innovate. In the Philadelphia area, that's Independence Blue Cross. We are boldly leading the way in health care in our region and the nation.

Dear Friends, Colleagues, Customers, and Partners:

Today's U.S. health care system faces significant challenges – from a lack of access to an affordability crisis. In order to find sustainable solutions, we believe we must foster innovation in our region.

In fact, we've gone one step further. We've set a goal to transform the Philadelphia area into a national magnet for health care innovation, investment, and employment.

We see no reason why Philadelphia cannot be the Silicon Valley of innovation in the health care industry. Philadelphia has all the right components — world class universities and teaching hospitals, a strong health and life sciences economy, and an active entrepreneurial community. What's missing? Active corporate leadership. At Independence Blue Cross, we are committed to leading the way.

We're proud of the accomplishments we've made so far in transforming health care in our region and the nation. We're collaborating with physicians and hospitals to create cost-effective superior care. We're forging powerful partnerships with Blue Cross and Blue Shield companies and other recognized health care leaders to harness technology and create innovative new products and services. And we're exceeding our customers' expectations.

With change comes opportunity, and by working together to identify new and innovative solutions to improve the quality of health care and reduce costs, we will build a healthier future for everyone.

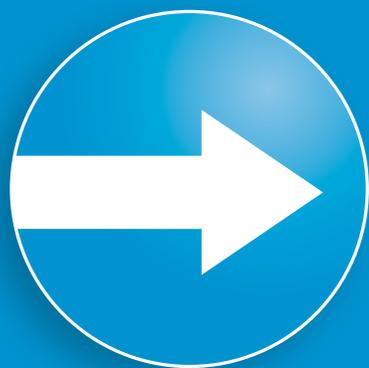
Daniel J. Hilferty

President and CEO

Independence Blue Cross

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Here's how we're leading change in health care.

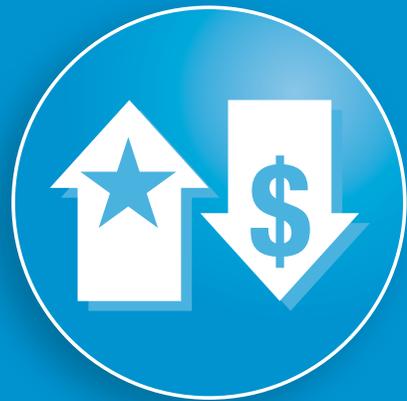
We're building a culture of innovation within Independence Blue Cross.

Our Office of Strategy and Innovation is dedicated to overseeing the innovation initiatives and growth opportunities for IBC.

- Our team combines experienced IBC professionals and new talent who bring extensive venture capital and startup technology company experience – a winning combination for building a lasting culture of innovation.
- We've developed internal training programs focused on innovation techniques and behaviors – encouraging and empowering employees to unlock their creativity.
- In 2012 and 2013, we completed five internal "innovation challenges" where our associates identified ways to solve actual challenges facing our business.

"Given the complex challenges in health care – improving quality, affordability, and the overall experience – we need fresh new ideas and approaches. That's why we're creating an environment at Independence Blue Cross that fosters innovation and attracts the best and brightest minds."

Steve Udvarhelyi
EVP Health Services
Chief Strategy Officer
Independence Blue Cross



We're partnering with other health care leaders to find new ways to improve the quality of care and reduce costs.

Partnering with the University of Pennsylvania's Wharton School and the City of Philadelphia

IBX Game Changers Challenge

- A six-week competition seeking innovative solutions that can improve the health and wellness of the people we serve.
- 150 applications submitted by young health care companies. Identified 15 semi-finalists.
- Three winning companies selected to address the need for psychiatric services in rural communities, to improve healthy eating, and to reduce overcrowding in emergency rooms.
- \$150,000 in seed money provided – \$50,000 stipend to each company to develop and launch business model.

IBX Game Changers Challenge

Enhancing health and wellness through innovation

Company Spotlight:



The doctor has a new address.

1 Doc Way

is using online capabilities to broaden access to quality psychiatric services to people in underserved rural areas. Since winning the Challenge, 1 Doc Way has increased the number of people served from 200 patients to more than 2,000. The company now has five full-time people, with plans to add four more as demand increases.



Partnering with Penn Medicine and DreamIt Ventures

DreamIt Health

- First national health care accelerator in Philadelphia.
- 121 applications submitted by health care start-ups nationwide.
- 10 winning companies selected – five from outside Pennsylvania.
- 16-week boot camp held in Philadelphia.
- \$500,000 in seed money provided: Up to \$50,000 stipend to each company to develop and launch business model.
- 24 IBC business executives and associates shared knowledge, helped validate business models, supported product testing, and made key introductions within IBC.
- “Demo Day” held at Philadelphia’s iconic World Café Live, serving as the platform for introducing the new companies to 300 investors and potential customers.

DreamIt Health: The first time a Philadelphia-based insurer and hospital system have collaborated to create a national health care accelerator.

“Both IBC and DreamIt Ventures share our passion for health care innovation, which is why it was such a great match for us to work together to launch Philadelphia’s first health care accelerator.”

Ralph Muller
CEO
University of Pennsylvania Health System





We're teaming up with top institutions to forge research studies that will help find innovative ways to keep people well.

Collaborating with New York University and NYU Langone Medical Center

- We're developing machine-learning algorithms to better predict undiagnosed diabetes.
- We're a founding member of NYU's university-wide effort to harness today's torrent of data to make advances in medicine, science, technology, business, and a range of other fields.
- Our three-year grant will support critical work to improve patient care and lower costs associated with diabetes treatment.



NEW YORK UNIVERSITY



NYU Langone Medical Center

“Accelerating the diagnosis of undetected diabetes will improve health, reduce complications, and lower health care costs,”

Ann Marie Schmidt, M.D.
Professor of Endocrinology and Medicine
NYU Langone Medical Center
Co-investigator



Joining forces with Penn Medicine

- We're studying new ways to improve health through medication adherence, genomic cancer studies, and more.
- By leveraging our vast databases of claims information and Penn Medicine's research expertise, we are identifying new opportunities to help people stay healthy.
- Our first experiment: GlowCap – a pill bottle that glows and makes musical sounds to remind patients to take their medicine – which will help increase medication adherence and reduce the risk of second heart attacks.

Teaming up with Drexel University's LeBow College of Business

- We're participating in an executive education program to strengthen our skills leveraging data analytics.
- The 15-month certificate program includes course work and projects focused on creating case studies based on relevant business issues to improve health care quality and lower costs.
- 16 IBC associates completed the first program in May, 2013. A new class begins in the fall.



“We are very pleased to partner with Independence Blue Cross on this unique program, which has already received rave reviews from the inaugural class. We're very impressed with the Independence Blue Cross students, their energy and dedication to the program.”

Kris Risi, Ph.D
Executive Director
Corporate and Executive Education
LeBow College



We're collaborating with the medical community in groundbreaking new models of care that are lowering costs and improving the quality of care.

Pioneering a new primary care model that takes a team approach to delivering high-quality, coordinated care

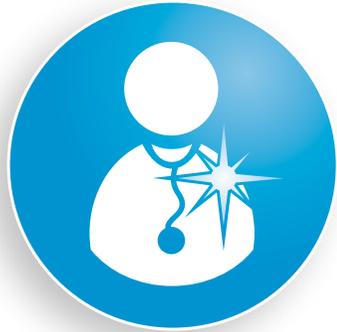


Patient Centered Medical Homes

- National leader in the growth of medical home practices.
- The first health plan in the region and among the first in the nation to pay practices for achieving recognition as a medical home practice.
- Due to our work, our region has the greatest concentration of PCMH practices in the country – 300 PCMH certified practices and 1,400 primary care physicians – that's nearly 40% of the primary care physicians in the Philadelphia area and growing.
- Results of our recent study show PCMH improves care and reduces costs for the chronically-ill – 21% lower cost for diabetic members.

“In the complex world of health care, one way we’re changing the game is through our support of medical home practices that provide more coordinated, personalized care and give patients the tools and resources they need to take better care of themselves.”

Dr. Rich Snyder
Chief Medical Officer
Independence Blue Cross



Rewarding physicians and hospitals for high quality and cost effective care

Nationally recognized provider performance incentive programs

- Among the first in the nation to offer physicians and hospitals incentives to improve quality and reduce cost through greater coordination of care and elimination of unnecessary and redundant tests and services.
- Incentives encouraging integration between primary care physicians, specialists, and hospitals so all levels of health care promote effective collaboration and efficiency.
- Over 95% of our network primary care physicians participate in our value-based incentive program that rewards primary care physicians for delivering high quality and cost effective care.
- Successfully embedded our accountable care payment model in over 80% of our network hospitals/health systems – one of the highest accountable care penetrations of any market in the country.

Participating in HealthShare Exchange of Southeastern PA (HSX)

- New non-profit company will securely transmit health care data among hospitals, doctors, other health care providers and insurers to improve communication and the efficient delivery of care.
- First health information exchange for the southeastern Pennsylvania region, created in May 2012.
- Funded by more than 90 percent of the acute care hospitals in the Philadelphia region.
- IBC Chief Medical Officer Dr. Rich Snyder serves as chair of the board of trustees.



“While doctors and hospitals have made great strides in developing electronic health records, HealthShare Exchange goes a step beyond that, providing a way for health systems to communicate more efficiently with each other.”

Karen Thomas
Chief Information Officer
Main Line Health
Vice Chair
HealthShare Exchange



Partnering with Cooper Health System

- First time in New Jersey that a health system and insurer join forces to improve delivery and lower costs of care.
- Together, Cooper and AmeriHealth New Jersey are developing and offering a new suite of health plans and an accountable care model for New Jersey residents.
- The joint venture creates the largest provider network in southern New Jersey.



Partnering with Abington Health and Lumeris

- First time an insurer, hospital system, and health care technology company have partnered in this region.
- Gives the hospital and its physicians an unprecedented 360-degree view of patient care.
- Provides 200 physicians of Abington Health's physician network critical, real-time data to support the more than 30,000 IBC patients they serve.
- Advances IBC's efforts to share real-time data with physicians and hospitals, improve collaboration and coordination, and provide safe, high-quality, and cost-effective care for consumers.





We're working with our local communities to improve health and wellness.

Building healthy communities

IBC Foundation's Healthy Futures Initiatives

- A ground-breaking elementary school-based childhood obesity prevention initiative that integrates three critical components to improve child wellness – nutrition, fitness, and prevention.
- We've partnered with locally respected organizations to reach a broad local community – Children's Hospital of Philadelphia, the Philadelphia Union, and the Vetri Foundation for Children.
- Through the IBC Foundation, we've made a three-year commitment and \$2.7 M investment.
- We're collaborating with Drexel University on obesity research to help identify ways to improve the health of children.

Healthy Futures



Get Fit



Eat Right



Stay Well

In southeastern Pennsylvania, 42.5% of children aged 6 to 12 are obese or overweight. In Philadelphia, that percentage increases to 50%. That's why we launched Healthy Futures.



We're staying active in Philadelphia's health innovation community, sponsoring and participating in this year's key events.



Startup Weekend Health

Business people, programmers, design artists, and others team up for an intense 72-hour weekend to design and build new health care applications.

Philly Code Fest at Drexel

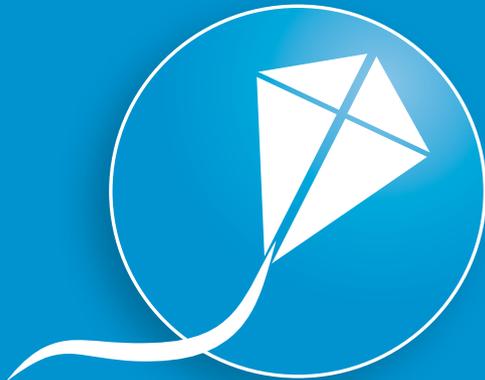
A weekend-long "hackathon" where teams compete for prizes to build original algorithms aimed at some of the toughest data challenges in health care.

CONVERGE Summit for Healthcare Innovation

A national conference, held in Philadelphia, focusing on the opportunities presented by the convergence of the health insurance, medical, and pharmaceutical industries. IBC President and CEO Dan Hilferty was a key speaker at the 2013 event in July.

Wharton Health Care Conference

An annual program, attended by over 700 health care industry leaders, academics, and students addressing key issues facing health care today.



For more information about how
Independence Blue Cross is leading
health care innovations, contact:

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Independence Blue Cross offers products directly, through its subsidiaries Keystone Health Plan East and QCC Insurance Company, and with Highmark Blue Shield. Independence Blue Cross is an independent licensee of the Blue Cross and Blue Shield Association.

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