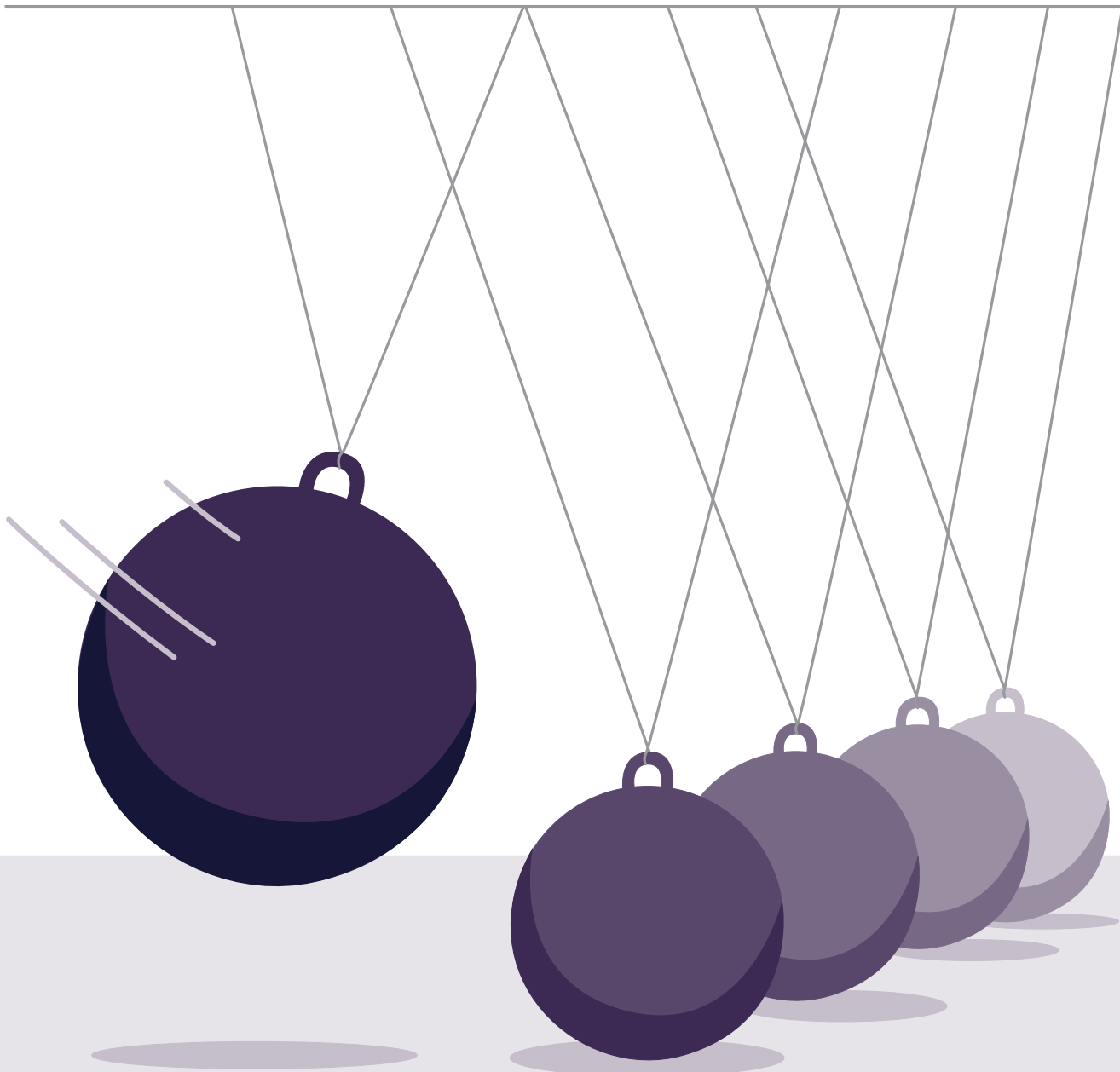


/ mō-'men-təm /

Momentum (*noun*):

The strength or force gained by motion or by a series of events.



Momentum!

Momentum is defined as the strength or force gained by motion or by a series of events. Momentum is also the theme for this year's annual report, as it captures the essence of 2022 at PHP.

2022 was an improved year for PHP on many fronts. From a financial standpoint, we returned to profitability in 2022 and are carrying that positive momentum into 2023. Much of this success was gained by being laser focused on our three-year strategic plan, which was refreshed in 2021 to carry us into 2025. This plan is a collective effort, with significant energy from our Executive Leadership Team, our PHP Board of Directors, and from our outside advisors at HealthScape. This strategic plan is branded NextGen:2025, and it has five primary workstreams:

- **Operational Delivery Optimization:** Being the best and most efficient at what we do.
- **Client Experience:** Focusing on exceptional service and growth of membership.
- **Advanced Primary Care:** Opening a clinic dedicated to PHP members.
- **Partnerships:** Growing our TPA business through partnerships and acquisitions.
- **Communication/Change Management:** Keeping all stakeholders updated on our progress.

Executing on NextGen:2025 produced many positive outcomes in 2022, none more important than returning PHP to profitability. Our focus on lowering administrative and medical expenses as part of the operational delivery optimization workstream was key, contributing to PHP's positive net income of \$1.2 million. While we continued to incur significant COVID-19 expenses in 2022 (\$2.7 million), this cost was \$8.2 million lower than our 2021 COVID-19 expense (\$10.9 million).

This net income of \$1.2 million, coupled with a risk-based capital ratio of 6.76, led the PHPNI Board of Directors to vote unanimously to return 100% of the physicians contingency reserve to our member physicians. This is the first time since the 2019 plan year that we have been able to return 100%, and we are happy and grateful to be able to do so. As we move into 2023, we continue to push forward on NextGen:2025.

Key strategic initiatives for 2023 include:

- Continued focus on reducing our administrative load ratio (ALR) and medical loss ratio (MLR)
- Converting our TPA business to the Virtual Benefit Administrators (VBA) operating system
- Enhancement of our product offerings
- Concentrating on exceptional service for all of our stakeholders (*employers, members, brokers, and providers*)
- Outsourcing medical management services to Valenz Health
- Expanding our fully-insured footprint to northwest Ohio to sell policies with an effective date of 1/1/2024
- Opening our first Advanced Primary Care clinic for employer groups headquartered in Allen County, IN, with a large group fully insured or Level Solutions product

Momentum can be a gamechanger in any industry, not just insurance and employee benefits. Even Dwayne 'The Rock' Johnson has said, "effort creates action, action creates momentum, and momentum creates success." In 2022, the PHP team gave tremendous effort that led to action—and that action has definitely created positive momentum that will carry us through 2023.

Through it all, we will continue to build strong relationships with you, our member physicians and trusted advisors. Your perspectives and advice are greatly appreciated and are the cornerstone of our effort to provide innovative, cost-efficient employee benefit products and services.

Thank you for your continued partnership,



Judith L. Kennedy, MD
PHP Board Chair



Gary D. Shearer
President and CEO

The End of the COVID-19 Public Health Emergency

The public health emergency declaration in response to the COVID-19 pandemic recently ended in May 2023. Operationally, there is much to unwind in our business related to changes we put in place to comply with state and federal regulations. However, the end of the public health emergency also has **several implications for healthcare consumers, including PHP membership:**

Vaccination Distribution

Our members will continue to pay zero out of pocket for COVID vaccines, as this is now covered under the preventive health service. However, PHP will now have to pay the “market” price from manufacturers for the vaccine, which is generally around \$150 per dose. Additionally, PHP will no longer be required to cover COVID vaccines from out-of-network providers at the in-network rate.

Telehealth Coverage

During the pandemic, many insurance companies expanded access or waived fees related to telehealth coverage to help patients receive care remotely. Now, this requirement is removed. However, PHP has decided to keep this program and to continue waiving a member’s cost share for using Parkview OnDemand, our telehealth service.

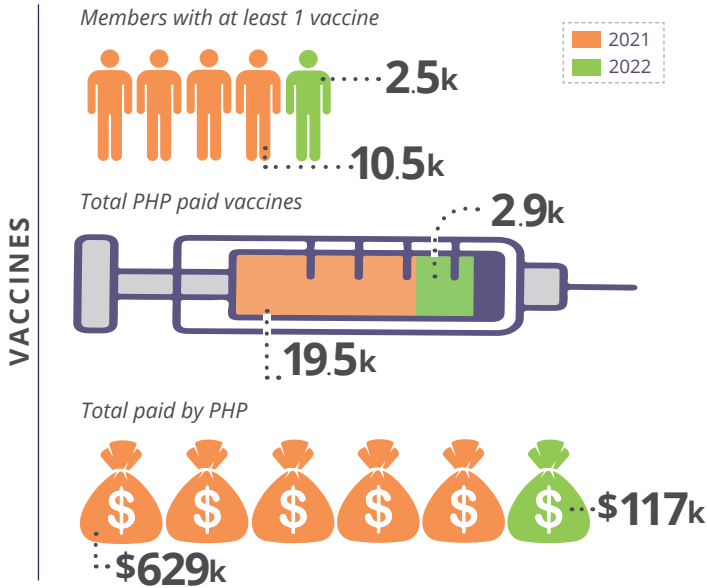
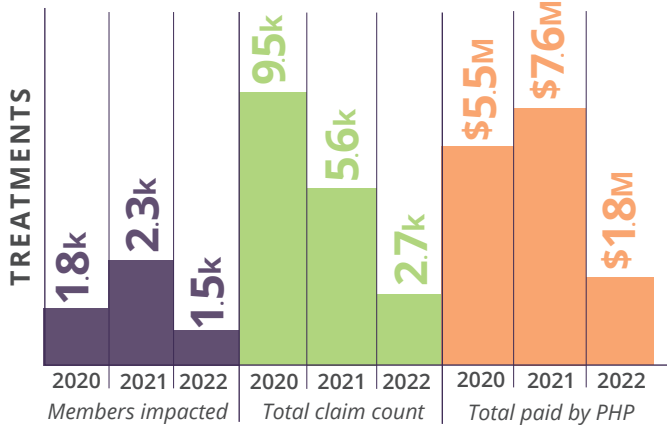
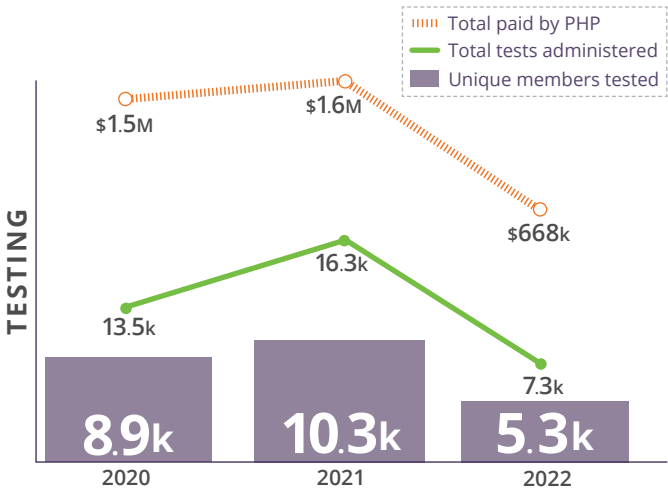
Availability and Cost of COVID-19 Testing and Treatment

PHP will not be required to cover testing without cost sharing or provide up to 8 home test kits per month. Now members will have to pay their cost share. Similarly, cost sharing for COVID treatment was waived during the emergency and PHP members will now see out-of-pocket costs, and members will have to use network providers for these services to be paid at in-network rates.

Administrative Requirements and Extensions

Many coverage and enrollment requirements were relaxed during the public health emergency, including timeframes for filing appeals, COBRA enrollment, and enrollment from qualifying event changes. These provisions do not necessarily end, rather the tolling periods will revert back to pre-COVID timeframes.

COVID-19 Expenses from 2020 to 2022



Outgoing Board Member

Dennis C. Uhrhammer, MD

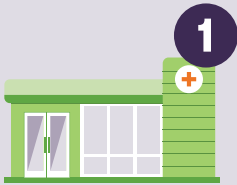
Thank you to Dennis C. Uhrhammer, MD, for his service on the PHP Board of Directors from May 2020 to November 2022. Dr. Uhrhammer also participated as a member of the Medical Advisory Committee from January 2020 to October 2022. We appreciate his expertise and contributions to PHP.



THANK YOU, DR. UHRHAMMER!

NextGen:2025 – Growth and Medical Cost Initiatives

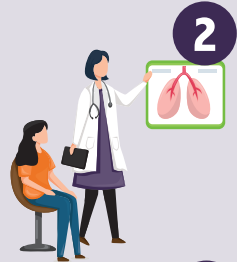
As we move into 2023, several of our strategic initiatives focus around growing membership and managing medical costs. Here's a little more about three of the most significant endeavors in progress.



1

Opening an Advanced Primary Care Clinic

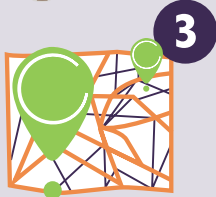
PHP has partnered with national vendor **Premise Health** to open an advanced primary care clinic in Allen County. The clinic will help fill a gap for many members who do not have a medical home, and address members' health before issues escalate into costly and detrimental disease. **The clinic is scheduled to open in Fall 2023.**



2

Medical Management Vendor Implementation

After evaluating the program and capability enhancements needed to improve our cost-containment efforts, the decision was made to partner with **Välentz Health** for case and disease management services. This relationship gives us a greater depth and bandwidth to help members obtain quality, efficient care when they need it most.



3

Service Area Expansion into Northwest Ohio

We spent most of 2022 working on a three-part application process to obtain necessary licensure to sell PHP products in Northwest Ohio. Applications have been submitted, and we continue to work on building the provider network and sales strategy while we await notification. **January 2024 is our target launch date.**

Outgoing Board Member

David W. Stein, MD

Thank you to David W. Stein, MD, Ear, Nose & Throat Associates, for his service on the PHP Board of Directors. Dr. Stein contributed his time and expertise to PHP for the second time from 2017 to 2023. He previously served from 2001 to 2013, including as Board Chair and even as Interim CEO during a new CEO search.

We appreciate his dedication and tireless support of PHP.



THANK YOU, DR. STEIN!

Charitable Giving in the Communities We Serve

We're committed to improving the quality of life for our Northern Indiana neighbors. Supported organizations include those that address mental, physical, and educational needs. **Here are the 2022 PHP Foundation recipients:**

- A Rosie Place for Children (South Bend, IN)
- Alliance Health Centers
- Brightpoint
- Cancer Services of Northeast Indiana
- Center for Positive Change (South Bend, IN)
- Community Transportation Network
- Fort Wayne Rescue Mission
- GiveHear, Inc.
- Headwaters Counseling
- Healthier Moms and Babies
- Junior Achievement of Northeast Indiana
- LOGAN Community Resources (South Bend, IN)
- Lutheran Agency for Missions to Burmese (LAMB)
- Maple City Health Care Center (Goshen, IN)
- Matthew 25 Health and Dental Clinic
- McMillen Health
- Neighborhood Health Clinics
- Positive Resource Connection
- RiverBend Cancer Services (South Bend, IN)
- St. Martin's Healthcare Services (Garrett, IN)
- Super Shot, Inc.
- Turnstone Center
- Unfailing Love Clinic (Decatur, IN)
- YWCA of Northeast Indiana

LOGAN: Meeting Families Where They Are

Getting everyone ready and out the door. Scheduling drop-offs and pick-ups. Running kids from school to soccer to music lessons. A typical day for even a small family can quickly get hectic. Now, also factor in caring for, scheduling, and transporting a child with autism.

LOGAN understands how difficult this can be. For over 70 years, **LOGAN Community Resources, Inc.**, has served adults and children with intellectual and developmental disabilities with residential services, day programs, employment services, and autism services. To help meet the growing autism needs, the **Sonya Ansari Center for Autism** at LOGAN has pioneered two community-based autism programs. These groundbreaking partnerships are with South Bend's Darden Elementary School and Boys and Girls Club of St. Joseph County.

Into the classroom at Darden Elementary

In a dedicated classroom at Darden Elementary School, school-age children on the autism spectrum in South Bend can now get the additional support they need while remaining in their school environment. This approach allows students to obtain the same quality services they get at LOGAN. But rather than pulling these students out of school, they can now receive insurance-funded Applied Behavior Analysis (ABA) services delivered by a Registered Behavior Technician with oversight by a Board Certified Behavior Analyst (BCBA), right in the classroom.



“Our ultimate goal for these children is to equip them with the skills to succeed full-time, in an inclusive classroom.”

Dr. Joshua John Diehl, PhD., *Chief Program Officer*
Child and Adolescent Services at LOGAN

Elevating youth services at Boys and Girls Club

Boys and Girls Club of St. Joseph County has partnered with LOGAN to launch a new program to enhance both organizations' youth services. In this program, LOGAN uses space at the Boys and Girls Club's primary location for insurance-funded ABA therapy services, provided by a Registered Behavior Technician and overseen by a BCBA. This therapy takes place during the school day, a time the Boys and Girls Club space is not in use. Then, after school, the LOGAN clients have the opportunity to join the Boys and Girls Club afterschool program.

“Partnering with the Boys and Girls Club of St. Joseph County allows LOGAN to deliver services for our clients in an ideal space and location.” said Matt Harrington, *President and CEO* of LOGAN Community Resources, Inc. “Together, LOGAN and Boys and Girls Club are helping families find the right services in more convenient locations.”

These two innovative partnerships are helping to better serve the Michiana area, by bringing programming to the families that need services, meeting them where they are. Both of these new locations strengthen LOGAN's relationship with the community, as well as accessibility and connections for their families.

Financial Overview

PHP continued to see significant medical costs in 2022, however they were somewhat more manageable than in 2021. Our operating performance still showed a loss for 2022, but these were offset some by significantly lower costs in regards to COVID-19 than we had seen in the previous two years. Membership dropped at the start of the year, but this number stabilized as the year progressed. We have remained well capitalized during a difficult few years, and 2022 showed that the strategic plan investments we made toward lowering the healthcare cost trend are starting to gain momentum and resulted in a more positive outcome than the two prior years.

In 2022 PHP:

- Saw a membership decline in our risk products of approximately 9.9%. The majority of this decline was recognized in January 2022, and membership stabilized as the year progressed.
- Started the transition of the TPA Services claims processing software. This was the first step to getting all of PHP TPA Services business on the same system after the purchase of another third-party administrator in 2021.
- Continued work with an outside consultant focusing on cost-savings efforts to counteract the recent financially difficult years, allowing us to offer a competitively priced product.

Premium Income: Decreased by 10.8%, primarily due to an 11.6% decrease in membership in the fully-insured product, as well as the continued transition of groups from the ACA block of business towards other products, such as Level Solutions, which come at a lower price point.

Other Revenue: Increased by 41.5% due to increases in products outside of the fully insured product. This was largely driven by the transition of members to the Level Solutions product.

Cost of Health Services: Decreased 17.6% as a result of the decrease in fully-insured membership levels during 2022, as well as a significant decrease in COVID-19 related costs compared to previous years.

General Administrative Expenses: Decreased 1.5% through a continued emphasis on cost control. This came from evaluating vendor relationships, work with consultants, and some staffing turnover. Charitable contributions are tied directly to PHP's operating results. Current year financial results showed an operating loss, but an overall net income. This resulted in a charitable contribution to the PHP Foundation of approximately \$425,000. In addition, the PHP Foundation distributed accumulated reserves to help fill voids in community needs throughout 2022.

Investment Income: Decreased significantly in 2022 compared to 2021 due to poor market conditions. 2021 also resulted in recognizing significant gains along with the sales of investments throughout the year in order to maintain steady cash flows.

Statement of Financial Position: Assets decreased by approximately 6.0% in 2022 compared to 2021. The majority of this decrease is related to a large decrease in investments as a result of a very poor market year. This also caused our equity to decrease by approximately 4.5% in 2022 compared to 2021; however, it was offset by the overall \$1.2 million net income.

Risk-Based Capital Requirements: As of December 31, 2022, PHP's capital was approximately 6.76 times the minimum capital requirement defined by the National Association of Insurance Commissioners to operate a health plan. Though PHP's equity declined slightly in 2022, the Risk-Based Capital amount did increase due to the overall decrease in premium. PHP's strong capital position allows our team to continue to focus on innovative product development and business expansion as outlined in the strategic plan.

Looking Forward: Moving into 2023, we are continuing to work diligently to reduce healthcare costs to a more manageable level. We look forward to seeing even greater results from the initiatives we have already put in place and will continue to invest in more strategies. These consist of an advanced primary care clinic, market expansion, and investments in technology to keep up with the ever-changing health insurance world.

REVENUES	2022	2021
Premium Income	\$171,603,780	\$192,350,829
Other Revenue	11,436,638	8,080,970
Revenue Totals.....	\$183,040,418	\$200,431,799

EXPENSES

Cost of Health Services.....	\$150,371,250	\$182,431,606
General Administrative Expenses.....	34,393,195	34,918,300
Charitable Contributions.....	500,000	136,944
ACA Taxes and Fees.....	133,194	103,952
Expense Totals.....	\$185,397,639	\$217,590,801
Investment Income.....	1,681,506	7,443,179
Other Income	1,923,217	16,726
NET INCOME (LOSS).....	\$1,247,502	\$(9,699,097)

Assets	2022	2021
Cash and Investments.....	\$84,645,324	\$90,470,209
Net Real Estate, Furniture and Equipment	7,013,387	10,092,872
Other Assets	11,632,543	9,320,279
TOTAL ASSETS	\$103,291,253	\$109,883,360

Liabilities & Plan Equity

Claims Payable and Related Liabilities	\$23,306,192	\$25,859,405
Physician Fees Withheld.....	871,757	0
Other Liabilities	21,938,417	24,155,812
TOTAL LIABILITIES	\$46,116,366	\$50,015,217
Plan Equity	\$57,174,887	\$59,868,143

TOTAL LIABILITIES AND PLAN EQUITY	\$103,291,253	\$109,883,360
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About PHP

PHP is a not-for-profit employee benefits and administration company headquartered in Fort Wayne, Indiana. With nearly 55,000 members, PHP offers third-party administration services for self-insurance, as well as traditional employee benefits such as fully-insured products and ancillary benefits, including: dental, prescription drugs, life, disability, flexible spending accounts (FSA), and health reimbursement arrangements (HRA). Established in 1983 by area physicians, PHP is committed to serving our community by supporting charitable, educational, and economic activities.

PHP

1700 Magnavox Way, Suite 201 | Fort Wayne, IN 46804

260-432-6690 | 800-982-6257

phpni.com

