

NAIC Number: 11018

Company Name: UPMC Health Benefits Inc

Line of Business: Property & Casualty

Group Filing: Yes

Group Number: 1324

Group Name: UPMC Health System Group

Area	Survey Response
Governance	<p>UPMC is an Integrated Delivery and Finance System (IDFS) and as such, is comprised of multiple hospital and healthcare provider organizations, as well as a fully diversified health payer business domiciled in the state of Pennsylvania. UPMC's Insurance Services Division (ISD) includes UPMC Health Plan and other associated insurance business lines made up of non-profit and for-profit organizations with over 7,000 employees located mainly in Western Pennsylvania and focused on serving the health insurance needs of our members and communities. A listing of the insurance entities under the NAIC group is as follows:</p> <ul style="list-style-type: none"> • UPMC Health Plan, Inc. • UPMC Health Network, Inc. • UPMC Health Benefits, Inc. • UPMC For You, Inc. • UPMC Work Alliance, Inc. • UPMC Health Options, Inc. • UPMC Health Coverage, Inc. • Workpartners National, Inc. • Community Care Behavioral Health Organization <p>The ISD strongly shares environmental and climate change concerns with our broader community and stakeholders, and we engage in a variety of substantive and meaningful activities to minimize our emissions, carbon footprint and environmental impact, and to safeguard the health, safety and wellness of our many stakeholders.</p> <ul style="list-style-type: none"> • Environmental stewardship and activities at the broader UPMC IDFS level are overseen by the UPMC Center for Sustainability Steering Committee (CSSC), which is a cross-functional group comprised of representatives from across the IDFS, including the ISD. The CSSC's role is to initiate and coordinate climate and environmental initiatives and activities that include projects such as managing energy usage, reducing GHG emissions, materials recycling, environmental sponsorship of external organizations, and oversight over the UPMC Center for Sustainability, among others. As one could anticipate, the primary focus and majority of the CSSC's activities relate to UPMC's Health Services Division (HSD) operations, which include 40+ hospitals and many other physical locations and ancillary operational services, for which potential climate/environmental risks and their impact on HSD operations is more direct. Under the governance oversight of the CSSC, UPMC intends to reduce greenhouse gas emissions across its footprint by 50-65% for existing buildings and to achieve zero carbon status for new construction and renovations in existing buildings by the year 2030. To further demonstrate UPMC's commitment to the climate, we have signed the Health Care Sector Climate Pledge led by the White House and the United States Department of Health & Human Services (HHS) along with local pledges to the City of Pittsburgh, City of Erie, and the New Kensington 2030 District.

- The ISD leases approximately 942,000 square feet of office space, mostly concentrated in Western Pennsylvania. While our utilities are generally included in our lease agreements, we have taken the additional environmental initiative to significantly reduce energy use in our leased properties by investing in, and achieving, LEED (Leadership in Energy & Environmental Design) certifications in over 60% of our total leased office space. Our primary headquarters facility, which represents office space for the majority of ISD employees who continue to regularly work in the office, has undergone multi-year renovations that contribute to energy efficiency and carbon emissions reductions related to lighting, electricity, and water flow efficiency.
- We recognize there is a clear correlation and symbiosis between reducing administrative expenses, supporting our employees with flexible work approaches, and the reduction of carbon emissions. For the ISD, roughly 80% of our total employee base utilizes a work-from-home model on a regular basis, with the majority (59% of employees) working full-time from home and another 21%% under a flexible hybrid arrangement, thereby reducing direct company energy utilization/consumption, carbon emissions and road congestion. For our employees who commute to the office, we additionally provide benefits for the use of public transportation where our administrative offices are located, and the utilization of these benefits similarly contributes toward the reduction in consumption, emissions and road congestion.
- The impact from climate change and climate change-related developments is considered an important factor within our overall focus to effectively identify, evaluate, and manage the broader social and environmental determinants of health, particularly when evaluating broader population health, value-based healthcare, and whole-person (i.e., holistic) health. Considerations that can influence the health of our members include climate change, potentially more extreme weather patterns and/or ancillary effects from climate change-impacted weather patterns of other regions, and air/water quality, as well as lead-based paint, food security, physical safety, access to education, and other such significant topical areas that may individually and collectively impact our members' and communities' health and wellness in a manner that directly or indirectly relates to broader environmental health. Studies have shown that the more vulnerable social and economic groups may be more adversely impacted by climate change and extreme weather events, which could affect overall morbidity and mortality trends, and the ISD participates in various activities to better understand and address these wide-ranging and associated issues. This includes our community health and outreach teams engaging in proactive community outreach and direct, personalized intervention activities with our membership, specifically our at-risk and more vulnerable community members. These outreach programs and intervention activities fall under our efforts to address Social Determinants of Health (SDOH) and health equity issues which are impacted or exacerbated by climate and environmental issues.
- The ISD is a leader in promoting and utilizing telehealth and digital/mobile health applications, which not only increase accessibility for our members but also reduce the need for travel, thus minimizing vehicle emissions and road congestion. We anticipate continued implementation and enhancements of telehealth and digital/mobile capabilities moving forward across our product lines as member demand for and utilization of such services continue to increase.
- The ISD, as a responsible corporate citizen, has been a prominent, leading voice and participant in environmental and sustainability efforts and initiatives for many years and decades. The ISD supports many climate change-, sustainability- and environment-related causes within our communities through active support, sponsorships and funding. Sponsorship and engagement activities include numerous regional and county parks, nature reserves, and environmental foundations, groups and events, among others. This also includes investments and partnerships in environmental health across UPMC and in collaboration with the University of Pittsburgh, such that initiatives relating to carbon output reduction and energy efficiency innovation and technology are supported and leveraged in the broader health sciences realm to facilitate cross-disciplinary translational science and developments in the broader healthcare context. Over the last decade, the ISD has contributed several millions of dollars to climate change-, sustainability- and environment-related organizations and causes across the state and our broader communities. These organizations and causes include, but are not necessarily limited to, the following:
 - ✓ Allegheny Conference on Community Development
 - ✓ Allegheny County Parks Foundation
 - ✓ Bayfront East Task Force
 - ✓ BIKE PGH
 - ✓ Buhl Park Corporation

	<ul style="list-style-type: none"> ✓ Erie Zoological Society ✓ Fern Hollow Nature Center ✓ Green Building Alliance ✓ Moon Township Parks & Recreation ✓ Penn State Master Garden & Landscape Symposium ✓ Phipps Conservatory & Botanical Gardens ✓ Pittsburgh Botanical Garden ✓ Pittsburgh Downtown Partnership ✓ Pittsburgh Earth Day ✓ Pittsburgh Parks Conservancy ✓ Pittsburgh Zoo & Aquarium ✓ Presque Isle Partnership ✓ Riverlife Task Force ✓ Sustainable Pittsburgh (CEOs for Sustainability) ✓ Westmoreland County Parks and Recreation ✓ Women for a Healthy Environment ✓ 412 Food Rescue <ul style="list-style-type: none"> • Our UPMC Health Plan Board of Directors Finance, Audit & Compliance (FAC) Committee has oversight of our overarching enterprise risk profile to include financial, audit, compliance, risk management, and legal operations/issues/risks, among other established accountabilities. In the event that climate change risk might be considered a potentially relevant factor impacting our broader enterprise risk profile, the FAC Committee would have commensurate oversight of climate-related risks.
Strategy	<p>The Sustainability Accounting Standards Board (SASB) has determined that an increase in extreme weather events, coupled with the spread of infectious diseases, and food and water scarcity, may present material implications for the managed care industry through an increase in covered medical expenses. The SASB has additionally noted that an increase in the frequency of extreme weather events has the potential to impact costs and liabilities by generating additional covered medical expenses and that the associated risks could lead to an increased cost of capital. A higher incidence of disease could adversely affect both clinical and non-clinical staff availability, resulting in higher administrative expenditures related to sick leave and turnover. Continuing climate change may also affect the efficiency of our facility operations, including increased power and water consumption required to maintain our leased buildings.</p> <p>The New England Journal of Medicine previously identified three primary categories of climate change-related risks to healthcare:</p> <p>(1) Primary Risks: Direct biologic consequences of heat waves, extreme weather events, and temperature-enhanced levels of urban air pollutants;</p> <p>(2) Secondary Risks: Risks mediated by changes in biophysically and ecologically based processes and systems, particularly food yields, water flows, infectious-disease vectors, and (for zoonotic diseases) intermediate-host ecology; and</p> <p>(3) Tertiary Risks: More diffuse effects (e.g. mental health problems in failing or more vulnerable communities, displaced groups, disadvantaged indigenous and minority ethnic groups), as well as consequences of tension and conflict related to climate change–related declines in basic resources (water, food, timber, living space, etc.).</p> <p>The clinical and financial implications of these health-related impacts are complicated, nuanced and somewhat difficult to precisely quantify. The ISD is in the process of further evaluating the potential risks that climate change may pose to our organization and to the health and wellness of our members. While we have not identified and measured specific risks given our particular industry, this is an important topic that lends itself to thoughtful, continued consideration and further analysis.</p> <p>As it relates to natural disasters and the potential exacerbation that human activities may manifest, the Commonwealth of Pennsylvania historically ranks as one of the lowest-risk states for natural disaster occurrences among various industry analyses. With ISD offices and employees located mainly in the greater Pittsburgh and Western Pennsylvania region, there have not been any significant widespread regional natural</p>

	<p>disasters or events in the past 150 years outside of the “Great Floods” of Pittsburgh in 1907 and 1936. Today, the US Army Corps of Engineers manages the region’s flood control efforts, comprised of strategic reservoirs controlling the drainage basins in the upper Ohio Valley. From a geographical standpoint, our region would tend to present relatively lower risk from a climate change-exacerbated natural disaster perspective.</p> <p>The link between climate change and the currently identified drivers of our overall business strategy, operations and financial performance is, based on these and other considerations, sufficiently attenuated and could benefit from additional research and information. As such, we have not yet conducted specific scenario assessments regarding climate change. But we continue to monitor this situation.</p>
Risk Management	<p>The UPMC ISD has a formalized and established ERM Program that regularly identifies, assesses, manages and monitors numerous enterprise risks for the organization and our business operations. While climate change does not pose a free-standing primary enterprise risk at this time, given our industry and business operations, climate change could potentially present as a relevant driver or variable within one or more of our existing enterprise risk registers. As such, we have an established process for identifying issues and drivers that may be relevant to climate change vis-à-vis its relationship to, and potential impact upon, our existing enterprise risk universe. If such a connection becomes apparent, this would manifest in potential impact upon our business, operations, strategy, and our members and employees, as well as relevant financial implications.</p> <p>When incorporating a broader view of the UPMC IDFS, there are a number of functional areas that study, promote and advance climate change-, sustainability- and environment-related considerations into their activities (e.g. UPMC Environmental Initiatives, UPMC Real Estate & Construction, UPMC Facilities, UPMC Supply Chain, etc.). We facilitate the coordination of such assessments and deliberations with the UPMC Center for Sustainability operated by and across our parent organization, as appropriate.</p>
Metrics & Targets	<p>UPMC ISD does not directly own or operate any property or assets that fall under the EPA’s Scope 1 direct emissions category. Scope 2 indirect emissions usage from utilities are covered under our facility leases, and we have no direct input or control regarding the source or type of energy generation. As a health payer, the ISD has a nominal level of Scope 3 indirect emissions impact (both upstream and downstream) through normal business operations in supporting our members, providers, and community stakeholders. As such, we do not track or utilize associated metrics in a formal risk management capacity.</p> <p>As noted in the responses above, and as it relates to Scope 1, 2 and 3 emissions, UPMC has pledged to reduce GHG emissions and is targeting to be carbon net-neutral by 2050. UPMC is a signatory of the White House and HHS’s Health Care Sector Climate Pledge, and the UPMC CSSC is engaged in the active monitoring and assessment of GHG emissions for the entire UPMC organization. Specific and relevant metrics and targets will be developed, tracked and monitored by the CSSC, as appropriate.</p> <p>As also noted in other responses here, the UPMC ISD ERM Program and our various executive-level risk owners actively monitor strategy, operational, financial, and enterprise risk-related developments that may impact the ISD and its business, products, services, and numerous stakeholders. Should any such developments/risks, including ones that may include climate change-related elements, rise to a level that prospectively approach our risk appetite/tolerance, the ISD ERM function would appropriately support and facilitate UPMC ISD management in our respective risk response and remediation plans.</p>