



INVESTING IN A HEALTHY FUTURE

For our members



For our communities



For Fallon



A letter from leadership

Constant change has become the norm when it comes to the current health care environment. Yet rather than being defined by the challenges of an evolving marketplace and the ongoing implementation of health care reform, Fallon has been inspired by the opportunities they offer. We've found new ways of defining and achieving success, while keeping our mission—*making our communities healthy*—at the forefront of every decision.

Our plan for a healthy future is focused on investing in our members, the communities we serve and Fallon itself.

Healthier members

We exist for our members, thousands of people who rely on us for high-quality and affordable care.

In 2015, that dedication was exemplified by long-standing and new initiatives designed to improve member health:

- One-on-one disease management for members with asthma, COPD, diabetes, heart disease or heart failure
- Senior care services to support older adults who want to live as independently as possible
- Health and wellness programs such as smoking cessation, stress management and health screenings
- 24/7 Nurse Connect for round-the-clock access to a clinician
- HealthSense®—remote technology that helps seniors remain safe in their homes

Healthier communities

Fallon plays a prominent role in communities across the state. We look for opportunities to help organizations that are similarly dedicated to improving health. Our community giving—totaling more than \$1.3 million in 2015—includes grants and sponsorships as well as in-kind donations, advocacy efforts and volunteering.

Examples of our 2015 support include:

- Distributing grants totaling more than \$100,000 to nine Massachusetts nonprofits
- Raising \$228,000 through Fallon's 10th Annual Golf & Gather FORE a Cause, enabling hunger relief organizations to provide 175,000 meals
- Donating \$62,734 to United Way through employee and corporate donations
- Selecting 15 employees to donate \$1,000 each to charities of their choice that also support our mission

All of our 2015 charitable giving aligned with our commitment to support:

- At-risk youth
- Good nutrition and/or physical activity
- Preventive health and social service programs for seniors
- Individuals with mental and/or behavioral health issues
- Hunger relief

Healthier company

As for our corporate health, we remain resilient. We continue to find ways to prudently and responsibly manage health care and administrative costs, while expanding our areas of strength. We took multiple approaches to accomplishing this in 2015:

- Expanded our Summit ElderCare® program to serve Lowell, Mass. and surrounding towns
- Acquired third-party administrator Group Insurance Service Center, Inc., (GISC) of Pembroke, Mass., expanding our membership by 17,000
- Launched Community Care, a limited network plan built in partnership with Reliant Medical Group and Harrington HealthCare, for individuals who qualify for extra help paying for their insurance
- Introduced new plans for people with chronic conditions like asthma, diabetes and coronary artery disease
- Launched \$martFunding, a new product for companies that have 25 to 200 employees and want to self-fund their employee health plan
- Expanded to Western New York, offering a Managed Long-Term Care plan and a Medicare Advantage Special Needs Plan for dual-eligible residents through Fallon Health Weinberg—and prepared to launch our Program of All-Inclusive Care for the Elderly (PACE)

By investing in these initiatives, and others in development, we are having a continuous positive impact on our members, our community and this organization—and ensuring a healthier future for all of us.

—Richard Burke, President and CEO, and David Hillis, Chairman, Board of Directors



David Hillis, Chairman,
Board of Directors,
and Richard Burke,
President and CEO

Noteworthy

More accomplishments



Celebrated the 20th anniversary of Summit ElderCare, our Program of All-Inclusive Care for the Elderly (PACE). With more than 1,000 participants, Summit ElderCare is the largest PACE provider in New England.



Achieved high ratings from the National Committee for Quality Assurance (NCQA) Health Insurance Plan Ratings, 2015-2016. Fallon is in the top 10% of health plans in America for all three of its insurance offerings: Medicaid, Medicare and commercial.



Received a 4.5-star rating (out of a possible 5 stars) from the Centers for Medicare and Medicaid Services (CMS) for Fallon Senior Plan™ and NaviCare® HMO SNP. Our NaviCare program received a score of 100% for its model of care.

Watch our video

Healthier together— members + community + Fallon

To learn more about our plans for continuing to make our members, our communities and our company healthier than ever, check out this video on our website—fallonhealth.org/annual-report.

You'll meet Katelyn, Terrence and Dr. Price-Stevens. They all have something to tell you about Fallon Health.



Katelyn, member



Terrence, husband of Summit ElderCare participant



Dr. Lisa Price-Stevens, VP Medical Affairs

Executive team

Richard P. Burke, President and CEO
Christine Cassidy, Senior Vice President and
Chief Communications Officer
Thomas H. Ebert, M.D., Executive Vice President
and Chief Medical Officer
Jill Lebow, Senior Vice President and
Chief Human Resources Officer
Mark Mosby, Chief Legal Counsel
(Epstein Becker & Green, P.C.)
David Przesiek, Senior Vice President and
Chief Sales Officer
R. Scott Walker, Executive Vice President and
Chief Financial Officer
Emily West, Senior Vice President and
Chief Operating Officer

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Richard Burke, Fallon President and CEO
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**Fallon
Senior Plan**

Medicare Advantage,
Medicare
Supplement

Commercial

HMO, PPO
and ASO

**Summit
ElderCare**

PACE program

**Fallon Health
Weinberg**

New York
(joint venture)

UltraBenefits

Third-party
administrator

**Fallon
Info Center**

Sales, service and
wellness center
in Shrewsbury

Homestaff

Home care agency
(joint venture)

MassHealth

Medicaid

NaviCare

HMO SNP
and SCO



**MUCH MORE THAN
A HEALTH PLAN**

Fallon Community Health Plan, Inc., and Subsidiaries
Consolidated Statements of Financial Position

As of December 31,

(in thousands)	2015	2014	2013
Assets			
Cash and investments	\$341,807	\$396,881	\$388,989
Premiums and other receivables	48,090	34,338	19,537
Property and equipment, net	35,399	42,794	43,344
Investment in joint venture	1,729	2,262	2,300
Goodwill	3,384	-	-
Prepaid expenses	1,976	1,464	1,470
Total assets	<u>432,385</u>	<u>477,739</u>	<u>455,640</u>
Liabilities and net assets			
Medical claims payable	182,979	209,348	190,549
Unearned premiums	8,946	8,344	10,460
Revolving line of credit	6,254	-	10,000
Account payable and accrued expenses	42,613	43,895	33,246
Total liabilities	<u>240,792</u>	<u>261,587</u>	<u>244,254</u>
Net assets	<u>191,593</u>	<u>216,152</u>	<u>211,386</u>
Total liabilities and net assets	<u>\$432,385</u>	<u>\$477,739</u>	<u>\$455,640</u>

Fallon Community Health Plan, Inc., and Subsidiaries
Consolidated Statements of Income and Changes in Net Assets

As of December 31,

(in thousands)	2015	2014	2013
Revenue			
Premium and fee revenue	\$1,246,596	\$1,260,586	\$1,251,963
Investment income	9,939	13,858	18,356
Other income	255	573	429
Total revenue	<u>1,256,790</u>	<u>1,275,016</u>	<u>1,270,748</u>
Expenses			
Cost of benefits provided	1,102,089	1,100,641	1,109,619
General and administrative	161,985	171,443	147,890
Total expenses	<u>1,264,074</u>	<u>1,272,084</u>	<u>1,257,509</u>
Net income before noncontrolling interest	(7,284)	2,932	13,239
Noncontrolling interest	522	621	-
Net income after noncontrolling interest	(6,762)	3,553	13,239
Unrealized (loss) gain on investments	(17,275)	(3,742)	(743)
Change in pension plan funded status	-	-	-
Increase (decrease) in net assets	<u>(24,037)</u>	<u>(189)</u>	<u>12,496</u>
Net assets			
Beginning of year, parent	216,152	211,386	198,890
Beginning of year, joint venture	(1,052)	3,903	-
Ending noncontrolling interest	530	1,052	-
Total net assets at end of year	<u>\$191,593</u>	<u>\$216,152</u>	<u>\$211,386</u>