

health care could look like this™

2006

annual report



grippa

Health care could look like this™

THE FREEDOM TO PRACTICE EXCEPTIONAL MEDICAL CARE.

THE INGENUITY TO DELIVER IT EFFICIENTLY.

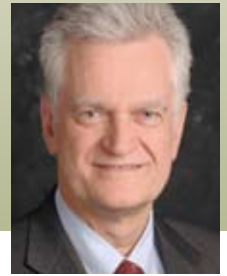
THE TIME TO PROVIDE IT COMPASSIONATELY.



Michael Kukfa, MD
Chairman
GRIPA Board



Gregg Coughlin
President
GRIPA



Eric Nielsen, MD
Chief Medical Officer
GRIPA

Message from Michael Kukfa, MD, Gregg Coughlin, and Eric Nielsen, MD



GRIPA's new brand message and logo convey the excitement and anticipation at GRIPA as we make great strides toward Clinical Integration and explore other ventures to strengthen the company. At the heart of everything we do is our commitment to serving the best interests of our physician and hospital partners and the patients we all serve.

The road to GRIPA Connect™ Clinical Integration has been challenging, but rewarding, and as of press time, more than 400 physicians have signed contracts for clinical integration, with more expressing interest.

Electronic referral management is the next clinical integration tool that will be offered to all physicians, and it will both speed and enhance the referral process within the GRIPA network. Physicians and their staff members will be trained on referral management this fall with e-prescribing the next feature in the queue for winter.

This year, GRIPA formed Cognisight™ LLC to deliver clinical process and financial innovations that enable its clients to improve quality of health care while maximizing efficiency. We are marketing the firm's flagship product—CognisightDX™—to health care payers across the country. The income from this venture will help support our Clinical Integration initiative.

GRIPA Connect Clinical integration has given us more opportunities than ever to involve our physician partners in developing our goals. We plan to increase the venues for physician input and involvement. Please contact any of us or GRIPA Provider Relations at 585-922-1525 if you have questions or concerns—or ideas about ways we can maximize your membership in GRIPA.

Our organization has been revitalized and re-energized by these ventures. Each accomplishment is made possible by the dedication of our membership, the GRIPA Board of Directors, the Rochester General Physicians Organization, the Wayne County Physicians Organization, GRIPA committees and staff. We are working together to ensure that the Rochester area returns to its position as a national model for quality, affordable health care.

the year in review



- In early March of 2006, GRIPA returned an average of 125 percent risk withhold to physicians. In addition, physicians who are members of the RGPO or the WCPO each received \$1,000 in gain share.
- For the years 2003-2006, physicians who were part of GRIPA contracts (as compared to other IPA contracts), received an additional \$7.1 million which translates to approximately \$10,900 per physician.
- Physician compensation continues to be one of our top priorities. GRIPA has consistently led the community in paying higher conversion factors and in the distribution of significant risk withhold return and gain share. For the past four years GRIPA has paid the highest conversion factors for Preferred Care Gold and Preferred Care Commercial in the community.
- GRIPA is a \$172 million company with more than 650 physician owners from Rochester General Physicians Organization and Wayne County Physicians Organization who partner with Rochester General Hospital and Newark Wayne Community Hospital.
- For the third year in a row, GRIPA was named one of Rochester's Top 100 companies. The Rochester Top 100 is sponsored by the Rochester Business Alliance and the local office of KPMG, a worldwide accounting firm.
- A new GRIPA logo and tagline were recently introduced along with a new GRIPA web site at www.gripa.org.
- GRIPA works with Preferred Care to administer programs for Preferred Care Employer Sponsored Plans and Preferred Care Gold. GRIPA also contracts with WellCare.

- ViaHealth PPO, Inc., a GRIPA-affiliated company, makes available a provider network and medical management services for HealthNow New York, Inc., Statewide Independent PPO, Inc., and Fidelis Care New York.
- ViaHealth PPO, Inc. messengers contracts to GRIPA Network providers for non-risk business.
- GRIPA Care Managers, Consulting Clinical Pharmacists and Information Technology staff are available onsite to help physicians improve office systems and optimize patient care. They also offer case management services as well as specialized programs in geriatrics, diabetes and depression.



- At press time 400 physicians had signed contracts for GRIPA Connect Clinical Integration.
- To ensure a robust referral management service, portions of the GRIPA Connect web portal are being offered to all GRIPA physicians regardless of participation in Clinical Integration.
- GRIPA is proud to be one of the 26 awardees out of more than 100 applications in the first round of health information technology grants awarded by NY State. Although this recognition—that GRIPA's clinical integration program is consistent with the state's priorities to improve the quality and affordability of health care for New Yorkers—is gratifying, GRIPA's program is not dependent on grant funding.
- GRIPA staff members are training physicians and their staff members to use the web portal. A GRIPA support line is available for questions.

- Suggested enhancements to the portal are being channeled through the Portal Enhancement Committee and the GRIPA Connect Physician Steering Committee.
- Referral management and e-prescribing are the next major features which will be added to the portal.



- Cognisight was founded by Greater Rochester Independent Practice Association (GRIPA) to deliver clinical process and financial innovations that enable its clients to improve quality of health care while maximizing efficiency.
- CognisightDX™, the company's core offering, was created to help Medicare Advantage providers collect accurate payments from the Centers for Medicare and Medicaid Services.
- CognisightDX is an expert clinical system that takes into account all the issues and applications required for appropriate Medicare Advantage reimbursement.

FINANCIAL RESULTS 2006

Greater Rochester IPA

Audited Financial Summary for Year Ended 12/31/06

Income Statement:

Premium Considerations & Capitation Revenue	\$171,548,507
Investment Income	\$879,676
Total Income	\$172,428,183
Medical Expenses	\$157,141,153
Clinical Integration Expenses	\$1,067,321
Administrative Expenses	\$6,162,575
Income Tax Expense	\$3,038,270
Total Expenses	\$167,409,319
Net Income	\$5,018,864

Balance Sheet at 12/31/06:

Cash	\$-
Investments	\$12,400,319
Accounts Receivable	\$15,258,456
Prepaid Expenses	\$793,852
Provider Advances	\$4,724,705
Fixed Assets, net	\$375,085
Deferred Tax Asset	\$111,278
Total Assets	\$33,663,695
Accrued Expenses	\$3,709,261
Due to Affiliates	\$38,736
Claims Payable	\$17,013,528
Risk Withhold Payable	\$6,271,939
Total Liabilities	\$27,033,464
Total Equity	\$6,630,231
Total Liabilities & Equity	\$33,663,695



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