

VALLEY PREFERRED

THE YEAR IN REVIEW
2002



A community partnership of
doctors and hospitals.

An Exciting Year of Growth

as We Met the Needs of Businesses and
Community Members

THE YEAR 2002 WAS ANOTHER YEAR OF TREMENDOUS GROWTH FOR VALLEY PREFERRED. We continued to offer our community a partnership with payers to provide more choices, increased flexibility and the easy access they're looking for in health insurance plans—plus the resources they need to make informed health care decisions and improve their health.

We added more affiliate health insurance plans for businesses, associations, individuals, students and seniors. Highlighting the year was our contract with UnitedHealthcare, a national insurance carrier that provides an additional option for area businesses that have a national presence. Two health insurance payers were added under our affiliation with the Mid-Atlantic Managed Care Organization to enhance plan options for small businesses and individuals. Valley Preferred also teamed up with Sterling Life Insurance Company to offer a Medigap health plan to meet the supplemental insurance needs of seniors. And we were selected as one of nine PPOs in the state by the Pennsylvania Public School Health Care Trust to serve the needs of public school employees.

We provided additional access for our members by expanding our provider network to include The Bloomsburg Hospital in Columbia County. We received approval from the Pennsylvania Department of Health to market and sell affiliate health insurance plans in Berks County and now have more than 3,200 physicians, 20 hospitals and 76 ancillary providers in our network.

We expanded our community presence with seminars to help individuals shopping for health insurance and seniors looking for Medigap coverage. We continued to offer health fairs for our clients, bringing them medical educational resources, and link them with valuable services like Preferred EAP and the Burn Prevention Foundation.

As a community partnership of doctors and hospitals, we will continue to provide employers throughout the region the information and support they need to improve employee health. In 2003, we intend to introduce more clients to disease management, a self-management program for patients with chronic diseases that can improve the health of an employee population and lower the overall cost of health insurance.

2002 THE YEAR IN REVIEW

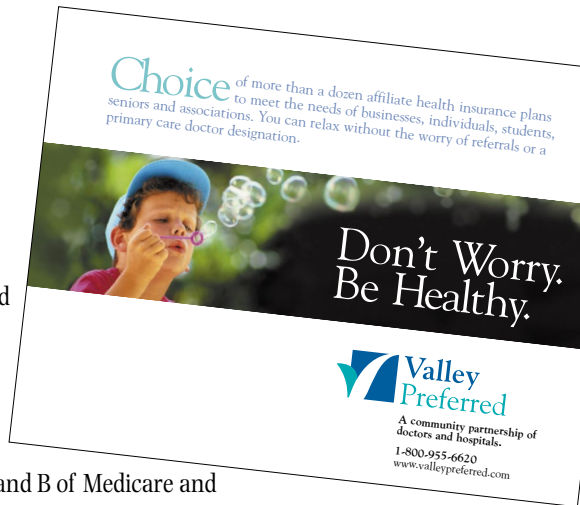
A Growing Choice of Affiliate Health Insurance Plans

A new option for area employers became available when Valley Preferred partnered with UnitedHealthcare to offer access to the Valley Preferred Provider Network for more than 20,000 UnitedHealthcare members enrolled in PPO products in Lehigh and Northampton counties. As a large, well-recognized insurer, UnitedHealthcare has health plans that are especially attractive to large area employers with a national presence.

Seniors and group health plans gained another Medigap option when Valley Preferred contracted with Sterling Life Insurance Company to offer Sterling Medicare Select supplemental insurance to area seniors.

The supplemental product is available to area residents age 65 and older who have Parts A and B of Medicare and are cared for at Lehigh Valley Hospital and Health Network. The product is being offered on an individual basis and also as an option for group health plans that wish to add a supplemental Medicare product for retirees. We are currently working on a plan that will provide individuals access to the entire Valley Preferred Network.

Valley Preferred was selected by the Pennsylvania Public School Health Care Trust as a preferred provider network endorsed by the state's most prestigious educational institutions. The trust has created an innovative program to offer employees of public school entities access to its self-funded insurance program through nine PPOs located in Pennsylvania. On November 1, 2001, Dunmore School District was the first school district to sign with Valley Preferred.



Choice of more than a dozen affiliate health insurance plans to meet the needs of businesses, individuals, students, seniors and associations. You can relax without the worry of referrals or a primary care doctor designation.

Don't Worry. Be Healthy.

Valley Preferred
A community partnership of doctors and hospitals.
1-800-955-6620
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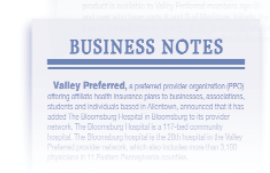


Valley Preferred in deal to expand
It forms partnership with UnitedHealthcare to widen services.

By Christian Milman
Of The Morning Call

Valley Preferred, a preferred provider organization (PPO) offering health plans primarily utilized with Lehigh Valley Hospital, announced Tuesday it has partnered with UnitedHealthcare.

The deal gives TriWest, Healthcare's 14,000 members



BUSINESS NOTES

Valley Preferred, a preferred provider organization (PPO) offering health insurance plans to businesses, associations, students and individuals based in Allentown, announced that it has added the Sterling Medicare Select supplemental insurance to area seniors in the Lehigh Valley metropolitan area. The expansion is part of the company's strategy to provide members access to a wider range of health care services.



John Brunette of the Pennsylvania Public School Health Care Trust with Valley Preferred Director of Sales and Marketing, Laura Mertz.

Access to More Doctors and Hospitals in Eastern Pennsylvania

The Bloomsburg Hospital joined the Valley Preferred Provider Network. This 117-bed community hospital serving the community of Bloomsburg and Columbia County is the 20th hospital in the Valley Preferred Provider Network. With this expansion, The Bloomsburg Hospital and affiliated physicians are now part of the Valley Preferred Provider Network, which totals more than 3,200 physicians.



Valley Preferred works with Healthy You Programs to offer health fairs like this one at the Northampton County Government Center.

A Valuable Medical Educational Resource ... and A Growing Community Presence

Valley Preferred's *Health Insurance for the Individual* seminars helped area residents without group coverage make an educated decision when shopping for an individual policy. The series, which continues in 2003, also introduces attendees to PPO plan designs.

For seniors looking for Medigap coverage, Valley Preferred teamed up with Sterling Life Insurance Company to offer seminars on Medicare and Medicare supplemental insurance—and introduce them to the Sterling Select plan offered through Valley Preferred.

Employers have easy access to wellness and prevention programs to improve employee health. In 2002, Valley Preferred, in cooperation with Healthy You Programs, continued to conduct on-site health fairs at member businesses throughout the region. Valley Preferred also teamed up with Preferred EAP, an employee assistance program, to offer Valley Preferred clients access to Preferred EAP's Training & Development workshops and seminars, designed to enhance employee well being, avert workplace crises and assist managers with the human side of doing business.

Valley Preferred expanded its community presence in 2002 by sponsoring and supporting various local non-profit organizations and events.

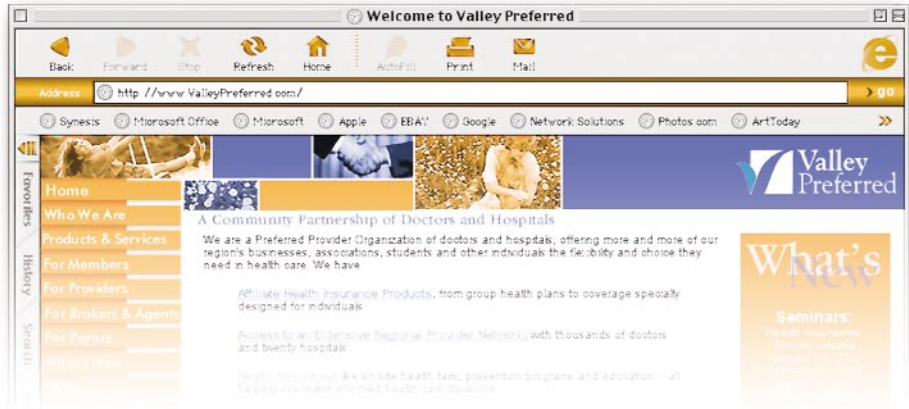


Valley Preferred continued to provide support for the Allentown Ambassadors baseball team.



Valley Preferred served as the honorary starters of The U.S. Women's Open at the Lehigh Valley Velodrome. Joining Valley Preferred executive director Gregory Kile and director of Sales and Marketing Laura Mertz was Tania Kincaid who suffers from Multiple Sclerosis, and Jacob Burns, marketing director of the Lehigh Valley Velodrome. Valley Preferred is a major sponsor of Team Tania, a bicycling team that rides in the MS 150 Bike ride to benefit Multiple Sclerosis research.





Want to Know More About Valley Preferred?

Do what thousands of members, physicians and payers are doing—visit us online at www.valleypreferred.com. Our web site offers easy access to our provider directory, service area map, affiliate health insurance plans, on-site health programs, answers to frequently asked questions and links to other valuable resources.



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doctors and hospitals.

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