

Good Afternoon, my name is Mike Vennera, Vice President of Strategy and Innovation at Independence Blue Cross. On behalf of Independence Blue Cross and my colleagues, I am honored to have the opportunity to participate on this panel and offer some insight to our view of health care innovation in the Philadelphia community. IBC is the region's largest insurer, one of the region's largest employers and a leader in the Blue Cross and Blue Shield system nationally. We have been committed to enhancing the health and wellness of the people we serve for 75 years. As the health care industry undergoes the largest changes in a generation, we remain unwavering in our commitment to our members and the community, but firmly believe that we need to change the game of health care.

The U.S. health care system faces a number of significant challenges from a lack of access to an affordability crisis and the unsustainable costs of an older, sicker population. In 2012 total US health care expenditures represented 18% of GDP, up from a mere 5% in the early 1960s. We believe that these are large, complex issues for which there is no silver bullet. However, we also believe that in these challenges there lies great opportunity—opportunity for our industry, for our region, and for IBC. However, we can only meet these challenges and capitalize on the opportunities with new, innovative solutions. Fresh, creative, and out of the box thinking is required – this will require large companies like IBC to find ways of embracing an innovation culture and reaching “across the aisle” to partner with other stakeholders in the health care system. It will also require companies like IBC to take a corporate leadership role in supporting the entrepreneurial community.

Understanding that change needs to start from within to be lasting and effective, IBC created the Office of Strategy and Innovation over a year ago, which I lead, to oversee all innovation initiatives, growth opportunities, and new projects. IBC is fully committed to developing the culture and capabilities to foster innovation within our own walls. To this end we have launched a comprehensive program to train our employees on innovation techniques and behaviors, encouraging them to think differently when approaching problems. We have also engaged our associates on “innovation challenges” where teams of associates compete to develop fresh new

approaches to a range of problems like improving the experience of our customers and outreaching to potential customers through new retail channels.

While we are committed to innovation within IBC, we recognize that the challenges facing the health care system are far too large to be solved within the four walls of our organization or any one organization. This is why we believe it is critical to foster and support innovation within the broader community. One example of IBC reaching out to the community for innovative solutions around health and wellness was our IBX Game Changers Challenge. This took place in the summer of 2012 and was a collaborative effort between IBC and Deputy Mayor and Health Commissioner Donald Schwarz, the Philadelphia Department of Health, and the Wharton Entrepreneurial Program. The challenge invited the region's entrepreneurs, health care professionals, college students, technology experts, and others to submit high-impact ideas that could scale up to support healthy lifestyles and improve the overall health and wellness of Philadelphia and the surrounding region. Three winners were selected, each of which received seed capital and access to resources from IBC and Wharton to help launch their efforts.

In a similar vein, we are currently working with DreamIt Ventures and Penn Medicine to run DreamIt Health, the first-ever Philadelphia-based health care accelerator and the first accelerator nationally to pair a leading payor and leading health system. This program will select ten early stage companies from across the U.S. to participate in a four-month intensive boot camp designed to "accelerate" each company's effort to develop a business plan, build a product, and close initial customers. Each of the companies will be required to re-locate to Philadelphia for the duration of the program, and we hope to find ways of encouraging them to plant their roots here.

There is both a need and a great opportunity for the region's large corporate citizens, such as IBC, to provide leadership to and support for this growing entrepreneurial and innovative community. Over the last year, I have had a number of conversations with different players and potential players in the local community, from corporate executives to budding entrepreneurs. The one common theme has been excitement and a sense of pent up demand, a belief that

Philadelphia has all of the right ingredients—world class universities and teaching hospitals, a strong health and life sciences economy, and an active entrepreneurial community—to be a national magnet for health care innovation, investment and employment. The missing ingredient has been active corporate leadership. Our goal at IBC is to help provide that leadership—it makes sense for Philadelphia and it makes sense for our business. Together, I think we can make it happen. Thank you.