
Highmark Health Mid-Year 2022 Financials

For Public Release



August 30, 2022

Highmark Health's National Geographic Reach



Over 29 million lives under contract across all business lines



*Highmark Inc. and its affiliates offer health insurance products in Pennsylvania, Delaware, West Virginia, and western and northeastern New York, and are independent licensees of the Blue Cross Blue Shield Association. The companies' participation in the BlueCard® program offers members access to plans that include benefits through provider networks of other independent Blue Cross and Blue Shield plans nationally and worldwide. Most, but not all, plans include Blue Card benefits.

Strategy in Action: Access, Partnerships and Living Health



- Created a \$1 million **high-performing social care network** to compensate non-profits addressing social determinants of health
- Launched **First Steps and Beyond**, tackling health and well-being of African American parents and infants during delivery and through the first year after birth



- Partnership with **Civica Script** to manufacture and distribute affordable insulin.
- United Concordia Dental signed 7-year, ~\$900 million contract **with TRICARE Active-Duty Dental Program (ADDP)**

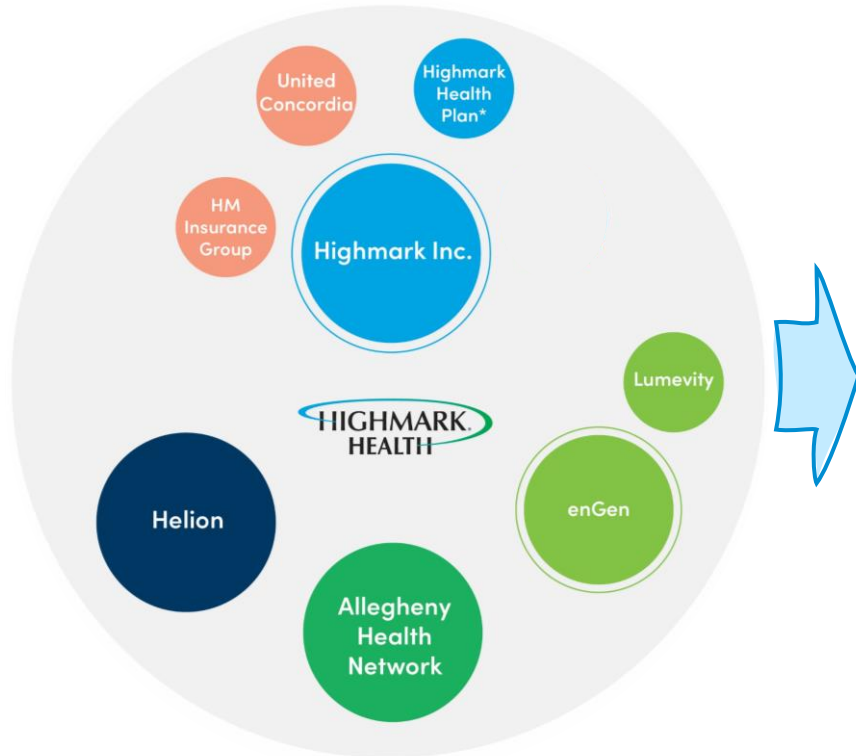


- Launched **Well360 Diabetes Management***, giving eligible members simple and proactive support to better manage the chronic condition, improve health outcomes and reduce costs
- Expanded wellness portfolio with **Well360 Motion**, a virtual musculoskeletal pain program



- **AHN West Penn** named top maternity hospital by US News & World Report (#1 in Pittsburgh, #2 in PA, #31 in US)
- **AHN Gammapod breast cancer** innovation launched
- **AHN Seneca Valley Outpatient Center** opening

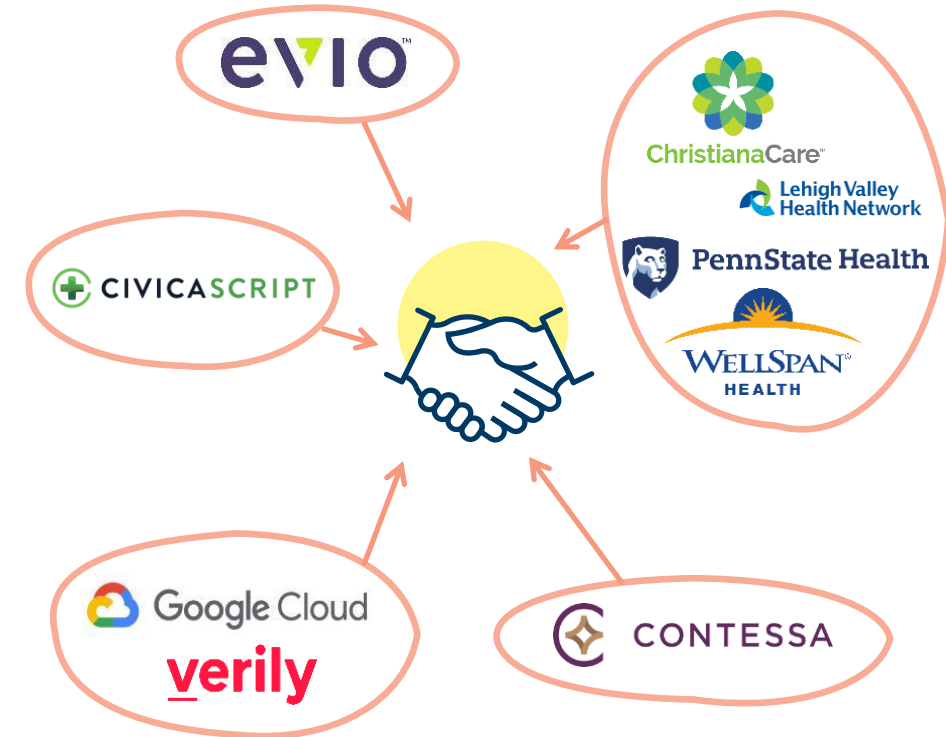
Growing through Affiliations and Partnerships



Affiliations and Acquisitions



Partnerships



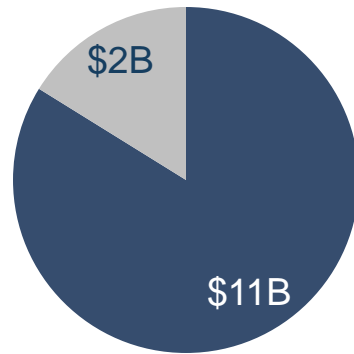
*Highmark Health Plans include Highmark Blue Cross Blue Shield, Highmark Blue Shield, Highmark Blue Cross Blue Shield West Virginia, Highmark Blue Cross Blue Shield Delaware, Highmark Blue Cross Blue Shield Western New York, Highmark Blue Shield Northeastern New York

Highmark Health 1H 2022 Financial Overview

Financial Results

~\$13B
Operating
Revenue

\$387M
Operating
Margin



■ Insurance
■ Provider

(\$174M)
Net Income

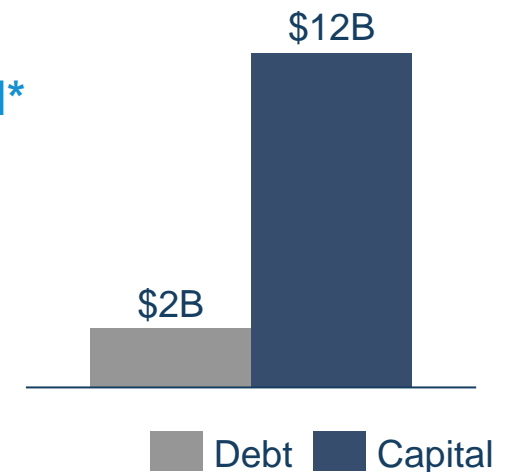
~\$286M
Net Income

excl. Unrealized Investment Impact

Balance Sheet

~\$11B
Cash and Investments

~18%
Debt-to-Capital*



*Debt-to-Capital ratio excludes line of credit utilization

Highmark Health Membership Diversity

Business Line	Lives Under Contract*
Core Health Plan & BlueCard	6.8M
enGen <i>Excl. Health Plan lives</i>	5.1M
UCD, HMIG, and other ancillary	17.9M
TOTAL	>29M

Highmark Health Plan remains the largest health insurer in Pennsylvania, Delaware, West Virginia, and western New York.

Business model diversity supports ongoing success



- **Highmark Health Plans:** Operating gain >\$450M
 - Positive performance driven by favorable claims performance and strong member enrollment
 - 98% commercial membership retention
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- **Allegheny Health Network:** EBITDA* (**\$71M**), EBITDA (excluding unrealized investment impact) **\$18M**, operating revenue **\$2B**
- Addressing cost pressures related to labor shortage, supply chain and inflation.
- Inpatient discharges and observations down (2%), outpatient registrations up 12% (excluding YOY vaccination registrations), physician visits up 3%, ER visits up 13%, births up 6% vs. 1H 2021



Diversified businesses strengthen Highmark Health

Diversified businesses contributed >\$100M of combined operating earnings.

UNITED CONCORDIA[®] DENTAL

- Ranks among the top 10 dental companies in the US with **\$825M in revenue**
- **\$68M operating margin**
- Licensed in **every state, DC, and PR** with **>9M members**

HM INSURANCE GROUP

- **Net Revenue of \$448M**
- **Operating margin of \$35M**
- Licensed in **every state and DC**

enGen

- Technology related **revenue of >\$500M**
- **Strong operating margin** while making **investments in platform capabilities**
- Platform membership of **~11M** across numerous Blues plans

Key Takeaways

- Highmark Health's diversified business model is key to our financial strength and stability.
- Equity portfolio performance, supply chain challenges, inflation, and high labor costs remain headwinds for organization, especially Allegheny Health Network.
- Our strong financial performance supports our provider system, strengthens our remarkable member experience and allows us to invest in our Living Health model.

