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# Highmark Health Mid-Year 2023 Financials

*For Public Release*

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August 29, 2023

# Highmark Health Overview



- HEADQUARTERS**
- Health Plans\*
  - Dental Solutions
  - Reinsurance Solutions
  - Health Care Delivery
  - Innovative Technology-Based Solutions
  - Population Health Management
  - Family Grieving Centers

- Health Plans\*
- Highmark Direct Stores
- Hospitals
- Dental Solutions
- Reinsurance Solutions
- Family Grieving Centers



**Our mission** is to create a remarkable health experience, freeing people to be their best.

**Our vision** is a world where everyone embraces health.

**>27 million** lives under contract nationally

\*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: 10 years delivering on our promises

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- **Over 10 years, AHN added 6 Health + Wellness Pavilions**, a full-service hospital, 6 cancer centers, a cancer institute hub, and 2 labor & delivery units
- **US News & World Report** named **AHN West Penn a top maternity hospital** (#1 in Pittsburgh, #2 in PA, #30 in US)
- **Alexis Joy D'Achille Center** at West Penn is a leading postpartum depression program in the eastern US



- **Grew ACA Together Blue** membership more than 300% since 2020 — and surveys recorded 97% member satisfaction
- Announced **partnerships with numerous providers in southeastern PA**, including Jefferson Health, Penn Medicine Hospitals, and Temple Health
- Provider ventures with **Penn State Health** and **Christiana Care** and evolving collaborations with **Lehigh Valley Health Network** and **Kaleida Health**



- Simplified member access and knowledge with **My Highmark** – a digital platform developed with Google Cloud and League that provides seamless care navigation, shared care plans, virtual/digital health, and cost transparency
- Improved patient billing and payment experience through partnership with **Cedar Pay**, helping AHN patients with significant improvements in self-service payments and satisfaction
- **Onduo Diabetes Management** and **Well360 Motion** programs improving and simplifying diabetes management and physical therapy virtually

# Supporting our mission by improving quality of life across communities

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- Introduced **Highmark Bright Blue Futures** focused on improving equitable access to care, quality of life, and economic resilience in the communities the enterprise serves.
  - Created a **high-performing social care network** to compensate non-profits addressing social determinants of health (SDOH) and **tackling food insecurity**:
    - **Thrive18** in Pittsburgh involve local community health workers going door-to-door to determine needs
    - **Healthy Neighborhood Program** in WV provides debit cards to buy healthy food at Dollar General stores
    - Collaboration with **Buffalo Go Green** in western New York created a “mobile market” unit to deliver fresh produce to local health clinics and provide helpful information on diet and related health issues
    - Funding urban community gardens in DE through **Blue Prints for the Community**
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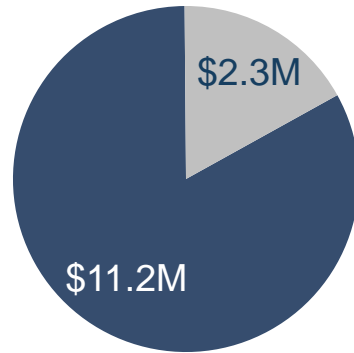




# Highmark Health mid-year 2023 financial overview

## Financial Results

**~\$13.6B**  
Operating  
revenue



■ Insurance  
■ Provider

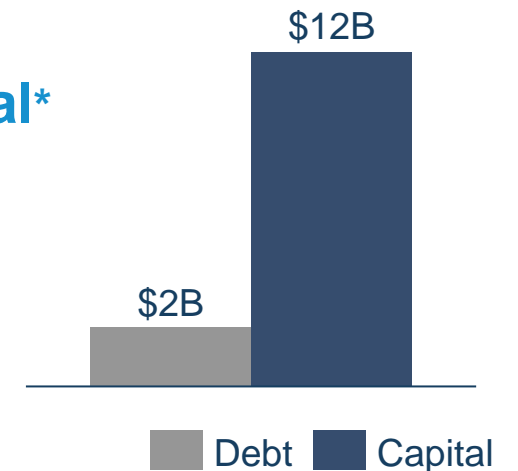
**\$230M**  
Operating  
gain

**\$389M**  
Net income  
gain

## Balance Sheet

**~\$11B**  
Cash and investments

**~18%**  
Debt-to-capital\*



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

# Highmark Health membership\* at-a-glance

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Highmark Health Plans remain the **largest health insurer** in Pennsylvania, Delaware, West Virginia, and western New York.

- **Core Health Plan and BlueCard** membership 7 million.
- **United Concordia Dental** is the **6<sup>th</sup> largest dental company** in the United States with **>9M members** and licensed in **every state, the District of Columbia, and Puerto Rico**
- **HM Insurance Group** is the **9<sup>th</sup> largest stop loss business** in the United States and licensed in every state and the District of Columbia
- **enGen** platform provides IT and customer support services to numerous Blues plans

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*\*Membership reported for January 2023.*



# Business model supports ongoing success

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- **Highmark Health Plans:** Operating gain >\$230M
- Strong financial performance driven by high annual membership.
- Increased claims utilization and patient volumes; insurer remains committed to ensuring members have access to the care they need.

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## • Allegheny Health Network:

- EBITDA\* **\$68M**
- Operating revenue **~\$2.3B**
- Volume improvements in most areas as patients return to hospitals post-pandemic.
- Consistent with industry and Highmark Health enterprise, provider system addressing ongoing cost pressures related to supply chain and inflation.
- Inpatient discharges and observations up 8%, outpatient registrations up 6%, physician visits up 6%, ER visits up 8% vs. mid-year 2022



# Diversified businesses strengthen Highmark Health

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## UNITED CONCORDIA<sup>®</sup> DENTAL

- **\$830M revenue**
- **\$40M operating gain**

## HM INSURANCE GROUP

- **\$485M revenue**
- **\$39M operating gain**

## enGen

- **~\$575M technology related revenue**
- **Solid operating results** while investing in product evolution and platform modernization



# Key takeaways

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- Highmark Health saw solid financial performance for the first half of 2023, strengthened by increased annual health plan membership and AHN patient volumes and positive equity market performance.
- Our diversified business operating model is key to our financial strength and stability.
- Supply chain challenges and inflation remain headwinds for the organization.
- Our strong financial performance supports our strategy, strengthens our remarkable member experience and allows us to invest in our Living Health model.

