
Highmark Health Mid-Year 2024 Financials

For Public Release

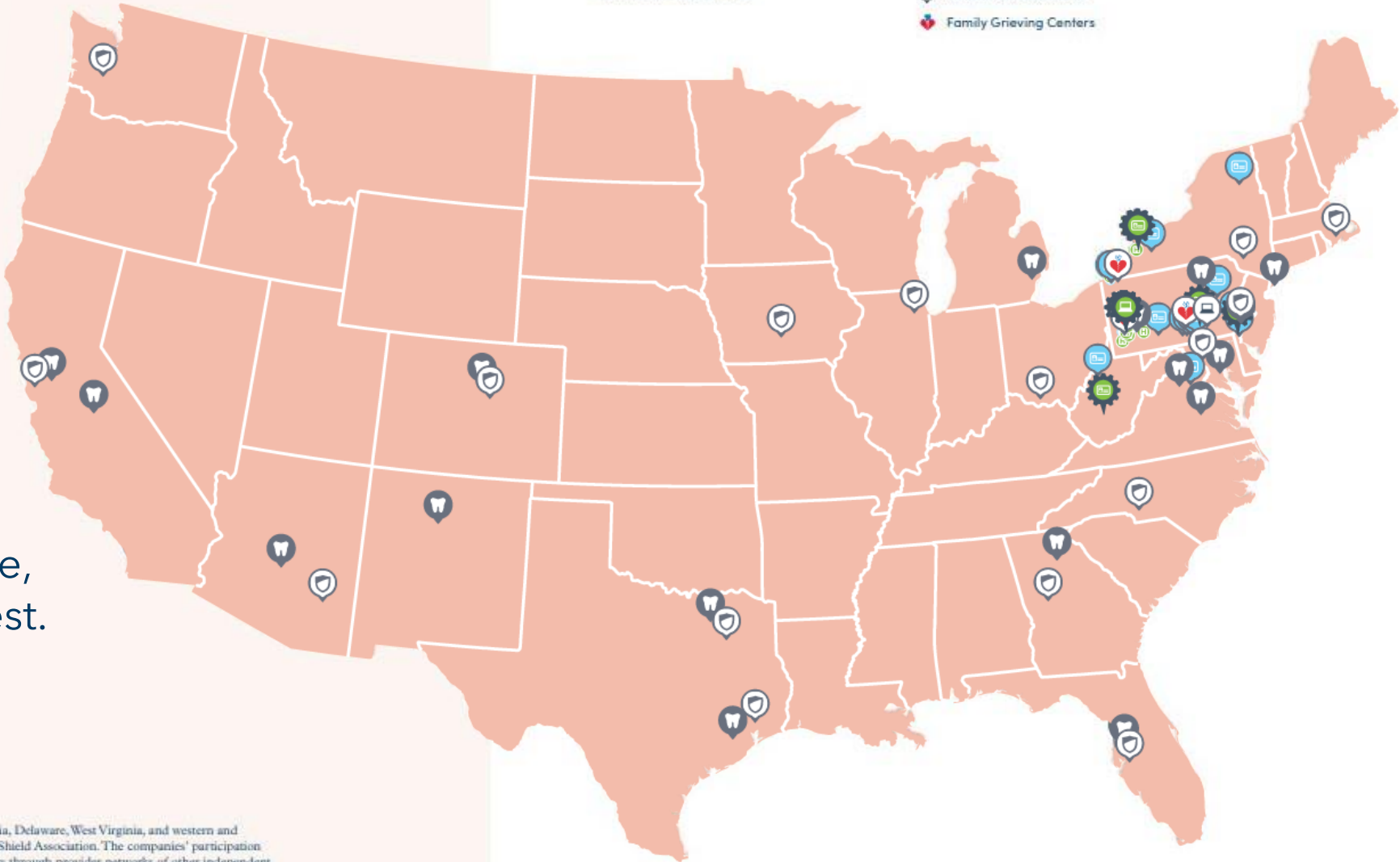


August 29, 2024

Highmark Health Organization



- 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.

*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.

Highmark Health 2024 Strategic Overview



Non-profit health care means a customer-first approach

- **Investing in growth for customer/community value**
 - \$1B investment at Allegheny General Hospital
 - Expanding health insurance into southeastern PA market
- **Addressing high costs of prescriptions**
- **Shared risk model** between AHN and Highmark in western PA
- Adapting our model to **streamline and simplify operations**, emphasizing growth in customer value areas



Collaborating to deliver value to customers

- **Value of AHN** as a health care innovation incubator.
- We **adapt the payer-provider collaboration model** established in western Pennsylvania as we bring Living Health to markets where we don't own a provider system.
- Collaborate with government bodies and community organizations to provide value to **Medicaid** populations
 - Expansion into WV
- Providing cost-effective and innovative **virtual mental health, virtual physical care**, and a suite of 24/7 **virtual health offerings** to members



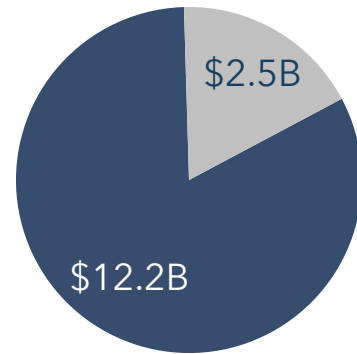
Scaling technology to meet customer needs

- Using data to **ensure the clinical quality of solutions** offered to our health plan members
- **Integrating customer's health experience** on one platform: **My Highmark** app
- Connecting customers to **personalized information, recommendations and solutions**
- **Scaling the success of Living Health** through our provider partners in DE, NY, PA, and WV

Highmark Health Mid-Year* 2024 Consolidated Financials

Financial Results

\$14.7B
Operating
Revenue



■ Insurance
■ Provider

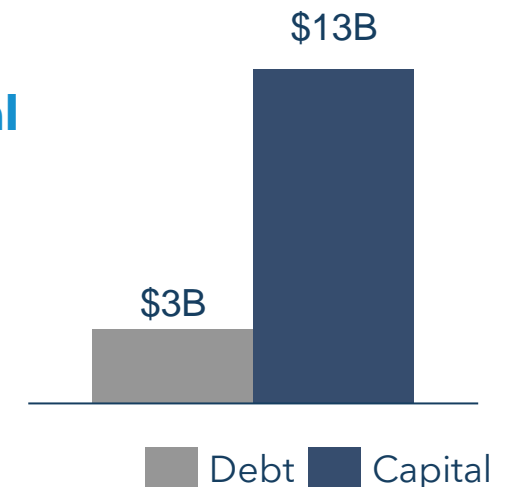
\$307M
Operating
Margin

\$417M
Net Income

Balance Sheet

\$11B
Cash and Investments

21%
Debt-to-Capital



*For period of January 1 through June 30, 2024.

Highmark Health Membership* Strength

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

- **Core Health Plan and BlueCard** membership 6.9 million
- **United Concordia Dental** is a **top 10 largest dental company** in the United States with **10M global members** and licensed in **every state, the District of Columbia, and Puerto Rico**
- **HM Insurance Group** is a **top 10 largest stop-loss business** in the US and licensed in **every state and the District of Columbia.**
- **enGen** platform provides IT and customer support services to numerous Blues plans.

*Membership reported as of January 2024.



Highmark Health Plans

\$11.1B operating revenue

\$304M operating margin

- **Strong performance** driven by positive performance in commercial portfolio
 - Government business performance is stable year-over-year and while increasing membership
 - Experiencing pressure due to higher pharmaceutical costs, Medicare Advantage utilization trends, and Medicaid redeterminations
 - 95% commercial **membership retention**
 - Success in new **southeastern PA** market; launching Medicare Advantage products in 2025
-



Allegheny Health Network

\$2.5B operating revenue*

\$71M EBITDA**

- **Improved year-over-year financials** driven by increased clinical access and investments in clinical employees.
 - Moving more nursing staff to full-time employees
 - Evolving clinical care model to ensure the right level of care for patient needs.
- Investments made in network access coupled with increased clinical staff led to ability to handle increased patient volumes.
- **Increased patient volumes year-over-year:** inpatient discharges and observations up 3%, outpatient registrations up 6%, physician visits up 4%, ER visits up 7% vs. mid-year 2023

*Includes intercompany revenue that eliminates on consolidation

**Earnings before interest, taxes, depreciation and amortization



Diversified businesses strengthen Highmark Health



United **Concordia**
dentalSM

\$867M operating revenue*
\$45M operating margin

- Strong revenue due to enrollment growth across commercial and partnership lines of business



HM Insurance
Group

\$594M operating revenue
\$33M operating margin

- Strong stop loss revenue and additional growth through HM Specialty, an accident and health reinsurer.



 enGen

\$558M operating revenue*

- Strong financial results driven by steady platform enrollment

*Includes intercompany revenue that eliminates on consolidation.

Key Takeaways

- Highmark Health delivered **strong financial performance** for the first half of 2024, strengthened by positive insurance performance and increased AHN patient volumes.
- Our **diversified operating model** remains critical to our financial strength and stability.
- Our organizations, including Highmark Health Plans and AHN, are positioned **for future growth and innovation**.
- Our **ongoing strong financial performance** supports our strategy, strengthens our remarkable member experience and allows us to invest in our Living Health model, creating value for the members and communities we serve

