

Getting health care right:  
**NOW AND FOR  
THE FUTURE**



*“We’re committed to re-configuring the health care model that delivers differentiated value to our customers across the full spectrum of their needs and getting health care right.”*

— **David L. Holmberg**

President and CEO  
Highmark Health



## Driven to change health care for the **BETTER.**

The Highmark Health organization is focused on building the health care of the future. Through our unique model, connecting care and coverage, the Highmark Health organization is challenging traditional health care and introducing bold new ideas across its businesses. The organization also maintains a strong and historic commitment to serving our communities through charitable care and community giving, supported by more than \$223 million in 2016.

**A national health and wellness organization, Highmark Health and our affiliated companies serve nearly 50 million Americans with products and services that are transforming how health care is delivered, ensuring better experiences for our patients, members and customers along their health care journeys.**

**Consolidated revenues grew to record \$18.2 billion in 2016.**

### Leading the way through a diverse portfolio of health-related businesses

Highmark Health’s strong and diverse portfolio of businesses meets the broad spectrum of health care needs of consumers, business customers, and government entities.

- The **Highmark Health Plan business (Health Plan)** includes Highmark and its Blue-branded affiliates, which serve the health insurance needs of consumers, businesses, and government entities.
- **Allegheny Health Network and its affiliates** form an integrated health care delivery network, which provides health care delivery, research, medical education, and wellness services.
- **Visionworks** provides exams, eyeglasses, contact lenses, and services at nearly 750 retail optical stores in the United States.
- **Davis Vision** provides comprehensive, managed vision care coverage through a leading national provider network.

- **United Concordia Dental** delivers high-quality dental solutions through a leading national network of dentists.
- **HM Insurance Group** works to protect United States businesses and their employees from health-related financial risk.
- **HM Health Solutions** provides innovative, technology-based solutions that support the multiple product lines of health plans.
- **HVHC Distribution & Manufacturing** fabricates eyewear exclusively for its affiliates Visionworks and Davis Vision.
- **HM Home & Community Services** specializes in post-acute care management solutions that are transformative to payors, providers, and patients.

## Investing to build the future of health care

Highmark Health continued its steady revenue growth during 2016 and maintained a national customer base of approximately 50 million, securing our ranking as the second largest integrated delivery and financing system in the country based on revenue. Highmark Health continues to be a financially strong company, maintaining \$6.5 billion in cash and investments and net assets of \$5.2 billion. This stability allowed us to invest \$450 million in our core and growing businesses during 2016 to improve health care quality and access for our health plans' members and to create an outstanding customer experience.

The Health Plan business delivered performance improvements across all the health plan segments, most notably the government business — which includes Small Group, Medicare, Medicaid, and the ACA programs — and gains in the commercial business. The Health Plan also maintained strong membership throughout all its service areas, with 96 percent member retention in the commercial business and overall member retention of 94 percent.

The Health Plan remains the fourth-largest capitalized Blue Cross and Blue Shield-affiliated organization in the country, with nearly 5 million core medical health plan members in Pennsylvania. The Health Plan's Medicare Advantage plan remains the largest and highest-rated Medicare Advantage program in Pennsylvania, with 4.5 Stars.

Allegheny Health Network (AHN) continued to grow and strengthen its operations in 2016 through capital investments of \$175 million made in the network's facilities, physician organization, and technology, including the EPIC platform. The health system showed positive patient volume trends year-over-year in 2016, with inpatient discharges, outpatient registrations, emergency room admissions, and surgical cases exceeding previous-year results. Achieving net revenues at year-end 2016 of almost \$2.9 billion, Allegheny Health Network has delivered a 30 percent increase in net patient service revenue since it was established in 2013 as well as continued growth in EBITDA to 4.0 percent in 2016.

AHN's call center began offering same-day appointments for primary care physicians in the fall of 2016, and the initiative has since been expanded to include specialists. This is part of a larger campaign to expand in-person and virtual clinical access for AHN patients.

Headquartered in San Antonio, HVHC Inc. and its subsidiaries, including Visionworks and Davis Vision, and HVHC Distribution and Manufacturing, make up one of the largest vertically integrated optical companies in the United States.

Visionworks is the sixth largest specialty retail optical chain in the United States and a leading provider of eyewear and eye care services proudly serving customers through nearly 750 locations in 41 states and the District of Columbia.

Davis Vision is one of the largest providers of comprehensive, managed vision care products and services in the United States, serving over 22 million members and thousands of client organizations. The company offers its members more than 60,000 points of access to vision care. HVHC Inc. companies operate five U.S.-based manufacturing labs that fabricated over 4.9 million pairs of eyewear in 2016.

HM Health Solutions, an Information Technology Services company, experienced significant growth across many dimensions of its business in 2016, and now has 9.7 million members on the IT platform, an increase of 18 percent from 2015, and revenues have risen 34 percent from 2015 to \$720 million, putting the company on a solid path to exceed \$1 billion in revenues.

*“Across every corner of Allegheny Health Network, we are investing in our facilities, programs, and people to ensure that the experience we offer to patients is second to none.”*

— **Cynthia D. Hundorfean**  
President and CEO  
Allegheny Health Network



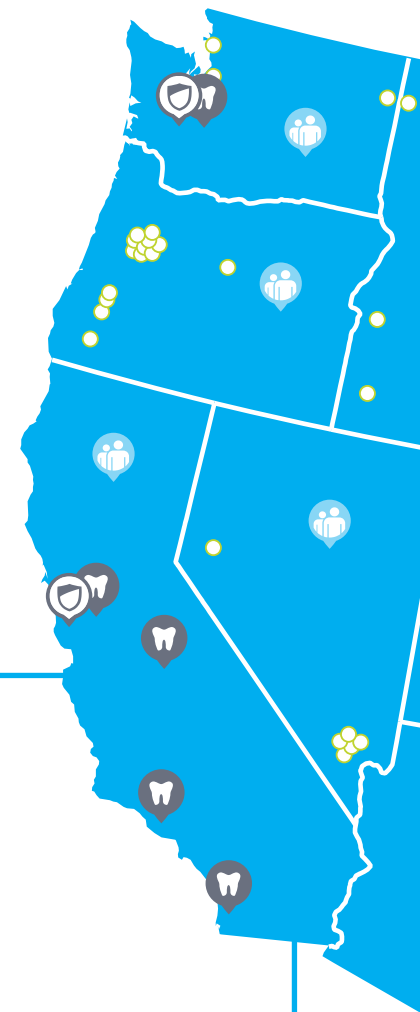
*“Winning the TRICARE Dental Program contract, which requires us to administer dental benefits to 1.8 million uniformed service active-duty members, National Guard and Reserve members, and their families is a great honor, but it comes with great responsibility — a responsibility all of us at United Concordia Dental take very seriously.”*

— **Chip Merkel**

Executive Vice President & CEO  
Diversified Businesses  
Highmark Inc.

## Extending **OUR REACH** to better serve our customers.

Highmark Health is headquartered in Pittsburgh. Our Blue-branded health-plan businesses serve nearly 5 million customers in Pennsylvania, West Virginia and Delaware. Our integrated health care delivery network, led by Allegheny Health Network, serves patients in 29 counties in Pennsylvania as well as portions of Ohio, New York, and West Virginia. Our other affiliated businesses — including Davis Vision, HM Insurance Group, HM Health Solutions, HVHC Distribution & Manufacturing, United Concordia Dental, and Visionworks — proudly serve customers and businesses across America.



### Our members and customers



### Headquarters

- > Highmark Health (Pittsburgh, Pa.)
- > Highmark Inc. (Pittsburgh, Pa.)
- > Highmark BCBS Delaware (Wilmington, Del.)
- > Highmark BCBS West Virginia (Parkersburg, W.Va.)
- > HVHC Distribution & Manufacturing/ Visionworks/ Davis Vision (San Antonio, Texas)
- > United Concordia Dental (Harrisburg, Pa.)
- > HM Insurance Group (Pittsburgh, Pa.)
- > Allegheny Health Network (Pittsburgh, Pa.)
- > HM Health Solutions (Pittsburgh, Pa.)
- > HM Home & Community Services (Pittsburgh, Pa.)

### Stores

- > Highmark Direct (13 stores)
- > Visionworks (747 stores)

### Hospitals and medical facilities

- > Allegheny Health Network hospitals
- > Allegheny Health Network Health + Wellness Pavillions and facilities

### Other facilities (sales offices, data centers manufacturing labs)



- > Health Plans



- > HVHC Distribution & Manufacturing/ Visionworks/ Davis Vision



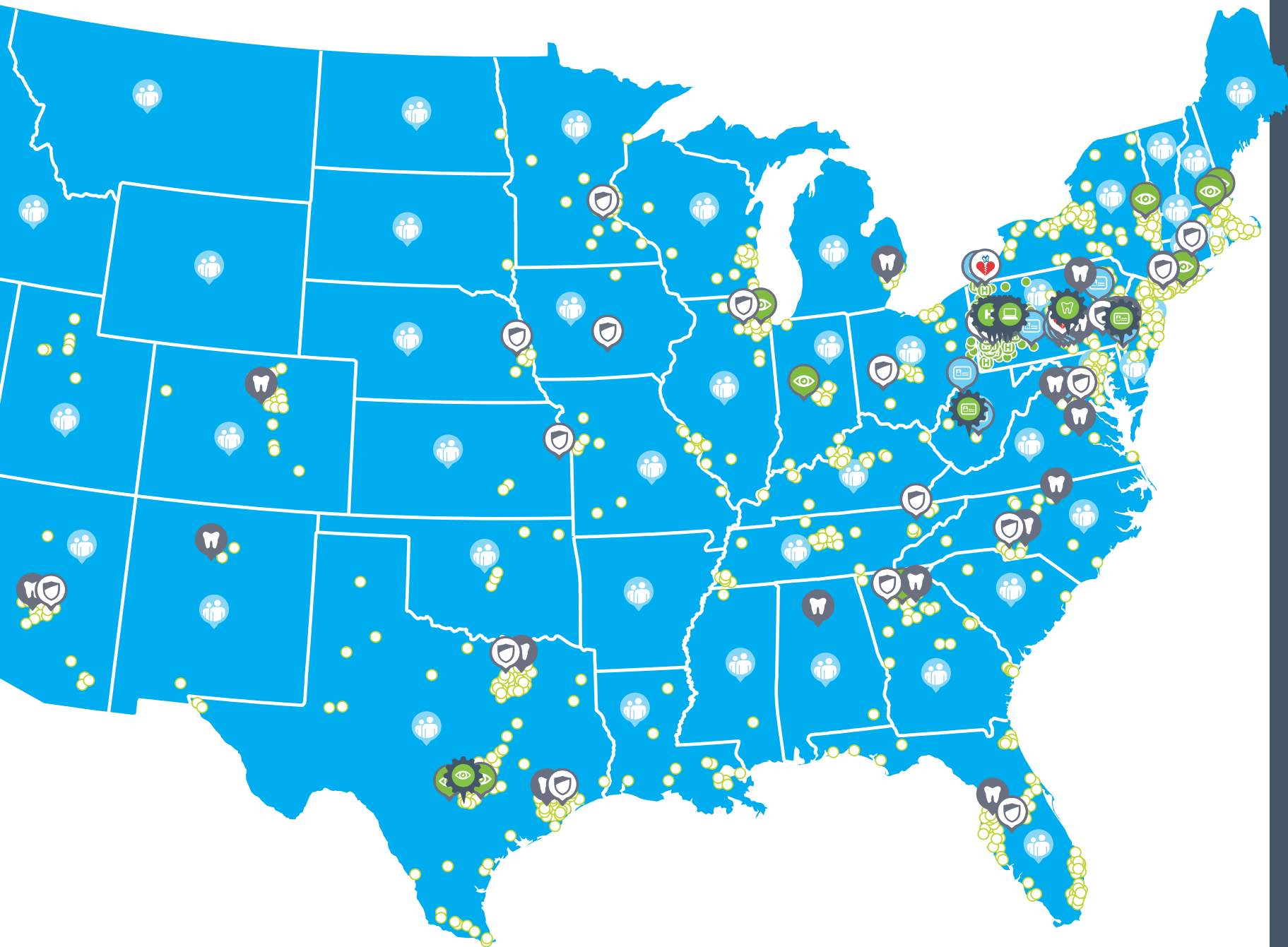
- > United Concordia Dental



- > HM Insurance Group



- > Highmark Caring Place



*“We are retooling care management programs to better identify and resolve clinical, social, and behavioral challenges that could be potential barriers to care needed by our members.”*

— **Deborah Rice-Johnson**

President

Highmark Health Plan

# Meeting our customers' **NEEDS** through a national network of health care businesses.



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** Highmark Health and its subsidiaries and affiliates comprise a national health and wellness organization that employs more than 40,000 people and serves nearly 50 million Americans in all 50 states and the District of Columbia. The organization includes businesses in health insurance, health care delivery, managed vision care, retail eyewear and eye care services, eyewear manufacturing, dental solutions, health risk solutions, and innovative, technology-based solutions. Highmark Health is the parent of Highmark Inc., Allegheny Health Network, HM Health Solutions, and HM Home and Community Services LLC.

**Mission:** The Highmark Health organization is an interdependent system designed to deliver high-quality, accessible, understandable, and affordable experiences, outcomes, and solutions for our customers.

**Number of Employees:** 40,000+ across the organization

**Leadership:** David L. Holmberg, President and Chief Executive Officer

**2016 Consolidated Revenues:** \$18.2 billion



**Headquarters:**

- Highmark Inc., doing business as Highmark Blue Cross Blue Shield in the 42 counties of western and northeastern Pennsylvania and as Highmark Blue Shield elsewhere in the state — Pittsburgh, Pennsylvania
- Highmark West Virginia Inc., doing business as Highmark Blue Cross Blue Shield West Virginia — Parkersburg, West Virginia
- Highmark BCBSB Inc., doing business as Highmark Blue Cross Blue Shield Delaware — Wilmington, Delaware

**Description:** An independent licensee of the Blue Cross and Blue Shield Association, Highmark, together with its Blue-branded affiliates, collectively comprise the fourth-largest Blue Cross and Blue Shield-affiliated organization and one of the nation's 10 largest health insurance organizations. Highmark is the parent company of HVHC Inc., United Concordia Dental, and HM Insurance Group.

**Customers:** Consumers, businesses, and government entities

**Products and Services:** Individual and group health insurance; Medicare Advantage plans for seniors; Medicaid (through Gateway Health Plan)

**Brands Offered:** Blue Cross Blue Shield and/or Blue Shield

**Geographic Service Area:** Pennsylvania, West Virginia, and Delaware

**Number of Employees:** 6,000

**Leadership:** Deborah L. Rice-Johnson, President, Highmark Health Plan



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** Allegheny Health Network is the parent company for an integrated health care delivery network that includes eight hospitals; more than 2,800 affiliated physicians; six ambulatory surgery centers; a research institute; home- and community-based health services; a group purchasing organization; and four Health + Wellness Pavilions. Established in 2013, AHN's member hospitals share legacies of charitable care that date back more than 160 years.

**Customers:** Patients

**Products and Services:** Integrated health care delivery, health care research, medical education, wellness services

**Brands Offered:** Allegheny Health Network, Allegheny General Hospital, Allegheny Valley Hospital, Canonsburg Hospital, Forbes Hospital, Jefferson Hospital, Saint Vincent Hospital, West Penn Hospital, and Westfield Memorial Hospital

**Geographic Service Area:** 29 counties in Pennsylvania and portions of New York, Ohio, and West Virginia

**Number of Employees:** 17,500

**Leadership:** Cynthia D. Hundorfean, President and Chief Executive Officer



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** HM Home & Community Services specializes in post-acute care management solutions that are transformative to payors, providers, and patients.

**Customers:** Health care organizations accountable for post-acute care spend, including integrated delivery and financing systems, health plans, accountable care organizations, hospitals, and health systems

**Products and Services:** HM Home & Community Services provides health care organizations that are accountable for post-acute spend with customized solutions for the entire episode following hospitalization. These solutions uniquely focus on collaboration, evidence-based pathways of care, big data, innovation, and pay-for-value incentives to improve networks of skilled nursing facilities and home health agencies, achieving higher level of performance, lower cost, better health outcomes, and a better patient experience.

**Geographic Service Area:** Pennsylvania

**Leadership:** David Goldberg, Interim President, HM Home & Community Services



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** The companies within the HM Insurance Group work to protect businesses and their employees from the financial risks associated with health costs. With 23 offices across the nation, HM Insurance Group is one of the country's top five stop loss carriers.

**Customers:** Benefits brokers, consultants, and third-party administrators on behalf of group policyholders; providers; managed-care entities

**Products and Services:** Stop loss and managed care reinsurance

**Geographic Service Area:** National

**Number of Employees:** 300

**Leadership:** Matt Rhenish, President and Chief Operating Officer, HM Insurance Group, and F.G. "Chip" Merkel, Executive Vice President, Diversified Businesses, Highmark Inc.

[highmarkhealth.org](http://highmarkhealth.org)

[highmark.com](http://highmark.com)

[ahn.org](http://ahn.org)

[hnhcs.com](http://hnhcs.com)

[hmig.com](http://hmig.com)



**Headquarters:** San Antonio, Texas

**Description:** HVHC Distribution & Manufacturing is the operations division of HVHC Inc. and subsidiaries, an integrated vision solutions organization with three main lines of business. This encompasses Davis Vision, which provides managed vision care benefits (listed separately), Visionworks, with nearly 750 retail optical stores (listed separately), and HVHC Distribution & Manufacturing, the operations arm that supports Visionworks and Davis Vision. The fourth-largest finisher of lenses in the nation, HVHC Distribution & Manufacturing operates five United States-based, state-of-the-art manufacturing laboratories where it fabricated more than 4.9 million pairs of eyeglasses in 2016.

**Customers:** HVHC Distribution & Manufacturing fabricates eyewear exclusively for its affiliates Visionworks and Davis Vision.

**Products and Services:** HVHC Distribution & Manufacturing custom fabricates eyeglasses and distributes vision products across the country for Visionworks and Davis Vision.

**Geographic Service Area:** United States

**Number of Employees:** 900

**Leadership:** Jim Eisen, President and Chief Executive Officer, HVHC Inc., and John Kay, Executive Vice President, HVHC Inc., Distribution & Manufacturing



**Headquarters:** San Antonio, Texas

**Description:** Davis Vision is the third-largest provider of comprehensive, managed vision care products and services in the United States, with coverage through a national provider network that includes more than 60,000 points of access for customers. Davis Vision is a subsidiary of HVHC Inc., the parent company for an integrated vision solutions organization.

**Customers:** Eye care and eyewear consumers, network providers, businesses, and government entities

**Products and Services:** Managed vision care coverage through benefits plans

**Brands Offered:** Many of the frame brands available in a Visionworks store are available in the Davis Vision Exclusive Collection featured in participating provider offices. Lens brands are fabricated by the HVHC Distribution & Manufacturing facilities.

**Geographic Service Area:** United States

**Number of Employees:** 912

**Leadership:** Jim Eisen, President and Chief Executive Officer, HVHC Inc., and Danny Bentley, President, Davis Vision



**Headquarters:** San Antonio, Texas

**Description:** Visionworks is the sixth-largest specialty retail optical chain in the United States and a leading provider of eyewear and eye care services. Visionworks has nearly 750 retail optical stores in 41 states and the District of Columbia. Visionworks is a subsidiary of HVHC Inc., the parent company for an integrated vision solutions organization.

**Customers:** Consumers

**Products and Services:** Prescription eyeglasses and contact lenses in stores and online; eyewear services, including exams

**Brands Offered:** Frames by GUESS®, Diane von Furstenberg®, Lacoste®, Anne Klein®, Vera Bradley®, Nine West®, Gant®, Penguin®, and Nike®, plus exclusive brand frames, including Chelsea Morgan, Salsa, Robert Michel, and Alberto Romani. Lens brands include the family of Transitions® adaptive lenses and Coppertone polarized lenses.

**Geographic Service Area:** 41 states and the District of Columbia

**Number of Employees:** 8,355

**Leadership:** Jim Eisen, President and Chief Executive Officer, HVHC Inc., and President, Visionworks



**Headquarters:**

Harrisburg, Pennsylvania

**Description:** United Concordia Companies, Inc., and its subsidiaries — collectively referred to as United Concordia Dental — comprise a leading dental solutions organization that delivers high-quality, cost-effective dental care through a network of nearly 100,000 dentists and more than 339,000 access points.

**Customers:** Consumers, businesses, and government entities

**Products and Services:** Dental care and oral wellness

**Brands Offered:** Smile for Health®, UCVision®, UCElect, Healthy Stages

**Geographic Service Area:** United States and Puerto Rico

**Number of Employees:** 940

**Leadership:** F.G. “Chip” Merkel, President and Chief Executive Officer, United Concordia Companies, Inc.



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** HM Health Solutions (HMHS) provides innovative, technology-based solutions that enable health plan clients to achieve top-line revenue growth while reducing costs and increasing competitiveness in the market. Launched in 2014, HMHS provides software and technology solutions across multiple product lines, including Medicare, Medicaid, commercial, and individual. The enterprise health solution (EHS) is a comprehensive cloud-based multitenant turnkey solution. When health plan partners invest in the EHS, they gain access to experienced people, proven business processes, and an integrated platform. With HMHS’s commitment to quality, excellence in delivering solutions, and continuous product enhancements, clients can continue to adapt to their rapidly changing market needs.

**Customers:** Businesses, specifically health plans

**Products and Services:** Advanced, end-to-end health insurance solutions, including the enterprise health solution, print management, infrastructure management, and data center hosting

**Geographic Service Area:** Global

**Leadership:** Matthew V. T. Ray, President



The Highmark Health organization is an interdependent system designed to deliver high-quality, accessible, understandable, and affordable experiences, outcomes, and solutions for our customers.



**\$18.2 billion**  
in revenues

\$18.2 billion — operating revenues in 2016



**\$223 million+**  
in community giving

Highmark Health and its affiliated businesses and charitable foundations contributed more than \$223 million to building stronger communities of healthier people in 2016.



**77,000**  
in-network

The Health Plan is supported by more than 77,000 in-network physicians, and it processed more than 120 million claims on behalf of customers in 2016.



**4<sup>th</sup> largest**

Highmark Inc. and its Blue-branded subsidiaries and affiliates comprise the fourth largest Blue Plan organization and one of the largest health insurer organizations in the nation.



**30% growth**  
in AHN revenue since 2013

30 — percentage of Allegheny Health Network revenue growth since 2013 affiliation with Highmark Inc.



**4.9 million**  
eyeglasses

HVHC Distribution & Manufacturing fabricated more than 4.9 million pairs of eyeglasses in 2016.



**96%**  
satisfaction rating

96 percent of the stop loss producers and TPAs that participated in HM Insurance Group's Voice of the Customer research rated their overall satisfaction with HM Insurance Group companies as "Excellent" or "Very Good."



**9.7 million**  
members managed

Members managed by HM Health Solutions grew to over 9.7 million — 2 million members were added to the platform through our partnership with Blue Cross Blue Shield of Minnesota.



**\$3 million**  
community funding

Highmark Foundation provided nearly \$3 million in funding in 2016 to support initiatives that educate and improve the overall well-being of the communities served by Highmark Inc. and its subsidiaries and affiliates in Pennsylvania and West Virginia.