

# Embracing Health in Remarkable Ways

GLORIA, AHN PATIENT ▶



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

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

Highmark Health is committed to reinventing the health experience so that everything and everyone works together seamlessly for the health of those we serve. Boldly challenging unsustainable health care models of the past, we are simplifying the customer experience, freeing up clinicians to focus on care, and leveraging innovative technology and partnerships to deliver truly individualized health planning. We believe that creating a remarkable health experience is also the path to better health outcomes and lower total cost of care. Like our work, our organizational giving — totaling \$206.5 million in 2019 — centers on our larger social purpose of building stronger communities of healthier people.

#### A DIVERSE PORTFOLIO OF LEADING HEALTH CARE COMPANIES

Highmark Health's strong and diverse portfolio of businesses meets a broad spectrum of health needs for consumers, business customers, and government entities.

**Highmark Inc.** and its Blue-branded affiliates (Health Plan) proudly cover the insurance needs of millions of individuals, families and seniors, while also offering a variety of health-related products and services.

**Allegheny Health Network (AHN)** has more than 250 clinical facilities, including hospitals throughout western Pennsylvania; Health + Wellness Pavilions; a comprehensive research institute; ambulatory surgery centers; an employed physician organization; home- and community-based health services; a group purchasing organization; and more than 2,500 affiliated physicians.

**HM Health Solutions** combines technology and leading industry knowledge to deliver business solutions to health plan payers so they can run their organizations efficiently in a competitive and ever-changing market.

**HM Home & Community Services** specializes in population health management solutions that benefit payers, providers, and customers.

**HM Insurance Group** works to protect businesses and their employees from the financial risks associated with catastrophic health care costs.

**United Concordia Dental** delivers access to high-quality, cost-effective dental care through a network of more than 126,000 unique dentists at over 393,000 access points.

“Our assumption is that if we make investments that improve people’s health – if we provide more life, less stress, and better health outcomes – then, even if that means less people in our hospital beds, that’s a victory.”

**David L. Holmberg**

President and Chief Executive Officer,  
Highmark Health

## BUILDING BETTER HEALTH ON A STRONG FINANCIAL FOUNDATION

Highmark Health sustained financial strength and stability through 2019, with an excess of revenue over expenses of \$843 million and an operating gain of \$241 million, driven by continued strong financial performance across all affiliated companies, gains from the strategic divestment of Visionworks, and strong equity market performance. In addition to realizing revenue of \$18 billion, the organization maintained a strong balance sheet, with \$9.1 billion in cash and investments at year end and net assets of \$7.6 billion.

The Highmark Health Plans delivered solid financial performance, with operating results of \$360 million. A very strong performance in the national market, including a 100% retention rate, offset an expected decline in enrollment due to exiting the West Virginia Medicaid market. Membership remains strong, with approximately 5.6 million members. Highmark Inc. remains the commercial market leader in western Pennsylvania with a retention rate of 98%. Group Medicare Advantage retention improved dramatically, from 85% to 97%, and ACA business grew nearly 30%.

Allegheny Health Network (AHN) delivered operating income of \$44 million, an improvement of nearly \$5 million over prior year, and has now reported positive operating income for 11 consecutive quarters. In 2019, AHN reported total operating revenues of \$3.6 billion, a year-over-year increase of almost \$300 million, with net income increasing by \$95 million.

AHN reported approximately 124,000 total discharges and observations, an increase of nearly 3%. A decline in discharges of nearly 4% was more than offset by growth in observation stays of more than 20%. This is consistent with enterprise-wide goals of driving care into lower-cost settings when clinically appropriate. Oncology visits grew by nearly 9%, a significant shift that reflects AHN’s commitment to providing high-quality cancer care. Births at AHN increased more than 5%. Ambulatory surgery center volume grew by nearly 9% and physician visits grew by more than 10%.

Highmark Health’s diversified businesses delivered combined operating earnings of \$167 million, an improvement of approximately \$11 million, reinforcing the value of Highmark Health’s diversification strategy. United Concordia delivered operating earnings of \$116 million, an improvement of \$15 million over prior year. HM Insurance Group delivered an operating gain of \$63 million and revenues of \$720 million, an improvement of \$14 million over prior year. In 2019, the strategic divestment of Visionworks delivered a significant one-time financial gain. And HM Health Solutions continued its stable financial performance, with an operating gain of approximately \$4 million, while further investing in the platform which serves more than 10 million members.

# Geographic footprint

## MILLIONS OF AMERICANS SERVED

Highmark Health, its subsidiaries, and affiliates comprise a national blended health organization proudly serving millions of Americans across the country.

Highmark Health serves millions of Americans through a diverse portfolio of health-related businesses. Our Blue-branded health plan businesses serve 5.6 million customers in Pennsylvania, West Virginia, and Delaware. Our 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 HM Health Solutions, HM Home & Community Services, HM Insurance Group, and United Concordia Dental — proudly serve customers and businesses across America.



### HEADQUARTERS

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

### RETAIL LOCATIONS

- Highmark Direct Stores (13 stores)

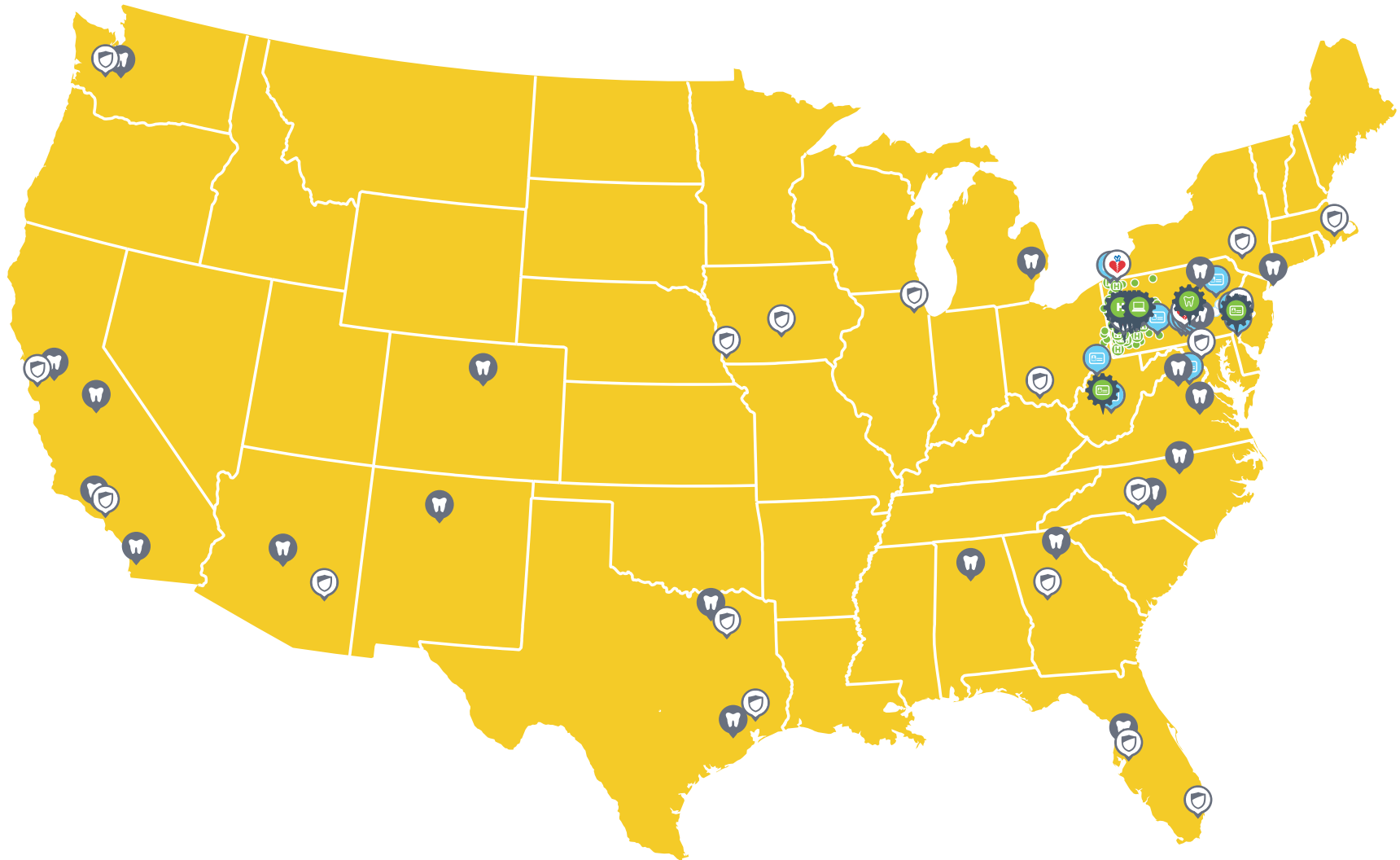
### HOSPITALS & HEALTH + WELLNESS PAVILIONS

- Hospitals
- Health + Wellness Pavilions & Other Facilities

### OTHER FACILITIES

(sales offices, data centers, manufacturing labs)

- Health Plans\*
- Dental Solutions
- Reinsurance Solutions
- Family Grieving Centers



\*Highmark Inc. and its affiliates offer health insurance products in Pennsylvania, Delaware, and West Virginia 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.

## The enterprise at a glance



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** Highmark Health and its subsidiaries and affiliates comprise a national blended health organization that employs more than 35,000 people and serves millions of Americans across the country. The organization includes businesses in health insurance, health care delivery, 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 & Community Services.

**Mission:** To create a remarkable health experience, freeing people to be their best

**Number of Employees:** 35,000 across the organization

**Leadership:** David L. Holmberg, president and chief executive officer

**2019 Consolidated Revenues:** \$18 billion

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



**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 Blue Shield Association, Highmark Inc., together with its Blue-branded affiliates, collectively comprise the fourth-largest overall Blue Cross Blue Shield-affiliated organization in the country based on membership. Highmark Inc. is the parent company of the following entities, which do not sell Blue Cross or Blue Shield products: 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

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

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

**Number of Employees:** 5,300

**Leadership:** Deborah L. Rice-Johnson, president, Highmark Inc.

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



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** Allegheny Health Network is a \$3.6 billion health and wellness organization that has more than 250 clinical facilities, including hospitals throughout western Pennsylvania; Health + Wellness Pavilions; a comprehensive research institute; ambulatory surgery centers; an employed physician organization; home- and community-based health services; a group purchasing organization; and more than 2,500 affiliated physicians. While AHN began operations 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, Grove City Hospital, Jefferson Hospital, Saint Vincent Hospital, West Penn Hospital, and Westfield Memorial Hospital

**Geographic Service Area:** Western Pennsylvania and portions of New York, Ohio, and West Virginia

**Number of Employees:** 21,000

**Leadership:** Cynthia D. Hundorfean, president and chief executive officer, Allegheny Health Network

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



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** HM Health Solutions (HMHS) delivers business solutions to health plan payers so they can run their organizations efficiently in a competitive and ever-changing market. With technology and leading industry knowledge, HMHS meets the many operational needs of health plan payers. A wholly owned subsidiary of Highmark Health, HMHS serviced 13 health plans serving more than 10 million members in 2019.

**Customers:** Health plans

**Products and Services:** Advanced, end-to-end health insurance solutions, including the Enterprise Health Solution and HM Document Solutions

**Geographic Service Area:** Global

**Number of Employees:** 1,500

**Leadership:** Mick Malec, president and chief operating officer, HMHS

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



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** HM Home & Community Services, one of Highmark Health's affiliates and subsidiaries, specializes in population health management solutions that benefit payers, providers, and customers.

**Customers:** Health care organizations accountable for managing populations in home and community settings, 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 managing populations in home and community settings 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 a higher level of performance, lower cost, better health outcomes, and a better patient experience.

**Leadership:** Monique Reese, DNP, ARNP, FNP, senior vice president, Home and Community Care, Highmark Health

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



**Headquarters:** Pittsburgh, Pennsylvania

**Description:** HM Insurance Group works to protect businesses and their employees from the financial risks associated with catastrophic health care costs. The companies in the group provide reinsurance solutions that address risk situations confronting employers, providers, and payers. A recognized leader in employer stop loss, HM also offers managed care reinsurance nationally.

**Customers:** Benefits brokers, consultants and third-party administrators on behalf of group policyholders; HMOs, health plans, and provider organizations

**Products and Services:** Stop Loss and Managed Care Reinsurance

**Geographic Service Area:** National

**Number of Employees:** 325

**Leadership:** Tom Doran, president, HM Insurance Group, and Dom Palmieri, chief operating officer, HM Insurance Group

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



**Headquarters:** Harrisburg, Pennsylvania

**Description:** United Concordia Companies, Inc. and its subsidiaries — collectively referred to as United Concordia Dental — is a leading dental solutions organization that delivers access to high-quality, cost-effective dental care through its network of more than 126,000 unique dentists at over 393,000 access points.

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

**Products and Services:** Dental solutions, including insurance products and services

**Brands Offered:** Concordia Preferred (PPO), Concordia Flex (PPO), Concordia Plus (DHMO), Smile for Health® Value Plan

**Geographic Service Area:** All 50 states, the District of Columbia, and Puerto Rico

**Number of Employees:** 1,000

**Leadership:** Tim Constantine, president and chief executive officer, United Concordia Dental

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

# Enterprise Fast Facts

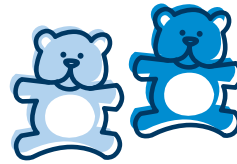
TO LEARN MORE, VISIT [highmarkhealth.org/annualreport2019](https://highmarkhealth.org/annualreport2019)



## 9TH ACUTE-CARE HOSPITAL

At the end of 2019, Grove City Medical Center, now called AHN Grove City, became AHN's ninth acute-care hospital.

It is the first hospital to join the network since 2013.



## 8,100 BABIES IN 2019

AHN's four labor and delivery units — at West Penn, Saint Vincent, Jefferson, and Forbes hospitals — delivered more than 8,100 babies in 2019. Since 2013, the number of births at AHN hospitals has grown by more than 70%.



## \$206.5M IN COMMUNITY GIVING

Highmark Health and its affiliated businesses and charitable foundations contributed \$206.5 million to building strong communities of healthier people in 2019.



## FOURTH-LARGEST BCBS-AFFILIATED ORGANIZATION

An independent licensee of the Blue Cross Blue Shield Association, Highmark Inc., together with its Blue-branded affiliates, collectively comprise the fourth-largest overall Blue Cross Blue Shield-affiliated organization in the country based on membership.



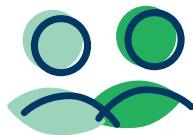
## \$900M REINVESTMENT

Across the organization, \$900 million has been reinvested to build out community access and improve the customer health experience.



## \$260M IN SAVINGS

Highmark Inc.'s Financial Investigations and Provider Review (FIPR) department made a financial impact of over \$260 million in savings related to fraud, waste, and abuse in 2019 and has saved more than \$850 million over the past five years.



## 10 MILLION MEMBERS

HM Health Solutions (HMHS) serviced more than 10 million members of separate health plans via the Enterprise Health Solution.



## 8.9M MEMBERS

United Concordia Dental has 8.9 million members and more than 22,000 commercial clients.



## NEARLY \$1B GROSS REVENUE

HM Insurance Group earned gross revenues of nearly \$1 billion in 2019.