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# Highmark Health Year-End 2023 Financials

For Public Release

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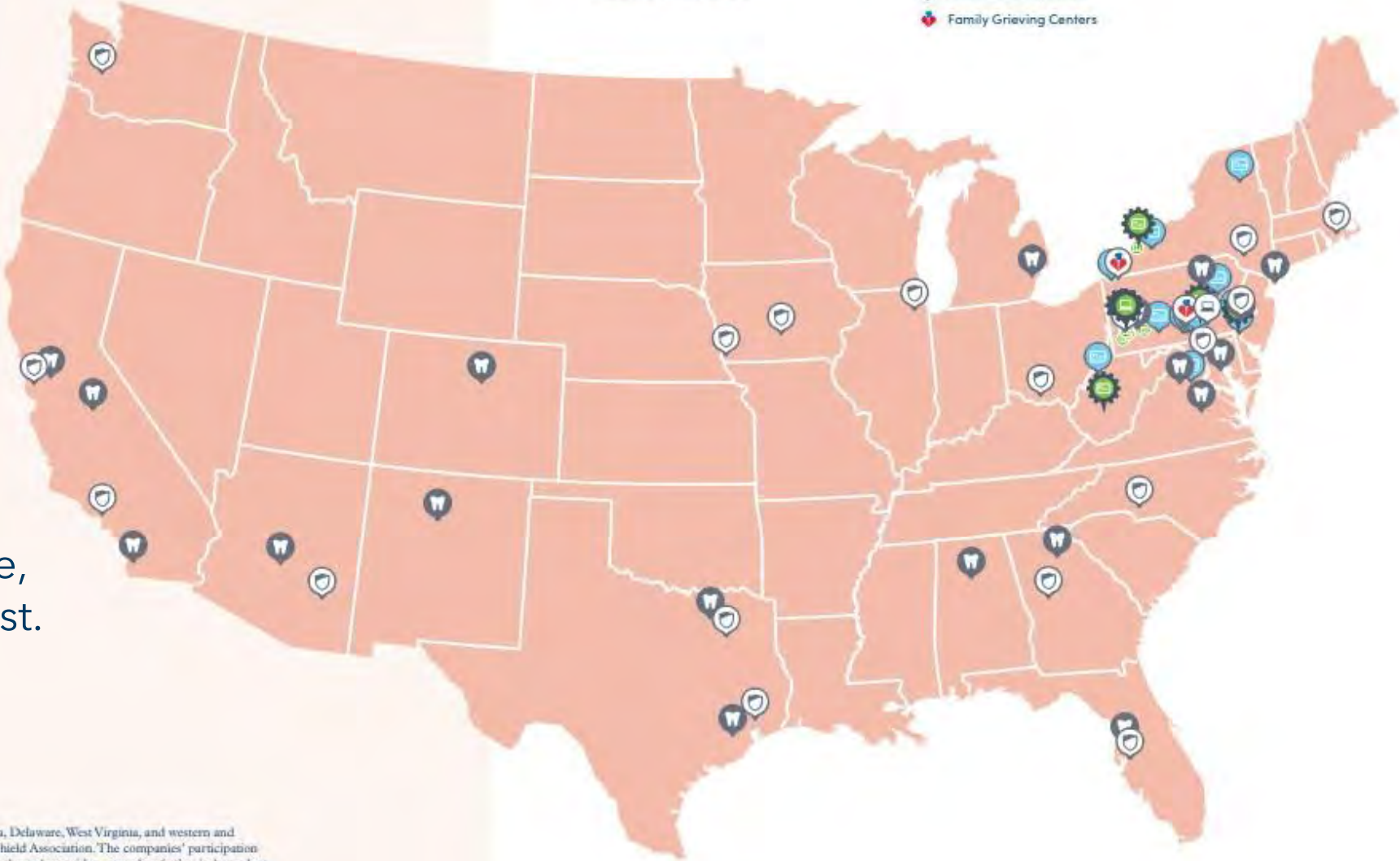


March 18, 2024

# 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 2023 Strategic Overview



## A decade of proof...

- **Launched Allegheny Health Network (AHN) and broader Highmark Health organization 10 years ago**, aligning health insurance, provider and diversified businesses.
- **Since its launch in 2013...**
  - Highmark Health has **grown revenue 72%**, from \$15.8B to \$27.1B.
  - **AHN doubled in size** (based on revenue).
- ≈
  - Highmark Health Plans **membership grew** from 5.3 to nearly 7 million.
  - **Expanded into New York** market with Highmark Western and Northeastern New York.



## People choose Highmark Health

- **Increased patient volumes** show more customers are choosing AHN for their medical needs.
  - 4 AHN hospitals achieved **Magnet** designation
  - 5 AHN facilities received **Leap Frog "A"** grade for patient safety
  - 2 AHN facilities awarded by **Press Ganey** for excellent patient experience
  - AHN West Penn rated **top OB/GYN facility in Western PA** and 30<sup>th</sup> in U.S. by U.S. News & World Report
- **Highmark Health Plan growth:**
  - 31K new **Medicare Advantage** members
  - 40K new **ACA members**
  - Chosen to provide **Medicaid in West Virginia**.
  - **Together Blue** most affordable and popular ACA plan in Western PA
- Lowered the cost of prescriptions for Highmark members – such as reducing the cost of some oncology drugs from ≈\$200/month to ≈\$20/month through **CivicaScript**.



## Scaling success in 2023 and beyond

- **Expanded Highmark Health Plan into southeastern Pennsylvania**, exceeding membership estimates for early 2024.
- **Increased digital/virtual health options:**
  - Customer-focused **MyHighmark** digital experience, **at-home physical therapy and pain management programs**
  - **Spring Health** partnership expanded mental health access points by 40%
  - Exploring **responsible use of AI**
  - Expanded **integration with EPIC**
- AHN continuing successful expansion - **new hospital in Canonsburg** in development.
- **Scaling the success of Living Health** through our provider partners in DE, NY, PA, and WV.

# Supporting our social mission through community outreach

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Community support >**\$225M** through charity & uncompensated care and corporate giving enterprise-wide

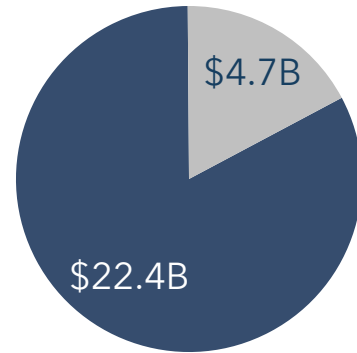
- **Highmark Bright Blue Futures** focuses on improving equitable access to care, quality of life, and economic resilience in the communities the enterprise serves. Launched **Highmark Bright Blue Futures Awards** program to expand strategic impact.
  - Scaling the success of our **high-performing social care network** to compensate non-profits addressing social determinants of health, effectively doubling its size.
  - Expanded **First Steps and Beyond**, tackling health and well-being of African American parents and infants during delivery and through the first year after birth
  - **Food as Medicine** efforts received national recognition as part of the White House Challenge to End Hunger and Build Healthy Communities.
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# Highmark Health Full-Year 2023 Consolidated Financials

## Financial Results

**\$27.1B**  
Operating Revenue



■ Insurance  
■ Provider

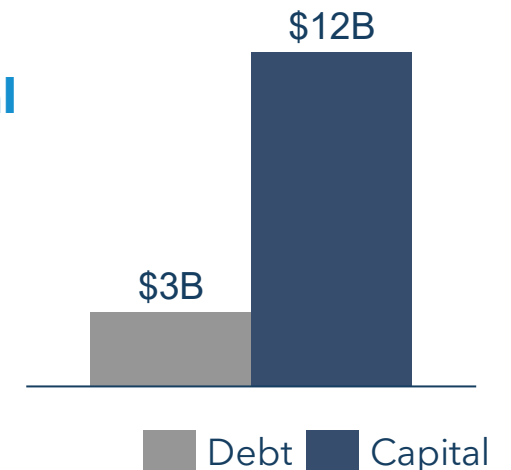
**\$338M**  
Operating Margin

**\$533M**  
Net Income

## Balance Sheet

**≈\$11B**  
Cash and Investments

**21%**  
Debt-to-Capital



# Highmark Health Membership Strength

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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.



# Highmark Health Plans

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## ≈\$400M operating margin

- **Strong performance** driven by improved care management, more affordable options, and improved health care outcomes for members
  - Successful **entry into southeastern PA** market
  - Despite Medicaid redeterminations, 2024 **membership enrollment remains steady** year-over-year
  - ≈15K Medicaid enrollees impacted by redeterminations **chose to enroll** in a Highmark ACA plan
  - 95% commercial **membership retention**
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# Allegheny Health Network

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≈\$117M EBITDA\*

≈\$4.7B operating revenue

- **Our value-based care innovation incubator.**  
Highmark developing high-quality insurance products to meet member needs and connect them with higher value providers with better care outcomes at AHN.
  - Highmark health plan design and AHN anchor partner arrangement results in better care and lower costs compared to our other markets.
  - Highmark members seeking care at AHN report higher member satisfaction rates than those seeking care elsewhere.
- **Improving access to care** and expanding network.
- **Increased patient volumes year-over-year:** inpatient discharges and observations up 7%, outpatient registrations up 5%, physician visits up 3%, ER visits up 6% vs. FY 2022

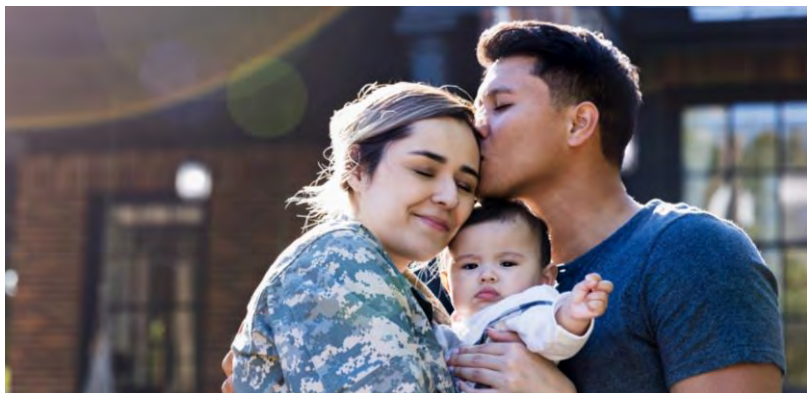
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\*Earnings before interest, taxes, depreciation and amortization





# Diversified businesses strengthen Highmark Health



United **Concordia**  
dental<sup>SM</sup>

>**\$1.6B** net revenue

**\$105M** operating margin

- Strong revenue due to solid results across commercial and government lines of business
- **Tricare Dental Plan (TDP)** 5-year contract begins December 1, 2024



**HM** Insurance  
Group

≈**\$1B** net revenue

**\$55M** operating margin

- Delivers strong revenue due to stop loss product performance
- Introduced **HM Specialty**, an Accident & Health reinsurer



 enGen

≈**\$1.15B** revenue

- **Solid operating results** while investing in product evolution and platform modernization
- **Strong revenue** driven by higher platform enrollment

# Key Takeaways

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- Highmark Health experienced **solid financial performance** in 2023, strengthened by rebounding AHN patient volumes and positive investment markets performance.
- Our **diversified operating model** remains essential to our financial strength and stability.
- Our organizations, including Highmark Health Plans and AHN, are positioned **for future growth**.
- Our **ongoing strong financial performance** supports our strategy, strengthens our remarkable member experience and allows us to invest in our Living Health model and transformation journey.

