
Highmark Health Year-End/Q4 2024 Financials

For Public Release



March 13, 2025

Highmark Health 2024 Strategic Overview



Quality

2025 Annual Star Ratings

- 100% of MA members are enrolled in a 4+ Star plan
- Highmark's PA HMO is one of only seven 5 Star rated plans in the U.S.

AHN and Highmark health plan launched one of the largest shared risk programs in the country

- ~350K WPA lives are covered under the new payment model

Allegheny General Hospital earned Magnet designation for nursing excellence from the American Nurses Credentialing Center

5 AHN hospitals earned "A" Grades in **The Leapfrog Group's** national report.



Access and Growth

Expanded Highmark Health Plan into southeastern Pennsylvania, adding >70,000 members and offering MA products

Highmark Health Options WV- the state's newest MCO and first BCBS branded MCO to serve West Virginians launched

57K new Medicare Advantage (MA) members (Group MA retention ~99%) and **37K new ACA members** (>100K increase 2022-25)

Together Blue most affordable and popular ACA plan in Western PA

CivicaScript lowered prescription costs for Highmark members by ~\$6M across our entire book of business

\$5M commitment to create the **Mario Lemieux Center for Heart Rhythm Care** at AGH

AHN announced a \$1B investment in the AGH campus as part of a 10-year development plan

Invested >\$53M in our communities, ~\$200M of uncompensated care at AHN, and \$645M of capital investments



Operational Excellence and Living Health Progress

AHN recorded ~4M physician visits in 2024 - highest number since the network was created in 2013

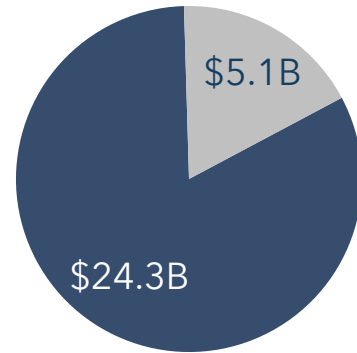
Increased digital/virtual health options:

- **MyHighmark** digital experience -- 1.1M members activated on platform
- **Virtual Joint Health powered by Sword Health** -- 36K members enrolled; 92% engagement rate; \$112 PMPM cost savings
- **Mental Well Being** launched to 2.3M eligible Highmark Health Plan members
 - Appointments available in 5 days or less
 - Members achieved remission of depression symptoms 3x faster than national average
 - 4/5 users engaged in mental health care for first time in >1 year

Highmark Health Year-End 2024 Consolidated Financials

Financial Results

\$29.4B
Operating Revenue



Insurance
Provider

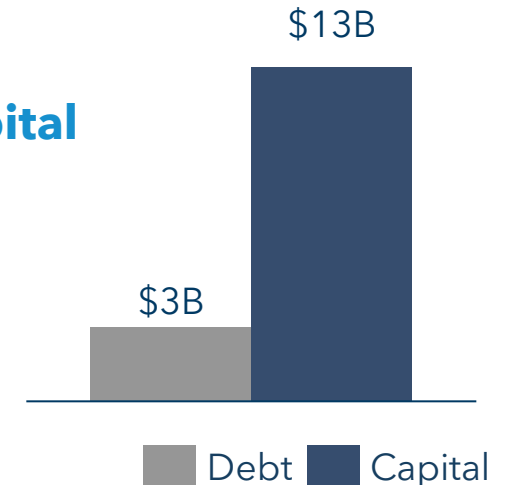
(\$209M)
Operating Margin

\$50M
Net Income

Balance Sheet

\$11.7B
Cash and Investments

22%
Debt-to-Capital



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 7.1M
- **United Concordia Dental** is a **top 10 largest dental company** in the US 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 2025.



Highmark Health Plans

\$22B operating revenue
(\$166M) operating margin

- **Challenging performance** driven by industrywide headwinds in multiple categories.
- Higher pharmaceutical costs, including GLP-1 medications, contributing to medical cost trends
- Government business performance experiences challenges from utilization trends and ongoing Medicaid redeterminations impact
- 93% commercial **membership retention** in western PA
- Success in **southeastern PA** market entry; launching Medicare Advantage products in 2025
- Launched first BCBS-branded Medicaid product in West Virginia, **Highmark Health Options**



Allegheny Health Network

\$5.1B operating revenue

\$115M EBITDA*

(\$147) operating margin

- **Improvement in year-over-year revenue and margin** driven by increased clinical access and investments in clinical employees.
 - Moving more nursing staff to full-time employees, reducing dependence on high-cost agency staffing
 - 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 5%, ER visits up 5% vs. 2023

* Earnings before interest, taxes, depreciation and amortization



Diversified businesses strengthen Highmark Health



United **Concordia**
dentalSM

\$1.7B operating revenue
\$105M operating margin

- Strong 6% margins are consistent with prior year and driven by record enrollment



HM Insurance
Group

\$1.2B operating revenue
\$56M operating margin

- Solid ~5% margins are consistent with 2023 and due to strong top-line growth and favorable risk selection



 enGen

\$1.2B operating revenue

- Financial results driven by steady platform enrollment

Key Takeaways

- Highmark Health faced **challenging industrywide headwinds** in 2024 which will linger into 2025, particularly impacting our Highmark Health Plans.
- **Overall membership and operating revenue increased**, but operating margin decreased due to medical cost trends.
- Our **diversified operating model** and **strong balance sheet** put us in a good position to weather this down cycle.
- Despite this challenging environment, we **continue to invest in and support our strategy** and invest in our Living Health model, creating value for the members and communities we serve.

