



2017 Corporate Profile

Getting Health Care Right

PURPOSE.
PROGRESS.
PROOF.





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Establishing partnerships with those who share our values is a key component of our strategy. We are solution seekers who believe that the future of health care will be driven by creating enhanced access to clinical experts who will deliver value-based care to our patients and members.

David L. Holmberg,
President and Chief Executive Officer, Highmark Health

Building a better health care system for our customers

The Highmark Health organization is focused on getting health care right. We are transforming health care by connecting care and coverage through new models that deliver greater value and a better health care experience to our customers. We are boldly challenging the health care of the past and reinventing it in new ways that work better now and will be sustainable for generations to come — providing improved access, higher standards of quality and safety, greater affordability and better health outcomes. Throughout the Highmark Health enterprise, our work is tied to a larger social mission to build stronger communities of healthier people. That same mission guides our organizational giving — totaling \$198 million in 2017.

A national health and wellness organization as well as the second largest integrated delivery and financing system in America, Highmark Health and our diversified portfolio of businesses employ more than 40,000 talented people who proudly serve millions of Americans in all 50 states and the District of Columbia.

Consolidated revenues grew to \$18.3 billion in 2017.

Delivering value with a diverse portfolio of leading health care companies

Highmark Health's strong and diverse portfolio of businesses meets the broad spectrum of health care needs of 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, offering a variety of products and services to meet their health care needs.
- **Allegheny Health Network (AHN)** provides health care delivery, research, medical education and wellness services through 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.
- **United Concordia Dental** delivers high-quality, cost-effective dental care through a network of nearly 127,000 dentists and more than 400,000 access points.

- **HM Health Solutions** combines cutting-edge technology and unparalleled industry knowledge to deliver business solutions to health plan payers so they can run their organizations efficiently in a competitive and ever-changing market.
- **Visionworks** provides eyewear and eye care services, including exams, at more than 700 retail optical stores in 40 states and the District of Columbia.
- **HM Insurance Group** works to protect businesses and their employees from the financial risks associated with catastrophic health care costs.
- **HM Home & Community Services** specializes in post-acute care management solutions for payors, providers, and patients.

Investing in the transformation of health care

Highmark Health delivered its strongest financial performance in 2017, confirming that our transformation strategy is working and that consumers are benefitting from increased access to high-quality, community-based, affordable health care. Highmark Health reported an excess of revenue over expenses of \$1.1 billion, an improvement of \$1.0 billion over prior year, as well as an operating gain of \$616 million. The organization grew its cash and investments to \$7.9 billion, which enables us to invest in high-value, community-based care.

The Health Plan reported an operating gain of \$750 million for the period ending December 31, 2017, an improvement of \$508 million over the prior year. This strong performance is attributed to continued actions taken in our ACA business — which produced income for the first time in 2017 — along with continued focus on reducing administrative costs and the successful implementation of our value-based customer initiatives.

Health plan membership remains steady, with 94 percent member retention in our commercial business, totaling 4.6 million members in our core markets of Pennsylvania, West Virginia, and Delaware. Highmark remains the largest commercial health plan in Pennsylvania, with core medical health plan membership for residents and businesses of 3.9 million. Highmark also remains the largest Medicare Advantage (MA) plan in our service area in Pennsylvania for traditional MA products.

AHN delivered its strongest operating performance since its inception, reporting revenues of \$3.1 billion, growth of \$217 million or nearly 8 percent over prior year, and an operating gain of \$31 million, an improvement of \$64 million year over year. The system has improved earnings by nearly \$200 million since its formation while revenues have grown nearly 40 percent. This progress was driven by a number of key factors, including stable hospital volumes and high patient acuity, greater operational efficiencies and more effective business and clinical processes such as revenue cycle operations, better care coordination through Epic, and higher quality revenues.

Allegheny Health Network continues to grow volumes organically, rather than through acquisition, in a market that overall continues to see volume declines. Key investments in Allegheny Health Network in 2017 totaled more than \$218 million.

Highmark Health's Diversified Businesses collectively delivered operating earnings of \$103 million. United Concordia, our dental business, capitalized on the growth it experienced during the past two years and continued investment in new technologies, realizing higher network revenues and continued strong commercial margins that delivered \$114 million in operating income, a \$70 million improvement over the prior year. These gains were aided by the implementation of the \$2.9 billion TRICARE Dental Program contract.

In 2017, HM Health Solutions initiated the onboarding of five new health plan partners onto its Enterprise Health Solution platform and completed the development of the platform to expand its services to include Medicaid Health Plans. The first Medicaid members transitioned onto the platform in January 2018, with an additional 300,000 members expected through January 2019. These new customers increased the number of members on the platform to nearly 10 million, representing 20-percent growth since its inception in 2014. With the introduction of the Medicaid line of business in 2017, the Enterprise Health Solution now supports every health care line of business.

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Every investment that Allegheny Health Network makes is based on our commitment to always doing what's right for patients and what's right for the communities we serve. We believe keeping care local whenever appropriate leads to the best possible experience and outcomes for patients, while also reducing the cost of care.

Cindy Hundorfean,
Chief Executive Officer
and President, Allegheny
Health Network

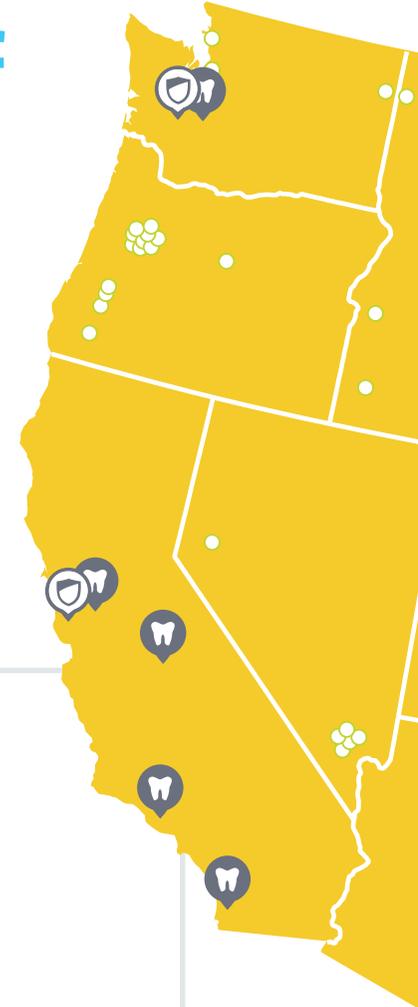
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We added more than 200 employees to our Government Business Unit over the past year to guarantee that our military members receive the care they deserve. Each employee goes through an intense eight-week training period to ensure they are able to deliver top-notch service from day one on the phones.

Lynne Hamilton,
Vice President, Government
Strategy and Programs,
United Concordia Dental

Putting customers at the center of everything we do – nationwide

Regionally focused with a national footprint, the Highmark Health organization serves millions of Americans across all 50 states and the District of Columbia through a diverse portfolio of health-related businesses. 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 HM Insurance Group, HM Health Solutions, United Concordia Dental, Visionworks, and HM Home & Community Services – proudly serve customers and businesses across America.



Headquarters

- > Health Plans*
- > Retail Eyewear & Eye Care Services
- > Dental Solutions
- > Health Risk Solutions
- > Health Care Delivery
- > Innovative Technology-Based Solutions
- > Community-Based Health Care Solutions
- > Family Grieving Centers

Retail Locations

-  > Highmark Direct (13 stores)
-  > Visionworks (729 stores)

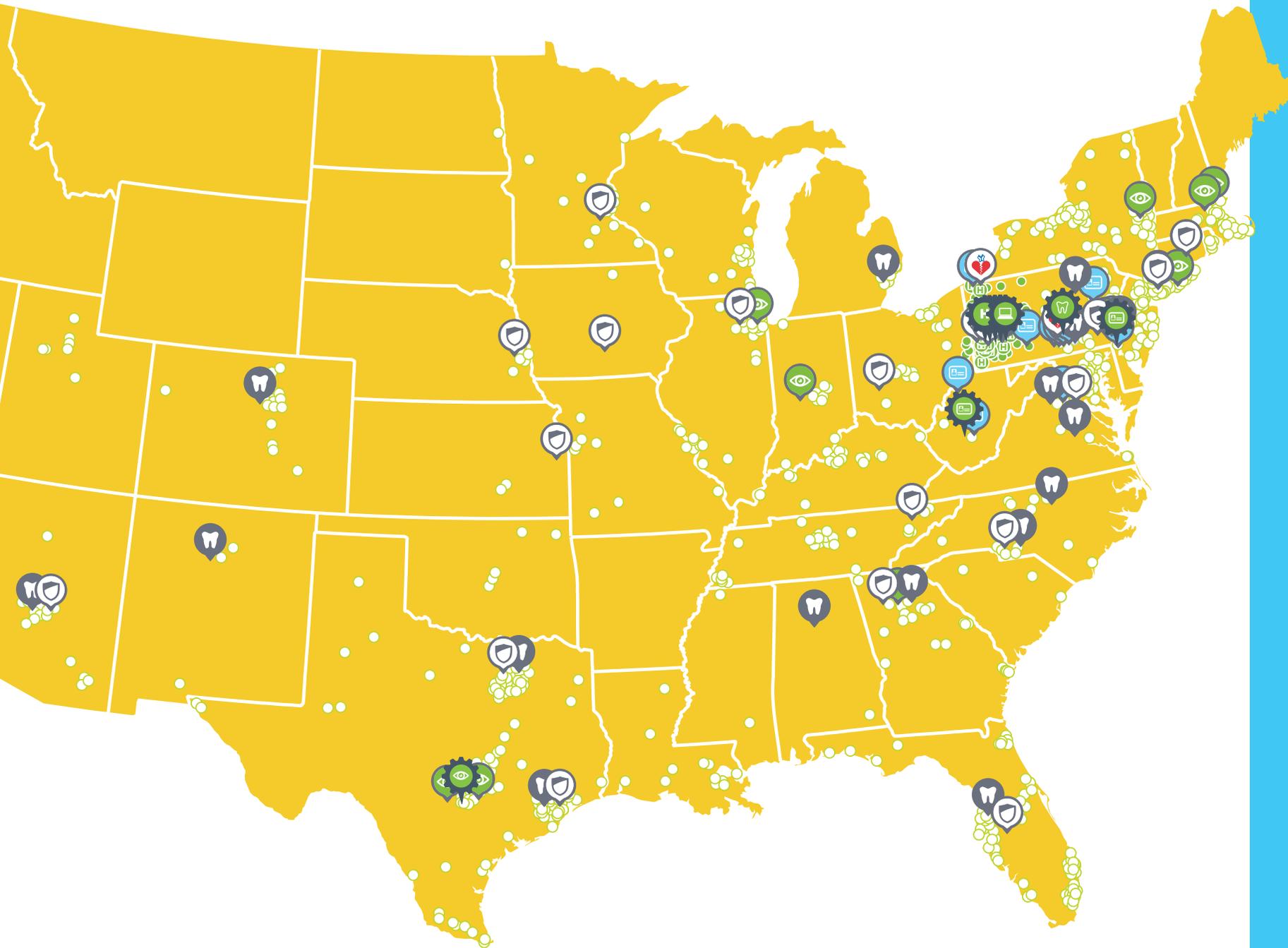
Hospitals & Health + Wellness Pavilions

-  > Hospitals
-  > Health + Wellness Pavilions & Other Facilities

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

-  > Health Plans*
-  > Dental Solutions
-  > Retail Eyewear & Eye Care Services
-  > Health Risk 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.



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Allegheny Health Network has one of the country's top cancer programs. Every day, our clinicians are extending and improving lives of cancer patients through leading-edge, well-coordinated cancer care and pioneering new therapies being advanced through clinical trials.

David Parda, MD,
chair of the AHN
Cancer Institute

At-A-Glance



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 millions of Americans in all 50 states and the District of Columbia. The organization includes businesses in health insurance, health care delivery, retail eyewear and eye care services, 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: Highmark Health 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

2017 Consolidated Revenues: \$18.3 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 BCBSD 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 Inc., together with its Blue-branded affiliates, collectively comprise the third-largest overall Blue Cross and Blue Shield-affiliated organization in the country based on capital. Highmark Inc. is the parent company of the following entities, which do not sell Blue Cross or Blue Shield products: HVHC LLC, 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: 19,000

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



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. By offering cutting-edge technology and unparalleled industry knowledge, HMHS meets the many operational needs of health plan payers. A wholly owned subsidiary of Highmark Health, HMHS is partnered with eight health plans serving 10 million members.

Customers: Businesses, specifically 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: 3,500

Leadership: Matthew V. T. Ray, President



Headquarters: Pittsburgh, Pennsylvania

Description: HM Home & Community Services specializes in post-acute care management solutions for 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 a higher level of performance, lower cost, better health outcomes, and a better patient experience.

Leadership: Tony Farah, MD, Executive Vice President, Chief Medical and Clinical Transformation Officer, Highmark Health



Headquarters: Pittsburgh, Pennsylvania

Description: HM Insurance Group companies (collectively, HM Insurance Group) work to protect businesses and their employees from the financial risks associated with catastrophic health care costs. With 23 offices across the nation, HM Insurance Group is one of the country's top 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: 325

Leadership: F.G. "Chip" Merkel, Executive Vice President, Diversified Businesses, Highmark Inc. and Tom Doran, President and COO, HM Insurance Group



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 over 700 retail optical stores in 40 states and the District of Columbia. Visionworks is a subsidiary of Highmark Inc.

Customers: Consumers

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

Brands Offered: Frames by Ray-Ban®, Nike®, Armani Exchange®, Penguin®, Lacoste®, Calvin Klein®, Vera Bradley®, Guess®, and Anne Klein®, plus exclusive brand frames, including Chelsea Morgan, Salsa, and Robert Mitchel. Lens brands include the family of Transitions® adaptive lenses and Coppertone® polarized lenses.

Geographic Service Area: 40 states and the District of Columbia

Number of Employees: 8,664

Leadership: Peter Bridgman, Chief Executive Officer, 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 127,000 dentists and more than 400,000 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.



Highmark Health | Highmark Health Plans | Allegheny Health Network | Visionworks | HM Home & Community Services | HM Insurance Group | United Concordia Dental | HM Health Solutions



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



Highmark Health is the **2nd largest** integrated delivery network in the country based on consolidated revenue.



Highmark Health and its affiliated businesses and charitable foundations contributed **more than \$198 million** to building stronger communities of healthier people in 2017.



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



The Health Plan is supported by more than **80,000** in-network physicians, and it processed more than **186 million** claims on behalf of customers in 2017.



More than \$218 million invested at Allegheny Health Network.



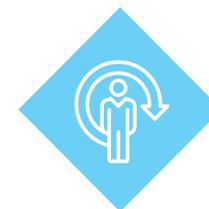
AHN's four labor and delivery units — at West Penn, Saint Vincent, Jefferson, and Forbes hospitals — delivered **nearly 7,500** babies in 2017, making it the fastest-growing labor and delivery program in western Pennsylvania.



In 2017, HM Insurance Group directed donations to **68 charitable organizations** that assist community members in need.



United Concordia's dental network is one of the nation's largest with **nearly 127,000** unique dentists at over 400,000 access points.



HMHS serviced **10 million members** of separate health plans via the Enterprise Health Solution.