Highmark Health 2019 Year-End Financial Review
In 2019, Highmark Health continued to deliver REMARKABLE results...

**Strong Financial Results**

- **$18b** OPERATING REVENUE
  - ~$14b Insurance
  - ~$4b Provider

- **$241m** OPERATING MARGIN 1.3%

- **$9.2b** CAPITAL + DEBT

- **$9.1b** CASH & INVESTMENTS

**Continued Growth and Scale**

- ~28m LIVES UNDER CONTRACT
- 3% YoY INPATIENT & OUTPATIENT ACTIVITY*

**Strong Balance Sheet**

- **$1.6b** DEBT
- 18% DEBT-TO-CAPITAL

**...fueling a commitment to innovation and investment in the communities we serve**

**Social Determinants**

**New Neighborhood Hospitals**

**Disruptive Partnerships**

**Figures above are for the 12 month period ending December 31st, 2019, Inpatient includes discharges & Obs, Operating margin does not reflect new pension accounting guidance nor goodwill impairment**
Highmark Health is one of the largest and most diverse health organizations in the country

Highmark continues to be the largest health insurer in western PA, PA, WV and DE…

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Lives under Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Health Plan &amp; Bluecard</td>
<td>5.6m</td>
</tr>
<tr>
<td>UCD / HMIG / Other Ancillary</td>
<td>17.3m</td>
</tr>
<tr>
<td>HM Health Solutions</td>
<td>5.3m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>~28m</strong></td>
</tr>
</tbody>
</table>

… and has a broad national reach with more than 28 million lives under contract

Allegheny Health Network continues its growth and expansion…

Discharges and Observations (000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Discharges</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>120.2</td>
</tr>
<tr>
<td>2019</td>
<td>123.7</td>
</tr>
</tbody>
</table>

Outpatient Registrations (000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Registrations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,321</td>
</tr>
<tr>
<td>2019</td>
<td>1,365</td>
</tr>
</tbody>
</table>

As more people choose AHN as their provider of choice
Highmark Health Plan

Strong Operating Performance ... Largest Health Insurer in 3 States

- **5.6 million** core members across all markets
- **Commercial market share leader** in all core markets and **97% commercial retention rate**
- Strong **growth in High Performing Network Products** such as Community Blue
- Continuing to **pass savings on to our members through smaller premium increases** – or even **decreases** in the ACA market
-$44m$ operating income, an improvement of $5m$ over 2019

-$3.6b$ operating revenues, YOY increase of almost $300m$ or nearly $9\%$

- Inpatient Discharges + Observations $\uparrow 3\%$, Outpatient Registrations $\uparrow 3\%$, Physician Visits $\uparrow 10\%$ vs. 2018

*Operating income does not reflect new pension accounting guidance
Allegheny Health Network

Significant investment to increase access points across AHN’s footprint

Affiliation with Grove City Medical Center

Opening of Hempfield Neighborhood Hospital and 3 additional neighborhood sites opening in 2020

Ongoing construction of state of the art Wexford Hospital

Opening of 5 Cancer Centers & a state-of-the-art academic center coming in 2020
Affiliated Businesses contributed over $170M of Combined Operating Earnings

**United Concordia Dental**
- $116m Operating gain and ~7% margin
- 6th largest US dental company with more than $1.5b in revenues
- Licensed in every state, DC, and PR with 9m members

**HM Insurance Group**
- Operating gain of $63m and 9% margin
- Net revenues of $720m up $14M over 2018
- Licensed in every state and DC

**Visionworks**
- Operating gain improvement of $13m vs. 2018
- Sold remaining stake to VSP with net Cash Proceeds of $595m

**HM Health Solutions**
- Operating gain ~$4m while making significant investment in platform capabilities
- Technology related revenues of ~$1b
- Platform membership grew to over 10.5m across numerous Blues plans

United Concordia includes Blue Branded Dental and Visionworks includes Blue Branded Vision results, HM Health Solutions platform membership includes Highmark Health Plan