

MARCH 16, 2020

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# Highmark Health 2019 Year-End Financial Review

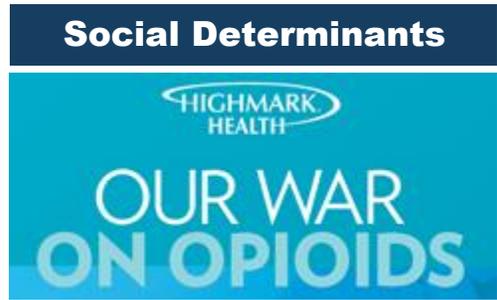
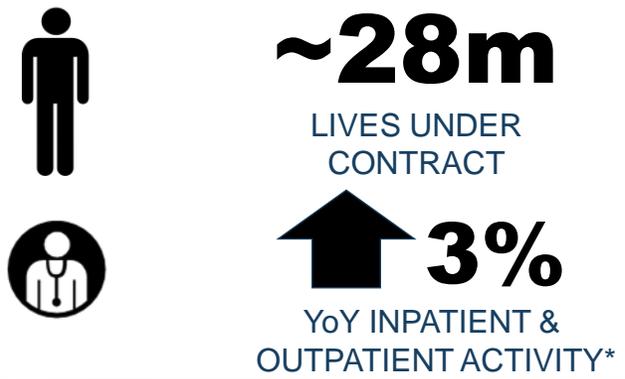
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HIGHMARK®  
HEALTH

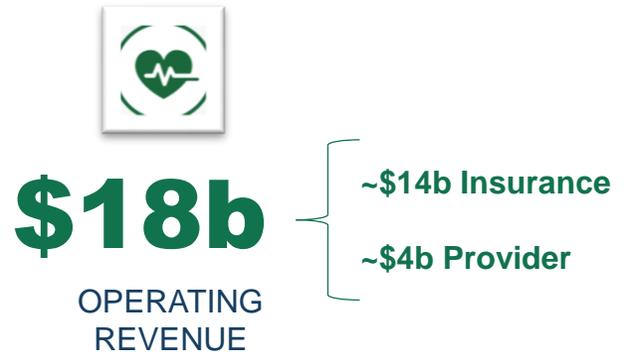
# In 2019, Highmark Health continued to deliver **REMARKABLE** results...

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

## Continued Growth and Scale



## Strong Financial Results



## Strong Balance Sheet



Figures above are for the 12 month period ending December 31<sup>st</sup>, 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

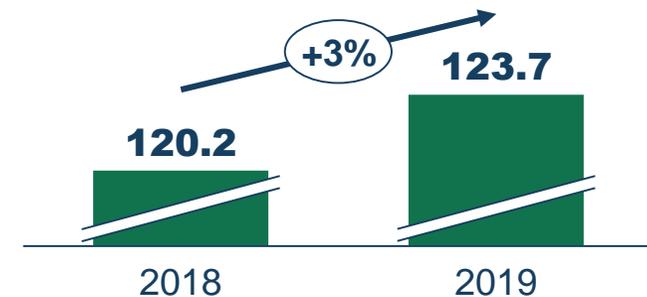
Highmark continues to be the largest health insurer in western PA, PA, WV and DE...

Business Line	Lives under Contract
Core Health Plan & Bluecard	<b>5.6m</b>
UCD / HMIG / Other Ancillary	<b>17.3m</b>
HM Health Solutions	<b>5.3m</b>
<b>Total</b>	<b>~28m</b>

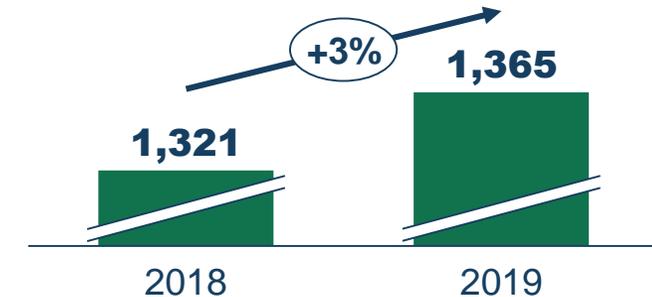
... and has a broad national reach with more than 28 million lives under contract

Allegheny Health Network continues its growth and expansion...

Discharges and Observations (000s)



Outpatient Registrations (000s)



... as more people choose AHN as their provider of choice

# Highmark Health Plan

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## 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



# Allegheny Health Network

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## 11 consecutive quarters of positive earnings

- ❖ **\$44m\*** operating income, an improvement of **\$5m** over 2019
- ❖ **\$3.6b** operating revenues, YOY increase of almost **\$300m** or nearly **9%**
- ❖ Inpatient Discharges + Observations **↑3%**, Outpatient Registrations **↑ 3%**, Physician Visits **↑ 10%** vs. 2018

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\*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**



Ongoing construction of  
state of the art **Wexford  
Hospital**



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



Opening of **5 Cancer Centers** & a  
**state-of-the-art academic center**  
coming in 2020

# Affiliated Businesses



Affiliated Businesses contributed over **\$170M** of Combined Operating Earnings

## UNITED CONCORDIA® DENTAL

- ❖ **\$116m Operating gain** and ~7% margin
- ❖ **6<sup>th</sup> 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