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# Highmark Health Mid-Year 2021 Financials

*For Public Release*

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August 12, 2021

# COVID-19 Update: Staying the Course

Since the start of the COVID-19 pandemic, Highmark Health invested **~\$1B** in support of members, providers, and communities we serve.



## Increasing Coverage / Benefits for Members

*Expanded telehealth, testing coverage, premium credits, and waived co-pays for COVID inpatient care*

**~\$525M**



## Provider & Local Community Support

*Advance incentive payments to providers, community grants to local organizations, and provider COVID relief payments*

**~\$315M**



## AHN Pandemic Response

*Enhancing AHN capacity, testing accessibility and safety protocols*

**~\$130M**



# Care in Action: Vaccine Equity

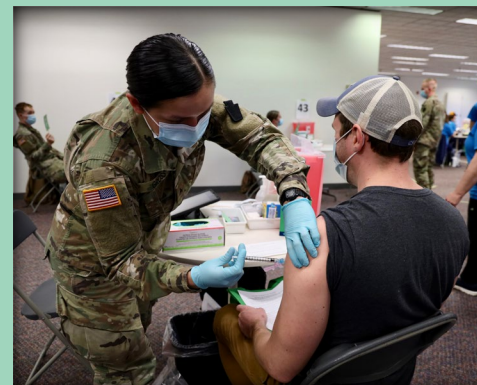
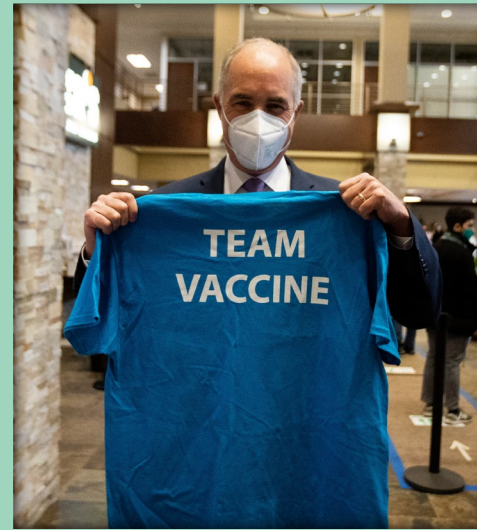
Allegheny Health Network administered more than 360k doses of the vaccine.\*

## Ensuring vaccine distribution in all our communities.

- More than 60 large-scale vaccination events
- Underserved community events and outreach
  - In-Home Distribution for the Homebound
  - Deaf Senior Citizens
  - Minority Community Events
  - COVID-19 Mobile Vaccination Clinic Tour
- Children 12 years-old+
- AHN Pharmacy Distribution
- Highmark Health employees donated nearly 10k volunteer hours for vaccine distribution events

Pairing **data analytics** and the CDC's **Social Vulnerability Index** to activate outreach and vaccination efforts.

*\*as of August 10, 2021*



# Strategy in Action: Community Access



**AHN Wexford Hospital** expected to open September 2021, bringing a new state-of-the-art labor and delivery unit to the Pittsburgh North Hills for the first time in decades.



Expanding health care access in central Pennsylvania through **Penn State Health** partnership. **PSH East Pennsboro Clinic** now open; **PSH Hampden Medical Center** opening Fall 2021, **PSH Lancaster Medical Center** opening 2022.



**Christiana Care and Highmark Health** joint **innovation venture** advancing value-based care for members and patients throughout the Delaware region.

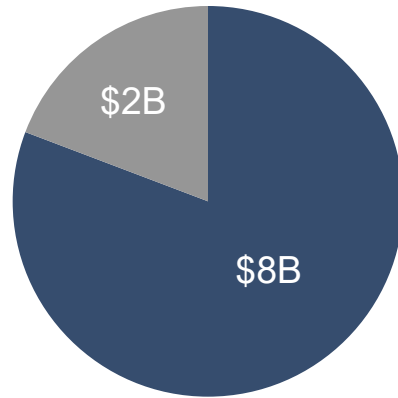


Announced intention to acquire **Gateway Health** wholly, adding Medicaid membership and deep employee expertise to the Highmark organization.

# Highmark Health 2021 Mid-Year Financial Overview

## Financial Results

**~\$10B**  
Operating  
Revenue



■ Insurance  
■ Provider

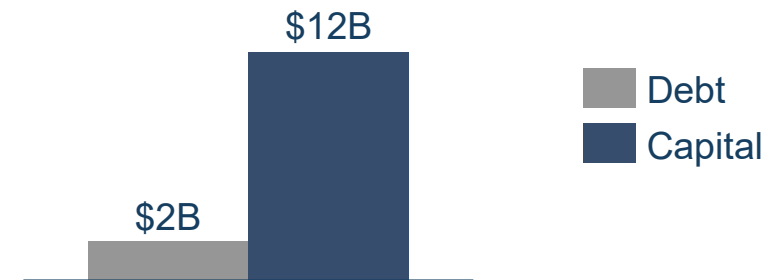
**~\$500M**  
Operating  
Margin

**~\$600M**  
Excess Revenue  
Over Expenses\*

## Balance Sheet

**~\$12B**  
Cash and Investments

**17%**  
Debt-to-Capital



\*Excess Revenue Over Expenses = ~\$1.5B including a one-time gain

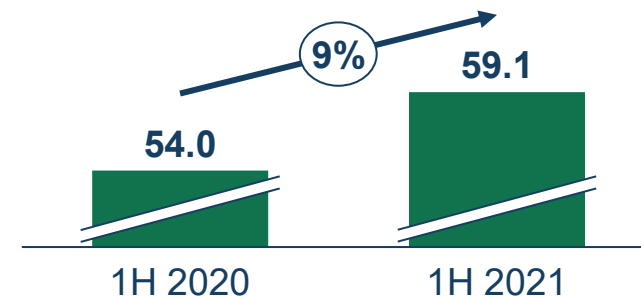
# Highmark Health: Membership and Patient Diversity

Highmark Health Plan is the **largest health insurer** in PA, DE, Western NY, and WV.

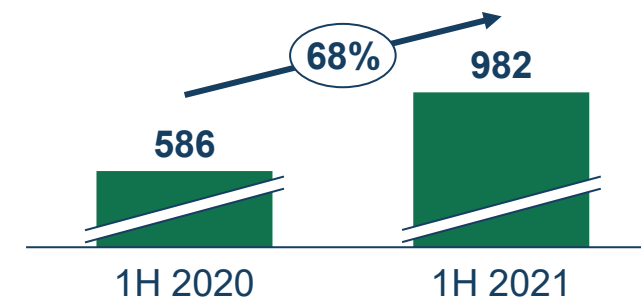
| Business Line   | Lives Under Contract* |
|---|-----------------------|
| Core Health Plan & BlueCard*                          | 6.6M                  |
| HM Health Solutions<br><i>Excl. Health Plan lives</i> | 5.0M                  |
| UCD / HMIG / Other Ancillary                          | 17.5M                 |
| <b>TOTAL</b>  | <b>~29M</b>           |

Allegheny Health Network experienced COVID-19 related **volume turnaround**.

Discharges and Observations (000s)



Outpatient Registrations (000s)



\*Enrollment as of Jun-21

# Highmark Health Plan

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Strong operating performance and continued growth

- **HealthNow** affiliation expands the Highmark brand into Western and Northeastern NY.
- **Commercial market share leader** in all core markets and retained **94% of commercial membership despite COVID-19** impact on employment levels.
- Issued \$800M in **Highmark Inc. bonds** to refinance existing debt, supporting strategic growth.
- Announced intent to acquire **Gateway Health** wholly, adding Medicaid/dual-eligible membership and industry expertise.



# Allegheny Health Network

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## AHN volumes approaching pre-COVID-19 levels as vaccinations increase

- Operating results\* improved over **\$100M** from mid-year 2020.
- Inpatient discharges + observations **↑ 9%**, outpatient registrations **↑ 68%**, physician visits **↑ 18%**, ER admissions **↑ 18%** vs. prior year
- AHN volumes approaching pre-COVID levels in recent months
- AHN administered **>360k COVID-19 vaccination doses** as of August 10, 2021.





# Diversified Businesses strengthen Highmark Health

Diversified Businesses contributed >\$100M of combined operating earnings.

## UNITED CONCORDIA® DENTAL

- **6<sup>th</sup> largest** US dental company with more than **\$800M in revenue**
- **\$69M Operating margin**
- Renewed contract with **TRICARE Active-Duty Dental Program** through 2029
- Licensed in **every state, DC, and PR** with **>9M members**

## HM INSURANCE GROUP

- **Net Revenue of \$380M** approximates **10% growth** vs prior year
- **Operating margin of \$34M**
- **New product offerings** with AST Risk affiliation
- Licensed in **every state and DC**

## HM Health Solutions

- Technology related **revenue of ~\$350M**
- **Operating margin of ~\$9M** while making significant **investment in platform capabilities**
- Platform membership of **~11M** across numerous Blues plans\*

# Key Takeaways

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- Strong and stable financial performance has enabled continued support of the provider system and our community.
- Highmark Health continues to make the health and well-being of its members, patients, and employees a priority by actively addressing COVID-19.
- Allegheny Health Network continues to see a return to pre-COVID-19 volume.
- Highmark Health's financial strength allows for strategic investments and partnerships.

