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# Highmark Health

# Q3 YTD 2022 Financials

*For Public Release*

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November 30, 2022

# Strategy in Action: Access, Partnerships and Living Health



- Launched **First Steps and Beyond**, tackling health and well-being of African American parents and infants during delivery and through the first year after birth.
- Highmark West Virginia Charitable Fund for Health awards more than **\$600,000 in substance use disorder program grants.**



- **Stellar Health** expanded value-based care initiative with Highmark Inc.
- **Bridges Health Partners** and Highmark Blue Cross Blue Shield announced value-based agreement.



- AHN launched **online self-scheduling** for primary care and certain specialty appointments.
- Partnership with **Cedar** to launch integrated payer-provider platform for Highmark Inc. and AHN customers.
- Announced **collaboration with League and Google Cloud** to build an interoperable, digital health platform (“digital front door”).

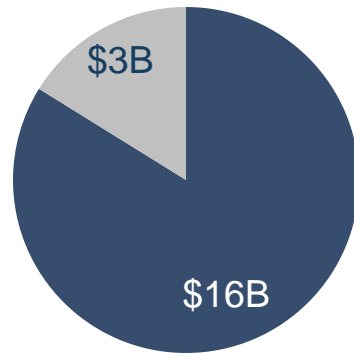


- AHN only western PA hospital system and one of 14 PA hospitals or health systems named **“America’s Best Employer”** by **Forbes Magazine** for 4<sup>th</sup> Consecutive year.
- **AHN Montour Health + Sports Medicine Center** opened.
- AHN launched **mobile internal staffing model** to improve nurse recruitment and retention.

# Highmark Health Q3 YTD 2022 Financial Overview

## Financial Results

**\$19.5B**  
Operating  
Revenue



■ Insurance  
■ Provider

**\$594M**  
Operating  
Margin

**(\$268M)**  
Net Income

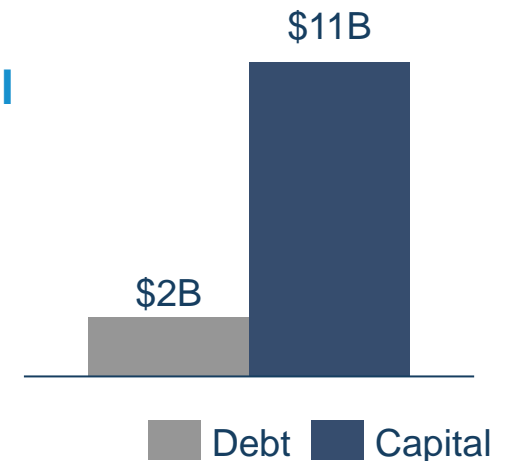
**~\$287M**  
Net Income

excl. Unrealized Investment Impact

## Balance Sheet

**~\$11B**  
Cash and Investments

**~18%**  
Debt-to-Capital



# Highmark Health Membership

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Business Line	Lives Under Contract*
Core Health Plan & BlueCard	6.8M
enGen <i>Excl. Health Plan lives</i>	5.1M
UCD, HMIG, and other ancillary	17.9M
<b>TOTAL</b>	<b>&gt;29M</b>

Highmark Health Plan remains the largest health insurer in Pennsylvania, Delaware, West Virginia, and western New York.

# Business model diversity supports ongoing success

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- **Highmark Health Plans:** Operating gain >\$600M
  - Positive performance driven by favorable claims performance and strong member enrollment
  - 98% commercial membership retention
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- **Allegheny Health Network:** EBITDA\* (\$1M), EBITDA (excluding unrealized investment impact) **\$108M**, operating revenue **\$3.3B**
- Addressing cost pressures related to labor shortage, supply chain and inflation.
- Inpatient discharges and observations down (1%), outpatient registrations up 12% (excluding YOY vaccination registrations), physician visits up 2%, ER visits up 10%, births up 6% vs. Q3 YTD 2021



# Diversified businesses strengthen Highmark Health

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Diversified businesses contributed >\$150M of combined operating earnings.

## UNITED CONCORDIA® DENTAL

- Ranks among the top 10 dental companies in the US with **\$1.2B in revenue**
- **\$103M operating margin**
- Licensed in **every state, DC, and PR** with **>9M members**

## HM INSURANCE GROUP

- **Net Revenue of \$674M**
- **Operating margin of \$51M**
- Licensed in **every state and DC**

## enGen

- Technology related **revenue of ~\$800M**
- **Strong operating margin** while making **investments in platform capabilities**
- Platform membership of **~11M** across numerous Blues plans

# Key Takeaways

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- Highmark Health's diversified business model is key to our financial strength and stability.
- Equity portfolio performance, supply chain challenges, inflation, and high labor costs remain headwinds for organization, especially Allegheny Health Network.
- Our strong financial performance supports our provider system, strengthens our remarkable member experience and allows us to invest in our Living Health model.

