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# Highmark Health Year-End 2021 Financials

*For Public Release*

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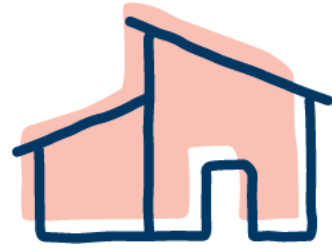


March 22, 2022

# Helping our members, providers, and communities face the pandemic and other health care challenges

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Provided local and public support



Supported community by increasing provider funding

Increased coverage and benefits for members



Effectively prepared AHN facilities to respond



**~\$1.4B**  
**community investments**  
*pandemic-to-date*

# Strategy in Action: Access and Innovation



**AHN Wexford Hospital** opened 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**, **PSH Hampden Medical Center** now open; **PSH Lancaster Medical Center** opening late 2022.

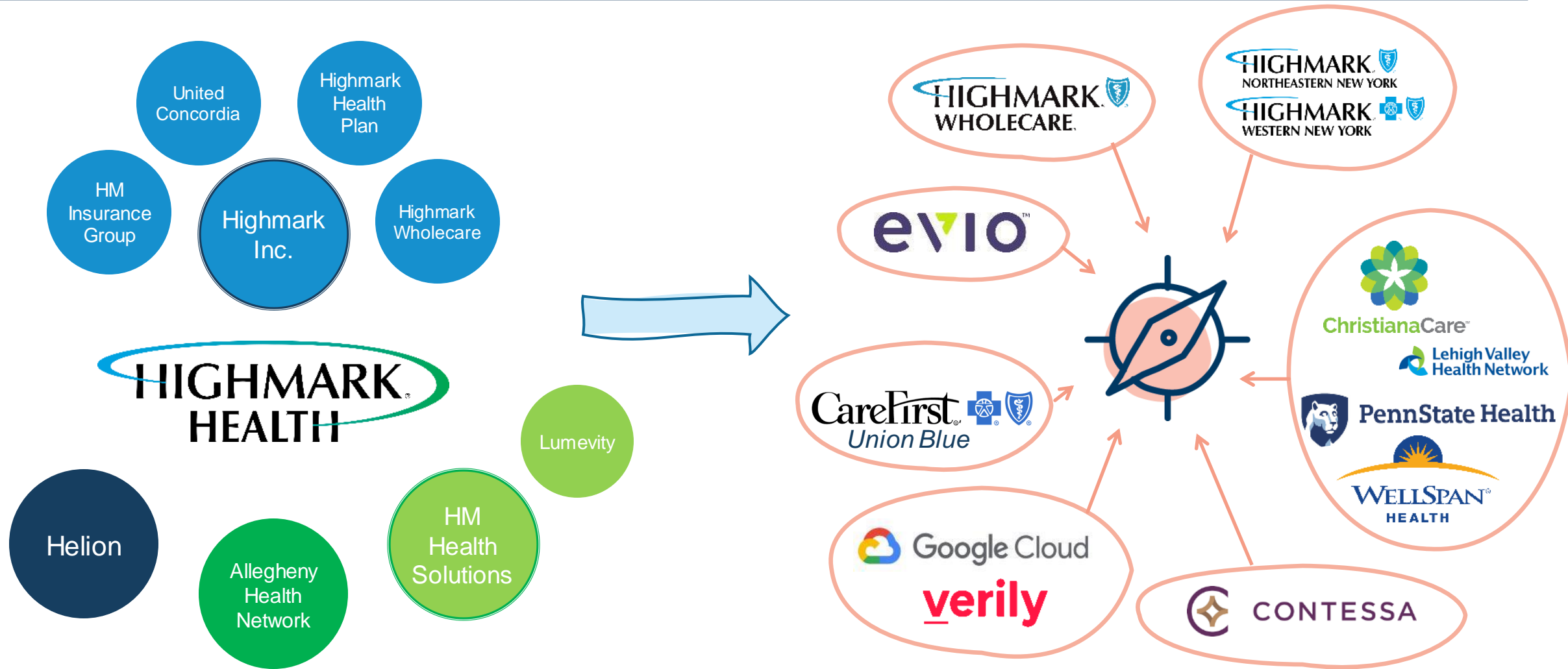


Announced at CES a research collaboration with **Bosch** exploring the use of SoundSee technology (developed on the International Space Station) and artificial intelligence analyzed audio to detect pediatric pulmonary conditions.



Opened a state-of-the-art 10,000 sq ft research facility and innovation hub for **AlphaLab Health**, a health care and life sciences accelerator launched by AHN and Innovation Works in 2020, bringing together funding, technology, and deep industry and medical expertise.

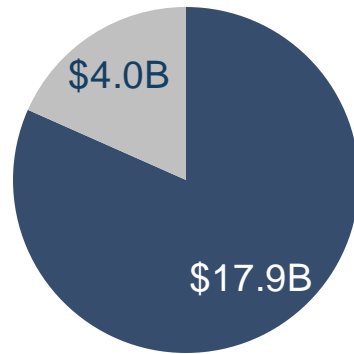
# Strategic Partnerships and Affiliations Since 2020



# Highmark Health 2021 Year End Financial Overview

## Financial Results

**\$22B**  
Operating  
Revenue



■ Insurance  
■ Provider

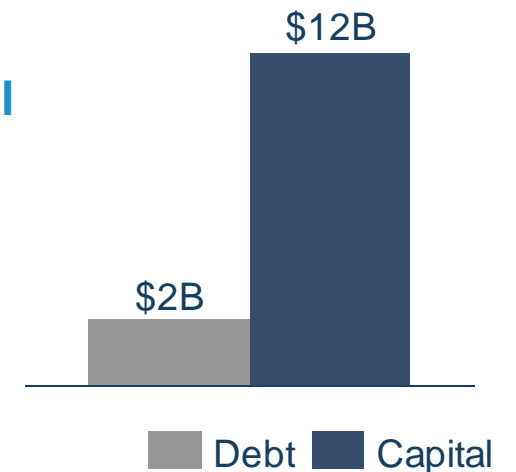
**~\$300M**  
Operating  
Margin

**~\$440M**  
Excess Revenue  
Over Expenses\*

## Balance Sheet

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

**~17%**  
Debt-to-Capital



\*Excess Revenue Over Expenses = ~\$1.4B including one-time transactions & affiliations

# Highmark Health Membership Diversity

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Business Line	Lives Under Contract*
Core Health Plan & BlueCard*	6.8M
HM Health Solutions <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.

# Highmark Health Plan

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## Strong operating performance, continued growth and partnering to create better health

- Acquired **Gateway Health** (now **Highmark Wholecare**) in August 2021, adding Medicaid/dual-eligible membership and industry expertise.
  - **Highmark Western and Northeastern New York** solidified the Highmark brand in the state of New York.
  - Partnerships with **Bayhealth, Christiana Care, Geisinger, Lehigh Valley Health Network, Penn State Health,** and **Wellspan Health** aim to make health care more affordable across Pennsylvania and Delaware.
  - **Commercial market share leader** in all core markets and retained **98% of commercial membership despite COVID-19** impact on employment levels.
  - Issued \$800M in **Highmark Inc. bonds** to refinance existing debt, supporting strategic growth.
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# Allegheny Health Network

## Volumes approaching pre-pandemic levels while organization faces cost pressures

- EBITDA\* **\$154M**, **↑>\$70M** vs 2020; operating revenue **\$4B**, **↑\$375M** vs 2020.
- Addressing cost pressures related to labor, supply chain, and personal protective equipment (PPE).
- Inpatient discharges + observations **↑5%**, outpatient registrations **↑36%**, physician visits **↑13%**, ER visits **↑18%** vs. prior year
- Administered **~430K COVID-19 vaccination doses** as of March 2022.
- Conducted **~800K** telehealth visits pandemic-to-date.
- **AHN Wexford Hospital** opened September 2021, bringing a new state-of-the-art labor and delivery unit to the Pittsburgh North Hills for the first time in decades.

\*Earnings before Interest, Tax, Depreciation, and Amortization





# Diversified Businesses strengthen Highmark Health

Diversified Businesses contributed >\$250M of combined operating earnings.

## UNITED CONCORDIA<sup>®</sup> DENTAL

- Ranks among the top 10 dental companies in the US with **~\$1.7B** in revenue
- **\$159M Operating margin**
- Awarded **TRICARE Active-Duty Dental Program Contract** with option periods extending through 2029
- Licensed in **every state, DC, and PR** with **>9M** members

## HM INSURANCE GROUP

- Net Revenue of **>\$775M** approximates **13% growth** vs prior year
- **Operating margin of \$90M**
- Expansion of **Blue Partnership** business
- Licensed in **every state and DC**

## HM Health Solutions

- Technology related revenue of **~\$700M**
- **Operating margin of \$7M** while making significant investment in platform capabilities
- Platform membership of **~11M** across numerous Blues plans\*

# Key Takeaways

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- Our solid financial performance backs our provider system, strengthens our remarkable member experience, and funds community investments.
- The health and well-being of members, patients, and communities remains our dominant focus even as COVID-19 becomes endemic.
- Highmark Health's financial strength powers innovation, strategic investments, partnerships, and growth as we shape our organization's future.

