
Highmark Health

1st Quarter 2023 Financials

For Public Release

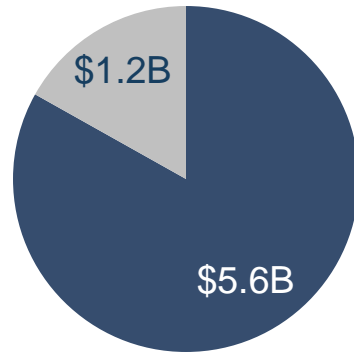


May 31, 2023

Highmark Health Q1 2023 Financial Overview

Financial Results

~\$6.7B
Operating
Revenue



■ Insurance
■ Provider

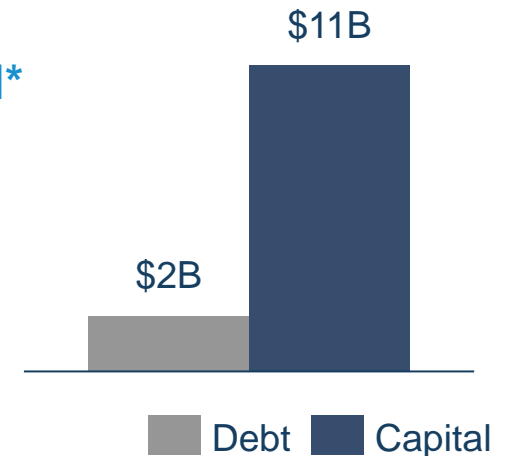
\$136M
Operating
Gain

\$227M
Net Income

Balance Sheet

~\$11B
Cash and Investments

18%
Debt-to-Capital*



*Debt-to-capital ratio excludes line of credit utilization.

Highmark Health Membership Diversity

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

- **Core Health Plan and BlueCard** membership rose 2.5% annually to 7 million.*
- **United Concordia Dental** is the **6th largest dental company** in the United States with **>9M members** and licensed in **every state, the District of Columbia, and Puerto Rico**
- **HM Insurance Group** is the **9th largest stop loss business** in the United States and licensed in every state and the District of Columbia
- **enGen** platform provides IT and customer support services to numerous Blues plans

*Membership reported for January 2023.



Diverse business model supports ongoing success



- **Highmark Health Plans:** Operating gain >\$130M
- Membership enrollment grew 2.5% annually as more customers chose Highmark plans due to improved care management and more affordable options.
- Addressing industry-wide inflationary cost pressures.

• Allegheny Health Network:

- EBITDA* \$47M
- Operating revenue \$1.2B
- Volume improvements in all areas as patients return to hospitals post-pandemic.
- Consistent with industry, provider system addressing ongoing cost pressures related to labor shortage, supply chain, and inflation.
- Inpatient discharges and observations ↑10%, outpatient registrations ↑7%, physician visits ↑7%, ER visits ↑11%, births ↑4% vs. Q1 YTD 2022



Diversified businesses strengthen Highmark Health

Organizations contributed ~\$40M of combined operating gains.

UNITED CONCORDIA®
DENTAL

- **>\$400M net revenue**
- **\$19M operating gain**

HM INSURANCE
GROUP

- **\$241M net revenue**
- **\$19M operating gain**

 enGen

- **~\$300M technology related revenue**
- **Strong operating gain** while investing in product evolution and platform modernization

Key Takeaways

- Highmark Health saw solid financial performance for the first three months of 2023, strengthened by positive equity market performance, increased annual health plan membership and AHN patient volumes.
- Supply chain challenges, inflation and high labor costs remain headwinds for organization.
- Our strong financial performance supports our strategy, strengthens our remarkable member experience and allows us to invest in our Living Health model.

