Highmark Health Q1 2023 Financial Overview

Financial Results

- $6.7B Operating Revenue
- $136M Operating Gain
- $1.2B Net Income

Balance Sheet

- $11B Cash and Investments
- 18% Debt-to-Capital*

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

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