

-Organization continues financial stability and strength while responding to COVID-19 pandemic
-Highmark Health investing ~\$1B since start of COVID-19 pandemic to take care of patients, members, and providers
-Strong health plan membership retention driven by value-based initiatives and HealthNow affiliation
-Allegheny Health Network sees over \$100M improvement year-over-year as volumes approach pre-pandemic levels

PITTSBURGH, Aug. 12, 2021 /PRNewswire/ -- Highmark Health today announced financial results for the first six months of 2021, reporting an excess of revenue over expenses of \$585 million¹ and an operating gain of \$507 million.

These results are due to the strong performance of most business units, notably Highmark health plan's strong commercial and government business results, driven by continued focus on value creation initiatives; stable results in the Diversified Business due to continued strong performance in the dental business, as well as sustained solid margins at HM Insurance Group. These positive results were offset by the anticipated negative impact of the COVID-19 pandemic on patient volume at Allegheny Health Network, although patient volume levels rose considerably year-over-year as vaccinations increased.

Total consolidated revenues were \$10.4 billion for the first six months of the year. Highmark Health maintained a strong balance sheet with \$12 billion in cash and investments and net assets of \$10.3 billion as of June 30, 2021.

"Thanks to our steady progress, momentum and customer focus, we believe we're well-positioned for even more success in 2021 and beyond. Our go-forward, Living Health strategy continues to be focused on re-inventing health care for our customers – building an operating model and health system that delivers differentiated value, and creates a remarkable health experience for them – across the full spectrum of their needs," said David Holmberg, president and chief executive officer of Highmark Health.

"In the first half of 2021, Highmark Health delivered strong results driven by positive operational performance primarily in our insurance businesses despite market pressures and rebounding AHN patient volumes related to the COVID-19 pandemic. This strong financial performance and stability has allowed us to continue to invest in providers, support our community during the pandemic, and execute on our Living Health strategy. We will remain committed to making the health and well-being of our members, patients, and employees a priority by actively addressing COVID-19, seeing this pandemic through to its end," added Saurabh Tripathi, chief financial officer and treasurer of Highmark Health.

The Highmark Health Plan reported an operating gain of more than \$480 million for the period ended June 30, primarily driven by effective performance in the commercial and government business and a continued focus on clinical transformation activities.

The commercial business experienced high retention rates as customers in all regions continue to choose the exceptional value of Highmark coverage despite pressures related to the pandemic and recession. Core health plan membership remains steady with approximately 6.6 million Highmark members through June 30, which includes former HealthNow members in Western and Northeastern New York.

Highmark's diversified businesses reported strong combined earnings of more than \$100 million through June 30. United Concordia Dental continues to perform well in both government and partner business, delivering an operating gain of \$69 million. Highmark Health's stop loss business, HM Insurance Group (HMIG), reported an operating gain of \$34 million.

HM Health Solutions, our information technology services company which serves about 11 million lives across the country, reported an operating gain of approximately \$9 million driven by strong client engagement revenue.

Allegheny Health Network delivered an operating loss of \$9 million through June 30, an improvement of over \$100 million compared to the same period last year, due to volumes rebounding as COVID-19 vaccinations increase.

For the six-month period ended June 30, patient volumes increased year over year in several key categories, including a 9 percent increase in discharges and observations, an 18 percent increase in emergency department admissions, an 18 percent increase in physician visits, and a 68 percent increase in outpatient registrations.

About Highmark Health


Highmark Health, a Pittsburgh, PA-based enterprise that employs more than 37,000 people who serve millions of Americans across the country, is the parent company of Highmark Inc., Allegheny Health Network, and HM Health Solutions. Highmark Inc. and its subsidiaries and affiliates provide health insurance to more than 6 million members in Pennsylvania, West Virginia, Delaware and New York as well as dental insurance, and related health products through a national network of diversified businesses. Allegheny Health Network is an integrated delivery network comprised of thirteen hospitals, more than 2,500 affiliated physicians, ambulatory surgery centers, an employed physician organization, home and community-based health services, a research institute, a group purchasing organization, and health and wellness pavilions in western Pennsylvania. HM Health Solutions is focused on meeting the information technology platform and other business needs of the Highmark Health enterprise as well as unaffiliated health insurance plans by providing proven business processes, expert knowledge, and integrated cloud-based platforms. Lumevity, a wholly owned subsidiary of Highmark Health, helps companies transform in ways that drive direct financial benefits while improving quality and increasing employee engagement. To learn more, visit

www.highmarkhealth.org.

¹ excess revenue over expenses = ~\$1.5B including a one-time gain

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<https://news.unitedconcordia.com/2021-08-12-Highmark-Health-reports-over-10-billion-in-revenue-and-585-million-in-consolidated-earnings1-through-first-two-quarters-of-2021>