

PRODUCER BLAST

This email is intended for producers with business in Delaware, New York, Pennsylvania, and West Virginia.

Highmark Inc. and Blue KC Announce Affiliation Agreement

Today, Blue Cross and Blue Shield of Kansas City known as Blue KC, in the Kansas City, MO region, and Highmark Inc. have announced plans to affiliate, pending regulatory approval.

Blue KC initiated the process to identify a partner that could help achieve efficiencies, add new capabilities and drive more affordable health care. Highmark was chosen based on its proven capabilities, shared values as a not-for-profit, mission-driven BCBS plan and successful track record of affiliations with other regional Blue plans.

Blue KC will continue to operate as a not-for-profit company in Kansas City, maintaining its local leadership, trusted brand and commitment to accessible and affordable health care for members and the community.

Q&A

Q: How did this affiliation come about?

A: Blue KC initiated the process to identify a partner that could help achieve efficiencies, add new capabilities and drive more affordable health care. Highmark was chosen based on its proven capabilities, shared values as a not-for-profit, mission-driven BCBS plan and successful track record of affiliations with other regional Blue plans.

Q: What is the timeline for regulatory approvals and the completion of the affiliation?

A: We can't speculate on how long the approval process may take, but approvals for past affiliations and mergers with Highmark have taken anywhere between six and 12 months.

Q: How was Highmark chosen?

A: Highmark shares Blue KC's not-for-profit, mission-driven values and has a proven track record of successfully maintaining community engagement across multiple markets post-affiliation or merger.

Highmark's affiliation model also builds on the success of the Blue KC brand, its community presence, leadership and established market expertise.

Q: Why is Highmark affiliating with another Blue Plan that is outside of its existing service area?

A: Highmark is a national company through our dental company, United Concordia, our stop-loss and reinsurance company, HMIG, and our solutions company, enGen.

- All three of these organizations work with Blue Plans throughout diverse areas across the nation.

It is not unusual for Blue Plans to successfully operate in different states, even if they are not located in the same geographic area.

- Several large, Blue-affiliated plans operate in geographically diverse states.

For example:

- Elevance Health, formerly known as Anthem, operates Blue Plans in multiple states across the country, including California, New York, Georgia, and Maine.
- Health Care Service Corporation (HCSC) operates Blue Plans in five geographically diverse states: Illinois, Montana, New Mexico, Oklahoma, and Texas.

Q: What other affiliations are you planning?

A: We are always talking with like-minded partners that are working to make health care more affordable and more accessible.

Q: Highmark Health Plan's financials show that they face financial challenges too. How is Highmark prepared to take on an affiliate?

A: Highmark is a diversified business with a long history of growth and successful affiliations.

Highmark's companies cover a diversified spectrum of essential health-related needs including health insurance, healthcare delivery, population health management, dental solutions, reinsurance solutions, and innovative, technology solutions.

Highmark also has extensive partnerships with other Blue Plans across the nation and has considerable financial standing with 2024 consolidated revenues totaling \$29.4B.



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