



HEALTH CARE Q&A

MAY 6TH AT 10:00AM ET

DISCLAIMER

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HEALTH CARE POSITION MONITOR

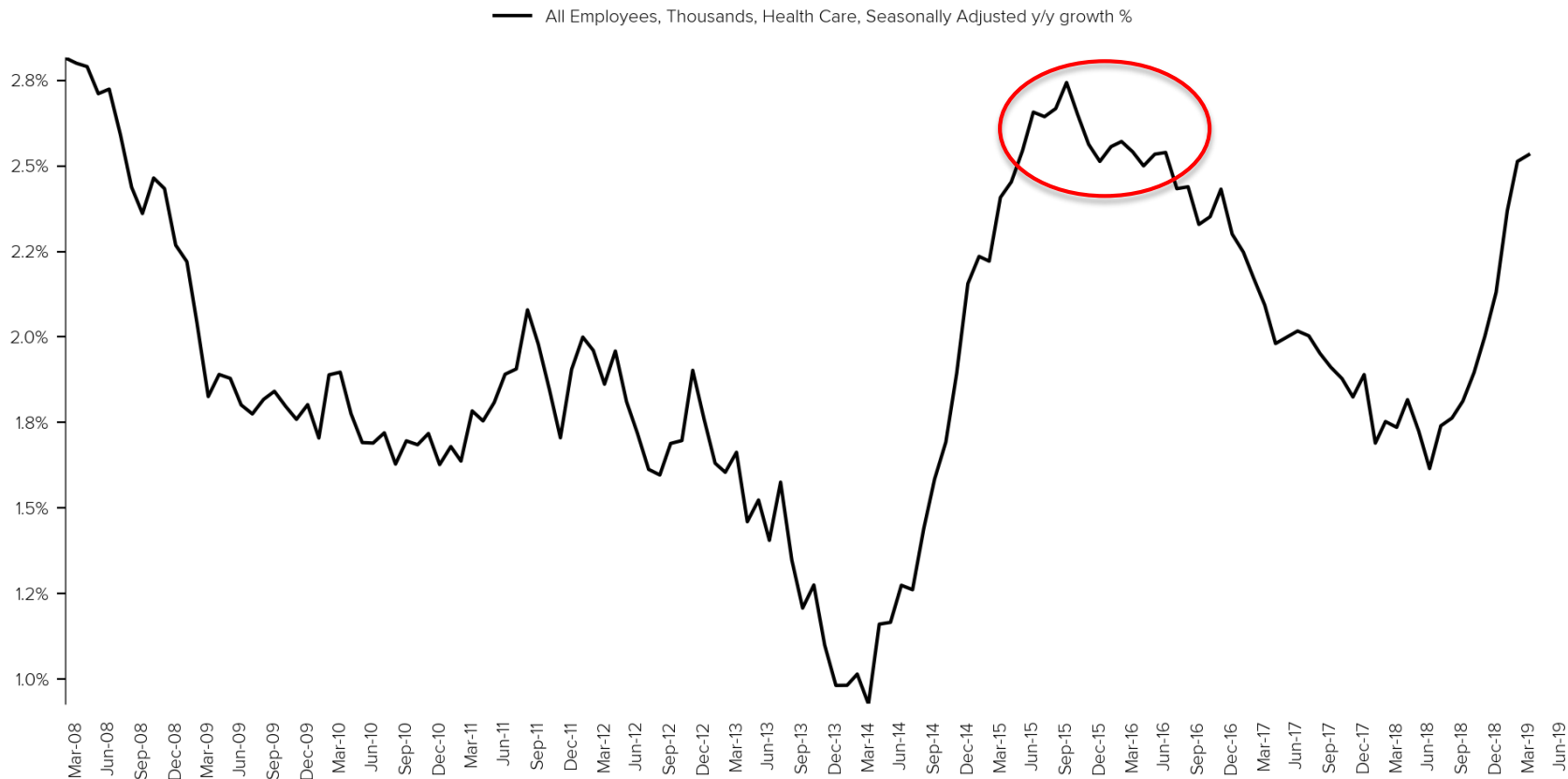
Best Ideas - Longs						Best Ideas - Shorts					
LONG						SHORT					
		Price	Mkt Cap (\$B)	Trend	Tail			Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
THC	Tenet Healthcare Corporation	\$ 21.40	\$2.2B	✓	✓	UNH	UnitedHealth Group Incorporated	\$ 231.95	\$220.9B	×	×
AMN	AMN Healthcare Services, Inc.	\$ 52.50	\$2.5B	✓	---	DVA	DaVita Inc.	\$ 56.99	\$9.5B	×	×
ZBH	Zimmer Biomet Holdings, Inc.	\$ 124.31	\$25.4B	✓	✓	HQY	HealthEquity Inc	\$ 71.26	\$4.5B	×	×
TDOC	Teladoc Health, Inc.	\$ 60.93	\$4.4B	✓	✓	SGRY	Surgery Partners, Inc.	\$ 11.04	\$0.5B	×	×
						SYK	Stryker Corporation	\$ 190.71	\$71.2B	×	×
						MDRX	Allscripts Healthcare Solutions, Inc.	\$ 10.43	\$1.7B	×	×
						DXCM	DexCom, Inc.	\$ 122.95	\$11.2B	×	×
Long Bias						Short Bias					
HCA	HCA Healthcare Inc	\$ 125.61	\$43.1B	---	✓	ABBV	AbbVie, Inc.	\$ 78.71	\$116.3B	---	---
UHS	Universal Health Services, Inc. Class B	\$ 123.00	\$10.3B	---	✓	CERN	Cerner Corporation	\$ 68.47	\$22.3B	---	---
MD	MEDNAX, Inc.	\$ 29.33	\$2.5B	---	✓	MYGN	Myriad Genetics, Inc.	\$ 34.34	\$2.5B	---	---
DGX	Quest Diagnostics Incorporated	\$ 98.79	\$13.3B	---	✓						
LH	Laboratory Corporation of America Hold	\$ 164.95	\$16.3B	---	✓						
ILMN	Illumina, Inc.	\$ 325.52	\$47.9B	---	✓						
ANTM	Anthem, Inc.	\$ 261.70	\$67.3B	---	✓						

“Trend” is a duration of 3 months or more

“Tail” is a duration of 3 years or less

HEALTH CARE HIRING TREND

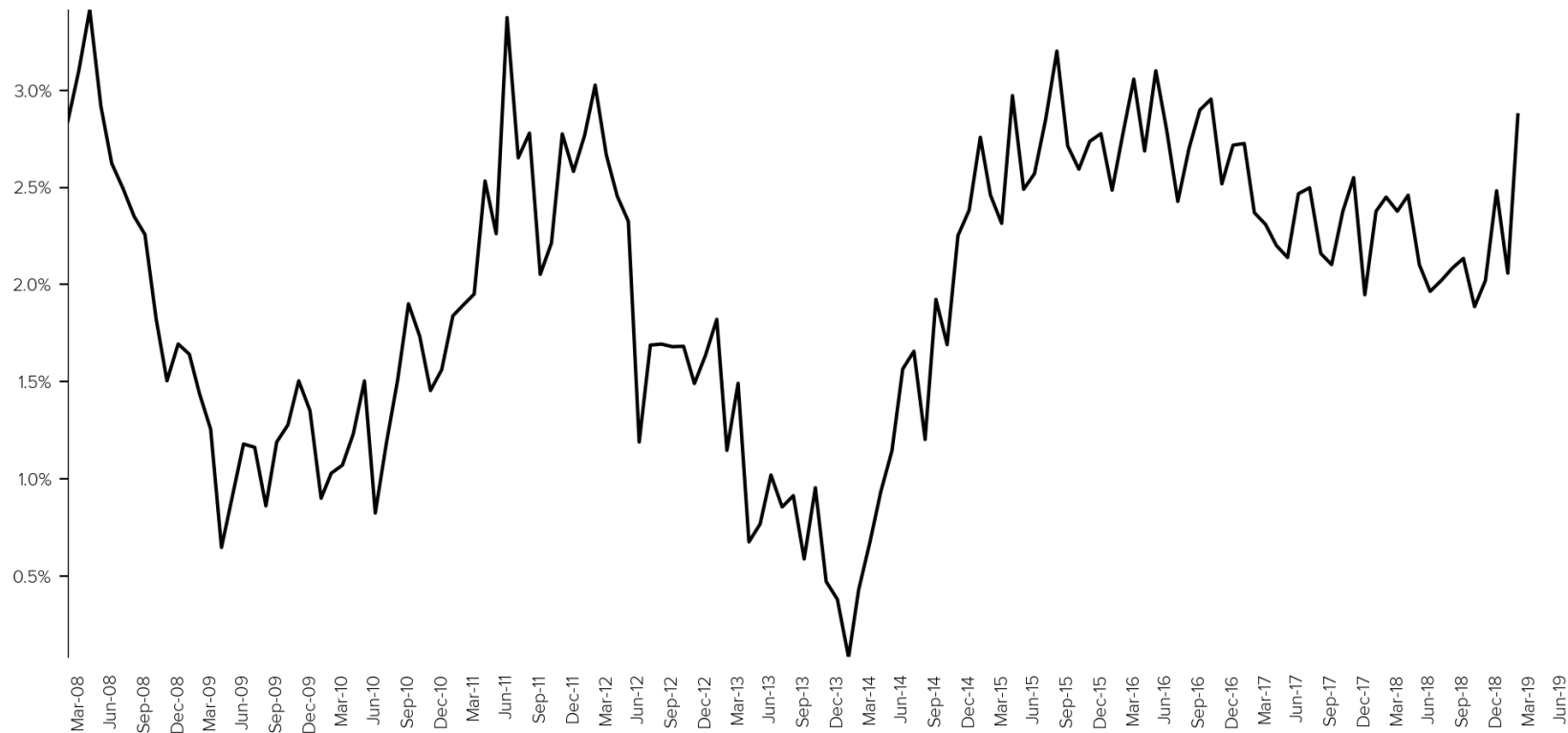
DEMAND FOR HEALTH CARE LABOR IS ACCELERATING



HEALTH CARE AGGREGATE HOURS

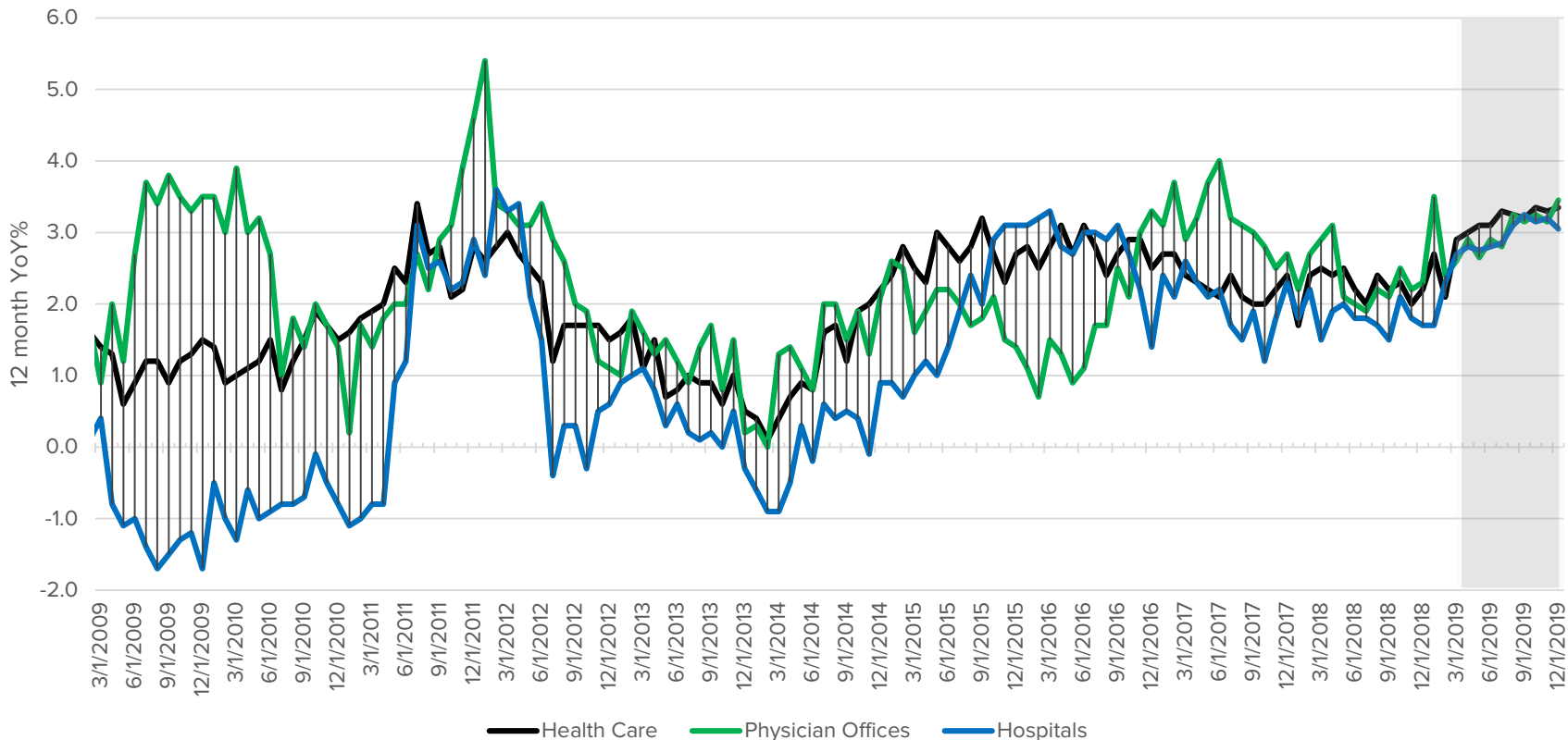
TOTAL HOURS WORKED COINCIDES WITH PATIENT DEMAND

— Aggregate Weekly Hours Of Production And Nonsupervisory Employees, Thousands, Health Care, Seasonally Adjusted y/y growth %



AGGREGATE HOURS POSITIVE FORECAST

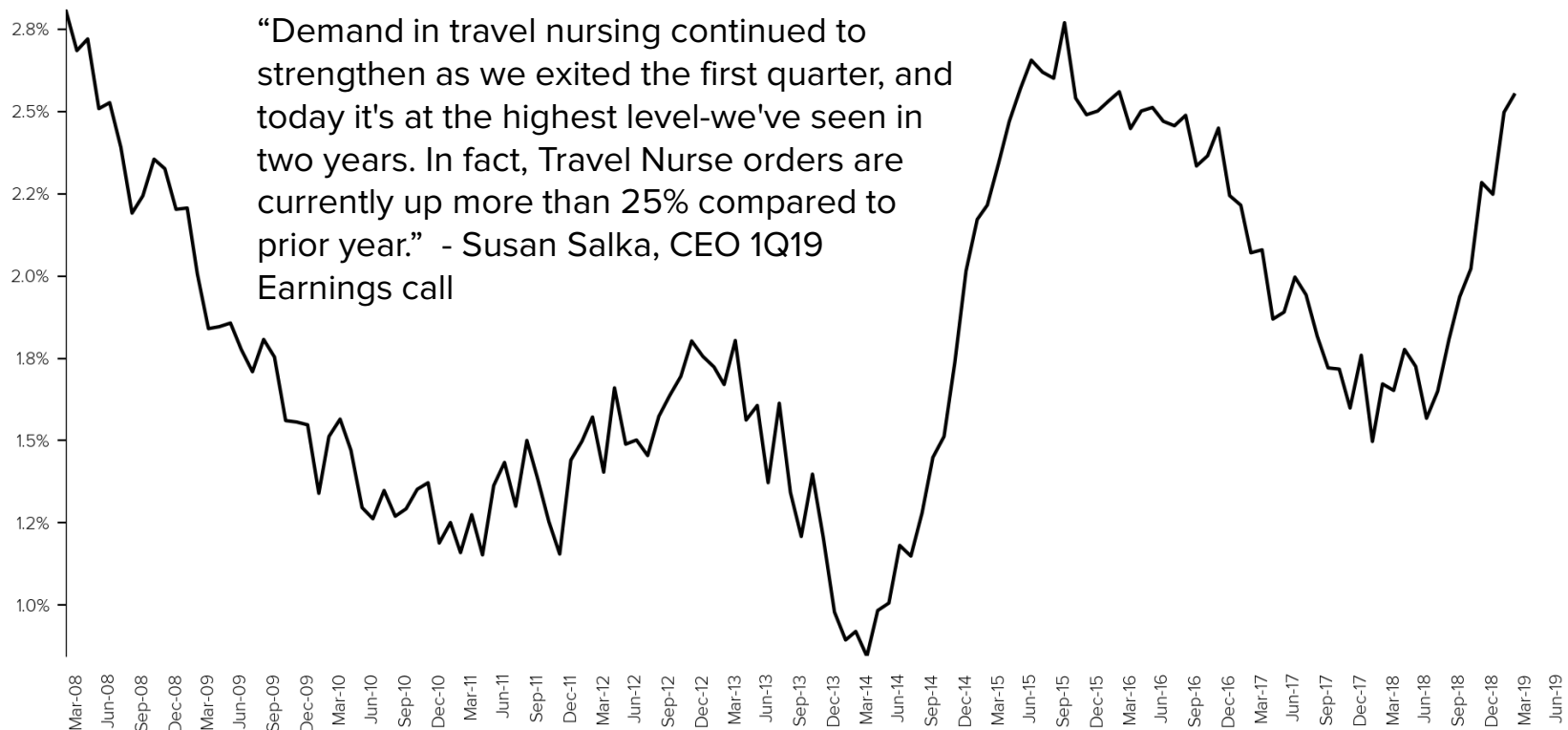
HOSPITALS, PHYSICIAN OFFICES, AND HEALTH CARE BROADLY ALL POSITIVE



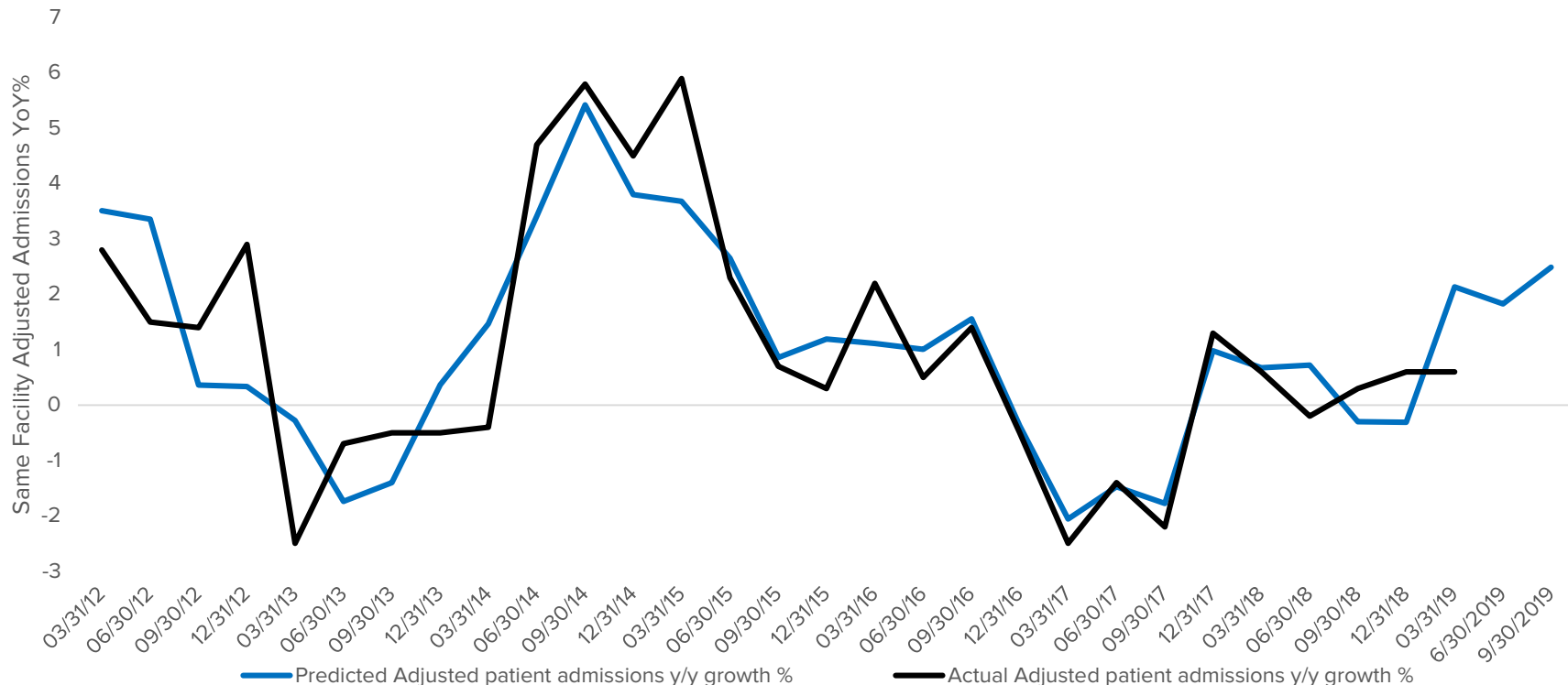
AMN | HEALTH CARE LABOR TREND FOR WOMEN

NURSE POPULATION IS ~90% WOMEN

— Women Employees, Thousands, Health Care, Seasonally Adjusted y/y growth %



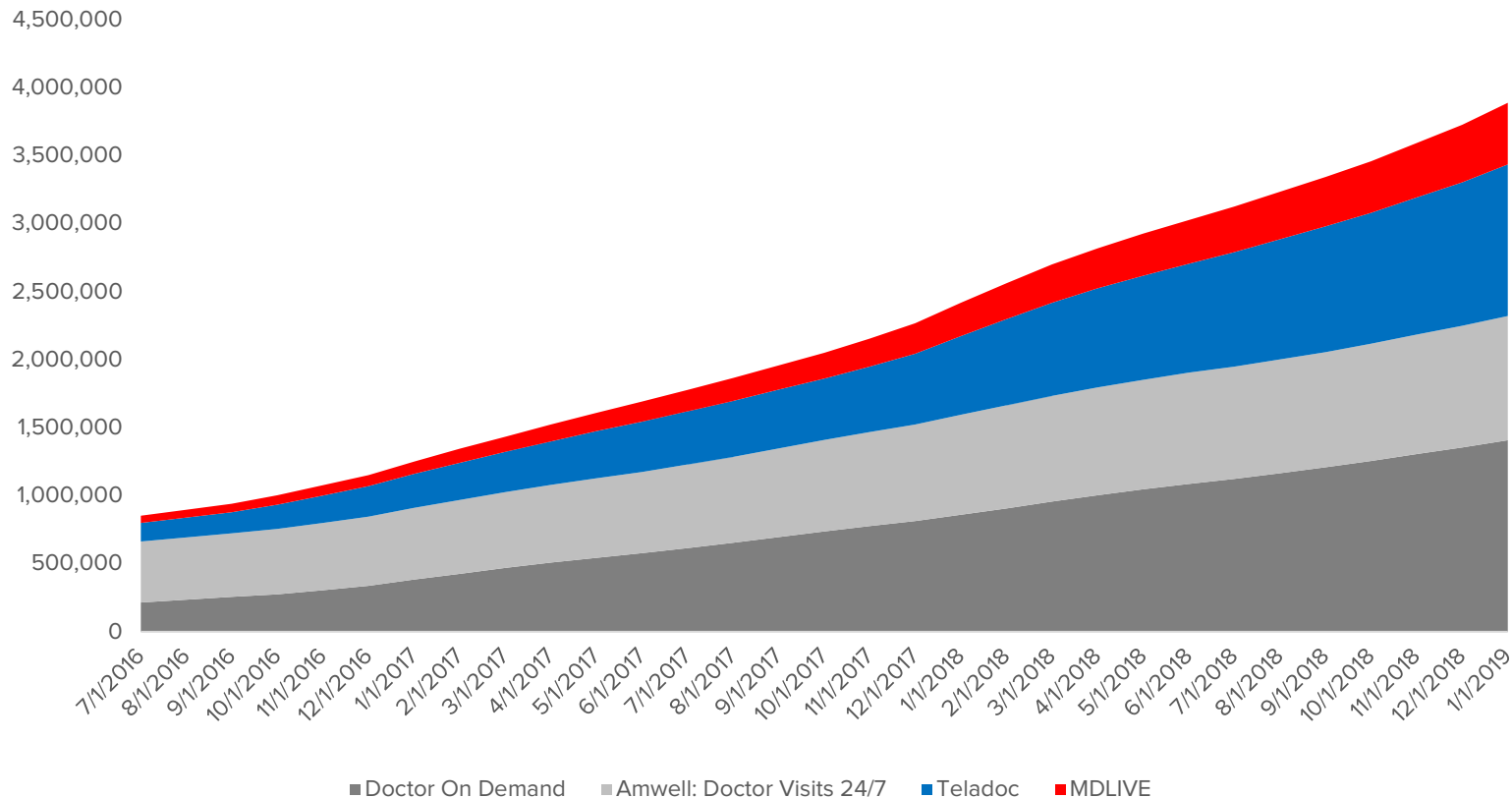
PUBLIC DATA DERIVATIVE FORECAST OF SAME FACILITY ADJUSTED ADMISSIONS



Mean Squared Error Residuals	Mean Squared Error Residuals (leave-one-out cv)	Mean Squared Error Residuals [walk-forward cv (after 12/31/15)]	Mean Squared Error Residuals [walk-forward cv (after 03/31/17)]	Mean Squared Error Residuals [walk-forward cv (OOS last 3 Qs)]	Correlation Value	Walk Forward Correlation Value (after 12/31/15)	Walk Forward Correlation Value (after 03/31/17)
1.772	2.745	0.956	1.112	1.939	0.856	0.755	0.792

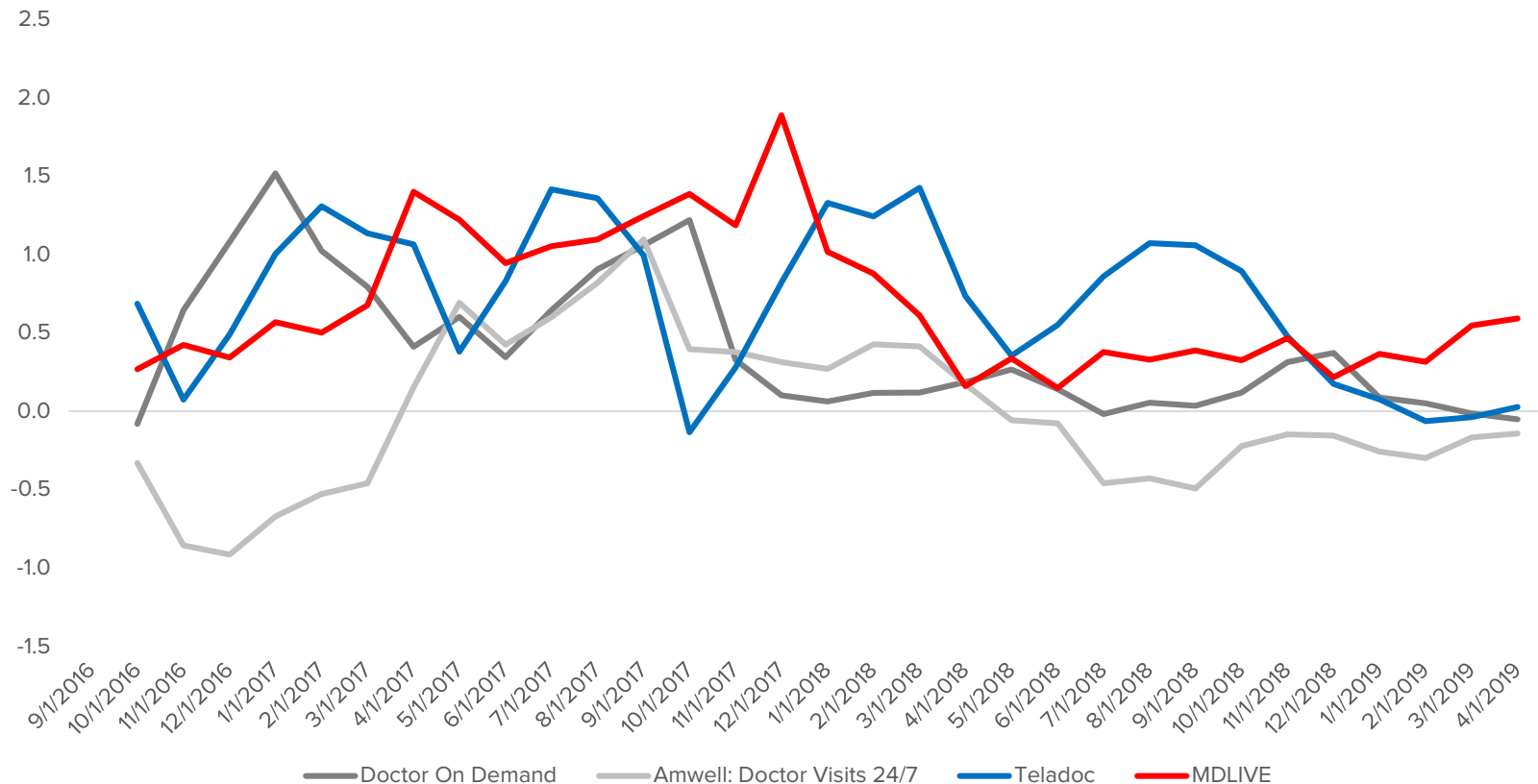
TDOC | TELEMEDICINE APP DOWNLOADS

POLICY HAS BEEN A TAILWIND FOR TELEMEDICINE



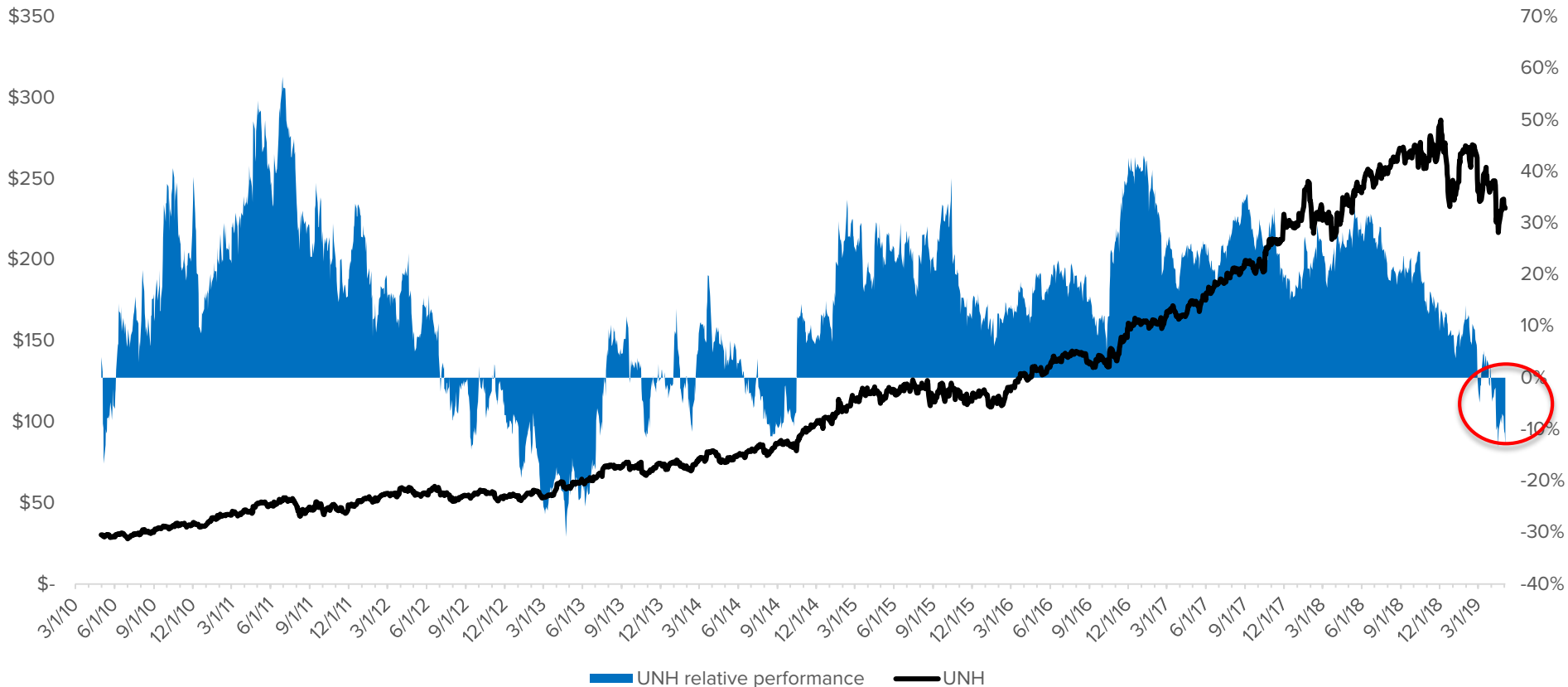
TDOC | DECELERATED VS MDLIVE

TDOC GROWTH RATE FOR APP DOWNLOADS BEGINNING TO TURN POSITIVE



UNH PERFORMANCE

RELATIVE PERFORMANCE NEGATIVE FOR THE FIRST TIME SINCE 2014





IF PHARMA IS FAIR GAME, WHAT ELSE IS?



MEDICARE FOR ALL

1

EFFECTIVELY ELIMINATES ALL PRIVATE INSURANCE

- Outlaws any insurance provider suppletive of new federal program
- Permits direct contracting between providers and individuals
- Would also eliminate Medicare, Medicaid, TRICARE, Federal Employees Benefit Program

2

REPLACES ALL INSURANCE WITH NEW NATIONAL PROGRAM

- Would enroll all Americans at birth with two year transition for everyone else
- No cost-sharing
- Expanded coverage to include long-term care, vision and dental

3

PERMITS HHS TO ESTABLISH BUDGET AND SERVICES LEVELS

- Presumably would follow Medicare fee schedule to something similar
- Estimated cost \$32-\$38T over ten years
- Would require 60-70 percent reduction in payments for many services

RULES COMMITTEE HEARING TAKEAWAYS

1

DEMOCRATS KEPT RIFTS OVER PROPOSAL OUT OF SIGHT

- First hearing was in “Speaker’s Committee” with nine Democrats and four Republicans
- Members on board supporting Speaker Pelosi’s pledge to progressive wing
- First original jurisdiction hearing at Rules in three years
- Looks past 2020 to frame policy goals if Democrats win White House/Senate

2

FRAMED AS 21ST CENTURY UTOPIAN VISION

- Heavy on emotion with testimony from ALS sufferer, emergency room doctor
- Sympathetic members concerned about stress of paying bills, vision of universal and plentiful access
- Moral arguments largely supported policy goals

3

MORE SUPPORT FOR COMPLETING MISSION OF ACA

- Moderate members expressed support for fixing ACA’s flaws
- No witness except late addition of California activist entirely and exclusively in support of single payer solution
- Other proposals released include public option, Medicare Part E, etc.

MEANWHILE, CHANGES TO DRUG POLICY CHUG ALONG

1

CREATES ACT

- Would punish manufacturers that withhold samples of reference product
- Support was generally positive but demand for tweak especially related to liability
- Passed Energy and Commerce Committee and House Judiciary; likely to pass Senate

2

PAY FOR DELAY

- Would prevent branded drug companies from paying to delay generic or biosimilar entry
- Penalties equal to no more than 3x value of delay
- Reported out of House Judiciary last week
- Bipartisan support in Senate

3

RIGHT REBATE ACT

- Penalizes drug manufacturers that misclassify drugs under the Medicaid Drug Rebate Act
- Inspired by Epipen overpayments