



DISCLAIMER

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MAJOR THEMES 2Q17

- TRUMP RALLY BLUES FOR OUR SHORTS, MULTIPLE MADNESS
- INSURED MEDICAL CONSUMER GROWTH SLOWING
- HARD AND SOFT DATA, DOES IT MATTER TO HEALTH CARE?
- PROVIDER LABOR COST PRESSURE EMERGING AS A CRITICAL HEADWIND
- MATERNITY TRENDS WORSENING
- BIO-DOLLARS, CLINICAL TRIAL TREND, WEAKNESS EMERGING
- REPEAL AND REPLACE, THE PATH FORWARD
- LEGISLATION NOT NEEDED, REGULATION TOOLS IN PLACE
- MEDICAID IS OVER-ENROLLED AND LIKELY TO DECLINE
- EXPANSION FROM HERE NEUTRAL TO NEGATIVE

HEALTHCARE POSITION MONITOR

Sentiment Investment Ideas - Longs			Trade	Trend	Tail	Sentiment Investment Ideas - Shorts			Trade	Trend	Tail
Score ¹	LONG					Score ¹	SHORT				
18	EXAS	Exact Sciences Corporation	✓	✓	✓	82	ZBH	Zimmer Biomet Holdings, Inc.	---	×	×
18	ATHN	athenahealth, Inc.	✓	✓	✓	79	HOLX	Hologic, Inc.	×	×	×
						78	HQY	HealthEquity Inc	×	×	---
						65	QSII	Quality Systems, Inc.	---	×	×
						46	HCA	HCA Holdings, Inc.	×	×	×
						53	CERN	Cerner Corporation	×	×	×
						29	MDRX	Allscripts Healthcare Solutions, Inc.	×	×	×
						20	MD	MEDNAX, Inc.	×	×	×
						1	CPSI	Computer Programs and Systems, Inc.	---	×	×
Sentiment Long Bench						Sentiment Short Bench					
Score ¹	LONG					Score ¹	SHORT				
12	EVH	Evolut Health Inc Class A	---	---	---	88	OMCL	Omniceil, Inc.	---	---	---
29	ILMN	Illumina, Inc.	---	---	---	88	LH	Laboratory Corporation of America Holdings	---	---	---
78	HQY	HealthEquity Inc	---	---	---	27	ABCO	Advisory Board Company	---	---	---
						71	MDSO	Medidata Solutions, Inc.	---	---	---
						22	DGX	Quest Diagnostics Incorporated	---	---	---
						7	LPNT	LifePoint Health, Inc.	---	---	---
						5	THC	Tenet Healthcare Corporation	---	---	---
						6	TDOC	Teladoc Inc	---	---	---
						2	CYH	Community Health Systems, Inc.	---	---	---

¹Percentile rank within sub-sector (1 = High Short Interest, Negative Sell Side / 100 = Low Short Interest, Positive Sell Side)

Bench = Timing is not right, or research in progress.

Hedgeye's "bench" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not forecast whether Hedgeye will or will not issue any additional material on that company.

HEALTH POLICY POSITION MONITOR

Investment Ideas - Longs

LONG

Ambulatory Surgery	AMSG, SGRY
Behavioral	ACHC, AAC, UHS
Healthcare IT	TDOC, EVH, ATHN, HQY, HMSY, PFMT, COTV
Biotech/Discovery	ABBV, AMGN, AZN, GILD, BMY, CPIX
Home Health	AMED, AFAM, LHCG
Managed - Medicare	ANTM, HUM, CI, UNH, AET

Long Bench

LONG

REITS	CHCT, HR, NHI
Diagnostics	DGX, LH, ILMN, MYGN
Outsourcing	HCSG, HSTM
Inpatient Rehabilitation	HLS, KND, SEM
LTAC Hospitals	KND, SEM, HLS

Investment Ideas - Shorts

SHORT

Inpatient Hospitals	HCA, THC, LPNT, CYH
Skilled Nursing Care	DVCR, ENSG, NHC, GEN
Dialysis	DVA, FMS
Healthcare IT	CERN, MDRX, CPSI, QSII
Generic Pharma	TEVA, MYL, VRX
Supply Chain/PBM	CVS, WBA, ESRX
Freestanding ERs	ADPT

Short Bench

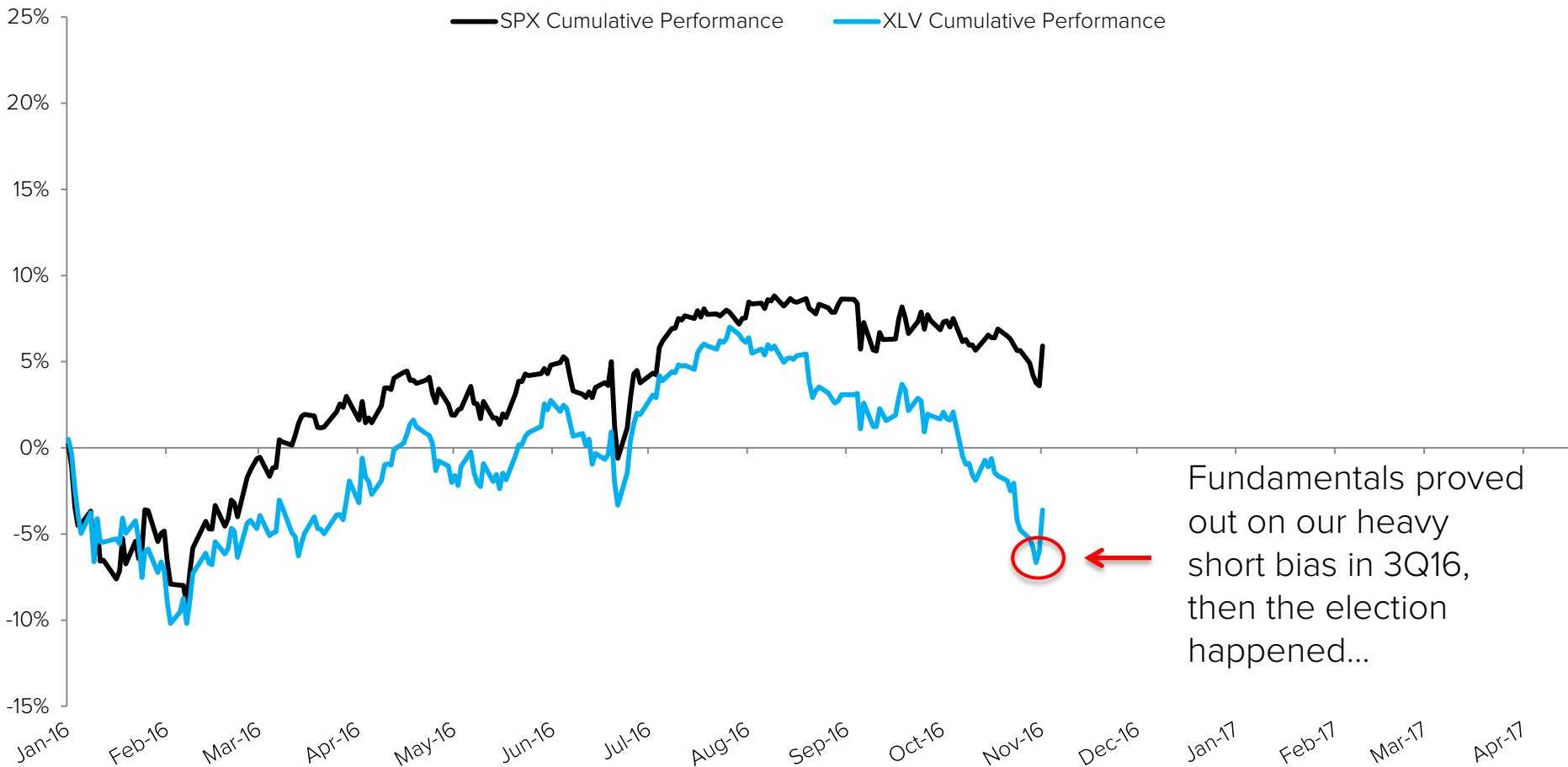
SHORT

Managed Care - Medicaid	MOH, UNH, CNC
Devices	BDX, MDT, STK, ZBH, JNJ
Ambulance Services	AIRM
Senior Care	BKD

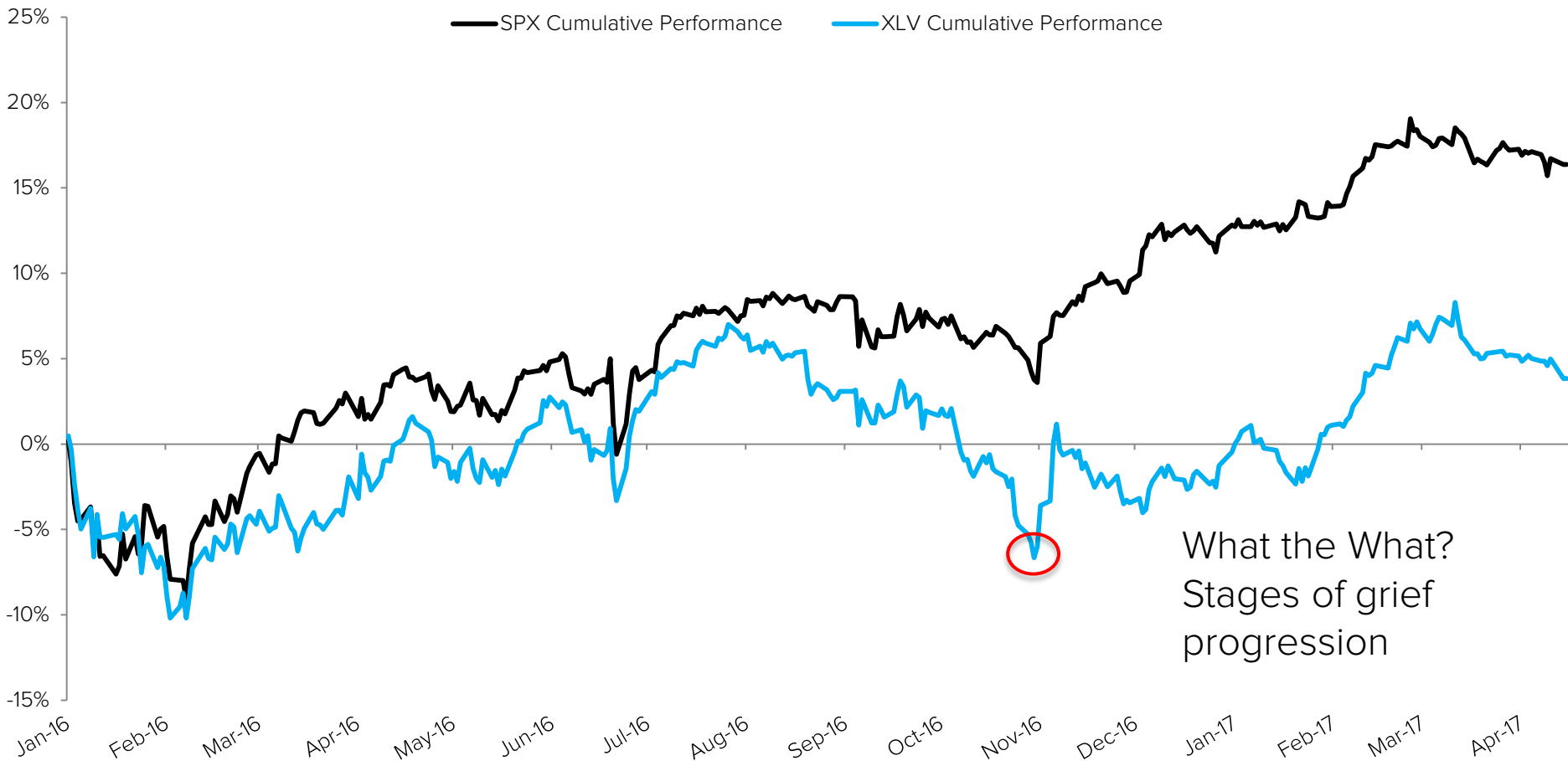
Bench = Research in Process

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SPX VS XLV PERFORMANCE

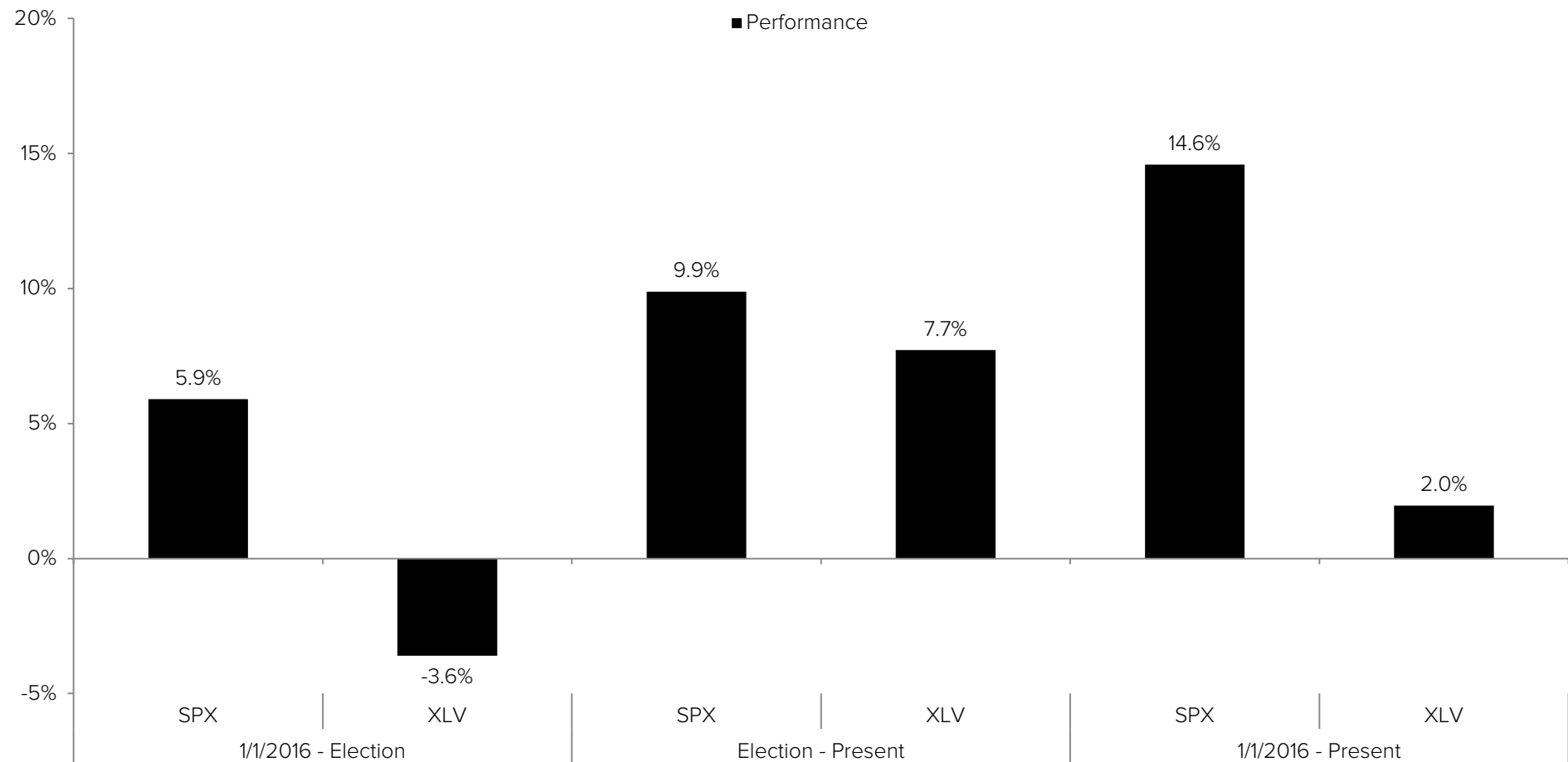


SPX VS XLV PERFORMANCE

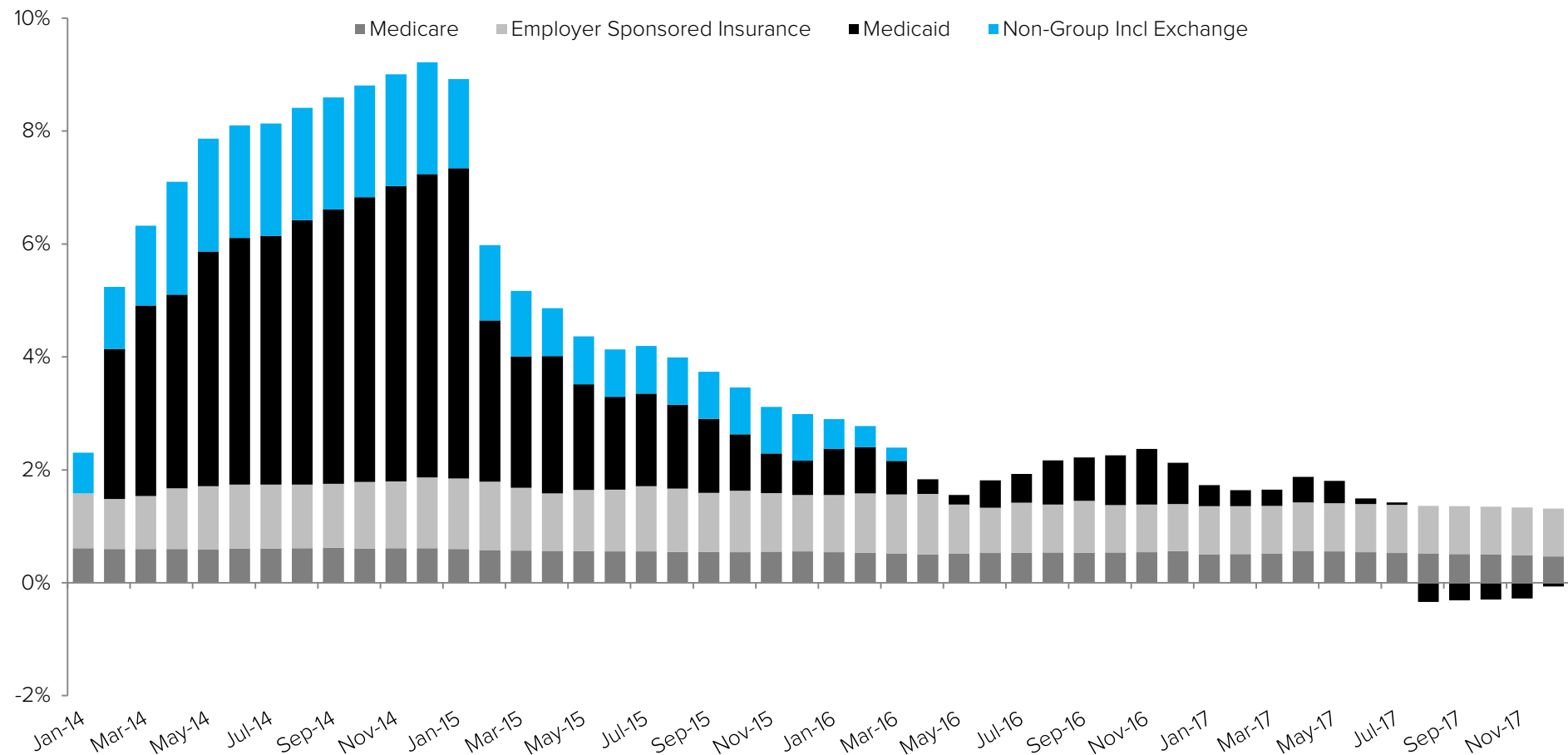


What the What?
Stages of grief
progression

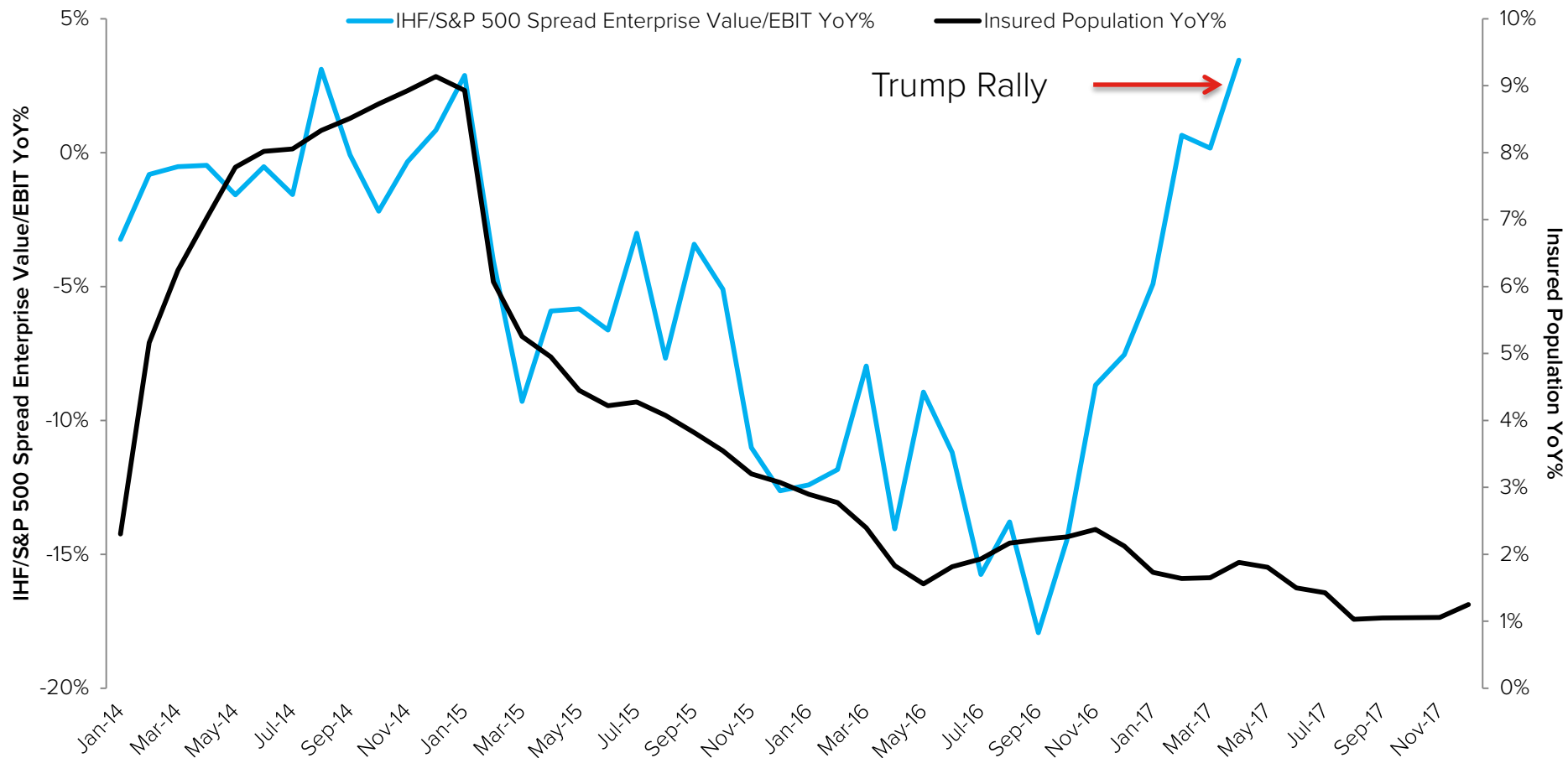
SPX VS XLV PERFORMANCE



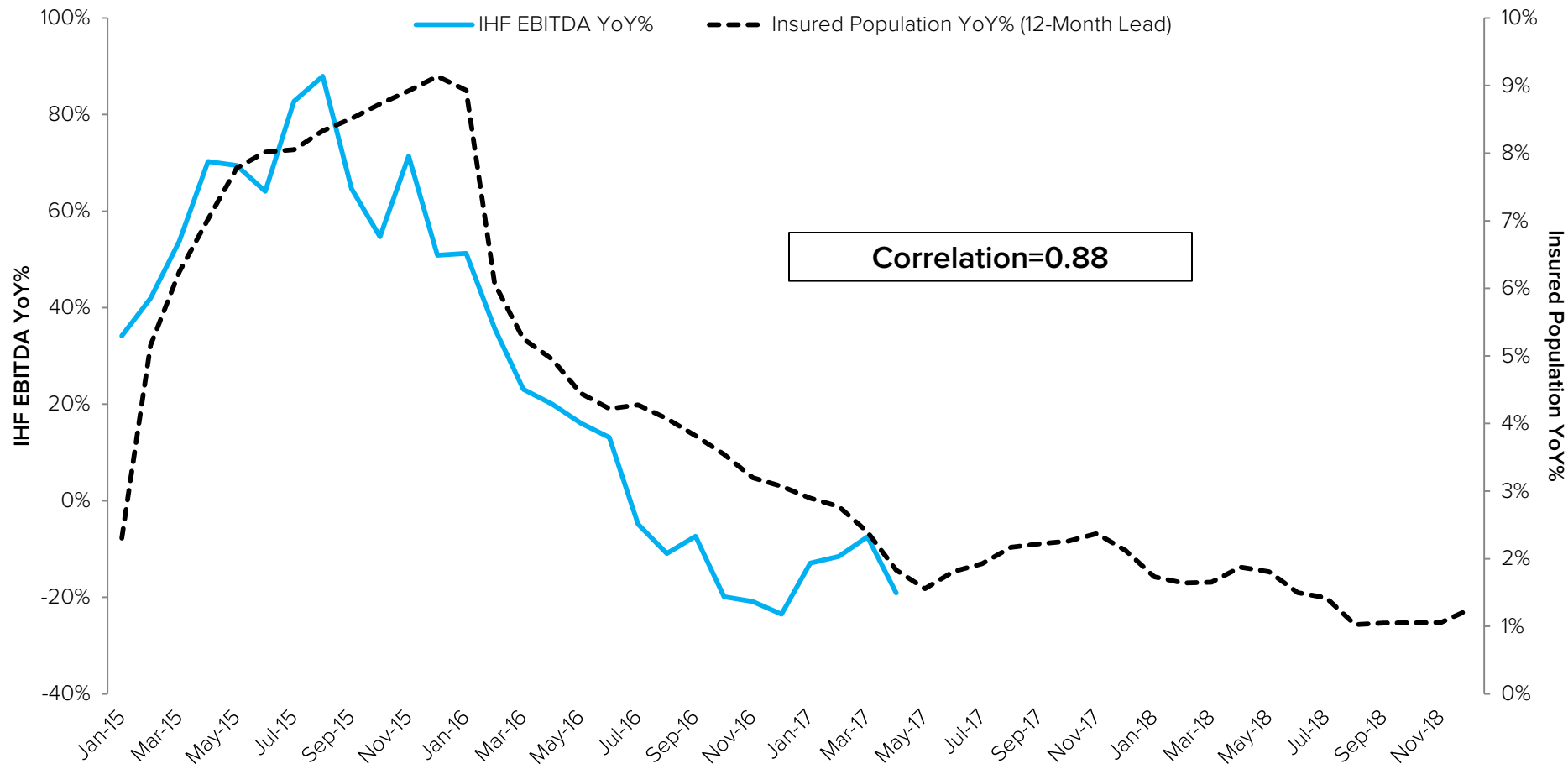
INSURED POPULATION



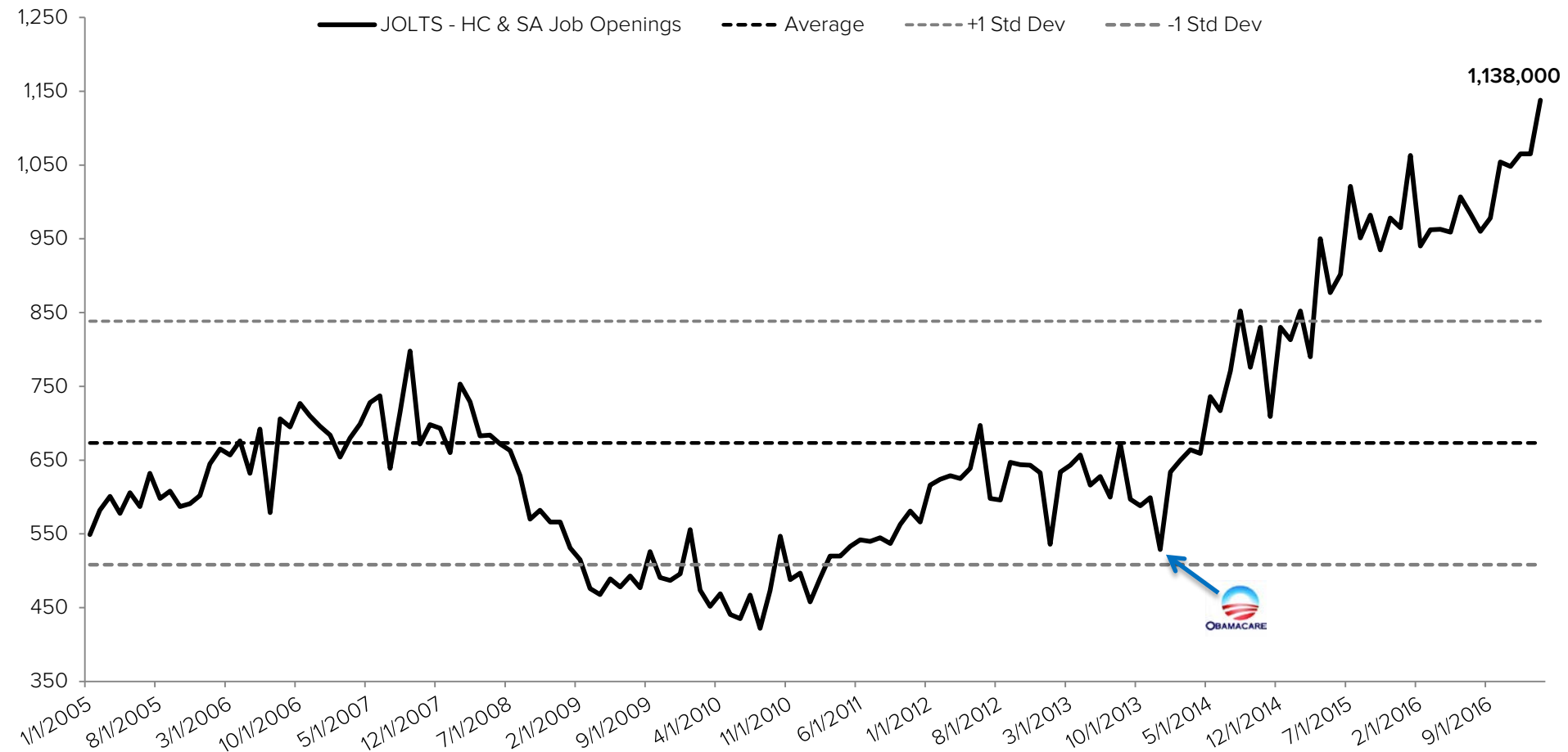
TRUMP RALLY DRIVING MULTIPLE EXPANSION



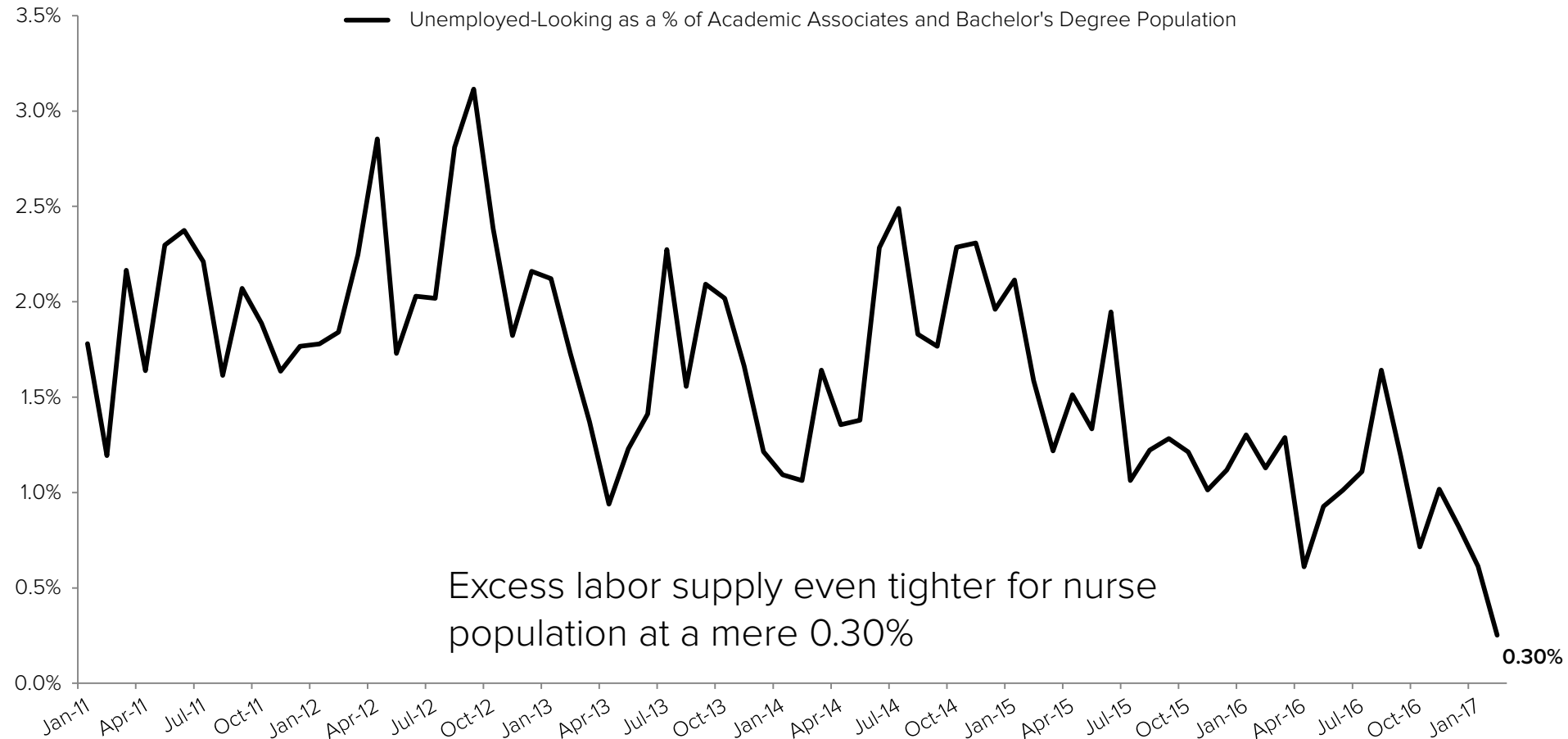
INSURED POPULATION DRIVES EARNINGS GROWTH



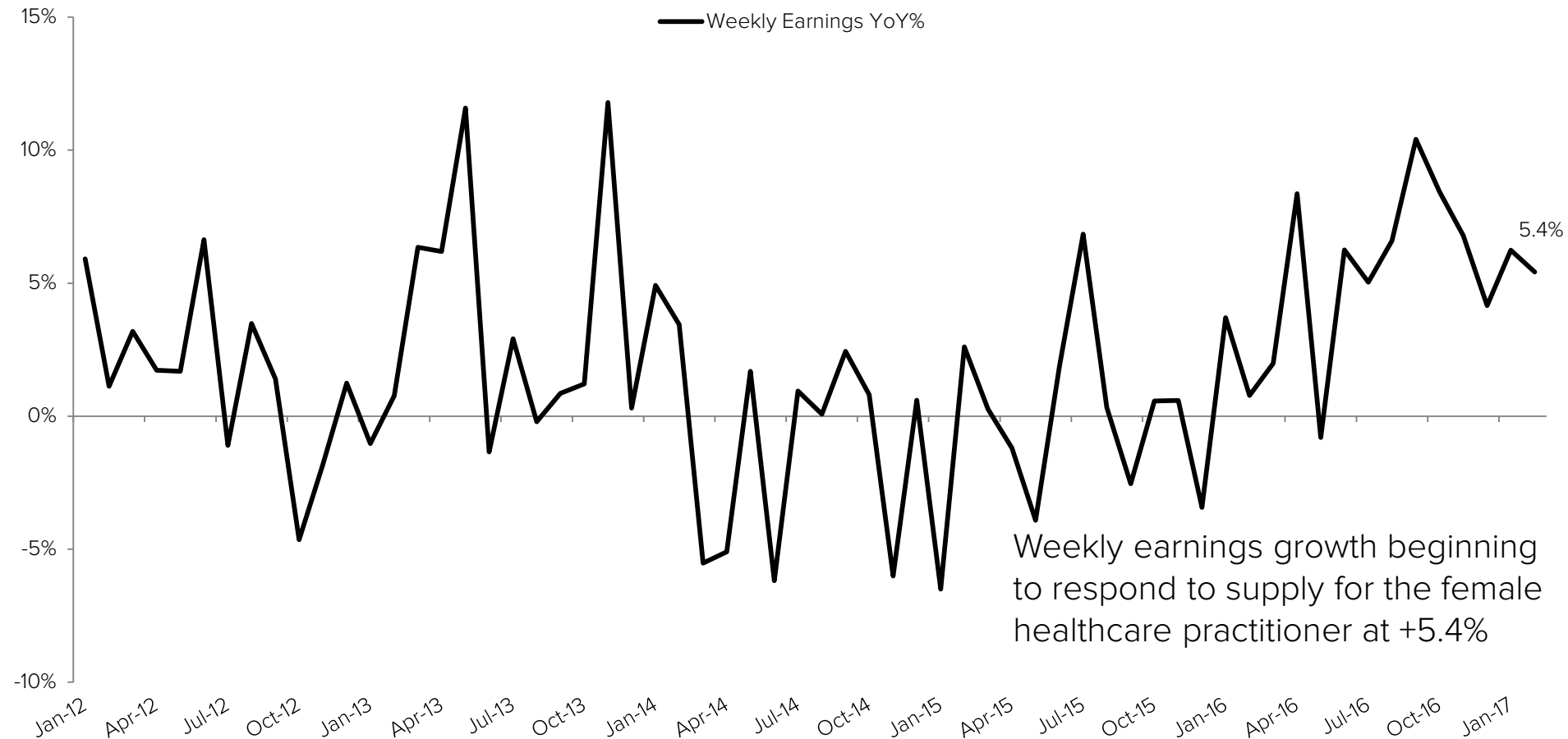
HEALTHCARE AND SOCIAL ASSISTANCE JOLTS



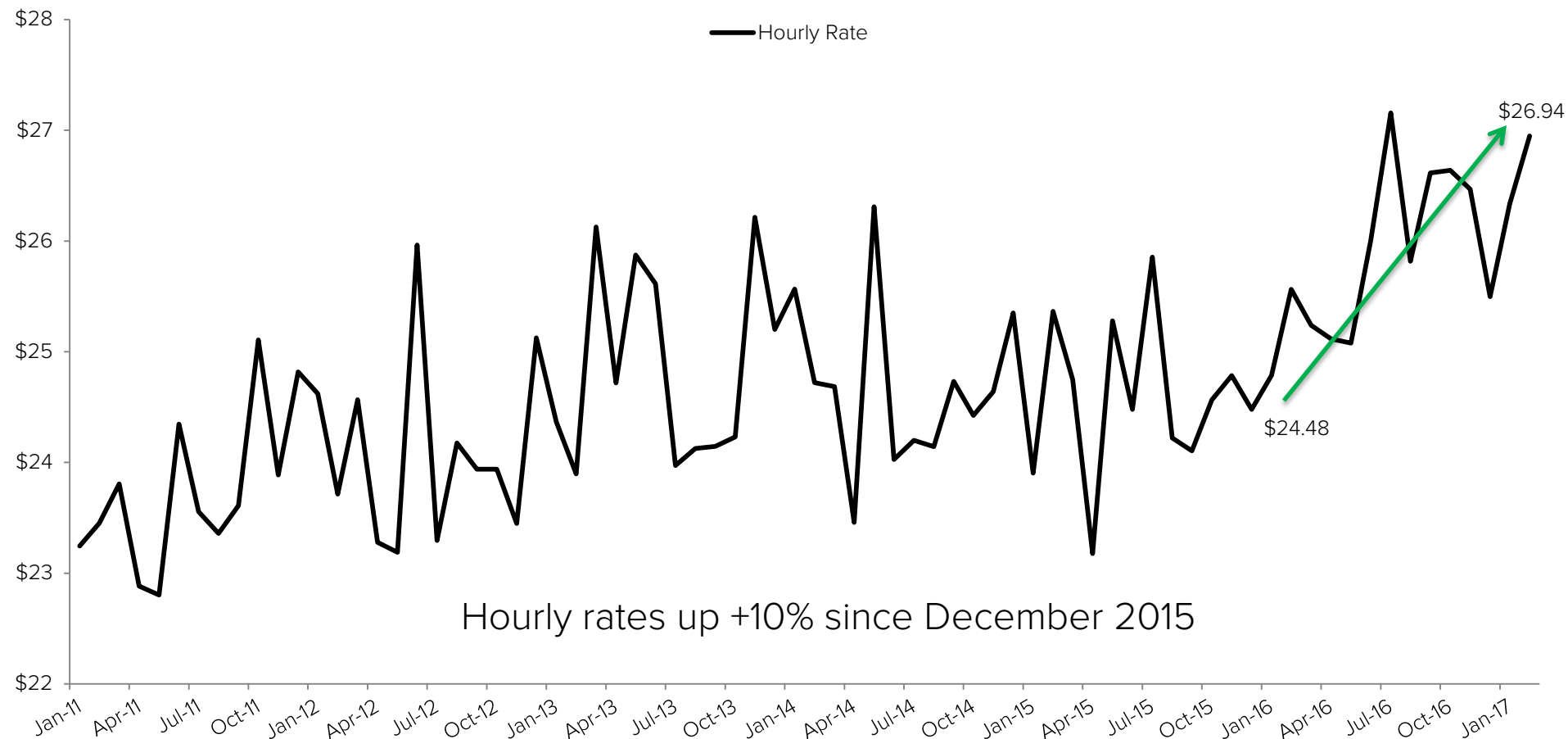
“UNEMPLOYED - LOOKING”



WEEKLY EARNINGS YOY%



HOURLY RATE +10% SINCE DECEMBER 2015



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