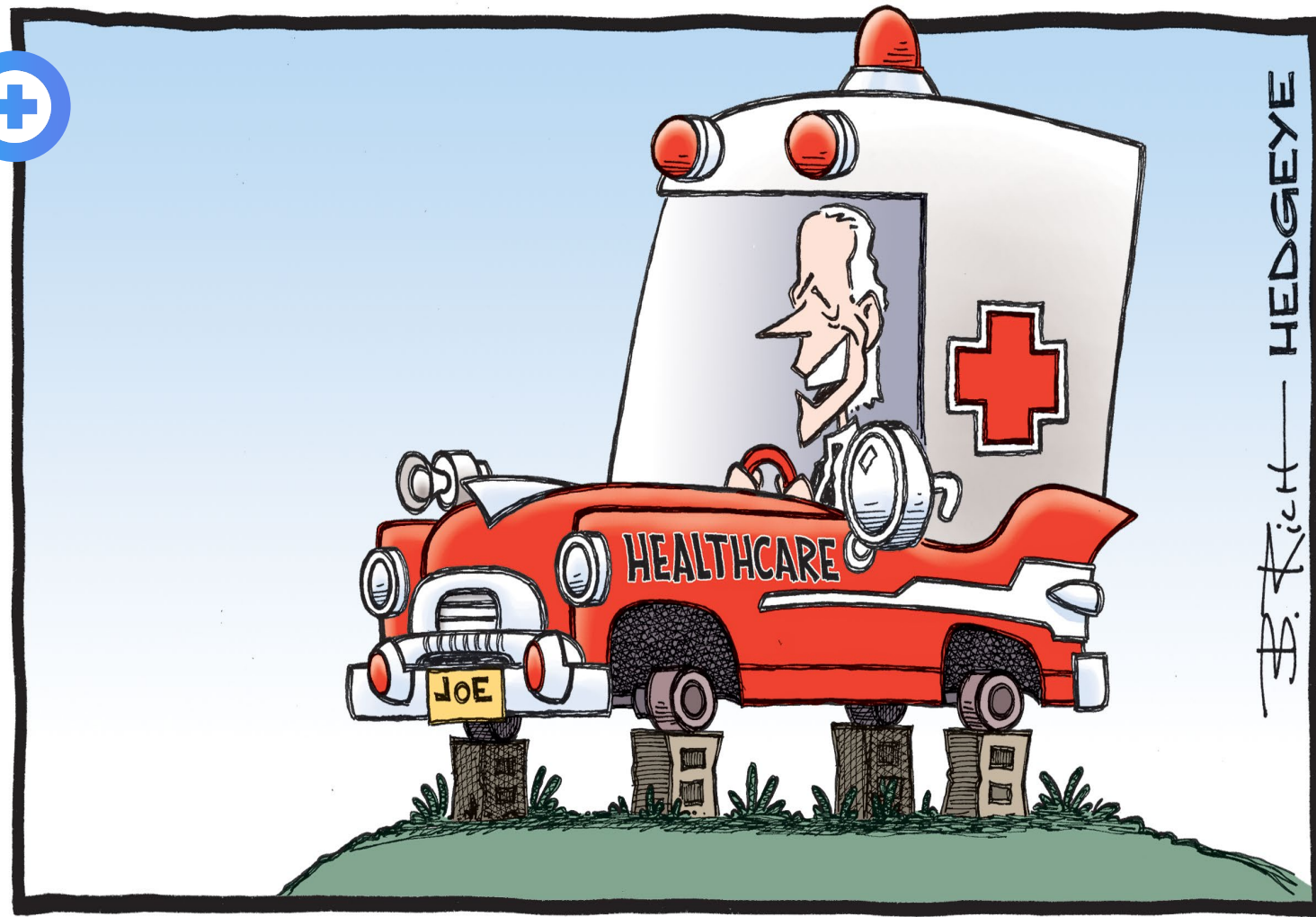


HEDGEYE

Health Policy Unplugged

Demystifying the Health Care
Industry for Investors of all Types



Hedgeye Health Policy

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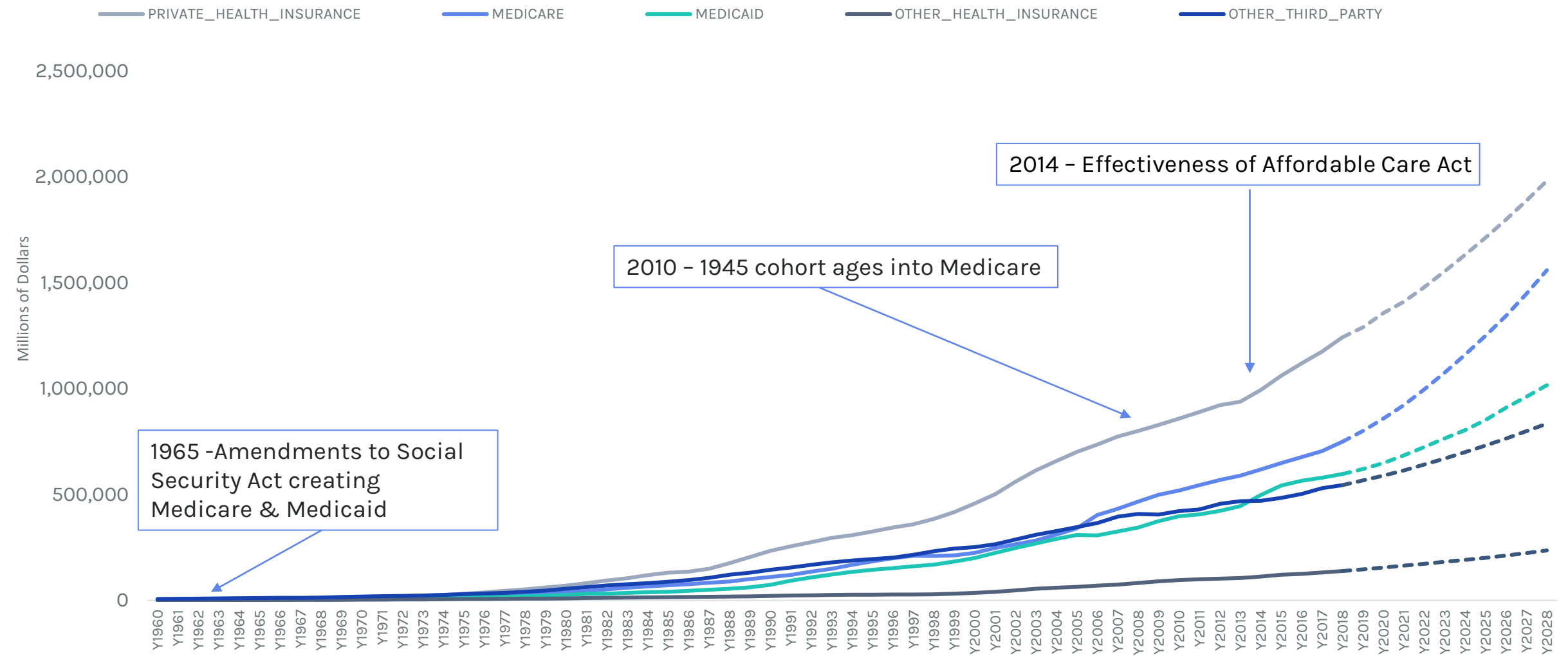
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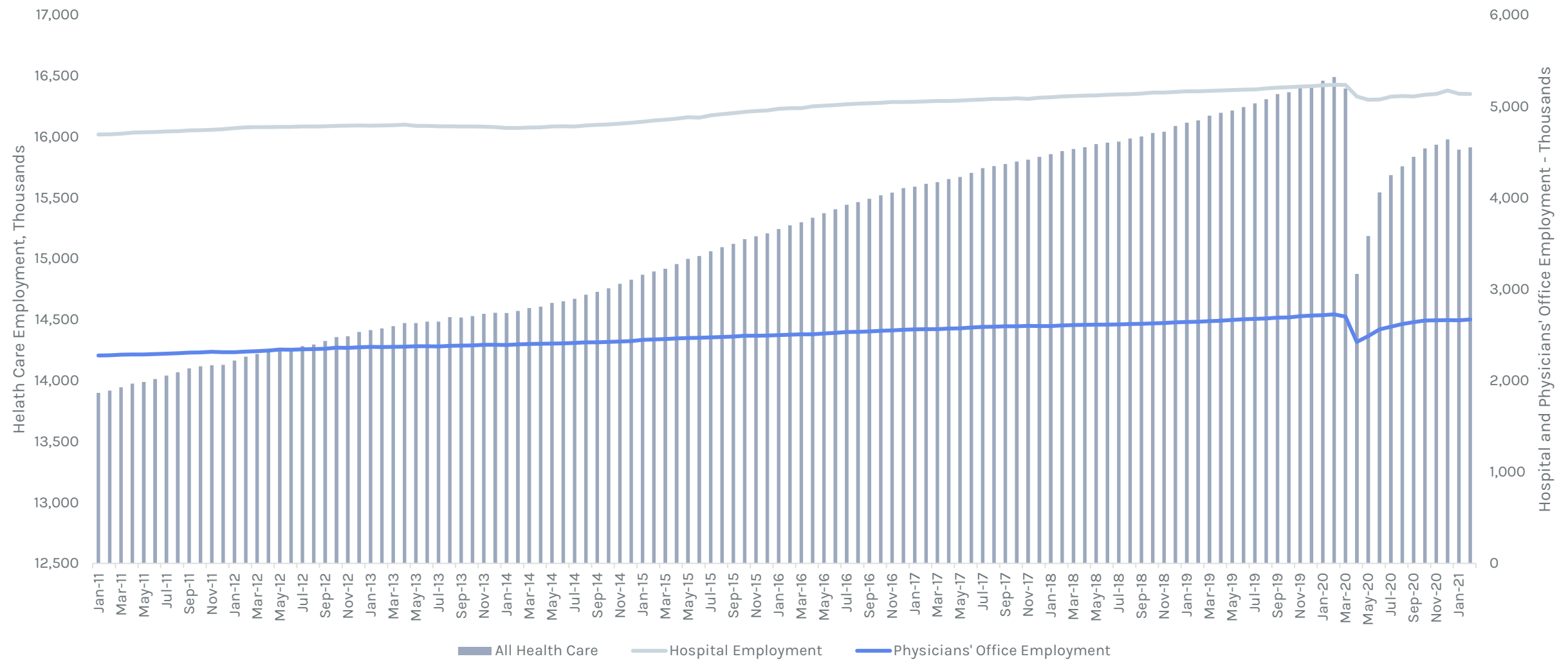
Health Care is Highly Political

National Health Expenditures driven in part by political philosophy, in part by demographics



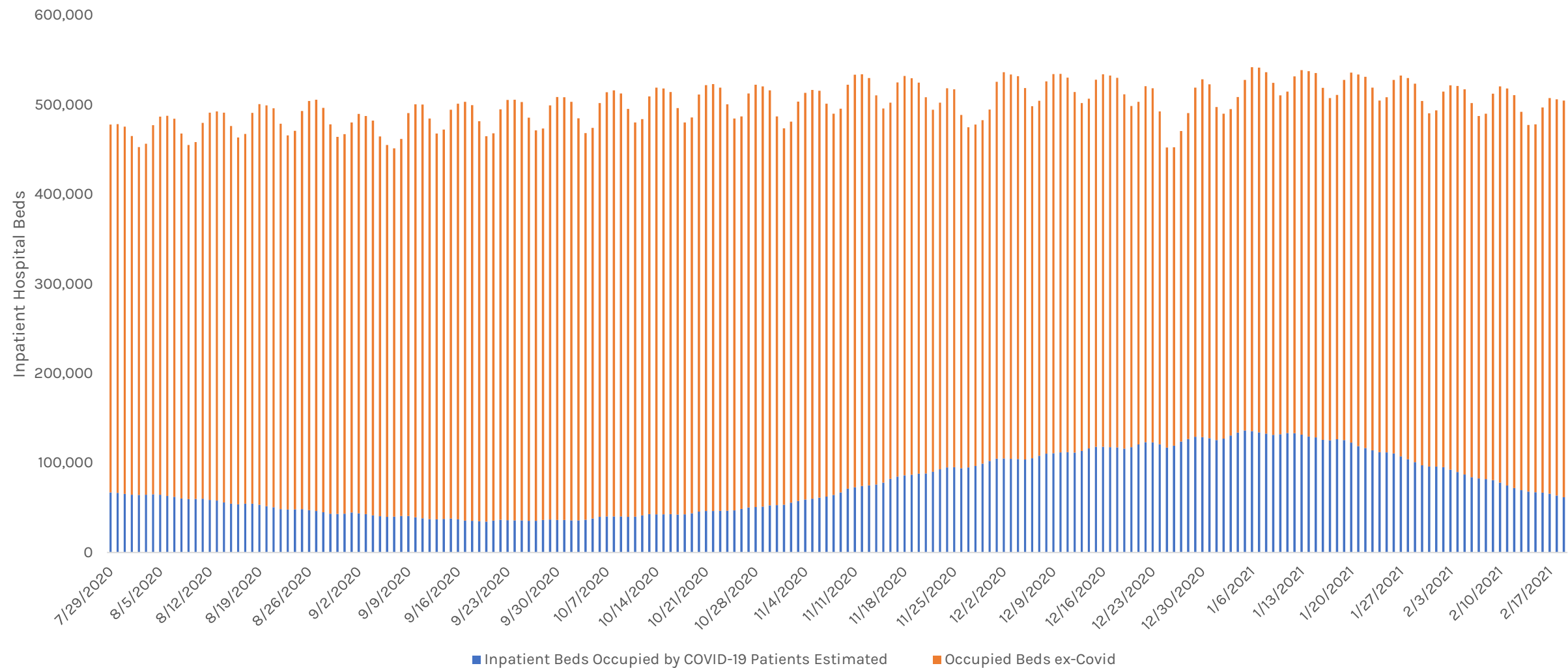
Health Care is Economically Important

Employs almost 16 million people over a dozen subsectors



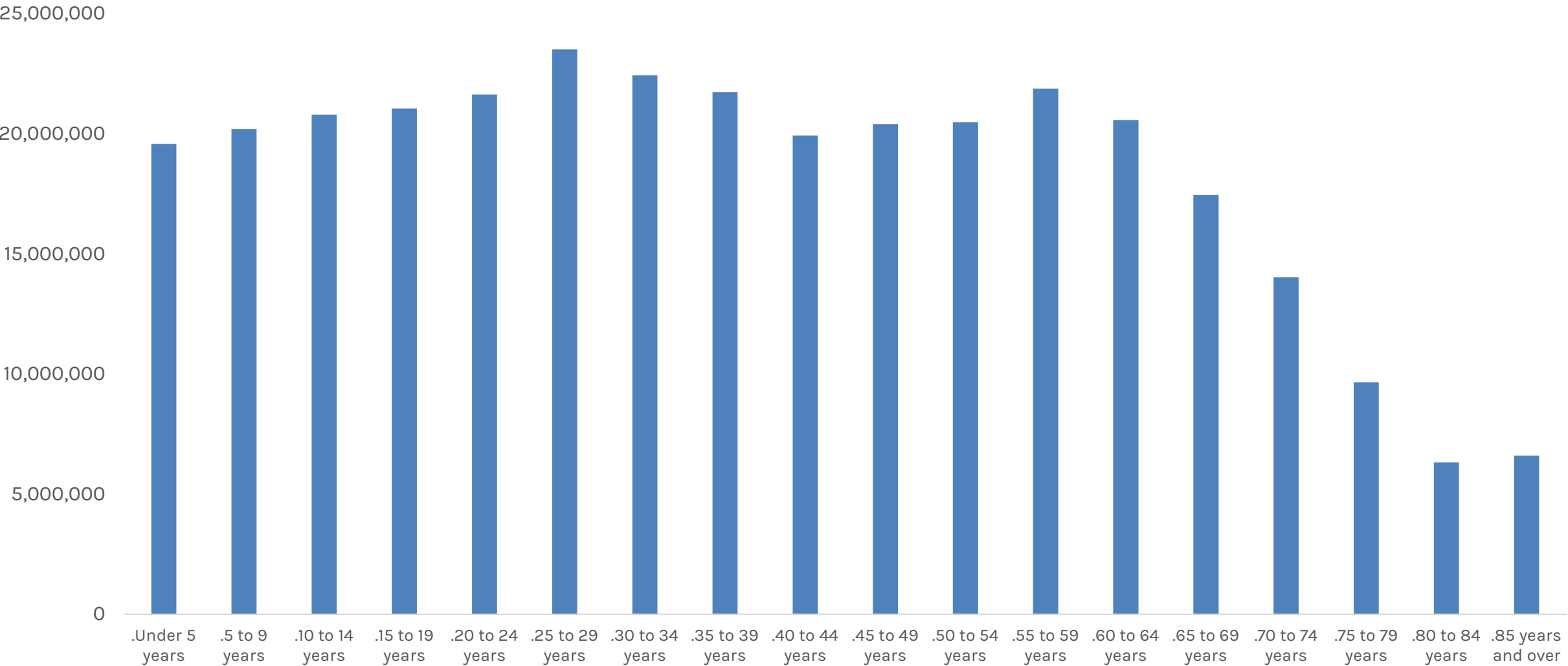
Health Care is a National Priority

The capacity and expertise allowed it to weather a pandemic



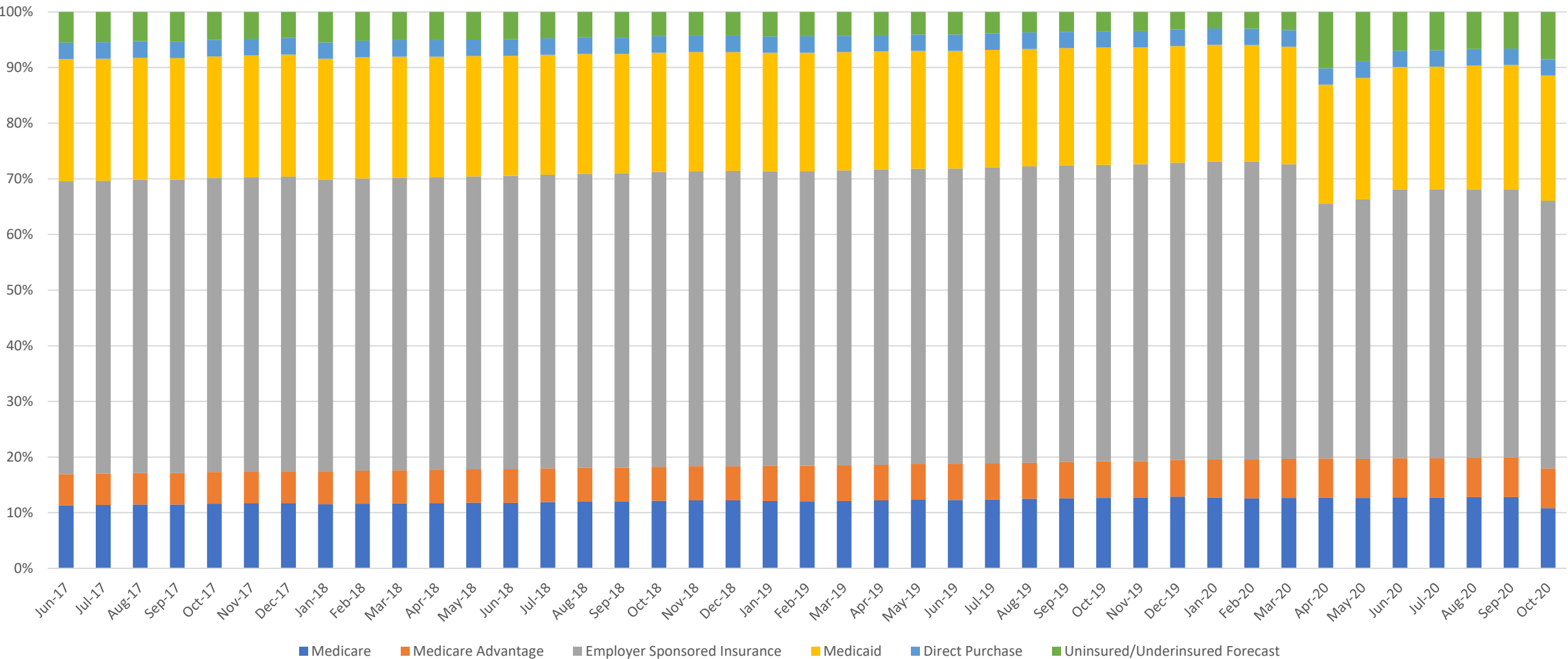
Health Care Industry is Driven by Demographics

In 2019 the generation born between 1985 and 1996 became larger than the “Boomers”



Health Care Industry is Driven by Payer Types

Shift to Government Payers Impacts Capital Flows



Health Care Industry is Driven by Regulation

Changes to Supervision

Move from Direct Supervision to General Supervision

- Non-surgical Extended Duration Therapy Services (permanent)
- Pharmacists can provide care incident to physicians' services

Direct Supervision via Telecommunication Services

- Pulmonary, Cardiac, Intensive Cardiac Rehabilitation (permanent)
- Services provided by auxiliary personnel (12/31/2021)
- Supervision of residents through (TBD)

Site of Care Restrictions

End of Inpatient Only List

- Let physicians decide between Inpatient and HOPD
- 3-year phase-in

Significant modification to Covered Procedures List

- Eliminate criteria
- Adds 270 new procedures to CPL in 2021

Price Transparency

- Shoppable Services Final
- Negotiated Rates between carriers (proposed)

Advanced Technology

Breakthrough Technology

- New MCIT Coverage Pathway for National Medicare Coverage of FDA “Breakthrough” Devices
- Provided reimbursement assurance in place of “valley of death.”
 - Genetic Tests
 - AI

Technology Pass-through Payments

- First AI approved this year

Device Intensive Procedures

- Changed threshold from 40% to 30%

Rural Health

Memorandum of Understanding b/w USDA, HHS and FCC

- Intended to create better coordination in improving access

Reforms to FCC Rural Health Program

- Grant money from CARES Act
- Pivot orientation toward more rural providers

The Iron Triangle Defines the Regulatory System

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Innovation happens, first slowly, then all at one.



[1] Pay Attention to Demographics

- Boomers recede as millennials exert their influence
- Generational attitudes are altering care delivery paradigms
- Businesses built on serving Medicare population will have to find new customers

[2] Fade Your Personal Political Views

- What is may not be what everyone wants
- Be prepared to admit some of your favorite political figures may make the wrong choices and some of your least favorite make right ones

[3] Crunch the Numbers

- Demographic, insurance enrollment data will support the narrative, or it will not
- Utilization of alternative care sites, mechanisms will herald demographic influence

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