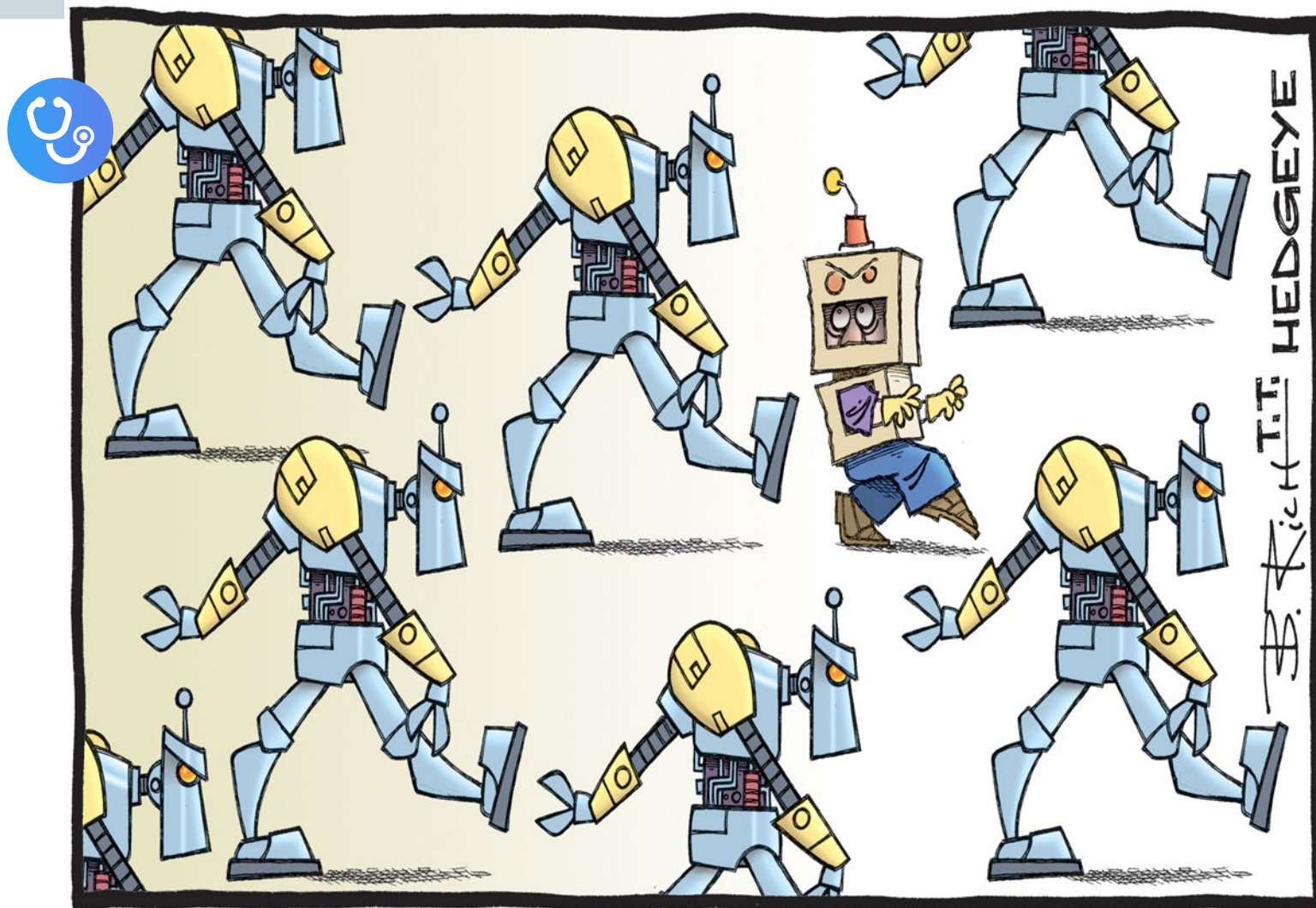


HEDGEYE

Position Monitor Update

Flu season ramping early and strong, TDOC, wage growth.

December 16, 2019



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Please submit questions* to
qa@hedgeye.com

*Answered at the end of the call

Health Care Position Monitor

HEDGEYE

For Week of December 16, 2019

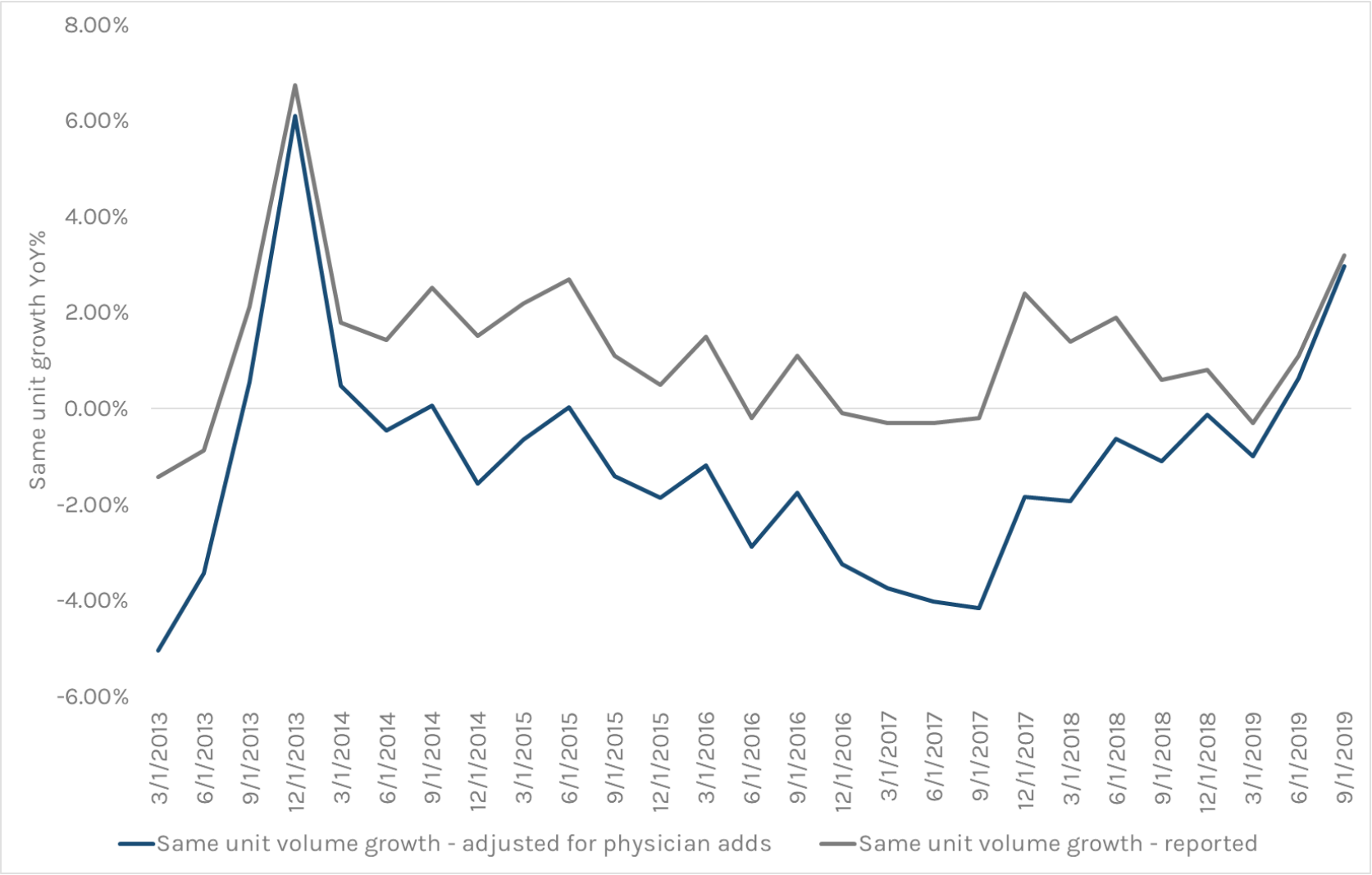
Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
AMN	AMN Healthcare Services, Inc.	\$ 59.64	\$2.8B	✓	✓	HQY	HealthEquity Inc	\$ 71.46	\$5.1B	×	×
THC	Tenet Healthcare Corporation	\$ 37.03	\$3.8B	✓	---	DXCM	DexCom, Inc.	\$ 203.83	\$18.6B	×	×
ANTM	Anthem, Inc.	\$ 284.12	\$72.0B	✓	---	NVTA	Invitae Corp.	\$ 17.16	\$1.7B	×	×
ZBH	Zimmer Biomet Holdings, Inc.	\$ 148.07	\$30.5B	✓	✓						
ILMN	Illumina, Inc.	\$ 324.72	\$47.7B	✓	✓						
GH	Guardant Health, Inc.	\$ 75.90	\$7.1B	✓	✓						
Long Bias						Short Bias					
MD	MEDNAX, Inc.	\$ 27.38	\$2.3B	---	---	MYGN	Myriad Genetics, Inc.	\$ 25.58	\$1.9B	---	---
SGRY	Surgery Partners, Inc.	\$ 14.51	\$0.7B	---	---	EXAS	Exact Sciences Corporation	\$ 87.20	\$12.8B	---	---
HCA	HCA Healthcare Inc	\$ 142.86	\$48.5B	---	---	UNH	UnitedHealth Group Incorporated	\$ 285.48	\$270.5B	---	---
UHS	Universal Health Services, Inc. Class B	\$ 144.34	\$11.6B	---	---	DVA	DaVita Inc.	\$ 72.71	\$9.3B	---	---
TDOC	Teladoc Health, Inc.	\$ 76.31	\$5.5B	---	---						
TXG	10x Genomics Inc Class A	\$ 60.97	\$1.3B	---	---						

Disclaimer

Hedgeye's "bias" 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.

Mednax - Stock Quad 1

Showing signs of operational improvement



Mednax began screening as a Stock Quad 1 in recent months, or an estimate trend that is reaccelerating at an accelerating rate.

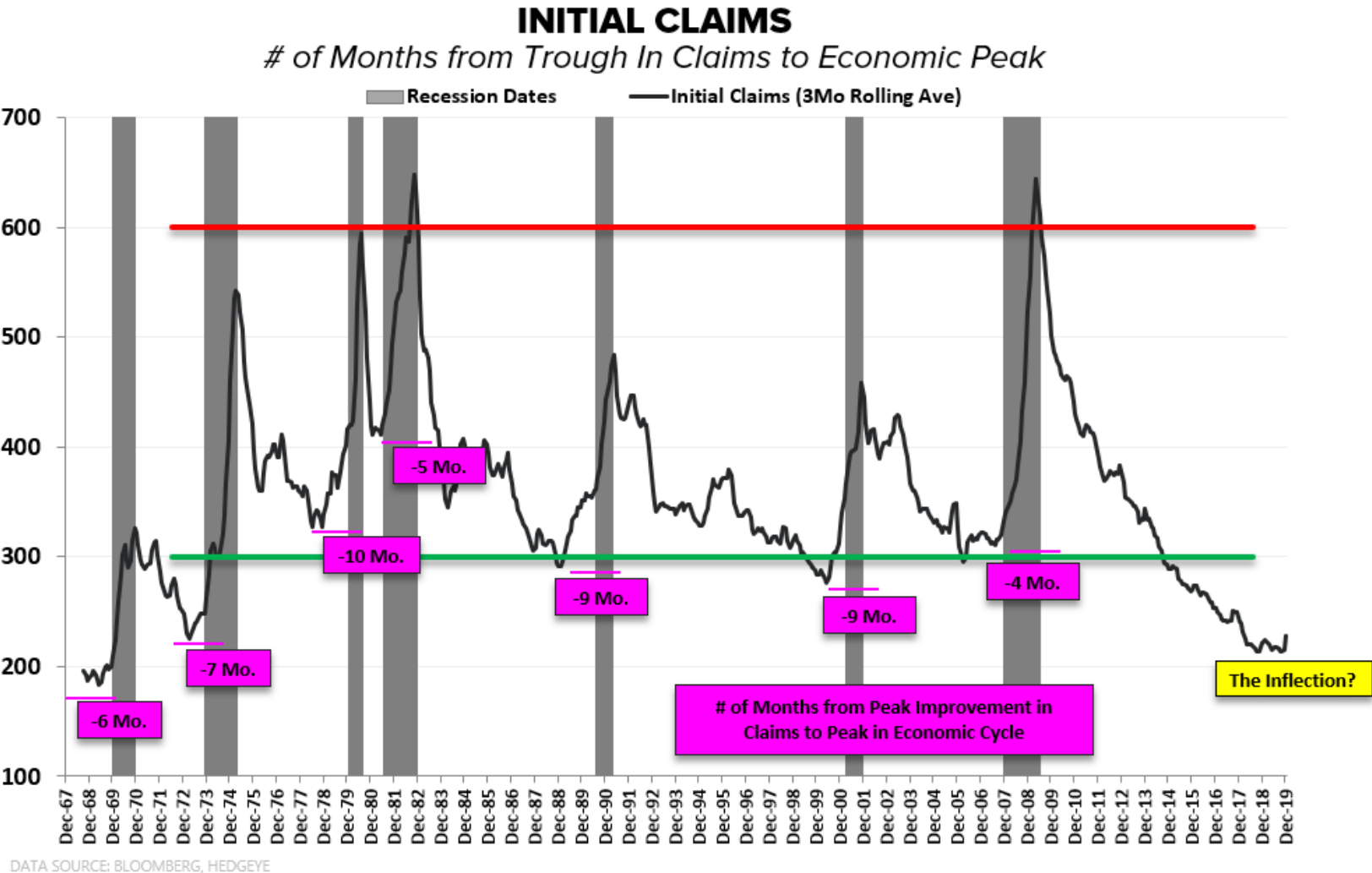
Underlying same unit volume trend may be more robust than the reported number. Mednax has typically included physicians added to a same unit practice as same unit growth.

Adjusting prior same unit volume for same practice doc adds, growth has been accelerating consistently for several quarters.

High priority long: new management, a robust US Medical Economy, activist investor, combined with accelerating growth...

Unemployment Claims Inflecting higher

Potential negative for ESI population



Weekly unemployment claims may be inflecting to the upside?

Rising unemployment claims negatively impact the Employer Sponsored Insurance (ESI) population, the highest price and highest margin medical consumer.

If unemployment claims continue to deteriorate expect a short term boost to medical consumption due to fear of losing benefits, followed by deceleration and decline as insurance rolls decline.

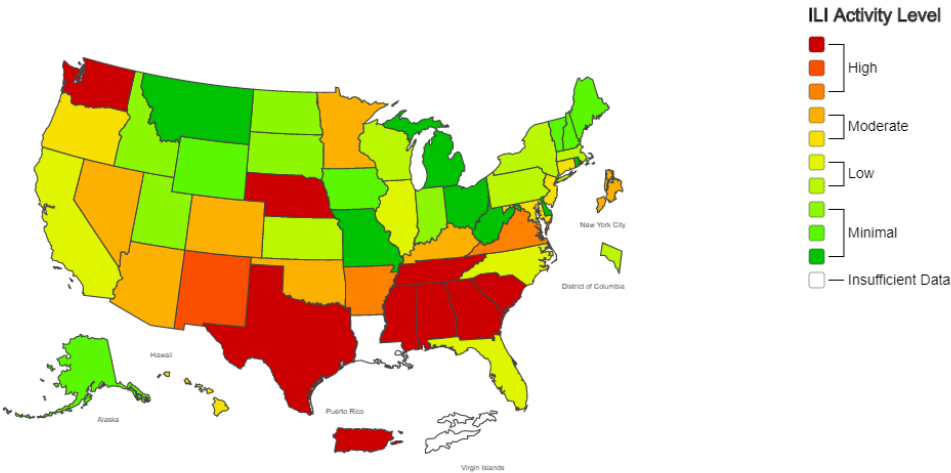
Our Insured Medical Consumer model will update the real time changes across all payor types and the impact to medical consumption.

Flu activity trending above last year

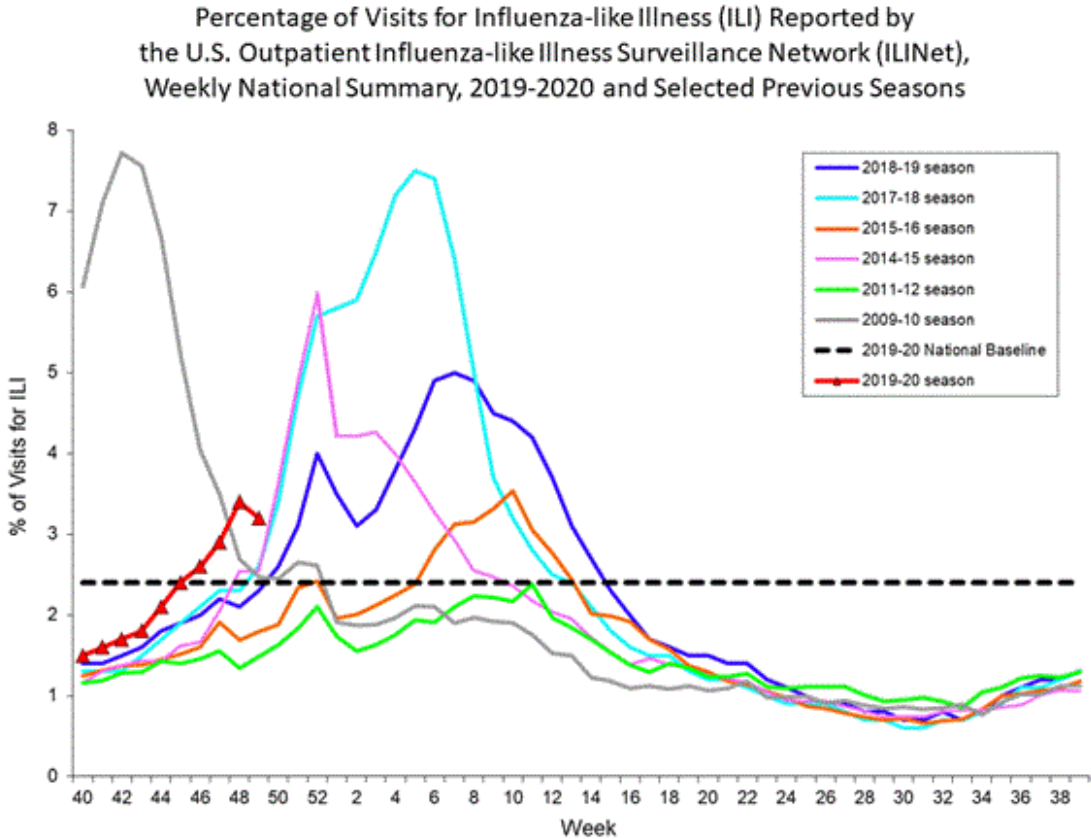
Weak flu season was an earnings season call out 1Q19



A Weekly Influenza Surveillance Report Prepared by the Influenza Division
Influenza-Like Illness (ILI) Activity Level Indicator Determined by Data Reported to ILINet
2019-20 Influenza Season Week 49 ending Dec 07, 2019

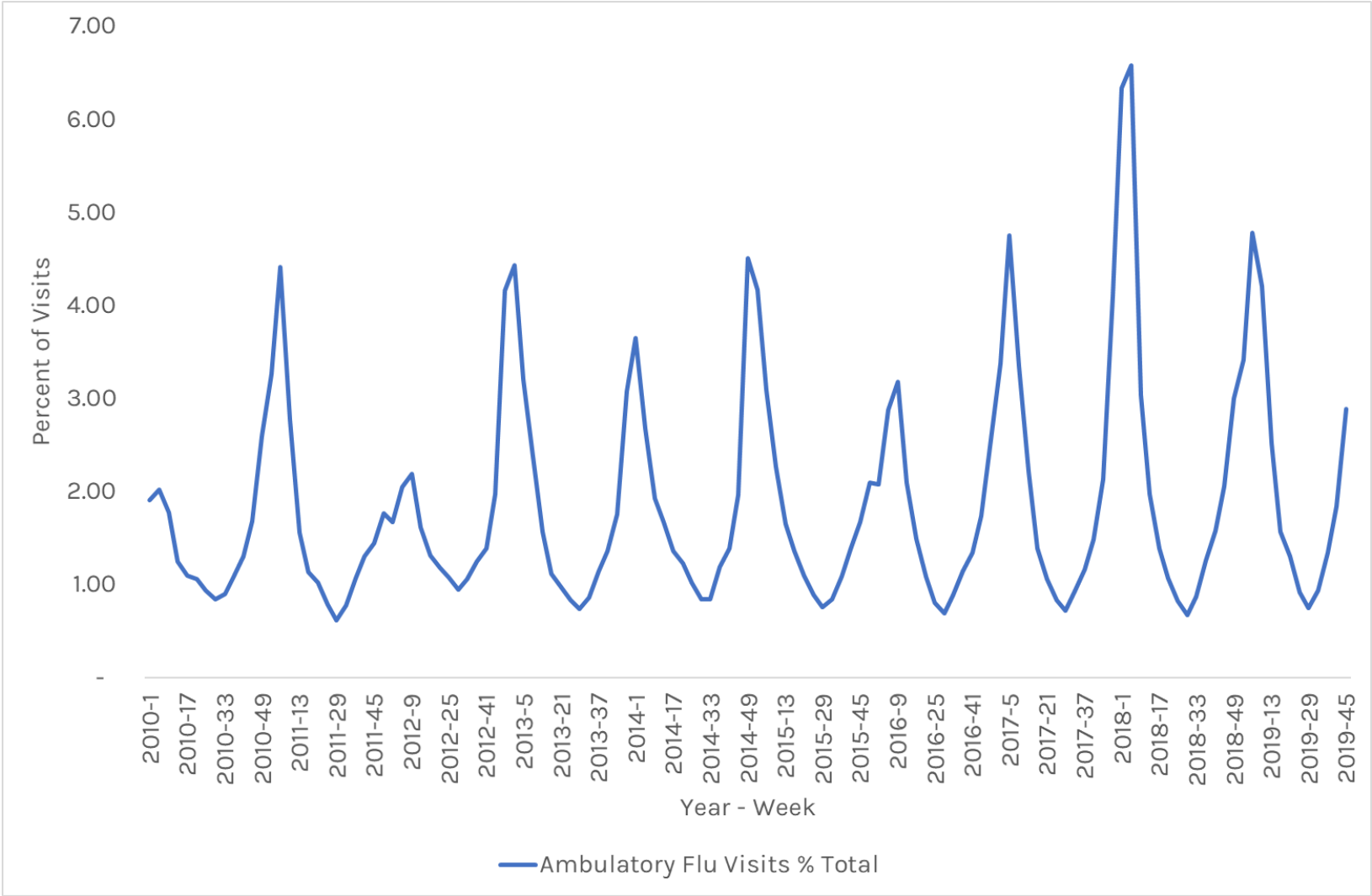


*This map uses the proportion of outpatient visits to healthcare providers for influenza-like illness to measure the ILI activity level within a state. It does not, however, measure the extent of geographic spread of flu within a state. Therefore, outbreaks occurring in a single city could cause the state to display high activity levels.
*Data collected in ILINet may disproportionately represent certain populations within a state, and therefore may not accurately depict the full picture of influenza activity for the whole state.
*Data displayed in this map are based on data collected in ILINet, whereas the State and Territorial flu activity map are based on reports from state and territorial epidemiologists. The data presented in this map is preliminary and may change as more data is received.
*Differences in the data presented by CDC and state health departments likely represent differing levels of data completeness with data presented by the state likely being the more complete.
*For the data download you can use Activity Level for the number and Activity Level Label for the text description.



Ambulatory flu visits

Influenza like illness % of total

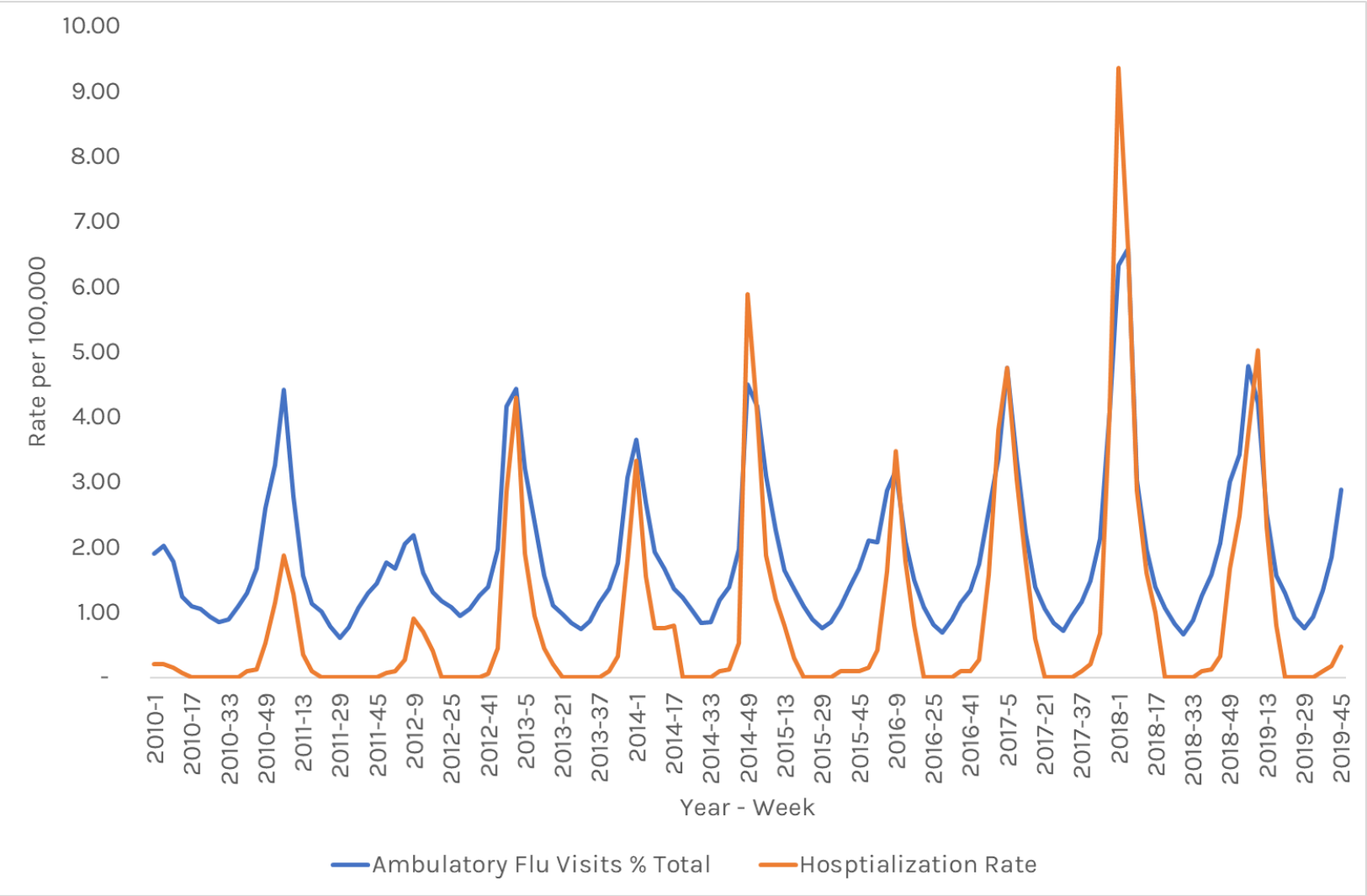


Influenza like illness visits were down year over year in 2019.

The current trajectory is trending well ahead of 2018 levels.

Flu Hospitalizations

Flu hospitalizations follow a rise in ambulatory visits

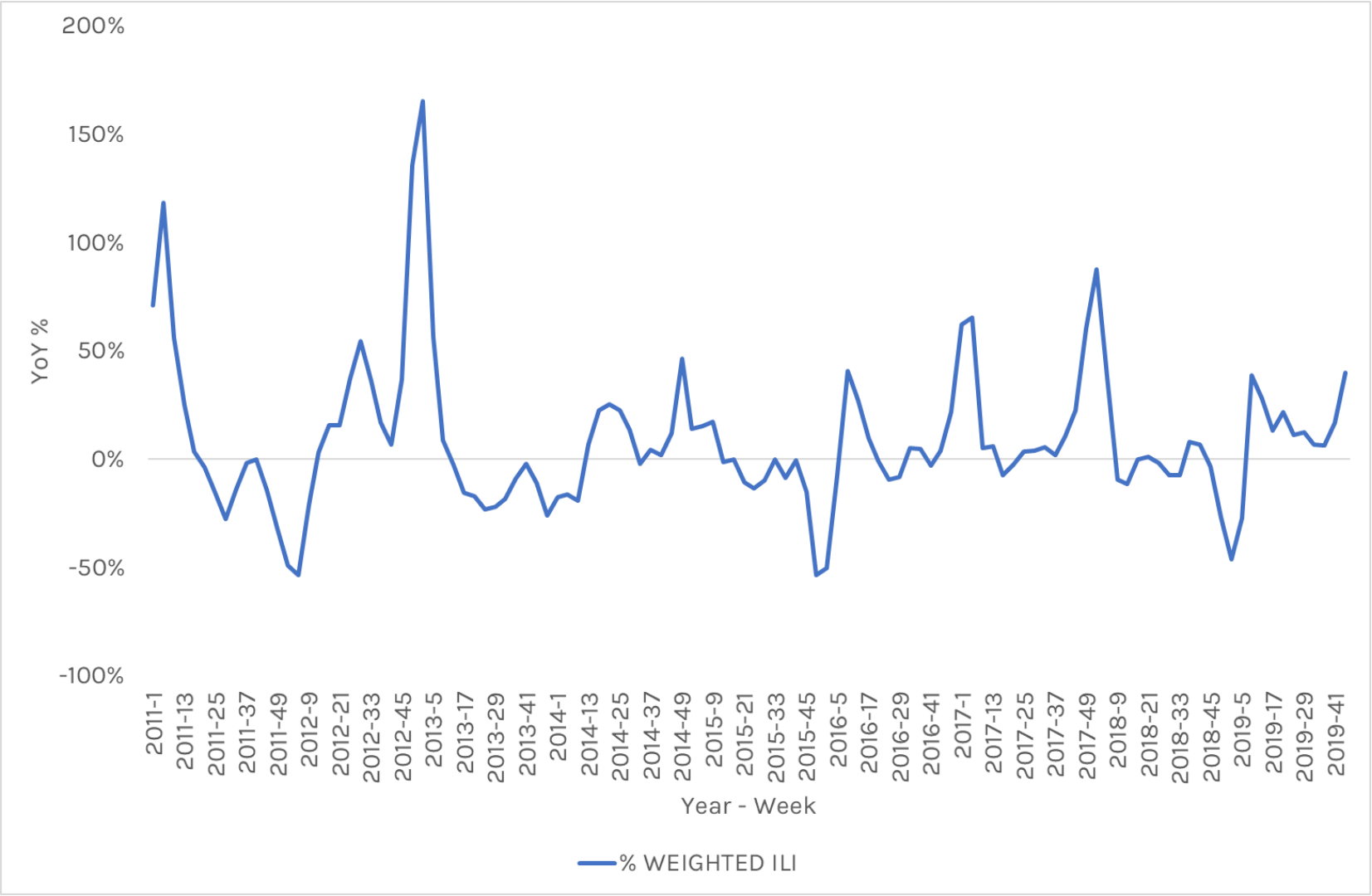


Hospital admissions are driven by emergency room visits. Emergency room visits are driven by flu. A strong flu season leads to strong ER and admissions volume.

In the next 2 quarters discerning between tailwinds from flu and headwinds from ESI and slowing employment will be a key to timing.

Flu visits rising +50%

Comparisons are negative over the next several weeks



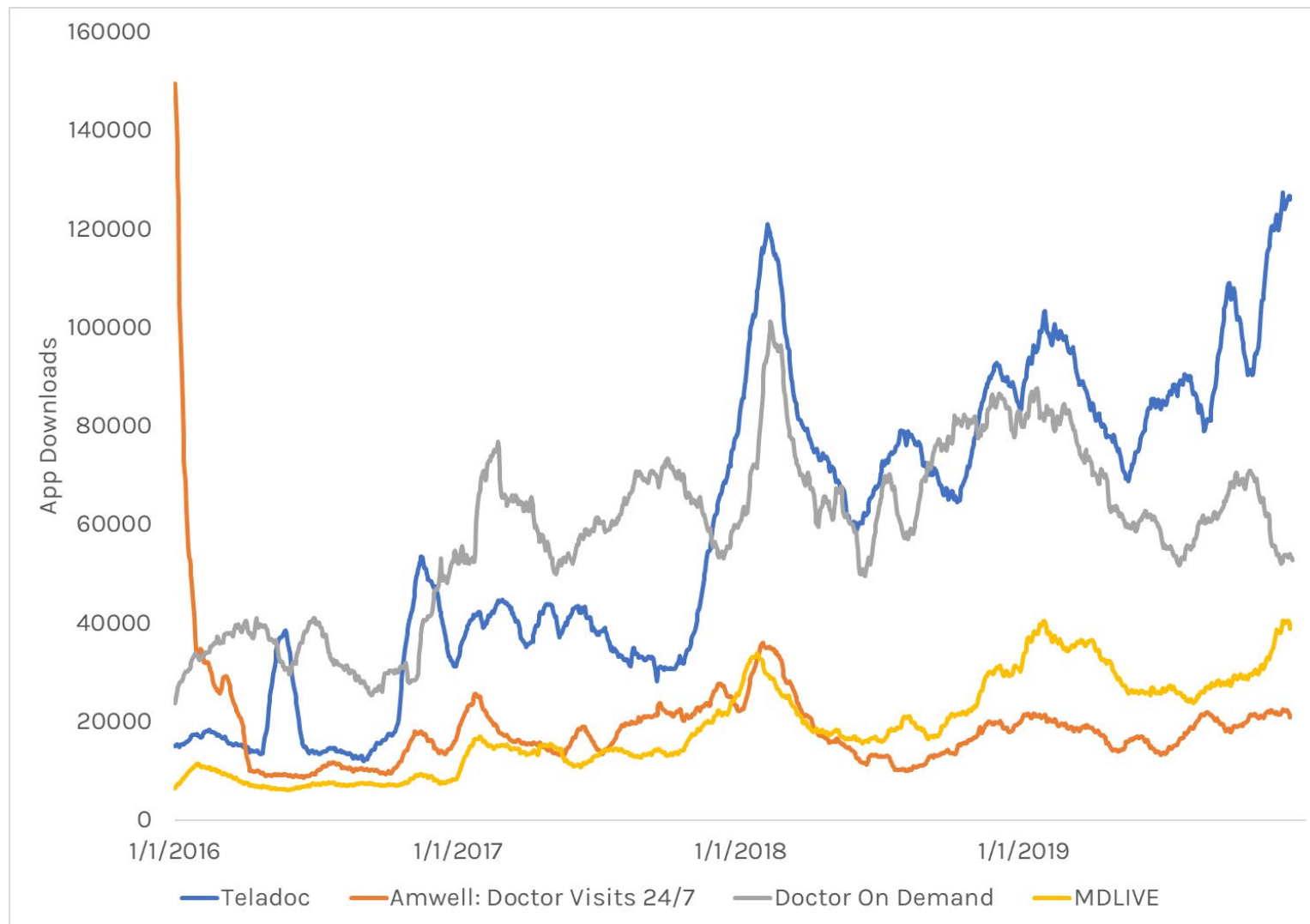
Comparisons ease over the coming weeks.

The tailwinds to ambulatory, outpatient, and hospitalizations will be substantially positive through 4Q19 results and 1Q20 guidance.

Flu impacts the US Medical Economy in a number of ways including ambulatory visits, hospitalizations, surgical delays, staffing problems and cost, and medical cost ratios.

Telemedicine app downloads

TDOC outperforming versus peer group



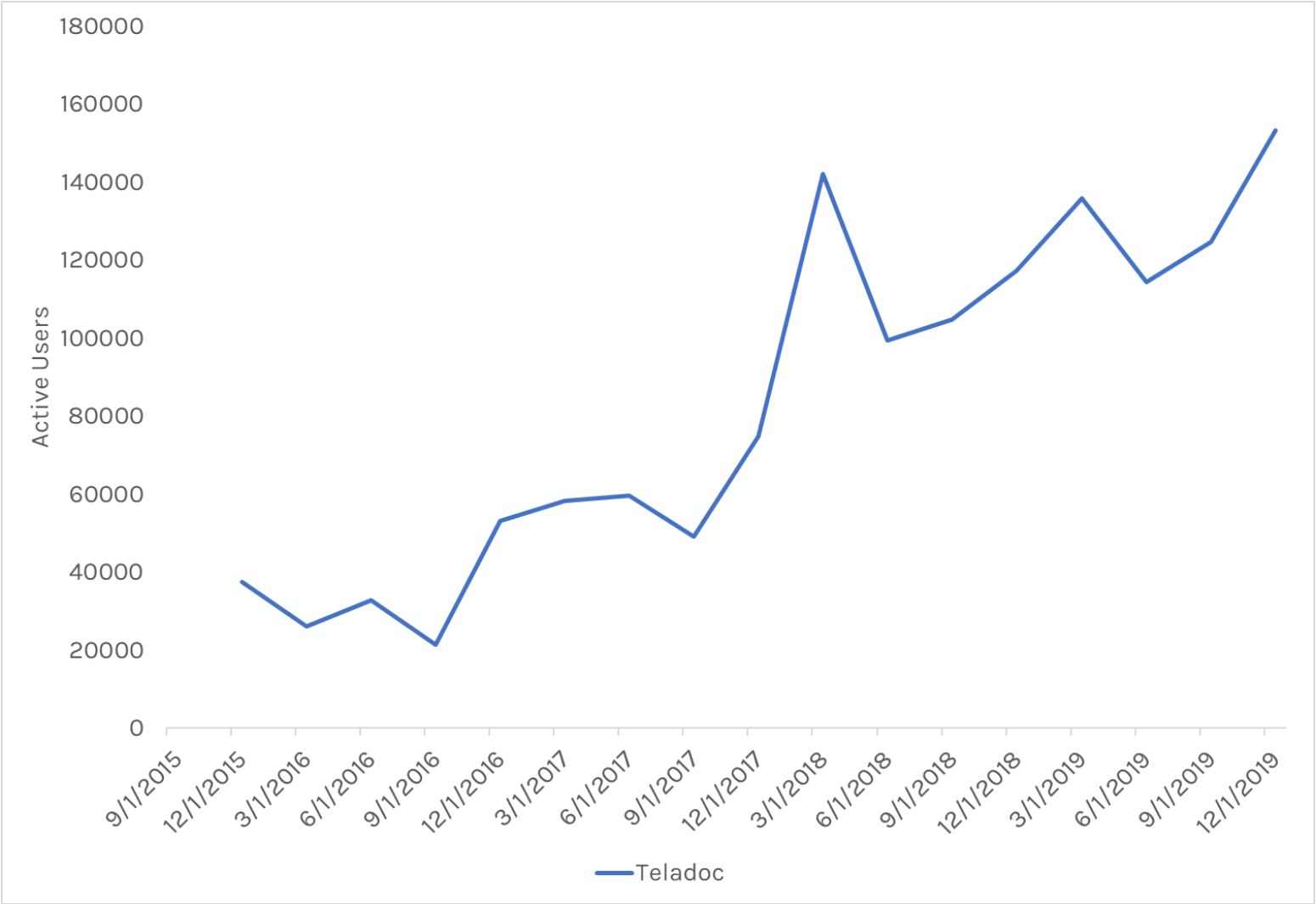
We put TDOC on the long bench prior to 3Q19 earnings.

The UNH and CVS partnerships seem like the likely tailwind behind TDOC's download outperformance compared to its peers.

With flu as an added tailwind, it may be worth moving the ticker off the Position Monitor Bench and returning it to an active long.

TDOC Active Users

Active User trend is reaccelerating YoY%



Active users are re-accelerating year over year, following the trend in app downloads.

Ambulatory - BLS

Flu could spike the trend in employment and wages even further, margin pressure

