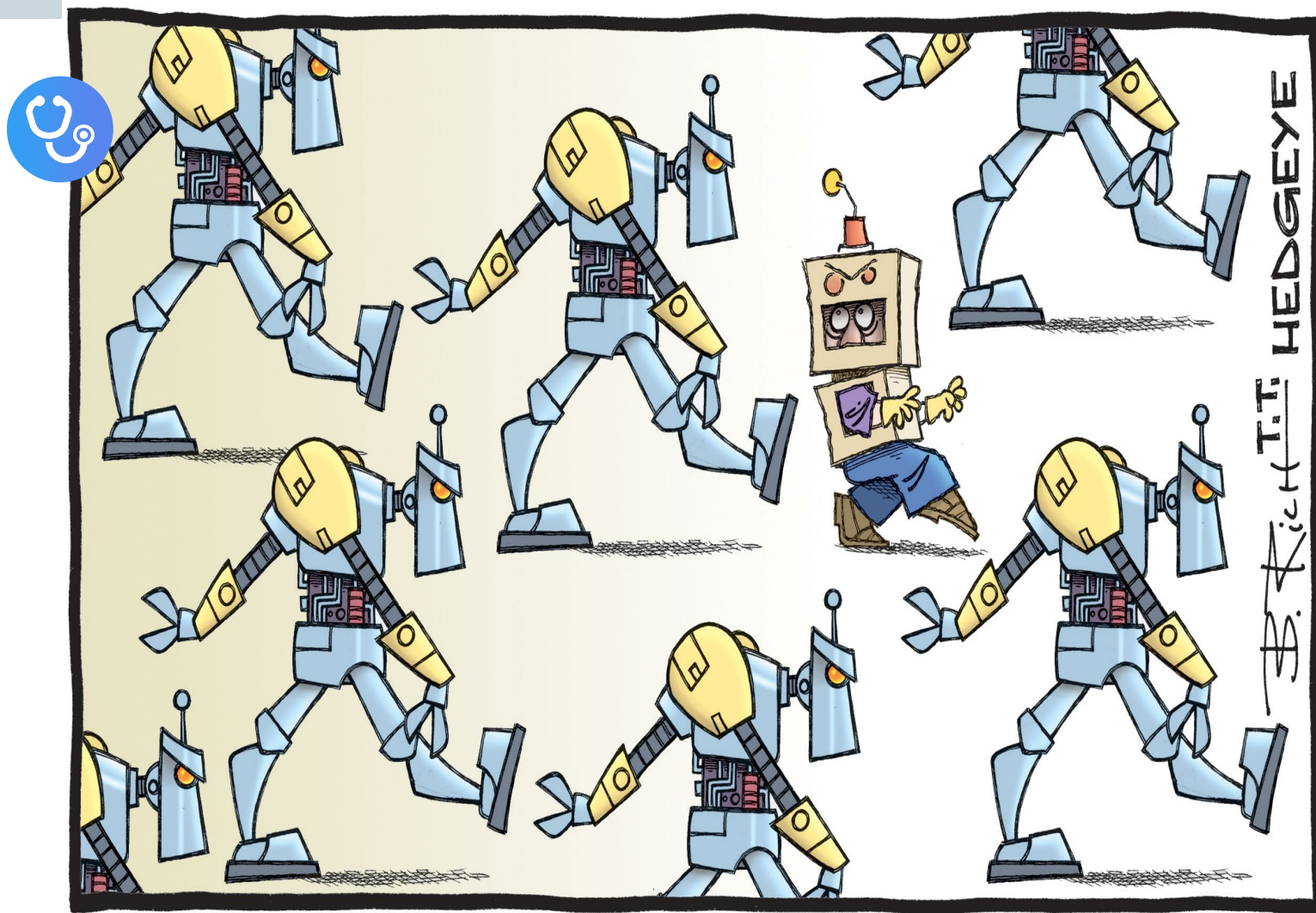


HEDGEYE

Health Care Position Monitor Update

Health Care Labor Demand, Forecast Algorithms, and Claims Data

February 10, 2020



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Please submit questions* to
qa@hedgeye.com

*Answered at the end of the call

1 Utilization

The Health Care Labor picture continues to point to a positive demand environment in the near term, but signs of slowing are steadily creeping in.

2 AMN Healthcare Services (AMN)

Health Care Labor Demand updates from the ADP Employment Report and Bureau of Labor Statistics last week point to positive earnings this Thursday.

3 Dexcom (DXCM)

2020 revenue guidance is 17-20% revenue growth, well below what bulls believe the company will print. 4Q19 will be the first chance we'll have to compare the new data analysis to an earnings result.

4 Myriad Genetics (MYGN)

After the blow up, MYGN looks like a deeply troubled value play. According to our data, problems at Counsyl started in the middle of last year and management commentary may merely be catching up to a reality that was already in place.

Health Care Position Monitor

HEDGEYE

For Week of February 10, 2020

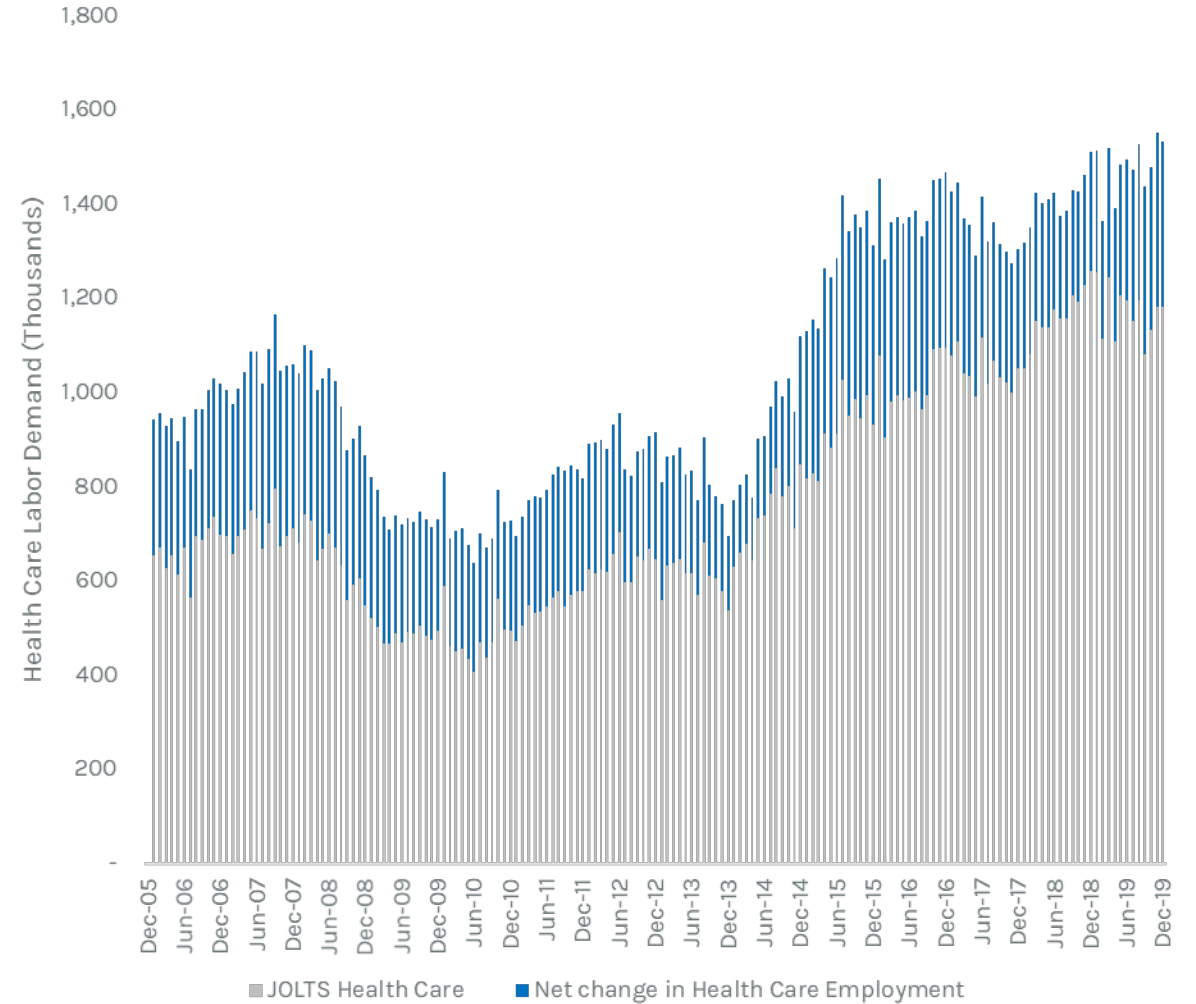
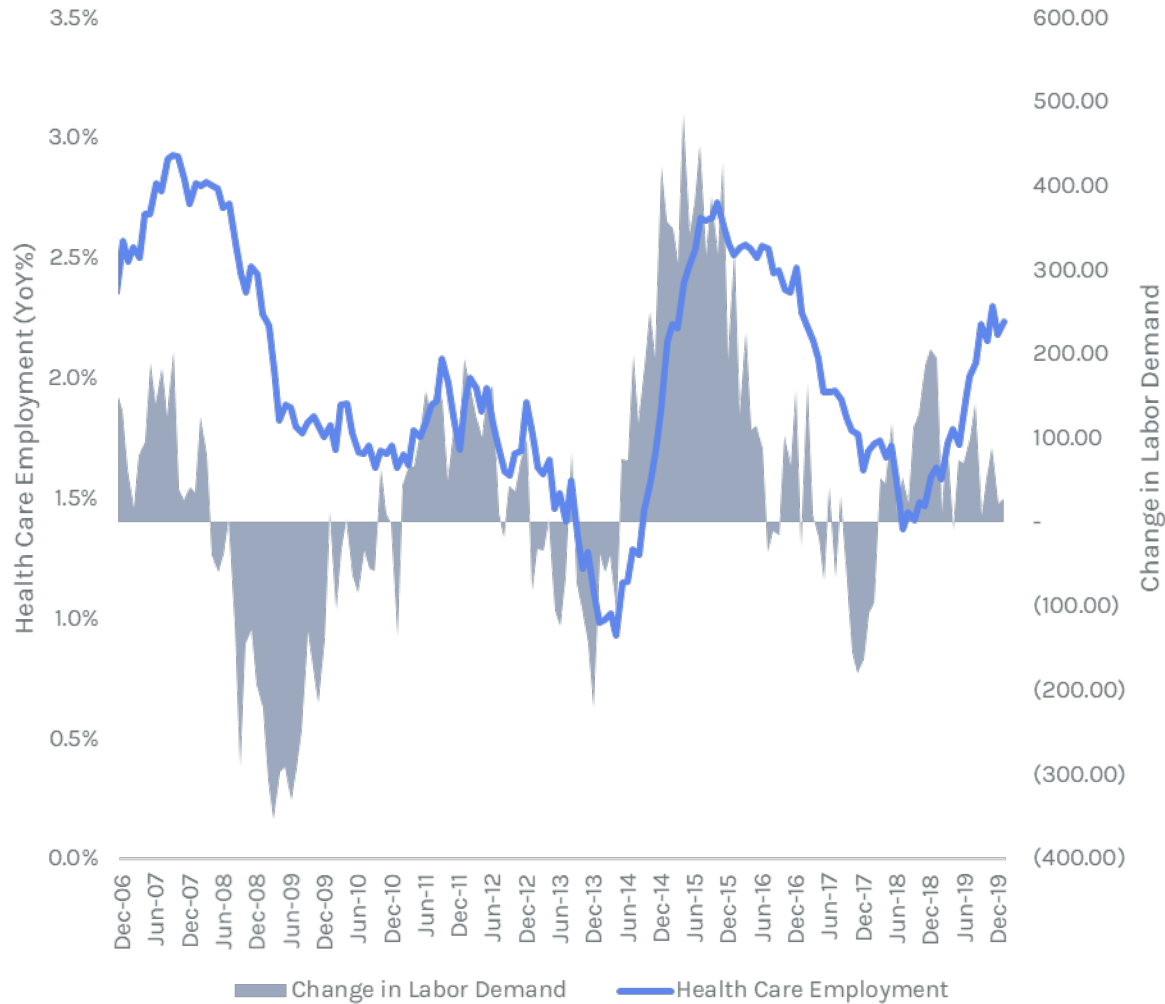
Best Ideas - Longs						Best Ideas - Shorts					
		Price	Mkt Cap (\$B)	Trend	Tail			Price	Mkt Cap (\$B)	Trend	Tail
LONG						SHORT					
Active Longs						Active Shorts					
MD	MEDNAX, Inc.	\$ 25.45	\$2.1B	✓	✓	HQY	HealthEquity Inc	\$ 71.38	\$5.1B	×	×
AMN	AMN Healthcare Services, Inc.	\$ 69.75	\$3.3B	✓		NVTA	Invitae Corp.	\$ 22.99	\$2.3B	×	×
ANTM	Anthem, Inc.	\$ 276.48	\$70.1B	✓		DXCM	DexCom, Inc.	\$ 240.22	\$21.9B	×	×
ILMN	Illumina, Inc.	\$ 294.30	\$43.3B	✓	✓						
THC	Tenet Healthcare Corporation	\$ 33.16	\$3.4B	✓	✓						
GH	Guardant Health, Inc.	\$ 78.48	\$7.4B	✓	✓						
ZBH	Zimmer Biomet Holdings, Inc.	\$ 156.39	\$32.2B	✓	✓						
Long Bias						Short Bias					
TDOC	Teladoc Health, Inc.	\$ 105.84	\$7.7B			MYGN	Myriad Genetics, Inc.	\$ 21.02	\$1.6B		
TXG	10x Genomics Inc Class A	\$ 88.98	\$1.9B			EXAS	Exact Sciences Corporation	\$ 95.28	\$14.0B		
SGRY	Surgery Partners, Inc.	\$ 18.01	\$0.9B			UNH	UnitedHealth Group Incorporated	\$ 289.22	\$274.0B		
UHS	Universal Health Services, Inc. Class B	\$ 138.13	\$11.1B		---	DVA	DaVita Inc.	\$ 81.34	\$10.4B		
						HCA	HCA Healthcare Inc	\$ 145.93	\$49.5B		

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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.

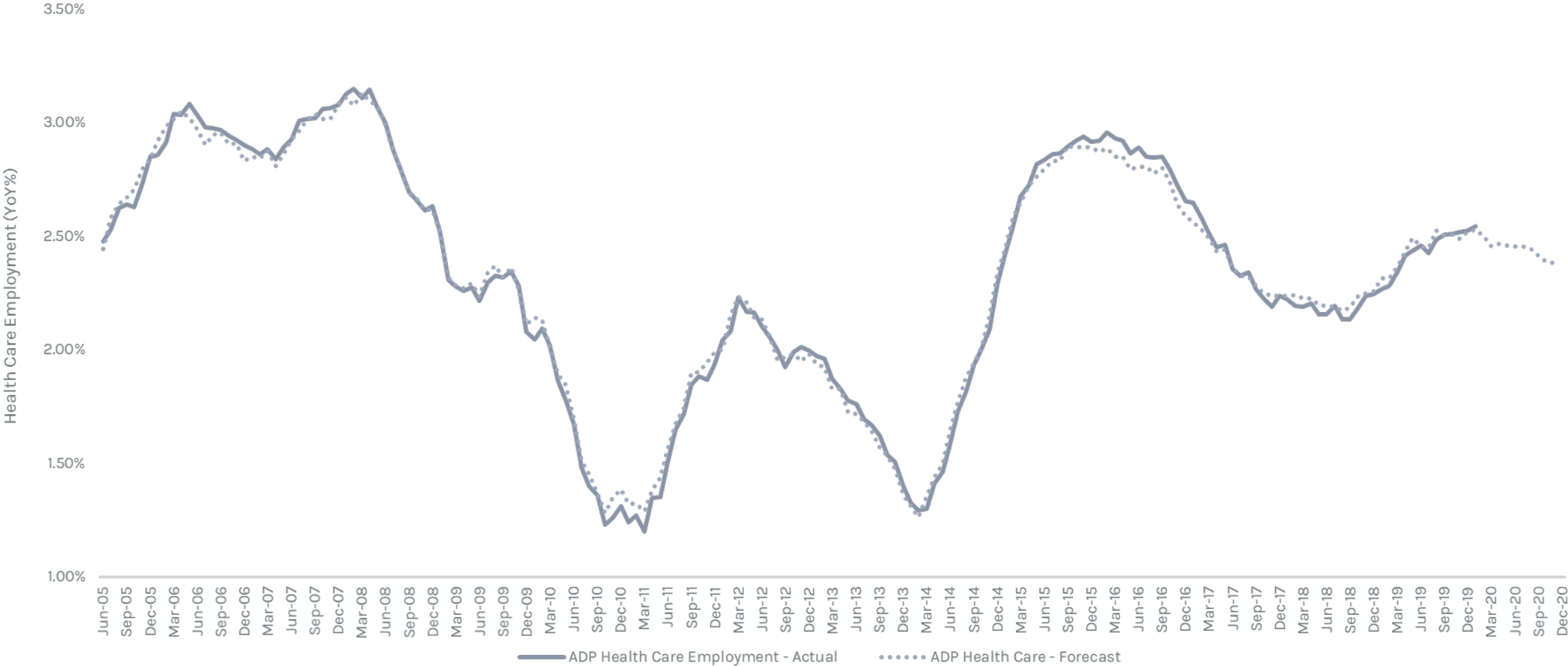
Health Care Labor Demand

Labor demand is no longer accelerating, Rate of Change Slowing, Hours and Wages Slowing



Health Care Labor Demand

ADP Employment Report, Health Care Positive with a Forecast for Slowing



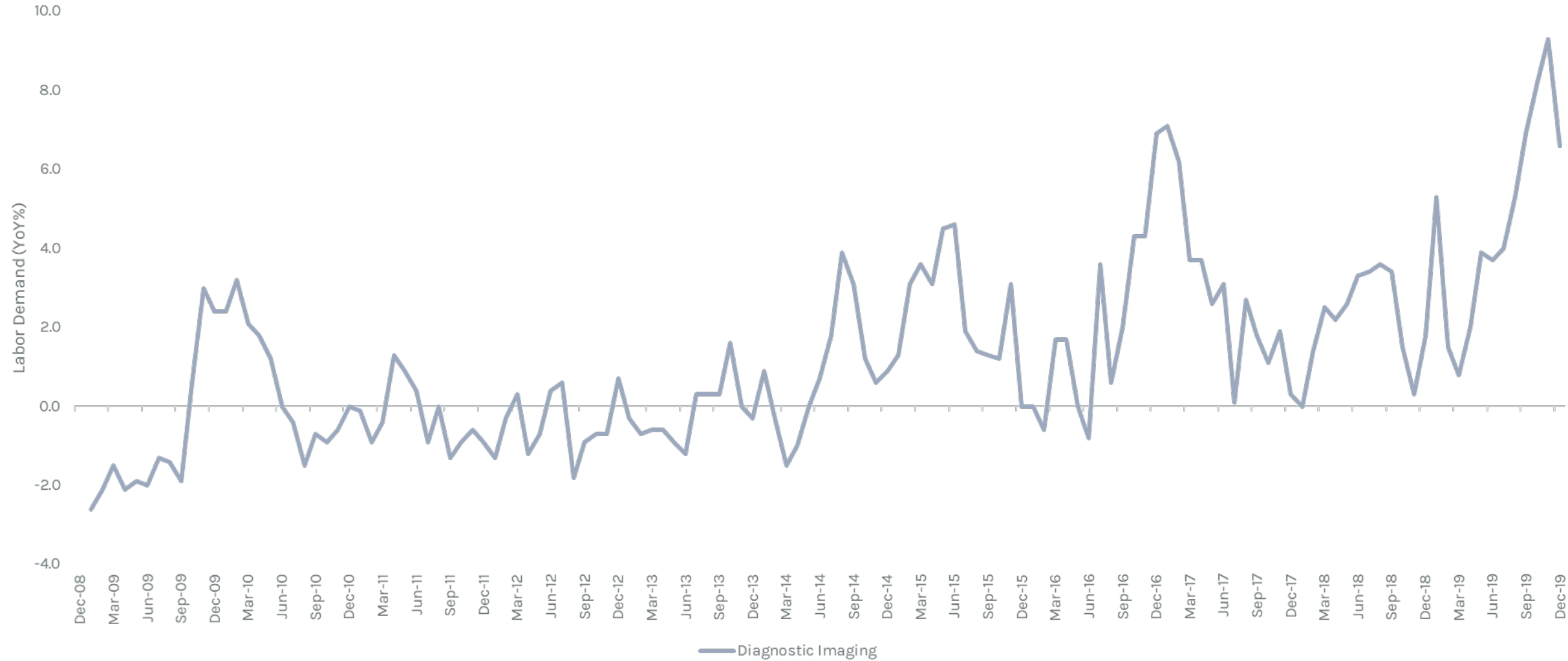
Health Care Labor Demand

General Medical & Surgical Hospitals | Positive and Continues to Accelerate



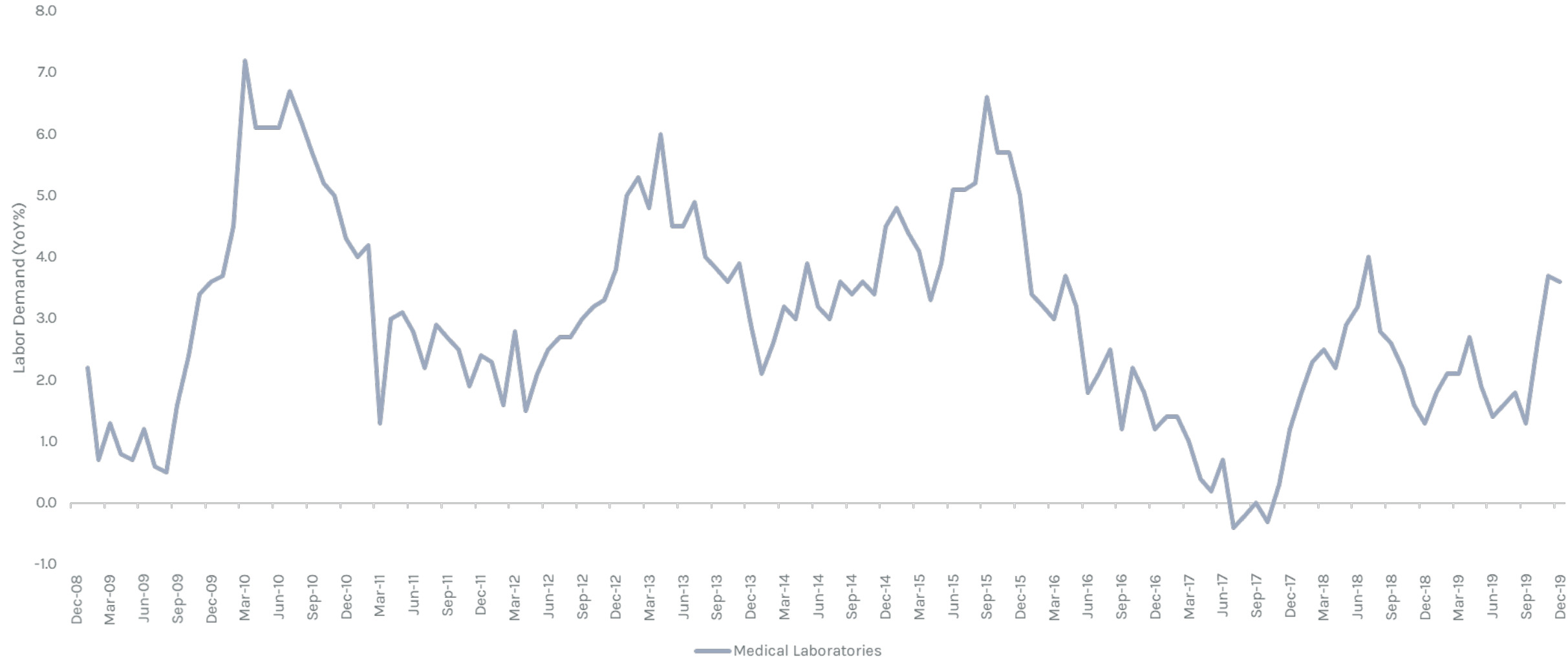
Health Care Labor Demand

Diagnostic Imaging Centers | Strong Growth



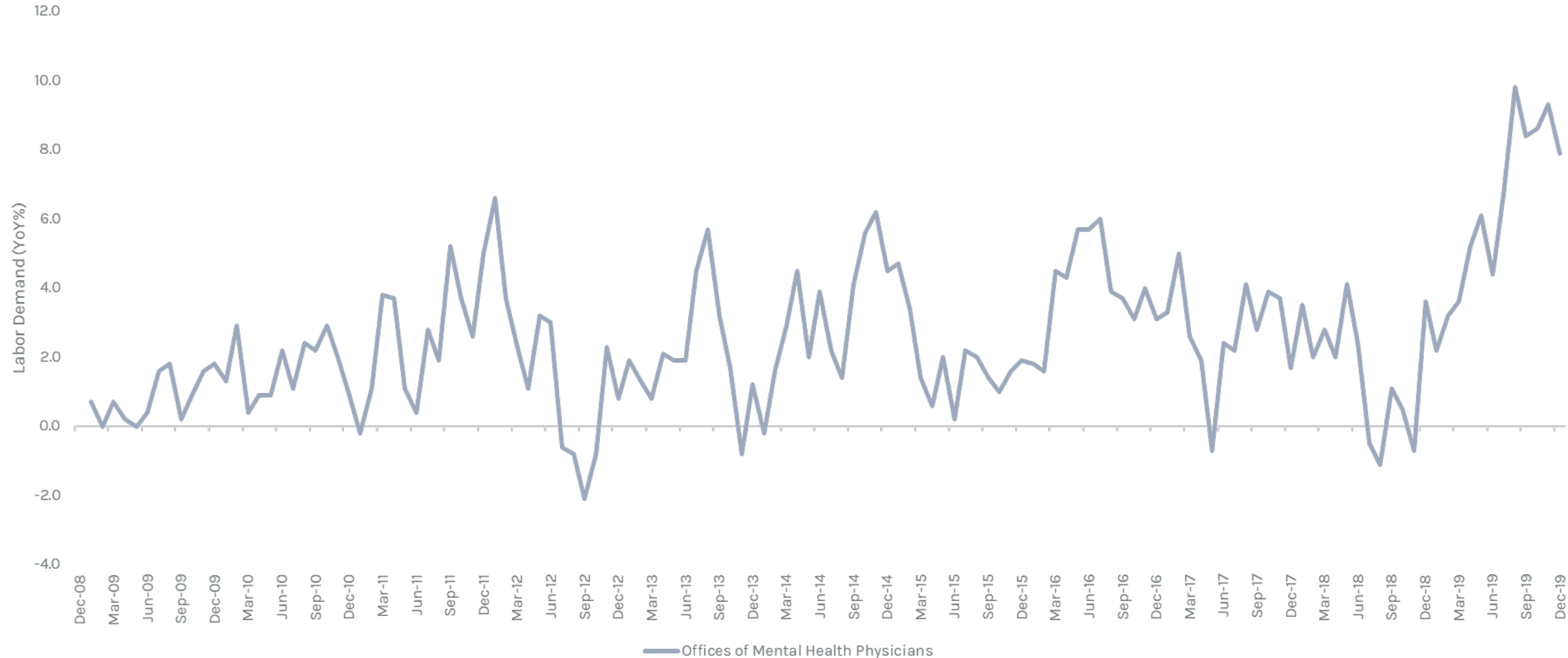
Health Care Labor Demand

Medical Laboratories | Trend Remains Positive



Health Care Labor Demand

Offices of Mental Health | Breaking Out?



HCA Same Facility Equivalent Admissions

The Forecast Points to Meaningful Acceleration



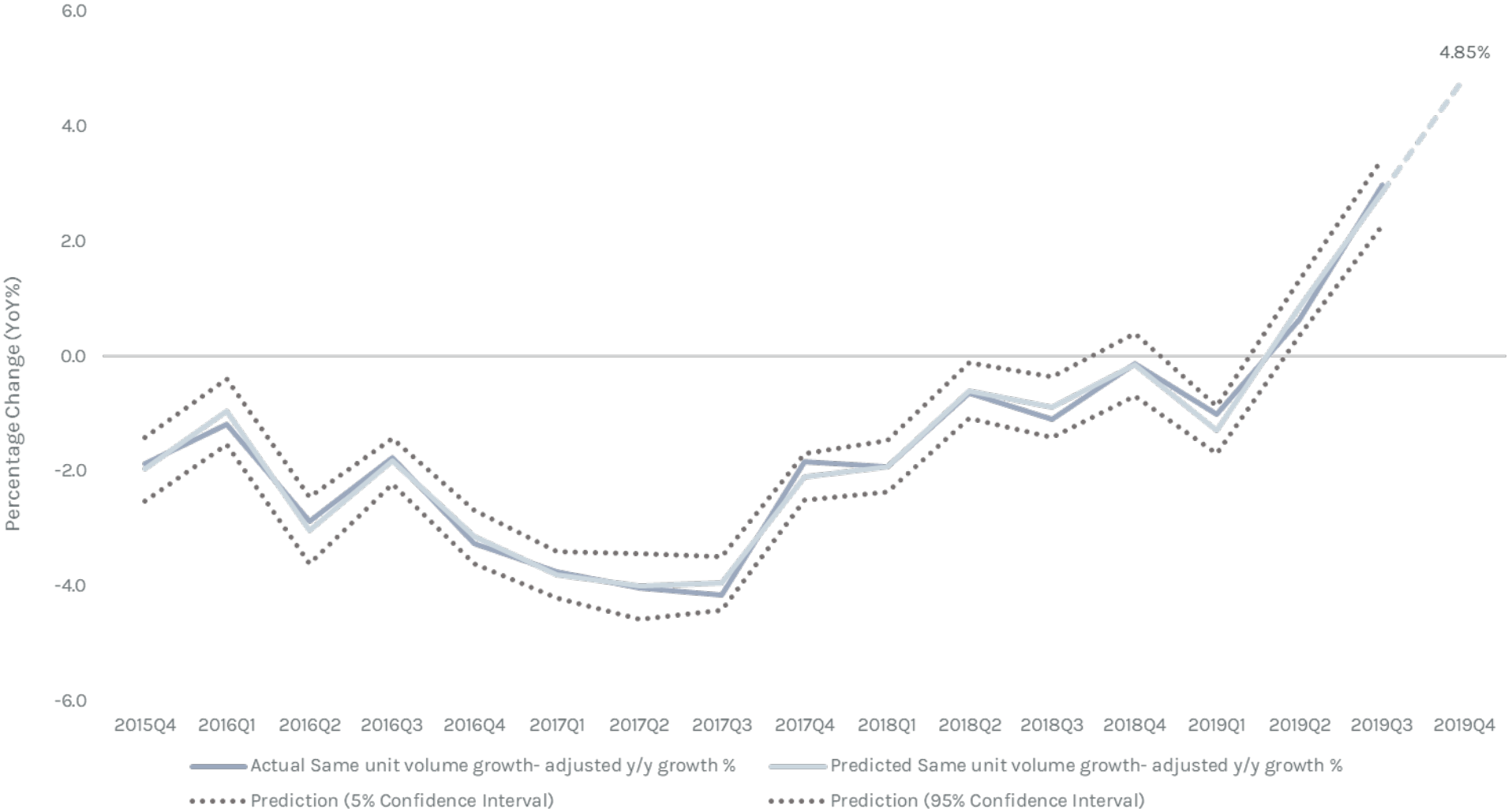
HCA is likely a trading long into earnings based on the current quad set up and this forecast for same facility growth acceleration.

HCA reported same facility adjusted admissions of 5%, ahead of our algorithm and consensus of 3%.

“...we saw great growth in high-end services ... neonatal services”

MD | Forecast Algorithm for Same Unit Volume

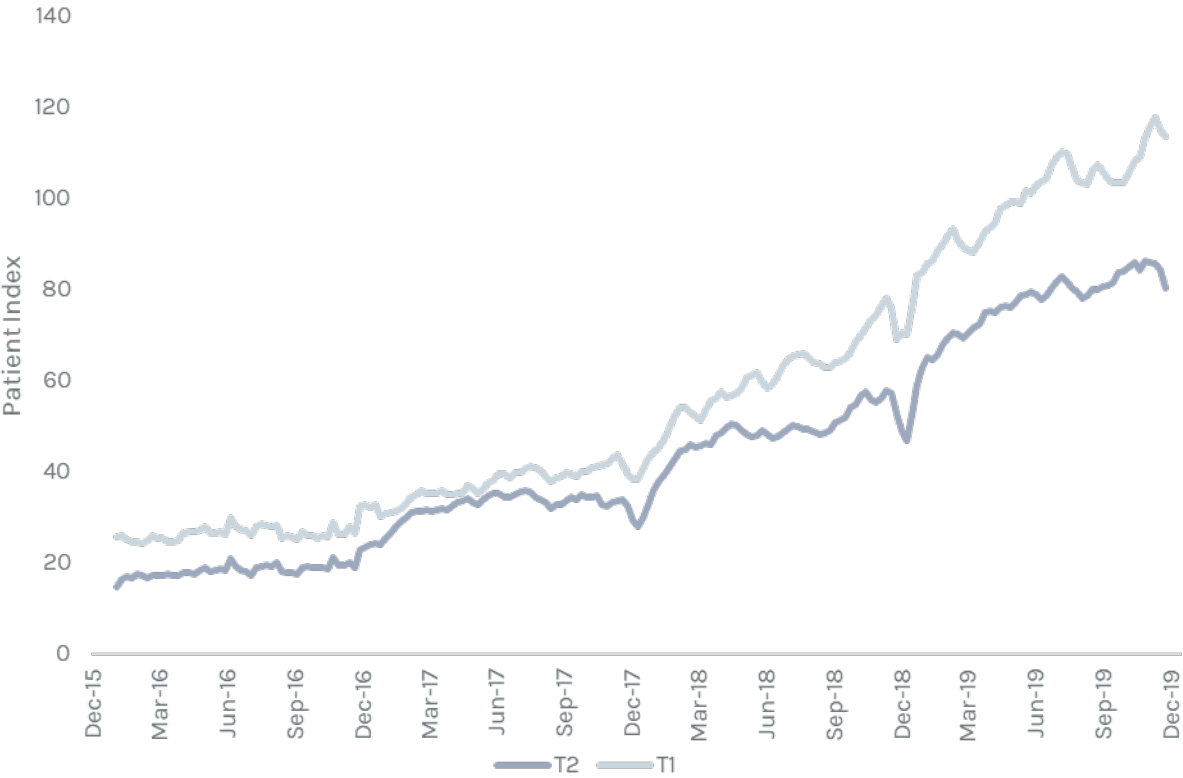
Same unit volume adjusted for net additions of physicians existing practices



Mednax same unit volume is adjusted for same practice physician net gain and losses and then used as the basis to generate a forecast from public health care data sources.

Management is guiding same unit revenue to a range of 1% to 3% substantially below this forecast.

95251 | Continuous Glucose Monitoring

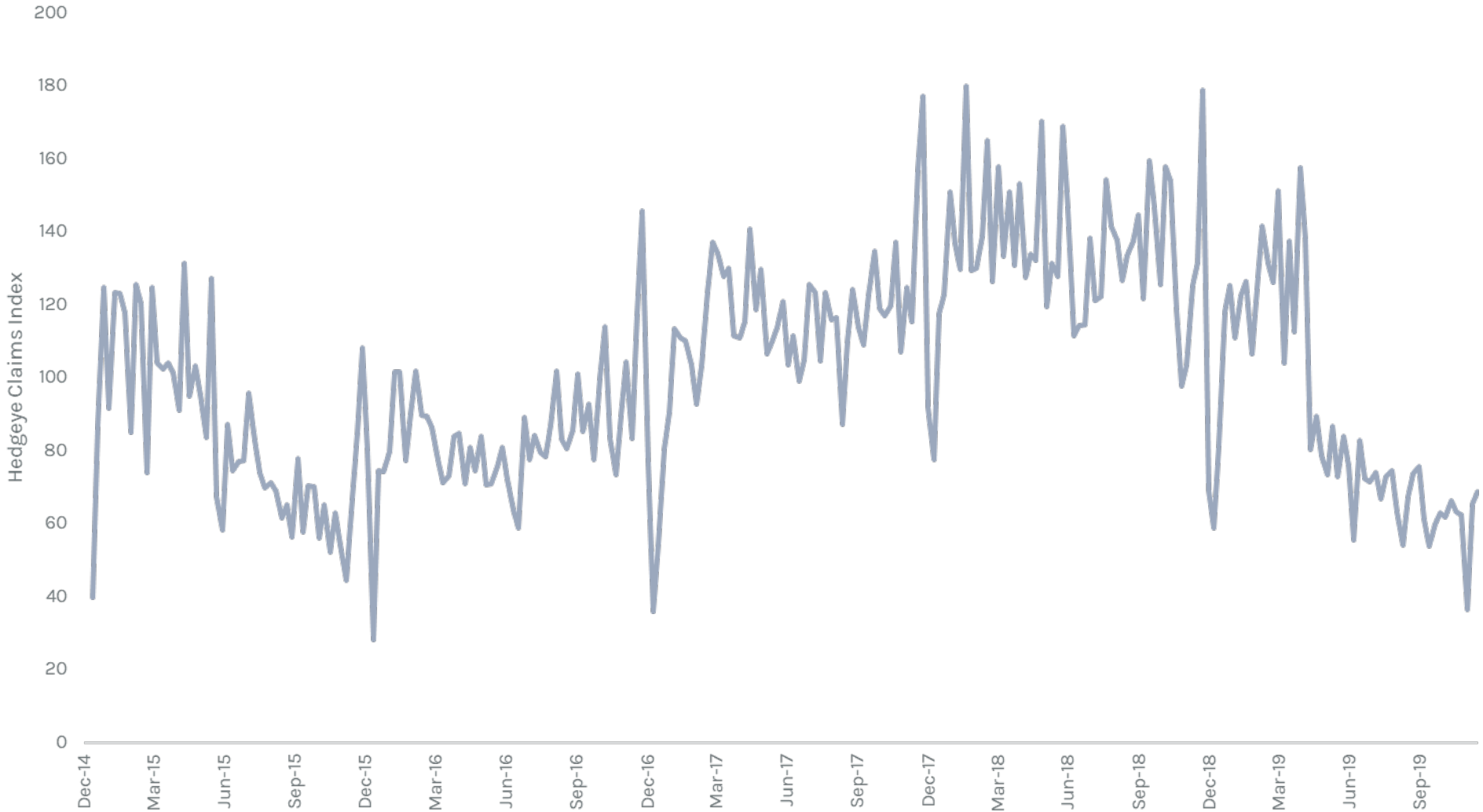


Total patient index for continuous glucose monitoring data interpretation, diagnosis of T1 or T2 diabetes, weekly claims.



New patient index for continuous glucose monitoring data interpretation, diagnosis of T1 or T2 diabetes, weekly claims.

MYGN | Claims Index

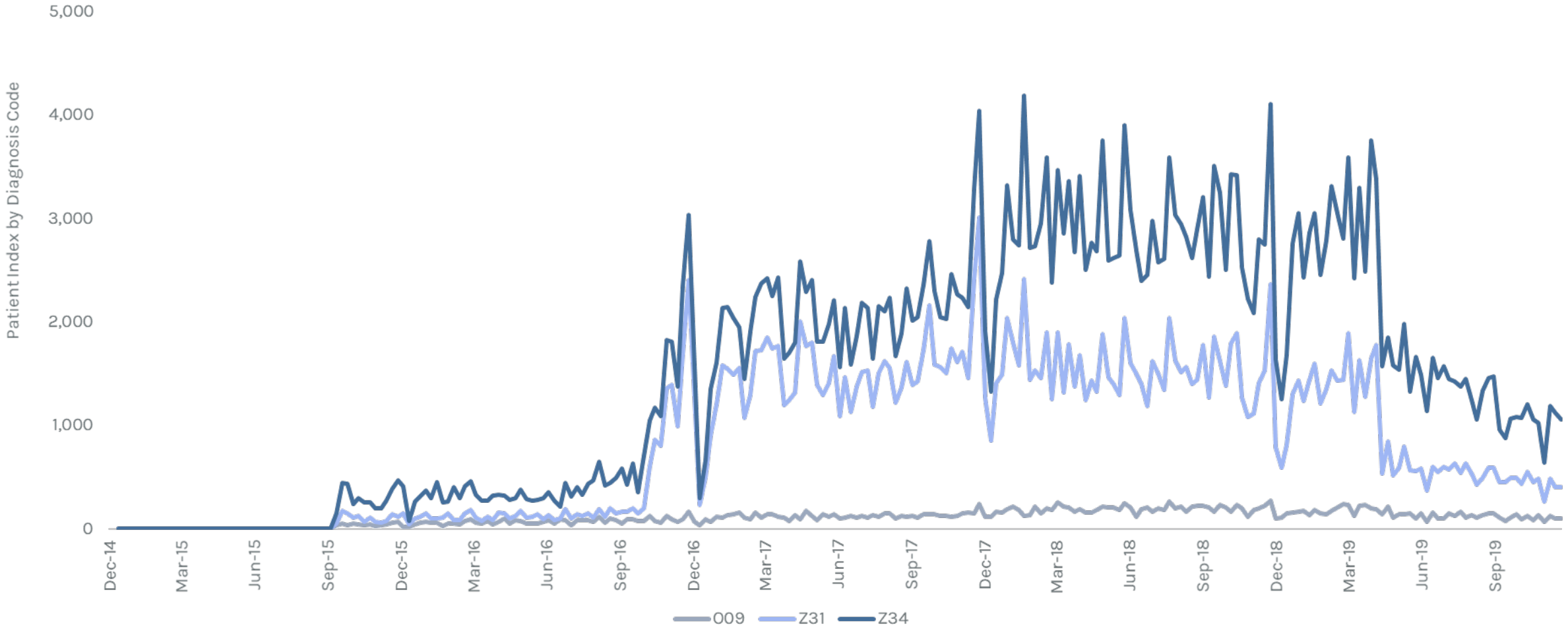


The Claims Index includes claims submitted by the company during the period and picked up in our query.

We utilize an adjustment factor to account for the normal lag between service date and claims submission.

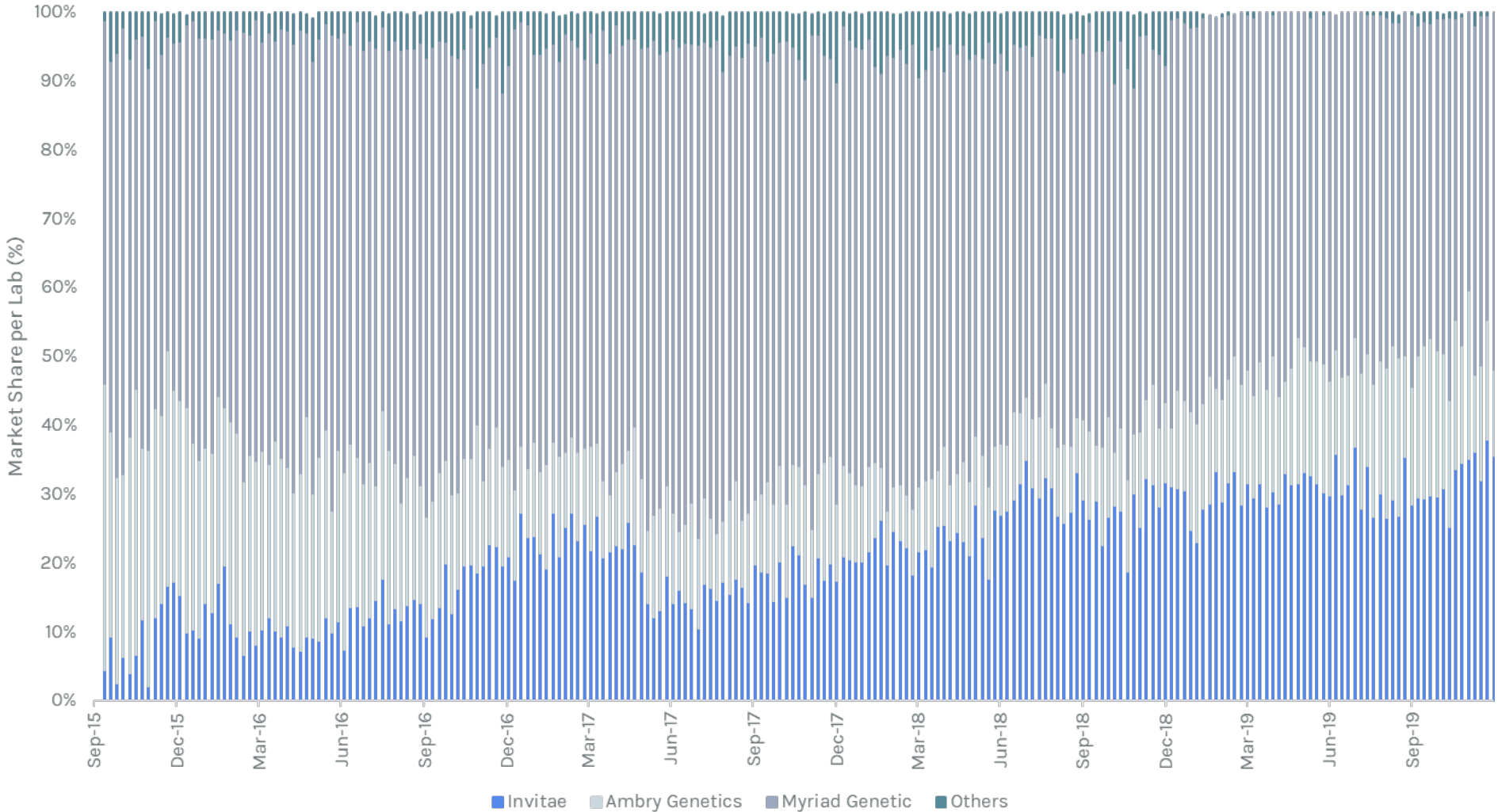
MYGN | Claims Trend

Pregnancy Related Volume Dropped Mid- Year with UNH PLN



MYGN | Market Share of Family History of Cancer Diagnosis

Z80: Family History of Malignant Cancer Diagnosis



Through our analysis, we have found that three major labs dominate the billing of Z80 Diagnosis Codes:

- 1. Myriad Genetics (52%)
- 2. Invitae Corp (36%)
- 3. Ambry Genetics (13%)

While Myriad Genetics stills holds the highest market share, Invitae’s has become a significant competitor in recent quarters.