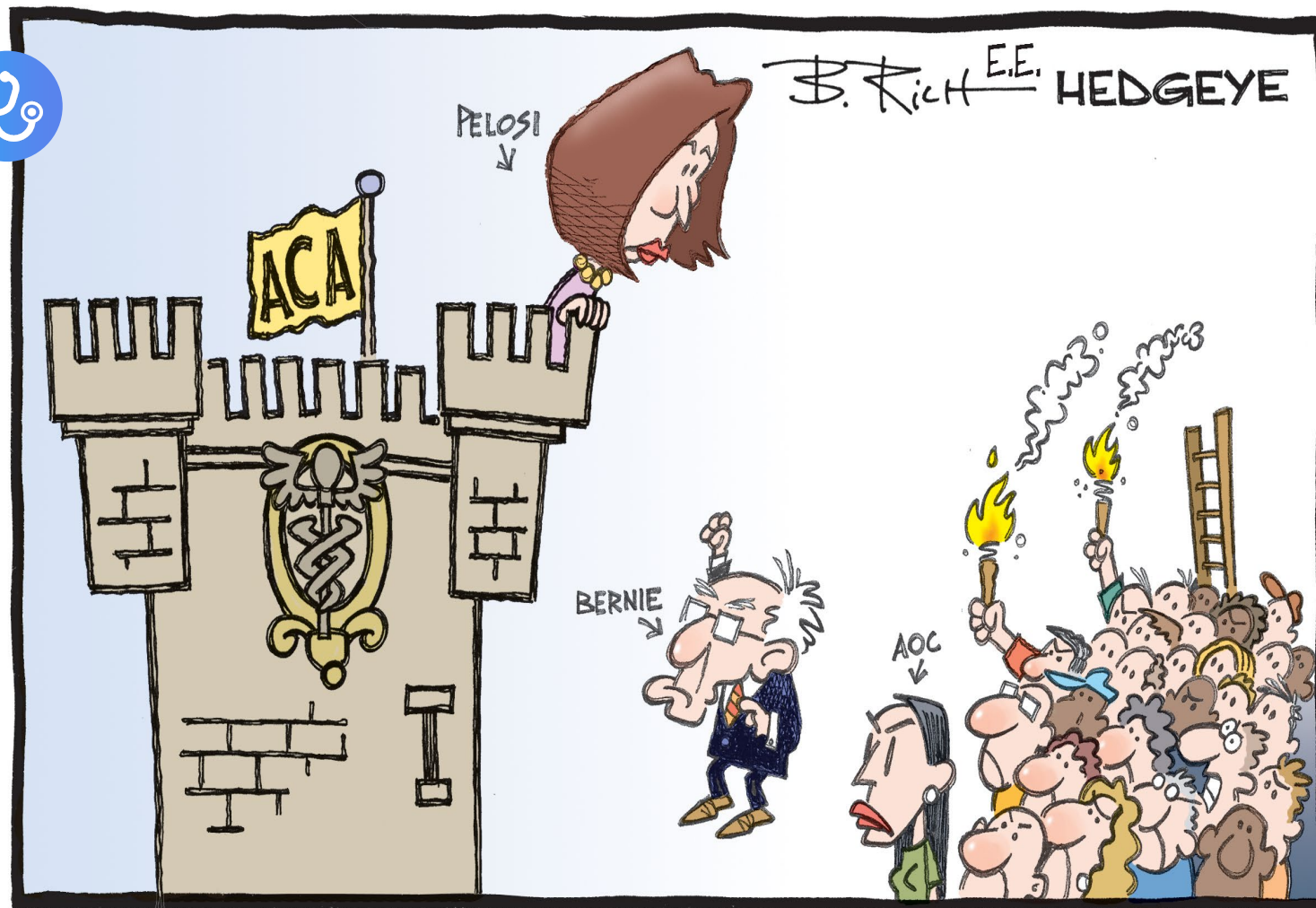


HEDGEYE

Health Care Live Q&A

Five Policy Themes for 2020

January 6, 2020



Health Care

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Health Care Position Monitor

For Week of January 6, 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					
MD	MEDNAX, Inc.	\$ 27.09	\$2.3B	✓	✓	NVTA	Invitae Corp.	\$ 16.12	\$1.6B	×	×
THC	Tenet Healthcare Corporation	\$ 37.95	\$3.9B	✓		HQY	HealthEquity Inc	\$ 71.82	\$5.1B	×	×
AMN	AMN Healthcare Services, Inc.	\$ 62.42	\$2.9B	✓		DXCM	DexCom, Inc.	\$ 218.70	\$19.9B	×	×
ANTM	Anthem, Inc.	\$ 296.88	\$75.3B	✓	✓						
ILMN	Illumina, Inc.	\$ 322.73	\$47.4B	✓	✓						
GH	Guardant Health, Inc.	\$ 78.37	\$7.4B	✓	✓						
ZBH	Zimmer Biomet Holdings, Inc.	\$ 148.81	\$30.6B	✓	✓						
Long Bias						Short Bias					
TDOC	Teladoc Health, Inc.	\$ 82.96	\$6.0B			MYGN	Myriad Genetics, Inc.	\$ 26.85	\$2.0B		
TXG	10x Genomics Inc Class A	\$ 75.56	\$1.6B			EXAS	Exact Sciences Corporation	\$ 94.94	\$14.0B		
SGRY	Surgery Partners, Inc.	\$ 16.03	\$0.8B			UNH	UnitedHealth Group Incorporated	\$ 289.54	\$274.3B		
UHS	Universal Health Services, Inc. Class B	\$ 141.97	\$11.4B		---	DVA	DaVita Inc.	\$ 75.08	\$9.6B		
HCA	HCA Healthcare Inc	\$ 147.94	\$50.2B								

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.

Five Policy Themes to Watch in 2020

- [1]** It's the Prices, Stupid
- [2]** Medicaid (Dis)enrollment
- [3]** Drawdowns in Number of US Insured Medical Consumers
- [4]** Drug Prices, “Surprise” Bills and Medicare Part D Reform
- [5]** “Death” of the Affordable Care Act

Trump Administration Price Transparency

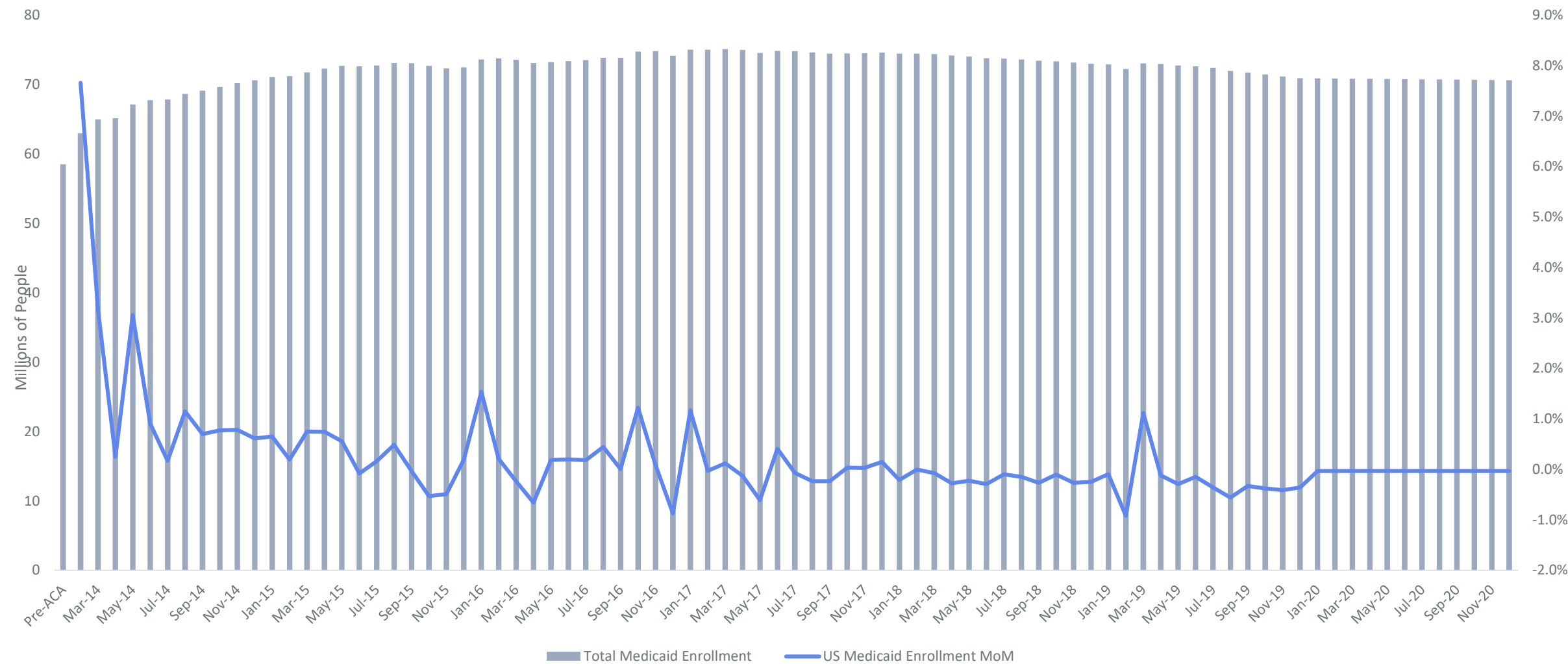
Requires Hospitals to display list of standard charges

medical staffs to admit and refer patients, among other things. Furthermore, healthcare consumers are now able to access hospital performance data on quality measures and patient satisfaction, as well as standard charges for services, to compare competing providers; if any of the One Medical PCs achieve poor results (or results that are lower than our competitors') on quality measures or patient satisfaction surveys, or if our standard charges are or are perceived to be higher than our competitors, we may attract fewer members. Additional quality measures and trends toward clinical or billing transparency, including recent price transparency proposals that would require third-party payers and hospitals to make their pricing information publicly available, may have a negative impact on our competitive position and patient volumes, as patients may prefer to use lower cost healthcare providers if they deliver services that are perceived to be similar in quality to ours. Finally, our enterprise clients or health network partners may elect to terminate their arrangements with us and enter into arrangements with our competitors, particularly in primary care. For example, our health network partners may wish to enter into competitor arrangements that are more favorable from a fee or price perspective or that provide greater exposure to, or volume of, patients. Competition from specialized providers, health plans, medical practices, digital health companies and other parties will result in continued member acquisition and patient visit and utilization volume pressure, which could negatively impact our revenue and market share.

Recently filed One Medical IPO cites transparency requirement in risk factors

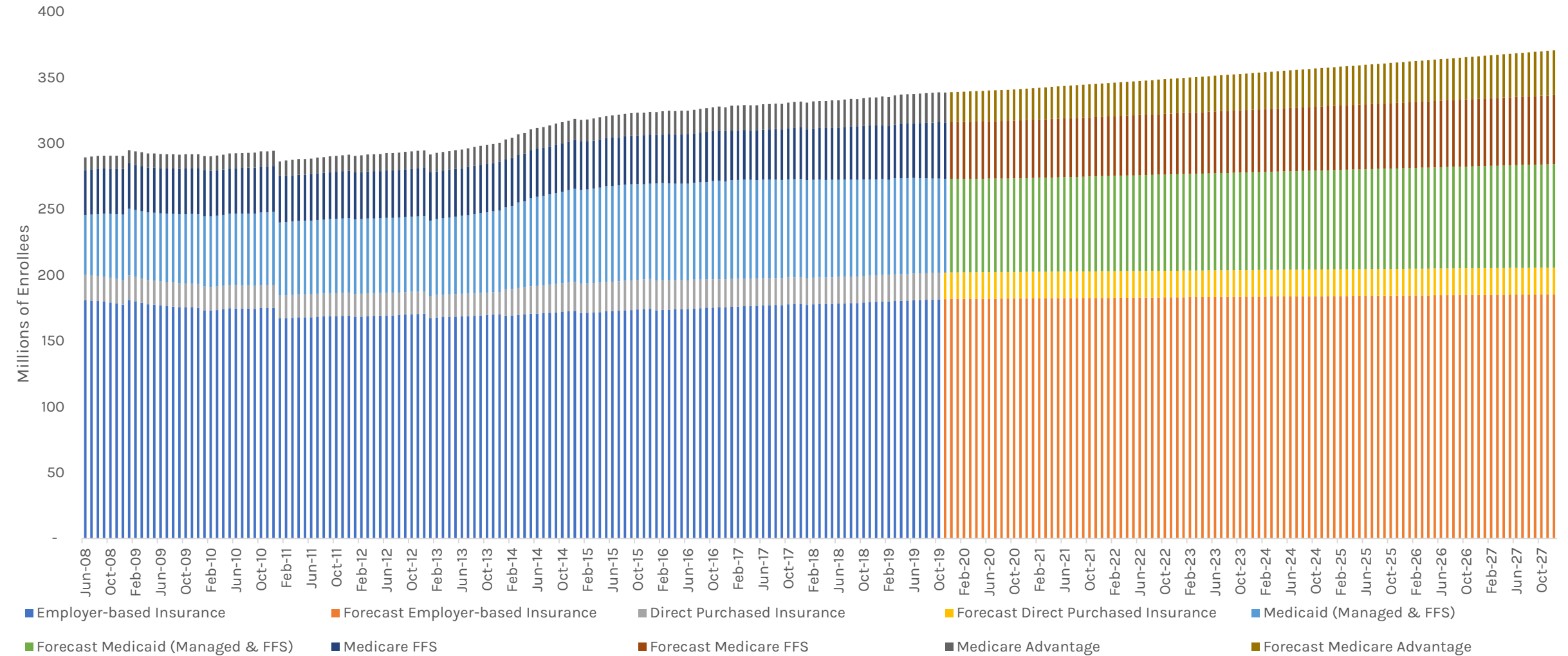
Medicaid Disenrollment

Peak enrollment reached in 4Q2017

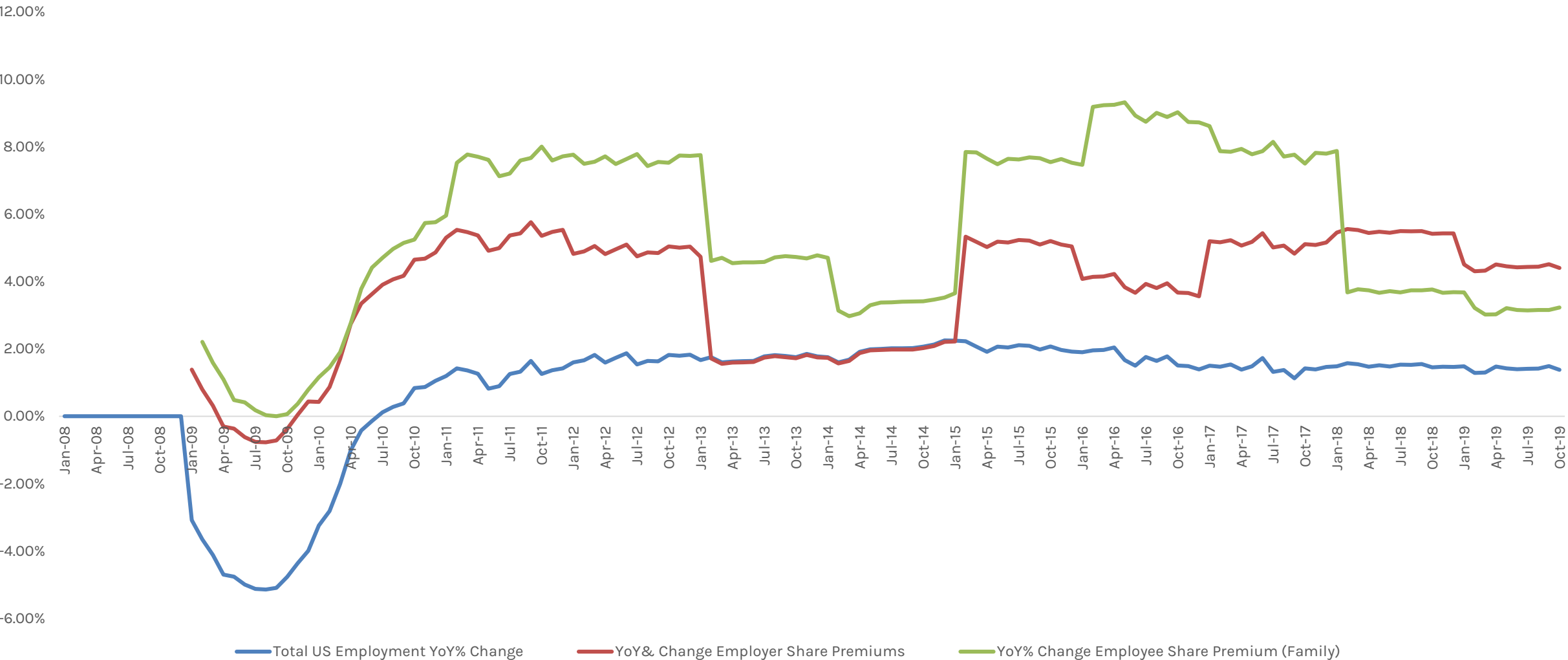


Drawdowns in US Insured Medical Consumers

High value commercially insured being replaced by Medicare and Medicare Advantage

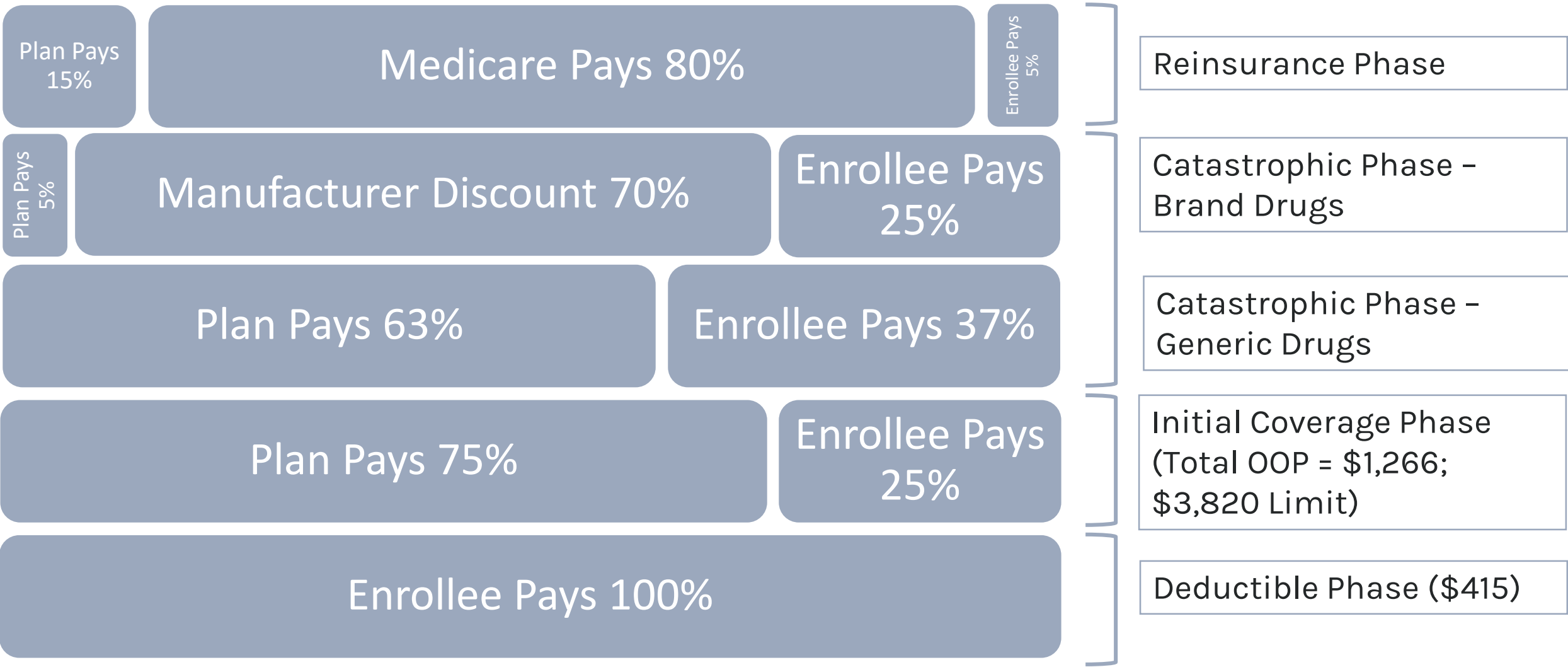


Employer-based Insurance Sensitive to Economy



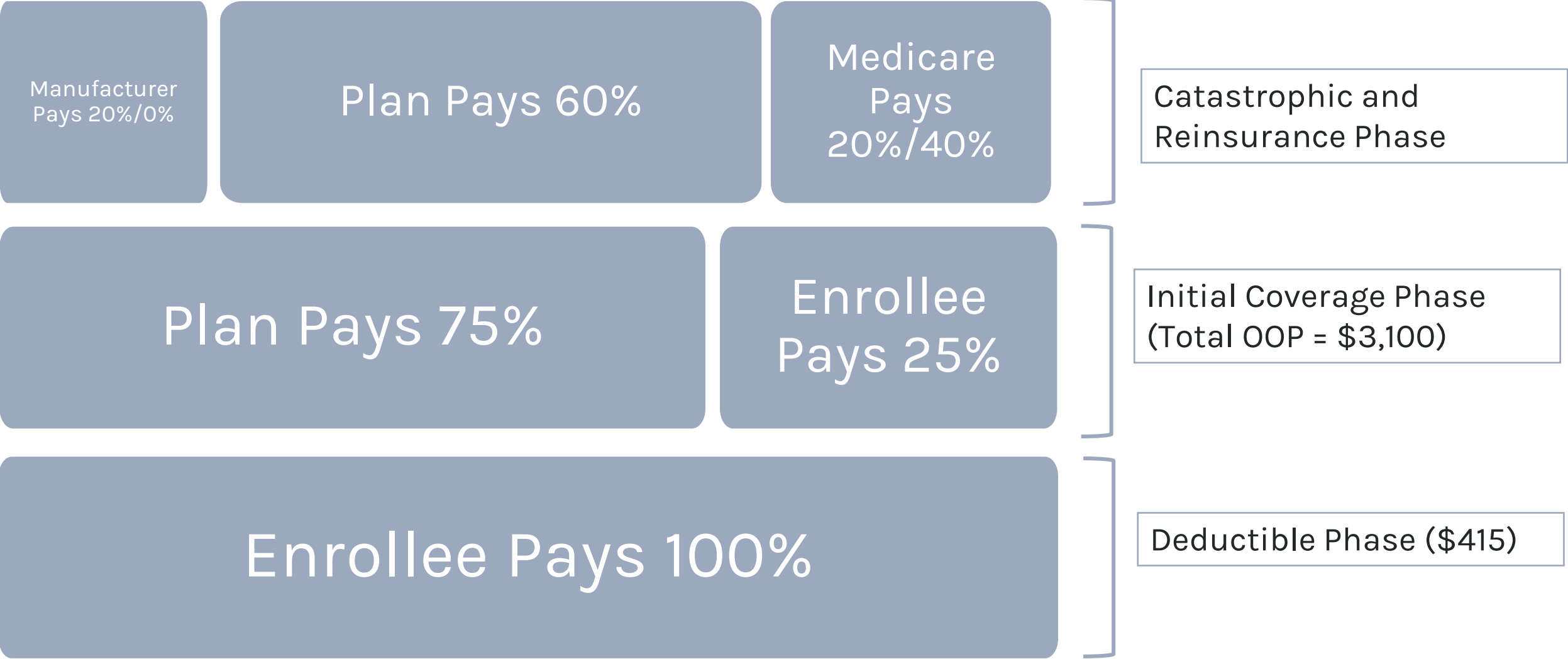
Changes to Medicare Part D Benefit Design

2019 Benefit Design



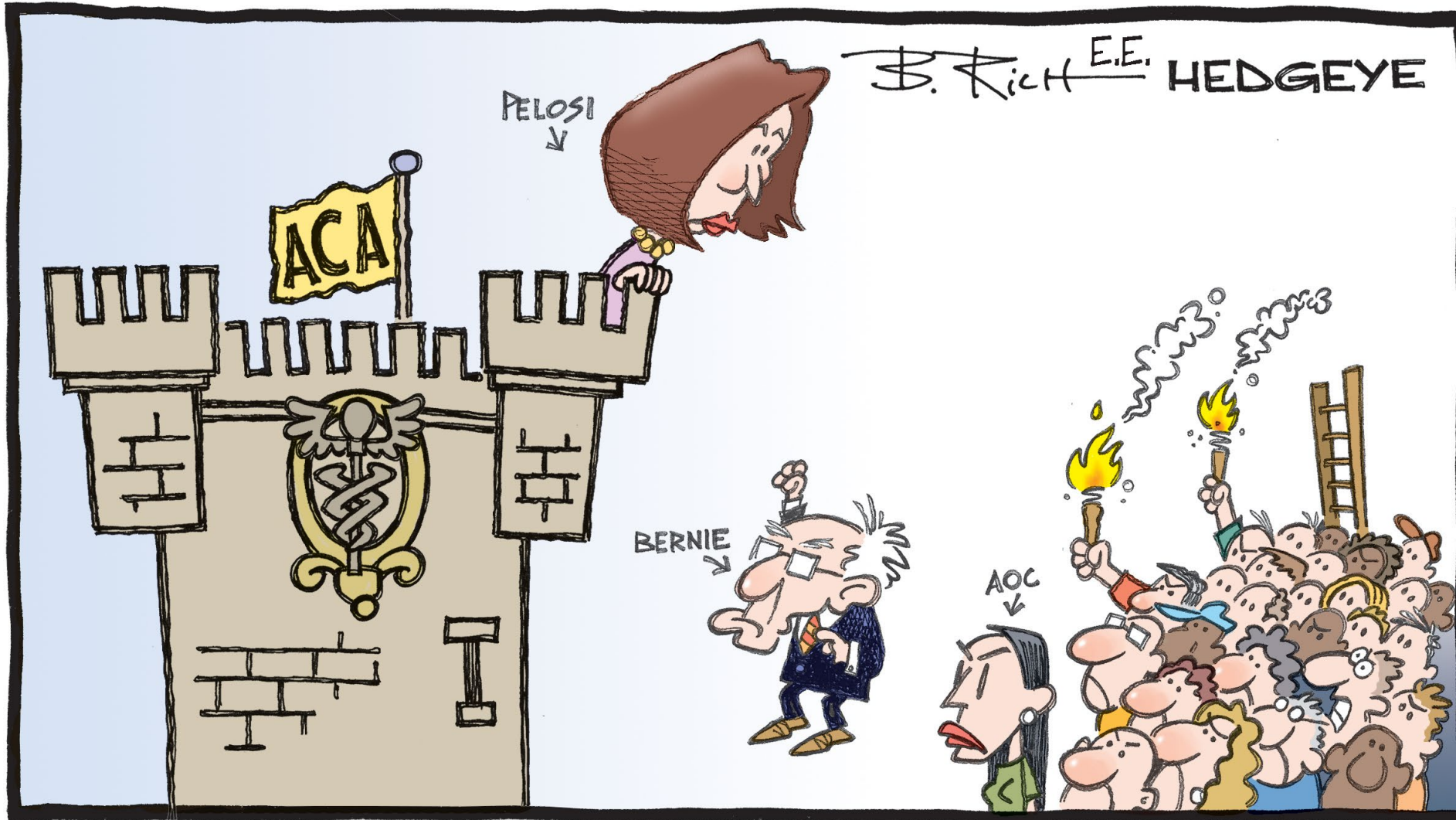
Senate Changes to Part D Benefit Design

Proposed New Benefit Design (Catastrophic liability phased-in over two years)



“Death” of the ACA (Debate)

Democrats no longer on message and Republicans don't care



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