

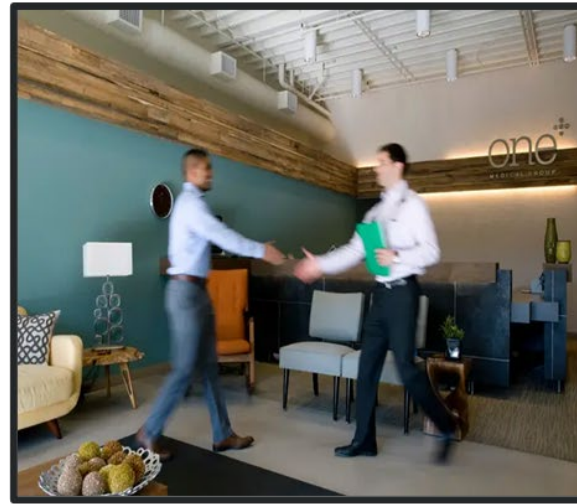
HEDGEYE



Health Care Position Monitor Update

ONEM Provider Tracker, Utilization & Labor, Weekly #MicroQuads

January 11, 2021



Hedgeye Health Care

Tom Tobin, Managing Director, Health Care

Ttobin@Hedgeye.com

@HedgeyeHC

William McMahon, Analyst, Health Care

Wmcmahon@Hedgeye.com

@HedgeyeMed

Justin Venneri, Director, Primary Research

Jvenneri@hedgeye.com

@HedgeyeJVenneri

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Health Care Position Monitor

For Week of January 11, 2021

Best Ideas - Longs					Best Ideas - Shorts						
LONG					SHORT						
	Price	Mkt Cap (\$B)	Trend	Tail		Price	Mkt Cap (\$B)	Trend	Tail		
Active Longs					Active Shorts						
NTRA	Natera, Inc.	\$ 112.39	\$9.6B	✓	✓	EXAS	Exact Sciences Corporation	\$ 143.62	\$22.8B	×	×
GDRX	GoodRx Holdings, Inc. Class A	\$ 42.85	\$16.3B	✓	✓						
AMN	AMN Healthcare Services, Inc.	\$ 70.23	\$3.3B	✓	✓						
ONEM	1Life Healthcare, Inc.	\$ 41.70	\$5.5B	✓	✓						
TXG	10x Genomics Inc Class A	\$ 164.84	\$13.2B	✓	✓						
GH	Guardant Health, Inc.	\$ 149.90	\$15.0B	✓	✓						
TDOC	Teladoc Health, Inc.	\$ 225.12	\$32.6B	✓	✓						
Long Bias					Short Bias						
ILMN	Illumina, Inc.	\$ 382.25	\$55.8B			HRC	Hill-Rom Holdings, Inc.	\$ 99.88	\$6.7B		
NEO	NeoGenomics, Inc.	\$ 53.16	\$6.1B			MASI	Masimo Corporation	\$ 279.20	\$15.4B		
						AMWL	American Well Corporation Class A	\$ 26.75	\$5.3B		
						NVTA	Invitae Corp.	\$ 46.50	\$8.2B		

Note

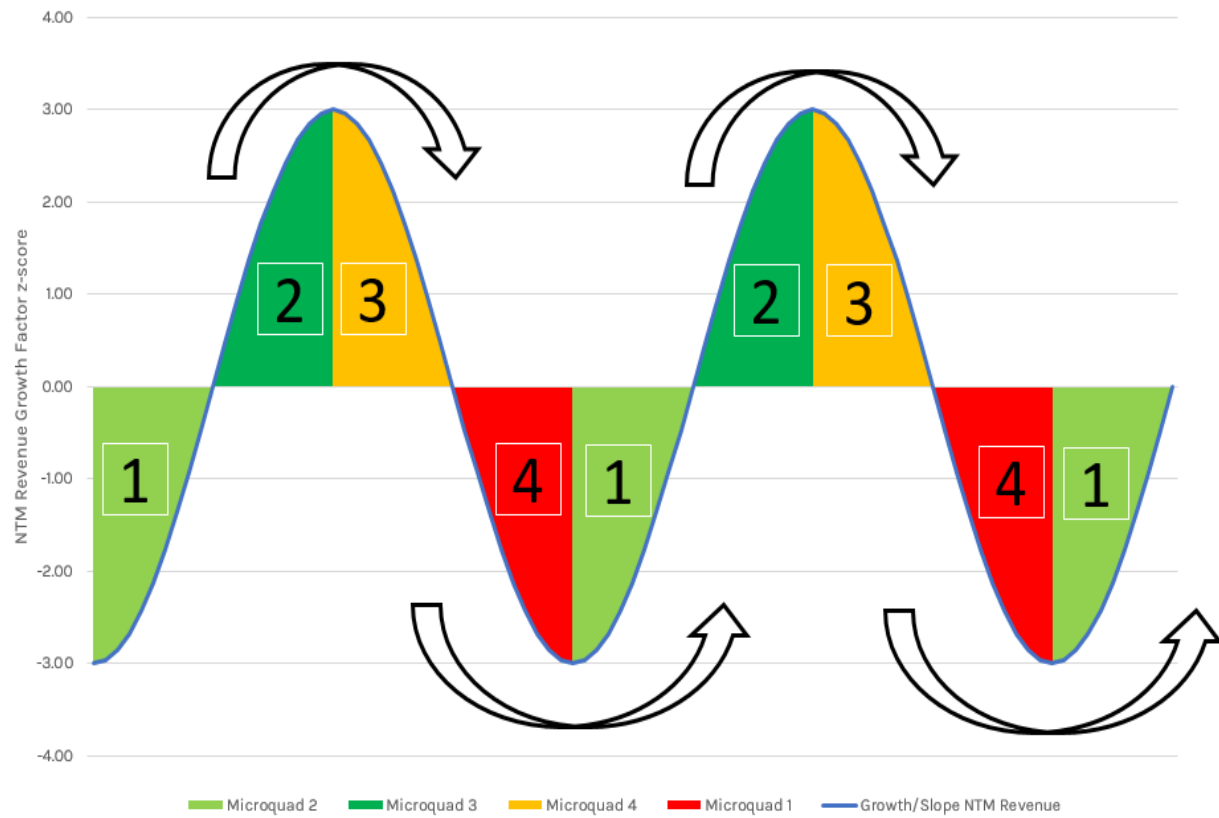
Active Longs/Shorts are high conviction ideas that we've either presented a Black Book for already or have one in the works (similar to other Hedgeye teams). Bench or Bias ideas are ones in which we've done the bulk of the work, but there may be another question we need to answer to move it over the line. All active positions are higher conviction than bench ideas. We rank active versus active and bench versus bench.

Disclaimer

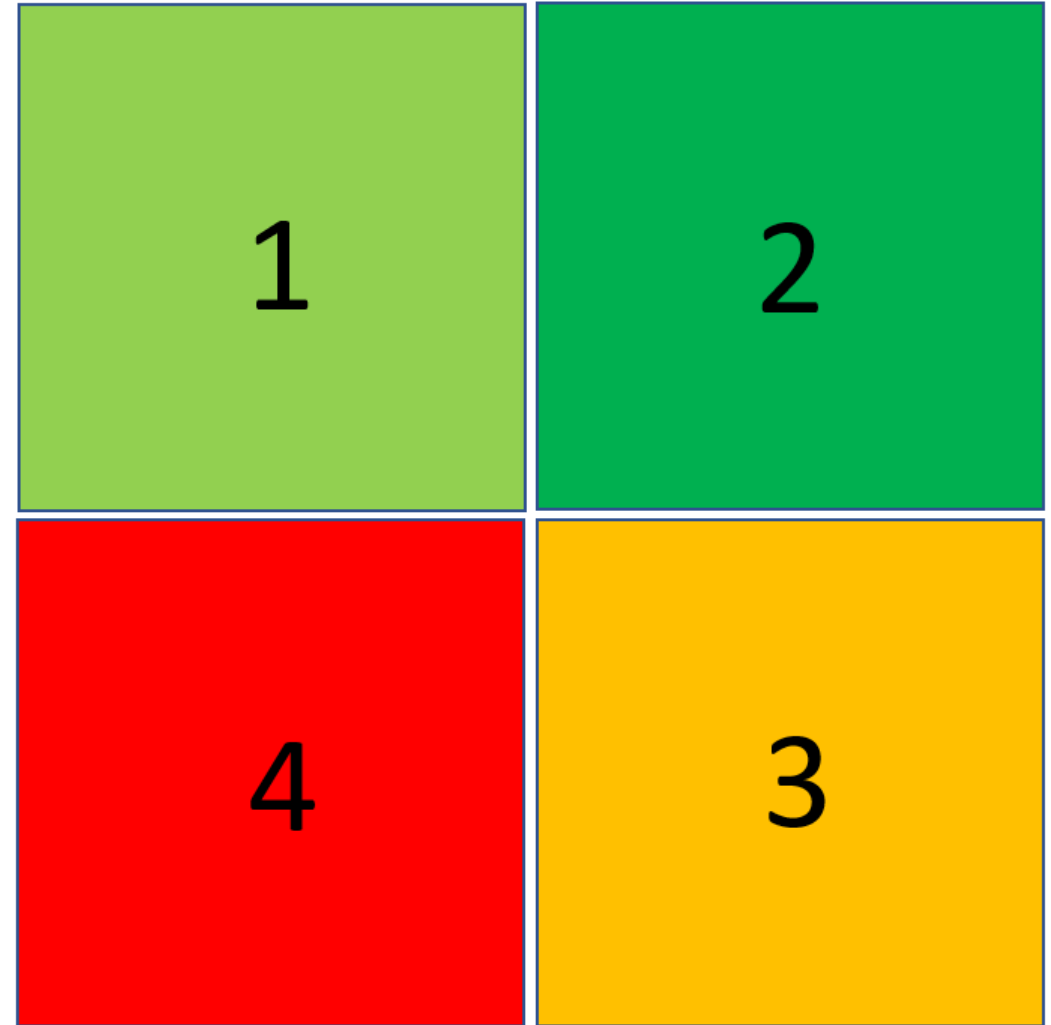
Hedgeye's "bias" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not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

MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

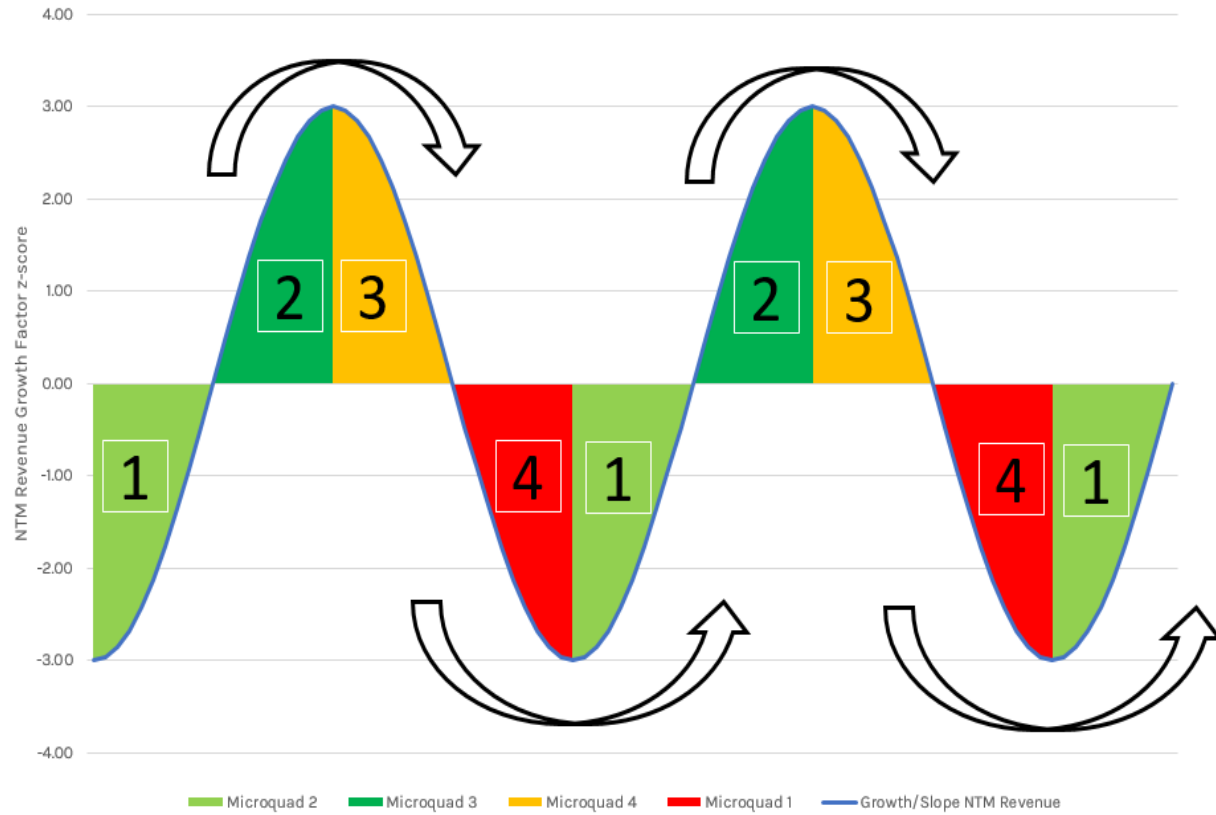


MicroQuad - The Four Quadrants

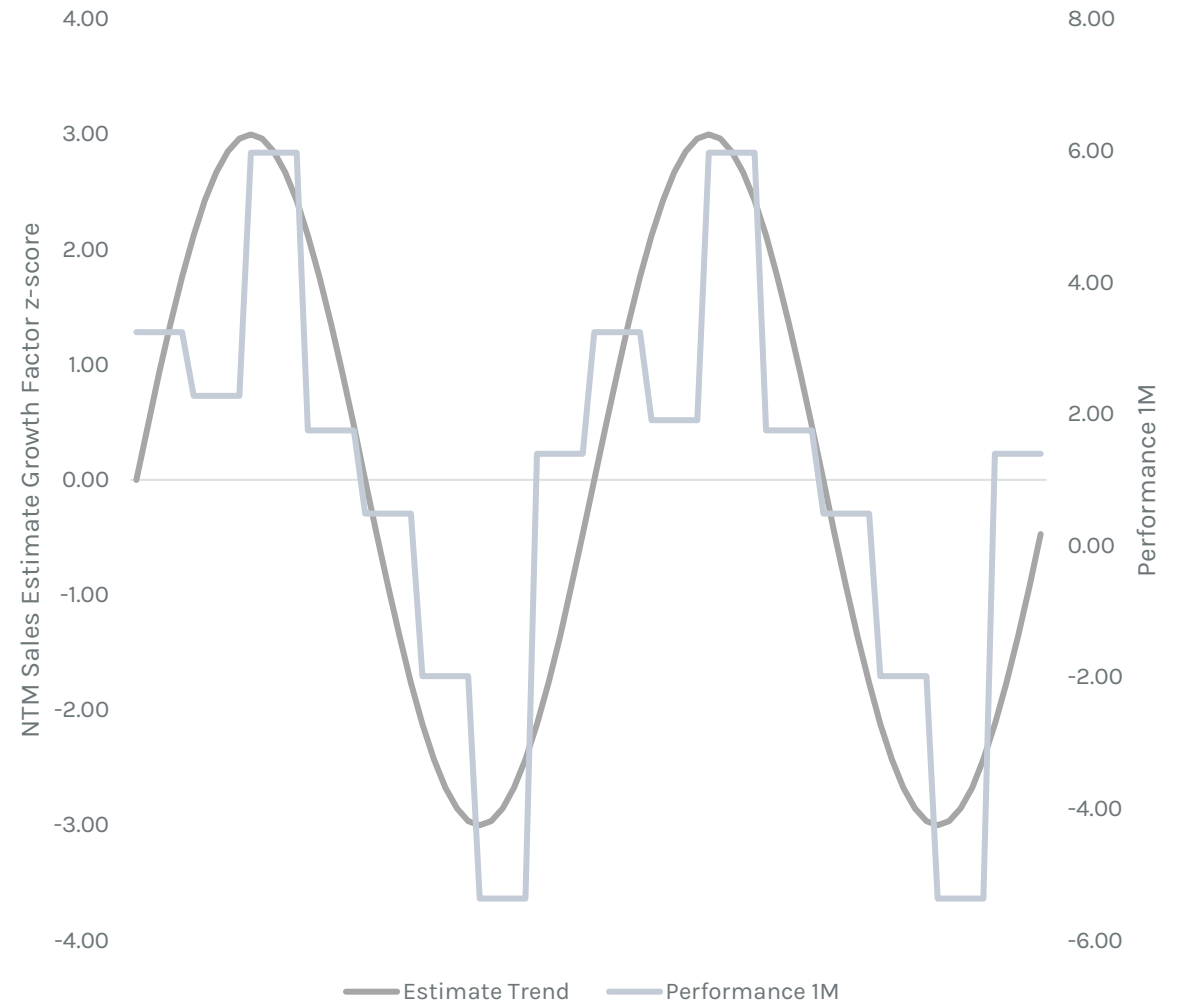


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

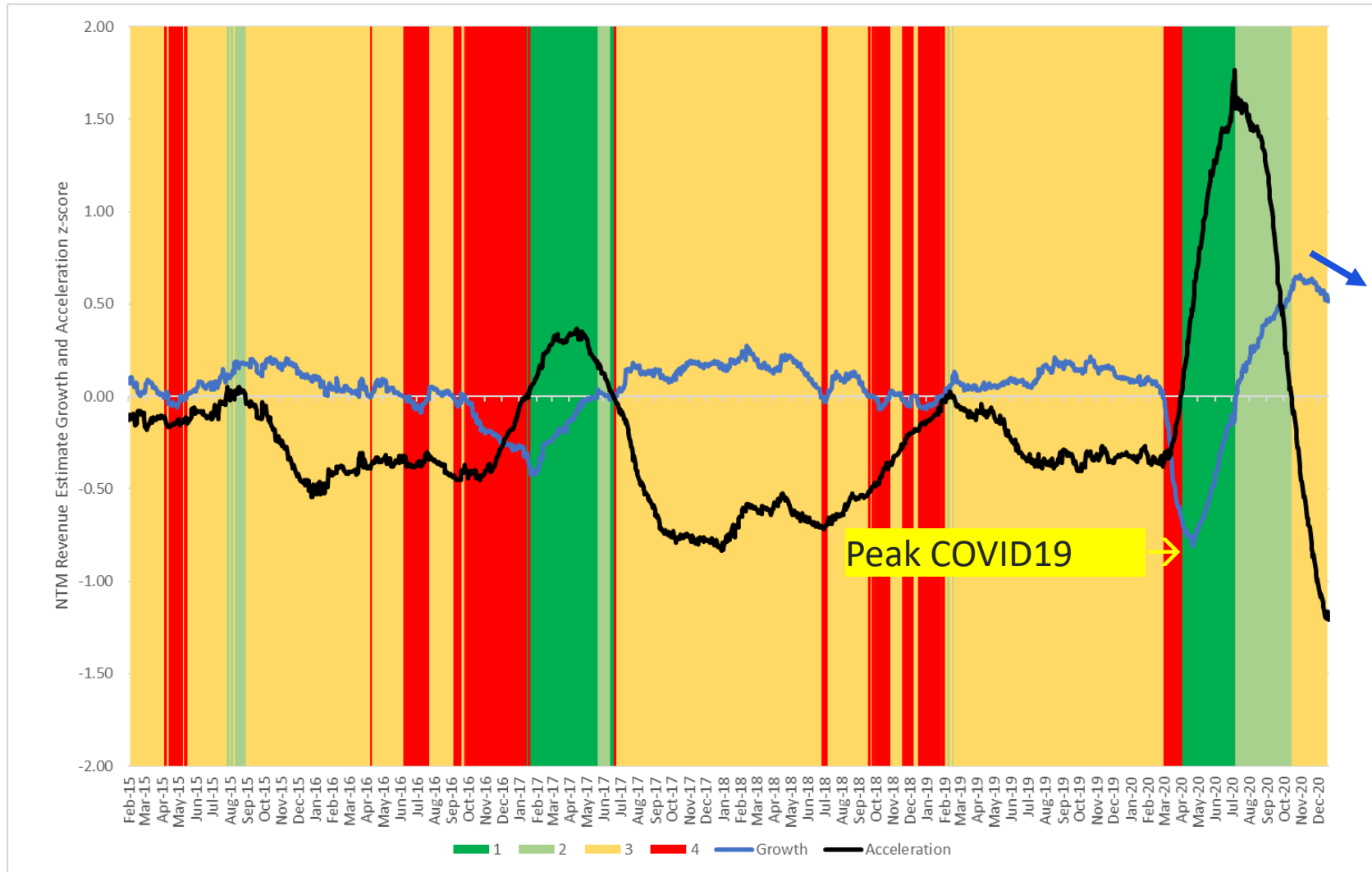


MicroQuad – Actual Performance vs Growth Curve



Estimate Revision Trend is Decelerating

Revision trends continue to roll over

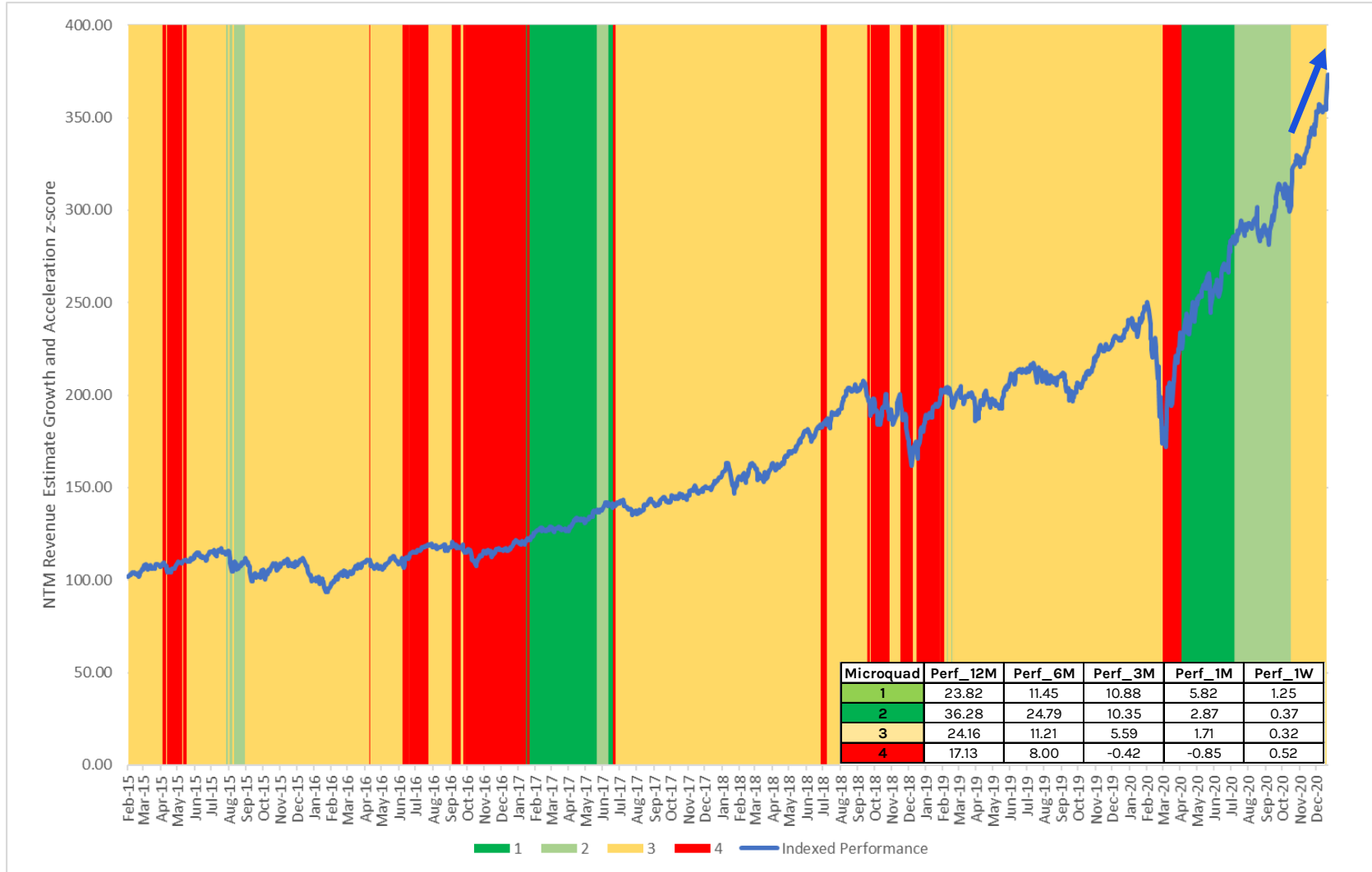


As of 1/7/2021 the average trend continue to progress deeper into MicroQuad 3, lower probability of positive performance and lower average performance compared to MicroQuad 2. Estimate trend has been flat since 11/25/2020

Biden Administration efforts are assumed to be significant in terms of supporting mass vaccinations nationally.

Price Index

No signs of a slow vaccine roll-out



As of 1/7/2021 performance has been increasingly volatile to the upside. On average, performance metrics, batting averages, deteriorate in MicroQuad 3, but at the same time will be overwhelmed by Macro Quad 2, which is forecast to extend through 2Q21.

COVID-19 Vaccine distribution has been slow but accelerating modestly in recent updates.

MicroQuad Screen | January 7, 2021

MicroQuad1

BIIB
CI
CNC
CVS
HMSY
HRC
HUM
INOV
LHCG
MASI
PRGO

MicroQuad2

ADPT	ITGR
AMN	MD
BAX	MDRX
CERN	MGLN
CHNG	UNH
EHC	
ENSG	
HAE	
HCSG	
ICUI	
ILMN	
INCY	

MicroQuad3

A	EXAS	MTD	RMD
ABMD	GKOS	NEOG	SEM
ABT	GMED	NSTG	STAA
ALGN	HCA	NTRA	STE
AMED	HOLX	NVTA	SYK
ATRC	IART	OMCL	TDOD
BEAT	IDXX	ONEM	TECH
BIO	IQV	OPK	TFX
BSX	IRTC	PDCO	TMO
CNMD	ISRG	PEN	TNDM
COO	JNJ	PKI	TXG
CRL	LH	PODD	VEEV
CVET	LLY	PRAH	WAT
DGX	MDT	Q	ZTS
DHR	MMSI	QDEL	
DXCM	MOH	RCM	
EW	MRK	RGEN	

MicroQuad4

ABBV
ACHC
AMGN
ANTM
BDX
BIOS
BMJ
CHE
GH
GILD
HQY
MEDP
NEO
VRTX
WBA

Position Monitor Prospective Performance

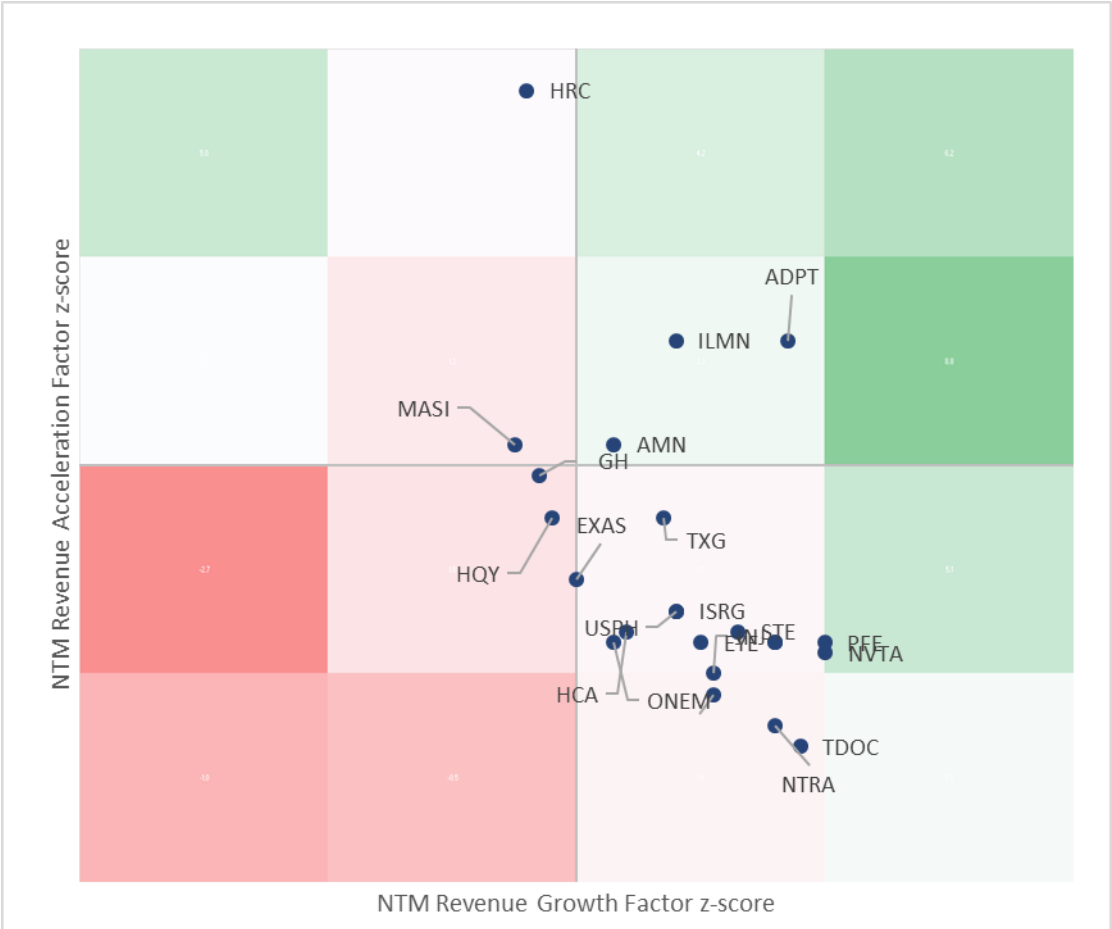
MicroQuad average forward 1M performance in all Macro Quad environments

POSITION MONITOR		1/7/2021			Performance				Sales			
Ticker	Name	Price	EV	MCAP	Performance Trailing 1W Actual	Performance Trailing 1M Actual	Performance Trailing 1M Expected	Performance Forward 1M Expected	Correlation	Growth Factor z-score	Acceleration Factor z-score	Sales Quad
NTRA	Natera, Inc.	\$111.17	8,463	9,491	10.05%	20.39%	-0.26%	3.92%	0.94	-0.30	-1.53	4
EXAS	Exact Sciences Corporation	\$131.10	20,133	20,849	-3.47%	-3.08%	2.75%	3.59%	0.82	-1.31	-1.52	4
AMN	AMN Healthcare Services, Inc.	\$71.17	4,320	3,347	4.78%	9.23%	0.29%	3.10%	0.82	0.71	0.85	2
NVTA	Invitae Corp.	\$51.13	6,745	9,035	11.29%	-9.23%	2.31%	2.95%	0.86	0.18	-1.78	3
ONEM	1Life Healthcare, Inc.	\$42.74	5,213	5,685	-2.14%	20.36%	0.84%	2.78%	0.63	-0.78	-1.15	4
TXG	10x Genomics Inc Class A	\$159.37	15,384	12,774	11.35%	6.73%	0.95%	2.45%	0.91	-0.51	-0.62	4
MASI	Masimo Corporation	\$283.75	15,843	15,622	4.67%	4.67%	-0.44%	2.34%	0.97	-0.74	-0.17	1
GH	Guardant Health, Inc.	\$142.87	13,313	14,283	9.69%	11.45%	1.02%	2.33%	0.75	-0.36	-0.49	4
TDOC	Teladoc Health, Inc.	\$227.78	18,868	33,019	12.38%	15.96%	2.77%	0.99%	0.91	0.53	1.15	2
HRC	Hill-Rom Holdings, Inc.	\$99.28	8,332	6,633	3.30%	4.08%	1.77%	0.59%	0.92	2.65	2.84	2
ILMN	Illumina, Inc.	\$379.61	54,763	55,423	5.03%	11.55%	1.54%	-4.33%	0.93	2.16	2.49	2

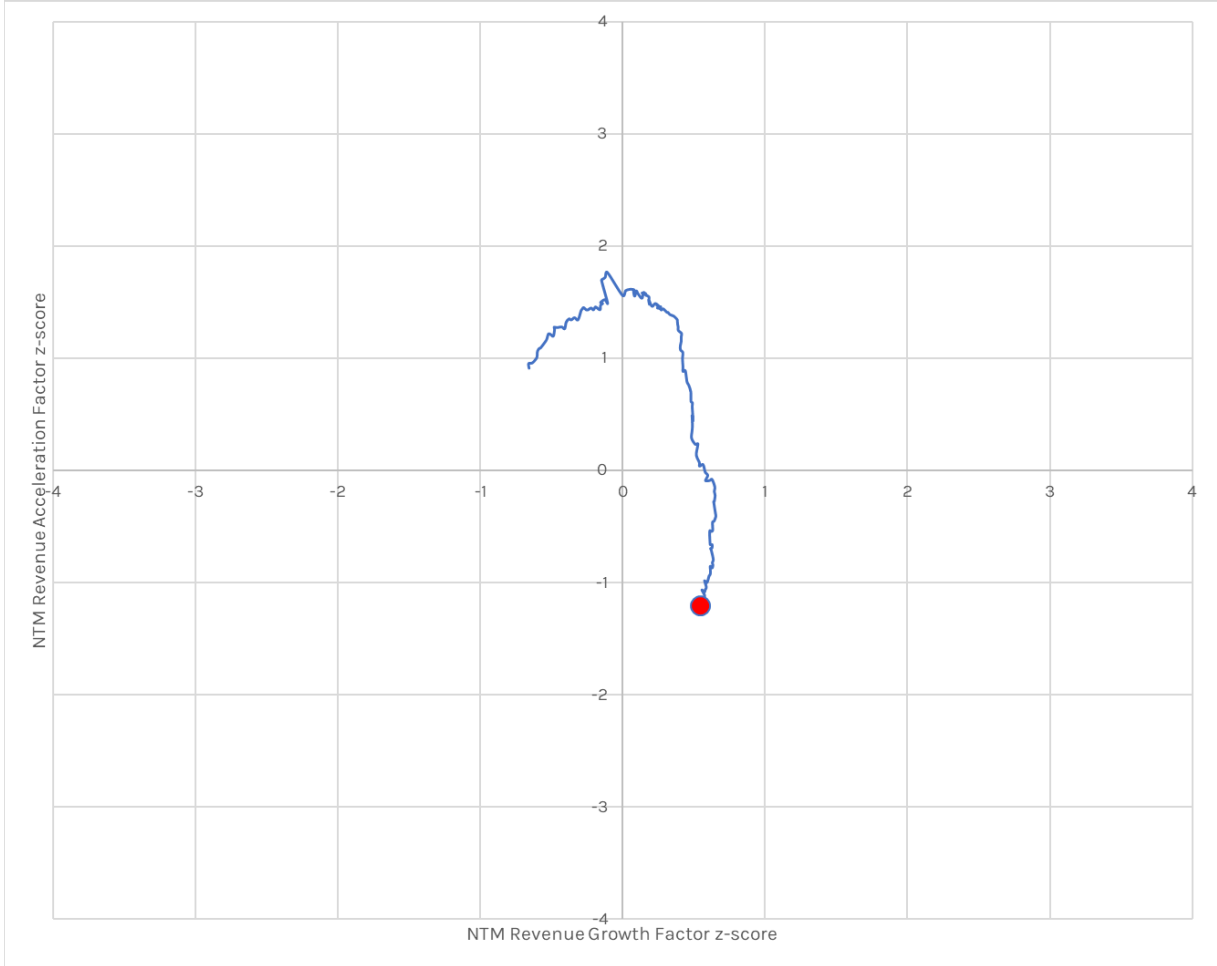
The sigma chart coordinates for growth/acceleration (1st and 2nd Derivative of the estimate trend) is associated with a forward price return over the following 1M and 3M. For each of our Position Monitor stocks, we've calculated the average forward return within 0.5 STDEV of the stocks most recent estimate growth(x) and acceleration(y) coordinates. We also compare the actual and expected stock performance over the trailing 1 month to look for instances of over or undershooting the probable outcome.

Position Monitor | January 7, 2021

Sigma Positioning – Current Position Monitor



Sigma Positioning – Universe Average



MicroQuad | Watch List

Forward performance based on MicroQuad coordinates and Macro Quad 2

Ticker	Number of Estimates Total	Number Revision Positive 30D	Number Revision Negative 30D	MicroQuad Growth	MicroQuad Acceleration	Correl to Estimate	Performance Trailing 1M - Actual %	Performance Trailing 1M - Expected %	Performance Forward 1M - Expected %	Probability Positive Performance - Current Macro Quad - 2
TDOC	17	6	0	1.80	-2.70	0.90	0.16	0.01	4.24%	69.70%
HRC	8	0	2	-0.40	3.60	0.90	4.08	1.11	2.64%	66.80%
EXAS	14	6	0	0.00	-1.10	0.80	-3.08	0.40	2.67%	63.30%
HQY	14	0	0	-0.20	-0.50	0.40	13.35	0.40	1.99%	63.09%
HCA	19	0	1	0.40	-1.60	0.90	11.73	0.47	1.66%	62.21%
USPH	5	1	0	0.80	-1.40	0.90	18.12	0.59	1.92%	62.16%
ISRG	18	0	0	0.80	-1.40	0.90	5.73	0.59	1.92%	62.16%
ADPT	8	4	1	1.70	1.20	0.60	10.78	1.52	4.48%	61.88%
NTRA	9	5	0	1.60	-2.50	0.90	20.39	0.72	2.68%	61.67%
ONEM	12	8	0	0.30	-1.70	0.60	20.36	0.44	1.65%	61.55%
PFE	13	1	1	2.00	-1.70	0.10	-10.16	0.71	2.69%	61.48%
ILMN	15	5	0	0.80	1.20	0.90	11.55	0.88	5.17%	61.48%
EYE	11	0	1	1.00	-1.70	-0.20	15.77	0.56	1.29%	60.92%
MASI	8	0	0	-0.50	0.20	1.00	4.67	0.39	1.71%	60.16%
AMN	9	1	0	0.30	0.20	0.80	9.23	0.53	1.71%	59.89%
GH	9	2	1	-0.30	-0.10	0.70	11.45	0.39	1.75%	59.83%
NVTA	7	0	0	2.00	-1.80	0.90	-9.23	0.72	2.92%	59.43%
STE	6	1	0	1.30	-1.60	0.80	6.48	0.70	1.26%	58.96%
TXG	7	1	0	0.70	-0.50	0.90	6.73	0.65	1.22%	55.18%
JNJ	15	0	0	1.10	-2.00	0.80	7.65	0.63	0.30%	54.67%
GDRX	12	1	0	1.60	-1.70	-0.60	10.00	1.13	0.80%	51.42%
AMWL	10	3	0	1.60	-1.70	-0.60	-7.45	1.13	0.80%	51.42%
ZBH	26	12	3	1.10	-2.20	0.20	9.43	0.61	-1.73%	49.16%

- Performance Forward 1M - Expected % is calculated by averaging the forward performance for the consensus estimate MicroQuad coordinates in a Macro Quad 2 and ranked high to low.
- ONEM app downloads continue to support member growth upside and the long case.
- EXAS preannounced positive.
- USPH we have a positive tilting forecast machine learning forecast, although not high enough to eat consensus.

Revenue Revision – Top 20

Trailing 30 day change in consensus NTM revenue estimates

Rank	Ticker	Market Cap	Sales Correlation	Sales Estimate Change	Growth	Acceleration	MicroQuad Forward Performance - Expected	1W-Return	1M-Return	3M-Return	1Y-Return
1	OSUR	635.36	33%	32%	1.82	-2.33	2.16%	12%	-7%	-18%	51%
2	PFE	250,625.29	9%	24%	2.00	-1.75	3.50%	1%	-10%	2%	-5%
3	RGEN	10,859.28	95%	5%	1.43	-2.33	0.80%	8%	10%	24%	115%
4	CYRX	2,132.49	89%	4%	-	-	-	23%	9%	7%	207%
5	TXG	15,384.24	91%	4%	0.72	-0.51	1.51%	11%	7%	9%	112%
6	LLY	165,126.97	80%	4%	0.81	-0.92	1.98%	-1%	12%	11%	24%
7	TDOC	18,868.43	91%	4%	1.84	-2.70	2.79%	12%	16%	3%	165%
8	QDEL	8,694.93	82%	4%	0.38	-3.94	1.34%	5%	1%	-30%	152%
9	NSTG	2,482.16	74%	3%	1.93	-1.43	3.04%	-2%	4%	58%	136%
10	GH	13,313.40	75%	3%	-0.26	-0.07	0.95%	10%	11%	29%	74%
11	ADPT	7,311.20	59%	3%	1.74	1.21	2.47%	-1%	11%	17%	97%
12	IART	6,824.06	78%	2%	0.92	-0.90	2.36%	1%	20%	27%	15%
13	PRSC	2,051.70	20%	2%	2.04	-0.76	3.14%	18%	17%	74%	170%
14	CODX	298.89	77%	2%	-0.96	0.11	1.93%	11%	1%	-27%	1078%
15	MYL	21,371.81	-9%	2%	1.78	-2.34	2.62%	2%	5%	24%	-13%
16	GKOS	3,375.60	73%	2%	0.55	-1.09	1.39%	2%	11%	46%	39%
17	ONEM	5,212.80	62%	2%	0.35	-1.72	1.32%	-2%	20%	44%	0%
18	MOH	13,331.76	60%	2%	0.88	-3.55	2.41%	17%	14%	19%	68%
19	ATRS	668.77	67%	2%	0.63	-1.94	1.63%	-2%	20%	23%	-7%
20	TCMD	995.43	64%	2%	0.36	0.72	1.27%	14%	18%	26%	-27%

- Preannouncement season is upon us. ONEM announced their COVID-19 vaccine roll-out while CVS is talking up flu vaccines. A slow COVID vaccine roll out is leading to cutting and delaying doses.
- The TDOC debate will be our primary focus in the coming days. Will stand alone telemedicine exist in 5 years?
- TXG and other ARKK names had a big week last week. Also levered positively to vaccines and reopening labs.

Revenue Revision – Bottom 20

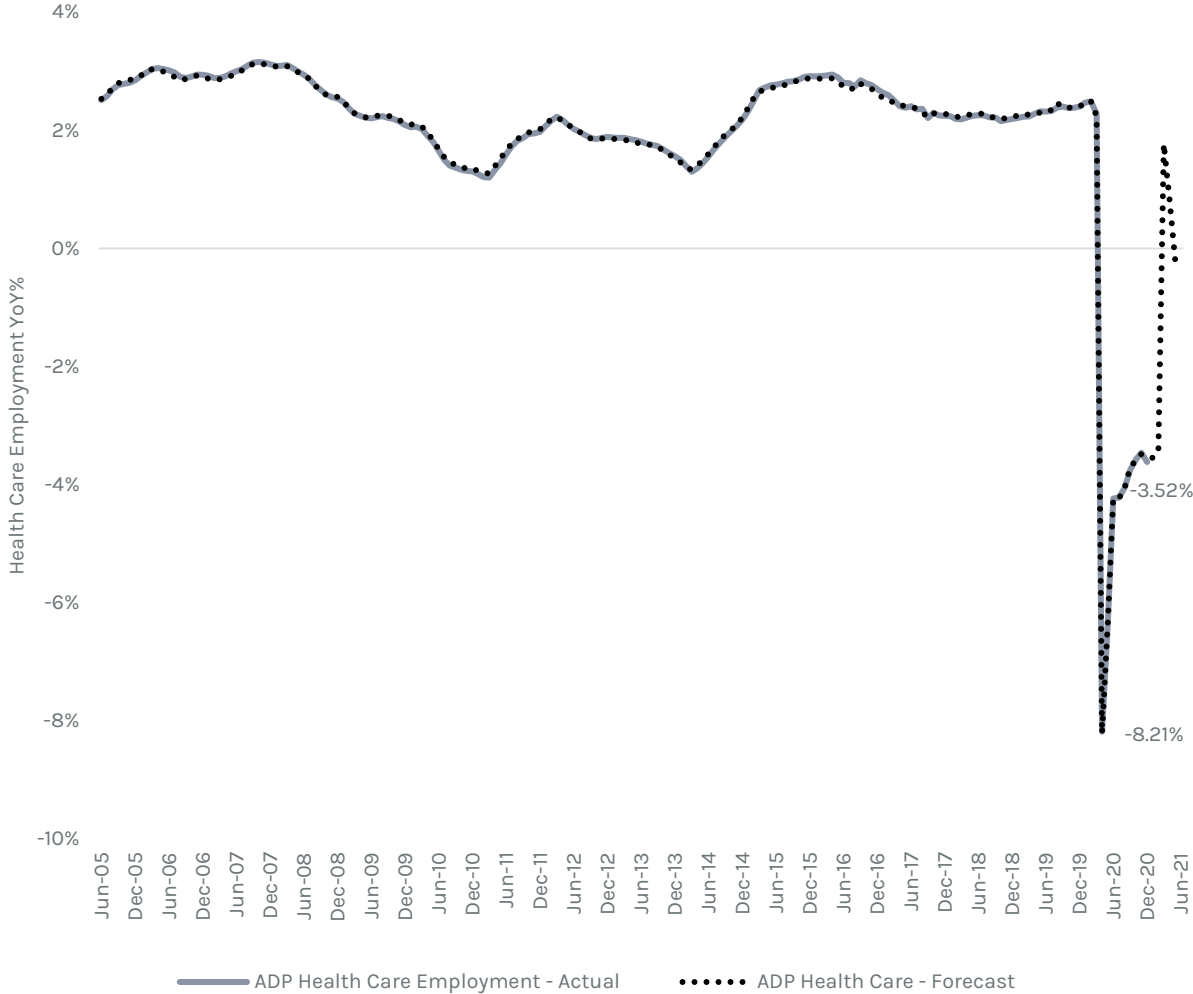
Trailing 30 day change in consensus NTM revenue estimates

Rank	Ticker	Market-Cap	Sales Correlation	Sales Estimate Change	Growth	Acceleration	MicroQuad Forward Performance - Expected	1W-Return	1M-Return	3M-Return	1Y-Return
1	PEN	6,965.42	92%	-9.26%	0.14	-1.33	1.32%	10%	-13%	-1%	25%
2	BIIB	43,939.59	27%	-4.08%	-1.16	3.57	1.91%	3%	3%	-12%	-14%
3	LIVN	3,681.56	-26%	-2.87%	0.82	-1.30	2.21%	-3%	13%	30%	-10%
4	MD	3,379.25	34%	-2.02%	0.05	1.25	0.87%	-2%	7%	43%	-14%
5	PINC	4,274.76	19%	-1.49%	0.57	-0.21	1.61%	7%	5%	13%	4%
6	GILD	83,848.44	61%	-1.45%	-0.48	-1.56	2.09%	10%	3%	-1%	-5%
7	EXAS	20,132.90	82%	-1.45%	0.04	-1.05	0.78%	-3%	-3%	21%	29%
8	OPK	3,060.88	72%	-1.43%	0.42	-3.47	1.36%	11%	-2%	2%	203%
9	CSLT	214.31	11%	-1.22%	0.58	1.06	1.62%	18%	29%	55%	53%
10	MDRX	3,461.12	18%	-0.84%	0.19	0.80	1.32%	8%	7%	86%	61%
11	EVH	1,432.21	-47%	-0.66%	-0.64	0.92	1.99%	5%	13%	48%	74%
12	CCRN	409.14	66%	-0.56%	1.03	1.13	1.91%	6%	6%	40%	-11%
13	FLGT	1,418.77	90%	-0.35%	0.63	-3.69	1.77%	40%	55%	57%	449%
14	SGRY	5,627.43	-22%	-0.20%	-1.32	-3.15	1.71%	7%	8%	30%	93%
15	NVTA	6,744.55	86%	-0.06%	1.99	-1.82	2.97%	11%	-9%	-2%	203%
16	VIVO	958.22	48%	0.00%	0.49	-1.12	1.42%	8%	12%	13%	115%
17	NTRA	8,462.64	94%	0.00%	1.61	-2.47	1.73%	10%	20%	50%	216%
18	TNDM	5,766.47	66%	0.00%	0.02	-1.74	0.63%	0%	5%	-18%	54%
19	ZBH	40,469.98	24%	0.00%	1.12	-2.19	1.33%	5%	9%	10%	6%
20	VREX	1,111.74	31%	0.00%	0.27	2.01	1.45%	15%	15%	46%	-37%

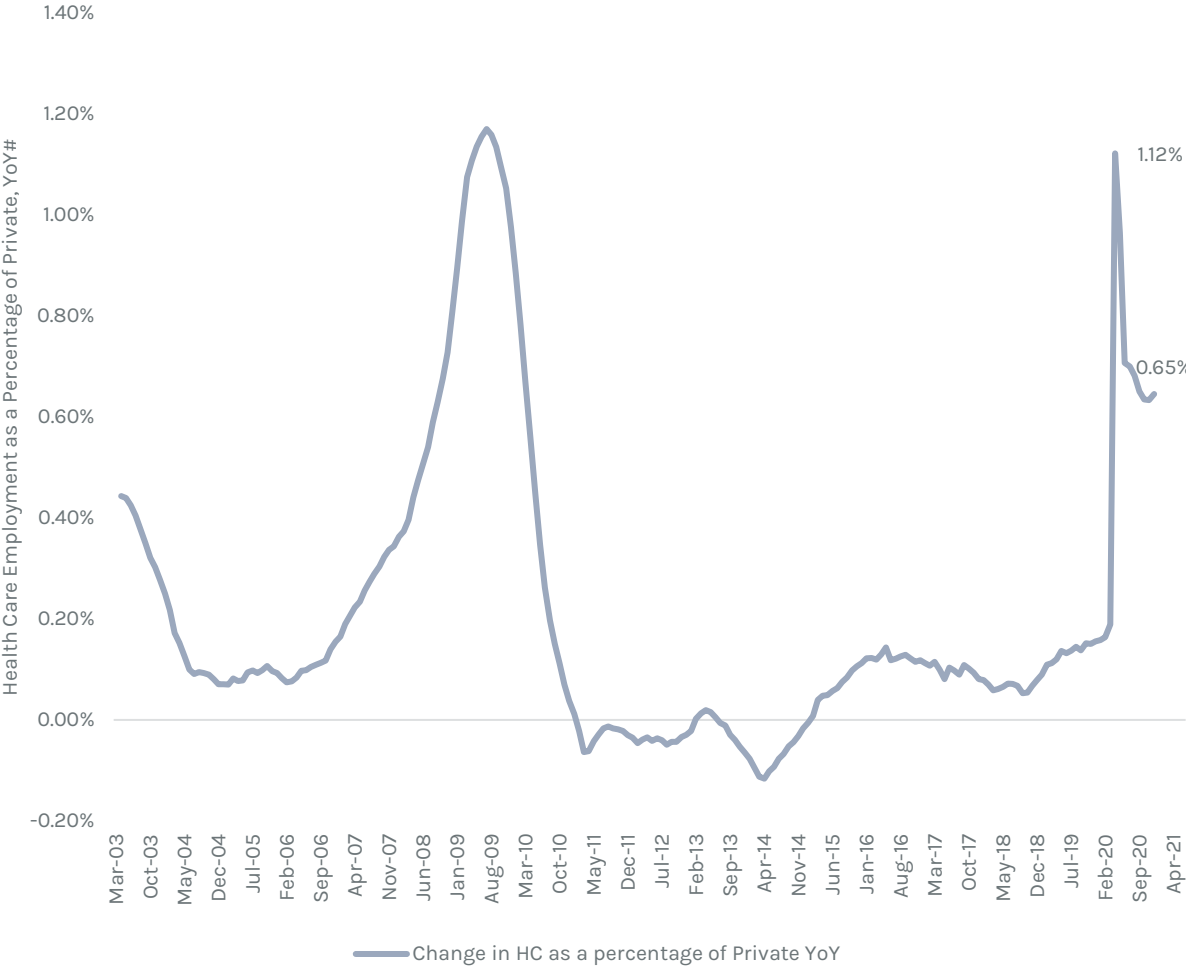
- COVID-comp(-) looking down this list.
- CCRN looks out of place given the staffing tailwinds.
- EXAS pre-announcement versus subdued expectations.

ADP Employment Report | December 2020

Health Care Employment YoY%

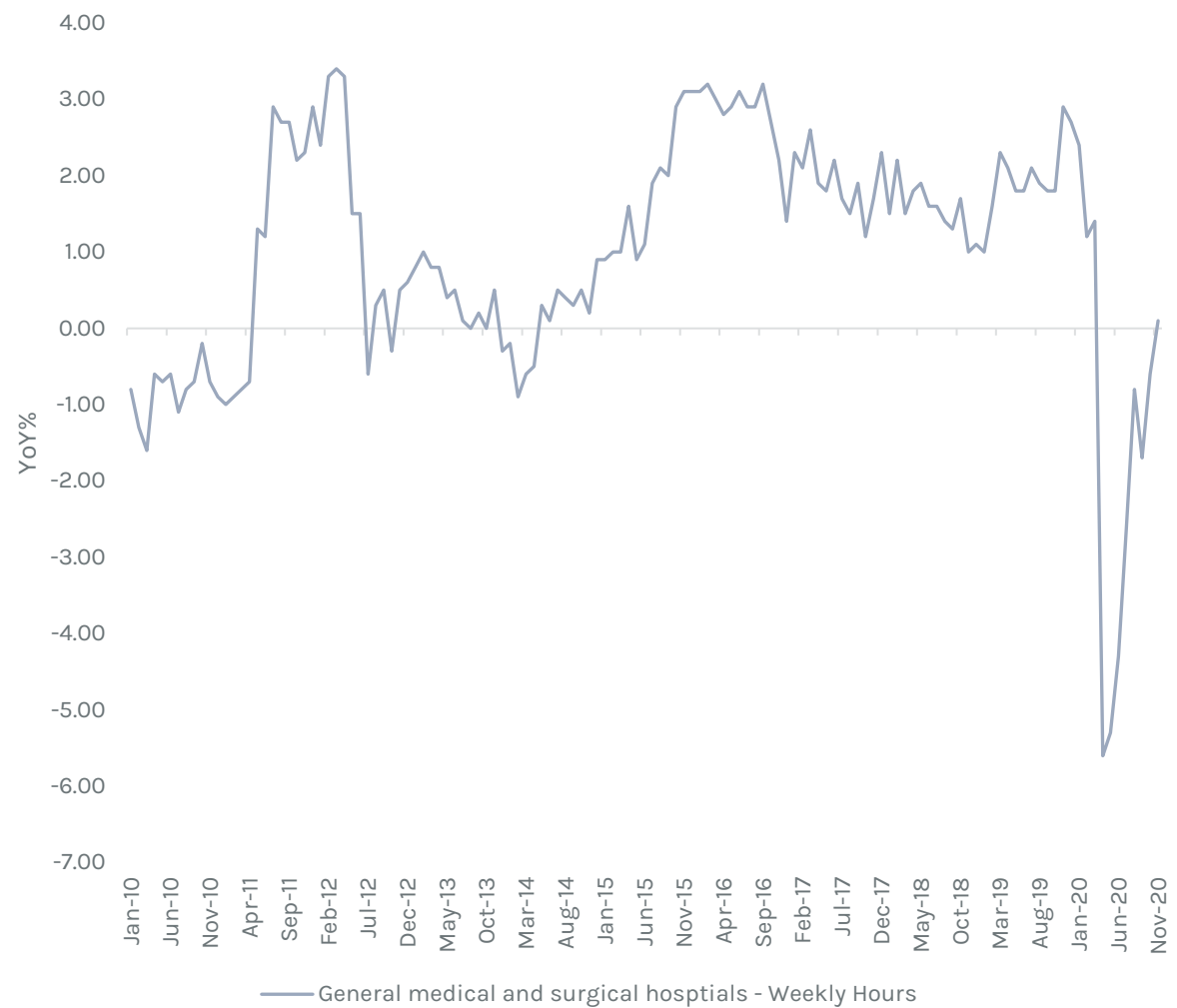
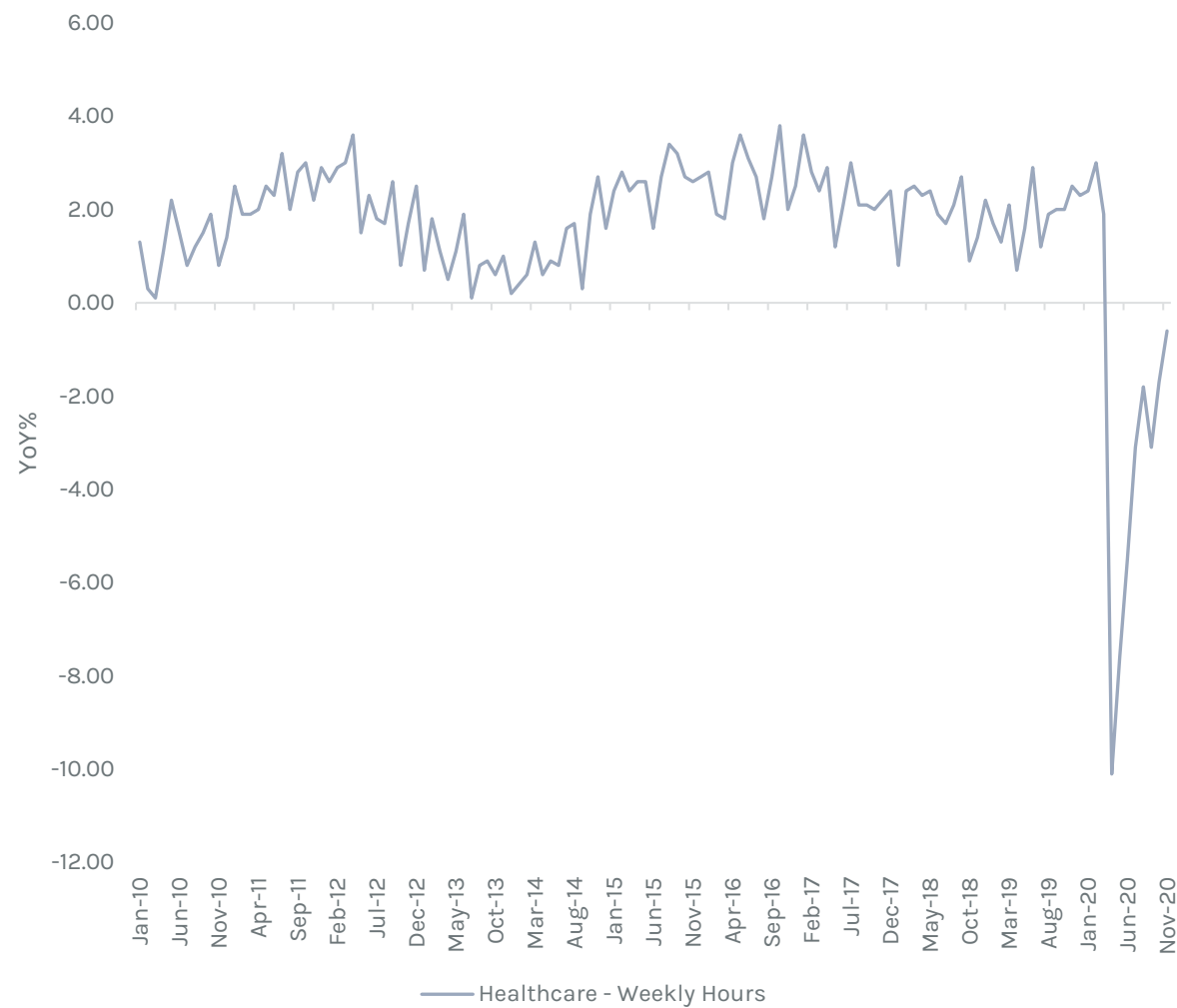


Health Care Employment as a Percentage of Private



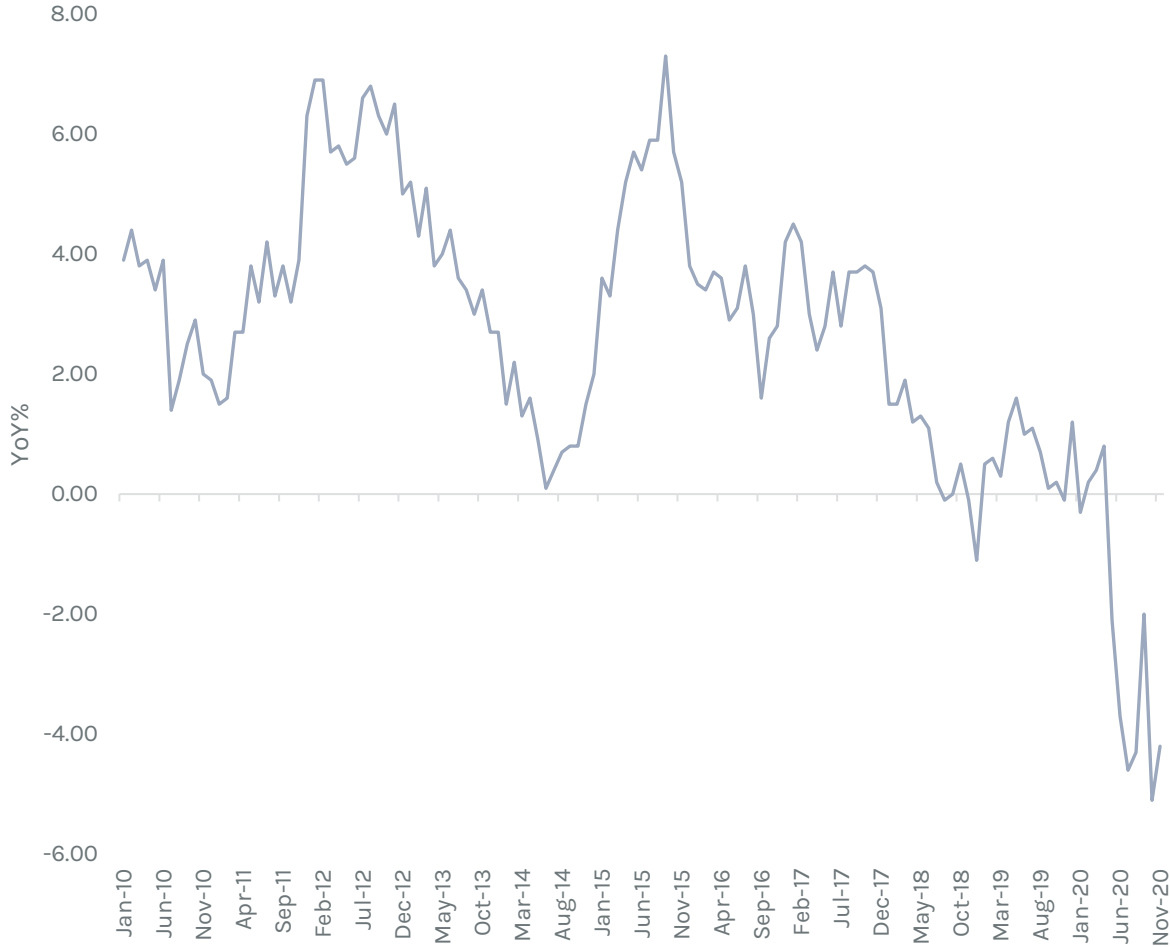
BLS | Health Care still below high-water mark

Total Health Care remains negative, but Hospitals finally back to year over year growth

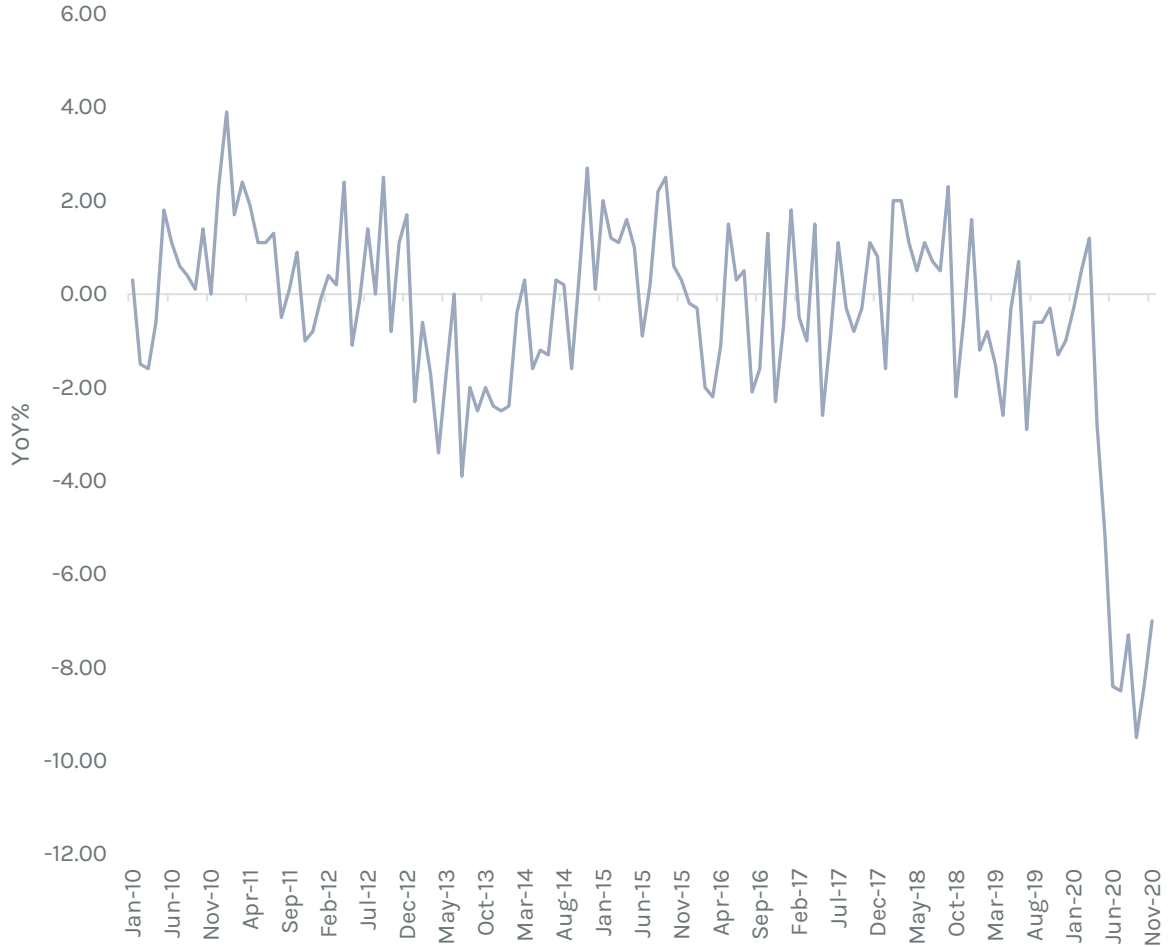


BLS | Nursing Homes and Retirement Communities

Hard hit and still declining and the earliest to get vaccinated



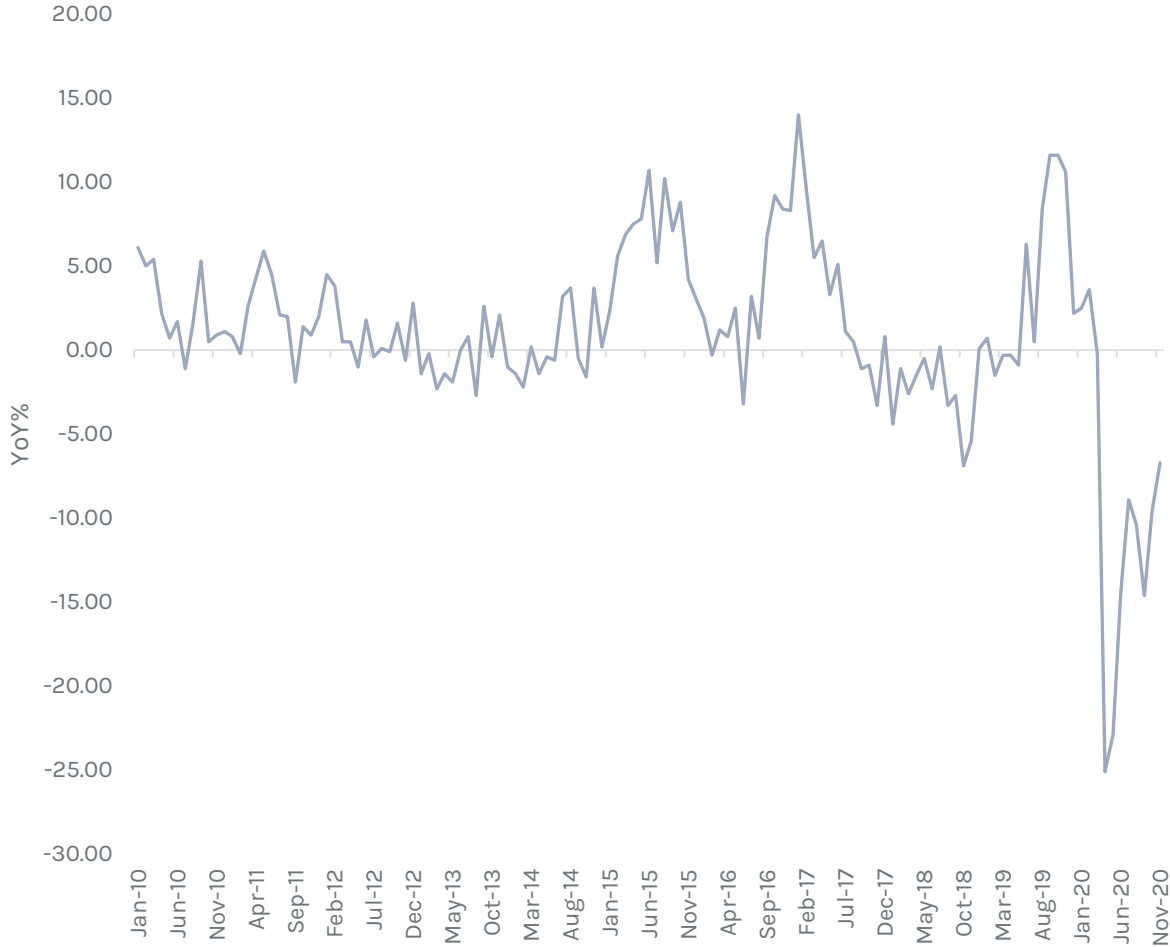
Continuing care retirement - Weekly Hours



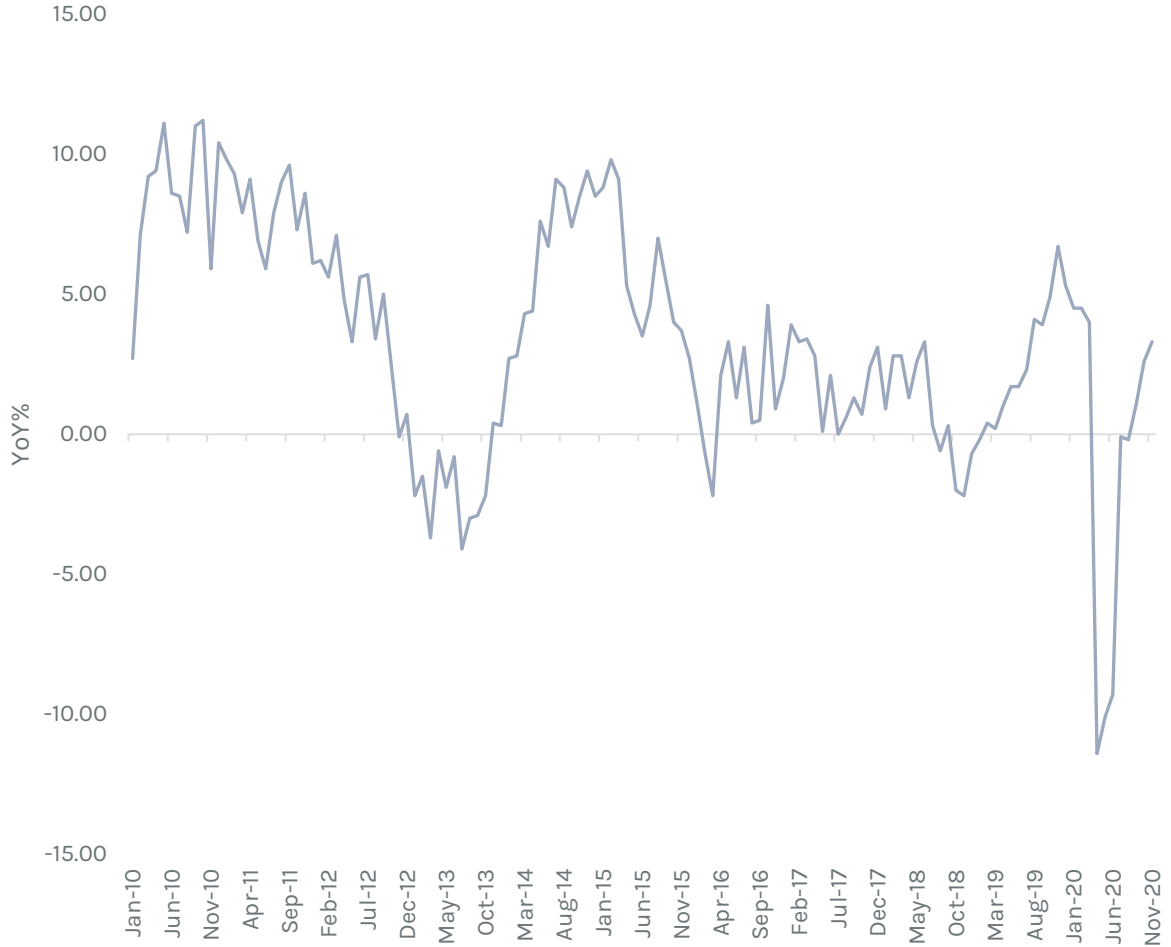
Nursing care facilities - Weekly Hours

BLS | Diagnostic Imaging and Medical Labs

Imaging reflects pent-up demand while Medical Labs have been supported by COVID-19 testing



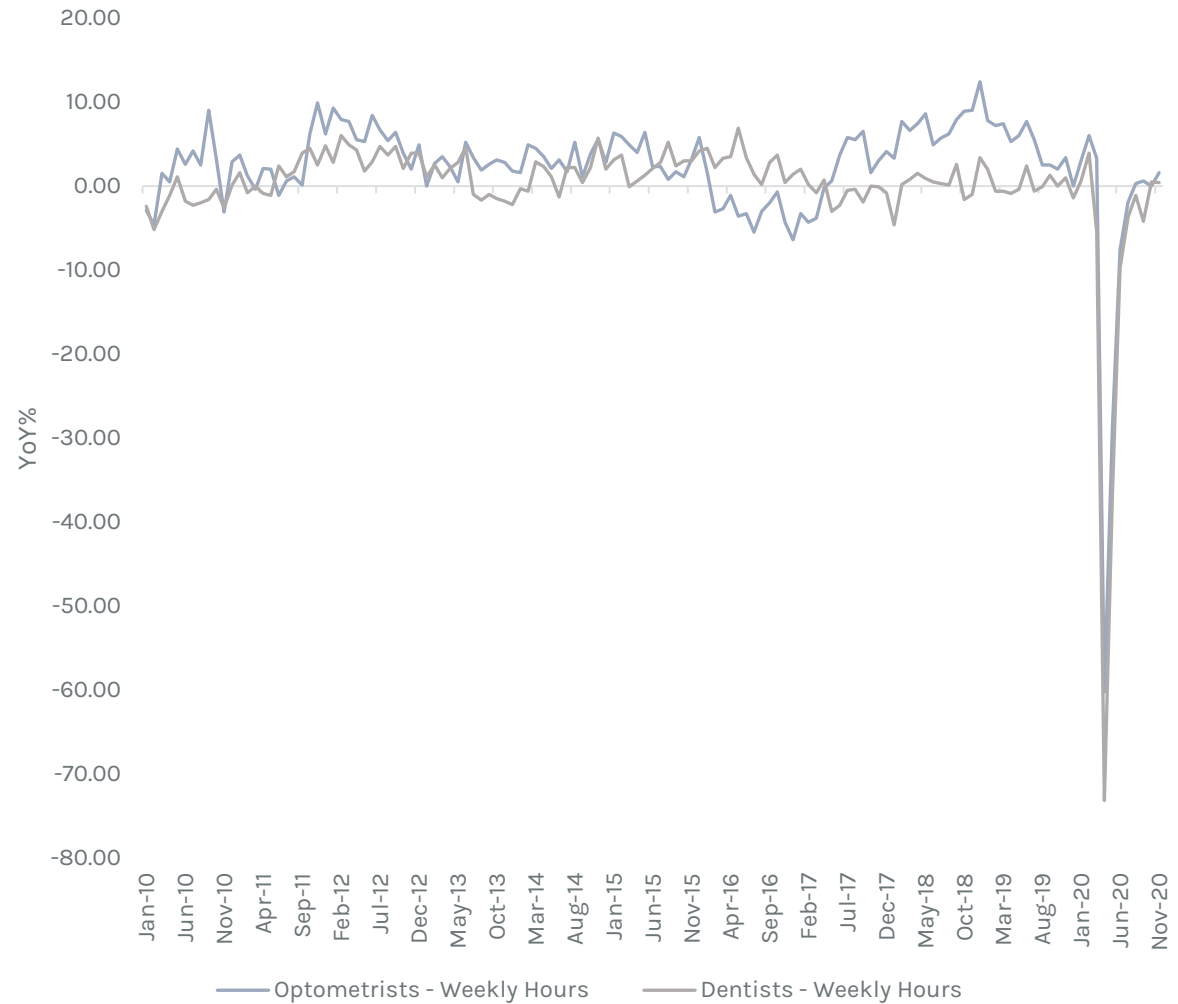
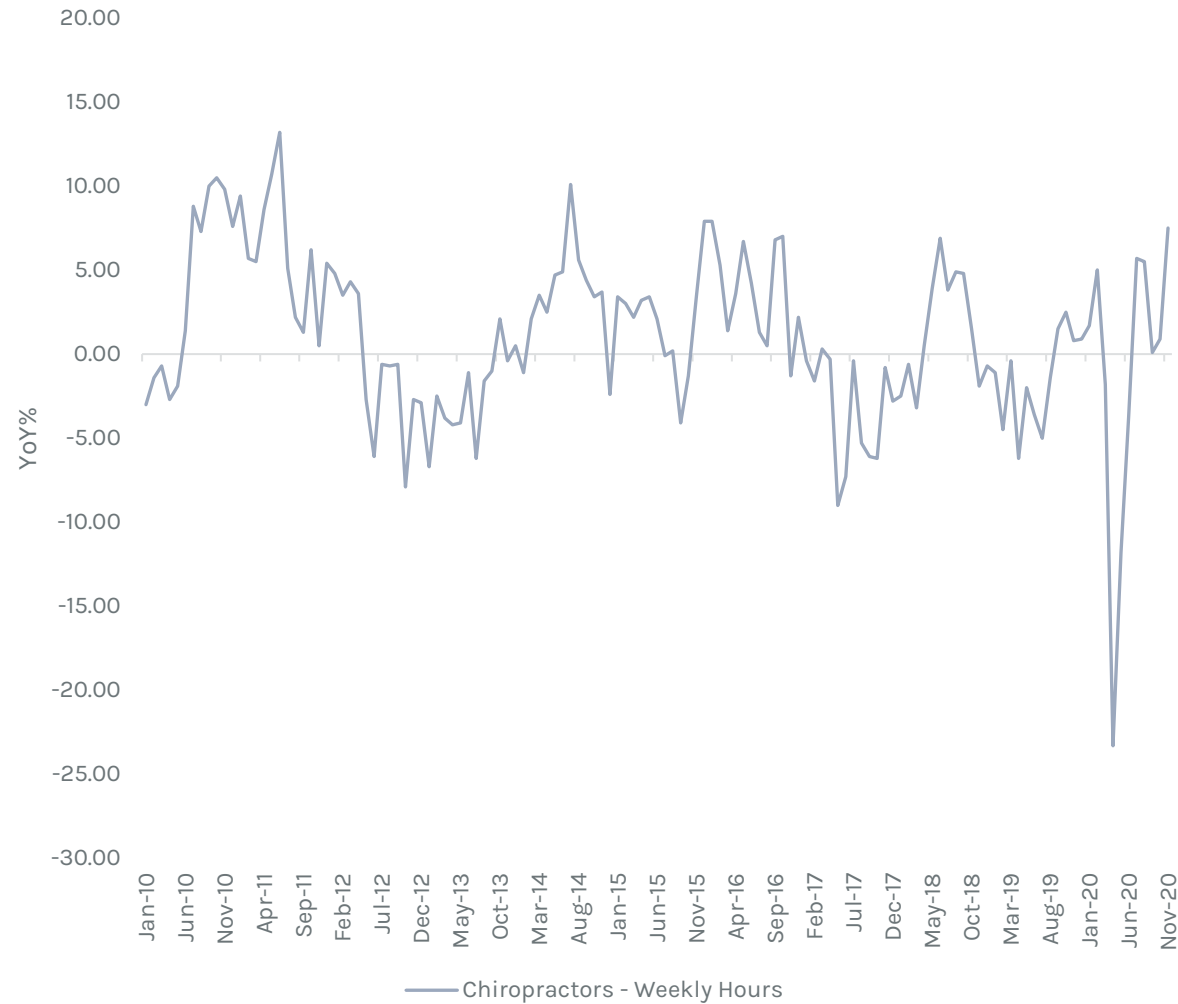
— Diagnostic imaging centers - Weekly Hours



— Medical Laboratories - Weekly Hours

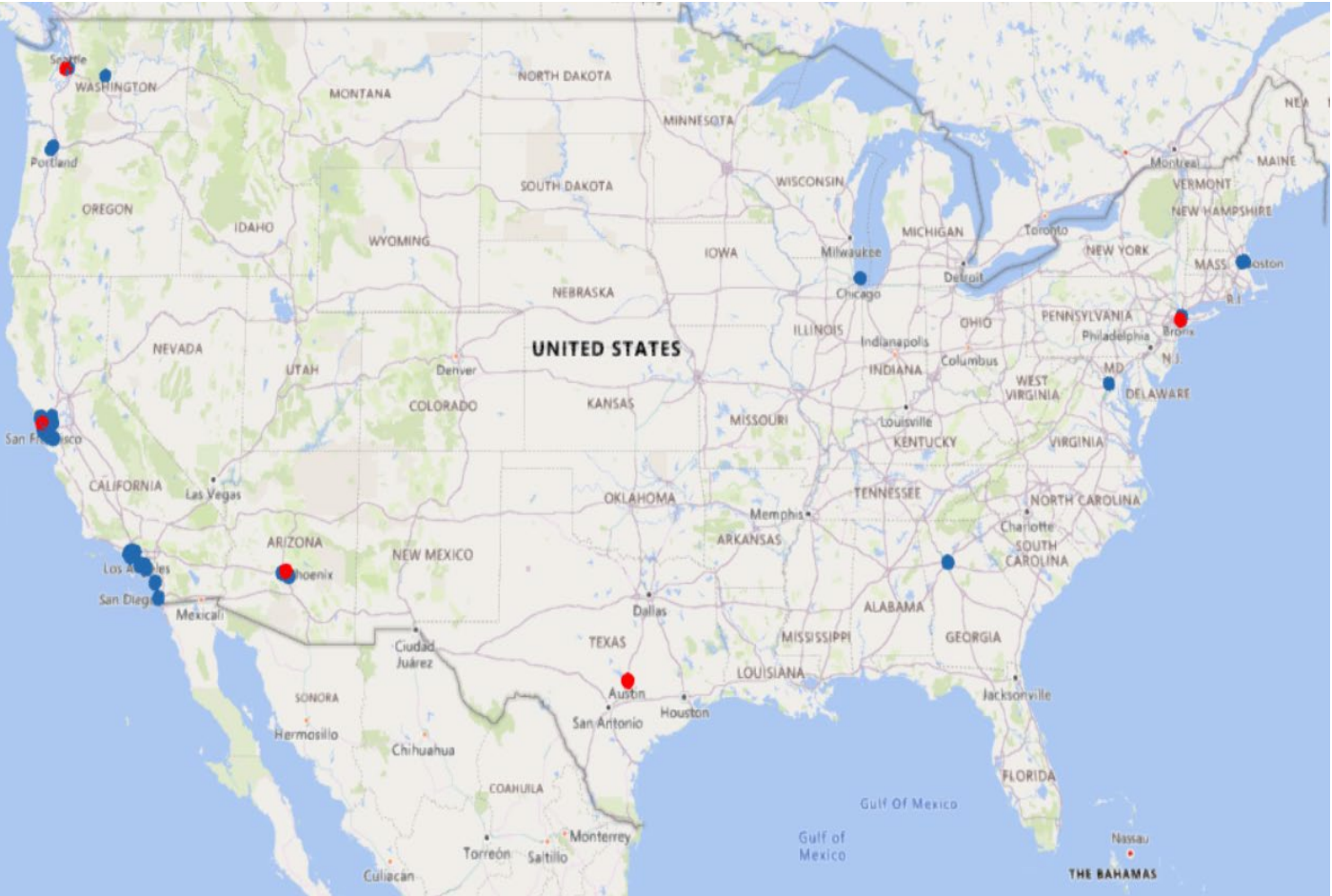
BLS | Discretionary and In-Person Care

Chiropractors, Dentists, Optometrists starting to grow again



ONEM | Provider Tracker

Following 3 consecutive months of roughly 20 providers added, net new adds are beginning to slow

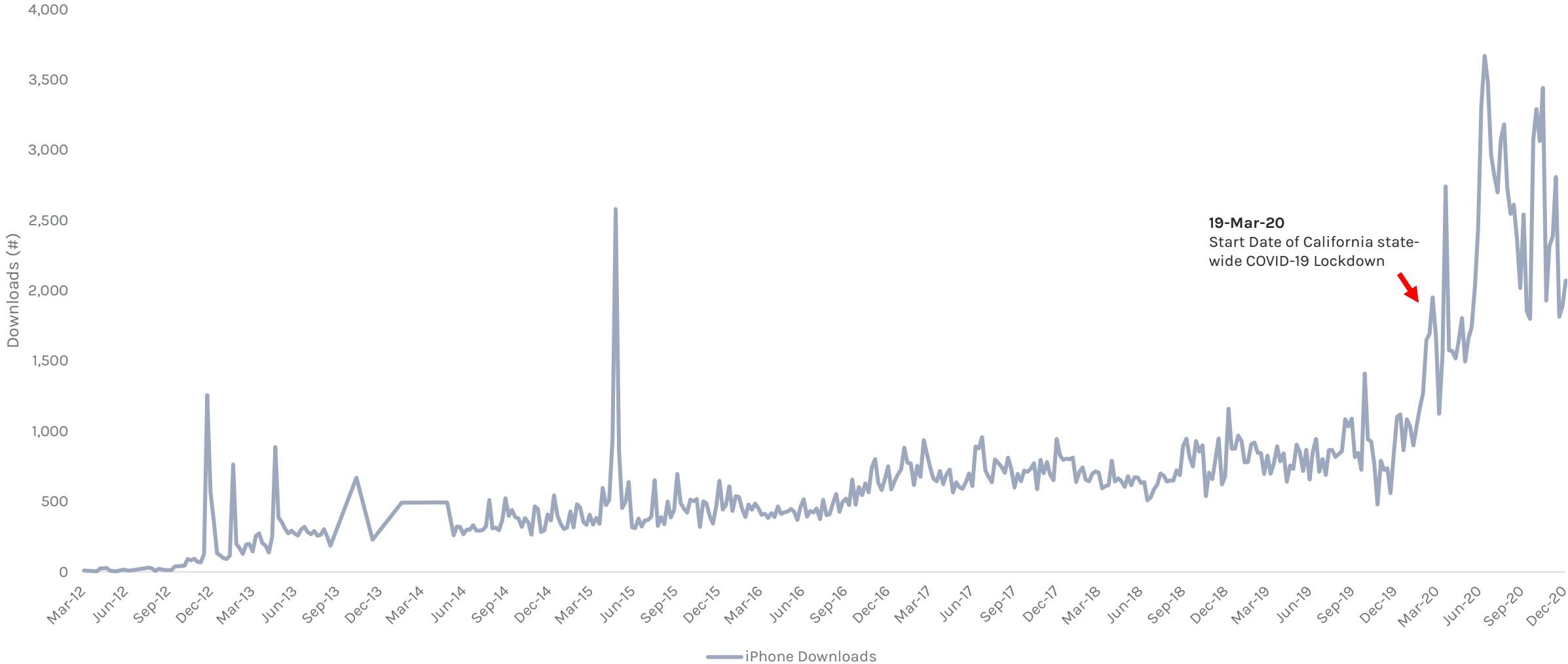


1life Healthcare Inc. (ONEM) Provider Tracker										
	Jun-1	Jun-15	Jul-1	Jul-15	Aug-1	Aug-31	Sep-30	Oct-31	Nov-30	Jan-1
Existing	577	583	592	600	612	618	635	646	630	635
New	6	16	11	13	7	20	18	21	10	14
Turnover	0	7	3	1	1	3	7	37	5	0
Total	583	592	600	612	618	635	646	630	635	649

Legend: Red dots indicate a new provider has been added in December 2020 (may be more than one/location). **Tracker Note:** In January ONEM has opened one new office in Austin, Texas. Blue dots show existing ONEM providers. ONEM currently operates in 13 markets, has targeted 3 more.

ONEM | App Downloads

Although ONEM has benefitted from COVID-19, we believe it to be more than a Doc-in-a-Box



For more information, contact us at:

support@hedgeye.com