

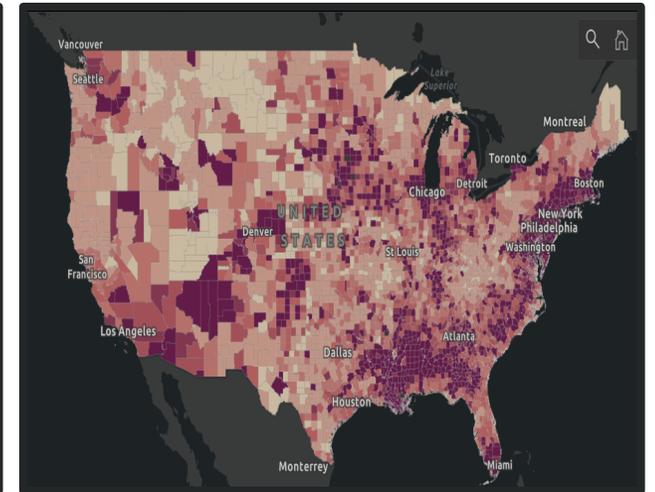
HEDGEYE



Health Care Position Monitor Update

Robin Hood, #SecondWave, COVID-19 Testing, and Screen Results for Hill-Rom

June 15, 2020



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Health Care Position Monitor

For Week of June 15, 2020

Best Ideas - Longs					Best Ideas - Shorts						
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs					Active Shorts						
ONEM	1Life Healthcare, Inc.	\$ 29.51	\$3.7B	✓	✓	AMN	AMN Healthcare Services, Inc.	\$ 46.33	\$2.2B	×	×
TDOC	Teladoc Health, Inc.	\$ 172.27	\$12.8B	✓	✓	GH	Guardant Health, Inc.	\$ 77.09	\$7.6B	×	×
						EXAS	Exact Sciences Corporation	\$ 85.37	\$12.8B	×	×
						HQY	HealthEquity Inc	\$ 57.83	\$4.1B	×	×
						NVTA	Invitae Corp.	\$ 16.17	\$2.0B	×	×
Long Bias					Short Bias						
TXG	10x Genomics Inc Class A	\$ 83.26	\$4.8B			HRC	Hill-Rom Holdings, Inc.	\$ 95.73	\$6.4B		
						MASI	Masimo Corporation	\$ 217.39	\$11.8B		
						HCA	HCA Healthcare Inc	\$ 100.55	\$33.9B		
						DVA	DaVita Inc.	\$ 78.25	\$9.5B		
						ILMN	Illumina, Inc.	\$ 341.61	\$50.2B		

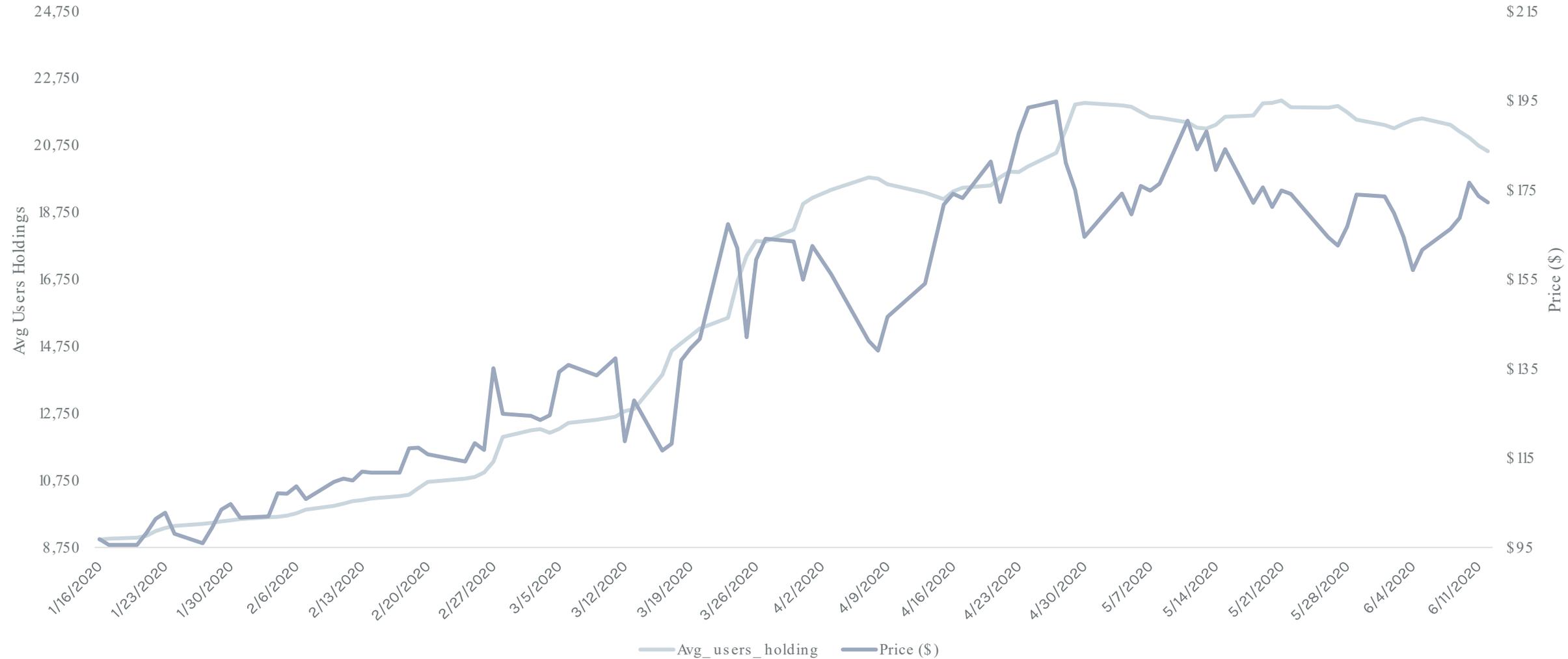
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Robinhood User Holdings Tracker

TDOC

Correlation	R-squared
94%	89%



Robinhood User Holdings Tracker

MRNA

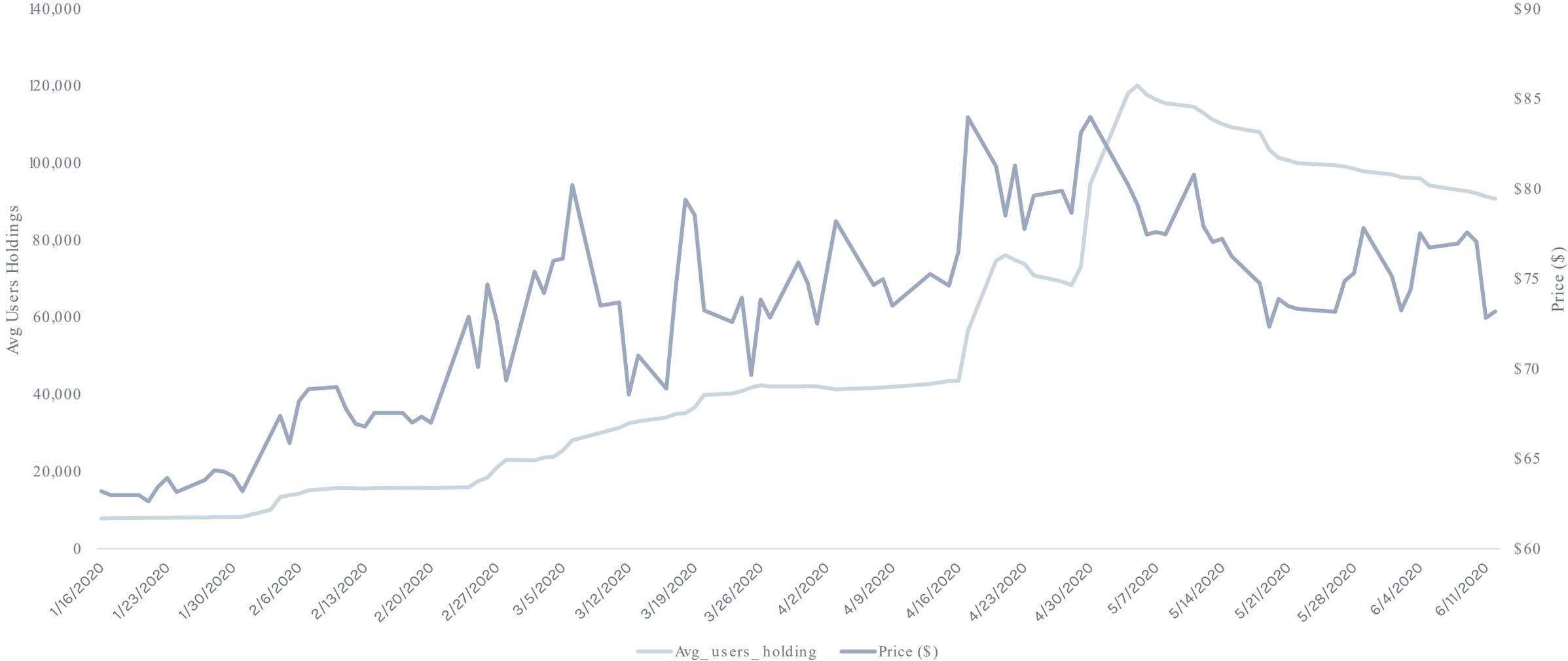
Correlation	R-squared
91%	83%



Robinhood User Holdings Tracker

GILD

Correlation	R-squared
69%	48%



Robinhood User Holdings Tracker

ILMN

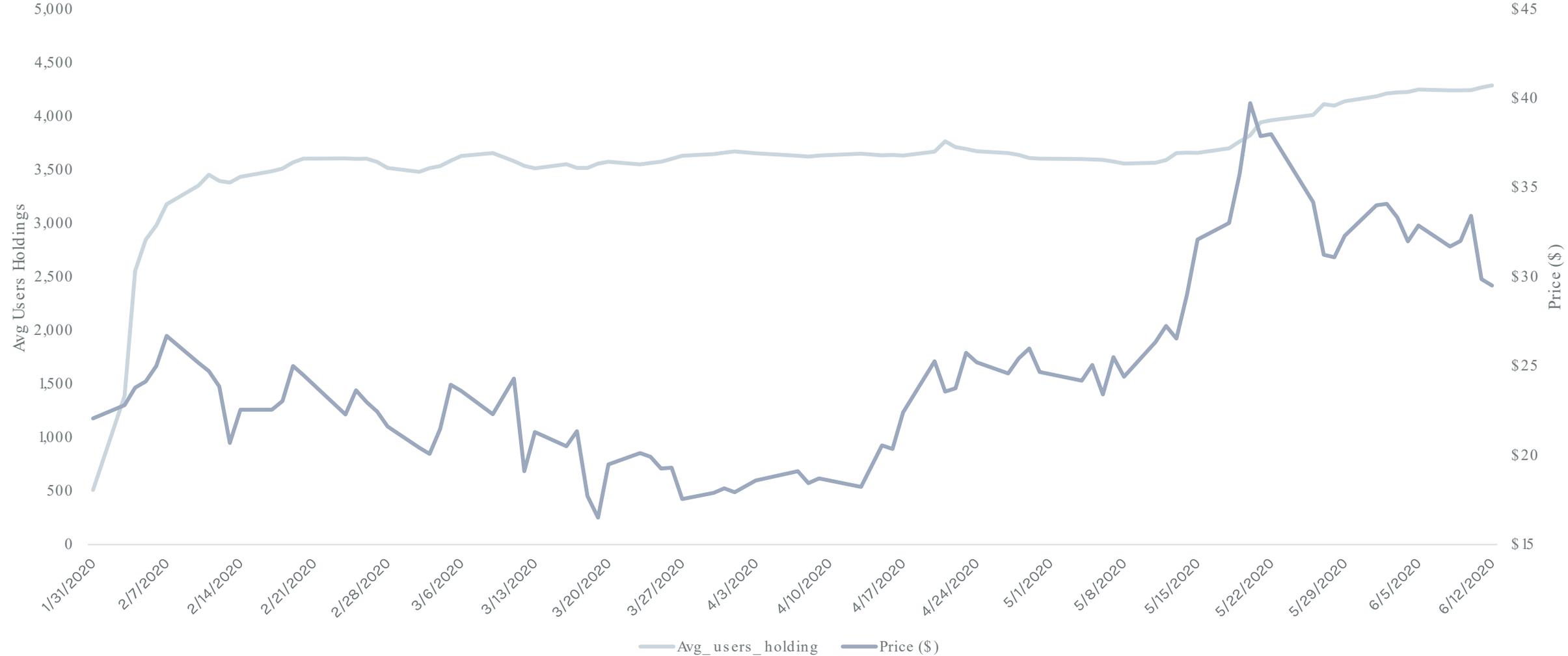
Correlation	R-squared
42%	18%



Robinhood User Holdings Tracker

ONEM

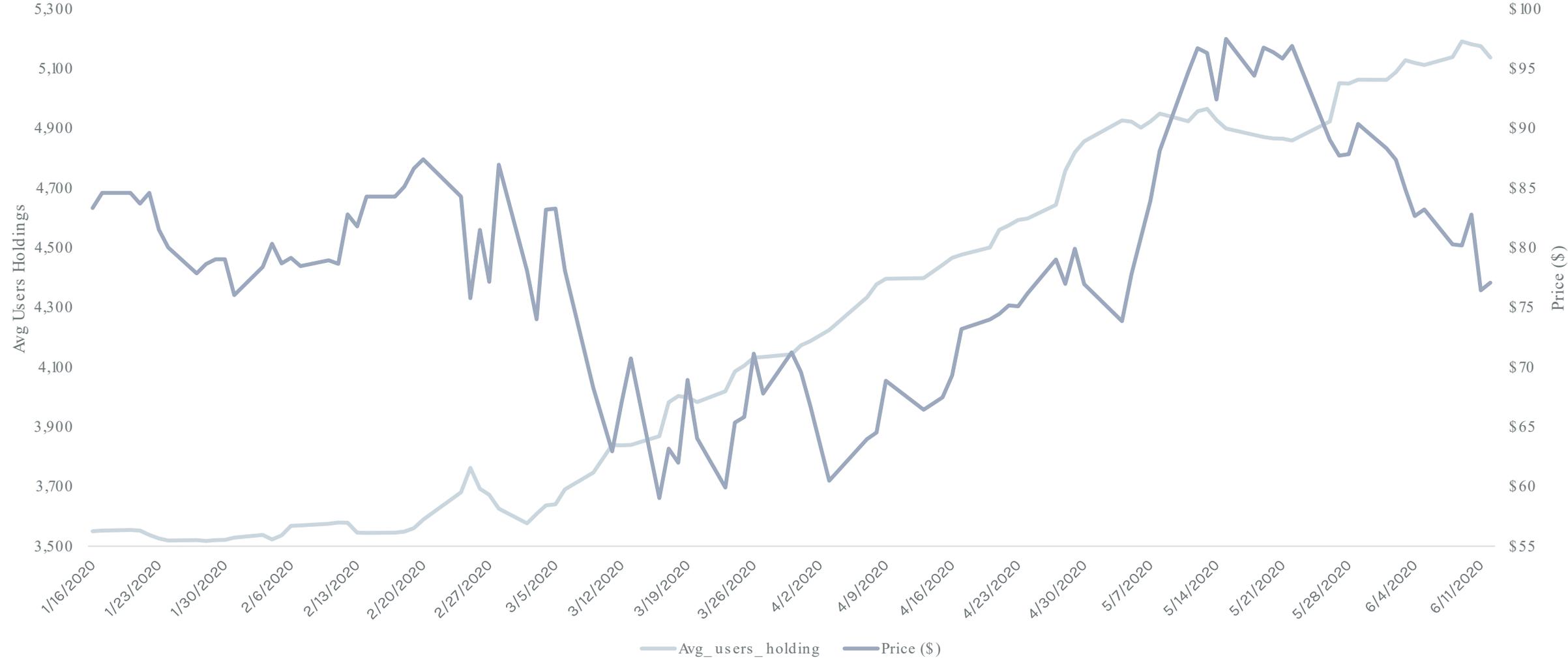
Correlation	R-squared
39%	15%



Robinhood User Holdings Tracker

GH

Correlation	R-squared
28%	8%



Robinhood User Holdings Tracker

NVTA

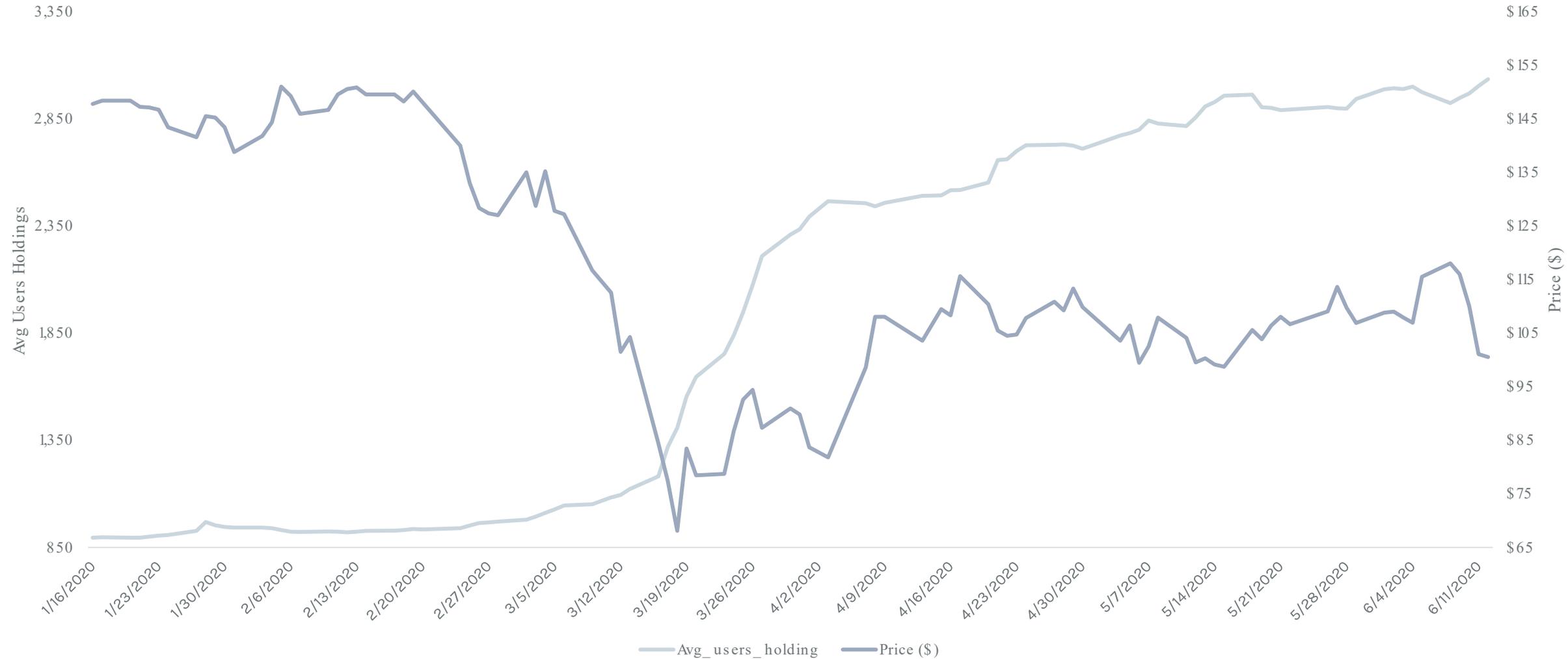
Correlation	R-squared
-35%	12%



Robinhood User Holdings Tracker

HCA

Correlation	R-squared
-66%	43%



Is testing as an investable theme?

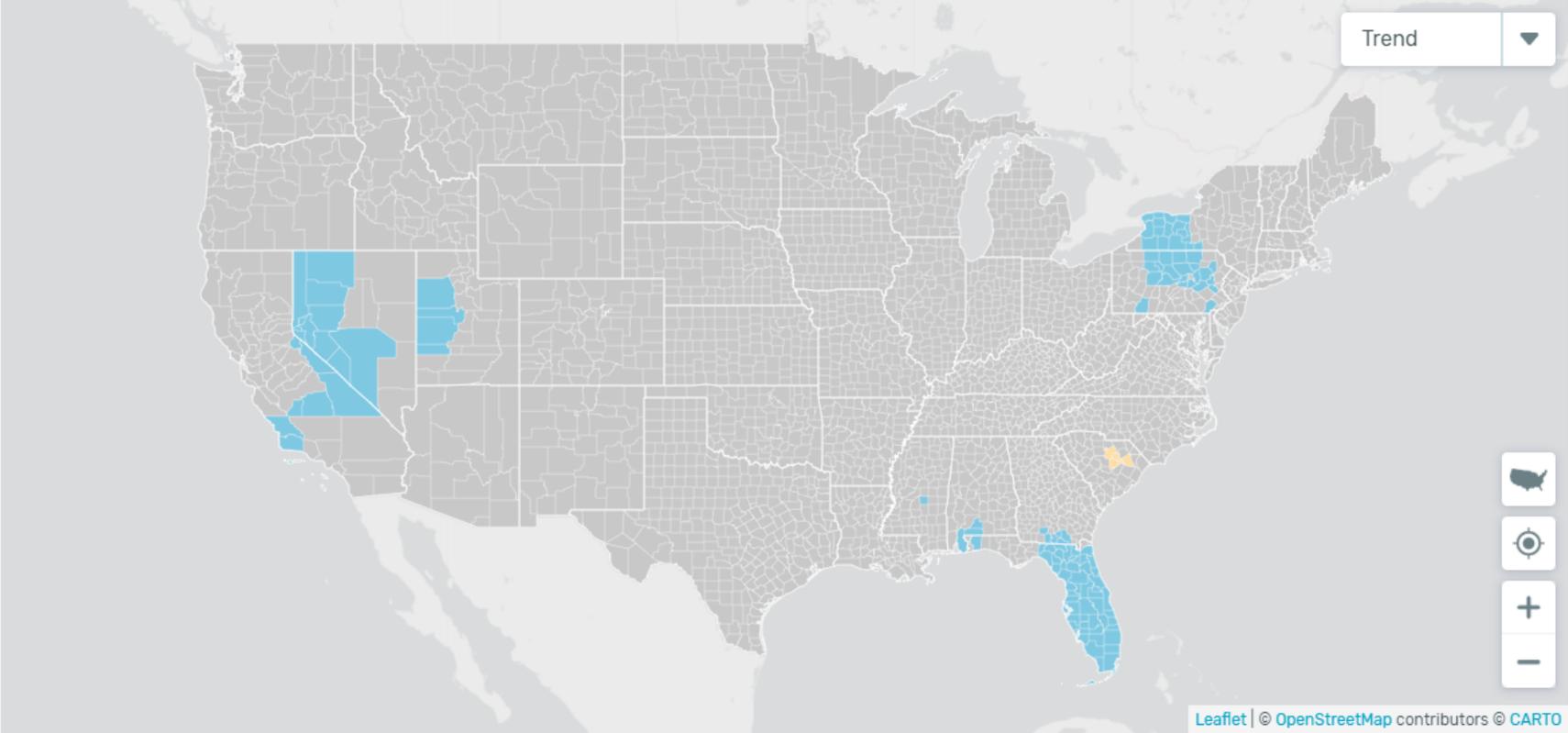
- Number one concern for epidemiology is behavior, people not following recommendations
- **Hand washing has been quantified, but much of the list of epidemiology recommendations has been less rigorously quantified**
- Epidemiology "unleashes" recommendation on public but uniform application is not possible, a controlled study difficult to impossible
- Epidemiology "unleashes" recommendation on public but uniform application is not possible, a controlled study difficult to impossible
- **COVID-19 RNA is "remarkably stable," it won't degrade in sample collection tube, or in wastewater**
- Abbott test not sensitive, "a disaster"
- **Testing really needs to be done every 3 to 7 days based on disease progression**
- Test needs to be affordable and fast; it can't be putative for those who test positive
- Multiplexing potentially introduces error in a high throughput sequencing analysis, longer time to a result
- RT PCR can be completed in 2 hours, batch results, and manageable assuming we test overnight and inform test taker the next day before their commute
- Front line health care workers should be tested first
- Test where there is disease

COVID-19 Kinsa Health Weather

According to individual thermometer readings, fever trends remain low

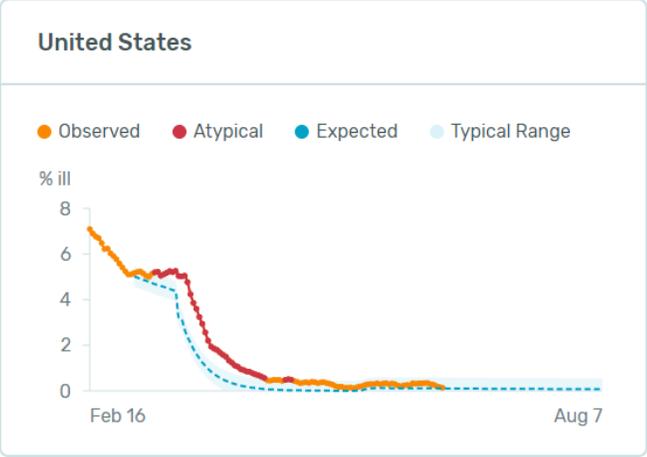
Look up influenza-like illness near you:

Illness Trend ?



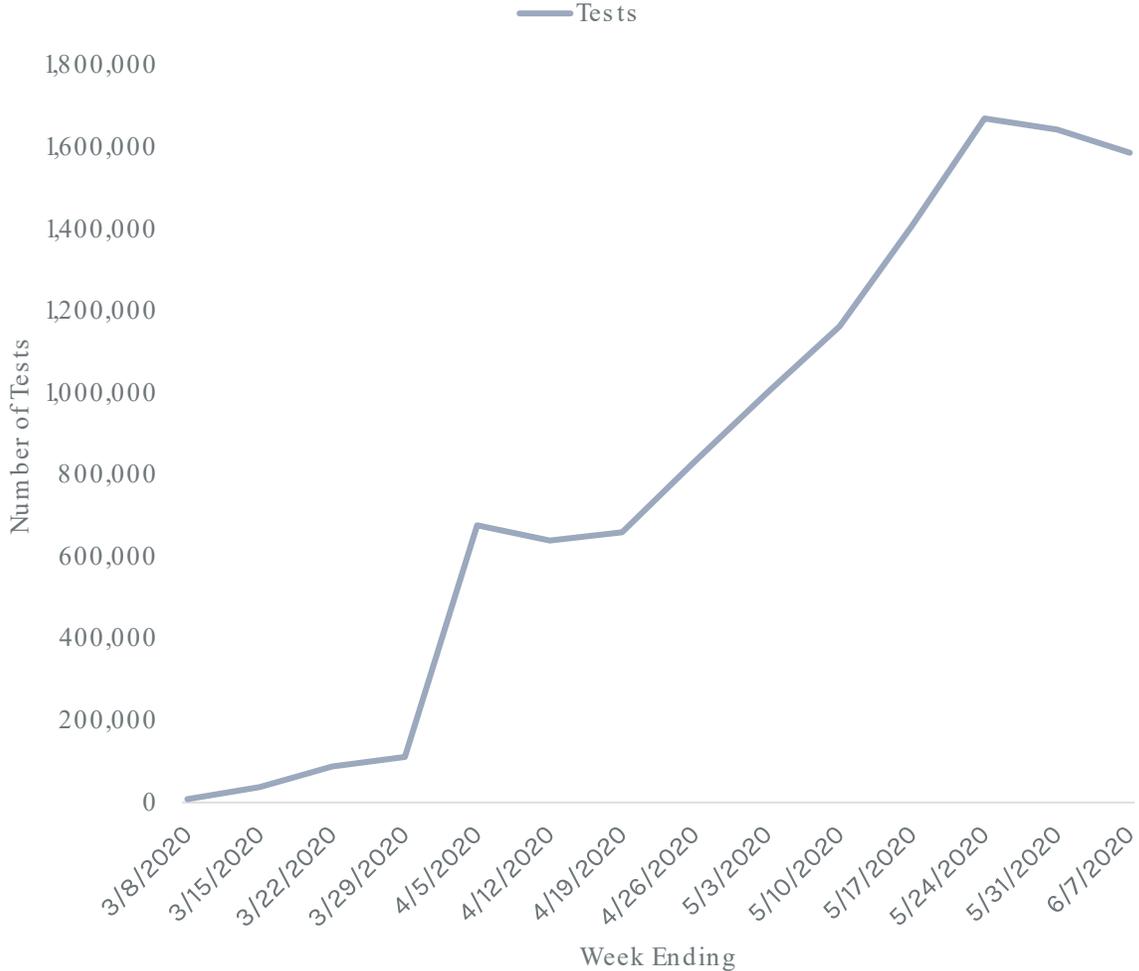
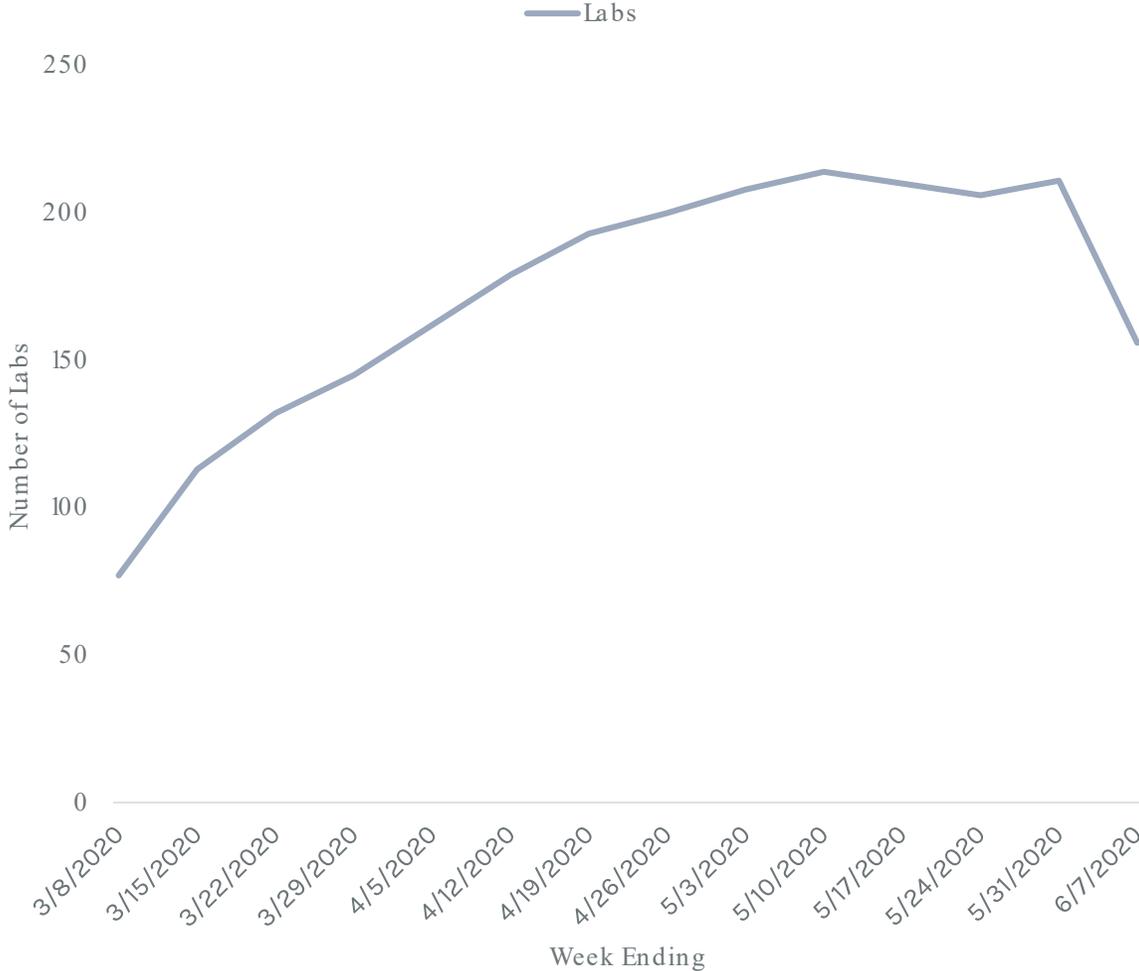
The Health Weather Map has been showing minimal disease for several weeks. Protests and re-opening local economies are getting into the time frame where infection spread dynamics would begin presenting.

Last updated June 14, 2020



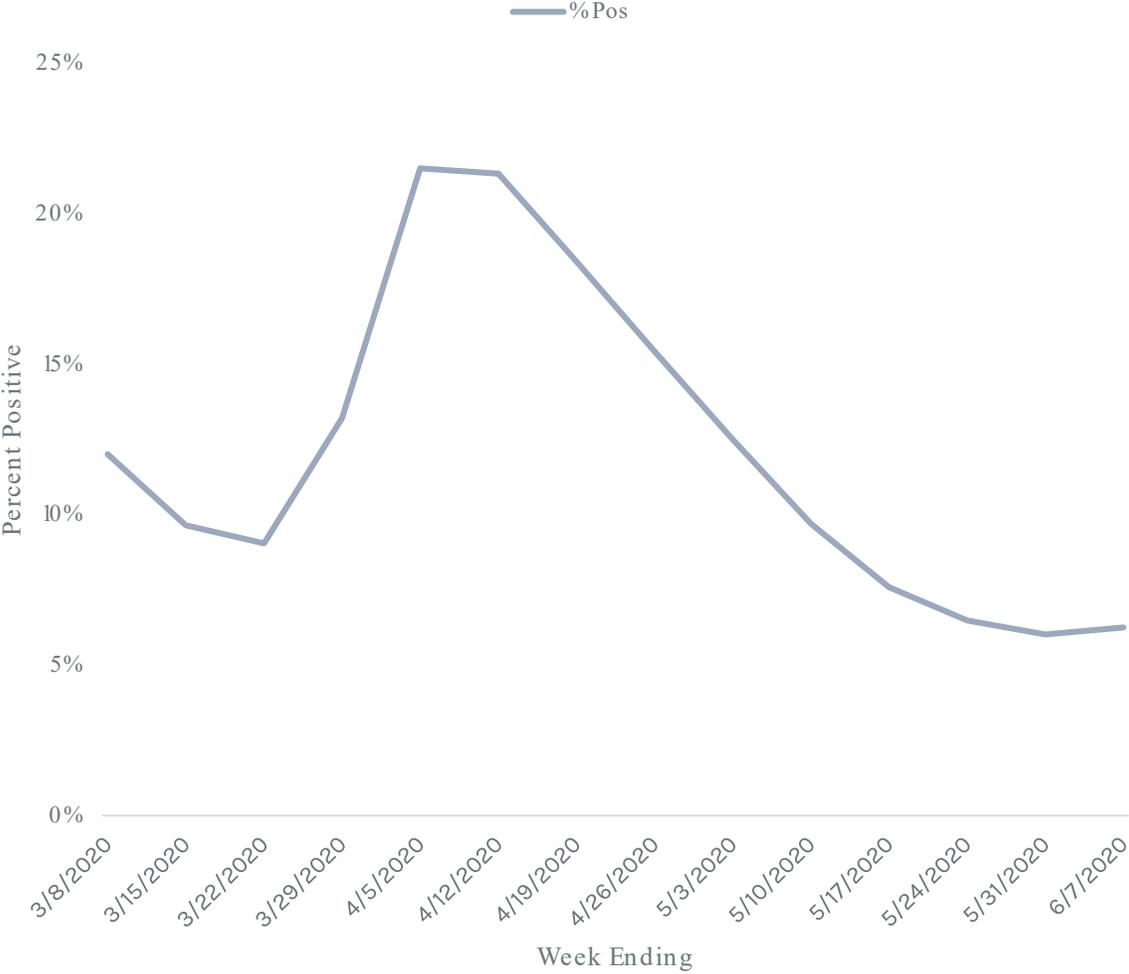
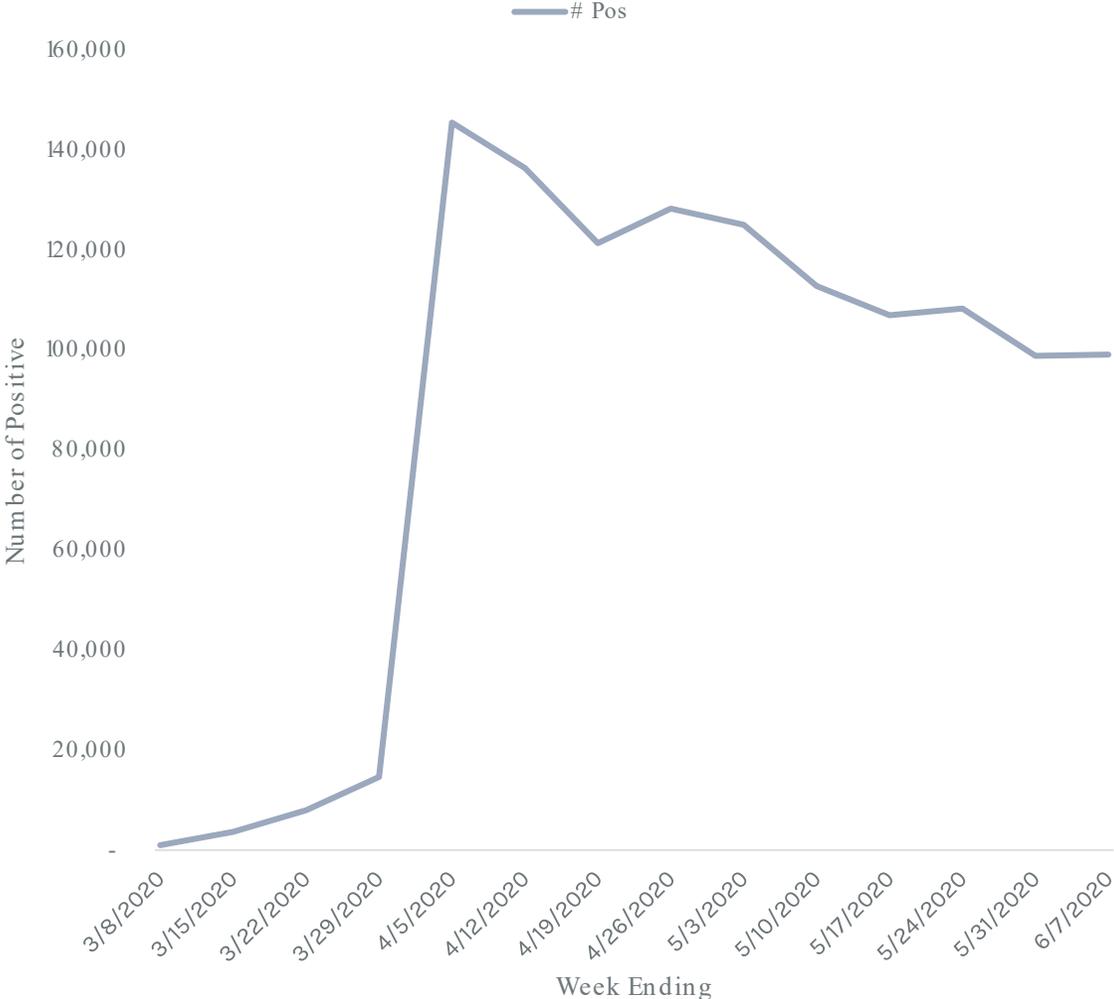
CDC COVID-19 Testing Dashboard

Test volumes ramping across a stable number of labs



CDC COVID-19 Testing Dashboard

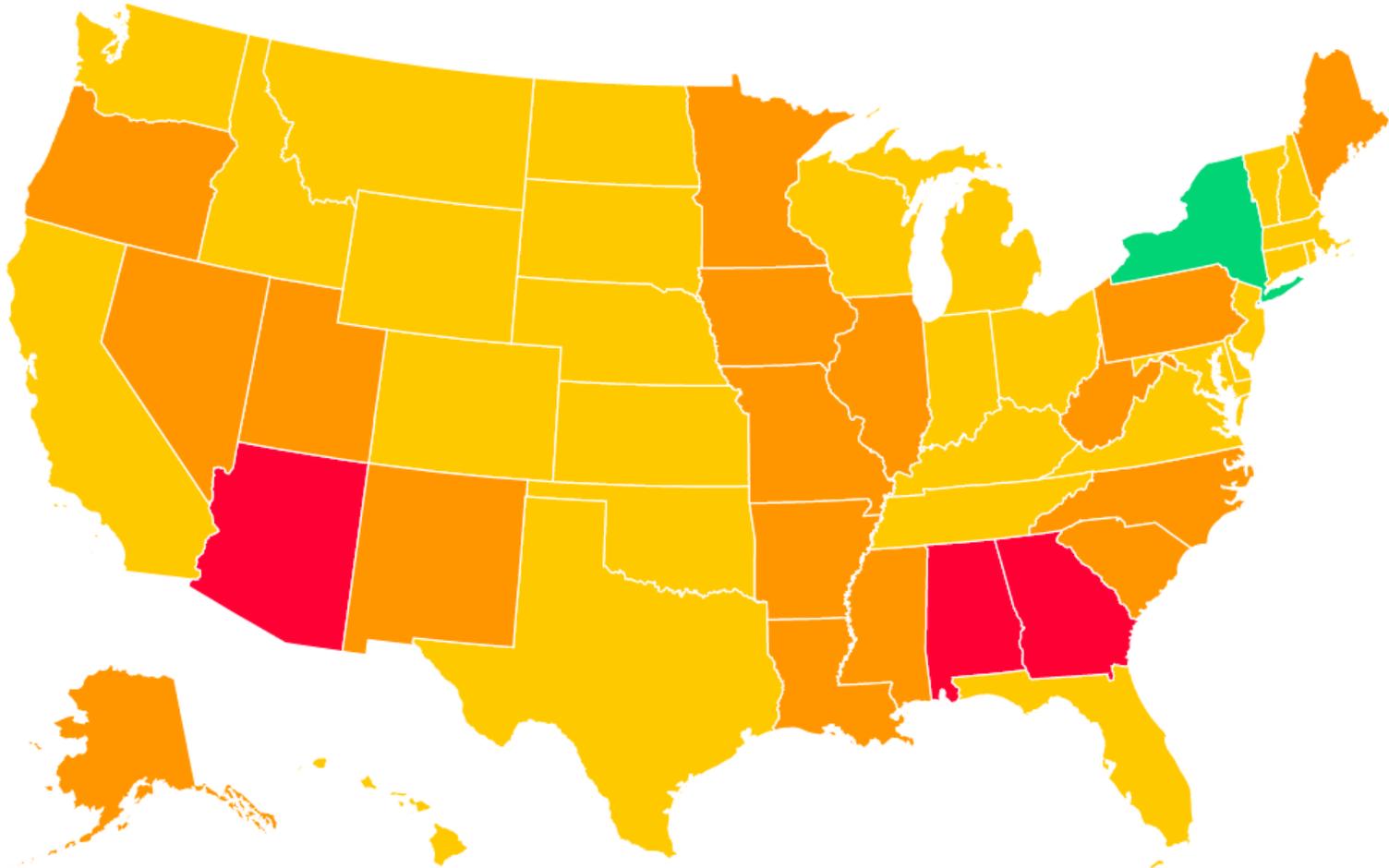
Percent Positive below 10%, but stable to rising



Covid ActNow

Seems to lean academic, non-political

COVID Risk: ● Active or imminent outbreak ● At risk ● Controlled disease growth ● On track to contain COVID



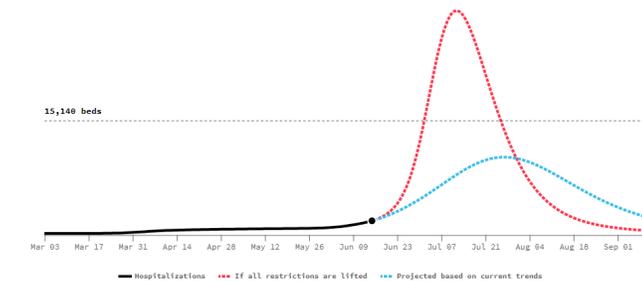
Percent Positive tests



Contacts Traced



Forecast Model



AZ | COVID-19 rising after May 15 re-opening

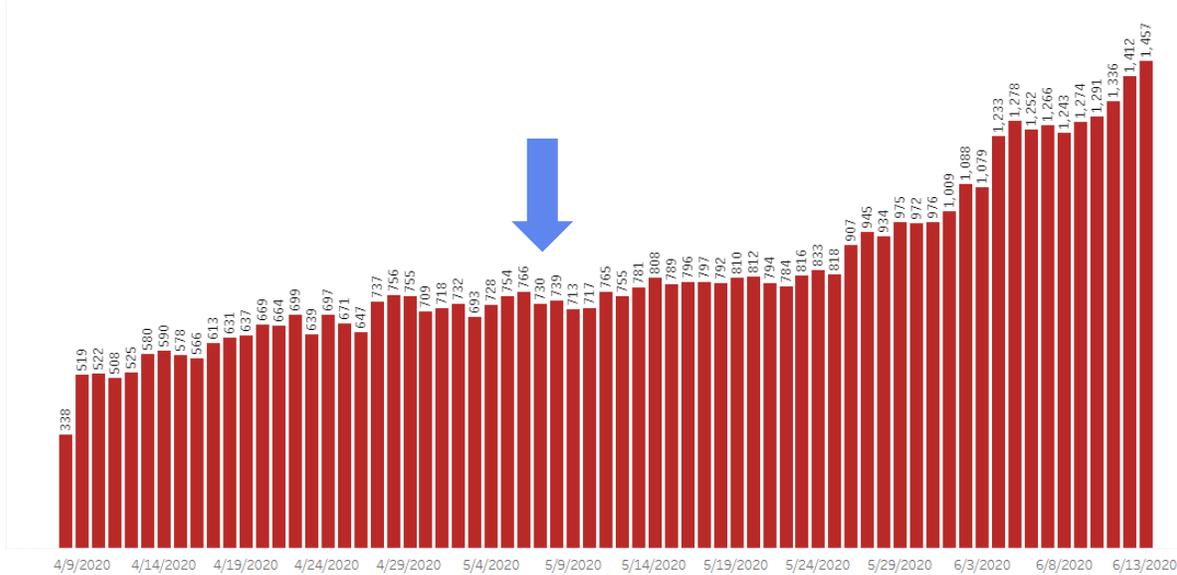
Inpatient cases rising

Surveillance for COVID like illness (CLI)

Inpatient COVID-19 Ventilators in Use COVID-19 ICU Beds for COVID-19 COVID-19 Discharge COVID-19 ED Intubations COVID

Number of Positive or Suspected **Inpatient COVID-19 Patients**

Hover over the icon to get more information on the data in this dashboard.

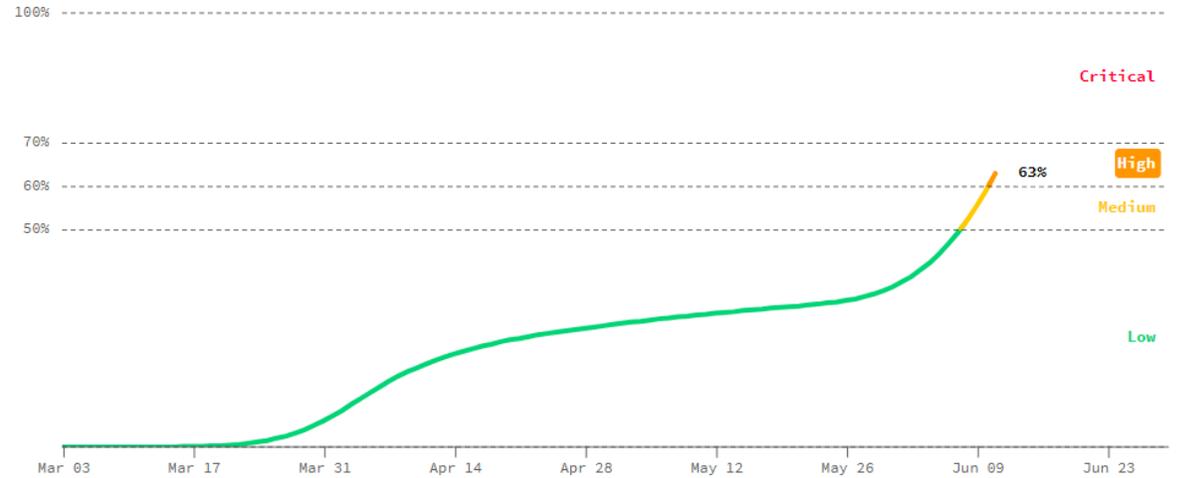


ICU headroom used Beta

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ARIZONA

Arizona has about 1,479 ICU beds. We estimate that 54% (798) are currently occupied by non-COVID patients. Of the remaining 681 ICU beds, we estimate 429 are occupied by COVID cases, or 63% of available beds. This suggests hospitals may not be well positioned to absorb a wave of new COVID infections without substantial surge capacity. Caution is warranted.



Sales Estimate Fundamental Quad Set Up

Quad 1 (long)

A	EHC	MDT	STAA
ABMD	EW	MEDP	SYK
ABT	EXAS	MGLN	TCMD
ADUS	GKOS	MMSI	TECH
ALGN	GMED	MTD	TFX
AMN	HAE	NVTA	TMO
ATRC	HCA	OMCL	TRHC
BDX	HOLX	PEN	USPH
BEAT	IART	PKI	WAT
BIO	IDXX	PODD	
BIOS	ILMN	PRAH	
BSX	IQV	Q	
CHE	IRTC	RCM	
CNMD	ISRG	RGEN	
CRL	LH	RMD	
CSII	LHCG	SEM	

Quad 2 (long)

BAX
CVET
DGX
ICUI
NEOG
NSTG
NTRA

Quad 3 (short)

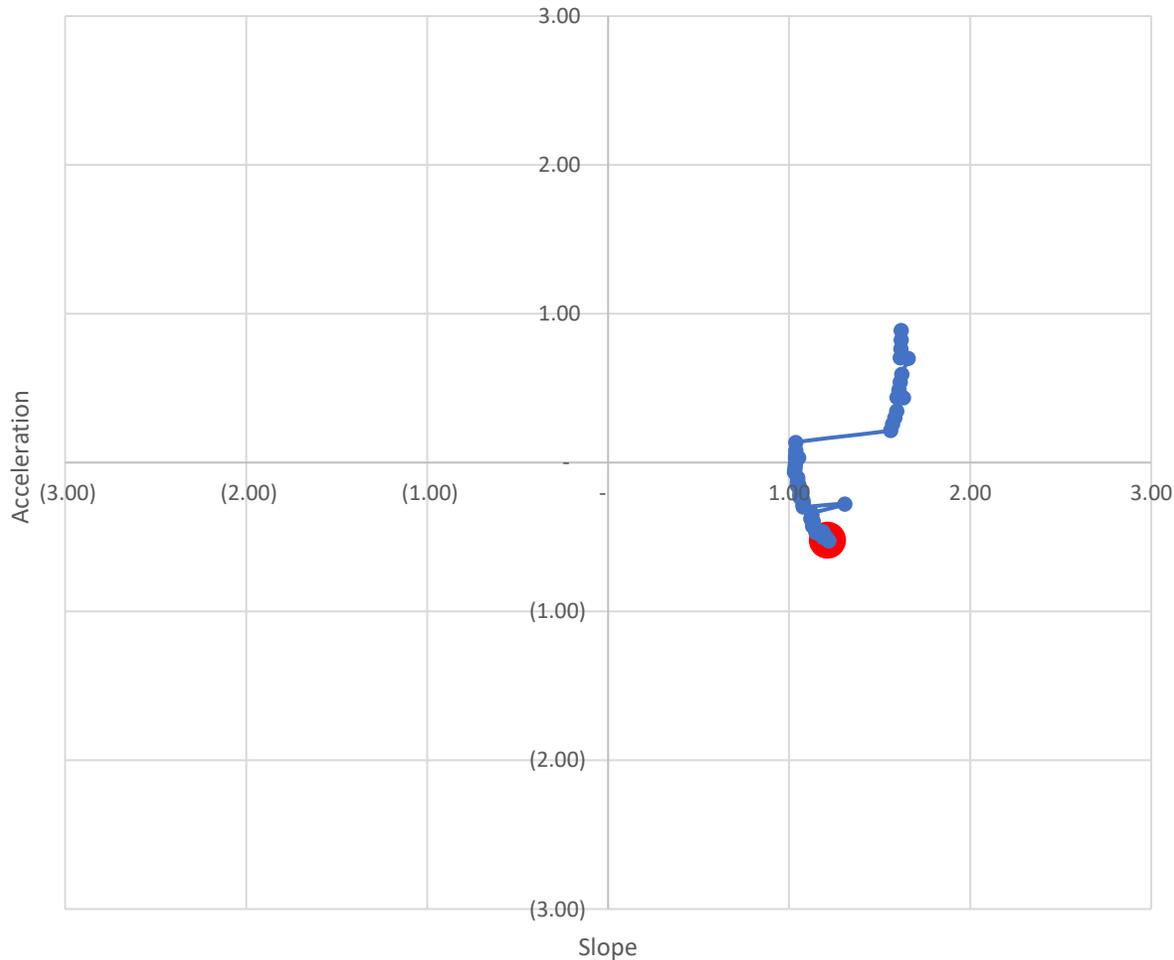
ANTM
DXCM
ENSG
HMSY
HRC
HUM
LVGO
MASI
QDEL
TDOC
VEEV

Quad 4 (short)

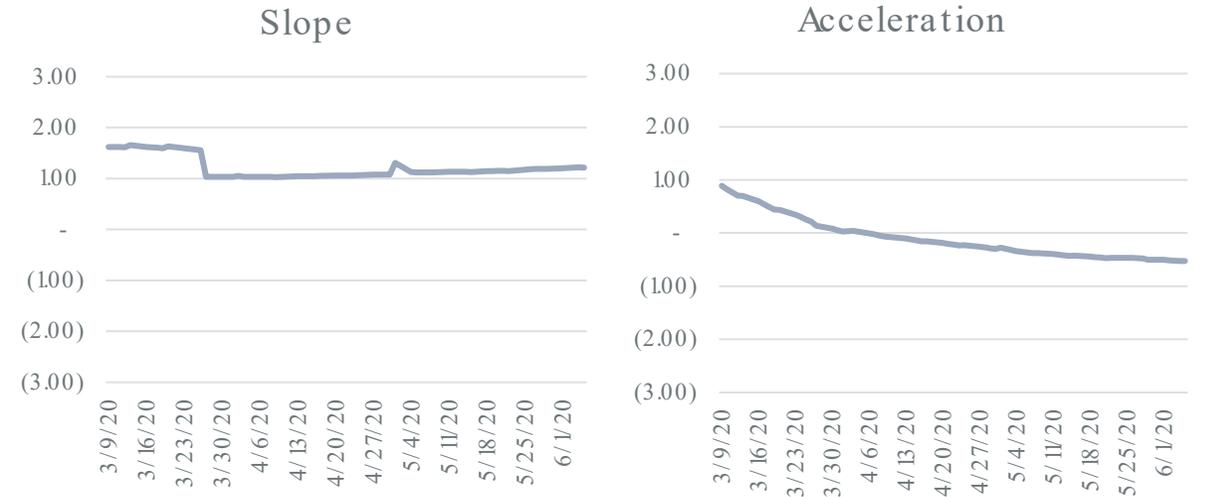
AMED
GH
MLAB
NEO
UNH

HRC Added to Short Bias

Estimates decelerating versus the upper end of its range

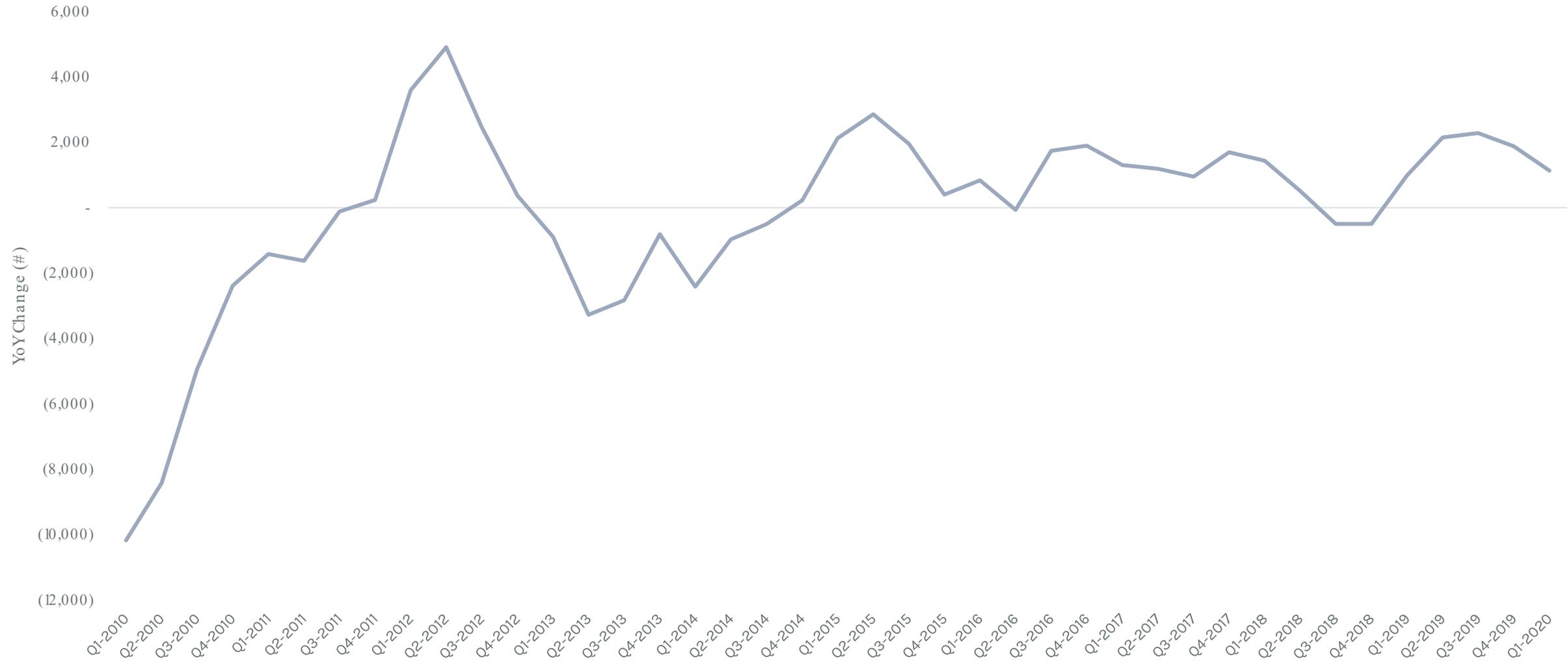


Ticker		HRC				
Date		6/5/2020				
					z-score trailing 3Y	
Factor	Quad	Correlation	bin	bin2	Growth Factor	Acceleration
Sales	3	0.65	1.00	-1.00	1.21	-0.52
Ebitda	2	0.77	1.00	1.00	1.11	1.33
EPS	3	0.95	0.00	0.00	0.22	-0.29



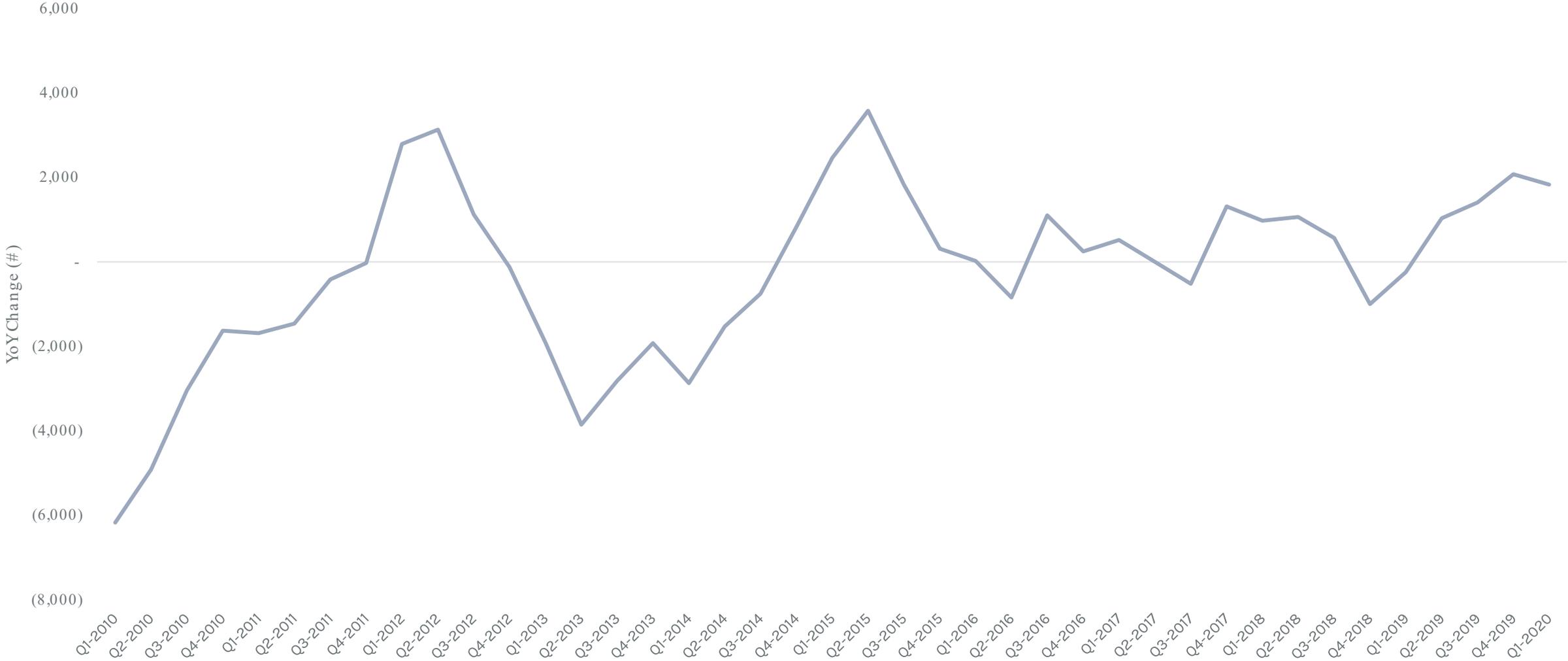
Private Fixed Investment by Type

Health Care, 10 year



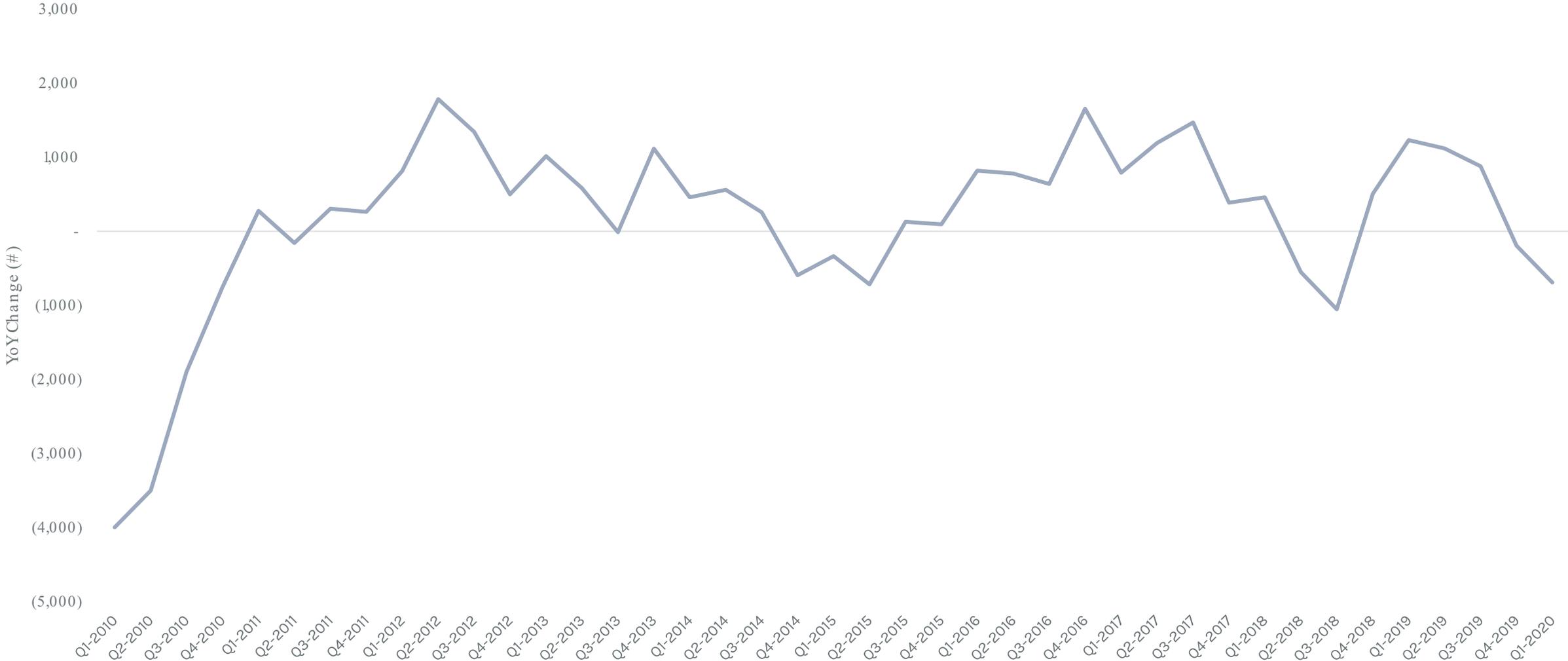
Private Fixed Investment by Type

Hospitals and Special Care, 10 year



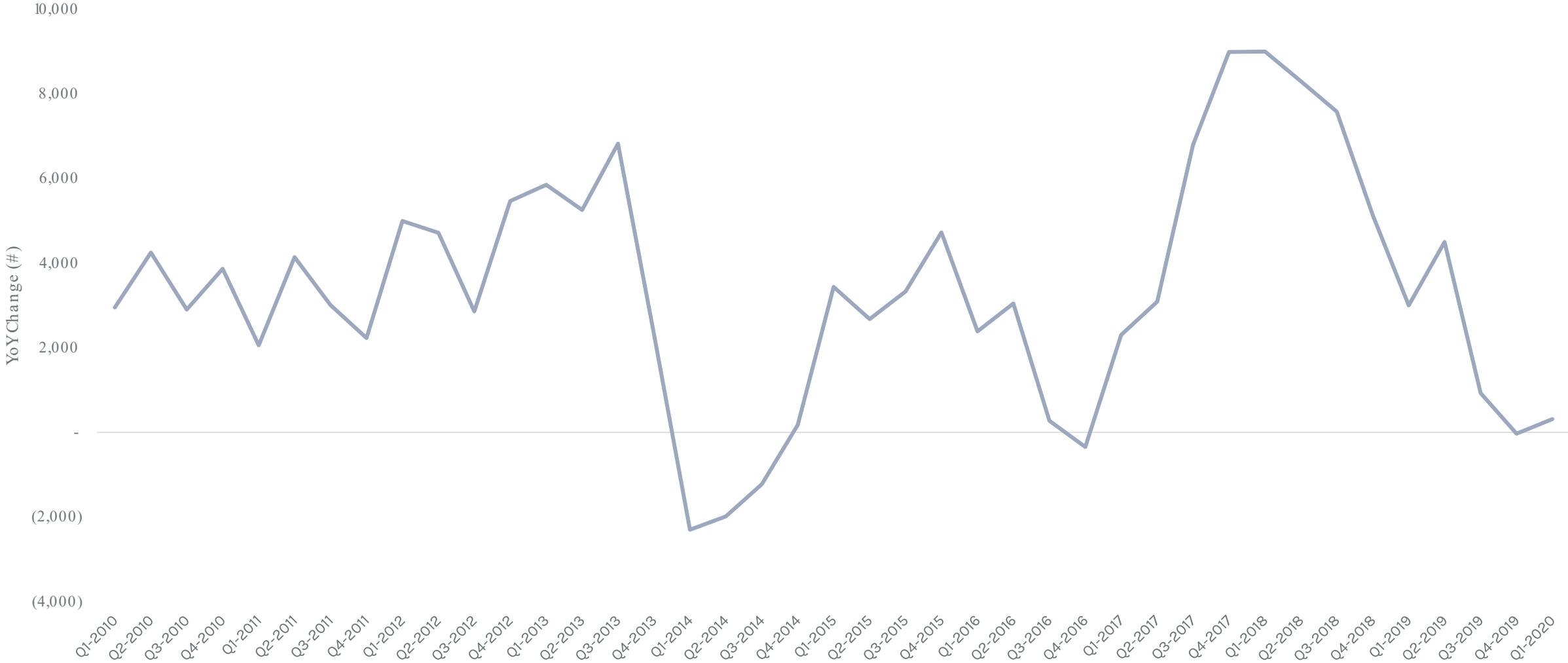
Private Fixed Investment by Type

Medical Buildings, 10 year



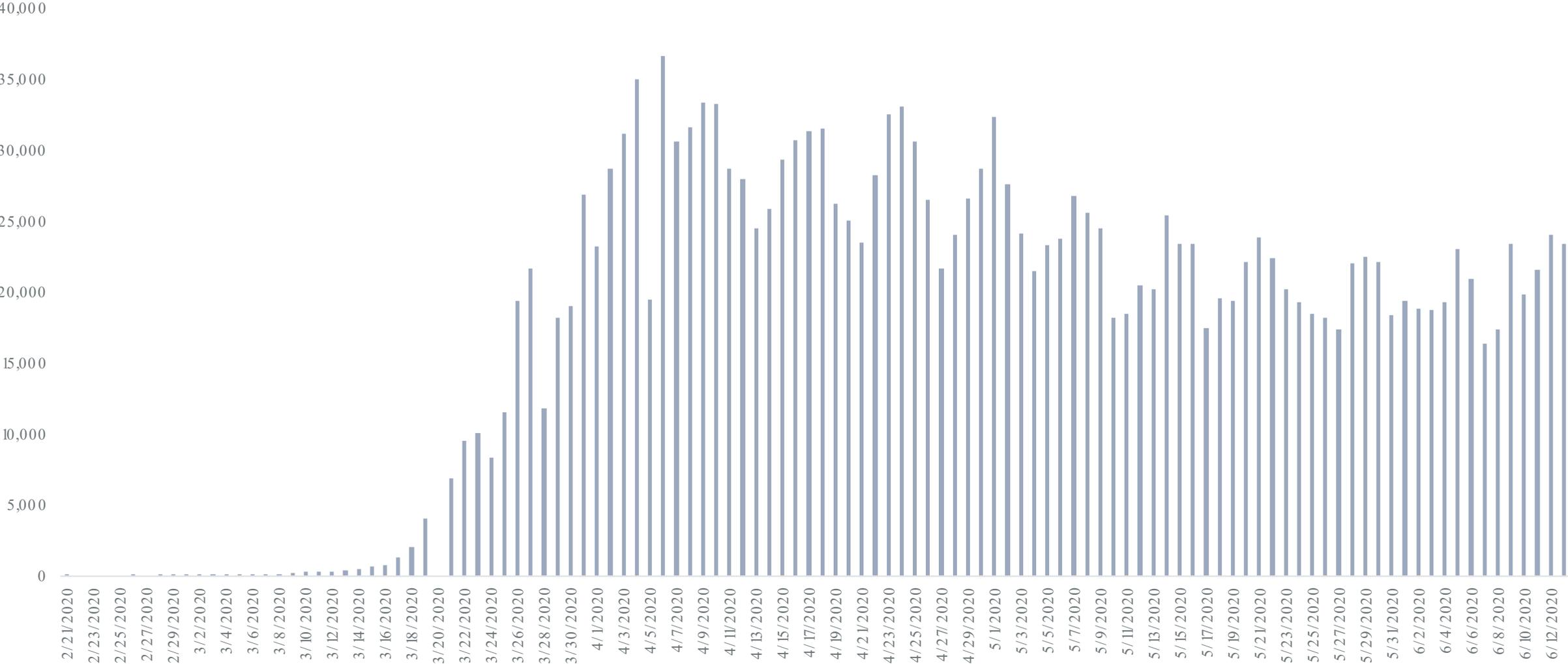
Private Fixed Investment by Type

Medical Equipment and Instruments, 10 year



U.S. Progress Slowing

Still Down and to the right but some reversal



The Narrative

Arizona coronavirus cases nearly double since Memorial Day as state nears hospital capacity

PUBLISHED THU, JUN 11 2020 7:24 PM EDT | UPDATED THU, JUN 11 2020 8:02 PM EDT



Noah Higgins-Dunn
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KEY POINTS

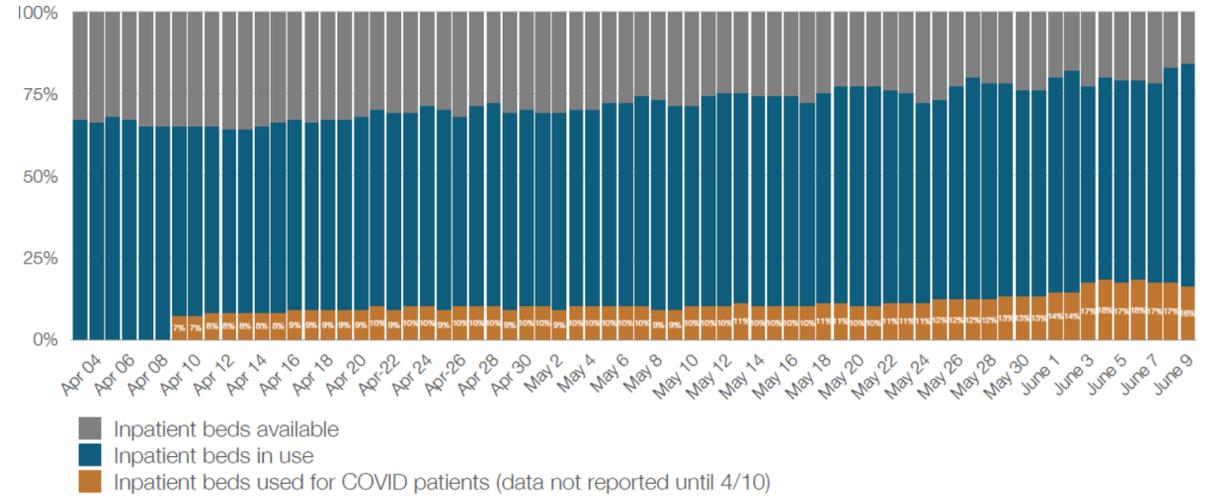
- Arizona's department of health reported an additional 1,412 new cases on Thursday, bringing the state's total to 31,264.
- The number of cases have climbed by nearly 300% since May 1 and have roughly doubled since Memorial Day, according to historical data from Johns Hopkins University compiled by CNBC.
- Arizona hospitals reported that they were at 84% capacity on Wednesday. However, Gov. Doug Ducey later said the state has additional surge capacity available if needed.



The Reality

STAY HEALTHY. RETURN SMARTER. RETURN STRONGER.

HOSPITAL BEDS FOR COVID-19 DOES NOT INCLUDE 2,600 ADDITIONAL SURGE BEDS



Headline conflates rise in cases with hospitalizations. However, a rise in cases can be caused by increased testing AND/OR more disease spread. Hospitalization can be caused by more disease, more electives and/or more COVID-19.

COVID-19 hospitalizations have increased (up 45% or 383) but so have all other inpatient stays (5% or 247). Total increase is split 60% COVID-19 and 40% all other. Important, but not the crisis being sold

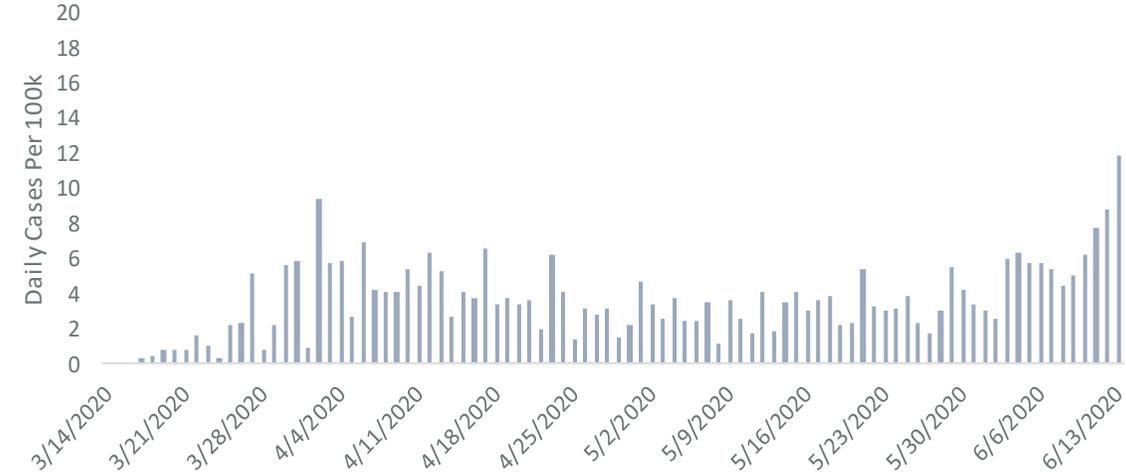
Yuma, AZ

A major recent contributor to case growth in Arizona

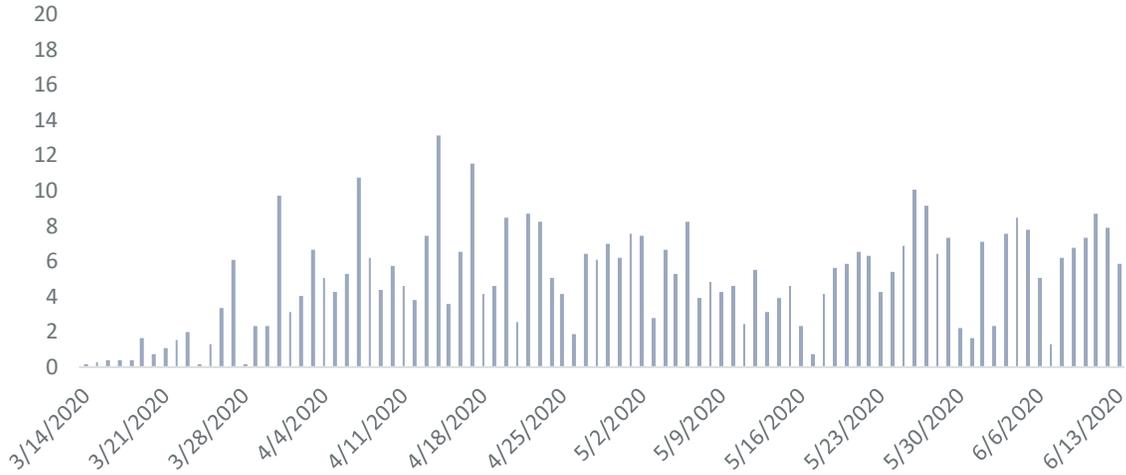


Southern States That Have Gotten Attention

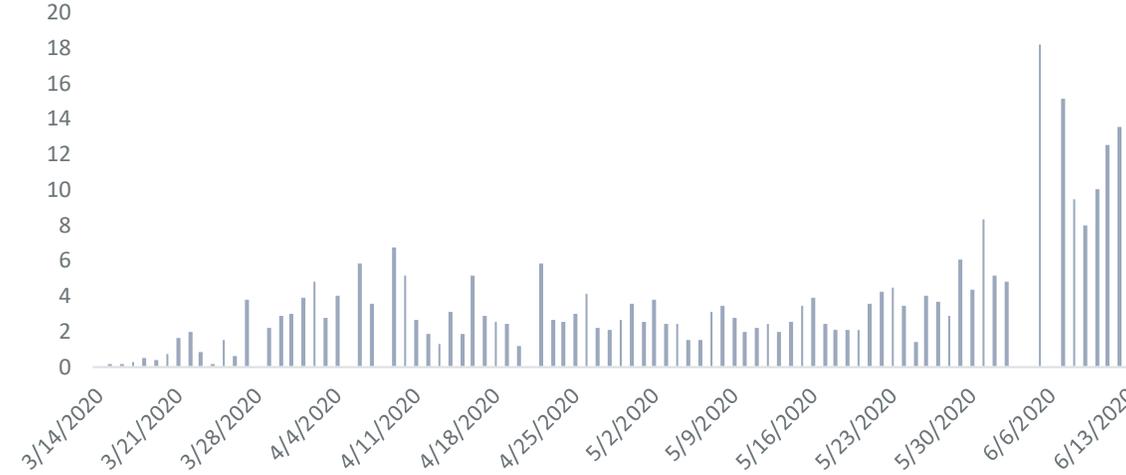
Florida



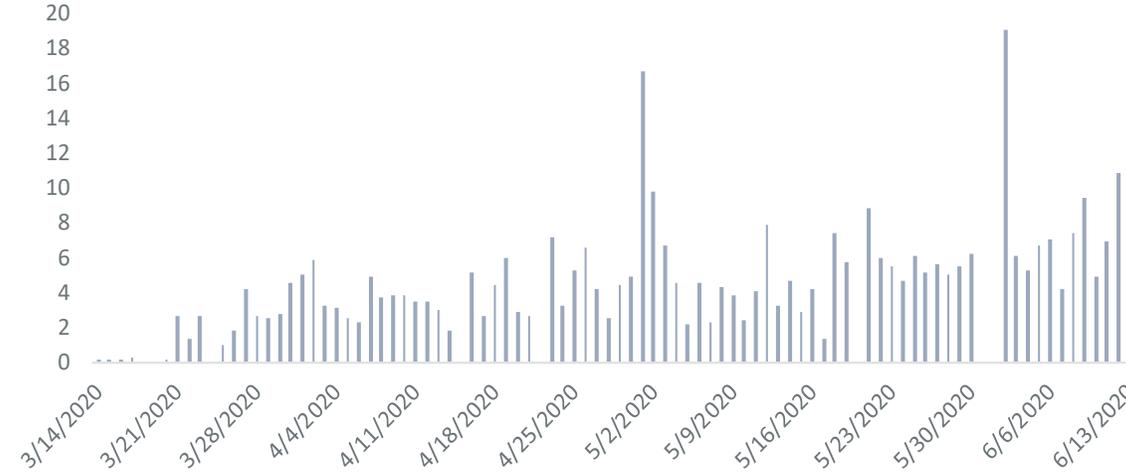
Georgia



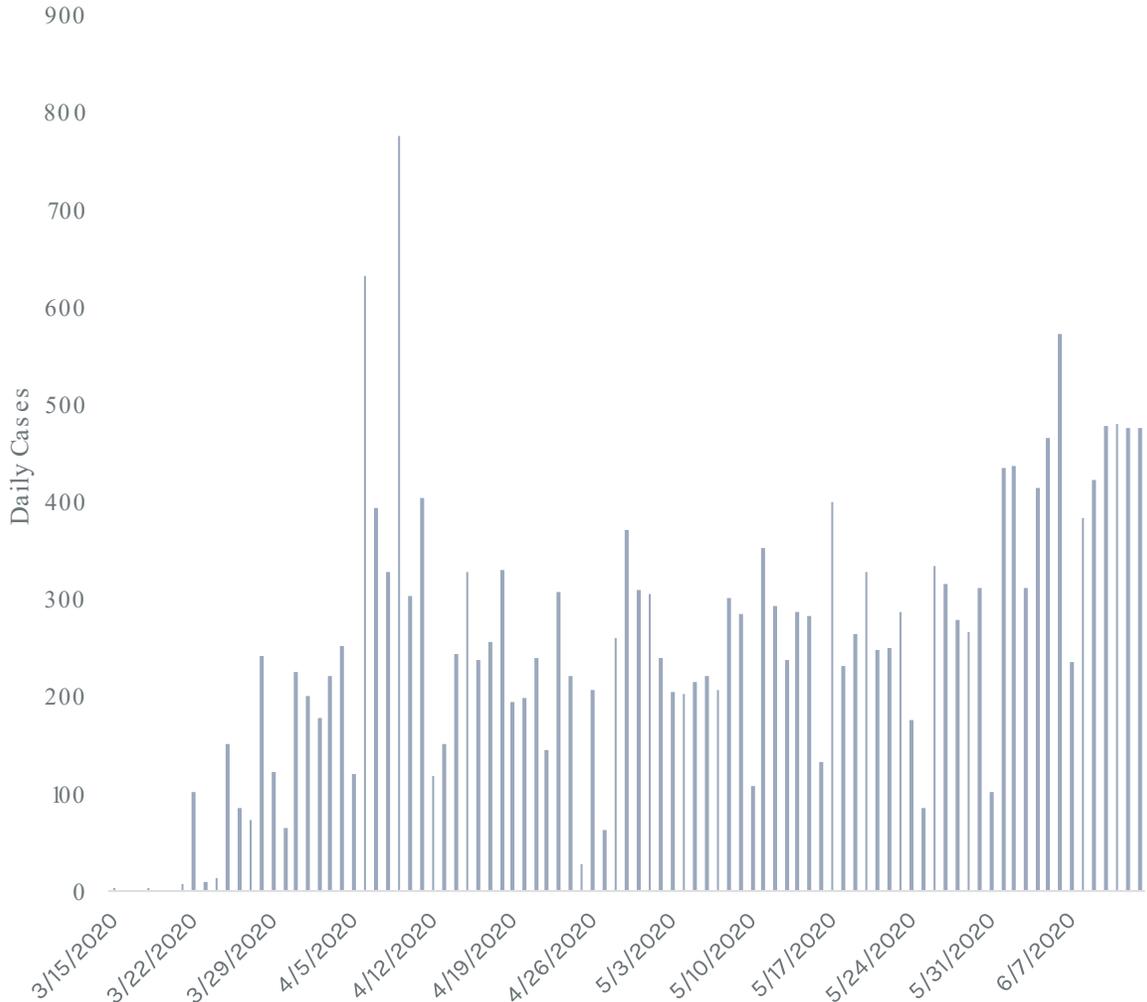
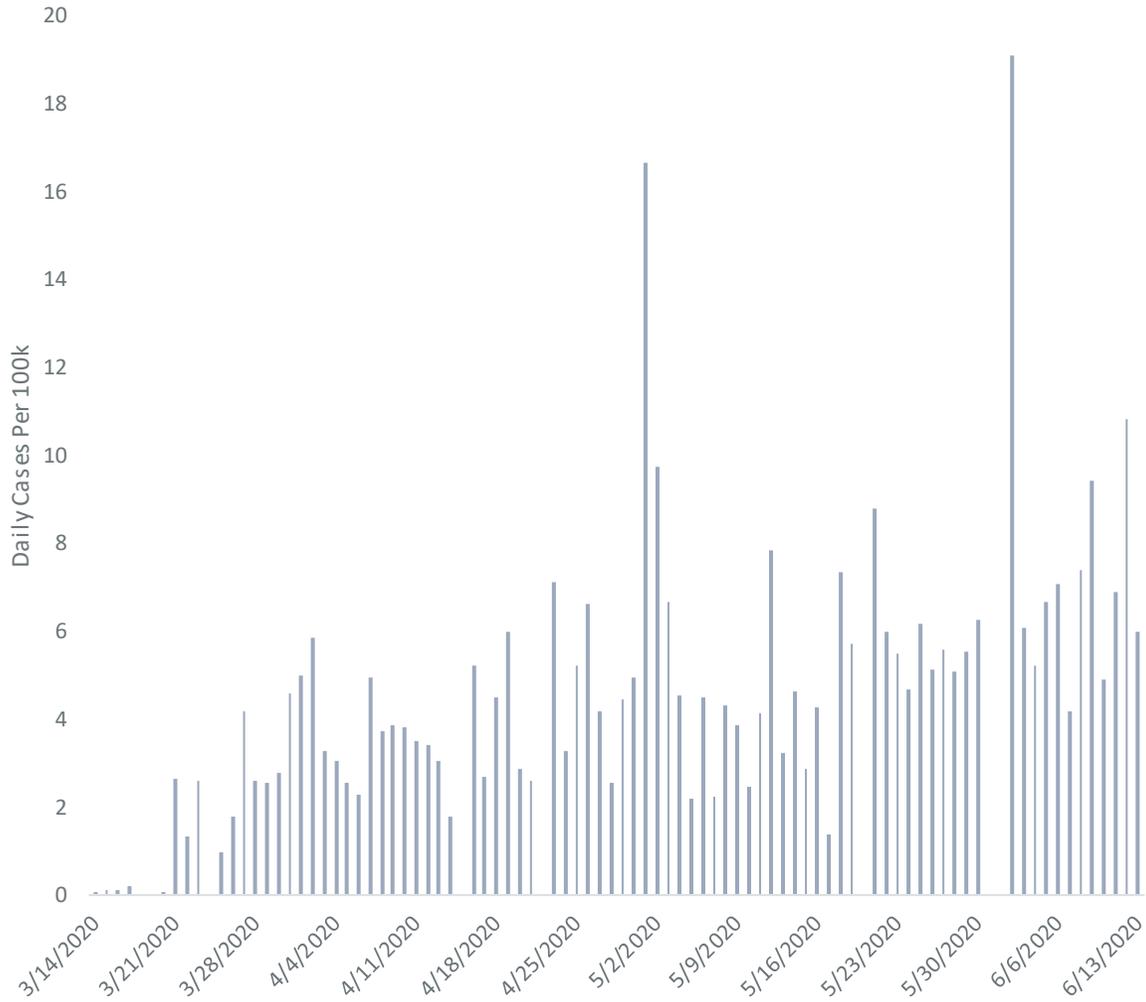
South Carolina



Tennessee



Texas and Houston



CMS Hospitals Without Walls (Temporary Expansion Sites)

- *Hospitals Able to Provide Care in Temporary Expansion Sites:* As part of the CMS Hospital Without Walls initiative, hospitals can provide hospital services in other healthcare facilities and sites that would not otherwise be considered to be part of a healthcare facility; or can set up temporary expansion sites to help address the urgent need to increase capacity to care for patients. In the absence of waivers, hospitals are required to provide services to patients within their hospital departments. Hospitals have shared

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