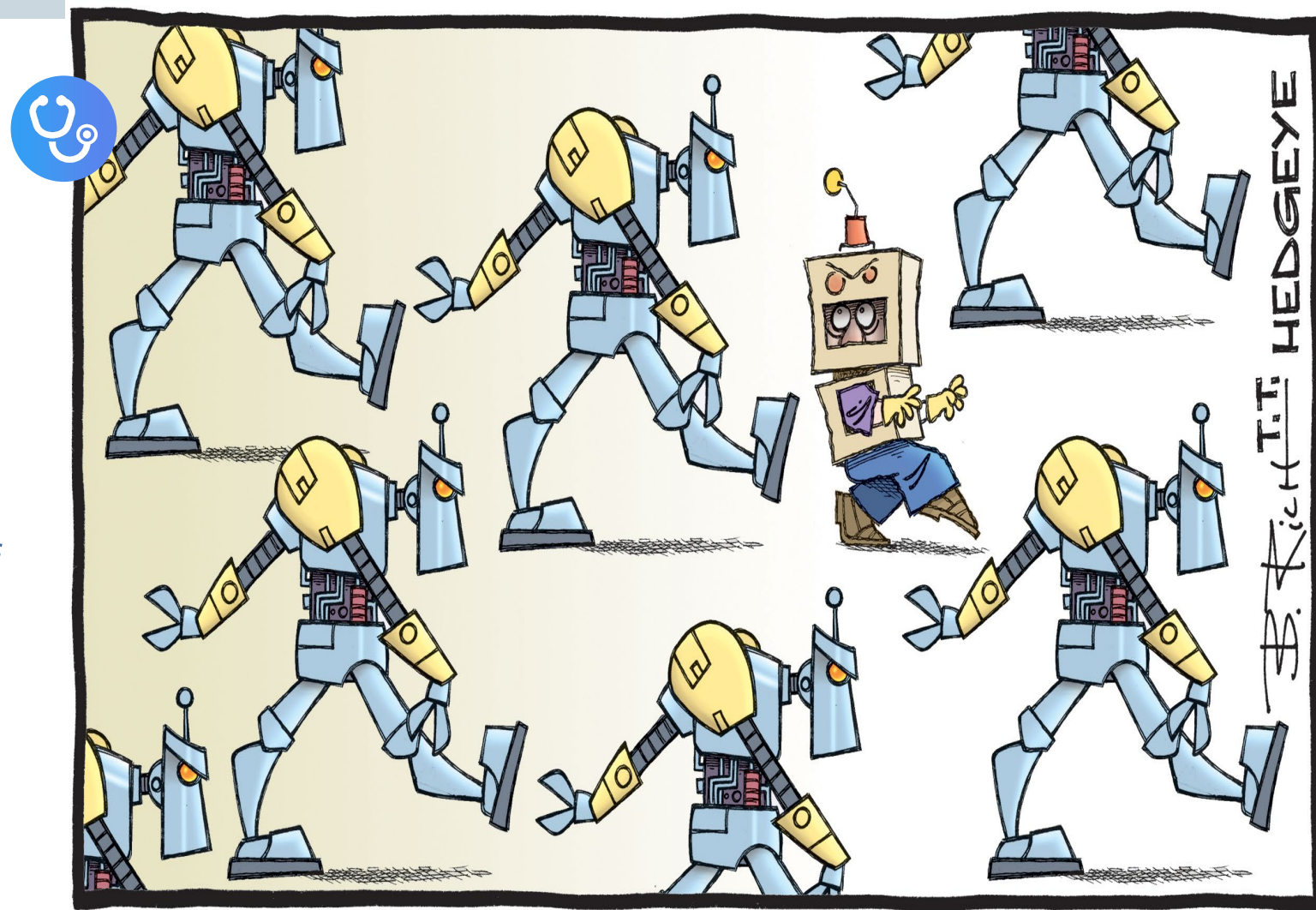


HEDGEYE

Federal 2020 Spending

In Memoriam: ACA Taxes; NIH Wall of Money and relief for Labs

December 23, 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 23, 2019

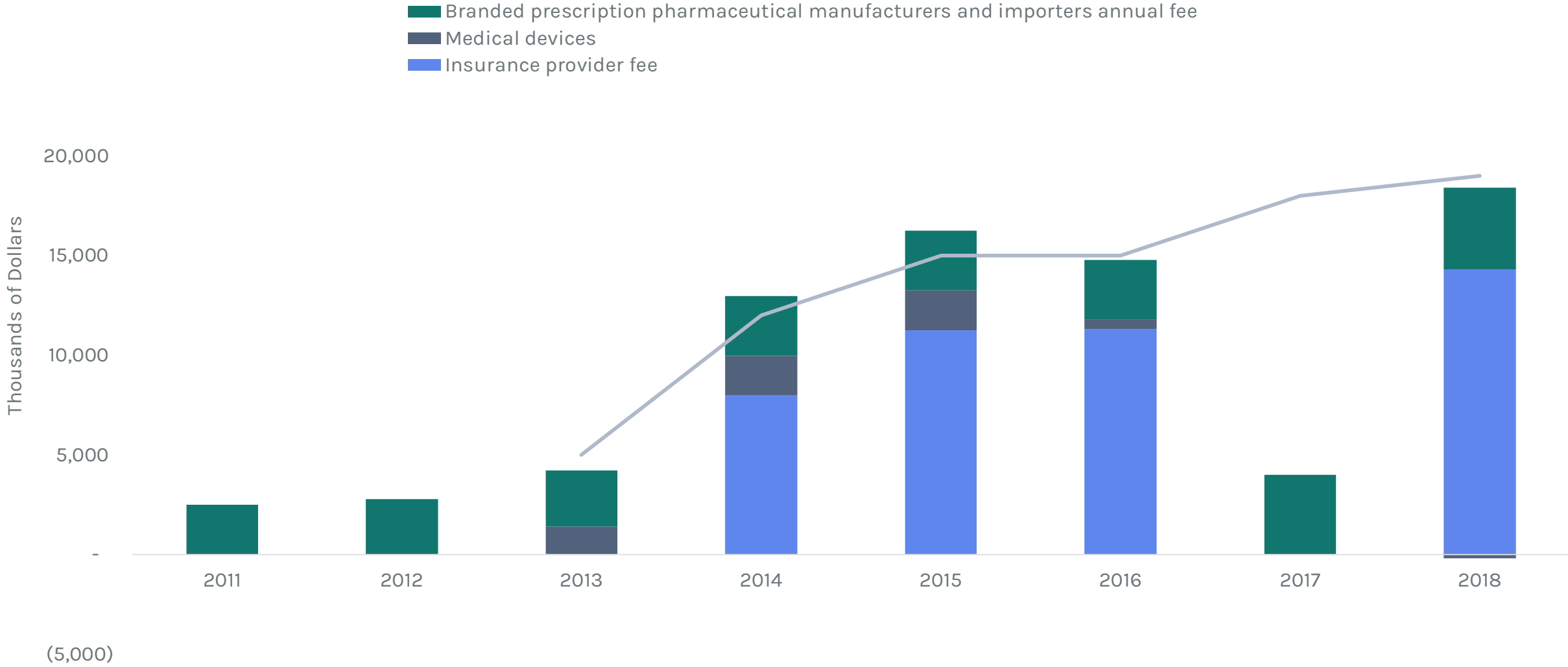
Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
MD	MEDNAX, Inc.	\$ 25.91	\$2.2B	√	√	NVTA	Invitae Corp.	\$ 17.69	\$1.7B	×	---
THC	Tenet Healthcare Corporation	\$ 35.53	\$3.7B	√	---	HQY	HealthEquity Inc	\$ 67.43	\$4.8B	×	---
AMN	AMN Healthcare Services, Inc.	\$ 61.10	\$2.9B	√	---	DXCM	DexCom, Inc.	\$ 224.76	\$20.5B	×	---
ANTM	Anthem, Inc.	\$ 285.27	\$72.3B	√	√						
ILMN	Illumina, Inc.	\$ 326.47	\$48.0B	√	√						
GH	Guardant Health, Inc.	\$ 73.98	\$6.9B	√	√						
ZBH	Zimmer Biomet Holdings, Inc.	\$ 148.53	\$30.6B	√	√						
Long Bias						Short Bias					
TDOC	Teladoc Health, Inc.	\$ 80.03	\$5.8B	---	---	MYGN	Myriad Genetics, Inc.	\$ 25.61	\$1.9B	---	---
TXG	10x Genomics Inc Class A	\$ 63.41	\$1.3B	---	---	EXAS	Exact Sciences Corporation	\$ 86.24	\$12.7B	---	---
SGRY	Surgery Partners, Inc.	\$ 14.43	\$0.7B	---	---	UNH	UnitedHealth Group Incorporated	\$ 280.19	\$265.5B	---	---
UHS	Universal Health Services, Inc. Class B	\$ 144.71	\$11.6B	---	---	DVA	DaVita Inc.	\$ 72.70	\$9.4B	---	---
HCA	HCA Healthcare Inc	\$ 144.61	\$49.0B	---	---						

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.

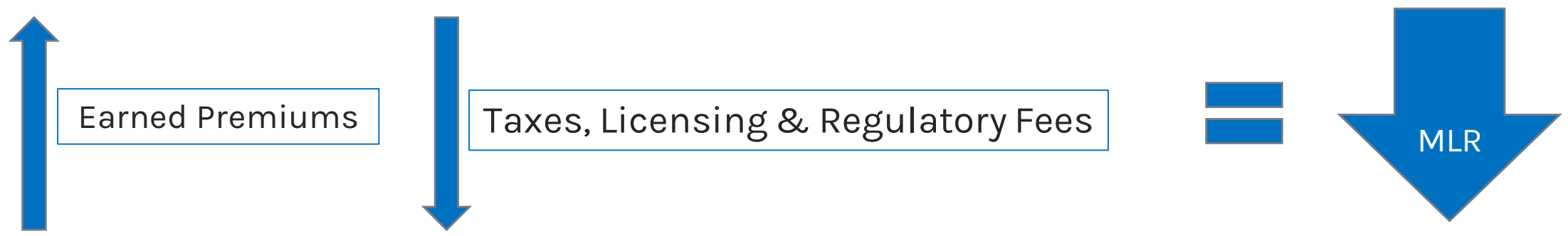
ACA Tax Collections

On net, worse than CBO projected due to Congressional action



Medical Loss Ratio Calculation Under ACA

$$\frac{\text{Medical Claims + Quality Improvement Expenditures}}{\text{Earned Premiums - Taxes, Licensing \& Regulatory Fees}} = \text{MLR}$$



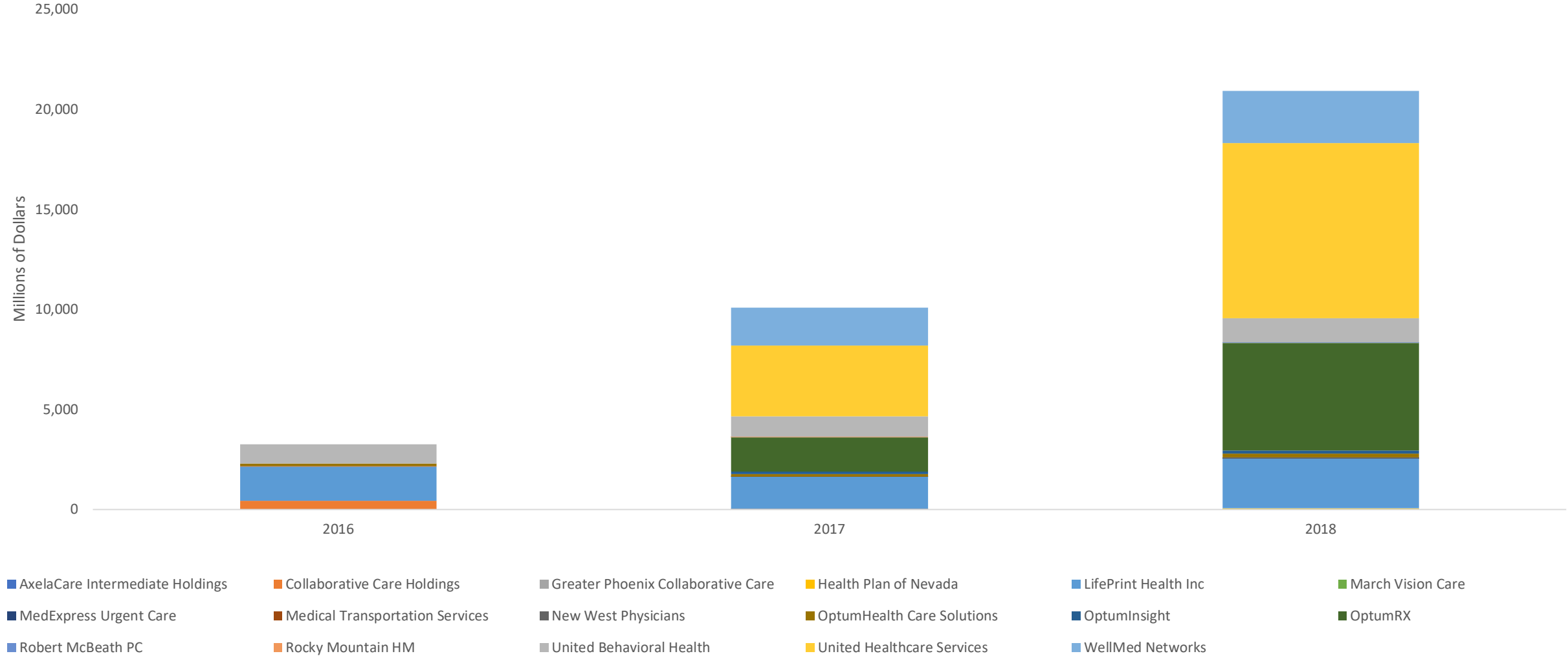
ANTM MLR Calculation

MLR impact of repeal of HIF based on 2018 reported numbers

	Scenario I	Scenario II	Scenario III	Scenario IV
Medical Claims	71,895	71,895	71,895	71,895
Quality Improvement Activities	250	250	1,750	250
Premiums Earned	85,421	85,421	85,421	83,921
Taxes	1,500	-	-	-
MLR	83.0%	84.5%	86.2%	86.0%

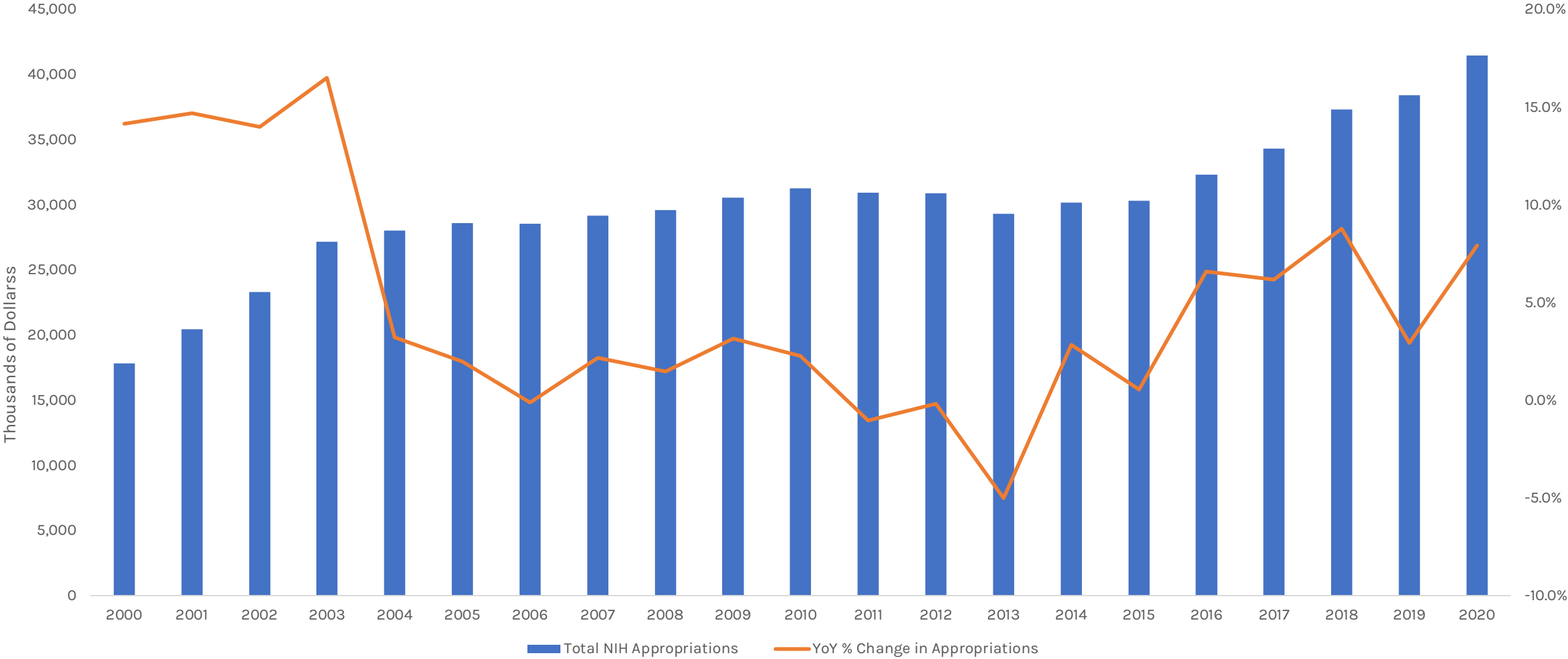
UNH Related Party Transactions

Does MLR burn go in reverse?



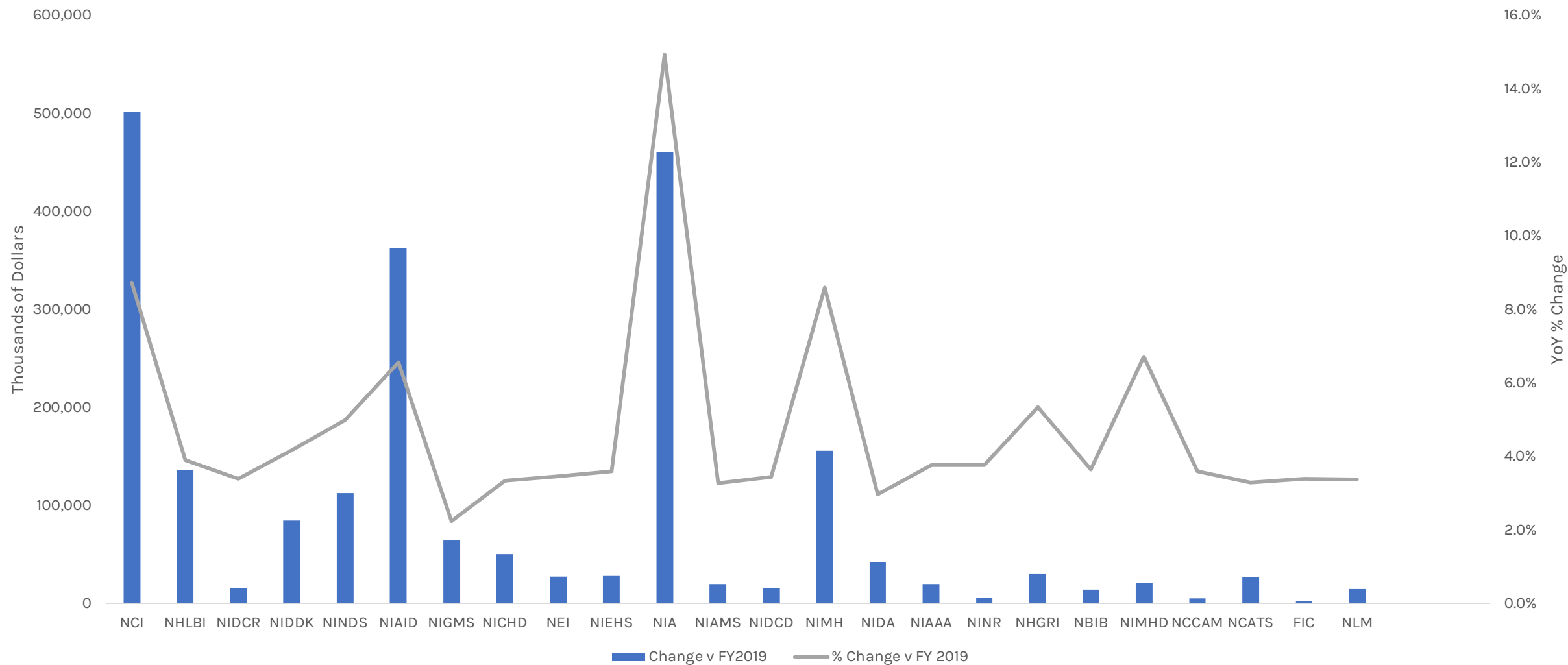
The NIH Wall of Money

FY2020 appropriations increase available funding over 7% YoY



The NIH Wall of Money

Primary beneficiaries are NCI, NIAID, NIA



PAMA Delay

(Most) Affect Tests by difference between 2017 CLFS Rate and PAMA Calculated Rate

