
Stephens

Healthcare Services Sector – 2022 Marketing Deck



March 2022

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Introduction to Our Team

Scott Fidel, Managing Director, Healthcare Services

- Scott joined Stephens in 2018 as a Managing Director and leads the firm's coverage of the Healthcare Services sector. Scott and his team currently provide extensive research coverage of three key verticals in Healthcare Services: Managed Care, Health Care Facilities, and Post-Acute Care.
- Scott has 22+ years of experience covering the Healthcare Services industry on the sell-side, having previously covered the Managed Care & HC Facilities sectors as the Lead Analyst at Credit Suisse. Scott also served as the Lead Analyst covering Managed Care at both Deutsche Bank and JPMorgan. Scott began his equity research career as an associate analyst at UBS covering Managed Care. Prior to joining the equity research business, Scott worked as a health care lobbyist and legislative researcher in Washington, D.C.
- Scott has been named to the Institutional Investor All-America Research Team for his Managed Care research coverage on several occasions and was recognized as a top ten sell-side analyst in the category for 15 consecutive years.
- Earlier in his career, Scott was also recognized as an Institutional Investor All-American Rising Star on multiple occasions.
- Scott has also been ranked as a top sell-side earnings estimator in the Health Care Providers & Services category in the Thomson Reuters Analyst Awards.

Raj Kumar, Research Associate

- Raj joined Stephens in 2021 and covers the Healthcare Services Sector.
- Raj received his BA in supply chain and information systems along with his MS in economic analytics at the University of Arkansas in 2020 and 2021, respectively.

Stephens Healthcare Services Coverage Universe / Comp Sheet (priced as of 3/7/22)

Established Managed Care Organizations (MCOs)																					
Ticker	Rating Summary					Stephens Revenue Ests. (\$Mil.)			Stephens Adj. EPS Ests.			Street Forward P/E			Historical NTM P/E				Financial Metrics		
	Rating	Delta	Price Target	Current Price	Market Cap (\$Mil.)	2021	2022	2023	2021	2022	2023	2021	2022	2023	1YR	3YR	5YR	10YR	Debt/Cap (%)	DVD Yld (%)	2022 FCF Yld (%)
ANTM	OW	12%	\$525	\$467	\$112,619	\$136,943	\$152,100	\$163,374	\$25.98	\$28.40	\$32.55	18.0x	16.4x	14.5x	15.0x	13.6x	14.6x	13.1x	38.6%	0.9%	5.1%
CI	OW	11%	\$265	\$240	\$76,894	\$174,090	\$177,135	\$185,250	\$20.47	\$22.50	\$25.10	11.7x	10.7x	9.5x	10.7x	10.2x	12.2x	12.3x	41.6%	1.7%	9.3%
CNC	OW	25%	\$106	\$85	\$49,570	\$125,982	\$137,256	\$144,241	\$4.44	\$4.39	\$5.35	16.5x	15.7x	13.5x	13.3x	12.6x	14.3x	16.0x	40.7%	0.0%	5.6%
CVS	NR	NR	NR	\$105	\$137,157	N/A	N/A	N/A	N/A	N/A	N/A	12.4x	12.6x	11.7x	11.4x	9.9x	10.4x	13.1x	50.3%	1.9%	7.8%
HUM	OW	17%	\$510	\$437	\$55,349	\$83,447	\$92,716	\$99,949	\$20.64	\$24.10	\$27.35	21.2x	18.1x	16.0x	19.5x	19.7x	20.0x	17.6x	43.7%	0.6%	3.5%
MOH	EW	5%	\$333	\$316	\$18,460	\$27,771	\$29,505	\$31,312	\$13.54	\$17.10	\$19.60	23.3x	18.4x	16.2x	18.4x	15.3x	19.2x	20.4x	45.2%	0.0%	7.8%
UNH	OW	10%	\$542	\$493	\$463,713	\$287,597	\$319,303	\$350,094	\$19.02	\$21.60	\$24.65	25.9x	22.8x	20.0x	21.6x	19.1x	19.0x	16.8x	38.0%	1.1%	4.6%
Averages												18.4x	16.4x	14.5x	15.7x	14.4x	15.7x	15.6x	42.6%	0.9%	6.2%
S&P 500												20.5x	19.1x	18.2x	21.3x	19.8x	18.8x	17.1x			

Healthcare Facilities																					
Ticker	Rating Summary					Stephens Revenue Ests. (\$Mil.)			Stephens EBITDA Ests. (\$Mil.)			Street Forward EV/EBITDA			Historical NTM EV/EBITDA				Financial Metrics		
	Rating	Delta	Price Target	Current Price	Market Cap (\$Mil.)	2021	2022	2023	2021	2022	2023	2021	2022	2023	1YR	3YR	5YR	10YR	Net Debt to LTM EBITDA	DVD Yld (%)	2022 FCF Yld (%)
ACHC	EW	18%	\$74	\$63	\$5,623	\$2,314	\$2,575	\$2,798	\$559	\$594	\$653	12.6x	11.9x	10.8x	12.8x	11.3x	10.9x	11.7x	2.4x	0.0%	1.0%
CYH	NR	NR	NR	\$11	\$1,452	\$12,368	\$12,808	\$13,326	\$1,969	\$1,896	\$1,997	6.6x	6.7x	6.3x	7.8x	8.5x	8.7x	7.8x	7.3x	0.0%	NM
HCA	OW	8%	\$285	\$263	\$79,845	\$58,752	\$61,390	\$65,484	\$12,644	\$12,900	\$13,656	9.1x	9.0x	8.6x	9.4x	8.6x	8.4x	8.2x	2.6x	0.7%	6.4%
THC	EW/V	11%	\$98	\$88	\$9,469	\$19,485	\$19,708	\$20,765	\$3,482	\$3,513	\$3,755	7.7x	7.7x	7.2x	7.4x	7.4x	7.4x	7.4x	2.3x	0.0%	6.7%
UHS	EW	1%	\$150	\$149	\$10,888	\$12,642	\$13,575	\$14,341	\$1,900	\$1,881	\$1,971	7.9x	8.0x	7.5x	8.3x	8.3x	8.4x	8.3x	2.1x	0.5%	4.5%
Averages												8.8x	8.7x	8.1x	9.2x	8.8x	8.7x	8.7x	3.4x	0.3%	4.7%

Notes:

* Consensus estimates used for those with NR designations

** Covered companies in bold

Stephens Healthcare Services Coverage Universe / Comp Sheet (priced as of 3/4/22)

Post Acute / Home Care Providers																						
Ticker	Rating Summary					Stephens Revenue Ests. (\$Mil.)			Stephens EBITDA Ests. (\$Mil.)			Street Forward EV/EBITDA			Historical NTM EV/EBITDA				Financial Metrics			
	Rating	Delta	Price Target	Current Price	Market Cap (\$Mil.)	2021	2022	2023	2021	2022	2023	2021	2022	2023	1YR	3YR	5YR	10YR	Debt to LTM EBITDA	DVD Yld (%)	2022 FCF Yld (%)	
ADUS	OW	42%	\$116	\$82	\$1,305	\$864	\$970	\$1,050	\$98	\$108	\$120	14.4x	13.1x	11.9x	16.1x	17.2x	15.5x	12.5x	2.3x	0.0%	4.9%	
AMED	EW	9%	\$172	\$158	\$5,149	\$2,214	\$2,351	\$2,576	\$300	\$282	\$325	18.7x	19.7x	16.9x	22.3x	24.3x	21.0x	15.4x	1.5x	0.0%	3.7%	
AVAH	OW	184%	\$11.50	\$4	\$746	\$1,678	\$1,975	\$2,133	\$185	\$215	\$245	7.9x	6.3x	5.7x	N/A	N/A	N/A	N/A	3.9x	0.0%	10.5%	
CHE	NR	NR	NR	\$490	\$7,550	\$2,139	\$2,189	\$2,292	\$461	\$445	\$480	N/A	N/A	N/A	17.4x	18.3x	17.2x	13.1x	0.7x	0.3%	N/A	
EHC	OW	15%	\$78	\$68	\$6,751	\$5,122	\$5,466	\$5,886	\$1,028	\$1,045	\$1,144	11.0x	10.8x	9.9x	10.8x	11.0x	10.6x	9.8x	3.1x	1.7%	3.0%	
ENSG	OW	15%	\$98	\$85	\$4,681	\$2,627	\$2,954	\$3,304	\$337	\$378	\$423	13.6x	12.1x	11.0x	13.0x	13.8x	12.0x	9.6x	0.4x	0.2%	4.7%	
LHCG	OW	20%	\$165	\$138	\$4,363	\$2,220	\$2,512	\$2,761	\$265	\$281	\$326	19.3x	18.2x	15.9x	18.7x	20.0x	17.2x	12.8x	2.3x	0.0%	0.5%	
MODV	NR	NR	NR	\$115	\$1,608	\$1,997	\$2,347	\$2,529	\$203	\$204	\$234	13.2x	14.6x	12.2x	N/A	N/A	N/A	N/A	5.0x	0.0%	NM	
PNTG	OW/V	76%	\$26	\$15	\$420	\$425	\$455	\$499	\$26	\$36	\$45	17.8x	13.8x	10.4x	24.6x	N/A	N/A	N/A	1.7x	0.0%	3.3%	
SEM	NR	NR	NR	\$24	\$3,161	\$6,205	\$6,333	\$6,632	\$947	\$812	\$942	7.0x	7.8x	6.4x	N/A	N/A	N/A	N/A	5.0x	1.6%	N/A	
Averages												13.6x	13.0x	11.1x	17.6x	17.4x	15.6x	12.2x	2.6x	0.4%	4.4%	

Emerging Payers & Providers																						
Ticker	Rating Summary					Street Revenue Ests. (\$Mil.)			Street EBITDA Ests. (\$Mil.)			Street Adj. EPS Ests.			Street Forward Price-to-Sales				Financial Metrics			
	Rating	Delta	Price Target	Current Price	Market Cap (\$Mil.)	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2024	Debt/Cap (%)	DVD Yld (%)	2022 FCF Yld (%)	
AGL	NR	NR	NR	\$22	\$8,672	\$1,834	\$2,598	\$3,515	(\$39)	\$6	\$92	(\$1.09)	(\$0.11)	\$0.12	4.7x	3.3x	2.5x	1.9x	4%	0.0%	144.6%	
ALHC	NR	NR	NR	\$9	\$1,752	\$1,168	\$1,337	\$1,633	(\$33)	(\$46)	(\$26)	(\$1.14)	(\$0.81)	(\$0.75)	1.5x	1.3x	1.1x	0.9x	35%	0.0%	N/A	
BHG	NR	NR	NR	\$2	\$1,213	\$4,029	\$6,766	\$8,316	(\$1,081)	(\$700)	(\$350)	(\$3.02)	(\$1.21)	(\$0.61)	0.3x	0.2x	0.1x	0.1x	12%	0.0%	N/A	
CANO	NR	NR	NR	\$5	\$852	\$1,722	\$2,641	\$3,365	\$118	\$173	\$229	\$0.05	(\$0.02)	\$0.08	0.5x	0.3x	0.3x	0.3x	0%	0.0%	N/A	
CLOV	NR	NR	NR	\$3	\$871	\$1,472	\$3,238	\$4,130	(\$213)	(\$345)	(\$215)	(\$1.28)	(\$0.97)	(\$0.69)	0.6x	0.3x	0.2x	0.2x	5%	0.0%	N/A	
INNV	NR	NR	NR	\$5	\$644	\$638	\$690	\$718	\$85	\$51	\$49	(\$0.36)	\$0.13	\$0.12	1.0x	0.9x	0.9x	0.8x	20%	0.0%	-20.5%	
ONEM	NR	NR	NR	\$10	\$1,927	\$623	\$1,068	\$1,363	(\$35)	(\$126)	(\$86)	(\$1.64)	(\$1.81)	(\$1.58)	3.1x	1.8x	1.4x	1.1x	26%	0.0%	-550.8%	
OSCR	NR	NR	NR	\$7	\$1,294	\$1,839	\$3,746	\$4,804	(\$430)	(\$487)	(\$356)	(\$3.20)	(\$2.51)	(\$1.87)	0.7x	0.3x	0.3x	0.3x	0%	0.0%	N/A	
OSH	NR	NR	NR	\$22	\$5,380	\$1,433	\$2,094	\$2,911	(\$229)	(\$311)	(\$263)	(\$1.84)	(\$1.92)	(\$1.49)	3.8x	2.6x	1.8x	1.4x	N/A	0.0%	-571.9%	
PRVA	NR	NR	NR	\$25	\$2,651	\$918	\$1,146	\$1,338	\$40	\$58	\$86	(\$1.81)	\$0.04	\$0.24	2.9x	2.3x	2.0x	1.8x	19%	0.0%	151.6%	
Averages															1.9x	1.3x	1.1x	0.9x	13%	0.0%	-169.4%	

Notes:

* Consensus estimates used for those with NR designations

** Covered companies in bold

1Q22 Earnings Preview: Managed Care & Healthcare Facilities Names

	1Q22				2022E				2023E				2024E			
	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*
MCOs - Adjusted EPS																
ANTM	\$7.78	\$7.79	-0.1%	10.9%	\$28.40	\$28.46	-0.2%	9.3%	\$32.55	\$32.22	1.0%	14.6%	\$37.05	\$36.84	0.6%	13.8%
CI	\$5.04	\$5.17	-2.6%	6.5%	\$22.50	\$22.49	0.1%	9.9%	\$25.10	\$25.09	0.0%	11.5%	\$28.00	\$27.79	0.7%	11.6%
CNC	\$1.70	\$1.68	1.0%	4.1%	\$4.39	\$5.41	-18.8%	-14.8%	\$5.35	\$6.31	-15.1%	21.9%	\$6.60	\$7.68	-14.1%	23.3%
HUM	\$7.00	\$6.82	2.6%	-8.8%	\$24.10	\$24.12	-0.1%	16.8%	\$27.35	\$27.33	0.1%	13.5%	\$31.00	\$30.38	2.0%	13.3%
MOH	\$4.65	\$4.66	-0.1%	19.2%	\$17.10	\$17.18	-0.5%	26.3%	\$19.60	\$19.53	0.4%	14.6%	\$22.50	\$22.38	0.5%	14.8%
UNH	\$5.37	\$5.35	0.4%	1.1%	\$21.60	\$21.62	-0.1%	13.5%	\$24.65	\$24.64	0.0%	14.1%	\$28.20	\$28.21	0.0%	14.4%
Average	\$5.26	\$5.24	0.2%	5.5%	\$19.68	\$19.88	-3.3%	10.2%	\$22.43	\$22.52	-2.3%	15.0%	\$25.56	\$25.55	-1.7%	15.2%
MCOs - Revenue (\$ in mil.)																
ANTM	\$36,922	\$37,304	-1.0%	15.0%	\$152,100	\$152,754	-0.4%	11.1%	\$163,374	\$161,076	1.4%	7.4%	\$177,352	\$173,172	2.4%	8.6%
CI	\$43,947	\$43,455	1.1%	7.2%	\$177,135	\$179,219	-1.2%	1.7%	\$185,250	\$188,294	-1.6%	4.6%	\$196,222	\$198,965	-1.4%	5.9%
CNC	\$34,952	\$34,389	1.6%	16.6%	\$137,256	\$136,620	0.5%	8.9%	\$144,241	\$140,428	2.7%	5.1%	\$154,835	\$150,700	2.7%	7.3%
HUM	\$23,646	\$23,429	0.9%	17.5%	\$92,716	\$92,399	0.3%	11.1%	\$99,949	\$100,464	-0.5%	7.8%	\$108,968	\$110,400	-1.3%	9.0%
MOH	\$7,400	\$7,526	-1.7%	13.5%	\$29,505	\$29,826	-1.1%	6.2%	\$31,312	\$30,859	1.5%	6.1%	\$34,348	\$33,444	2.7%	9.7%
UNH	\$79,131	\$78,660	0.6%	12.7%	\$319,303	\$318,914	0.1%	11.0%	\$350,094	\$345,491	1.3%	9.6%	\$384,692	\$378,063	1.8%	9.9%
Average	\$37,666	\$37,460	0.3%	13.8%	\$151,336	\$151,622	-0.3%	8.4%	\$162,370	\$161,102	0.8%	6.8%	\$176,069	\$174,124	1.2%	8.4%
Providers - Adjusted EPS																
ACHC	\$0.65	\$0.64	2.0%	39.1%	\$3.03	\$2.97	1.8%	12.1%	\$3.33	\$3.31	0.7%	10.1%	\$3.65	\$3.70	-1.5%	9.3%
HCA	\$4.35	\$4.34	0.2%	4.9%	\$19.05	\$18.94	0.6%	8.8%	\$20.80	\$20.72	0.4%	9.2%	\$22.80	\$23.34	-2.3%	9.6%
THC	\$1.14	\$1.04	9.1%	-12.3%	\$6.72	\$6.48	3.6%	-11.2%	\$7.50	\$7.43	0.9%	11.6%	\$8.26	\$8.47	-2.5%	10.1%
UHS	\$2.57	\$2.51	2.5%	5.4%	\$12.45	\$12.28	1.4%	5.3%	\$13.95	\$13.75	1.4%	12.0%	\$15.65	\$15.26	2.5%	12.2%
Average	\$2.18	\$2.13	3.4%	9.3%	\$10.31	\$10.17	1.9%	3.7%	\$11.40	\$11.30	0.8%	10.7%	\$12.59	\$12.69	-1.0%	10.3%
Providers - Revenue (\$ in mil.)																
ACHC	\$606	\$607	-0.2%	9.9%	\$2,575	\$2,572	0.1%	11.3%	\$2,798	\$2,788	0.4%	8.7%	\$3,050	\$3,082	-1.1%	9.0%
HCA	\$15,025	\$14,802	1.5%	7.5%	\$61,390	\$61,146	0.4%	4.5%	\$65,484	\$64,566	1.4%	6.7%	\$69,638	\$68,282	2.0%	6.3%
THC	\$4,777	\$4,728	1.0%	-0.1%	\$19,708	\$19,833	-0.6%	1.1%	\$20,765	\$20,715	0.2%	5.4%	\$21,888	\$21,925	-0.2%	5.4%
UHS	\$3,328	\$3,222	3.3%	10.5%	\$13,575	\$13,354	1.7%	7.4%	\$14,341	\$14,092	1.8%	5.6%	\$15,140	\$14,887	1.7%	5.6%
Average	\$5,934	\$5,840	1.4%	6.9%	\$24,312	\$24,226	0.4%	6.1%	\$25,847	\$25,540	1.0%	6.6%	\$27,429	\$27,044	0.6%	6.6%
Providers - Adjusted EBITDA (\$ in mil.)																
ACHC	\$133	\$134	-0.5%	11.1%	\$594	\$595	-0.2%	6.3%	\$653	\$658	-0.6%	10.0%	\$719	\$728	-1.3%	10.0%
HCA	\$3,058	\$3,068	-0.3%	0.2%	\$12,900	\$12,845	0.4%	2.0%	\$13,656	\$13,436	1.6%	5.9%	\$14,465	\$14,281	1.3%	5.9%
THC	\$761	\$762	-0.1%	-2.1%	\$3,513	\$3,489	0.7%	0.9%	\$3,755	\$3,736	0.5%	6.9%	\$4,025	\$4,050	-0.6%	7.2%
UHS	\$424	\$405	4.9%	-0.6%	\$1,881	\$1,915	-1.8%	-1.0%	\$1,971	\$2,024	-2.6%	4.8%	\$2,083	\$2,126	-2.0%	5.7%
Average	\$1,094	\$1,092	1.0%	2.1%	\$4,722	\$4,711	-0.2%	2.0%	\$5,009	\$4,963	-0.3%	6.9%	\$5,323	\$5,296	-0.7%	7.2%

1Q22 Earnings Preview: Post-Acute & Home Health Names

	1Q22				2022E				2023E				2024E			
	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*	Stephens	Street	Var (%)	Y/Y*
PAC - Adjusted EPS																
ADUS	\$0.71	\$0.79	-9.7%	-3.6%	\$3.90	\$3.77	3.3%	10.6%	\$4.45	\$4.20	5.9%	14.1%	\$5.00	\$4.75	5.2%	12.4%
AMED	\$1.15	\$1.12	2.7%	-25.2%	\$5.32	\$5.34	-0.4%	-10.4%	\$6.20	\$6.38	-2.9%	16.5%	\$7.10	\$7.45	-4.7%	14.5%
AVAH	\$0.11	\$0.11	2.0%	29.3%	\$0.46	\$0.55	-15.7%	13.3%	\$0.56	\$0.66	-15.8%	20.9%	\$0.66	\$0.71	-6.9%	18.9%
EHC	\$0.91	\$0.91	-0.2%	-13.6%	\$4.12	\$4.10	0.5%	-2.7%	\$4.60	\$4.58	0.5%	11.6%	\$5.14	\$5.24	-1.8%	11.8%
ENSG	\$0.98	\$0.97	1.2%	12.3%	\$4.08	\$4.05	0.9%	12.2%	\$4.50	\$4.46	1.0%	10.3%	\$4.95	\$4.82	2.8%	9.9%
LHCG	\$1.05	\$1.06	-0.9%	-24.3%	\$5.89	\$5.78	1.9%	3.0%	\$6.80	\$6.73	1.1%	15.6%	\$7.70	\$7.32	5.2%	13.1%
PNTG	\$0.08	\$0.08	10.0%	-22.2%	\$0.66	\$0.61	9.0%	44.0%	\$0.85	\$0.83	2.3%	28.3%	\$1.05	\$1.05	-0.1%	23.0%
Average	\$0.71	\$0.72	0.7%	-6.8%	\$3.49	\$3.46	-0.1%	10.0%	\$3.99	\$3.98	-1.1%	16.8%	\$4.51	\$4.48	-0.1%	14.8%
PAC - Revenue (\$ in mil.)																
ADUS	\$228	\$227	0.2%	11.1%	\$970	\$952	1.8%	12.2%	\$1,050	\$1,012	3.8%	8.3%	\$1,137	\$1,103	3.1%	8.3%
AMED	\$564	\$558	1.0%	5.0%	\$2,351	\$2,356	-0.2%	6.2%	\$2,576	\$2,593	-0.6%	9.6%	\$2,859	\$2,915	-1.9%	11.0%
AVAH	\$480	\$484	-0.8%	15.0%	\$1,975	\$1,977	-0.1%	17.7%	\$2,133	\$2,136	-0.1%	8.0%	\$2,367	\$2,504	-5.4%	11.0%
EHC	\$1,338	\$1,322	1.3%	8.8%	\$5,466	\$5,450	0.3%	6.7%	\$5,886	\$5,910	-0.4%	7.7%	\$6,334	\$6,401	-1.0%	7.6%
ENSG	\$700	\$704	-0.6%	11.6%	\$2,954	\$2,948	0.2%	13.1%	\$3,304	\$3,219	2.6%	11.8%	\$3,660	\$3,504	4.5%	10.8%
LHCG	\$570	\$575	-0.8%	8.7%	\$2,512	\$2,494	0.7%	13.2%	\$2,761	\$2,736	0.9%	9.9%	\$3,007	\$2,979	0.9%	8.9%
PNTG	\$111	\$110	1.0%	9.8%	\$455	\$456	-0.2%	7.0%	\$499	\$502	-0.6%	9.6%	\$551	\$551	0.0%	10.5%
Average	\$570	\$569	0.2%	10.0%	\$2,383	\$2,376	0.4%	10.9%	\$2,601	\$2,587	0.8%	9.3%	\$2,845	\$2,851	0.0%	9.7%
PAC - Adjusted EBITDA (\$ in mil.)																
ADUS	\$21	\$23	-7.0%	9.7%	\$108	\$105	2.0%	10.2%	\$120	\$116	3.7%	11.7%	\$133	\$127	4.2%	10.5%
AMED	\$63	\$59	6.0%	-20.0%	\$282	\$281	0.6%	-5.8%	\$325	\$329	-1.2%	15.2%	\$371	\$379	-2.0%	14.2%
AVAH	\$52	\$52	-0.8%	18.6%	\$215	\$223	-3.4%	16.2%	\$245	\$247	-0.7%	14.0%	\$280	\$291	-3.9%	14.0%
EHC	\$243	\$242	0.6%	-3.1%	\$1,045	\$1,042	0.3%	1.7%	\$1,144	\$1,139	0.4%	9.4%	\$1,253	\$1,261	-0.6%	9.5%
ENSG	\$90	\$90	0.6%	11.7%	\$378	\$378	-0.2%	12.2%	\$423	\$421	0.6%	12.0%	\$473	\$473	0.0%	11.9%
LHCG	\$53	\$54	-0.9%	-13.6%	\$281	\$281	0.1%	5.7%	\$326	\$322	1.2%	16.1%	\$370	\$357	3.6%	13.5%
PNTG	\$5	\$5	4.8%	-14.7%	\$36	\$34	5.1%	35.2%	\$45	\$45	-1.3%	25.1%	\$54	\$54	0.0%	20.8%
Average	\$75	\$75	0.5%	-1.6%	\$335	\$335	0.6%	10.8%	\$375	\$374	0.4%	14.8%	\$419	\$420	0.2%	13.5%

4Q21 Earnings: Median MCO EPS +90% Y/Y & Median HC Providers EBITDA Down ~1% Y/Y

Established Managed Care Organizations (MCOs)															
	Report Date	4Q21 Revenue (\$Mil.)			4Q21 Adjusted EPS			Price Performance		Year-Over-Year Trends			Street 2022E EPS		
		Reported	Street	Variance	Reported	Street	Variance	+1D Post Earnings	Since Jan. 19th	Revenue Growth	EPS Growth	Chg in Adj Net Margin	Pre 4Q21 EPS	Post 4Q21 EPS	Chg
ANTM	1/26/2022	\$36,018	\$36,500	-1.3%	\$5.14	\$5.11	0.6%	-2.4%	2.1%	14.2%	102.0%	147 bps	\$28.59	\$28.46	-0.5%
CI	2/3/2022	\$45,676	\$43,920	4.0%	\$4.77	\$4.72	1.1%	-5.4%	-0.6%	9.6%	36.0%	40 bps	\$22.47	\$22.49	0.1%
CNC	2/8/2022	\$32,568	\$32,500	0.2%	\$1.01	\$0.98	3.1%	6.0%	7.0%	15.1%	119.2%	89 bps	\$5.44	\$5.41	-0.5%
HUM	2/2/2022	\$21,054	\$21,220	-0.8%	\$1.24	\$1.16	6.9%	2.7%	13.3%	10.5%	NM	235 bps	\$23.89	\$24.12	1.0%
MOH	2/9/2022	\$7,409	\$7,190	3.0%	\$2.88	\$2.75	4.7%	-0.4%	10.7%	41.5%	NM	287 bps	\$16.91	\$17.18	1.6%
UNH	1/19/2022	\$73,743	\$72,982	1.0%	\$4.48	\$4.30	4.2%	0.3%	4.8%	12.6%	77.7%	209 bps	\$21.63	\$21.62	0.0%
Median:				0.6%			3.6%	0.0%	5.9%	13.4%	89.8%	178 bps			0.0%

Healthcare Facilities and Home Care Providers															
	Report Date	4Q21 Revenue (\$Mil.)			4Q21 Adjusted EBITDA (\$Mil.)			Price Performance		Year-Over-Year Trends			Street 2022E EBITDA		
		Reported	Street	Variance	Reported	Street	Variance	+1D Post Earnings	Since Jan. 19th	Revenue Growth	EBITDA Growth	Chg in Adj EBITDA Margin	Pre 4Q21 EBITDA	Post 4Q21 EBITDA	Chg
HCA	1/27/2022	\$15,064	\$15,410	-2.2%	\$3,149	\$3,200	-1.6%	-4.6%	5.3%	5.4%	1.0%	-91 bps	\$12,941	\$12,838	-0.8%
THC	2/7/2022	\$4,856	\$5,000	-2.9%	\$1,017	\$858	18.6%	5.8%	11.9%	-1.2%	-21.6%	-547 bps	\$3,395	\$3,488	2.7%
UHS	2/24/2022	\$3,275	\$3,140	4.3%	\$452	\$468	-3.4%	6.2%	14.7%	6.1%	-17.6%	-397 bps	\$1,936	\$1,881	-2.8%
ACHC	2/28/2022	\$593	\$588	0.9%	\$156	\$140	11.7%	6.9%	14.4%	9.6%	-1.1%	-287 bps	\$580	\$593	2.3%
ADUS	2/24/2022	\$225	\$226	-0.7%	\$27	\$24	9.5%	12.9%	1.7%	14.6%	27.5%	121 bps	\$103	\$104	0.2%
AMED	2/23/2022	\$559	\$556	0.7%	\$65	\$62	4.4%	9.7%	18.1%	1.6%	-17.1%	-260 bps	\$297	\$284	-4.4%
AVAH	3/28/2022	\$411	\$446	-7.7%	\$46	\$47	-3.2%	-2.3%	-23.2%	-2.7%	0.5%	35 bps	\$232	\$232	0.0%
EHC	2/1/2022	\$1,319	\$1,310	0.7%	\$253	\$260	-2.8%	2.5%	9.6%	8.6%	5.3%	-59 bps	\$1,072	\$1,042	-2.8%
ENSG	2/9/2022	\$693	\$667	4.0%	\$88	\$84	4.9%	5.3%	12.7%	10.2%	20.0%	104 bps	\$371	\$378	1.8%
LHCG	2/23/2022	\$583	\$583	0.2%	\$62	\$63	-2.9%	6.3%	11.5%	9.6%	-10.0%	-229 bps	\$286	\$281	-1.9%
PNTG	2/28/2022	\$112	\$107	4.3%	\$5	\$10	-51.1%	-7.6%	-9.3%	3.5%	-41.0%	-337 bps	\$40	\$34	-16.6%
Median:				0.7%			-1.6%	5.8%	11.5%	6.1%	-1.1%	-229 bps			-0.8%

COVID-19 Impacts: Health Care Facilities & Post-Acute Care (PAC)

Acute Care / Behavioral Facilities

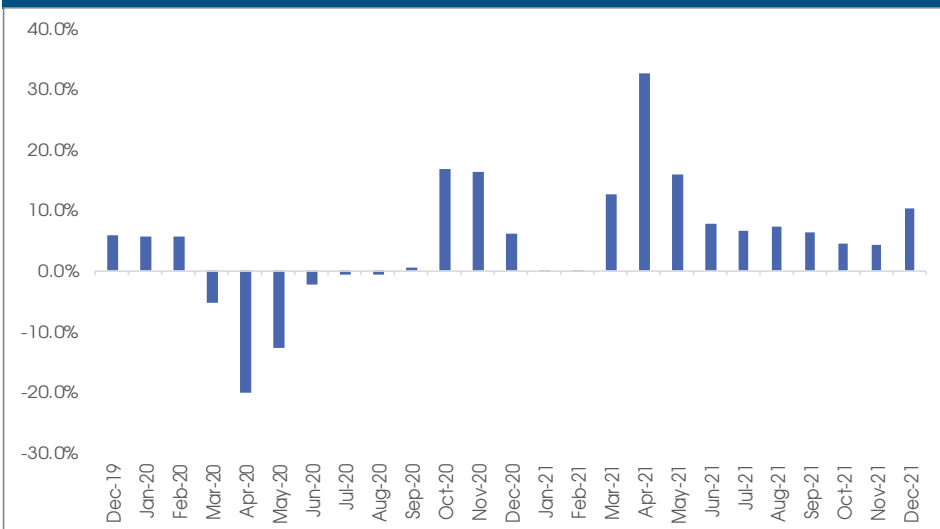
- Beginning in mid-March 2020, hospitals saw declines of 50%-80% y/y in outpatient surgical volumes, 40%-50% in inpatient surgical volumes, and 25%-30% in admissions due to COVID-19. These declines continued in early April 2020 before recovering sequentially in the early summer months. By July 2020, our covered companies reported volumes ~7%-10% off pre-COVID baselines, and then trends stabilized in generally similar patterns (~5%-10% off pre-COVID baselines depending on service line) in the subsequent months.
- Industry expectations were that volumes would show continued sequential improvement throughout 2H20. However, a second wave of C-19 in the winter impacted non-COVID hospital volumes in 4Q20 / 1Q21.
- By 2Q21, hospital volumes recovered sharply on pent-up demand post roll-out of vaccines. In 3Q21, COVID hospitalizations again surged on the delta variant while non-COVID related volumes moderated, albeit by not the same level as observed during the prior COVID surges. In 4Q21, COVID hospitalizations spiked again on the Omicron variant. Non-COVID volumes came down but not by as much observed during the prior surges.
- While the COVID pandemic has created a range of challenges for acute care hospitals, the investor-owned hospital chains have reported stronger than expected margins driven by higher acuity, favorable payer mix, and in certain cases such as THC, beneficial application of substantial CARES PRF grant funds into EBITDA.

Post-Acute Care

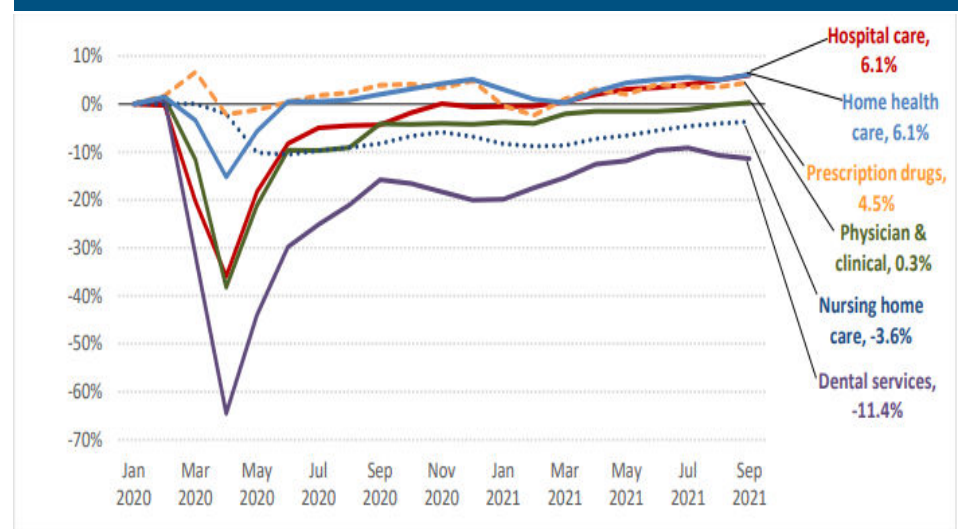
- Most PAC names reported strong starts to 1Q20, with growth pacing relatively well vs. internal expectations through early-March. However, by mid-March operators started to see declines in volumes, which accelerated into the first half of April. Home health segments of AMED, EHC, LHCG, and PNTG saw admission declines of ~20%-30%+, although trends stabilized in the back half of April before improving further throughout May-July. Most recently, home health admissions trends have now largely returned to pre-crisis run-rate levels, and in some instances are above pre-COVID baselines, despite ongoing impacts from the pandemic during 2021.
- In Hospice, the most significant impacts have been on length of stay, which particularly pressured ADC in 1H21. Hospice was the main M&A focus for 2020, after earlier expectations for a strong pipeline of HH M&A activity in 2H20 as a result of PDGM disruptions.
- The SNF industry as a whole saw a sharply negative impact from COVID in 2020 due to the highly susceptible populations they serve; however, ENSG's operations have remained strong despite these headwinds. After the roll-out of the vaccines, we have seen occupancy improve in a linear manner for the SNF industry throughout most of 2021.
- Both the acute and post-acute provider industries faced rising pressure on labor and wages in 2021 as the prolonged nature of the pandemic created a range of challenges along with the impact of various government stimulus programs on overall labor supply in the U.S. economy.

COVID-19 Impacts: Healthcare Utilization and Spending Through December 2021

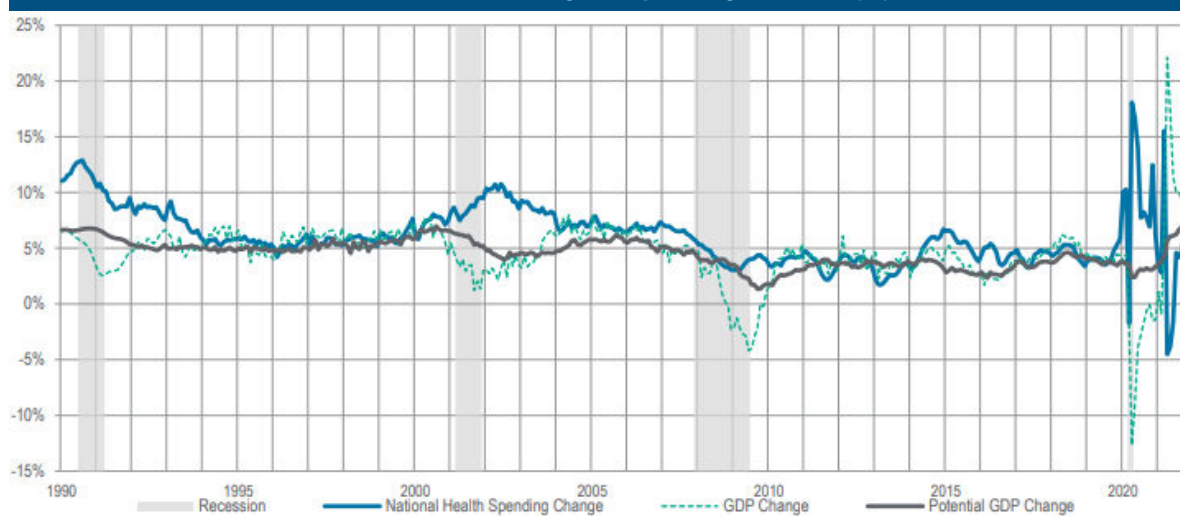
Year-Over-Year Growth Rates in National Health Spending



Cumulative Spending Growth Since Jan. 2020 by Major Categories



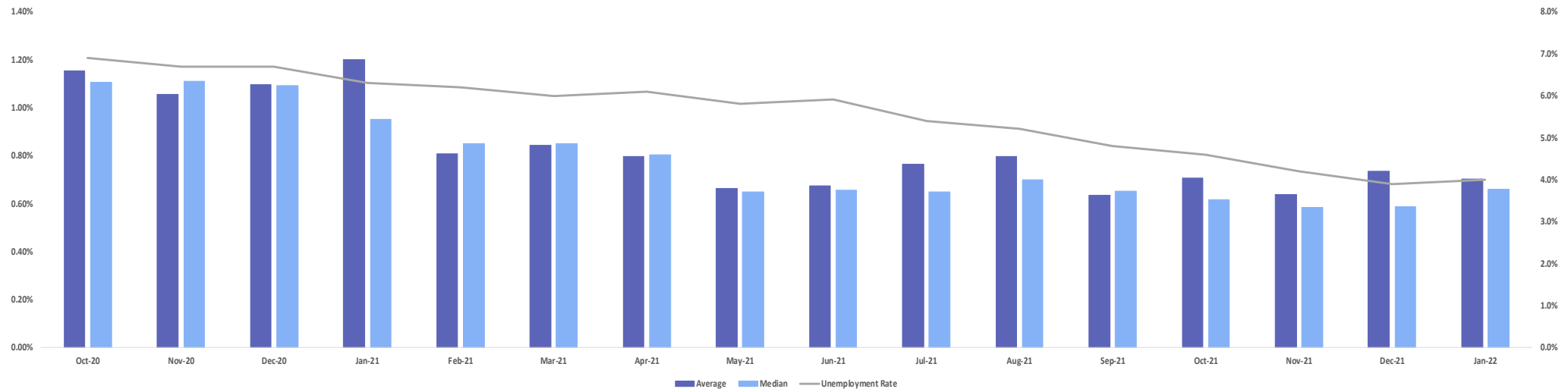
Year-Over Year Change in Spending and GDP (%)



COVID-19 Impacts: Y/Y and YTD Growth in Counter-Cyclical Medicaid Enrollment

State	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Y/Y Change (%) Most Recent Month
AK	0.60%	0.45%	0.46%	0.60%	0.67%	0.78%	0.95%	0.63%	0.61%	4.16%	1.72%	0.26%	0.76%	0.04%	0.45%	0.59%	12.20%
AR	0.77%	1.14%	0.90%	0.90%	0.41%	0.50%	0.67%	0.24%	0.28%	0.60%	0.66%	0.52%	0.72%	-	-	-	7.79%
AZ	0.82%	1.10%	0.93%	1.05%	1.05%	0.85%	0.66%	0.78%	0.87%	0.73%	0.63%	0.77%	0.65%	0.58%	0.69%	0.55%	9.17%
CA	0.76%	0.57%	1.22%	0.92%	1.05%	0.85%	1.01%	0.54%	0.50%	0.54%	0.59%	0.52%	-	-	-	-	8.55%
CO	1.82%	1.39%	1.44%	1.43%	1.04%	0.97%	0.84%	0.82%	0.75%	0.74%	0.86%	0.72%	0.71%	0.71%	0.69%	0.95%	10.26%
CT	1.10%	1.12%	1.11%	0.95%	0.63%	0.83%	0.50%	0.51%	1.10%	0.02%	0.48%	0.11%	0.22%	0.47%	0.83%	0.11%	5.95%
DE	1.12%	0.79%	1.01%	0.90%	1.02%	1.02%	0.82%	0.62%	0.78%	0.77%	0.82%	0.77%	0.77%	0.79%	0.89%	0.82%	10.35%
FL	1.66%	1.30%	1.21%	1.46%	1.18%	1.21%	0.79%	1.16%	1.01%	0.51%	0.94%	0.81%	0.92%	0.67%	0.49%	0.92%	11.13%
GA	1.63%	1.34%	1.13%	1.33%	-	-	1.04%	0.82%	0.89%	0.86%	0.95%	0.92%	0.93%	0.82%	0.75%	-	12.21%
HI	1.79%	1.46%	1.98%	3.93%	1.33%	0.17%	0.71%	0.65%	0.77%	1.34%	1.47%	0.16%	-	-	-	-	16.89%
IA	1.09%	0.99%	0.90%	0.97%	1.01%	0.70%	0.63%	0.82%	0.36%	0.59%	0.77%	0.22%	0.59%	0.53%	0.16%	0.65%	6.26%
IN	1.60%	1.76%	1.60%	1.33%	1.19%	1.43%	0.95%	1.13%	0.78%	0.75%	1.24%	0.48%	1.08%	1.01%	0.62%	1.34%	12.66%
KS	1.13%	0.54%	0.86%	0.77%	0.93%	1.01%	0.54%	0.52%	0.93%	0.52%	0.58%	0.95%	0.59%	0.49%	0.72%	0.85%	8.99%
KY	-0.13%	-0.49%	-1.68%	-	-	0.63%	0.69%	0.47%	0.76%	-6.69%	0.34%	0.54%	0.20%	1.52%	0.34%	0.73%	NM
LA	0.92%	1.04%	1.13%	0.72%	0.60%	0.72%	0.53%	0.47%	0.49%	0.57%	0.61%	0.32%	0.46%	0.42%	0.49%	0.47%	6.32%
MD	1.07%	0.89%	1.32%	0.89%	0.71%	0.68%	0.79%	0.72%	0.55%	0.67%	0.64%	0.54%	0.65%	0.49%	0.45%	-	8.06%
MI	1.49%	1.26%	0.62%	1.16%	0.88%	0.98%	0.66%	0.74%	0.53%	0.47%	0.81%	0.28%	0.27%	-0.36%	0.41%	0.25%	6.09%
MN	1.23%	1.08%	0.81%	1.51%	1.16%	0.96%	1.22%	0.93%	0.66%	1.04%	0.68%	0.68%	0.53%	0.50%	0.38%	0.59%	9.72%
MO	2.14%	1.50%	1.45%	1.63%	0.88%	1.02%	1.33%	0.98%	0.89%	1.04%	1.00%	0.50%	2.40%	1.53%	4.14%	1.12%	18.12%
MS	1.01%	0.76%	0.78%	0.79%	0.60%	0.78%	0.58%	0.58%	0.54%	0.32%	0.47%	0.39%	0.25%	0.32%	0.41%	0.36%	5.75%
MT	1.49%	1.49%	2.29%	3.25%	1.13%	1.14%	0.88%	1.15%	0.72%	0.86%	0.67%	0.70%	0.51%	0.53%	1.16%	1.15%	11.13%
NC	1.09%	1.10%	0.82%	1.08%	1.10%	1.18%	0.94%	0.68%	0.70%	0.80%	0.56%	0.76%	0.74%	0.63%	0.71%	0.73%	9.97%
NH	1.16%	1.82%	2.13%	0.83%	0.53%	1.15%	0.87%	0.57%	0.64%	0.56%	0.78%	0.77%	1.38%	1.04%	1.07%	-	10.69%
NJ	1.05%	1.01%	0.75%	1.04%	1.21%	0.94%	0.73%	0.60%	0.54%	0.61%	0.64%	0.79%	0.37%	0.63%	0.67%	0.53%	8.57%
NM	0.70%	0.71%	1.07%	0.64%	0.45%	0.46%	0.35%	0.34%	0.30%	0.52%	0.56%	0.28%	0.39%	0.38%	0.42%	0.35%	4.92%
NV	1.54%	1.23%	0.89%	1.62%	1.01%	1.13%	1.22%	0.59%	0.65%	0.85%	1.19%	0.87%	0.89%	0.74%	-	-	12.28%
NY	1.53%	1.23%	1.33%	2.28%	0.02%	-0.72%	0.83%	0.68%	0.57%	0.63%	0.06%	0.59%	0.42%	0.15%	0.50%	0.73%	4.55%
OH	0.84%	0.81%	0.82%	0.71%	0.65%	0.78%	0.47%	0.44%	0.57%	0.55%	0.61%	0.57%	0.57%	0.51%	0.46%	0.53%	6.91%
OK	1.41%	1.22%	0.99%	0.87%	0.46%	0.85%	0.90%	0.32%	1.36%	8.27%	2.50%	1.79%	2.22%	1.71%	1.76%	1.47%	26.04%
OR	0.94%	1.27%	1.87%	1.37%	0.82%	0.84%	1.10%	0.64%	0.57%	0.90%	0.71%	1.09%	0.34%	0.68%	0.92%	0.77%	9.78%
PA	0.94%	0.85%	1.20%	0.89%	0.71%	0.86%	0.58%	0.39%	0.63%	0.60%	0.72%	0.33%	0.95%	0.73%	0.56%	-	8.25%
SC	1.11%	1.35%	0.99%	0.90%	0.98%	0.95%	0.83%	0.82%	0.27%	0.56%	0.81%	0.71%	0.30%	0.83%	0.58%	0.63%	8.59%
SD	1.21%	0.96%	1.02%	0.83%	0.62%	0.95%	0.76%	0.64%	0.79%	0.73%	0.81%	0.76%	0.62%	0.73%	0.78%	0.38%	9.33%
TN	0.72%	0.65%	0.83%	0.80%	0.56%	0.78%	0.60%	0.82%	0.55%	0.42%	0.66%	0.35%	0.61%	0.57%	0.47%	0.53%	7.16%
TX	1.26%	1.18%	1.04%	0.92%	0.70%	0.92%	0.93%	0.86%	0.88%	0.86%	0.92%	0.70%	0.68%	0.15%	0.39%	-	9.27%
VA	1.25%	1.13%	1.41%	1.56%	0.94%	0.82%	1.13%	0.86%	0.76%	0.76%	0.83%	1.06%	0.94%	0.78%	0.98%	1.10%	11.51%
WA	0.87%	0.83%	1.12%	0.80%	0.56%	0.60%	0.44%	0.73%	0.31%	0.59%	0.94%	0.61%	0.48%	0.80%	0.38%	0.66%	7.34%
WI	1.37%	1.20%	1.42%	1.29%	0.93%	0.85%	0.86%	0.75%	0.75%	0.76%	0.63%	0.63%	0.60%	0.57%	0.72%	0.71%	9.12%
WV	0.90%	1.39%	1.42%	1.02%	0.53%	1.20%	0.95%	0.55%	0.61%	0.52%	0.66%	0.81%	0.63%	0.58%	0.50%	0.52%	8.37%
Average	1.15%	1.06%	1.09%	1.20%	0.81%	0.84%	0.80%	0.66%	0.67%	0.77%	0.80%	0.63%	0.71%	0.64%	0.74%	0.70%	9.68%
Median	1.11%	1.11%	1.09%	0.95%	0.85%	0.85%	0.80%	0.65%	0.66%	0.65%	0.70%	0.65%	0.62%	0.58%	0.59%	0.66%	9.12%
Gainers	39	39	39	39	38	38	40	40	40	39	40	40	38	36	36	30	39
Decliners	1	1	1	0	0	1	0	0	0	1	0	0	0	1	0	0	0

COVID-19 Impacts: M/M Growth in Medicaid Enrollment vs. National Unemployment Rate



Legislative Outlook: Expect Incremental Enhancements Under Biden Regime in DC

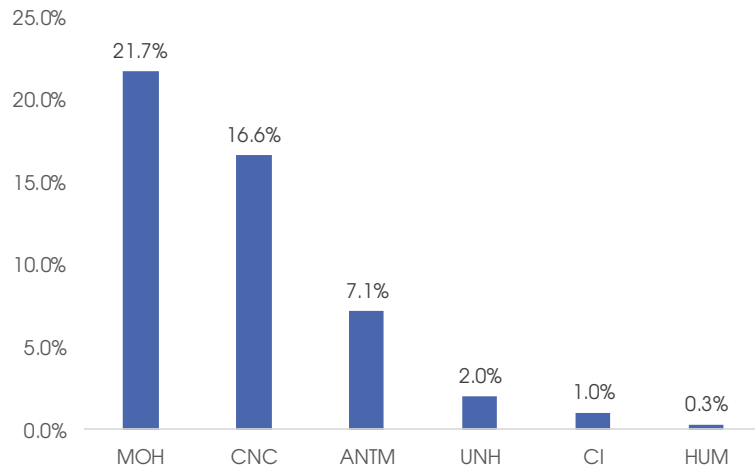
Blue Sweep / SCOTUS Ruling Put the ACA on More Stable Political Ground After Elevated Period of Uncertainty Under Trump

- The Blue Sweep in the 2020 election enabled Democrats to push through some incremental initiatives to strengthen the position of the ACA in 2021, although many of these actions will be temporary in nature.
- Democrats are also pursuing permanent increases to ACA subsidies for both the exchanges and Medicaid expansion and increased funding for Medicaid HCBS as part of their budget reconciliation strategy, although passage of these initiatives remains uncertain in 2022 given the failure of Build Back Better to gain full support from Senators Manchin and Sinema.
- Key policy risks include potential PBM market reforms (for certain MCOs), heightened antitrust scrutiny, and MA reimbursement / risk coding changes.

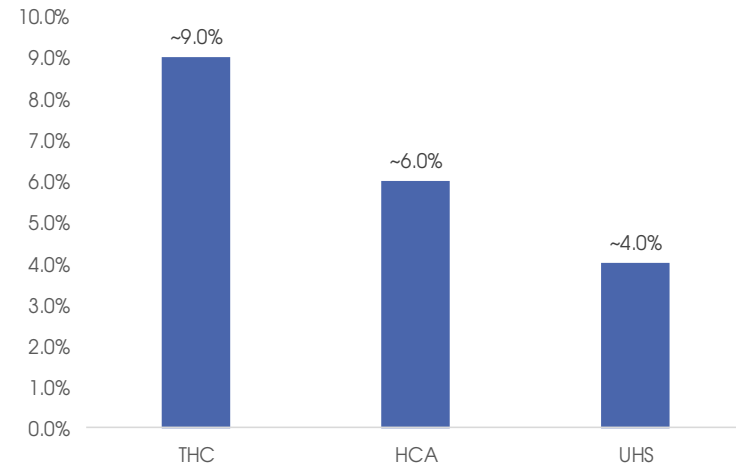
End Market Exposure by MCO (% of 2021 Revenues)

	ANTM	CI	CNC	HUM	MOH	UNH
Commercial	32%	16%	15%	10%	8%	22%
Medicare	16%	6%	16%	82%	13%	36%
Medicaid	44%	2%	65%	6%	78%	19%
Other	7%	75%	4%	3%	0%	23%

ACA End Market Exposure by MCO (% of 2021 Revenues)



ACA End Market Exposure by Hospital (% of 2021 EBITDA)



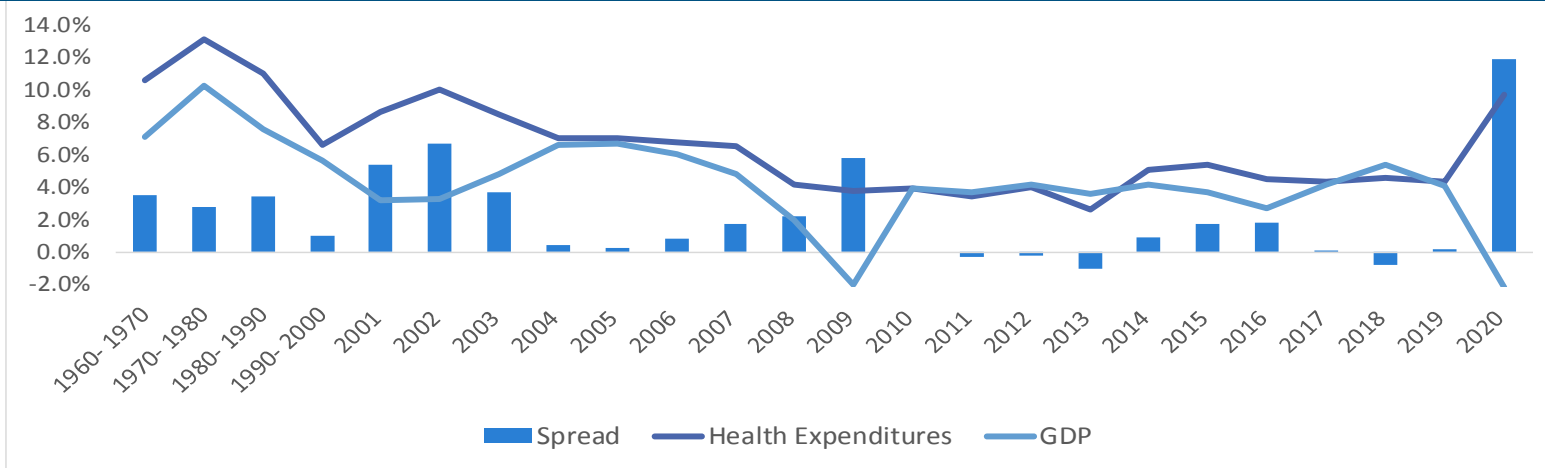
Overview of Key ACA Provisions & Market Impacts

Key ACA Provisions	People Impacted / Dollars Involved
Medicaid Expansion Eligibility	In June 2021, there were 18.7 million Medicaid expansion enrollees in the 37 states and DC that had adopted the expansion. Of those enrollees, ~14.8 million were newly eligible due to the ACA's Medicaid expansion.
Subsidies for Non-Group Health Insurance	As of September 2021, 12.2 million individuals were enrolled in the ACA federal and state marketplaces, including 2.8 million individuals added due to Biden's SEP's during 2021. There are also about 1 million people enrolled in the Basic Health Plans in Minnesota (~105,000) and New York (~900,000).
Dependent Coverage to Age 26	~2.3 million young adults gained Commercial group coverage as a result of this provision.
Health Insurance Exchanges	~12.2 million people enrolled in ACA exchanges as of 9/21 including 2.8 million from Biden's SEP.
Protections for Pre-existing Conditions	54 million people (27% of non-elderly population) have a pre-existing condition. Key new regulations relating to this provision include individual mandate, community rating, guaranteed issue, age rating bands.
Minimum Medical Loss Ratios (MLRs)	In total, \$8 billion in medical loss ratio rebates have been issued across the individual, small group, and large group markets, from 2012 to 2020.
Medicare Advantage Cuts	MA reimbursements were slashed by \$350 billion over 10 yrs. (2016-2025).
Provider / DSH Rate Cuts	CBO estimated repeal of ACA provider cuts would increase Medicare spending by \$350 billion from 2016-2025.
Behavioral Health Parity	~15 million Medicaid expansion enrollees receive services for ABP.
Part D Coverage Gap	As of December 2021, ~24 million people enrolled in Part D. In 2018, more than 5 million LIS enrollees had spending in the coverage gap and received discounts averaging \$1,184 on branded drugs.
Medicaid Drug Rebate Percentage	CBO estimated federal savings of \$38 billion over 10 years from ACA's Medicaid prescription drug provisions.
Cost Sharing Limits in MA Plans	As of December 2021, ~28 million people are enrolled in MA plans.

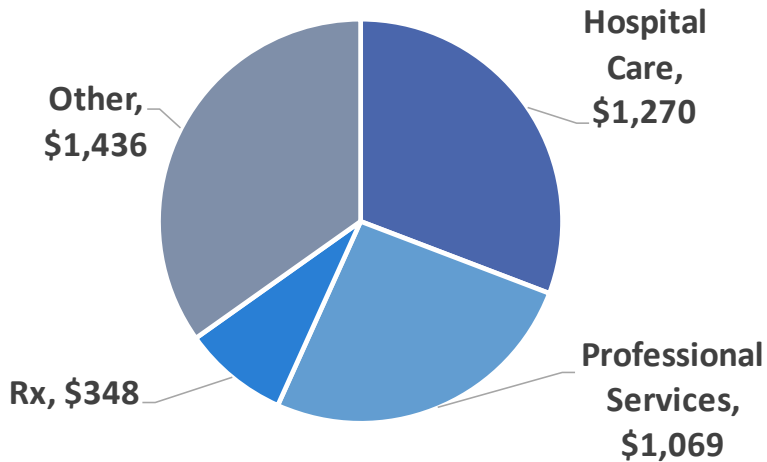
Introduction to Healthcare Services

U.S. Health Care Industry Overview – Key Charts

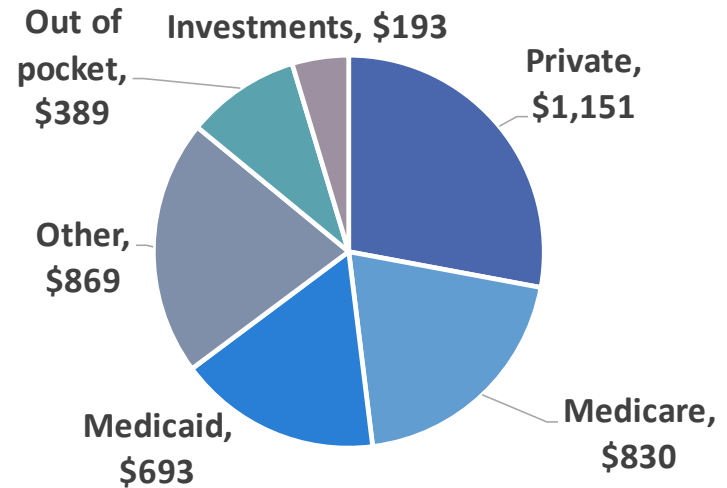
National Health Expenditures (NHE) vs. Nominal GDP, Annual Percentage Changes, 1960-2020 (“spread” shows HC excess cost growth vs. GDP)



National Health Expenditures (~\$3.5T), by Expenditure (\$Bil.), 2020



National Health Expenditures (~\$3.5T), by Source of Funds (\$Bil.), 2020



U.S. Managed Care (MCOs) – Key End Markets - Business Model Overview

- **Commercial Market:** ~188 million enrolled w/ aggregate annual spend of ~\$1.15 trillion. The majority of enrollments are in employer-sponsored self-funded (ASO) products (~111 mil.), where employers take on medical claims risk and health plans are paid an administrative fee to manage the plans. The remaining 77 million lives are in fully-insured plans where health plans are paid a premium to take on underwriting risk; enrollment is split between employer-sponsored (~60 mil.) and individually purchased (~17 mil.) coverage. The individual market includes both the ACA “ObamaCare” exchanges (~13 mil.) and off-exchange markets (~4 mil.)
 - Revenue growth profile: +3%-5%, driven primarily by premium pricing with membership generally growing in line with population.
 - Monthly Premiums (PMPMs) (\$): Commercial Risk: ~\$400-\$600; Commercial ASO Fees: ~\$20-\$40.
 - Pre-Tax margin profile: Fully-Insured: Mid- to high-single digits (Employer) / 3%-6% (Individual); ASO: mid- to high-teens.
- **Medicare Market:** ~62 million enrolled w/ aggregate spend of ~\$830 billion ~44% enrolled in a Medicare Advantage (MA) plan, the private Medicare option. The remainder enrolled in Medicare fee-for-service (FFS); most also purchase Medicare Supplement & Part D plans.
 - MA revenue growth profile: +9%-12%, driven by +7%-10% annual membership growth with pricing updates in the +1%-3% range.
 - Monthly MA Premiums (PMPMs) (\$): ~\$950-\$1,100.
 - MA pre-tax margin profile: High-end of ~3%-5% range generally targeted for government-sponsored health insurance.
- **Medicaid Market:** ~76 million enrolled w/ aggregate spend of ~\$671 billion. Roughly 3/4 are enrolled in a managed Medicaid plan, the private health Medicaid option. The remainder are in Medicaid FFS. Managed Medicaid plans represent ~52% of total Medicaid spend. Higher-acuity enrollees are still skewed towards Medicaid FFS products but with ongoing conversion to Managed. Each state manages its own Medicaid program in partnership w/ the federal government.
 - Managed Medicaid revenue growth profile: Highly variable over time, driven by economic and political cycles along with ongoing mix shift of higher acuity cohorts to managed Medicaid. Same-store (SS) core rate updates trend in 0%-2% range while SS enrollment is highly cyclical. Premium growth seeing favorable mix shift as higher acuity (i.e., higher PMPM) transitions to managed Medicaid.
 - Managed Medicaid PMPMs (\$): Lower acuity (TANF/CHIP/Expansion): ~\$200-\$500; Higher Acuity (LTS/LTSS/Duals): ~\$1,000-\$3,000.
 - Managed Medicaid pre-tax margin profile: Low end of ~3%-5% range generally targeted for government-sponsored health insurance.

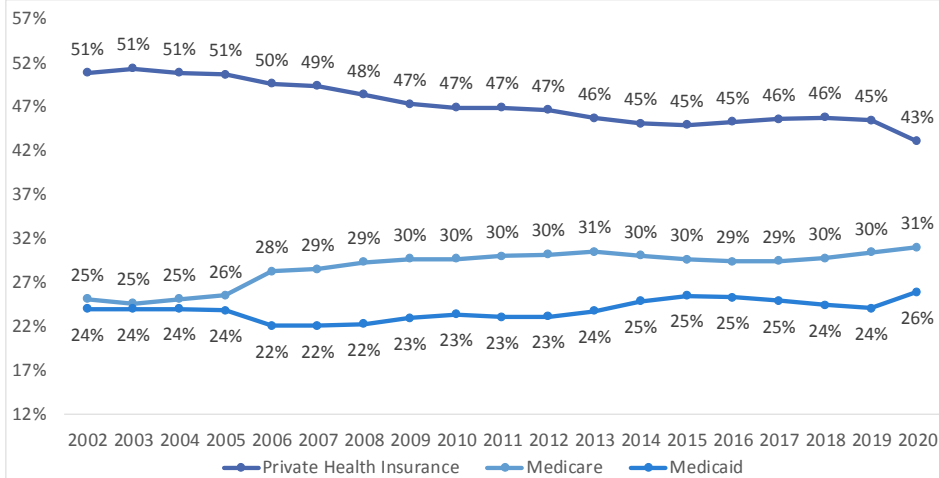
U.S. Managed Care Industry – Key End Markets Profile

Spending (\$Bil.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance (PHI)	\$537.0	\$588.9	\$630.4	\$674.2	\$707.3	\$748.7	\$770.0	\$795.1	\$820.1	\$851.1	\$877.9	\$881.3	\$926.9	\$981.6	\$1,039.6	\$1,091.1	\$1,152.2	\$1,195.1	\$1,151.4
Medicare	265.4	282.7	311.1	339.8	403.7	432.7	467	498.6	519.5	544.6	568.4	588.9	617.6	647.8	675.8	704.7	749.1	799.4	829.5
Medicaid	253.6	275.3	297.9	317	315.1	335	354.6	385.8	408.9	418.7	435.5	458.7	511.4	557.4	581.6	596.3	614.6	633.4	692.5
Total	\$1,056	\$1,147	\$1,239	\$1,331	\$1,426	\$1,516	\$1,592	\$1,680	\$1,749	\$1,814	\$1,882	\$1,929	\$2,056	\$2,187	\$2,297	\$2,392	\$2,516	\$2,628	\$2,673

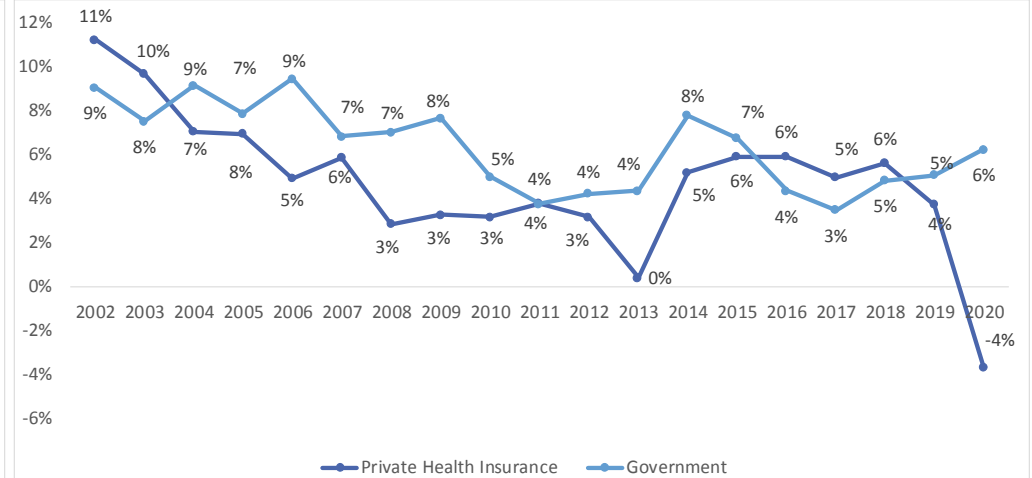
Mix (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance	51%	51%	51%	51%	50%	49%	48%	47%	47%	47%	47%	46%	45%	45%	45%	46%	46%	45%	43%
Medicare	25%	25%	25%	26%	28%	29%	29%	30%	30%	30%	30%	31%	30%	30%	29%	29%	30%	30%	31%
Medicaid	24%	24%	24%	24%	22%	22%	22%	23%	23%	23%	23%	24%	25%	25%	25%	25%	24%	24%	26%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Growth Y/Y (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance	11.2%	9.7%	7.0%	6.9%	4.9%	5.9%	2.8%	3.3%	3.1%	3.8%	3.1%	0.4%	5.2%	5.9%	5.9%	5.0%	5.6%	3.7%	-3.7%
Medicare	7.1%	6.5%	10.0%	9.2%	18.8%	7.2%	7.9%	6.8%	4.2%	4.8%	4.4%	3.6%	4.9%	4.9%	4.3%	4.3%	6.3%	6.7%	3.8%
Medicaid	11.1%	8.6%	8.2%	6.4%	-0.6%	6.3%	5.9%	8.8%	6.0%	2.4%	4.0%	5.3%	11.5%	9.0%	4.3%	2.5%	3.1%	3.1%	9.3%
Total	10.1%	8.6%	8.1%	7.4%	7.1%	6.3%	5.0%	5.5%	4.1%	3.8%	3.7%	2.5%	6.6%	6.4%	5.0%	4.1%	5.2%	4.5%	1.7%

US Managed Care Market Spending Mix by Payer (%), 2002-2020



US Managed Care Market Spending Growth by Payer (%), 2002-2020



Acute Care Hospitals - Business Model Overview

For-Profit Hospital Market Footprint:

- Investor-owned (for-profit) hospitals represent ~20% of the ~5,000 community hospitals in the U.S. Non-government non-profits comprise ~60% of the hospital market while state / local government hospitals comprise the remaining 20%.
- Hospitals in our coverage (HCA, THC, UHS) have significant footprints in the southern U.S., notably in Texas and Florida, two states that when combined represent 55%, 43%, and 42% of total beds for HCA, UHS, and THC, respectively.

LT Growth Targets:

- HCA: Revenue / EBITDA growth +5%-6%+, split roughly even between adjusted admissions +2%-3% and pricing +2%-3%.
- UHS: Acute care (revenue growth +5%-6%, EBITDA growth +6%-7%); Behavioral (revenue growth +5%, EBITDA growth +6%-7%).
- THC: EBITDA growth +2%-3% for Hospital Operations, +10%-15% for Ambulatory, and +4%-7% for Conifer (rev. cycle mgmt. biz).

Acute Care Payer Mix:

- On average, our coverage derives ~55% of acute care hospital net revenues from commercial payers, with the remaining coming from Medicare (~30%), Medicaid (~10%), Self-Pay/Other (~5%).
- Commercial tends to represent a vastly disproportionate amount of profit dollars as both actual annual reimbursement dollars and annual rate updates (+3%-5% for commercial vs. +2%-3% for Medicare and +1%-2% for Medicaid) are superior to government-sponsored payers, creating the phenomenon known as “cost-shifting” in the U.S. health care system.

Adjusted EBITDA Margins:

- HCA, THC, and UHS generate adjusted EBITDA margins in the range of 15%-20%. HCA tends to operate at the high-end of this range given its urban market focus and operational acumen.

U.S. Hospital Industry Market Profile

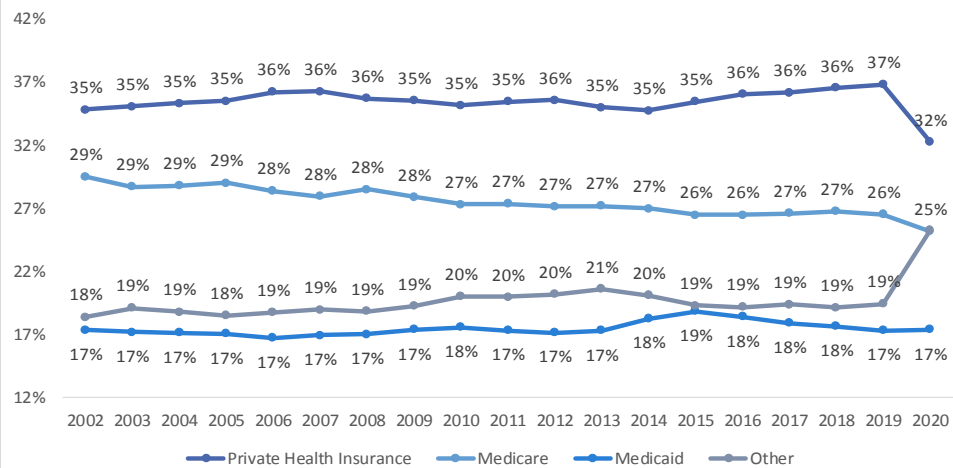
Spending (\$Bil)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance (PHI)	\$169	\$184	\$200	\$216	\$236	\$251	\$257	\$274	\$284	\$295	\$312	\$317	\$326	\$350	\$373	\$390	\$410	\$438	\$409
Medicare	\$144	\$151	\$163	\$176	\$185	\$193	\$206	\$215	\$221	\$228	\$238	\$246	\$254	\$262	\$274	\$286	\$300	\$316	\$319
Medicaid	\$84	\$90	\$97	\$104	\$109	\$117	\$123	\$134	\$142	\$144	\$151	\$157	\$172	\$186	\$191	\$193	\$198	\$207	\$221
Other HI	\$27	\$31	\$34	\$36	\$38	\$39	\$43	\$48	\$51	\$53	\$54	\$57	\$61	\$64	\$66	\$70	\$71	\$74	\$80
Other Third Party	\$47	\$52	\$54	\$57	\$63	\$69	\$66	\$75	\$84	\$85	\$92	\$97	\$97	\$97	\$102	\$107	\$111	\$121	\$208
Out of Pocket Total	\$15	\$17	\$18	\$20	\$21	\$23	\$24	\$25	\$27	\$28	\$31	\$33	\$31	\$30	\$31	\$32	\$33	\$36	\$33
Total	\$487	\$526	\$565	\$609	\$651	\$692	\$722	\$771	\$809	\$833	\$878	\$907	\$941	\$989	\$1,035	\$1,078	\$1,123	\$1,192	\$1,270

Mix (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance	35%	35%	35%	35%	36%	36%	36%	35%	35%	35%	36%	35%	35%	35%	36%	36%	36%	37%	32%
Medicare	29%	29%	29%	29%	28%	28%	28%	28%	27%	27%	27%	27%	27%	26%	26%	27%	27%	26%	25%
Medicaid	17%	17%	17%	17%	17%	17%	17%	17%	18%	17%	17%	17%	18%	19%	18%	18%	18%	17%	17%
Other HI	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Other Third Party	10%	10%	10%	9%	10%	10%	9%	10%	10%	10%	10%	11%	10%	10%	10%	10%	10%	10%	16%
Out of Pocket Total	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%	3%	3%	3%	3%	3%	3%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Growth Y/Y (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Private Health Insurance	10.3%	8.9%	8.2%	8.2%	9.1%	6.3%	2.8%	6.3%	3.8%	3.8%	5.8%	1.5%	3.0%	7.4%	6.4%	4.5%	5.2%	7.0%	-6.6%
Medicare	6.3%	5.2%	7.8%	8.4%	4.7%	4.5%	6.4%	4.5%	2.8%	3.1%	4.5%	3.5%	2.9%	3.2%	4.7%	4.6%	4.8%	5.2%	1.1%
Medicaid	9.0%	7.0%	7.2%	7.2%	4.8%	7.7%	4.7%	9.2%	6.1%	1.5%	4.4%	4.2%	9.4%	8.4%	2.3%	1.4%	2.6%	4.2%	6.9%
Other HI	9.6%	14.7%	7.3%	5.7%	6.5%	3.4%	10.7%	11.1%	6.9%	3.7%	2.1%	4.4%	6.9%	5.3%	3.8%	5.3%	1.4%	5.1%	8.1%
Other Third Party	4.2%	11.6%	4.4%	5.3%	10.3%	9.7%	-5.1%	14.6%	10.7%	1.2%	9.0%	5.6%	-0.1%	-0.1%	4.5%	5.4%	3.3%	9.6%	71.9%
Out of Pocket Total	10.9%	11.1%	7.6%	7.7%	7.1%	8.1%	3.5%	5.9%	8.0%	4.8%	9.2%	5.5%	-4.0%	-5.1%	3.0%	3.9%	4.7%	7.8%	-9.5%
Total	8.3%	8.1%	7.5%	7.7%	7.0%	6.3%	4.3%	6.8%	4.9%	3.0%	5.4%	3.3%	3.7%	5.2%	4.7%	4.1%	4.2%	6.2%	6.6%

U.S. Hospital Industry Market Profile (continued)

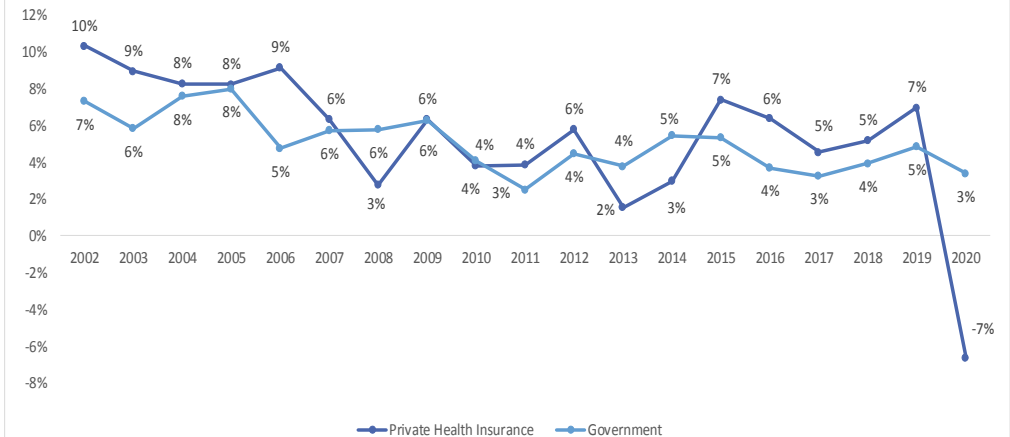
US Hospital Market Spending Mix by Payer (%), 2002-2020



- Private health insurance represents the largest payer category for hospitals, representing 32% of spending in 2020.
- The percentage of hospital spending borne by private health insurance has decreased for the first time on record in 2020.
- Medicare accounts for 25% of total hospital spending, the second largest payer category. That number has trended downward due to rate cuts implemented by the Affordable Care Act.
- Medicaid spending mix at the hospital has stood largely steadfast at around 17%-18% over the last 15 years, despite ACA Medicaid expansions.

- Private insurance spending on hospital care has grown at 5, 10, and 15 year CAGRs of +3.1%, +3.7%, and +4.4%, respectively.
- Medicare spending on hospital care has grown at 5, 10, and 15 year CAGRs of +4.1%, +3.8%, and +4.0%, respectively.
- Medicaid spending on hospital care has grown at 5, 10, and 15 year CAGRs of +3.5%, +4.5%, and +5.2%, respectively.
- Other spending (other third party payers and out of pocket) on hospital care has grown at 5, 10, and 15 year CAGRs of +6.6%, +8.1%, and +7.9%, respectively.

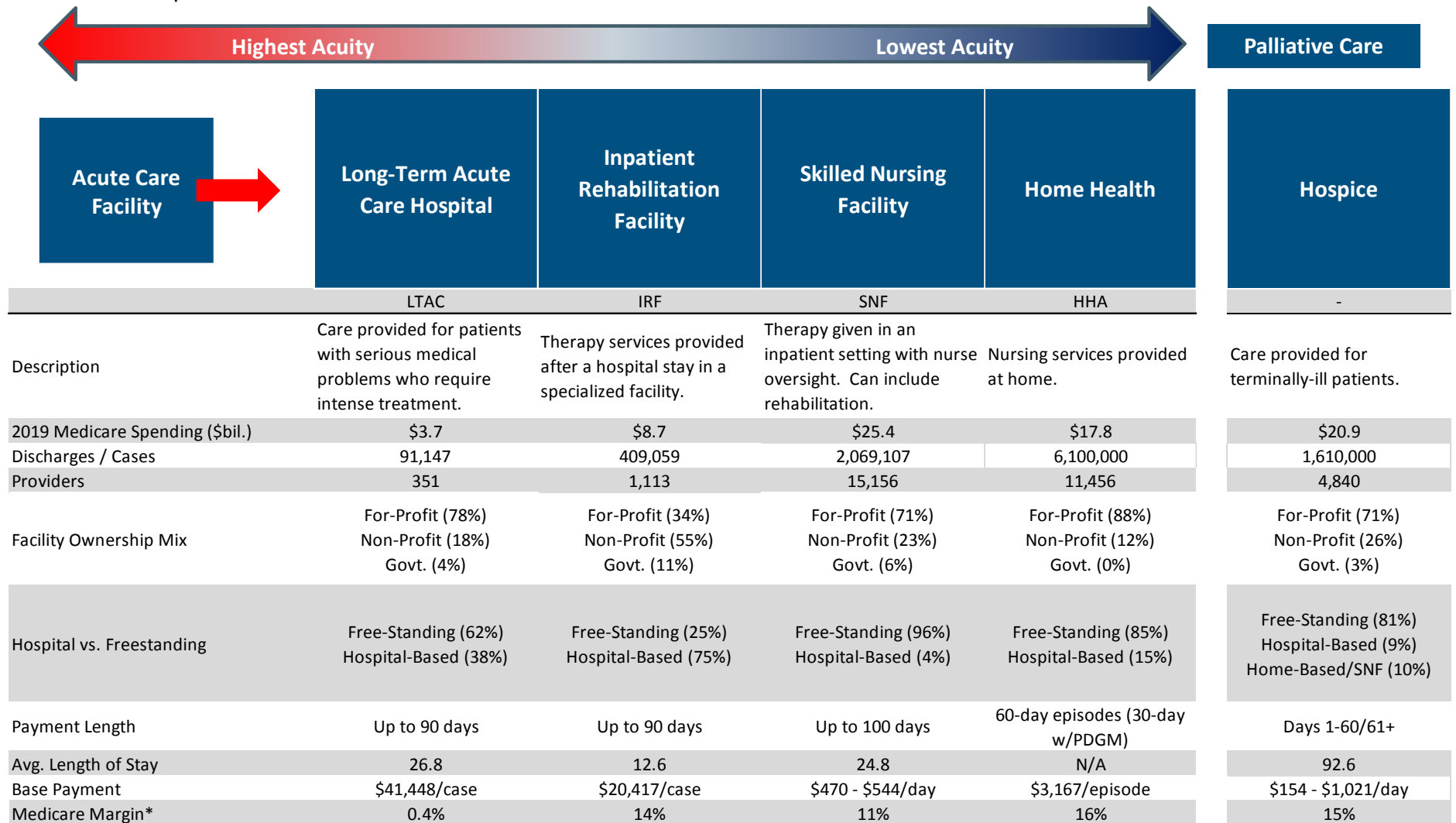
US Hospital Market Spending Growth (%) – Private vs. Gov't Payers, 2002-2020



Overview of the Post-Acute Care Continuum

The Post-Acute Care Continuum:

- Post-acute care (PAC) providers offer recuperation and rehabilitation services after an acute care hospital stay.
- ~40% of Medicare beneficiaries are discharged from hospitals to one of 28,000 PAC providers.
- PAC spending (including hospice) represented \$76.5 billion of Medicare FFS spending in 2019, or ~10% of Medicare's overall \$799 billion spend in 2019.



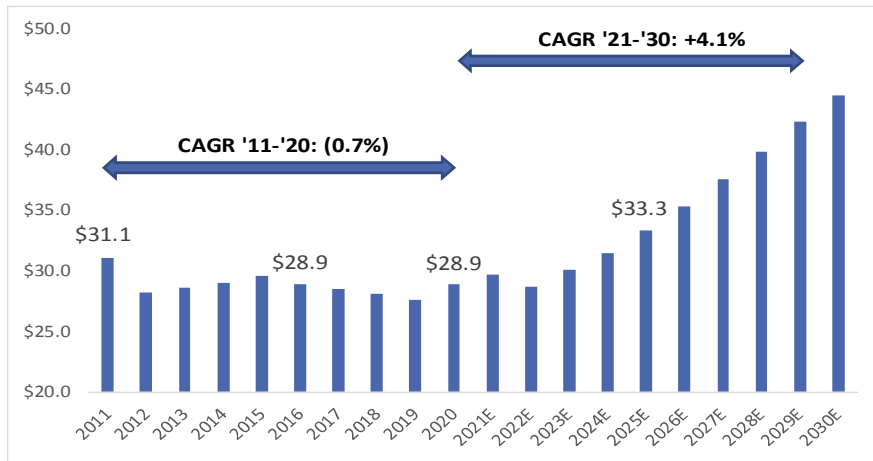
*Note: Freestanding facility Medicare margins listed for Hospice, SNF, & Home Health

Source: MedPac.

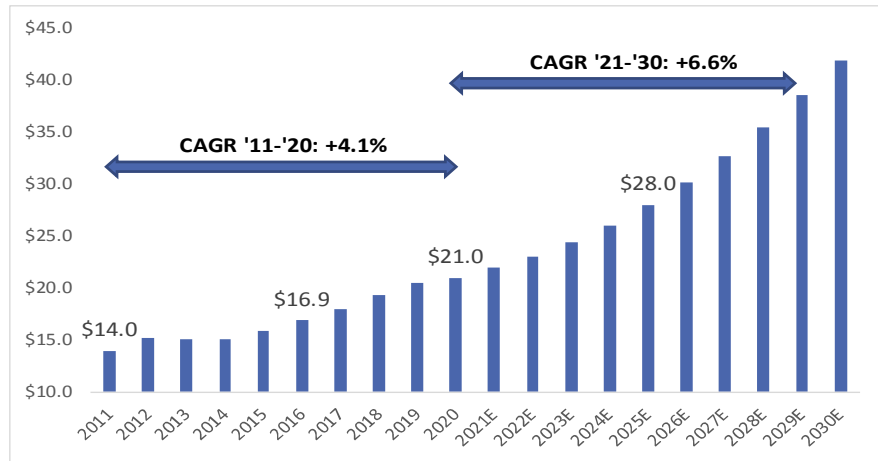
PAC Medicare FFS Spending Trends – 10-yr Forecasted Growth Exceeds Overall FFS Trends

CMS projects Medicare FFS spending to grow at an annual rate of +4.7% through 2030. Medicare FFS spending for Hospice (+6.6% CAGR) and HHA (+6.2% CAGR) are expected to grow above that rate through 2030, while SNF spending (+4.1% CAGR) is expected to grow below the overall market. COVID will impact these “normalized” projections in the 2020-2021 period.

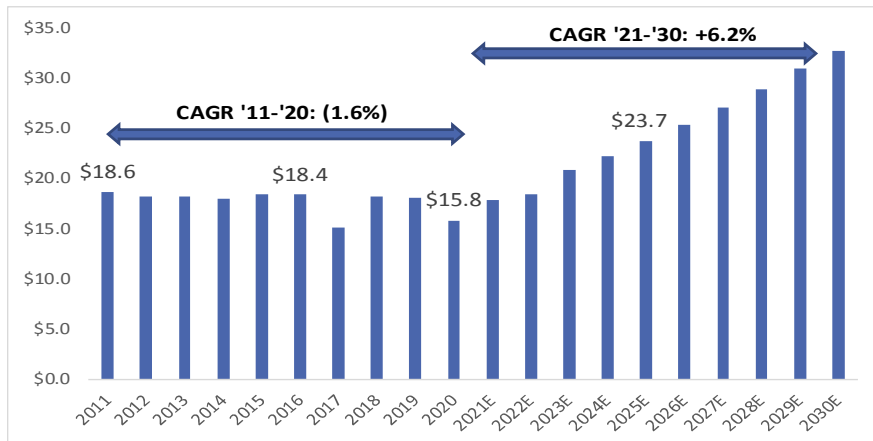
SNF Medicare FFS Spend (\$ bil.), 2011-2030E



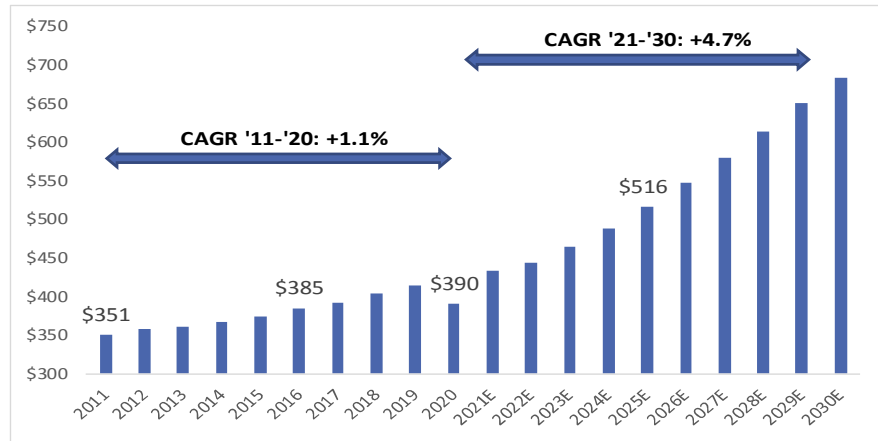
Hospice Medicare FFS Spend (\$ bil.), 2011-2030E



HHA Medicare FFS Spend (\$ bil.), 2011-2030E



Total Medicare FFS Spend (\$ bil.), 2011-2030E



Stephens Sub-Sector Outlook

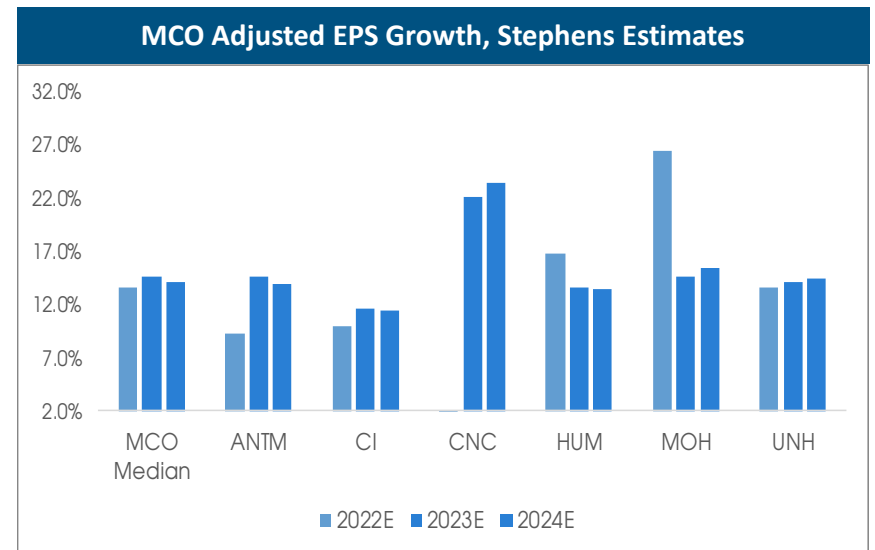
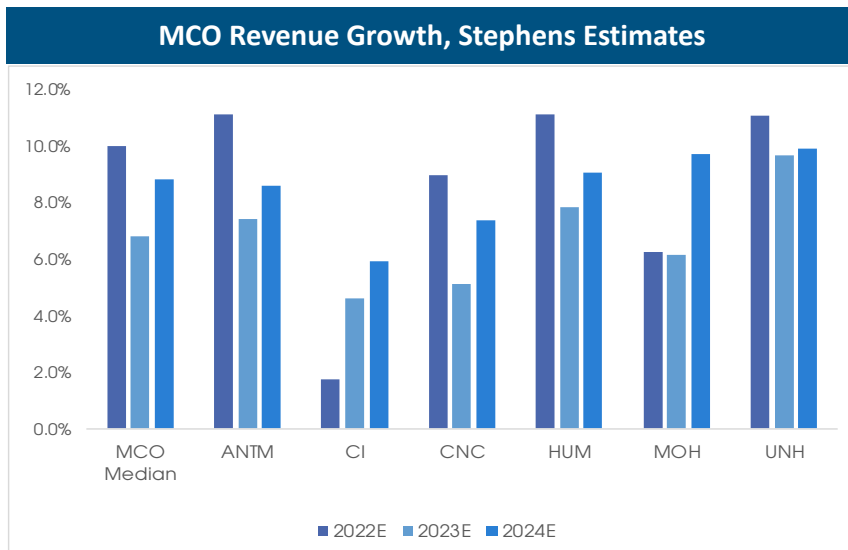
MCO Outlook: Solid Growth Outlook But Increased Competition Represents Risk in 2022

Managed Care Overall Sector Call: We have a constructive L-T view on Managed Care, with 5 of 6 covered stocks rated OW. We see a solid overall growth outlook for 2022 with ~10% median revenue growth and ~14% median adjusted EPS growth projected. Sector valuations are still mostly discounted vs. broader market. However, we have also identified a number of downside risks to the stocks, including potential for higher-than-expected medical costs, rate pressures across the segments, increased competition in MA and HIX, and legislative and policy risks.

L-T Positive on MA: Among the end markets, Medicare Advantage has the most favorable growth outlook for 2022 and beyond and is also now the key nexus of industry innovation. The key risks to MA relate to N-T COVID headwinds (lower risk scores, policy impacts, medical costs), reimbursement risk and policy uncertainty, and increased industry competition.

Stable Commercial View but Mixed on Exchanges: We see a generally stable outlook for the Commercial market. The ESI market is slower-growth and saturated but also enormous and profitable. The individual exchange market remains in a down underwriting cycle entering 2022 but has seen improved enrollment growth prospects from supportive policy actions implemented by the Biden administration.

Medicaid Market Dynamics Influenced by COVID PHE: The Medicaid market is highly cyclical from both an economic and political perspective. Medicaid enrollment has surged during the pandemic and the Blue Sweep created a much more supportive political framework for the market in Washington, DC. However, Medicaid MCOs face uncertainty from ultimate expiration of the COVID PHE and resumption of redeterminations. We see continued opportunities for growth in Medicaid but foresee ongoing margin volatility which is structurally inherent to this lower-margin end market.



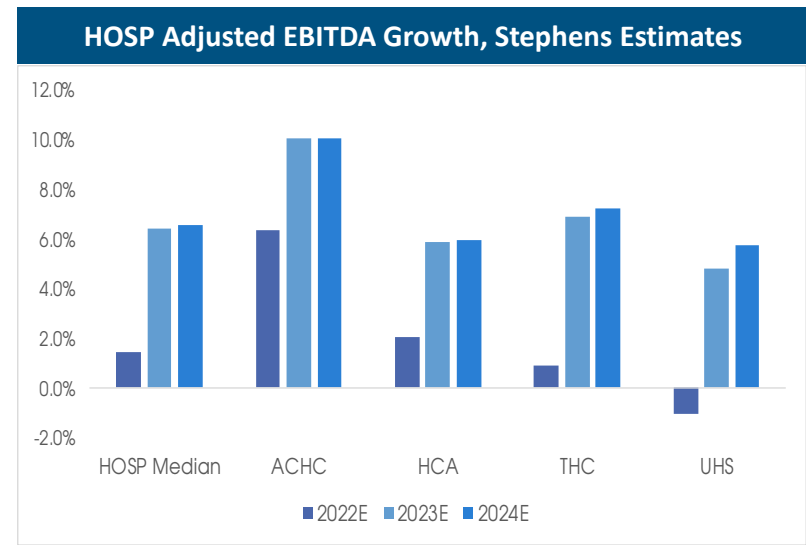
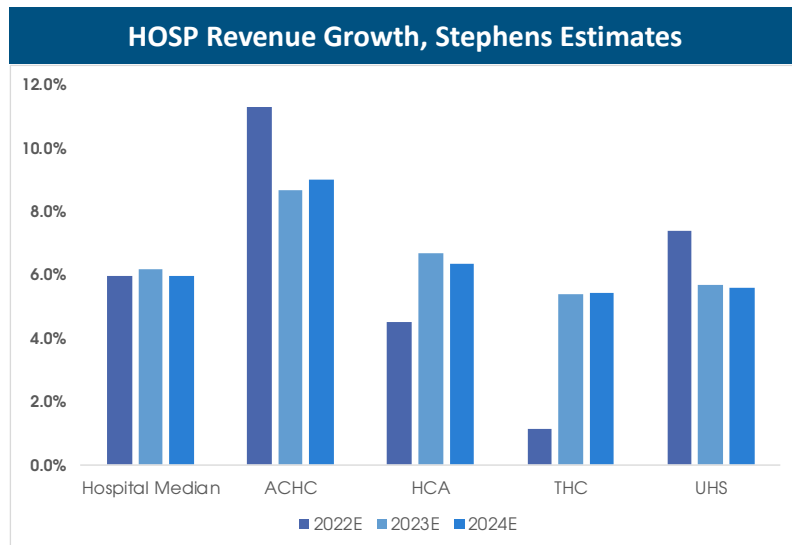
Hospital Outlook: N-T Fundamentals Still Heavily Influenced by COVID Waves

Hospital Overall Sector Call: Given that our hospital coverage only consists of 4 names, we see our overall sector call as less relevant than our stock-specific calls. Overall, the hospital sector faces a number of well-known secular and cyclical headwinds that make the L-T fundamentals for this group less attractive than managed care. However, we also see stock-specific catalysts and opportunities in 2022 and beyond. Overall, we project 3.5% median revenue growth and ~4% adjusted EBITDA growth for our covered hospital stocks in 2022.

Volume Trends: The outlook for hospital volumes in 2022 is difficult to forecast and will be highly dependent on N-T outlook for COVID. Longer term, we see continued structural headwinds for hospital industry volume growth but with demographic trends and pent-up demand (mostly among the Medicare population) post COVID providing some tailwinds.

Pricing Trends: Hospital revenue / admission surged in 2020-2021 on much higher acuity resulting from COVID. This trend could ultimately reverse as the pandemic nears endemic. In terms of rates by payer class, we see a stable Commercial rate outlook for 2022 of +3%-5% and continued solid Medicare reimbursement trends. Medicaid reimbursements are more modest but also generally staying positive.

Expense Trends: Hospitals have faced dramatically elevated supply expenses for PPE and other supplies during the pandemic which ultimately should normalize as a % of revenue. We will be paying a close eye on salary and wages in 2022 which have faced upward pressure given the enormous strain that the pandemic has placed on all aspects of the hospital labor force. Moreover, the Blue Sweep created a more supportive political backdrop for labor vs. management across the economy.



PAC Outlook: L-T Secular & Structural Tailwinds; N-T Headwinds from COVID

PAC Growth Outlook: Overall, we project ~9% median revenue growth and ~10% adjusted EBITDA growth for our covered PAC stocks in 2022.

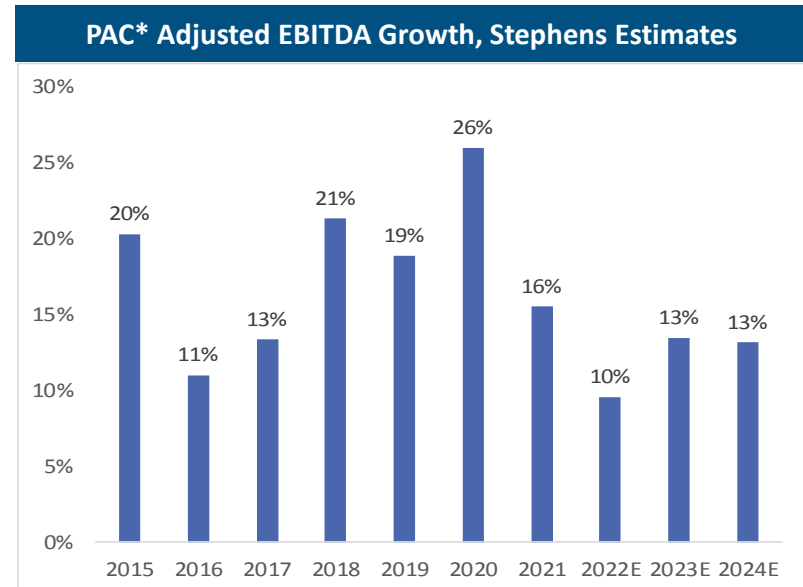
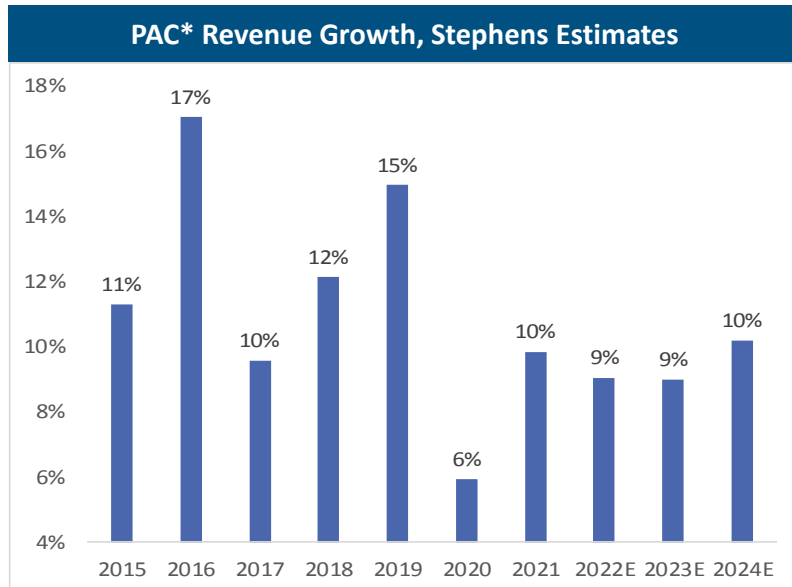
Personal Care: As the lowest cost form of home health (and post-acute care), many home health providers are looking to expand their personal care (PC) capabilities as a pre-acute solution for chronic care patients. PC is also an increasing clinical priority for Medicare Advantage plans, in part due to the rising interest in social determinants of health. The primary near-term challenge faced by personal care agencies relates to staffing disruptions relating to COVID and the tight overall labor market and rate pressure from Medicaid payers.

Home Health: Home health will continue to be structurally advantaged in an evolving post-acute world. The home is the most affordable setting to treat patients and as new technologies allow, even more care will be administered there. We expect above-average organic growth and strong ongoing contributions from M&A. Key business risks will include wage and staffing pressures, Medicare reimbursement risk, and mix shift headwinds from the ever-increasing market penetration of MA.

Hospice: The hospice benefit continues to gain broader adoption. It is a service that provides for a better end of life, while also saving Medicare money. Widespread interest from for-profit providers has resulted in hefty recent valuations for larger acquisitions, but we still see opportunities for the for-profit providers to roll up smaller hospice providers at more attractive relative valuation levels. We also see hospice continuing to increase penetration in MA driven by value-based hospice payment models.

Skilled Nursing: The SNF sector has been heavily disrupted by COVID and could see some recovery opportunity should the pandemic fade. However, SNFs will face pressure on utilization by both managed care and Medicare FFS, along with the loss of patients to home health. Moreover, the rising penetration rate of private Medicare Advantage plans will increasingly pressure both overall volumes and LOS in the SNF industry.

Inpatient Rehab: We believe IRFs are well positioned in the post-acute continuum to take on higher and lower acuity patients, although in the N-T COVID will remain the key swing factor. Our thoughts are somewhat influenced by the dominant market position of EHC.



*Companies included: ADUS, AMED, AVAH, EHC, ENSG, LHCG and PNTG

Stephens Stock Calls

Managed Care – Stephens Coverage Universe - Stock Calls Tear Sheet

Anthem (ANTM) – Overweight; PT \$525

- OW rating - \$525 TP, based on ~16.1x 2023E adjusted EPS.
- Fully-insured enrollment trends very strong in 2019-2022E driven by market share gains in Medicare and Medicaid. Driving above-average revenue growth trends.
- Diversified Business Group (DBG) segment will be key area for driving future growth with potential to stimulate multiple expansion if expansion strategy proven effective. This business needs a better name though.
- Effective capital deployment strategy which is well-balanced between growth-focused M&A, share buybacks, and dividends.
- **Investor Pushback:** N-T headwinds and uncertainty from COVID related impacts on Medicare & Medicaid rates, medical costs, and membership.

Centene (CNC) – Overweight; PT \$106 *Stephens 2022 Best Ideas List Selection

- OW rating - \$106 TP, based on ~16.5x 2023E adjusted EPS.
- We see most upside to L-T Adjusted EPS power in Managed Care given under-performing margins and strategic plan to improve margins / returns from 2022-2024.
- We expect CNC to achieve at least \$1.2 billion in annual gross margin and SG&A savings from 2022-2024, with potential upside from the RFP of its ~\$35 billion in annual pharmacy spend to an external PBM vendor.
- After reconstituting its Board with a new slate of proven shareholder value creators, the reconstituted Board will announce a new CEO in 2022.
- We expect CNC to close its current ~16% valuation discount to core peers HUM and MOH as it accelerates its operating performance in 2022-2024.
- **Investor Pushback:** exchange business seeing continued pricing and margin pressure; relative underperformance on MA Stars. Medicaid rate / margin risks.

Cigna (CI) – Overweight; PT \$265

- OW rating - \$265 TP, based on ~10.5x 2023E adjusted EPS.
- P/E remains heavily discounted on persistent investor pushback on potential slower growth vs. peers based on structural business mix.
- ESI has delivered stronger-than-expected growth and earnings performance since the acquisition but stock has been extremely stubborn in providing much credit.
- Solid capital return outlook for 2022 with robust share buybacks likely to continue.
- U.S. Medical segment experienced increased MLR pressure in 2021 relative to company's initial expectations.
- **Investor Pushback:** Slower organic top-line grower post ESI deal; PBM market facing heavy regulatory and legislative scrutiny; stock seems highly dependent on market broader rotation to value to really work in a sustained way.

Humana (HUM) – Overweight; PT \$510

- OW rating - \$510 TP, based on ~18.7x 2023E adjusted EPS.
- Most leverage to fastest growing end-market (Med Advantage), although MA individual enrollment growth will be notably lower than expected for 2022 on competition.
- Making strategic investments to drive ongoing innovation, including in value-based care & HH&H platform expansions.
- Medicaid organic growth strategy has proven to be increasingly effective, removes any need to do a large Medicaid acquisition, which would likely hurt the stock.
- **Investor Pushback:** Part D biz faces significant competitive pressure / regulatory risk; MA competition also accelerating, MA regulatory and reimbursement risks post Blue Sweep; MA margins have been performing below L-T target levels for a sustained period of time.

Managed Care (cont.) – Stephens Coverage Universe - Stock Calls Tear Sheet

Molina (MOH) – Equal-Weight; PT \$333

- EW rating - \$333 TP, based on ~17.0x 2023E adjusted EPS.
- Pivot to growth strategy has been playing out well overall supported by energetic M&A program, COVID-related growth in Medicaid, and renewed HIX growth in 2021.
- MOH has committed to +13%-15% L-T revenue growth and +15%-18% Adjusted EPS growth from 2022-2025 albeit with considerable contributions from M&A embedded into the outlook.
- Overall margin profile still closer to peak levels despite significant underperformance in HIX margins in 2020-2021.
- Some investors see MOH as one remaining take-out candidate among managed care names post MGLN being acquired by CNC.
- **Investor Pushback:** Business heavily levered to more cyclical Medicaid & exchange markets. MOH has established aggressive L-T growth targets that could be challenging to achieve on a sustainable basis.

UnitedHealth (UNH) – Overweight; PT \$542

- OW rating - \$542 TP, based on ~22.0x 2023E adjusted EPS.
- Blue Chip name in HC Services w/ balance of offensive & defensive characteristics. Leading ability to leverage HC data and technology at global scale.
- Most visible L-T outlook w/ 10-year forecast for high-single-digit revs growth & 13%-16% EPS. Revs could exceed \$500 billion & adjusted EPS of \$50+/share by 2028.
- Dominant franchise in Medicare Advantage, the most valuable HC payer growth market.
- OptumCare could reach \$100 billion in top line by 2028, setting stage for a 10-yr. +22% top-line growth CAGR.
- **Investor Pushback:** Most popular stock in HC Services already; large exposure to passive index funds; OptumCare growth strategy more capital intensive / could lower returns; MA share gains over past several years may be unsustainable going forward w/out sacrificing margins.

Healthcare Facilities – Stephens Coverage Universe Overview – Stock Calls Tear Sheet

Acadia Healthcare (ACHC) – Equal-Weight; PT \$74

- EW rating - \$74 TP, based on ~12.5x 2023E adjusted EBITDA.
- U.S. behavioral business SS revs growth and M&A activity have outperformed core peer UHS in 2020-2021 with a robust bed capacity plan in place for next several years.
- Finalized UK sale provided cash for deleveraging and additional growth capital for U.S. market currently facing surging demand due to COVID pandemic.
- Company has provided strong L-T growth and margin targets for its U.S. business post sale of U.K.
- Inpatient psych market seeing accelerating labor / wage pressures.
- **Investor Pushback:** post COVID shift to digital platforms for behavioral care could be disruptive to ACHC's business model.

HCA Healthcare (HCA) – Overweight; PT \$285

- OW rating - \$285 TP, based on ~8.9x 2023E adjusted EBITDA.
- Blue Chip hospital management company in the U.S.
- L-T capital spending strategy and future M&A opportunities can sustain above-average L-T organic growth.
- Leverage at the low-end of the L-T target provides ample flexibility around capital deployment.
- Risk factors; 1) COVID-19 and 2) increased macro-economic uncertainty.
- **Investor Pushback:** Acute care hospital industry is a structural loser as it relates to L-T trends in HC.

Tenet Healthcare (THC) – Equal-Weight (Vol.); PT \$98

- EW-V rating - \$98 TP, based on ~9.1x 2023E adjusted EBITDA-NCI.
- The ASC business could continue to deliver top-tier growth and margin performance with significant deal pipeline to supplement overall growth profile post-COVID. SCD ASC deal was highly value creative.
- Persistent historical underperformance of hospital segment creates downside EBITDA risks although the segment has benefited in 2020-2021 from COVID dynamics.
- **Investor Pushback:** Share price volatility difficult for many investors to stomach; financial model / segment reporting structure most cumbersome in our coverage.

Universal Health Services (UHS) – Equal-Weight; PT \$150

- EW rating - \$150 TP, based on ~7.7x 2023E adjusted EBITDA.
- UHS was overly optimistic on the recovery of its behavioral business over the past few years but still represents future growth opportunity.
- The Acute Care segment has faced volatility in 2020-2021 due to COVID while cyber-attack was also disruptive to UHS's business.
- Consistently low leverage seen as a source of capital deployment opportunity / share price upside for some equity investors.
- **Investor Pushback:**
- **Upside:** Behavioral business still has one of the strongest L-T secular demand profiles in healthcare; UHS could drive upside from a more aggressive M&A posture.
- **Downside:** Behavioral headwinds from labor constraints & falling lengths of stay could play out for much longer than the Street appreciates; UK business exposure.

Post Acute Care (PAC)– Stephens Coverage Universe - Stock Calls Tear Sheet

Addus HomeCare (ADUS) – Overweight Rating; PT \$116

- OW rating - \$116 PT, based on ~16.0x 2023E adjusted EBITDA.
- As a pure-play provider of personal care services, ADUS is the cleanest way for public investors to invest in this end market which has attractive long-term demand drivers.
- Future growth opportunity for expanded personal care services in MA.
- Solid balance sheet should support continued accretive M&A program.
- ADUS faces business risks from Medicaid reimbursement pressure, staffing challenges, and rising wage pressures, including expanded minimum wages.

Amedisys (AMED) – Equal-Weight Rating; PT \$172

- EW rating - \$172 PT, based on ~18.9x 2023E adjusted EBITDA.
- AMED's core home health and hospice business should benefit from strong secular tailwinds over the L-T.
- Positioned to generate FCF that could sustain \$300 million annual M&A program.
- Likely to be a leader in HH&H market in pursuing value-based care partnerships with payers in MA for HH&H, as reflected in acquisition of Contessa during 2021.
- AMED endured an execution set-back in 2021 driven by COVID-related operational headwinds, creating downside pressure on Street EBITDA estimates.

Aveanna Healthcare (AVAH) – Overweight Rating; PT \$11.50

- OW rating - \$11.50 TP, based on ~11.8x 2023E adjusted EBITDA.
- Legacy PDN business provides stable growth and margin profile with potential upside from Biden's HC policy agenda but N-T volume pressure from COVID.
- Build-Out of Home Health & Hospice platform represents key pillar of the L-T growth strategy.
- Cross-selling and geographic expansion supports multi-year DD organic growth in recurring revenue MS segment.
- Investing in AVAH will carry several risks, most notably a much higher debt leverage profile than HH&H peers.

Encompass Health (EHC) – Overweight Rating; PT \$78

- OW rating - \$78 PT, based on ~10.2x 2023E adjusted EBITDA.
- We like EHC's JV strategy with acute care hospitals in the IRF business as we see a strong pipeline of opportunities given that acute care hospitals are facing pressures from declining overall inpatient volumes.
- EHC is exploring strategic review which could provide optionality for value creative event for the stock in 2022.
- HH&H fundamentals were pressured more than some peers in 2020-2021 due to COVID which could provide opportunity for sharper recovery in 2022.
- Strong L-T annual revenue and adjusted EBITDA growth targets of 8%-10% through 2025.

Post Acute Care (PAC)– Stephens Coverage Universe - Stock Calls Tear Sheet

Ensign Group (ENSG) – Overweight Rating; PT \$98

- OW rating - \$98 PT, based on ~13.0x 2023E adjusted EBITDA.
- We view ENSG as best-in-class operator of SNF facilities in an overall challenged industry. The ENSG management team has been able to execute against L-T PDGM strategy exceptionally well, driving robust pricing growth in 2020-2021 through improvements in skilled mix, which more than offset the industry-wide declines in volumes to drive solid y/y growth on the top- and bottom-line.
- ENSG has a successful track record of M&A turnarounds and maintains a robust pipeline of opportunities. Management expects significant opportunities to arise as a result of COVID, which provides ample runway for continued growth in earnings contributions from newly-acquired and transitioning facilities.
- COVID impact on volumes in 2020-2021 provides additional growth lever in 2022 as occupancy levels normalize across the portfolio.
- Key fundamental risks include labor and staffing pressures for the SNF industry, Medicare rate headwinds, and declines in skilled mix post COVID.

LHC Group (LHCG) – Overweight Rating; PT \$165

- OW rating - \$165 PT, based on ~17.6x 2023E adjusted EBITDA.
- LHCG is an attractive way to play the secular tailwinds in front of the home health and hospice industry.
- LHCG has a number of positive drivers for continued growth, including its successful JV strategy.
- Expect to see LHCG increasingly focus on its MA value-based care contracting strategies.
- LHCG accelerated its M&A strategy in 2021 providing growth tailwinds for 2022 and beyond.

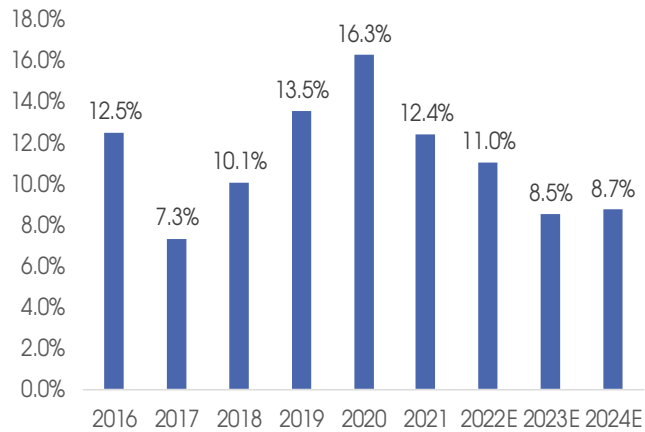
The Pennant Group (PNTG) – Overweight (Vol.) Rating; PT \$26

- OW-V (Vol.) rating - \$26 PT, based on ~12.8x 2023E adjusted EBITDAR.
- Still in the early innings of a L-T growth story with significant exposure to the high-growth home health and hospice end markets.
- PNTG has an opportunity to outpace its peers in y/y growth off a relatively smaller base over the next several years.
- Sizeable opportunity to further drive referral relationship with ENSG; geographical overlap in post-acute assets in ~88% of PNTG's current markets.
- PNTG's HH&H and Senior Living businesses have faced pressures on occupancy, volumes and margins due to the ongoing COVID pandemic although provides opportunity for recovery play post pandemic.

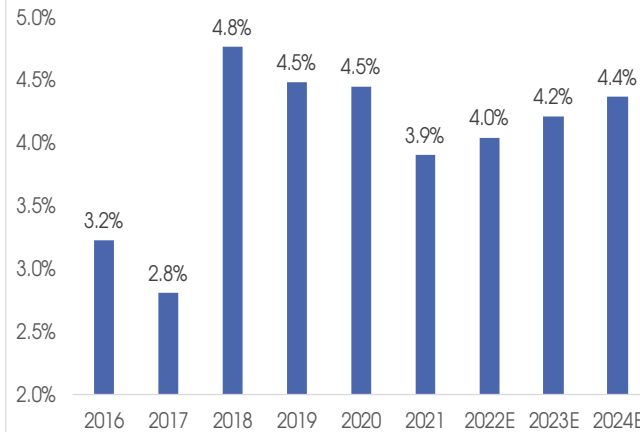
Key Industry Forecasts

Managed Care – Key Industry Forecasts: Income Statement Metrics

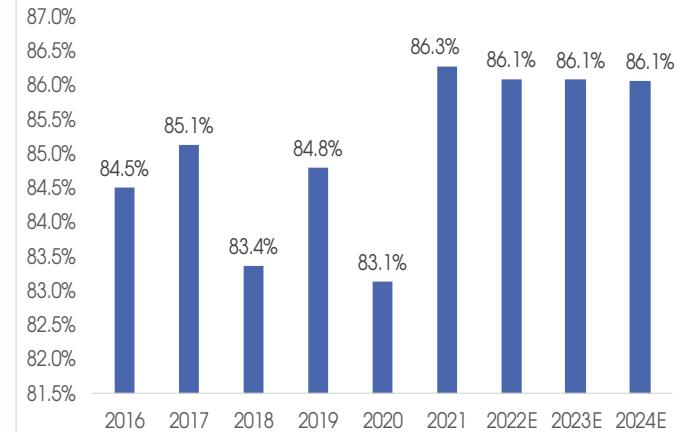
Revenue Growth - Median



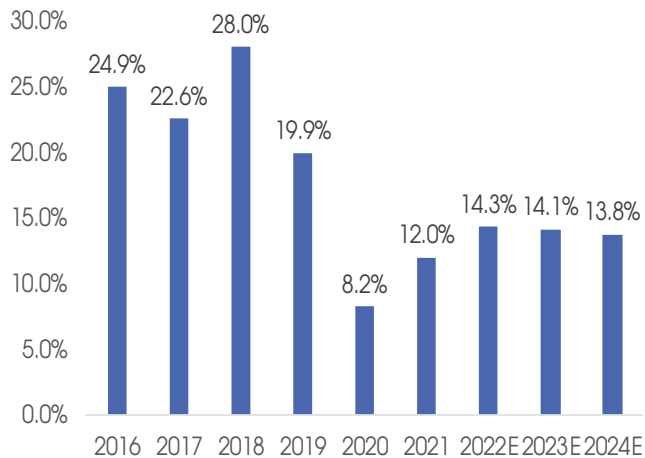
Net Margin (%) - Average



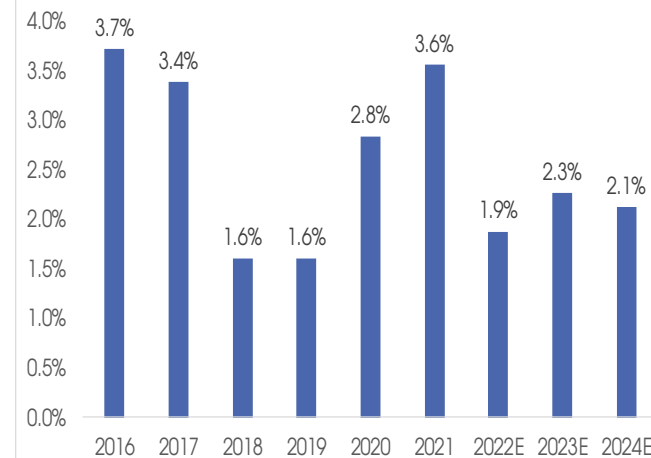
Medical Loss Ratio (%) - Average



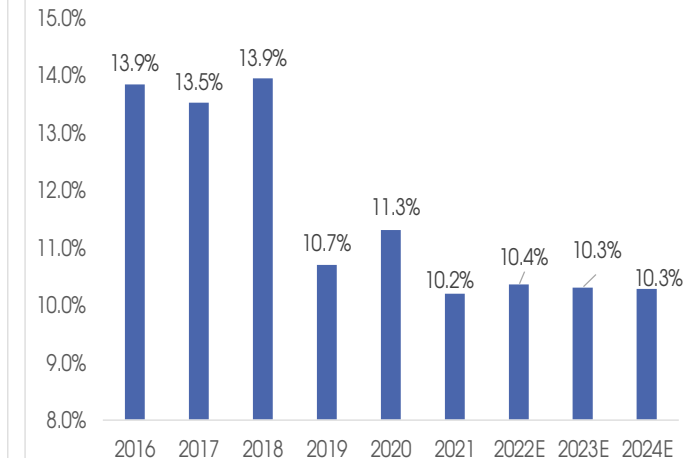
EPS Growth - Median



Medical Membership Growth - Median

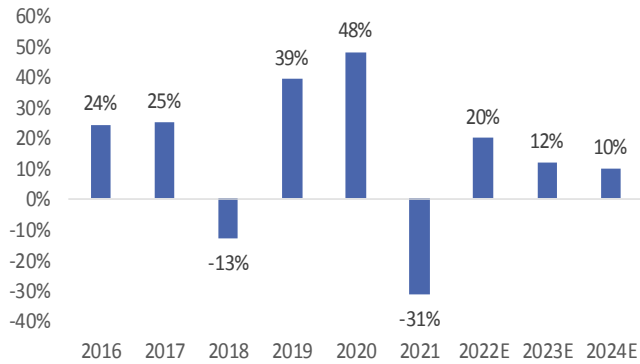


SG&A Ratio (%) - Average

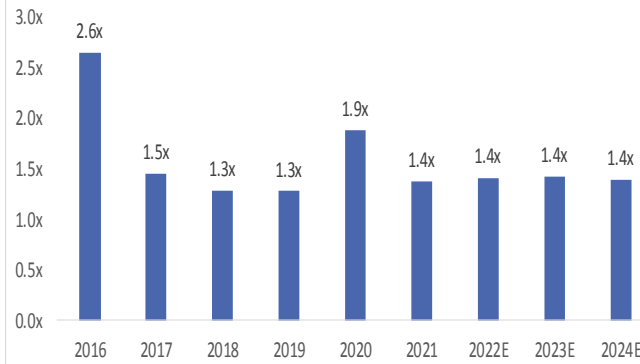


Managed Care – Key Industry Forecasts: Balance Sheet/Cash Flow Metrics

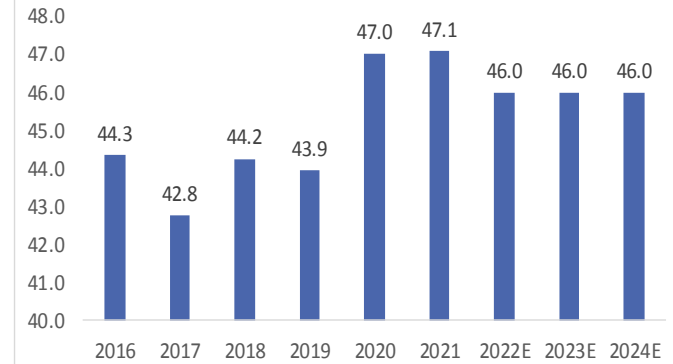
Operating Cash Flow (OCF) Growth - Median



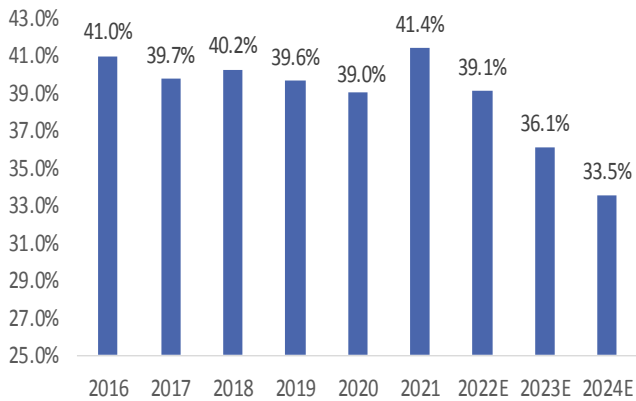
OCF to Net Income Ratio - Median



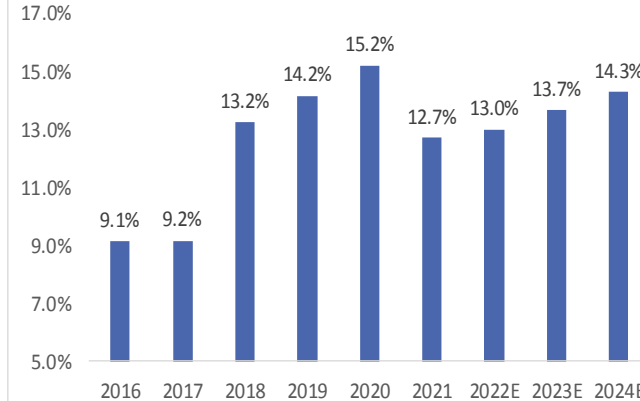
Days Claims Payable - Median



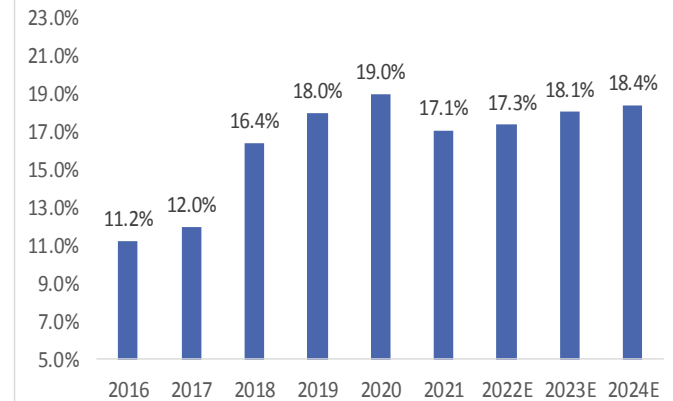
Debt to Capital Ratio (%) - Median



ROIC (%) - Median

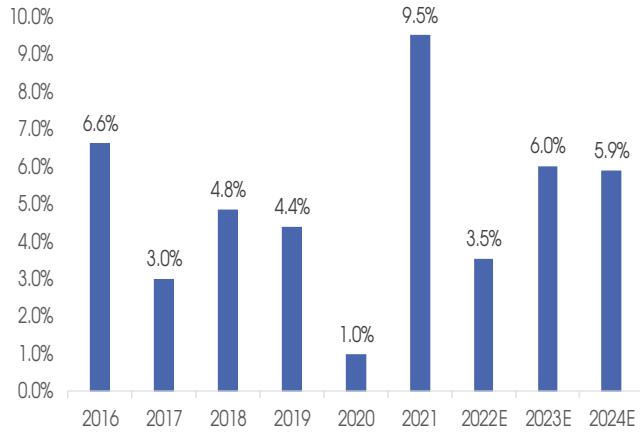


ROE (%) - Median

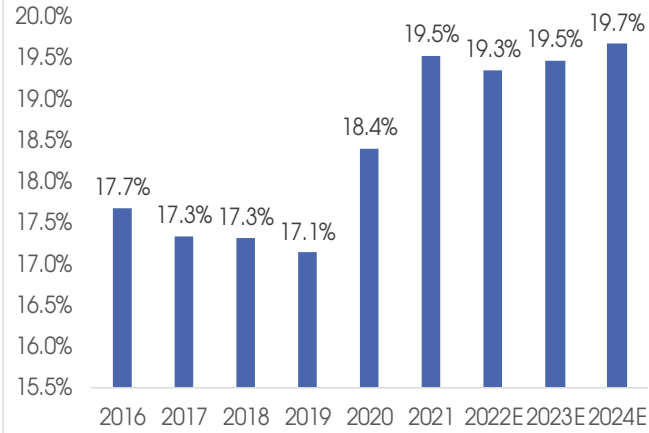


Hospitals – Key Industry Forecasts: Income Statement Metrics

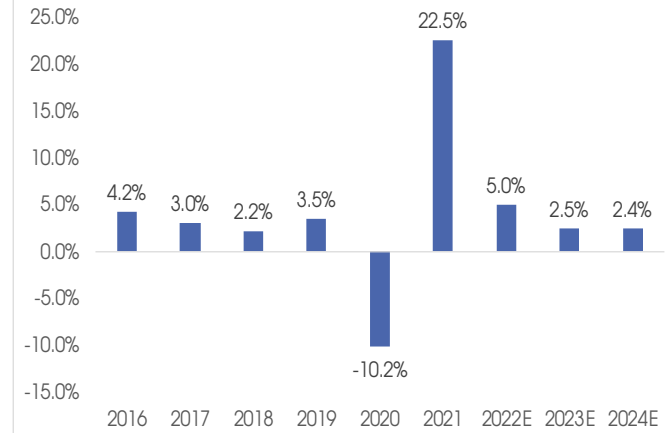
Consolidated Revenues Growth - Median



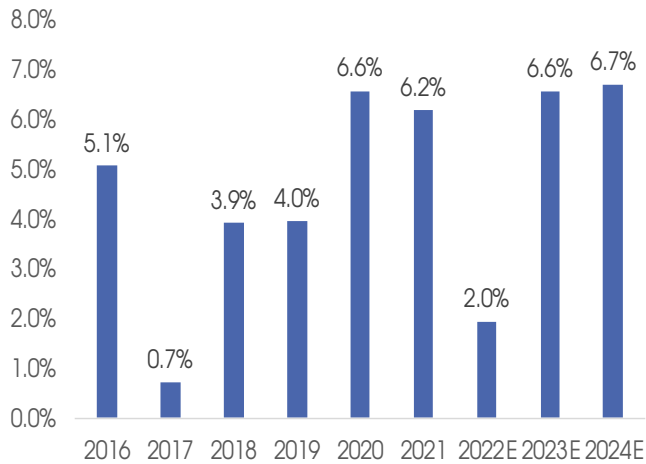
Adjusted EBITDA Margin (%) - Average



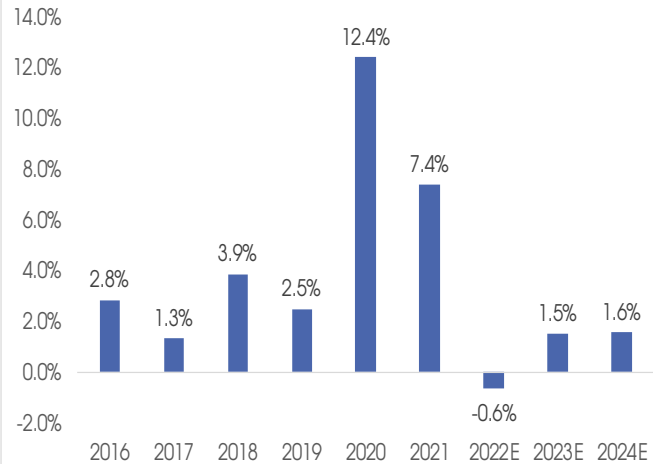
SS Acute Adjusted Admissions Growth (%) - Average



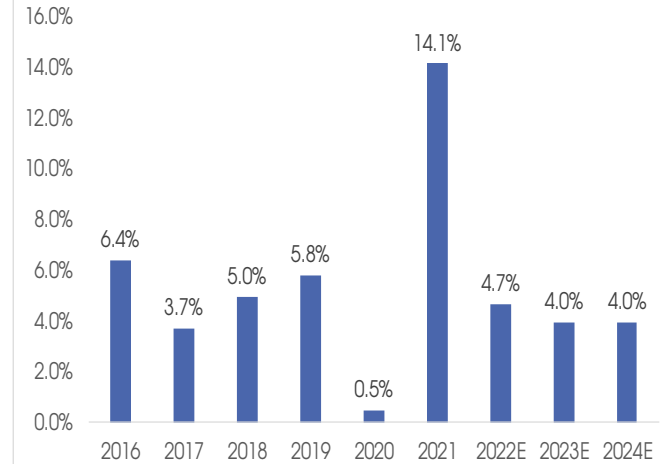
Adjusted EBITDA Growth - Median



SS Acute Revs/Adj Admission Growth (%) - Average

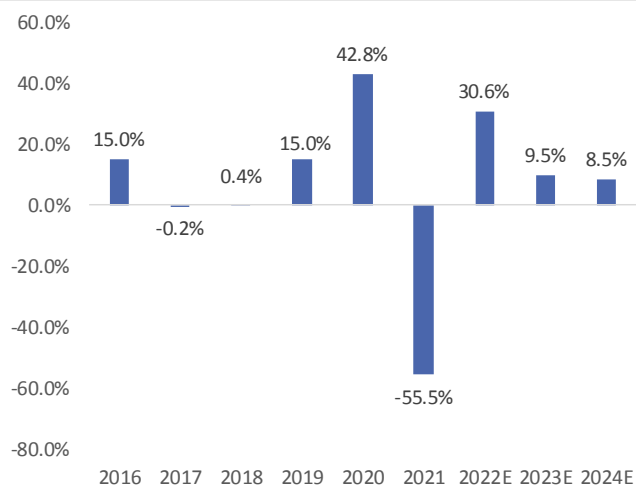


SS Acute Revenues Growth (%) - Average

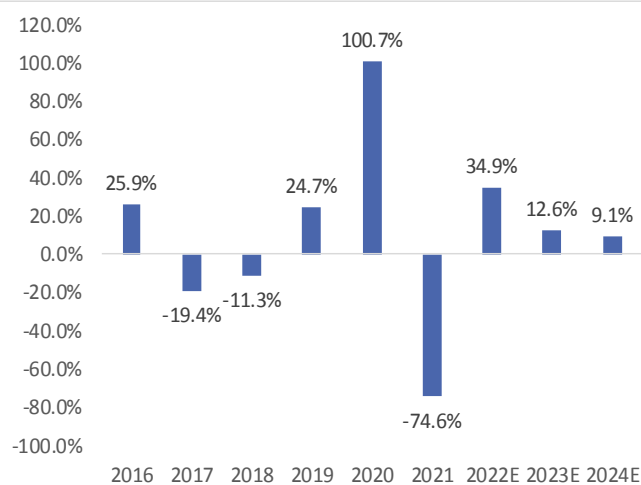


Hospitals – Key Industry Forecasts: Balance Sheet/Cash Flow Metrics

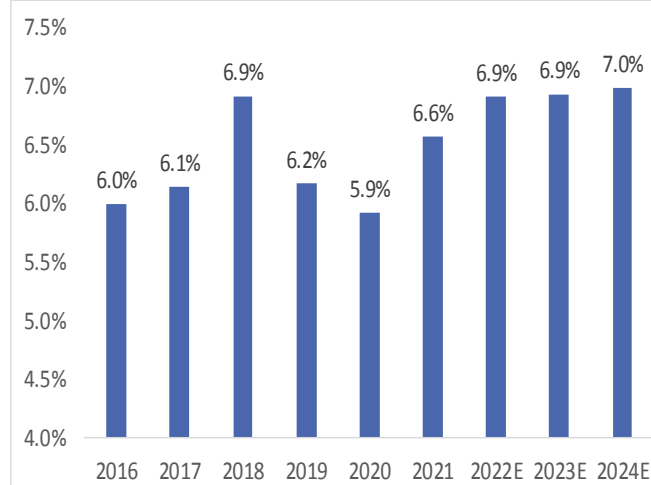
Operating Cash Flow (OCF) Growth - Median



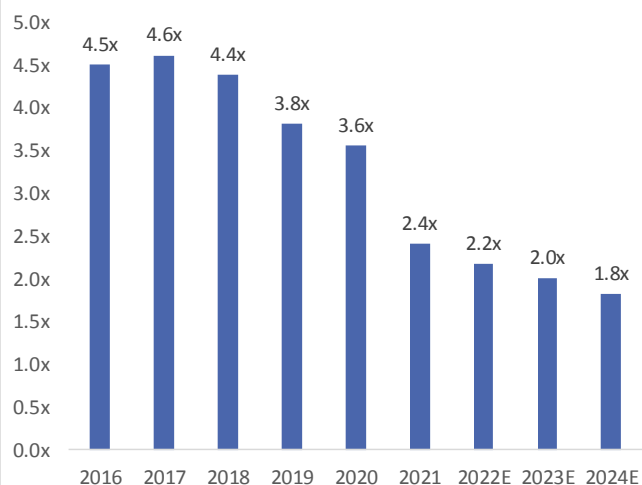
Free Cash Flow Growth - Median



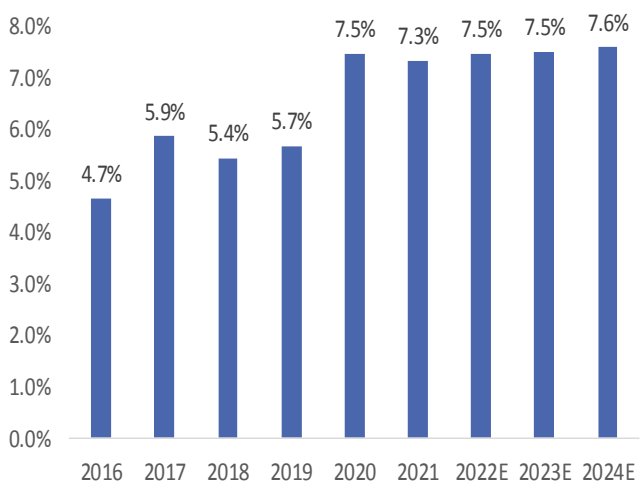
Capex (% of Net Revenues) - Median



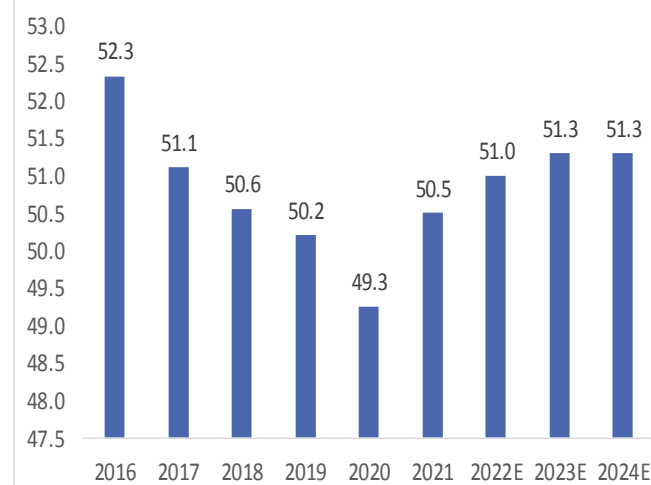
Net Debt to EBITDA Ratio - Median



ROIC (%) - Median

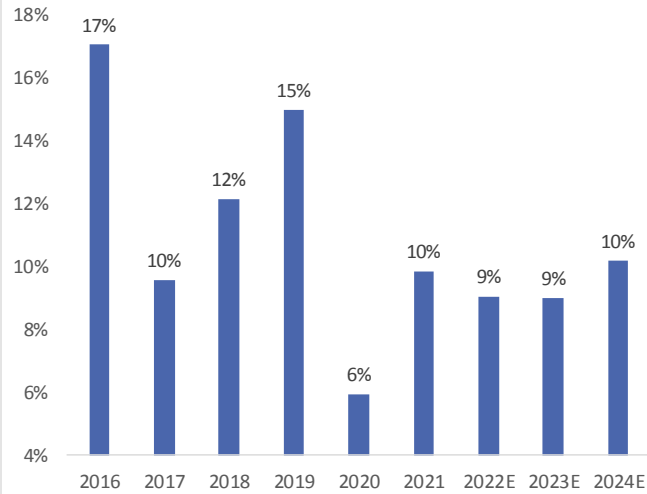


Days Sales Outstanding - Median

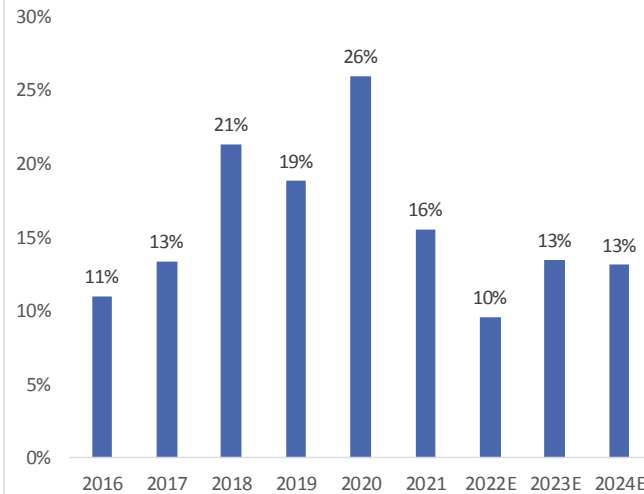


PAC Industry Group - Key Forecasts Snapshot: Income Statement Metrics (Median)

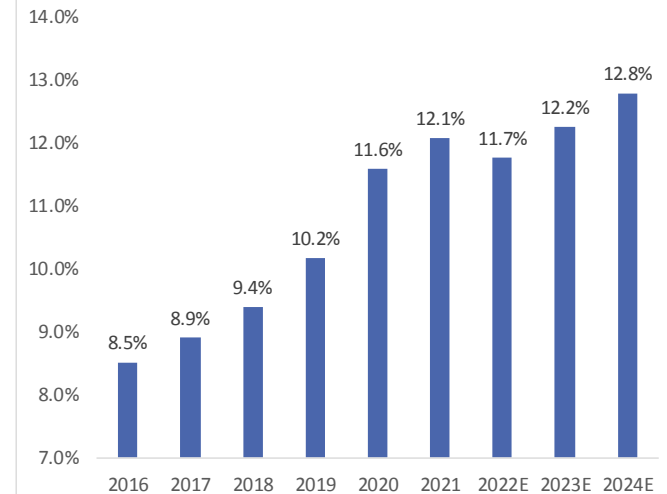
Consolidated Revenue Growth



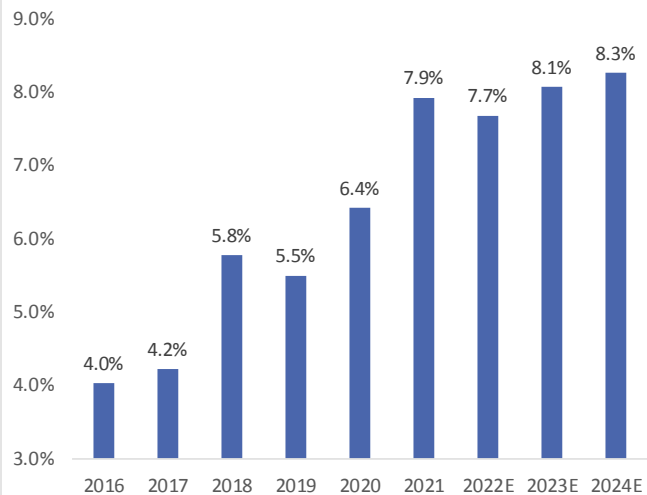
Adjusted EBITDA Growth



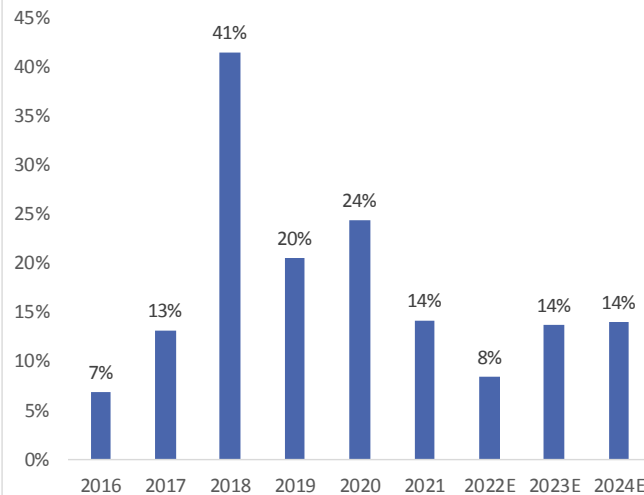
Adjusted EBITDA Margin



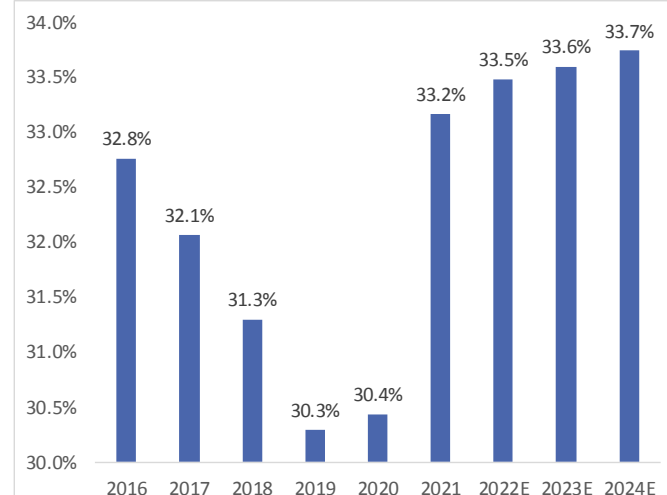
Net Margin



Adjusted EPS Growth

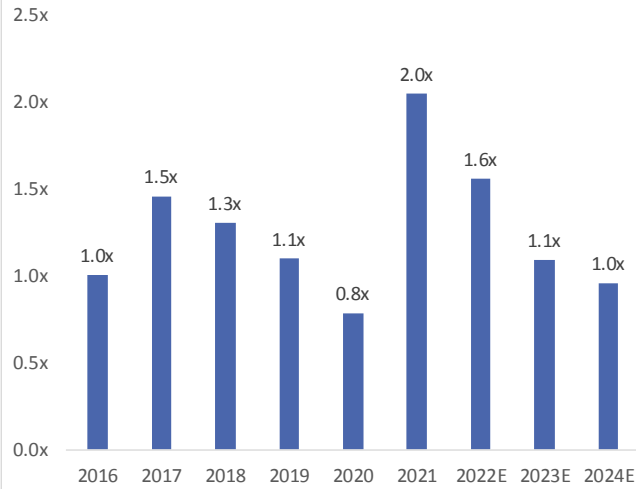


Gross Margin



PAC Industry Group - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics (Median ex FCF)

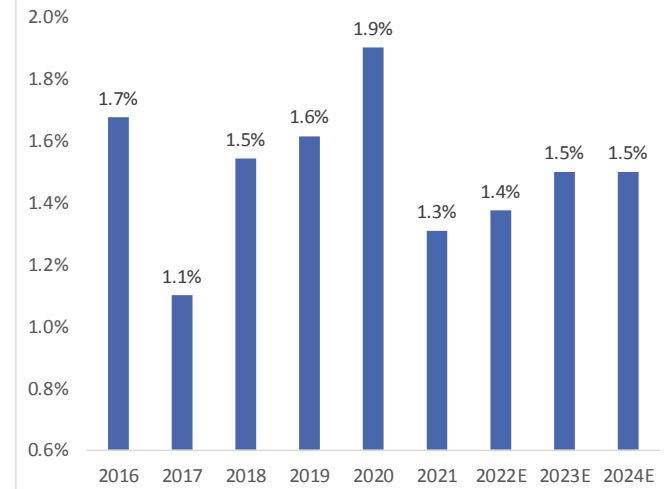
Debt to EBITDA Ratio



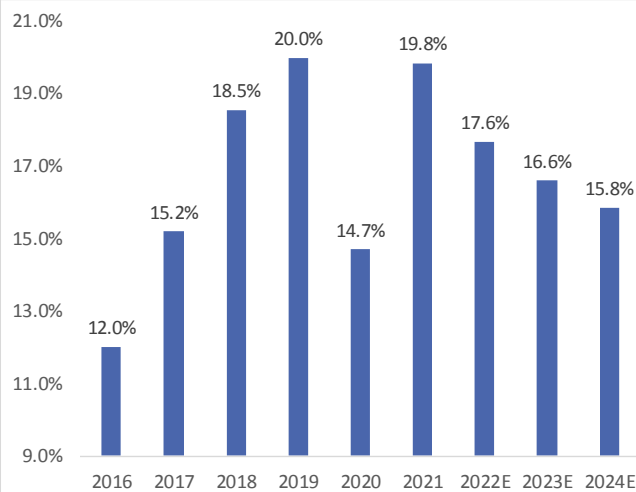
Free Cash Flow (\$ in millions)



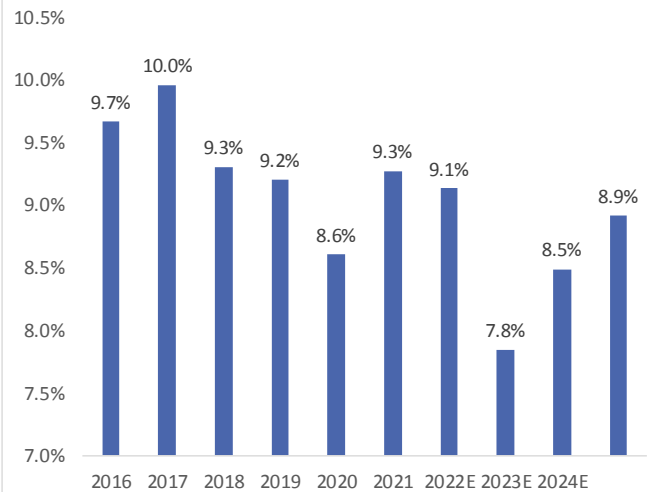
Capex (% of Net Revenues)



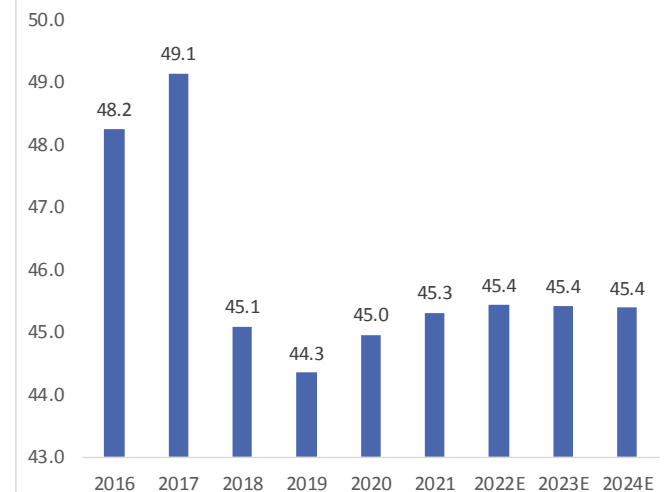
ROE (%)



ROIC (%)



Days Sales Outstanding

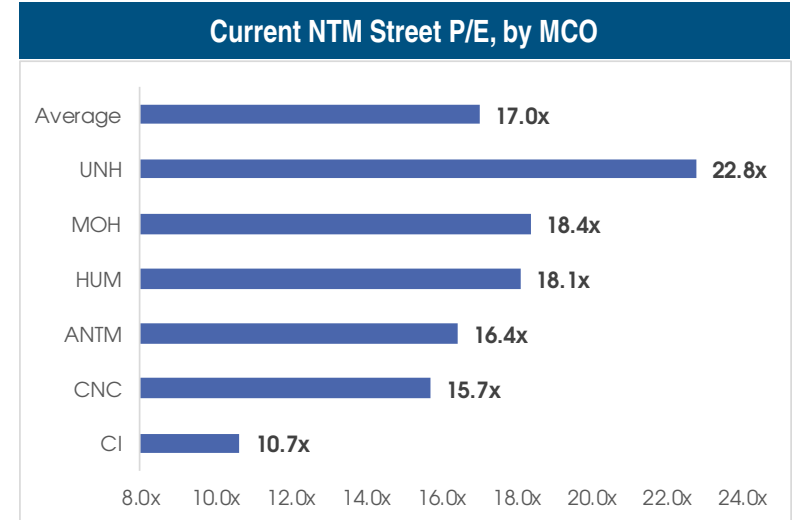
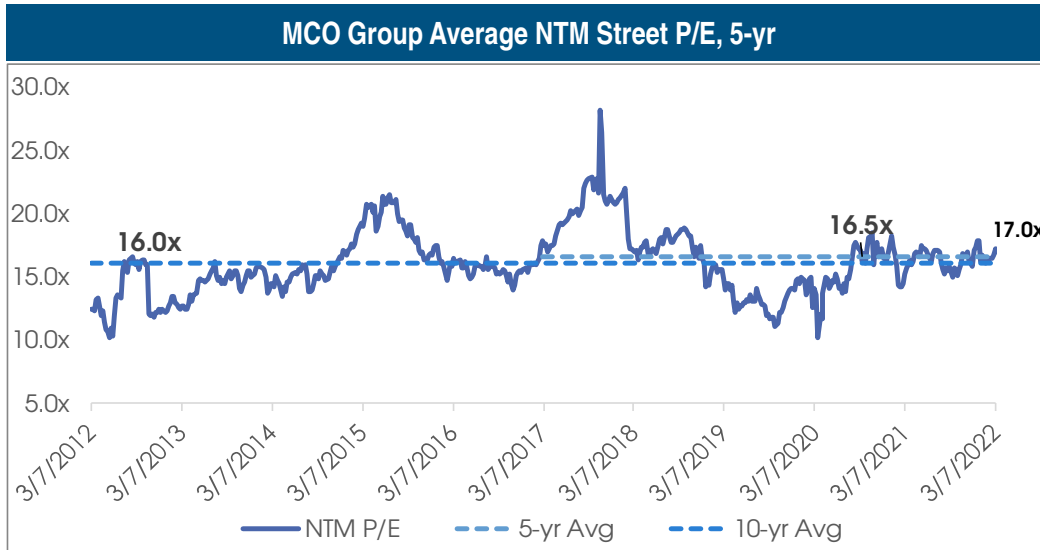


Valuation

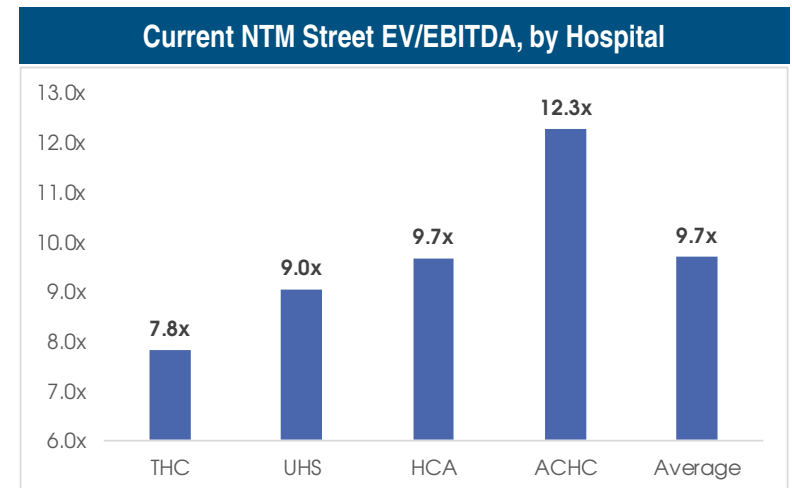
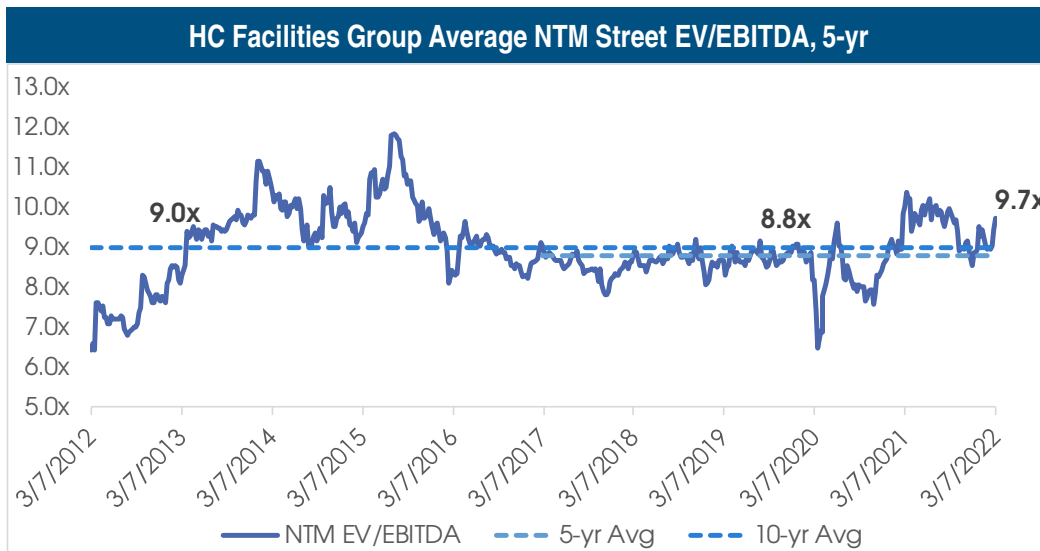
Managed Care / HC Facilities Sector Valuations



Current valuation for the Managed Care Group, based on NTM consensus P/E, at 17.0x is 0.5 turns above the 5-year average (16.5x) and 1.0 turns above the 10-year average (16.0x).



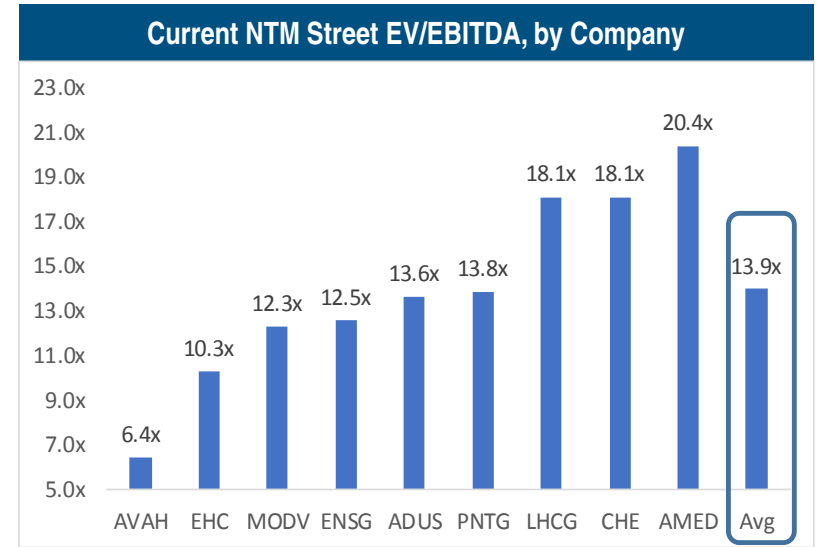
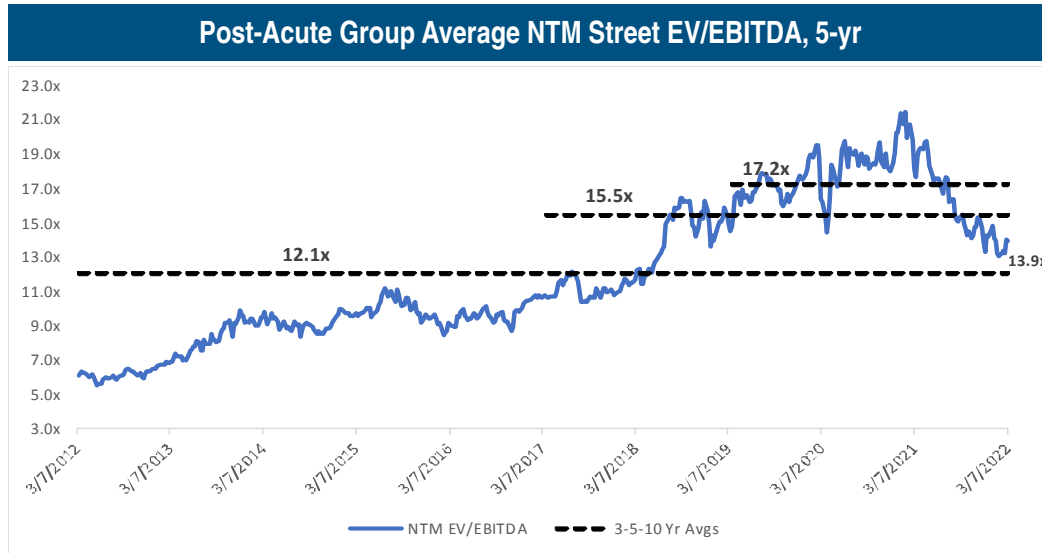
Current valuation for the HC Facilities Group, based on NTM consensus EV/EBITDA, at 9.7x reflects a 0.9 turn premium to the 5-year average (8.8x) and 0.7 turn premium to the 10-year average (9.0x).



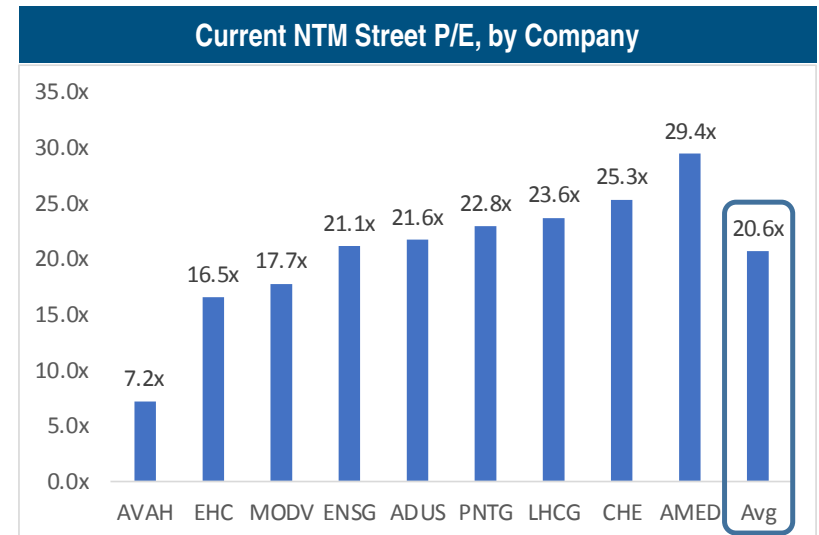
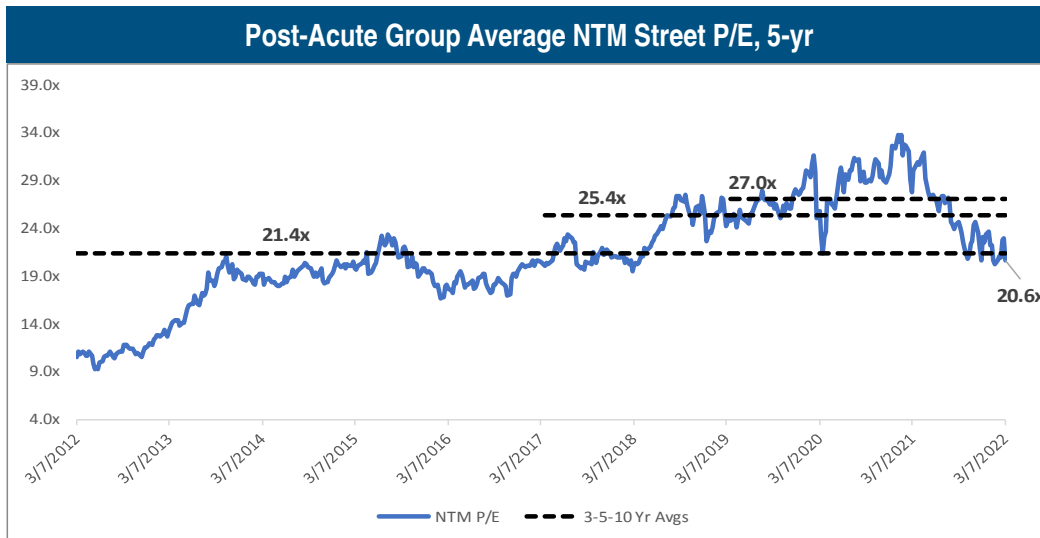
Post-Acute Sector Valuations



Current valuation for the Post-Acute Group, based on NTM consensus EV/EBITDA, at 13.9x reflects a 1.6 turn discount to the 5-year average (15.5x), although remains at a more significant premium to the 10-year average (12.1x).



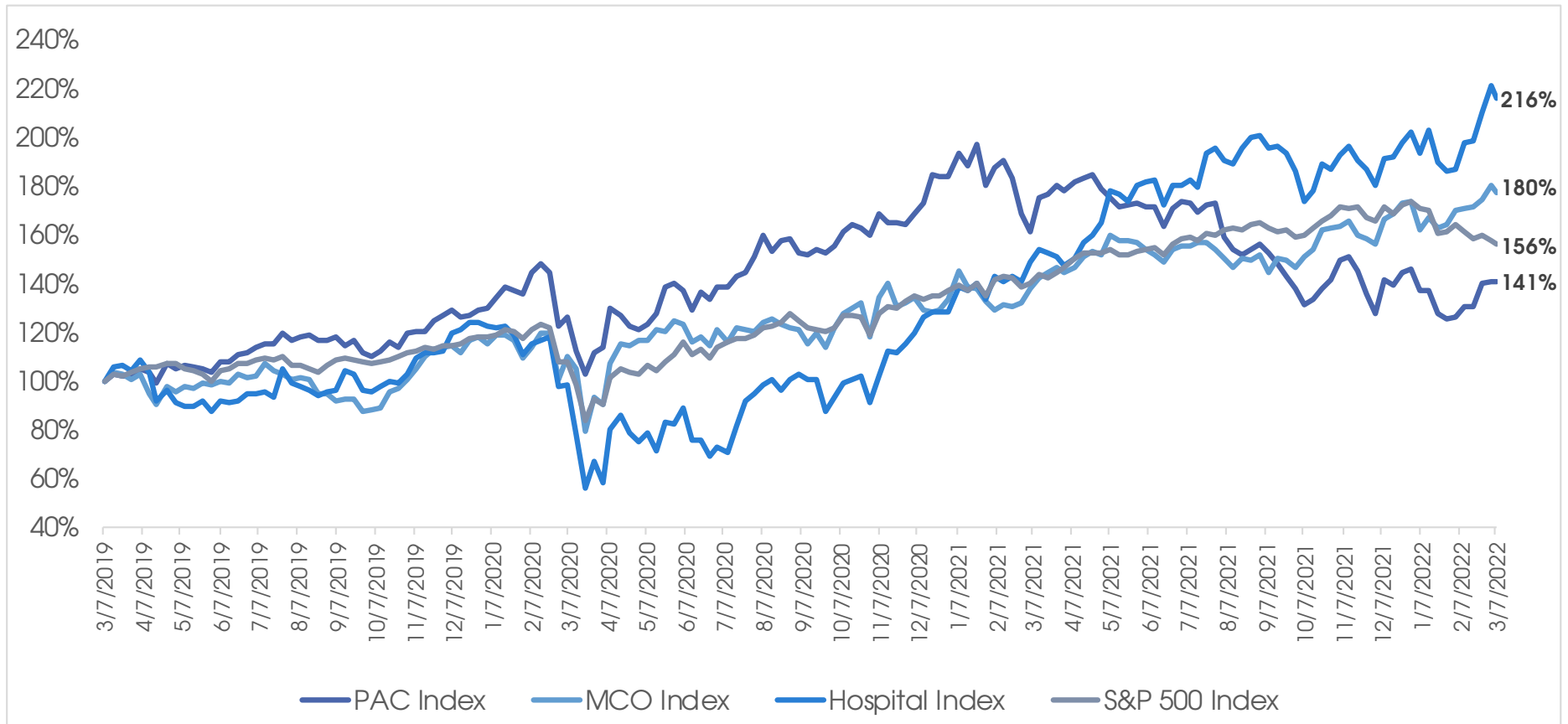
Current valuation for the Post-Acute Group, based on NTM consensus P/E, at 20.6x reflects a 4.8 turn discount to the 5-year average (25.4x) and 0.8 turns below the 10-year average (21.4x).



Healthcare Services Sector Performance



The share price performances of our HC Facilities coverage (+216%) and the MCO group (+180%) have both outperformed the S&P 500 Index (+156%) over the last three years, while the Post-Acute group (+141%) has underperformed the broader market over the past three years.

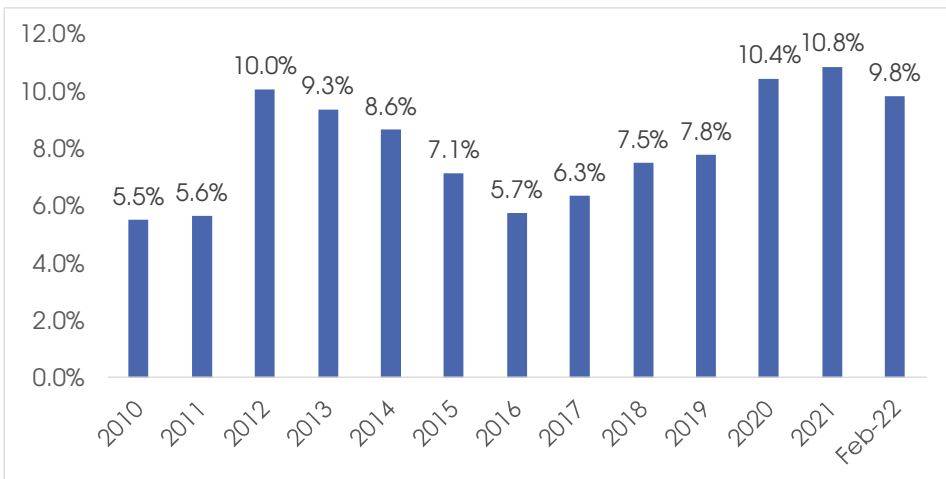


Note:
 Post-Acute Index is equal weight comprised of ADUS, AMED, AVAH, CHE, EHC, ENSG, and LHCG
 MCO Index is equal weight comprised of ANTM, CI, CNC, HUM, MOH, UNH
 Hospital Index is equal weight comprised of HCA, UHS, THC

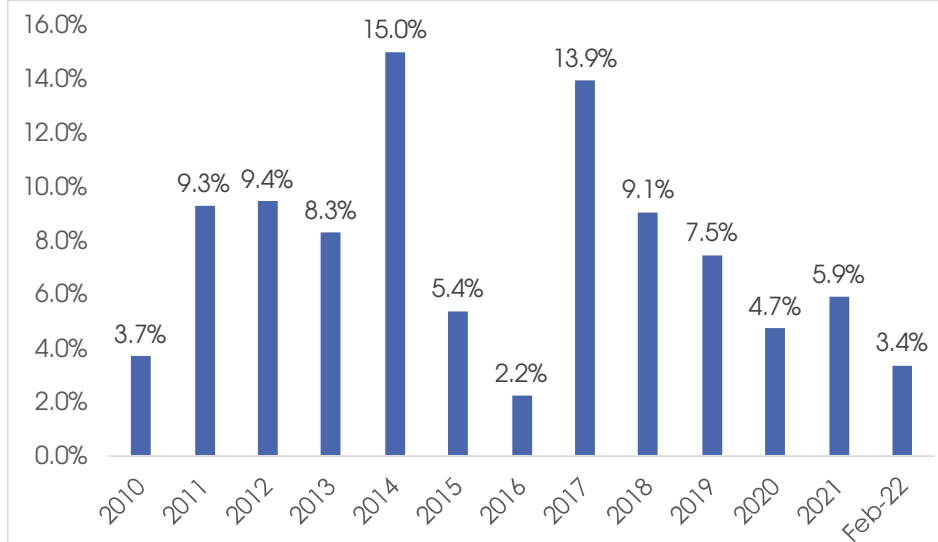
Key Industry Themes

Total MA / PDP Membership Growth by Product (y/y), December 2009 – February 2022

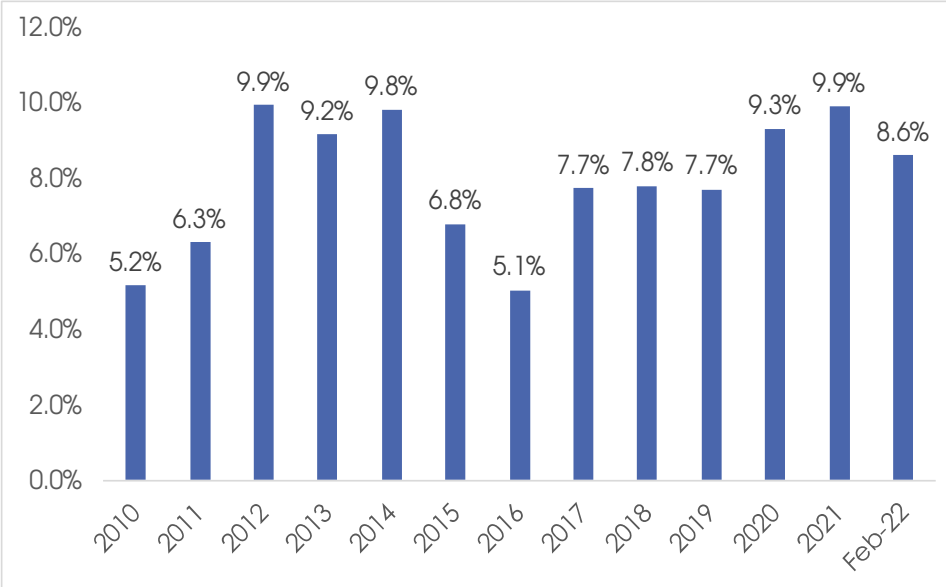
Individual Medicare Advantage Market Growth



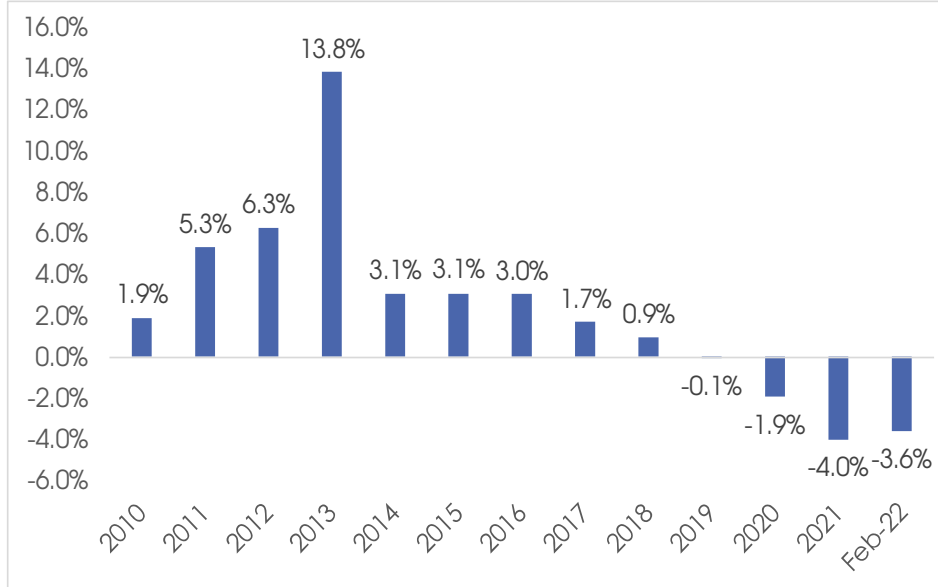
Group Medicare Advantage Market Growth



Total Medicare Advantage Market Growth



Standalone Part D Market Growth



2022 Medicare Advantage PMPM – “Same-Store” Enrollment Weighted Average by MCO

- Our analysis of enrollment weighted average Medicare Advantage monthly premiums by MCO includes only 2021 existing MA plans in order to estimate “same-store” trends in premiums for 2022. This analysis includes individual MA plans excluding SNPs.
- On an enrollment-weighted basis, our analysis of the landscape file shows that monthly premiums for existing individual MA plans (ex SNPs) will decline by ~16% in 2022.
- Among public MCOs, enrollment-weighted premiums are down the most at OSCR (-84.8% y/y), ALHC (-42.8% y/y), and CNC (-25.6% y/y).
- On an absolute basis, OSCR, CI, and ALHC have premiums that are most below the market among public MCOs for 2022.

MCO	2021						2022					
	Local PPO	PFFS	Regional PPO	Local HMO	Cost	Total	Local PPO	PFFS	Regional PPO	Local HMO	Cost	Total
Alignment	\$76.76	-	-	\$7.49	-	\$7.78	\$60.95	-	-	\$3.96	-	\$4.45
Y/Y % Growth							-20.6%	N/A	N/A	-47.2%	N/A	-42.8%
Anthem	\$56.39	-	\$81.16	\$11.84	-	\$22.81	\$34.21	-	\$75.81	\$8.84	-	\$15.19
Y/Y % Growth							-39.3%	N/A	-6.6%	-25.3%	N/A	-33.4%
Bright Health	-	-	-	\$10.65	-	\$9.95	-	-	-	\$7.82	-	\$7.79
Y/Y % Growth							N/A	N/A	N/A	-26.5%	N/A	-21.7%
Centene	\$13.09	\$28.93	-	\$5.74	-	\$7.35	\$8.53	\$26.53	-	\$4.34	-	\$5.47
Y/Y % Growth							-34.8%	-8.3%	N/A	-24.3%	N/A	-25.6%
Cigna	\$0.96	-	-	\$5.31	-	\$5.13	\$1.13	-	-	\$4.25	-	\$3.99
Y/Y % Growth							17.8%	N/A	N/A	-20.0%	N/A	-22.2%
Clover	\$14.08	-	-	\$14.64	-	\$14.13	\$12.27	-	-	\$14.43	-	\$12.47
Y/Y % Growth							-12.8%	N/A	N/A	-1.4%	N/A	-11.7%
CVS Health	\$9.45	-	\$130.94	\$9.71	-	\$9.82	\$7.89	-	\$145.23	\$5.74	-	\$7.42
Y/Y % Growth							-16.6%	N/A	10.9%	-40.9%	N/A	-24.4%
Humana	\$30.03	\$63.01	\$48.70	\$6.37	-	\$18.69	\$22.02	\$64.83	\$55.31	\$5.24	-	\$15.00
Y/Y % Growth							-26.7%	2.9%	13.6%	-17.8%	N/A	-19.7%
Kaiser	-	-	-	\$34.87	-	\$34.87	-	-	-	\$36.70	-	\$36.70
Y/Y % Growth							N/A	N/A	N/A	5.3%	N/A	5.3%
Oscar	-	-	-	\$13.30	-	\$13.30	-	-	-	\$2.02	-	\$2.02
Y/Y % Growth							N/A	N/A	N/A	-84.8%	N/A	-84.8%
UnitedHealth	\$10.93	\$60.33	\$31.97	\$11.24	-	\$13.51	\$8.94	\$69.24	\$30.61	\$10.57	-	\$11.70
Y/Y % Growth							-18.2%	14.8%	-4.3%	-6.0%	N/A	-13.4%
All Plans	\$29.80	\$57.36	\$42.43	\$20.78	\$125.84	\$25.56	\$22.59	\$60.44	\$43.83	\$17.97	\$120.18	\$21.48
Y/Y % Growth							-24.2%	5.4%	3.3%	-13.5%	-4.5%	-16.0%

2022 Medicare Advantage PMPM - Straight Average by MCO

- Our analysis of straight average Medicare Advantage monthly premiums by MCO includes both existing 2021 and new 2022 MA plans in order to estimate overall trends in premium changes for 2022. This analysis includes individual MA plans excluding SNPs.
- On a straight average basis, our analysis of the CMS landscape file shows that monthly premiums across all individual MA plans (ex SNPs) will decline by ~12% y/y in 2022.
- Among public MCOs, straight average premiums are down the most at BHG (-55.2% y/y), ALHC (-45.4% y/y), OSCAR (-30.6% y/y), and ANTM (-32.8% y/y). Conversely, CNC saw straight average premiums increase by 8.4% for 2022.
- On an absolute basis, OSCAR, CI, and BHG have premiums that are most below the market in 2022 among public MCOs

MCO	2021						2022					
	Local PPO	PFFS	Regional PPO	Local HMO	Cost	Total	Local PPO	PFFS	Regional PPO	Local HMO	Cost	Total
Alignment	\$65.40	-	-	\$10.17	-	\$17.54	\$24.44	-	-	\$3.95	-	\$9.57
Y/Y % Growth							-62.6%	N/A	N/A	-61.2%	N/A	-45.4%
Anthem	\$27.60	-	\$64.72	\$10.65	-	\$23.02	\$15.01	-	\$62.54	\$9.03	-	\$15.47
Y/Y % Growth							-45.6%	N/A	-3.4%	-15.2%	N/A	-32.8%
Bright Health	\$21.81	-	-	\$17.99	-	\$19.90	-	-	-	\$9.84	-	\$8.91
Y/Y % Growth							N/A	N/A	N/A	-45.3%	N/A	-55.2%
Centene	\$19.99	\$54.55	-	\$6.42	-	\$11.59	\$21.90	\$51.83	-	\$6.54	-	\$12.56
Y/Y % Growth							9.5%	-5.0%	N/A	2.0%	N/A	8.4%
Cigna	\$3.19	-	-	\$10.98	-	\$9.16	\$2.91	-	-	\$9.75	-	\$7.77
Y/Y % Growth							-8.6%	N/A	N/A	-11.2%	N/A	-15.2%
Clover	\$15.19	-	-	\$17.41	-	\$15.33	\$16.13	-	-	\$17.31	-	\$16.17
Y/Y % Growth							6.2%	N/A	N/A	-0.5%	N/A	5.5%
CVS Health	\$17.44	-	\$199.85	\$11.81	-	\$22.13	\$14.68	-	\$189.15	\$8.96	-	\$18.13
Y/Y % Growth							-15.8%	N/A	-5.4%	-24.1%	N/A	-18.1%
Humana	\$26.87	\$60.08	\$38.09	\$11.47	-	\$30.72	\$22.71	\$62.55	\$42.29	\$12.02	-	\$29.16
Y/Y % Growth							-15.5%	4.1%	11.0%	4.7%	N/A	-5.1%
Kaiser	-	-	-	\$55.48	-	\$55.48	-	-	-	\$51.83	-	\$51.83
Y/Y % Growth							N/A	N/A	N/A	-6.6%	N/A	-6.6%
Oscar	-	-	-	\$4.70	-	\$4.70	-	-	-	\$3.26	-	\$3.26
Y/Y % Growth							N/A	N/A	N/A	-30.6%	N/A	-30.6%
UnitedHealth	\$12.35	\$52.00	\$33.00	\$16.57	-	\$18.90	\$10.70	\$57.00	\$33.18	\$15.13	-	\$16.51
Y/Y % Growth							-13.3%	9.6%	0.5%	-8.6%	N/A	-12.6%
All Plans	\$32.99	\$58.45	\$43.19	\$25.64	\$99.70	\$33.97	\$27.51	\$60.62	\$45.74	\$22.36	\$97.73	\$29.77
Y/Y % Growth							-16.6%	3.7%	5.9%	-12.8%	-2.0%	-12.4%

2022 Stand-Alone Part D PMPM – “SS” Enrollment Weighted & Straight Averages by MCO

- Our analysis of enrollment weighted average stand-alone individual Part D plan monthly premiums by MCO includes only 2021 existing MA-PD plans in order to estimate “same-store” trends in premium changes for 2022.
- On an enrollment-weighted basis, our analysis of the landscape file shows that monthly premiums for existing individual Part D plans will rise +0.9% y/y in 2022. Among public MCOs, enrollment-weighted premiums are up y/y at ANTM (+27.7% y/y), CI (+22.6% y/y), and HUM (+9.4% y/y), while down at CNC (-30.5% y/y), CVS (-22.0% y/y), and UNH (-8.8% y/y).
- Our analysis of straight average stand-alone individual Part D plan monthly premiums by MCO includes both existing 2021 and new 2022 MA plans in order to estimate overall trends in premium changes for 2021.
- On a straight average basis, our analysis of the landscape file shows that monthly premiums across all individual Part D plans will increase +14.6% y/y in 2022. Among public MCOs, straight average premiums are up most at ANTM (+38.1% y/y) and HUM (+18.7% y/y).

“Same-Store” Enrollment Weighted Average Part D Monthly Premiums

MCO	2021			2022		
	Basic	Enhanced	All	Basic	Enhanced	All
Anthem	\$71.65	\$43.47	\$52.04	\$56.64	\$76.59	\$66.45
Y/Y % Growth				-21.0%	76.2%	27.7%
Centene	\$29.29	\$27.72	\$28.35	\$29.58	\$11.95	\$19.70
Y/Y % Growth				1.0%	-56.9%	-30.5%
CVS Health	\$28.30	\$68.19	\$30.36	\$28.96	\$21.65	\$23.67
Y/Y % Growth				2.4%	-68.3%	-22.0%
CIGNA	\$31.09	\$34.53	\$32.54	\$33.61	\$44.87	\$39.91
Y/Y % Growth				8.1%	30.0%	22.6%
Humana	\$30.52	\$45.79	\$39.99	\$33.34	\$53.65	\$43.75
Y/Y % Growth				9.3%	17.1%	9.4%
UnitedHealth	\$33.08	\$74.53	\$61.82	\$39.94	\$72.66	\$56.37
Y/Y % Growth				20.7%	-2.5%	-8.8%
All Plans	\$32.14	\$50.82	\$40.95	\$37.32	\$44.32	\$41.32
Y/Y % Growth				16.1%	-12.8%	0.9%

Straight Average Part D Monthly Premiums

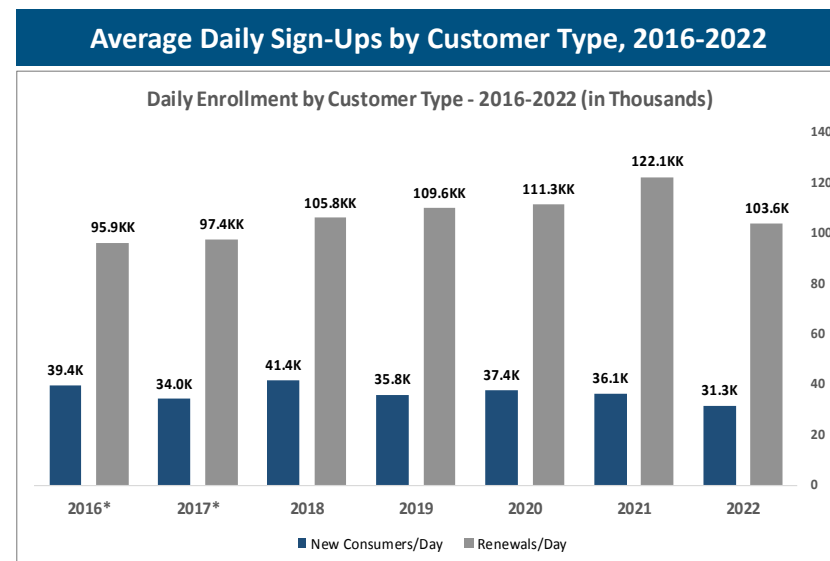
MCO	2021			2022		
	Basic	Enhanced	All	Basic	Enhanced	All
Anthem	\$62.46	\$43.78	\$50.34	\$61.65	\$77.36	\$69.51
Y/Y % Growth				-1.3%	76.7%	38.1%
Centene	\$31.01	\$33.48	\$32.65	\$30.82	\$40.28	\$37.12
Y/Y % Growth				-0.6%	20.3%	13.7%
CVS Health	\$29.51	\$37.89	\$35.07	\$31.47	\$38.43	\$36.11
Y/Y % Growth				6.6%	1.4%	2.9%
CIGNA	\$33.71	\$43.36	\$40.13	\$34.17	\$47.09	\$42.79
Y/Y % Growth				1.4%	8.6%	6.6%
Humana	\$31.97	\$41.11	\$38.05	\$35.60	\$49.97	\$45.15
Y/Y % Growth				11.3%	21.6%	18.7%
UnitedHealth	\$35.67	\$61.64	\$52.43	\$41.38	\$63.76	\$55.83
Y/Y % Growth				16.0%	3.4%	6.5%
All Plans	\$40.00	\$42.70	\$41.67	\$45.01	\$49.58	\$47.76
Y/Y % Growth				12.5%	16.1%	14.6%

2022 Federal Exchange Landscape and Open Enrollment – Y/Y Comparison

- The 2022 open enrollment period saw a significant increase in the number of plans being offered to consumers, with the average number of QHP plans available to enrollees on federal exchanges increasing by +75%. With continued price competition on the federal exchanges, premiums for benchmark individual plans (before APTC) fell ~3% on average in 2022.
- We calculate cumulative sign-ups for federal exchanges (HIX) grew 20.7% y/y on a comparable basis during the 2022 annual enrollment period (AEP).
- Recall that ~2.8 million people enrolled in FFE plans during the 2021 Biden SEP, which occurred after the 2021 OEP was completed. Given the significant intra-year growth that occurred during 2021 from the SEP, this makes the y/y comparisons to last year's open enrollment period much less meaningful.
- While overall sign-ups increased during the 2022 AEP, the mix of new consumers declined to 16.6% of total 2022 sign-ups from 22.1% in 2021.
- Our analysis of enrollment trends are adjusted for the impacts of Kentucky, Maine, and New Mexico shifts in exchange platforms. Those three states accounted for 180,880 plan selections last year, accounting for ~2.2% of all plan selections.

Federal Exchange Sign-Up Trends, 2016-2022							
	2016*	2017*	2018	2019	2020	2021	2022
Avg Enrollment/Day	135,267	131,387	147,221	145,463	148,735	158,244	134,943
y/y (%)		-2.9%	12.1%	-1.2%	2.2%	6.4%	-14.7%
New Consumers/Day	39,391	34,025	41,428	35,833	37,446	36,133	31,327
y/y (%)		-13.6%	21.8%	-13.5%	4.5%	-3.5%	-13.3%
Renewals/Day	95,876	97,362	105,794	109,630	111,289	122,111	103,616
y/y (%)		1.6%	8.7%	3.6%	1.5%	9.7%	-15.1%
New Consumers % Total Enrollment	29.1%	25.9%	28.1%	24.6%	25.2%	22.8%	23.2%
Renewals % Total Enrollment	70.9%	74.1%	71.9%	75.4%	74.8%	77.2%	76.8%
Cumulative Enrollment	7,574,960	8,014,591	7,802,721	7,564,068	7,585,488	8,070,450	10,255,636
y/y (%)		5.8%	-2.6%	-3.1%	0.3%	6.4%	27.1%

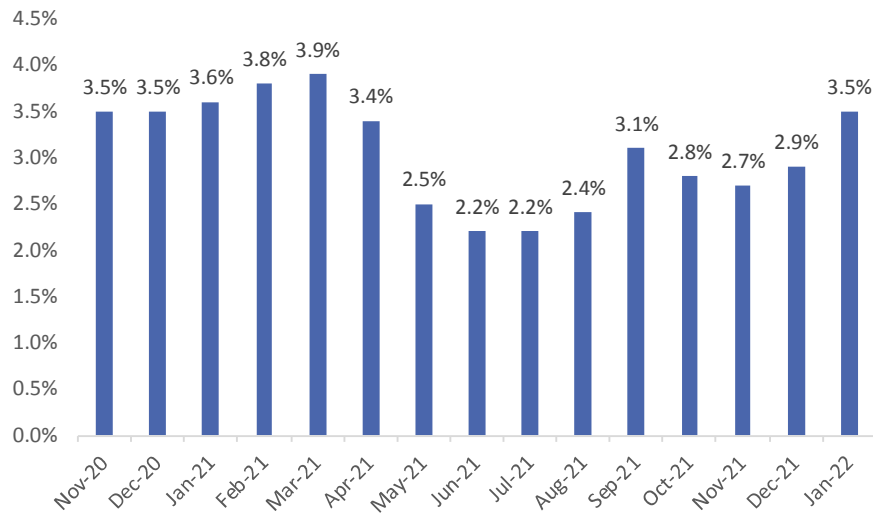
*2016 and 2017 AEP do not provide breakdown of consumer type past week 6; enrollment statistics for these AEPs are only through Week 6



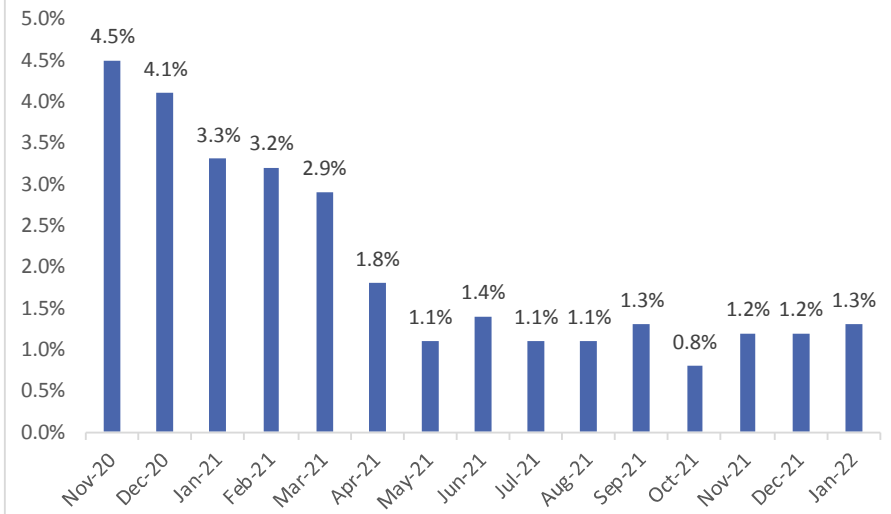
Health Care Producer Price Indices (PPI) by Key Category

Hospital inpatient PPI accelerated sequentially in December. Meanwhile, Nursing Home Care PPI remained stable and Physician care PPI dropped sharply in January 2022 from December 2021. The highly volatile Rx PPI remained in negative territory in January from the prior year.

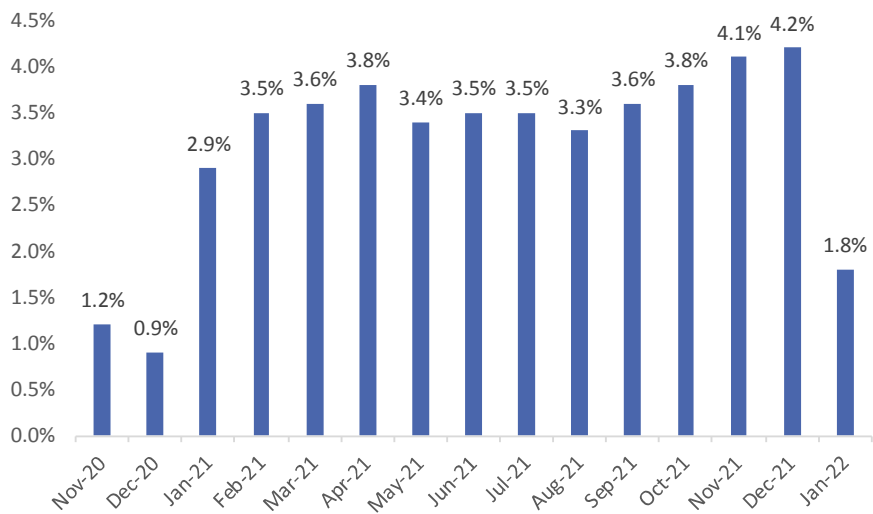
Hospital Inpatient Care PPI (Seasonally Adj.) Y/y (%)



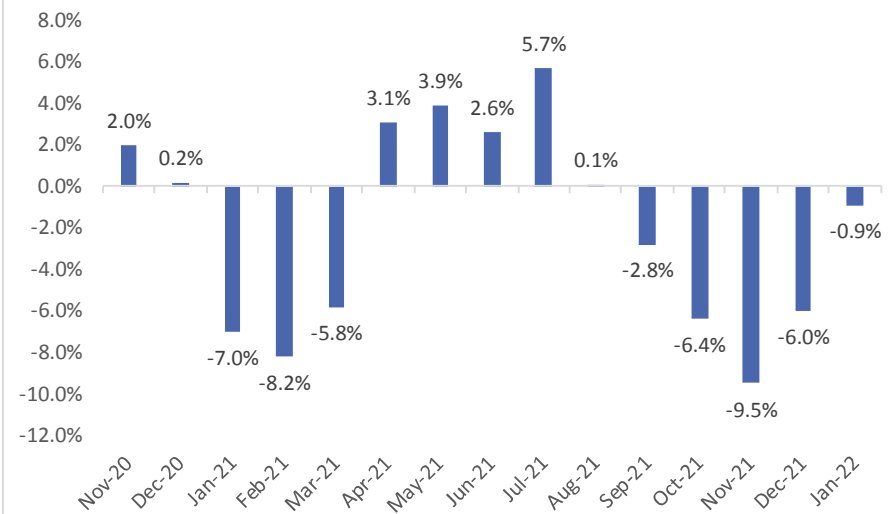
Nursing Home Care PPI (Seasonally Adj.) Y/y (%)



Physician Care PPI (Seasonally Adj.) Y/y (%)

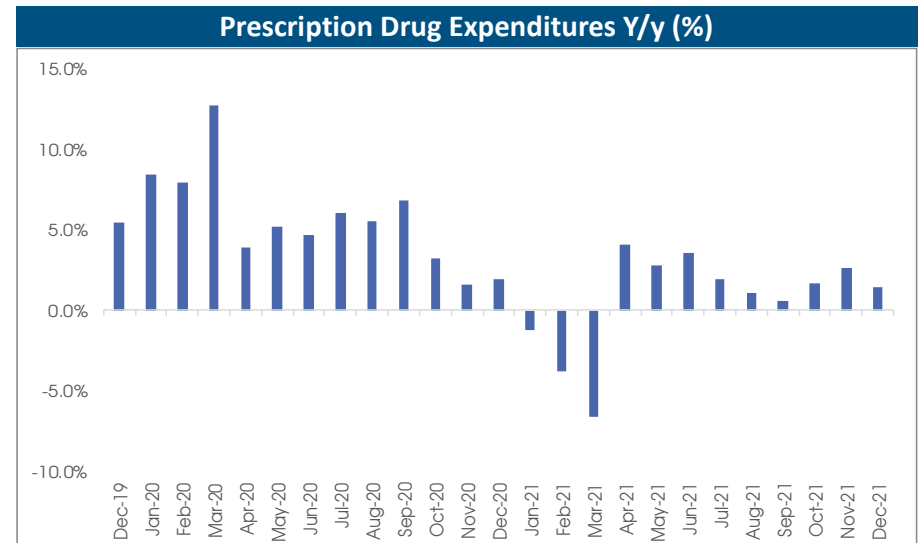
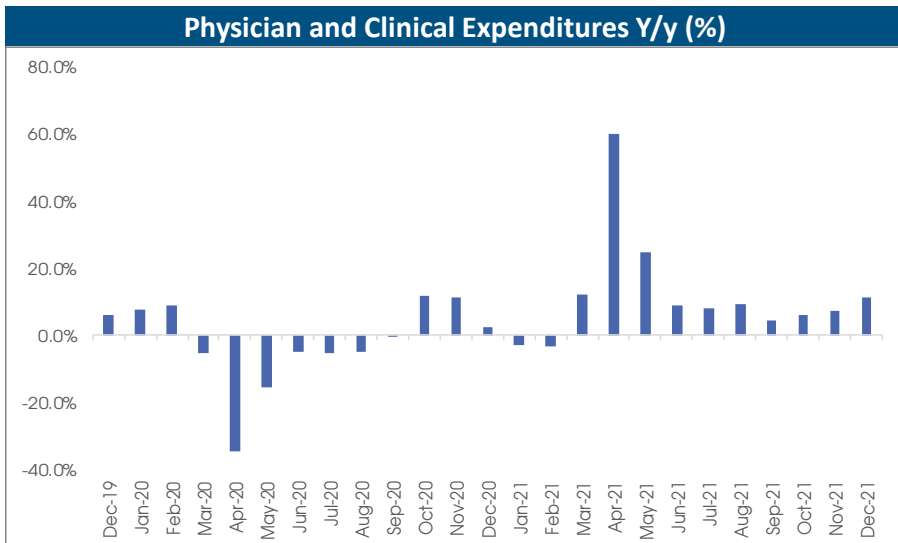
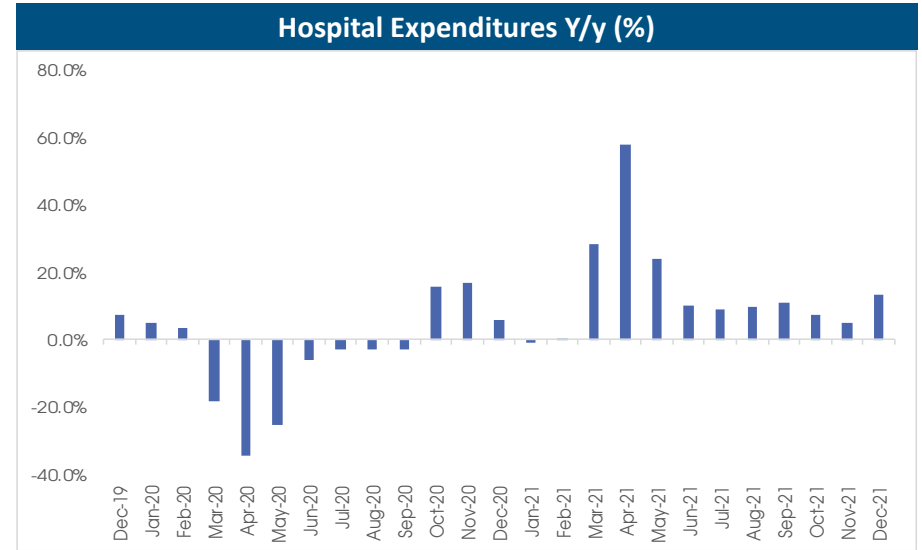
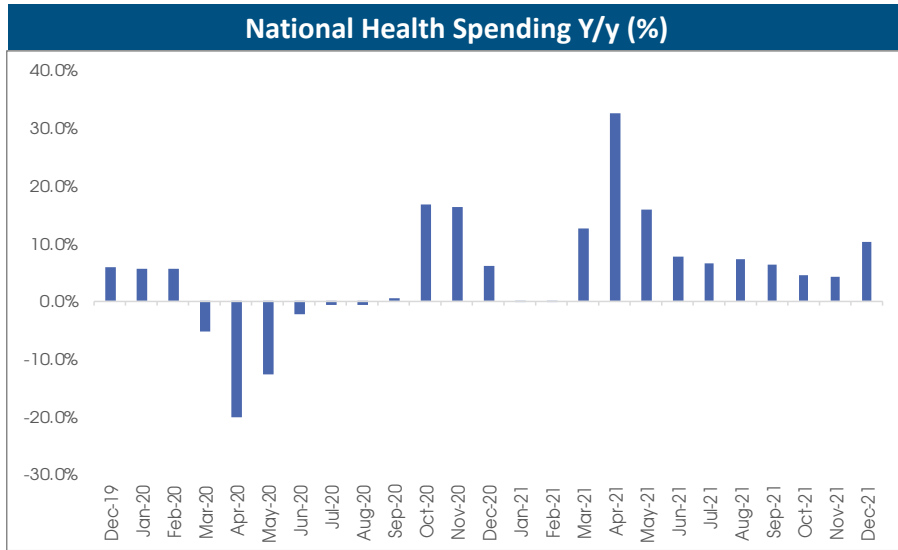


Retail Pharmacy Rx PPI (Not Seasonally Adj.) Y/y (%)



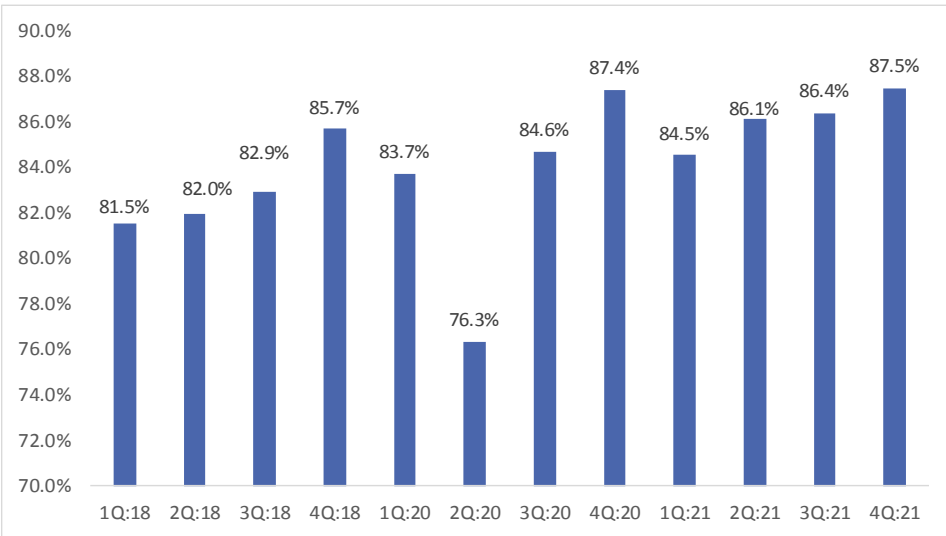
National Health Care Spending Trends and by Key Categories

U.S. national health spending in all of 2021 rose +3.4% y/y, reflecting significant federal government support in response to COVID-induced recession in 2020 and a lower level of such support in 2021. On a normalized basis, health spending growth would have been +8.4% y/y in 2021.

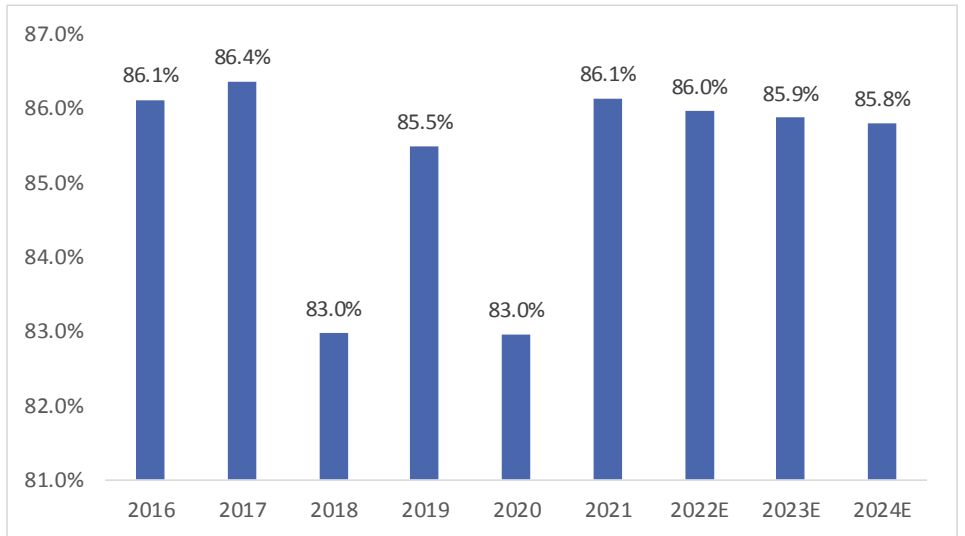


Managed Care - MLRs / Cost Trend Summary and Key Data Points

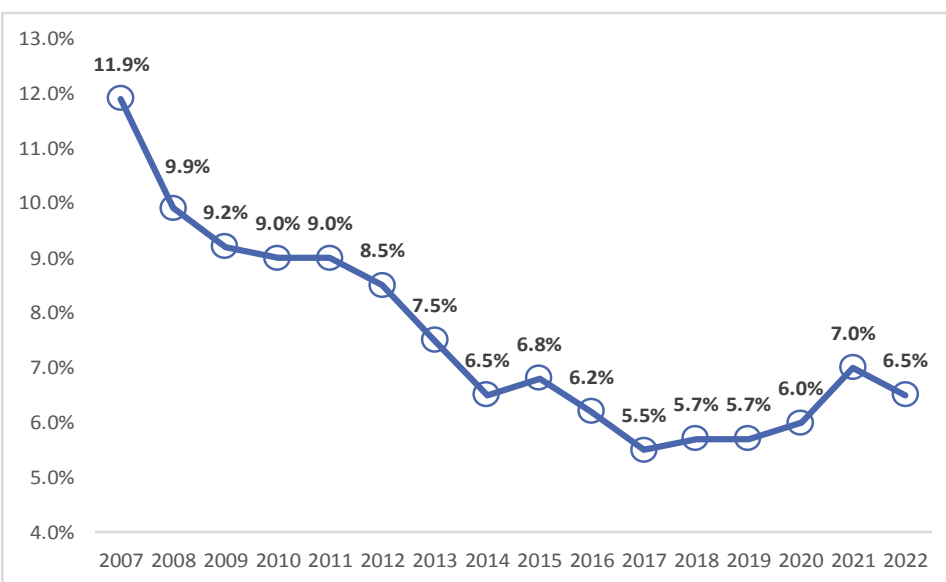
Quarterly MLR (%) Trends, MCO Group Average



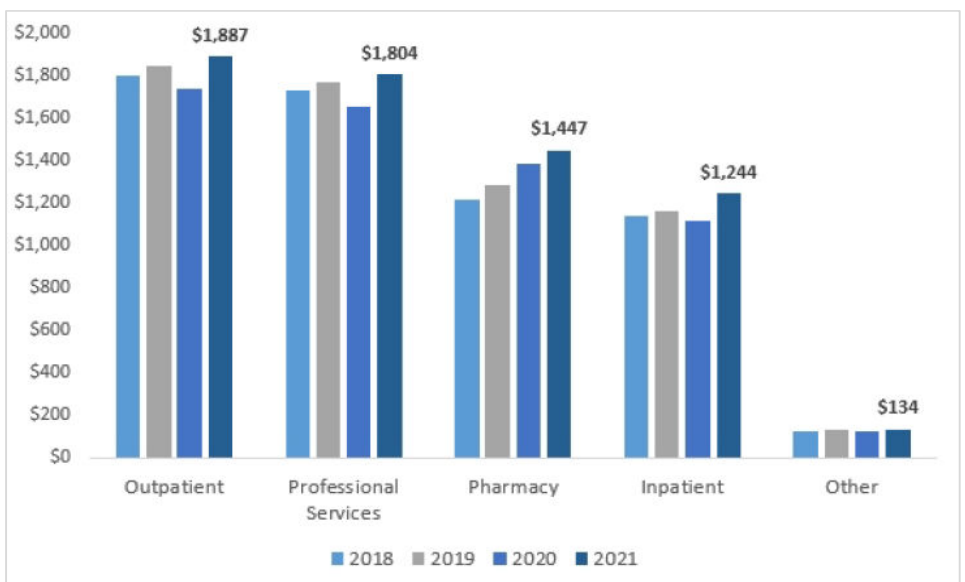
Annual MLR (%) Trends, MCO Group Average, 2016-2024E



PWC Commercial Medical Cost Trend, 2007-2022E



Healthcare Spending Growth by Service Category, 2018-2021 (\$ in mil.)

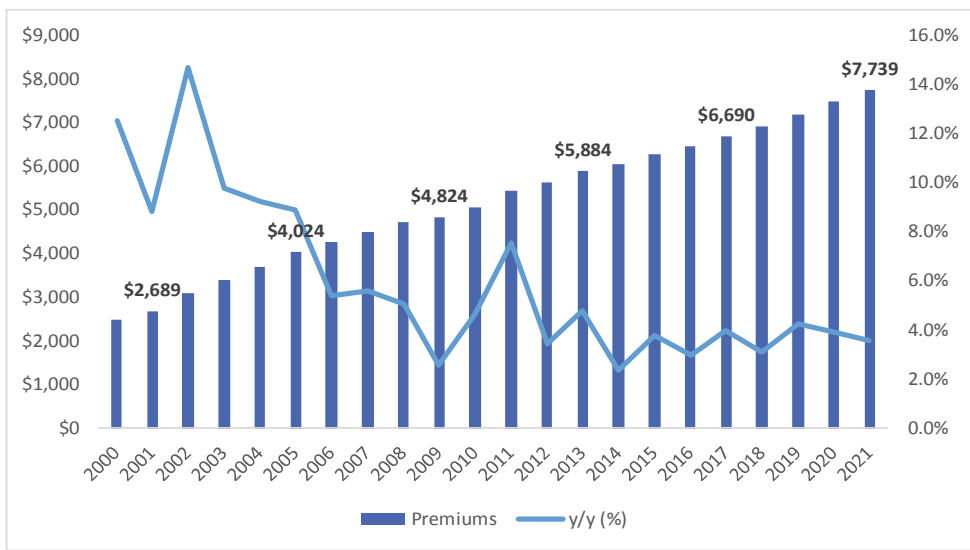


Commercial Health Insurance Market Pricing Trends

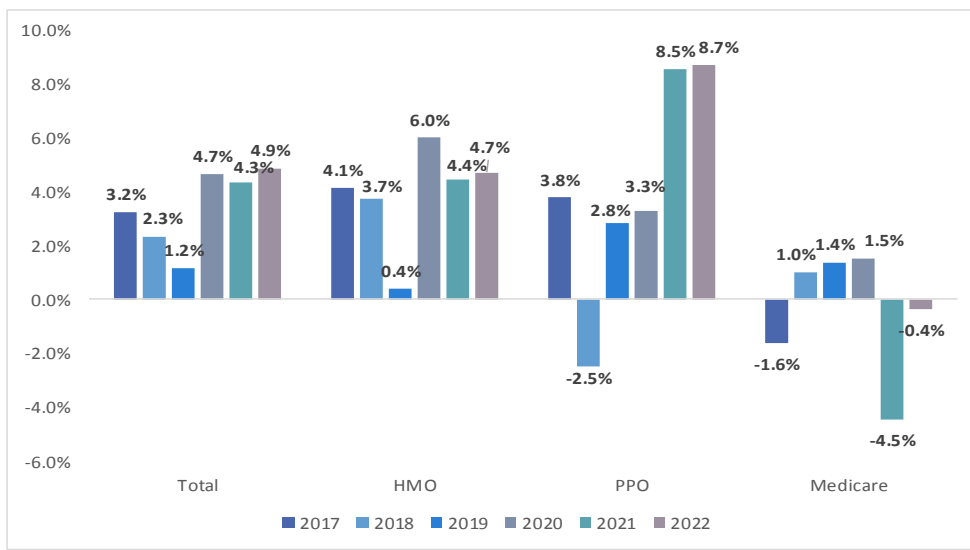


While we are observing more competitive pricing in both MA and the exchanges for 2022, the evidence so far suggests a stable pricing outlook for the commercial group market.

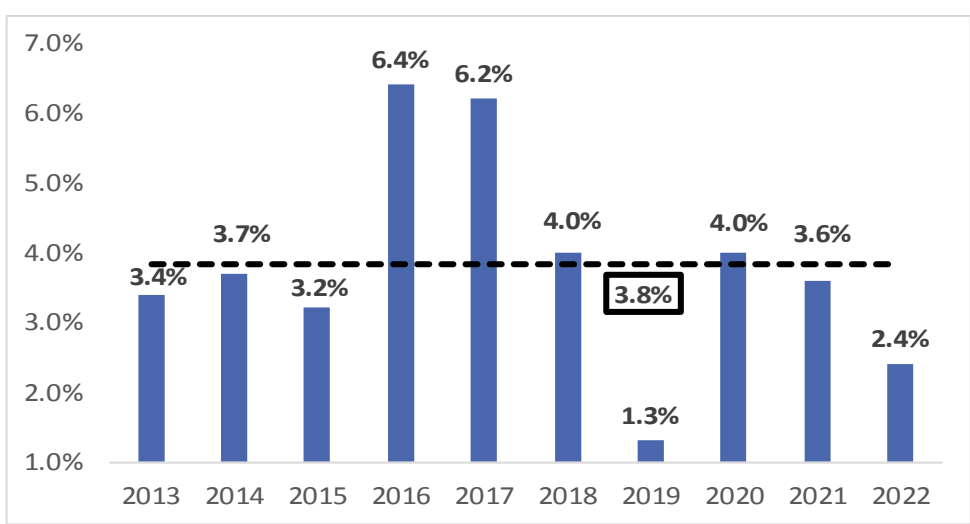
KFF Employer Health Benefits Survey – Single Coverage Premiums



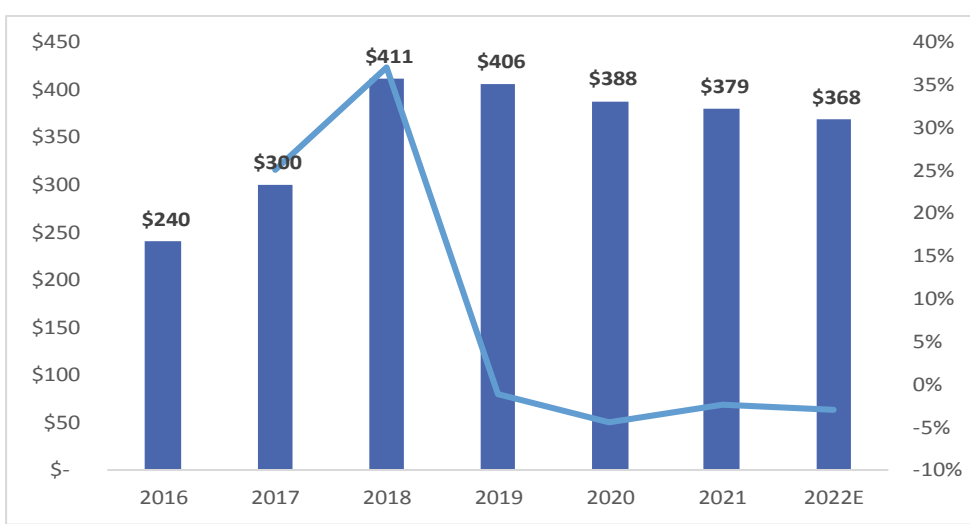
CalPERS Health Care Rate Changes, 2017-2022



Federal Employees Health Benefits Program (FEHBP) Premium Changes

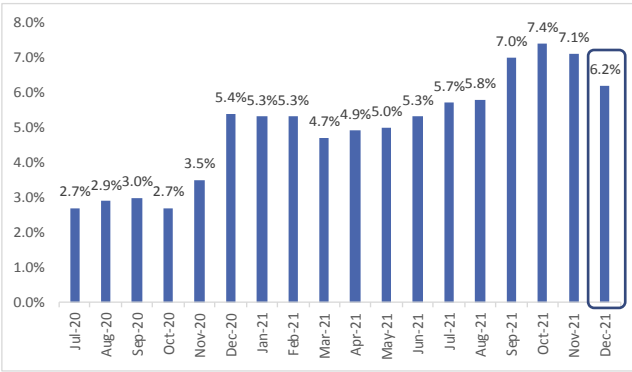


Individual Exchange Market Premium Rate Changes, 2016-2022E

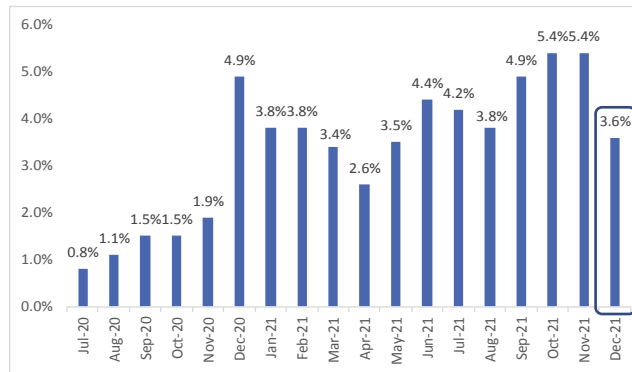


Labor Costs: HC Wage Pressure Up Y/Y in 2021; Inpatient Psych. Wages Still Rising the Fastest Y/Y

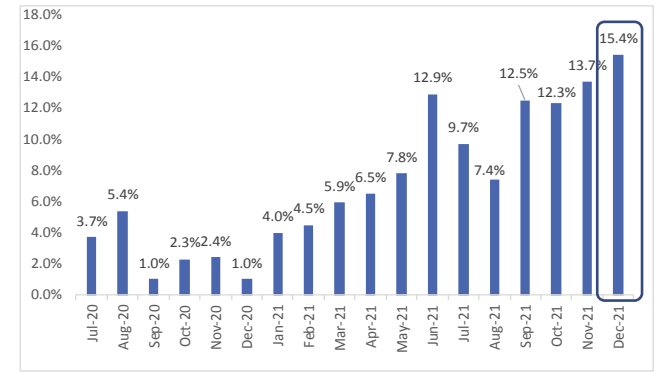
Healthcare Hourly Wage Y/y (%)



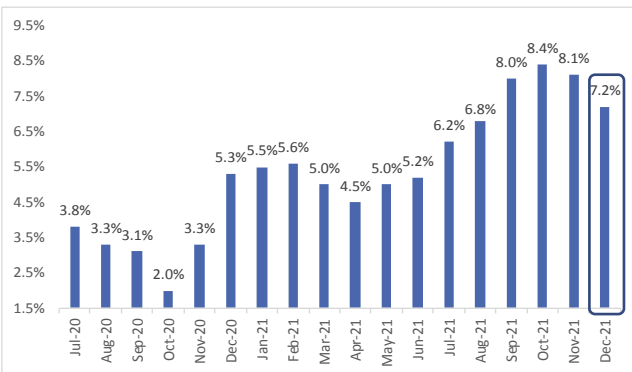
Ambulatory Healthcare Services Hourly Wage Y/y (%)



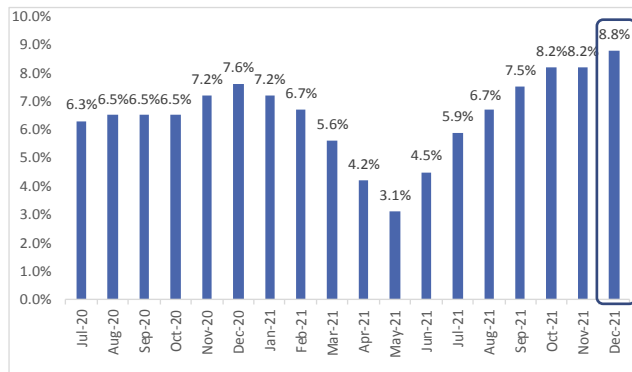
Inpatient Psychiatry Hourly Wage Y/y (%)



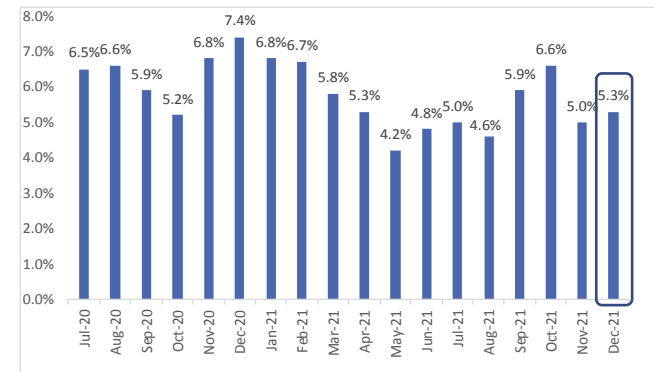
Hospital Hourly Wage Y/y (%)



Nursing/Residential Care Facilities - Hourly Wage Y/y (%)



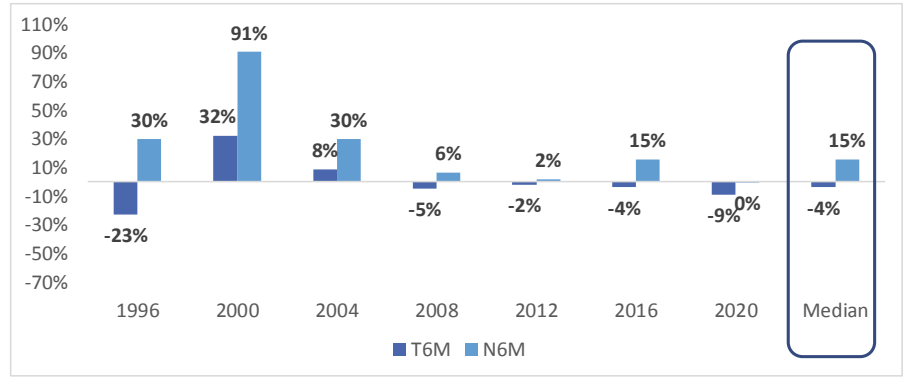
Home Health Hourly Wage Y/y (%)



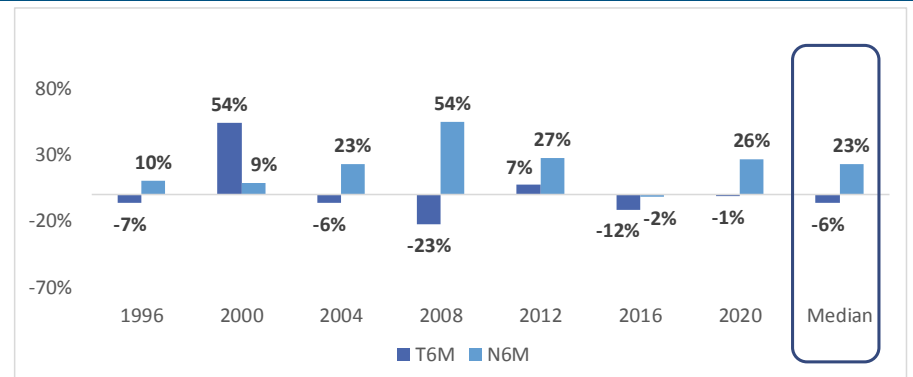
Stock Performance Through Presidential Election Cycles

- MCOs:** The managed care group tends to outperform the S&P 500 Index by 15% in the 6 months following a presidential election, based on the median performance over the past 6 election cycles. However, in the 6 months leading up to a presidential election, MCOs have posted underperformance (-4%) vs. the S&P.
- Hospitals:** The pattern for the hospital group is similar to the MCOs around presidential elections, with relative outperformance (+23%) in the 6 months following an election, which follows relative underperformance (-6%) in the leading 6-month period.
- PAC:** Interestingly, the pattern for the PAC group is quite different from that of both the MCOs and hospitals, with the PAC group posting strong relative outperformance (+9%) in the 6 months prior to a presidential election, which is then followed by relative underperformance (-4%) in the 6-month period following an election, based on the time period observed in our analysis.

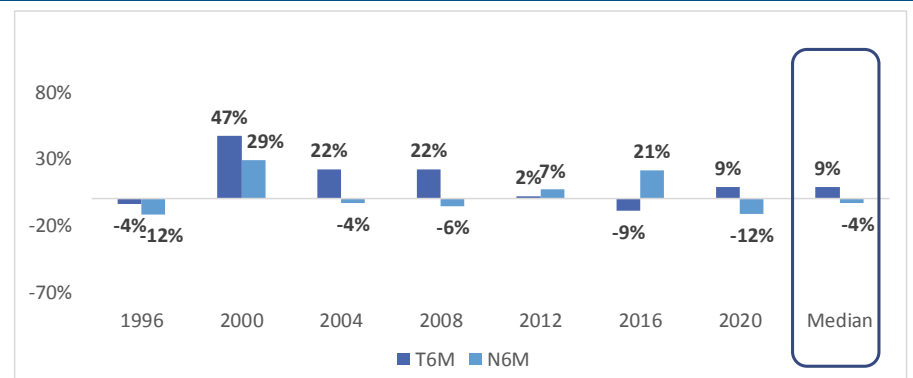
Managed Care Relative Election Performance vs. S&P 500, Trailing v. Next Six Months



Hospitals Relative Election Performance vs. S&P 500, Trailing v. Next Six Months

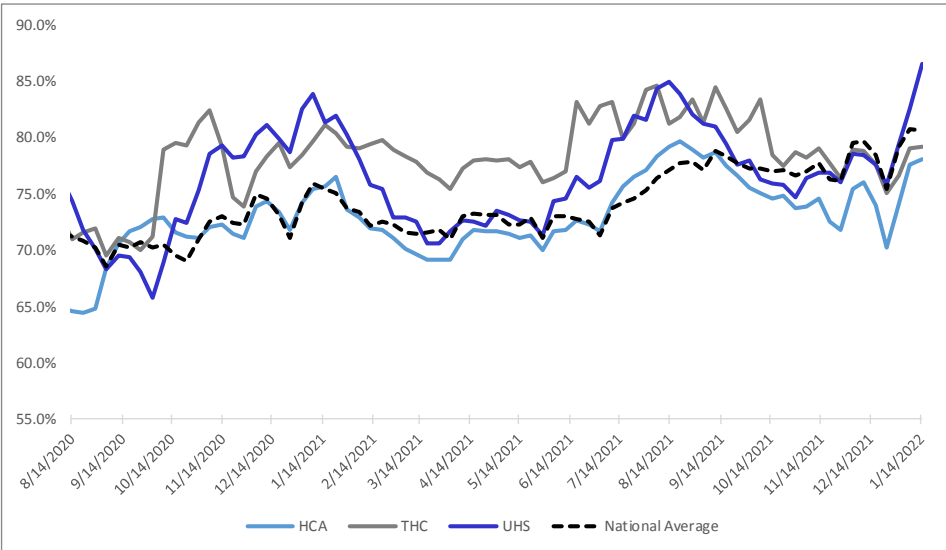


PAC Relative Election Performance vs. S&P 500, Trailing v. Next Six Months

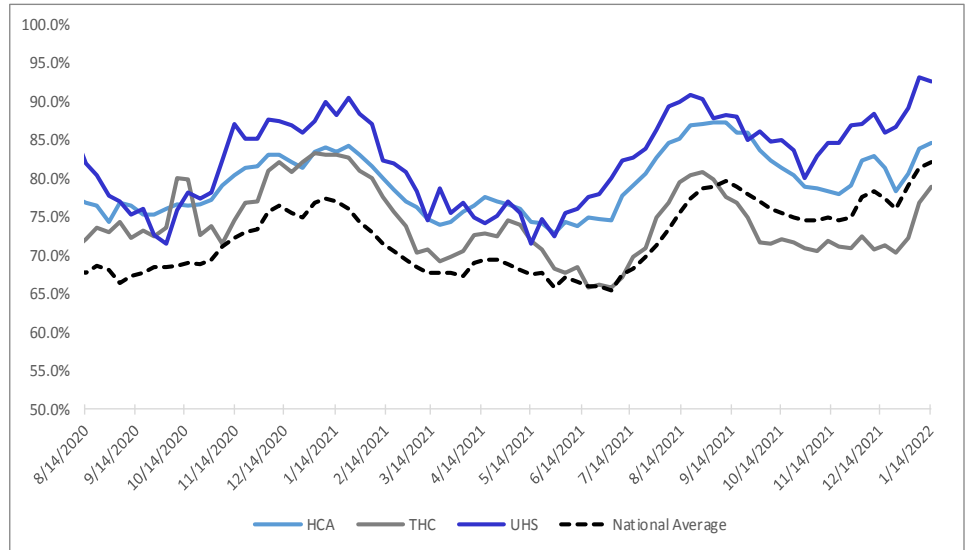


Hospital Occupancy Trends Driven by COVID Surge Patterns During the Pandemic

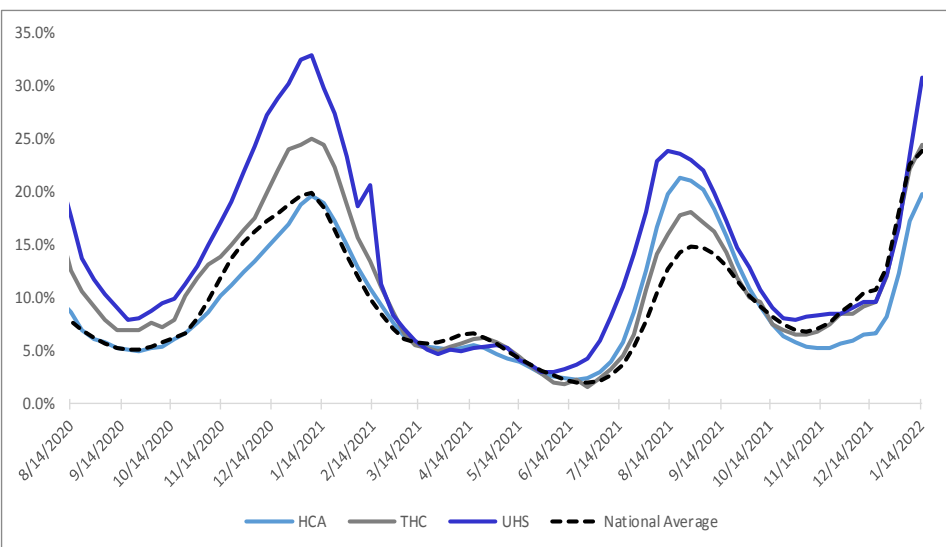
Hospital Inpatient Occupancy (% of Adult Inpatient Beds)



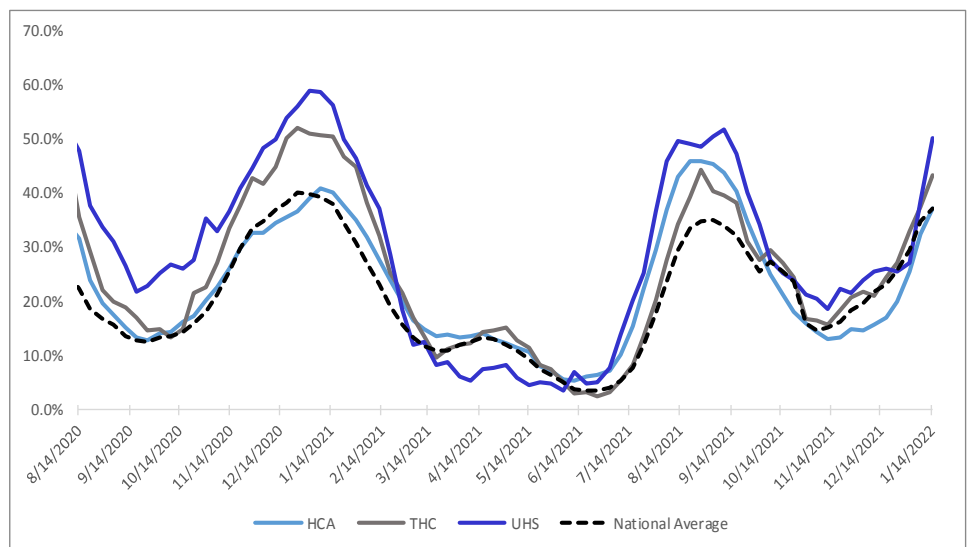
Hospital ICU Occupancy (% of Staffed Adult ICU Beds)



COVID Hospitalizations (as % of Occupied Adult Inpatient Beds)



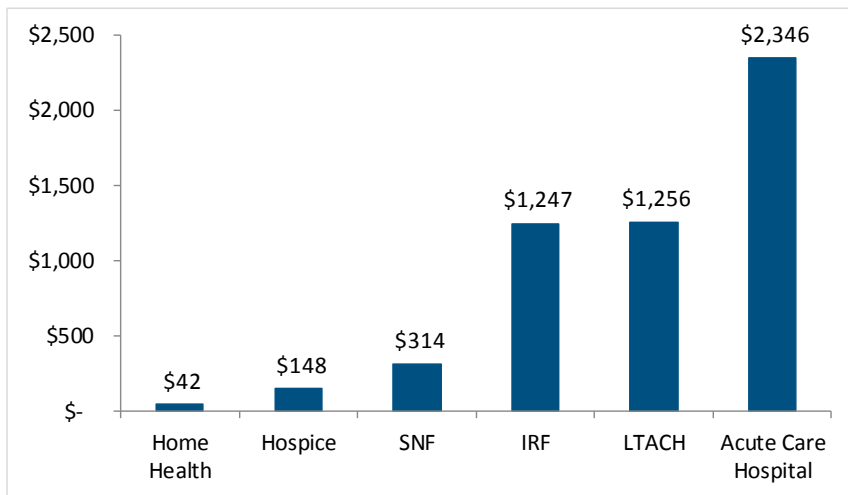
COVID ICU Occupancy (as % of Occupied Staffed Adult ICU Beds)



In Home Care Setting Offers Significant Cost Savings for U.S Health System

➔ *The Simple Case for HH & Personal Care – Potential for Significant Cost Savings*

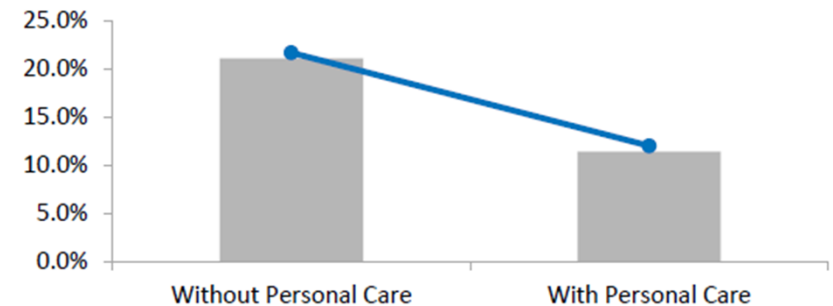
Medicare FFS Cost per Day by Provider Setting - 2019



Personal Care Helps Keep People Out of Nursing Homes

The American Journal Of Managed Care - February 2015

Use of a personal care assistance service reduced the likelihood of nursing home placement by 46%.



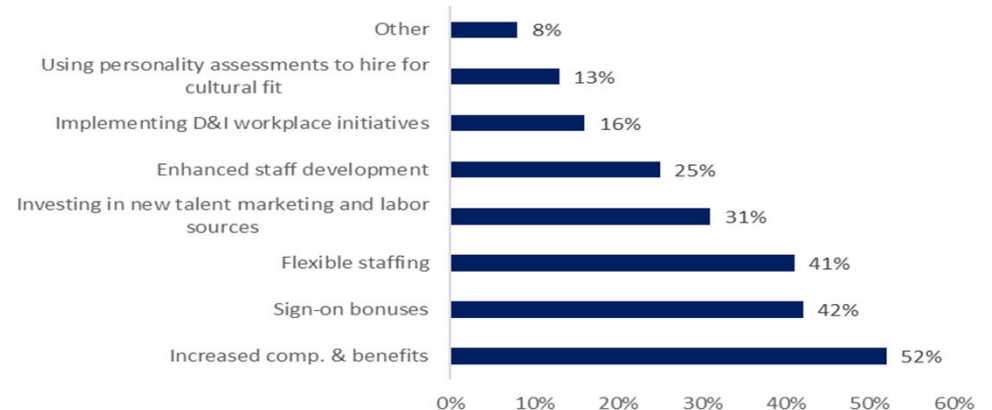
➔ *But Tight Labor Market a Challenge to Meeting Robust Demand in PC & HH*

2021 State of Home Healthcare Staffing Survey (views from 400+ executives at in-home care providers)

What has been the most significant impact of staff turnover on your organization?

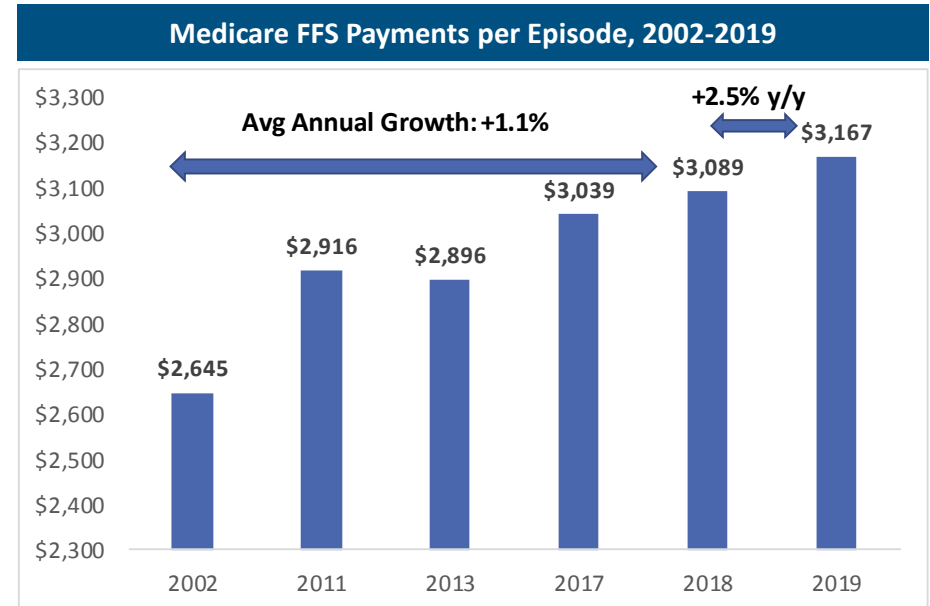
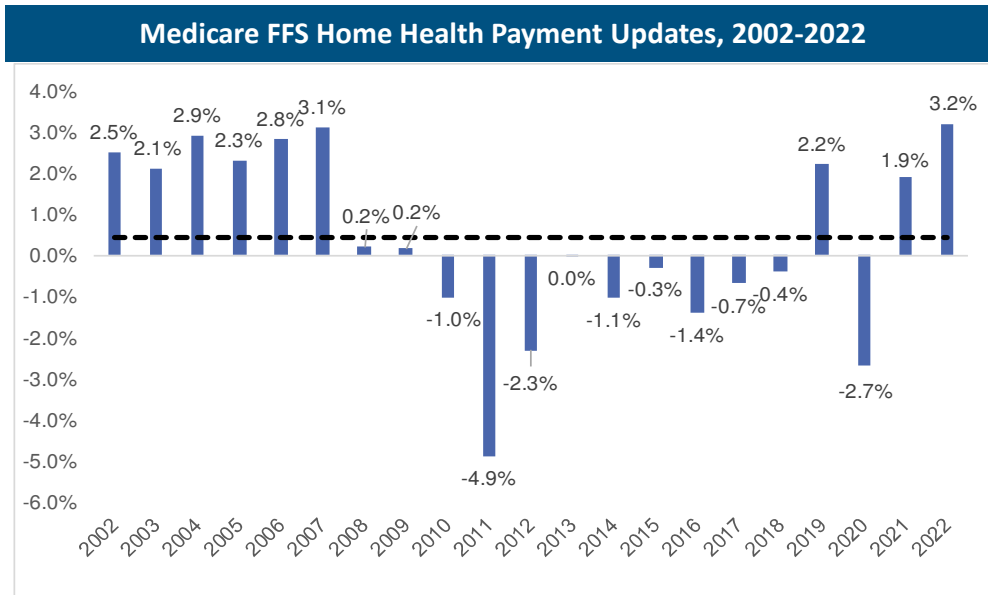


What strategies is your organization using to address recruiting challenges in 2021?



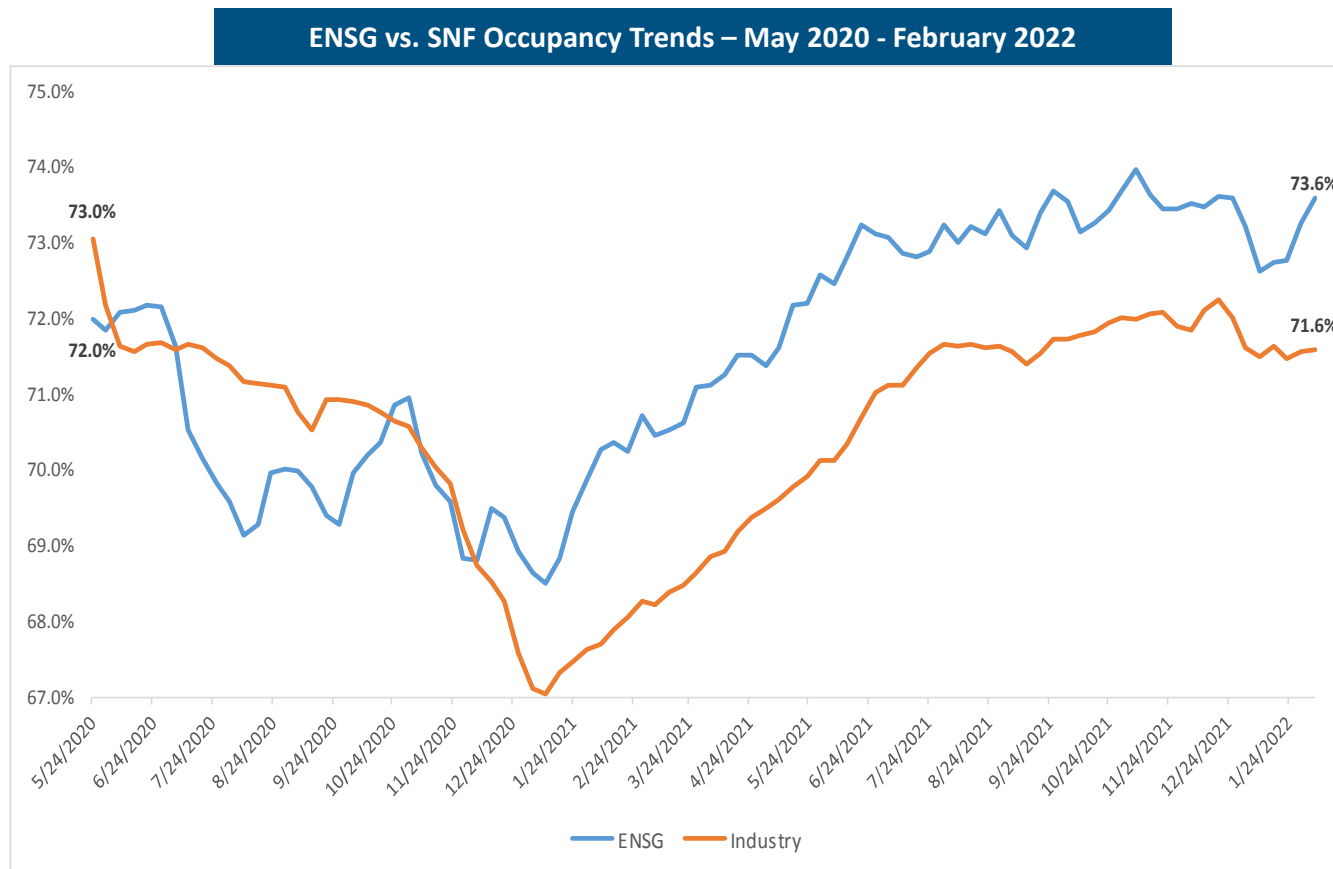
Home Health Reimbursement – Positive Initial Pricing Outlook for 2022

- **2022 Final Rate for HHAs** – CMS finalized its 2022 rate update for Medicare Home Health Agencies (HHAs) at +3.2% (or +\$570 million), up notably from the +1.7% proposed increase provided in June. This compares to the final 2021 rate update of +1.9% and the proposed 2021 rate update of +2.6%
- The finalized rate is the highest reimbursement increase for Medicare HHAs going back to at least 2002 and is ~280 basis points above the 20-year historical average of +0.4%
- The final +3.2% rate also means that Medicare HHAs should now get a net positive rate update in 2022 even if the 2% sequestration cuts return.
- CMS will also move forward with the national expansion of the Home Health Value-Based Purchasing (HHVBP) Model. The national HHVBP expansion should competitively favor the more operationally scaled public HH names (relative to smaller private agencies) and likely accelerate the pace of industry consolidation into 2022.



ENSG's SNF Business Shines Amid Secular Pressures and COVID-19 Headwinds

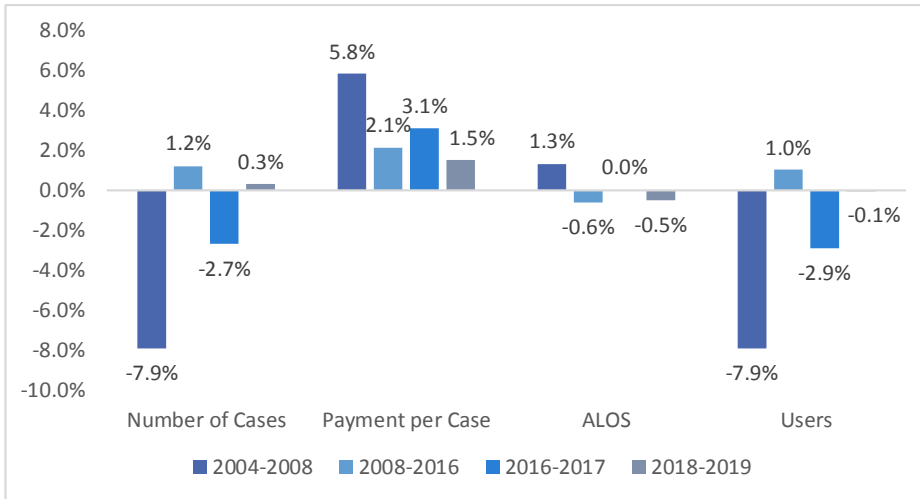
- We view ENSG's relative outperformance on occupancy declines during the COVID-19 pandemic as particularly encouraging as we look ahead to the recovery, especially given ENSG's ability to continue to grow revenue and EBITDA at or above pre-pandemic rates despite declining occupancy throughout 2020-2021.
- The outperformance is even more impressive when considering ENSG's operational model of acquiring significantly underperforming assets



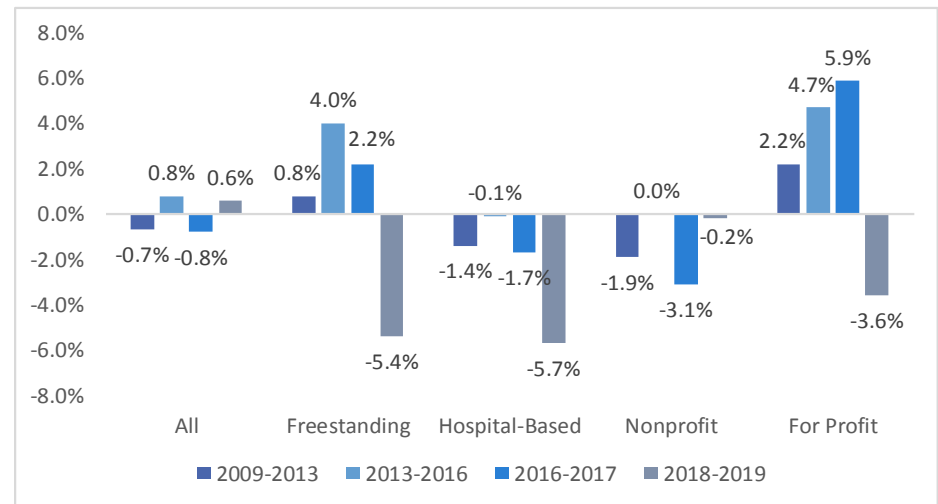
EHC the Dominant Provider of IRF Services With ~30% Revenue Share

➔ *For-profit IRFs continue to grow as hospital-based & NFP IRF competition declines...*

Key Medicare FFS IRF Metrics (Avg. Annual Changes)

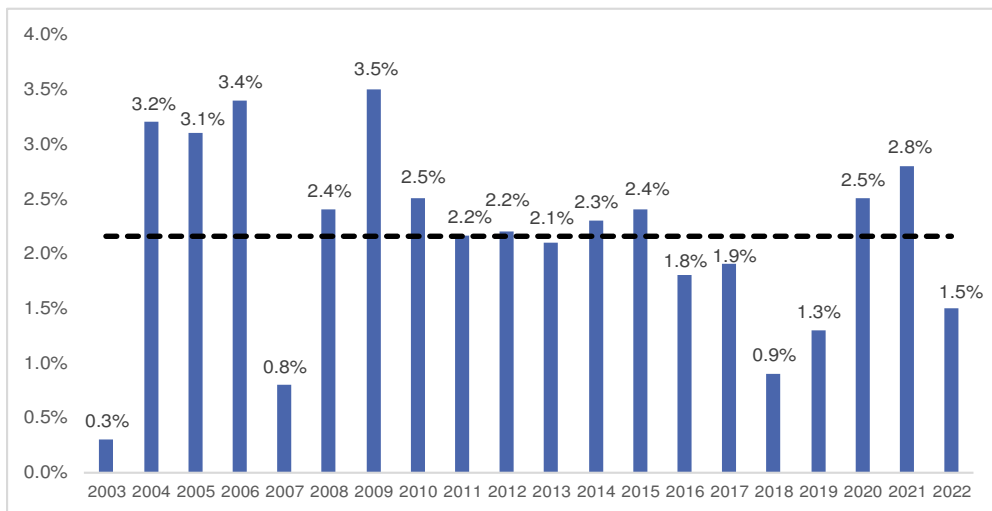


Medicare IRF Facilities by Type – Avg. Annual Changes (%)

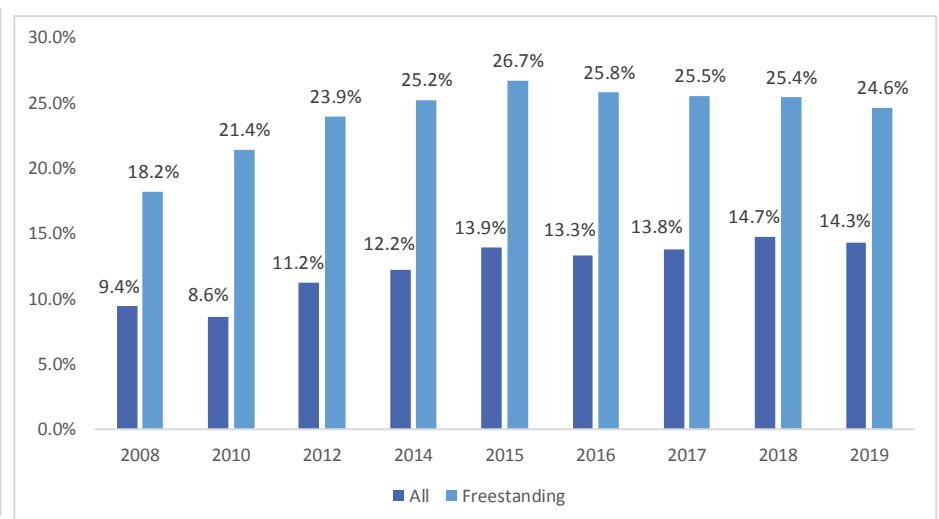


➔ *...while controlled cost growth has supported strong industry-wide margins despite more modest price increases.*

Medicare FFS IRF Payment Update, 2003-2022



Medicare FFS IRF Margins – All vs. Freestanding Facilities (2008-2019)



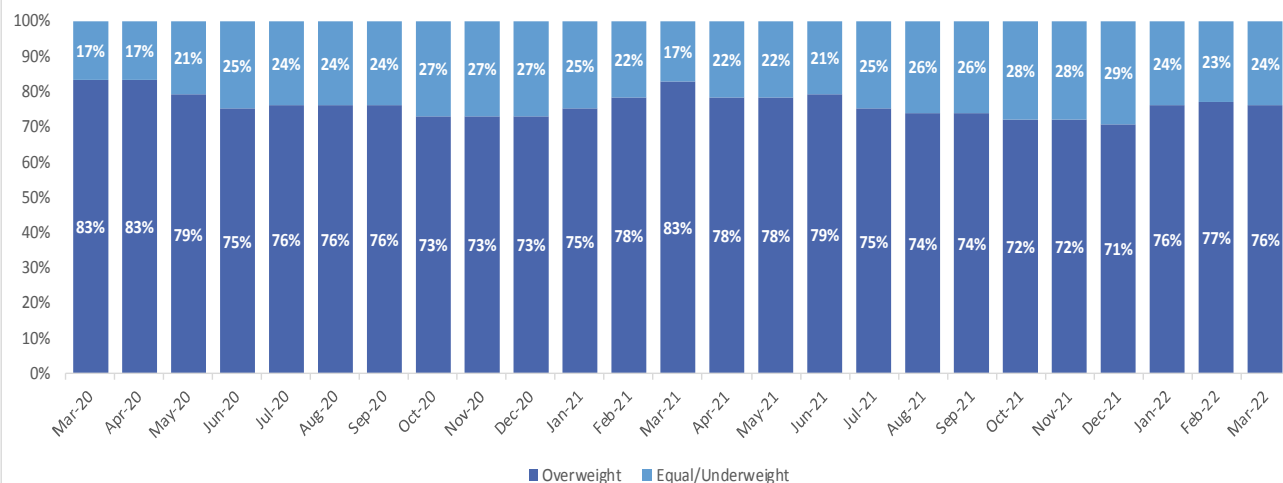
Source: MedPac, Company data, and Stephens Inc.

Company Tear Sheets

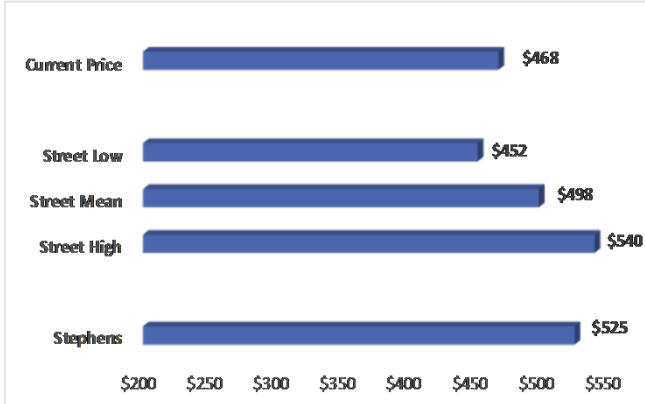
ANTM - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$525 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (23 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

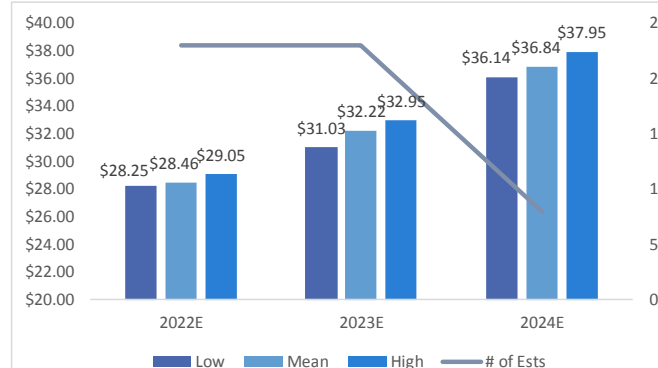
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$152,100	\$152,754	-0.4%
2023E	\$163,374	\$161,076	1.4%
2024E	\$177,352	\$173,172	2.4%

Stephens vs. Street – EPS Estimates

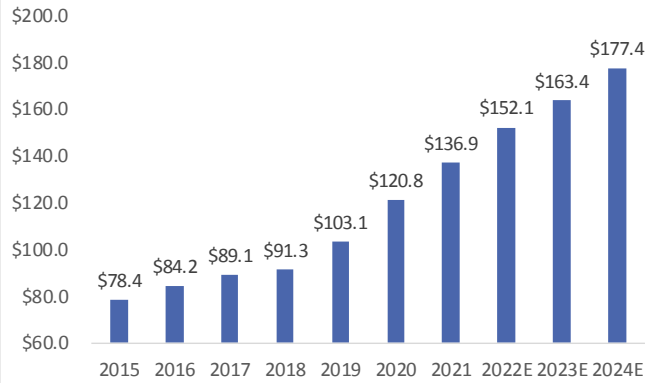
	Stephens	Street	Stephens vs. Street (%)
2022E	\$28.40	\$28.46	-0.2%
2023E	\$32.55	\$32.22	1.0%
2024E	\$37.05	\$36.84	0.6%

Street EPS Estimates Detail

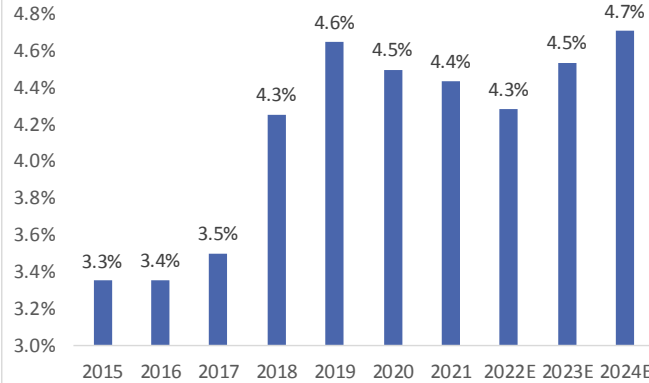


ANTM - Key Forecasts Snapshot: Income Statement Metrics

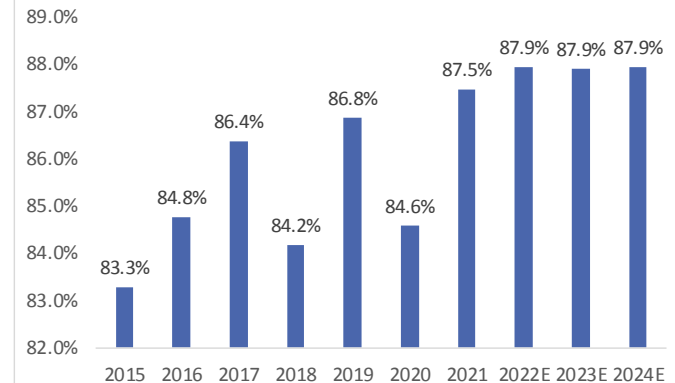
Revenues (\$ billion)



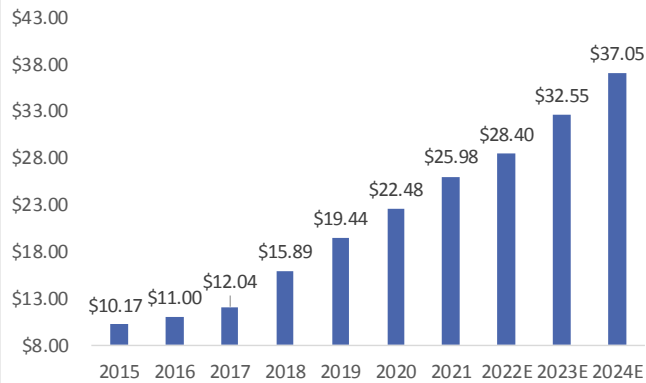
Net Margin (%)



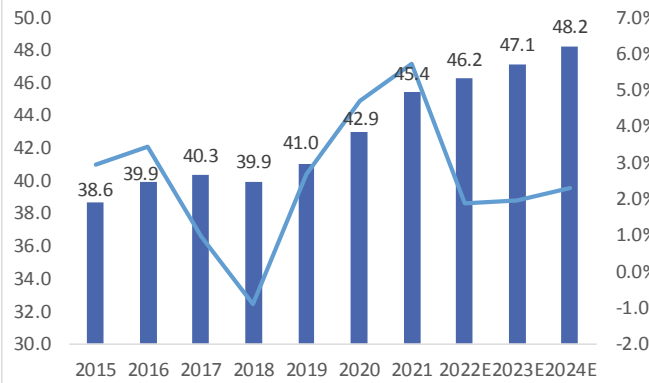
Medical Loss Ratio (%)



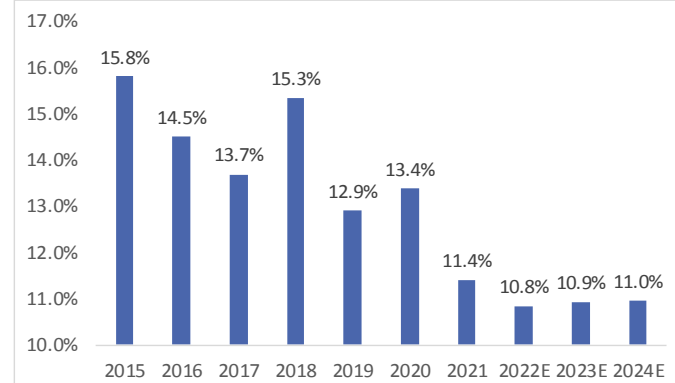
Adjusted EPS



Medical Membership (Mil.)

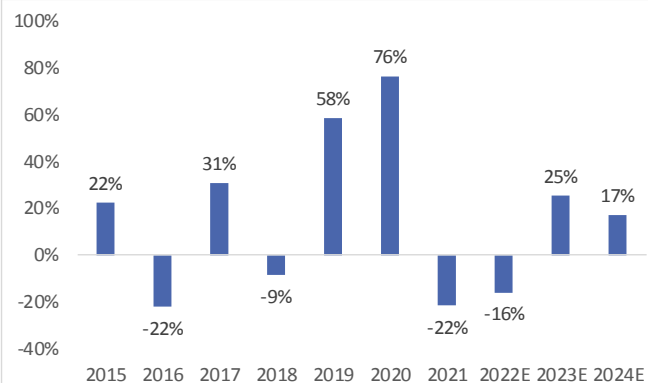


SG&A Ratio (%)



ANTM - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

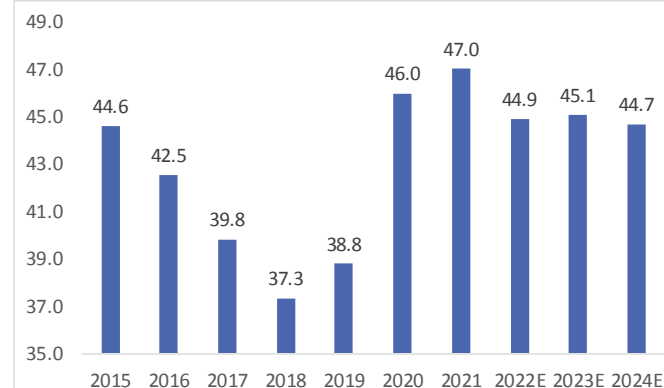
Operating Cash Flow (OCF) Growth



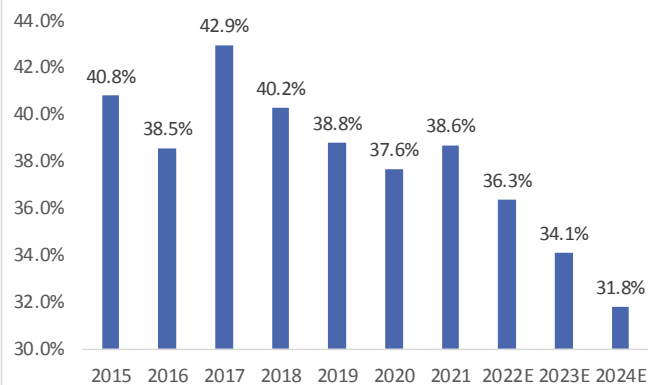
OCF to Net Income Ratio



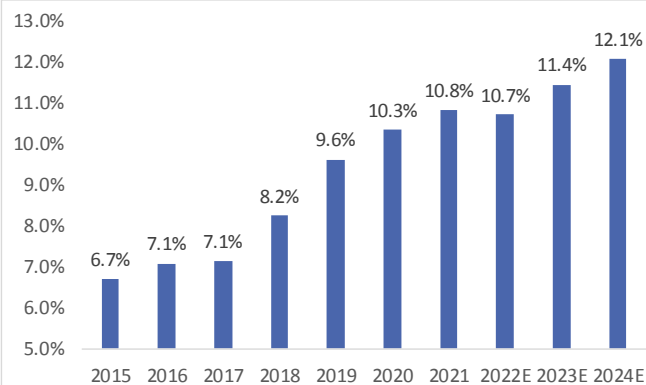
Days Claims Payable



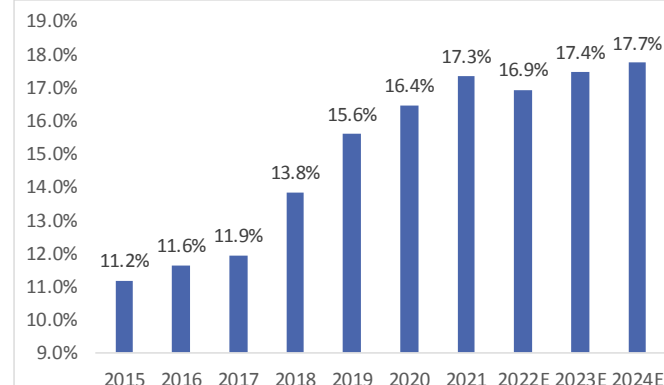
Debt to Capital Ratio (%)



ROIC (%)



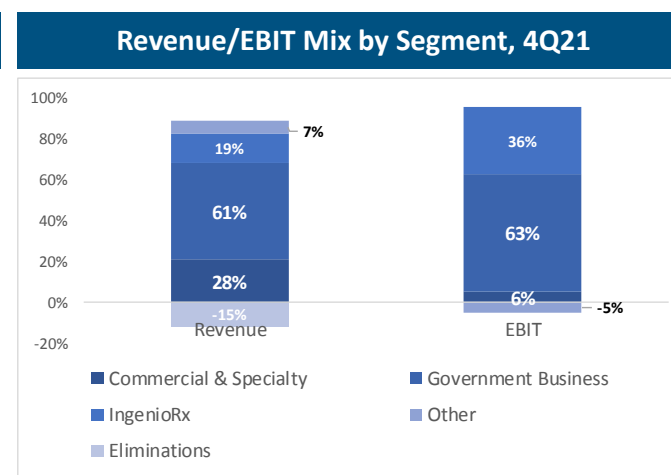
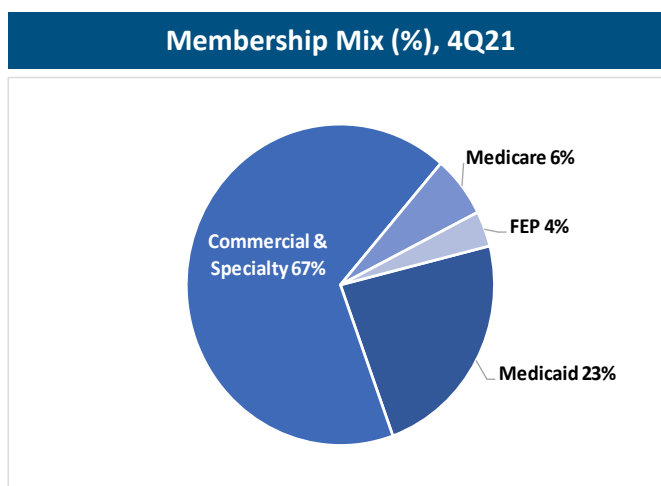
ROE (%)



ANTM - Business Overview

- Anthem Inc., an independent licensee of the Blue Cross and Blue Shield Association, is one of the largest health benefits companies in the United States in terms of medical membership, serving roughly 45 million medical members.
- Anthem derives a significant portion of its revenues from the U.S. health benefits market.
- Reportable business segments are comprised of:
 1. Commercial and Specialty Business
 2. Government Business
 3. IngenioRx
 4. Other Businesses

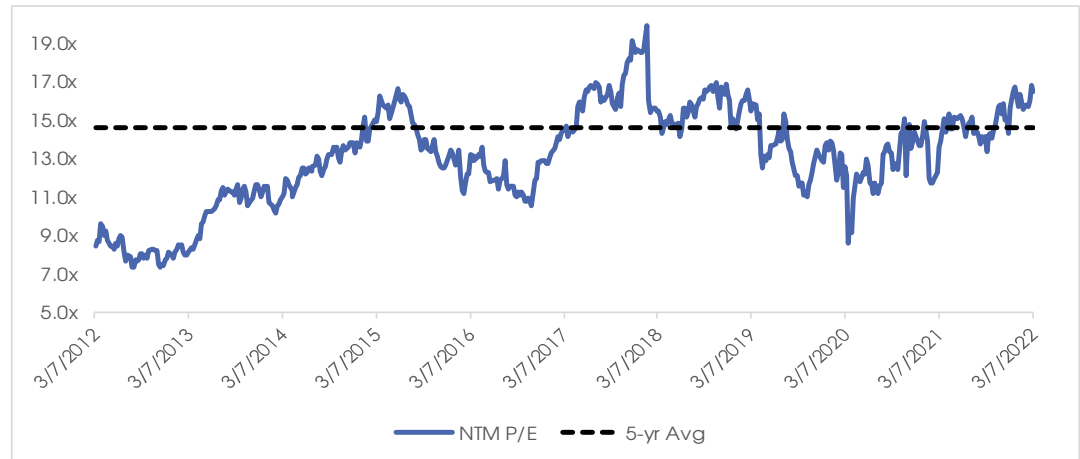
Company Snapshot	
Ticker:	ANTM
Industry:	Managed Care
Headquarters (City):	Indianapolis
Headquarters (State):	Indiana
TTM Revenues (\$Mil.):	\$138,639
Market Cap (\$Mil.):	\$112,619
Cash & Equivalents (\$Mil.):	\$4,880
Debt (\$Mil.):	\$24,028
Avg. Daily Volume (TTM):	1,110,393
Short Interest (% of float):	0.9%



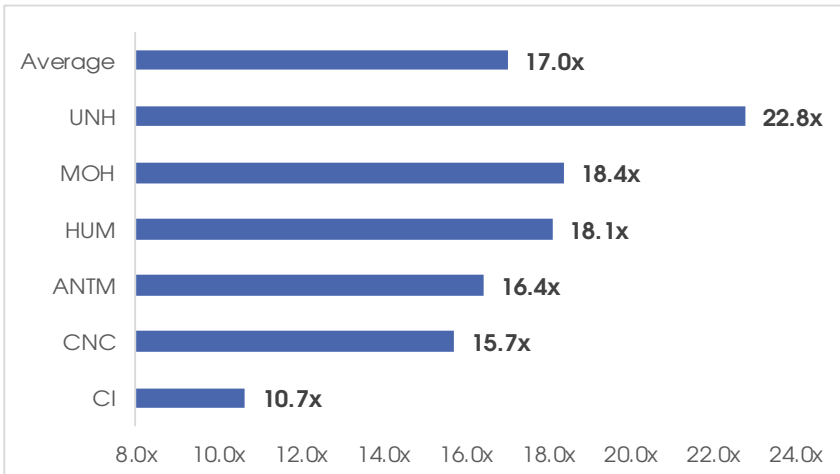
ANTM - Valuation Profile

- Valuation, based on NTM consensus P/E, rests above the five-year average, on an absolute and relative basis.
- ANTM currently trades at 16.4x NTM consensus EPS vs. the peer average of 17.0x.
- We believe ANTM's below-average valuation to peers is attractive given its comparable L-T growth expectations.

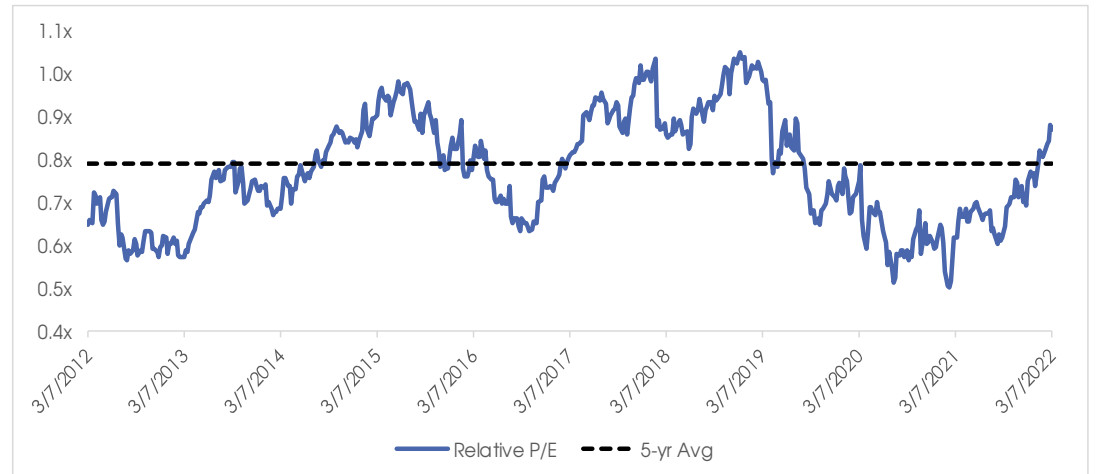
Historical NTM P/E



Current NTM P/E Comps



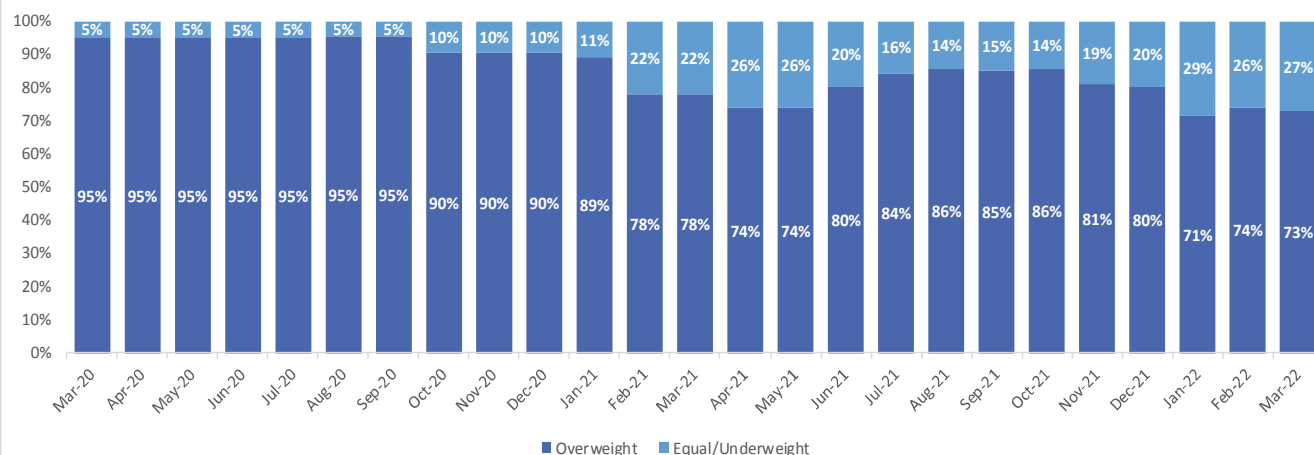
Relative NTM P/E



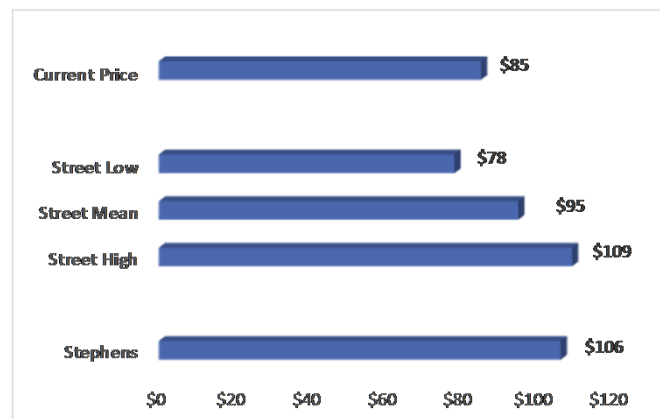
CNC - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$106 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (19 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

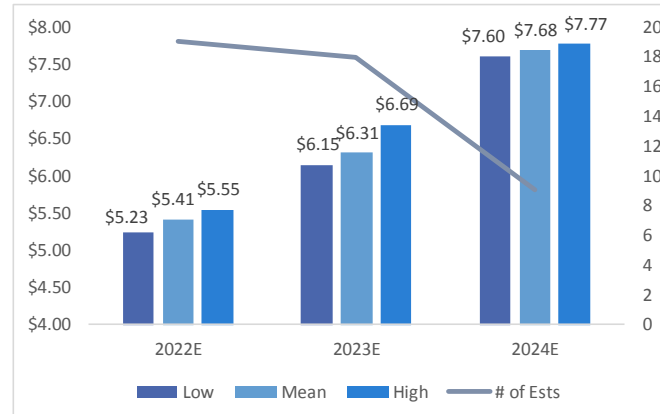
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$137,256	\$136,620	0.5%
2023E	\$144,241	\$140,428	2.7%
2024E	\$154,835	\$150,700	2.7%

Stephens vs. Street – EPS Estimates

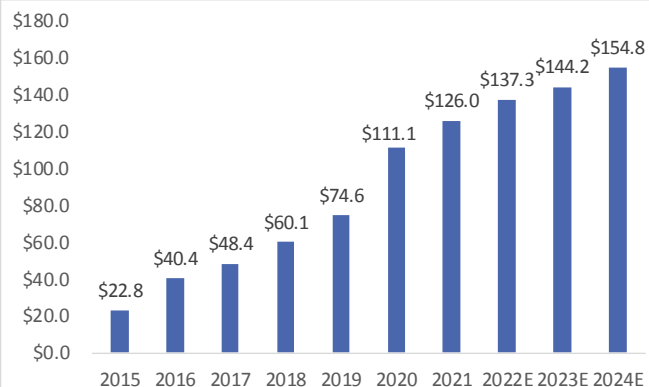
	Stephens	Street	Stephens vs. Street (%)
2022E	\$4.39	\$5.41	-18.8%
2023E	\$5.35	\$6.31	-15.1%
2024E	\$6.60	\$7.68	-14.1%

Street EPS Estimates Detail



CNC - Key Forecasts Snapshot: Income Statement Metrics

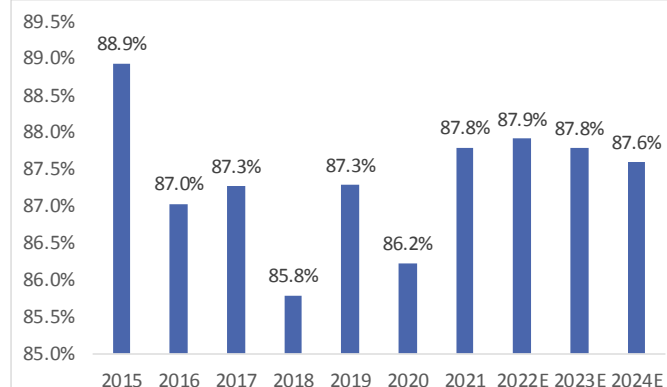
Revenues (\$ billion)



Net Margin (%)



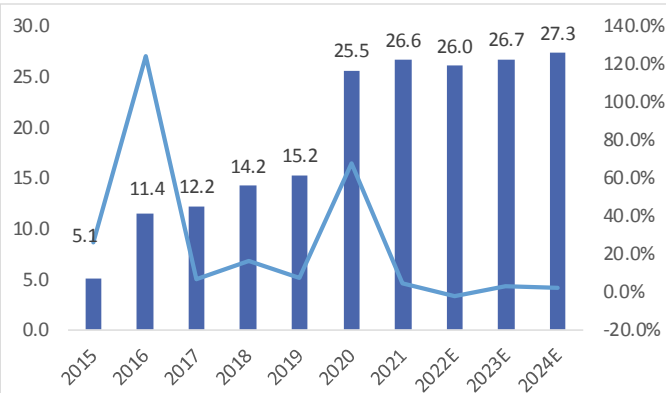
Medical Loss Ratio (%)



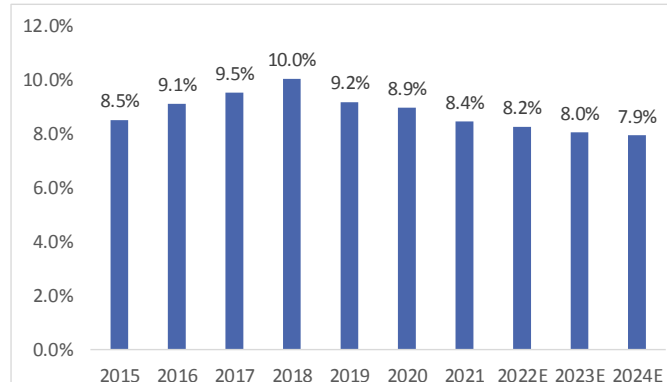
Adjusted EPS



Medical Membership (Mil.)

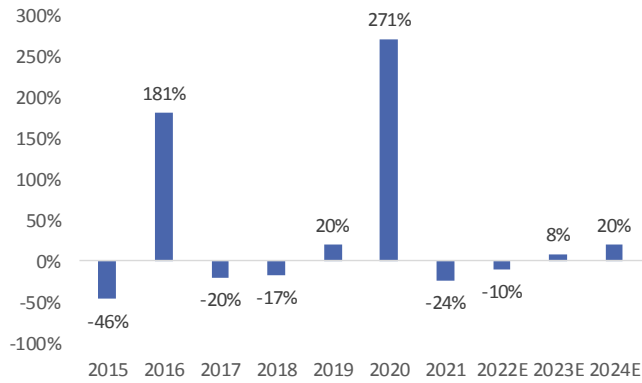


SG&A Ratio (%)

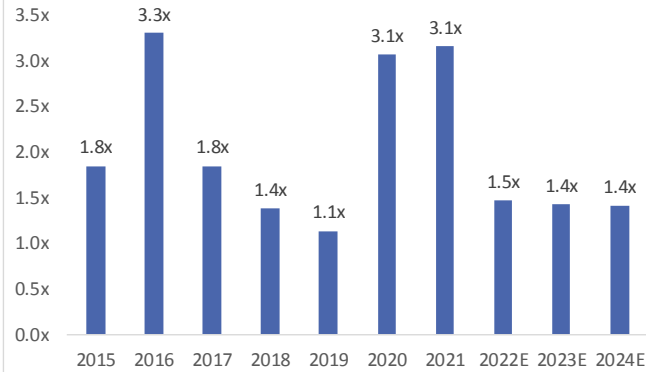


CNC - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

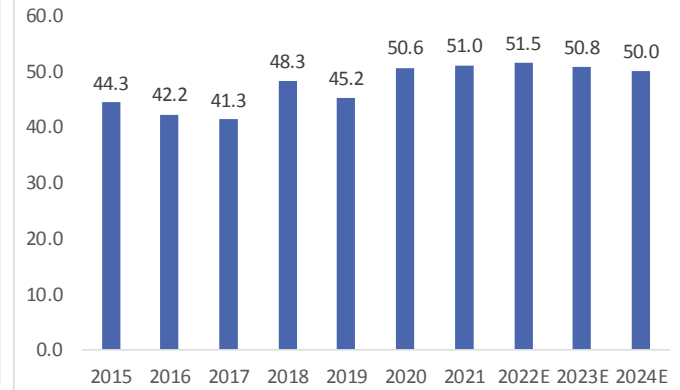
Operating Cash Flow (OCF) Growth



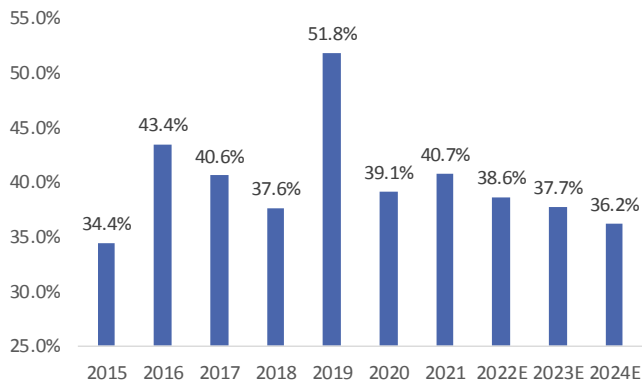
OCF to Net Income Ratio



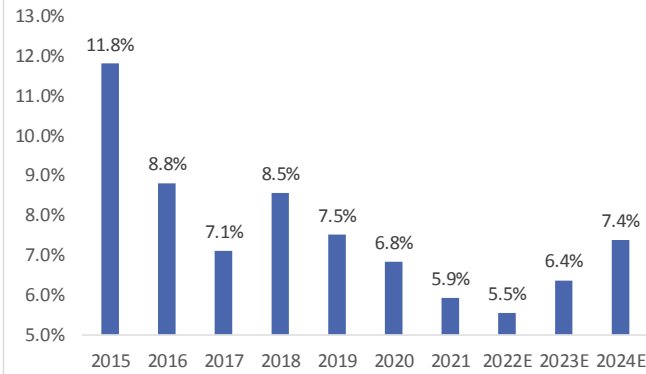
Days Claims Payable



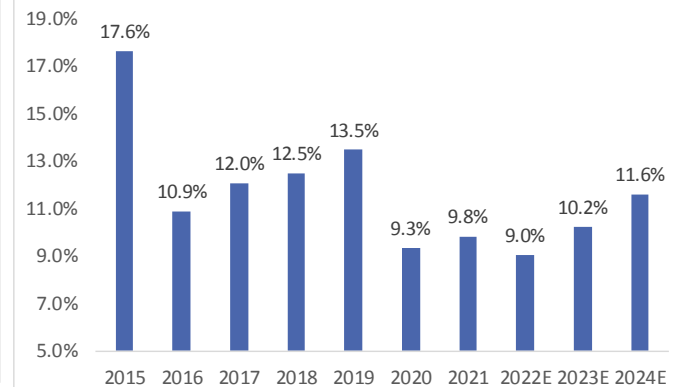
Debt to Capital Ratio (%)



ROIC (%)



ROE (%)



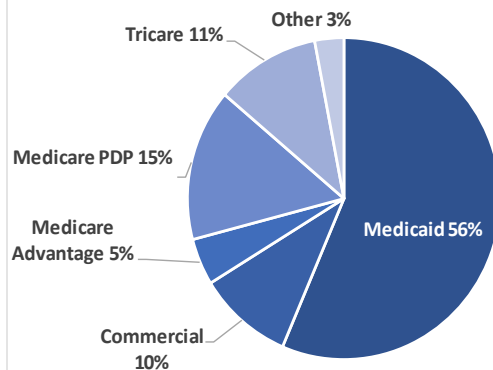
CNC - Business Overview

- Centene is a diversified healthcare enterprise with a particular focus on U.S. government sponsored healthcare programs; notably, managed Medicaid, where Centene holds the number one market share position. After merging with WellCare in 1Q20, Centene now serves nearly 26.6 million medical members across its suite of health benefits products.
- Centene derives a majority of its revenues from the U.S. Medicaid market (66% of total). The U.S. Commercial and Medicare end markets represent 14% and 14% of total revenues, respectively. Other revenues (6% of total) are primarily earned from ancillary health care products and services offerings.

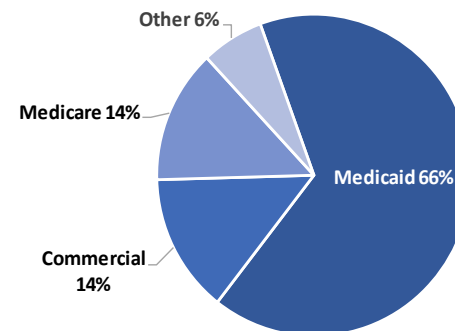
Company Snapshot

Ticker:	CNC
Industry:	Managed Care
Headquarters (City):	St. Louis
Headquarters (State):	Missouri
TTM Revenues (\$Mil.):	\$125,982
Market Cap (\$Mil.):	\$49,509
Cash & Equivalents (\$Mil.):	\$13,118
Debt (\$Mil.):	\$22,661
Avg. Daily Volume (TTM):	3,691,008
Short Interest (% of float):	1.2%

Membership Mix, 4Q21



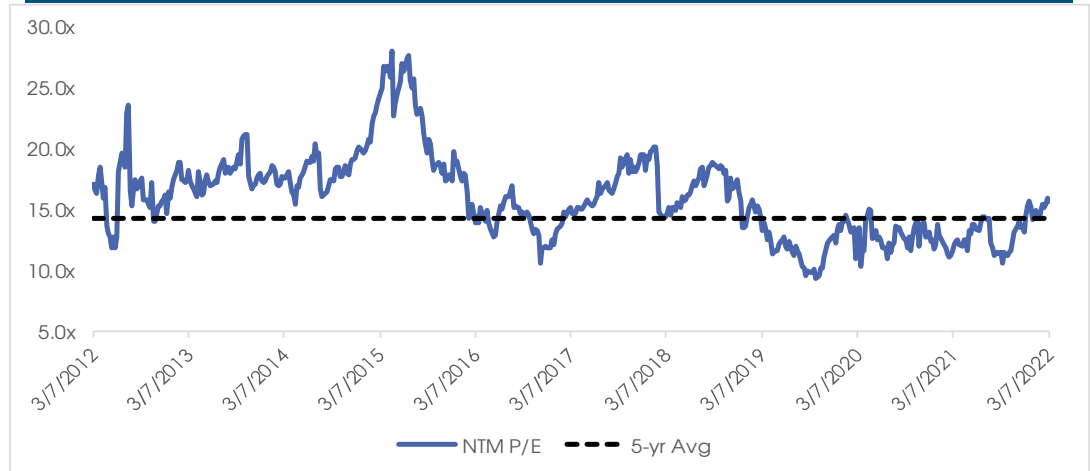
Consolidated Rev. Mix, 4Q21



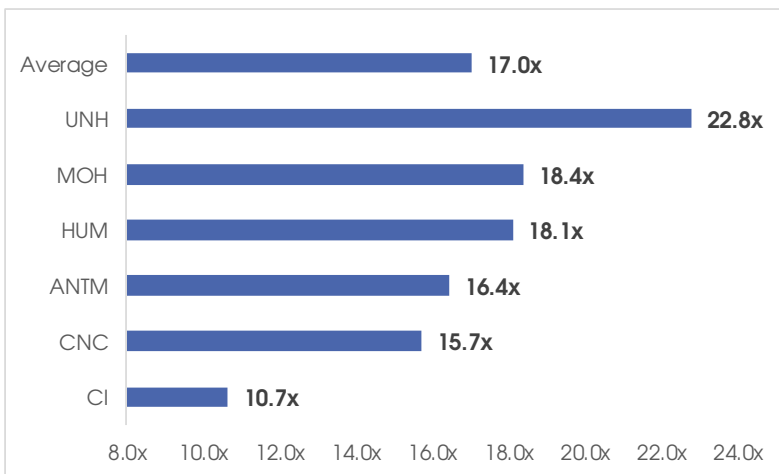
CNC - Valuation Profile

- Valuations, based on NTM consensus P/E, sit above five-year averages on both an absolute and relative basis.
- CNC currently trades at 15.7x NTM consensus EPS, which is 1.3 turns below the peer average.

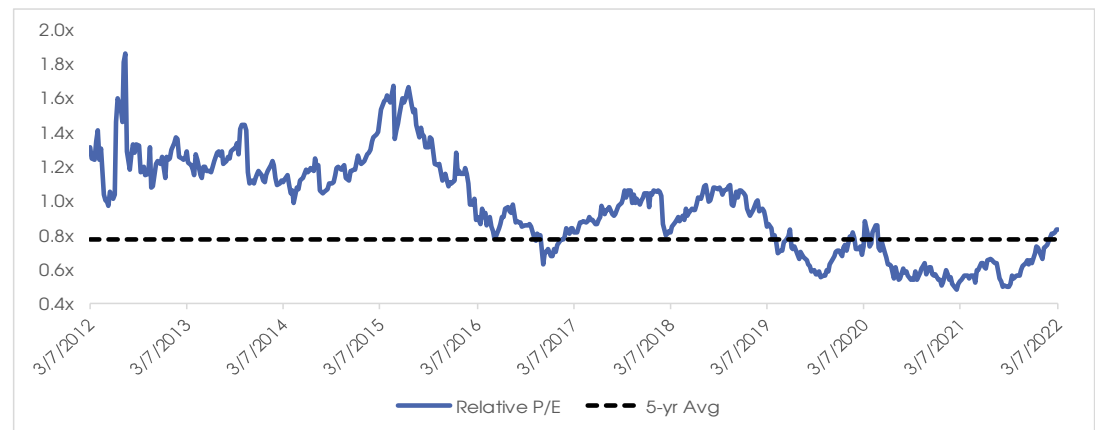
Historical NTM P/E



Current NTM P/E Comps



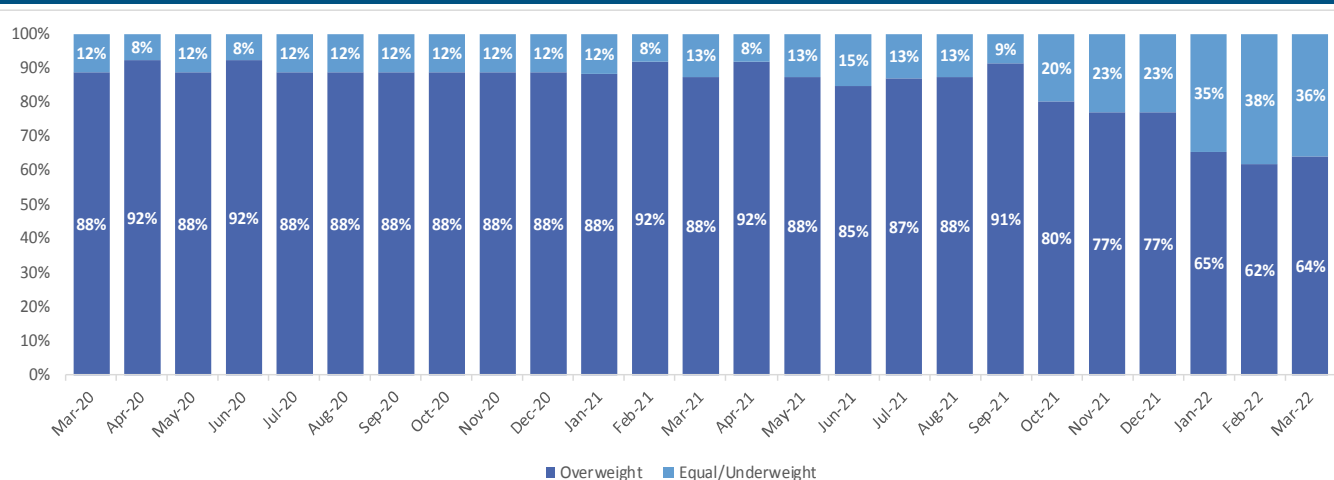
Relative NTM P/E



CI - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$265 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (22 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

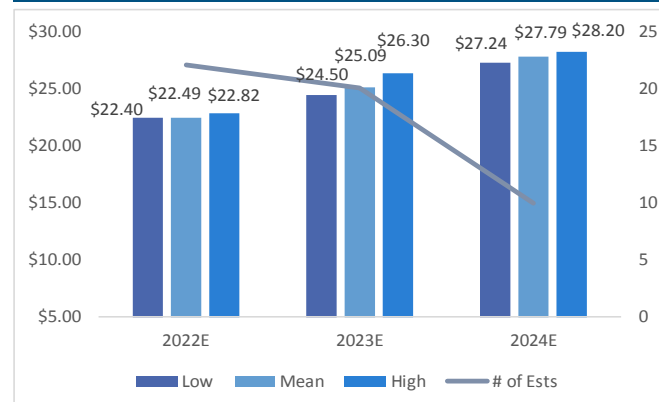
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$177,135	\$179,219	-1.2%
2023E	\$185,250	\$188,294	-1.6%
2024E	\$196,222	\$198,965	-1.4%

Stephens vs. Street – EPS Estimates

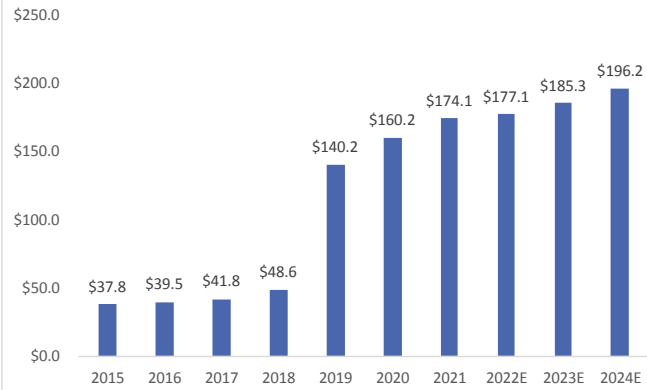
	Stephens	Street	Stephens vs. Street (%)
2022E	\$22.50	\$22.49	0.1%
2023E	\$25.10	\$25.09	0.0%
2024E	\$28.00	\$27.79	0.7%

Street EPS Estimates Detail

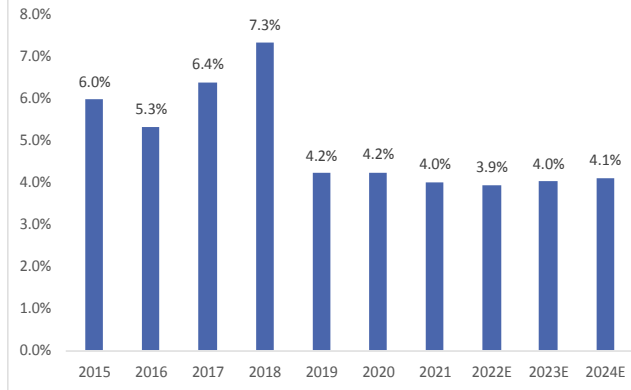


CI - Key Forecasts Snapshot: Income Statement Metrics

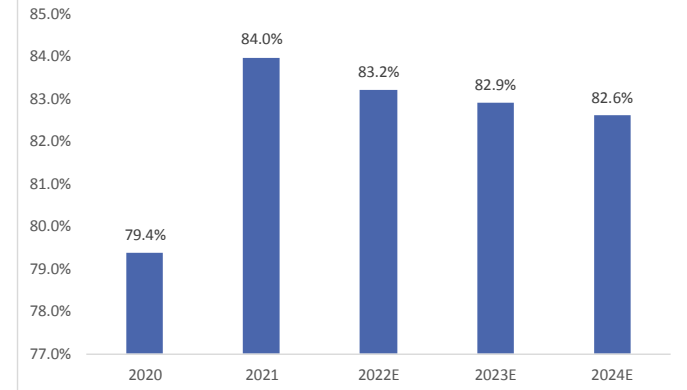
Consolidated Revenues (\$ billion)



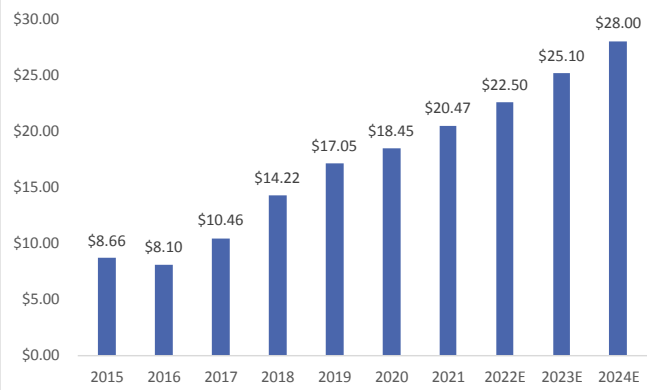
Net Margin (%)



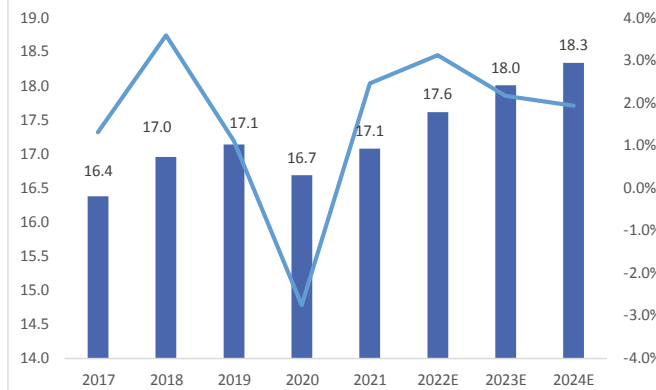
Integrated Medical Segment – MLR (%)



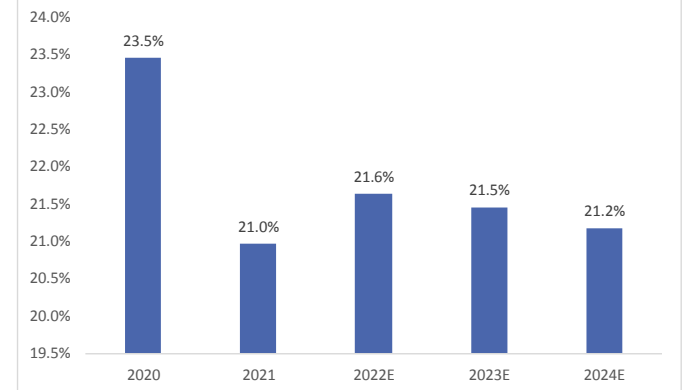
Adjusted EPS



Medical Membership (Mil.)

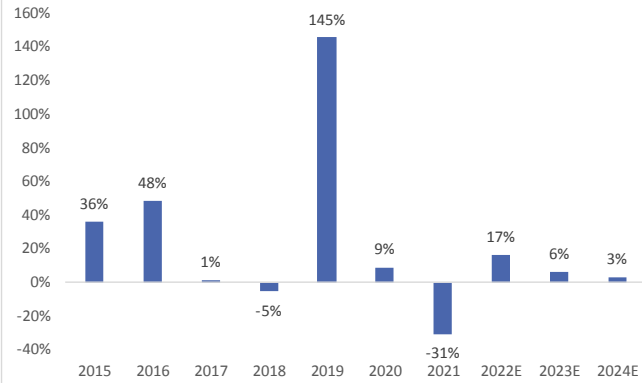


Integrated Medical Segment – SG&A (%)



CI - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

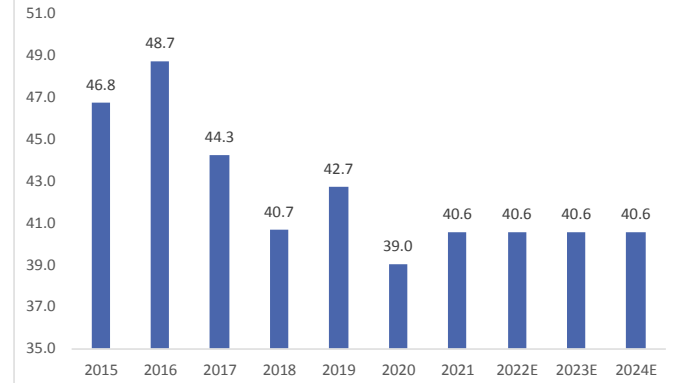
Operating Cash Flow (OCF) Growth



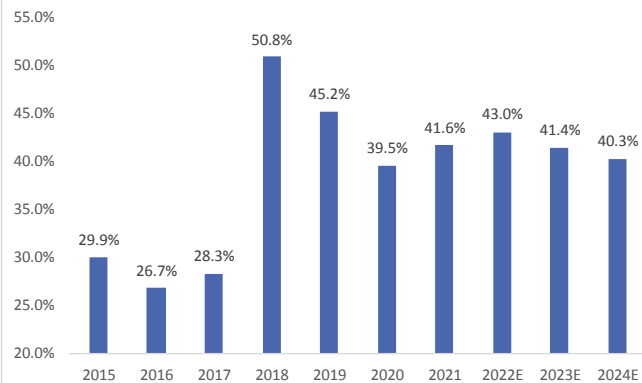
OCF to Net Income Ratio



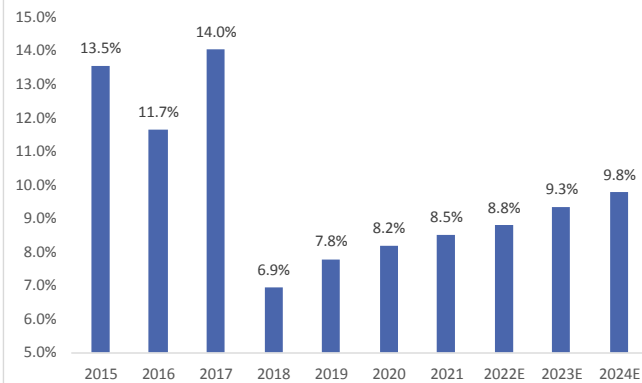
Days Claims Payable



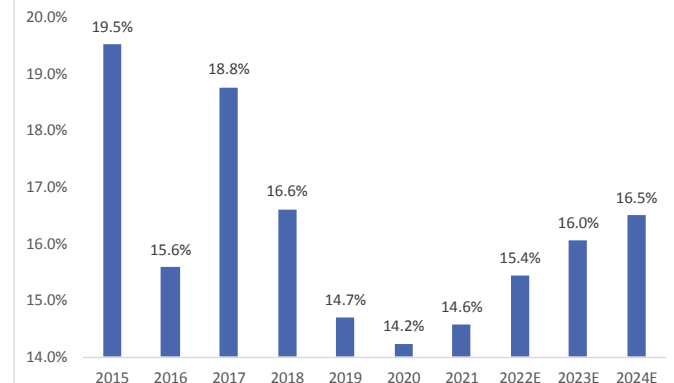
Debt to Capital Ratio (%)



ROIC (%)



ROE (%)



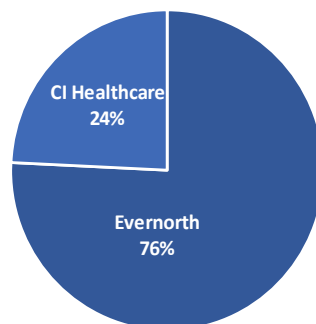
CI - Business Overview

- Cigna Corporation is a global health services organization operating with three reportable segments in 2021: CI Healthcare, Evernorth, and Corporate & Other.
- Evernorth segment comprised of 76% of 4Q21 consolidated revenues, followed by CI Healthcare at 24%.
- Prior to the closing of Express Scripts, Cigna derived roughly half of its consolidated revenue from the U.S. commercial health benefits end market. The U.S. Medicare represented 14% of consolidated revenues. The remaining roughly one-third of revenues came from the Group and Global Supplemental Benefits businesses. In Global Health Care (now reported as CI Healthcare), Cigna serves ~17 million members, with nearly three quarters of those members in commercial ASO health insurance products.

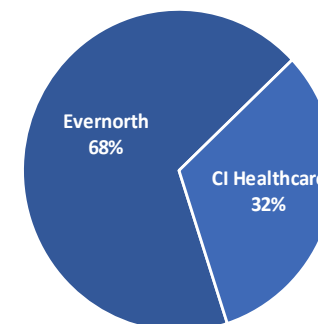
Company Snapshot

Ticker:	CI
Industry:	Managed Care
Headquarters (City):	Bloomfield
Headquarters (State):	Connecticut
TTM Revenues (\$Mil.):	\$174,274
Market Cap (\$Mil.):	\$76,798
Cash & Equivalents (\$Mil.):	\$5,081
Debt (\$Mil.):	\$34,424
Avg. Daily Volume (TTM):	1,853,126
Short Interest (% of float):	1.0%

Cigna Revenue Mix, 4Q21

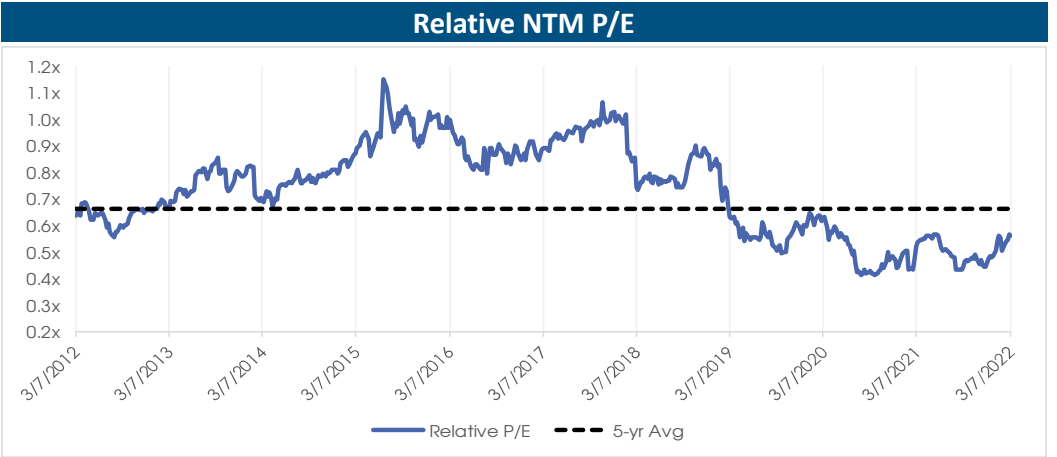
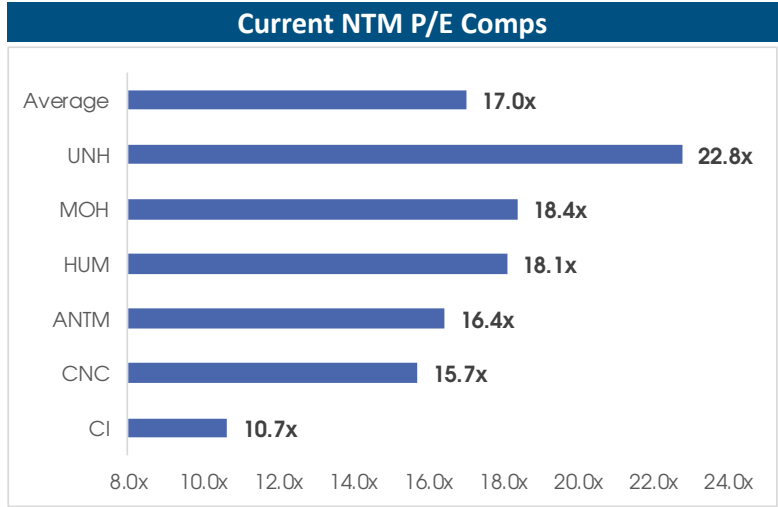
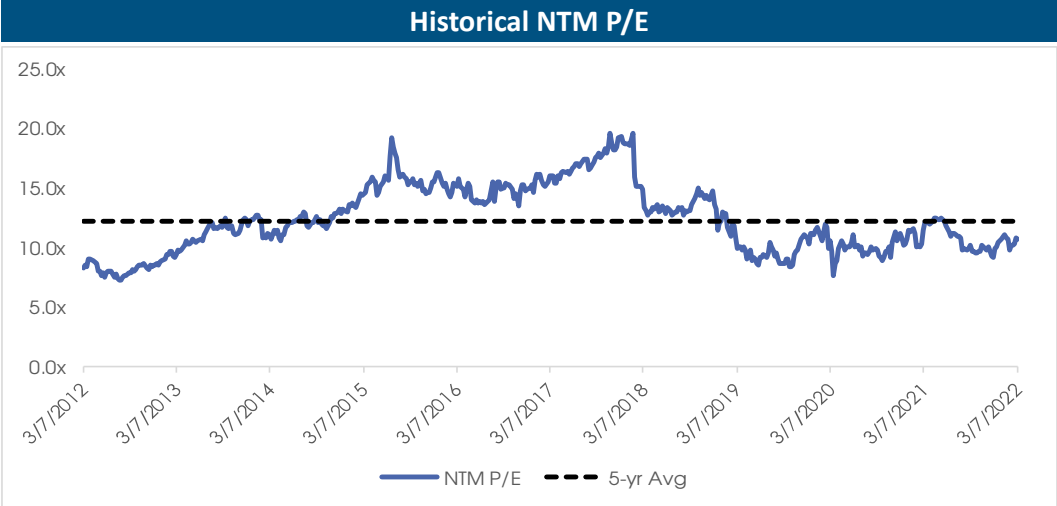


Cigna Profit Mix, 4Q21



CI - Valuation Profile

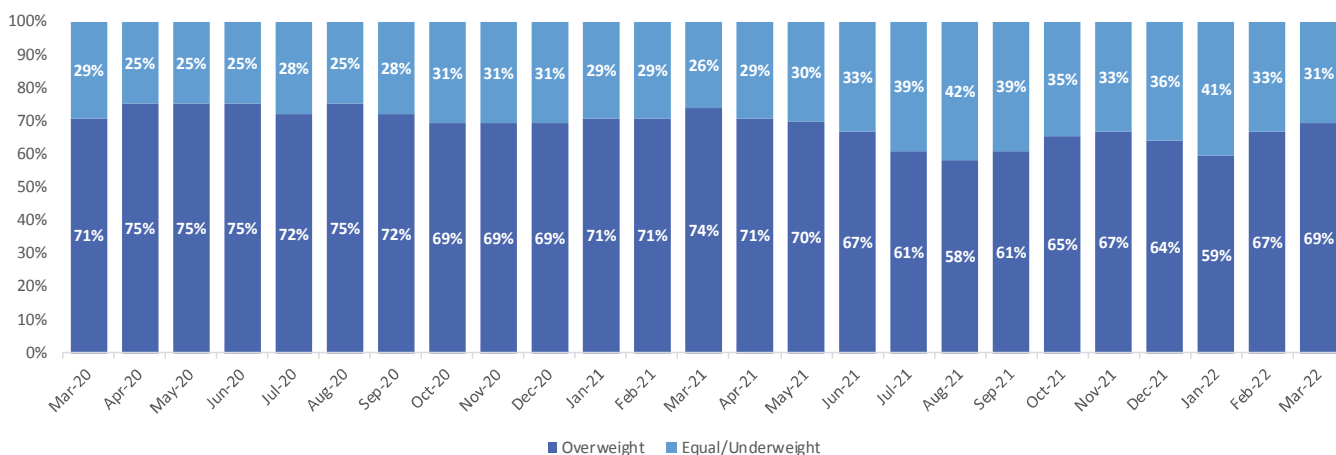
- Valuations, based on NTM consensus P/E, sit below five-year averages on both an absolute and relative basis.
- CI currently trades at 10.7x NTM consensus EPS vs. the peer average of 17.0x.



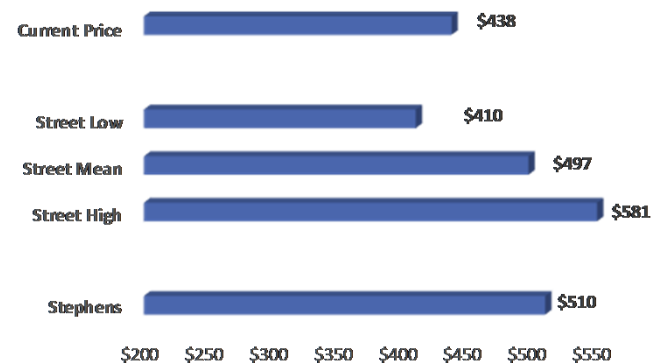
HUM - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$510 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (24 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

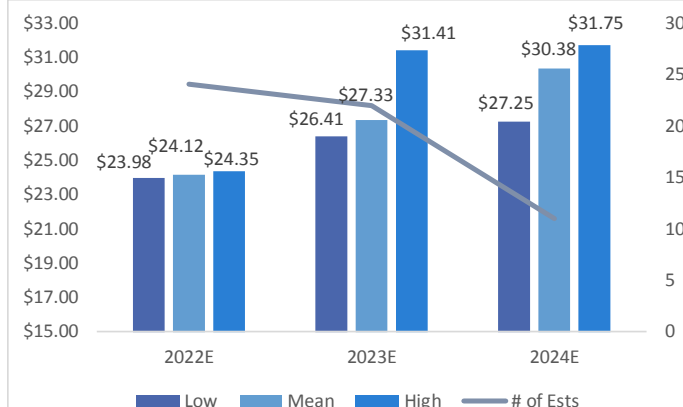
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$92,716	\$92,399	0.3%
2023E	\$99,949	\$100,464	-0.5%
2024E	\$108,968	\$110,400	-1.3%

Stephens vs. Street – EPS Estimates

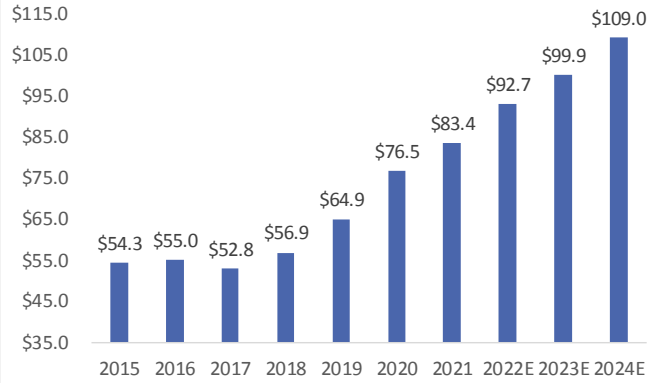
	Stephens	Street	Stephens vs. Street (%)
2022E	\$24.10	\$24.12	-0.1%
2023E	\$27.35	\$27.33	0.1%
2024E	\$31.00	\$30.38	2.0%

Street EPS Estimates Detail

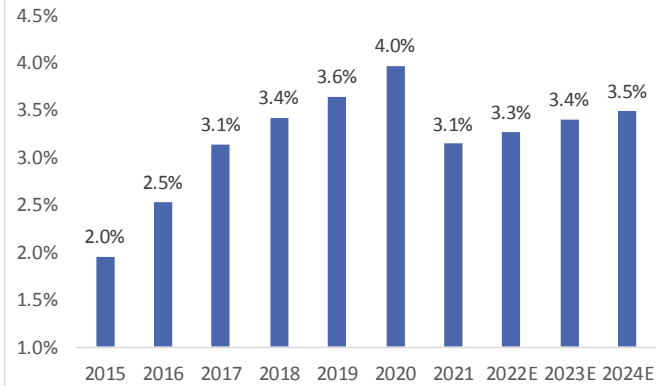


HUM - Key Forecasts Snapshot: Income Statement Metrics

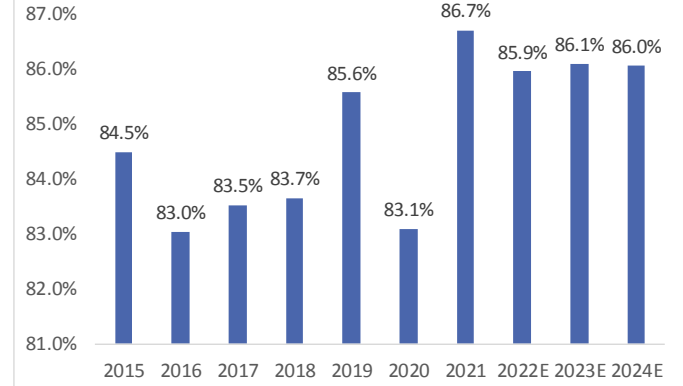
Revenues (\$ billion)



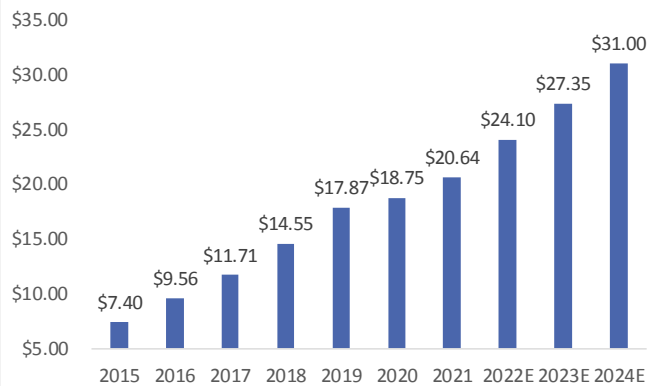
Net Margin (%)



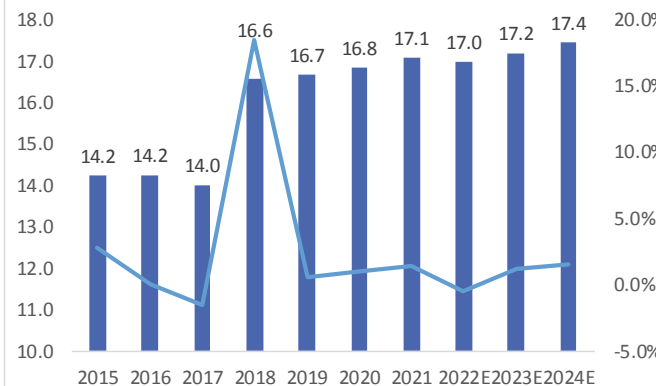
Medical Loss Ratio (%)



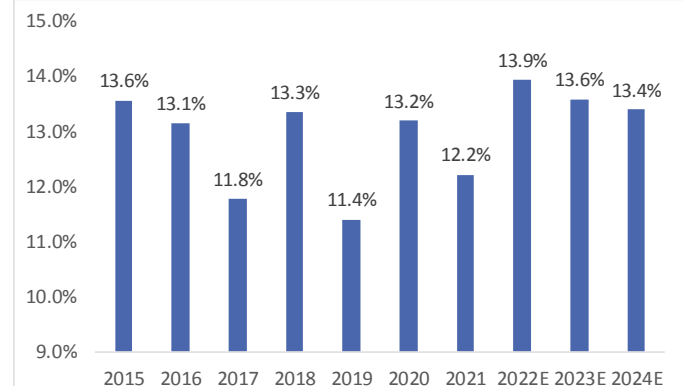
Adjusted EPS



Medical Membership (Mil.)

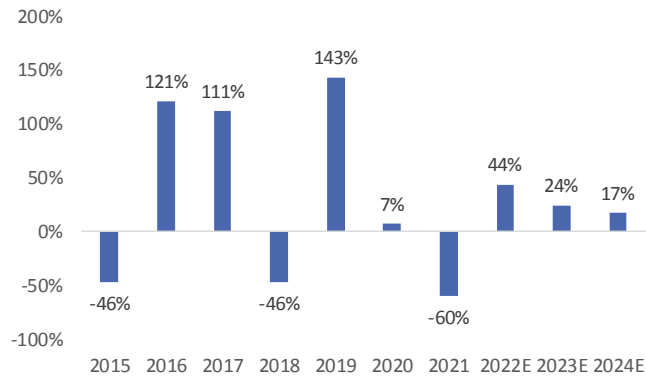


SG&A Ratio (%)

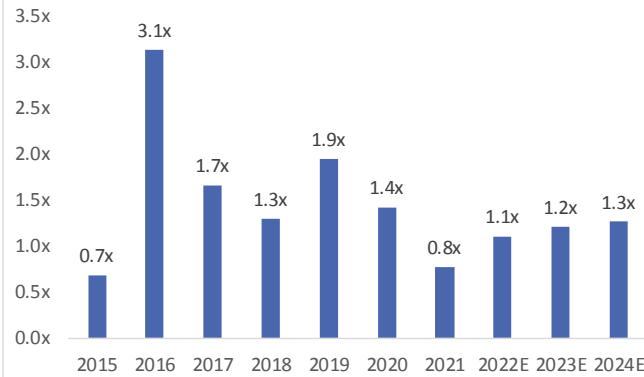


HUM - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

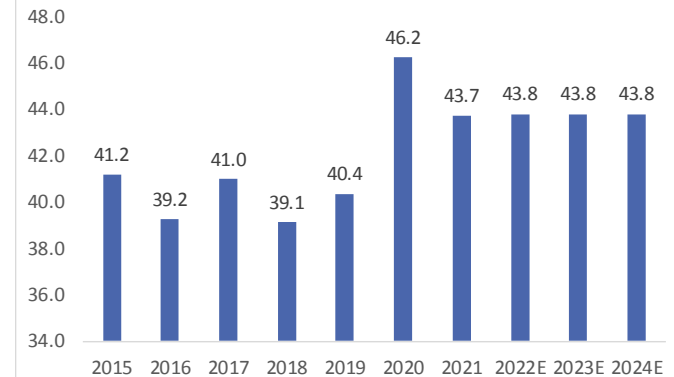
Operating Cash Flow (OCF) Growth



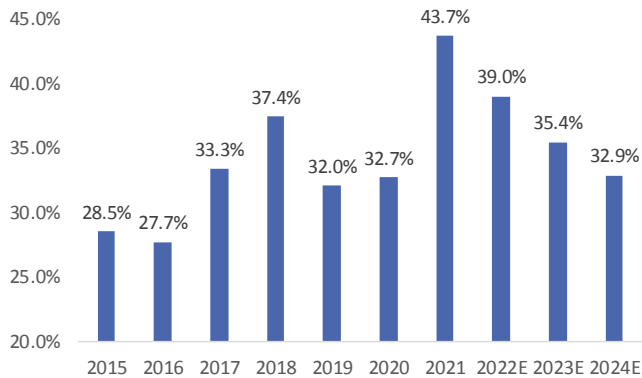
OCF to Net Income Ratio



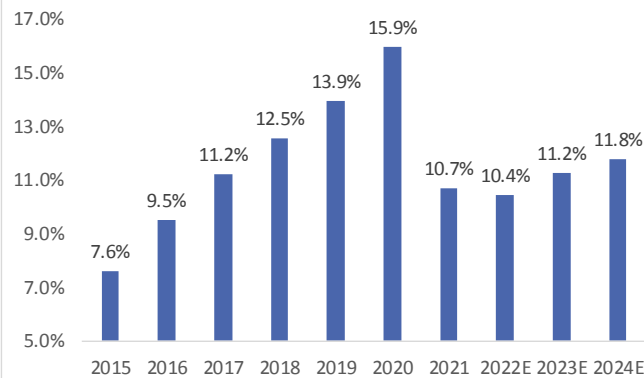
Days Claims Payable



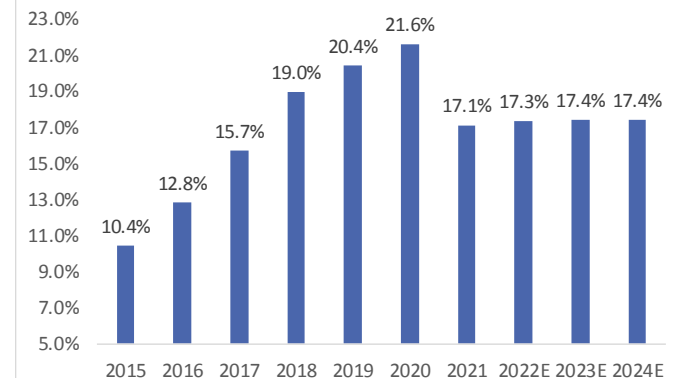
Debt to Capital Ratio (%)



ROIC (%)



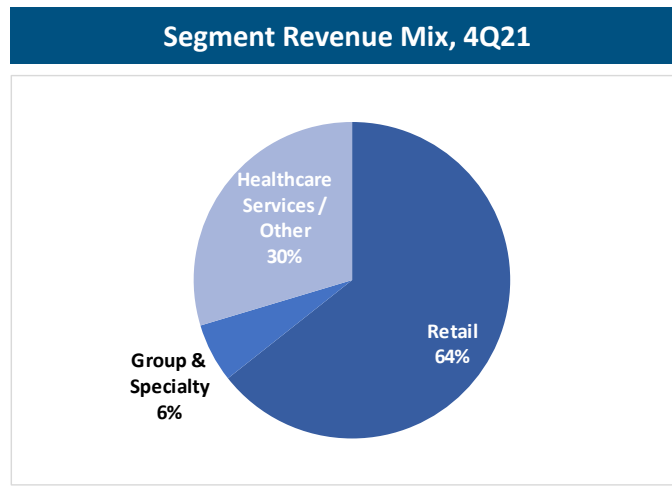
ROE (%)



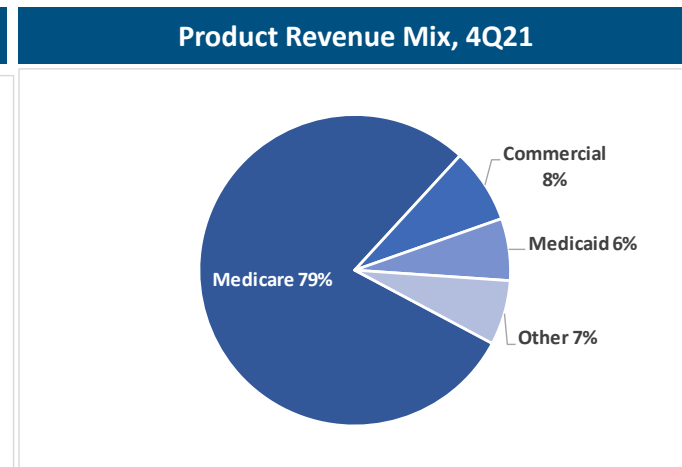
HUM - Business Overview

- Humana is a diversified healthcare enterprise with a particular focus on Medicare Advantage (MA) health insurance products. Humana serves approximately 4.9 million MA members, or 18% of industry-wide membership, which is second only to UnitedHealth Group.
- Humana derives a majority of its revenues from the U.S. Medicare market (79% of total). The U.S. Commercial and Medicaid end markets represent 8% and 6% of total revenues, respectively. Other revenues (7% of total) are primarily earned from provider services.

Company Snapshot	
Ticker:	HUM
Industry:	Managed Care
Headquarters (City):	Louisville
Headquarters (State):	Kentucky
TTM Revenues (\$Mil.):	\$84,091
Market Cap (\$Mil.):	\$55,269
Cash & Equivalents (\$Mil.):	\$3,394
Debt (\$Mil.):	\$13,225
Avg. Daily Volume (TTM):	928,204
Short Interest (% of float):	1.6%



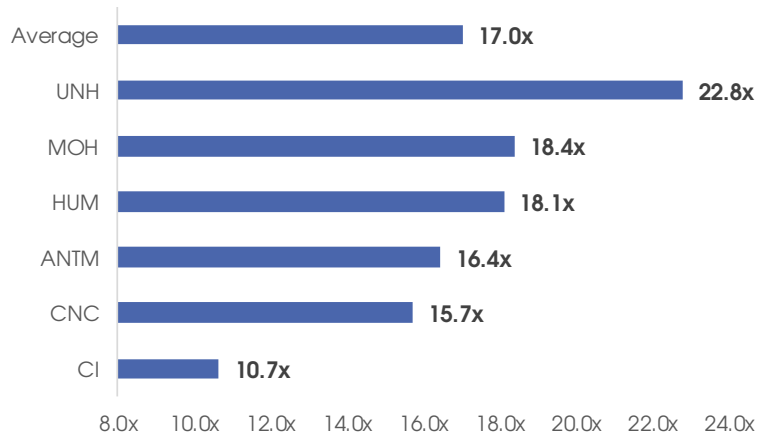
Note: Healthcare services revenue shown before eliminations



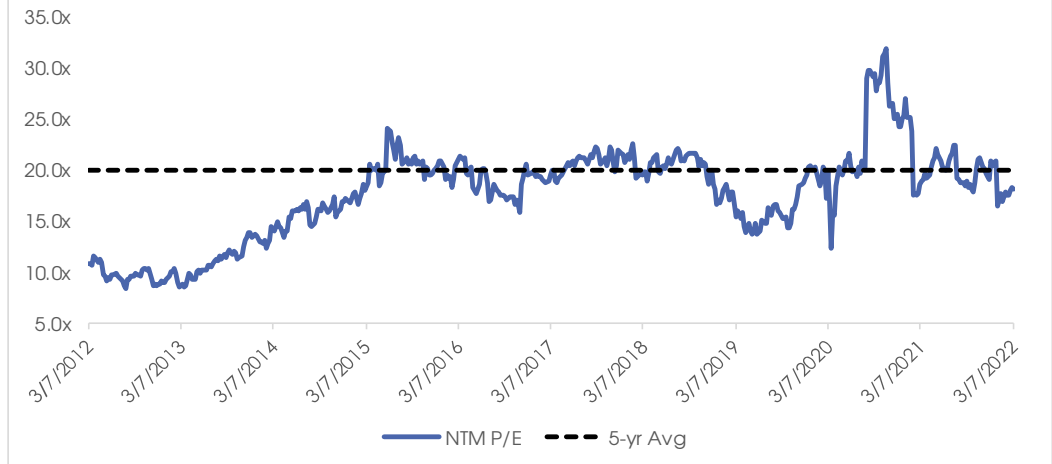
HUM - Valuation Profile

- Valuation, based on NTM consensus P/E, is below the five-year (20.0x) average.
- HUM currently trades at 18.1x NTM consensus EPS vs. the peer average of 17.0x.
- We believe HUM's premium valuation to MCO peers is warranted given its relative exposure to the high growth Medicare Advantage business.

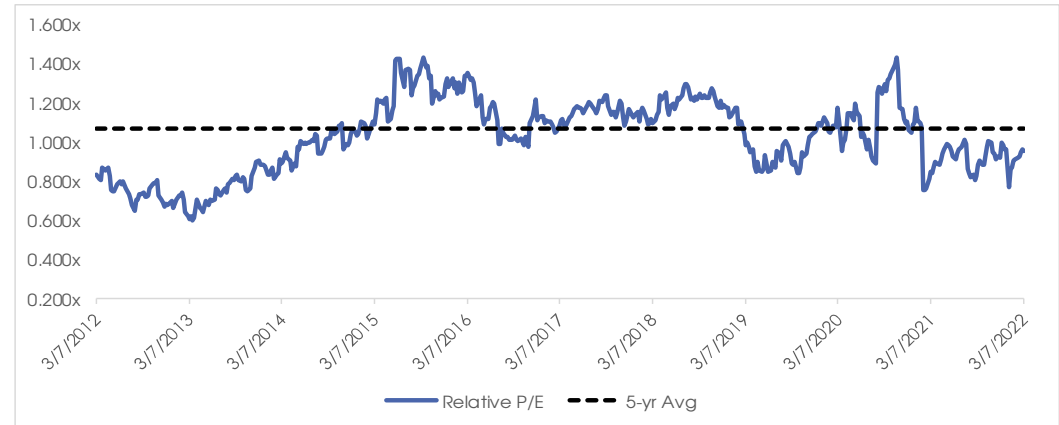
Current NTM P/E Comps



Historical NTM P/E



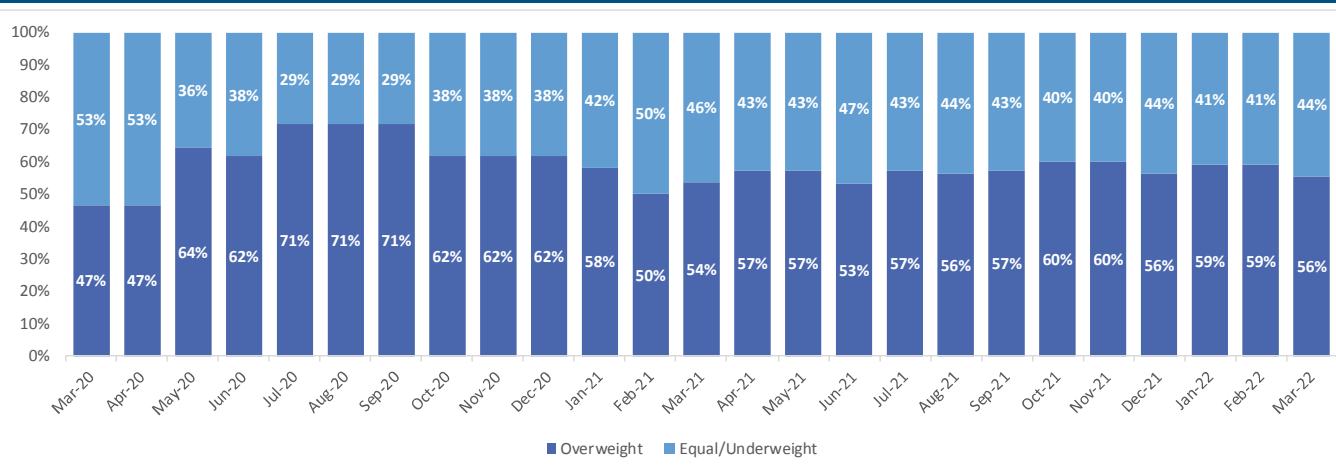
Relative NTM P/E



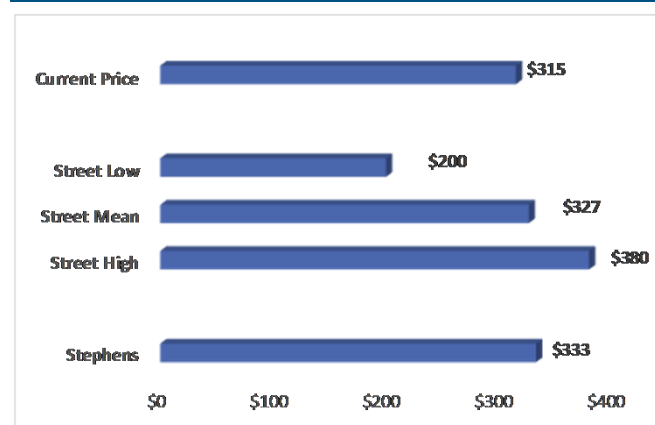
MOH - Street Ratings and Summary of Key Estimates vs. Stephens

Equal-Weight (EW) Rating, \$333 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (15 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

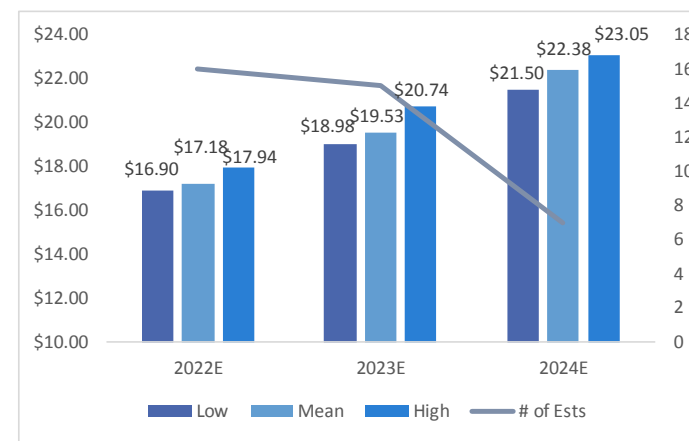
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$29,505	\$29,826	-1.1%
2023E	\$31,312	\$30,859	1.5%
2024E	\$34,348	\$33,444	2.7%

Stephens vs. Street – EPS Estimates

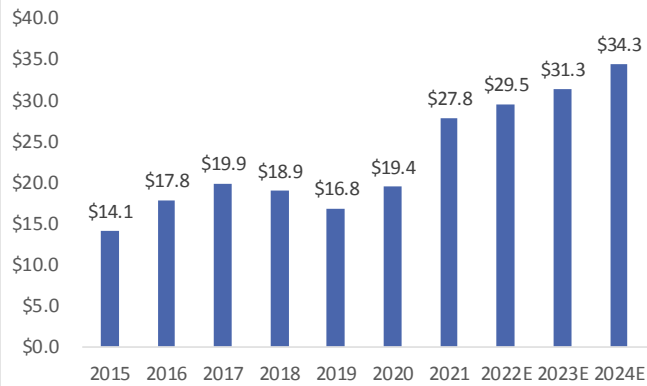
	Stephens	Street	Stephens vs. Street (%)
2022E	\$17.10	\$17.18	-0.5%
2023E	\$19.60	\$19.53	0.4%
2024E	\$22.50	\$22.38	0.5%

Street EPS Estimates Detail

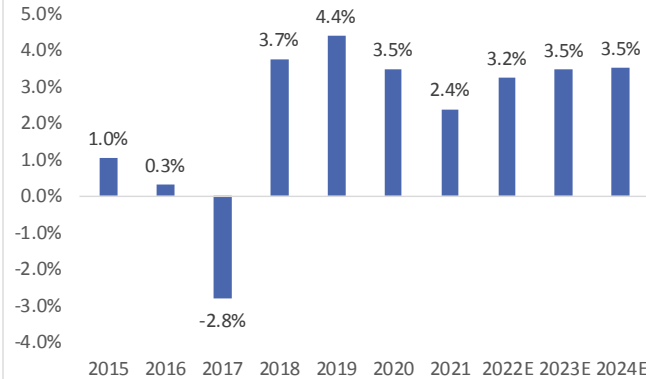


MOH - Key Forecasts Snapshot: Income Statement Metrics

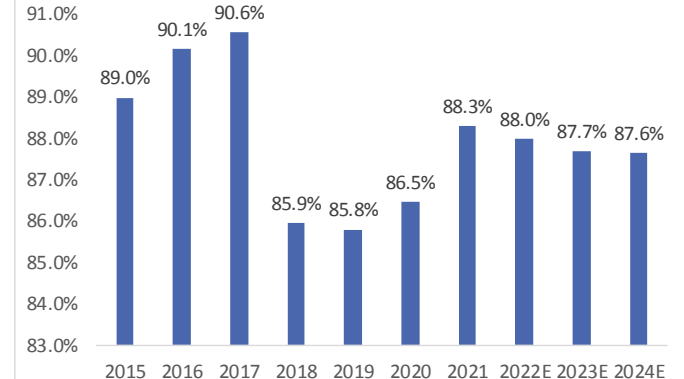
Revenues (\$ billion)



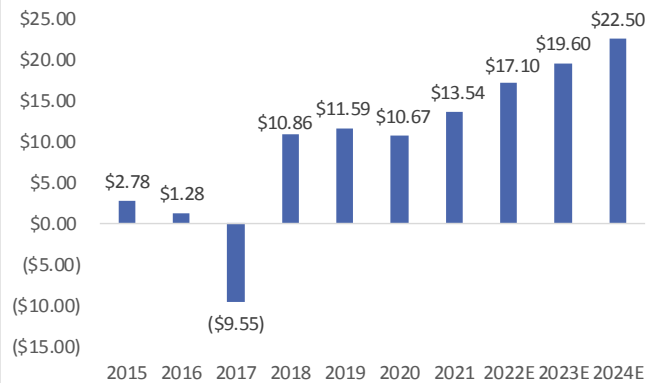
Net Margin (%)



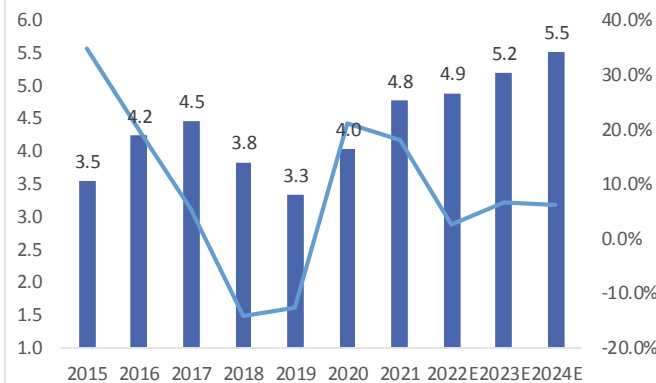
Medical Loss Ratio (%)



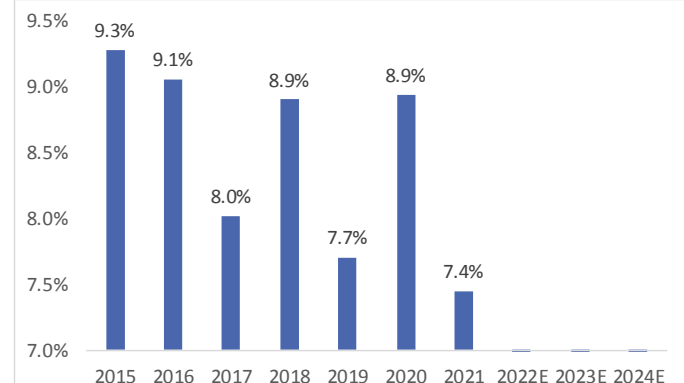
EPS



Medical Membership (Mil.)

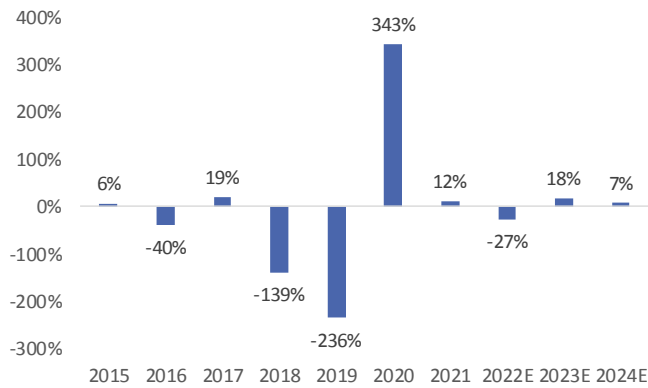


SG&A Ratio (%)



MOH - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

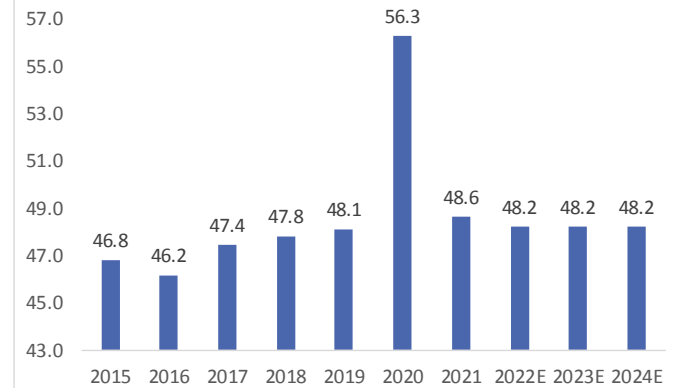
Operating Cash Flow (OCF) Growth



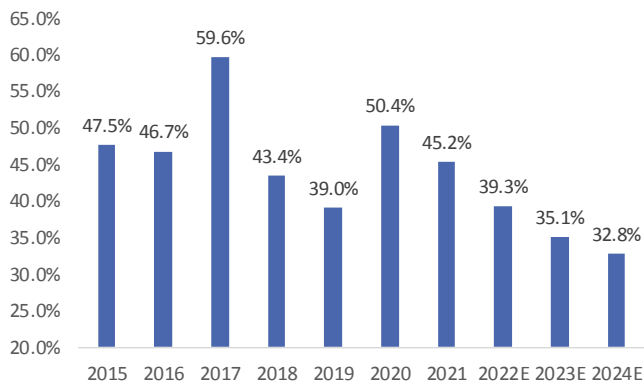
OCF to Net Income Ratio



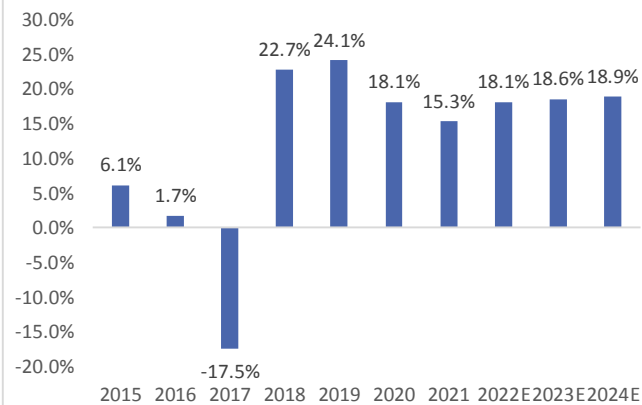
Days Claims Payable



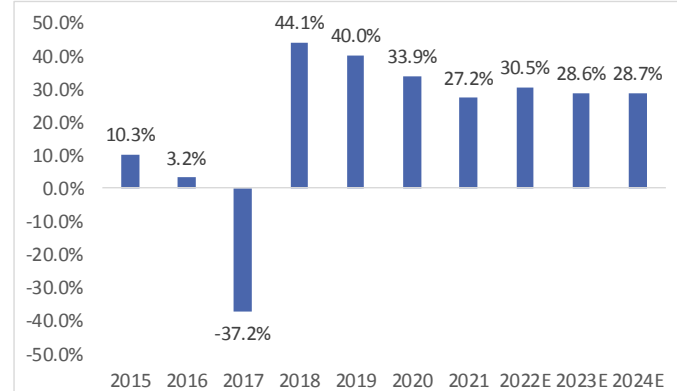
Debt to Capital Ratio (%)



ROIC (%)



ROE (%)



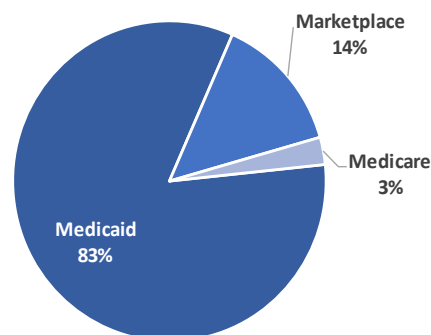
MOH - Business Overview

- Molina is primarily a provider of cost effective Medicaid-related solutions to meet the healthcare needs of low-income families and individuals. In aggregate, Molina serves ~5.2 million medical members across its suite of health benefits products, ~4.3 million of which are Medicaid lives.
- Molina derives ~73% of its revenues from the U.S. Medicaid market, which is most of any MCO in our coverage universe. The U.S. Medicare and Marketplace end markets represent 12% and 12% of total revenues, respectively. Other revenues (3% of total) are primarily earned from provider services.

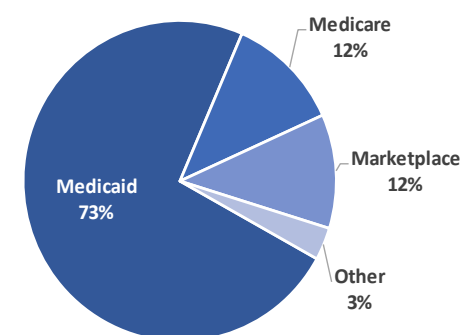
Company Snapshot

Ticker:	MOH
Industry:	Managed Care
Headquarters (City):	Long Beach
Headquarters (State):	California
TTM Revenues (\$Mil.):	\$27,771
Market Cap (\$Mil.):	\$18,457
Cash & Equivalents (\$Mil.):	\$4,438
Debt (\$Mil.):	\$2,526
Avg. Daily Volume (TTM):	350,637
Short Interest (% of float):	1.5%

Managed Care Membership Mix, 4Q21

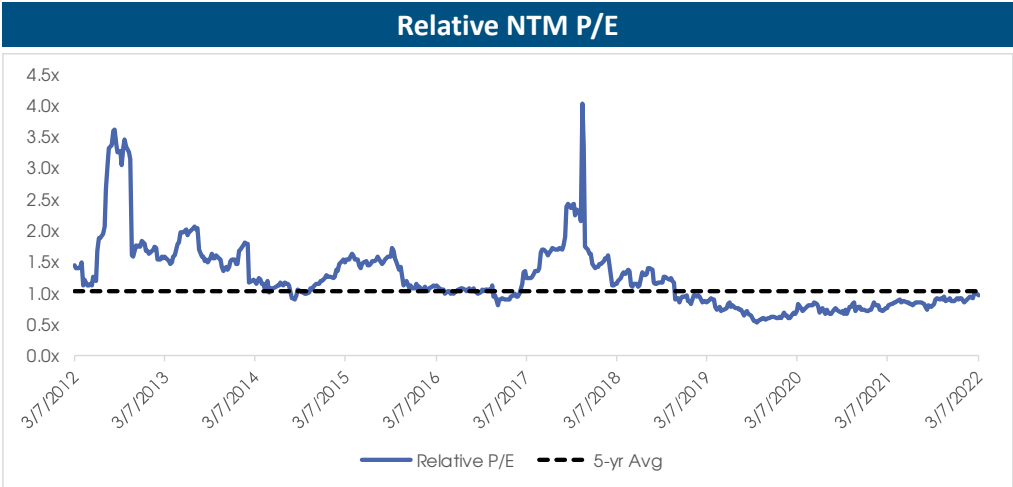
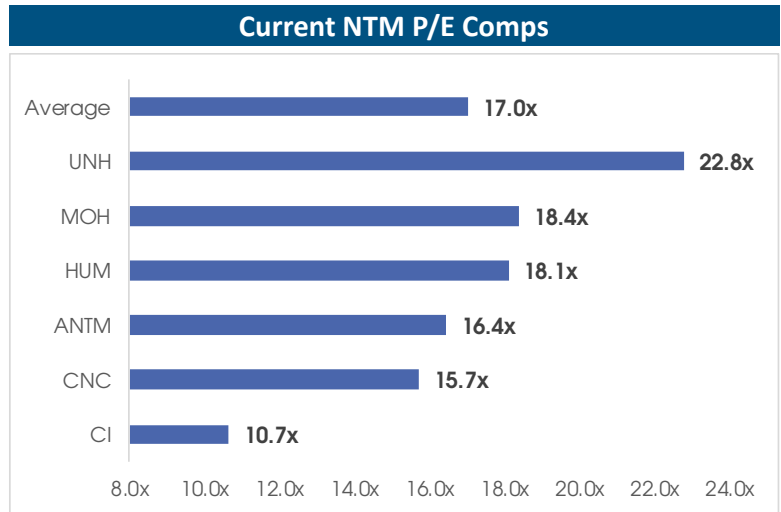
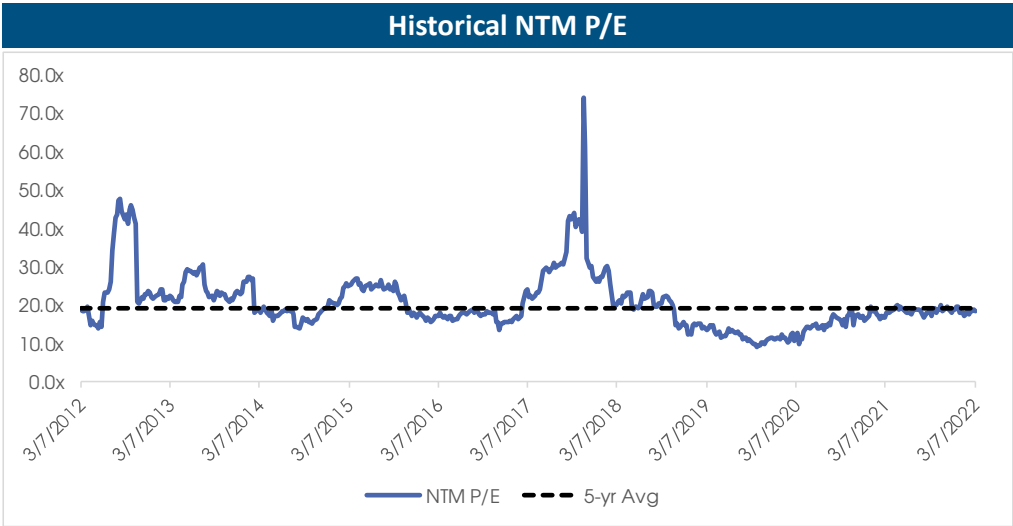


Consolidated Revenue Mix, 4Q21



MOH - Valuation Profile

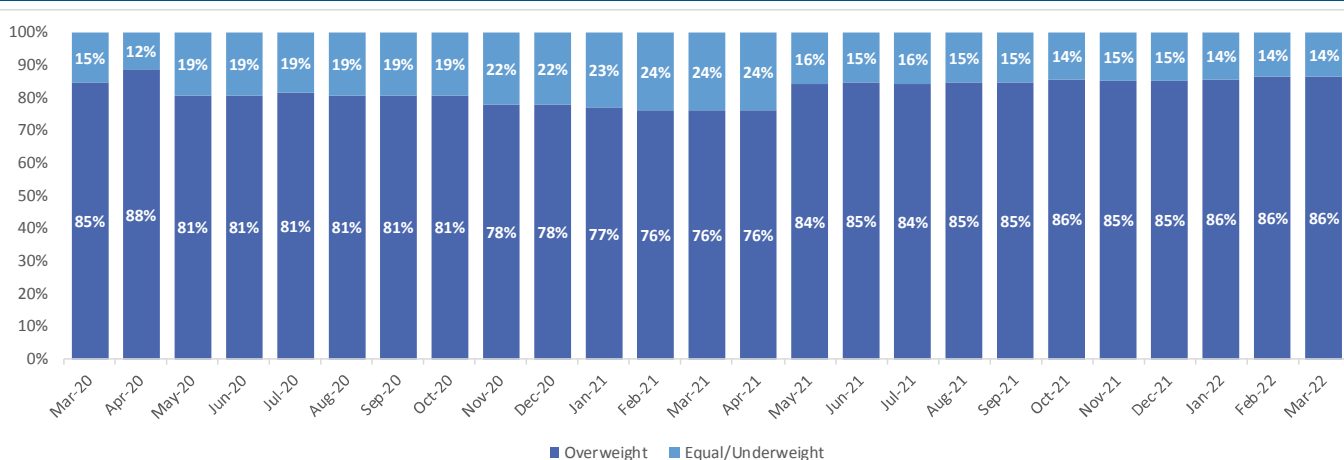
- Valuations, based on NTM consensus P/E, sit near five-year averages on both an absolute and relative basis.
- MOH currently trades at 18.4x NTM consensus EPS vs. the peer average of 17.0x.
- We believe MOH is fairly valued given its current premium vs. peers.



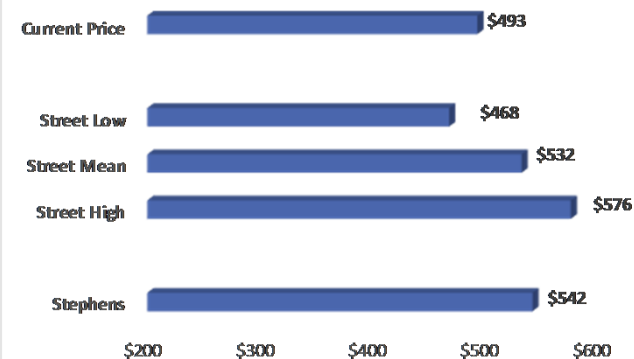
UNH - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$542 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (25 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

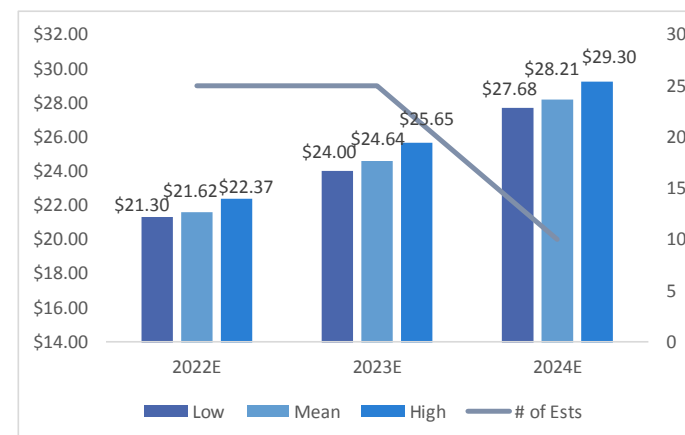
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$319,303	\$318,914	0.1%
2023E	\$350,094	\$345,491	1.3%
2024E	\$384,692	\$378,063	1.8%

Stephens vs. Street – EPS Estimates

	Stephens	Street	Stephens vs. Street (%)
2022E	\$21.60	\$21.62	-0.1%
2023E	\$24.65	\$24.64	0.0%
2024E	\$28.20	\$28.21	0.0%

Street EPS Estimates Detail

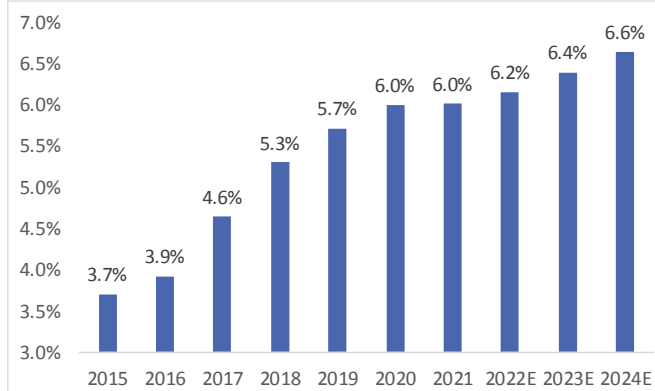


UNH - Key Forecasts Snapshot: Income Statement Metrics

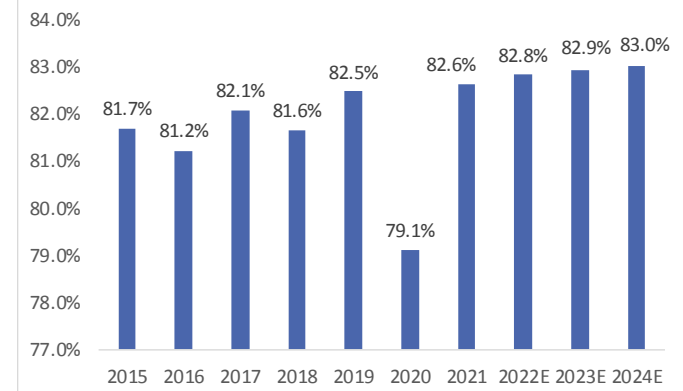
Revenues (\$ billion)



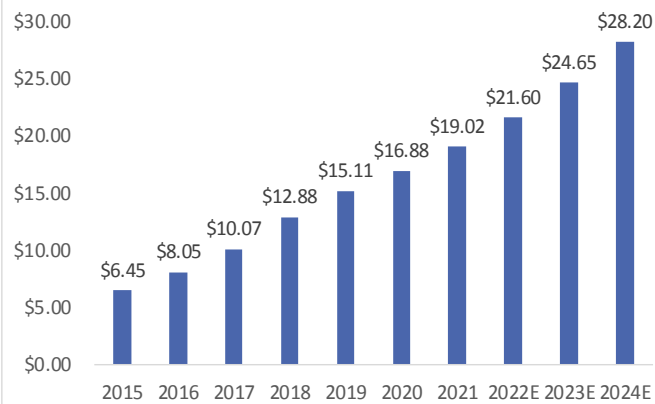
Net Margin (%)



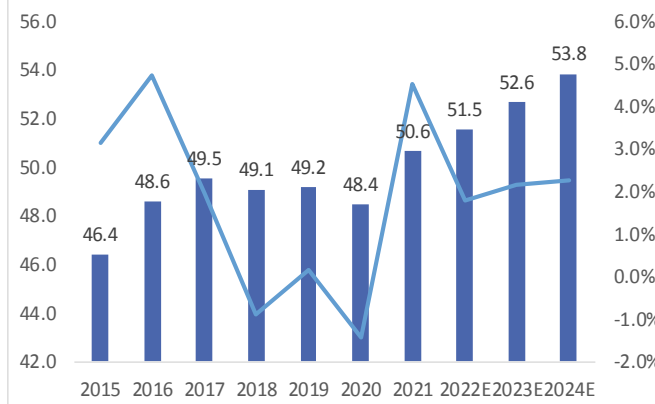
Medical Loss Ratio (%)



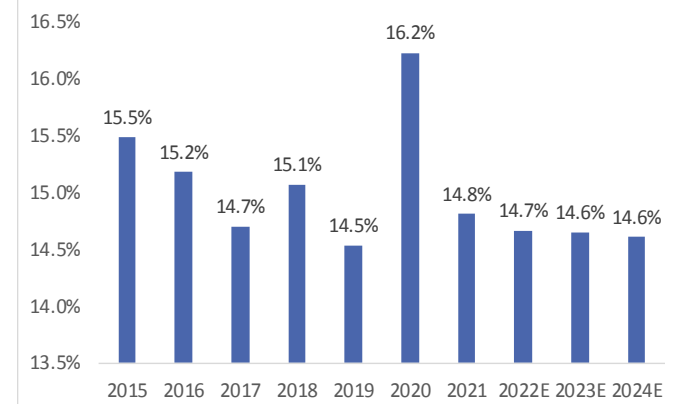
EPS



Medical Membership (Mil.)

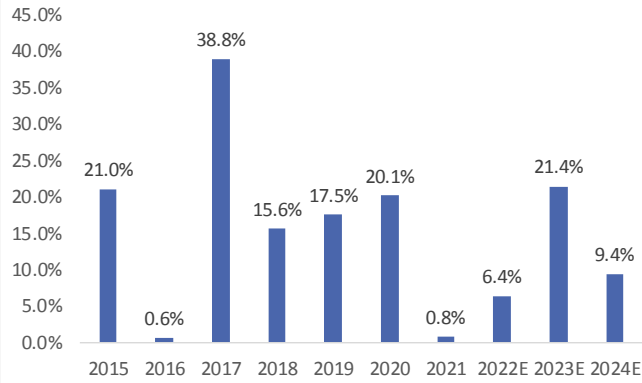


SG&A Ratio (%)



UNH - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

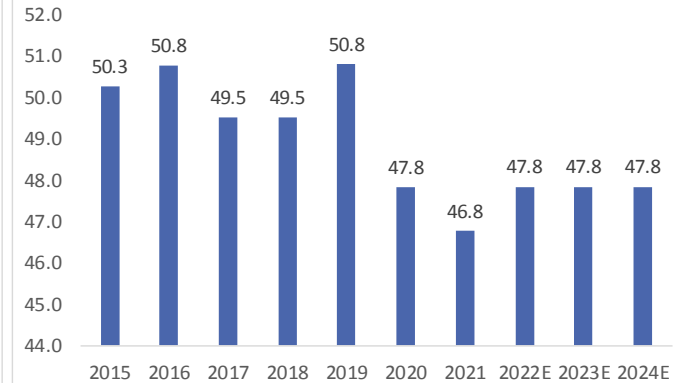
Operating Cash Flow (OCF) Growth



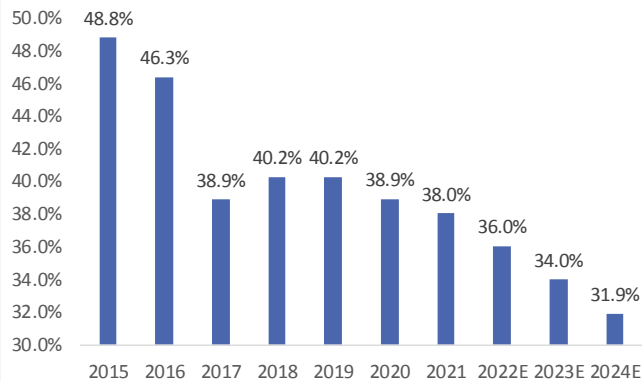
OCF to Net Income Ratio



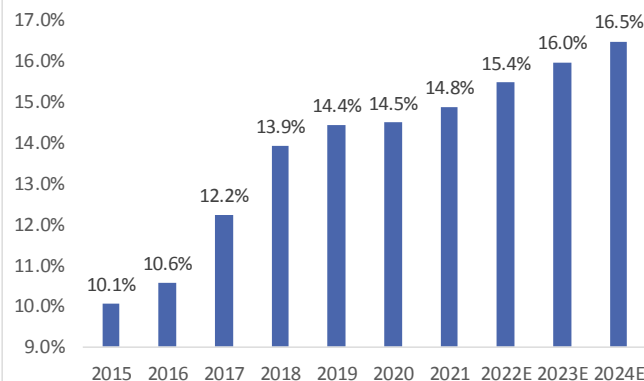
Days Claims Payable



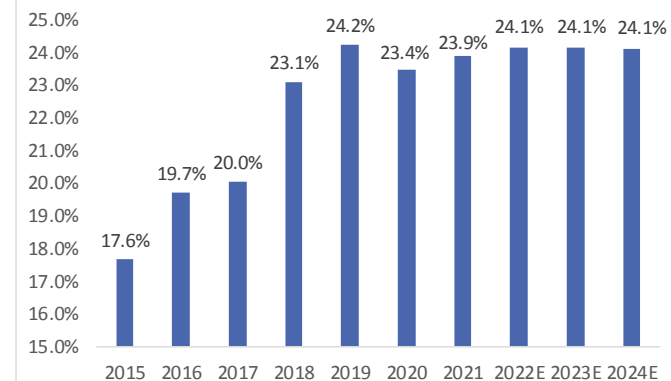
Debt to Capital Ratio (%)



ROIC (%)



ROE (%)



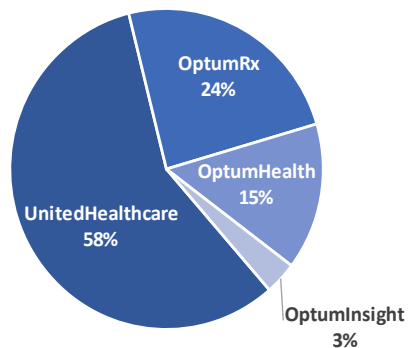
UNH - Business Overview

- UnitedHealth Group is a diversified healthcare organization leveraging core competencies in data and health information; advanced technology; and clinical expertise to help meet the demands of the health system.
- UNH operates two distinct, but strategically aligned, business platforms: health benefits operating under UnitedHealthcare and health services operating under Optum (OptumRx – Pharmacy Services, OptumInsight – Healthcare IT, OptumHealth – Care Delivery and Consumer Solutions).
- UNH’s revenue mix is the most diverse within our coverage group. U.S. Medicare accounts for ~34% of consolidated revenues, followed by U.S. commercial (21%), external Optum business/other (26%), and U.S. Medicaid (19%). UNH is the largest provider of health benefits in the U.S. and holds the top market share position in both Commercial Risk and Medicare products.

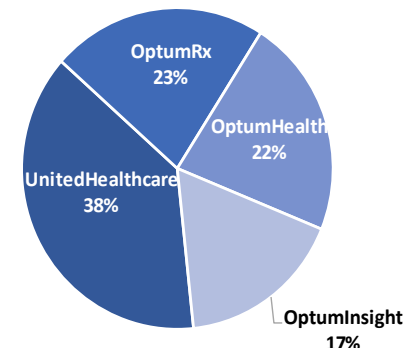
Company Snapshot

Ticker:	UNH
Industry:	Managed Care
Headquarters (City):	Minnetonka
Headquarters (State):	Minnesota
TTM Revenues (\$Mil.):	\$287,597
Market Cap (\$Mil.):	\$463,605
Cash & Equivalents (\$Mil.):	\$21,375
Debt (\$Mil.):	\$51,146
Avg. Daily Volume (TTM):	2,972,337
Short Interest (% of float):	0.6%

Revenue Mix (Before Eliminations), 4Q21

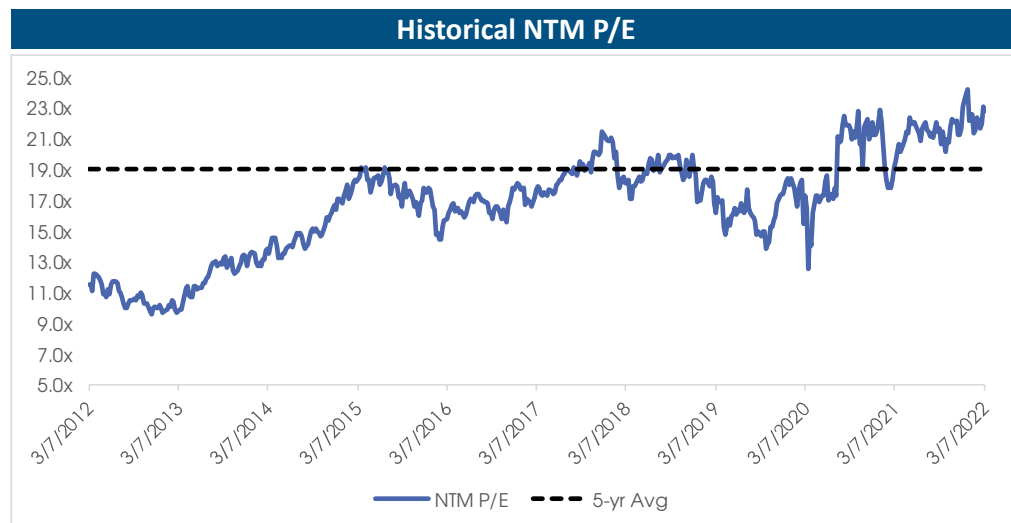


Operating Profit Mix, 4Q21

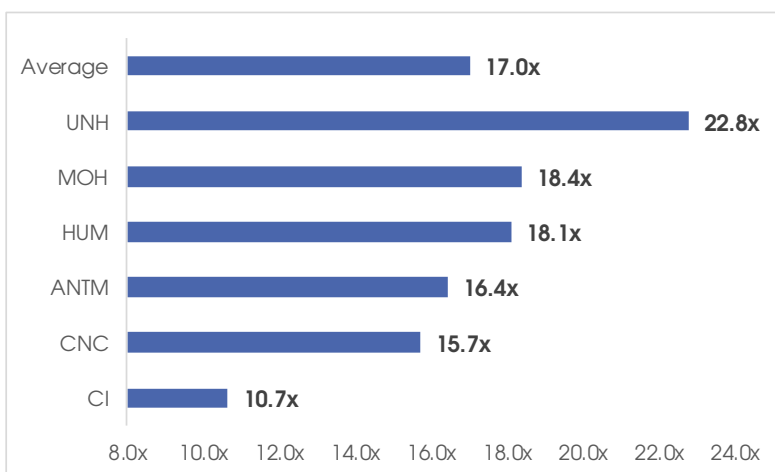


UNH - Valuation Profile

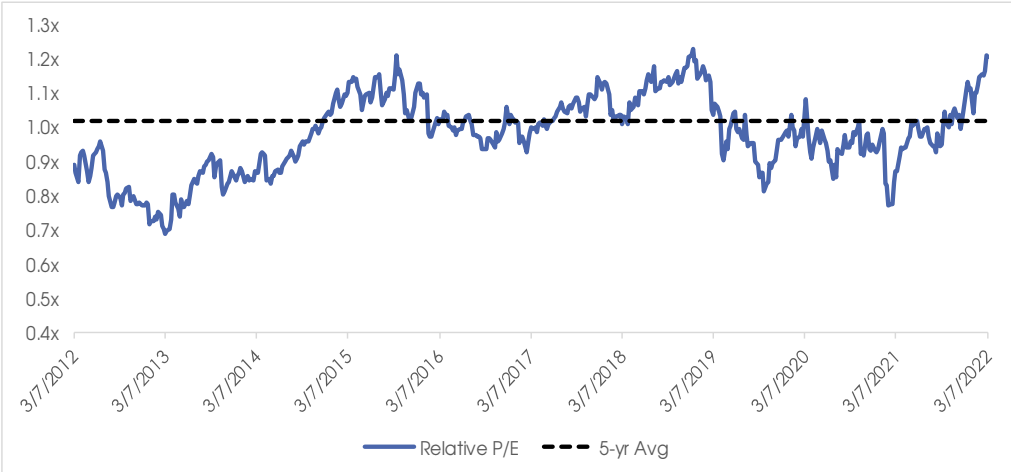
- Valuation, based on NTM consensus P/E, sits above the recent five-year average (~19.0x) on an absolute basis.
- UNH currently trades at 22.8x NTM consensus EPS vs. the peer average of 17.0x.
- We believe UNH's premium valuation to peers is justified given the robust growth opportunities for Optum and Medicare Advantage.



Current NTM P/E Comps



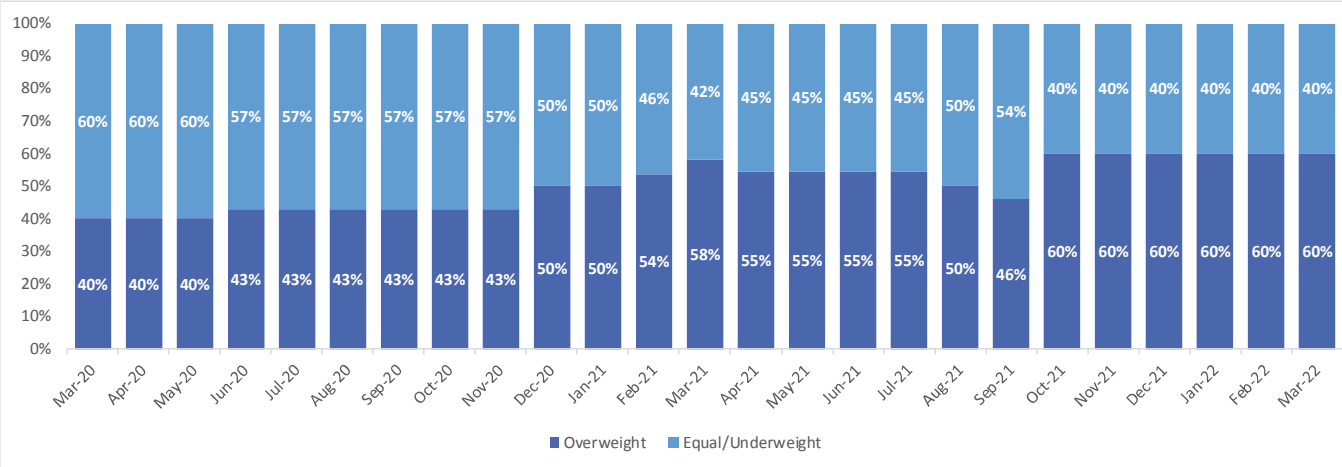
Relative NTM P/E (vs. S&P 500 Index)



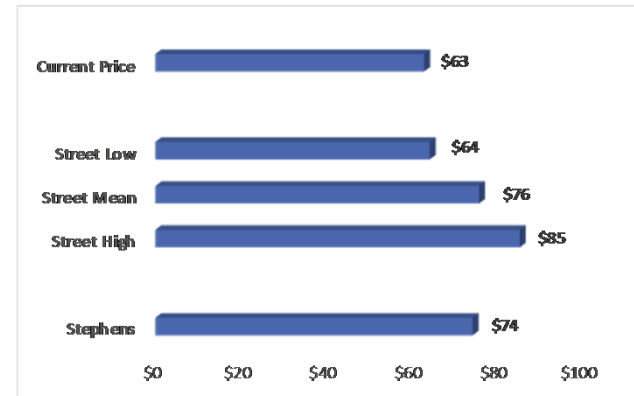
ACHC - Street Ratings and Summary of Key Estimates vs. Stephens

Equal-Weight (EW) Rating, \$74 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (14 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

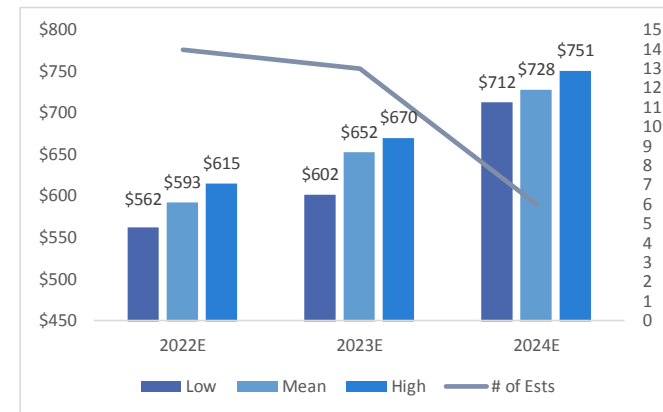
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$2,575	\$2,572	0.1%
2023E	\$2,798	\$2,788	0.4%
2024E	\$3,050	\$3,082	-1.1%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

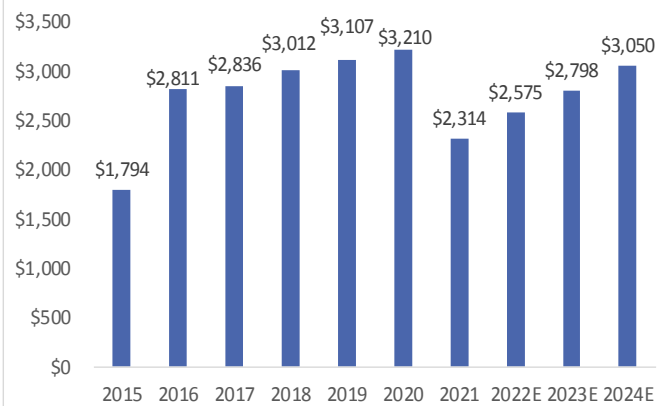
	Stephens	Street	Stephens vs. Street (%)
2022E	\$594	\$593	0.2%
2023E	\$653	\$652	0.2%
2024E	\$719	\$728	-1.3%

Street EBITDA (\$Mil.) Estimates Detail

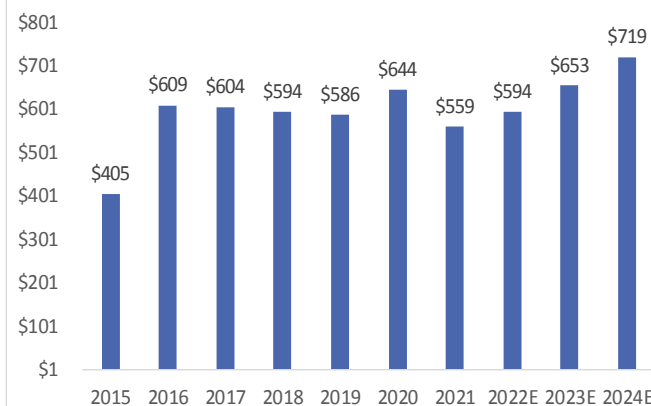


ACHC - Key Forecasts Snapshot: Income Statement Metrics

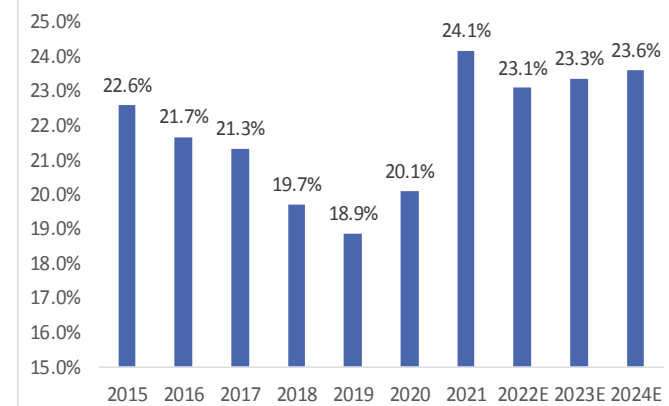
Revenues (\$ millions)



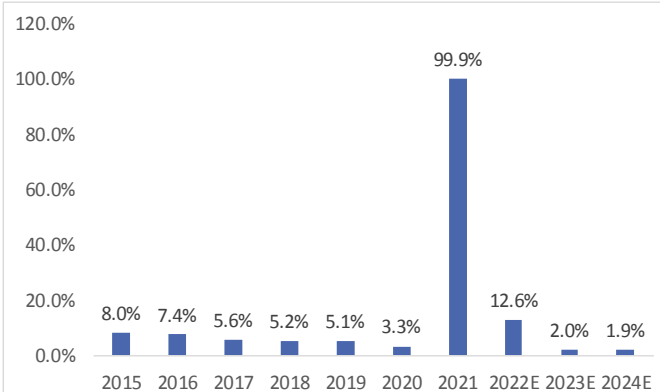
Adjusted EBITDA (\$ millions)



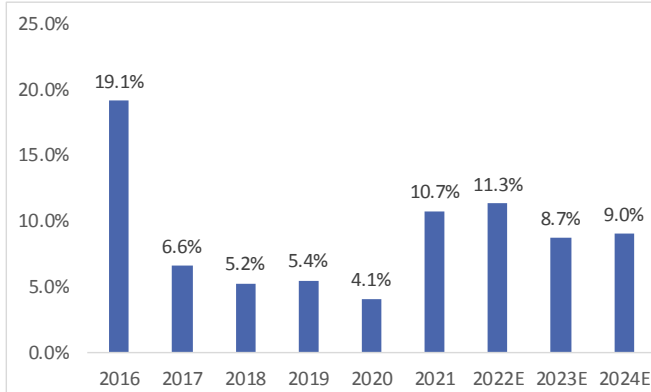
Adjusted EBITDA Margin (%)



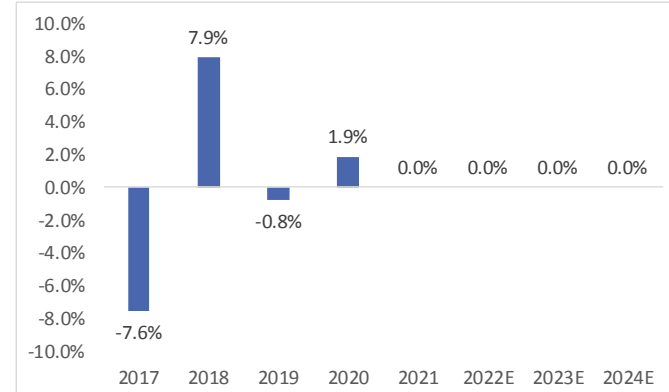
SS Consolidated Revenues Growth (%)



Total US Revenues Growth (%)



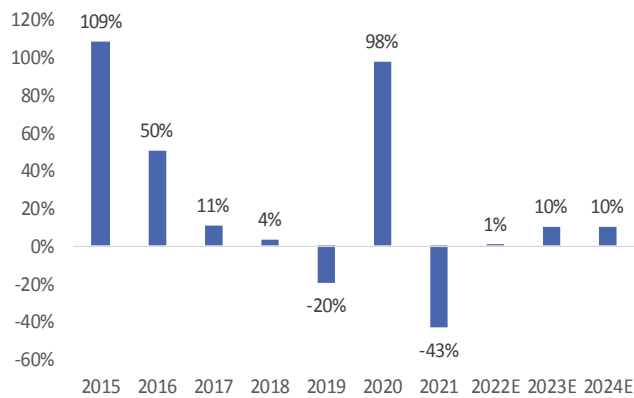
Total UK Revenues Growth (%)



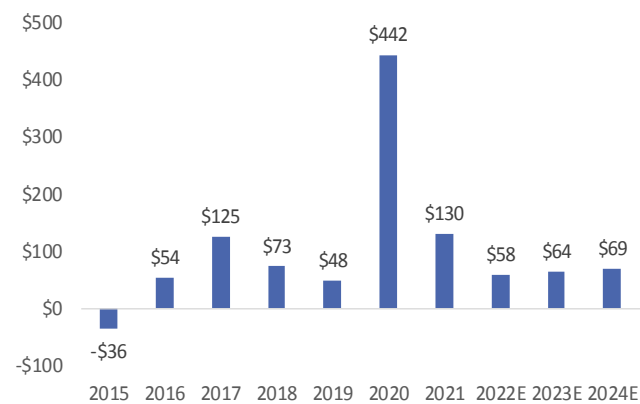
*UK Business sold off in 2020

ACHC - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

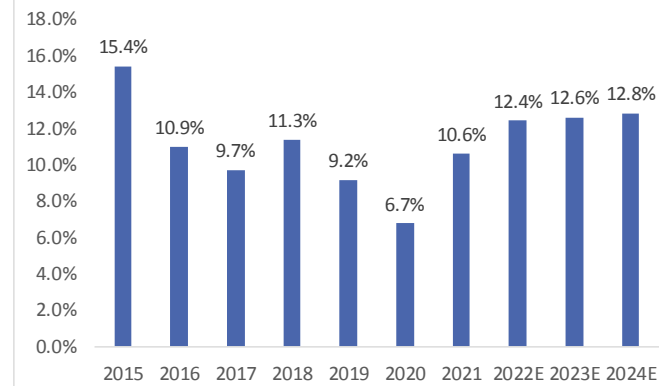
Operating Cash Flow (OCF) Growth



Free Cash Flow (\$ millions)



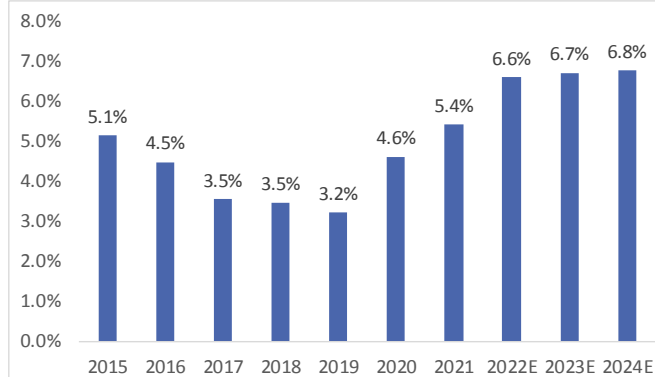
Capex (% of Net Revenues)



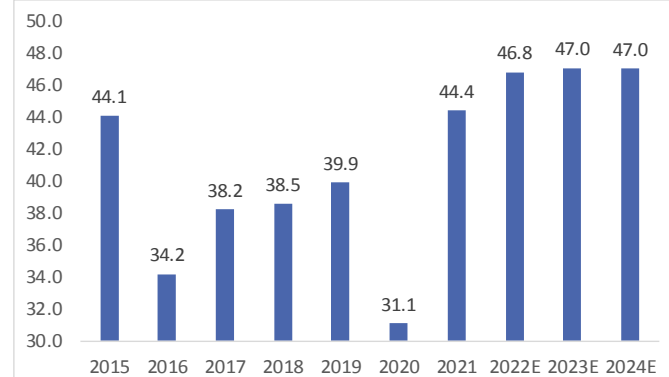
Net Debt to EBITDA Ratio



ROIC (%)



Days Sales Outstanding



ACHC - Business Overview

Acadia Healthcare develops and operates inpatient psychiatric facilities, residential treatment centers, group homes, substance abuse facilities and facilities providing outpatient behavioral healthcare services to serve the behavioral health and recovery needs of communities throughout the United States. As of December 31, 2021, the company operated 238 behavioral healthcare facilities with approximately 10,500 beds in 40 states and Puerto Rico.

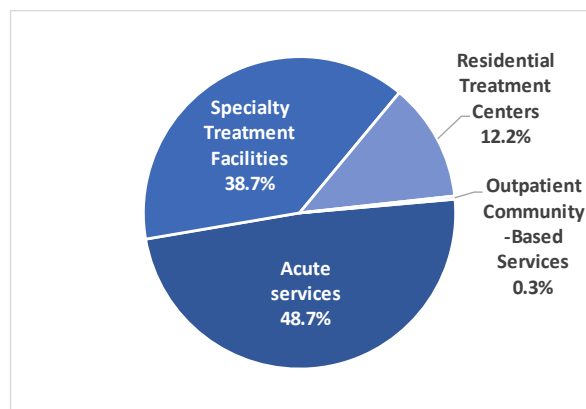
In 4Q21, ACHC recorded ~\$593 million in revenues. In the U.S., Medicaid is ACHC's largest payer (~50% of revs), followed by Commercial (~30% of revs), Medicare (~16% of revs), and other (~5% revs).

Note that ACHC sold its UK operations in 2021 and now focuses exclusively on the U.S. market.

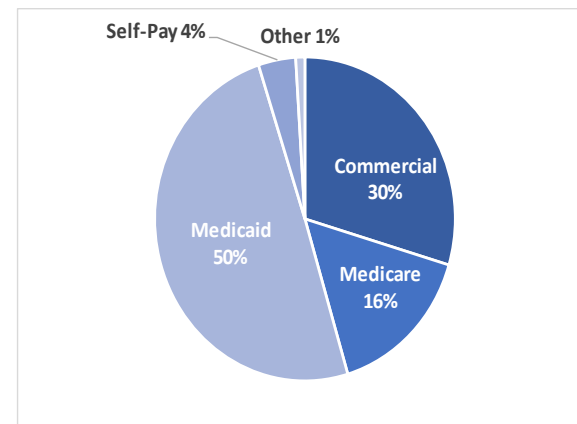
Company Snapshot

Ticker:	ACHC
Industry:	Healthcare Facilities
Headquarters (City):	Franklin
Headquarters (State):	Tennessee
TTM Revenues (\$Mil.):	\$2,314
Market Cap (\$Mil.):	\$5,636
Cash & Equivalents (\$Mil.):	\$134
Debt (\$Mil.):	\$1,649
Avg. Daily Volume (TTM):	437,001
Short Interest (% of float):	3.7%

U.S. Revenue Mix (%), 4Q21



U.S. Payer Mix (%), 4Q21



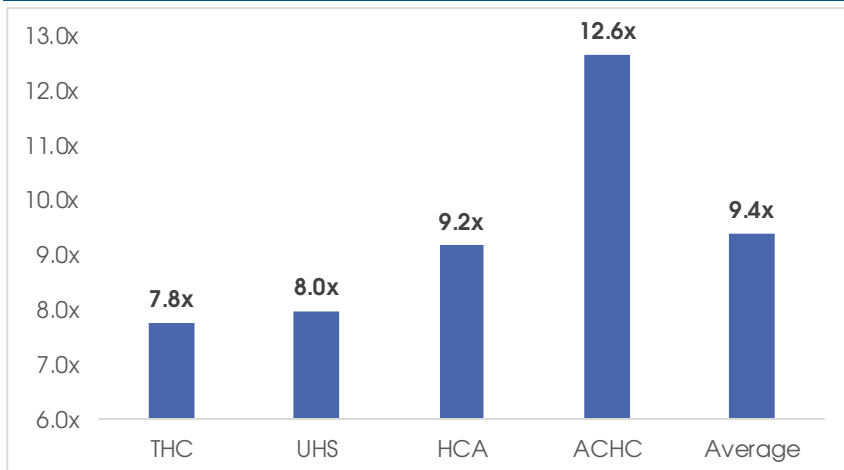
ACHC - Valuation Profile

- Valuation, based on NTM consensus EV/EBITDA, at 12.6x is above the recent three-year and five-year averages.
- Direct comps for public pure-play BH providers are limited, though ACHC trades at a premium to its closest peer, UHS (8.0x); acute care comps trade at 9.4x, on average.
- We believe ACHC's premium valuation to the recent five-year average reflects the recent sale of the U.K. business and the cash optionality for growth deployment in a U.S. market experiencing increased demand amidst the pandemic.

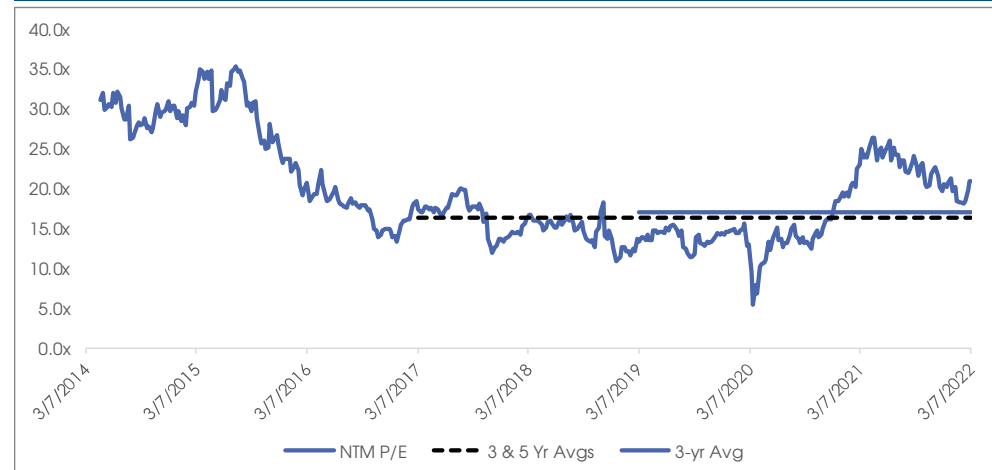
Historical NTM EV/EBITDA



Current NTM EV/EBITDA



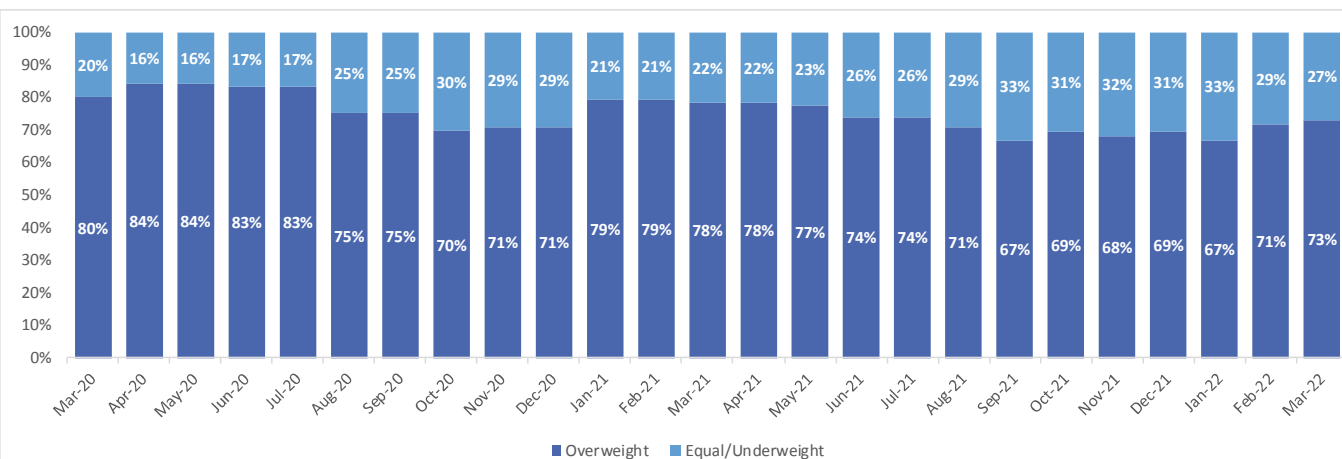
Historical NTM P/E



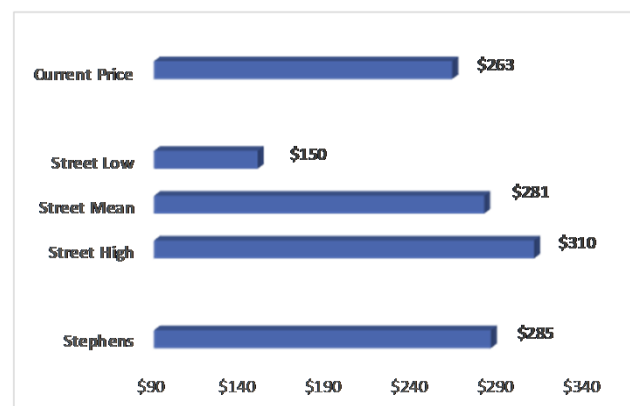
HCA - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$285 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (21 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

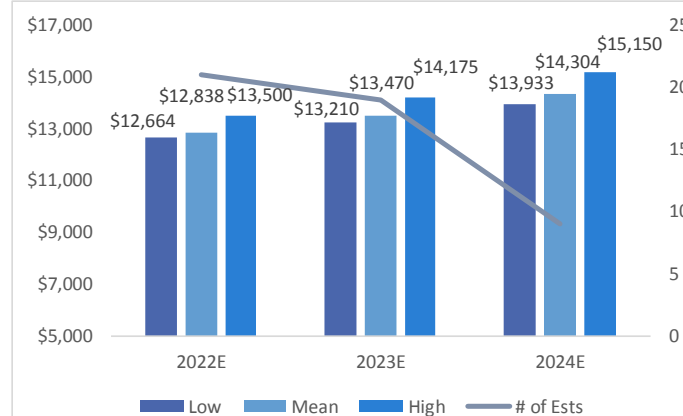
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$61,390	\$61,146	0.4%
2023E	\$65,484	\$64,566	1.4%
2024E	\$69,638	\$68,282	2.0%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

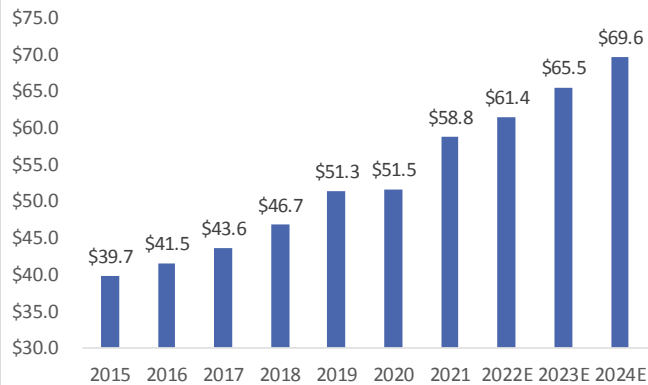
	Stephens	Street	Stephens vs. Street (%)
2022E	\$12,900	\$12,838	0.5%
2023E	\$13,656	\$13,470	1.4%
2024E	\$14,465	\$14,304	1.1%

Street EBITDA (\$Mil.) Estimates Detail

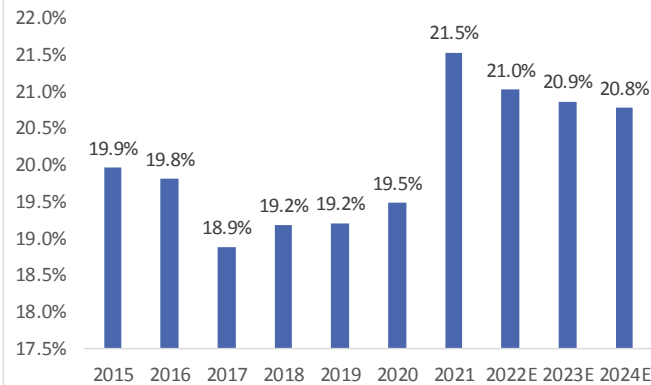


HCA - Key Forecasts Snapshot: Income Statement Metrics

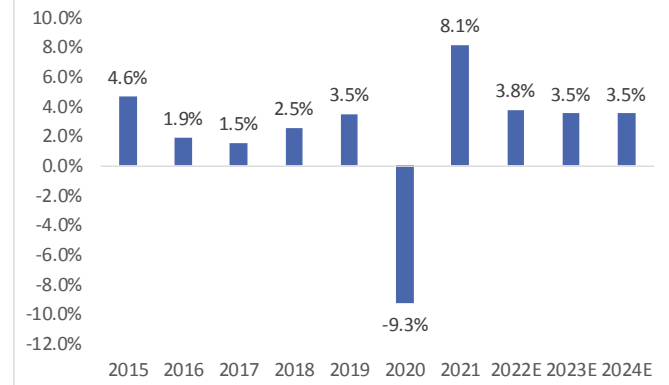
Revenues (\$ billions)



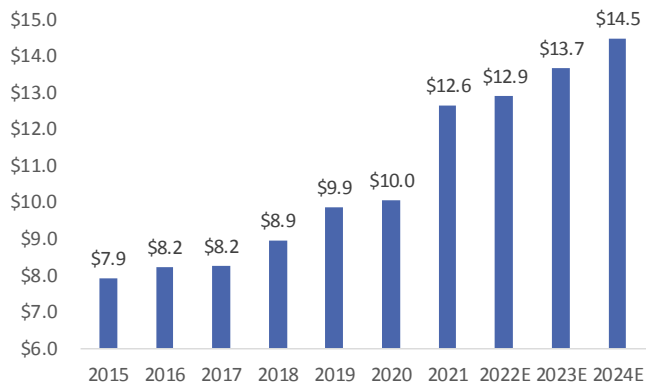
Adjusted EBITDA Margin (%)



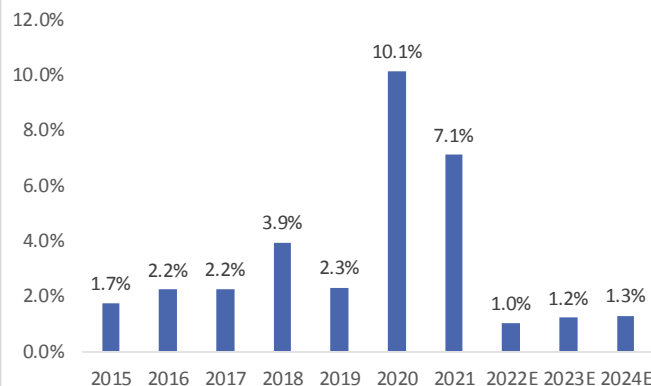
SS Adjusted Admissions Growth (%)



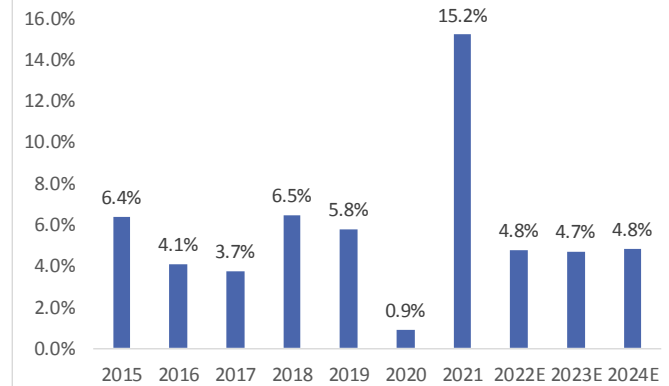
Adjusted EBITDA (\$ billions)



SS Revenue per Adjusted Admission Growth (%)

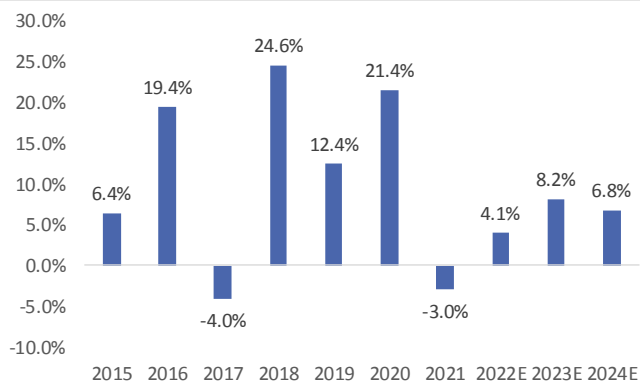


SS Revenues Growth (%)

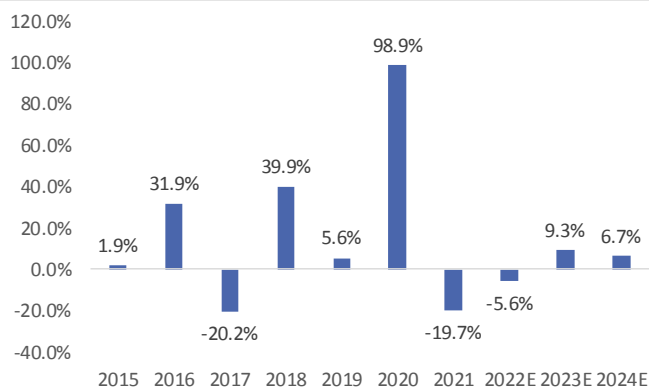


HCA - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

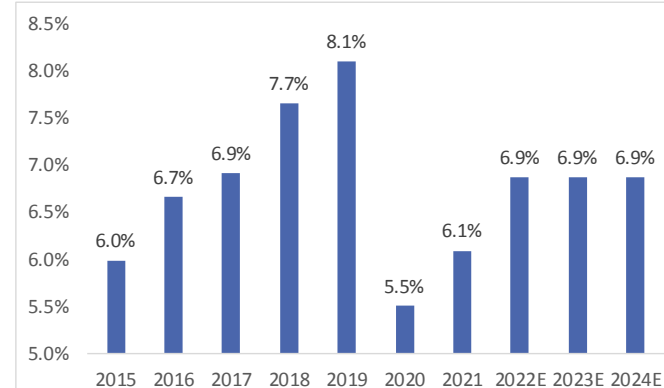
Operating Cash Flow (OCF) Growth



Free Cash Flow Growth



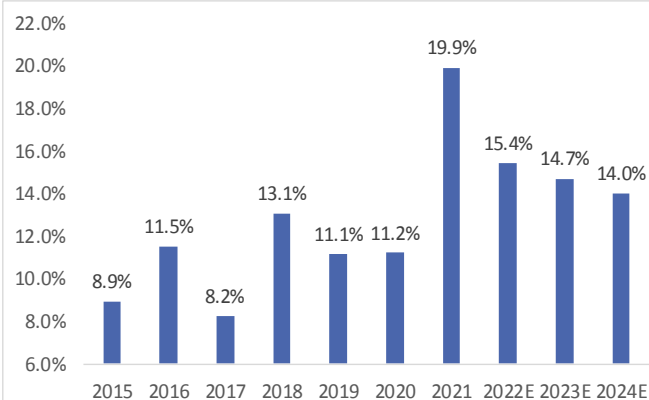
Capex (% of Net Revenues)



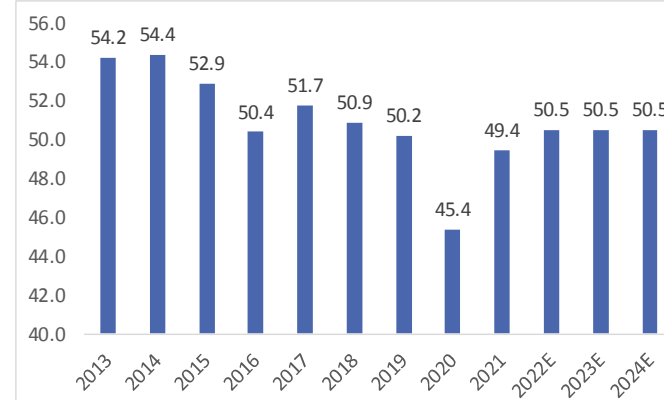
Net Debt to EBITDA Ratio



ROIC (%)



Days Sales Outstanding



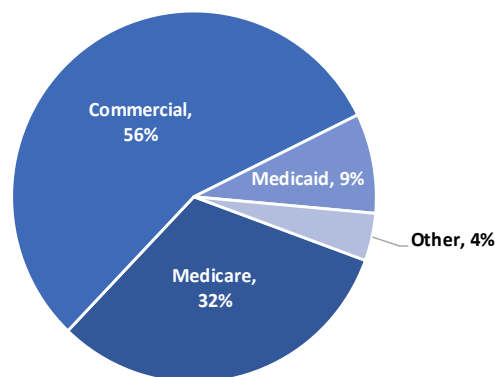
HCA - Business Overview

- HCA Healthcare owns and operates hospitals and related healthcare entities. HCA operates 182 hospitals, 125 freestanding surgery centers and provided extensive outpatient and ancillary services.
- HCA's facilities are located in 20 states and England; HCA has a strong geographic presence in Texas and Florida which encompass 91 of the company's 182 total hospitals.
- Just over half of HCA's net revenues are derived from commercial health insurance payers. Medicare represents roughly one-third of consolidated revenues, with Medicaid accounting for just 19%.

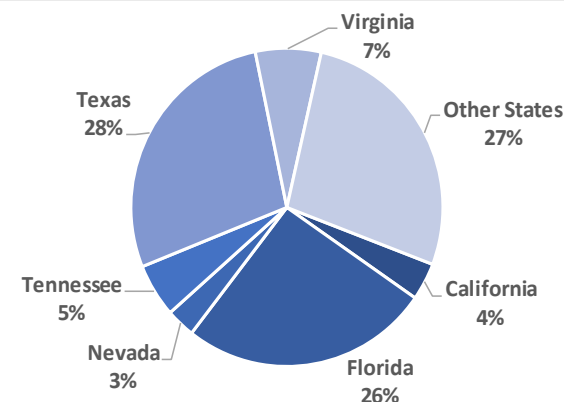
Company Snapshot

Ticker:	HCA
Industry:	Healthcare Facilities
Headquarters (City):	Nashville
Headquarters (State):	Tennessee
TTM Revenues (\$Mil.):	\$58,752
Market Cap (\$Mil.):	\$79,733
Cash & Equivalents (\$Mil.):	\$1,554
Debt (\$Mil.):	\$36,726
Avg. Daily Volume (TTM):	1,427,266
Short Interest (% of float):	1.4%

Revenue Mix (%), 4Q21

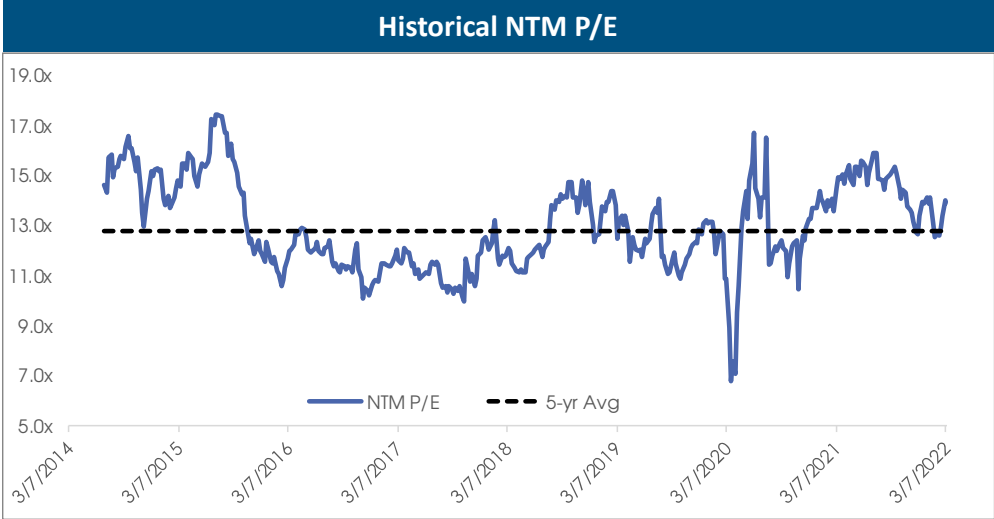
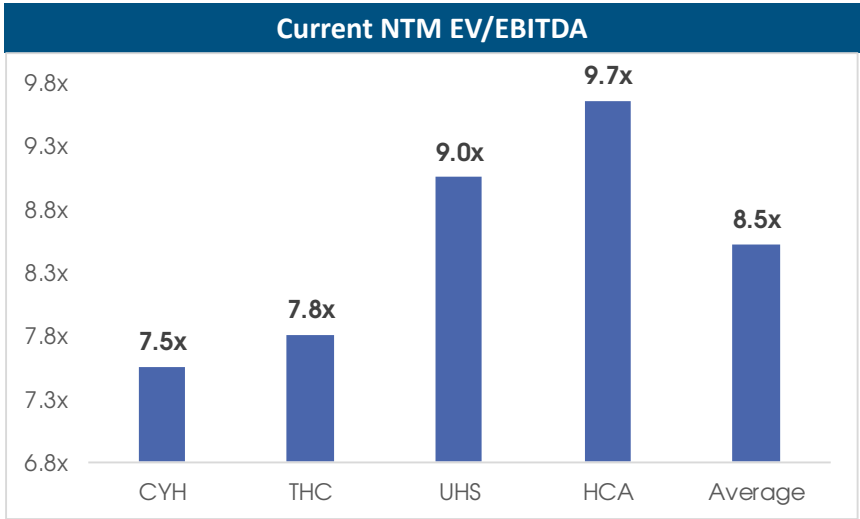
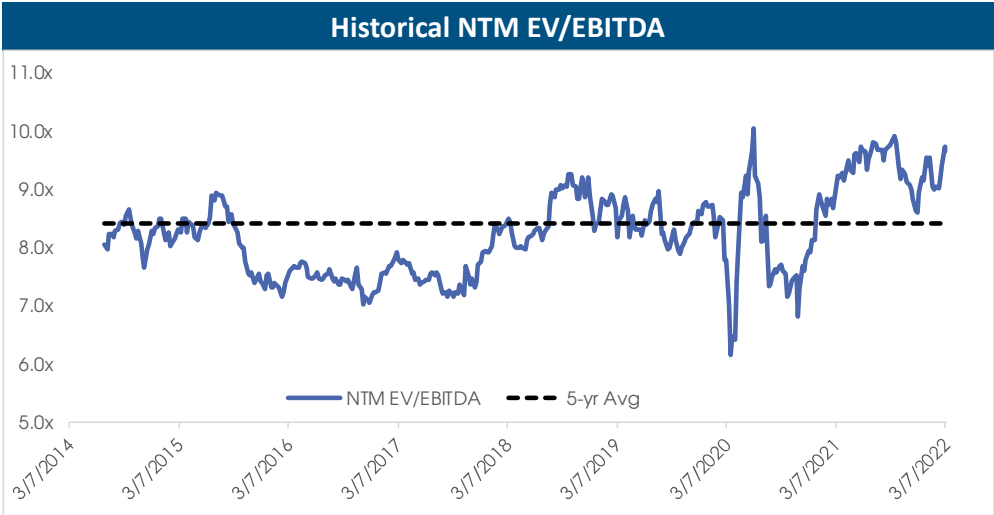


Geographic Mix (%) of HCA's Beds



HCA - Valuation Profile

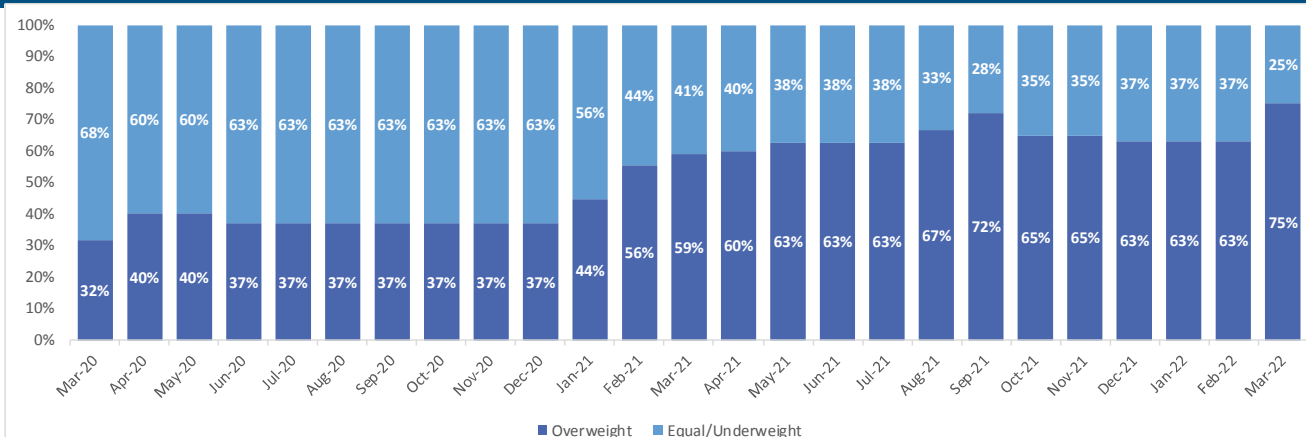
- Valuation, based on both NTM consensus EV/EBITDA and P/E, is trending above the most recent five-year average.
- HCA currently trades at 9.7x NTM consensus EBITDA vs. the peer average of 8.5x.
- We find HCA's valuation to be attractive given that we expect adjusted EBITDA growth to return to the high end of the L-T target of 4%-6% following the near-term impacts of C-19.



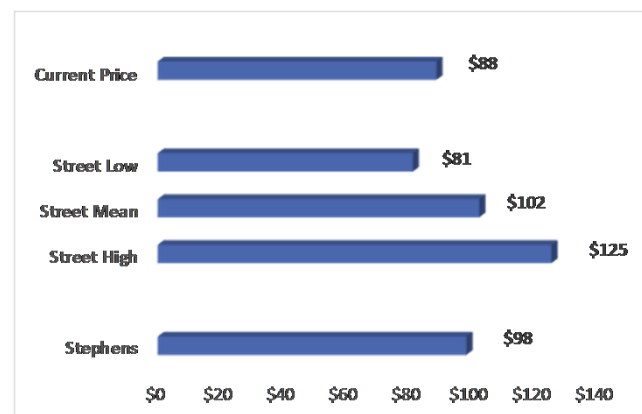
THC - Street Ratings and Summary of Key Estimates vs. Stephens

Equal-Weight / Volatile (EW – Vol.) Rating, \$98 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (17 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

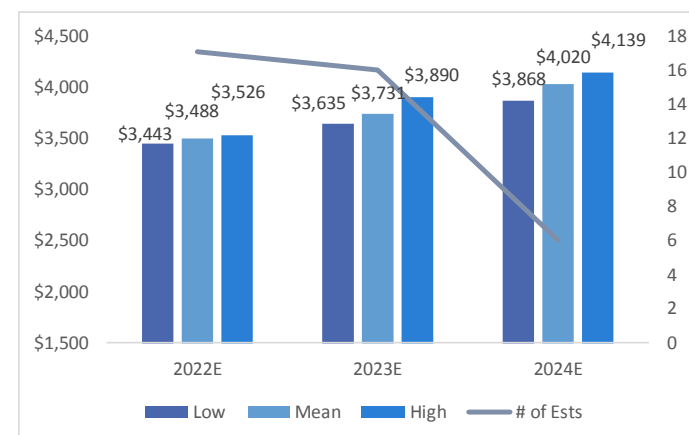
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$19,708	\$19,833	-0.6%
2023E	\$20,765	\$20,715	0.2%
2024E	\$21,888	\$21,925	-0.2%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$3,513	\$3,488	0.7%
2023E	\$3,755	\$3,731	0.7%
2024E	\$4,025	\$4,020	0.1%

Street EBITDA (\$Mil.) Estimates Detail

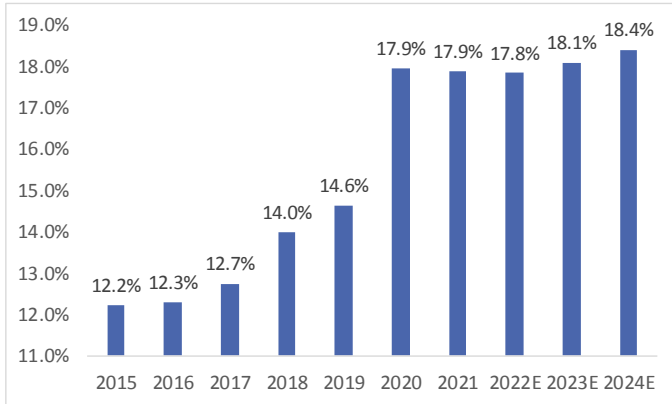


THC - Key Forecasts Snapshot: Income Statement Metrics

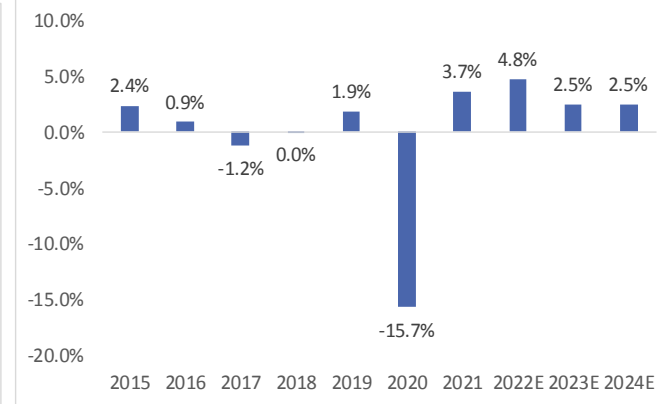
Revenues (\$ billions)



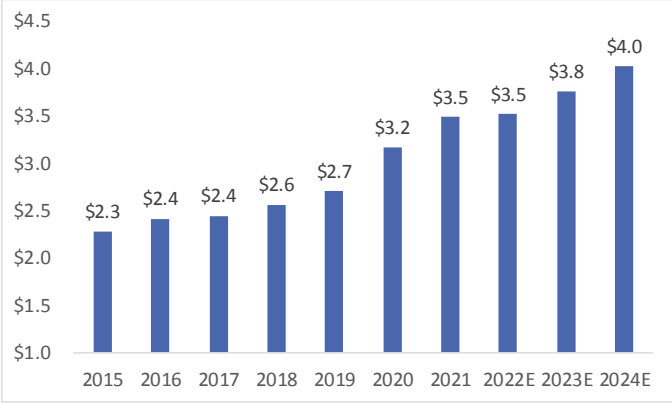
Adjusted EBITDA Margin (%)



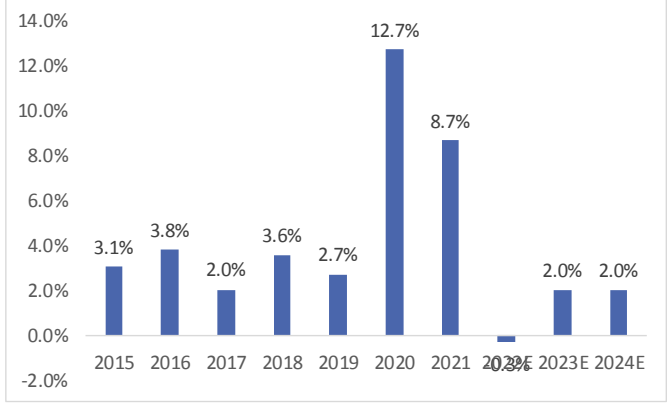
SS Adjusted Admissions Growth (%)



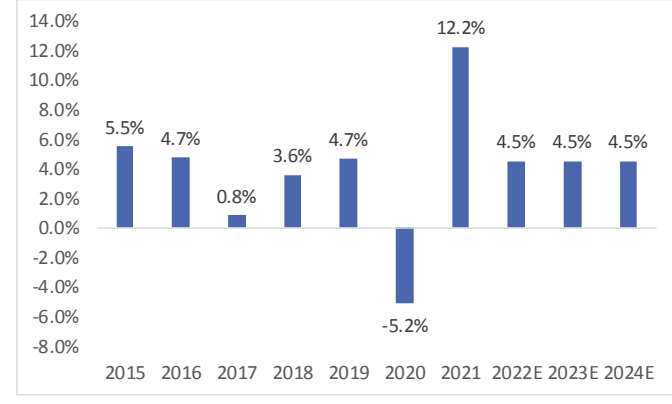
Adjusted EBITDA (\$ billions)



SS Revenue per Adjusted Admission Growth (%)

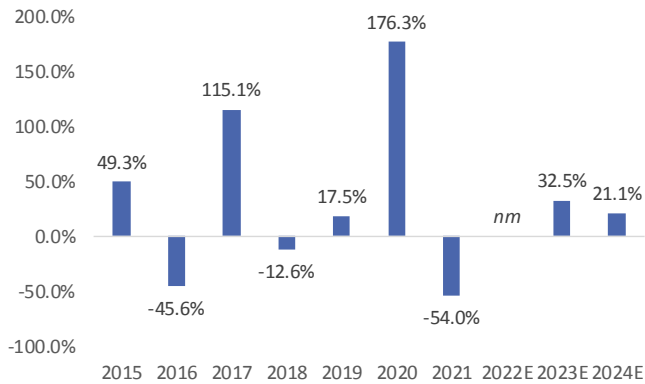


SS Revenues Growth (%)

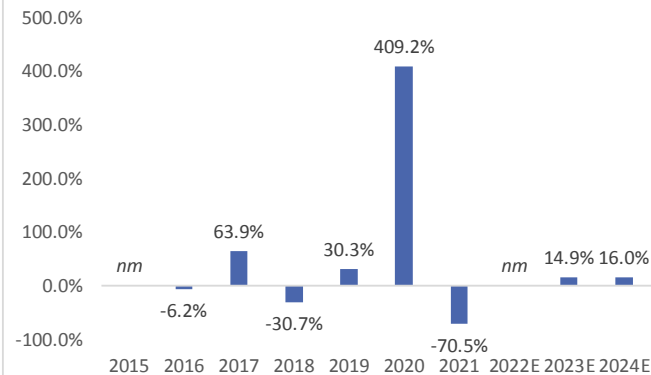


THC - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

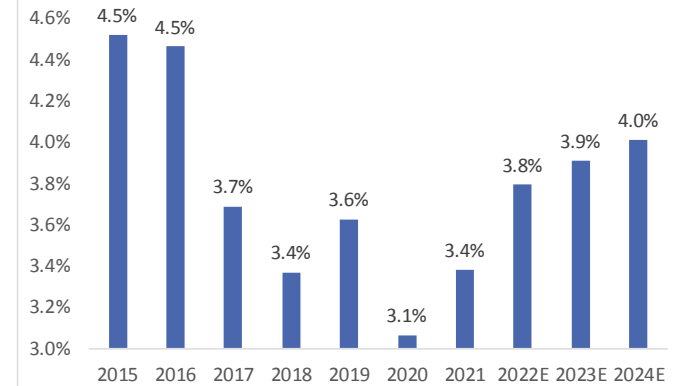
Operating Cash Flow (OCF) Growth



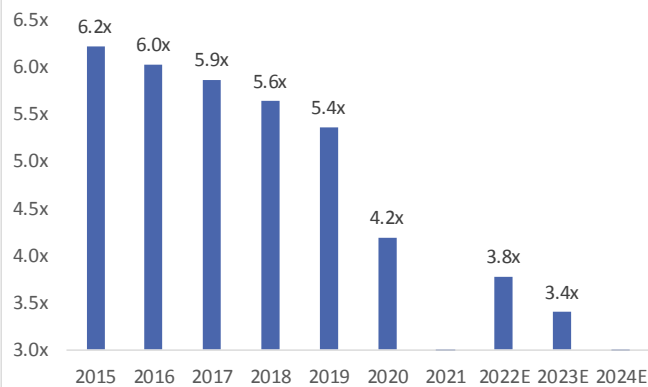
Free Cash Flow Growth



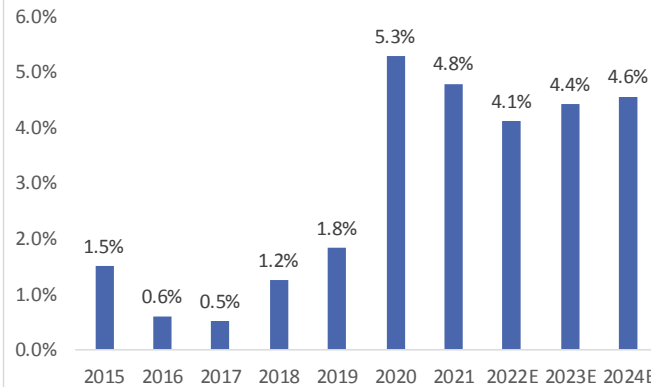
Capex (% of Net Revenues)



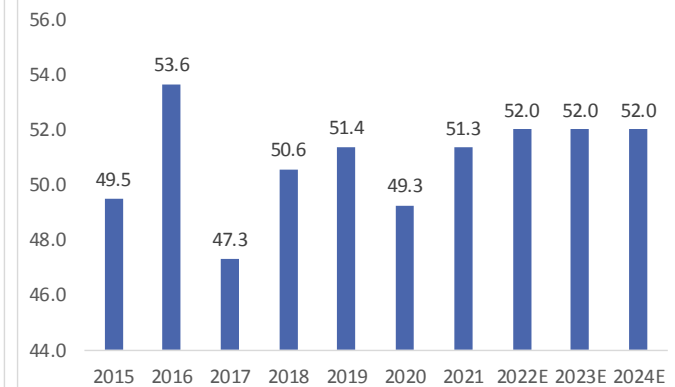
Net Debt to EBITDA Ratio



ROIC (%)



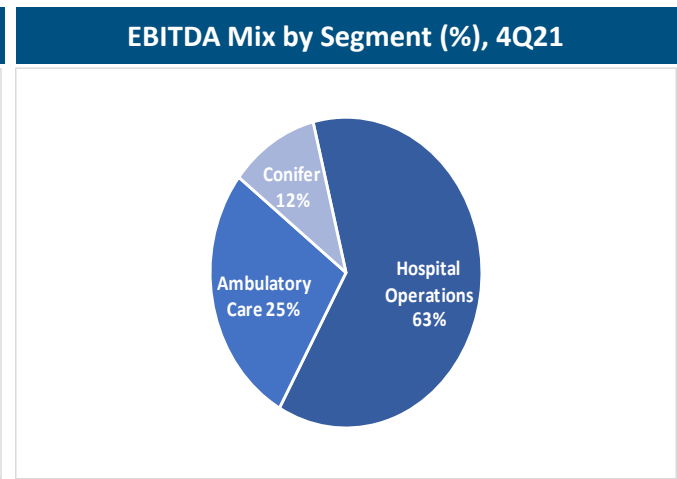
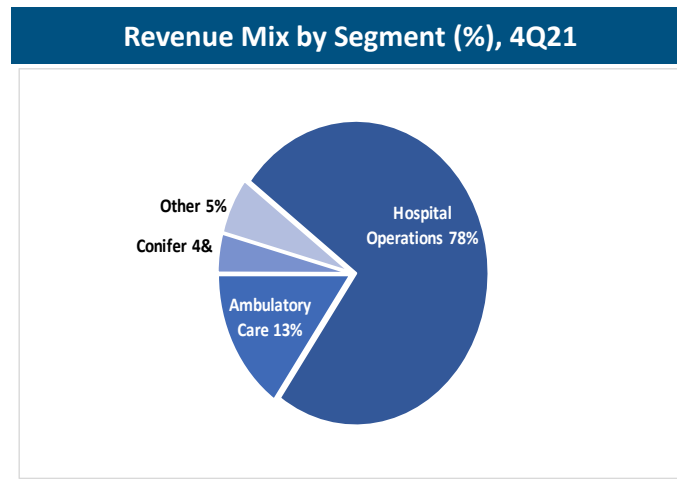
Days Sales Outstanding



THC - Business Overview

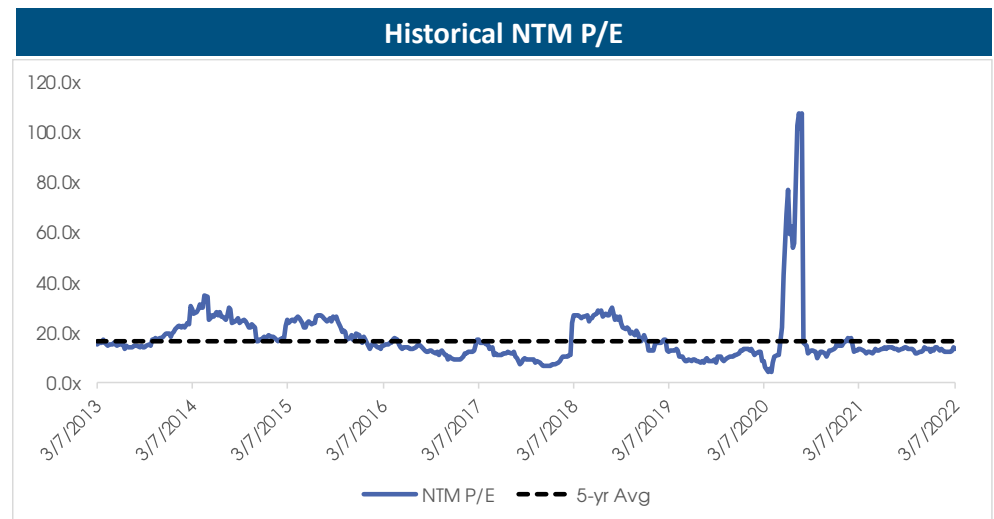
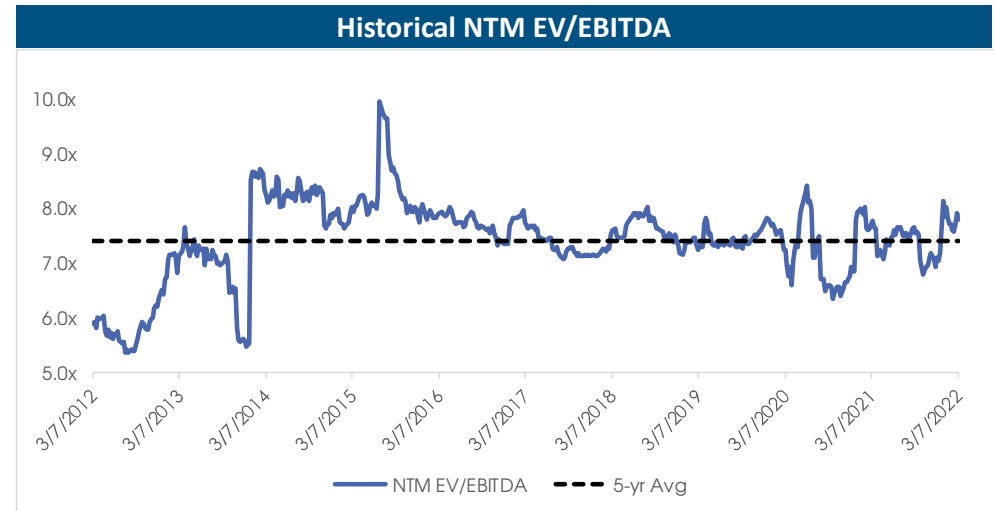
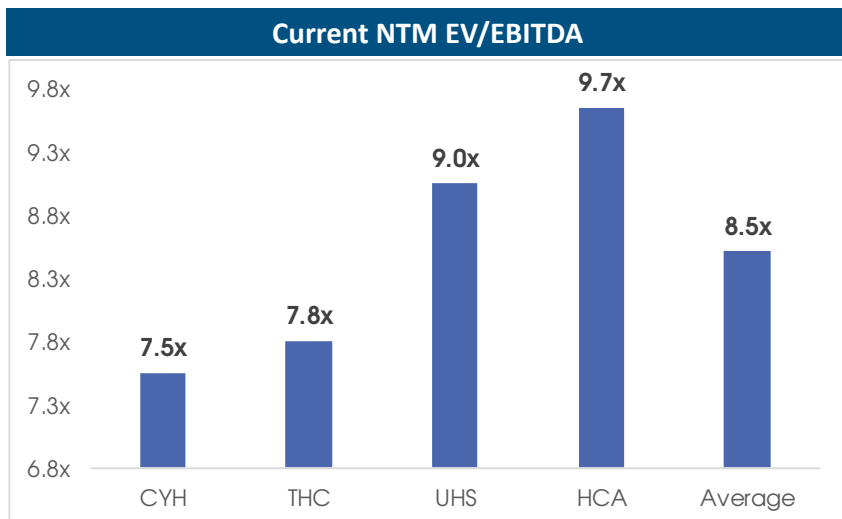
- Tenet Healthcare is a diversified healthcare services company. Tenet operates 65 hospitals, 24 surgical hospitals and ~460 outpatient centers in the United States through its subsidiaries, partnerships and joint ventures, including USPI Holding Company, Inc.
- Tenet's Conifer subsidiary provides healthcare business process services in the areas of hospital and physician revenue cycle management and value-based care solutions to healthcare systems, as well as individual hospitals, physician practices, self-insured organizations, health plans and other entities.

Company Snapshot	
Ticker:	THC
Industry:	Healthcare Facilities
Headquarters (City):	Dallas
Headquarters (State):	Texas
TTM Revenues (\$Mil.):	\$19,485
Market Cap (\$Mil.):	\$9,510
Cash & Equivalents (\$Mil.):	\$2,364
Debt (\$Mil.):	\$16,771
Avg. Daily Volume (TTM):	973,070
Short Interest (% of float):	4.3%



THC - Valuation Profile

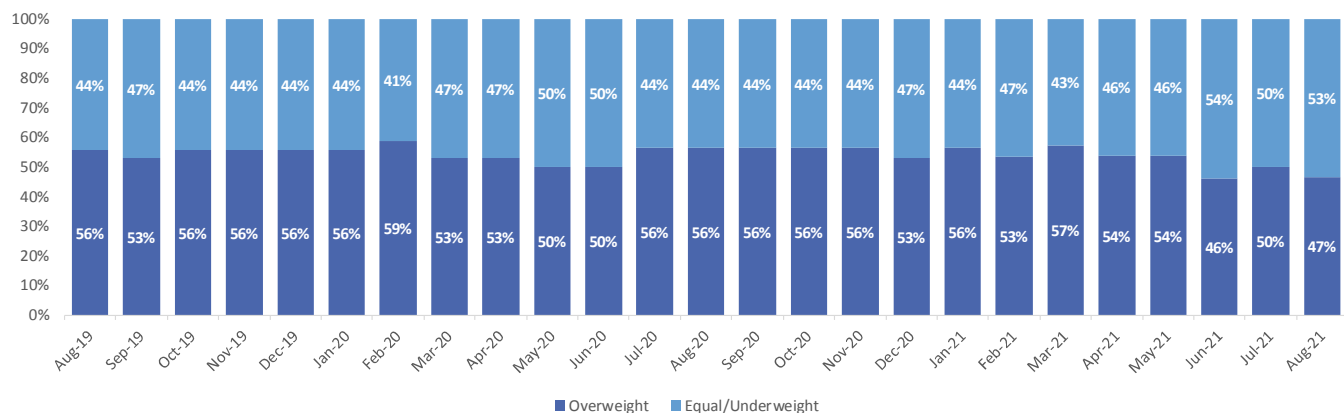
- Valuation, based on NTM consensus EV/EBITDA, is above the five-year average.
- THC currently trades at 7.8x NTM consensus EBITDA vs. the peer average of 8.5x.
- We believe THC's comparable valuation relative to peers is reasonable given above-average growth potential in ASCs offset by underperformance in the core hospital business and higher leverage profile relative to peers.



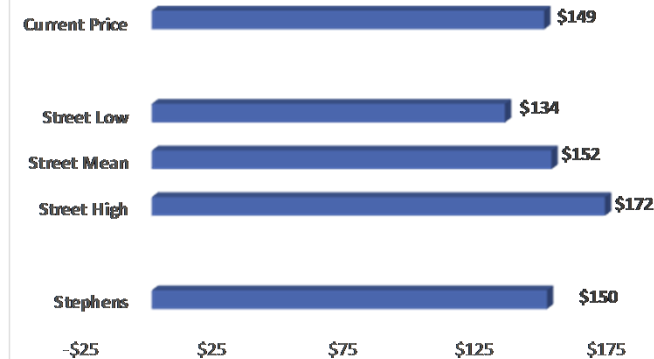
UHS - Street Ratings and Summary of Key Estimates vs. Stephens

Equal-Weight (EW) Rating, \$150 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (16 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

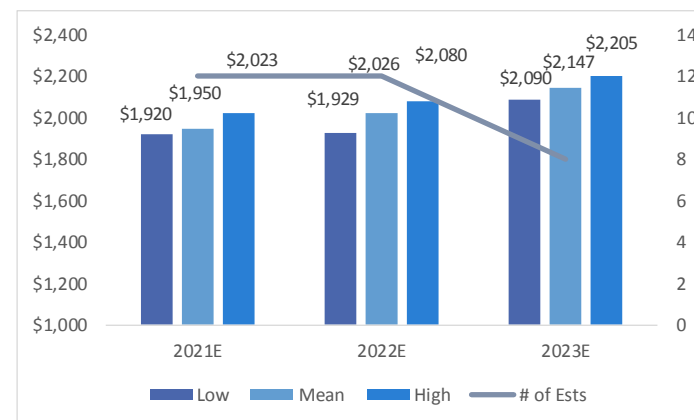
Stephens vs. Street – Revenue (\$Mil.) Ests

	Stephens	Street	Stephens vs. Street (%)
2022E	\$13,575	\$13,354	1.7%
2023E	\$14,341	\$14,092	1.8%
2024E	\$15,140	\$14,887	1.7%

Stephens vs. Street – EBITDA (\$Mil.) Ests

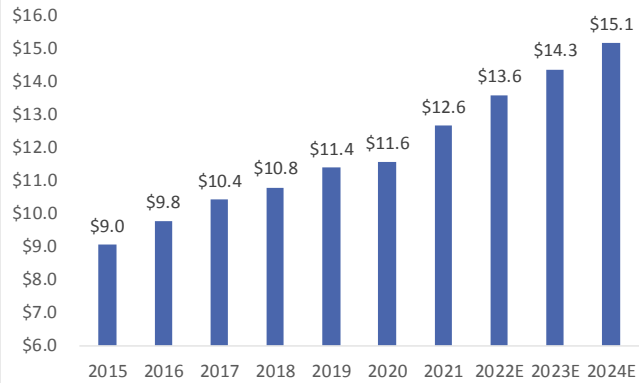
	Stephens	Street	Stephens vs. Street (%)
2022E	\$1,881	\$1,885	-0.3%
2023E	\$1,971	\$1,988	-0.9%
2024E	\$2,083	\$2,093	-0.5%

Street EBITDA (\$Mil.) Estimates Detail

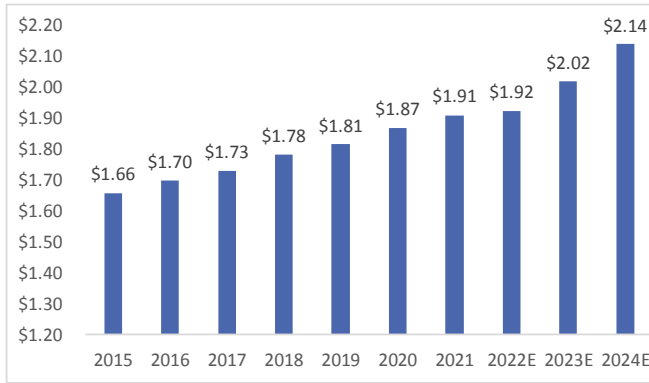


UHS - Key Forecasts Snapshot: Income Statement Metrics

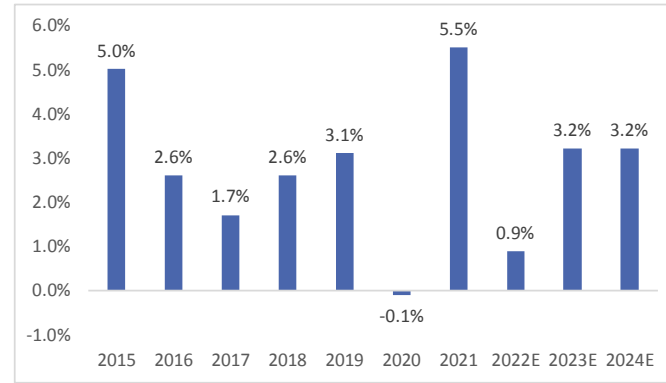
Revenues (\$ billions)



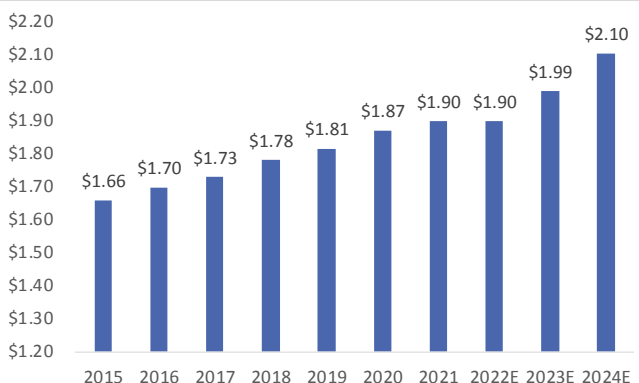
Adjusted EBITDA Margin (%)



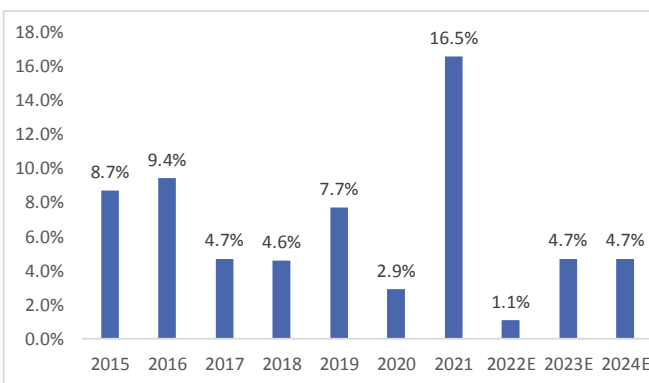
Behavioral - SS Revenues Growth (%)



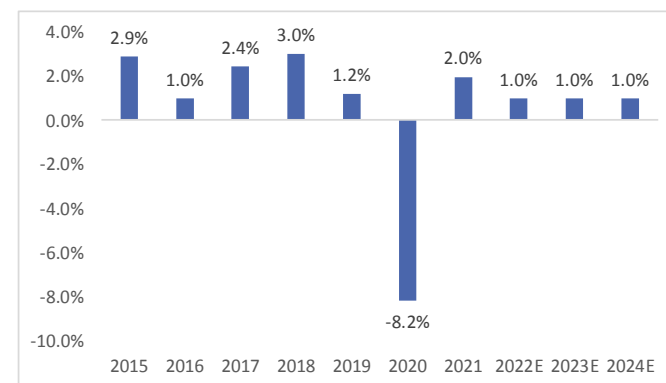
Adjusted EBITDA (\$ billions)



Acute - SS Revenues Growth (%)

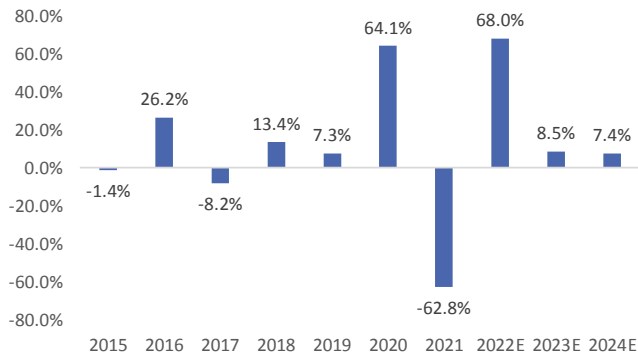


Behavioral - SS Adjusted Admissions Growth (%)

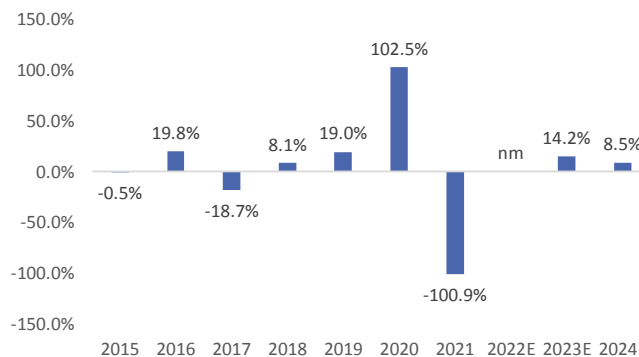


UHS - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

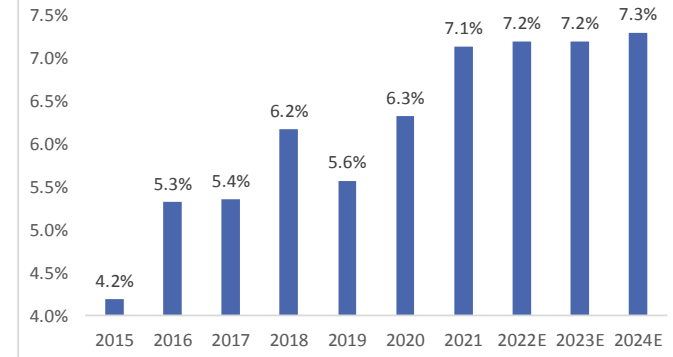
Operating Cash Flow (OCF) Growth



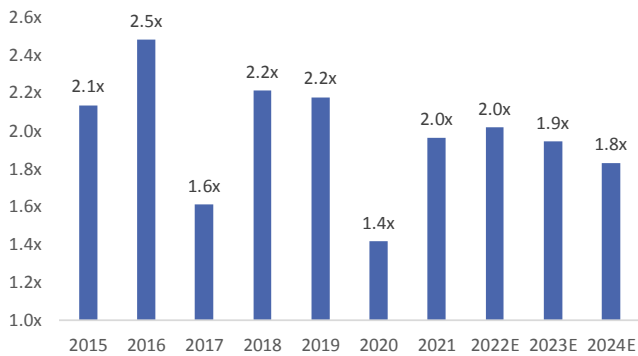
Free Cash Flow Growth



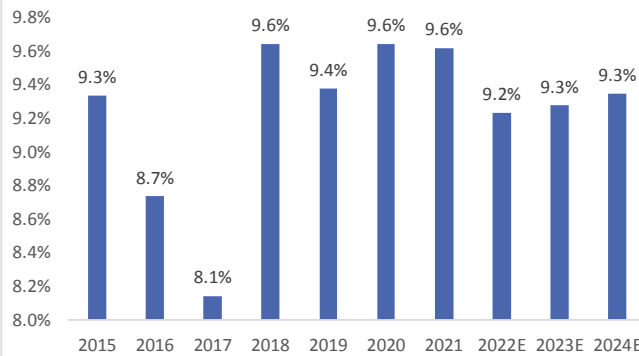
Capex (% of Net Revenues)



Net Debt to EBITDA Ratio



ROIC (%)



Days Sales Outstanding



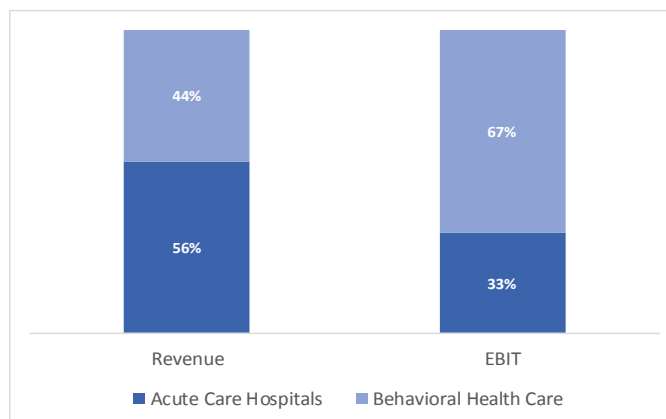
UHS - Business Overview

- UHS's principal business is owning and operating acute care hospitals and outpatient facilities and behavioral healthcare facilities. UHS owns/operates 360 inpatient facilities and 40 outpatient facilities located in 38 states, Washington, D.C., the United Kingdom and Puerto Rico.
- UHS's Acute Care Hospital business represents ~56% and ~33% of consolidated revenues and EBIT, respectively. The Behavioral Health business represents ~44% and ~67% of consolidated revenues and EBIT, respectively. By source, 31% of UHS's consolidated revenue can be attributed to commercial payers, followed by Medicaid (25%), Medicare (23%), UK revenues (5%), and Other (14%).

Company Snapshot

Ticker:	UHS
Industry:	Healthcare Facilities
Headquarters (City):	King of Prussia
Headquarters (State):	Pennsylvania
TTM Revenues (\$Mil.):	\$12,642
Market Cap (\$Mil.):	\$10,888
Cash & Equivalents (\$Mil.):	\$115
Debt (\$Mil.):	\$4,559
Avg. Daily Volume (TTM):	654,501
Short Interest (% of float):	3.6%

Revenue/EBIT Mix (%) by Segment, 4Q21



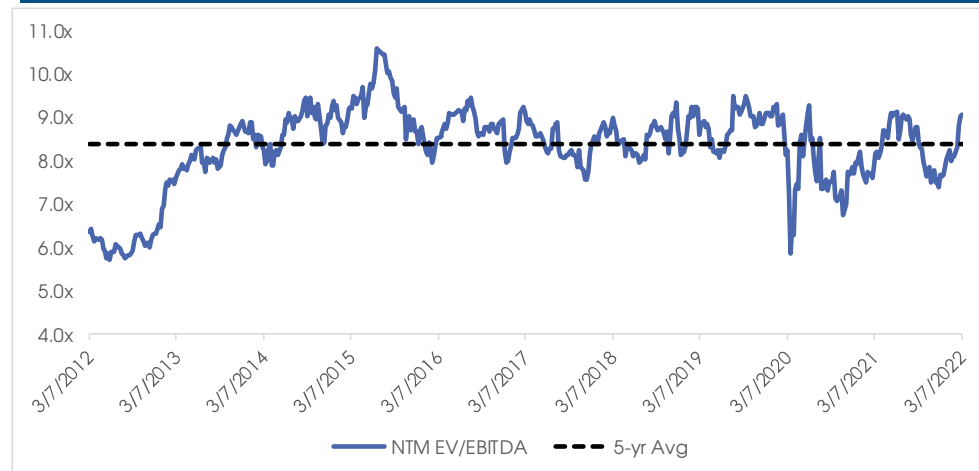
Revenue Mix (%) by Source, 4Q21

Revenue Source	Acute	Behavioral	Consolidated
Medicare	34%	10%	23%
Medicaid	15%	39%	25%
Commercial	36%	26%	31%
UK Revenue	0%	12%	5%
Other	16%	13%	14%

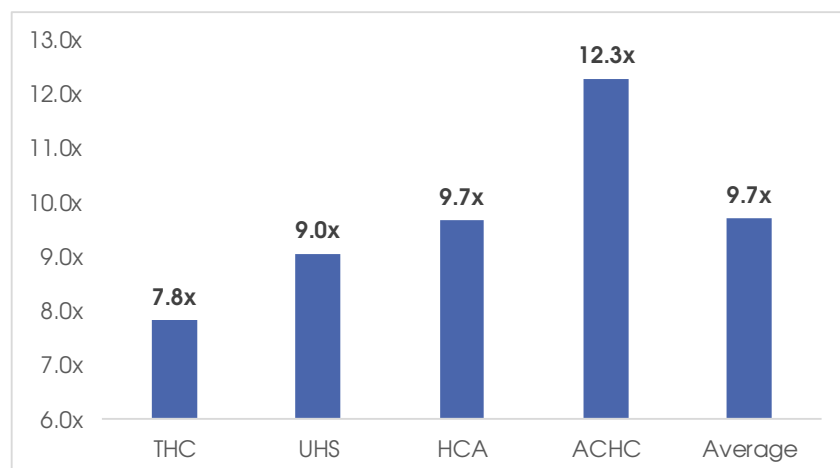
UHS - Valuation Profile

- UHS is trading above its' five-year valuation average (~8.5x), based on NTM consensus EV/EBITDA.
- UHS currently trades at 9.0x NTM consensus EBITDA, which is also below the peer average.
- We believe UHS's modest discount to the five-year average is based on investor concern over C-19 exposure risk in key markets.

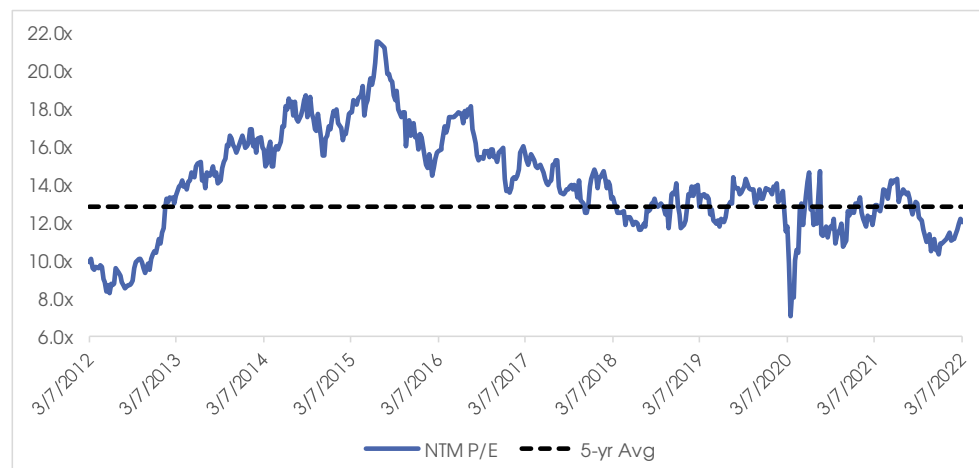
Historical NTM EV/EBITDA



Current NTM EV/EBITDA



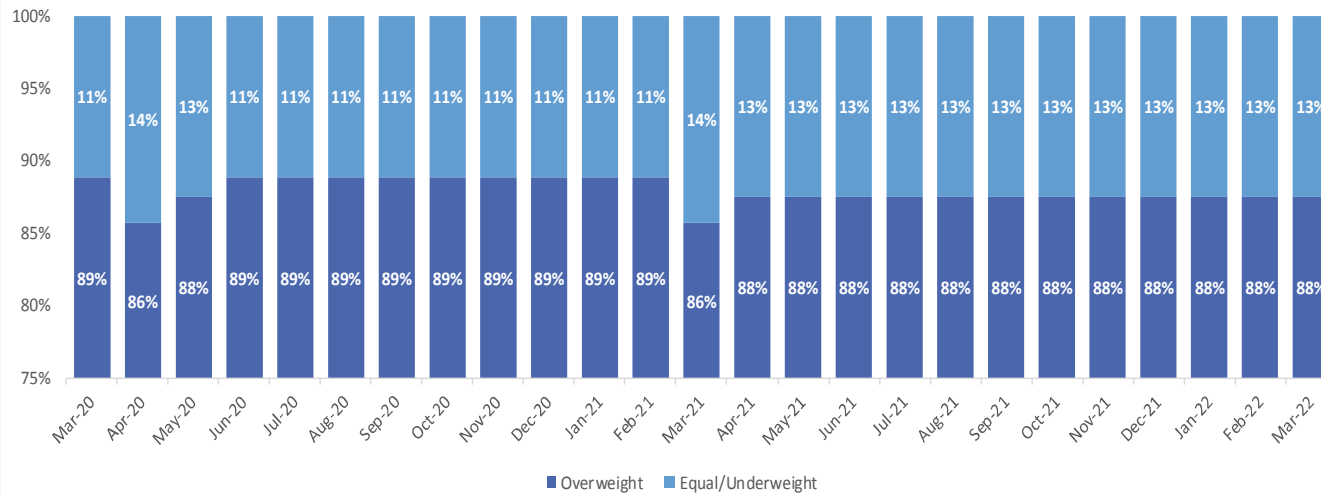
Historical NTM P/E



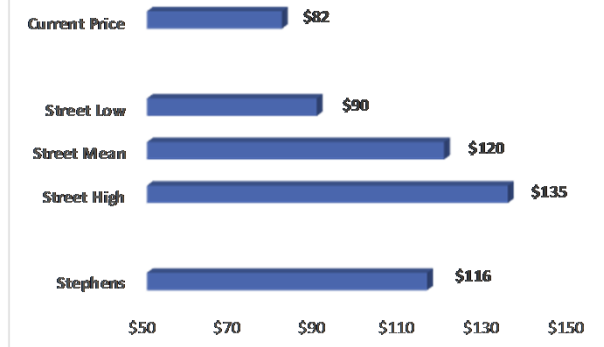
ADUS - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$116 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (7 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

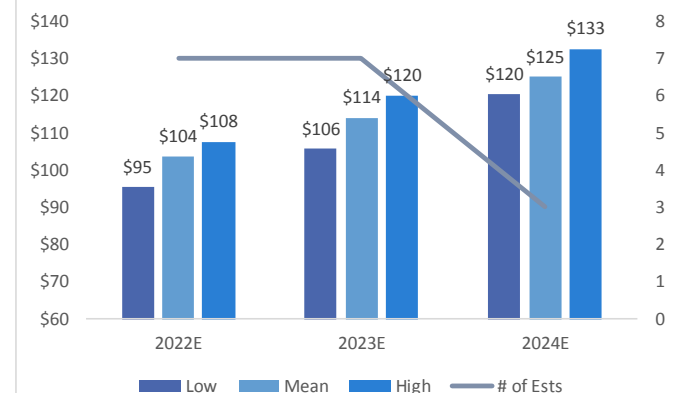
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$970	\$952	1.8%
2023E	\$1,050	\$1,012	3.8%
2024E	\$1,137	\$1,103	3.1%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

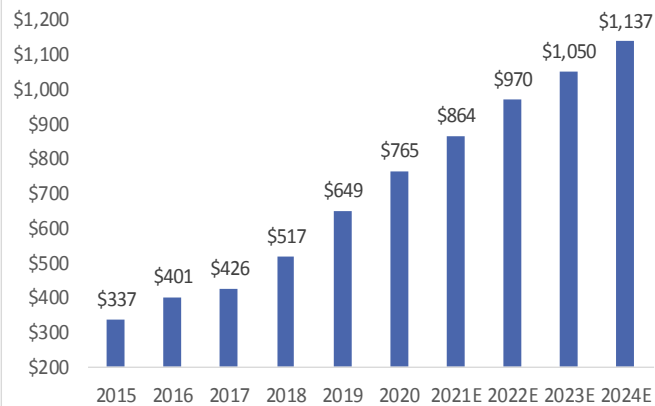
	Stephens	Street	Stephens vs. Street (%)
2022E	\$108	\$104	3.9%
2023E	\$120	\$114	5.3%
2024E	\$133	\$125	6.1%

Street EBITDA (\$Mil.) Estimates Detail



ADUS - Key Forecasts Snapshot: Income Statement Metrics

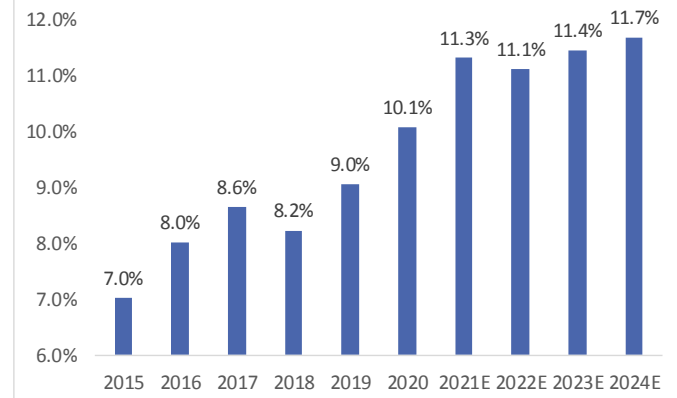
Revenues (\$ millions)



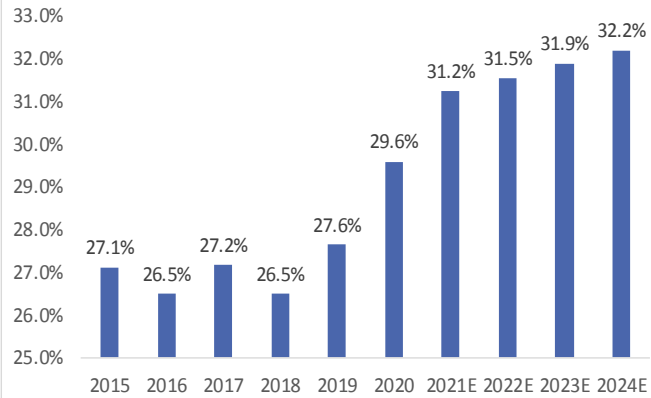
Adjusted EBITDA (\$ millions)



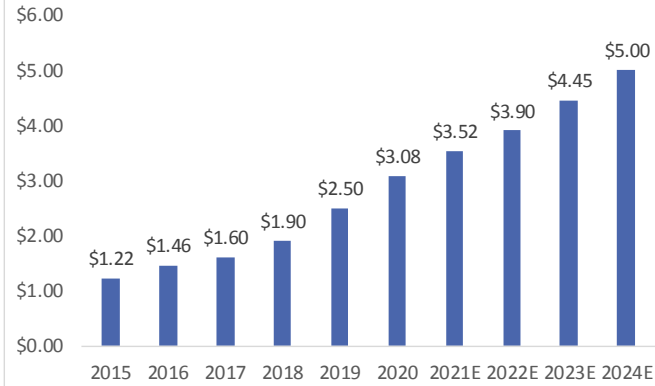
Adjusted EBITDA Margin (%)



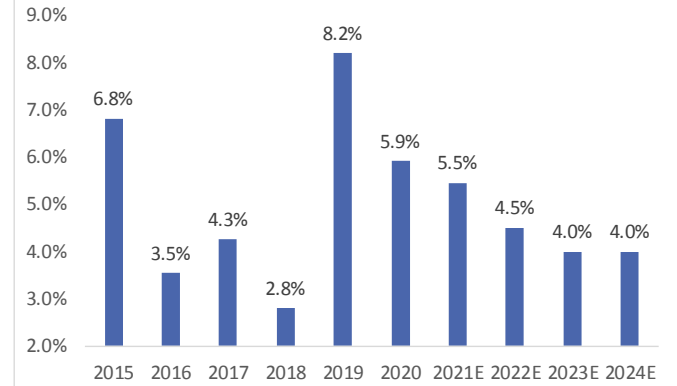
Gross Margin



Adjusted EPS

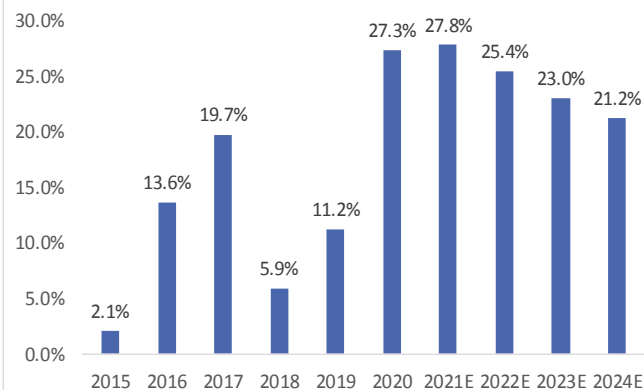


SS Personal Care Revenue Growth (Qtr. Avg.)



ADUS - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

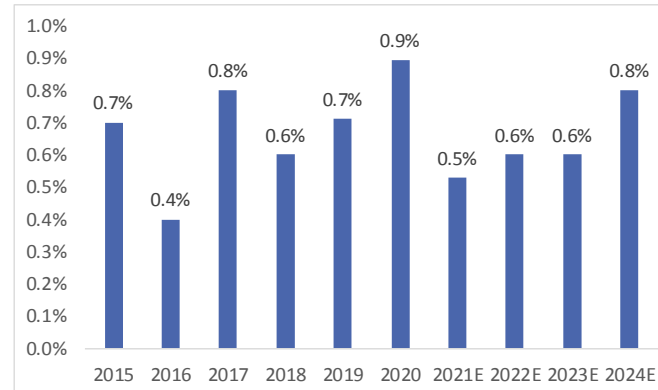
Debt to Capital Ratio



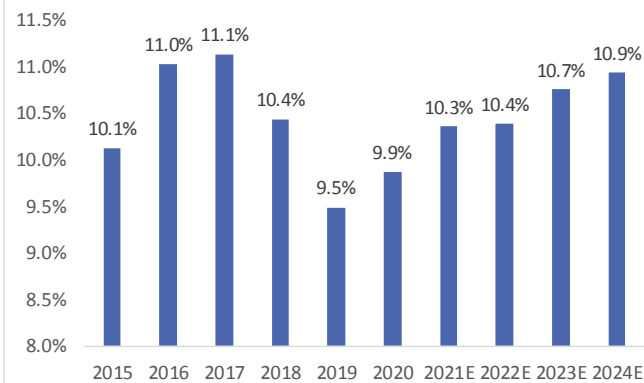
Free Cash Flow (\$ millions)



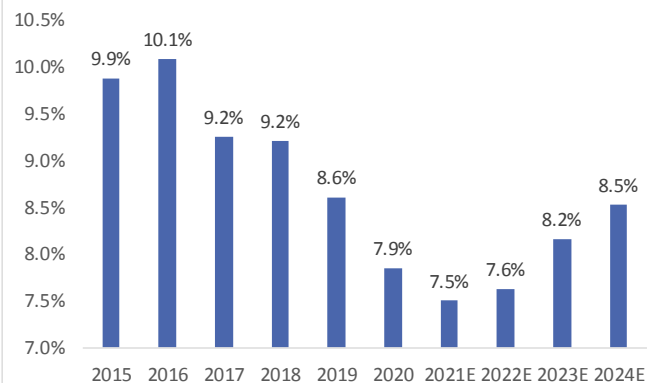
Capex (% of Net Revenues)



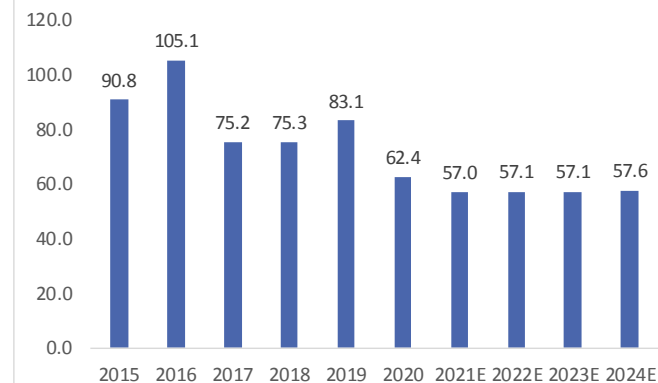
ROE (%)



ROIC (%)



Days Sales Outstanding



ADUS - Business Overview

Addus HomeCare Corporation is a home health services provider primarily focused on personal care and hospice services. The company operates 206 locations in 22 states with over 31K employees.

Addus operates three primary segments: Personal Care (79% of revs.), Hospice (18% of revs.), and Home Health (3% of revs).

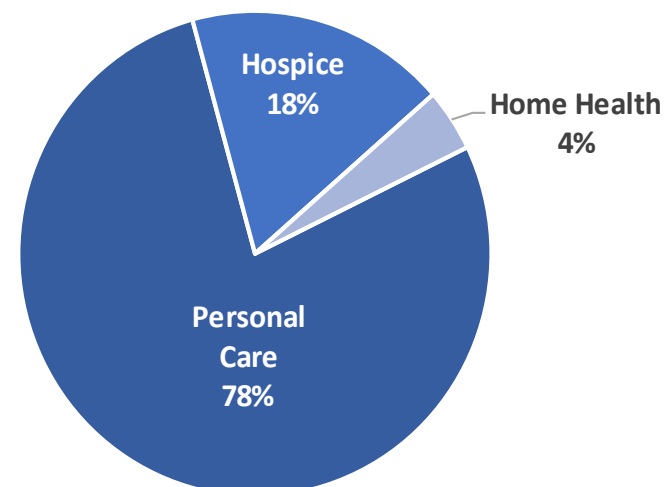
Payer Mix: State, local, and other government programs (the combination is primarily FFS Medicaid and Medicare) represent nearly 50% of ADUS's consolidated revenues. Managed care organizations (primarily Medicaid MCOs) contribute ~46% of total revenues while self-pay patients represent roughly 4% of revenues.

Of the personal care business, ADUS' IL business makes up ~48% of total PC revenues, followed by NY (~15%), NM (~14%), and then all other states (~23%).

Company Snapshot

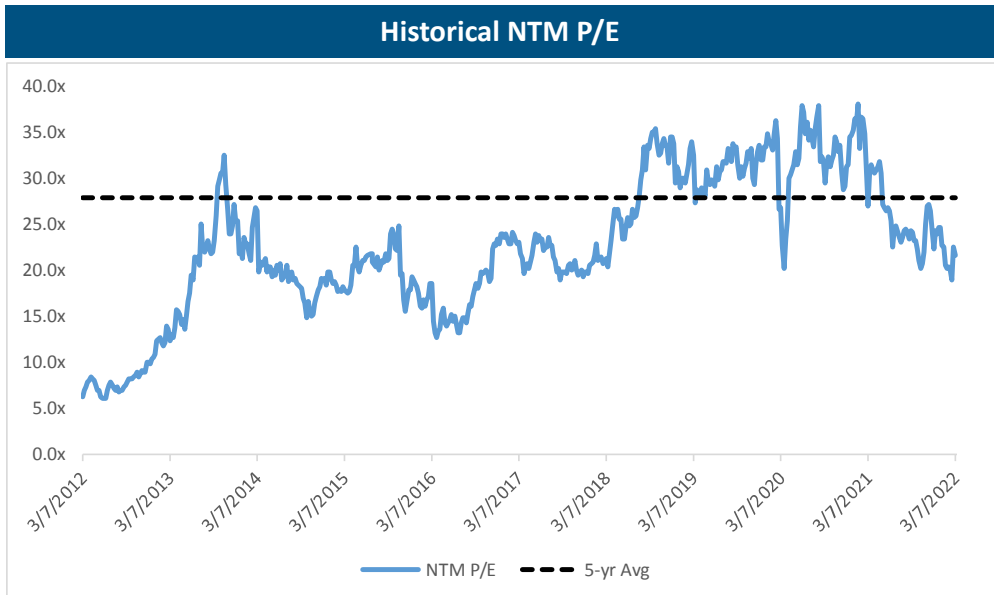
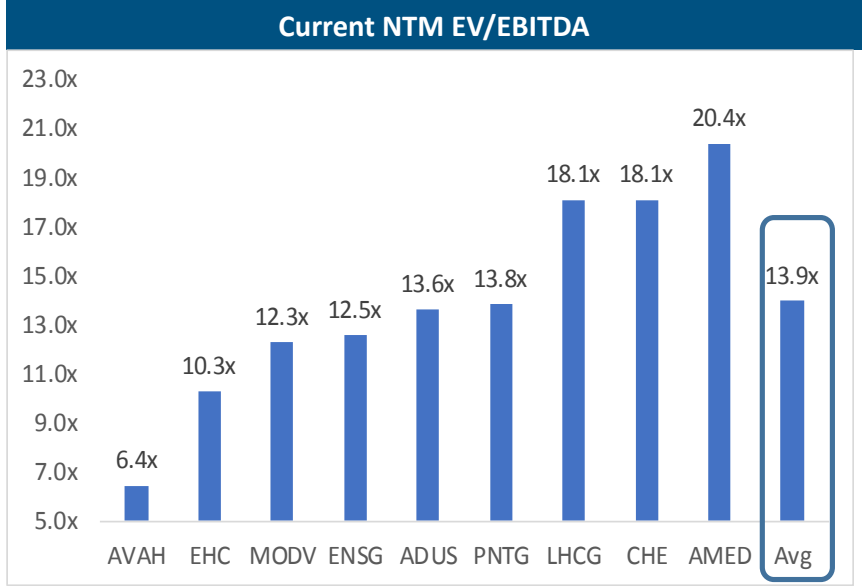
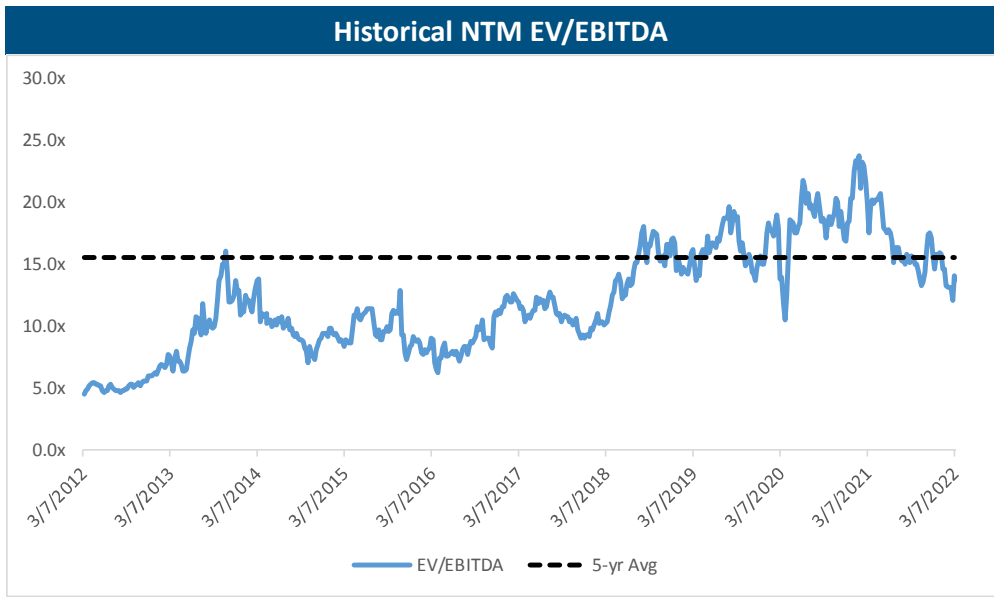
Ticker:	ADUS
Industry:	Healthcare Facilities
Headquarters (City):	Frisco
Headquarters (State):	Texas
TTM Revenues (\$Mil.):	\$864
Market Cap (\$Mil.):	\$1,305
Cash & Equivalents (\$Mil.):	\$169
Debt (\$Mil.):	\$264
Avg. Daily Volume (TTM):	101,462
Short Interest (% of float):	2.9%

Revenue Mix (%), 4Q21



ADUS - Valuation Profile

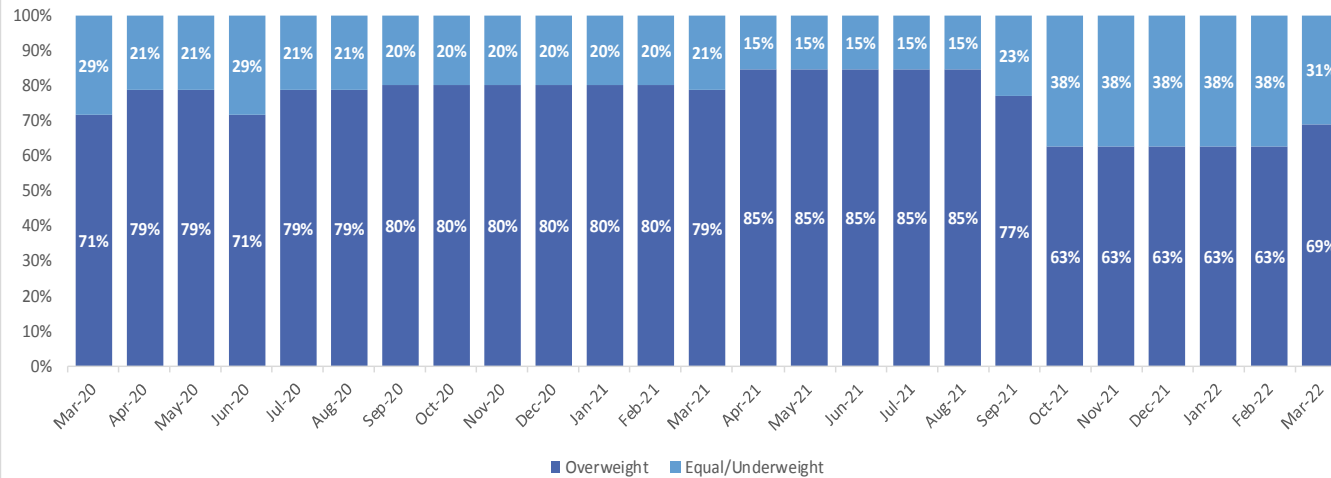
- ADUS's valuation sits below the most recent five-year averages based on NTM consensus EV/EBITDA and in line on P/E.
- ADUS currently trades at 13.6x NTM consensus EBITDA vs. the peer average of 13.9x.



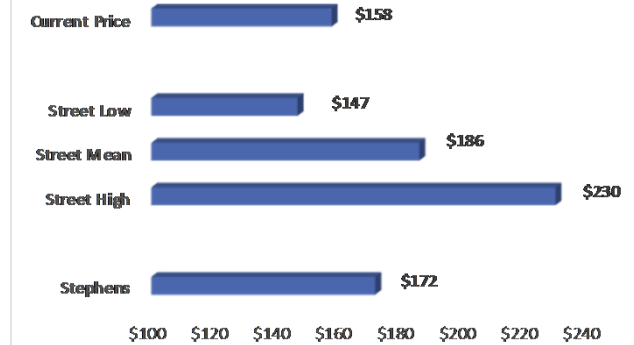
AMED - Street Ratings and Summary of Key Estimates vs. Stephens

Equal-Weight (EW) Rating, \$172 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (15 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

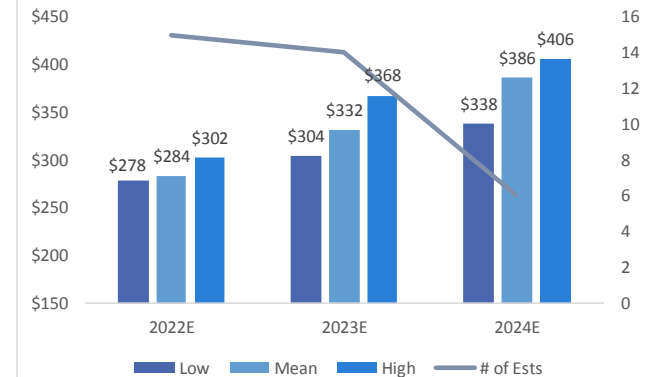
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$2,351	\$2,356	-0.2%
2023E	\$2,576	\$2,593	-0.6%
2024E	\$2,859	\$2,915	-1.9%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

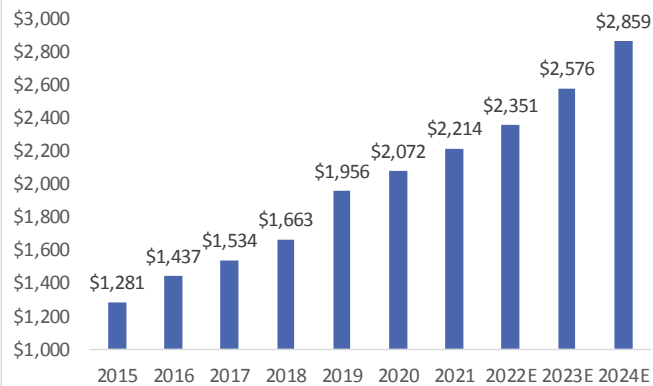
	Stephens	Street	Stephens vs. Street (%)
2022E	\$282	\$284	-0.5%
2023E	\$325	\$332	-2.0%
2024E	\$371	\$386	-3.9%

Street EBITDA (\$Mil.) Estimates Detail

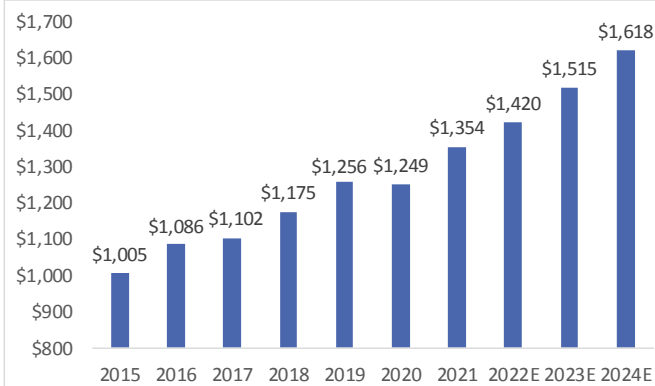


AMED - Key Forecasts Snapshot: Income Statement Metrics

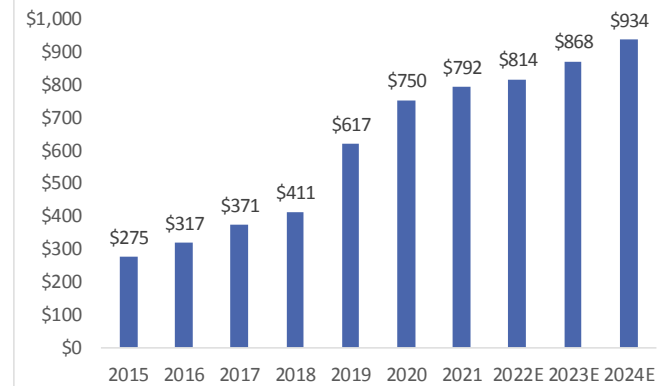
Consolidated Revenues (\$ millions)



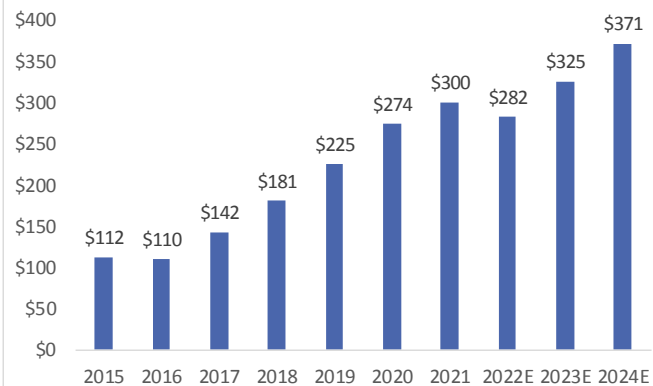
Home Health Revenues (\$ millions)



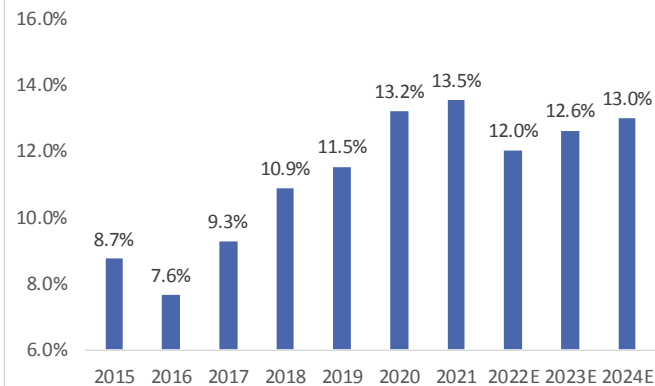
Hospice Revenues (\$ millions)



Adjusted EBITDA (\$ millions)



Adjusted EBITDA Margin (%)

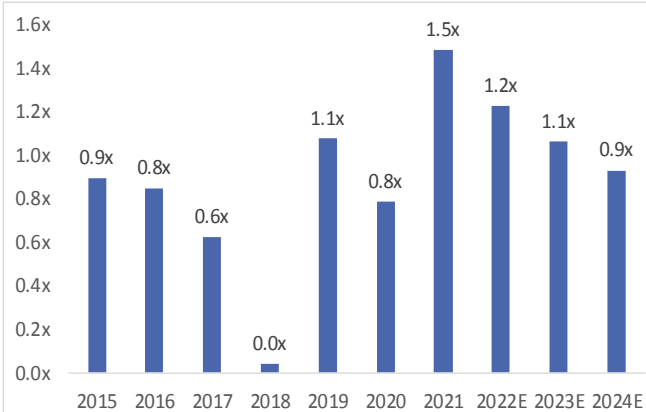


Adjusted EPS

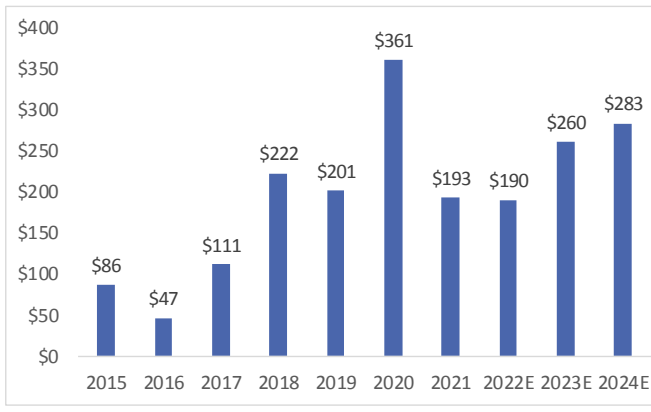


AMED - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

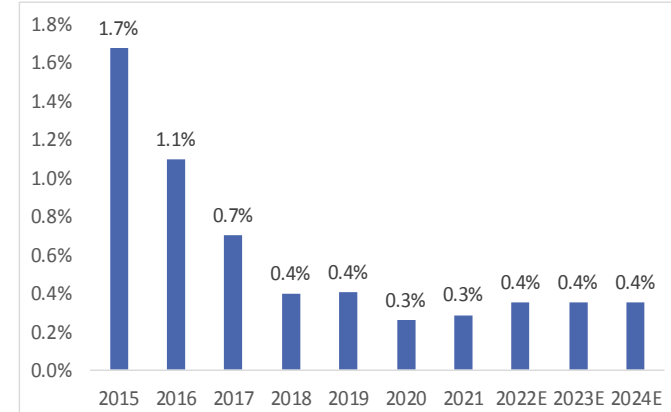
Debt to EBITDA Ratio



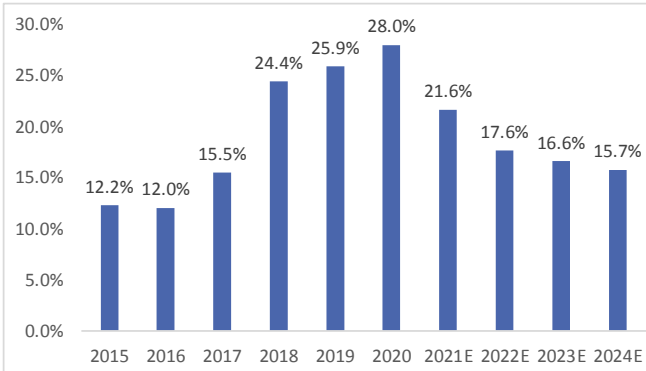
Free Cash Flow (\$ millions)



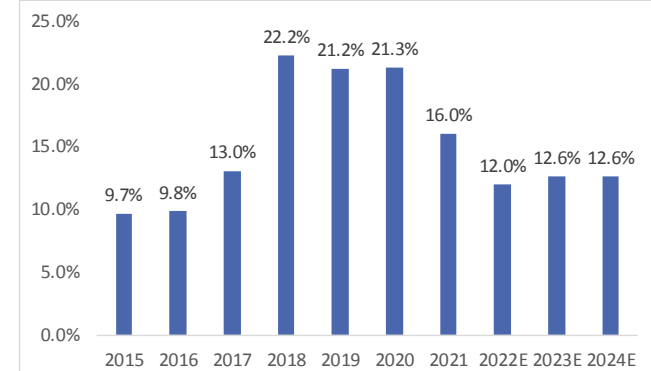
Capex (% of Net Revenues)



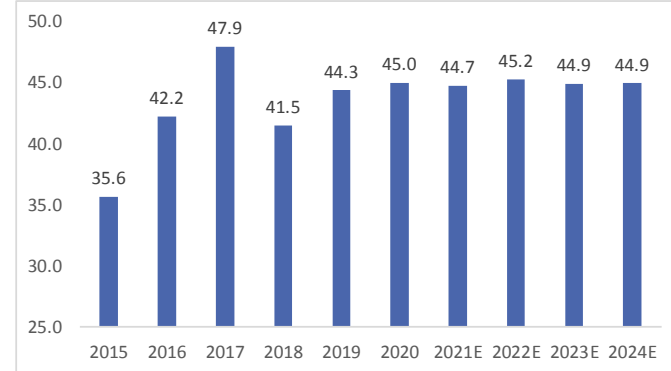
ROE (%)



ROIC (%)



Days Sales Outstanding



AMED - Business Overview

Amedisys is one of the largest, pure-play providers of home health and hospice care in the U.S. The company serves patients across the U.S. through 4 operating divisions: home health, hospice, personal care, and high acuity care.

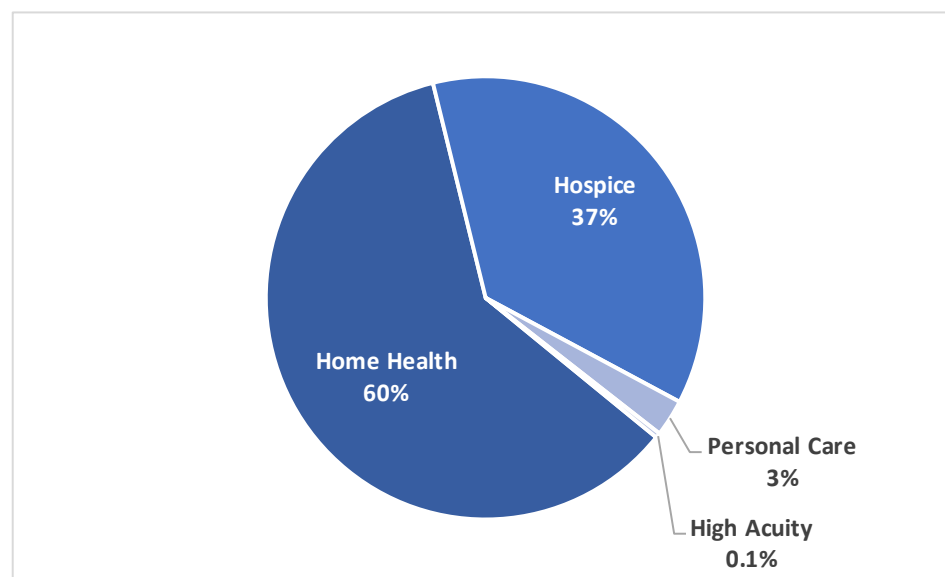
Amedisys operates 526 care centers (331 home health centers, 175 hospice centers, 12 personal care centers, and 8 high acuity care JVs) in 38 states within the U.S. and the District of Columbia.

Due to the age demographics of Amedisys' patient base, services are primarily paid for by Medicare, which has represented ~74% of the company's net service revenue over the last three years.

Company Snapshot

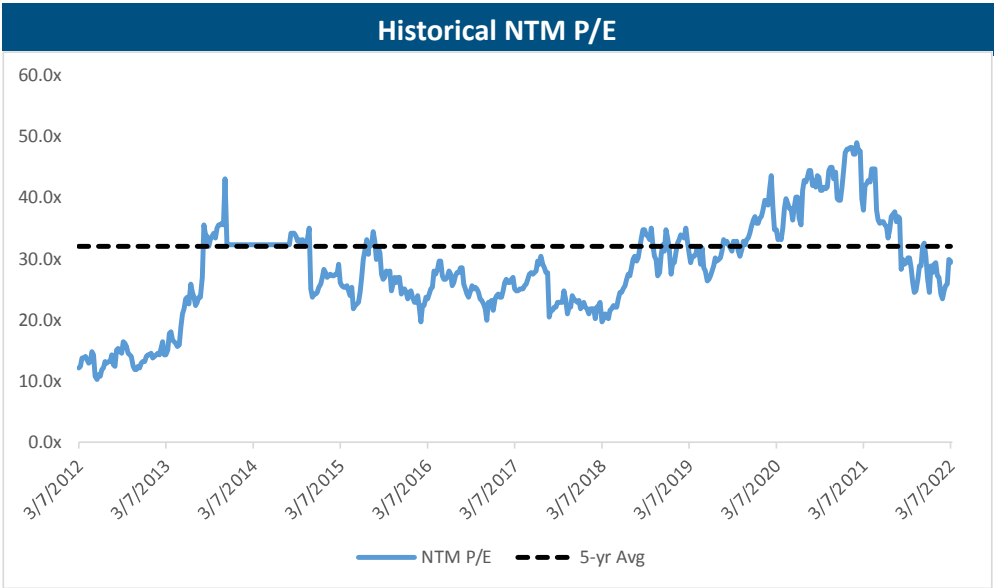
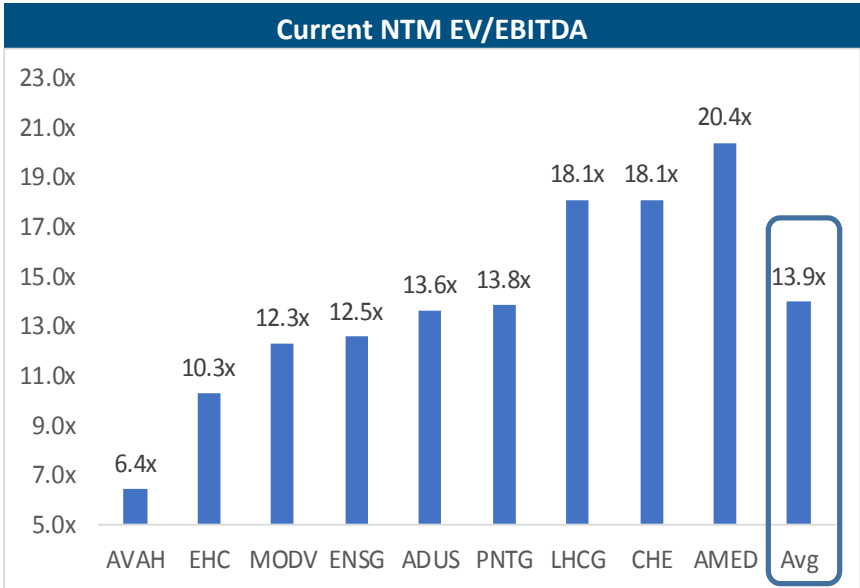
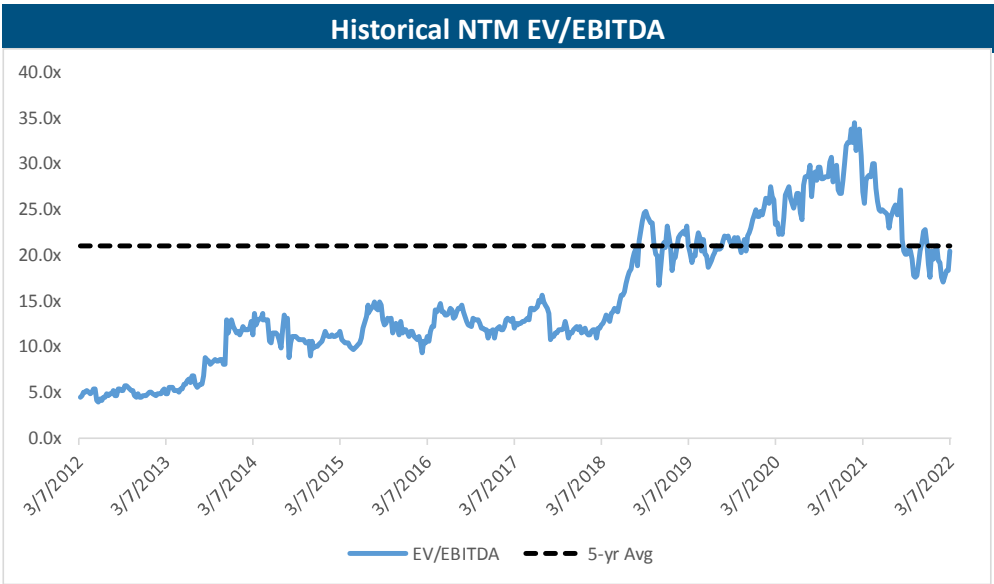
Ticker:	AMED
Industry:	Healthcare Facilities
Headquarters (City):	Baton Rouge
Headquarters (State):	Louisiana
TTM Revenues (\$Mil.):	\$2,214
Market Cap (\$Mil.):	\$5,139
Cash & Equivalents (\$Mil.):	\$54
Debt (\$Mil.):	\$546
Avg. Daily Volume (TTM):	319,523
Short Interest (% of float):	3.6%

Revenue Mix (%), 4Q21



AMED - Valuation Profile

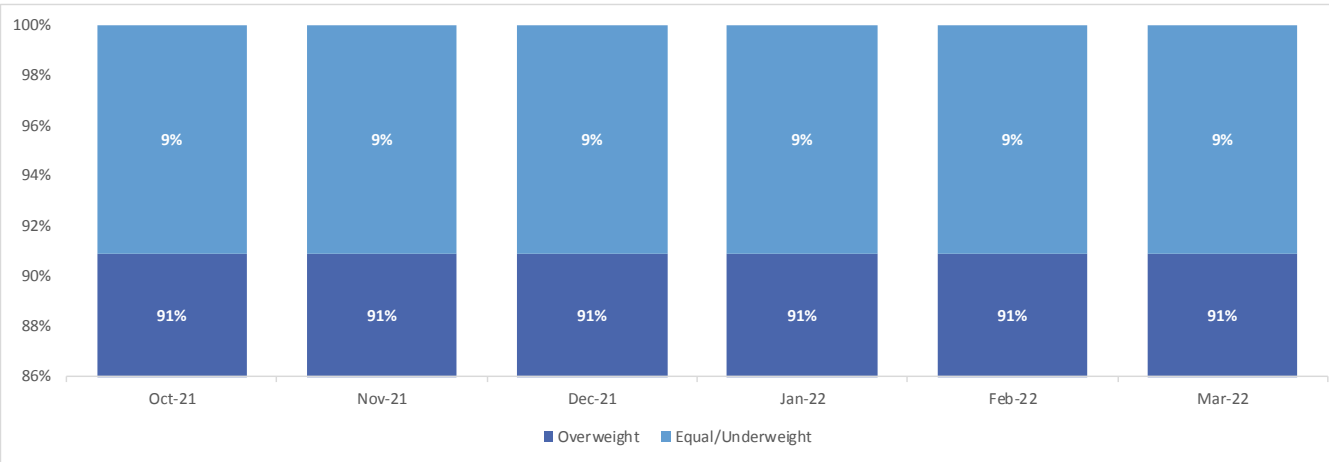
- Valuation sits below the most recent five-year average based on NTM consensus P/E and EV/EBITDA.
- AMED currently trades at 20.4x NTM consensus EBITDA vs. the peer average of 13.9x.



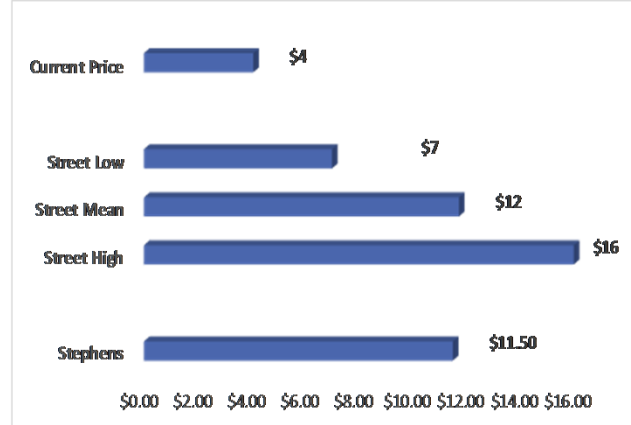
AVAH - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$11.50 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (10 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

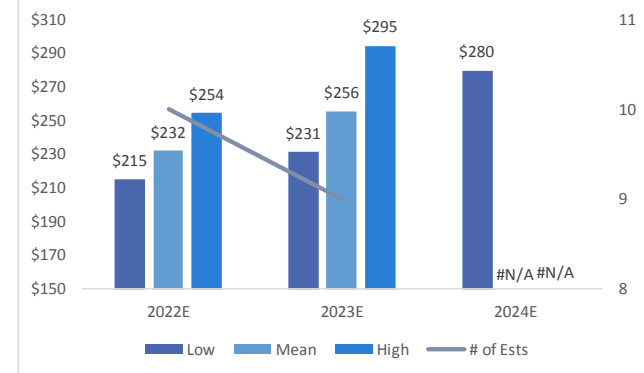
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$1,975	\$2,000	-1.2%
2023E	\$2,133	\$2,186	-2.4%
2024E	\$2,367	\$2,504	-5.4%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

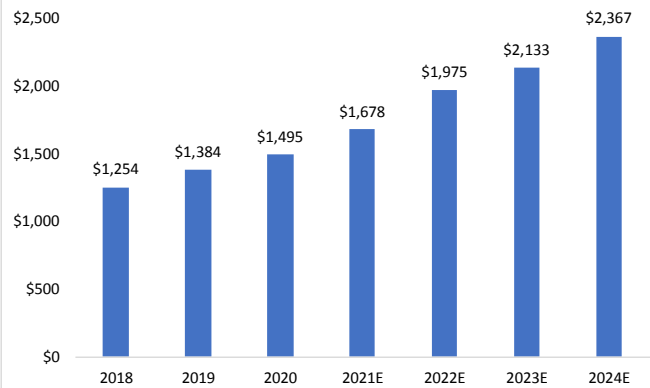
	Stephens	Street	Stephens vs. Street (%)
2022E	\$215	\$232	-7.3%
2023E	\$245	\$256	-4.1%
2024E	\$280	\$291	-3.9%

Street EBITDA (\$Mil.) Estimates Detail

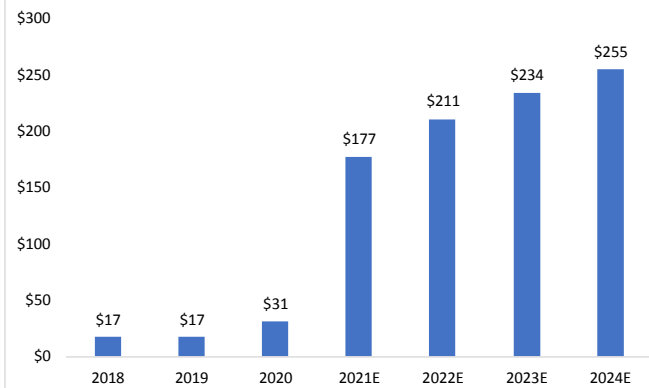


AVAH - Key Forecasts Snapshot: Income Statement Metrics

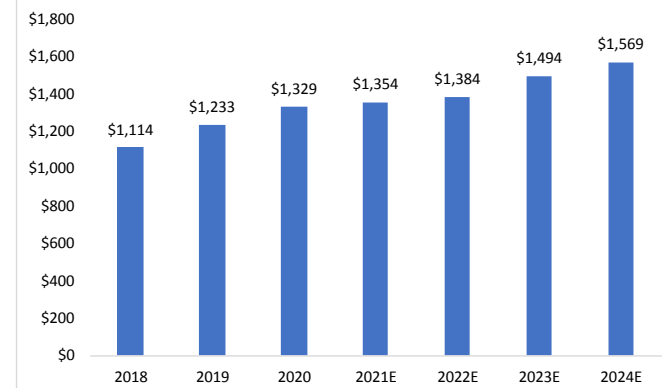
Consolidated Revenues (\$ millions)



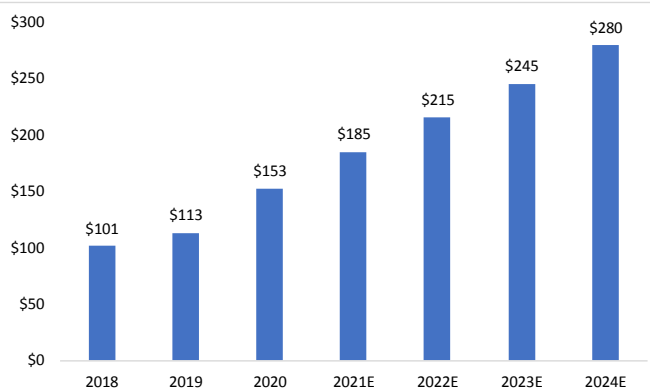
HHH Revenues (\$ millions)



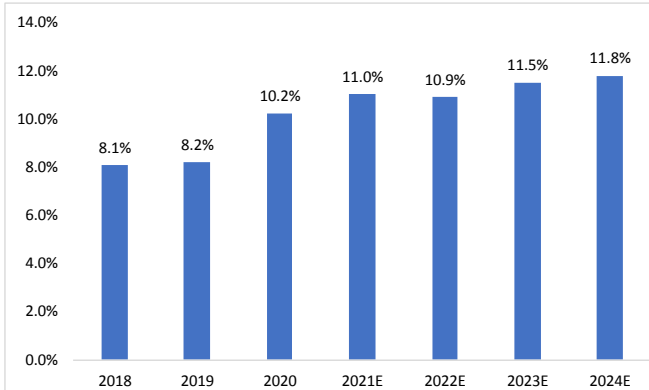
PDS Revenues (\$ millions)



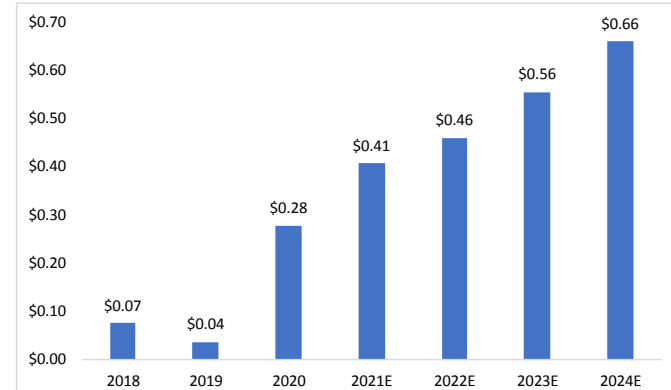
Adjusted EBITDA (\$ millions)



Adjusted EBITDA Margin (%)

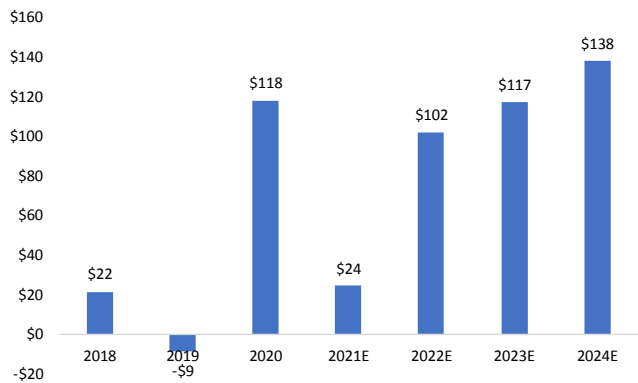


Adjusted EPS

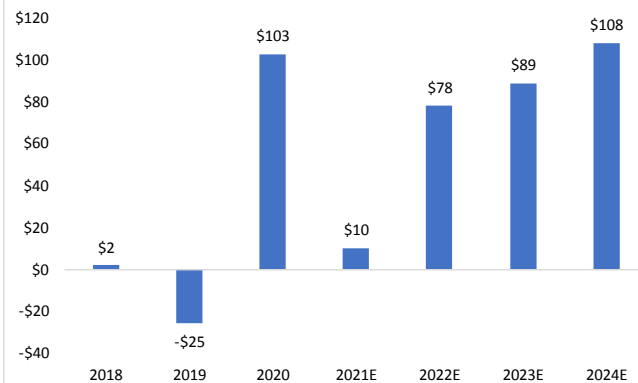


AVAH - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

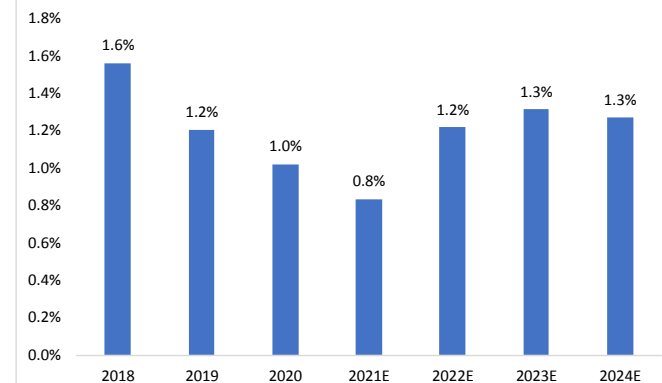
Operating Cash Flow (\$ millions)



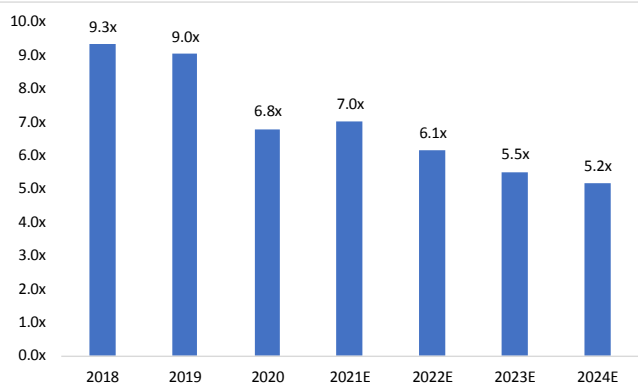
Free Cash Flow (\$ millions)



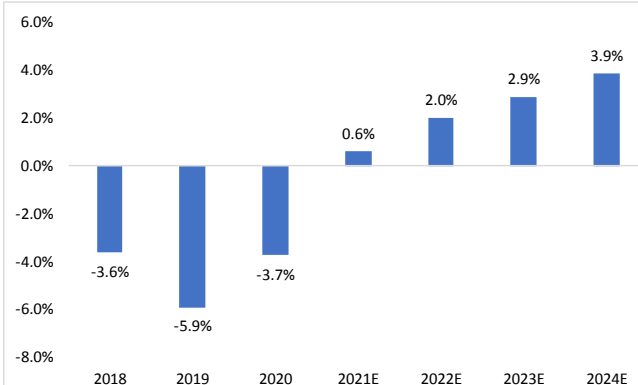
Capex (% of Net Revenues)



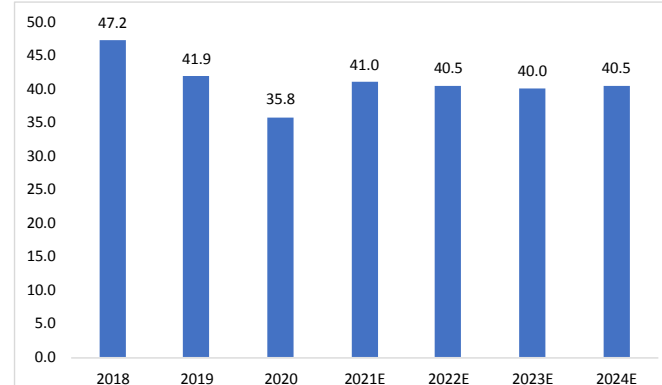
Net Debt to LTM EBITDA



ROIC (%)



Days Sales Outstanding



AVAH - Business Overview

Aveanna completed its IPO in 2021. The company serves patients across the U.S. through three operating divisions: private duty, medical solutions, and home health and hospice.

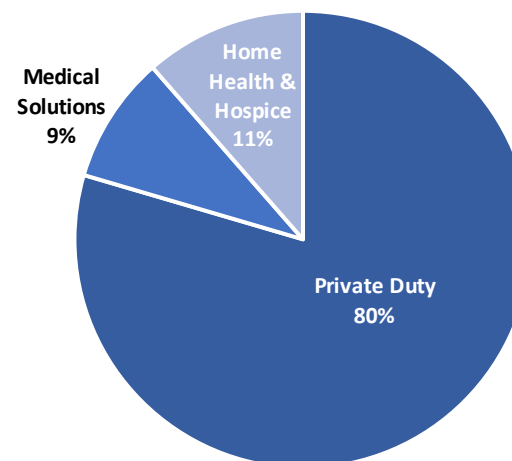
Aveanna's fastest growing segment is HH&H, which now comprises ~11% of consolidated revenues.

Payer Mix: Managed care represent nearly 53% of ADUS's consolidated revenues. Medicaid contributes ~25% of total revenues while Commercial and Medicare represent roughly 12% and 10% of revenues, respectively.

Company Snapshot

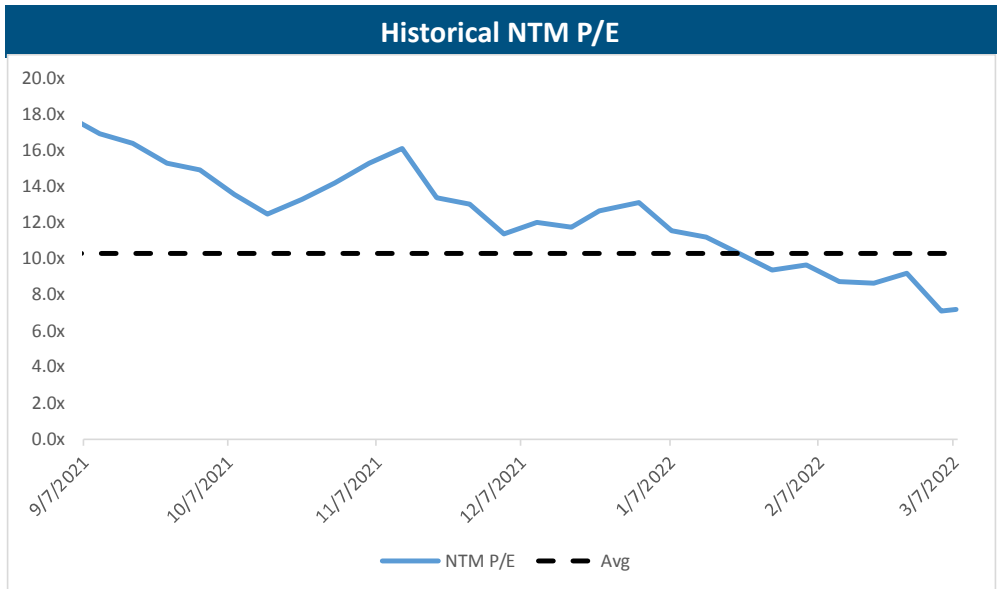
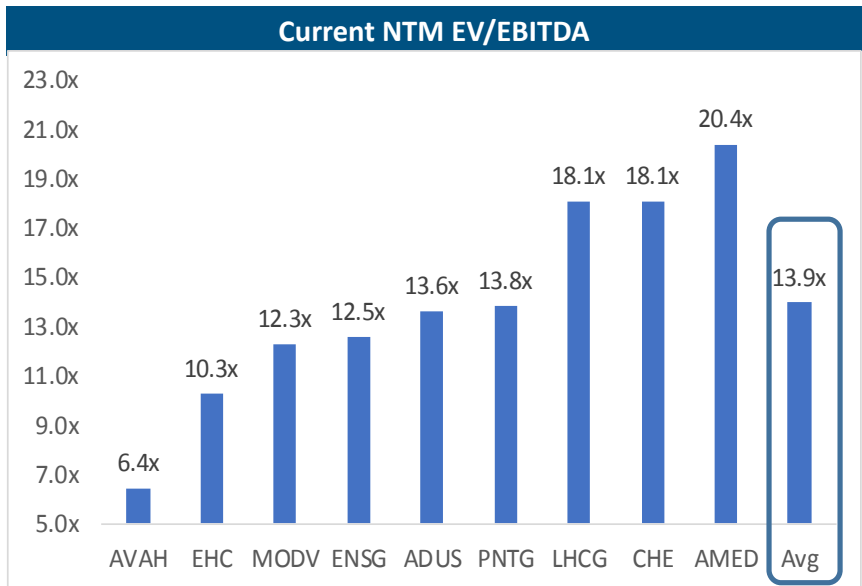
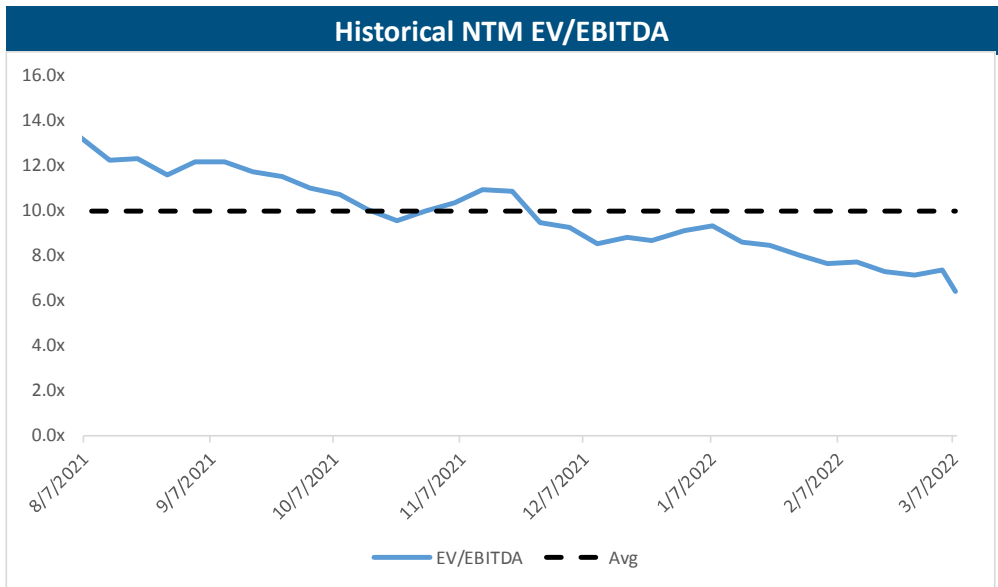
Ticker:	AVAH
Industry:	Healthcare Services
Headquarters (City):	Atlanta
Headquarters (State):	Georgia
TTM Revenues (\$Mil.):	\$1,495
Market Cap (\$Mil.):	\$750
Cash & Equivalents (\$Mil.):	\$50
Debt (\$Mil.):	\$797
Avg. Daily Volume (TTM):	602,208
Short Interest (% of float):	5.3%

Revenue Mix (%), 3Q21



AVAH - Valuation Profile

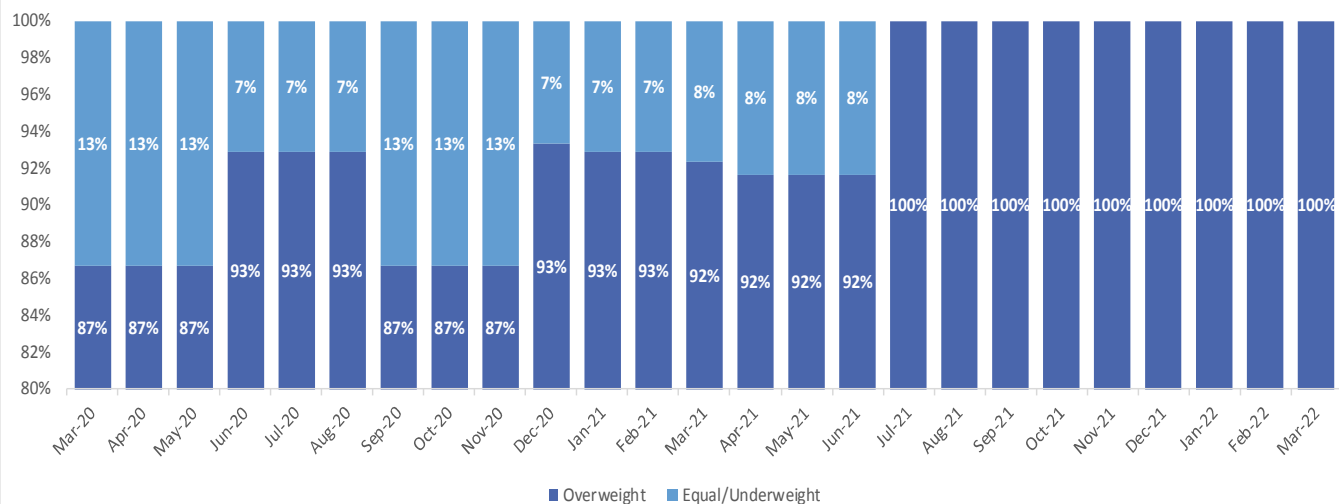
- Valuation sits below the most recent average since the 2021 IPO, based on both NTM consensus EV/EBITDA and P/E.
- AVAH currently trades at 6.4x NTM consensus EBITDA well below the peer average of 14.9x.



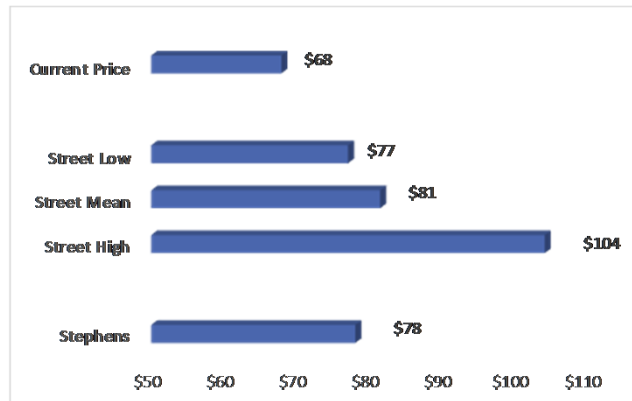
EHC - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$78 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (11 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

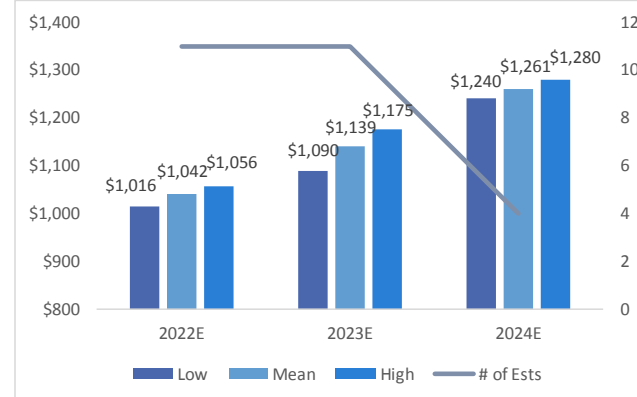
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$5,466	\$5,450	0.3%
2023E	\$5,886	\$5,910	-0.4%
2024E	\$6,334	\$6,401	-1.0%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

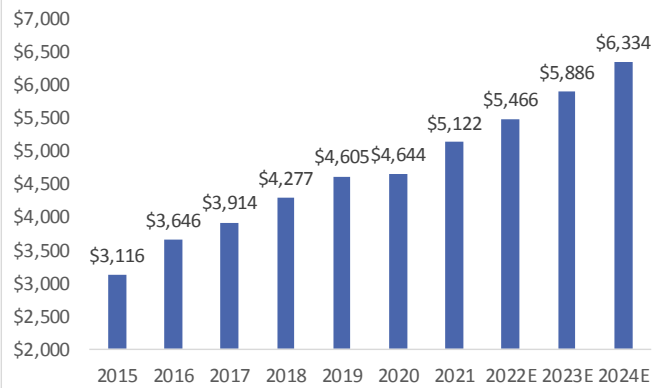
	Stephens	Street	Stephens vs. Street (%)
2022E	\$1,045	\$1,042	0.3%
2023E	\$1,144	\$1,139	0.4%
2024E	\$1,253	\$1,261	-0.6%

Street EBITDA (\$Mil.) Estimates Detail



EHC - Key Forecasts Snapshot: Income Statement Metrics

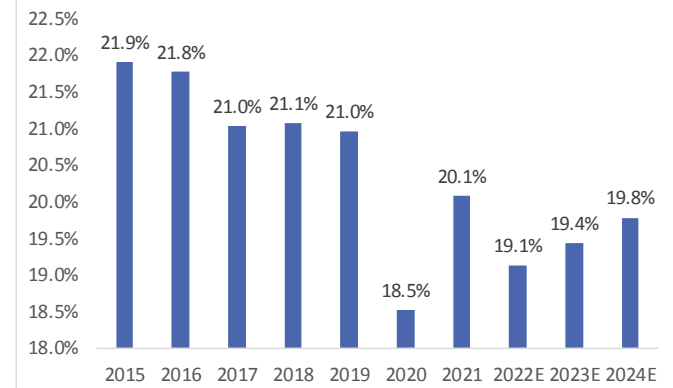
Consolidated Revenues (\$ millions)



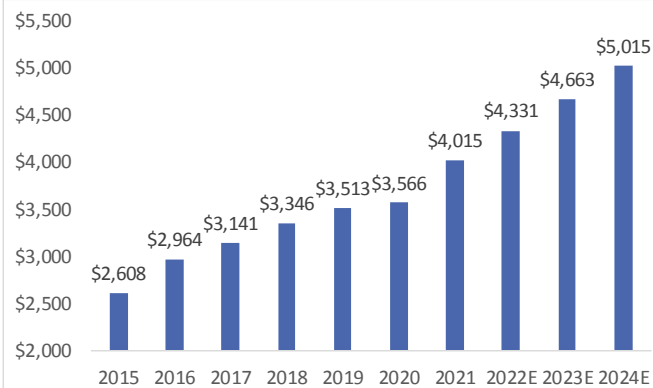
Adjusted EBITDA (\$ millions)



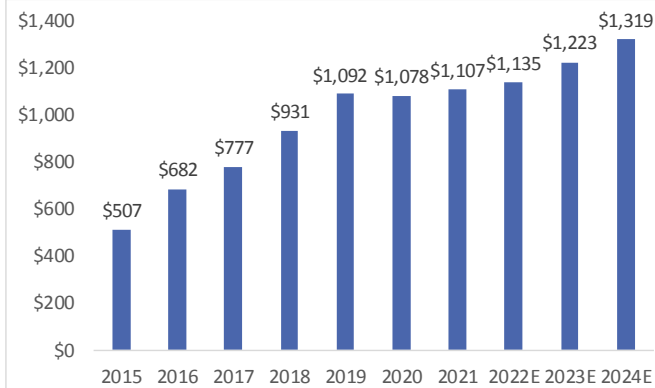
Adjusted EBITDA Margin (%)



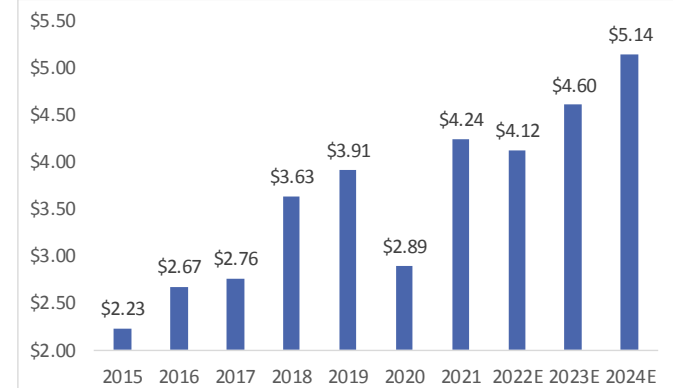
IRF Revenues (\$ millions)



Home Health & Hospice Revenues (\$ millions)



Adjusted EPS



EHC - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

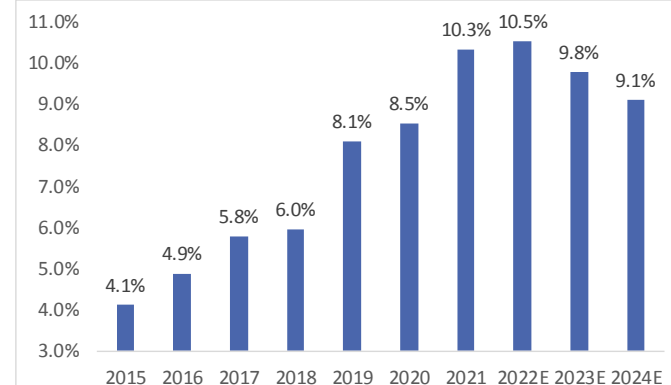
Debt to EBITDA Ratio



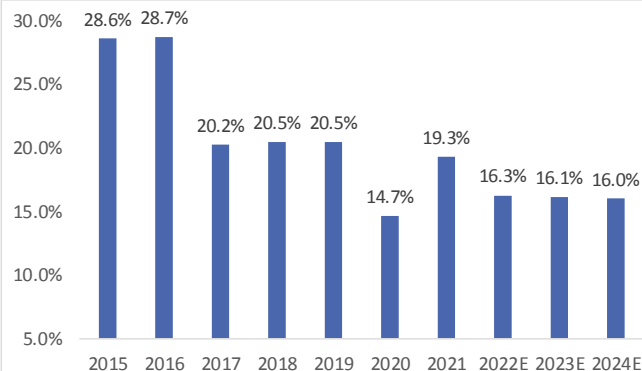
Free Cash Flow (\$ millions)



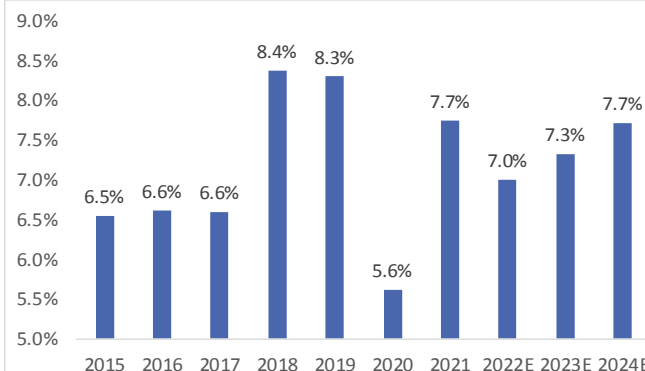
Capex (% of Net Revenues)



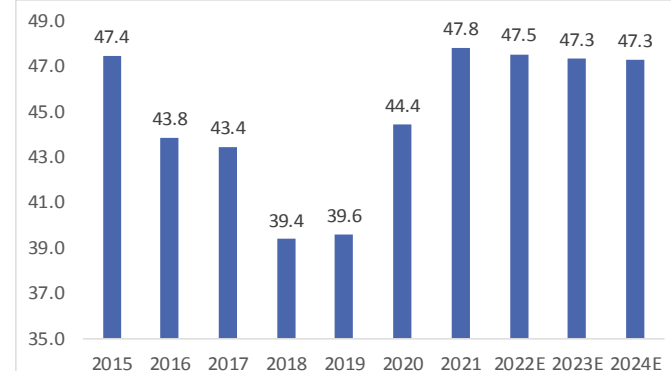
ROE (%)



ROIC (%)



Days Sales Outstanding



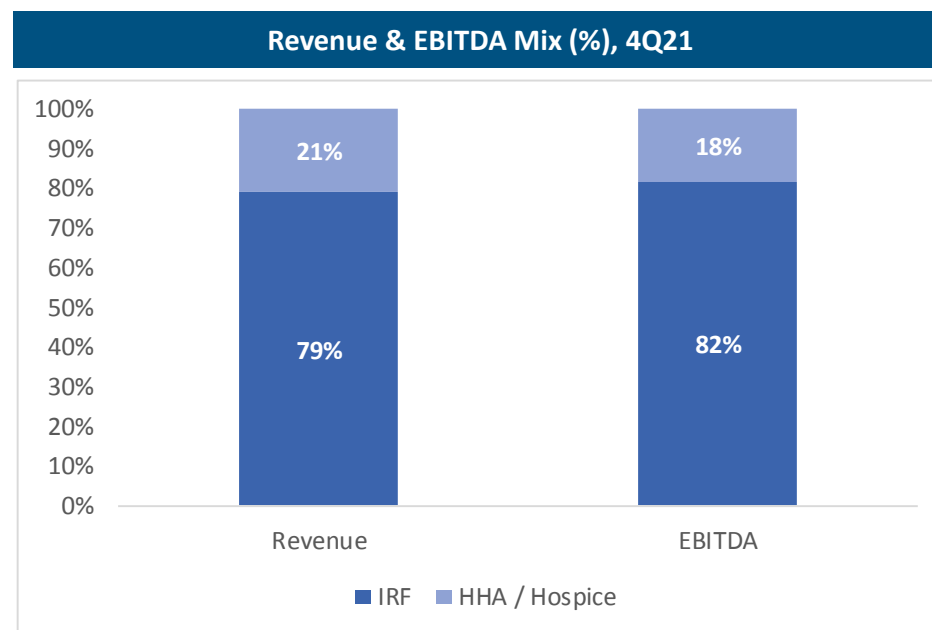
EHC - Business Overview

EHC is a leading provider of integrated healthcare services, offering both facility-based and home-based patient care through its network of inpatient rehabilitation facilities (IRFs), home health agencies, and hospice agencies. As of December 31, 2021, EHC's national footprint spanned 42 states and Puerto Rico and includes 145 IRFs and 251 home health and 96 hospice locations.

EHC operates two primary business segments. In 2021, the IRF business represented 78% of EHC's consolidated revenues and 82% of total EBITDA. The Home Health & Hospice segment accounted for the remaining 22% and 18% of consolidated revenues and EBITDA, respectively. EHC is the largest owner and operator of IRFs in the U.S., the 4th largest provider of Medicare-certified skilled home health services and a top 12 provider of hospice services (post the 7/1 Alacare acquisition).

Payer Mix: Medicare FFS is the primary payer of EHC's services, representing ~64% of its 2021 consolidated revenues (~64% of IRF business revenues and ~82% of Home Health & Hospice segment revenues). Medicare Advantage and managed care payers accounted for 15.2% and 12.1% of EHC's consolidated 2021 revenues, respectively.

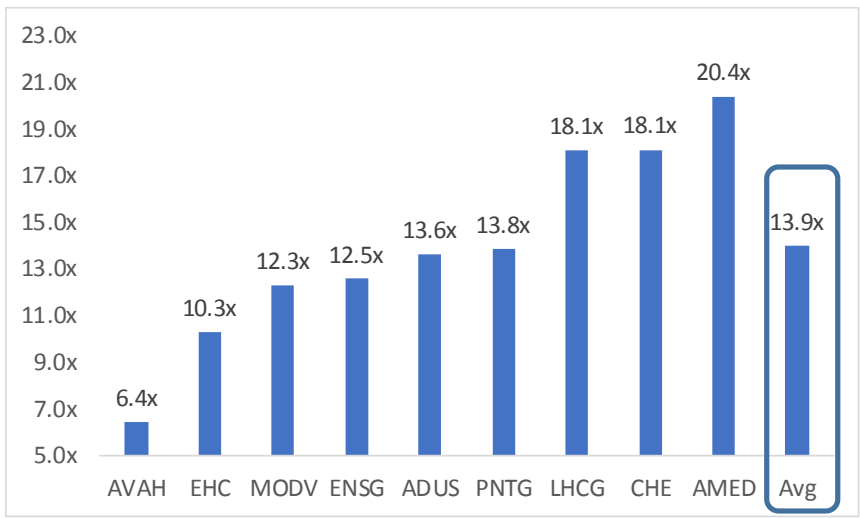
Company Snapshot	
Ticker:	EHC
Industry:	Healthcare Facilities
Headquarters (City):	Birmingham
Headquarters (State):	Alabama
TTM Revenues (\$Mil.):	\$5,122
Market Cap (\$Mil.):	\$6,751
Cash & Equivalents (\$Mil.):	\$120
Debt (\$Mil.):	\$3,538
Avg. Daily Volume (TTM):	744,700
Short Interest (% of float):	3.5%



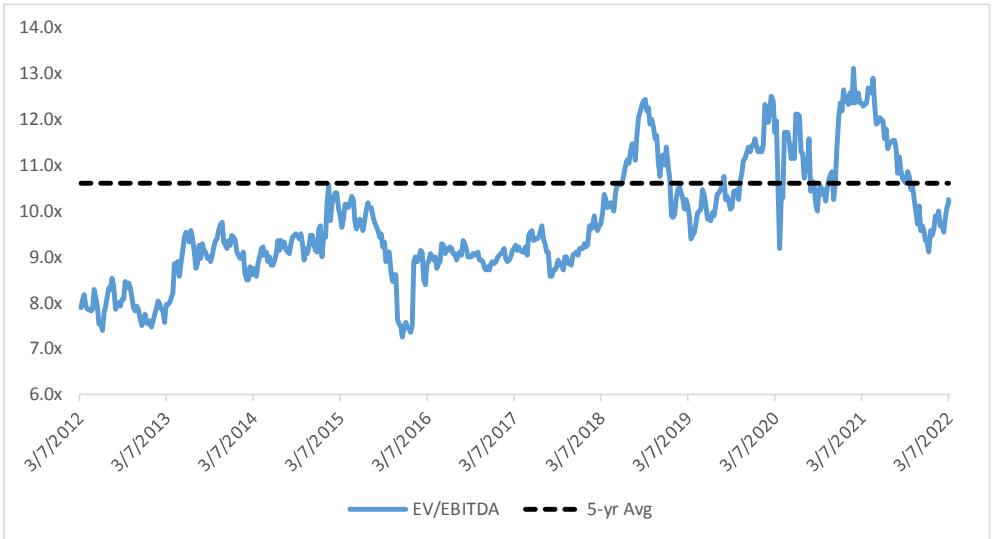
EHC - Valuation Profile

- Valuations sits below the most recent five-year averages, based on NTM consensus EV/EBITDA.
- EHC currently trades at 10.3x NTM consensus EBITDA vs. the peer average of 14.9x.
- We believe EHC trades at a discounted valuation to the group given the perceived slower growth profile of the IRF business, as well as the recent volumes underperformance in HH&H relative to peers AMED and LHCG.

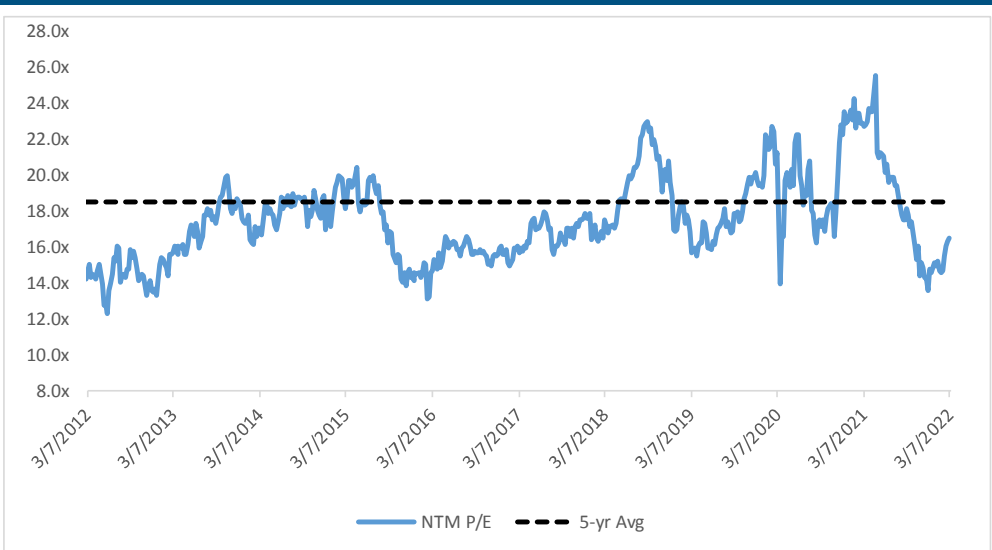
Current NTM EV/EBITDA



Historical NTM EV/EBITDA



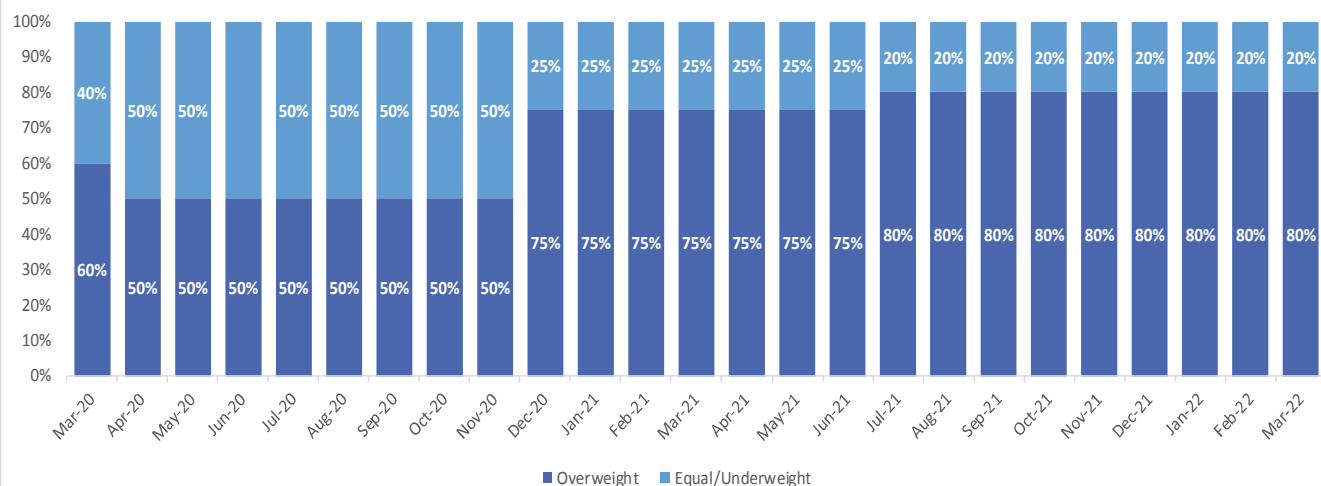
Historical NTM P/E



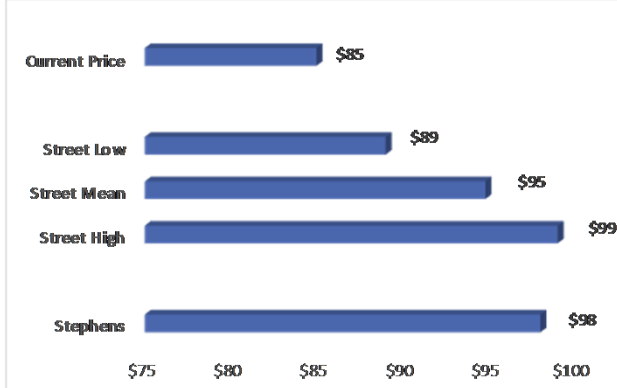
ENSG - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$98 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (5 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

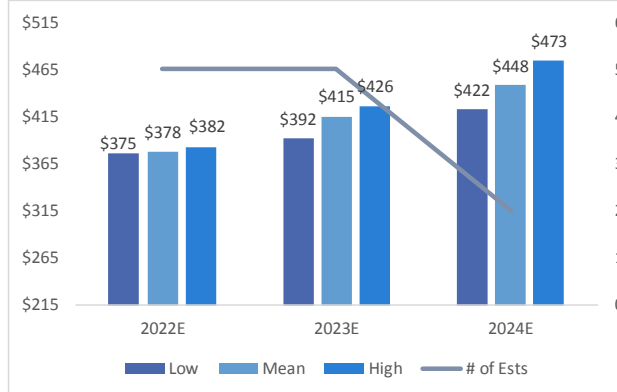
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$2,954	\$2,948	0.2%
2023E	\$3,304	\$3,219	2.6%
2024E	\$3,660	\$3,504	4.5%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

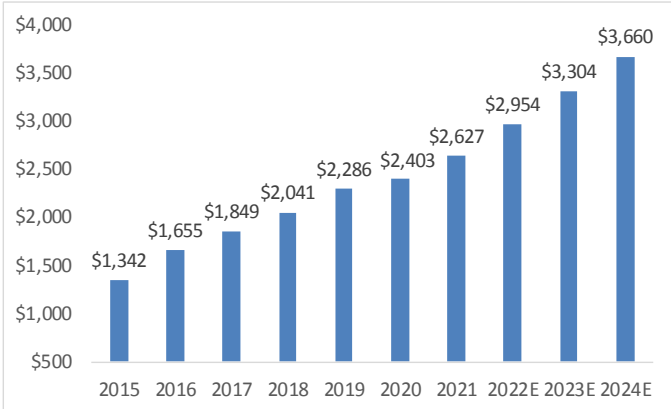
	Stephens	Street	Stephens vs. Street (%)
2022E	\$378	\$378	0.0%
2023E	\$423	\$415	2.0%
2024E	\$473	\$448	5.7%

Street EBITDA (\$Mil.) Estimates Detail

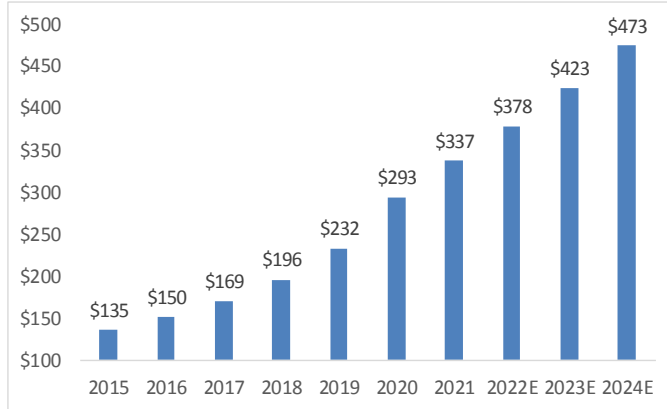


ENSG - Key Forecasts Snapshot: Income Statement Metrics

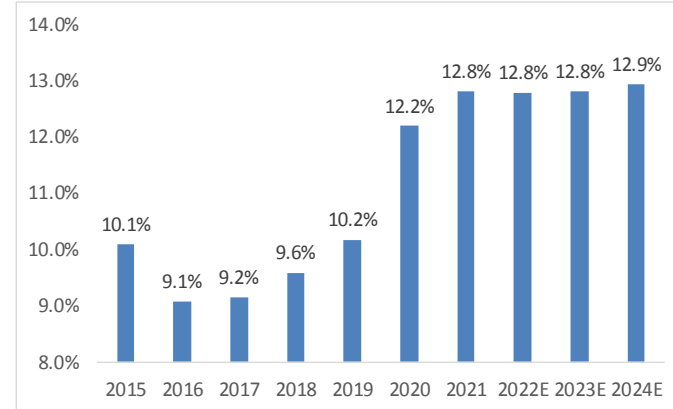
Consolidated Revenues (\$ millions)



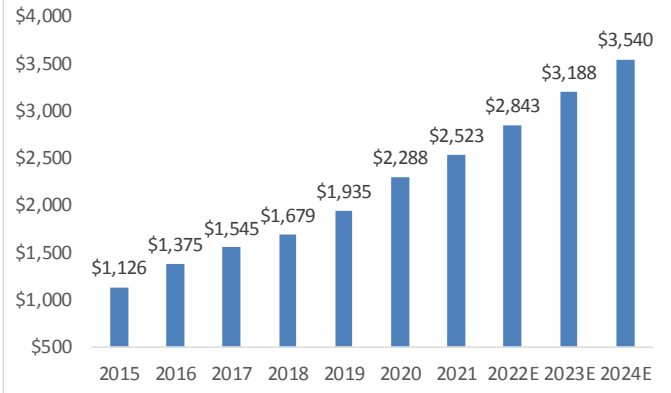
Adjusted EBITDA (\$ millions)



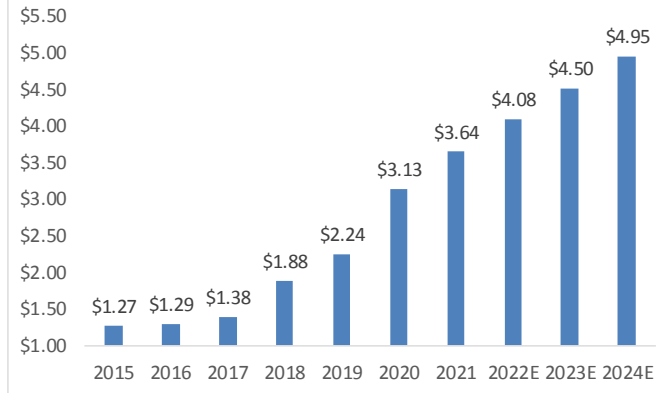
Adjusted EBITDA Margin (%)



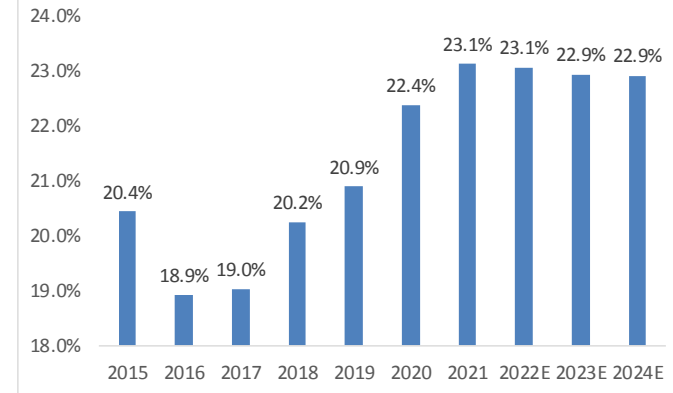
SNF Revenues (\$ millions)



Adjusted EPS

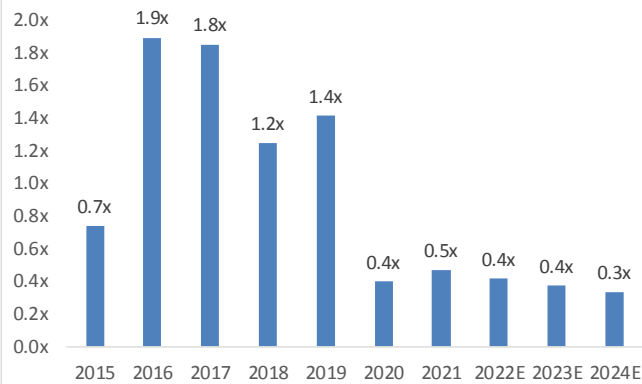


Gross Margin

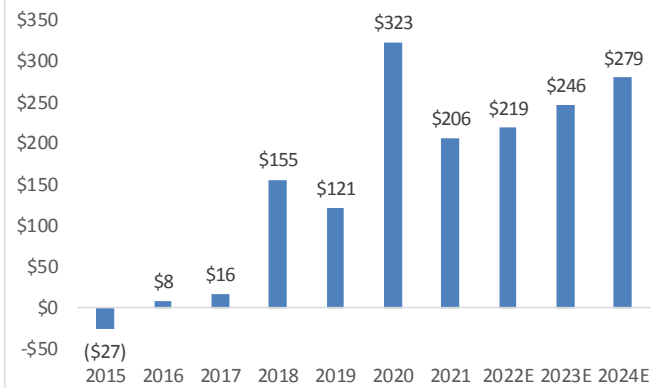


ENSG - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

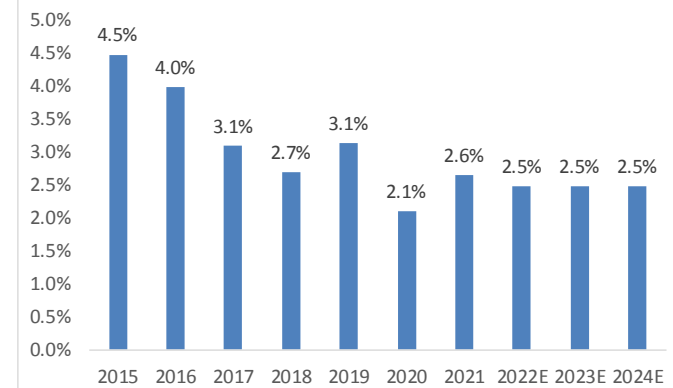
Debt to EBITDA Ratio



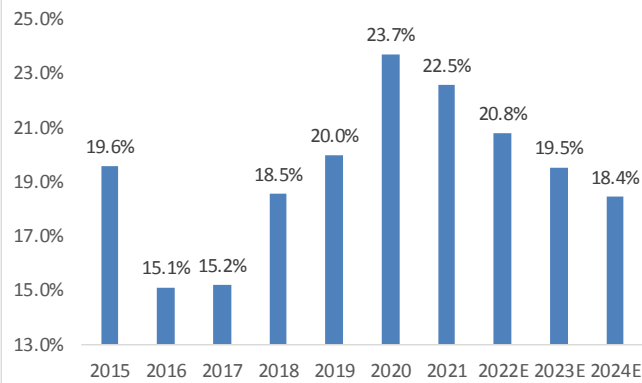
Free Cash Flow (\$ millions)



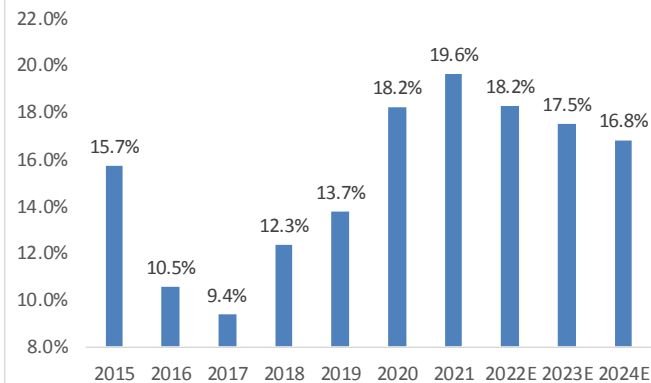
Capex (% of Net Revenues)



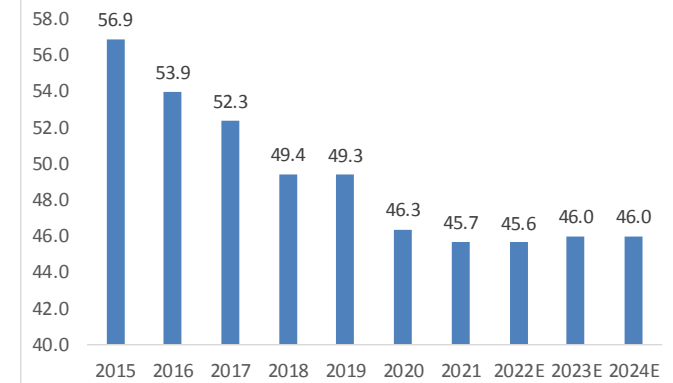
ROE (%)



ROIC (%)



Days Sales Outstanding



ENSG - Business Overview

Ensign is a provider of health care services across the post-acute care continuum. As of December 31, 2021, the company operated 245 skilled nursing, assisted living facilities and campus operations. ENSG also owns a large and growing portfolio of real estate assets through its newly formed “Standard Bearer Healthcare REIT Inc.”

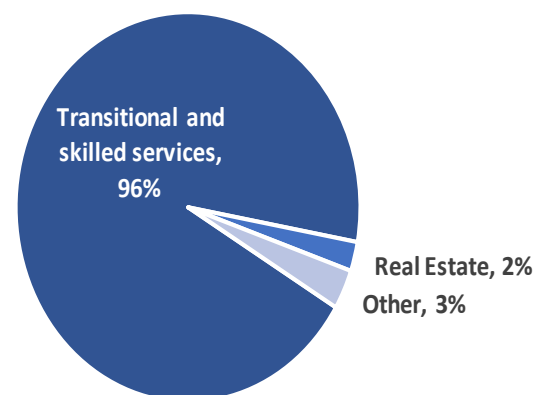
In 4Q21, ENSG’s Transitional and Skilled Services business accounted for 95% of consolidated revenues. Real Estate accounted for 1% of consolidated 3Q revenues, and the Other segment totaled the remaining 4%.

Within the business, Medicaid was the primary payer in 4Q21 at 45.8% of consolidated revenues; followed by Medicare (~27.2% of revs) and managed care (~17.5% of revs) and other (~9.5% of revs).

Company Snapshot

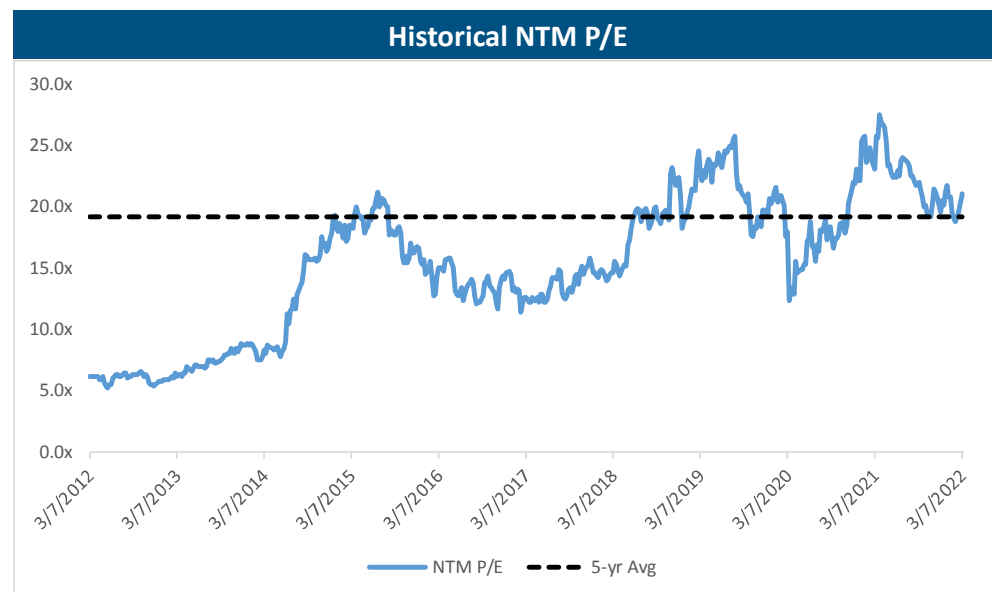
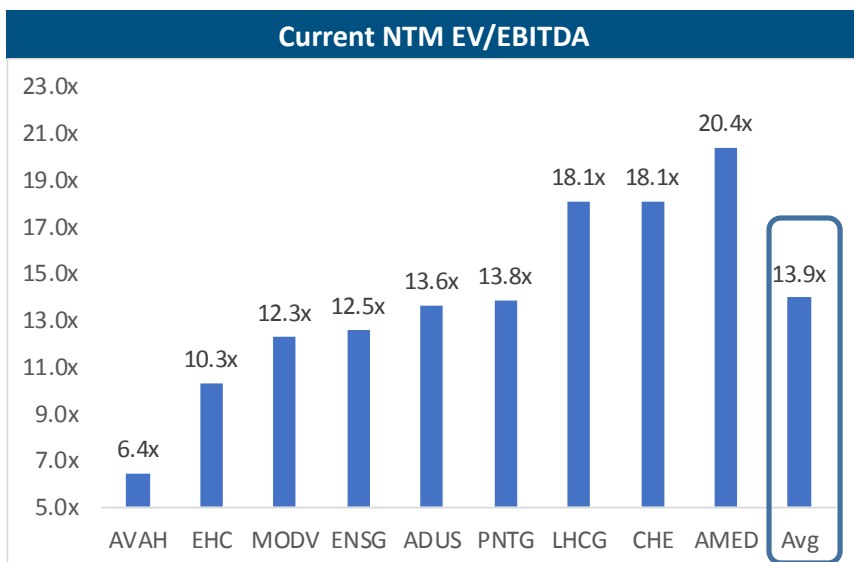
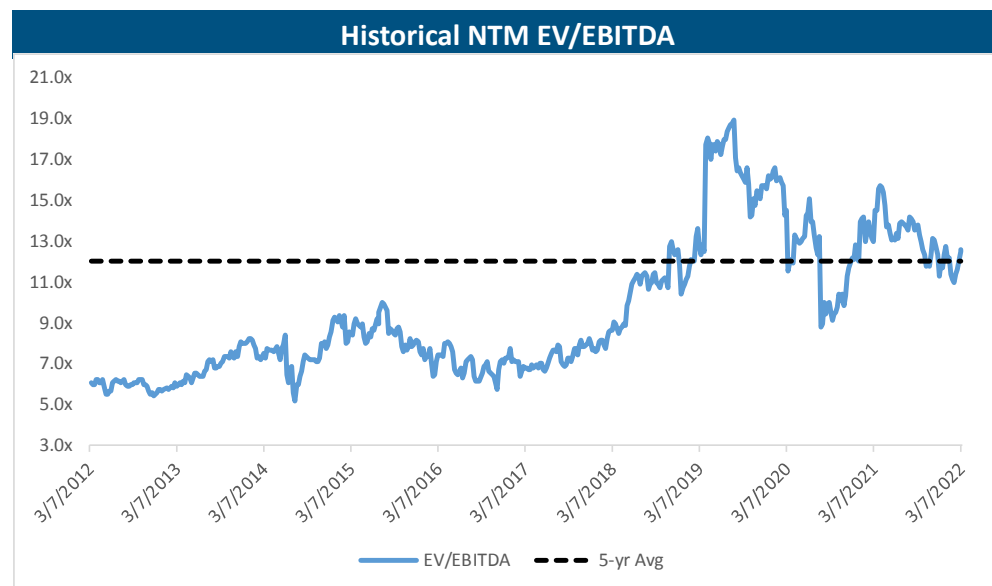
Ticker:	ENSG
Industry:	Healthcare Facilities
Headquarters (City):	San Juan Capistrano
Headquarters (State):	California
TTM Revenues (\$Mil.):	\$2,552
Market Cap (\$Mil.):	\$4,681
Cash & Equivalents (\$Mil.):	\$276
Debt (\$Mil.):	\$1,265
Avg. Daily Volume (TTM):	246,273
Short Interest (% of float):	3.0%

Ensign Pro-Forma Revenue Mix (%), 2021



ENSG - Valuation Profile

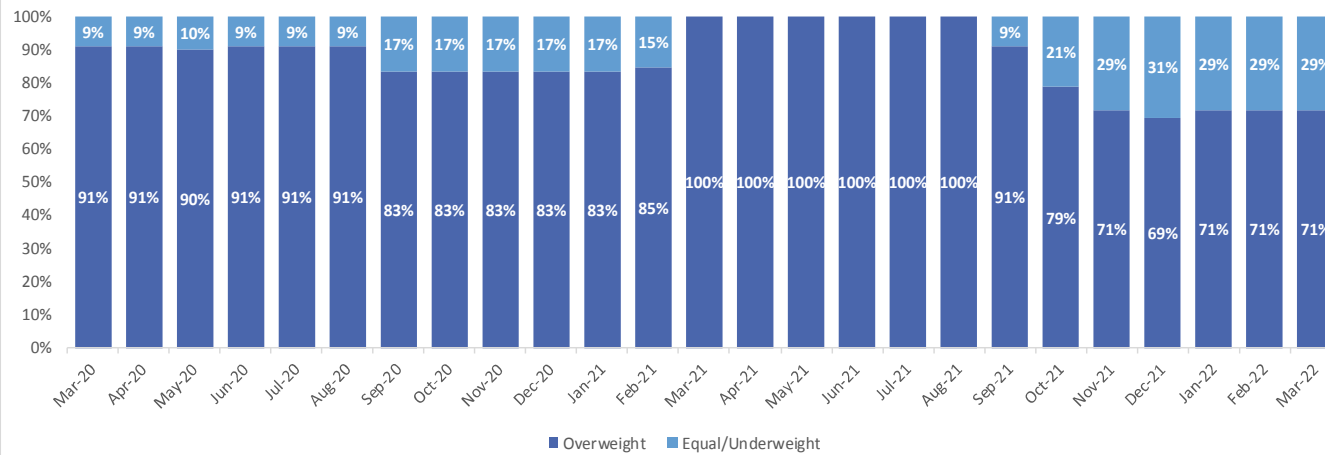
- Valuation sits slightly above the most recent five-year averages, based on both NTM consensus EV/EBITDA and P/E.
- ENSG currently trades at 12.5x NTM consensus EBITDA vs. the peer average of 13.9x.



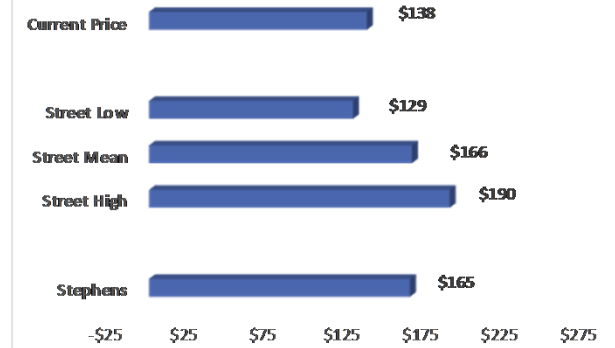
LHCG - Street Ratings and Summary of Key Estimates vs. Stephens

Overweight (OW) Rating, \$165 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (13 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

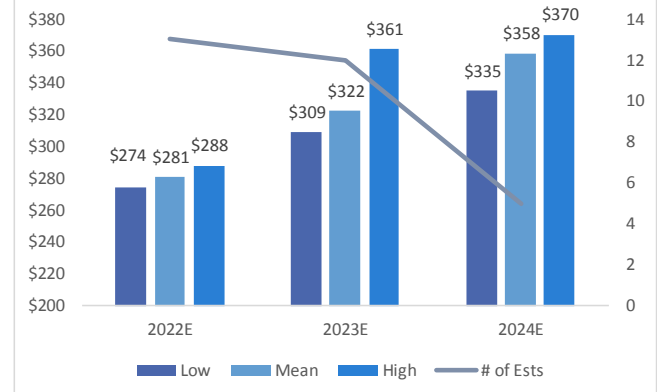
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$2,512	\$2,497	0.6%
2023E	\$2,761	\$2,743	0.7%
2024E	\$3,007	\$3,021	-0.5%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

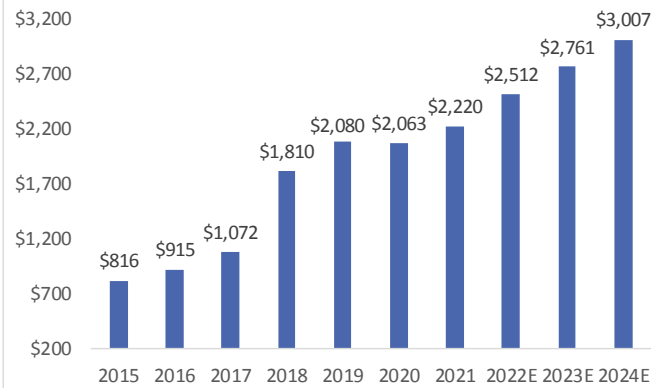
	Stephens	Street	Stephens vs. Street (%)
2022E	\$281	\$281	0.0%
2023E	\$326	\$322	1.1%
2024E	\$370	\$358	3.2%

Street EBITDA (\$Mil.) Estimates Detail

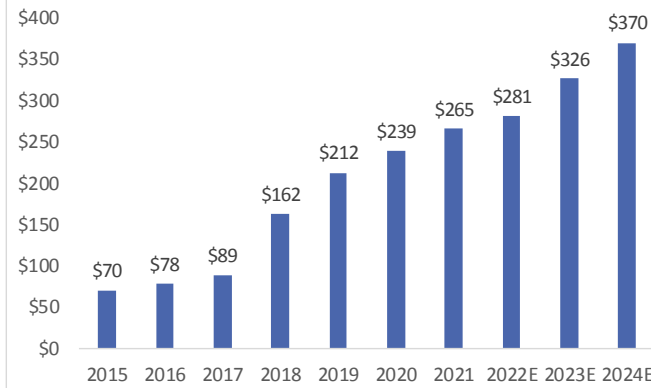


LHCG - Key Forecasts Snapshot: Income Statement Metrics

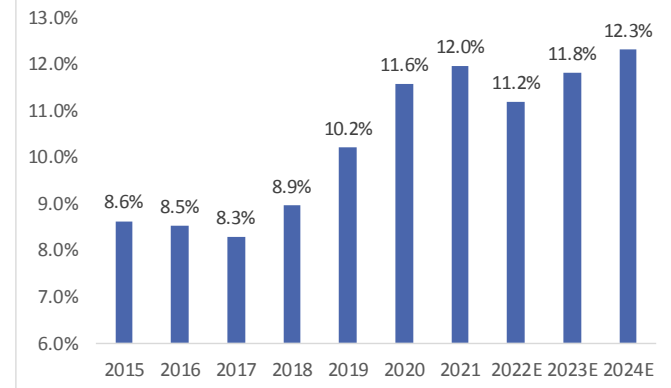
Consolidated Revenues (\$ millions)



Adjusted EBITDA - NCI (\$ millions)



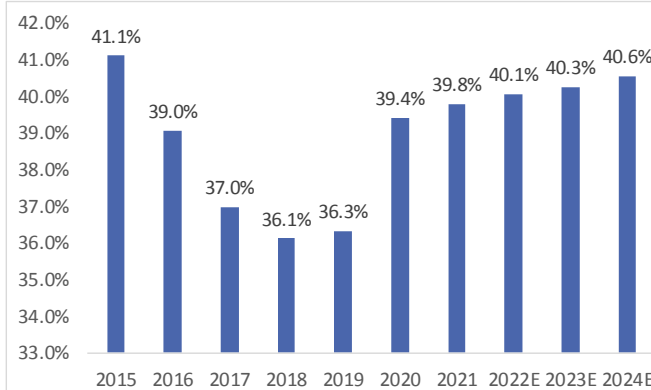
Adjusted EBITDA - NCI Margin (%)



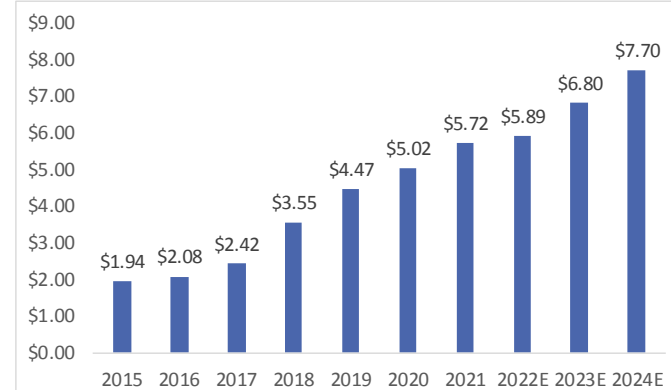
Home Health Services Revenues (\$ millions)



Gross Margin

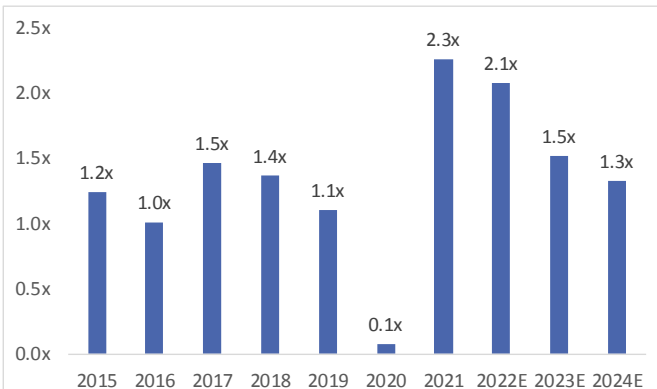


Adjusted EPS

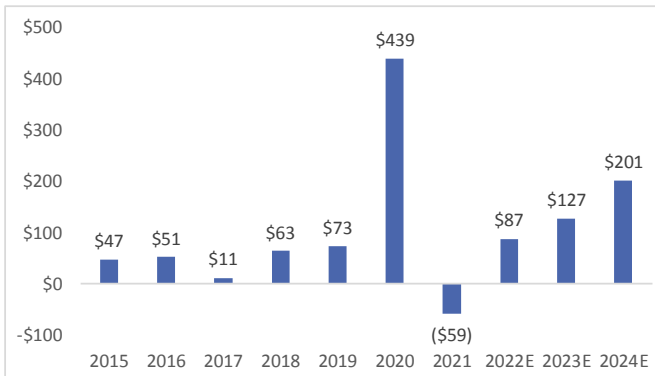


LHCG - Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

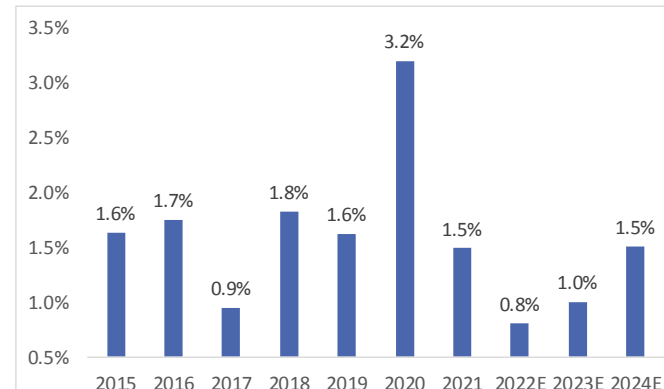
Debt to EBITDA Ratio



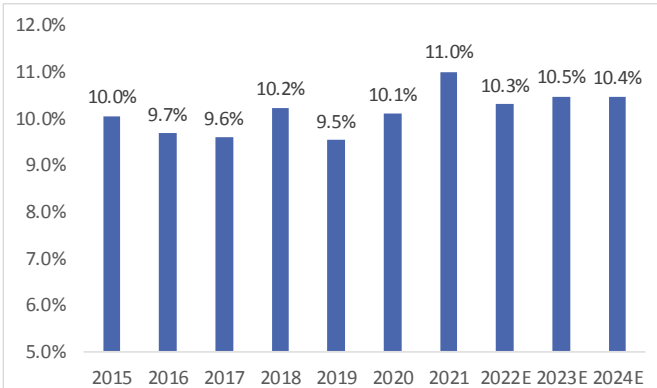
Free Cash Flow (\$ millions)



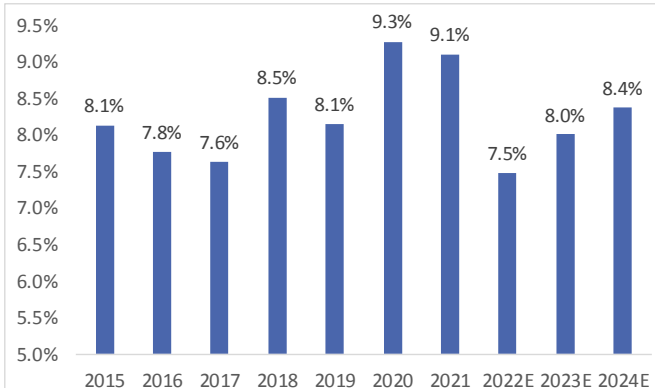
Capex (% of Net Revenues)



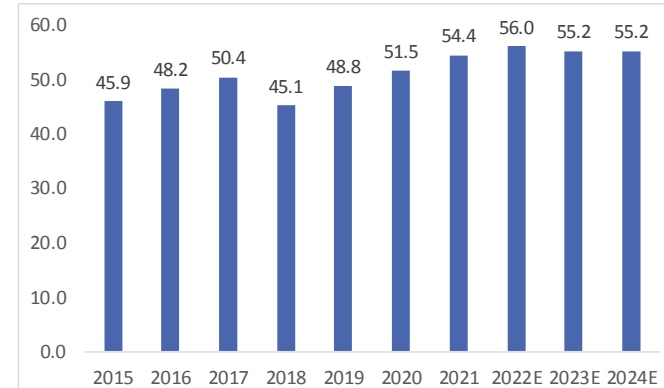
ROE (%)



ROIC (%)



Days Sales Outstanding



LHCG - Business Overview

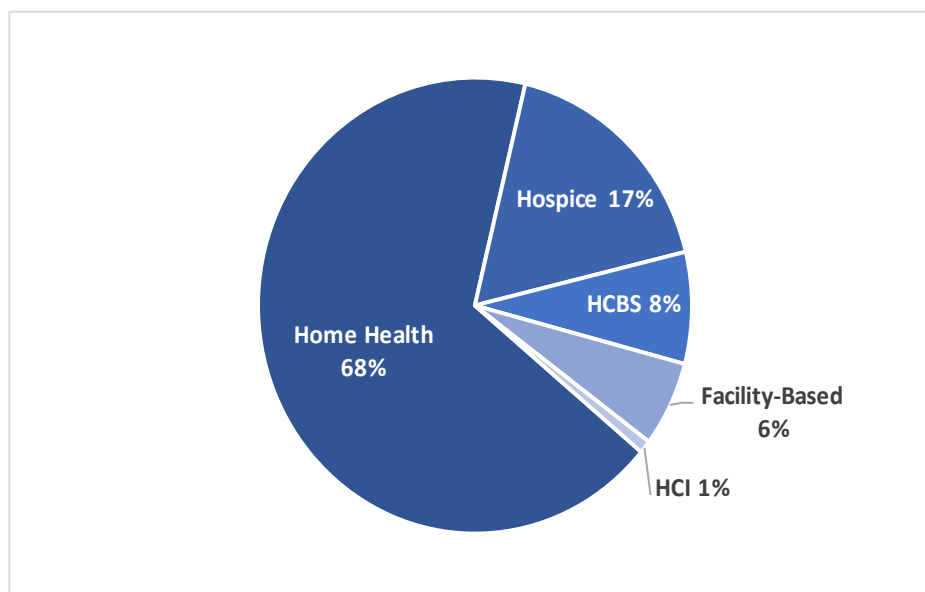
LHC Group provides post-acute health care services to patients through home nursing agencies, hospice agencies, home and community-based services agencies, long-term acute care hospitals (“LTACHs”) and healthcare innovations services. The company operates 868 service locations in 35 states within the U.S. through wholly- and majority-owned subsidiaries, equity joint ventures and controlled affiliates.

LHC Group provides services through five segments: home health (557 locations – 209 JVs), hospice (170 locations – 62 JVs), home and community-based (136 locations – 15 JVs), facility-based (93 facilities – 11 JVs -- including 11 LTACHs), and healthcare innovations (14 HCI locations – 1 JV).

Company Snapshot

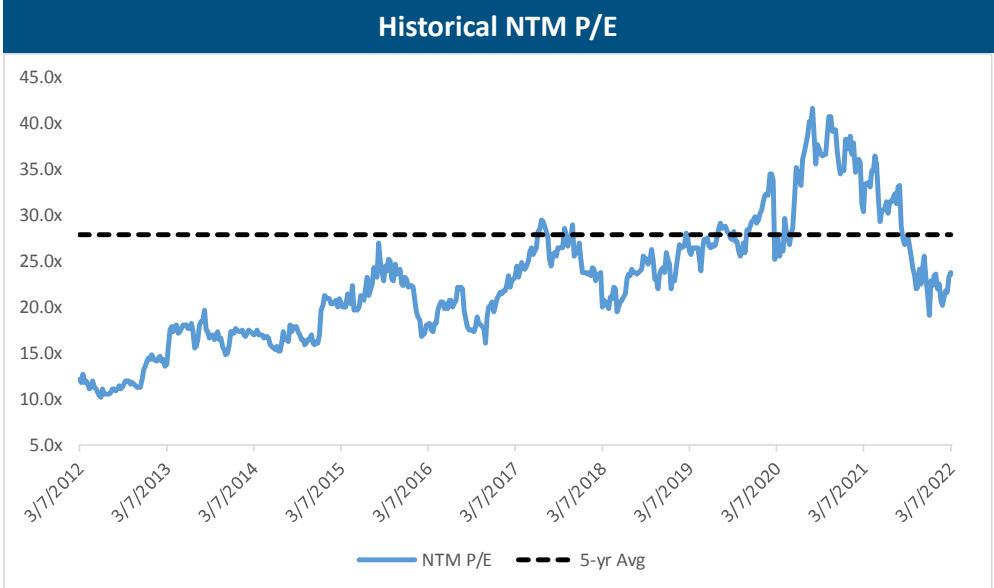
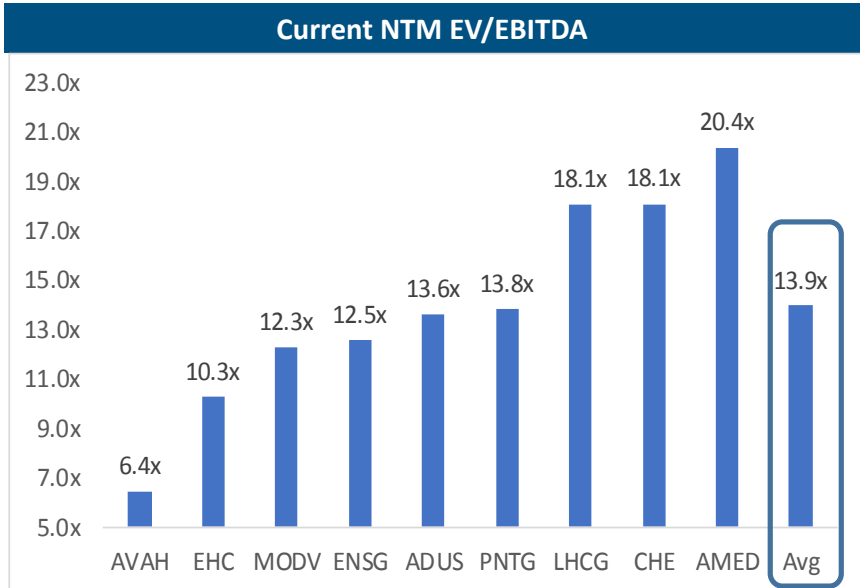
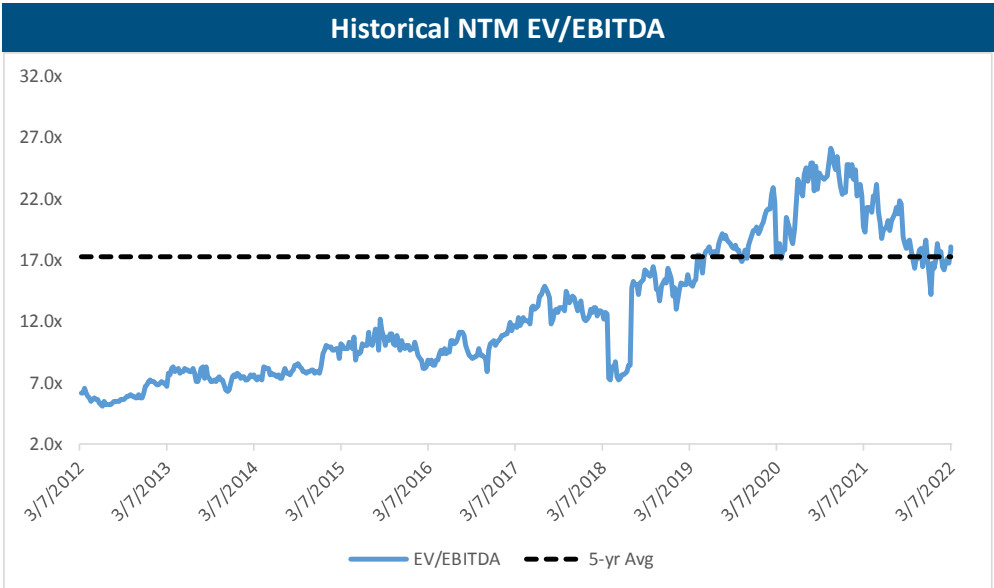
Ticker:	LHCG
Industry:	Healthcare Facilities
Headquarters (City):	Lafayette
Headquarters (State):	Louisiana
TTM Revenues (\$Mil.):	\$2,220
Market Cap (\$Mil.):	\$4,363
Cash & Equivalents (\$Mil.):	\$10
Debt (\$Mil.):	\$778
Avg. Daily Volume (TTM):	248,820
Short Interest (% of float):	3.9%

Revenue Mix (%), 4Q21



LHCG - Valuation Profile

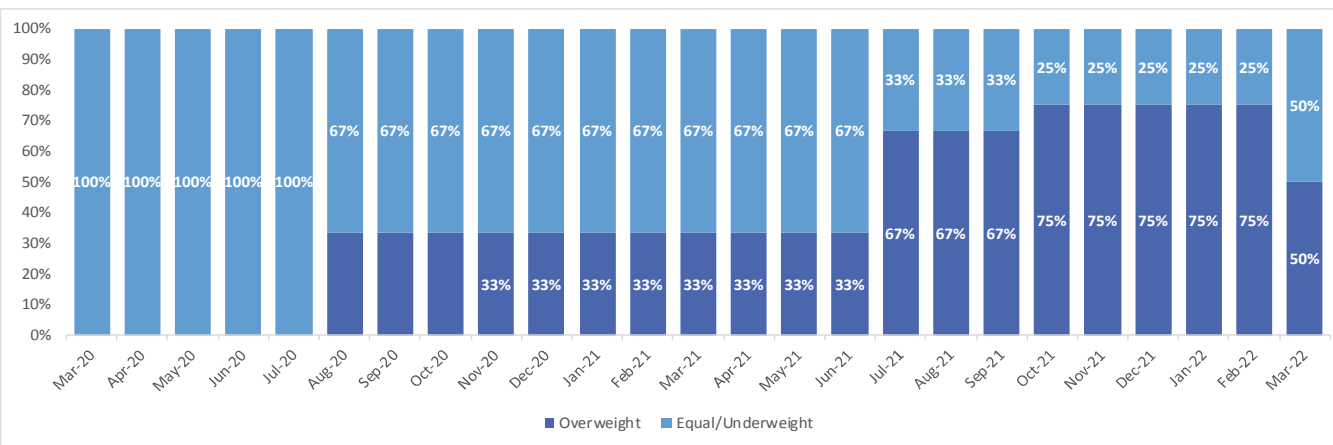
- Valuation is in line with the most recent five-year averages, based both on NTM consensus EV/EBITDA and below on P/E.
- LHCG currently trades at 18.1x NTM consensus EBITDA vs. the peer average of 13.9x.



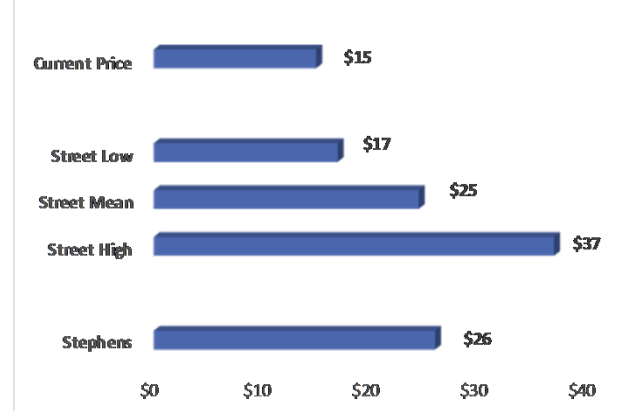
PNTG - Historical Stock Performance and Summary of Key Stephens' Estimates vs. Street

Overweight/Volatile (OW-Vol.) Rating, \$26 Price Target

Summary of Analyst Ratings Mix (%), Two Year History – (3 Ratings)



Street vs. Stephens Target Price Summary



*Current Price as of 3/7/2022

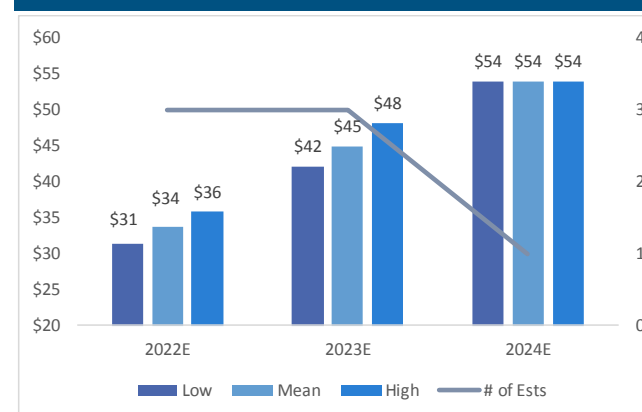
Stephens vs. Street – Revenue (\$Mil.) Ests.

	Stephens	Street	Stephens vs. Street (%)
2022E	\$455	\$456	-0.2%
2023E	\$499	\$502	-0.6%
2024E	\$551	\$551	0.0%

Stephens vs. Street – EBITDA (\$Mil.) Ests.

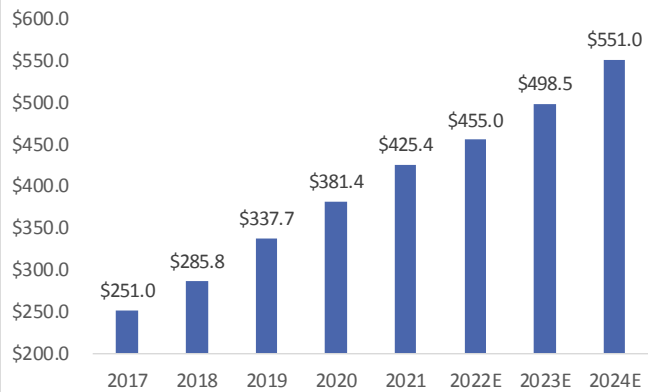
	Stephens	Street	Stephens vs. Street (%)
2022E	\$36	\$34	6.0%
2023E	\$45	\$45	-0.6%
2024E	\$54	\$54	0.0%

Street EBITDA (\$Mil.) Estimates Detail



PNTG – Stephens Key Forecasts Snapshot: Income Statement Metrics

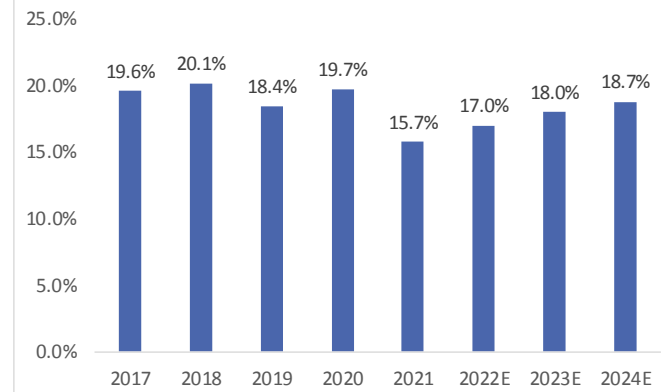
Revenues (\$ millions)



Adjusted EBITDAR (\$ millions)



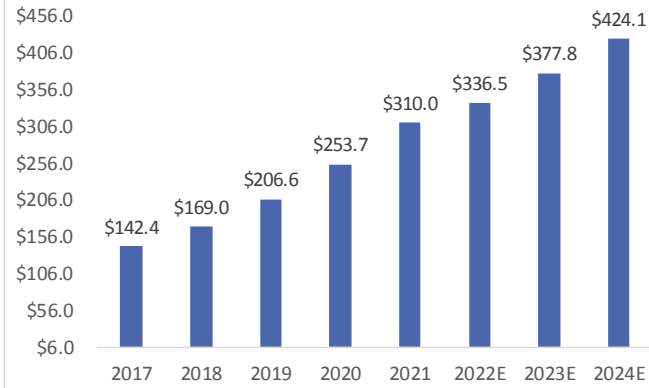
Adjusted EBITDAR Margin (%)



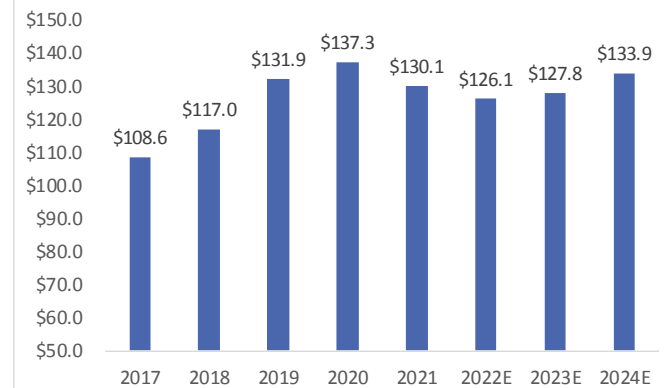
Adjusted EPS



Home Health /Hospice Segment Revs

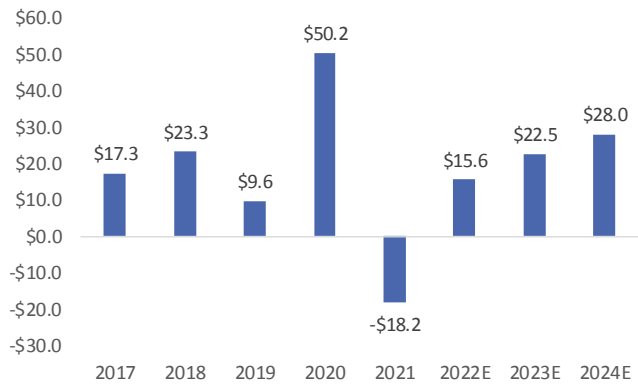


Senior Living Segment Revs

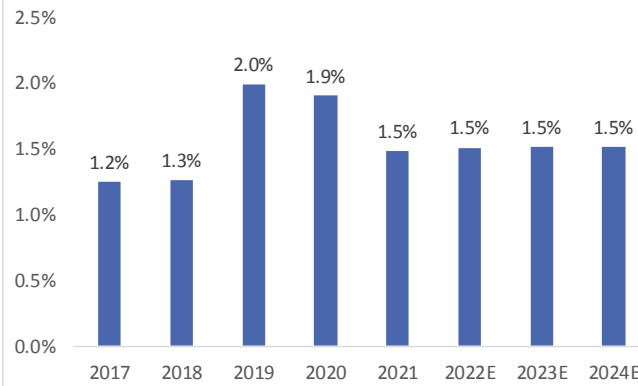


PNTG – Stephens Key Forecasts Snapshot: Balance Sheet/Cash Flow Metrics

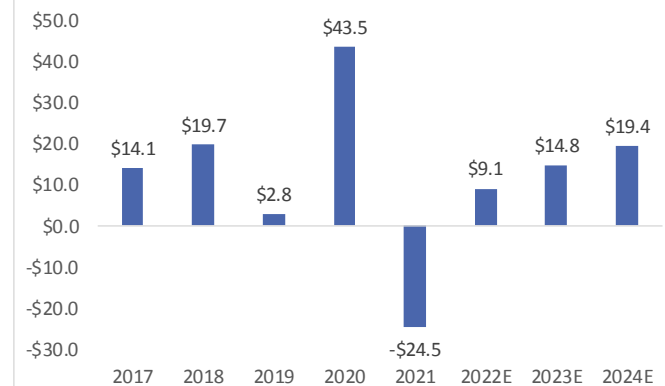
Operating Cash Flow (\$ millions)



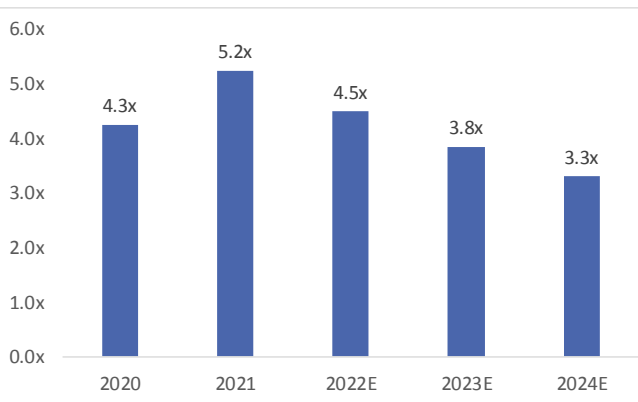
Capex (% of Net Revenues)



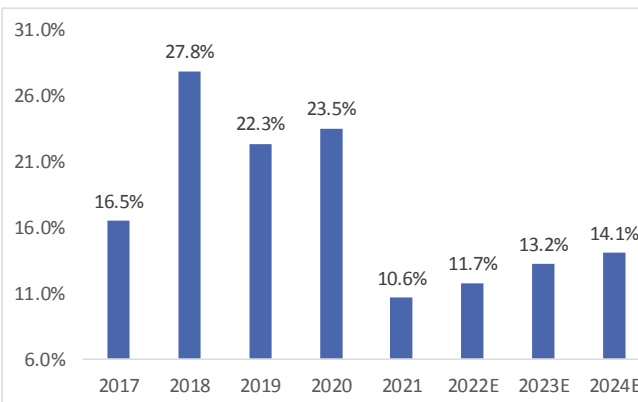
Free Cash Flow (\$ millions)



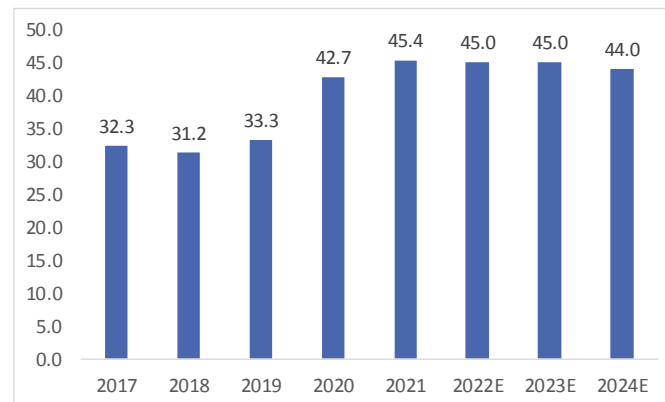
Net Lease Adj. Debt / EBITDAR



ROIC (%)



Days Sales Outstanding



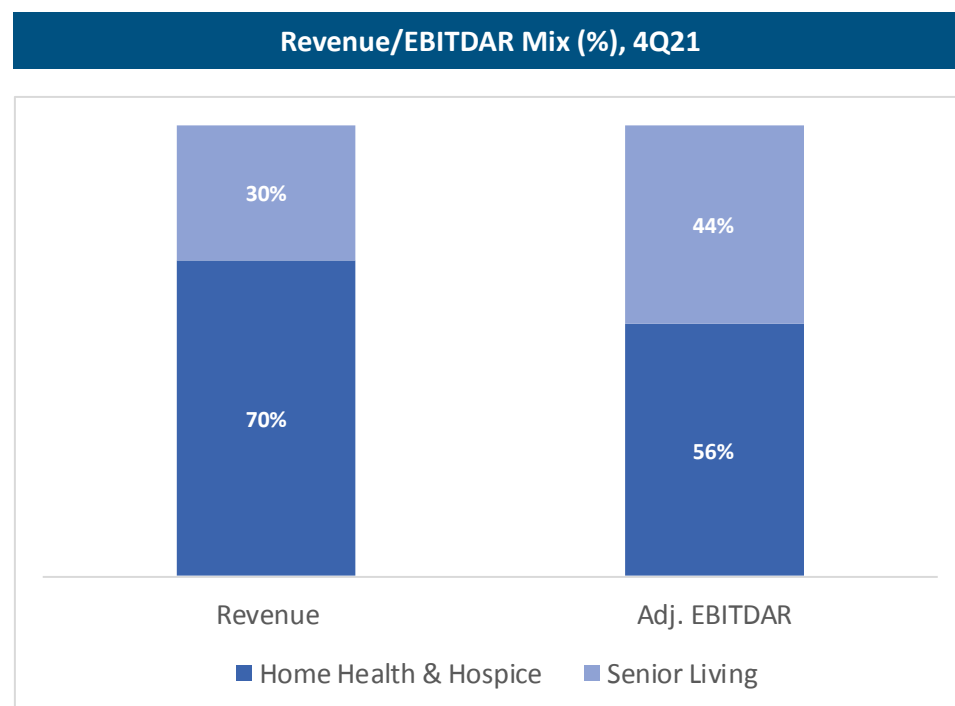
PNTG Business Overview

On October 1, 2019, The Ensign Group (ENSG-OW rated) spun off its home health and hospice operations and substantially all of its senior living operations into The Pennant Group.

The Pennant Group is a provider of health care services across the post-acute care continuum. As of December 31, 2021, the company operated 88 home health, hospice and home care agencies and 54 senior living communities across 14 states. Pennant's senior living services include the operation of assisted living, independent living, and memory care communities.

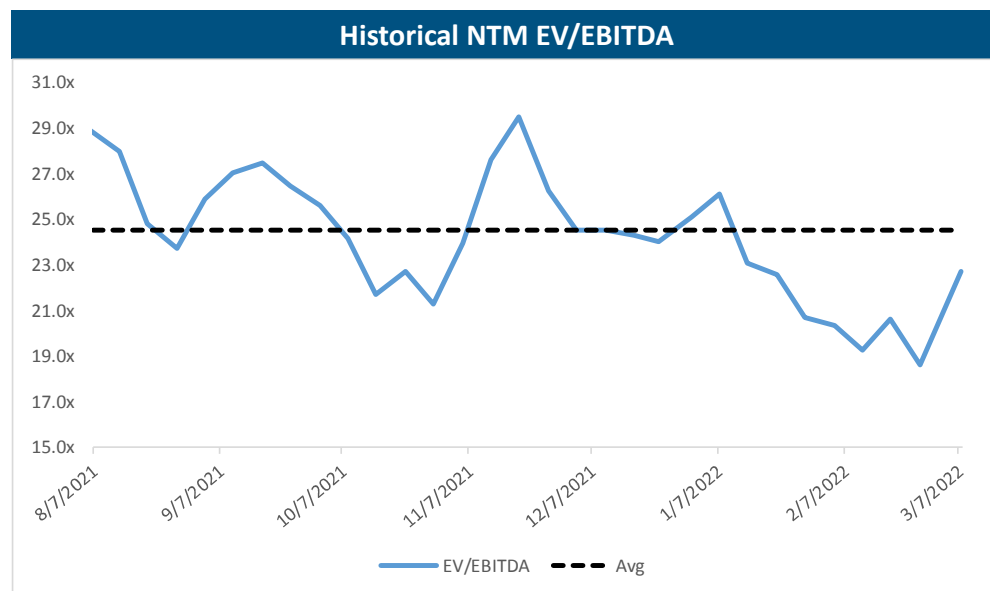
PNTG's Home Health and Hospice Services business accounted for 70% of total revenue and 60% of adjusted EBITDAR in 4Q21, with Senior Living Services comprising the remaining 30% of revenue and 40% of EBITDAR. Across the consolidated business, Medicare was the primary payer in 4Q21 at ~49.3% of revenues, followed by private pay (26.2%), Medicaid (~13.3%), and managed care (11.2%),

Company Snapshot	
Ticker:	PNTG
Industry:	Healthcare Facilities
Headquarters (City):	Eagle
Headquarters (State):	Idaho
TTM Revenues (\$Mil.):	\$440
Market Cap (\$Mil.):	\$427
Cash & Equivalents (\$Mil.):	\$5
Debt (\$Mil.):	\$355
Avg. Daily Volume (TTM):	141,244
Short Interest (% of float):	4.4%

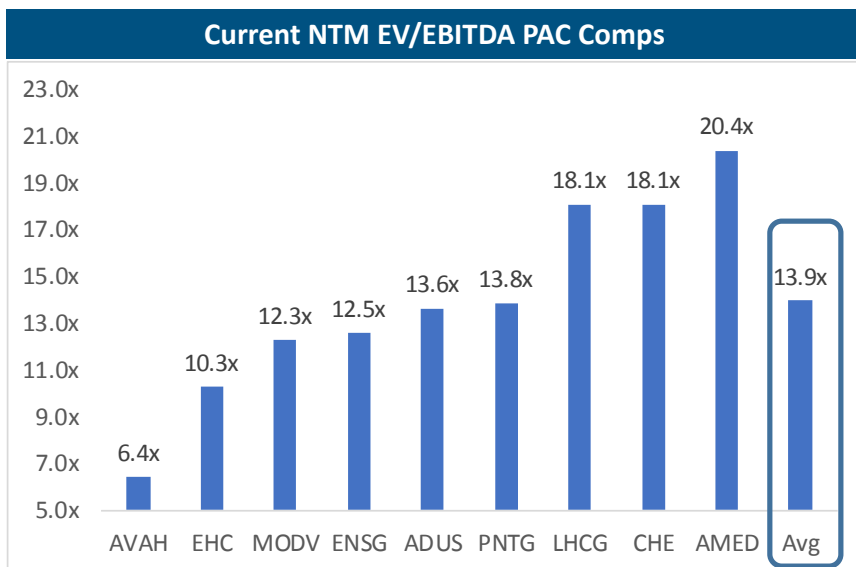


PNTG - Valuation Profile

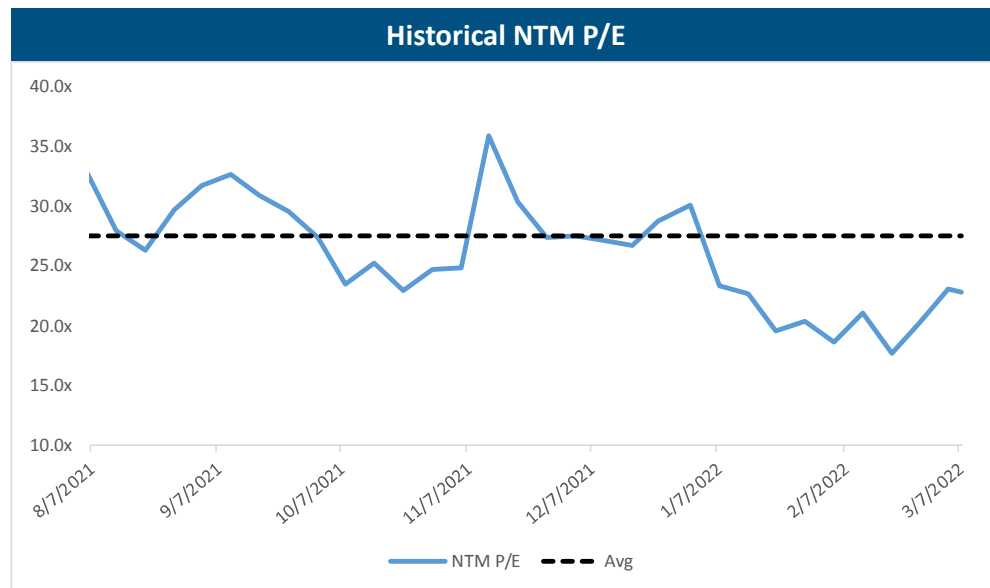
- PNTG currently trades at 13.8x NTM consensus EBITDA vs. the PAC peer average of 13.9x.



*EV calculation inclusive of lease adjustments



*EV calculation net of lease adjustments



Companies Mentioned

Ticker	Company	Price
ACHC	Acadia Healthcare Company, Inc.	\$61.01
ADUS	Addus HomeCare Corporation	\$80.48
AGL	agilon health inc	\$21.22
ALHC	Alignment Healthcare, Inc.	\$9.49
AMED	Amedisys, Inc.	\$158.40
ANTM	Anthem, Inc.	\$456.45
AVAH	Aveanna Healthcare Holdings Inc	\$4.58
BHG	Bright Health Group, Inc.	\$1.84
CANO	Cano Health Inc Class A	\$4.46
CHE	Chemed Corporation	\$485.99
CLOV	Clover Health Investments, Corp. Class	\$2.62
CNC	Centene Corporation	\$83.52
CI	Cigna Corporation	\$238.75
CSGN-SWX	Credit Suisse Group AG	\$7.06
CVS	CVS Health Corporation	\$105.00
CYH	Community Health Systems, Inc.	\$10.68
DBK-ETR	Deutsche Bank AG	\$9.67
EHC	Encompass Health Corporation	\$67.22
ENSG	Ensign Group, Inc.	\$85.84
HCA	HCA Healthcare Inc	\$260.27
HUM	Humana Inc.	\$428.28
INNV	InnovAge Holding Corp.	\$4.83
JPM	JPMorgan Chase & Co.	\$130.26
LHCG	LHC Group, Inc.	\$137.99
MODV	ModivCare Inc.	\$107.21
MOH	Molina Healthcare, Inc.	\$310.31
OSCR	Oscar Health, Inc. Class A	\$7.41
ONEM	1Life Healthcare, Inc.	\$9.65
OSH	Oak Street Health, Inc.	\$21.52
PRVA	Privia Health Group, Inc.	\$24.03
PNTG	Pennant Group Inc	\$15.60
SEM	Select Medical Holdings Corporation	\$23.66
THC	Tenet Healthcare Corporation	\$86.27
TRI	Thomson Reuters Corporation	\$105.50
UBS	UBS Group AG	\$15.11
UNH	UnitedHealth Group Incorporated	\$487.05
UHS	Universal Health Services, Inc. Class B	\$149.48

Private Companies

Altarum Institute
 Blue Cross Blue Shield Organization
 CMS
 Kaiser Family Foundation
 MedPac
 PWC

Source: Factset Research Systems (as of 3/7/22)

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The research analyst principally responsible for preparation of this presentation has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

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Company Stock Ratings: OVERWEIGHT (O) – The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) – The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) – The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) – The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

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<u>Rating</u>	<u>%</u>	<u>% Investment Banking Clients (Past 12 Months)</u>
BUY	62.1	25.59
HOLD	37.4	18.95
SELL	0.49	0

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