



Bright Health Group

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2023 J.P. Morgan Healthcare Conference

January 11, 2023



Disclaimer



Statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements, and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies, and operational and financial outlook and guidance. These statements often include words such as “anticipate,” “expect,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “projections,” “outlook,” and other similar expressions. These forward-looking statements include any statements regarding our plans and expectations with respect to Bright Health Group, Inc. (the “Company”). Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Factors that might materially affect such forward-looking statements include: our ability to continue as a going concern; our ability to quickly and efficiently wind down our IFP businesses and MA businesses outside of California; our ability to accurately estimate and effectively manage the costs relating to changes in our businesses offerings and models; a delay or inability to withdraw regulated capital from our subsidiaries; a lack of acceptance or slow adoption of our business model; our ability to retain existing consumers and expand consumer enrollment; our ability to accurately assess, code, and report IFP and MA risk adjustment factor scores for consumers; our ability to contract with care providers and arrange for the provision of quality care; our ability to accurately estimate our medical expenses, effectively manage our costs and claims liabilities or appropriately price our products and charge premiums; the impact of the ongoing COVID-19 pandemic on our business and results of operations; the risks associated with our reliance on third-party providers to operate our business; the impact of modifications or changes to the U.S. health insurance markets; our ability to manage the growth of our business; our ability to operate, update or implement our technology platform and other information technology systems; our ability to retain key executives; our ability to successfully pursue acquisitions and integrate acquired businesses; the occurrence of severe weather events, catastrophic health events, natural or man-made disasters, and social and political conditions or civil unrest; the impact of security incidents or breaches, loss of data and other related events on our members, patients, employees, and financial results; our ability to comply with requirements to maintain effective internal controls; our ability to adapt to the new risks associated with our expansion into Direct Contracting; and additional risks and uncertainties described in the Company's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports). Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or to changes in our expectations.



Introduction to Bright Health

Fully Aligned Care Model Built for Aging and Underserved Consumers

Our Mission

Making Healthcare Right. **Together.**

Our Vision

Through **Aligned Care Relationships**, we help all people live healthy and brighter lives.

Our Focus

Delivering affordable healthcare for **Aging** and **Underserved Consumers** with unmet needs in the largest healthcare markets.

Our Model

A **Fully Aligned Care Model** where we leverage the “**Value Layer**” of healthcare to align stakeholders financially, clinically, and through data and technology.

Our Operating Segments

Simplified model around **Value-Driven Care Delivery** and **Delegated Senior Managed Care**.

2023 Forecasted Statistics

\$3.4 – 3.6B

Bright Health
Net Revenue

>125k

Senior Managed
Care Consumers

275 – 300k

Value-Driven Care
Delivery Consumers⁽¹⁾

Profitable

Adjusted
EBITDA⁽²⁾

(1) End of year 2023, inclusive of Medicare Advantage, Medicare ACO Reach, Medicaid and Commercial ACA consumers.

(2) Adjusted EBITDA is a non-GAAP financial measure. A reconciliation of projected Adjusted EBITDA to the most directly comparable GAAP financial measure is not provided because the company is unable to provide such reconciliation without unreasonable effort. Please see the appendix to this presentation for important information about the use of this non-GAAP financial measure and the absence of such reconciliation.

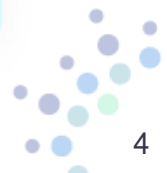


Investment Highlights

A Technology-Enabled, Value-Driven Healthcare Company with Significant Future Upside



(1) All references to profitability are on the basis of Adjusted EBITDA, a non-GAAP financial measure. Please see the appendix to this presentation for important information about the use of this non-GAAP financial measure and the absence of such reconciliation.



The Current Healthcare System Needs a Better and More Personalized Model

Most Consumers Feel Unsatisfied and Underserved with their Healthcare Experience Today

Current Healthcare System

High Costs Coupled with Sub-Optimal Outcomes and Experience

50%+ of U.S. healthcare consumers feel they are treated more as “**incidents**” than people

Misaligned Incentives Rewarding Volume Over Value

US Physician practices report that **over 75% of their revenue** comes from Fee-for-Service (FFS) reimbursement

Value-Based Models Historically Limited Outside of Medicare

Only **6% of total spending was population based** and not linked to FFS

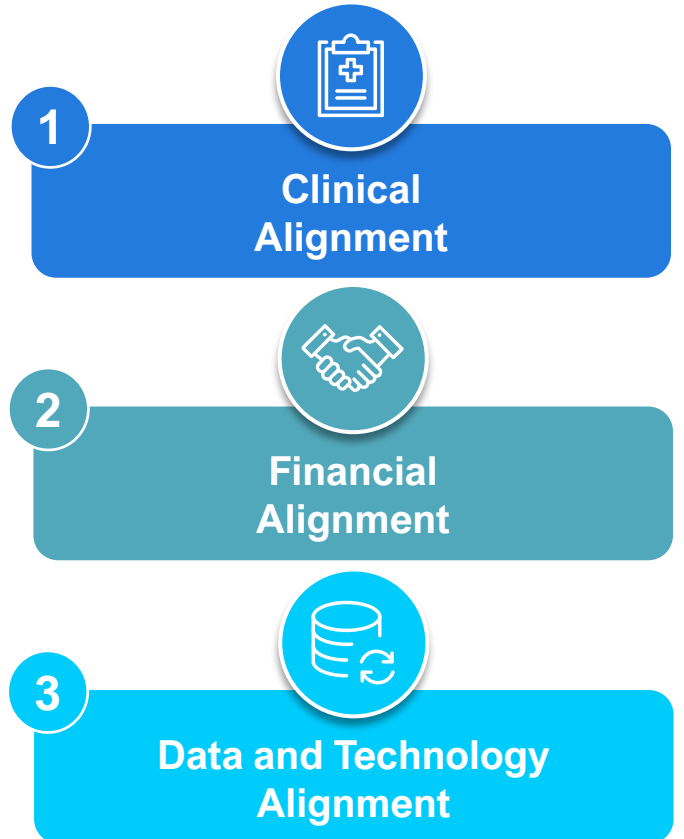
Inadequate Access to Quality Care at an Affordable Cost

45% of underinsured adults did not seek medical treatment due to cost concerns

Disaggregated Health Data Leading to Suboptimal Outcomes

Payors and providers are **reluctant** to share data unless it serves their interests

Fully Aligned Care Model



Investing in the “Value Layer” of Healthcare to Drive Improved Outcomes

The Value Layer is a Set of Tools, Methods and Insights that Lead to Decisions that Result in Better Care at a Lower Cost

	Representative Capability	Delegated Senior Managed Care	Value-Driven Care Delivery	
	<i>Product and Pricing</i>	✓		Underwriting Margins, Administrative Fees and Capital Investment
	<i>Claims Processing</i>	✓		
	<i>Sales and Distribution</i>	✓		
Value Layer	Consumer Engagement	+	+	Value Creation <u>Success Measures</u> ↑ Customer Satisfaction ↑ Clinical Outcomes ↓ Total Cost of Care
	Quality and Gaps in Care	+	+	
	Care Management and Navigation	+	+	
	Network and Affiliate Management	+	+	
	Provider Enablement Services	+	+	
	Data, Analytics, and Insights	+	+	
	<i>Clinic and Pharmacy Operations</i>		✓	Fee-for-Service Payments

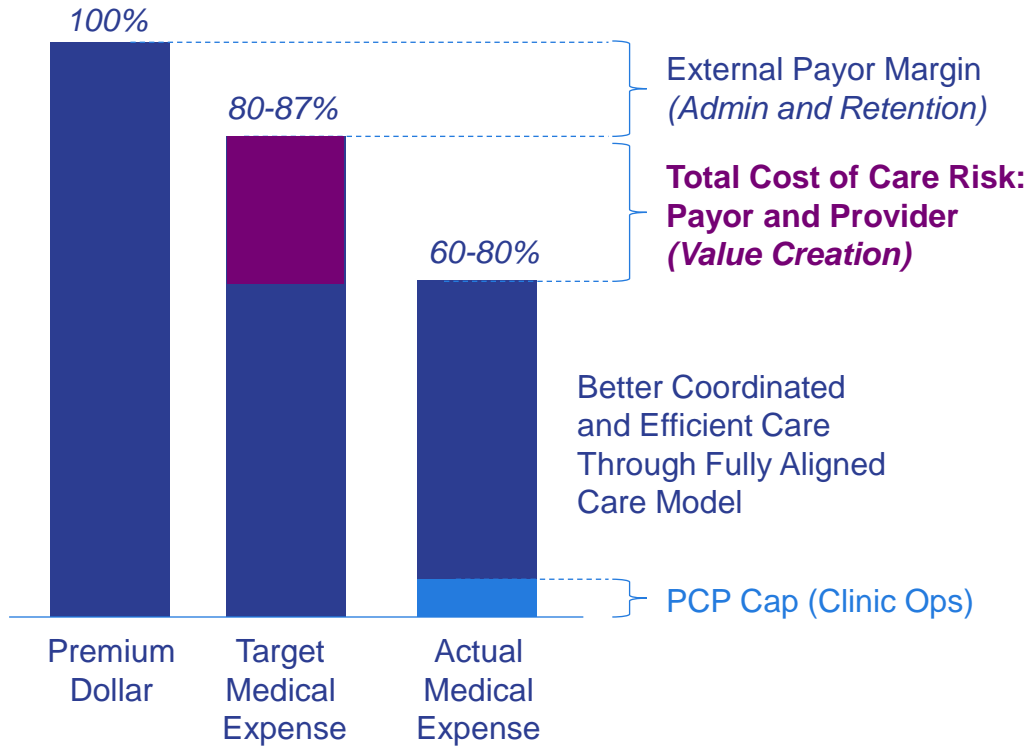
✓ *Essential Capabilities* + *Value-Based Care Capabilities*



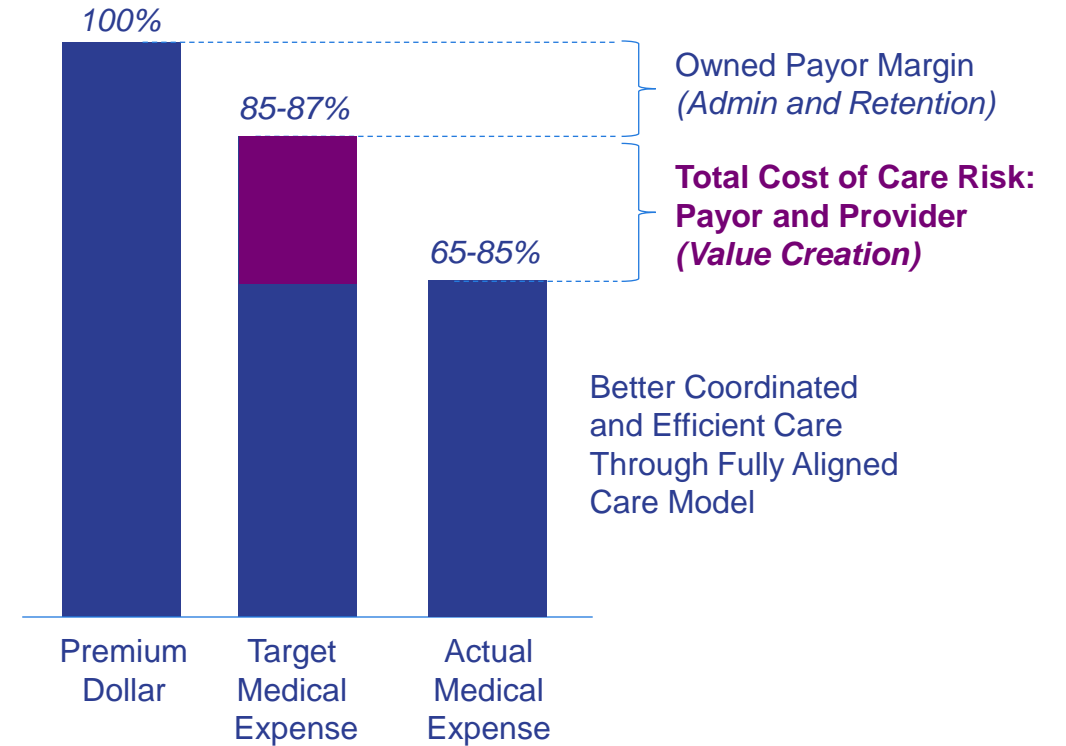
Common Economic Models that Reward Aligned Value Creation

Margin Expansion Opportunity Driven by a Common Set of Provider Enablement and Value-Based Care Capabilities

Value-Driven Care Delivery



Delegated Senior Managed Care

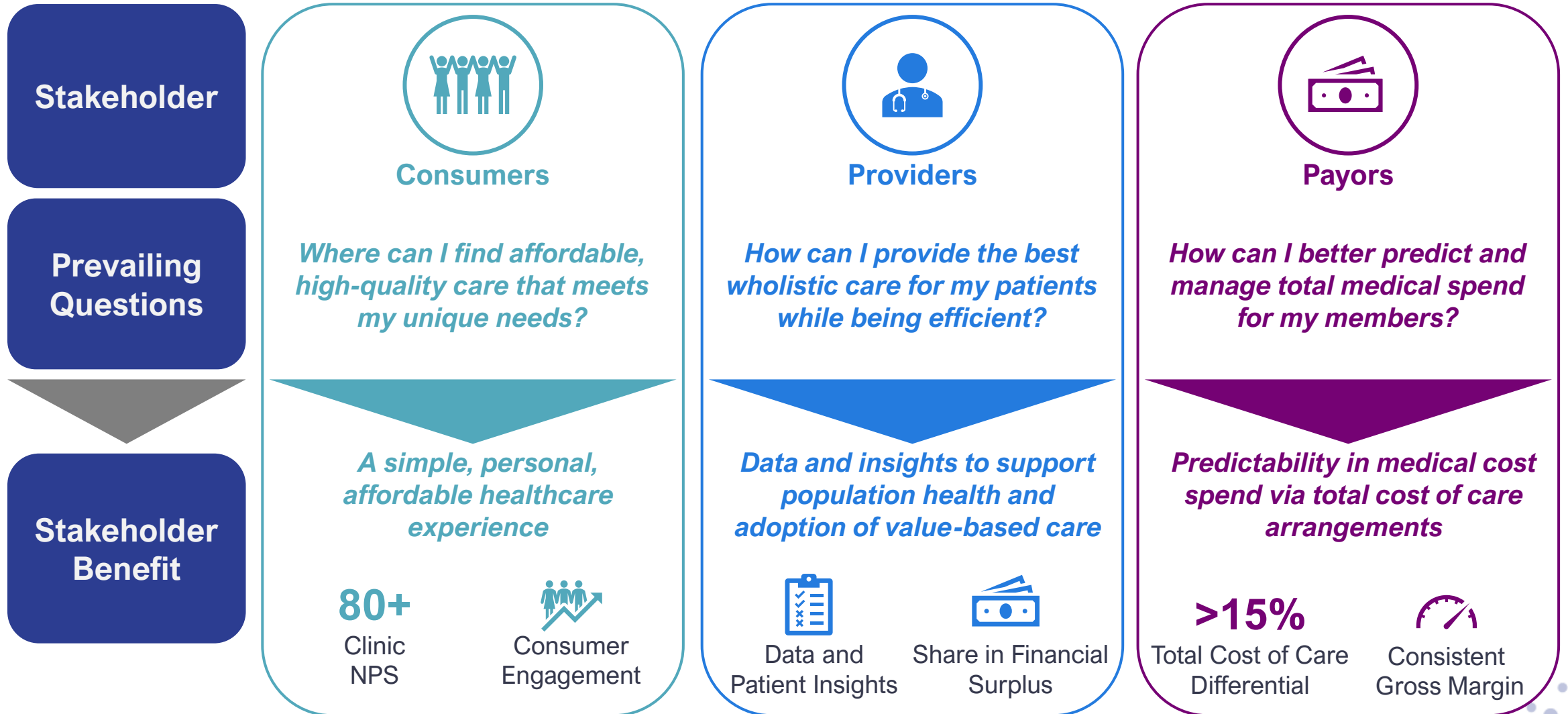


Value Creation Drives Economic Upside



Delivering a “Win-Win-Win” Value Proposition for Stakeholders

Consumers, Providers and Payors All Benefit from Bright Health’s Fully Aligned Care Model



Embedded Within the Local Markets, Driving Significant Community Benefit

Deep Roots in Local Communities with a Focus on Culturally Competent Care, Driving Significant Community Value

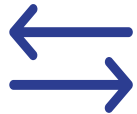
Local Community-Based Care



Trusted Patient Relationship



Cultural and Language Focus



Referrals to High Quality Specialists

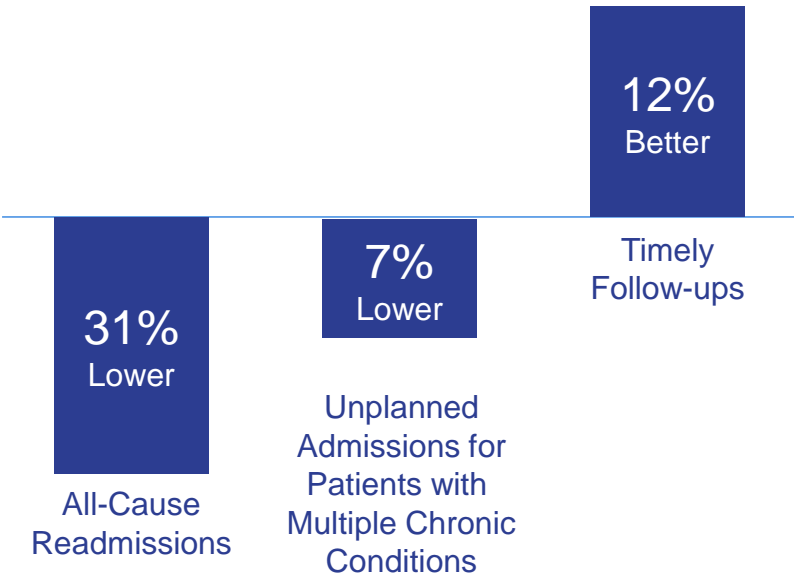


Understand and address social barriers



Embedded Point of Care within Community

Delivering Improved Outcomes⁽¹⁾



Focused on Improving the Health of Local Communities

(1) NeueHealth Direct Contracting January – October 2022 performance relative to CMS DCE benchmarks.



Bright Health's Operating Segments

A Common Model Serving the Fastest Growing Consumer Healthcare Segments in the Largest U.S. Markets





Aging and Underserved Consumers • Fully Aligned Care Model • Integrated Technology Platform

Consumer Care

Value-Driven Care Delivery partnering with leading health plans and government programs to deliver improved care to consumers

2023 Forecasts:

\$1.6 Billion +	275-300k
Value-Based Revenue	Value-Based Consumers ⁽¹⁾



 
 

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Delegated Medicare Advantage health plans partnering with high-performing providers serving aging and underserved consumers in California

2023 Forecasts:

\$1.8 Billion +	>125k
Health Plan Premium Revenue	Medicare Advantage Consumers

(1) End of year 2023, inclusive of Medicare Advantage, Medicare ACO Reach, Medicaid and Commercial ACA consumers.



Our Strategy has Sharpened and the Opportunity Has Continued to Grow

Building on the Learnings and Foundation of the Fully Aligned Care Model for Future Performance with Strategic Partners



1

'16 – '22

Proof of Concept with Integrated Care

Lay the Foundation for the Fully Aligned Care Model

- Establish **clinical, financial, and data and technology alignment** and lay foundational capabilities necessary to take and manage risk
- Validate **aligned enablement model** that drives superior performance, leading clinical outcomes, and affordable care

2

'23 – '24

Performance with External Partners

Deliver Fully Aligned Care Model with External Partners

- Retain Bright HealthCare ACA members through **external payor partners**
- One **Medicare Advantage** platform while achieving performance optimization
- Continue to deliver a differentiated experience with attributed lives within our **Value-Driven Care Delivery** business

3

'24+

Future Capital Efficient Growth

Market and Line of Business Expansion with Partners

- Enable long-term, sustainable differentiation through growth of our national and local payor partners in existing and new markets
- Accelerate the growth of our Delegated Senior Managed Care business
- Leverage the local depth and geographic scale to drive target margins

Consumer Care – Value-Driven Care Delivery

A Community-Based, Value-Driven Care Model in Partnership with Leading National and Local Health Plans

275 – 300k

Value Based Consumers

\$1.6 – 1.8B

2023E Revenue

70%

2023E External Revenue Growth⁽¹⁾



ASSOCIATESMD



Building on Existing Patient Relationships

- High consumer retention model - 70% of patients in our clinics are retained value-based lives
- Returning patients create an opportunity for improved patient referrals and identifying gaps in care
- Health plan partnerships deliver strong underlying unit costs that support competitive marketplace pricing

Competitive Advantages

- High consumer satisfaction and NPS
- The Fully-Aligned Care Model drives differentiated performance for payors, resulting in lower risk-adjusted medical costs
- Value-Based lives diversified across payor categories: Medicare Advantage, Medicare ACO Reach, Medicaid, Commercial ACA consumers

Fully Aligned Care Model

- Operate a network of owned and managed primary and specialty care value-driven clinics
- Partner with affiliated providers who leverage our comprehensive member and physician enablement solutions
- Partner with leading health plans in financially aligned total cost of care arrangements

(1) At midpoint of 2023 Consumer Care revenue guidance.

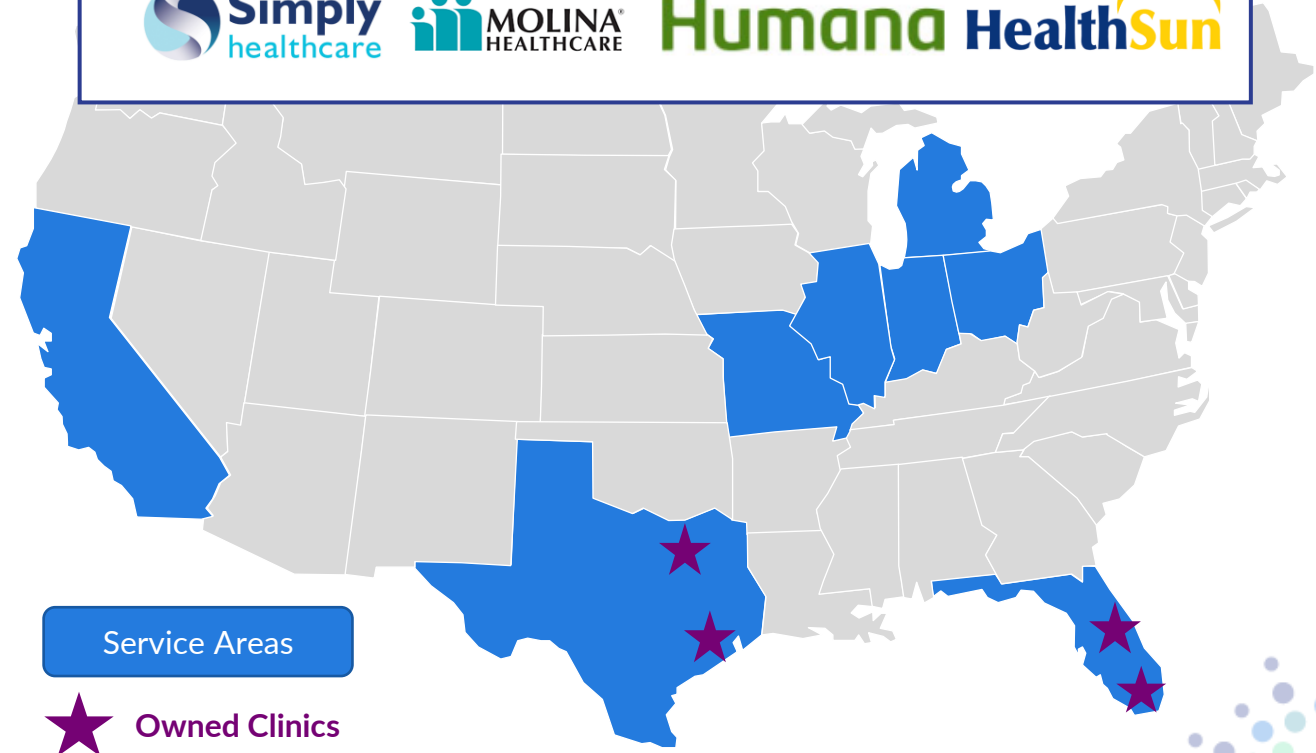
Bringing the Fully Aligned Care Model to Strategic Partners in Key Markets

Leading Payors Aligning with Our Community-Based Care Providers and Their Deep Consumer Relationships

Fully Aligned Care Model



20+ National and Local Payor Relationships



Bright HealthCare – Delegated Senior Managed Care

A Community-Based, Value-Driven Care Model in Partnership with Leading Delegated Care Providers

>125k

2023E Medicare
Advantage Consumers

\$1.8B+

2023E Health Plan
Premium Revenue

86-88%

2023E Health Plan
Medical Cost Ratio

brand new day  CENTRAL HEALTH
MEDICARE PLAN

One Medicare Platform and Performance Optimization

- Move assets to a single operating platform in 2023
- Integrated performance accountability and decision making
- Continue to improve STARs and risk coding accuracy
- Elevate performance of delegated IPAs through Fully Aligned Care Model

Differentiated Growth and Competitive Advantages

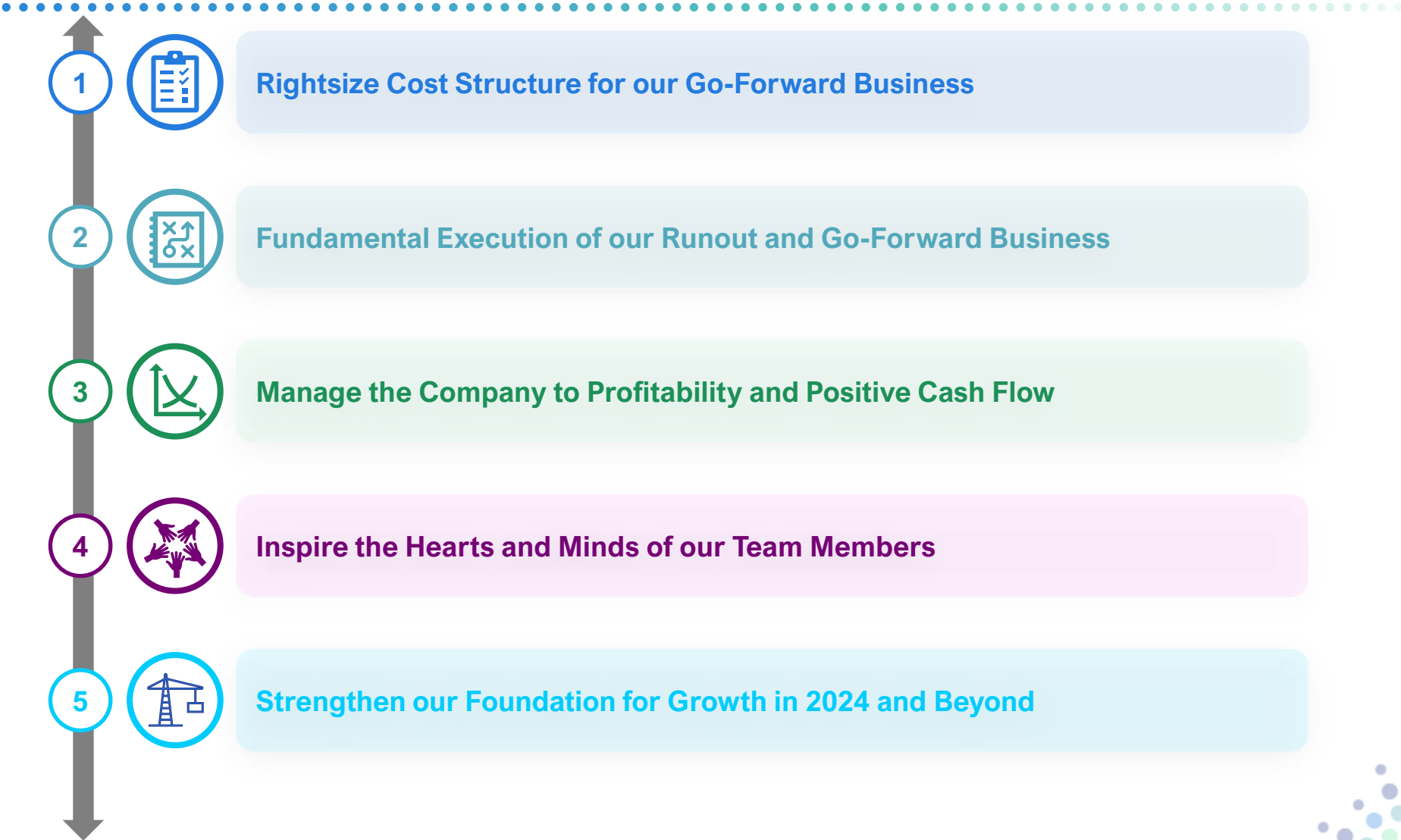
- Addresses the unique needs of the primarily chronic (C-SNP) population, with future growth in duals (D-SNP)
- Expanding upon already successful culturally competent model tailoring benefits, services, providers, and partners designed for specific populations

Fully Aligned Care Model

- Partnering with high performing delegated physician groups
- Supporting providers in successfully managing risk arrangements
- Global risk or physician capitation arrangements aligns interest with Care Partners, creating shared value upside

Bright Health's 2023 Focused Priorities

Strengthening the Business Foundation for Profitable and Capital Efficient Growth in the Future



Q4 2022 Actions Improve Liquidity Position Going into 2023

Series B Convertible Preferred as well as Targeted RBC Recapture Provides for a Stronger Liquidity Position

Non-Regulated Cash and Equivalent Balance as of 9/30/22	Sources of Cash	Uses of Cash	End of Year 2023 Target Balance of Cash and RBC Surplus ⁽¹⁾
\$221 Million	<ul style="list-style-type: none">• October 2022 Series B Convertible Preferred• Risk-Based Capital Surplus	<ul style="list-style-type: none">• Lower Operating Expenses:<ul style="list-style-type: none">○ Continuing ops○ Discontinued ops	\$200 - \$300 Million

- Approximately \$2.8 billion in total Cash and Investments, including \$221 million of non-regulated Cash and Short-Term Investments as of the end of Q3 2022.
- Closed the sale of \$175 million in convertible perpetual preferred stock on October 18, 2022.
- Expect existing \$350 million Credit Facility will have \$300 million drawn at the end of Q1 2023.

(1) Excludes any potential repayment under the current credit facility



Bright Health 2023 Outlook

Raising 2023 Value-Driven Care Delivery Lives and Enterprise Revenue Forecast

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- Revenue of \$3.4 – \$3.6 Billion
- Adjusted Operating Cost Ratio 11% – 12%⁽¹⁾⁽²⁾
- Adjusted EBITDA Profitable⁽¹⁾

Bright HealthCare

- >125,000 Year-End 2023 Consumers
- Revenue of \$1.8+ Billion
- Medical Cost Ratio 86% - 88%

Consumer Care

- 210,000 to 235,000 Year-End 2023 Value-Based Consumers
- ~65,000 Year-End ACO Reach Consumers
- Revenue of \$1.6 – \$1.8 Billion

(1) Adjusted Operating Expense Ratio and Adjusted EBITDA are forward-looking non-GAAP financial measures. Reconciliations of Adjusted Operating Cost Ratio and Adjusted EBITDA to the most directly comparable GAAP financial measures are not provided because the company is unable to provide such reconciliations without unreasonable effort. Please see the appendix to this presentation for important information about the use of these non-GAAP financial measures and the absence of such reconciliations.

(2) Adjusted Operating Cost Ratio excludes stock-based compensation expense, changes in the fair value of contingent consideration, contract termination costs, and depreciation and amortization, and may exclude other items in the future.

Bright Health Long-Term Outlook

Establishing Strong Long-Term Projections

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20%+

**Annual Revenue
Growth**

<10%

**Adjusted Operating
Cost Ratio⁽¹⁾**

6% - 9%

**Adjusted EBITDA
Margins⁽¹⁾⁽²⁾**

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Positioned for Profitable and Capital Efficient Growth

A Technology-Enabled, Value-Driven Healthcare Company with Significant Future Upside



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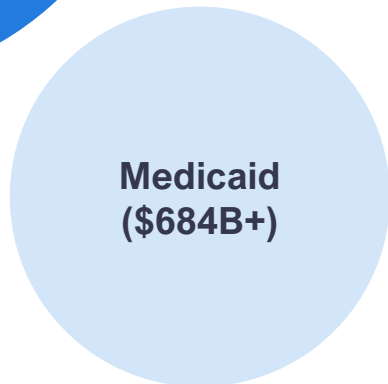
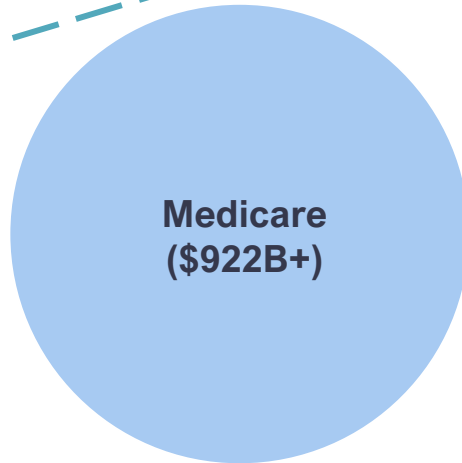
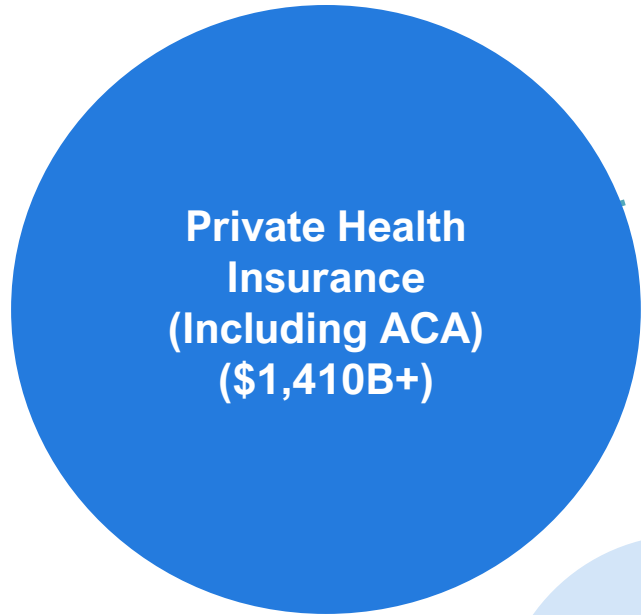
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Appendix

The Market Shift to Value-Based Care is a Massive Opportunity

Value-Based Care is Prevalent and Growing across ALL Healthcare Segments Today

Estimated 2021 Health Expenditures in the U.S.



Healthcare Segments

Private Health Insurance (Inc. ACA)

- **\$1,112 Billion** subject to value-based care today, with **\$440 billion** coming from the **commercial risk** market and **\$672 billion** in the **self-insured employer** market

Medicare

- **\$815 Billion** subject to value-based care today, with **\$383 billion** coming from **Medicare Advantage** and **\$432 billion** coming from **Medicare fee-for-service**

Medicaid

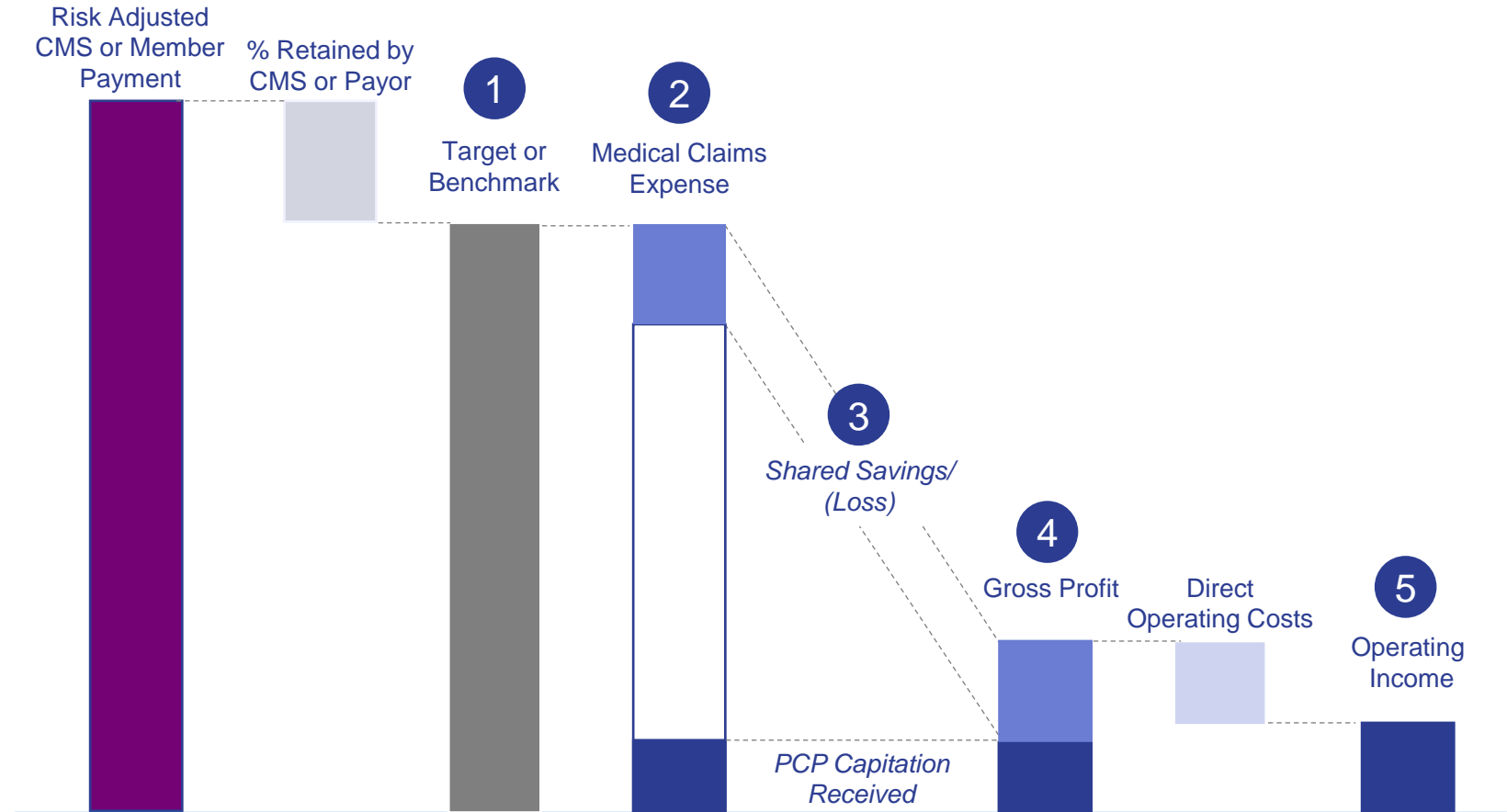
- **\$126 Billion** subject to value-based care today, with rapid growth potential as **Managed Medicaid adoption accelerates**

\$2.1 Trillion of Expenditures Potentially Subject to Value-Based Care

A Common and Aligned Economic Model with External Partners

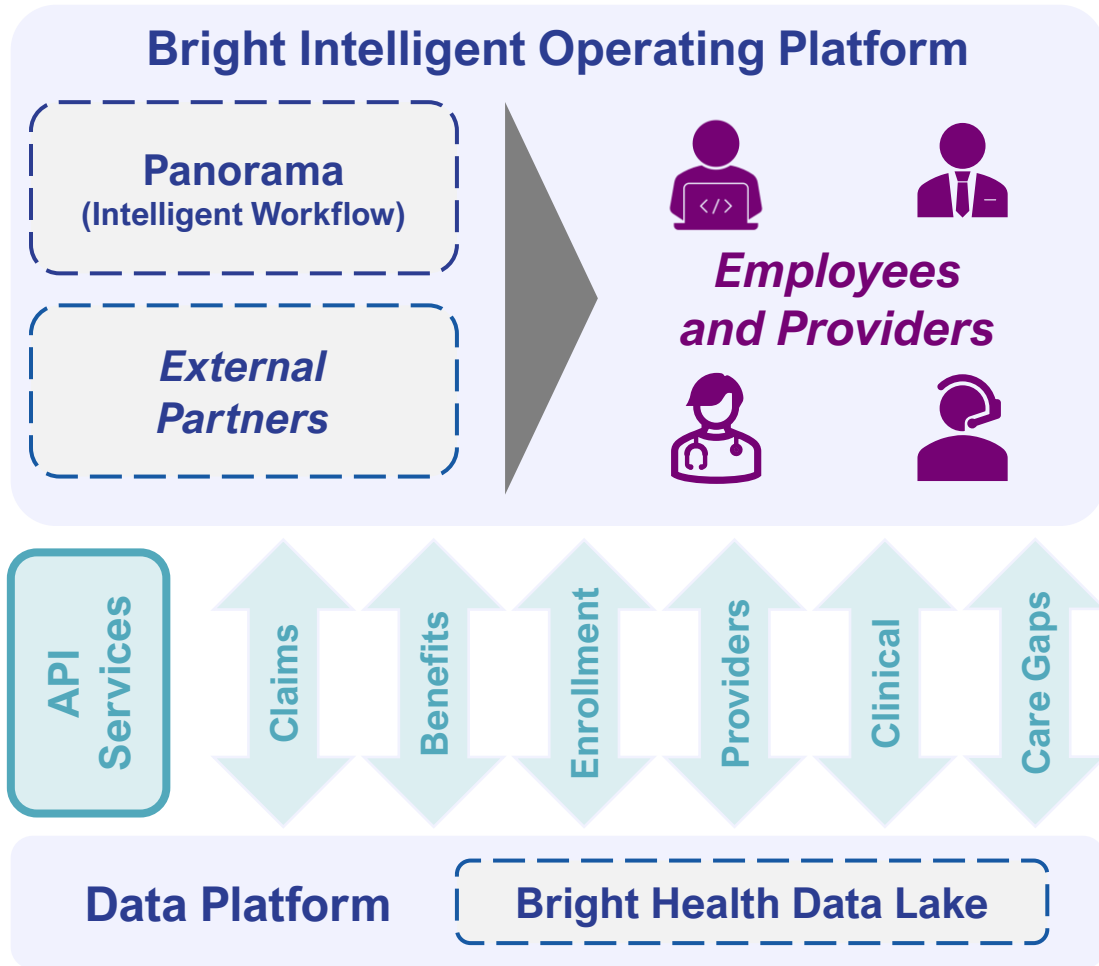
Aligning the Interest Between Payors and Providers Improves Health Outcomes and Financial Performance

- 1 We enter into Total Cost of Care contracts with health plans or CMS (via ACO Reach Program) for its attributed population's medical claims expense (MLR).
- 2 By accurately capturing the risk of the population, reducing unnecessary utilization, and directing members to the right site of care, we aim to deliver lower medical claim expense against the target.
- 3 In exchange for providing an expanded set of services to the population, we receive a PCP cap, or a monthly payment, for each member attributed. In addition, we also receive a share of any savings (or losses) against the target.
- 4 The sum of the PCP cap payment and any surplus (or losses) is our Gross Profit.
- 5 Given our owned and affiliate management care model, we can scale direct operating costs with increasing membership and deliver stable and outsized margins.



Data Platform and Panorama Delivering Actionable Insights

Intelligent Workflow Platform that Enables Operational Efficiencies and Integrated Experience



Panorama Applications



Member, Patient,
and Provider
Services



Care Navigation /
Care Management



Network
Contracting



Utilization / Referral
Management

Forward-Looking Non-GAAP Measures

This presentation contains Adjusted EBITDA and Adjusted Operating Cost Ratio, which are non-GAAP financial measures. These non-GAAP financial measures are additions, and not substitutes for or superior to the most directly comparable GAAP financial measures, Net Income (Loss) and Operating Costs, respectively. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of these measures has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentation of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company.

Reconciliations of projected Adjusted EBITDA and projected Adjusted Operating Cost Ratio to the most directly comparable GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. With respect to Adjusted EBITDA, these GAAP measures may include the impact of such items as interest expense, income tax expense, depreciation and amortization, impairment of goodwill or intangible assets, transaction costs, share-based compensation expense, changes in the fair value of equity securities, changes in the fair value of contingent consideration, contract termination costs, restructuring costs; and the tax effect of all such items. Historically, the Company has excluded these items from non-GAAP financial measures. With respect to Adjusted Operating Cost Ratio, these GAAP measures may include the impact of such items as stock-based compensation, changes in the fair value of contingent consideration, contract termination costs, and depreciation and amortization. The Company currently expects to continue to exclude these items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, "non-GAAP adjustments"). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as a decision to exit part of the business, are inherently unpredictable as to if or when they may occur. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

