



Bright Health Group

Bright Health Group

Third Quarter 2022 – Earnings Presentation

November 9, 2022

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.



Bright Health Group: A Technology Enabled, Value-Driven Healthcare Company

Focused on serving aging and underserved consumers through our Fully Aligned Care Model



Bright Health Group™

Our Mission

Making Healthcare Right. Together.

Our Vision

Through aligned relationships with **Care Partners**, we help all people live healthy and brighter lives.



Focused on **Affordable Healthcare** for **Aging and Underserved Populations** with unmet needs in the largest healthcare markets



Delivered through a **Fully Aligned Care Model** where we align stakeholders financially, clinically, and through data and technology



Powered by an **Integrated Technology Platform** that is purpose built to empower the Fully Aligned Care Model

Q3'22 Strong Performance

Positively revising Full Year MCR and EBITDA guidance

Third Quarter by the Numbers

**\$1.63
Billion**

Q3'22 Revenue

90.6%

Q3'22 Medical Cost Ratio

**\$(82.9)
Million**

Q3'22 Adjusted EBITDA⁽²⁾

Full Year Guidance⁽¹⁾

**~\$6.8
Billion**

2022E Revenue

90 - 92%

2022E Medical Cost Ratio

**\$(550) - (700)
Million**

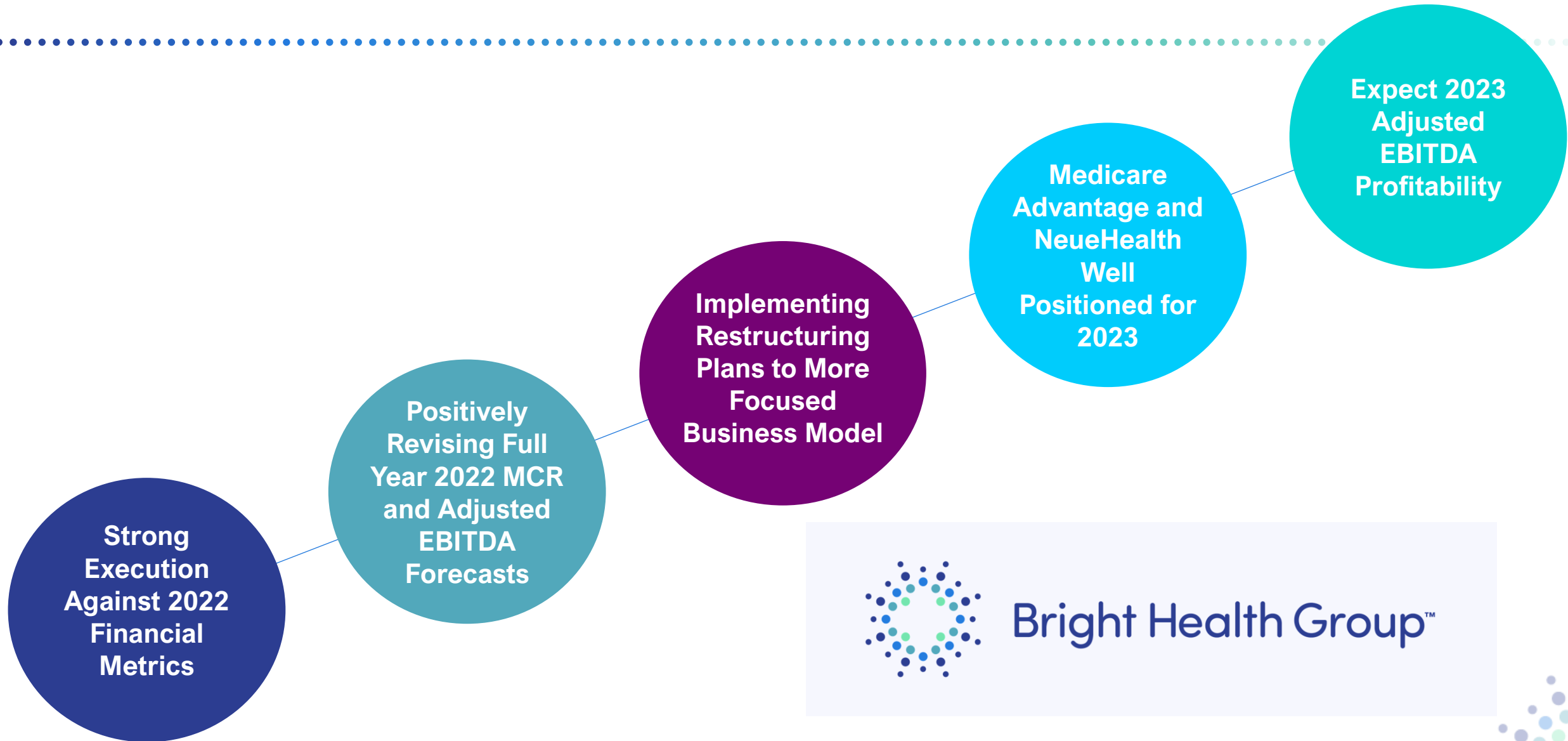
2022E Adjusted EBITDA⁽³⁾

(1) 2022 Guidance as of November 9, 2022

(2) A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

(3) Please see the appendix to this presentation for a discussion of why a reconciliation of projected Adjusted EBITDA to the most directly comparable GAAP measure is not provided.

Key Updates



Bright Health Group™

Positioning for Profitable Long-Term Growth and Differentiation

Implementing restructuring plans to right size the business for 2023

1

Expect Strong Finish to 2022

- Remain focused on delivering 2022 results in-line with our updated expectations
- Will maintain the necessary resources to be successful in 2022 and through the runout period

2

Positioned for 2023 Success

- Implementing restructuring plans to adjust costs to achieve 2023 operating expense targets
- Balance Sheet is expected to fully fund business to profitability

3

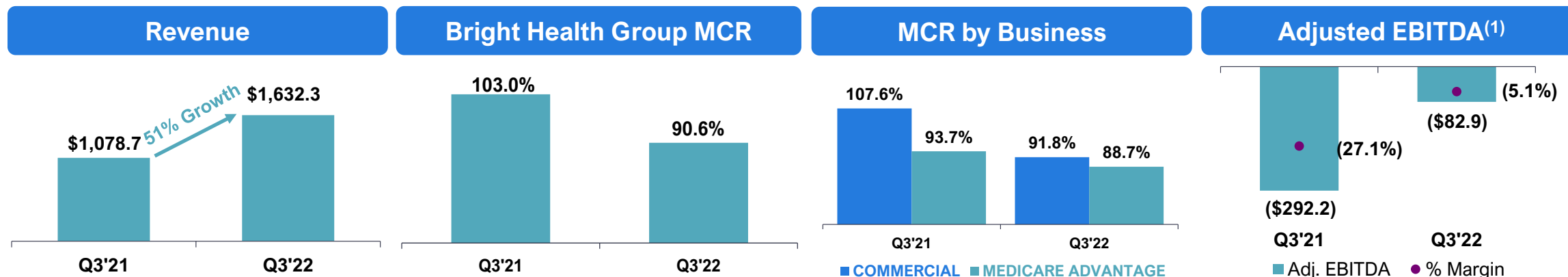
Organizing for Profitable Long-Term Growth and Differentiation

- Continue to focus on the Fully Aligned Care Model to serve aging and underserved communities in large addressable markets
- Expanding external payor relationships and aligned providers to drive profitable, capital-efficient growth

Overview of Q3 2022 Results

Bright Health Group continued to demonstrate robust growth and improved performance on an adjusted basis

Enterprise Metrics (\$M)



Key Considerations

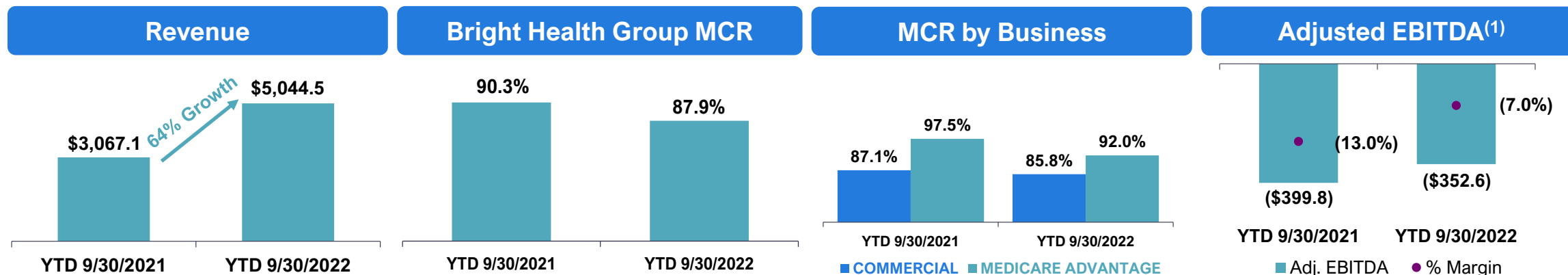
- Bright Health Group continued to see lower Medical Cost trends YTD, including positive prior period medical costs, and accounting for this trend we increased our risk adjustment payable forecast in Q3'22
 - Q3'22 Revenue, GM, and MCR reflect (\$88 million) true up for the 2022 risk adjustment payable, (\$59 million) of which relates to Q1'22 and Q2'22.
 - Net impact of these 1H'22 revenue and medical cost items was a 110bps benefit to Consolidated Q3'22 MCR
- Q3'22 MCR also impacted by \$23 million in COVID costs and the impact of Direct Contracting, adding 140bps and 100bps to the MCR, respectively
- Q3'22 Net Income and Depreciation and Amortization include the impact of Intangible and Goodwill impairments of \$117 million
- Revenue, Gross Margin, and Net Loss include a benefit from \$12 million in Investment Income
 - Adjusted EBITDA excludes a \$12 million non-cash change in fair value of equity securities
- Q3'21 MCR was negatively impacted by 2021 YTD risk adjustment accruals and 540bps of COVID costs in the quarter

(1) A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

Overview of Year-to-Date 2022 Results

Bright Health Group continued to demonstrate robust growth, gross profit improvement

Enterprise Metrics (\$M)



Key Considerations

- YTD 2022 Revenue, GM, and MCR reflect (\$87 million) true up for prior year risk adjustment payables, partially offset in GM and MCR by \$57 million in favorable prior year Medical Expense reserve developments.
 - Net impact of these out of period items is an increase of 40bps to Consolidated YTD 2022 MCR, 50bps to Commercial YTD 2022 MCR
- YTD 2022 MCR also impacted by \$101 million in COVID costs and the impact of Direct Contracting, adding 200bps and 100bps to the MCR, respectively
- YTD 2022 Net Income and Depreciation and Amortization include the impact of Intangible and Goodwill impairments of \$117 million
- Revenue, Gross Margin, and Net Loss include a negative impact from (\$39 million) Investment Income
 - Adjusted EBITDA excludes a \$69 million non-cash change in fair value of equity securities
- YTD 2021 MCR would have been meaningfully higher if adjusted for medical costs and risk adjustment payable forecasts that subsequently transpired in Q4'21 and in the final 2021 risk adjustment true-up recognized in Q2'22

(1) A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

NeueHealth Performing Well While Managing Rapid Growth

Movement of consumers into Fully Aligned Model and Direct Contracting driving growth and performance

(\$ in millions)

	YTD 9/30/21	YTD 9/30/22	YoY Growth
Value-Based Patients ⁽¹⁾	170,000	520,000	206%
Premium Revenue	\$62.7	\$236.9	278%
Direct Contracting Revenue	-	465.4	NM
Services Revenue	31.6	37.3	18%
Investment Income	109.0	(52.3)	NM
Unaffiliated Revenue	\$203.3	\$687.3	238%
Affiliated Revenue	182.4	857.7	370%
Total NeueHealth Revenue	\$385.7	\$1,545.0	301%

Q3'22 Highlights

481% growth excluding investment income

~69k External payor patients managed in value-based arrangements

~46k Medicare FFS patients managed through Direct Contracting

2022 Expectations

~\$2.2 billion FY'22 Segment Revenue

~40% expected Revenue from external payors

Direct Contracting business expected to be Adjusted EBITDA profitable

2023 Expectations

~40% of Total Company Revenue
100% from external payors

(1) Value-Based Patients of 170,000 and 520,000 represent end of period figures as of 9/30/2021 and 9/30/2022, respectively. 9/30/22 Value-Based Patients includes DCE patients

Balance Sheet and Liquidity Highlights

Recently closed capital raise expected to fully fund the business to profitability

Summary Balance Sheet

(\$ in thousands)	December 31, 2021	September 30, 2022
Assets		
Cash and Cash Equivalents	\$1,061,179	\$1,605,525
Other Current Assets	599,021	1,032,376
Total Current Assets	\$1,660,200	\$2,637,901
Long-Term Investments	\$675,192	\$865,677
Goodwill and Intangibles, Net	1,179,000	1,024,550
Other Non-Current Assets	83,947	83,999
Total Other Assets	\$1,938,139	\$1,974,226
Total Assets	\$3,598,339	\$4,612,127
Liabilities and Other		
Total Liabilities	\$2,324,812	\$3,284,476
Redeemable Noncontrolling Interests	\$128,407	\$211,026
Redeemable Preferred Stock	—	747,481
Total Shareholders' (Deficit) Equity	1,145,120	369,144
Total Liabilities and Other	\$3,598,339	\$4,612,127

Q3'22 Key Considerations

- ~\$2.8 billion in total cash and investments, including \$221 million of non-regulated cash and short-term investments
- \$350 million credit facility fully drawn as of quarter end, including the \$46 million committed through a letter of credit to support NeueHealth's participation in CMS's Direct Contracting Program
- Recognized \$74.2 million of non-cash goodwill impairment and \$42.6 million of non-cash intangible assets impairment in Q3 '22
- Closed the sale of \$175 million in convertible perpetual preferred stock on October 18, 2022
- Expect to release approximately \$250 million in the future from regulated capital subject to claims run out for plan year 2022 and regulatory approval

2022 Outlook

Positively revising MCR and Adjusted EBITDA forecasts

Bright Health Group Enterprise

- Revenue of approximately \$6.8 billion
- Medical Cost Ratio of 90% – 92%
- Adjusted EBITDA of (\$550) – (\$700) million
- Intercompany revenue elimination of ~\$1.2 billion

Bright HealthCare

- Combined Commercial and Medicare Advantage end of year membership over 1,000,000

NeueHealth

- Value-based patients over 500,000⁽¹⁾
- Revenue of ~\$2.2 billion⁽¹⁾ with ~40% from external sources

(1) Includes DCE value-based patients

(2) Segment revenue before intercompany eliminations



2023 Financial Profile

Expect 2023 Adjusted EBITDA to be Profitable

Value-Based Patient and Member Expectations

85k – 90k

NeueHealth
Commercial
Value-Based Patients

~65k

ACO Reach Members⁽¹⁾

>125k

Medicare Advantage
Members⁽¹⁾

Financial Expectations

**\$3.0+
Billion**

2023E Revenue

14.5-15.5%

2023E Operating
Expense Ratio

Profitable

2023E Adjusted EBITDA⁽²⁾

(1) Expected year-end 2023 members

(2) Please see the appendix to this presentation for a discussion of why a reconciliation of projected Adjusted EBITDA to the most directly comparable GAAP measure is not provided.



Bright Health Group

Appendix

Non-GAAP Reconciliation: Adjusted EBITDA

Adjusted EBITDA

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022
(\$ in thousands)				
Net Loss	(\$296,722)	(\$259,361)	(\$364,990)	(\$691,320)
Interest expense	1,594	4,905	6,282	6,435
Income tax expense (benefit)	73	1,763	(18,225)	7,907
Depreciation and amortization	14,205	13,904	25,981	40,173
Impairment of Goodwill	--	74,165	--	74,165
Impairment of intangible assets	--	42,611	--	49,331
Transaction costs	448	7	5,598	417
Share-based compensation expense	24,180	24,122	43,234	77,263
Change in fair value of equity securities	(46,258)	12,189	(109,012)	69,340
Change in fair value of contingent consideration	304	--	1,363	--
Contract termination costs	10,000	--	10,000	1,241
Restructuring costs	--	2,766	--	12,428
Adjusted EBITDA	(\$292,176)	(\$82,929)	(\$399,769)	(\$352,620)

Forward-Looking Non-GAAP Measures

A reconciliation of projected Adjusted EBITDA (which is a forward-looking non-GAAP financial measure) that is presented on slides 4, 11, and 12 of this presentation to the most directly comparable GAAP financial measure, is not provided because the Company is unable to provide such reconciliation 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. These GAAP measures may include the impact of such items as interest expense, income tax expense, depreciation and amortization, impairment of 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. 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.

