



Bright Health Group

Bright Health Group

First Quarter 2022 – Earnings Presentation

May 4, 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: 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.



Our Mission

Making Healthcare Right. Together.

Our Vision

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



Demonstrating Solid Q1 Performance While Continuing to Deliver Growth

First Quarter by the Numbers

**\$1.83
Billion**

Q1'22 Revenue

84.8%

Q1'22 Medical Cost Ratio

**\$(74.8)
Million**

Q1'22 Adjusted EBITDA

Full Year Guidance⁽¹⁾

**\$6.8 - \$7.1
Billion**

2022E Revenue

90-94%

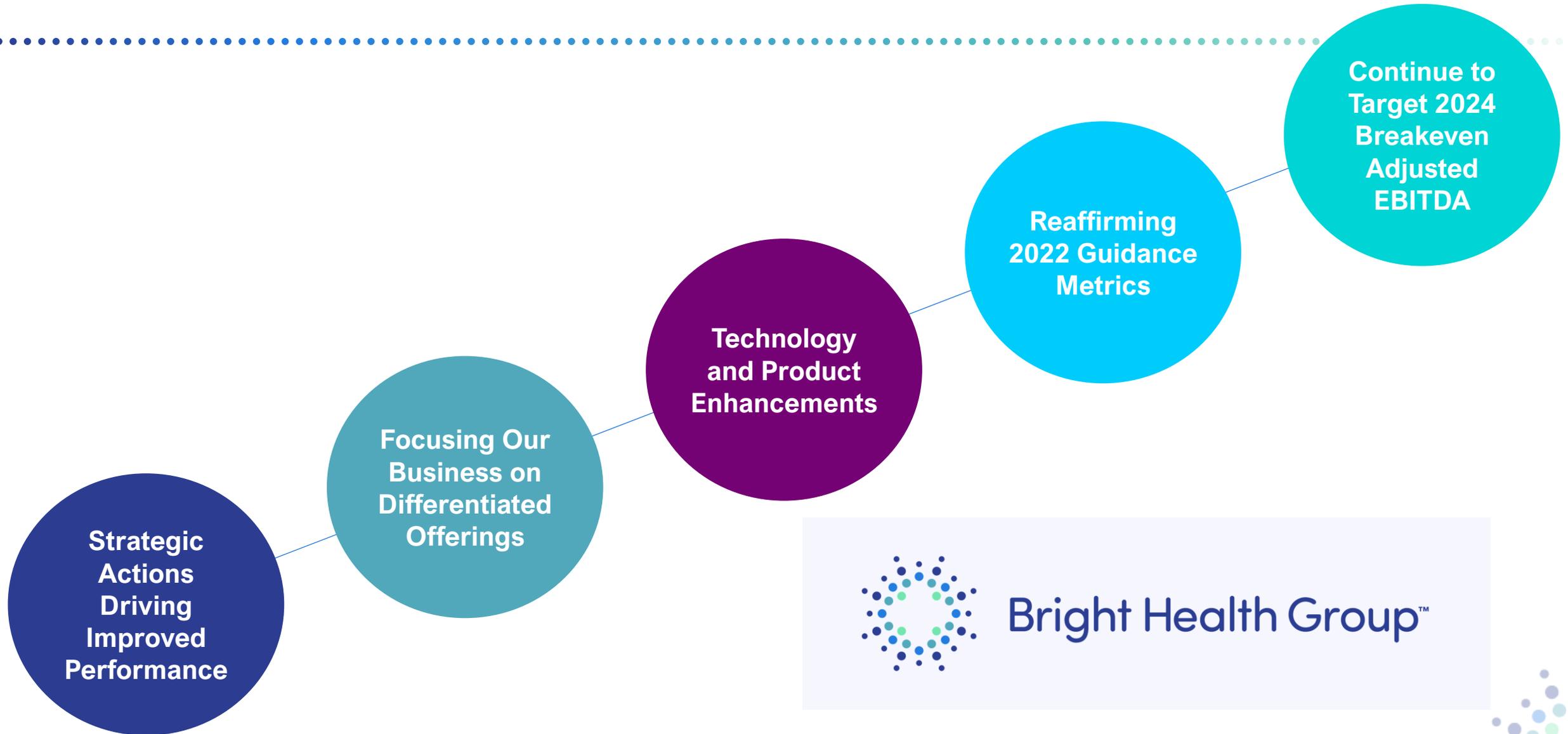
2022E Medical Cost Ratio

**\$(500)- (800)
Million**

2022E Adjusted EBITDA

(1) 2022 Guidance as of May 4, 2022

Key Updates



Bright Health Group™

Focused Actions and 2022 Tailwinds Driving Improving Performance



Company and Market Tailwinds

- Scaled and Diversified Business
- Higher Retained Membership
- Normalized Special Enrollment Period
- Reduced Operational Backlog
- Endemic COVID



2022 Focused Actions

- 2022 Pricing Action in Core Markets
- Unit Cost and Medical Management
- Risk Adjustment Action
- Claims and Clinical Platform Stabilization
- Addressed Talent and Cost Structure

Targeted Actions and 2022 Tailwinds Deliver Shareholder Value

Significant Progress to Date on Our Focused Actions and Process Improvements

Objective	Actions Taken	Status
Medical Cost Management Improvements	<ul style="list-style-type: none">• Contract renegotiations• Utilization management improvements• Better tracking and management of care authorizations and denials	<ul style="list-style-type: none">• Identified MCM initiatives to achieve 2022 goals• Actioned and implemented vast majority of initiatives
Accurately Capturing Risk Scores of our Members	<ul style="list-style-type: none">• Earlier attribution and engagement of members• Increased patient engagement and improved coding processes• Enhanced technology integration with NeueHealth	<ul style="list-style-type: none">• 2022 guidance reflects a more conservative RA forecast• Earlier attribution and engagement of members
Claims and Clinical Platforms Stabilization	<ul style="list-style-type: none">• Implemented new claims management platform for new IFP markets• Significant investment and resources for legacy claims management platform• Increased levels of automation in claims processing	<ul style="list-style-type: none">• Electronic claims submission percentages increased meaningfully• Materially reduced >60 day claims



Large Markets where Bright Health Has a Differentiated, Fully Aligned Offering

1

Focus on Our Differentiated Model

- Bright Health Group will focus on the markets where we can drive differentiation and profitability
- Near-term benefit to expenses, positive for capital needs in 2023 and beyond

2

Market Exits

- Exiting commercial marketplace in 6 states for the 2023 plan year⁽¹⁾ and discontinuing the employer business
- Less than 5% of projected 2022 net revenue at midpoint of guidance, ~8% of BHC's total lives

3

Significant Market Opportunity

- ~50% of total commercial marketplace consumers are in our 10 states for 2023
- Strong and growing Medicare Advantage business in California

4

Expect Continued Growth

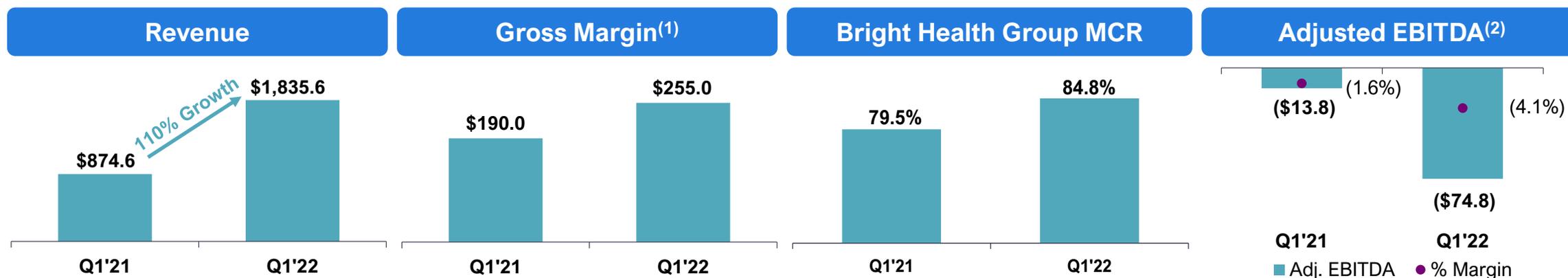
- We continue to expect positive membership and revenue growth in 2023
- Emphasis on Fully-Aligned Bright HealthCare and NeueHealth differentiated model tailored to the consumer marketplace

(1) State exits: IL, NM, OK, SC, UT, VA.

Overview of Q1 2022 Results

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

Enterprise Metrics (\$M)



Key Considerations

- Revenue, Gross Margin, and Net Loss include a negative impact from (\$40.1 million) Investment Income
 - Adjusted EBITDA excludes non-cash change in fair value of equity securities
- \$58.4 million of direct COVID costs during the quarter, 310 bps impact to Q1'22 MCR
- Q1'22 MCR is inclusive of the impact of Direct Contracting, adding 130bps to the MCR
- Q1'21 MCR would have been meaningfully higher if adjusted for medical costs and risk adjustment payable forecasts that subsequently transpired

(1) Defined as total revenue less medical costs

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

Technology Highlights

1

Legacy Markets on Panorama Care Management and Utilization Management Platform

2

Enhanced Integration to Support our Fully Aligned Care Model

3

Improvements to Legacy Systems

4

Consumer Facing Platforms are Gaining Traction with Strong Satisfaction Metrics



NeueHealth Continues to Expand Rapidly

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

(\$ in millions)

	YTD 3/31/21	YTD 3/31/22	YoY Growth
Value-Based Patients ⁽¹⁾	30,000	530,000	1,788%
Premium Revenue	\$18.7	\$86.9	365%
Direct Contracting Revenue	-	182.8	NM
Services Revenue	8.4	12.4	47%
Investment Income	4.2	(41.0)	NM
Unaffiliated Revenue	\$31.4	\$241.2	668%
Affiliated Revenue	17.2	379.8	2,114%
Total NeueHealth Revenue	\$48.5	\$621.0	1,179%

Q1'22 Highlights

1,394% growth excluding investment income

410k Bright HealthCare members managed in value-based arrangements

49k Medicare FFS patients managed through Direct Contracting

Solid first quarter of Direct Contracting

2022 Expectations

~**\$2.3 billion** FY'22 segment revenue guidance

~**40%** expected revenue from external payors

(1) Value-Based Patients of 30,000 and 530,000 represent end of period figures as of 3/31/2021 and 3/31/2022, respectively

Balance Sheet and Liquidity Highlights

Summary Balance Sheet

(\$ in thousands)	December 31, 2021	March 31, 2022
Assets		
Cash and Cash Equivalents	\$1,061,179	\$1,505,547
Other Current Assets	599,021	1,789,230
Total Current Assets	\$1,660,200	\$3,294,777
Long-Term Investments	\$675,192	\$733,465
Goodwill and Intangibles, Net	1,179,000	1,162,067
Other Non-Current Assets	83,947	84,717
Total Other Assets	\$1,938,139	\$1,980,249
Total Assets	\$3,598,339	\$5,275,026
Liabilities and Other		
Total Liabilities	\$2,324,812	\$3,427,810
Redeemable Noncontrolling Interests	\$128,407	\$143,011
Redeemable Preferred Stock	—	747,481
Total Shareholders' (Deficit) Equity	1,145,120	956,724
Total Liabilities and Other	\$3,598,339	\$5,275,026

1Q'22 Quarter-End Liquidity

- ~\$2.9 billion in total cash and investments, including \$365 million of non-regulated cash and short-term investments
- Regulated insurance entities sufficiently capitalized at or above statutory minimums
- ~\$300 million available under current \$350 million credit facility, with ~\$50 million having been committed through a letter of credit to support NeueHealth's participation in CMS's Direct Contracting Program
- Will continue to focus on capital efficient growth and are reviewing options for future capital needs

2022 Outlook

Bright Health Group Enterprise

- Revenue of \$6.8 – \$7.1 billion
- Medical Cost Ratio of 90% – 94%
- Adjusted EBITDA of (\$500) – (\$800) million
- Intercompany revenue elimination of \$1.2 – \$1.4 billion

Bright HealthCare

- End of year membership ~1,000,000
- Medical Cost Ratio of 88.5% - 92.5%

NeueHealth

- Value-based patients of ~400,000
- Revenue of ~\$2.3 billion⁽¹⁾ with ~40% from external sources

(1) Segment revenue before intercompany eliminations





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Appendix

Non-GAAP Reconciliation: Adjusted EBITDA

Adjusted EBITDA

(\$ in thousands)	Three Months Ended	
	March 31, 2021	March 31, 2022
Net Loss	(\$24,545)	(\$180,629)
Interest expense	546	1,193
Income tax expense (benefit)	1,166	3,240
Depreciation and amortization	4,581	13,041
Impairment of intangible assets	--	6,720
Transaction costs	2,020	111
Share-based compensation expense	5,176	32,921
Change in fair value of equity securities	(4,243)	40,968
Change in fair value of contingent consideration	1,472	--
Contract termination costs	--	741
Restructuring costs	--	6,864
Adjusted EBITDA	(\$13,827)	(\$74,830)

