Bright Health Group

Bright Health Group

Third Quarter 2021 – Earnings Presentation

November 11, 2021

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. These statements often include words such as “anticipate,” “expect,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “projections,” and other similar expressions. These forward-looking statements include any statements regarding our plans and expectations with respect to Bright Health Group, Inc. 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 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 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; and the other factors set forth under the heading “Risk Factors” in Bright Health Group’s prospectus filed pursuant to Rule 424(b)(4) on June 25, 2021 and our other filings with the U.S. Securities and Exchange Commission. 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.

This presentation contains Adjusted EBITDA, which is a non-GAAP financial measure. This non-GAAP financial measure is an addition, and not a substitute for or superior to the most directly comparable GAAP financial measure, Net Income (Loss). Bright Health Group believes this non-GAAP measure provides useful supplemental information to investors about our operating performance and uses this measure to provide a more complete understanding of the factors and trends affecting our business than GAAP results alone. We believe that this non-GAAP measure assists management and investors in comparing operating performance across reporting periods on a consistent basis by excluding and including items that management does not believe are indicative of Bright Health Group's core operating performance. Management believes these measures are useful to investors in highlighting trends in Bright Health's operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which it operates and capital investments. Management uses these measures to supplement GAAP measures of performance in the evaluation of the effectiveness of Bright Health's business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation and to compare our performance against that of other peer companies using similar measures. Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. 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 this measure 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. The reconciliation of this non-GAAP measure to the most directly comparable GAAP measure can be found in the appendix to this presentation.

Our Mission

Making Healthcare Right. Together.

Our Vision

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

Performance Highlights

1



Growth Surpasses Expectations

2



Q3 Results Impacted by a Confluence of Unique Factors

3



Fully Aligned Model Driving Differentiated Results

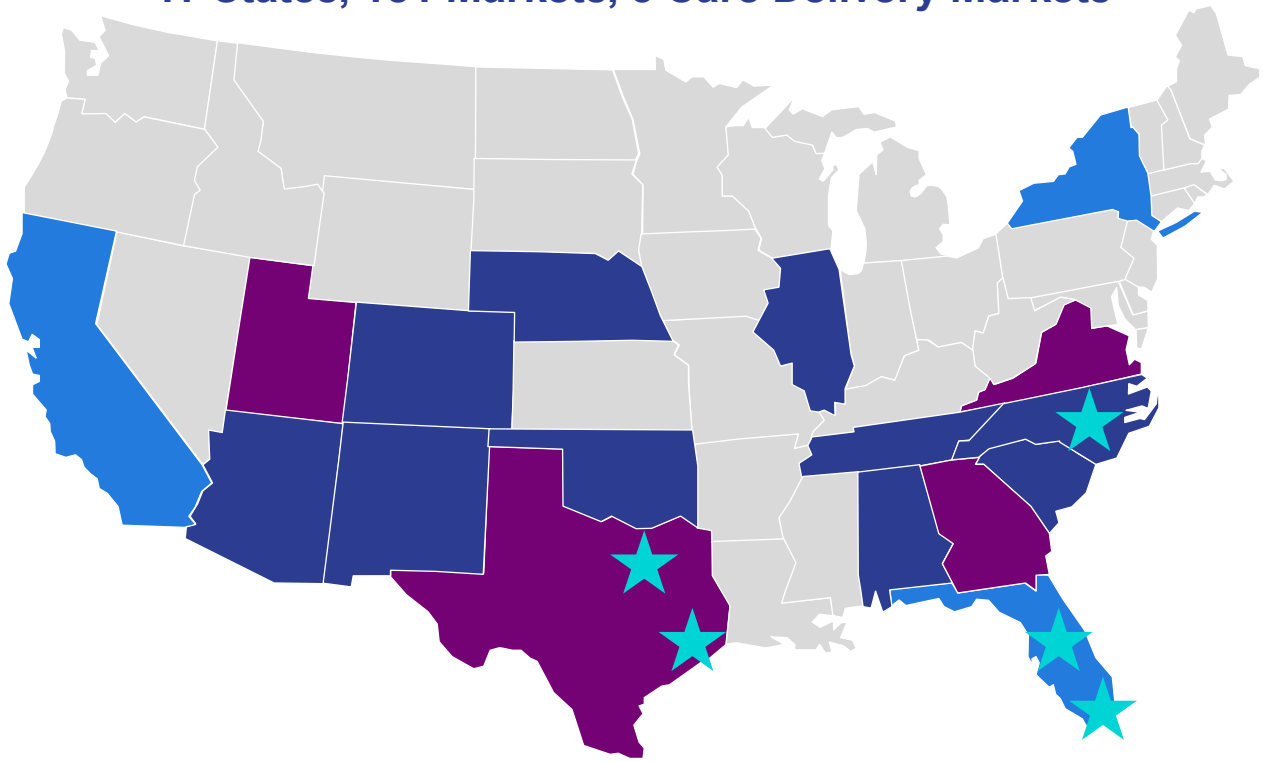
Solid Year-to-Date Performance and Increased Conviction in Our Model and Strategy

Bright Health Group Overview

Building a technology-enabled, fully aligned national Integrated System of Care (ISoC) personalized for consumers

2022 Footprint

17 States, 131 Markets, 5 Care Delivery Markets



Current State | **Key 2022 Expansion State** | **2022 New State Entry** | ★ **Integrated Care Delivery**

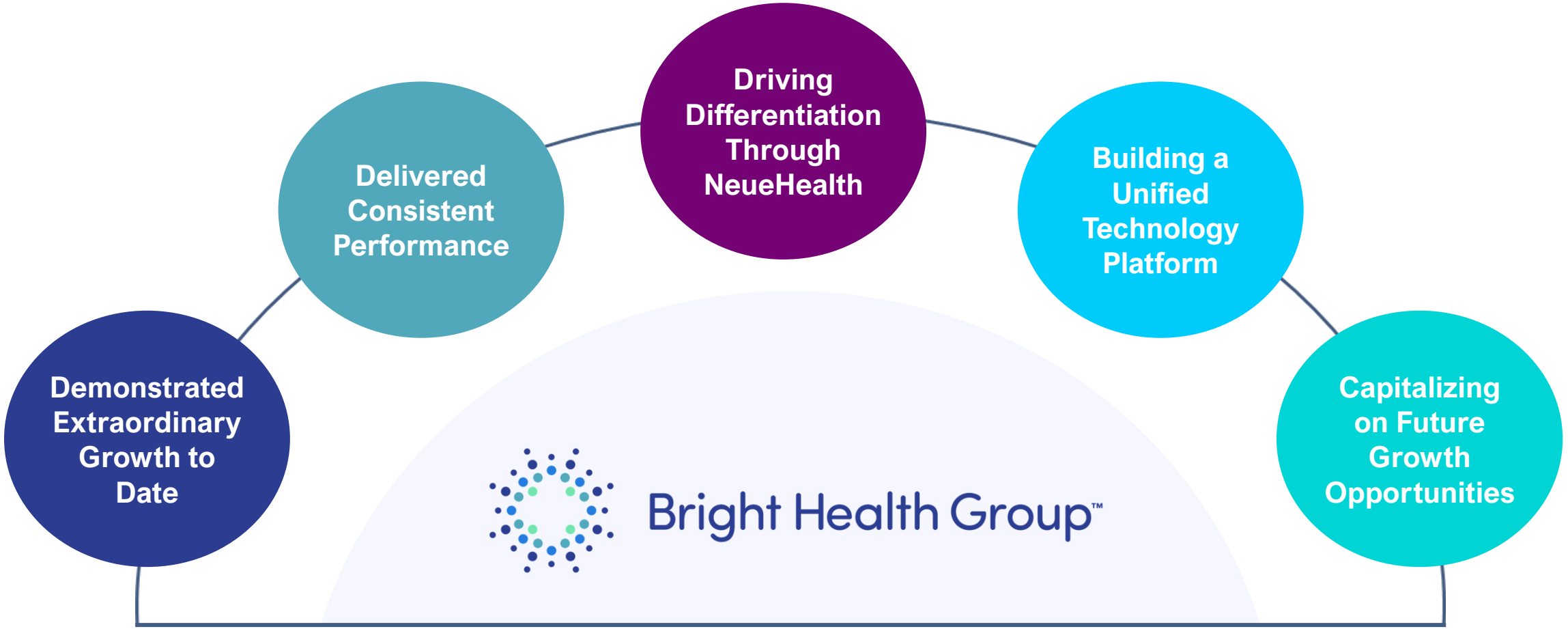
By the Numbers

As of September 30th, 2021

$4.1 - $4.2 Billion	**Bright Health Group 2021E Revenue(1)**
607k	**Bright HealthCare Commercial Consumers**
114k	**Bright HealthCare Medicare Advantage Consumers**
131	**NeueHealth Owned and Affiliated Clinics**
170k	**NeueHealth Value-Based Patients**

(1) 2021 revenue guidance range provided on, and as of, November 11, 2021

Key Themes


Delivered Consistent Performance
Driving Differentiation Through NeueHealth
Building a Unified Technology Platform
Demonstrated Extraordinary Growth to Date
Capitalizing on Future Growth Opportunities
Bright Health Group™

Bright Health Group

Business Update

The Healthcare Business Model of the Future: Integrated Systems of Care

Our model is designed to serve the consumer's desire for increased involvement in healthcare decision-making

Bright HealthCare

Healthcare Financing and Distribution

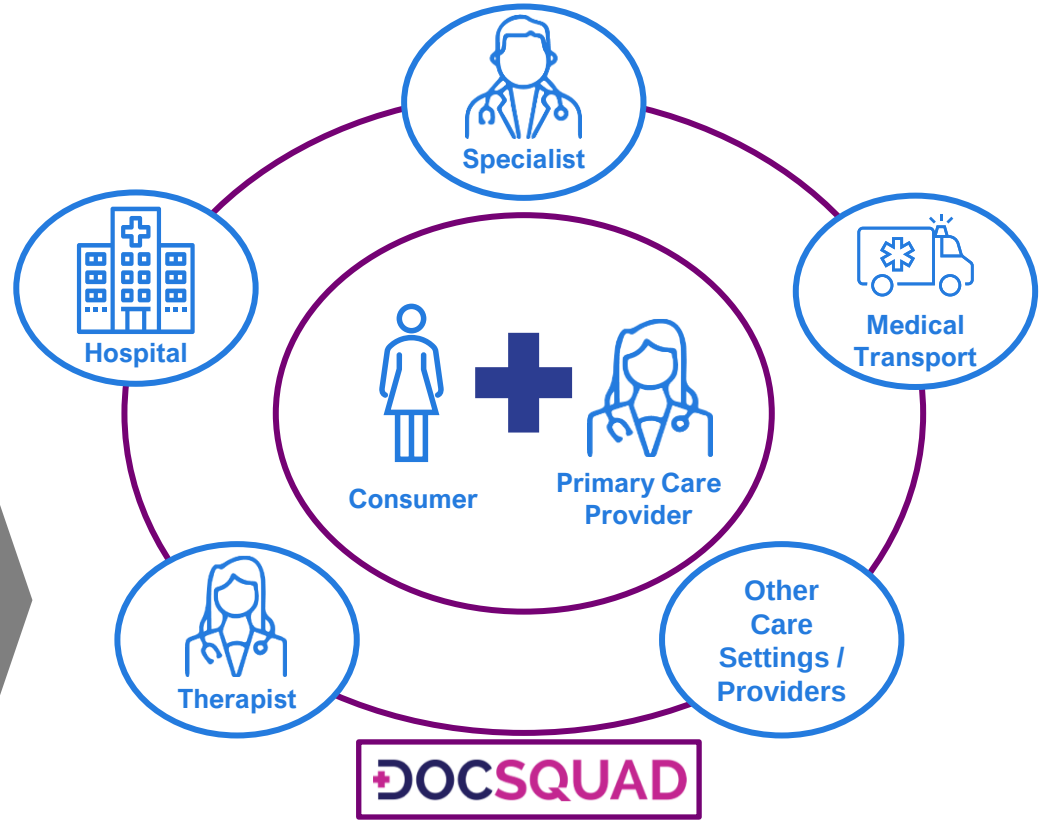
Care Partner and person-centric health plans that align consumer, provider, and payor interests to lower healthcare costs and improve quality and access

Connected by the Bright Health Intelligent Operating System (BiOS)

NeueHealth

Personalized Care Delivery

A high-performing care delivery system leveraging intelligence to deliver personalized healthcare and Care Partner enablement solutions



Personalized Care Designed for the Retail Marketplace

Note: Illustratively depicts a care team designed for the needs of a specific consumer. Each consumer's care team is tailored to their individual needs and preferences

NeueHealth's Integrated System of Care is Delivering Differentiated Performance

Fully aligned providers drive lower medical costs and a better consumer experience

Aligned, Integrated System of Care



131	**NeueHealth Owned and Affiliated Clinics**
170,211	**Value-Based Patients**
45%	**BHC IFP Florida Membership Attributed to Fully Aligned ISoC**

Fully Aligned ISoCs Drive Performance(1)

Fully Aligned Florida IFP ISoC Membership vs. Other Florida Bright HealthCare Membership

22% Lower
Medical Cost Ratio (MCR)(2)

21% Lower
IP Admissions per 1,000 Members

13% Lower
ED Visits per 1,000 Members

(1) MCR data reflects IBNR and claims paid from January 1, 2021, through September 30, 2021. IP and ED data reflects claims incurred from January 1, 2021, through June 30, 2021, and paid through September 30th, 2021, to account for typical lag between visit date and claim payment date

(2) Reflects a relative MCR improvement of 22% compared to the membership that is not fully aligned

Positioned for Continued Growth and Improved Performance in 2022

Key priorities include further footprint expansion, margin improvements, and NeueHealth growth and diversification

1 Market Stabilization

- Enhanced IFP subsidies remain in place while removal of extended SEP should reduce in-year membership churn between plans
- Expected reduction in COVID costs and normalization of utilization patterns

2 Robust Base Business

- MA business focused on five core states (AZ, CA, CO, FL, NY)
- Commercial business poised for improved member duration, enhanced consumer engagement, and more complete and accurate risk capture

3 2022 Pricing Position

- Continue to target offering competitive and affordable plans in each market, with pricing supported by our underlying cost structure
- Fully aligned model drives better total cost of care

4 NeueHealth Expansion

- Adding 25+ new clinics across Florida, Texas, and North Carolina
- Revenue diversification through CMMI's Direct Contracting program and robust pipeline of external payors

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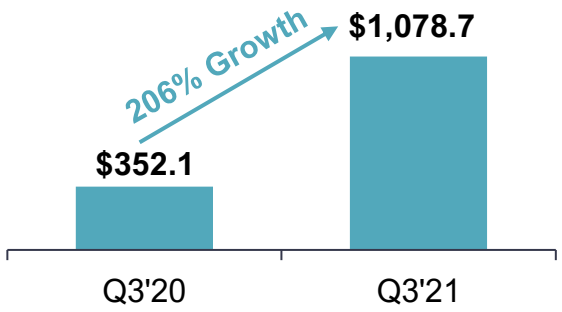
Performance Update

Overview of Q3 2021 Results

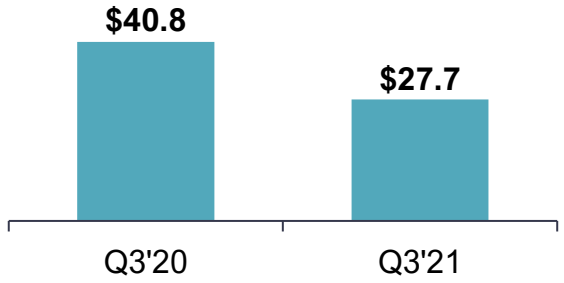
Bright Health Group continued to demonstrate robust growth, while medical costs were impacted by transitory challenges

Enterprise Metrics ($M)

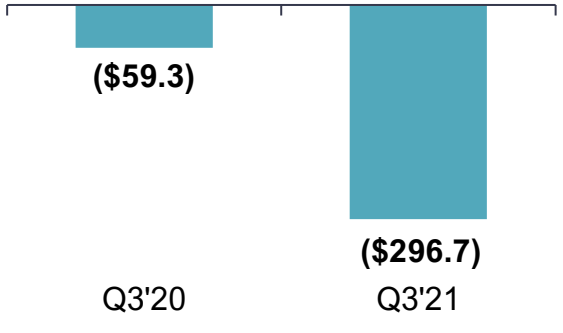
Revenue



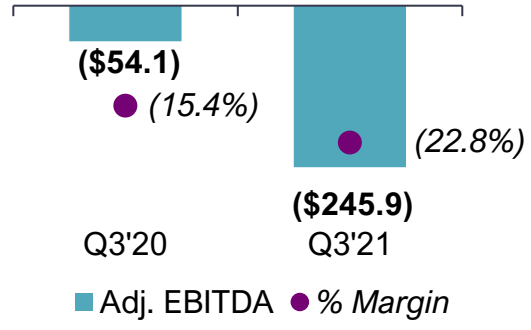
Gross Margin[1]



Net Loss

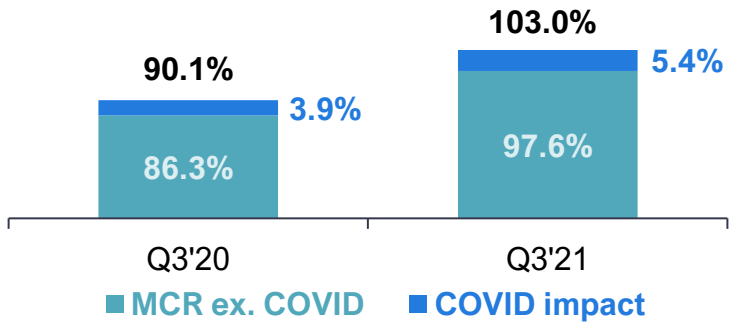


Adjusted EBITDA[2]



Medical Cost Ratio

Bright Health Group



Key Considerations

- In Q3, we increased our full year estimated IFP Risk Adjustment Payable accrual, which reduced Q3 revenue by $134 million, of which $89 million relates to the first half of 2021
  - The $134 million reduction in revenue resulting from the change in estimated payable percentage increased Q3 MCR by ~1,200 bps
- Recognized $56 million, ~540 bps, of direct COVID costs during the quarter

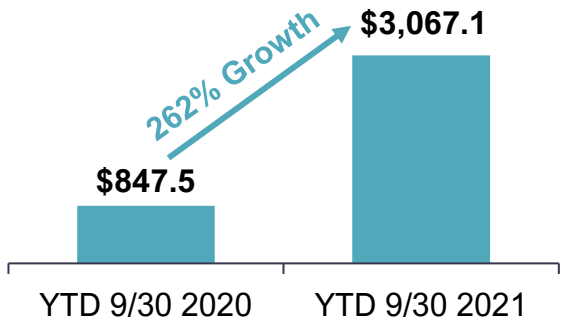
(1) Defined as total revenue less medical costs
(2) A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

Overview of YTD September 2021 Results

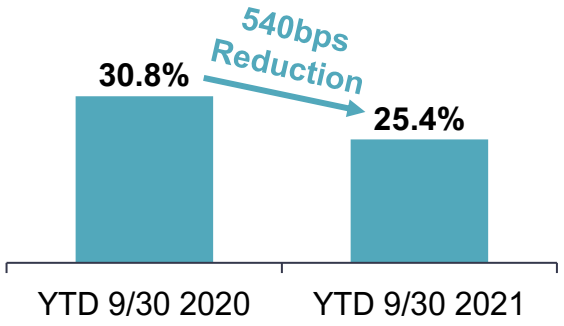
We believe YTD results are a better gauge of core business performance given large out-of-period adjustments in Q3 2021

Enterprise Metrics ($M)

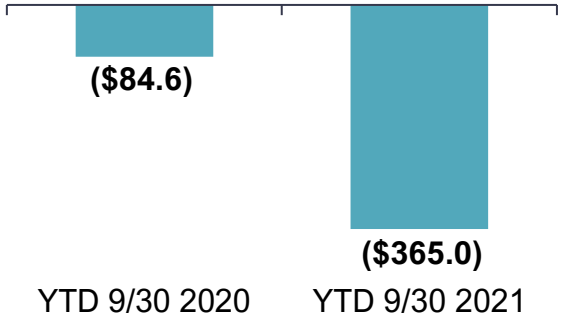
Revenue



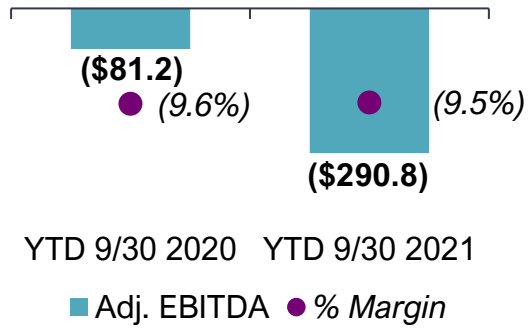
Operating Cost Ratio



Net Loss

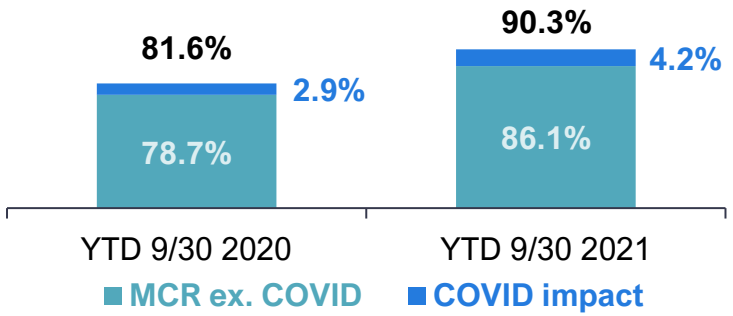


Adjusted EBITDA(1)

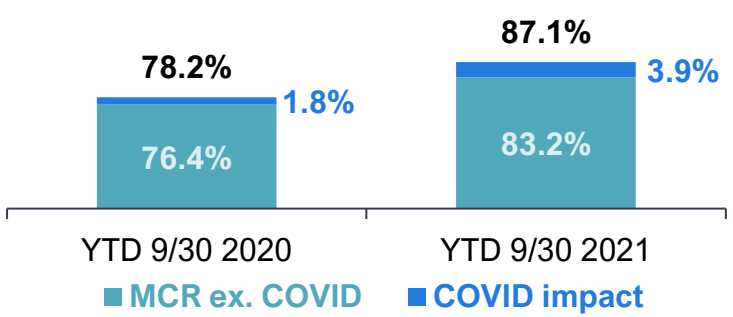


Medical Cost Ratio

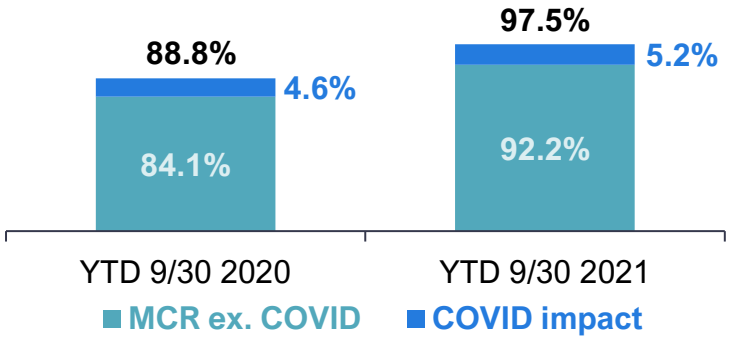
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Commercial



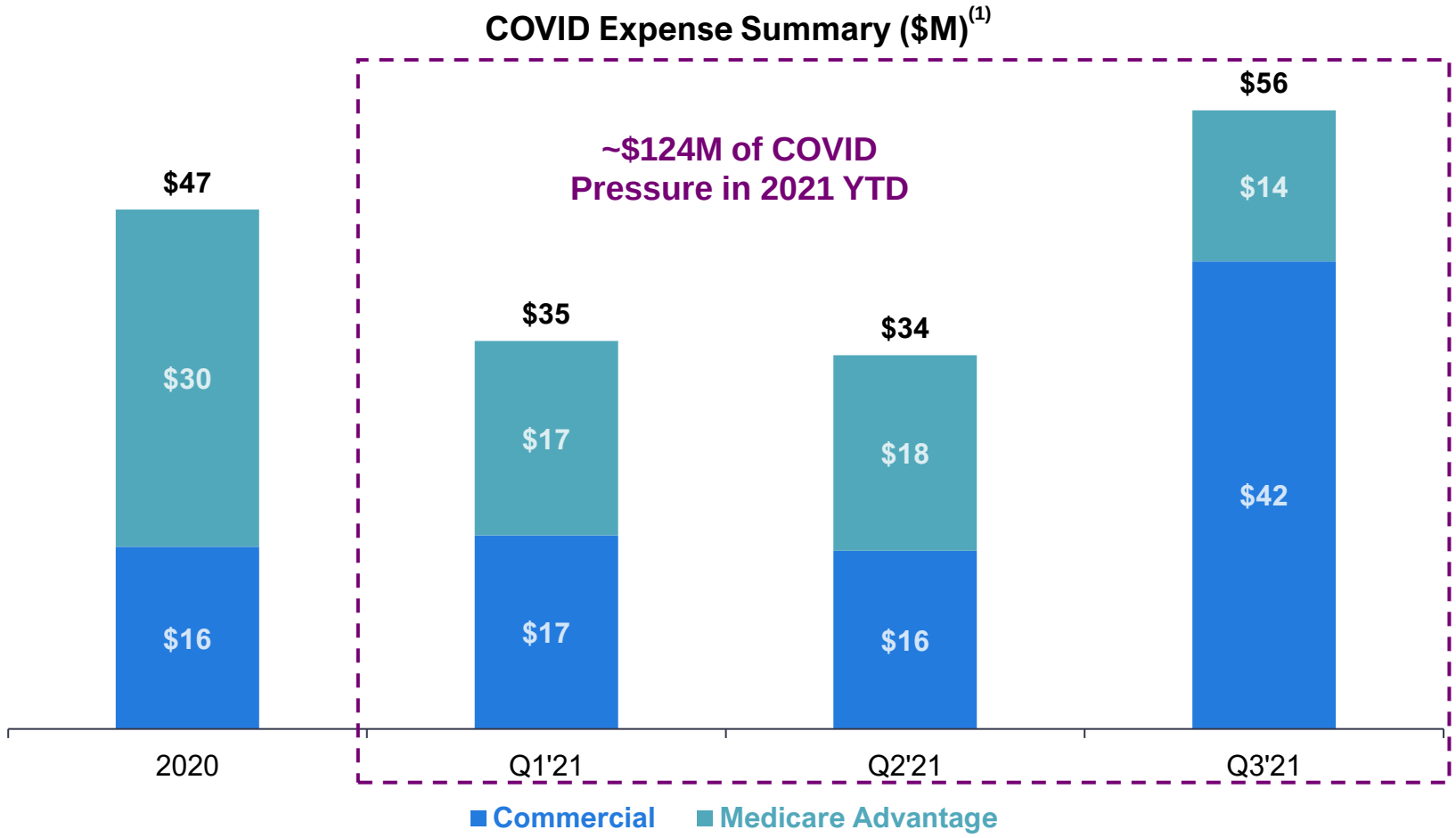
Medicare Advantage



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

Overview of 2020 and 2021 COVID Costs by Product

Q3'21 COVID impact to Commercial was larger than total 1H'21 impact due to membership concentration in the Southeast



Note: Totals may not tie to the sum of the components due to rounding
(1) 2021 COVID expenses include $17 million related to 2020 dates of service

NeueHealth Continues to Expand Rapidly

Accelerated movement of consumers into fully aligned Integrated Systems of Care driving growth and performance

($ in millions)	YTD 9/30 2020	YTD 9/30 2021	*YoY Growth*
Value-Based Patients(1)	19,141	170,211	*789%*
Premium Revenue	$6.0	$62.7	*953%*
Services Revenue	13.3	31.6	*137%*
Investment Income	-	109.0	*NM*
Unaffiliated Revenue	$19.3	$203.3	*954%*
Affiliated Revenue	8.2	182.4	*2,131%*
Total NeueHealth Revenue	**$27.5**	**$385.7**	***1,304%***

2021 Highlights

906% YTD growth excluding investment income

~$575 million revised FY'21 segment revenue guidance, raised from ~$425 million previously

2022 Expectations

25+ planned clinic launches in 2022

7 states with Medicare FFS patients managed through Direct Contracting

2.5x+ expected increase in revenue excluding investment income, with a significant increase in revenue from external payors

(1) Value-Based Patients of 19,141 and 170,211 represent end of period figures as of 9/30/2020 and 9/30/2021, respectively

Balance Sheet and Liquidity Highlights

Summary Balance Sheet

($ in thousands)	December 31, 2020	September 30, 2021
Assets		
Cash and Cash Equivalents	$488,371	$956,189
Other Current Assets	691,436	671,480
Total Current Assets	$1,179,807	$1,627,669
Long-Term Investments	$175,176	$681,923
Goodwill and Intangibles, Net	415,246	1,193,820
Other Non-Current Assets	40,573	71,683
Total Other Assets	$630,995	$1,947,426
Total Assets	**$1,810,802**	**$3,575,095**
Liabilities and Other		
Total Liabilities	$593,859	$1,507,862
Redeemable Noncontrolling Interests	$39,600	$130,029
Redeemable Preferred Stock	1,681,015	-
Total Shareholders' (Deficit) Equity	(503,672)	1,937,204
Total Liabilities and Other	**$1,810,802**	**$3,575,095**

- ~$500 million in non-regulated liquidity as of September 30, 2021, including $353 million in highly liquid cash and investments and $149 million in a passive equity investment classified as short-term
- Undrawn $350 million credit facility
- Insurance entities sufficiently capitalized over regulatory minimums, with business growth and new market entry serving as the primary drivers of incremental regulatory capital infusions
- Goodwill and intangibles increase primarily driven by acquisitions completed in the year-to-date period

Full Year 2021 Outlook

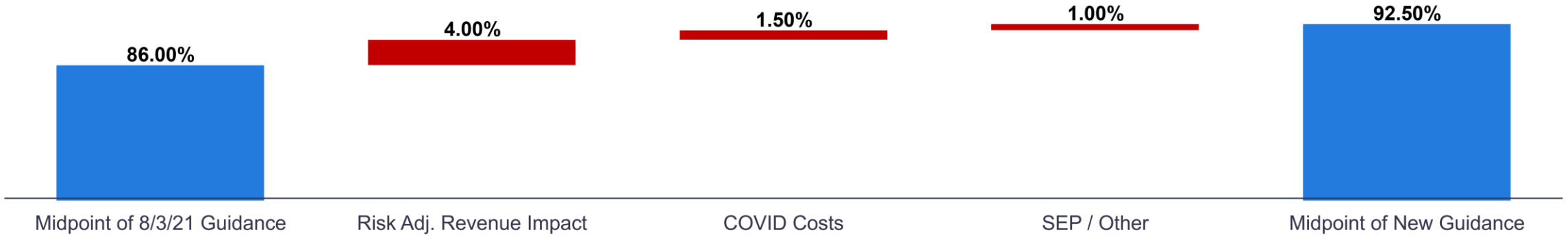
Bright Health Group Enterprise Outlook

- Revenue of $4.1 – $4.2 billion
- Reported Medical Cost Ratio of 92.5% +/- 50bps
- Adjusted EBITDA of ($550) – ($600) million(1)

Segment and Intercompany Outlook

- Bright HealthCare end-of-year membership of ~700,000
- NeueHealth revenue of ~$575 million
  - ~$475 million excluding investment income
- Intercompany revenue elimination of ~($350) million

Guidance Bridge: Medical Cost Ratio



(1) A reconciliation of the projected Adjusted EBITDA, which is a forward-looking non-GAAP financial measure, to the most directly comparable GAAP financial measures, 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, share-based compensation expense; transaction costs, changes in the fair value of contingent consideration, contract termination 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.

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Appendix

Non-GAAP Reconciliation: Adjusted EBITDA

Adjusted EBITDA

($ in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2020	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**
Net Loss	**($59,256)**	**($296,722)**	**($84,610)**	**($364,990)**
Interest Expense	--	1,594	--	6,282
Income Tax Expense (Benefit)	--	73	(9,162)	(18,225)
Depreciation and Amortization	2,678	14,205	5,550	25,981
Transaction Costs	965	448	3,312	5,598
Share-Based Compensation Expense	1,529	24,180	3,722	43,234
Change in Fair Value of Contingent Consideration	--	304	--	1,363
Contract Termination Costs	--	10,000	--	10,000
Adjusted EBITDA	**($54,084)**	**($245,918)**	**($81,188)**	**($290,757)**

