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CareMax, Inc.

Virtual Analyst and Investor Day

September 9, 2021

CORPORATE PARTICIPANTS

Carlos De Solo, *President and Chief Executive Officer*

Alberto De Solo, *Chief Operating Officer*

Bert Moreno, M.D., *Chief Medical Officer*

Ben Quirk, *Chief Strategy Officer*

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PRESENTATION

Ben Quirk

Good morning and welcome to CareMax's Investor and Analyst Day.

Today's agenda includes presentations from Carlos De Solo, President and CEO; Albert De Solo, Chief Operating Officer; myself, Ben Quirk, Chief Strategy Officer; and Kevin Wirges, Chief Financial Officer. We will also have a live tour of the CareMax Westchester facility, located in Miami, Florida and afterwards, we will have a Q&A session.

During the presentation, we'll be discussing certain forward-looking information and referring to certain non-GAAP financial metrics and pro forma non-GAAP financial metrics with respect to our Company. Forward-looking statements are based on assumptions and assessments made by CareMax's management in light of their experience and assessment of historical trends, current conditions, expected

future developments and other factors they believe to be appropriate. Any forward-looking statements made during this Analyst and Investor Day are made as of today and CareMax undertakes no duty to update or revise any such statements, whether as a result of new information, future events, or otherwise. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in the Company's filings with the SEC, including a section entitled Risk Factors.

With respect to non-GAAP financial metrics and pro forma non-GAAP financial metrics, we ask you to please refer to the GAAP/non-GAAP reconciliations that has been provided in the presentation materials posted in the Investor Relations section of our website at www.caremax.com and filed with the SEC.

Now, I'd like to introduce our CEO, Carlos De Solo. Carlos?

Carlos De Solo

Thank you, Ben. Good morning and welcome to our first investor day presentation here at CareMax.

I co-founded CareMax back in 2011 because I saw fundamental problems with the healthcare delivery system in our community. We began with the simple premise that our seniors deserved better. That premise became our obsession and soon that obsession became the core of our culture at CareMax. We are medical professionals delivering healthcare with heart to our family of members. Today, we are excited to discuss how CareMax is leading the way and accelerating innovation using a whole person healthcare approach, combined with our unique proprietary technology platform to deliver a better experience and better outcomes for our seniors.

On the right of the slide, you can see a quick overview of where we are today. We have 42 health and wellness locations throughout Florida, over 26,000 Medicare Advantage members, and 95 employed physicians.

During today's presentation, I will give you an overview of CareMax and our differentiated model. Then, you will hear from our Chief Operating Officer, Alberto De Solo, on our core process, specifically designed to improve medical outcomes for our members. Then, we will head over to one of our facilities where Dr. Bert Moreno, our Chief Medical Officer, will take you through a live tour of one of our CareMax Health and Wellness Centers. After that, Ben Quirk, our Chief Strategy Officer, will provide an overview of our growth strategy, both near term and longer term, and finally, Kevin Wirges, our Chief Financial Officer, will conclude with an update on our financial performance.

First, an overview of CareMax. As you can see on the slide, we have been very active recruiting and hiring talented people over the past year to complement our existing team and to position us to execute both long-term and short-term goals and we will continue to add to that bench as our plans for expansions continue to evolve. As we continue to grow that footprint, I do want to underscore one of the core beliefs at CareMax. Our success happens on the ground. The most important leaders in our organization are our administrators and our physicians. They are the ones responsible for the success and growth of their own centers.

As we continue to grow and scale, this philosophy is proving to be even more valuable. Our job at corporate is to provide the education through our CareMax academy, the technology, the tools, the metrics, and the culture to succeed. But ultimately, it's up to every single administrator to be the CO of their own center and to take responsibility for that center's performance and growth, and for our providers to build the trust of their patients and quarterback the entire medical team to improve that patient's outcome. At CareMax, we accomplish this by empowering our team and aligning compensation to focus on the center's performance and better patient outcomes.

Our Board is made up of highly experienced and successful members that will help us navigate through these exciting times. First, our Executive Chairman Richard Barasch; myself as CEO and Founder of CareMax; Dr. David Shulkin, former U.S. Secretary of Veteran Affairs and successful CO of various large health systems; Randy Simpson, former Partner and Head of Healthcare at Glenview Capital; Dr. Jenn Carter brings her experience in new medical technologies and has founded two early stage companies that were successfully sold; Jose Rodriguez, former Partner and Executive Director at KPMG; Bryan Cho, Executive Vice President at Related. Bryan also played a significant role in creating our strategic partnership and you will hear from him today as he provides more insights into his company and the opportunity. Finally, Vincent Omachonu, who is currently serving as Chair of Industrial Engineering Department at the University of Miami and has also published several books on value-based care.

We have achieved a number of milestones in a very short period of time. We founded our Company in 2011 with our whole person health model and built a technology platform that is being used today by over 20,000 providers in 33 different states. Additionally, over the past three years we've also experienced an annual growth rate of 27% during that period. We also reduced hospitalizations per 1,000 by nearly 30% and achieved a medical expense ratio of 67% during that period.

More recently, we have also achieved regional scale by building a tech enabled platform throughout Miami-Dade, Broward, Palm Beach, and Central Florida. We have grown our Medicare Advantage base to over 26,000 members through organic growth, de novos and opportunistic acquisitions. We have also successfully began our plan for national expansion through our strategic relationships with both Anthem and The Related Companies, which we will discuss in more detail later on in today's presentation.

As you can see here, we have built a strong platform over the past 10 years and really took our time to perfect our model. Below, you can see what we have accomplished in the past five years. We have increased our footprint by seven times and our membership by 10 times. We estimate that we're going to finish 2021 with over 42 centers and more than 30,000 Medicare Advantage members.

Today, our core business is operating at 55% capacity with ample room for growth. If we reach 75% capacity in our core business, that's an incremental 15,000 new Medicare Advantage members. In order to accomplish this, we have focused on two key areas: accelerating our sales and marketing and focusing on member experience. We have invested significantly in these areas and ramped up our sales team, hiring key sales leaders and expanding our call center and building up our grassroots team for a greater reach. Additionally, we brought on a new Chief Experience Officer to focus on retention and to continue to drive that member experience and satisfaction.

We are well positioned to take our Company nationwide with the support of our key strategic relationships. On the map below you can see we aren't just planting flags for the sake of entering new markets. We're being very thoughtful and entering those markets where we feel we have the ability to grow faster and achieve critical mass sooner. You'll see we broke down the map by Anthem priority markets, affordable housing opportunities, markets where both Anthem and Related overlap, and finally markets where we have strategic relationships with other partners. As I've said on many presentations before, our goal isn't to rush to be in 50 states right away. We want to become a dominant player in every market that we compete in. This is going to allow us to go deeper with our patients by building out a much more robust delivery system.

I'm sure many of you are familiar with these stats but I think it's important to spend a minute looking at the future of the Medicare Advantage market. The Medicare market is growing at 8% annually, outpacing overall healthcare spend by 3%. The Medicare spend is projected to be $1.25 trillion in 2025, with 46% of those Medicare eligibles enrolled in a Medicare Advantage plan. More importantly, we are seeing a shift into value-based care. That number has increased steadily from the 23% reported in 2019 to an

estimated 46% in 2021. It's hard to argue with the success and improved outcomes of value-based care and I think in the coming years you will see organizations like CareMax leading the way and transporting the healthcare delivery system in this country.

The problem with the current system is that there's very little coordination of care and very little patient engagement. Most patients today report that they would change their providers just for convenience factors. Most providers and patients also agree that they don't spend enough time during the provider visit. At CareMax, we focus on patient engagement, and we compensate our providers on salary and quality bonuses. This really allows the doctors to keep smaller patient panels and really get to know their members and build trust.

Additionally, our technology integrates information flow across the patient journey and aggregates data from health plans, third party providers, and other external sources. This allows us to identify conditions earlier where we can focus on prevention, rather than treating patients once their condition has spiraled out of control and the patient is likely receiving treatment at the hospital or at other facilities. We like to say at CareMax, we're providing healthcare, not sick care.

We also provide transportation to make sure that our members can access the care that they need. The value-based model aligns the interests of all stakeholders with that of the patient. In short, we succeed as we keep our patients healthier and invest more in preventative care.

Here on Slide 15, you can see what our centers offer and how we compare to traditional Medicare. We call our centers a one stop shop model that provides the entire care continuum to our members. Everything from primary care, specialist, diagnostics, dental, optical, to name a few are provided at our locations. Additionally, we have wellness centers that focus on keeping our members engaged through exercise programs, healthy meals, activities, and education programs like fall prevention and diabetes courses. This leads to better cost in payment, greater medication adherence, and most importantly, better patient outcomes and satisfaction.

Our technology platform, CareOptimize was purpose built by CareMax to provide a scalable, value-based care technology solution. CareOptimize was specifically designed to aggregate data from all of the different sources of the care continuum, from health plans to specialist notes, pharmacy data, hospital data, and push that data to the physician's fingertips at the point of care in order to make the biggest impact to the patient. Our technology has over 4,000 unique algorithms and is able to track an unlimited number of quality programs. It also reconciles data across different health plans and EHRs and alerts providers on coding compliance in real time. This platform was designed to allow us to scale our business without compromising our quality.

One of the key differentiators at CareMax was our decision to commercialize our CareOptimize platform back in 2015. We grew it to have a presence in 33 different states with over 20,000 providers using it today. I believe this is a testament to the value of what we built and created that has been tried and tested. Additionally, it provides a pipeline for future opportunities and insights into new markets as we continue to expand and has also allowed us to become a tech-enabled MSO, managing independent practices with favorable outcomes. We'll talk a little bit more about this in the growth section of our presentation.

I'd now like to introduce our Chief Operating Officer, Alberto De Solo, who will discuss process and outcomes.

Alberto De Solo

Thank you, Carlos. Good morning, everyone.

At CareMax, we have a comprehensive process to the way we manage our patients' care. First, we begin by aggregating the data from all the different sources. As you heard from Carlos, this is where we use the CareOptimize to gather and analyze the data. We do this by embedding this technology at the point of care, at our providers' fingertips. Our providers can access if a patient has any related, open gaps, any chronic conditions that have not been assessed, or if any prescriptions that may be duplicative or have not been filled. We utilize a combination of care coordinators, along with registered nurses, and social workers to perform medication reconciliation post discharge, assess their social determinants, and at-home living conditions.

Our ambulance intercept program allows us to send an ambulance to a patient's home and communicate with our care teams, either directing the patient to a correct ER facility, or to bring them to the center for a PCP visit. By vertically integrating our PCPs and specialists, we bring a true team-based approach to patient care. This includes the highest use specialists and at-home delivery of medications.

Finally, closing the loop with our whole person care, we're able to monitor and communicate with our patients when they're in their homes through our care box utilizing Bluetooth enabled devices, for example blood pressure machines, scales, and glucometers.

Remaining engaged with our patients is at the core of what we do. We've broken this down into six different stages. From the time a patient walks in, through their primary care, and in-house specialty care visits, all the way to providing ancillary services outside of our medical centers. It's this high touch model that allows us to be more than just our patients' primary care center and we become their community care center.

A large part of engagement revolves around preventing hospitalizations in the first place but here's what we do when a patient goes to the emergency room. Embedded in CareOptimize is an encounter notification service that provides real time notice of when a patient walks into a hospital. Secondly, a dedicated care coordination team contacts the patient and works with the health plan case managers, social workers, and the hospital to facilitate a timely discharge. Finally, upon discharge we visit our patients in their homes and have one of our team members reach out to them.

This is one of my favorite sides. As you heard from Carlos, our model was designed to care for the patients most in need and you can see that compared to some of our peers, approximately 65% of our patients are duals. On the right-hand side, you can see that even though we service a demographic that is below the poverty line and suffers from greater co-morbidities, we're able to reduce the cost of care over time.

This is how we compare to the national CMS fee for service benchmarks. We're able to accomplish this by focusing on our high touch outpatient care model, inclusive of social determinants, with an emphasis on at-home care post discharge. We're able to reduce ER visits by 74%, admits per 1,000 by 52%, and readmission rates by 32%. On this next slide is our mature center margin economics. We're providing you a view of our centers open on or prior to 2017 and using 2019 financials to demonstrate our ex-COVID normalized margin level economics of 20%.

The most rewarding part of what we do is to hear from our patients. We've included a few testimonials, which you can also watch on our social media sites, as well as our YouTube channel. For the best part of our presentation, I'll be turning it over to our Chief Medical Officer Dr. Bert Moreno, who will take you through a live tour of one of our centers.

Bert Moreno, M.D.

Thank you, Albert. Can you hear me?

Alberto De Solo

Yes.

Bert Moreno, M.D.

Great, great, good.

Hi everyone. My name is Dr. Bert Moreno. I am the chief medical officer at CareMax and it's my pleasure today to give you a tour of our Westchester CareMax Center. Westchester is a predominantly Hispanic neighborhood in Southwest Miami-Dade County, with a middle income to lower middle-income population. This Westchester Center is one of our newer centers and essentially a prototype for our centers going forward. With that, please come into the grand entrance and the lobby.

Yes, so here we have our lobby of our CareMax Center and as you can see, we have the seating arranged due to COVID restrictions but typically, the seating in our lobby would be much more socially oriented. You can see that throughout we have our front desk area and patients will typically walk in, register at our front desk for whichever endeavor they're going to be coming into and all of our CareMax centers have two entrances. The one on the left would be the entrance to our wellness or socialization area and we'll be finishing our tour in that area. The one on the right would be the entrance to our clinical areas. All of our lobbies have access to plenty of rest room space for our seniors and you'll be seeing that throughout our center, there will be ample rest room space for everywhere.

CareMax is a care delivery organization that aims to provide high quality, outcome-based healthcare in an affordable fashion to our seniors. We offer a Medicare Advantage product which allows for Medicare eligible patients to join our centers and get high quality care.

All of our lobbies have access to a member services or a sales area. The sales and marketing team oftentimes will prospect for patients and those patients will come into the centers; they'll meet with our sales and marketing team, get a tour very similar to the one that you're going to get today with me, and hopefully by the end of that tour our sales and marketing team will be able to solidify that sale and have that patient join our center.

At CareMax, we take very seriously the social determinants of health. Many of our patients come from lower socioeconomic status and deal with food insecurity and housing insecurity, so in each one of our lobbies we have an access coordinator who is embedded and can educate the patients on the services they're entitled to. For example, a patient with food insecurity might be able to qualify for food stamps and that social worker or access coordinator would be able to facilitate that on their behalf.

Again, our patients would come into the front desk, register for whatever visit they were going to have, and at CareMax we take very seriously access to healthcare. To that end of course, we can offer appointments for diagnostics, offer appointments for primary care physician or specialty visits. But at CareMax we have an open-door policy where all of our patients can come in at any moment in time and be seen on the same day by their physician. At CareMax, a patient who comes to be seen will never be turned away.

With that, we'll enter our primary care physician suite of our center. Not to start the center tour where the patient experience ends but when patients check in in the front desk area, patients at the end of their clinical endeavor will have a checkout area where we have a checkout specialist. Our patients oftentimes have difficulty coordinating all their patient appointments, so every time a patient leaves CareMax, they

get a sheet with all their upcoming appointments, whether it be four or five over the next three or four months, or what have you. Additionally, the checkout coordinator will clarify any treatment decisions that were made by the clinician at the time of the visit.

Like Carlos said earlier, at CareMax we have a dyad model where we empower our physicians and our administrators to be leaders at the centers. As such, all of our administrator offices have either a clear sight to our lobby or are directly accessible from our lobby. Here at the Westchester Center, our administrator, Iraida — Hi Iraida, how are you?

Rida

Hi. How are you, Doctor?

Bert Moreno, M.D.

Iraida has a window that faces out to the lobby and really – at CareMax we aim to establish strong relationships with all our patients. Many times, the administrator is the individual who has the strongest relationship, and so oftentimes our patients will come directly to her with any needs that they have regarding a referral or getting an appointment or any number of issues.

We're lucky enough today to have in our center our ultrasound technology and our ultrasound team. At CareMax we offer a vertically integrated clinical product so that we can control the quality of our services at all times. As such, we purchased high quality ultrasound machines. We hire and train our ultrasound technicians, so they maintain the highest quality in terms of performing the study, and then we hire and quality control our radiologist so that the product that they produce is excellent and affords the physicians the opportunity to make clinical decisions with high quality data.

Now, I'm not a statistician and I'm not going to teach investor day analysts about statistics but on the first day of statistics class in college when I took that, one semester, the first day they said if you get garbage in, you get garbage out. When we're providing clinical care, the same applies. If a physician has garbage clinical data from which to make decisions, it's going to make their decision-making process much more difficult and lead to poorer outcomes.

I'd like to show you now one of our office spaces. This is Dr. Alvarado. He's one of our center medical directors.

Luis Alvarado, M.D.

Hello.

Bert Moreno, M.D.

This is a typical office space that we have at CareMax. Thank you, Dr. Alvarado.

Luis Alvarado, M.D.

No problem.

Bert Moreno, M.D.

At CareMax, all of our centers have a pharmacy dispensary, staffed by a pharmacy technician. Again, the key at CareMax is to develop relationships with our patients, so the pharmacy technicians oftentimes

develop relationships with our patients and are able to educate them on any questions they might have about the medications that either their physician prescribed that day or chronic medications that they're taking. Having the pharmacy dispensary also has a two-fold benefit. One is we have a higher percentage of our patients who are adhering to their medications on a monthly basis and as you all know, patients who take their medications for their chronic conditions are less likely to have hospitalization and ER visits for not having them well controlled. Secondarily, having a dispensary pharmacy in our centers allows for a higher adherence to generic medications because as you know, brand medications are much more expensive. Our adherence to generic medications is much higher in our clinics compared to the average.

At CareMax we do not have a lot of back-office space, but we do like to have some functions in our center that is back office. Hi Maurilys. Maurilys is our regional operations manager, and we like to have a touchdown space either for our regional operations manager or our regional medical directors who come to the office at least once or twice every week.

Additionally, in our back-office space in each of our centers we embed our coders and we thought it's important to embed our coders because there can be a bidirectional flow of information between our coders and our physicians. The coders are reading really complex clinical data and they're not physicians, and so having that resource for them to walk over and get clarifications from the doctors provides them an education and makes them better at their job. Alternatively, our physicians are not coders, and they don't know all the details with regard to coding. Having the coders embedded in the centers and being able to communicate on a frequent basis with the physicians, really improves the accuracy and optimizes the coding and documentation process, which as you know is a very important function in our centers.

Here you have a couple more examination rooms with Maylene (phone), one of the MAs, yes. Really, the MAs obviously, triage and prepare the patients for their visits with the physicians. Now, this here is one of my favorite rooms. We call this the flex room. It's a triage or treatment room and so if there is overflow necessary for the MA and they need to triage a patient prior to being seen by their primary care physician, it can be done here but it's also a treatment room. Patients who, for example, might have an acute asthma exacerbation or COPD exacerbation could get an aerosolized treatment. Patients who might come in with gastroenteritis and are dehydrated, we have an IV infusion. Patients who have infections that can be treated in the outpatient setting would be able to come in and get an IV antibiotic infusion.

What we've found is that having a treatment room to treat subacute conditions limits the number of times those patients will access the ER or the hospital for conditions that could otherwise be treated in the outpatient setting. Oftentimes when a patient gets a treatment here, they'll have a daily follow-up to get additional treatments until their outpatient subacute illness is resolved and that's been very good in terms of our outcomes.

Every one of our CareMax clinics has a lab—hi, how are you. Every one of our CareMax clinics has a lab where either our MA or our phlebotomist will be able to draw blood. The blood can be processed here, and then daily lab requests will pick up those lab samples and process them. That leads to a quick turnaround of labs and within one day our physicians are able to get results of the labs that they've ordered and call patients with follow ups of the results.

As we come here to try to finish up our primary care suite tour, we'll knock on a door. We have our center medical director, Dr. Heidy. Hi Dr. Heidy.

Heidy Acosta, M.D.

Hi.

Bert Moreno, M.D.

Yes, so again, a typical exam room at CareMax and obviously it affords plenty of space and a nice area for patients to be evaluated by the physicians and communicate with them. Bye, Heidy.

Heidy Acosta, M.D.

Bye.

Bert Moreno, M.D.

Yes.

Like Carlos and Albert were saying, one of the things we pride ourselves on is not just being a primary care clinic, but being a one stop shop, really for all the access of care that a patient will need. One of the things that's really nice about CareMax is, for example, this optometry suite. This optometry suite is essentially a fully functioning optometry clinic embedded within the four walls of CareMax. If you were to go to any optometry office, outside of CareMax in any sort of strip mall, everything that would be needed in that office is right here. Here we have our—we don't have the optometrist here today, but this is the optometry clinical area where they're able to examine the patient and where they're able to do all sorts of screenings. For example, diabetic retinal screening which improves our overall HEDIS and quality metrics and helps us achieve five-star ratings.

Now, here we have a consultation room for the optometrist to use with their patients and one of the things CareMax did really early on was that we had to provide patients with eyecare, and we were purchasing them from vendors, which ended up being very expensive. Instead, we went direct to manufacturers. We were able to get the eyewear at a lower cost and it really improved the overall experience and the satisfaction of the patient because as you can see here, we have plenty of brand name eyewear for these patients to get at no additional cost of their own. Some of the brands we have are Emporio Armani, Gucci, Chanel, Montblanc, and—excuse me. I'm making a mess here. As you can see, really a one stop shop for everything, including eyewear.

As we continue on with our tour, as I said at the beginning in the lobby, dual access to both our wellness and socialization areas and our clinic areas. What we find is many times patients like to wait for their appointments with their doctors in their socialization area or the wellness area. Throughout the clinic we have access to the wellness area. We won't go through that door because we're going to finish our tour in the wellness area.

For our senior population of patients, pain is a significant cause of morbidity and mortality and therefore we take a very holistic approach to pain and all of our CareMax centers have a fully functional physical therapy and massage therapy room. We typically make them very spacious and again, we provide a holistic approach. Now, there's actually someone in there getting treatment as we speak, so we'll try to be a little bit quiet but essentially as you can see, we have areas for massage. We have tables where they can get acupuncture services. Then we have multiple exercise machines where they can get physical therapy by our physical therapist where they work on strengthening their core muscles to prevent needless falls and morbidity and mortality associated and very common in our senior population. In addition to having a physical therapist and massage therapist on site at all times and working this physical therapy and massage therapy lab, we have pain specialists that come in and are able to perform clinical evaluations and possibly order for either pain injections in joints or surgeries as needed, but typically we try to be more preventative and get ahead of the ballgame when it comes to pain, falls, and joint interventions by exercise, massage therapy, and less aggressive measures.

Buenas. Here we have (Spanish spoken). Here we have a fully functional podiatry room with a podiatry table and podiatry is one of the specialties that we provide here at CareMax. In addition to podiatry, we provide cardiology services, psychiatric services, podiatry, optometry, and then the dental suite that you'll see there, amongst others (specialty services). Now just like the optometry suite, we have that podiatry examination room, but we additionally have a retail space for podiatry and a consultation room where the podiatrist can work with the patient and identify which diabetic shoe they would like to have fitted. As you can see there again, plenty of options and the patients' overall satisfaction with the options that they are given leads to better adherence to utilizing that diabetic shoe, which in turn, you know, obviously leads to less downstream opportunistic infections.

This is a really cool room. This is actually our—we have pulmonary specialists that come into all of our centers, and this is our pulmonary evaluation suite. Pulmonary doctors are able to come in and just like optometry or podiatry, a pulmonary specialist who we hire and is a full FTE for us will come in and be able to provide pulmonary services from soup to nuts. He will come in and do the clinical evaluation but then he'll have all the diagnostic tools necessary to further evaluation and delineate their treatment plan. Here you can see we have a really high-tech pulmonary function testing, and this pulmonary function test machine is used for patients who are at risk for COPD, for example, to be able to determine and identify that disease properly. Recently, with the advent of COVID-19, we've been mandatorily putting patients who have had COVID-19, whether they're symptomatic or asymptomatic post COVID, to screen for post-COVID syndromes.

Just like pulmonary, for example, our cardiology specialists are able to see the patients in the centers and they're not, they don't have to send out their patients for diagnostic testing outside of our four walls. A cardiologist who sees a patient here will be able to order all the tests that he would otherwise order in his office, like a Holter examination, electrocardiogram, an echocardiogram, which is a picture of the heart, or even stress testing which we have at our CareMax centers. Once a patient comes in to our four walls and obtains specialty care, they are able to get all aspects of that care. Again, by vertically integrating all aspects of each individual specialty or primary care evaluation, we're able to control that quality and make sure that the quality is good and academic level.

Here you can see that each one of our CareMax centers has an x-ray machine. The x-ray machine, as you can see, is brand new and high tech. All of the x-ray machines are chosen by our radiologists who are employed physicians. These x-ray machines are manned again, by x-ray technicians whom we hire and train and who we have constantly integrating and participating and communicating with our radiologist. The radiologist can then teach the x-ray technician (providing feedback on) weaknesses or strength (in their technique) and make sure that the quality of those studies always remains high.

Here you can see again we have plenty of bathroom space for our seniors which becomes important. We're arriving now to our dental office. Again, a fully functioning dental office. Imagine you could see this dental office will have everything that any dental office that would be freestanding would have. (Spanish spoken). You can see here, really nice tech enabled dental office, bidirectional x-ray for inside the office. We have our dentists working and multiple technicians helping them, and they can do everything here from caps to root canals (to routine care). We have our dental lab that cleans all of the equipment. Then we have our panoramic x-ray machine, which is in addition to our other x-ray machine. Again, it's a fully functioning dental office here within the four walls of our CareMax Center.

While we take very seriously the physical health of our patients and try to provide them excellent access to care, primary care, specialty care, and diagnostic care that's quality controlled and vertically integrated, we also realize that our patient's mental wellbeing is very important. With that, I'll take you into our wellness or socialization area.

As we were saying before, many of our patients have food insecurity and one of the things we do at our wellness area is we offer a daily lunch. It's a warm and healthy meal and we have a kitchenette in every single one of our wellness areas where those meals are prepared.

Additionally in this wellness area, is we offer opportunities for our patients to socialize with each other by providing board games and table games at all our tables. I think today, yes, I guess today they're playing bingo. They're playing bingo today and participating in a socialized event. Many of our patients come not for actual clinical care. I'd say, on a daily basis about half of the traffic that comes in and out of the center may be just for the socialization or wellness area.

Here in the wellness area oftentimes we'll provide dietician classes, nutrition classes. All of our wellness areas have an ability to divide the room in two where we can keep louder activities, possibly like eating, or bingo, or table games on one side and then the other side you can do exercise classes, dietitian classes, nutrition classes. As you can see here, there was a recent—in the most recent (inaudible) there was a drawing and so we also have art classes that are available here.

Of course, one of the things we do is we leave nothing to chance at CareMax in terms of being able to offer healthcare to our patients. Many of our patients are unable to come on their own or have someone to drive them, so we have a fleet of over dozens of vans that actually go to a patient's home, pick them up, and bring them to the centers. One of the things we do is we put the transportation office with direct access to our wellness center so that the patients can feel free to go into the transportation administrator's office and ensure they have a ride here and a ride home at any moment in time and whenever they'd want to come.

With that, you know really thank you so much for participating in this tour and I hope it gave you a good idea in terms of the kind of services that we provide at CareMax and the high-touch model that leads to the better outcomes for our patients. Thank you so much.

Ben Quirk

Thank you, Dr. Moreno, and appreciate everybody joining us for that tour. My name is Ben Quirk and I'm our Chief Strategy Officer and I'll be taking us through our growth section.

However, before we get started, I'd like to do a time check for our attendees. We are about halfway through the presentation. If you'd like to ask any questions, please go ahead and press star, one on your keypad. Again, that's star, one and you will go ahead and queue with the Operator.

Jumping into our growth section, when CareMax announced our intended public listing last December, we were pleasantly surprised by the amount of inbound interest we received from payors and others. As a truly payor agnostic system with a track record of organic and inorganic growth, resulting in strong clinical and financial results, we are seen as a strong solution for payors who need greater value-based care penetration in their networks. This has resulted in a multipronged growth strategy.

First, our current medical centers have been upgraded over the past few years, resulting in 50% available capacity. Similarly, senior medical associates, which we refer to as SMA, and DNF medical centers have also invested heavily in capacity. The greatest return on capital is increasing enrollments in these medical centers, which is underway with the addition of Luis Sobrado as our Chief Sales Officer and investment in additional sales and marketing staff. Additionally, we are adding a full service offering of our CareMax model within the acquired centers, which creates a differentiated product to further spur new enrollments. Once we have the membership enrolled, it is critical that we keep the patients engaged and satisfied in the incredibly competitive Florida market. Nicole Cable, our Chief Experience Officer, is working to bring the CareMax service model of healthcare with heart to the acquired entities.

Second, we will be accelerating our opening of de novo centers to approximately 75 in the next three years. Our approach to de novo is focused on where we can land with a key strategic collaboration to address an incumbent patient population not already in value-based care. We'll be focusing on density where we can provide the full offering of our service model versus going quickly and without depth.

Third, while our payor collaborations are primarily focused on our brick-and-mortar medical centers, the payors have also asked that we help provide our technology and MSO services to benefit existing providers in the community. When deployed, this can result in a win for each party. The community providers who may lack the capability or capital to participate in value-based care loan are able to receive a path to risk from us. The payors are able to shift more value-based—or more community providers to a value-based care model, providing more reliable clinical and financial results. At CareMax, we receive additional membership and working relationship with future potential aquihires.

Fourth, while our primary focus is on de novos, we will continue to seek out and participate in opportunistic, accretive acquisitions as they arise.

Fifth, CareMax chose not to participate in direct contracting in 2021 given the greater than 70% MA penetration rate in our core market and the desire to observe and learn from our payors experience. Many of us remember the initial days of the ACO model, which proved challenging for many organizations. However, with our planned expansion to new geographies that have a lower MA penetration rate, we have chosen to enter into direct contracting in a controlled fashion, where we can easily accelerate should initial results prove strong. While a direct contracting application process remains closed at CMS, CareMax is contracted with the direct contracting entity in return for a minimal administrative fee.

To double click on the de novo strategy, we see that the strong return on capital, especially when partnered with a strategic collaboration. From a per unit standpoint, our investment is roughly $2 million in build out cost and $2 million in op ex losses that's oftentimes borne by another party and amortized back at CareMax. This strategy can limit the hard cash outlays for as little as $1 million per unit. With our de novos, we see a clear path to breakeven by year three and a path to up to $5 million of EBITDA contribution by year five.

CareMax has entered into several strategic collaborations, two of which we'll talk a little bit more about, specifically Related and Anthem. First, Anthem and CareMax recently announced a collaboration to open up to 50 medical centers in approximately eight states. Anthem seeks to move more patients to value-based care, as well as increase agent enrollments in Medicare Advantage from their strong commercial business. CareMax and Anthem will also be collaborating in a non-exclusive fashion on the recently announced New York City retiree business that was won by a joint bid from EmblemHealth and Anthem's subsidiary, the New York Empire Blue Cross Blue Shield.

CareMax also announced a collaboration with The Related Companies. This is something truly unique, which I think folks are still taking time to understand. Twenty-one million seniors are economically insecure, with an income less than 200% of the poverty line. Affordable housing developments saw a major boom in many cities in the '60's and '70's. Those residents have aged in place and are now seniors, resulting in what the federal government designates as naturally occurring retirement communities or NORCs. Many of these NORCs are in healthcare deserts, as primary care providers have traditionally flocked to more affluent commercial markets. These buildings are part of a complex social fabric of affordable housing developers, city public housing departments, and social services agencies that can take years to engage with. However, with Related at our side, CareMax is able to go directly into affordable housing developments in some of the densest urban environments, which have historically been off limits to our value-based care model.

This gives us a clear path to open 75 medical centers in the next three years and to do so with strong support from a strategic collaboration to minimize risk and maximize path to profitability. We will be entering markets with incumbent membership that lack access to care, providing a pent-up demand that we expect to accelerate our membership brand. In addition, CareOptimize is actively working with providers in each market to move them to value-based care through our technology and consultative solutions and improve their results. This means that we have real world experience on the ground in each of these markets.

With a country full of greenfield opportunities, how do we prioritize? First and most important, as I've stated, we look for a strategic collaboration with incumbent relationships where it is determined there is a need for our value-based care delivery system. We then analyze U.S. census, Medicare, and blinded care optimized data to look for density, MA penetration rates, hospital dynamics, and what the total addressable market can be, even if we only capture a small portion of the market share. This works to limit our downside speculative risk and ensures our centers will be on a strong footing upon opening. We then engage the physician community to recruitment of existing providers via aquihires. We partner with academic institutions who rotate residents through our facilities, and we use standard recruiting channels.

We overlay this strategy with Related's insights into local affordable and public housing dynamics to engage with government departments, developers, and social services agencies to understand the block-by-block dynamics on the ground. This rigorous philosophy results in foundational criteria that we follow. We don't plant flags but rather, look for density in each market. When we collaborate with payors, we ensure that any exclusivity is short lived and only extended upon meeting full capacity.

We also look for the most underserved markets, even if that means going into the most challenged neighborhoods. Having started with our first medical center in Homestead, Florida, a very underserved and complex community at the tip of the Florida Peninsula, we know our additional social and wellness services can address the needs of these underserved populations and result in strong clinical and financial outcomes. These collaborations give us confidence that we're likely to achieve a rapid path to profitability in new markets by year three and to replicate our near 20% margins by year five at only 70% capacity.

Building into our relationship with Related, you may know Related as the developer of Hudson Yards and their association with the Equinox Gym brand. What you may not know is that The Related Company started in affordable housing, and they are today one of the largest developers and managers of private affordable housing in the country. Their long-term, respected presence in the communities they serve cannot be understated and it's already caused doors to open for CareMax which would typically take years to open.

To talk more about our collaboration, I'd like to introduce Bryan Cho, Executive Vice President of The Related Companies who recently joined CareMax's Board of Directors.

Bryan Cho

Thank you, Ben. Again, my name is Bryan Cho. I'm an Executive Vice President at Related where I've had the privilege to lead a number of business units over the past 22 years. On behalf of all my partners at Related, I am excited and honored to be participating in today's investor presentation as a CareMax Director, partner, and stockholder.

As Ben mentioned, while we at Related today are active in just about every asset type that is relevant in the large cities that we operate in, our first and oldest continuous line of business remains affordable housing. We currently own and manage 55,000 units of income restricted, rent regulated apartments

across the United States. I'm particularly excited today to review with you an illustrative case study of how our collaboration with CareMax is starting to bear fruit.

In the bottom right corner of this page, you see a photograph of Far Rockaway, Queens, a low-income housing community that we have owned for a number of years, called Ocean Park Apartments. Ocean Park is a 603-unit conventional low-income housing community that over the course of the past several years has experienced a significant amount of aging in place where today, substantially, a substantial majority of our occupancy is in fact senior citizens.

Like many of the affordable housing developments across the country, and particularly in the large urban centers, affordable housing tends to appear in clusters. Across the street from Ocean Park, in fact, are a collection of high-rise towers that are also affordable housing and that are in fact, entirely occupied by senior citizens. Again, a number of the dynamics that Ben mentioned in his comments are in fact in play in this single case study.

Combined with neighboring properties, we now have a single block cluster that represents thousands of low-income seniors, and all too often, seniors in communities such as this don't have a lot of convenient, high quality care options. We believe with a lot of conviction that CareMax is in fact purpose built to fill this niche in the market, this much needed niche in the market, and we're very excited, not only about this future CareMax center, which will open in '22, but a number of others that we are currently working on in all of our markets that are just like this.

With that, I'll hand it back to Ben.

Ben Quirk

Thanks, Bryan, and thank you to you and Related for all your support.

When Bryan approached us, we knew that the Related collaboration would be a success due to our experience with our Pembroke Pines Medical Center which became part of the CareMax family in 2017. That medical center is located with an affordable—within an affordable senior housing complex in Pembroke Pines, Florida. That center has seen vast membership growth and improvement in medical expense ratio, leading to a particularly quick ramp to roughly 20% margins.

It makes perfect sense when you think that just by pressing L on the elevator for the lobby, patients are able to walk into our medical center and see their physician, engage in social activities, or grab a hot meal. As a result, we expect de novo growth over the next three years to grow our footprint significantly, thus projected to end 2024 with approximately 120 medical centers. These centers collectively represent a capacity of 200,000 Medicare Advantage patients.

While these collaborations were coming together, we were busy running through locations with our rigorous analysis model. We are currently evaluating over 150 proposed sites, with 120 under active negotiation and we have signed five new leases just since our public listing in June. We expect this pace to continue to accelerate and look forward to sharing our care delivery model with underserved communities across the country.

With that, I'll turn the presentation over to Kevin Wirges, our Chief Financial Officer.

Kevin Wirges

Thanks, Ben. Good morning.

First, I'll start by providing some observations on COVID and then conclude with some comments on our capital structure as we execute on the de novo strategy. Please note, all financial figures I'll refer to give effect to the business combination of IMC and the acquisition of SMA as if they occurred on January 1, 2020.

As discussed during our earnings call a few weeks back, we were able to grow our business and deliver positive EBITDA for the first half of 2021 despite the impacts of COVID-19. We experienced an increase in external provider cost, directly related to COVID of approximately $7 million in the first half. We also estimate first half revenue was about $4 million lower than we would have expected absent COVID due to lower CMS premiums. Despite those headwinds, revenue increased 12% year-over-year and if we exclude the impact of COVID, our MER was in line with historical periods of approximately 70% for both the first half of '20 and the first half of '21.

First half platform contribution margin, which reflects revenue less external provider costs and cost of care, was in the high teens, giving us confidence in the power of our care management platform. Despite a global pandemic, we continue to successfully manage the medical costs for this acute segment of the population at pre-COVID levels.

As more of the population continues to receive the vaccine, we see early but promising developments in the current Delta wave, which adversely impacted a younger, unvaccinated cohort of the population in South Florida. Cases and positivity rates in Florida have begun to pull back, including among seniors and we are hopeful that that trend will continue. As Albert mentioned, we also have real time visibility into all admissions, including COVID. This allows us to engage with our patients while they are still in the hospital to ensure smooth discharge. Through the CareOptimize technology platform, we have workflows to ensure post discharge visits occur timely to prevent readmissions and assist patients with any questions that they may have, especially with new medications they may need to take.

As we discussed in our earnings call, we have increased in person touch points with our patients to ensure we are properly managing and documenting patient acuity. Our engagement rate for primary care visits in Q2 '21 was the highest it's been in the last 10 quarters. This not only tells us that our members are eager to return to in-person care, but also gives us confidence the revenue headwinds we were experiencing in 2021 are temporary.

Now, on to our capital position. We ended the second quarter with approximately $170 million in cash and with the closing of DNF, we now have around $80 million. It's important to note that total liquidity is around $140 million, as we have roughly $60 million in undrawn facilities today. As we focus funding the opportunities in front of us, we will utilize financial assistance from some of our providers and we intend to leverage landlord financing where possible. This allows us to pay down build out costs over time, versus deploying large amounts of capital before each opening or over-levering our balance sheet.

We also believe the relationships with Related and Anthem could potentially allow us to grow membership more quickly and may enable us to reach center-level profitability sooner than if we had entered a new market alone. While we will continue to be opportunistic with M&A, our current focus is centered on de novo growth in the long run versus acquisitions. Our current balance sheet is positioned quite strong, and our core business is generating strong free cash flow, which will facilitate our near term de novo strategy.

With that, let me turn it back to Carlos for some concluding remarks before we take your questions.

Carlos De Solo

Yes, thanks, Kevin.

I'd like to conclude with some key highlights that we covered in the presentation that really underscore the opportunity for the Company. First, we're in the right space. With over 60 million Medicare eligible seniors in the U.S. and very few currently in a true comprehensive value-based care system, we feel the white space is huge and right for this structure. We have established a comprehensive multipronged growth strategy, driven by our de novo openings, strategic partnerships, and acquisitions. We have a unique tried and tested proprietary technology platform that is being used by providers throughout the country. Finally, we have a decade long operational experience with a proven track record of attractive center margins and improving patient outcomes, all while producing consistent organic growth.

Now, I'd like to open up the floor for the Q&A session.

Operator

Your first question comes from the line of Jessica Tassan from Piper Sandler. Your line is now open.

Jessica Tassan

On direct contracting, can you just elaborate a little bit on how you're managing through CMS's application freeze and when you expect to enter the model, and in what capacity, and in which geographies? Thank you.

Carlos De Solo

Yes, thanks, Jessica. What we did is we partnered with another party that had a DC license. We are dipping our toes with the DCE model. As we talked before, the majority of our membership, 98% of our membership today is in Medicare Advantage space but we wanted to make sure that we participate in this on a full risk model. We began this partnership and what we're going to do over the long run is have our own DCE license and apply for that separately.

Ben Quirk

Jessica, as you've heard us say before, we're curious about direct contracting. We're doing very different things in the market and from our peers. We want to get some firsthand experience with it. We will be starting on January 1 of 2022. We are going to start in a very small way to get good, strong experience and see what other folks' results are. We will be starting in Florida, New York, and possibly another geography or two that we're working to get ready for January 1.

Jessica Tassan

Got it. Thank you, and then if I could just follow up with one quick one. How much overlap should we think about between the 75 Related Company center openings and the 50 centers you anticipate opening with Anthem over the next couple years?

Carlos De Solo

Yes, so we haven't guided separately for those. There is going to be some overlap, as you saw on the map. There are some strategic regions where it's just Related only. Some are Anthem and some do have both Anthem and Related opportunities together. You will see some overlap but with respect to the number today, we haven't guided to a specific amount of Related centers and a specific amount of Anthem.

Jessica Tassan

Got it. Thank you.

Operator

Your next question comes from the line of Josh Raskin from Nephron. Your line is now open.

Joshua Raskin

Hi, thanks. Good morning, Carlos, and team.

I've got a couple questions. I apologize upfront. The first one would just be can you speak to the diligence process that Anthem used and what resonated with them and what made them decide to go with CareMax? They've got a relationship with a bunch of different value-based providers. I'm just curious what stuck out for them or what the diligence process was.

Carlos De Solo

Yes, so I think Anthem has been very interested in CareMax. We've been working with them for the past five years, pretty extensively here in the South Florida market, and it was really that track record of continuing to demonstrate and provide favorable results to their members and to their portfolio that really was the genesis of the decision for them participating in the PIPE and then partnering with us on the expansion. I think the thesis for them was, we're really happy with what you've been able to provide us in the South Florida market. We would love to replicate that in all of these different regions where we have a fragmented delivery system, and we can benefit from having CareMax launch this to create the same outcomes that we've been able to successfully do here in the Florida region.

Joshua Raskin

Got you. Thanks, Carlos. Then I think, Ben, I think I heard you, in the prepared remarks, around the $4 million to $5 million of cost to open a center. I saw that slide. I think you mentioned that was potentially cheaper with Anthem. Could you just help us, with the centers that you plan on opening with Anthem and maybe to some extent with Related, how we should be thinking about this $4 million to $5 million of cost, how much of that is actually Capex, what runs through the P&L? That would be helpful.

Ben Quirk

It's a great question, Josh. Of the $4 million to $5 million, roughly half is Capex, half is Opex. We do look for our collaboration partners and landlord financing to help us with that ramp and in some cases we're actually—in many cases we're able to have a landlord fully finance the build and amortize that back to us, as well as have another collaboration partner contribute capital. Roughly $4 million, we're able oftentimes to amortize $3 million of that and our hard cost is $1 million. Now, there is always a cost of capital that comes with that but the return that we get on that capital, as we showed in the slides, is just so strong that we want to preserve as much capital to do as many of these as possible and have those consistent returns.

Joshua Raskin

Got you. Got you, it's as far as $1 million. Then, just last question for me, just the factors that drive capacity or utilization within a center. I appreciated the slide of where you guys were in terms of capacity and maybe why you're thinking about 75% capacity and not something higher and what are the factors that ramp you up on that?

Alberto De Solo

Yes, we definitely want to be conservative as we guide to the capacity in our centers. Seventy-five percent is where we feel very comfortable. We do have centers that we've got—we have over—even some where we've got them to close to 100% or over 100% capacity. I think the majority of the centers will get to somewhere between 75% and 80% capacity. At around 85%, I think that's where we like to slow down the growth and then continue looking at other centers. Part of that is just making sure that we're comfortable and guiding conservatively to the market on something that we know and feel comfortable that we can achieve.

Joshua Raskin

Perfect, thanks, guys.

Alberto De Solo

Thanks, Josh.

Operator

Your next question comes from the line of Gary Taylor from Cowen. Your line is now open.

Gary Taylor

Hi, good morning, Carlos, and Kevin. Can you hear me?

Carlos De Solo

Yes, good morning. Loud and clear.

Gary Taylor

Good. I had a couple questions as well. Just following up on Josh's question about the pipeline for modeling purposes. Obviously a very conservative route would be modeling the full $4 million to $5 million Capex and operating losses. Maybe an aggressive route would be assuming every single one of those gets done with only $1 million of hard capital cost. Should we just aim in the middle? Do you anticipate that of the next 70 centers or so, the vast majority of those have some significant financial assistance? Just a little guidance in terms of how we ought to think about that.

Kevin Wirges

Yes, I think the best way to think about that is to really just, there is some flexibility there, as Ben mentioned, as we work with our strategic partners. We do have some financing options there with those strategic partners, depending on which partner we do that with. But I think a conservative way to think about this and to model it out is to use a number in the $2 million to $5 million neighborhood and take some number within that range.

Gary Taylor

Should we assume that ultimately

Ben Quirk

(Inaudible)

Gary Taylor

Sorry, yes.

Ben Quirk

Sorry, I'll unpack that a little bit. The only reason we wouldn't either use some sort of landlord financing or a collaboration partner or a combination of the two is because the site is so compelling that we're going to do that capital outlay. A good example is actually the site that we looked at in Far Rockaway. Being an affordable housing development, there is HUD requirements on what sort of build out the landlord is able to do there for us, especially one that we are coming out of pocket. But for that many incumbent affordable seniors in a healthcare desert, it's very compelling for us. If you were to model, I would lean heavily towards us looking more towards the lower end of that range because that's going to be our big focus. When we do deviate from that, it's going to be because the deal is just so strong that we just had to go for it anyways.

Gary Taylor

When you think about guidance that you provide to the Street or just your reporting around EBITDA, some of the companies, some of your peers, report EBITDA excluding de novo losses. Some include that in their reporting. Do you have a thought yet, particularly as you go through this accelerating de novo phase, of how you're going to report back those numbers to the Street?

Carlos De Solo

Yes, we'll definitely come up with a model that factors in our change in strategy and really takes advantage of the de novo opportunities in the future. Obviously, our business has really began to migrate to these de novo opportunities as Anthem and the opportunities with The Related have really made the de novo side far more accretive and far more attractive to us. We will consider some kind of methodology to that, and when we're prepared to give guidance on 2022 and beyond we'll have some methodology that will account for that.

Gary Taylor

Okay, just one more question from me, if I could. I'm intrigued by the site visit we had today and some of the elements of the care model that you were talking about. In a lot of ways, it appears the comprehensiveness of your centers is a differentiator, particularly the employment of some of the specialists that are around your center. I'm just trying to think about, in a market like Florida, in your counties where you have substantial center and population density, the direct employment of the specialists seems like a far more economical proposition than when you go plant your first flag, first center in a new market. Should we anticipate that initially in those new markets the center offering is less comprehensive or maybe you have specialists who are just visiting who aren't FTEs and if the market develops then the care model becomes more comprehensive? Am I on the right track or is there a different way to think about that?

Carlos De Solo

Yes, I think that's right. As we mentioned earlier, focusing on strategic markets and not just planting flags, making sure that we're a dominant player in the areas that we're going to participate in is very important to us in building the density to bring in more and more specialists and more services in house. Look, we weren't always this large in the Florida region, so the way—there is a way to start that. To your point, you can bring in physicians and specialists to rotate around your centers on a per diem basis. We were very successful in doing that, we still do that with some specialists today and were very successful early on in using that type of resource.

Additionally, we can always bridge that with using Preferred specialists in and around that region that we can collaborate with and work more exclusively with. But that is ultimately the most important part of CareMax is that we do go deeper with our patients. We do offer more services. We do focus on the entire continuum of care, both on the healthcare side, wellness side, and following the patient back to their homes into their communities and that's how we're able to achieve the outcomes that we're able to achieve.

Gary Taylor

Great, thank you.

Operator

Your next question comes from the line of Judd Arnold from Lake Cornelia. Your line is now open.

Judd Arnold

Hi guys, really helpful today. Really liked the tour. That was awesome.

Could you jump in, just a few questions? When you talk about care team recruitment, what you're seeing in New York and maybe other markets that you don't have a presence in currently and what you're seeing and how difficult or easy it has been?

Bert Moreno, M.D.

Yes, I can take that. In Florida, there's several other value-based care incumbents and so we actually are paying higher salaries in Florida than what we have to pay in New York. New York and other markets that are primarily fee for service, primary care physicians have had a really difficult time there the past few years. Even before COVID, they were just making ends meet. COVID really destroyed their fee for service practice and they're trying to recover now. The value proposition is that they're really struggling and they're making surprisingly little in take home pay, is come into our connect center. They're going to get a nice salary that's going to be market. They're going to get compensated based off of your outcomes and not off of the volume that you produce. That feels great to a physician that actually cares and wants to engage with their patients.

That recruitment process has been very straightforward. It's a combination of aquihires and when we do partner with academic institutions, what we find is in the areas and in a lot of ways, urban environments, the active academic institutions are serving the same demographic that we are because they tend to be in these lower income, socioeconomically challenged areas and there's this desire to keep the graduating residents within those areas. The academic institutions, one, are very happy that we're there. Two, they're thrilled that they can rotate their residents through, and their residents can get experience with value-based care. But also, they see it as a great recruiting mechanism to keep the residents where the school is located and give back to the community.

Judd Arnold

Super helpful. Just switching gears, can you talk a little bit about IMC, how that's going? Obviously, you acquired it with the SPAC merger and it's a little bit bigger. Just higher level, you guys get the synergies that you thought you could get and bring them onto the platform? What are you seeing and what are you seeing and how's that going?

Carlos De Solo

Yes, I'll take that. Yes, we've done a lot of work on the integration of IMC. One of the really—or one of the important things to know is that IMC was already a client of ours and using our technology platform on the CareOptimize side. Having the same patient-focused app, the integration was far easier because what's happening on the ground was already somewhat integrated. From that standpoint, the integration has been fairly seamless where we're integrating and focusing now is just on general corporate things, HR, and other things. But with respect to the technology platform and the part that really impacts the patients and provides patient outcomes, that integration is well underway.

Judd Arnold

Great. Great, and then just jumping to 48 and unpacking the numbers a little bit. If I go to the far right on Page 48, your Q2 pro forma numbers which were super helpful to bridge through everything. I look at that $97 (inaudible) million of revenue in Q2 and just thinking through, you now have—estimate in there but you've got a step up. You've got the COVID reversal, and you've got DNF.

The numbers on these, and I mean, I'd love if you could just walk through the three big pieces, if we really pro forma this, are you've got, I believe it's 3,000 patients between IMC and SMA that you need to step into full (inaudible) that will happen and that maybe is 1,000 (inaudible). That works out for me $9 million. Then COVID it looked like in the graph of the $4 million and change, maybe $2.7 million was in Q2. Then DNF I believe, from our conversations it sounded like $50 million to $55 million of annual revenue. I appreciate it's under capacity, so maybe add $12.5 million.

From the $97 million of Slide A, I'm bridging to $122 million and then if I annualize that, you can get to about $490 million. Can you just walk through that bridge a little bit? What are the big moving pieces outside of organic growth, outside of obviously the two de novos? But a true, you integrate IMC, integrate SMA. You've got the step up, COVID, and then DNF, what we're looking at here?

Kevin Wirges

Hi Judd. It's Kevin.

Yes, I think you laid that out perfectly well. It's exactly how I would have bridged where we see Q2 revenue and where we see run rate at the end of the year and where we're anticipating that to be. I think you're right on.

Judd Arnold

Got it. Got it, and then as we take that into thinking about sources and uses for next year to fund all this stuff, you guys mentioned you've got the revolver which is $40 million. You've got the delayed draw term loans, which is $20 million, and you've got the cash. Then you're going to have the base business that we just walked through which is annualizing, call it $490 million plus, slap an EBITDA margin on that, and that's the source, that's the funding source for 2022. Is that generally fair?

Kevin Wirges

Yes, I think that's fair. We feel very comfortable in 2022 with our cash position.

Judd Arnold

Got you, and then just the other revenue, which we've talked about a little bit. You guys mentioned in our previous conversations that you're expecting some pharmacy revenue. Some of the de novos were really put things in a great context. Can you talk a little bit about that other revenue line, maybe Medicaid, and what we can expect? Not to force you to defend the (inaudible) projections but you do have a lot of growth there and there's a differentiator. If you could talk, Q2, the numbers were kind of low. It looked like about $25 million in the quarter. That should grow from here, so just big picture, moving pieces. That $25 million in the quarter, what are the drivers of that to see growth there?

Kevin Wirges

Yes, so I think first and foremost, Judd, I think the pharmacy revenue is really an elimination component, right, because those are expenses that are flowing through our medical expense side. From the other revenue standpoint, I think what you're seeing there is a combination of really two major items. One is the CareOptimize platform and the other piece is our fee for service on the cardiology side. We do have a cardiology, it's a standalone clinic that doubles as a PCP clinic as well. They're a full-service cardiology, which generates pretty significant revenue.

From a Medicaid standpoint, look, we're continuing to see Medicaid enrollment increase month-over-month. We anticipate that to continue, at least to the end of this year, probably through the end of '22. Still looking at guidance there around the moratorium but essentially we expect, with our partnerships that we have created with our health plan partners, a lot of them, especially in South Florida, look at it holistically. Both of them, typically they both have the Medicaid and the Medicare lines of business, and we can do assist them in managing the acuity of both of those populations.

Judd Arnold

Got it. Got it. Super helpful. Really appreciate it. Looking forward to hearing you guys tomorrow at Morgan Stanley.

Carlos De Solo

Thank you, Judd.

Operator

Your next question comes from the line of Donald Hooker from KeyBanc. Your line is now open.

Donald Hooker

Great, good morning. Thank you for taking my question.

I would love to hear you all elaborate a bit on your patient outreach and how you fill your centers. Is this going to be—if I think about 100 patients coming into your centers, are they coming from community events? Is this referrals? Do health plans help you out referring patients to you, or how does that work?

Carlos De Solo

Definitely, so we invest. We've invested aggressively in our grassroots marketing team and that's a combination of our call center, as well as a team that we have on the ground. Most of our centers have several grassroots folks that work the community, coordinate events, and get people to come to these either health fairs that we host or that are hosted in other areas. Then in those events and those areas and regions around in and about the centers, we're able to then seed that information to our call center that will continue to follow up those members. Then once members express an interest, they will actually be brought into one of the centers, meet the administrator, meet the team, and actually get a tour of the full breadth of services and then they're enrolled. The whole process around that is to make sure that the membership really gets the true value. Once we enroll, a member becomes sticky and really gets to understand everything that's happening at a CareMax location.

Donald Hooker

Okay, great. Thank you and then…

Carlos De Solo

I'll add, let me just add one little piece to that. As we think about other markets—and that's in a very competitive market in Florida. As we think about our expansion, it's a little bit different I think because we're going into areas where Medicare is less mature. Value-based care is less mature, so we will be partnering with strategic providers in there where there is a fragmented system, and we will benefit from having some membership assisted by the health plans in our centers.

Donald Hooker

Okay, great, and maybe separately, you all seem to have some reservations around direct contracting. I suspect I know what you're going to say but can you maybe elaborate a bit on that, what you're looking to see there? I get why in some of your current markets with the high MA population that maybe doesn't make so much sense but in other areas, what are some of the reservations that you want to see work through?

Ben Quirk

Yes, that's a great question. A couple of different answers on that. First, it doesn't make sense, like you mentioned, for us to jump in. MA penetration rate in Broward County is so high in South Florida and is actually getting that way across the state. Focusing on Medicare Advantage where we could provide all the additional services really made sense for us. As we go to other geographies where the MA penetration rate is lower, we're curious about the program. It will be interesting to see how the reconciliations happen, how the final benchmarks happen, and what the actual final payouts look like.

Some of us have been around for awhile. I may look young, but I've had my scars over the years and one of those was in the ACO days. We have to remember the pioneer ACOs really went for gusto and almost all of them dropped right back out. As we're focusing on our core business, which is Medicare Advantage in the centers like you saw today, the distraction just didn't seem worth it until we can make sure that we were going to be successful with it. We're hearing really contradictory things from our peers. We're hearing some folks are seeing it to be as accretive or more than Medicare Advantage and we hear others are running at almost 100% medical loss ratio. The experience out there is wildly different.

The third piece is we do tend to serve a much more acute patient population and our focus on dual eligibles and our focus on underprivileged communities. Some of the weight on risk adjustment, especially in a patient that's never had their chronic conditions accurately documented, concerns us. We

would never jump in with both feet until we actually see that we're able to receive the revenue that's needed to care for our membership in a comprehensive way. We're excited. We're interested. We're just not going to compromise the core business that's so successful with something that we still see as experimental and speculative.

Donald Hooker

Okay, thank you for that commentary. That's interesting.

Then, one last one for me. I'm interested in your CareOptimize offering. It sounds like you're distributing that to a lot of different physician groups around the country. Can you elaborate a bit on—maybe size that a bit or give us some clarity around the revenue model? I assume this is a subscription offering. Can you talk about the revenue model there and size that business for us?

Carlos De Solo

Yes, so initially the CareOptimize was exactly what you said. It's a software that we were selling, receiving a subscription as a typical SaaS model. What we have begun to do with CareOptimize is we've begun to pivot that into a full risk, tech enabled MSO. Many of our providers, Anthem, one of them, are really asking us to use that and what we feel is a much better unit economic outcome for us in the future by using it as that. What we do is we will provide, if we're assigned a population of providers, independent physicians in a particular network, we will manage that population better CareOptimize software, contract with the health center and then we're able to basically participate on the (inaudible). The upside for us, both on the revenue and on the future EBITDA contribution, is much larger than to just use it as a software. We're really pivoting the strategy on CareOptimize to function more as that tech enabled MSO. It's part of what we're going to be considering for that GRS business in New York for Anthem is part of that membership we will assist them in managing it through our CareOptimize tech enabled MSO.

Donald Hooker

Thank you.

Operator

Your next question comes from the line of Andrew Mok from UBS. Your line is now open.

Andrew Mok

Hi, good morning. Appreciate all the detail this morning.

A couple of follow up questions on margins and capacity. Slide 24 notes 20% platform contribution margin. Can you share how that contribution margin evolved at different capacity levels? What's the typical breakeven point on capacity?

Carlos De Solo

Yes, so in general, our breakeven point is it takes about one to two years to ramp up the measurement and by around year three or four we've achieved, really, by year three we've achieved our break even point.

Andrew Mok

Do you have a capacity number that you think about in terms of break even?

Kevin Wirges

Yes, it's Kevin. I'll just jump in here real quick. If you refer back to, I think Slide 35, where it shows our historical de novo ramp over time, you can see in the bottom there at 50% capacity is when we anticipate that breakeven to take place.

Andrew Mok

Got it.

Kevin Wirges

Which is normally in year three.

Carlos De Solo

It's important to note, part of that capacity is because of that continued growth, right. As you continue to grow that membership at a faster ramp, you're bringing in members that we haven't captured the right acuity or right morbidity and that in general, after a certain point, is really why it takes—why you have that gap in period. If you were to stop that membership growth, you could arguably reach that profitability sooner. But that's the reason.

Andrew Mok

Got it. Then Slide 10 notes that centers are currently at 55% capacity, whereas Slide 24 notes average 2019 capacity of 70%. Are those two numbers comparable, and if so, what's driving the difference there? Is that due to newer centers weighing on capacity or is capacity lower due to COVID related factors? Thanks.

Alberto De Solo

Yes, it's definitely a mix of centers and so when you look at that capacity that we had shown on that slide of 60%, we're really isolating there the centers that opened 2017 and prior, right. We just have significant historical data, substantially credible data there to show that information. The 60% capacity is really on those centers that we opened in 2017 and before. Back on Slide 10, what you're seeing is it's a combination of not only the legacy CareMax centers but the IMC centers, the DNF and SMA, so it's the current footprint of the 42 clinics that we operate today.

Ben Quirk

One thing I hope that came through clear in my prepared remarks was these medical centers continue to grow. The 55% capacity that you're seeing is because we've created additional capacity. We have one medical center and plantation (phon) and it started off as a single bay and now it's all six bays that go across. Now that center is at full capacity. We're constantly evolving and expanding our medical centers, and so that capacity number, I would interpret it as additional opportunity rather than that we haven't been able to fill it because the capacity continuously grows each year.

Andrew Mok

Got it. That's helpful. Then one last question here. You emphasized throughout the presentation a couple of times that your patients come from lower socioeconomic backgrounds. At the same time, you may be receiving a significant influx of membership from Anthem's group MA business in New York, which may have a commercial oriented tilt to them. Are there any fundamental differences in taking on the risk of these group MA patients, versus the individual MA patients that seem to be in the current membership base?

Carlos De Solo

No, look, I think ultimately we see the treatment of patients and the continuation of care and basically closing the loop the same, whether the patients have higher acuity levels, which are the members that we have treated. But we also—we have 64% of our members are those dual eligibles but we also do have members that aren't dual eligibles that do have less chronic co-morbidities and we're able to manage them just as efficiently. We have the sophistication and the track record to have managed those patients with higher acuities but we're also equally well equipped to manage patients that, to your point, don't have those levels of acuity and are more in the group MA attachment and potentially more in that middle class range.

Ben Quirk

Yes, so and it's an excellent question. The Anthem group retiree business is different from the under served communities that we spoke about. We tend to focus on the underserved communities because they are healthcare deserts and so that membership ramp is just so much steeper and we're able to go in and not only provide the great services that you saw today but also be so far standing apart from the other offerings that are in that community. We've seen across the country that healthcare systems tend to flock to where there's more commercial insurance historically and so there tends to be more competition, competitiveness in those areas.

That being said, we actually have medical centers today. There's a medical center at IMC called Bird Road, close to that Pembrook Pines location that I mentioned that's inside of affordable housing. There's another medical center that's beside it, a bit more affluent, and we perform very well in those settings also. I wouldn't say we're exclusively focused on those underserved communities. It's just, when given the option, we're going to go where we see the greatest need and the greatest ramp to filling up the medical center.

Andrew Mok

That's all for me.

Operator

There are no further questions at this time. Mr. Quirk, I turn the call back over to you.

Ben Quirk

Thank you for everyone for their participation today, especially the great questions that we had. As you review our prepared deck in detail, feel free to reach out to us directly or email ir@caremax.com. We'd be happy to spend more one-on-one time walking you through the deck and any other questions that you have.

With that, I'd like to pass it over to Carlos for some closing remarks.

Carlos De Solo

Great, thanks, Ben, and we're very excited about all the great opportunities that we have here at CareMax. We'd like to thank everybody here for attending our first investor call and we really look forward to the next one. As Ben mentioned, if anybody would like any further clarification or an additional meeting, please refer to our Investor Relations page and we'd love to continue to chat more. Thank you, all.