

# Clover Health Overview

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January 2021

# Our Ethos

*Our mission is to improve every life*

*Our strategy is centered around deploying the Clover Assistant to physicians to improve and reduce variability in clinical decision-making*

*Our thesis is that Clover Assistant-powered physicians drive incremental clinical and economic value, supporting our ability to offer consumers wider choice healthcare coverage at a lower cost and also driving lower expenses for the government*

*We believe our platform can reduce costs and improve outcomes across a myriad of programs across healthcare, including Medicare Advantage and FFS Medicare*

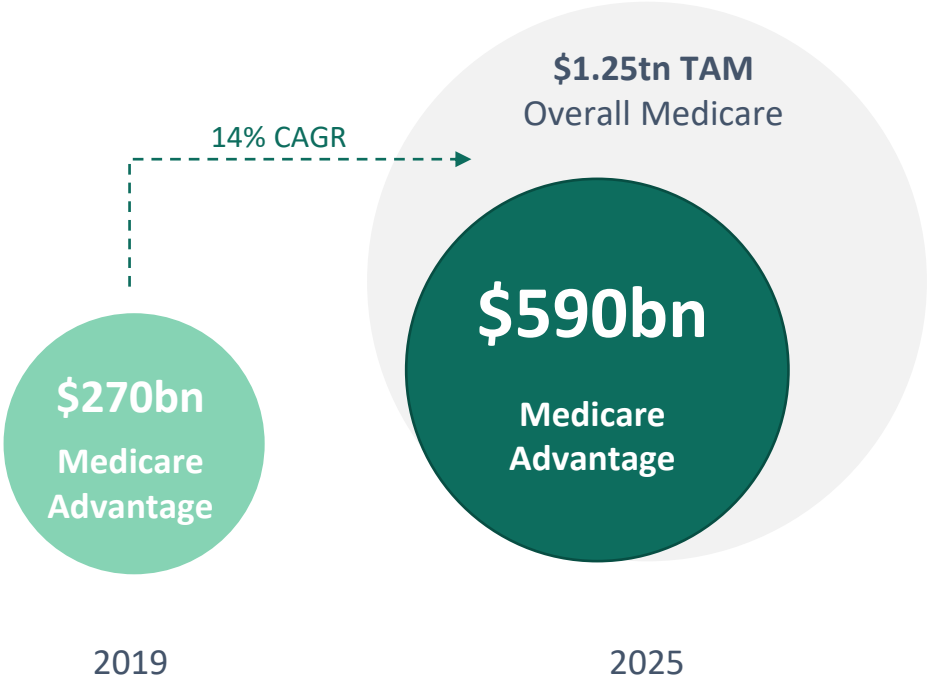
*In summary, our strategy is to: 1) Scale Clover Assistant, 2) Drive more value through Clover Assistant, 3) Give a meaningful amount of that value back to consumers and the government, and 4) Keep repeating 1-3*

# Why Medicare Advantage As Clover's First Market

## Meaningful Impact as a Medicare Advantage Insurer

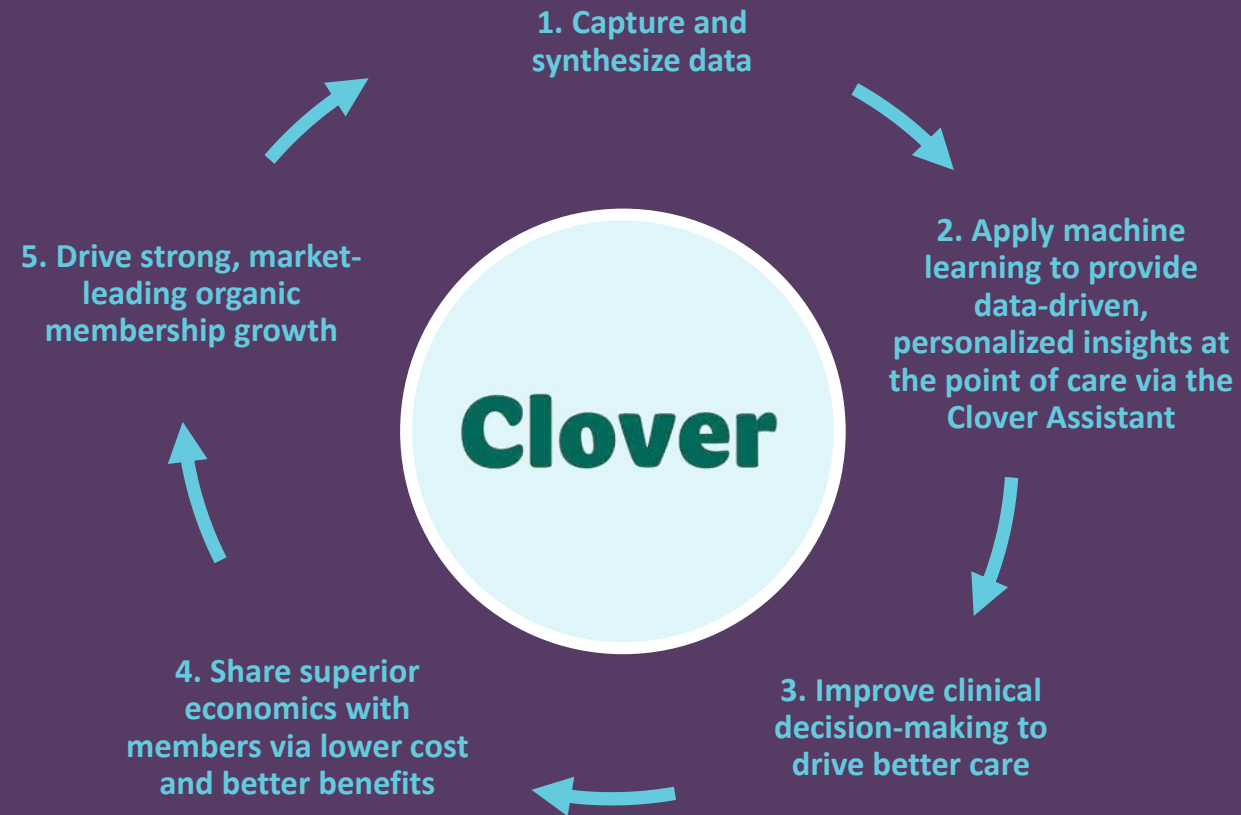
- “Own” and Leverage the Data Stack
- Opportunity for Economic Alignment
- Create Better Health Outcomes for Members
- Consumer-Driven Marketplace

## Largest, Undisrupted Market in Healthcare



*Spurred by aging demographic tailwinds and value to consumers*

# Our Virtuous Growth Cycle



# Designing “Obvious” Plans

## Five Burning Questions

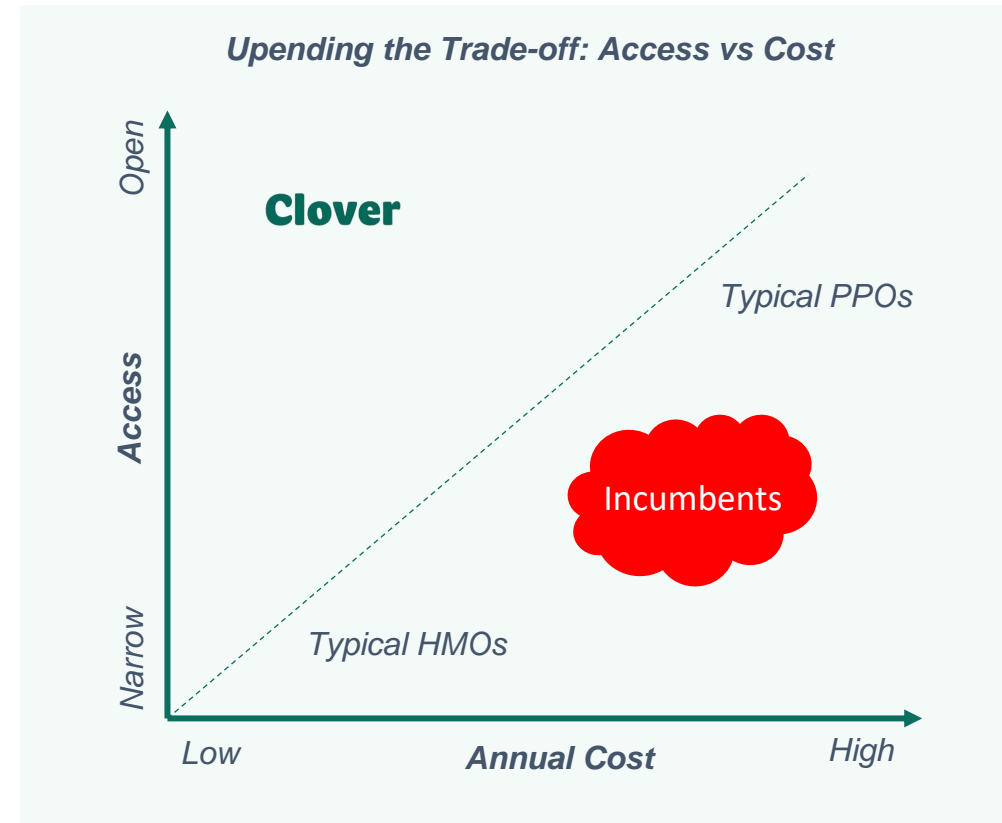
Is my PCP in the network?

Is my hospital in the network?

Is my specialist in the network?

Are drugs covered?

What is the plan going to cost me?



➔ We offer plans with the access of a PPO at lower than HMO costs.

# Providing Better Care At A Lower Cost

## Illustrative Out of Pocket Costs<sup>(1)</sup>

	Clover	Competitor	Savings	Medicare
PCP Copay	\$0	\$5	\$5 (100%)	\$21 <sup>(3)</sup>
Specialist Copay	\$5 - \$20	\$25 - \$45	\$20 - \$40 (80%-89%)	\$30 <sup>(3)</sup>
Drug Deductible	\$150 - \$200 <sup>(5)</sup>	\$200 - \$240	\$0 - \$90 (0% - 38%)	\$651 <sup>(2)</sup>
OTC Allowance	\$346	\$25	--	\$0
Avg. Annual Cost	\$1,871	\$2,257	\$387	\$3,166 <sup>(4)</sup>
Avg. Lifetime Cost	\$13,094	\$15,801	\$2,707	\$22,162
			17% cost savings	41% cost savings

Note: Assumes lifetime of 7 years

(1) Company analysis. Competitor column represents MA plans offered by the competitor with largest market share in the five counties where Clover has the most members.

(2) Kaiser Family Foundation.

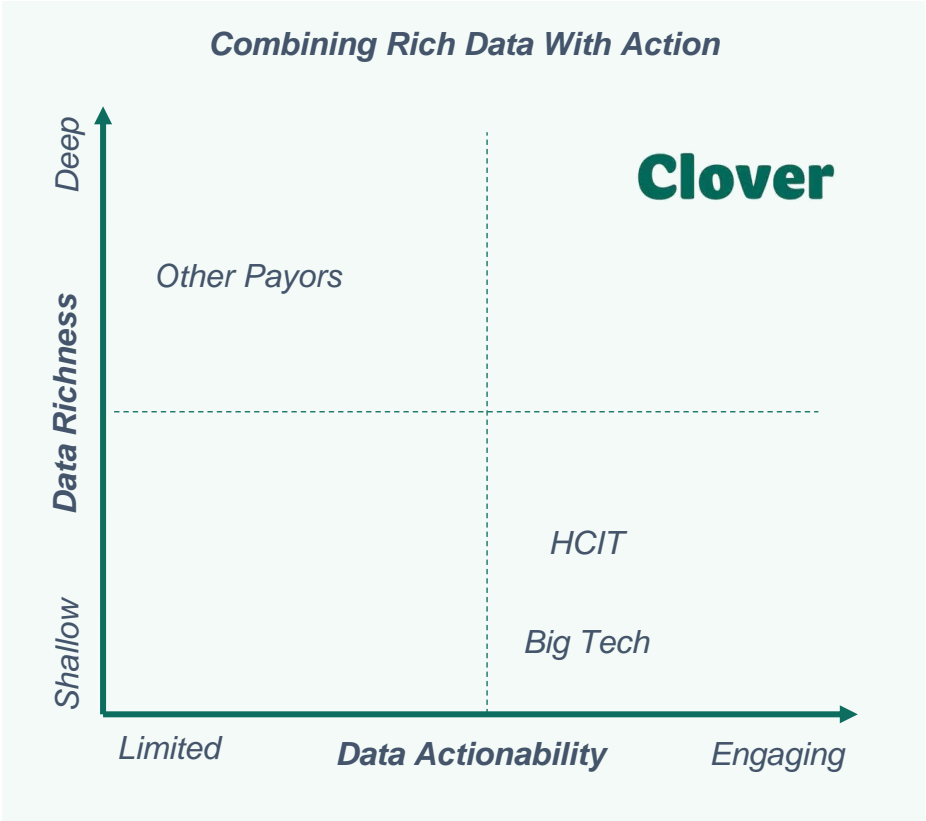
(3) Calculated assuming a 20% coinsurance rate applied to the estimated 2021 primary care visit cost of \$103 and level 5 E/M visit cost of \$148 respectively (from CMS).

(4) 2016 average out-of-pocket spending on medical and long-term care services (from Kaiser Family Foundation).

(5) Members with the federal low-income subsidy (LIS) pay \$0; \$200 represents an average that is comparable to our competitors after considering the LIS.

# We Leverage Our Expert System To Surface Actionable Data At The Point Of Care

Our data and focus on actionability...



...Allow us to drive value via the Clover Assistant

### Evidence-Based Protocols

Maps personalized clinical data to evidence-based protocols. **Value:** *Incremental data set that helps doctors adhere to standard of care.*

### Early Disease Detection

Clinical rules and ML engines surface potential disease prevalence, even when members are asymptomatic. **Value:** *Insight layer enables earlier identification and treatment of conditions.*

### Quality Gap Closure

Surfaces opportunities to address cancer screenings, medication adherence reminders, and other gaps in care. **Value:** *Provides not only suggested actions, but also data on outcomes so PCPs can direct members to take appropriate actions.*

### Care Coordination

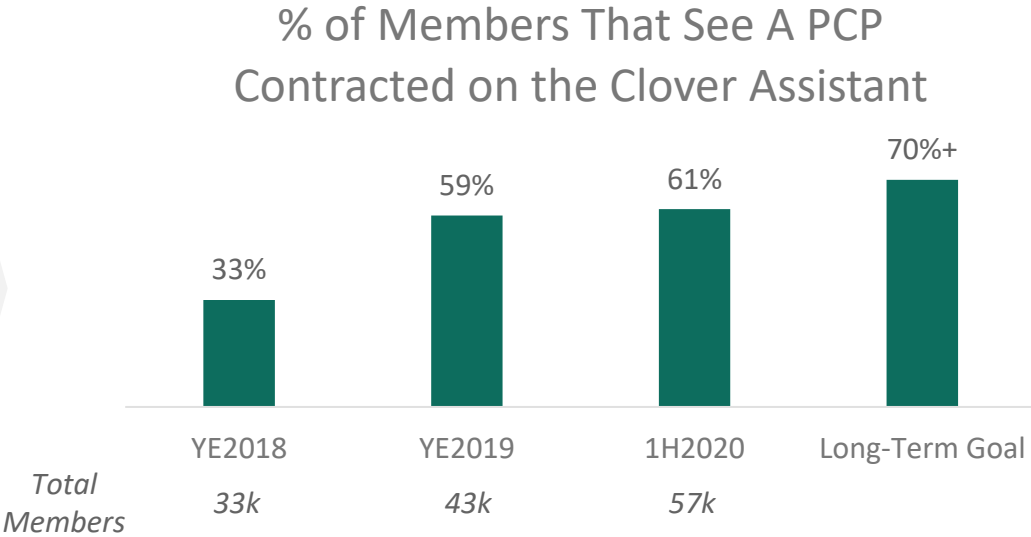
Manages engagement with our complex care program, supports discharge planning, and will support referrals and site of service decisions. **Value:** *Shares utilization data to support care coordination and help ensure members receive the right care in the right setting.*

# How We Deploy Engaging Software

## Useful Clinical Content + Streamlined Workflow

- Providers leverage CA as a standalone platform outside of low-NPS electronic health record (EHR) systems
- Providers are reimbursed ~2x the industry reimbursement rate<sup>(1)</sup> within 4 days on average
- Reimbursement is fixed and does not modulate up or down based on data inputs
- Contracted physician practices include small, medium and large independent practices, hospital-owned practices, and IPAs in all 34 current markets

## Software Engagement At Scale



**➔ In just over 2 years since product launch, we have over 2k highly engaged physicians<sup>(2)</sup> contracted to use the CA across geographies and practice types.**

(1) Based on estimated CMS 2021 base Medicare reimbursement fee rate for primary care visit.  
(2) Excludes physicians contracted for Direct Contracting program.



# Data Aggregation And Machine Learning At The Point Of Care

PCP Charts

Specialist Charts

EHR Data

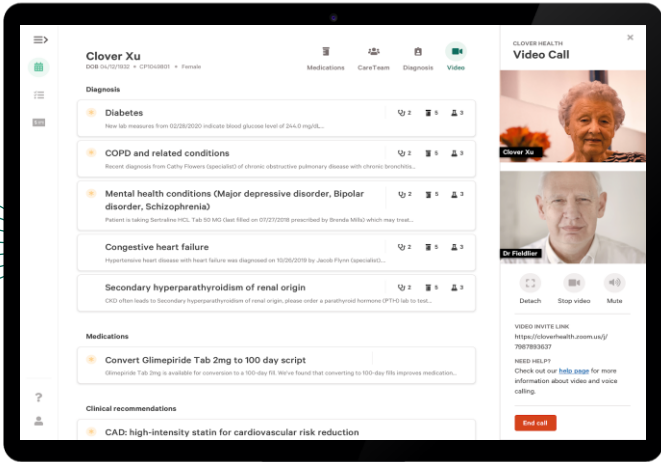
Pharmacy Data

Lab Data

Socioeconomic Data

Evidence-Based Protocols

## Clower Assistant



Actionable Data  
*(at the point of care)*

- Evidence-Based Protocols
- Potential Comorbidities
- Cancer Screening Reminders
- Medication Adherence
- Annual Flu Shot
- Clinical Program Engagement

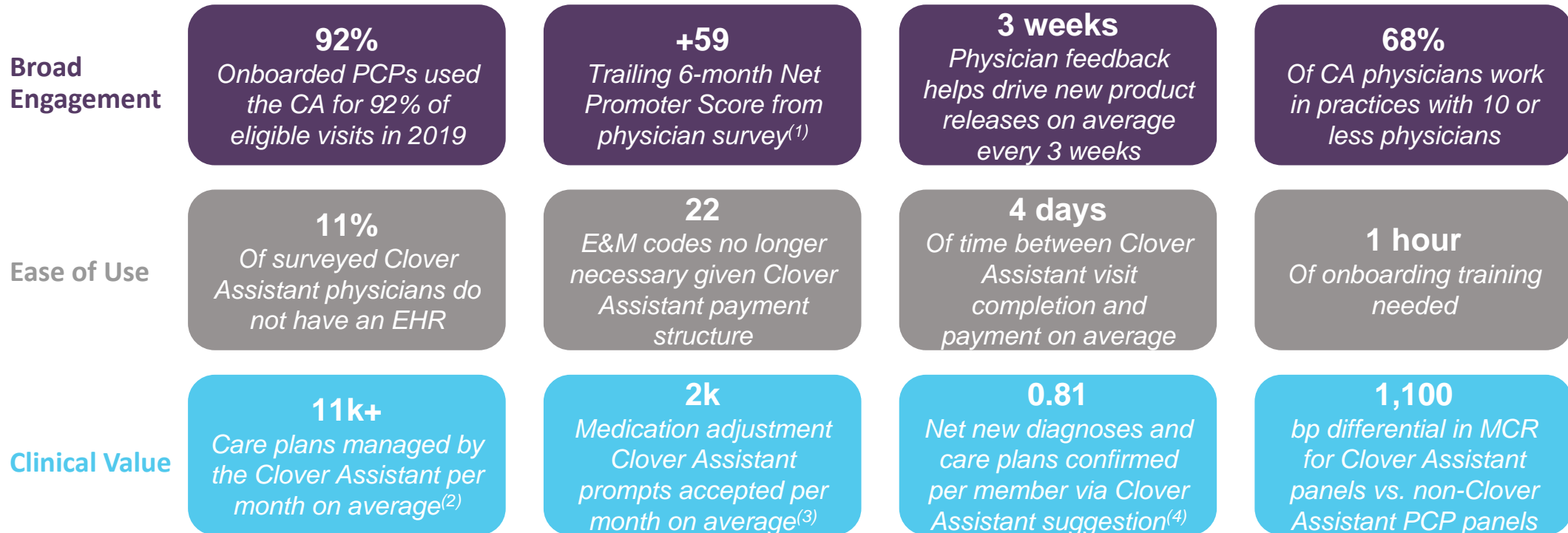
Synthesis

Insight

Action

# Physicians Value The Clover Assistant

In ~2 years since product launch, we've built a broad base of engaged physicians. Given our software-driven approach, we believe we can scale these results rapidly within existing and new markets.



(1) As of Q3 2020.

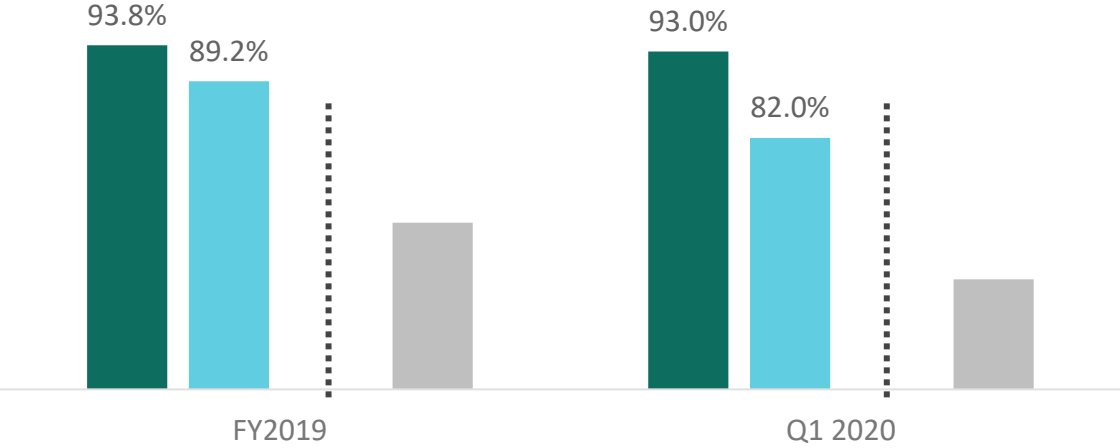
(2) In 2020 through October. Includes providing education about disease management, prescribing relevant prescriptions, and ensuring that labs are up to date.

(3) In 2020 through October. Includes moving a member to longer prescription lengths (shown to increase adherence), adjusting medication intensity in concordance with clinical guidelines, or renewing a prescription that has been lapsed.

(4) In 2020 through October. Net new indicates diagnoses of which Clover did not have a record in the year prior.

# Improved Decision-Making Yields Enhanced Outcomes And Unit Economics

Returning Member MCRs



- With Non-Clover Assistant Physician
- With Clover Assistant Physician
- Illustrative w/ Clover Assistant Physician (at 4.0 Stars and Competitor Plan Design) <sup>(1,2)</sup>

The Clover Assistant has helped to drive an 1,100 bp differential in Q1 2020 MCR

Our Q1 2020 Clover Assistant MCR of 82% supports our ability to offer a 3.0 Star PPO product at lower than HMO costs

Our platform is still in its early innings. Since launch in July 2018, we have released new features on average every three weeks and are onboarding new physicians year-round

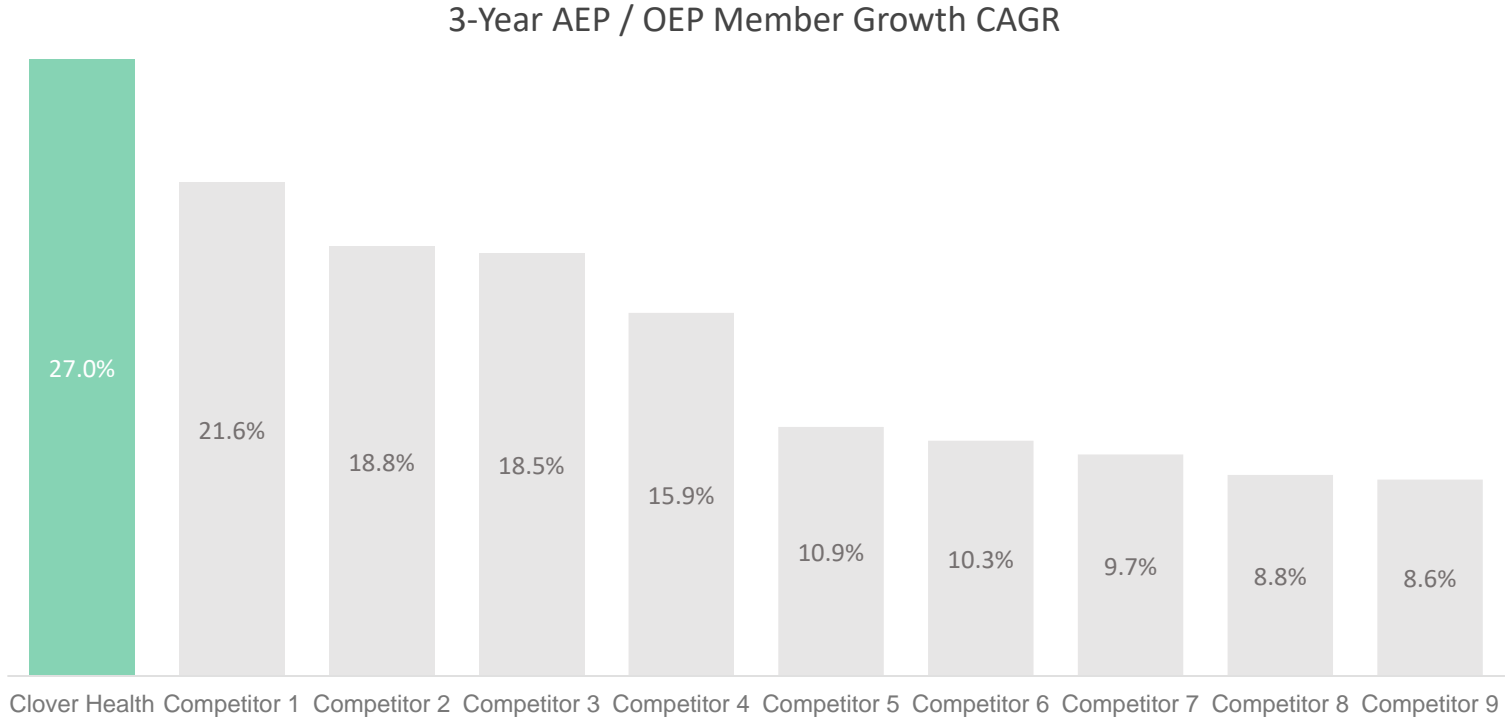
We believe there is meaningful incremental reduction in MCR beyond even Star ratings improvements

Note: MCR is not a direct equivalent of the federal MLR. CMS does not regulate MCR, but does put an 85% minimum threshold on MLR. Unlike MCR, MLR takes into account, in its numerator, quality improvement expenditures, which would include Clover’s investment in technology for clinical care capabilities.

(1) Theoretical minimum MCR for this Star rating. In practice, Clover will cede some margin back to members in the form of more obvious plan designs, consistent with our growth strategy.  
 (2) Based on company analysis of plan design differential, including out-of-pocket cost differential and cost differential of offering an HMO vs. a PPO.

# Consumers Are Choosing Clover

Clover was the Fastest Growing Medicare Advantage Plan with at Least 50,000 Members over the 2018 to 2020 AEP / OEP Periods<sup>(1)</sup>



(1) December 2017 to May 2020. 2021 data is not currently available.  
 (2) Represents a total of 13 counties of 34 counties, as of 2020.  
 (3) 2021 data is not currently available.  
 (4) Clover data from 2013 to 2019. Industry data from Kaiser Family Foundation based on 2013/2014 survey.

**Top 3**  
 Market share position in all established markets<sup>(2)</sup>

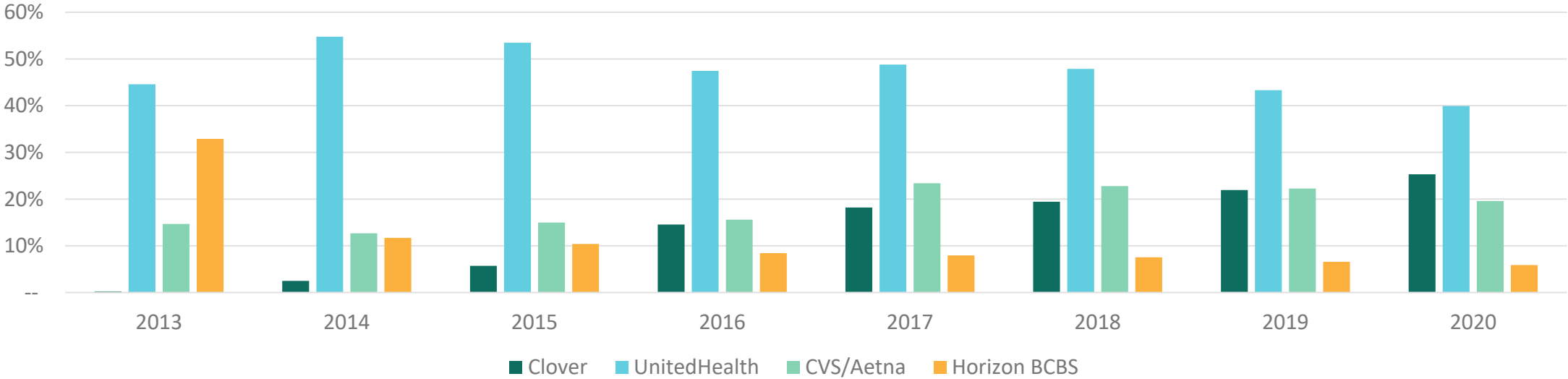
**>50%**  
 Average take rate in established markets from 2018 to 2020<sup>(3)</sup>

**600 bp**  
 Retention advantage compared to industry<sup>(4)</sup>

# We've Achieved Significant Market Share

Our take rate has translated into significant market share gains in our established markets, even when competing against large incumbents.

Market Share In Clover's Established Markets<sup>(1)</sup>



**Our attention has been focused on our initial, now established markets. With the capital from this transaction, we believe that we can scale our model more rapidly – accelerating our potential growth trajectory in 2023+ by adding millions of Medicare-eligibles to our addressable population.**

Source: CMS

(1) We define established markets to include markets in which we have over 500 members in December (i.e., prior to the reference period). Our established markets represent 13 of 34 counties, as of 2020. Market share defined as plan members as a percentage of the individual, non-SNP market in defined counties.

# Our Virtuous Growth Cycle Extends Beyond MA



➔ **While we've begun our efforts in Medicare Advantage, we believe the Clover Assistant can scale in many ways.**

# Direct Contracting Platform Opportunity

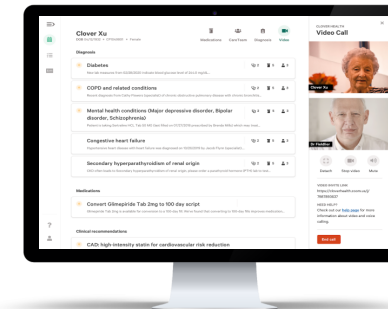
Clover has applied to be a risk-bearing Direct Contracting Entity (DCE) under Global Risk as part of the upcoming Direct Contracting (DC) program scheduled to launch April 2021

Designed to support outcomes improvement in an open network MA PPO environment, the Clover Assistant, we believe, is uniquely suited to address the opportunity in DC

Value to physicians include access to the Clover Assistant for care management support, no need to take risk, and an opportunity to earn ~40% more for primary care visits

We can quickly scale this opportunity nationally and, in 2021, expect to partner with physicians across 8 states, 3 of which we don't currently offer MA plans in

## Illustrative Provider Medicare Panel



➔ Our play in DC is a natural extension of the Clover Assistant platform, adding significantly more lives under management from a physician panel.

# Go To Market Strategy

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Medicare Advantage

**B2B**  
Contract with physicians to adopt the Clover Assistant platform

&

**B2C**  
Acquire Medicare Advantage members through direct to consumer channels

*Lives managed require both B2B and B2C acquisition*

Direct Contracting

**B2B**  
Claims alignment automatically attributes a portion of a contracted physician panel as lives

+

**B2C**  
Voluntary alignment via Medicare beneficiaries electing to align with Clover's DCE

*Lives managed largely captured via B2B with about 60-75% of 2021 lives expected to be attributed via claims*



# Go To Market Strategy (Cont'd)

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In under a year of preparing for Direct Contracting, we contracted with PCPs to use the Clover Assistant for a significant number of lives under management in 2021, with expected opportunity for high growth in the future.

**10 months**  
*Of contracting in 2020  
ahead of launch*

**>50%**  
*Acceptance rate with  
independent practices*

**200k**  
*Expected total lives in  
2021 with 100% CA  
coverage*

**8**  
*States with contracted  
physicians in 2021*

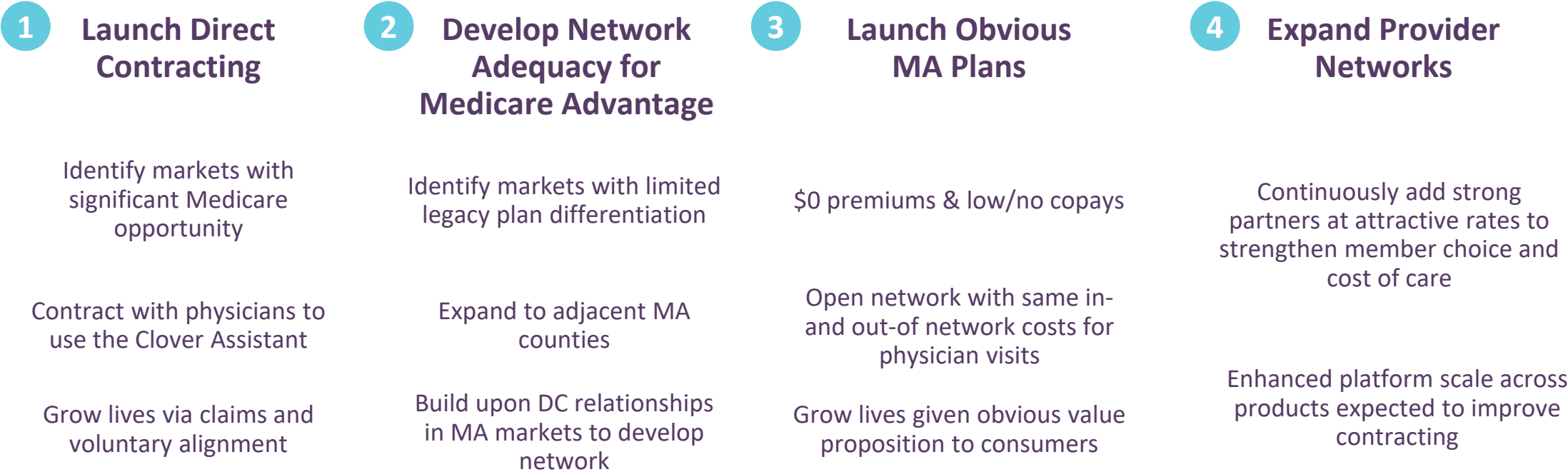
**>1,500**  
*Individual PCPs  
contracted*

**>1k**  
*Unique beneficiaries  
per signed contract on  
average*

**>120k**  
*Expected 2021 lives  
attributed via claims  
alignment*

**500k+**  
*Projected total lives in  
2022 with 100% CA  
coverage*

# Geographic Expansion Synergistic Across Products



**➔ We believe our focus on open networks and software-driven care management makes this playbook among the most scalable in all of healthcare.**