

# **Clover Health**

## **A Deeper Dive**

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**Confidential**

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# 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*

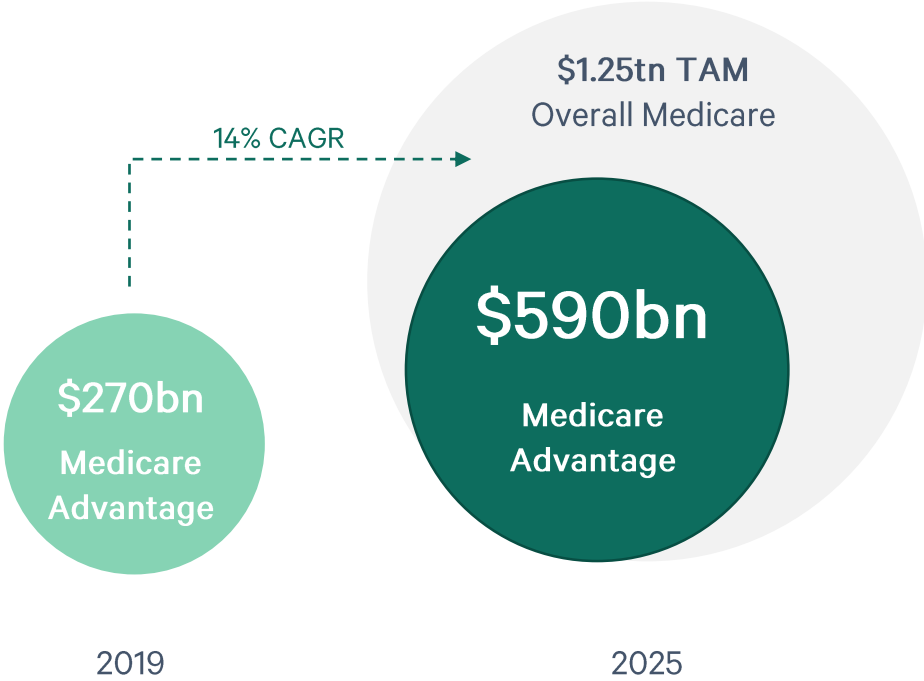
*In summary, our strategy is to: 1) Scale Clover Assistant, 2) Drive more value through Clover Assistant, 3) Give a meaningful amount of that value back to consumers and the government, and 4) Keep repeating 1-3*

# Why Medicare Advantage as Clover's First Market

## Meaningful Impact as a Medicare Advantage Insurer

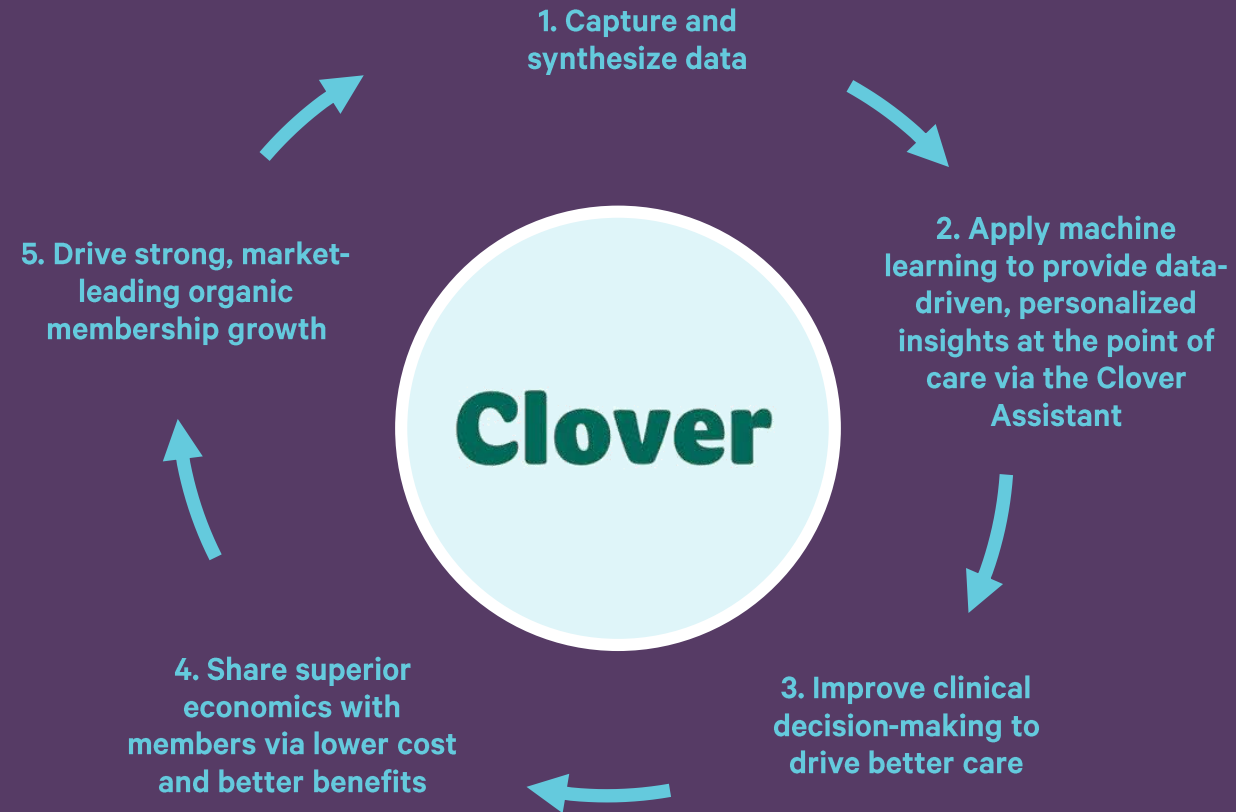
- “Own” and Leverage the Data Stack
- Opportunity for Economic Alignment
- Create Better Health Outcomes for Members
- Consumer-Driven Marketplace

## Largest, Undisrupted Market in Healthcare

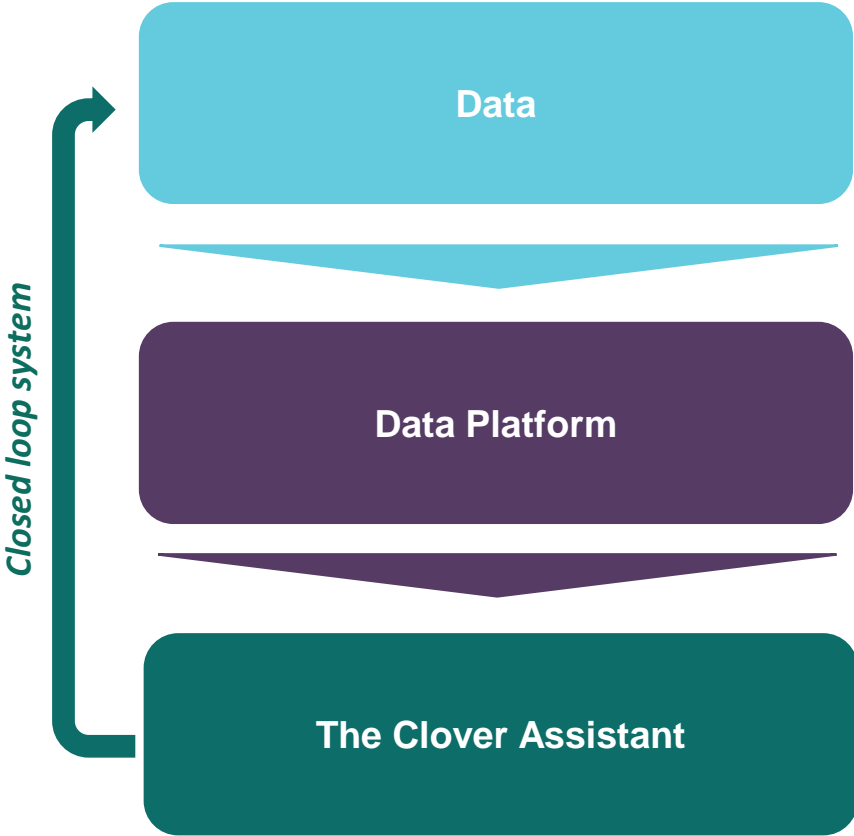


Spurred by aging demographic tailwinds and value to consumers

# Our Virtuous Growth Cycle



# Step 1: Our Technical Moat Is Centered Around Our Ability To Connect Data With Action At The Point Of Care



### As an insurer, we have large amounts of member data from disparate sources

- We have direct access to personalized, longitudinal data
- Types of longitudinal data include: claims, medical charts, labs, pharmacy, EHR, and socioeconomic data as well as evidence based protocols
- We have expanded our data integrations and now process millions of data points per day

### As a technology company, we've built a single, centralized data platform

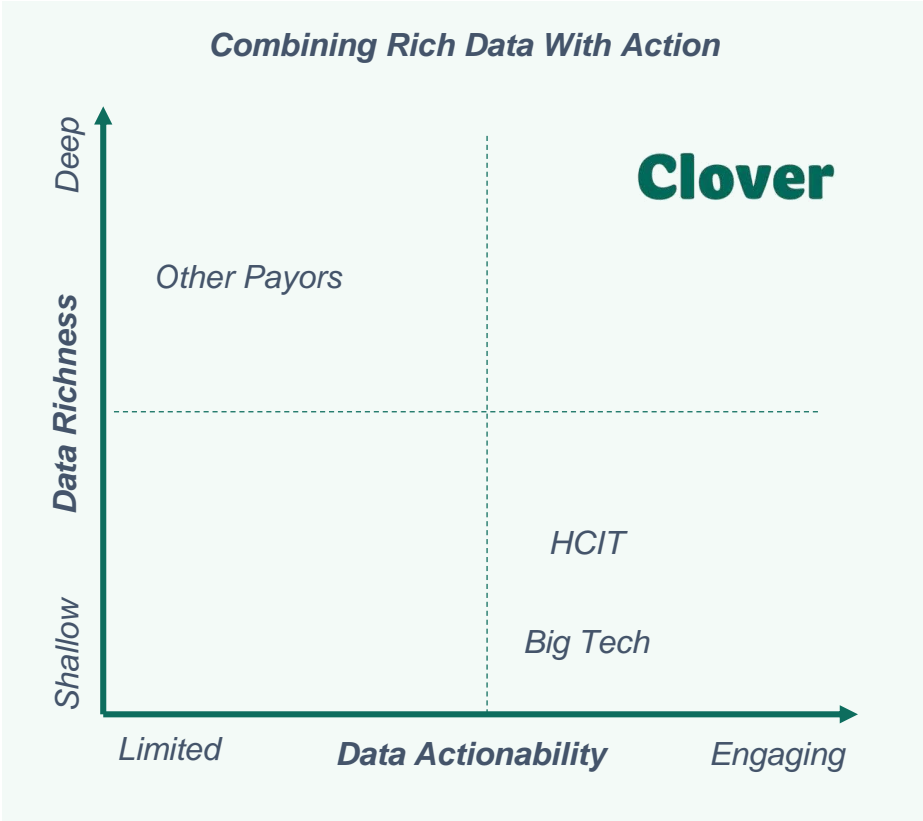
- We invest in R&D to develop a platform that ingests, cleans, and synthesizes data
- We layer sophisticated analytics, highlighted by Clover's machine learning platform, for fitting and tuning clinically-focused models

### We've scaled our proprietary software, the Clover Assistant, that drives action

- Helps to standardize PCP decision-making at the point of care
- Provides insights to physicians and engages in instantaneous bi-directional data exchange that positions us to continuously iterate on our software

# Step 2: 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.



# Step 2 Example: How The Clover Assistant Surfaces Evidence-Based Protocols At The Point Of Care

- 1 Provides clinical recommendations to help doctors develop evidence-based treatment plans
- 2 Shares with the physicians the specific reasons why a recommendation is being made
- 3 Identifies clinical guidelines on treatment protocols applicable to a member's specific conditions and disease burden
- 4 Identifies potential costs or blockers that could prevent a patient adhering to the proposed clinical recommendations
- 5 Physicians provide specific information or feedback to Clover on how or why they are treating their patient, our member

Type 2 Diabetes: Injectable Therapy for Elevated A1C
\* REQUIRED

Clover's latest HbA1C result is  $\geq 10\%$  for this patient.

**1** Consider starting or restarting one of the following injectable therapies (\*GLP-1 agonists are generally preferred; if starting insulin, long-acting is recommended):

<ul style="list-style-type: none"> <li> Gargine (BASAGLAR) \$\$\$</li> <li> Detemir (LEVEMIR) \$\$\$</li> <li> Degludec (TRESIBA) \$\$\$</li> <li> NOVOLIN N \$\$\$</li> <li> Degludec/Liraglutide (XULTOPHY 100/3.6)* \$\$\$</li> </ul>	<ul style="list-style-type: none"> <li> Dulaglutide (TRULICITY)* \$\$\$</li> <li> Semaglutide (OZEMPIC)* \$\$\$</li> <li> Exenatide (BYDUREON)* \$\$\$</li> <li> Liraglutide (VICTOZA)* \$\$\$</li> <li> Gargine/Lixisenatide (SOLIQUA 100/33)* \$\$\$</li> </ul>
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**4** \$ = lowest patient cost, \$\$\$\$\$ = highest patient cost, comparative drug costs for patient shown from Clover formulary. Actual cost may change during the year.

**!** Please ensure that your patient:

- Does not have drug allergies or potential drug-drug interactions.

Please use your clinical judgment.

**2** Why we recommend this

RELEVANT PATIENT HISTORY [Expand all](#)

**^** Diagnosis

Type 2 diabetes mellitus without complications  
07/31/2019

**▼** Medications

**▼** Lab results

CLINICAL GUIDELINES

**3** The ADA recommends initiating injectable therapy when a patient's A1C is  $\geq 10\%$  to more expeditiously achieve glycemic control.

[2019 ADA Standards of Care in Diabetes](#)

**5**  Medication prescribed

Did not prescribe medication

Save task

# Step 2 Example: How The Clover Assistant Surfaces Potential Disease Burden At The Point Of Care

- 1 Engages in two-way conversation with physicians to determine a member's fulsome disease burden
- 2 Provides physicians with supporting evidence, including machine learning suggestions, clinical rules, and lab results
- 3 Recommends next steps to spur proper treatment planning based on clinical evidence, in order to ensure that early detection of disease leads to improved outcomes and costs over time

The screenshot displays the Clover Assistant interface for a 'Chronic Kidney Disease' assessment. The interface is titled 'Chronic Kidney Disease' and includes a 'REQUIRED' indicator. It features a form with the following elements:

- 1** A question: "Does the patient have any of the following?" with radio button options for Stage I (GFR > 90), Stage II (GFR 60-89), Stage III (GFR 30-59), Stage IV (GFR 15-29), Stage V (GFR < 15), and ESRD (on dialysis). The Stage III option is selected.
- 2** A 'SUPPORTING EVIDENCE' box containing the text: "Patient had lab results related to Chronic Kidney Disease (stage 4): Glomerular filtration rate of 21.0 on 08/28/2020 and 15.0 on 03/19/2020".
- 3** A question: "Patients with CKD stage III and higher have at least a 30% incidence of Hyperparathyroidism. Did you order a PTH?" with radio button options for "PTH ordered" and "PTH not ordered".

At the bottom of the interface, there are links for "Legal documents", "Privacy Policy", and "Terms of Service".

➔ With the Clover Assistant, accurate risk adjustment comes as a by-product of improved decision-making and, most importantly, leads to earlier treatment of conditions.

# Step 2 Example: Machine Learning Enables Proactive Care Planning

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We democratize machine learning at scale by surfacing 25 specific chronic conditions predicted by our technology. This results in earlier, personalized care planning for our members.

## Chronic Conditions Surfaced Via ML

1. Congestive Heart Failure
2. Chronic Obstructive Pulmonary Disorder
3. Chronic Kidney Disease
4. Diabetes
5. ...and more

## Personalized Care Planning

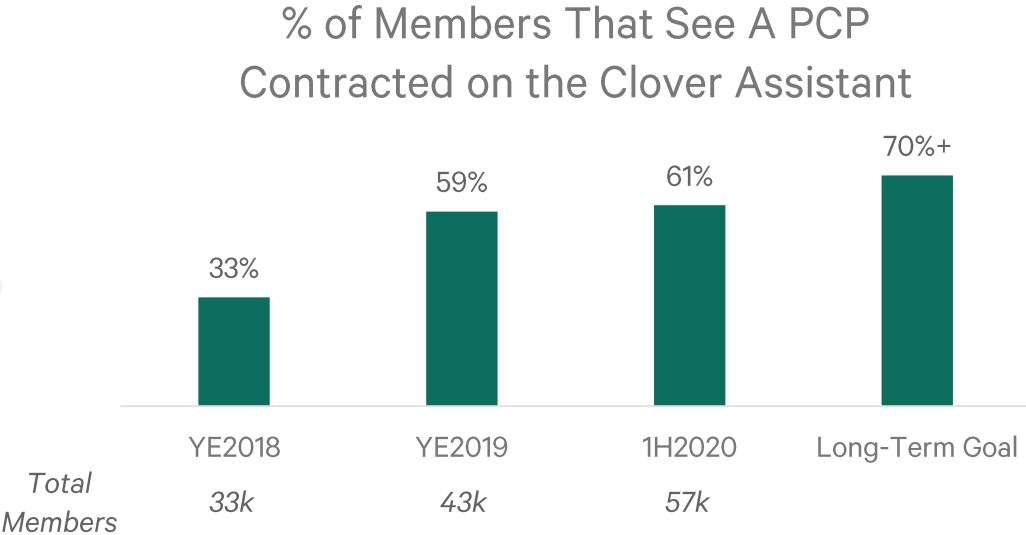
- ✓ Evidence-based medication regimens
- ✓ Specialist referral
- ✓ Hormone level testing
- ✓ Diet education
- ✓ Medication adherence education
- ✓ Physical therapy

# Step 3: 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

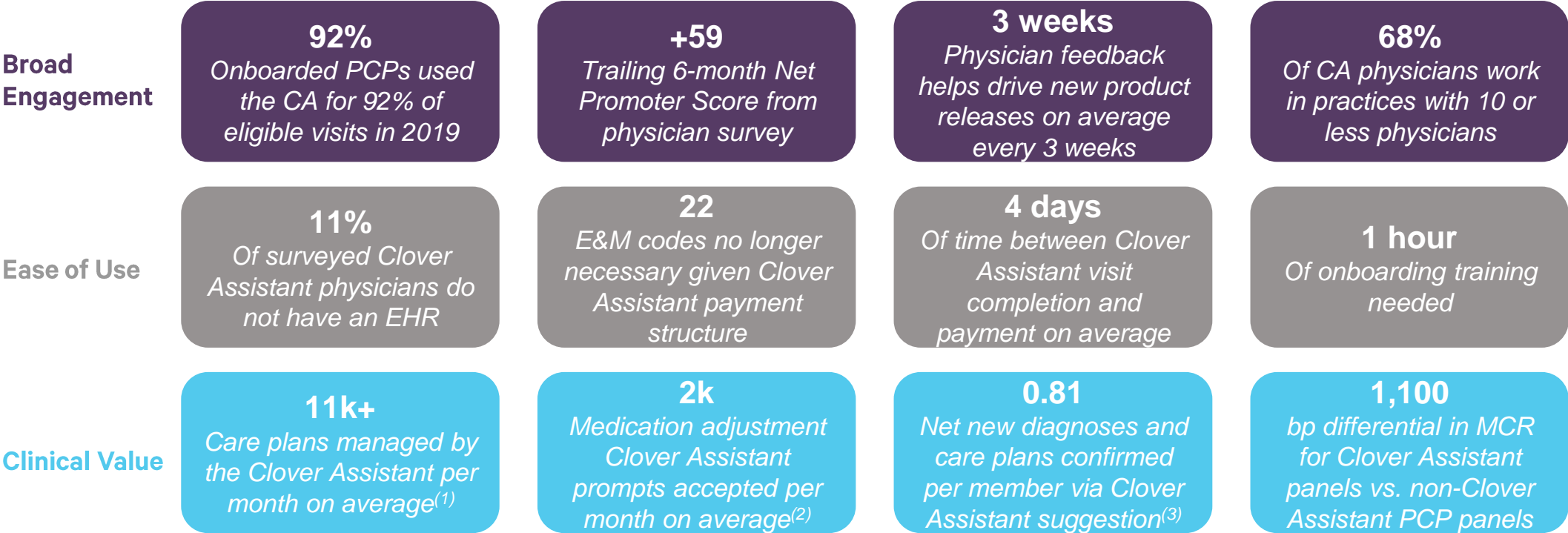


**➔ In just over 2 years since product launch, we have over 2k highly engaged physicians<sup>(2)</sup> contracted to use the CA across geographies and practice types.**

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

# Step 3: 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.

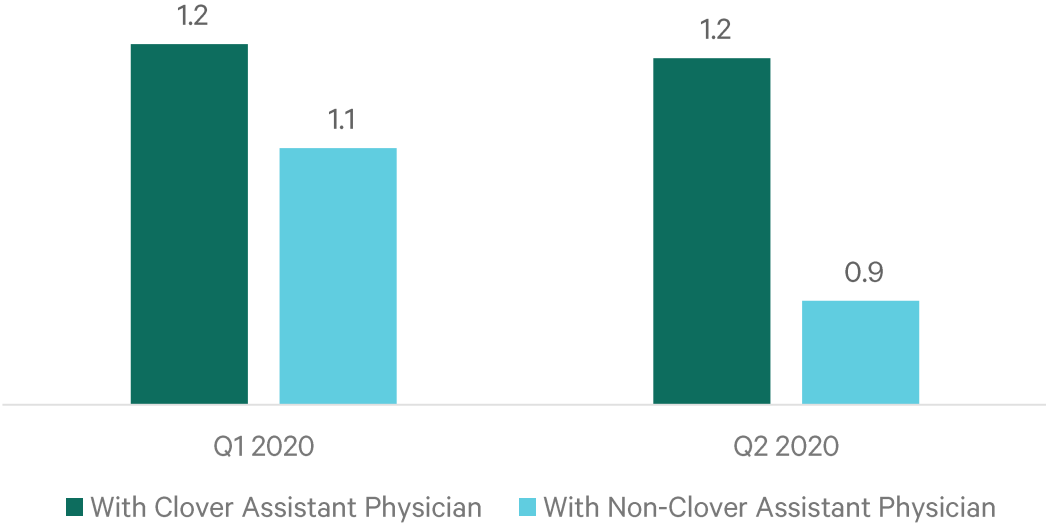


(1) In 2020 through October. Includes providing education about disease management, prescribing relevant prescriptions, and ensuring that labs are up to date.  
 (2) In 2020 through October. Includes moving a member to longer prescription lengths (shown to increase adherence), adjusting medication intensity in concordance with clinical guidelines, or renewing a prescription that has been lapsed.  
 (3) In 2020 through October. Net new indicates diagnoses of which Clover did not have a record in the year prior.

# Step 3: Swiftly Building Telehealth Into The Clover Assistant Helped To Maintain Preventative Care During COVID-19

Given our closed loop system, we were able to rapidly build and deploy telehealth support directly into the Clover Assistant. This resulted in virtually no COVID-related drop-off in care management visits for members that see a Clover Assistant physician.

Primary Care Visits Per Member



## Telehealth Features

- COVID-specific symptom prompts help identify members in need of additional support from Clover
- Embedded video functionality
- Invite a member via text or email link

# Step 3: Clover Leverages Technology To Impute Best-In-Class Complex Care Protocols At Scale

	Typical MA Insurer With 3 <sup>rd</sup> Party Vendors	Clover With The Clover Assistant
<b>Cost Structure</b>	~5% of membership account for 40%+ of costs Complex care savings shared with vendors	~5% of membership account for 40%+ of costs Complex care savings retained by Clover
<b>Member Identification</b>	Eligible members identified via 3 <sup>rd</sup> party vendors with access to latent claims data	Eligible members identified immediately via closed loop system
<b>Member Engagement</b>	Via 3 <sup>rd</sup> party vendors, often creating friction with members' chosen providers	Via conversations and collaboration with members' chosen PCPs
<b>Care Delivery Approach</b>	Brick-and-mortar care	Asset-light, software-driven care at the Home

➔ Clover generates program savings across a greater scale of the eligible population by having more accurate identification and higher engagement.

# How We Measure The Clover Assistant's Impact

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At Clover, we take a physician-centric view to measure the impact of our platform given that it is, at this stage, a physician-facing platform

As such, when measuring key metrics such as Medical Care Ratio (MCR), we compare the panels of Clover Assistant-powered PCPs to those of PCPs that are not yet powered by the Clover Assistant

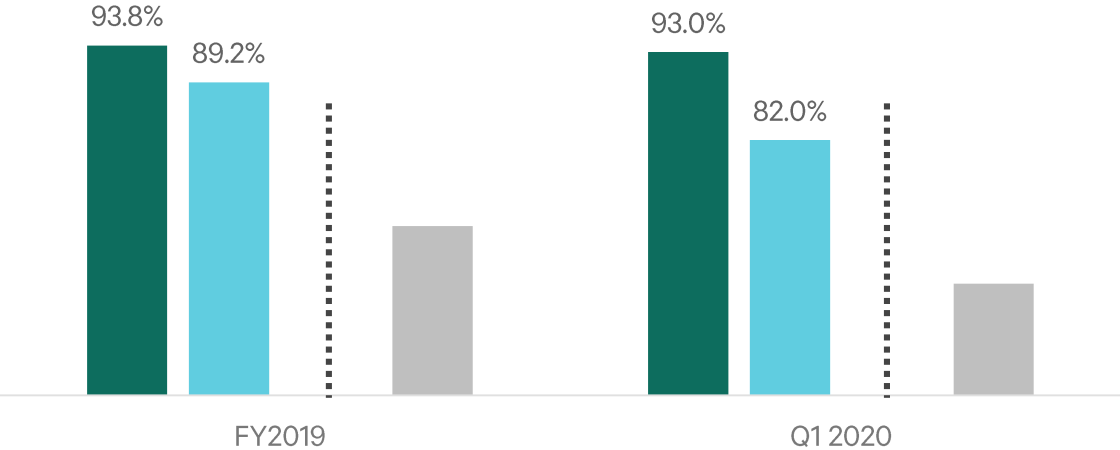
We believe we can raise the standard of care for Clover Assistant-powered PCPs, relative to other PCPs, because the Clover Assistant provides:

- Additional personalized data beyond what is in their EHR
- Recommendations with respect to evidence-based protocols
- Views into care gaps
- Reduced payment bureaucracy



# Step 3: 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>

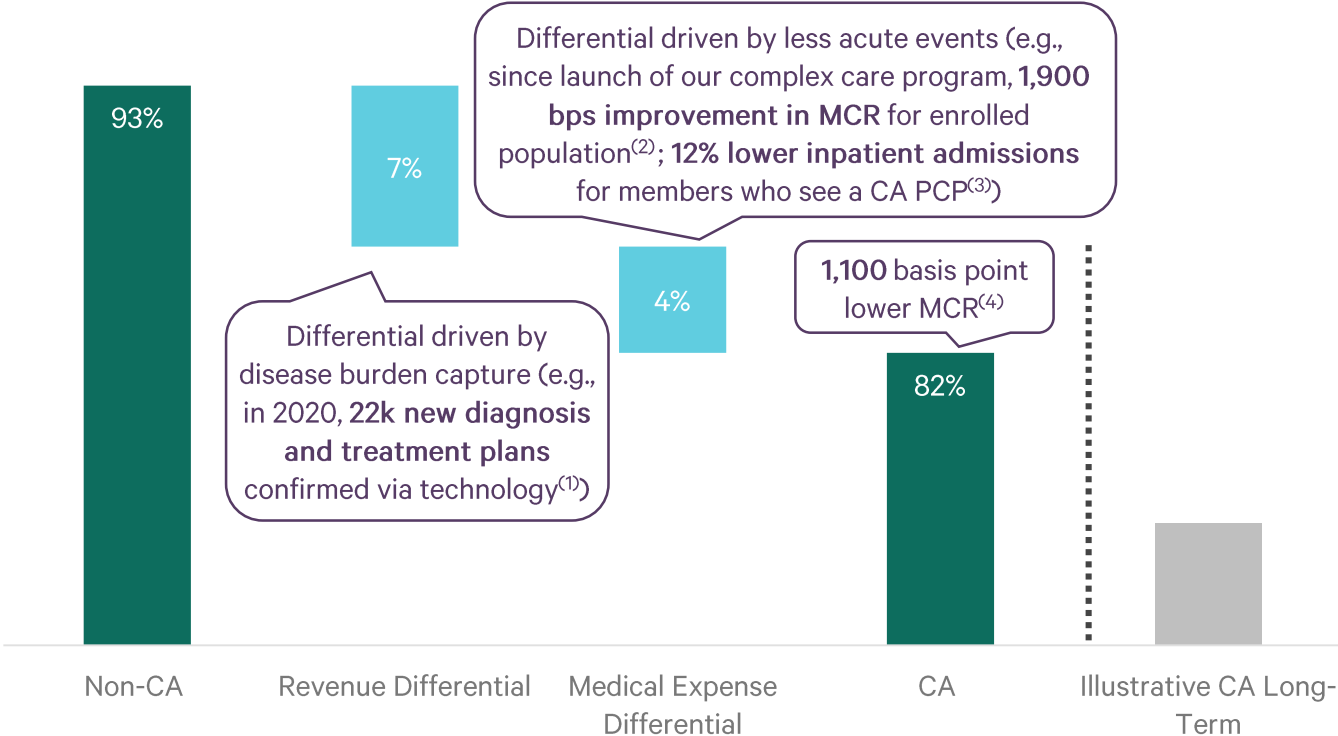
- The Clover Assistant has helped to drive an 1,100 bp differential in Q1 2020 MCR
- Our Q1 2020 Clover Assistant MCR of 82% supports our ability to offer a 3.0 Star PPO product at lower than HMO costs
- Our platform is still in its early innings. Since launch in July 2018, we have released new features 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.

# Step 3: Improved Decision-Making Yields Enhanced Outcomes And Unit Economics (Cont'd)

Q1 2020 Medical Care Ratio of Returning Members



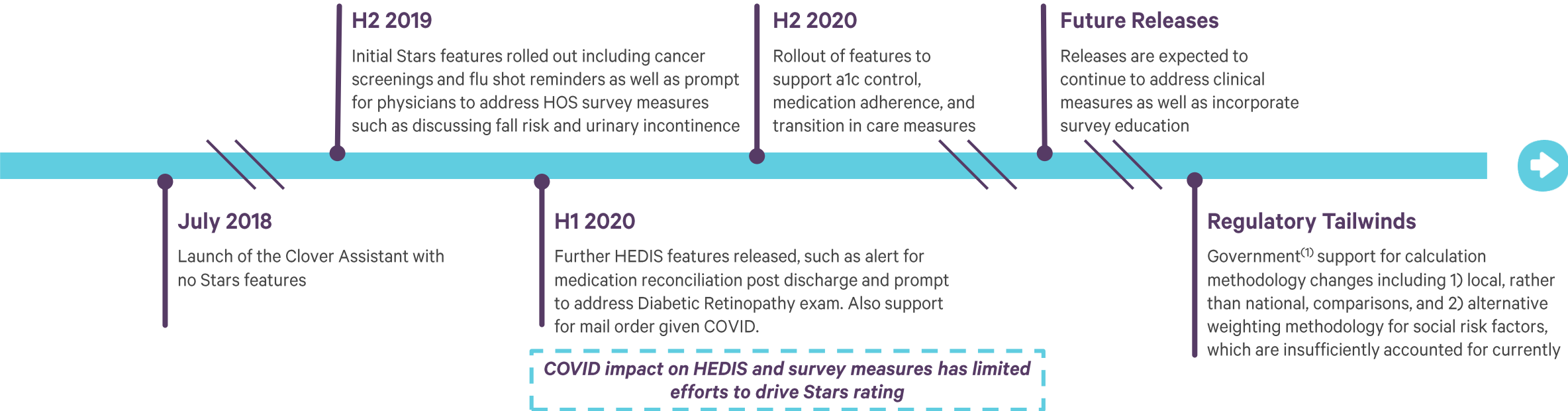
### Expected Future Impact:

- Medium Term Revenue Improvement:** Incrementally driven by Stars and continuous improvement of our machine learning models and decision rules that identify net new conditions
- Medium Term Medical Expense Improvement:** Incrementally driven by referral management, including site of service decisions, and improved enrollment into Clover’s complex care program
- Long Term Medical Expense Improvement:** In addition to cost of care feature development, improvement in cost curve over time given care management that focuses on preventative care and adherence to standard of care

(1) In 2020 through October. Represents net new diagnoses surfaced and confirmed via machine learning and clinical rules within our technology platform.  
 (2) Compared to propensity-matched control group from May 2017 to Q1 2020.  
 (3) Compared to members who see a non-CA PCP. Figures represent Q1 2020 results.  
 (4) Compared to members who see a non-CA PCP. Figures represent Q1 2020 results. MCR = Medical Expenses / Premium Revenue.

# Step 3: Further Upside To Economics With Stars

While Clover is rated at 3.0 Stars today, we intend to achieve 4+ Stars over time. The Clover Assistant is expected to be a significant driver of our success given our release of Stars features over the past year.



**We estimate an improvement from 3.0 to 3.5 Stars and from 3.5 Stars to 4.0 Stars would each yield ~500 bps (total of ~1,000 bps) improvement in revenue to be reinvested into more benefits for our members, consistent with our growth strategies.**

(1) Based on recommendations from the Medicare Payment Advisory Commission, an independent, non-partisan legislative branch agency. The agency released a report to Congress in June 2020 titled, "Medicare and the Health Care Delivery System," in which the Stars program is discussed.

# Step 4: Designing “Obvious” Plans

## Five Burning Questions

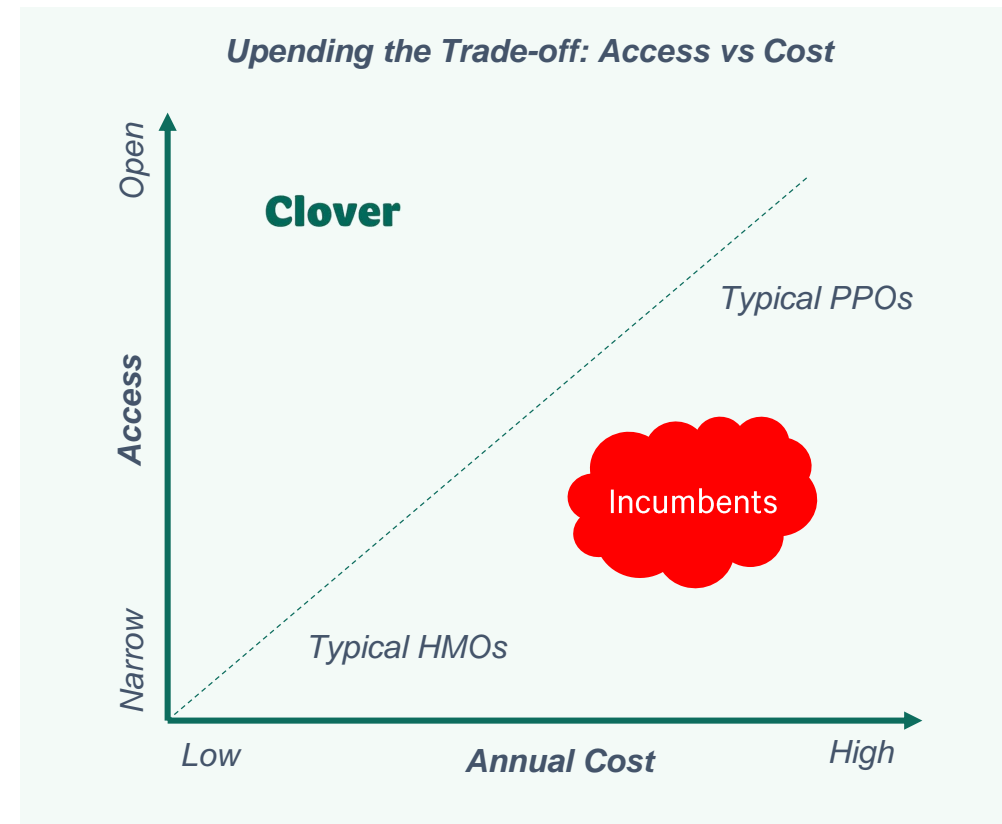
Is my PCP in the network?

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.

# Step 4: 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.

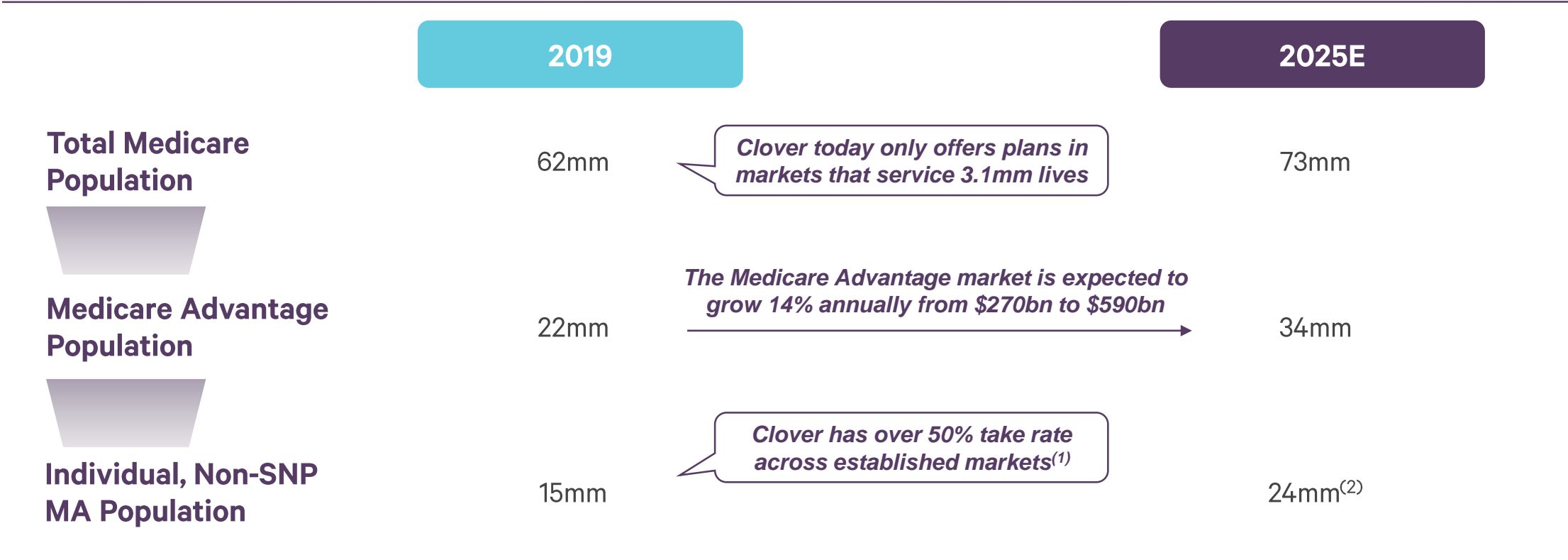
(2) Kaiser Family Foundation.

(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.

# Step 5: Our Plans Position Us To Capture Growth From Secular Tailwinds



➔ **Between market growth, take rate in existing markets, and new market expansion, we believe Clover has multiple levers to enable sustained above-average growth for many years to come.**

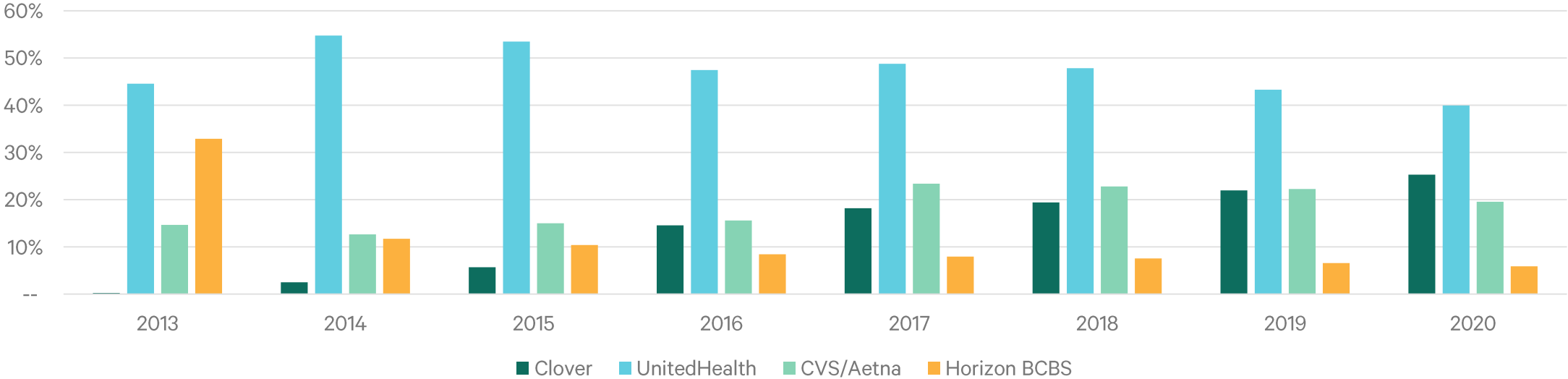
(1) Take rate defined as Clover’s net membership growth as a percentage of the market’s net membership growth from December to May in a given period (i.e., prior to and after the impact of the Annual Election and Open Enrollment periods). We define established markets to include markets in which we have over 500 members in December (i.e., prior to the reference period). Our established markets currently represent 13 of our 34 counties, as of 2020. Clover currently offers only individual, non-SNP MA plans and thus uses individual, non-SNP market sizes to calculate market share and take rate. Source: CMS.

(2) Assuming Individual, non-SNP MA market as a percentage of total MA holds from 2019 to 2025.

# Step 5: Achieve 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 currently represent 13 of our 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

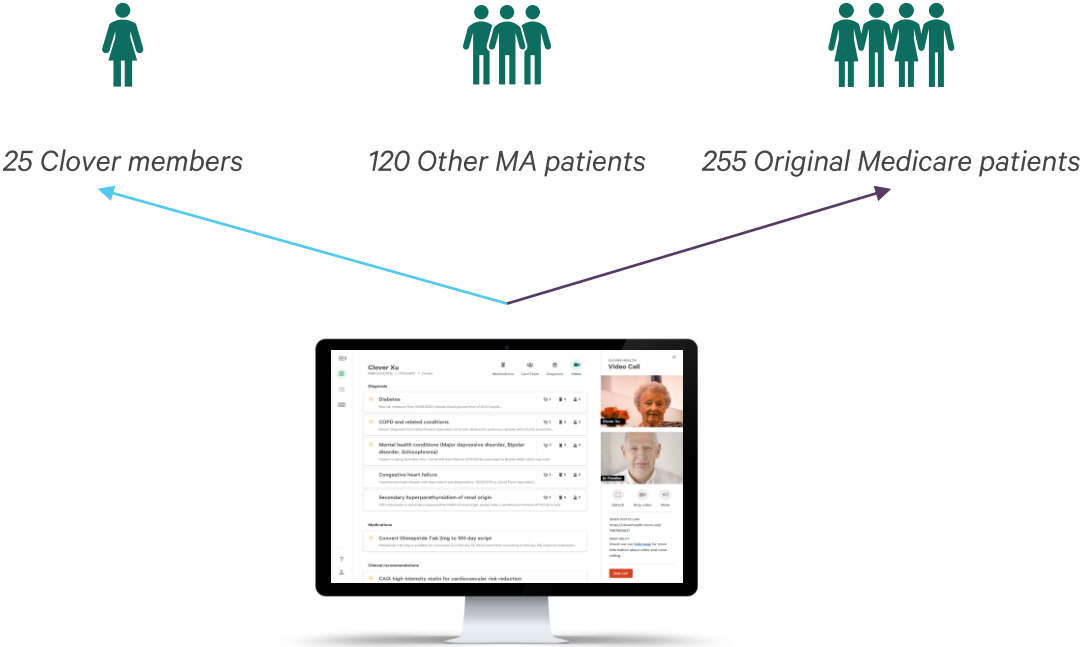
Clover has applied to be a risk-bearing Direct Contracting Entity (DCE) under Global Risk as part of the upcoming Direct Contracting (DC) program scheduled to launch April 2021

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

---

**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*

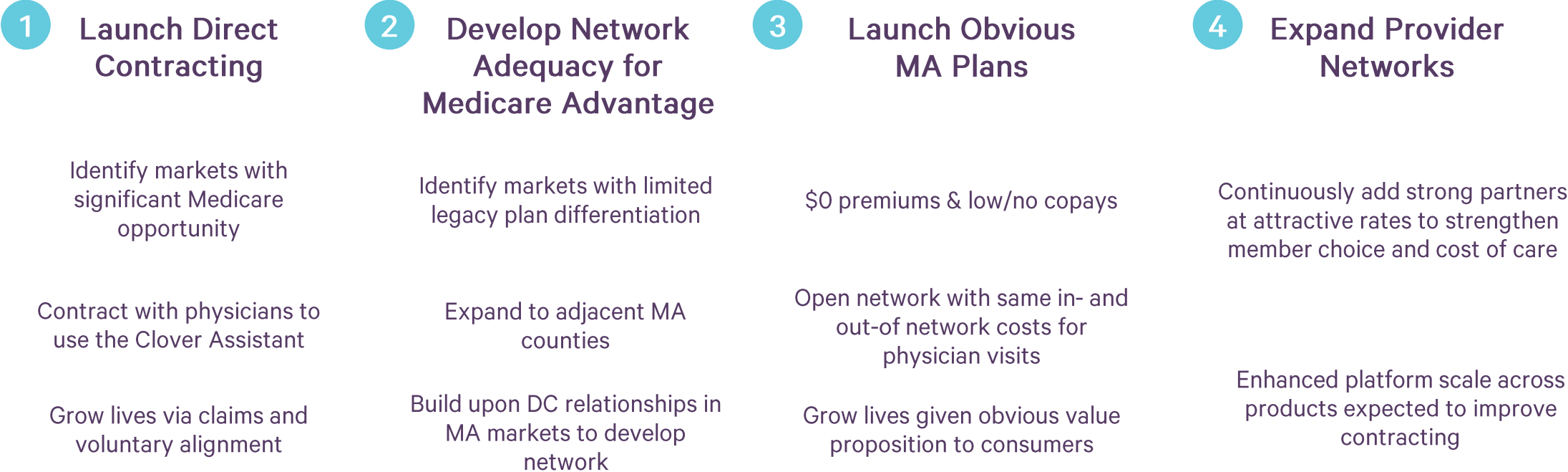
**>1,500**  
*Individual PCPs  
contracted*

**>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.**

# Direct Contracting Expected Economics

## Expected Economics

- **Benchmark:** Established by looking at historical claims data for specific members (claims-based alignment) or a regional Rate Book (voluntary alignment) multiplied by a member’s risk score
- **Revenue:** Portions of the benchmark estimated for reimbursement of Participant Providers and a portion of the estimated savings generated from Preferred Providers
- **Margins:** Six months after year end, actual costs pooled and compared to benchmark, with any net savings beyond government targets then remitted to the DCE
- As a reference point, an analysis on MSSPs<sup>(1)</sup> by Avalere found that, on average, physician-led ACOs produced almost 7 times the amount of Medicare savings per beneficiary than hospital-led ACOs

## Levers for Success

- Drive to near 100% Clover Assistant participation; features delivered at **scale** are expected to support savings, such as:
  - Referral management to preferred entities with lower cost/better quality
  - Site of service decision support such as discharge planning
  - Referral to Complex Care
- No cap for medical expense savings
- Operating expense burden less than in Medicare Advantage
- Ability to share savings with physicians if they meet clinical and quality metrics tied to cost of care

## Illustrative Savings Opportunity

- Unique value via the Clover Assistant: based on our analysis of fee for service data, we believe there is an opportunity to drive **up to ~1,500 bps of savings** to the Federal Medicare program, **even excluding** preferred provider arrangements at better rates than Medicare and benefit of medium- and long-term savings from clinical value driven by the Clover Assistant
  - Movement of inpatient visits to appropriate level of care
  - Readmission prevention
  - Utilization in appropriate post-acute setting
  - Complex care management
  - Specialist referral
  - Kidney-disease efficient care

(1) Medicare Shared Savings Programs. Source: <https://avalere.com/press-releases/physician-led-accountable-care-organizations-outperform-hospital-led-counterparts>

# Example: The Clover Assistant & Referral Support

The screenshot displays a patient's medical record for Clover Pendleton on 10/13/2020. The main interface includes sections for 'New for you' (Hospitalization, Medications, Clinical documents), 'Diagnoses' (Diabetes, Congestive heart failure, Endocrine and metabolic disorders), and 'Care gaps' (Eye exam for diabetes care). A 'Find a service' modal is open, listing various service categories: Labs, Imaging, DME, Specialists, Home health, Oncology care management, CKD care management, Complex care management, and Skilled nursing facilities. The 'Labs' option is highlighted with a red box, and an arrow points to a secondary modal titled 'Find a medical lab near Clover Pendleton'. This secondary modal features a 'Location' search bar with the zip code '10034' and a map showing nearby areas like Hackettstown and Long Valley, with three potential lab locations marked as A, B, and C.

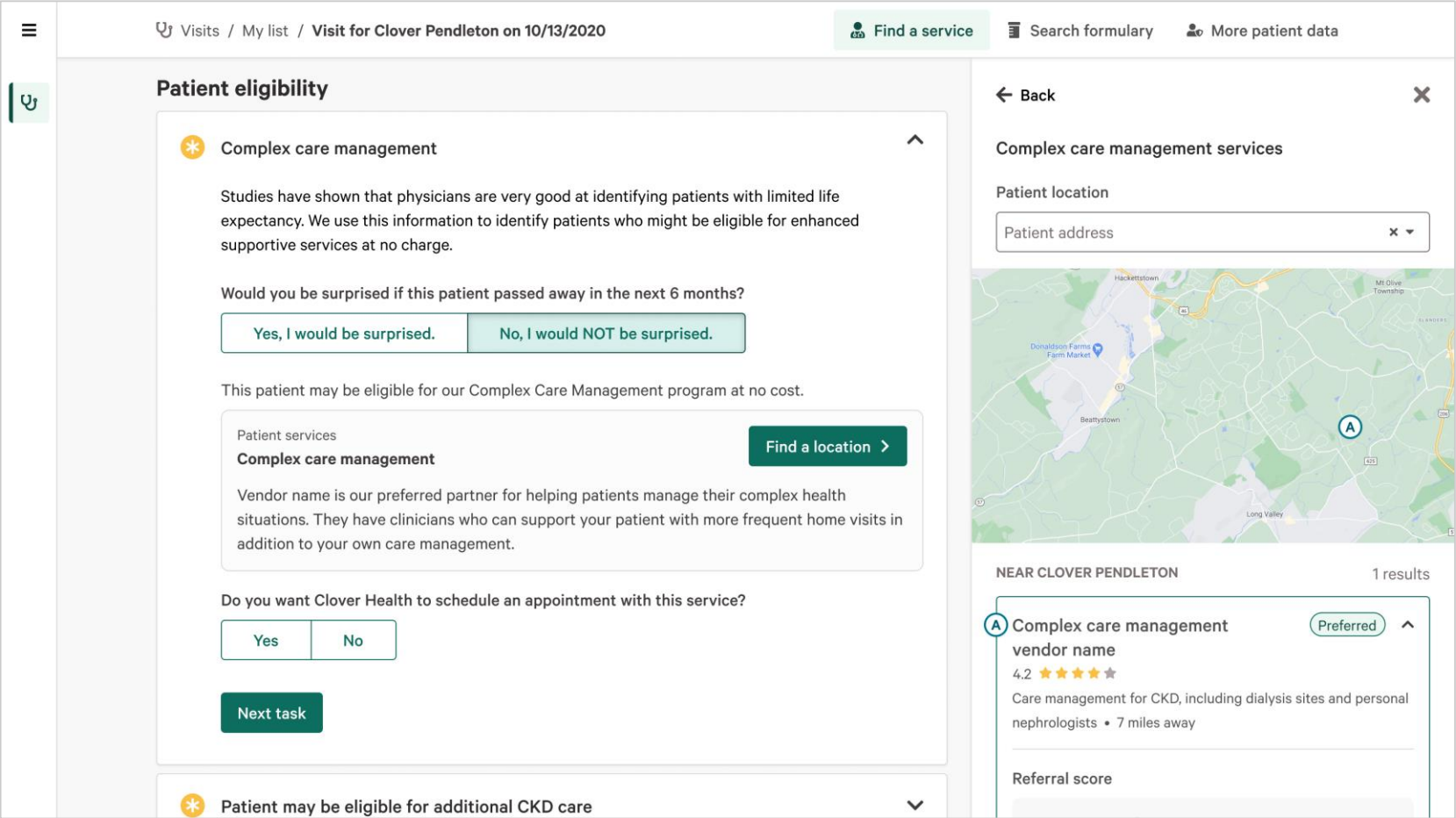
Note: This slide illustrates the functionality that Clover is currently in the process of developing for the Clover Assistant. It is intended as a design concept and does not represent a screenshot of the Clover Assistant in active use today. The final product may evolve and appear significantly different than what appears on this slide.

# Example: The Clover Assistant & Referral Support (Cont'd)

The screenshot displays the Clover Assistant interface for a patient named Clover Pendleton. The main dashboard includes sections for 'New for you' (Hospitalization, Medications, Clinical documents), 'Diagnoses' (Diabetes, Congestive heart failure, Endocrine and metabolic disorders), and 'Care gaps' (Eye exam for diabetes care). A 'Find a service' modal is open, listing various services such as Labs, Imaging, DME, Specialists, Home health, Oncology care management, CKD care management, Complex care management, and Skilled nursing facilities. The 'Specialists' option is highlighted with a purple box, and an arrow points to a secondary dropdown menu titled 'Find a specialist near Clover Pendleton'. This dropdown menu lists specialties: Gastro, Cardiology, Gastroenterology, Oncology, Ophthalmology, Orthopaedics, and Pain Management. The 'Gastro' specialty is currently selected.

Note: This slide illustrates the functionality that Clover is currently in the process of developing for the Clover Assistant. It is intended as a design concept and does not represent a screenshot of the Clover Assistant in active use today. The final product may evolve and appear significantly different than what appears on this slide.

# Example: The Clover Assistant & Complex Care Enrollment



Note: This slide illustrates the functionality that Clover is currently in the process of developing for the Clover Assistant. It is intended as a design concept and does not represent a screenshot of the Clover Assistant in active use today. The final product may evolve and appear significantly different than what appears on this slide. 33



# Medicare Advantage vs. Direct Contracting: Illustrative Recap

	Medicare Advantage	Direct Contracting
<b>Estimated Overall Benchmark</b>	~ \$1,000 PMPM	~ \$1,000 PMPM
<b>Expected Revenue</b>	~ \$1,000 PMPM	Dependent on provider arrangements; ~5% of benchmark in Year 1 (increasing over time) + shared savings settlements
<b>Gross Margin Goals</b>	Long-term MCR targets of 82-83%	Savings of 2% - 15% vs. risk-adjustable benchmark
<b>Expected Operating Expenses</b>	Decreasing to ~ 11% steady state	Significantly less than MA
<b>Expected Operating Margin</b>	6-7% steady state	TBD

# Financial Deep Dive

# Financial Highlights

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## Large and growing market

Significant opportunity for membership growth as the underlying market grows, we continue to penetrate existing markets, and we add new markets

## Aligned incentives

Economic alignment with members to improve care at lower cost and with Clover Assistant physicians via fixed payment model to avoid moral hazard

## Predictable revenue stream

High annual retention, consistent monthly payments, and visibility into future year financials

## Margin enhancement over time

Long-term margins expected to support attractive plan designs at better-than-industry margins while maintaining better-than-industry growth

## Strong unit economics

Favorable LTV / CAC economics that are expected to continue to enhance with margin improvements

## Attractive free cash flow generation

Given limited capital expenditures, Adjusted EBITDA is a proxy for free cash flow

# Components of the Medicare Advantage P&L

Premium revenue	Calculated from membership multiplied by monthly per member payment; payment amount varies, reflecting multiple factors at an individual level, including demographics, health status (higher revenue to care for sicker members), new vs returning MA status (new members' health status is often not available or accurately documented)
+Investment & Other Income	Current projections include less than 1% of MA premiums
<b>= Revenue</b>	
- Medical Expenses	Cost of health care services delivered to members (e.g., doctor visits, hospital stays, prescription drugs, etc.); typically modestly higher in 1Q and 4Q relative to 2Q and 3Q
<b>= Gross Profit</b>	
While Gross Margin is a key profitability metric, industry also looks at Medical Care Ratio (MCR) <sup>(1)</sup> defined as Medical Expenses / Premium Revenue	
- General & administrative	Includes professional and consulting fees, particularly in support of operations, sales and marketing costs, including broker commissions, software expenses, license and other overhead costs
- Salaries & benefits	Includes cost of wages and benefits for Clover employees (including stock-based compensation)
- Other items	Depreciation & Amortization (minimal), other non-recurring expenses
<b>= Income from Operations</b>	
- Interest Expense	Interest Expense relates to term loan and convertible securities
- Income taxes	NOLs expected to significantly reduce tax burden through at least 2025
<b>= Net Income</b>	

(1) MCR is not a direct equivalent of the federal MLR. CMS does not regulate MCR, but does put an 85% minimum threshold on MLR.

# Annual Historical Financial Results

(in millions)	2018A	2019A
<b>Counties</b>	19	26
<b>Average Membership</b>	31,485	41,165
<i>YoY Growth (%)</i>		31%
<b>Total Revenue</b>	\$358 <sup>(1)</sup>	\$462
<i>YoY Growth (%)</i>		29%
<b>Total Medical Costs</b>	\$343 <sup>(2)</sup>	\$450
<i>YoY Growth (%)</i>		31%
<b>Gross Profit</b>	\$15	\$12
<i>Gross Margin (%)</i>	4.1%	2.5%
<b>MCR, Gross</b>	97.1%	98.8%
<b>Operating Expenses<sup>(3)</sup></b>	\$188	\$186
<b>Other Income (Expenses)</b>	(\$29)	(\$190)
<b>Net Loss</b>	(\$202)	(\$364)
<b>Adjusted EBITDA<sup>(4)</sup></b>	(\$177)	(\$175)
<i>Adjusted EBITDA Margin (%)</i>	(50.1%)	(38.3%)

Membership growth largely driven by further market share penetration across existing markets from 11% to 13%<sup>(5)</sup>, but also supported by new market expansion into 7 more counties

Our Medicare covered medical expenses increased by 1.2% between 2018 and 2019 as compared to 4.5% for overall Original Medicare expenses for a comparable population over the same period<sup>(6)</sup>

Operating expenses supported building the infrastructure to improve healthcare outcomes and experiences for our members, and year-over-year expenses were reduced by approximately 24% per member

Increase in other expenses driven by non-cash accounting impacts relating to convertible securities issued in 2019

(1) Represents a non-GAAP financial measure. Non-GAAP Total Revenue differs from Total Revenue on a GAAP basis by adjusting for \$67mm in ceded premiums.

(2) Represents a non-GAAP financial measure. Non-GAAP Total Medical Costs differ from Total Medical Costs on a GAAP basis by adjusting for \$64mm in ceded claims.

(3) Operating Expense includes Salaries and Benefits and General and Administrative Expenses per GAAP presentation

(4) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discounts, provision for income taxes, depreciation and amortization expense, change in fair value of warrants expense, loss (gain) on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITD Margin is defined as Adjusted EBITDA divided by Gross Premium Revenue. See Reconciliation in Appendix for historical numbers.

(5) Reflect individual, non-SNP market of 19 markets Clover offered plans in 2018

(6) Calculated based on internal Clover data on Non-ESRD Members vs. PMPM's as published in the CMS Final 2021 Rate Announcement, Dated April 6, 2020

# Recent Historical Financial Results

(in millions)	Q120A	Q220A	Q320A	YTD 20A
<b>Counties</b>				34
<b>Average Membership</b>	55,444	56,782	57,315	56,519
<i>Growth Q3 YTD 20 vs. Q3 YTD 19 (%)</i>				39%
<b>Total Revenue<sup>(1)</sup></b>	\$166	\$172	\$169	\$507
<i>Growth Q3 YTD 20 vs. Q3 YTD 19 (%)</i>				46%
<b>Medical Costs</b>	\$146	\$120	\$145	\$411
<i>Growth Q3 YTD 20 vs. Q3 YTD 19 (%)</i>				22%
<b>Gross Profit</b>	\$20	\$52	\$24	\$96
<i>Gross Margin (%)</i>	11.6%	30.5%	14.2%	18.9%
<b>MCR, Net</b>	89.4%	70.1%	86.7%	81.9%
<b>Operating Expenses<sup>(2)</sup></b>	\$50	\$41	\$46	\$137
<b>Other Income (Expenses)</b>	\$2	(\$6)	\$35	\$31
<b>Net (Loss) Income</b>	(\$28)	\$5	\$13	(\$10)
<b>Adjusted EBITDA<sup>(3)</sup></b>	(\$22)	\$29	(\$18)	(\$11)
<i>Adjusted EBITDA Margin (%)</i>	(13.2%)	16.9%	(10.9%)	(2.2%)

Membership growth supported by existing markets, with further market penetration of 2018 existing markets to 16%<sup>(4)</sup>, and supported by new market expansion into 8 more counties

Q1 MCR improvement from 2019 driven by impact of Clover Assistant and other key medical expense reduction initiatives

Q2 MCR extraordinarily impacted by COVID-19

Q3 MCR remains slightly depressed as a result of lingering COVID impacts in July and August, but September utilization approached pre-COVID levels

Approximately 29% reduction in operating expenses per member year-over-year through Q3 YTD; quarterly seasonality reflects impact of marketing and commissions in Q1

Adjusted EBITDA impacted in Q2 by full release of 2019 Premium Deficiency Reserve. Q3 differential to Net Income largely driven by Gain on Derivative, which is excluded

(1) Total Revenue includes Premium Revenue (Net) and Other/Investment Income.

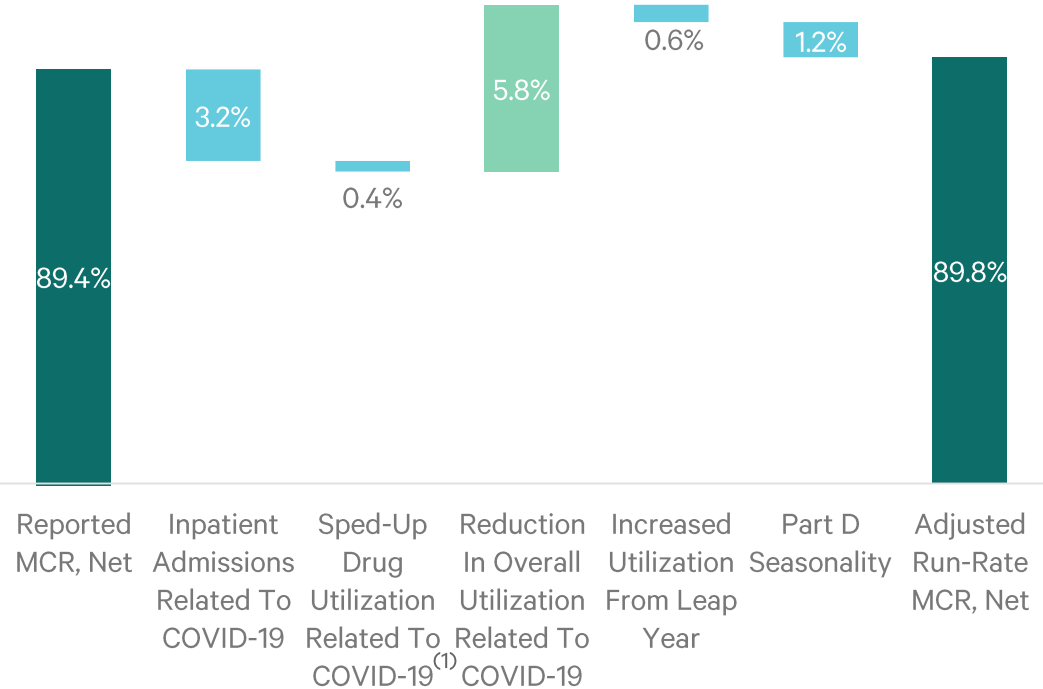
(2) Operating Expense includes Salaries and Benefits and General and Administrative Expenses per GAAP presentation

(3) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discounts, provision for income taxes, depreciation and amortization expense, change in fair value of warrants expense, loss (gain) on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITD Margin is defined as Adjusted EBITDA divided by Gross Premium Revenue.

(4) Reflect individual, non-SNP market of 19 markets Clover offered plans in 2018.

# Q1 2020 Detail

Q1 MCR Bridge: Reported to Run-Rate



Q1 2020 results reflect stable, scalable performance while ignoring expected improvements via product iteration

In general, while not dispositive of full-year performance, Q1 results are typically in line with full-year results within Medicare Advantage<sup>(2)</sup>

While the COVID-19 pandemic impacted the last half of March, financial savings and costs generally resulted in a net neutral effect for Clover during that period

(1) We saw earlier and more long-term script refills in anticipation of the pandemic.

(2) As an illustrative example, Humana's FY2019 Benefits / Premiums resulted in a loss ratio of 85.6%. Humana's Q1 2019 Benefits / Premiums resulted in a loss ratio of 86.2%.

# Projected Financial Results<sup>(1,2)</sup>

Metric (\$ in mm)	2021E <sup>(1)</sup>	2022E	2023E	Long-Term	Commentary
Average MA Membership <sup>(3)</sup>	73,477	99,194	138,871	NA	Increasing market share in existing markets and new market expansion
Member Growth	30%	35%	40%	30%+	Capital raised in transaction is expected to accelerate membership growth in 2023+
Premium Revenue	\$872	\$1,214	\$1,717	NA	Increase as membership grows
Medical Care Ratio, Net	89.3%	85.7%	84.0%	82-83%	Increasing CA adoption and product enhancements expected to more than offset increasing share of new members (who typically have higher MCRs)
Operating Expense Ratio	20.9%	17.2%	15.4%	~11%	Improvement as we grow membership and gain efficiency on fixed costs and less variable cost on a PMPM basis
Adjusted EBITDA Margin <sup>(4)</sup>	(9.4%)	(2.6%)	1.1%	6-7%	Profitability by 2023 and long-term above-industry margin (~4%) while maintaining above-industry growth (~10%)
Clover Assistant Penetration	64%	67%	69%	70%+	Continue to drive higher CA adoption in existing and new markets

(1) Clover's formal 2021 outlook will be provided in early 2021, after the completion of AEP and following further CMS guidance on Direct Contracting

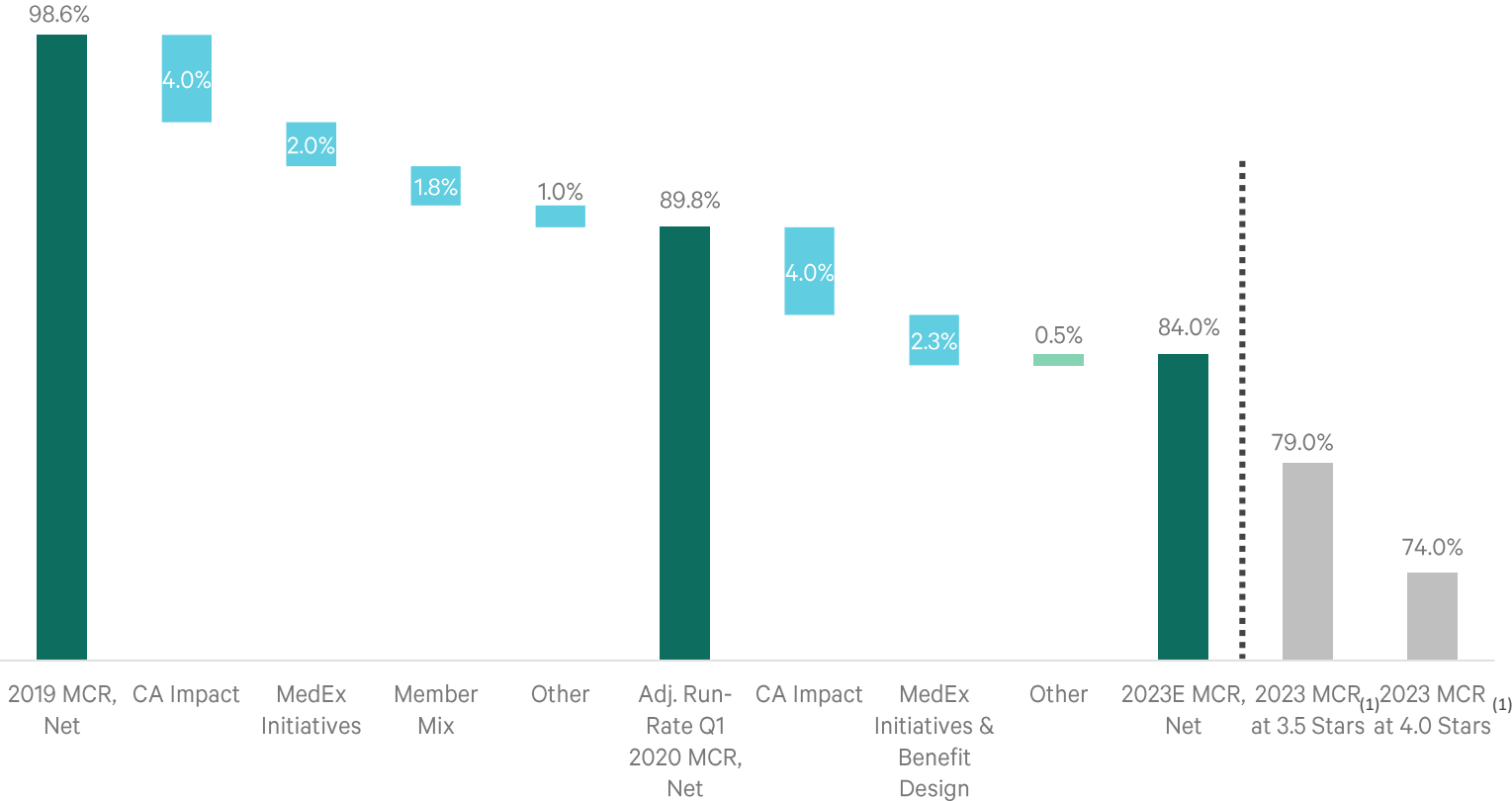
(2) Excludes Direct Contracting and any other non-MA subsidiaries/entities.

(3) Represents average number of members projected over the course of the year. Includes growth through AEP prior to the year and then OEP and SEP during the year.

(4) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discounts, provision for income taxes, depreciation and amortization expense, change in fair value of warrants expense, loss (gain) on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Gross Premium Revenue.



# Medical Care Ratio Bridge



Margin expansion from 2019 to Q1 2020 largely driven by increasing use of CA

Further CA coverage expansion and product enhancements (including referral management and site-of-service optimization tools) are expected to drive additional margin improvement through 2023

Initiatives to improve provider contracting, clinical program impact, and utilization management are expected to drive additional margin improvement

(1) Theoretical maximum MCR impact from incremental 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.

# Capital Sources and Uses & Pro forma Ownership

### Sources and uses of funds

(\$ in millions)

#### Sources

Cash in trust	828
PIPE investment	400
<b>Total</b>	<b>\$1,228</b>

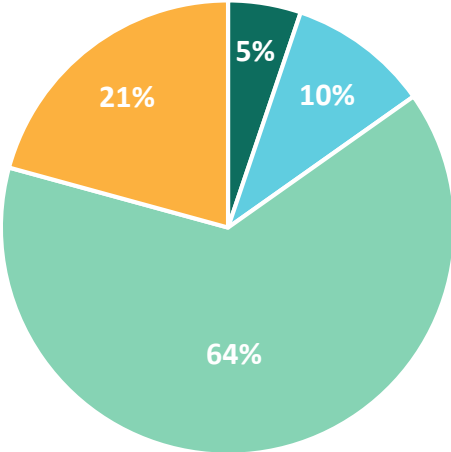
#### Uses

Cash to balance sheet	682
Clover cash election	500
Transaction fees	46
<b>Total</b>	<b>\$1,228</b>

### Pro forma share count

(shares in 000's)

<span style="color: #006400;">■</span> SCH issuance of Class B ordinary shares	20,700
<span style="color: #00B0F0;">■</span> Issuance of Clover Health Class A Common Stock in connection with closing of the PIPE Investment	40,000
<span style="color: #66C2A5;">■</span> Issuance of Clover Health Class B Common Stock to Clover shareholders in connection with the Business Combination	255,649
<span style="color: #FF9933;">■</span> SCH Class A ordinary shares subject to redemption reclassified to equity	82,800
<b>Weighted average shares outstanding</b>	<b>399,149</b>



Source: Latest Estimate, updated from S-4 filed with the SEC on 10/20/20

# Appendix

# The Clover Assistant Aligns Incentives In A Misaligned System

	Traditionally	With The Clover Assistant
<b>Payors</b>	<ul style="list-style-type: none"><li>• Often control costs through narrow networks and higher cost-sharing</li><li>• Often pass financial risk to providers through value-based care (VBC) contracts</li></ul>	<ul style="list-style-type: none"><li>• Control costs through improved adherence to evidence-based protocols</li><li>• Designed to work with any PCP and remove financial concerns from clinical decision-making</li></ul>
<b>Physicians</b>	<ul style="list-style-type: none"><li>• Often incentivized to increase utilization</li><li>• Often incentivized to code aggressively for risk adjustment in VBC context</li></ul>	<ul style="list-style-type: none"><li>• Incentivized to use highly delightful tech platform (+59 NPS) that suggests personalized care recommendations at the point of care</li></ul>
<b>Patients</b>	<ul style="list-style-type: none"><li>• Experience highly variable clinical decision-making</li><li>• Often confronted with significant out-of-pocket costs and limited physician choices</li></ul>	<ul style="list-style-type: none"><li>• Treated by physicians empowered to make data-driven care decisions</li><li>• Receive affordable coverage that offers broad physician choice</li></ul>

# Clover's View Of Payor/Provider Relations Contrasts With That Of Legacy Incumbents And Newcomers Alike

	Conventional Wisdom	Clover's View
<b>Data Exchange</b>	Data exchange often <b>supports payor risk adjustment efforts</b> . Given CMS submission deadlines (13+ months after date of service), the <b>timing of exchange is largely irrelevant</b> .	Enabling <b>instantaneous bi-directional</b> data exchange <b>encourages better clinical decision-making</b> and improved outcomes, with accurate and compliant risk adjustment coming as a by-product.
<b>Networks</b>	Partnering with a narrow network of physicians is the way to improve healthcare.	Quality care can be had <b>at scale with any physician</b> if they are equipped with <b>actionable information</b> and evidence-based recommendations <b>at the point of care</b> .
<b>Partnership</b>	Many incumbents and newcomers rely on value-based arrangement to incentivize PCPs to achieve better outcomes. As such, many payors focus on <b>signing optimal contracts with a limited number of providers (narrow networks)</b> to manage care.	Armed with the right information at the point of care, physicians will make the right decisions. As such, we pay for product usage on a FFS basis, allowing providers to focus on care, not risk-sharing. <b>Our role is to actively partner in care management</b> through disseminating our software platform.

# Our Approach Drives Significant Value For PCPs

	Many MA Insurers	Clover	Value
<b>PCP Engagement Mechanism</b>	Static feedback report	Clover Assistant	<i>Real-time, personalized, and actionable information</i>
<b>PCP Reimbursement</b>	Complex risk-sharing or inadequate Fee-For-Service	Fixed rate at ~2x industry reimbursement rate <sup>(1)</sup>	<i>Aligned incentives</i>
<b>Payment Speed</b>	Often months or weeks of latency for full payment	<1 week	<i>Less friction</i>
<b>Data Liquidity</b>	Often months of latency / unidirectional	Instantaneous / bidirectional	<i>Synergistic partnership</i>
<b>Tech Engagement</b>	Support interchange with many EHRs with <0 Net Promoter Score	+59 Net Promoter Score	<i>Physician delight</i>

(1) Based on estimated CMS 2021 base Medicare reimbursement fee rate for primary care visit.

# Non-GAAP Reconciliations

	2018A	2019A	Q120A	Q220A	Q320A	YTD20A
<b>Net Loss</b>	<b>(\$201.9)</b>	<b>(\$363.7)</b>	<b>(\$28.2)</b>	<b>\$5.4</b>	<b>\$12.8</b>	<b>(\$10.0)</b>
Adjustments:						
Interest Expense	7.0	23.2	7.8	8.4	9.2	25.6
Amortization of Notes and Securities						
Discounts	-	15.9	5.7	4.8	4.4	14.9
Income Taxes	-	-	-	-	-	-
Depreciation and Amortization	0.5	0.6	0.1	0.2	0.1	0.4
Change in Fair Value of Warrant Expense	8.3	2.9	2.2	9.6	20.0	31.9
Loss (gain) on Derivative	-	138.6	(14.2)	(5.1)	(68.0)	(87.4)
Restructuring Cost	0.9	3.9	0.6	1.8	0.3	2.7
Stock-based Compensation	3.6	3.3	2.0	1.5	1.5	4.9
Health Insurance Industry Fee	4.6	-	2.3	2.3	1.5	6.0
<b>Adjusted EBITDA</b>	<b>(\$177.1)</b>	<b>(\$175.4)</b>	<b>(\$21.7)</b>	<b>\$28.9</b>	<b>\$(18.2)</b>	<b>\$(11.0)</b>
Premiums Earned, Gross	\$353.9	\$457.8	163.8	\$170.4	\$167.2	\$501.5
<i>Adjusted EBITDA Margin</i>	<i>(50.1%)</i>	<i>(38.3%)</i>	<i>(13.2%)</i>	<i>16.9%</i>	<i>(10.9%)</i>	<i>(2.2%)</i>

A reconciliation of net loss/income to adjusted EBITDA as projected for 2020-2023 is not provided. Clover does not forecast net loss/income as it cannot, without unreasonable effort, estimate or predict with certainty various individual components of net income, including changes in the fair value of warrants or derivatives. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA. Reflects an update to presentation materials dated 9/28.