

Devoted unit economics in 2023 (targeted, draft)

| | Year 5 Devoted Member* | Year 5 Devoted Market* | Industry Benchmark** | Rationale/Risk & Opportunity |
|----------------------------|------------------------|------------------------|----------------------|---|
| Medical Expenses | 78.9% | 82.8% | 84.1% | Partnership with high-quality primary care physicians; impact of tech-enabled Devoted Health Guide teams, house-call medical group, and other clinical services; increased revenue from STARS |
| Admin Expenses | 6.4% | 9.8% | 11.0% | New tech stack, leaner utilization management (e.g., fewer, better-targeted prior authorizations), higher rates of automation, lean admin design Lower long-term sales costs due to higher NPS and lower churn |
| Operating Income*** | 14.6% | 7.5% | 5.0% | Significantly higher margins vs. current high-performing Medicare Advantage plans |

* Year 5 Member/Market represents Year 5 for 2019-enrolled member cohort, 2019-launched markets

** Source: 2017 annual financials for Humana Medical Plan, Inc., Medicare line of business

*** For Devoted: operating income is earned from a combination of Devoted's health plan and medical group units

Draft financial projections through 2023

| Projected enrollment | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|------|--------|---------|---------|---------|-----------|
| Members | | 5,000 | 15,750 | 33,650 | 64,358 | 103,722 |
| Member-months | | 45,000 | 154,500 | 343,800 | 667,890 | 1,105,311 |
| <i>Growth</i> | | | 243% | 123% | 94% | 65% |
| Average risk score | | 1.28 | 1.16 | 1.16 | 1.15 | 1.15 |

| Projected P&L (\$ 000s) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|----------|----------|----------|----------|----------|-----------|
| Revenue | | 52,870 | 166,806 | 370,351 | 721,860 | 1,193,144 |
| <i>Growth</i> | | | 216% | 122% | 95% | 65% |
| Medical Expense | | 49,146 | 145,313 | 320,236 | 611,248 | 1,002,184 |
| <i>% of revenue</i> | | 93% | 87% | 86% | 85% | 84% |
| Admin Expense, excluding Sales & Marketing | 24,020 | 32,601 | 36,505 | 43,078 | 54,144 | 71,845 |
| <i>% of revenue</i> | | 61.7% | 21.9% | 11.6% | 7.5% | 6.0% |
| Sales & Marketing Expense | 7,315 | 8,830 | 21,009 | 30,364 | 45,831 | 57,918 |
| <i>% of revenue</i> | | 16.7% | 12.6% | 8.2% | 6.3% | 4.9% |
| Operating Income | (31,335) | (37,708) | (36,022) | (23,327) | 10,637 | 61,197 |
| <i>% of revenue</i> | | -71.3% | -21.6% | -6.3% | 1.5% | 5.1% |
| R&D Expense | 3,000 | 5,763 | 10,008 | 16,666 | 28,874 | 41,760 |
| <i>% of revenue</i> | | 10.9% | 6.0% | 4.5% | 4.0% | 3.5% |
| Taxes | 0 | 0 | 952 | 3,003 | 6,666 | 19,796 |
| <i>% of revenue</i> | | 0.0% | 0.6% | 0.8% | 0.9% | 1.7% |
| Net Income | (34,335) | (43,471) | (46,982) | (42,996) | (24,904) | (360) |
| <i>% of revenue</i> | | -82.2% | -28.2% | -11.6% | -3.4% | 0.0% |

| Cash and reserve requirements (\$ 000s) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|----------|----------|-----------|-----------|-----------|-----------|
| Cumulative cash used, before reserves | (34,335) | (77,806) | (124,787) | (167,783) | (192,687) | (193,046) |
| Reserves | 10,000 | 14,000 | 34,802 | 52,769 | 98,236 | 147,398 |
| <i>% of revenue</i> | | 26.5% | 20.9% | 14.2% | 13.6% | 12.4% |
| Cumulative cash used, including reserves | (44,335) | (91,806) | (159,589) | (220,552) | (290,923) | (340,444) |

Our model will produce superior margins

REVENUE

$$\left(\begin{array}{l} \text{County} \\ \text{benchmark} \end{array} \times \begin{array}{l} \text{Plan risk score} \\ \text{Revenue factors on which to focus} \end{array} \right) + \text{STARS bonus}$$

COSTS

- New technology stack reduces administrative costs
- Primary care physician partnerships and tech-enabled Devoted Health Guides, house-call medical group, and other clinical services* deliver lower medical costs
- Lower long-term sales costs due to higher NPS and lower churn

QUALITY

Providers selected based upon ability to achieve quality targets and supported by Devoted Health Guides, house-call medical group, and other clinical services; technology and operations to better track/support metrics

- 4+ STARS gets 5% increase in revenue from CMS
- 5 STARS allows year-round member enrollment

*** By delivering clinical services, Devoted both lowers the total cost of care for Devoted's Medicare Advantage plan and also earns revenue and margin for Devoted's Medical Group**



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