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Agilon Health, Inc. (AGL)

TD Cowen Health Care Conference

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Gary Taylor
Analyst, TD Cowen

MANAGEMENT DISCUSSION SECTION

Gary Taylor
Analyst, TD Cowen

Well, as much as I hate to interrupt the playlist, which I'm enjoying, we'll keep the conference moving along here. My pleasure to introduce Agilon. Agilon is a physician-oriented, value-based care company, providing capitated physician services to Medicare Advantage health plans. The company will have 550,000 MA members in 32 geographies and another 125,000-plus ACO REACH enrollees, and is targeting excess of $8 billion of revenue in 2024. Steve Sell, Chief Executive Officer; Tim Bensley, Chief Financial Officer; and Matt Gilmor, Vice President and Head of Investor Relations.

So, gentlemen, thanks for joining us. Good to see you.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

Great to be here again.

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QUESTION AND ANSWER SECTION

Gary Taylor
Analyst, TD Cowen

Q

We're going to go off-script just a little bit to start and just hit on Change Healthcare just because it's – we're two weeks into the power outage there, and I've been asking all the companies and providers the impact. But maybe just a quick summary on – is this having any impact of you? Is this all upstream of you with the health plans, or how should investors think about it?

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Yeah. Well, it's definitely a dynamic time out there, right? So – and the Change news just adds to that. I think it really is upstream from us, Gary. So, we don't see as much, but our partners, in terms of what they're seeing of effect, for our independent groups, not as significant, but we do have a few health system partners that are seeing some of the effect on that; working with their payer partners and us in terms of alternative clearinghouses, etcetera. So, not – but not a massive effect to report.

Gary Taylor
Analyst, TD Cowen

Q

That's great. Okay, let's back up and go big picture. 2023 was impacted. Your 2024 outlook is impacted by basically higher medical costs and putting some margin pressure. And so much of that seems environmental. You're certainly not the only ones around the MA ecosystem that are experiencing that. But help us think just sort of conceptually moving out of 2024 into 2025, hopefully and presumably, you'll get to a place where you'll anticipate you'll see medical margin improvement, EBITDA improvement moving into 2025. How much of that is going to be reliant upon just broader environment versus explicitly some of the contract negotiations that you'll hope to have with the health plans?

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Yeah. Well, first of all, thanks again for letting us be here. So, I think what I would start with is in the macro environment, we tried to be very careful with our process coming through Q4 to really capture all the costs and went through a very exhaustive process in terms of additional data inputs. We then tried to take the most sort of prudent approach to 2024 and really take that elevated 2024 trend and annualize that across. I think when you talk about the ability to drive improved medical margin across time, there are things we can control, and there are things that are a little bit more macro. Obviously, from a macro perspective, where the final notice lens will be material, the payer bids, and how that will be reflected is a key piece within it. Two of our largest payers have said, for 2025, they will be bidding for margin, and that will be kind of a key component, and we'll obviously see that in August or September as we have those dialogues with them.

As it relates to the negotiations with the payers, I think we've really been encouraged by what we're seeing, Gary. Already year-to-date, off-cycle, we've had a couple of payers in which we've been able to get an increased percentage of premium. The situations on those were a little bit different, but I think it sort of demonstrates the value of what we're providing. In one case, it was tied to supplemental benefits and what we were seeing there and sort of the extra exposure that we were taking there, that the result of that as opposed to carving the benefits was a premium above what we had seen historically. And then the other case, it was in a market in which there

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had been an aggressive bid different than what we had sort of underwritten at, and we are able to get an elevated premium or capitated rate tied to that.

So, I think we're encouraged. I think as you look at the macro environment today, what we're providing for these payers is more valuable than ever. We hear that from them, and I think they're open both on an off-cycle basis like we've seen in 2024. But I think a big part of this will be 2025 as we roll forward and negotiate and renew roughly about a third of our book.

Gary Taylor
Analyst, TD Cowen

Q

Got you. And just talk a little bit about your visibility into how a plan is going to bid, what they're going to put in benefits. We know [ph] that's set in (00:05:10) June, you give that to CMS.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Right.

Gary Taylor
Analyst, TD Cowen

Q

Public world doesn't get to see that until October. Does your – if we're thinking about for 2025, does your contracts for 2025, what supplemental benefits you might be taking versus carving out? What percent of premium? Does that get negotiated between June and October, or do you get to have some lead-up into June? Are plans generally holding that benefit bid very close to the vest until they've set at the CMS, or is any part of that changing at all?

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Well, it varies by payer in terms of how early they will share that with us. But our contracts and our relationships give us the right to accept or not accept any sort of plan that's bid in terms of risk from that perspective. We've only had a couple of occasions where we've said we don't want to do that. But I would say if you're asking about the changing environment, the level of transparency is up relative to where it's been historically. I think the dialogue around do we take responsibility for things we can't control is a key discussion point. So, supplemental benefits, hard for us to manage some of those non-medical benefits that are there, or if we're in a Stars program or PBP in which we're at 4.25 stars, but the broad network is below 4, and you've lost that 5% bonus. So, we are actively working with them on how we can be compensated for that or held harmless around that. I would say those discussions are more elevated than they've ever been because of the environment and because of the importance of what we provide to them.

Gary Taylor
Analyst, TD Cowen

Q

Let's hit on that last point a little bit because I'll talk to investors that are bearish, and I'll just say, well, why would a plan work with Agilon? Why would they carve anything out? Why would they give you a percent of premium? And I think probably just missing the interconnectivity of your physician networks, I mean, how patients are more satisfied, the Net Promoter Score, the clinical quality of care that you're providing, the actual cost saving, and bidding at the cost curve, the wellness visits, etcetera. I outlined a lot of that.

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Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Yeah, you've hit a lot of the key...

Gary Taylor
Analyst, TD Cowen
Q

I'm not paying attention, but would you add more to that? If you say no, that's exactly why – because I hear the same thing, where we hear payers value value-based care provider. If you have a clinically integrated physician group with the financial wherewithal, pay capitation, the payers can't find enough organizations like that.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

That's right.

Gary Taylor
Analyst, TD Cowen
Q

But in the current environment, cost trend is up. Value-based care has been stressed from a margin perspective.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Yeah.

Gary Taylor
Analyst, TD Cowen
Q

And I think there's just this disconnect where investors feel like the plans don't need you, are not going to want to work with you. Anyway, so respond to...

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Yeah. I mean, I think it's the opposite of that because I think that, more than ever, payers need us. I think if you start from the standpoint of our partners in these markets are these scaled prestigious groups and operating a Medicare Advantage product line without 25%, 30%, 35% of the adult PCPs in the market through a really reputable group would be extremely difficult. So, I think one is just start with who they are. Then you talked about the quality that's provided. You talked about the predictability that's provided. The experience scores are just world-class from this. So, all of that is built around kind of the value that's there. I think this flexibility around things like why would I carve supplemental benefits or not is – it's really the economic power that we have in this relationship to say, for us to work together, given the history, we're going to need to have some sort of protection around that. I mean, if you think about the history of supplemental benefits through 2021 and even in 2022, it was a pretty vanilla discussion, right? Set of benefits: dental, vision, SilverSneakers, gym, transport, right? And those were included in capitation. There was a modest margin up.

The world has gone through an extreme in terms of these benefits and, in particular, these cash cards, and that's what's really led to excessive utilization, 200%, 300%, 400% of the expectations from an actuarial perspective. That's the dialogue we're having. Everything we just talked about that they want from this group, what we can manage in this partnership and the predictability that can be delivered, that does not apply to supplemental benefits. And so, that's kind of the logic. If you want to get the benefit, if you want to be in this global arrangement

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that has this long-term longitudinal view with patients and continuity that you get all the benefit from, there needs to be some flexibility around it. And I think what I shared at the beginning in terms of what we've been able to achieve to-date in this year off-cycle is a great data point for us. So, that's what I'd offer.

Gary Taylor
Analyst, TD Cowen

Q

Yeah. Yeah. I do think, despite the headwind that it's caused, it's pretty hard to believe that just the sustainability of the physician networks and the value-based care providers in general works with these cash cards either not getting carved out or accounted for. Yeah, just kind of – how does a PCP group influence how much of a cash benefit somebody is going to use? That being said, is there – I mean, you're saying those conversations are going well. Is there any scenario where you think we would ever see Agilon – like Privia last week, they don't have a lot of capitation. They exited like half of their capitated revenue. Is there a scenario where you could say, hey, in this market with this payer, we just can't get together, and it's prudent for us to exit a capitated contract? And that would be any more than just like a one-off sort of scenario?

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Well, we have had two examples in which we have not renewed a capitated arrangement with a payer – two different payers. In both cases, in the high 80% of those members stayed with the primary-care doctor and moved to another health plan. And so, I think when we talk about measured growth, we talked a lot about this on our Q4 call last week, it's not just the partners that we're working with, but also those payers and how we're working with them. And so, I think the really tight relationship is between that primary-care doctor and their physician. And so, that's – the scenario you laid out is possible. I think what I would say today, though, is you talked about the competitive environment. More people are moving away from full risk. We believe we distinguished ourselves in terms of building a market or a model across 13 states, 32 partners, 650,000 senior patients. That is really distinctive, and the value that we provide through that is distinctive. And I think that's going to be reflected as we go through these negotiations with folks. But if it does come to that, there are multiple payers that we have in a market, four or five. We can live with three or four.

Gary Taylor
Analyst, TD Cowen

Q

Got it. You talked about prudent growth a second ago. So, for 2024, revenue is going to be up 40% again. There's almost another $2 billion of incremental actuarial risk that's being assumed. Why not turn some of that growth off – and I don't think you've talked a lot yet about Class of 2025. Maybe I'm mistaken; correct me. But so many – one key difference is you guys have ample liquidity.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

That's right.

Gary Taylor
Analyst, TD Cowen

Q

Others hadn't. And we're more compelled to sort of burn off the growth. But as you're dealing with trend and margin pressure and some claims visibility issues upstream, why doesn't it make more sense to slow that rate of growth, focus on the profitability, and then reaccelerate?

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Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Well, I think we're doing that. So, our Class of 2024 was a record class: 140,000 MA members came in in that class. Another 700 primary-care doctors came with that. By comparison, the Class of 2025 that we announced last week is at least five groups, at least 60,000 new MA patients. So, the new class is literally half, less than half of what the prior class was. With that, our geo entry costs go from $75 million in 2023 down to $60 million in 2024. And it's not just the total number, but it's also where we're growing. The Class of 2025 is built much more within the existing footprint that we've established over the last six or seven years in terms of the 13 states in those markets. That means we're able to leverage existing clinical programs, existing contracts, existing teams and sort of the tech and data setup that enables all of that. So, I think we are being measured. I think the totality of the growth is down. I think where we're entering allows us to start at better starting points because you're able to leverage that and get up the curve more rapidly.

The payer piece that I talked about is really critical. We've emphasized the importance of a full implementation. If you think about our Class of 2024, they are going to have the best year-one performance of any class we've ever had. A big part of that is the ability to have a full 12-month implementation, as well as being very selective around those groups. So, I think where you do it, who you're working with, the ability to have a really full implementation around that. And then you hit a really key point. We have $0.5 billion of cash on our balance sheet. And so, we have the ability to manage through this even with this growth for 2025. We're saying $125 million to $150 million worth of cash burn in 2024. And in 2025, we'd be looking at about $25 million worth of cash burn. So, we feel like we have a lot of dry powder. We've been very measured in terms of where and how we're growing, and all of that kind of works well.

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.
A

And, Steve, one of the things I'll probably mention just to tack on to it is, as you're going through all that, with that big Class of 2024, we're pretty selective in who they are even though it's a big class, and it's benefiting from all the things you said. That puts us in a position that, even in this environment, that class we expect to be profitable. So, that's – we're already on that kind of journey of, hey, we want that growth to be profitable each year. And so, it's a it's a pretty unique class even though it's large.

Gary Taylor
Analyst, TD Cowen
Q

And when you think about Class of 2024, so, I mean, part of it has been this year-long implementation. Part of it is seeing how they performed in 2023, giving you context in 2024.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Correct.

Gary Taylor
Analyst, TD Cowen
Q

How much have you been able to sort of delve down into that Class of 20024? Which payers do they have most exposure to? Because some of the payers have said, we haven't underwritten 2024 very well. So, whatever those groups might have done in 2023 may not hold in 2024 if you have over-indexed. Take Humana, for example, or potentially over-indexed to Aetna, which increased benefits a lot like you're...

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Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

[ph] We're earning for it (00:17:27).

Gary Taylor
Analyst, TD Cowen
Q

Yeah, you're comfortable with the payer mix on Class of 24 that despite what the plans have commented on that this will still be the most profitable class.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Yeah. I mean, that class grows into – heavily into our existing set of payers that we've got contracts with today, and we've got good visibility to how they bid. Any time we do our plan, that includes sort of payer mix shift. I think as we sit here on this side today, because now you've got pretty good visibility to how it came out versus how you expected it to come out, I think that mix shift, Gary, is kind of in line with what we expected. And some people who bid aggressively really didn't see a meaningful pickup in terms of share with us. Some of that's where the new markets came in and what the payer options were within those markets. But to answer your question, we feel good about that class for the reasons we talked about, and I think we feel good about our payer mix for 2024 across the entire network.

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.
A

Yeah, a big part of the second half of last year would have been – as we've been implementing these markets for basically all of last year, the second half really has a huge focus on, hey, now the plans that have been out there, they've done all that work. Now we're in negotiation to get our final contract with them. So, I think the sequence of how things happen helps us along with giving us some confidence that we've got the right contracts in place. And I think Steve mentioned that two of the big new partners that we have coming in are actually in existing markets as well. So, we have a lot of visibility to what those plans' performance look like in those markets, too.

Gary Taylor
Analyst, TD Cowen
Q

Got you. I'm going to go slightly out order just a little bit.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

Okay.

Gary Taylor
Analyst, TD Cowen
Q

But this came up with company yesterday. I just – I get so many questions about this. I just want to hit this. Just in terms of when you'd settle – reconcile or settle with your plans, I think most of that's annual settlement. Some of it might be more frequent.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

In the year after the performance, right.

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Gary Taylor
Analyst, TD Cowen

Q

Got you. So, if you've had – if you've basically underwritten all of 2023, and you're accruing your estimates of cost, and here's what – here's the medical margin; we think we've generated that. We have to reconcile that with the plan. If it's a positive medical margin, that cash to you is generally coming...

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.

A

Yeah. We get a little bit of capitated payments that kind of move in through the year. But yeah – but the majority of it comes in in the middle of 2024.

Gary Taylor
Analyst, TD Cowen

Q

Got you.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

So, 2024 cash is really driven by 2023 performance. And that is why this...

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.

A

And you can see it in our quarterly cash flows. You can always look at Q3. It's always a good positive – more positive cash flow quarter for us anyway because that's where a lot of those settlements are happening, so...

Gary Taylor
Analyst, TD Cowen

Q

We see the claims payable come down. We see the receivables and the payables, yeah, come down.

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.

A

Yeah. You got it.

Gary Taylor
Analyst, TD Cowen

Q

Okay. Still a little bit out of order. I wanted to hit – there were three key – four key parts of your action plan, but since we've talked most so far about the payers, [ph] I guess (00:20:31) – tangible progress on strengthening payer relationships and outcomes. So, we've talked about the payer piece a lot. Anything else to add on that part or...

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Well, I would just say that the data visibility with them is up pretty dramatically. I mean, the process we went through in Q4 triangulated far more data from our payer partners than we've had historically. In addition to an extra month worth of claims, we had the ability to look at their seasonality factors and then triangulate kind of their census data against our HIE data to sort of see what that looked like. So, I think that's been progress with them

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on that front. And then tying to one of the actions around kind of data visibility and analytics, really good progress around this new data pipeline that we've built and working with our top seven payers about bringing in their data in a really structured way that gives us the ability to work with that data across. It'll be 75% of our members through Q2 with those payers, and it gives us the ability to work it faster but also be much more detailed down at that cost-of-care line, so...

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.
A

Yeah. I think that's the big improvement. Even with the data that we are already getting today, we'll be able to process the data faster. We'll have it in a more homogenous way. So, it essentially feels like it's our data, and we can deal with it the way that we need to. And that's going to allow us to have so much more flexibility analytically around it, where we can run very quickly on multiple scenarios, and we can do analysis down at a much more granular level. Then it's – I mean, we could theoretically do it today, but there's – the data is so heterogeneous, and it's so much more difficult. This is really going to make it a lot easier for us to do those things.

It should put us in a position where we have – significantly can improve the quality of forecasting, but also the extent that we have better forecasting, obviously, we can operationally react to any changes that are going on a lot better. So, it – I think this whole financial data pipeline is going to be – that's going to be a pretty big deal for us. And so, we're pretty excited that we'll have half our members or so up and running on it. We've already got our largest payer uploaded on it. Half our members or so uploaded on as we're closing Q1. And as Steve said, really, all of our major payers do get to about 75% of our membership by Q2.

Gary Taylor
Analyst, TD Cowen
Q

And is there still going to be a lot of lag in that or not? So, when we talk to the payers, usually they're like, hey, we see pharmacy claims instantaneously. We can tell you daily inpatient census although not cost of that. We have pre-authorization on certain outpatient stuff like – so how much lag before that goes into your data?

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.
A

Yeah. So, right now the paid claims lag, what we're talking about in terms of the financial data pipeline just assumes the lag is the same. We're getting data on the same time that we've always gotten it, but we will still have a huge advantage in the speed of ingestion and the ability to get the analysis to it faster. As we go through the year, there are a couple of outlier payers that we want to also work with them to get this data a little bit quicker. And so, don't have anything to announce on that yet, but we'll be working on that as we move through the year. If we get that, that will just be gravy on top of the data pipeline we're putting in place.

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.
A

But, Gary, we are getting off beta. We are getting that census data from folks coming in, and we're able to triangulate that. I think the place where we've had very good visibility is on the inpatient side. And our ability to sort of crosswalk that with what we're getting from the payers is just an added bonus.

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.
A

Yeah. We get that authorization data from all of our large payers on a weekly basis, and we've been supplementing it with other information we get from the payers, as Steve talked about earlier, around seasonality

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factors and other things that have really helped us out coming through as we closed the fourth quarter, and we'll continue to do those things as well. But this big change of getting this financial data pipeline in place is going to be a big help to us.

Gary Taylor
Analyst, TD Cowen

Q

Steve, you know from your background in California, I mean, a lot of the big IPAs in California, they're delegated for [indiscernible] (00:24:30) and even claims payment, and that's not how Agilon has been built. These IPAs are pointing to that, they would say, is a reason why they've had less volatility of trend, less height of trend or magnitude of trend, etcetera. Like, do you need to go more in that direction? Will there be benefit to do even part of that?

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

Yeah. I don't think so. I mean, the delegated for claims, for UM, for customer service is part of that model. I think, Gary, if you look at where we've gone in these markets, most of the payers that we work with don't even have the ability to do that. We've gone to these markets that are 100% fee-for-service. I think what we're trying to do is get to the same level of outcome in terms of getting the data in. And then the second piece is just making sure that our expense assumptions incorporate that. So, when I talked about on our Q4 step-off and kind of our 2024 guide, puts us in a little bit more sort of prudent posture around those two things. But I do think we're creating this market, going to these all fee-for-service markets, working with a lot of payers that don't have the ability to do that. And so, we get at it through a different [ph] path (00:25:54).

Gary Taylor
Analyst, TD Cowen

Q

And what's the new relationship with Milliman? Like, what will they be doing for you?

Timothy S. Bensley
Chief Financial Officer, Agilon Health, Inc.

A

Yeah. So, we've been – we brought Milliman in October, so they've been working with us since the beginning of the fourth quarter. They're doing actuarial work for us. So, just another really professional, experienced set of eyes going through all of our actuarial assessments, and we continue to use them through obviously the close of the fourth quarter. We're using them again in the first quarter. We're also using them as an advisory on how we're setting up this new data pipeline. But right now, it's just been really helpful to have their experience and expertise and as another group looking at our actuarial estimates. At the same that we're doing that, we're actually building out that capability more robustly ourselves. We brought in some new leadership, a new Senior Vice President as the Head of Data Solutions, but also owns that entire area. We have a new Chief Actuary that we brought on in Q4, and she's building out her team more robustly underneath that as well, will start taking over some of the things that Milliman's been doing, of course, in the short term.

Gary Taylor
Analyst, TD Cowen

Q

Got you. Correct me if I'm wrong, if this is not the right way to think about it. But when I look at – there's been a real dichotomy in your MA medical margin performance or at least versus your expectations and how ACO REACH has performed. And, obviously, in ACO REACH, I mean, you just have to do better than everybody else is doing because you have that retro trend factor, and we ended up thinking, man, there's going to be a huge negative retro trend in 2023 because of the expectation Tim has had. But lo and behold, by the time we got to the

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end of the year, it looked like it hit that almost 7%, 8% sort of number they were talking about. So, when we think about your model, ACO REACH became more profitable because you outperformed what everybody else was doing in the regions. MA was less profitable because of revenue just pinned to the capitation agreement. Is that a fair way to sort of look at it and maybe just a validation that, again, broader trend issue was the key issue for 2023 as opposed to something in the business model that isn't working or...

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

I think so. I mean, I think, in 2023, given a revenue number that calibrates with trend overall, effectively, we beat the national trend by 410 basis points. And so, in a high utilization environment, we were able to really manage differentially, keep people out of the ER. And now the inpatient, that showed up in our claims experience, and that translates into the overall effectiveness of the program. I think the bull case around this is MA eventually catches up from a cycle perspective, whether it's through the benchmark or whether it's through payer bids, and we've demonstrated a pretty effective ability to manage the total cost in care and quality overall.

And so, it is the exact same doctors, the exact same clinical programs, the same data and resources that are surrounding those physicians and their patients. And so, that's the logic of what we built. We only do global risk. We do it with these really prestigious partners. We built this incredible footprint, and I think you saw the success in 2023 in ACO REACH. And I think we believe we're going to be able to drive really significant cohort maturation on MA going forward.

But what I would say is we did share the cohort data on the Q4 call last week. And in those earliest classes, 2018, 2019, 2020, in MA, with all of the challenges we've talked about, we're running $150 PMPM. Our mature range was sort of that $150 to $200. So, those are on the low side of that, but they're still there. With the Classes of 2021 and 2022, you saw that maturation. And then you've got the 2023 that started at a lower level and would mature across time. So, I think we're encouraged by that even given the macro environment. The ACO REACH gives us a real leading indicator about where things could go.

Gary Taylor
Analyst, TD Cowen

Q

I think the last point I'd make just quickly because we're out of time, because of that point you're making, I think people have kind of asked me like, what are the physicians going to do? How about – I think with that medical margin, those cohorts, most of your physicians are still doing better financially than they would have done under fee-for-service. And even if the corporate targets aren't being hit at the cohort level, the doctors are doing a lot better consistently still even in 2023 than they would have done without having these capitated...

[indiscernible] (00:30:49)

Steven J. Sell
Chief Executive Officer, President & Director, Agilon Health, Inc.

A

No, that's exactly right. I mean, the distributions to our physicians in 2023 versus 2022 were up 14%. They're below what we expected. But I think when people ask us about sort of alternatives or could they leave, what they're receiving is three to four times sort of any other alternative out there and dramatically more than they're receiving in fee-for-service.

Gary Taylor
Analyst, TD Cowen

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Yeah. I bet. Gentlemen, thank you.

Steven J. Sell

Chief Executive Officer, President & Director, Agilon Health, Inc.

Thanks, Gary. All right.

Timothy S. Bensley

Chief Financial Officer, Agilon Health, Inc.

Thank you, Gary. Thank you.

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