



Evolent Health, Inc. (EVH)

SDG Universe: SDG 3: Good Health and Well-Being

Sector: Healthcare

Employees: 5,100+

Regions: Headquartered in Arlington, Virginia, the majority of the company’s revenue is generated within the United States and India



OVERVIEW Evolent Health Inc provides healthcare delivery and payment solutions to healthcare professionals and patients in the United States. Its aim is to facilitate relations between patients and providers, thus increasing the health of patients with chronic health issues and decreasing high costs of care associated with hospital visits. It uses a value-based payment plan to reduce costs of service.

Evolent Health Inc aims to reduce the cost of care through three core strategies: specialty care management, total cost of care management, and administrative simplification. Within its specialty care management, there is a special focus on treatments for cardiology and oncology.

E / Evolent Health is driven by its mission to change the health of the nation by improving the way health care is delivered. They have a modest environmental footprint and 50% of their employees work from home. Company relies on cloud providers and co-location data center operators who demonstrate high standards in energy efficiency and are environmentally conscious in the way they plan, operate and consume natural resources and power.

- Energy efficiency certification Arlington, VA: Energy Star Certified, LEED Gold Certified Chicago, IL: LEED Gold Certified Pune: iNFHRA Excellence in Sustainability

S / Evolent’s goal of increasing access to cost-effective healthcare and decreasing time in hospital is an important contribution to American healthcare. Additionally, clinical evidence by accountable care organizations (ACOs) have proven to reduce inpatient admissions and total medical expenses demonstrating positive social impact.

- In 2020, reported lowered hospitalizations for those who participated in Evolent’s Complex Care Programs (Medicare beneficiaries with multiple chronic diseases) Across five Medicare ACOs over a two-year period, hospitalizations were 21% lower and total medical spend was 22% lower for high risk beneficiaries who participated in Evolent’s care management programs compared to those who did not.
- Between April – August 2020, Evolent handled over 140,000 calls spanning between eight of their partners to educate members on the Covid-19 virus and spread management.

MEASURES & MILESTONES

3.1 million lives supported

35+ partners

15% average annual growth
60k+ patients consulted

35K+ Patients engaged

First organization to earn NCQA Population Health Accreditation

Voted Best Place to Work for LGBTQ Equality 2020 by the Human Rights Campaign Foundation, **Voted Best company for Women to Advance** List 2020 by Parity.org

Ranked #3 in the nation for total shared savings and percentage of savings off of benchmark (benchmark costs)

99% accuracy in financial and procedural health plan administrative performance



- Company demonstrates a strong commitment to diversity and inclusion among its employees, as evidenced by their Diversity & Inclusion Report (2020). Female leadership is 46% as of 2020 and minorities in Leadership positions at 28%. In 2020, 64% of internal hires for director levels and up were women and 61% were underrepresented minorities.
- Strong Data Privacy & Security: Evolent compliance and certifications, such as SOC 2 and New Century Health’s HITRUST CSF® Certification – stress tests come with these certifications and performed as preventive measures to preempt a data breach.

G / Evolent Health's ethical business framework surpasses that of many international counterparts. Our investigations revealed the presence of ethics standards audits and safeguards for whistleblowers. In comparison to worldwide peers, the company's corporate governance is on par. The presence of a predominantly independent board could enhance the supervision of management. Moreover, as of June 2022, Evolent Health has implemented a binding majority voting standard for electing its directors, potentially enhancing shareholder influence on the board's composition. The board currently has an independent majority, which enables it to fulfill its critical function of overseeing management more effectively on behalf of shareholders. Evolent indicates a level of corporate governance and business ethics including public disclosure of executive compensation and good marks for shareholder democracy. Executive pay practices of the board appear to be generally well aligned with sustainable shareholder interests.

- Female directors: 28.6%
- Independent directors: 57.1%
- Audit, remuneration, and nomination committees 100% independent
- Publicly discloses salaries of highly paid executives and the CEO to average employee compensation ratio
- Has a code of business ethics & conduct

CASE STUDY New Century Health, Florida

New Century Health (a health services company acquired by Evolent in 2018) increased its number of oncologists by 25% and its number of partnered payers by 50% from 2015 to 2020.

- The effect of consolidating the two networks was a 25% increase in medical savings vs the cost of unmanaged care for 5-year patients.
- The co-operating providers reported a 4.13 level of satisfaction and a 4.47 ease of portal use (out of 5).

FUTURE ROADMAP Evolent Health is a mission driven company with a goal to, “change the health of the nation while changing the way healthcare is delivered.” Over the last 10 years, Evolent has done this by identifying niches within healthcare that have the combination of high complexity, rapid scientific advancement and or high waste/low quality (ex. Cancer). Additionally, Evolent Health has stated a desire to improve Healthcare Administration, an area that is arduous to navigate (even if one is enrolled in a great healthcare plan). Evolent sees an opportunity to make positive improvements in administrative services.

With a focus on Oncology, Cardiology and Primary Care they plan to grow more market share while driving better quality in those areas and continue to be a leading destination and partner.



ENGAGEMENT CFO of EVH

Additional Data/Statistics: We requested additional data to support the positive health outcomes based on the value-based care of services provided. The request to the CFO produced minimal useful data, however we can encourage the company to work alongside their partners to find some helpful statistics in this area.

Data & Privacy: measures in place for stress testing to preempt a data breach. Additionally, in case of a breach what procedures are in place? In the case of data breach, the VP of Data Security will work with the Chief Technology Officer, this then is brought to the board where Compliance and Governance Affairs responds to data privacy issues. Evolent confirmed on our call that they perform stress testing to preempt data breaches as this is a requirement within their certifications.

Measures that management has put in place to improve internal controls related to financial reporting. Per CFO, the goodwill charge was a one-time occurrence related to the IPO and part of the business they do not sell anymore. Control issues fully remediated as of the beginning of Jan 2021. No further issues to report.

Future Roadmap Outlook: Evolent Health is a mission driven company with a goal to, “change the health of the nation while changing the way healthcare is delivered.” Over the last 10 years, Evolent Health has achieved this by identifying niches within healthcare that have the combination of high complexity, rapid scientific advancement and or high waste/low quality (ex. Cancer). Additionally, Evolent Health has stated a desire to improve Healthcare Administration, an area that is arduous to navigate (even if one is enrolled in a great healthcare plan). Evolent sees an opportunity to make positive improvements in administrative services. Evolent Health envisions bringing deeply clinical, analytic approach to difficult problems facing health care and finding the leverage points where they can make improvements. For example, every Oncologist must upload their plan regimen to their insurance company to get approved – EVH can help suggest a better-quality regimen based on their data. In the primary care space, HMO has tried to improve primary care for the last three decades (unsuccessfully in the opinion of EVH) because it costs a lot of money to do interventions. Evolent can provide the proper outreach to an engageable candidate likely to have a significant event in the future who can be enrolled in a program to improve their health outcome. Unfortunately, you can’t do this with everybody (not everybody is likely to engage/participate) Evolent provides a way to architect efficiently and to be highly selective of employing resources in this case. With a focus on Oncology, Cardiology and Primary Care they plan to grow more market share while drive better quality in those areas and continue to be a leading destination and partner in these areas.

RATING STATUS Per MSCI, 'B'. In 2022, Evolent Health’s ESG industry was changed from Healthcare Equipment & Supplies to Health Care Technology, where firms are exposed to more comparable ESG-related risks. The company develops platforms for care management that process patients’ potentially sensitive data. Thus, it may face regulatory risks in case of data breach. Its data security framework lags that of most peers. Though it has SOC 2 certification, we found limited disclosure on the scope of its privacy policy.” A few items to note:

- Evolent Health Services: Partners saw 99%+ financial and procedural accuracy in health plan administrative performance



BLOOMBERG

S&P Global ESG Rank: 44 <i>0-100, 100 is better</i>	ISS Quality Score: 1 <i>1-10, 1 is better</i>
Sustainalytics Risk Score: 0 <i>0-100, 0 is better</i>	CDP Climate Score: 1 <i>1-8, 8 is better</i>
Bloomberg ESG Disclosure: 36.55 <i>0-100, 100 is better</i>	MSCI Rating: B <i>AAA is better</i>

SOURCES: Public Filings, ISS, MSCI, Bloomberg, Factset