2020 Fourth Quarter and Year-End Financial Results
Conference Call Transcript
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Speakers:

- Carolyne Sohn, The Equity Group
- Kenneth Sim, M.D., Executive Chairman and Co-Chief Executive Officer, ApolloMed
- Brandon Sim, Chief Operating Officer and Chief Technology Officer, ApolloMed
- Eric Chin, Chief Financial Officer, ApolloMed

Q&A Participants

- Gene Mannheimer, Colliers Securities

Operator: Greetings and welcome to the Apollo Medical Holdings' fourth quarter and year-end 2020 financial results conference call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. {operator instructions} It is now my pleasure to introduce your host, Carolyne Sohn. Thank you, miss.

Carolyne Sohn: Thank you, operator, and hello, everyone. Thank you for joining us. The press release announcing Apollo Medical Holdings, Inc.'s results for the fourth quarter and year ended December 31, 2020, is available at the Investors section of the Company's website at www.apollomed.net. To provide some additional background on its results, the Company has made a supplemental deck available on its website. A replay of this broadcast will also be made available at ApolloMed's website after the conclusion of this call.

Before we get started, I would like to remind everyone that this conference call and any accompanying information discussed herein contains certain forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terms such as "anticipate", "believe", "expect", "future", "plan", "outlook", and "will" and include, among other things, statements regarding the Company's guidance for the year ending December 31, 2021, continued growth, acquisition strategy, ability to deliver sustainable long-term value, ability to respond to the changing environment, operational focus, strategic growth plans and merger integration efforts, as well as the impact of the 2020 Novel Coronavirus (COVID-19) pandemic on the Company's business, operations and financial results.

Although the Company believes that the expectations reflected in its forward-looking statements are reasonable as of today, those statements are subject to risks and uncertainties that could cause the actual results to differ dramatically from those projected. There can be no assurance that those expectations will prove to be correct. Information about the risks associated with investing in ApolloMed is included in its filings with the Securities and Exchange Commission, which we encourage you to review before making an investment decision.

Carolyne Sohn: The Company does not assume any obligation to update any forward-looking statements as a result of new information, future events, changes in market conditions, or otherwise, except as required by law. Regarding the disclaimer language, I would also like to refer you to slide 2 of the conference call presentation for further information.

For those of you following along with the accompanying PowerPoint presentation, there is an overview of the Company on slide 3.

On today's call, the Company's Executive Chairman and Co-CEO, Dr. Kenneth Sim, will provide an overview of 2020 annual highlights as well as those for the fourth quarter. The Company's Chief Operating Officer and Chief Technology Officer Brandon Sim will then discuss the latest operational developments, and Chief Financial Officer Eric Chin will follow with a review of ApolloMed's results for full-year 2020. Brandon will conclude the remarks with a discussion of the Company's outlook as well as its long-term growth strategy before opening the floor for questions.

With that, I'll turn the call over to ApolloMed's Executive Chairman and co-CEO, Dr. Kenneth Sim. Please go ahead, Dr. Sim.

Dr. Sim: Good afternoon to all of you and thank you for joining us to discuss ApolloMed's fourth quarter and year-end 2020 results, particularly as this is the Company's first earnings call. We look forward to maintaining this dialogue with the investment community in the quarters to come. I'm here today with Brandon, our COO & CTO, and Eric, our CFO. We're pleased to have this opportunity to speak with you all today, particularly as we come off a year of unprecedented circumstances brought on by the COVID-19 pandemic. To that end, I would like to begin by expressing my gratitude to our network of healthcare providers and their support staff for their unwavering commitment over the course of the past year. The heroic work being done by so many of our affiliated physicians and partners to help test for, treat, prevent and vaccinate against COVID-19 is truly profound and inspiring. With the help of everyone within our organization, we continue to do everything we can to make sure our members are receiving the highest-quality, most cost-efficient care they have come to associate with ApolloMed.

Since this is our first earnings call, we wanted to take a moment to answer the question: what does ApolloMed do, and how are we different from other healthcare providers? I will turn it over to Brandon to go over the answer and will return to discuss highlights for the 2020 fourth quarter and year. Brandon?

Brandon Sim: Thank you, Dr. Sim. To summarize, ApolloMed is a physician-centric, technology-powered, risk-bearing healthcare management and delivery company focused on operating an integrated value-based care model. That's quite a mouthful, so I'll break it down a little.

Physician-centric: This means that we believe that doctors are the quarterbacks of the healthcare system. They are the ones that hold the power to advocate for you, the patient, as best as they can. And by providing them with the tools and technologies that make their jobs easier, we're able to help our contracted physicians provide higher quality care and better patient experiences in a more cost-effective manner. Keep in mind, our business does not rely wholly on a staff model the way that some other healthcare organizations do, such as a Kaiser or a One Medical. The majority of our physicians are independent and responsible for operating their own practices, but they are often exclusively contracted to work with ApolloMed through our affiliated IPAs, or independent practice associations. In that way, we serve as a platform for our over 7,000 providers.

Technology-powered: Healthcare and its delivery, as we all know, is fundamentally broken, and it's our driving mission here at ApolloMed to solve this problem. We believe that a key way to address very tough problems surrounding access to care, cost of care, inefficiency and waste in the healthcare system, and a whole host of other problems is through the smart and domain-adapted use of technology. Technology is what allows us to manage care effectively, perform value-based care that puts patient outcomes first, and scale our platform nationwide. And, as our technology platform improves and learns through our ML and AI methods paired with our clinical expertise, its quality and impact will only accelerate, furthering our mission to fix healthcare for all.

Finally, the risk-bearing part of the model. With our risk-bearing model, ApolloMed takes on the risk of the patient through our consolidated IPAs, meaning that we are allocated a certain amount of dollars per patient from various healthcare payers and charged with meeting that patient's healthcare needs. This model enables us to incentivize our contracted physicians to deliver the best care in the most cost-efficient manner possible. Doctors want to work with us and be a part of our platform because we've aligned their financial incentives with patient outcomes and because we provide them actionable suggestions for improving patient care. In addition, those that surpass certain measures for quality even have the opportunity to partake in the savings we generate or earn additional financial bonuses. So not only do we provide our doctors with the technologies and tools to ease their administrative burden and help them deliver better care, but we also offer the benefit of additional financial incentives if they do well by their patients. Caring for patients is our doctors' passion, and we really want to help them do that to the best of their ability. I'm proud to point out that we have a proven track record of managing this risk profitably over large populations.

Thanks for sitting with me as I introduce ApolloMed - now, I'll turn it back over to Dr. Sim to discuss ApolloMed's results.

Dr. Sim: Thank you, Brandon. We had a milestone year in 2020, which is particularly notable given the circumstances we were all operating under. We beat all of our previously provided guidance metrics, even those that we raised when we announced our third quarter results, as well as analyst estimates for the year. For 2020, the Company achieved total revenues of $687.2 million, which is a 23% increase from $560.6 million in 2019, and net income attributable to ApolloMed of $37.9 million, which is a 168% increase from $14.1 million in the prior year. These are record numbers for the Company and were a result of three items: firstly, our Next Gen ACO's phenomenal achievement in the 2019 performance year, for which we recognized a $19.8 million positive impact from a shared savings settlement on the top line in Q3 of 2020, secondly, contributions from IPA acquisitions we made in 2019, and thirdly, organic growth.

We reported EBITDA of $203.5 million in 2020, compared to $46.8 million in the prior year, and Adjusted EBITDA of $126.5 million, which is a 70% increase from $74.5 million in 2019. I would like to place greater emphasis on the Adjusted EBITDA figures as these numbers back out the impact of excluded assets, which primarily included two line items: 1) real estate assets that generate some rent and 2) a small health plan called Brand New Day that was sold in early 2020. Adjusted EBITDA also backs out the impact of equity method investments, recently acquired IPAs that we are continuing to integrate into our organization and provider bonus payments.

On the bottom line, we benefitted from a trend of decreased utilization across our organization due to the pandemic, particularly in the first half of the year, which resulted in $25.1 million in savings from medical claims in expenses. And we are also beginning to see some of the benefits of our proprietary technologies and platform as total opex increased 15% for the year while we grew our top line 23%.

As our results demonstrate, our business model has proven to be very resilient in the face of the pandemic. For full-year 2020, over 81% of ApolloMed's revenue was capitated and as such, was not affected by COVID-19 or the lower demand for services by patients. Further, we sub-capitate our providers and do not expect an increase in expenses. We are not heavily exposed to fee-for-service income that is affecting other healthcare companies and there have been minimal disruptions as many of our providers have moved to telehealth for appointments.

Dr. Sim: I am proud of our team's ability to adapt as we quickly transitioned our workforce to work-from-home while remaining 100% operational and were not materially affected in any way. We believe that the shift from volume to value-based care will continue, and our resilience throughout 2020 is a testament to the stability of the capitated model and the viability of a pure play value-based care model, which is essentially what ApolloMed operates.

Finally, I would like to thank our committed and highly-engaged team members. We believe we have developed a highly scalable model for the cost-efficient management and delivery of high-quality healthcare and are well positioned to meet our goal of nearly doubling our lives under management to approximately 2 million in 2021.

In that regard, we recently announced the promotion of our Chief Technology Officer and Interim Co-Chief Operating Officer, Brandon Sim, to Chief Operating Officer. Brandon will continue in his role as Chief Technology Officer as well, but given his leadership in strategy and operations, as well as his impressive work in developing the Company's technology platform, we felt promoting him to the COO role made sense, and we look forward to his continued leadership.

Last week, we also announced the appointment of Dr. Jeremy R. Jackson to the newly created role of Chief of Staff. Jeremy will work closely with the executive team and play a key role in special projects for ApolloMed's technology platform, business development, strategy and operations. Having first-hand experience as a practicing physician and as a consultant to various companies within the healthcare space, Jeremy is no stranger to the challenges facing today's healthcare providers, and I am confident his contributions will be extremely valuable as we work to prioritize and execute on our growth initiatives.

With that, I will turn it over to Brandon for an update on our operations and developments in our proprietary technology solutions. Brandon?

Brandon Sim: Thank you, Dr. Sim. We recently announced that our wholly owned subsidiary APA ACO, which has participated in CMS' Next Generation ACO model since 2017, generated $37.3 million in gross savings for the 2019 performance year. This resulted in $19.8 million in shared savings from CMS. APA ACO was among the top 4 performing Next Gen ACOs in the country, out of 37, in both gross savings amount and gross savings percentage. This phenomenal performance had a notable positive impact on our financial results for 2020, contributing $19.8 million to our top line and $13.3 million to our bottom line. Keep in mind our Next Gen ACO only serves approximately 29,000 members out of the over 1.1 million members we manage.

Brandon Sim: We participated again in the Next Gen ACO model in 2020 but will not be seeing results for that performance year for several months to come. And we continue to participate in this model in 2021. Many of you are aware that CMS is exploring different direct contracting models as the shift toward value-based care continues. We are participating in the application process for the new DCE, or Direct Contracting Entities, global model and are optimistic about our prospects given our Next Gen ACO's phenomenal performance.

We also announced in late January of 2021 a strategic alliance and investment in New York-based CAIPA MSO, whereby we will own 30% of the post-closing total interests in CAIPA MSO on a fully diluted basis. With this partnership, ApolloMed will be bringing its proprietary technologies to benefit CAIPA physicians. And the strategic alliance will provide ApolloMed with a low-risk entry foothold in the state of New York with the possibility of expanding the relationship down the line.

CAIPA MSO provides management, consulting, administrative, and other support services to professional healthcare service providers, including CAIPA, a leading IPA serving the greater New York City area. With over 1,000 private practice providers covering over 70 specialties, CAIPA's provider network provides medical services and care to approximately 500,000 patients. CAIPA has consistently been one of the top performing provider networks in the region both in quality and value-based performance, and we felt that their values and philosophy closely mirror those of ApolloMed. For those reasons we are extremely excited to partner with them now and going forward. And we expect this transaction will close by the end of the second quarter of 2021.

Moving to developments into our technology platform… As Dr. Sim mentioned, one of the keys to our successful outcomes is our proprietary technology platform.

The U.S. healthcare system is fraught with inefficiencies and redundancies, creating expensive and potentially ineffective patient care. It's filled with lack of price transparency. It's filled with missed opportunities – troves of data that could be used to help patients through preventive or proactive care. And I could go on. And the US is a leader – and not in the way I'd like us to be – in healthcare cost per capita. We're on a mission to fix that here. Since I joined the Company in 2019, ApolloMed has invested heavily in developing a fully integrated, proprietary software platform, which will enable us to not only scale our managed care model efficiently but also increase physician and patient satisfaction as we improve our ability to deliver high quality patient care.

Brandon Sim: Our solutions address three key pain points in healthcare delivery and managed care – 1) revenue cycle management, 2) care management, and 3) population health, including quality and risk management. What really sets us apart from the technologies of other healthcare companies is our team of expert technologists and our approach to development. We are combining our deep understanding of value-based healthcare from a clinical perspective with the latest software engineering, machine learning, and artificial intelligence methods. It's a true partnership between our engineers and scientists, as well as our healthcare providers across the spectrum, ranging from billers and coders to nurses, PCPs, specialists, and hospitalists, and more.

Our investment in combining domain specific expertise with algorithmic expertise has already paid dividends: we've created automated, ML, and heuristic-driven technology solutions that process medical insurance claims in an automated fashion. As of recent months, over 80% of the claims we receive for our IPAs are processed in a fully automated fashion, meaning that doctors are paid faster and more accurately while lowering our operating costs. We've also created a care management tool that seamlessly integrates across the managed care ecosystem, and we have a provider-facing platform as well that not only eases the revenue cycle management process for providers but also helps them improve on quality and focus on patient outcomes. These proprietary tools are key to lowering variance in clinical and financial outcomes as well as supporting profitability of our value-based care systems as we scale our patient and provider base nationwide.

These solutions have already saved ApolloMed millions of dollars in annual operating expenses, and the benefits of our technology platform will only become more and more obvious in future quarters as our operating margins improve and as the platform learns and grows. We are committed to continuing to develop our technologies going forward as we intend to maintain our leadership position in the space and ensure the scalability required to support our rapid growth.

I'd like to also add that our proprietary technology platform presents a long-term opportunity as well, with the potential to be licensed in a software-as-a-service, or SaaS, model. At this time, we are focused on providing value to our existing MSO clients and partners and continuing to invest in building the best platform possible to ensure scalability and patient outcomes. I look forward to providing future updates on our platform as we progress.

With that, I'd like to turn it over to Eric to review our financial results.

Eric Chin: Thank you, Brandon, and thank you all for joining us today.

As I run through the results for the full year of 2020, you'll see that we delivered strong year-over-year growth and that our model has proven stable and predictable over the course of a pandemic. As a reminder, we do have a supplement available on our website, www.apollomed.net/eventspresentation, which may be helpful as I take you through the numbers.

Let's walk through our results for the full year of 2020. We reported record total revenue of $687.2 million, a 23% increase from $560.6 million in 2019. As Dr. Sim mentioned earlier, this was primarily driven by three things: (i) a shared savings settlement of $19.8 million earned from ApolloMed's participation in an attribution-based risk sharing model through its Next Gen ACO, (ii) the acquisitions of Alpha Care IPA and Accountable Health Care IPA in 2019, which contributed an additional $52.4 million and $29.0 million in capitation revenue, respectively, and (iii) organic revenue growth at Allied Pacific IPA and at Alpha Care IPA, both affiliated IPAs of ApolloMed.

Capitation revenue of $557.3 million represented 81% of our total revenue, no change from 2019.

In terms of membership, we ended the 2020 year with over 1.1 million managed lives, an increase of 15% compared to 980,000 lives a year ago. Taking a closer look at our membership, 558,000 or approximately half of our members, were fully capitated through our consolidated IPAs.

Total operating expenses were $606.7 million in 2020, an increase of 15% from $528.2 million, and that was primarily due to a full year's worth of operating expenses coming from Alpha Care IPA and Accountable Health Care IPA, which we acquired in June 2019 and September 2019, respectively. Alpha Care IPA and Accountable IPA had an increase in cost of $52.2 million and $28.0 million, respectively.

Net income attributable to ApolloMed was $37.9 million (also a record for the Company), and that was an increase of 168% from $14.1 million in 2019. Our earnings per share on a diluted basis were $1.01 per share, compared to $0.39 per share in 2019.

Adjusted EBITDA, which excludes the impact of equity method investments and recently acquired IPAs, other income and provider bonus payments, was $126.5 million, compared to $74.5 million in 2019, a 70% increase year over year driven by the significant increase in net income.

Turning over to the balance sheet, we are well positioned with the capital resources needed to execute on our growth initiatives. We ended the fourth quarter with $193.5 million of cash and cash equivalents, a notable increase from the $103.2 million we had at year end 2019. Our working capital remained steady at $223.6 million, unchanged from the end of 2019. And total stockholders' equity increased to $330.9 million at December 31, 2020, from $192.3 million at December 31, 2019.

Eric Chin: Moving further down the balance sheet, total net debt at the end of the fourth quarter was $245.7 million. We are safely in compliance with our debt covenants with consolidated Total Net Leverage Ratio of 1.64x compared to the maximum permitted 3.50x and consolidated Interest Coverage Ratio of 13.91x compared to the minimum permitted 3.25x.

I'd now like to turn it back over to Brandon for a discussion of our growth strategy and outlook for the remainder of 2021. Brandon?

Brandon Sim: Thanks, Eric.

When it comes to our growth strategy, we have laid out our plans for geographic and membership expansion over the course of this year and beyond. We currently manage over 1.1 million lives. We plan to grow this number to approximately 2 million in 2021, both within the state of California where most of our managed lives reside and in other geographies, and primarily through an M&A strategy supported by organic growth in our existing markets.

The CAIPA MSO strategic alliance and investment was a small first step forward in this expansion plan. We have a robust M&A pipeline and continue to seek like-minded physicians to join our managed care and population health platform. We believe the continued shift toward value-based care nationwide, as well as the demonstrable quality we've produced in terms of clinical and financial outcomes, provide a very strong tailwind for our expansion efforts.

All this brings me to guidance for 2021, which is listed on slide 11 of our supplement. We are providing the following guidance ranges for the year ending December 31, 2021. We anticipate:

- revenues of between $690 million to $710 million,
- net income of $50 million to $60 million,
- net income attributable to ApolloMed of $35 million to $45 million,
- EBITDA of $95 million to $105 million,
- and Adjusted EBITDA of $115 million to $125 million.

Brandon Sim: Keep in mind that our 2020 net income and EBITDA included approximately $99.6 million in gain on sale of a small health plan called Brand New Day that was sold in early 2020, which ultimately benefitted our affiliated IPA, Allied Pacific IPA, and had no effect on net income and Adjusted EBITDA attributable to ApolloMed shareholders. Our 2020 net income and EBITDA also included $25.1 million in savings from medical claims in expenses, as a result of decreased utilization during the COVID-19 pandemic. We do not expect that to repeat this year. This explains the significant difference of the 2021 guidance with our 2020 results.

Additionally, our guidance does not take into account any potential acquisitions or other major business transactions we may complete over the course of 2021. We are committed to remaining open and transparent on any new material developments and will re-evaluate our guidance as appropriate as the year progresses.

We believe that we are well positioned to capitalize on the shifting industry dynamics and are committed to continuing to serve the members in our communities.

In addition, we're also placing a stronger emphasis on our IR efforts and increasing awareness of our story. Not too many people are going out on the road anymore these days, but we have several conference presentations coming up, one of which is tomorrow at the Barclays Global Healthcare Conference. It is a virtual event, and we welcome all of you to listen in.

With that, operator, let's open it up for Q&A.

Q&A Session

Operator: Our first question comes from Gene Mannheimer with Colliers. Please proceed with your question.

Gene Mannheimer: Thanks. Good afternoon, and congrats on a strong year and your inaugural earnings call as well.

Dr. Sim: Thank you, Gene.

Eric Chin: Thank you, Gene.

Gene Mannheimer: You're welcome. Yes, my first question relates to the strong risk pool settlement revenue that you recorded--$23 million. That's the highest number that we've seen barring last quarter in which you received your share of the saving settlement from CMS. So in this quarter, can you provide a little more context behind maybe why that number was so high and how to best forecast that going forward? Thank you.

Dr. Sim: Thank you, Gene. Great question. So Eric, our CFO, will answer that.

Eric Chin: Yes. Gene, good to hear from you. And to answer your question, this is one of those situations where COVID-19 has impacted our numbers due to a decrease in hospital utilization during the year that drove shared savings with our hospital risk pool partners. And that's driving revenue increase for the fourth quarter there.

Gene Mannheimer: So should we assume that where the impact of COVID to taper off this year then, that we should not expect that type of risk pool settlement going forward?

Eric Chin: Yes, great. Great question, Gene. And so the COVID-19 question is probably one of the biggest debates that we have here in terms of our modeling. And really, from a management perspective, the way that we've forecasted it and we're looking at it is, is looking at our internal data from last year throughout COVID-19 barring any re-infection in 2021 and assuming that the government's vaccination plans go according to plan. We see the claims creeping up and we're forecasting the claims to be creeping up in 2021, early 2021 with it kind of getting back to close to pre-COVID levels in the middle of 2021 say, June, July timeframe.

Gene Mannheimer: Okay. All right. That's helpful to understand. Thanks, Eric. And in terms of your EBITDA guidance for the current year, which is above our estimate, does that include any contemplating anything from the shared savings settlement that you would typically see in the second half? Is that included in this guidance or is it all organic?

Eric Chin: Yes. So in our 2021 guidance, we have included something for ACO shared savings settlement is based upon our internal analysis of the claims data that we received from CMS. So it's completely our own estimate. But we've modeled out an amount that is consistent with the prior year.

Gene Mannheimer: Okay. But it's unknown currently, whether that would hit in the third quarter or the fourth quarter, right?

Eric Chin: Correct. That all depends on the settlement process with CMS, which at least if we use the history, it tends to come in late September, early October. And so unfortunately, it kind of bridges that quarter cut-off there.

Gene Mannheimer: Right. Okay. That's great.

Brandon Sim: Quick points here Gene. While, as Eric mentioned earlier, there are internal estimates of the shared savings included in the guidance, we want to emphasize that our guidance is conservative and does not factor in the impact of any acquisitions or other major business transactions that may or may not be completed over the course of 2021. So just to get a sense, just a level set on what is included and what isn't in the guidance that we provided so far.

Gene Mannheimer: Okay, good. Good to hear. So the guidance is really organic with the exception of the shared savings settlement, which is organic, but you're not anticipating acquisitions in your modeling here. How about, on that note, how about the CAIPA investment. As I understand that, at this point, with that relationship, you're not in the business of managing care or lives for CAIPA's half million lives, but rather, you're taking an interest in just the administrative side? What does that do for you from a financial perspective in terms of revenue and EPS that it brings?

Brandon Sim: Yes, that's a great question. Gene. Thanks. Just to go back to your earlier question really quickly. So what is included in the guidance is some of our internal estimates of shared savings as well as the claims impact due to the -- hopefully the recession of COVID in quarters three and four, as Eric mentioned, but not any acquisitions just to be clear on that point. And then to answer your most recent question, regarding the effect of CAIPA MSO on our financials, that deal has not yet closed. It will be closing, we anticipate that we close in Quarter 2 of this year as previously guided. Upon closing, as you mentioned correctly, it is an interest 30% fully diluted interest in the administrative services provided to CAIPA.

We can model that similarly to the way we model our MSO lives currently in our Network Medical Management wholly-owned subsidiary. It will be similar to that in terms of impact of financials and is a management company that manages around 500,000 lives for that. If that helps, it will look similar to our NMM line of business, whether that consummates to something greater is something that we are currently working on but are not at liberty to share. We'll definitely keep you updated and investor community updated as we as we get more information.

Eric Chin: One point there, Gene. It will not have any impact to the top line management fee income. It will show up as investment income because it's a 30% minority investment.

Gene Mannheimer: I got you. Right, right. Okay, good to know that. And then last thing for me and I'll jump off here is you mentioned early on that you are applying to participate in CMS's innovation model, I guess the direct contracting entity? Can you discuss the timing for that, and what the impact of that might have on your business? Thank you.

Dr. Sim Thank you, Gene. Dr. Sim. So the timing is such that we are applying for January of 2022. Currently, we are completing our current contract with CMS or CMMI with the Next Gen all-inclusive model taking risk in Part A and Part B until December, the last day of December of 2021. That will have a smooth, hopefully a very smooth transition into the DCE model that's beginning January 1, 2022. And the impact of that is two ways to look at it, Gene. If the Geo model, which is a subset of the DCE, continues to happen with a new administration coming in, the new director of CMS after her review of the Geo model agrees to continue with it, we are looking forward to hypothetically doubling or tripling our benchmark with CMS. Because the Geo model allows us not only accessible to attributable or claim base patients, the Geo model allows us to actually go out and recruit members with a number of waivers or totally six or seven of them giving us the abilities now to contact patients to be proactive in recruiting patients into Geo model.

If the Geo model is not going to happen, then we will just be in the regular global risk model, the professional model with CMS, and that would at least allow us to keep the 30,000 members, but the growth potential might not be as tremendous. So that's kind of where we are at. Minimally, we'll get to continue with the 30,000 members' benchmark as we had in years past or we may have a great opportunity to double or triple the membership if the Geo model, which is a subset of the DCE entity, is going to prevail. So I hope I've answered the question, Gene.

Gene Mannheimer: Oh you have. Yes very, very good color. Thanks, Dr. Sim. And I'll jump out and maybe catch up with you a bit later. Thank you.

Dr. Sim: Thank you, Gene. I look forward to talking to you soon.

Operator: Thank you. [Operator Instructions] There are no further questions at this time. I'd like to turn the floor back over to management for any closing remarks you may have.

Brandon Sim: Hi, everyone. Thank you all for your time today. I want to close by extending a special thank you to our providers, support staff and all of our team members and employees. At ApolloMed, we realized that a lot of us continue to deal with the fallout of the COVID-19 pandemic even a year later. And as a healthcare company, we are doing all that we can to be part of the solution in bringing us out of this pandemic. We really appreciate everyone's support and look forward to speaking to all of you on our next quarterly call. If anyone has any additional questions, please feel free to reach out to us or our investor relations firm at The Equity Group. Thank you.

Operator: Thank you. Ladies and gentlemen, this concludes today's web conference. You may now disconnect your lines at this time. Thank you for your participation. And have a great day.