

NYSE

OSCR

Oscar Health, Inc.

HOLD — SPECULATIVE

A fortress balance sheet and 67% membership growth meet a \$443M net loss and unproven turnaround thesis. The stock is a bet on execution — not survival.

PRICE

\$13.34

12M TARGET

\$9-\$17

MKT CAP

\$3.97B

52-WEEK

\$11-\$24

MLR (2025)

87.4%

SECTOR

Healthcare — Managed Care (ACA Marketplace)

KEY CATALYST

Q1 2026 Earnings (Apr-May 2026)

RATING

HOLD — Speculative

12M TARGET

\$9 – \$17

KEY CATALYST

Q1 2026 Earnings

Fundamental Assessment

Balance Sheet Strength

\$5.46B cash + investments vs \$430M debt (0.44x D/E). Net cash of \$5.03B. Unencumbered capital \$2.50B (\$8.39/share). No near-term maturities (2030/2031 notes).

STRONG

Membership Growth

3.4M members entering 2026 (+67% from YE 2025). Growing in a shrinking ACA market (24.2M → 23.0M selections). Implied ~14.8% national ACA share.

STRONG

Management Quality

CEO Mark Bertolini — former Aetna CEO who orchestrated \$78B CVS sale. Strong pedigree, but oversaw 2025 guidance miss (~\$600M swing from midpoint). Industry-wide event mitigates concern.

MODERATE

MLR Trajectory

2025 MLR spiked to 87.4% (from 81.7% in 2024). 2026 guided 82.4–83.4%. Oscar achieved 81.6–81.7% in 2023–2024, proving the model works — but 2025 reset undermines confidence.

CAUTION

Competitive Position

~14.8% ACA market share entering 2026. Tech-differentiated model (Oswell AI, direct enrollment). BUT 86.2% of members concentrated in FL/TX/GA. 100% ACA pure-play, zero diversification.

MODERATE

Risk Adjustment Exposure

\$2.53B net RA payable — 22% of revenue. Grew \$1.04B YoY. Oscar's healthier members trigger transfers to competitors. Partially fixable via coding; partially structural.

WEAK

Key Statistics

REVENUE '25

\$11.7B

REV '26E

\$18.85B

MLR '25

87.4%

MLR '26E

82.9%

EPS '25

(\$1.69)

P/B

4.06x

P/S '26E

0.21x

SHORT INT

10.3%

The Investment Paradox

Oscar Health presents one of the most polarizing risk/reward profiles in managed care. The company holds **\$5.46 billion in cash and investments** against just **\$430 million of debt**. It added 67% more members entering 2026, growing to **3.4 million** in a market that shrank by 5%. It recruited **Mark Bertolini** — the former CEO of Aetna who orchestrated its \$78 billion sale to CVS Health — to lead its turnaround.

And yet, Oscar just reported a **\$443 million net loss** in 2025, with its medical loss ratio spiking to 87.4% from 81.7% in 2024. The company's 2025 guidance miss was catastrophic — swinging ~\$600 million from its original operating income target. Risk adjustment transfers consumed 22% of revenue. The question facing investors is straightforward: *is this the best turnaround opportunity in healthcare, or the most well-funded value trap?*

↑ BULL CASE

- Fortress balance sheet eliminates solvency risk — \$2.50B unencumbered capital
- 67% membership growth in shrinking market — competitors retreating
- Demonstrated 81.6–81.7% MLR capability (2023–2024)
- Institutional-grade CEO with deep health insurance expertise
- \$2.6B NOL carryforwards shield future taxable income
- 10.3% short interest creates squeeze potential on positive Q1

↓ BEAR CASE

- 2025 guidance miss was historic (~\$600M swing from midpoint)
- \$2.53B risk adjustment payable — 22% of revenue, partially structural
- P/B of 4.06x already prices in significant recovery
- 86% geographic concentration in FL/TX/GA
- 100% ACA pure-play — zero business diversification
- New 1.36M members unpriced — first-year cohort risk

Investment Thesis

We rate OSCR **HOLD (Speculative)** with a 12-month price target range of **\$9–\$17** and a probability-weighted fair value of **\$12.06** (vs. current \$13.34). The stock is roughly fairly valued given the high uncertainty around 2026 MLR execution. Q1 2026 earnings are the defining data point — an MLR below 83% validates the turnaround; above 85% likely breaks the thesis.

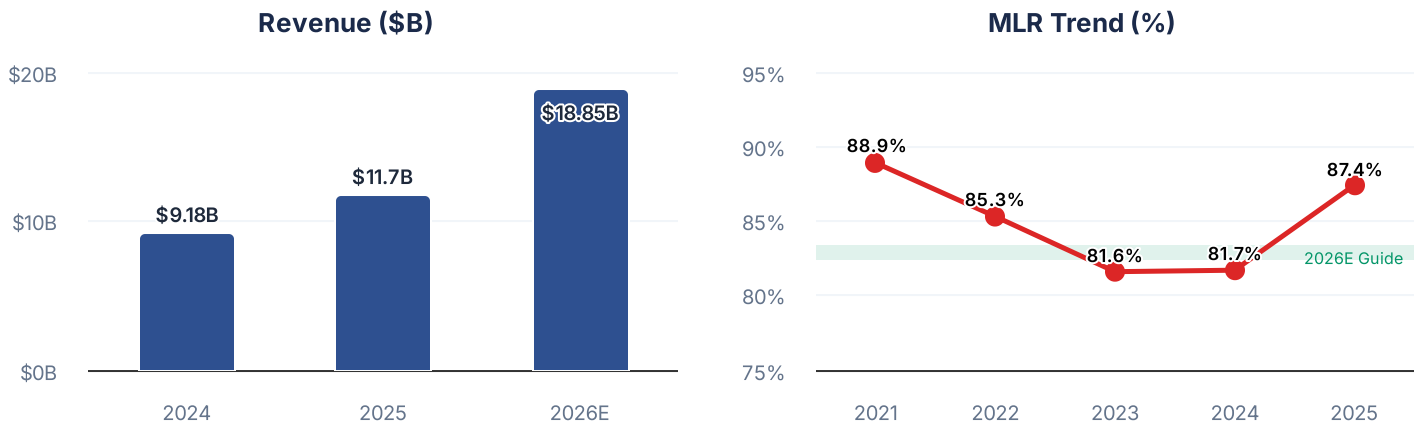
THREE-SCENARIO MODEL

SCENARIO	PROB.	MLR	OP. INCOME	EPS	IMPLIED PRICE
↑ Bull	25%	82.5%	\$320M	\$1.36	\$16.32
— Base	45%	84.0%	~\$0M	\$0.51	\$12.66
↓ Bear	30%	86.0%	(\$434M)	(\$0.81)	\$7.60
Weighted FV	100%	—	—	—	\$12.06

📌 NOL Optionality: Oscar holds \$2.6B in federal net operating loss carryforwards. In the bull case, these could shield taxable income entirely, lifting EPS from \$1.36 (at 21% tax) to ~\$1.72 (at 0% effective tax), implying ~\$20.64 at a 12x P/E multiple.

📌 MLR Sensitivity: Each 1 percentage point of MLR on \$18.85B 2026 revenue = ~\$189M of operating income swing. The difference between bull and bear is just 3.5 points of MLR.

Revenue Growth & Margin Analysis



REVENUE DECOMPOSITION

Oscar's revenue grew **27.5%** in 2025 (to \$11.70B) and is guided to grow **61.1%** in 2026 (to \$18.85B midpoint). Growth is driven by two factors: **membership expansion** (YE 2025: 2.04M → entering 2026: 3.4M, +67%) and **premium increases** (monthly PMPM rose from \$455 in 2024 to \$478 in 2025). The 2026 revenue jump reflects both aggressive repricing (median 18% ACA premium increases industry-wide) and Oscar's continued market share gains even as the ACA market shrank 5%.

MEDICAL LOSS RATIO TRAJECTORY

Oscar's MLR improved steadily from 88.9% (2021) to 81.7% (2024) — a 720 bps improvement reflecting pricing discipline and medical management. The 2025 spike to 87.4% (+570 bps) was driven by higher market morbidity, elevated utilization, and a \$1.04B increase in net risk adjustment payables. **Critically, the deterioration was industry-wide:** Molina's Marketplace MLR spiked from 75.4% to 90.6% in the same period. Oscar's 2026 guided range of 82.4–83.4% assumes repricing is adequate and utilization normalizes.

Key Metric: Each 1pp of MLR on \$18.85B = ~\$189M operating income. The 2023–2024 results prove Oscar CAN run at 81–82% MLR. The question is whether 2025 was a one-time mispricing or structural shift.

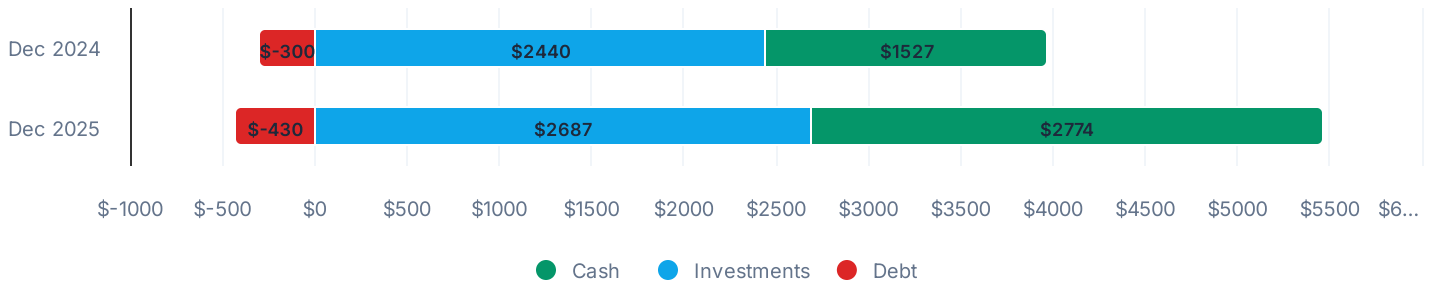
INCOME STATEMENT SUMMARY (\$M)

METRIC	FY 2024	FY 2025	FY 2026E	YOY '24 → '25
Total Revenue	\$9,178	\$11,701	\$18,850	+27.5%
Medical Costs	\$7,349	\$10,043	\$15,629*	+36.7%
MLR	81.7%	87.4%	82.9%*	+570 bps
SG&A	\$1,772	\$2,054	\$3,024*	+15.9%
SG&A Ratio	19.3%	17.5%	16.1%*	-175 bps
Operating Income	\$57	(\$396)	\$350*	N/M
Investment Income	\$186	\$203	\$210*	+9.3%
Interest Expense	(\$24)	(\$18)	(\$18)*	-25.8%
Net Income	\$25	(\$443)	TBD	N/M
Diluted EPS	\$0.09	(\$1.69)	TBD	N/M

* 2026E figures use guidance midpoints. Medical costs & SG&A derived from guided MLR (82.9%) and SG&A ratio (16.1%). Operating income is midpoint of \$250–\$450M guided range.

Balance Sheet & Cash Flow

Capital Structure (Dec 2025, \$M)



BALANCE SHEET SNAPSHOT (\$M)

METRIC	DEC 2024	DEC 2025	CHANGE
Cash & Equivalents	\$1,527	\$2,774	+\$1,247
Short-Term Investments	\$625	\$1,216	+\$591
Long-Term Investments	\$1,815	\$1,471	(\$344)
Total Cash + Investments	\$3,967	\$5,461	+\$1,494
Total Debt	\$300	\$430	+\$130
Net Cash Position	\$3,667	\$5,031	+\$1,364
Stockholders' Equity	—	\$978	—
Debt / Equity	—	0.44x	—
Book Value / Share	—	\$3.28	—
Net RA Payable	(\$1,494)	(\$2,532)	(\$1,038)
Unencumbered Capital	—	\$2,499	—

CASH FLOW HIGHLIGHTS (\$M)

METRIC	FY 2024	FY 2025
Operating Cash Flow (Reported)	\$978	\$1,095
Less: RA Accrual Timing Effect	—	(\$1,038)
Adjusted Operating Cash Flow	—	~\$57
Capital Expenditures	—	(\$36)

⚠ Critical Caveat: The \$1,095M reported OCF is inflated by ~\$1,038M from risk adjustment accrual timing — the net RA payable grew from \$1,494M to \$2,532M, but this cash hasn't been paid to CMS yet. Adjusted for this timing, underlying OCF was approximately \$57M. The cash reserves are real; the operating cash generation is overstated.

🛡 Balance Sheet Strength: With \$5.46B in cash + investments, \$430M debt (maturing 2030/2031), and \$2.50B unencumbered capital (\$8.39/share), Oscar can absorb multiple more years of losses without dilutive capital raises. Solvency risk is negligible.

📌 Debt Structure: \$410M senior notes due 2030 + \$35M notes due 2031. No near-term maturities. Interest expense of \$18M annually is minimal relative to the capital base.

REINSURANCE ARRANGEMENTS

Oscar utilizes **quota share reinsurance** (47% of premiums ceded in 2025, down from 53% in 2024) and **excess-of-loss (XOL) reinsurance** for catastrophic claims. Total ceded premiums were modest at \$11M in 2025. The quota share arrangement reduces Oscar's net exposure but also limits upside in favorable claims years.

Oscar Health vs. Molina Healthcare

Molina Healthcare (MOH) serves as a useful but imperfect benchmark. Both companies suffered severe ACA margin deterioration in 2025 — Oscar's MLR spiked to 87.4% while Molina's Marketplace MLR hit 90.6%. However, the business mix is fundamentally different: Oscar is a pure-play ACA marketplace carrier, while Molina derives ~75% of premium revenue from Medicaid. This makes direct consolidated ratio comparison informative but limited.

FY 2025 FINANCIAL COMPARISON

METRIC	OSCR	MOH	ADVANTAGE
Total Revenue	\$11.7B	\$45.4B	MOH (SCALE)
Revenue Growth YoY	27.5%	12.0%	OSCR
MLR / MCR (Consolidated)	87.4%	91.7%	OSCR
Marketplace-Specific MLR	87.4%	90.6%	OSCR
SG&A / G&A Ratio	17.5%	6.6%	MOH (EFFICIENCY)
Operating Margin	-3.4%	1.7%	MOH
Net Margin	-3.8%	1.0%	MOH
Debt / Equity	0.44x	0.93x	OSCR
Members (YE)	2.04M	5.49M	MOH (SCALE)
P/S (2025 Revenue)	0.34x	0.23x	MOH (CHEAPER)
P/B	4.06x	2.55x	MOH (CHEAPER)

Oscar's SG&A of 17.5% includes technology platform investment (engineering, AI, digital infrastructure) that Molina does not carry. This is a deliberate business model difference — not operational inefficiency. Oscar's tech spend is designed to drive member acquisition, retention, and long-term cost management.

↔ Strategic Divergence

Molina is actively retreating from ACA Marketplace — shrinking from 655K to 220K guided members for 2026 — while Oscar is doubling down (2.04M → 3.4M). This makes the 2026 Marketplace comparison apples-to-oranges: Oscar will be running an actively underwritten, growing book; Molina will be managing a wind-down portfolio.

≡ The Marketplace MLR Signal

On the metric that matters most for ACA comparison — Marketplace-specific MLR — Oscar (87.4%) outperformed Molina (90.6%) in 2025. Both missed badly, but Oscar managed its ACA book better than a company 4x its size. This supports the thesis that Oscar's ACA specialization provides operational advantages in the exchange market.

MANAGED CARE PEER VALUATION MULTIPLES

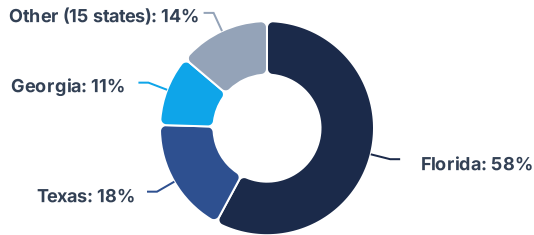
TICKER	P/S (2025)	P/E ADJ. (2025)	P/B	BUSINESS MIX
OSCR	0.34x	N/M	4.06x	ACA Pure-Play
MOH	0.23x	13.5x	2.55x	Medicaid / Medicare / ACA
CNC	0.09x	16.7x	0.88x	Medicaid / Medicare / ACA
ELV	0.37x	9.7x	1.66x	Commercial / Medicaid / Medicare

Oscar's P/E is not meaningful due to net loss. P/S of 0.34x on 2025 revenue compresses to 0.21x on 2026E guided revenue, reflecting the 61% revenue growth trajectory. CNC P/B below 1.0x reflects GAAP loss in FY2025.

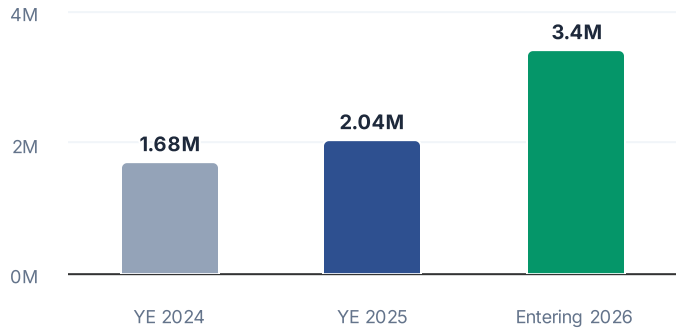
Competitive Positioning

<p>~14.8%</p> <p>ACA MARKET SHARE (2026E)</p>	<p>3.4M</p> <p>MEMBERS ENTERING 2026</p>	<p>20 States</p> <p>COVERAGE FOOTPRINT (2026)</p>
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Geographic Mix (YE 2025)



Membership Growth (M)



🏆 "Last Player Standing" Dynamic

Molina is deliberately shrinking its ACA Marketplace book from 655K to 220K members — a 66% reduction. When established players retreat, remaining competitors gain structural advantages: less pricing pressure, access to displaced members, and stronger provider negotiating position. Oscar's 67% membership growth may partially reflect competitor retreat, making it a more durable source of growth than pure market expansion.

PRODUCT & TECHNOLOGY DIFFERENTIATION



Oswell AI Assistant

AI-powered member navigation and service — reducing call center costs while improving experience



Direct Enrollment

Digital-first member acquisition reducing broker dependency and associated fraud risk



Targeted Products

Buena Salud (Hispanic), HelloMeno, Guided Care HMO — niche products for underserved segments

ACA MARKET DYNAMICS (2025–2026)

The ACA marketplace is undergoing significant structural change. **Enhanced premium tax credits expired at the end of 2025**, causing the median proposed 2026 premium increase to reach 18% (with ~4pp attributed to subsidy expiration). Total Marketplace selections declined modestly from 24.2M (2025) to 23.0M (2026) — a 5% drop, less severe than feared.

CMS also finalized the **Marketplace Integrity and Affordability Rule**, tightening special enrollment period verification, adding income verification requirements, and requiring \$5/month from \$0-premium auto-reenrollees. These rules should reduce improper enrollment and lower premiums (~5% per CMS), but also add friction that could suppress legitimate enrollment among lower-income consumers.

📍 Geographic Concentration Risk

86.2% of Oscar's year-end 2025 membership is concentrated in just three states: **Florida (57.8%)**, Texas (17.6%), and Georgia (10.7%). Florida alone represents nearly 3 out of every 5 members. A state-specific regulatory change, major hurricane season, or aggressive competitor move in Florida could have outsized impact on Oscar's entire business. Oscar expanded to 20 states for 2026 (adding Alabama and Mississippi), but meaningful diversification will take years.

🏹 Single-Line Dependency

Oscar generates 100% of revenue from the ACA individual marketplace. Unlike Molina (Medicaid/Medicare/ACA) or Elevance (Commercial/Medicaid/Medicare), Oscar has zero business diversification. If ACA faces adverse political or regulatory action, there is no fallback revenue stream. This concentration demands a valuation discount relative to diversified peers.

Management Team & Effectiveness

Mark T. Bertolini

Chief Executive Officer — Since April 2023

Former CEO of Aetna (2010–2018), where he led the company through its transformation into a consumer-focused health services enterprise and ultimately orchestrated its **\$78 billion sale to CVS Health** — the largest health insurance M&A transaction in history. Prior roles at Cigna, NYLCare Health Plans, and SelectCare. BS Wayne State University, MBA Cornell. Served as strategic advisor to Oscar for 18 months before becoming CEO.

AETNA TENURE

8 Years CEO

CVS DEAL VALUE

\$78 Billion

FOUNDATION BUY

933K Shares

OSCAR SINCE

Apr 2023

SENIOR LEADERSHIP TEAM

ROLE	NAME	KEY DETAIL
CEO	Mark T. Bertolini	Former Aetna CEO; joined April 2023
CFO	R. Scott Blackley	Oversees financial strategy and capital allocation
CTO / Pres. Technology	Mario Schlosser	Oscar co-founder; transitioned from CEO to tech leadership
Pres. Oscar Insurance	Janet Liang	Joined Feb 2025; insurance operations leadership
Chief Legal Officer	Adam McAnaney	Joined Feb 2025; legal and regulatory affairs

THE 2025 GUIDANCE MISS — IN CONTEXT

Oscar Health (OSCR)

Original Guide: \$225–\$275M operating income

July Revision: (\$200)–(\$300)M operating loss

FY2025 Actual: (\$396)M operating loss

Miss: ~\$646M from midpoint

Molina Healthcare (MOH)

Original Guide: At least \$24.50 adj. EPS

July Revision: \$21.50–\$22.50 adj. EPS

FY2025 Actual: \$11.03 adj. EPS

Miss: ~55% below original guide

The 2025 guidance miss was severe by any standard — Oscar swung ~\$646M from its original operating income midpoint. However, framing matters: **this was an industry-wide mispricing event, not unique management failure.** Molina, a company 4x Oscar's size with decades of actuarial history, missed its own EPS guidance by 55%. The root causes — elevated ACA utilization, Medicaid redetermination-driven adverse selection, and risk adjustment volatility — affected the entire managed care sector.

INSIDER ACTIVITY (2025–2026)

Executive insider transactions were **primarily routine tax-withholding disposals** tied to RSU vesting and option exercises — standard at pre-profit growth companies. No executive conducted significant discretionary open-market selling. Bertolini's Anahata Foundation purchased 933,000 shares on the open market in November 2024, demonstrating personal financial commitment. The absence of insider selling after the stock declined from \$23.80 to ~\$13 is a modestly positive signal.

Management Assessment: Net Positive

Management quality is a reason to give Oscar the benefit of the doubt — but not a reason to ignore the data. Bertolini's institutional credibility, the restructured leadership team (industry veteran CEO + tech-founder CTO), and the absence of insider selling support a moderate positive assessment. The turnaround thesis ultimately rests on execution, not credentials. The 2025 miss buys one more chance; a 2026 miss would be terminal for management credibility.

Risk Assessment

TIER	RISK FACTOR	IMPACT	PROBABILITY
TIER 1	MLR Execution Risk — Each 1pp of MLR = ~\$189M operating income. Must prove repricing is adequate after 2025 miss.	Critical	High
TIER 1	Risk Adjustment Structural Drag — \$2.53B net payable (22% of revenue). Partially structural, not just a coding issue.	High	High
TIER 2	ACA Subsidy Legislative Risk — Enhanced credits expired end-2025. Further reductions would shrink addressable market. 100% ACA = existential exposure.	Existential	Moderate
TIER 2	Geographic Concentration — 86.2% of members in FL/TX/GA. Florida alone is 57.8%. State-specific disruption = outsized impact.	High	Low-Mod
TIER 3	New Member Cohort Quality — 1.36M new members entering 2026 with no claims history. Mispricing risk is highest for rapid-growth cohorts.	Moderate	Moderate
TIER 3	Management Credibility — 2025 miss was \$646M from midpoint. Another miss breaks market trust permanently.	Moderate	Moderate
TIER 3	Competitive Response — Large carrier (UHG, ELV, CNC) could aggressively target FL/TX/GA with loss-leader pricing.	Moderate	Low

Risk Adjustment Deep Dive

\$2.60B

RA TRANSFER (2025)

22.2%

RA AS % OF REVENUE

+\$1.04B

YOY RA PAYABLE GROWTH

Oscar's members are coded as healthier than average, triggering net transfers to competitors with sicker populations. **The paradox:** healthier members mean lower actual medical costs, but the risk adjustment transfer is an additional drag on top of claims. If Oscar improves its risk coding — better capturing the true acuity of its members — some of this \$2.53B payable could be recaptured without any change in actual medical costs. This is a hidden operational lever, but fixing it requires sustained investment in clinical documentation and HCC coding.

Upcoming Catalysts

<p>APRIL – MAY 2026</p> <p>Q1 2026 Earnings Report</p> <p>First quarter under repriced 2026 book. MLR below 83% = thesis intact, potential +30% move. MLR above 85% = thesis broken, potential -25% move.</p> <p>CRITICAL — DEFINING EVENT</p>
<p>JUNE – JULY 2026</p> <p>CMS 2027 Rate Filing Guidance</p> <p>Sets pricing framework for 2027 plans. Unfavorable risk adjustment changes or tighter rate review could pressure 2027 outlook.</p> <p>MODERATE</p>
<p>JULY – AUGUST 2026</p> <p>Q2 2026 Earnings Report</p> <p>Confirms or refutes Q1 trend. Two consecutive good quarters would establish turnaround trajectory and potentially trigger upgrades.</p> <p>HIGH</p>
<p>ONGOING 2026</p> <p>Congressional ACA Subsidy Debate</p> <p>Any legislation restoring enhanced subsidies = major sector tailwind, disproportionately benefiting Oscar. Further reduction = headwind.</p> <p>HIGH (TIMING UNCERTAIN)</p>
<p>OCTOBER – NOVEMBER 2026</p> <p>2027 Open Enrollment Period</p> <p>Membership trajectory entering 2027. Continued growth validates competitive position and repricing strategy.</p> <p>MODERATE</p>

HOLD — Speculative

Conviction: Moderate | Risk: High | Horizon: 6–18 Months

\$9–\$17

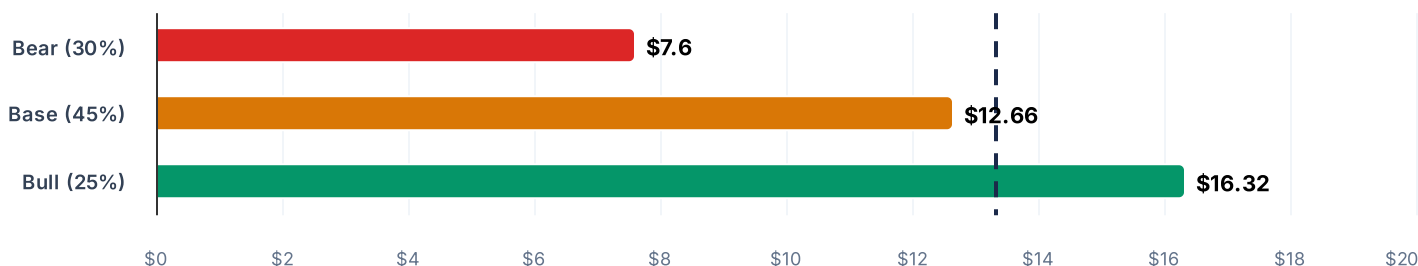
12M TARGET RANGE

\$12.06

WEIGHTED FAIR VALUE

Scenario Valuation

Scenario Implied Prices vs. Current



SCENARIO	PROB.	MLR	OP. INC.	NET INC.	EPS	MULTIPLE	PRICE	CONTRIB.
↑ Bull	25%	82.5%	\$320M	\$405M	\$1.36	12x P/E	\$16.32	\$4.08
— Base	45%	84.0%	~\$0M	\$152M	\$0.51	0.20x P/S	\$12.66	\$5.70
↓ Bear	30%	86.0%	(\$434M)	(\$242M)	(\$0.81)	0.12x P/S	\$7.60	\$2.28
Weighted FV	100%	—	—	—	—	—	\$12.06	\$12.06

📌 NOL Upside Optionality: Oscar holds \$2.6B in federal NOL carryforwards with a \$696M valuation allowance. In the bull case, these could shield taxable income entirely — pushing EPS to ~\$1.72 (from \$1.36 at 21% tax), implying ~\$20.64 at 12x P/E. This is optionality above our base valuation framework.

The Bottom Line

Oscar Health is a **bet on execution, not survival**. The fortress balance sheet (\$5.46B cash + investments, 0.44x D/E) eliminates existential risk. The 67% membership growth in a shrinking market demonstrates genuine competitive advantage. Mark Bertolini's pedigree provides institutional-grade leadership.

But the 2025 results exposed real vulnerabilities — the \$2.53B risk adjustment drag, the 86% geographic concentration, and the gap between growth ambition and pricing discipline. At \$13.34, the stock is roughly fairly valued on a probability-weighted basis. The **Q1 2026 earnings report** is the single most important catalyst: MLR below 83% validates the turnaround; above 85% likely breaks the thesis.

For risk-tolerant investors: monitor Q1, consider entry below \$11. **For risk-averse investors:** wait for two consecutive quarters of improving MLR before establishing a position.

KEY METRICS TO MONITOR IN Q1 2026

1 Medical Loss Ratio

Below 83% = thesis intact, strong rally likely. Above 85% = thesis broken, expect sell-off.

2 Membership Retention

Watch for churn from the 3.4M base. Stickiness validates repricing; attrition signals adverse selection.

3 Risk Adjustment Accruals

Direction of RA payable — stabilizing or growing? Improving coding = hidden margin upside.

4 Management Guidance

Any 2026 guidance revision — up or down — is a critical signal. A raise would be powerfully bullish.

Disclosure: This analysis was prepared by CellCog Research on March 16, 2026. All data sourced from SEC filings, Oscar Health investor relations, CMS, KFF, and market data providers. This report is for informational purposes only and does not constitute investment advice. Past performance is not indicative of future results. The analyst does not hold a position in OSCR. All financial projections are estimates and subject to material uncertainty.