



Moving healthcare forward.

Jefferies 2019 Healthcare Conference

June 4, 2019



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All data provided as of March 31, 2019 unless stated otherwise.

Compelling Solutions to Address Urgent Healthcare Industry Needs

Payment Accuracy



Coordination of Benefits (COB)

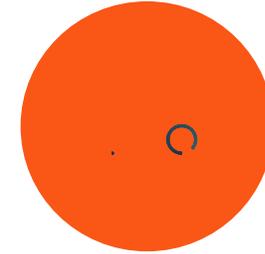
Industry-leading solution ensures the right payer pays the claim, both prospectively for cost avoidance and retrospectively for recoveries of improper payments.



Payment Integrity (PI)

A comprehensive and interoperable solution set that addresses a wide range of fraud, waste and abuse challenges; available on a pre- and post-payment basis.

Risk Analytics, Member Engagement, Care Management



Total Population Management (TPM)

An integrated solution featuring risk analytics, multi-modal member engagement and a comprehensive care management platform that helps reduce costs, improve health outcomes and enhance member experience.

National Size and Scale

Unmatched national footprint provides excellent cross-selling opportunities

- Current eligibility data for **290+** million individuals
- Broad state government coverage, including services to **40+** Medicaid agencies
- More than **325** health plans, including **23** of the **25** largest U.S. health insurers (based on membership)
- Serving **160+** employers
- Reach extends to federal agencies (CMS, VA), PBMs, IPAs and beyond



Robust Data Assets



>290M

Unique lives - health coverage information

>7.0

Petabytes of data

>1.5B

Eligibility coverage segments (current and historical)

>3B

Paid claim records received annually

>1,250

Trading partners for COB (health plans, TPAs, PBMs, etc.)

>90%

Medicaid lives in customer eligibility files

Solid 1Q'19 Results Support FY'19 Guidance

1Q'19 Performance¹

- Total 1Q'19 revenue up **11.3%**, excluding 1Q'18 reserve release²
 - Coordination of Benefits revenue up **15.5%**
 - Total Population Management revenue up **30.9%**
 - Payment Integrity revenue down **(8.6)%**
- FY Net Income up **207%**
- FY adjusted EBITDA up **17.4%**³

2019 Financial Guidance

- Total FY'19 revenue of **\$640-650M**
 - Coordination of Benefits growth of low-to-mid single digits
 - Analytical Services growth (including Payment Integrity and Total Population Management) in double digits
- Net Income of **\$64-70M**
- Adjusted EBITDA of **\$170-175M**³

¹ All numerical comparisons are on a year-over-year basis

² Excludes \$8.4 million of revenue related to the Q1'18 reversal of the Company's reserve liability for open or pending Medicare RAC appeals following expiration of the original Medicare RAC contract on January 31, 2018

³ Adjusted EBITDA is a non-GAAP measure (see reconciliations in Appendix)

Balance Sheet Strength and Financial Flexibility to Fund Future Growth

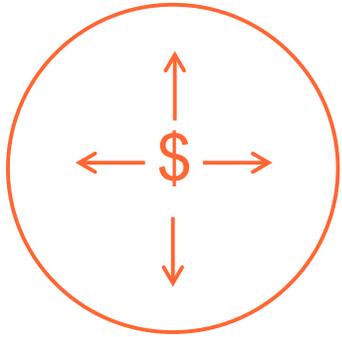
- Low net leverage and flexible credit facility ¹
- Cash and cash equivalents of ~\$220 million at 3/31/19
- Strong quarterly cash flow
- Relatively low annual CapEx as % of revenue
- Prudent capital allocation to include:
 - Investments to enhance product capabilities and IT infrastructure
 - Acquisitions to expand PI, TPM and/or data analytics capabilities

¹Total revolving credit facility debt at March 31, 2019 of \$240 million



Clear Strategic Priorities

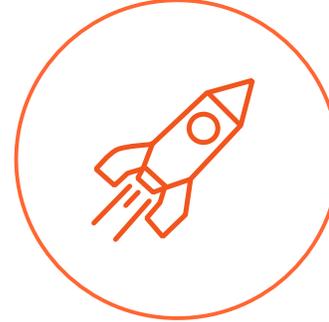
Highly engaged workforce ready to tackle strategic priorities



**Expand Margins
and Profitability**



**Boost Sales Via
Account Expansion
and New Logos**

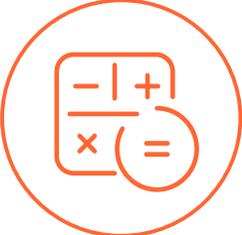


**Advance
Across-the-Board
Growth Strategy**



**Maximize Talent
Recruitment,
Engagement & Retention**

Well Positioned to Address Industry Trends



Rising and Unsustainable Costs

Proven cost containment leader that saves billions of dollars annually for healthcare payers



Transition to Value-Based Care

Provides comprehensive population health analytics that inform and drive improved clinical outcomes and quality scores



Consumerization of Healthcare

Unique ability to create member health profiles that address medical conditions, social determinants and consumer preferences



Importance of Big Data is Increasing

Rich data assets and the technology needed to drive actionable analytics



Push for Greater Interoperability

Platforms seamlessly integrate with claims, eligibility and other technology sources



Positioned For The Future Of Healthcare

Harnessing assets to meet the changing needs of a dynamic industry

- 360-degree view of the healthcare system
- Industry-leading cost containment solutions
- Unique risk intelligence analytics
- Expertise in Medicaid, Medicare, commercial and employer-sponsored healthcare programs
- Expansive data relationships
- Broad and deep customer relationships
- An experienced executive team





Appendix

Reconciliation of Q1 Net Income to Diluted GAAP EPS and Diluted Adjusted EPS

(unaudited; in thousands, except per share amounts)	Three Months Ended	
	March 31, 2019	March 31, 2018
Net Income	\$ 19,642	\$ 6,391
Stock-based compensation expense	10,979	9,494
Amortization of acquisition related software and intangible assets	4,166	8,132
Income tax related to adjustments ⁴	(4,089)	(5,505)
Adjusted net income	\$ 30,698	\$ 18,512
Weighted average common shares, diluted	88,614	85,682
Diluted GAAP EPS ⁵	\$ 0.22	\$ 0.07
Diluted adjusted EPS ⁵	\$ 0.35	\$ 0.22
Discrete tax benefits	\$ 0.07	\$ -
Reserve release benefit	\$ -	\$ 0.05
Diluted adjusted EPS after reserve release and discrete tax benefits	\$ 0.28	\$ 0.17

⁴ Tax effect of adjustments is computed as the pre-tax effect of the adjustments multiplied by the forecasted adjusted annual effective tax rate at period end.

⁵ Diluted GAAP EPS and Diluted Adjusted EPS included discrete tax benefits of \$0.07 per diluted share for the three months ended March 31, 2019 primarily related to the exercise of employee stock options, and \$0.05 related to the reserve release benefit for the three months ended March 31, 2018.

Reconciliation of Q1 Net Income to EBITDA and Adjusted EBITDA

(unaudited; in thousands, except percentages)	Three Months Ended	
	March 31, 2019	March 31, 2018
Net Income	\$ 19,642	\$ 6,391
Net interest expense	1,735	2,528
Income taxes	(1,671)	3,003
Depreciation and amortization of property and equipment and intangible assets	10,269	13,466
Earnings before interest, taxes, depreciation and amortization (EBITDA)	29,975	25,388
Stock-based compensation expense	10,979	9,494
Adjusted EBITDA	\$ 40,954	\$ 34,882
% of Revenue	27.7%	24.7%

Reconciliation of Trailing Twelve Months Net Income to EBITDA and Adjusted EBITDA

(unaudited; in thousands)	Trailing Twelve Months Ended	
	March 31, 2019	March 31, 2018
Net Income	\$ 68,240	\$ 45,003
Net interest expense	9,428	10,973
Income taxes	(6,646)	2,434
Depreciation and amortization of property and equipment and intangible assets	54,399	52,974
Earnings before interest, taxes, depreciation and amortization (EBITDA)	125,421	111,384
Stock-based compensation expense	22,992	28,251
Settlement Expense	20,000	-
Adjusted EBITDA	\$ 168,413	\$ 139,635

Reconciliation of Q1 Net Cash Provided by Operating Activities to Free Cash Flow

(unaudited; in thousands)	Three Months Ended	
	March 31, 2019	March 31, 2018
Net cash provided by operating activities	\$ 28,522	\$ 14,737
Purchases of property and equipment	(369)	(791)
Investment in capitalized software	(3,621)	(4,963)
Non-GAAP free cash flow	\$ 24,532	\$ 8,983

The Company believes that the non-GAAP free cash flow financial measures in this presentation provide useful information regarding how much cash flow is available, after purchases of property and equipment and investment in capitalized software, to be used for working capital needs or for other opportunities. It should not be inferred that the entire Non-GAAP free cash flow amount is available for discretionary expenditures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

Reconciliation of Q1 Total Debt to Net Leverage Ratio

(unaudited; in thousands)	March 31, 2019		March 31, 2018	
Total Debt (revolving credit facility) ⁶	\$	240,000	\$	240,000
Cash and cash equivalents		(219,857)		(83,898)
Total net debt	\$	20,143	\$	156,102
Net income ⁷	\$	68,240	\$	45,003
Adjusted EBITDA ⁸	\$	168,413	\$	139,635
Net leverage ratio ⁹		0.12		1.12

⁶ Total Debt consists of the outstanding principal balance under our senior secured revolving credit facility as of the dates shown

⁷ Trailing twelve months Net Income

⁸ Trailing twelve months Adjusted EBITDA

⁹ The Company's net leverage ratio is calculated by dividing total net debt as of the date shown by trailing twelve months' Adjusted EBITDA

Financial Guidance for Full Year 2019

	FY19 Guidance (in millions)	Change
Total Revenue	\$ 640 - 650	8.4 - 10.2% ¹⁰
Net Income	\$ 64 - 70	27.2 - 39.2% ¹¹
Adjusted EBITDA	\$ 170 -175	9.0 - 12.2% ¹²

¹⁰ Reported 2018 revenue included \$8.4 million related to the Reserve Release in the first quarter of 2018. Including the Reserve Release, total revenue growth is expected to be 7.0-8.6% in 2019. Excluding the Reserve Release, total revenue growth is expected to be 8.4-10.2% in 2019.

¹¹ Reported 2018 net income included \$4.7 million related to the Reserve Release in the first quarter of 2018. Including the Reserve Release, net income growth is expected to be 16.4-27.3% in 2019. Excluding the Reserve Release, net income growth is expected to be 27.2-39.2% in 2019.

¹² Reported 2018 adjusted EBITDA included \$6.3 million related to the Reserve Release in the first quarter of 2018. Including the Reserve Release, adjusted EBITDA growth is expected to be 4.7-7.8% in 2019. Excluding the Reserve Release, adjusted EBITDA growth is expected to be 9.0-12.2% in 2019.

Reconciliation of Projected 2019 Net Income to Projected 2019 EBITDA and Adjusted EBITDA

(unaudited; in millions)	Twelve Months Ended December 31, 2019	
	Estimated Range	
	Low	High
Net Income	\$ 64	\$ 70
Net interest expense	12	12
Income taxes	28	27
Depreciation and amortization of property and equipment and intangible assets	44	44
Earnings before interest, taxes, depreciation and amortization (EBITDA)	148	153
Stock based compensation expense	22	22
Adjusted EBITDA	\$ 170	\$ 175



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