



A Healthy Collaboration®

A decorative horizontal bar with a wavy, ribbon-like shape, split into two colors: a top blue section and a bottom orange section.

2Q 2014 Conference Call

July 29, 2014



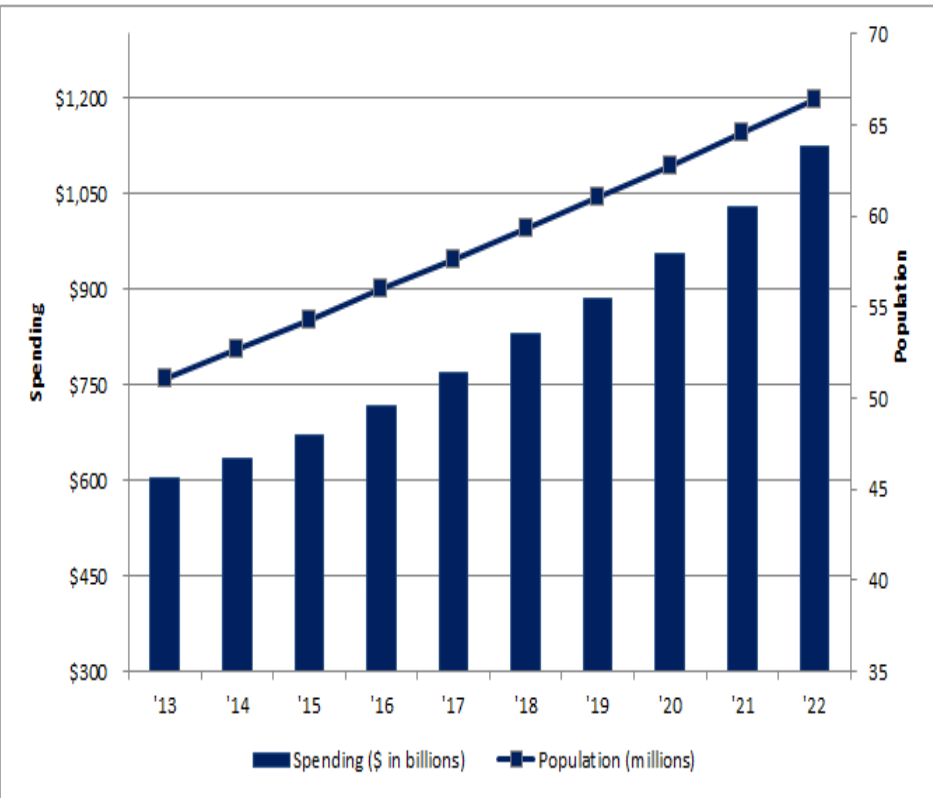
Forward-Looking Statements/Non GAAP Financial Measures

This presentation may contain forward-looking statements within the meaning of the Federal securities laws. These statements, which reflect management's current expectations, projections and beliefs, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of these risks and uncertainties we recommend that you review the Company's risk factors and other disclosures set forth in our SEC filings. We undertake no obligation to update or revise any forward-looking statements to reflect events, developments or circumstances after the date hereof.

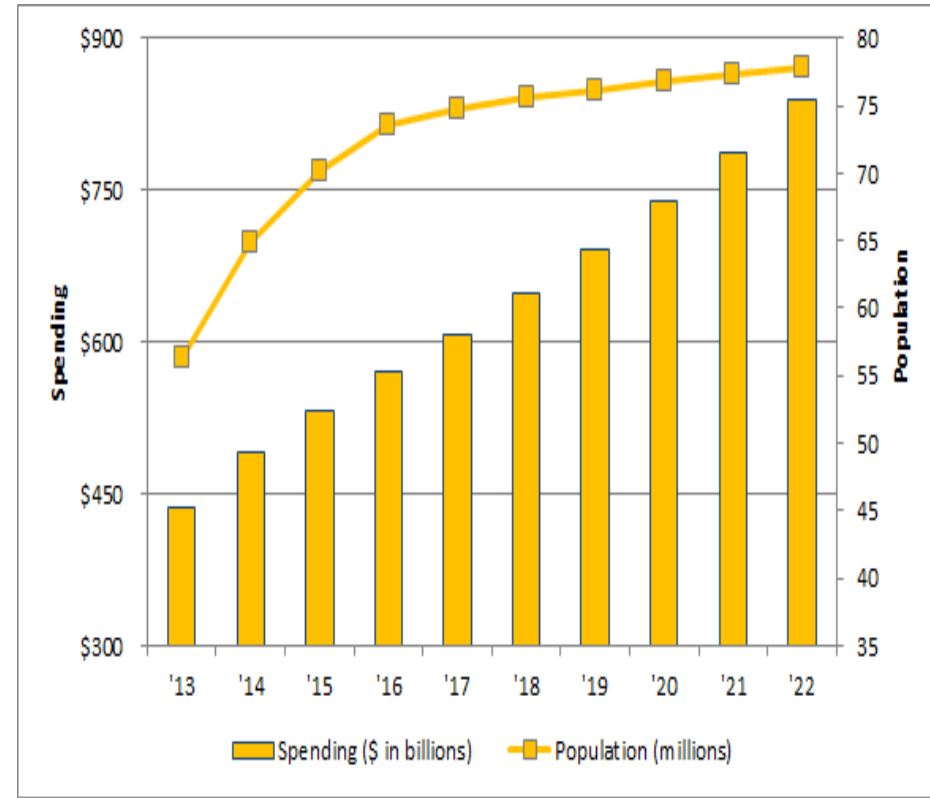
During this presentation, we will also be referring to certain non-GAAP financial measures. Please refer to the reconciliation tables listed in our quarterly earnings press releases for a discussion of these non-GAAP financial measures, which can be found in the Investor Relations section of our website at www.universalamerican.com.

This hasn't changed...

Medicare Market



Medicaid Market



Fastest growing demographic segment. Baby boomers started to reach 65 in 2010.

Approximately 9 million dual eligible members with combined Medicaid and Medicare spend of \$322 billion.

Summary P&L – 2Q14

(\$ in Millions, except per share data)

	<u>MA</u>	<u>Traditional</u>	<u>Other ⁽¹⁾</u>	<u>Pre-tax</u>
Net Premium	\$358.4	\$47.4	\$82.7	\$488.5
Net Investment Income and Other Income	4.0	4.5	22.0	30.4
Total Revenue	\$362.4	\$51.9	\$104.7	\$518.9
Quality Initiatives	8.1	-	-	8.1
Medical Benefits	297.8	35.5	74.3	407.6
Total Benefits	306.0	35.5	74.3	415.7
<i>MBR</i>	85.4%	75.0%		
Gross Profit	\$56.4	\$16.3	\$30.5	\$103.2
Admin	37.4	12.9	39.3	89.6
<i>% of Net Premiums</i>	10.4%	27.2%		
ACA Fee	6.2	-	-	6.2
Pro Forma Operating Profit / (Loss)	\$12.8	\$3.4	(\$8.8)	\$7.4
<i>Margin</i>	3.5%	6.6%		
Tax Expense				6.4
Pro Forma Net Income				\$1.0
EPS				\$0.01
Investment Items (after-tax)				0.3
Tax Items				(0.1)
Non-recurring Items (after-tax) ⁽²⁾				(4.5)
ACO Costs (after-tax)				(6.5)
Reported Net Loss				(\$9.8)
EPS				(\$0.12)
<i>Shares Outstanding (millions)</i>				84.503

(1) Other reflects APS Healthcare, Total Care, NY Exchange, Corporate and Eliminations

(2) Includes APS related litigation expenses

Summary P&L – 2Q14 – YTD

(\$ in Millions, except per share data)

	<u>MA</u>	<u>Traditional</u>	<u>Other ⁽¹⁾</u>	<u>Pre-tax</u>
Net Premium	\$714.3	\$96.8	\$159.1	\$970.2
Net Investment Income and Other Income	7.9	9.1	43.4	60.3
Total Revenue	\$722.2	\$105.9	\$202.5	\$1,030.5
Quality Initiatives	15.6	-	-	15.6
Medical Benefits	580.4	74.2	142.4	796.9
Total Benefits	596.0	74.2	142.4	812.5
<i>MBR</i>	83.4%	76.6%		
Gross Profit	\$126.2	\$31.7	\$60.1	\$218.1
Admin	77.0	28.4	81.6	187.0
<i>% of Net Premiums</i>	10.8%	29.3%		
ACA Fee	11.6	-	-	11.6
Pro Forma Operating Profit / (Loss)	\$37.7	\$3.3	(\$21.5)	\$19.5
<i>Margin</i>	5.2%	3.1%		
Tax Expense				14.4
Pro Forma Net Income				\$5.1
EPS				\$0.06
Investment Items (after-tax)				1.0
Tax Items				(0.1)
Non-recurring items (after-tax) ⁽²⁾				(5.9)
ACO Costs (after-tax)				(15.0)
Reported Net Loss				(\$14.9)
EPS				(\$0.17)
<i>Shares Outstanding (millions)</i>				86.011

(1) Other reflects APS Healthcare, Total Care, NY Exchange, Corporate and Eliminations

(2) Includes APS related litigation expenses

Medicare Benefit Ratios

	Jun-14 Members (000s)	Reported ⁽¹⁾		Recast ⁽¹⁾	
		2Q	YTD	2Q	YTD
HMO (2)	67.2	81.3%	80.5%	84.1%	82.6%
Other Core Network (3)	30.0	82.5%	79.7%	85.8%	84.8%
Core	97.2	81.6%	80.3%	84.6%	83.2%
Non-Core Network	21.7	88.8%	87.6%	92.4%	91.3%
Rural	2.1	91.9%	91.9%	97.7%	96.4%
Total Medicare Advantage	120.9	83.1%	81.2%	86.2%	84.9%

*NOTES: Recast excludes \$13.1 million of positive prior period items in 2Q 2014 and \$28.1 million in the year-to-date period.

1. Excludes Quality Initiative expenses of \$8.1 million (2.3%) in 2Q 2014 and \$15.6 million (2.2%) in the YTD 2014.
2. Includes approximately 6,200 members in Oklahoma plans that are expected to be divested in 3Q 2014 with a YTD Recast MBR of 84.5%.
3. Excludes approximately 10.3k members in markets re-classified as Non-Core Network.

Balance Sheet

(\$ in millions, except per share data)

Assets

Parent cash & investments
 Insurance Co. cash & investments
 Total cash & investments

 DAC
 Goodwill
 Amortizing intangible assets
 Other assets

Total Assets

Liabilities & Equity

Policy and other liabilities
 Loan Payable
 Preferred securities

Total Liabilities

Equity ex. AOCI
 AOCI

Total Equity

Total Liabilities & Equity

Metrics

Debt / Total Capitalization ⁽¹⁾
 Fully Dil. Comm. BVPS
 Fully Dil. Comm. BVPS, excl AOCI
 Fully Dil. Comm. BVPS, excl AOCI, GW & Other Intangibles
 Dil. Shares Outstanding at BS Date

	<u>3/31/2014</u>	<u>6/30/2014</u>
	\$79.1	\$39.4
	930.9	914.0
	<u>1,010.0</u>	<u>953.4</u>
	87.1	85.6
	77.5	77.5
	19.1	17.8
	938.9	950.7
	<u>\$2,132.6</u>	<u>\$2,085.0</u>
	1,316.8	1,311.6
	103.4	103.4
	40.0	40.0
	<u>1,460.2</u>	<u>1,455.1</u>
	661.3	614.6
	11.1	15.4
	<u>672.3</u>	<u>630.0</u>
	<u>\$2,132.6</u>	<u>\$2,085.0</u>
	17.8%	18.9%
	\$7.48	\$7.49
	\$7.35	\$7.31
	\$5.72	\$5.59
	89.9	84.1

⁽¹⁾Total Capitalization = Loan Payable + Preferred securities + Equity ex. AOCI

Universal American – 2014

Medicare Advantage

- Concentration in core markets: Southwest HMOs, Northeast (NY & ME)
- Stars: nearly 80% of 2015 members in Core markets in 4 Star Plans
- Solid physician engagement in HMO; building in other core markets
- Goals: G&A Reduction, continued improvement in Stars and medical management; grow core membership

Accountable Care Organizations

- Medicare Shared Savings Program
- 30 ACOs with approximately 4,500 providers & 340K lives
- Identify core ACOs in 2014
- Awaiting new regulatory rules

Medicaid

- Direct to States/Health Plans: Fee-for-service
- Risk: Total Care (approximately 40k members), Puerto Rico

Capital Structure

- As of 6/30/14: \$7.49 BVPS; \$5.59/share (ex AOCI & all intangibles); \$430 million in unregulated cash and statutory capital of which approximately \$140 million is “excess” of 350% RBC
- Reduced 2015 bid will free up an additional \$50 million of capital in 2015

Medicare Advantage Membership

('000)	December 2013	Estimated		Star Rating	
		June 2014	Change	2013	2014
Houston / Beaumont	50.0	56.2	13%	3.5	4.0
Other HMO (a)	11.0	10.9	0%	3.0	3.0
Southwest HMO	61.0	67.2	10%		
Other Core Networks	31.5	30.0	-5%	3.0	4.0 (b)
Core Markets	92.4	97.2	5%		
All Other Networks	24.3	21.7	-11%	2.5	3.0
Rural PFFS	2.9	2.1	-28%	3.5	3.5
Total Medicare Advantage	119.6 (c)	120.9	1%		

a) Includes approximately 6,200 members in Oklahoma plans that are expected to be divested in 3Q 2014.

b) Other Core Network star rating is 4.0 for NPFFS and 3.5 for PPO.

c) Excludes members in Service Area Reductions (SARs): 13,200 in 2013.

Universal American is positioned to participate in high growth areas of healthcare

