



3rd Quarter 2016 Conference Call

November 8, 2016

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.

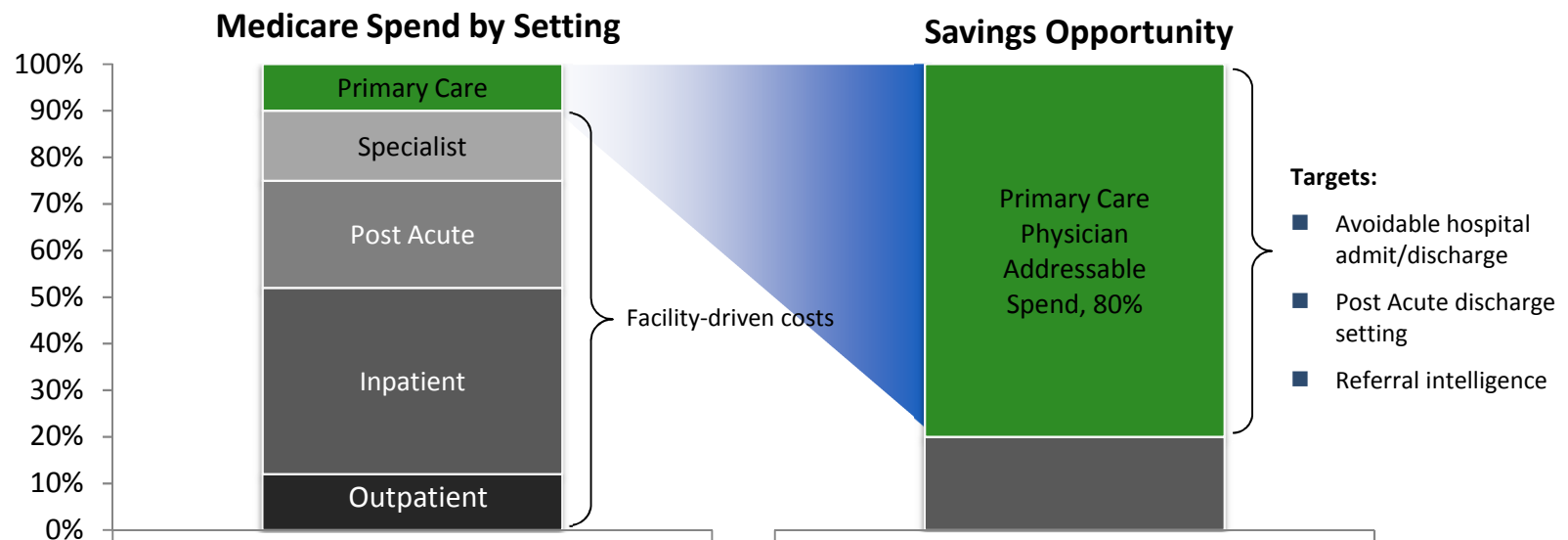
2016 Highlights

- Completed transactions to streamline company:
 - Sale of Traditional Business
 - Sale of Total Care
 - Settlement of APS litigation
- 31% reduction in common share count
- Restoration of balance sheet: approximately \$5 Book Value Per Share (BVPS)
 - >\$100 million of available cash at parent
- Business:
 - Southeast Texas Medicare Advantage:
 - 4.5 Stars rating
 - Maintenance of benefits and profitability despite multi-year rate drawdown
 - Northeast Medicare Advantage: Turnaround from \$21.2 million pre-tax loss in FY 2015 to \$13.5 million pre-tax gain YTD 2016
 - ACO: 48% increase in ACO gross revenue; approximately break even
 - Texas Next Generation ACO
 - Corporate: With reduced complexity, expect to meaningfully lower corporate expenses

The PCP Advantage to Improve Cost and Quality

The PCP Advantage

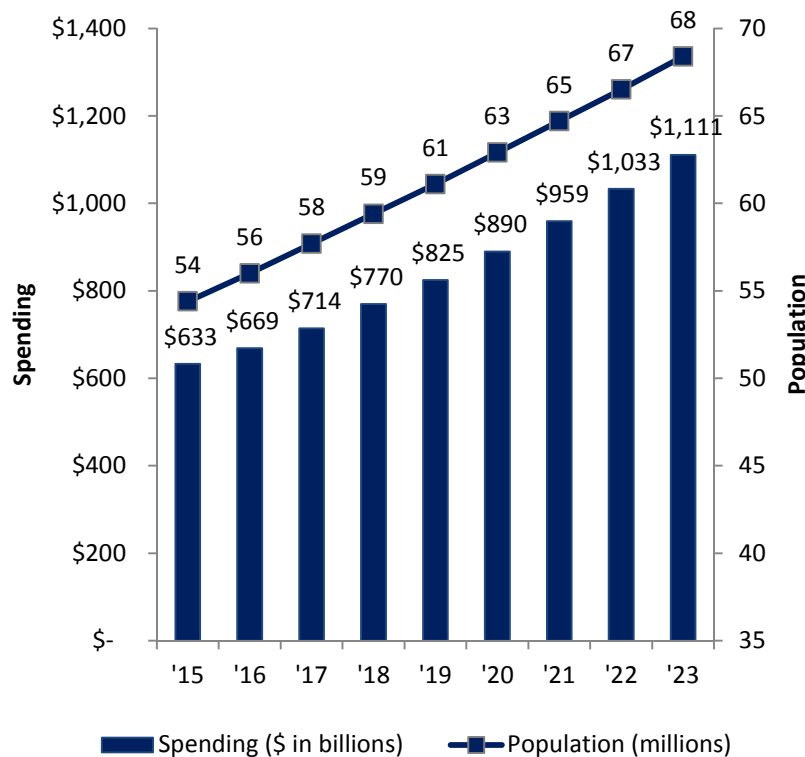
- PCPs control up to 80% of the total cost of care but bill for just 5%



Sources: Company analysis; Forbes, October 3, 2013; CMTDPCJOURNAL, March 9, 2016

Streamlined Company: Focus on MA and ACO/MSO

Medicare Market¹



- Spending and eligible population growing at a 7% and 3% CAGR, respectively

¹ Source: CMS, Office of the Actuary: National Healthcare Expenditures Projection 2014.

Healthy Collaboration™ Approach

Core strength is ability to partner with primary care physicians to improve health outcomes while reducing cost in the Medicare population

■ Medicare Advantage

- Southeast Texas: Mature value-based gain sharing agreements with leading primary care physicians
- Northeast: Introduction of value based compensation to fee for service provider community
- High Quality: 70% of members in 4 Star plans or higher; 4.12 weighted average Star score

■ Accountable Care Organizations

- Medicare Shared Savings Program: Value and quality risk agreements with primary care physicians
- Next Generation ACO: Advanced PCP risk model adopted by experienced Houston docs

UAM manages medical costs for ~350,000 Medicare beneficiaries

Summary P&L – 3Q16

(\$ in Millions)	MA	Corp & Other	Interest	Pre-tax
Net Premium	\$340.6	\$0.0	\$0.0	\$340.6
Net Investment Income and Other Income	2.2	0.8	-	3.1
Total Revenue	342.9	0.8	-	343.7
Quality Initiatives	6.0	-	-	6.0
Base Benefits	285.0	-	-	285.0
Total Benefits	291.0	-	-	291.0
<i>MBR</i>	85.4%			
Gross Profit	51.9	0.8	-	52.7
Admin	38.7	7.2	-	46.0
<i>% of Net Premiums</i>	11.4%			
ACA Fee	5.5	-	-	5.5
Cash Interest	-	-	2.0	2.0
Pro Forma Operating Profit / (Loss)	\$7.6	(\$6.4)	(\$2.0)	(\$0.8)
Tax Expense				2.1
Pro Forma Net Income				(\$2.9)
EPS				(\$0.05)
ACO Results (after-tax)				(5.6)
Investment Items (after-tax)				(0.1)
Non-Cash Interest (after-tax)				(0.7)
Tax Items				(0.3)
Discontinued Operations (after-tax) ⁽¹⁾				59.6
Legal and consulting costs; and non-cash interest (after-tax) ⁽²⁾				0.9
Reported Net Income				\$50.9
EPS				\$0.83
<i>Shares Outstanding</i>				61.329

(1) Includes results and activity for the Traditional, Total Care and APS Healthcare businesses

(2) Includes legal and consulting costs related to sold businesses reclassified to discontinued operations

Summary P&L – 3Q16-YTD

(\$ in Millions)	MA	Corp & Other	Interest	Pre-tax
Net Premium	1,029.2	(\$0.0)	\$0.0	\$1,029.2
Net Investment Income and Other Income	7.3	1.4	-	8.7
Total Revenue	1,036.5	1.4	-	1,037.9
Quality Initiatives	17.2	-	-	17.2
Base Benefits	850.9	(0.0)	-	850.9
Total Benefits	868.1	(0.0)	-	868.1
<i>MBR</i>	<i>84.4%</i>			
Gross Profit	168.3	1.4	-	169.8
Admin	104.4	19.8	-	124.2
<i>% of Net Premiums</i>	<i>10.1%</i>			
ACA Fee	16.3	(0.0)	-	16.3
Cash Interest	-	-	4.0	4.0
	-	-	-	-
Pro Forma Operating Profit / (Loss)	47.7	(\$18.4)	(\$4.0)	\$25.3
Tax Expense				15.9
Pro Forma Net Income				\$9.4
EPS				\$0.12
ACO Results (after-tax)				2.6
Investment Items (after-tax)				1.5
Non-Cash Interest (after-tax)				(0.7)
Tax Items				0.3
Discontinued Operations (after-tax) ⁽¹⁾				62.7
Legal and consulting costs; and non-cash interest (after-tax) ⁽²⁾				(2.0)
Reported Net Income				\$73.9
EPS				\$0.97
<i>Shares Outstanding</i>				76.139

(1) Includes results and activity for the Traditional, Total Care and APS Healthcare businesses

(2) Includes legal and consulting costs related to corporate development activities

Medicare Benefit Ratios

	Sep-16 Membership (000)s	Reported		Recast ⁽¹⁾	
		3Q	YTD	3Q	YTD
Houston / Beaumont	65.8	84.5%	82.7%	83.3%	83.3%
Dallas	3.0	86.3%	85.5%	85.5%	86.7%
HMO	68.8	84.5%	82.8%	83.3%	83.4%
Upstate New York / Maine	45.6	82.8%	83.1%	82.2%	83.1%
Total Medicare Advantage	114.4	83.7%	82.7%	82.9%	83.3%

Notes:

Excludes Quality Initiatives of \$6.0 million in the third quarter of 2016 and \$17.3 million in the nine month period ended September 30, 2016.

(1) Recast excludes net unfavorable prior period items of \$2.1 million and net favorable prior period items of \$7.9 million for the three and nine month periods ended September 30, 2016, respectively.

Medicare Advantage Membership

<i>Membership in Thousands</i>	Ending 2015	Sep-2016	12/2015 to 9/2016 Change	2016 STAR Rating	2017 STAR Rating	% of Members
Houston / Beaumont	63.0	65.5	4.1%	4.0	4.5	57.3%
SETX dSNP	0.0	0.3	NM	4.0	4.0	0.3%
Dallas	3.6	3.0	-17.3%	3.0	3.0	2.6%
Texas	66.6	68.8	3.4%			
PPO	11.2	13.7	22.1%	4.0	4.0	11.9%
NPFFS	29.3	31.9	9.1%	4.0	3.5	27.9%
Upstate New York/Maine	40.5	45.6	12.7%			
Medicare Advantage	107.1	114.4	6.9%			69.5%
				Weighted	3.96	4.12

Approximately 70% of 2016 membership in 4-STARs or higher plans

Balance Sheet – September 30, 2016

(\$ in millions, except per share data)

Assets

	<u>12/31/2015</u>	<u>9/30/2016</u>
Parent cash & investments	\$70.2	\$119.6
Insurance Co. cash & investments	291.9	375.2
Total cash & investments	<u>362.1</u>	<u>494.8</u>
Goodwill & amortizing intangible assets	71.4	71.1
Other assets	146.8	111.1
Assets of discontinued operations	1,150.6	238.2
Total Assets	<u>\$1,730.9</u>	<u>\$915.2</u>

Liabilities & Equity

Policy and other liabilities	192.7	256.1
Convertible Senior Notes, net of deferred loan fees	0.0	91.6
Preferred securities, net of deferred loan fees	39.8	39.9
Liabilities of discontinued Operations	1,116.0	236.1
Total Liabilities	<u>1,348.5</u>	<u>623.7</u>
Equity ex. AOCI	379.6	287.8
AOCI	2.7	3.7
Total Equity	<u>382.4</u>	<u>291.5</u>
Total Liabilities & Equity	<u>\$1,730.9</u>	<u>\$915.2</u>

Metrics

Debt / Total Capitalization ⁽¹⁾	9.5%	36.6%
Fully Dil. Comm. BVPS	\$4.51	\$4.96
Fully Dil. Comm. BVPS, excl AOCI	\$4.47	\$4.90
Fully Dil. Comm. BVPS, excl AOCI, GW & Other Intangibles	\$3.61	\$3.70
Dil. Shares Outstanding at BS Date	84.9	58.8

⁽¹⁾Total Capitalization = Convertible Senior Notes + Preferred Securities + Equity ex. AOCI

Universal American Medicare Continuum

351.2k Medicare beneficiaries at risk | Approx. \$3.8 billion of medical spend

187.7k beneficiaries with 2-sided risk | 113.9k in MA

142.1k beneficiaries with PCP 2-sided gain share

82.4k beneficiaries in advanced TX PCP model

Track 1 ACOs	Northeast MA	Track 2 ACOs	Next Generation ACO	Texas MA HMOs
163.5K beneficiaries	45.6K members	59.7K beneficiaries	13.6K beneficiaries	68.8K members
<ul style="list-style-type: none"> National 	<ul style="list-style-type: none"> Upstate NY Maine 	<ul style="list-style-type: none"> National 	<ul style="list-style-type: none"> Houston 	<ul style="list-style-type: none"> Houston/Beaumont Dallas
<ul style="list-style-type: none"> Onboarding for PCPs who aspire to value-based/full risk 	<ul style="list-style-type: none"> Move from FFS environment to value-based 	<ul style="list-style-type: none"> Successful 1st generation MSSP ACOs move to 2-sided risk 	<ul style="list-style-type: none"> Experienced Houston PCPs, many of the same tools as MA HMO 2-sided risk 	<ul style="list-style-type: none"> Most advanced 15-year history
<ul style="list-style-type: none"> 100% in PCP Gain Share (upside only) 	<ul style="list-style-type: none"> Track 1 ACO to MA CareMount (f/k/a Mount Kisco Medical Group) 	<ul style="list-style-type: none"> 100% in PCP Gain Share 	<ul style="list-style-type: none"> 100% in PCP Gain Share 	<ul style="list-style-type: none"> Virtually all in value-based arrangements

Shift to Value Based Payment based on PCP risk

Note: As of September 30, 2016

Southeast Texas: Advanced PCP Risk Sharing

- Primary Care Physicians have the most leverage in the system
- Our job is to enable PCPs to offer highest quality care at a lower cost
 - Data sharing
 - Care coordination
 - Transparent incentives and risk sharing
- Reduce facility and post-acute costs

Medicare Advantage – Texan Plus

- 65.8k members in the Houston / Beaumont market
- Committed and aligned physician groups with significant UAM membership
- 4.5 STAR
- 9% compounded 4-year growth rate
- Strong brand awareness
- \$0 member premium products

Next Generation ACO

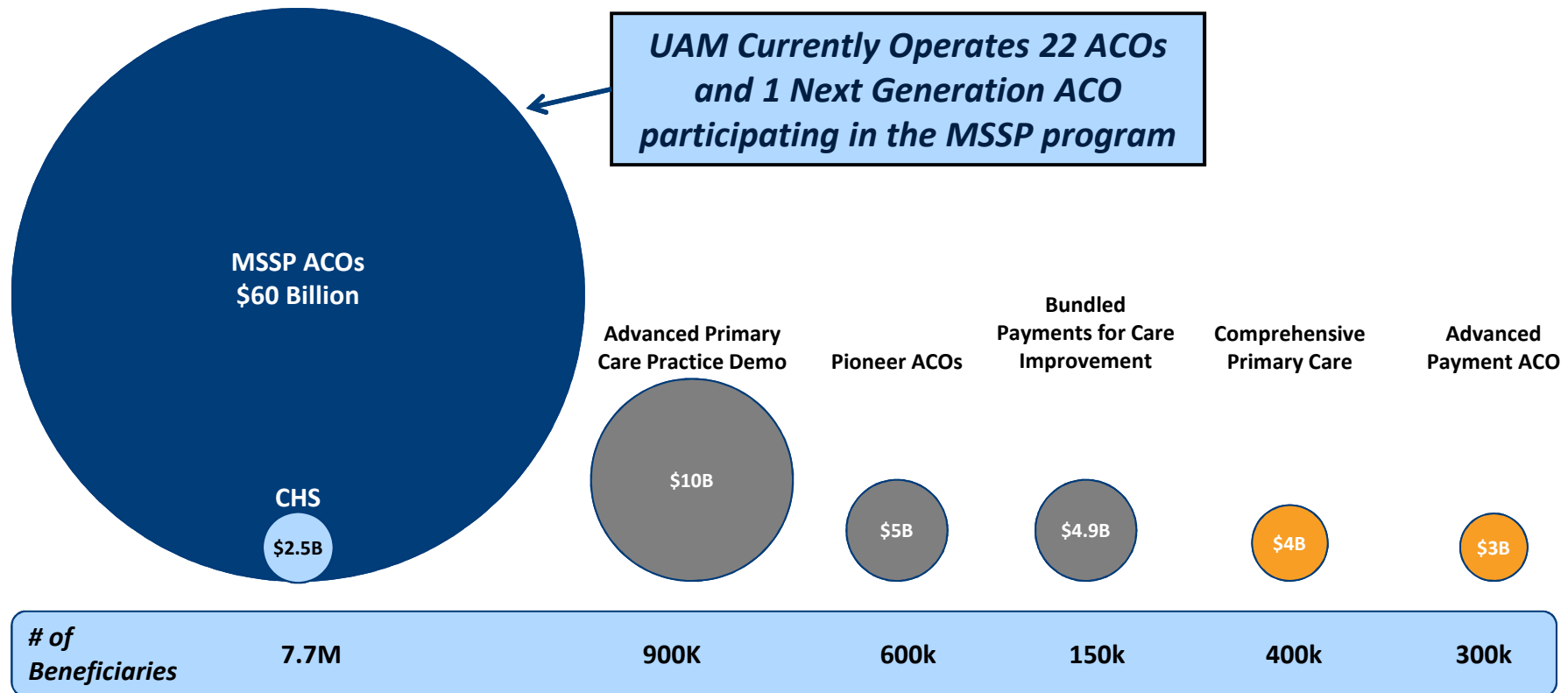
- 13.6k members in Houston
- ACO can receive 80% - 100% savings
- Significant enhancements compared to MSSP
 - Auto-assignment; prospective attribution
 - Risk adjustment, limited to 3%
 - Preferred network; member incentives
 - Negotiated discounts, similar to MA
 - SNF 3-day waiver
- 5-year program from CMMI
- No member acquisition costs or RBC capital required

Northeast Medicare Advantage: FFS to Value

- 45.6k members largely in Central NY (Syracuse)
 - 52% membership growth since 2014
- 2017 AEP
 - Product is attractive in market; emphasis on migration from NPFFS to PPO
 - Expansion of PPO counties
- Continuing to build value-based provider engagement
 - Transition from NPFFS to PPO
 - Added additional large PCP groups in gainsharing
- After ACA cuts are fully implemented in 2017, the base Medicare Advantage reimbursement rate will be 115% of FFS in 95% of the counties
- Case Study: CareMount Medical Group (formerly Mount Kisco Medical Group)
 - Started as MSSP ACO
 - Added PPO with gain share
 - Successful 2016 AEP
- Turnaround in 2016: MBR reduced to 83.1% YTD from 91.3% YTD in 2015
 - Higher PMPM revenue
 - Improved medical management in part due to greater PCP and member engagement

While CMS is Testing Many Models, MSSP is, by far, the Largest Initiative to Reduce the Rising Cost of Health Care

Estimated Total Medicare FFS Spend Managed*, 2016



*Estimates based on total Medicare FFS expenditures of \$445 Billion and number of Medicare beneficiaries enrolled in each model. Sources: Lewin Group BPCI Analysis, 2014; CMMI reports, 2015-2016

ACOS – Year-over-Year Comparison

	Program Yr 1 (2012/2013)*	Program Yr 2 (2014)	Program Yr 3 (2015)	Program Yr 4 (2016)
Next Generation ACO Count	N/A	N/A	N/A	1
MSSP ACO Count	30	24	24	22
Beneficiary Count	327,000	278,000	277,000	237,000
Gross Savings to CMS	\$66 million	\$80 million	\$97 million	TBD
Gross ACO Revenue	\$20 million	\$27 million	\$40 million	TBD
Gross UAM Revenue	\$13 million	\$21 million	\$29 million	TBD
# of ACOs Generating Shared Savings	3	9	10	TBD

* Program Year 1 included results for up to 21 months.

Medicare Shared Savings Program ACOs

- The Affordable Care Act established the Medicare Shared Savings Program (MSSP) as a tool to improve quality and lower costs through increased care coordination in the large and growing Medicare Fee-for-Service program
- ~7.7 million Medicare beneficiaries currently covered by >430 existing MSSP ACOs
- 2015 and 2016 rule changes have significantly improved the viability of the program
 - Increased risk/reward opportunities
 - Regional benchmarking
- Development opportunities

Universal American manages in excess of \$2.5 billion of medical spend in MSSP ACOs

Track 1

- 16 ACOs covering 163.5k beneficiaries
- 3,760 participating providers
- 1-sided risk
- 50% of savings, with minimum savings rate
- Newer ACOs: “on ramp” to risk

Track 2

- 6 ACOs covering 59.7k beneficiaries
- 1,260 participating providers
- 2-sided risk
- 60% of savings, no minimum savings rate
- Experienced ACOs with proven savings

Capital

- **Sale of Traditional Business:** On August 3, 2016, the Company completed the sale of its Traditional Insurance business to Nassau Reinsurance Group Holdings, L.P. We received approximately \$42 million, which is subject to post-closing balance sheet adjustments
- **Sale of Total Care Business:** On August 1, 2016, the Company completed the sale of the Total Care Medicaid health plan to Molina Healthcare, Inc. At closing, we received approximately \$38 million, which is subject to post-closing balance sheet adjustments
- **APS Litigation:** On September 9, 2016, we entered into an Agreement to fully resolve the litigation arising from the Company's acquisition of APS Healthcare in 2012. Pursuant to the Agreement:
 - We acquired all of the 6.3 million shares of common stock held by the defendants for an aggregate payment of \$13.0 million. In addition, we received \$1.6 million that was held in an escrow account relating to the acquisition. Certain defendants received \$0.75 million that was held in such escrow account
- **Balance Sheet Stats:** On September 30, 2016 key balance sheet metrics were: \$4.96 BVPS; \$3.70/share (ex AOCI & all intangibles) and \$119.6 million of parent company cash
 - \$180 million of statutory capital of which approximately \$40 million is "excess" of 350% RBC

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