

Dear Shareholder,

2016 was a year of solid growth in total revenue and earnings

per share. Adjusted EBITDA also increased, overall profitability and margins improved, and operating

cash flow remained strong. In addition, we achieved a key strategic objective for the year

by acquiring a care management platform. Beyond our financial performance, we are proud to have

saved billions of dollars for our customers. Those savings represent an important contribution to

bending the ever-rising healthcare cost curve in this nation.

Our 2016 commercial health plan revenue exceeded our state government revenue for the first time

and significant sales throughout last year form the foundation for strong commercial revenue growth

we expect again in 2017. We added over 17 million new commercial lives, including a sale in the

second quarter to a single customer for 15 million of their at-risk and ASO members, taking our

commercial health plan lives over 100 million. We also sold additional products to existing health plan

customers last year covering approximately 30 million of their members, compared to about 13

million in the prior year.

Full-year adjusted earnings per share were up 30% in 2016. Operating cash flow increased 22% and

year-end cash of \$176 million was 21% higher than the prior year-end, even after the \$21 million

purchase of Essette in the third quarter and \$20 million of share repurchases (1.1 million shares) in the

fourth quarter. Through year end we had purchased a total of 5.9 million shares at an average price of

\$11.95 per share pursuant to a buyback plan instituted by our Board in August of 2015. We also

completed a tax project in the third quarter – identifying certain credits and deductions that reduced

our annual effective tax rate by 300 bps to ~37%.

The Essette care management platform, acquired last fall, was the foundation for a new third business

vertical, which was strengthened considerably by the acquisition of the Eliza Corporation consumer

engagement platform completed in April of this year. Essette was designed and built from the ground

up to serve as a “care traffic controller” – helping risk bearing entities identify and manage at-risk

populations. Eliza is a cloud-based technology platform which provides comprehensive and

personalized health engagement solutions designed to improve clinical outcomes and reduce costs by

motivating members to adopt targeted behaviors. Eliza has developed sophisticated communication

techniques - based on proprietary patented predictive analytics, behavioral science and digital design

techniques

- to effectively engage members and achieve better health outcomes. We see these Essette and Eliza

capabilities as a natural extension of the cost containment solutions we have offered historically, an

opportunity to further leverage our data assets, and a strategic response to the need for payers to

improve health outcomes and reduce costs for their highest risk members. We believe there will be

significant opportunities to cross-sell our

new care management and member engagement solutions to our health plan and state government

customers.

meaningful growth opportunities for our suite of cost containment solutions.

We currently face some uncertainty as Congress and the Trump Administration consider various

approaches to the

focused on preserving the dollars they receive than they are today.

William C. Lucia

July 12, 2017

Safe Harbor: This letter contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These

statements relate to our current expectations, projections and assumptions about our business, the economy and future events or conditions; they do not relate

strictly to historical or current facts.

For a discussion identifying important factors that could cause actual results to differ from those stated or implied in our forward-looking statements, see the

Company’s filings with the SEC, including, but not limited to the “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors,” “Management’s

Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” in the Form 10-K

portion of this Annual Report. With respect to our projected effective annual tax rate for 2018, this reflects our current reasonable estimate of the income tax

effects of the recently enacted federal tax legislation; however, these are provisional amounts subject to adjustment during the one-year measurement period.