WELLCARE

2018 ANNUAL REPORT

YEAR IN REVIEW

Performance with purpose



Inside:

Delivering on our growth promise

Connecting complex populations to care

Offering more with health connections

Expanding our purpose through CSR

ACCOUNTABILITY / INTEGRITY / PARTNERSHIP / ONE TEAM

It's how we're bringing value to our stakeholders.

ounded just 34 years ago in 1985 by a group of physicians in Tampa, Florida, WellCare Health Plans is now one of the largest managed care companies in the nation, focused on children and families, seniors, and those with disabilities and other complex medical needs.

Over the past ten years, we more than tripled our revenue, more than doubled our membership and vastly expanded our geographic footprint, making WellCare the 4th largest Medicaid, 5th largest Medicare Part D and 6th largest Medicare Advantage company in the country. Today, we are a FORTUNE 200 company with over 12,000 associates serving more than 5.5 million members across all 50 states.

We made a commitment in 2015 to double revenue to \$28 billion by 2021. With total revenue estimated at \$26 billion for 2019, we are on track to surpass this goal.

At WellCare, we Perform with Purpose so our members can live better, healthier lives, our associates can bring their full selves to work, our communities can thrive and our shareholders can have confidence in our future.



Our Footprint

¹ 2018 full-year results published on February 5, 2019.

² Includes states where WellCare receives Medicaid premium revenues associated with dually eligible special needs plans.

ACCOUNTABILITY / INTEGRITY / PARTNERSHIP / ONE TEAM

Defying the odds with personalized care and services.



t just 19 weeks pregnant, Stacy was devastated to learn her unborn son had spina bifida. Told by doctors that Ryen would be completely paralyzed and never stand, walk, move or use the bathroom independently, Stacy and her husband Jason weren't sure where to turn. After consulting other parents in the disability community, the family decided to enroll Ryen in Meridian Health, a WellCare Company, and the state of Michigan's Children's Special Health Care Services (CSHCS) program, which serves individuals with special health care needs, regardless of income.

Meridian Health connected the family to social service programs to help cover non-traditional services, such as rides to physical therapy sessions and doctors' appointments and reimbursements for gas, meals and lodging. The extra help eased their financial burden and the worry that comes from not being able to pay for the multitude of supports required to get and keep Ryen as healthy as possible. Importantly, having a dedicated Meridian Health care coordinator acting as an advocate for the family made all the difference in the quality of care Ryen received since birth.

Today, Ryen is defying the odds. With the assistance of a walker, he is mobile, able to play and participate in activities young children love to do. With the personalized care and services Ryen receives through his network of care providers, he is doing things once thought impossible and has an opportunity to thrive.

accountability / integrity / **PARTNERSHIP** / one team

Working together to connect those in need to care.



t WellCare, we understand supporting members goes beyond what many think of as healthcare. In 2018, we partnered with over 850 organizations to connect our members to local social service supports including secure housing, food, education, childcare, utility assistance and transportation. Heartland Health Alliance, a non-profit organization based in Chicago specializing in treating and supporting people experiencing homelessness, is one of our valued partners. We have an agreement with Heartland to help locate WellCare members and connect them to services in exchange for health data that can assist their organization. They provide on-site primary care, showers, laundry, pharmacy, substance use treatment, Medicaid benefit enrollment, case management and therapy.

Mary Kay Gilbert, Heartland's Chief Business Officer said,

Larry Anderson WellCare Member and Heartland Support Recipient

MEET LARRY AT IR.WELLCARE.COM/AR2018

"Many people are one paycheck away from homelessness. In Chicago, four populations make up many of the homeless. These populations are veterans, single moms with children, youth between 18 and 24, and single adults. The homeless look like America."

Heartland doesn't wait for people to come to them. They go wherever necessary to find those ready for help. Larry Anderson is grateful they do. Now a 65-year-old WellCare member, Heartland found Larry living underground in an area known as Lower Wacker, a network of underground streets used for transporting trash and freight. The area is loud, smells of diesel emissions and is infested with rats. Met with an offer for a meal, medical care and a warm place to stay, Larry accepted.

Today, Larry has an apartment and WellCare and Heartland work together to maintain his health, improving his quality of life and managing his costs of care. \Box

COMMUNITY CONNECTIONS PROGRAM

It's integrated, it's holistic and it's local.



Since its inception, WellCare's Community Connections program has linked more than 102,000 people with over 384,000 services.

We connect members, their caregivers and the community-at-large with needed resources through a network of social service organizations to help remove related barriers to better health and vitality.

Growing and diversifying WellCare.



he \$2.5 billion Meridian acquisition finalized on September 1 solidified 2018 as an exceptional growth year for WellCare. A toprated Medicaid plan in Michigan with approximately 508,000 members and the largest plan by membership in Illinois with approximately 565,000 Medicaid members, Meridian gives WellCare the number one Medicaid market share in both states.

Overall, this transaction grew and diversified our Medicaid membership by over 40 percent. Meridian also expands our Medicare Advantage business with the addition of 27,000 members in Illinois, Indiana, Michigan and Ohio.

Bill Keena, VP of the Integration Management Office, oversees the process. "My team's job is to go in and listen very carefully," said Keena. "Ultimately we are charged with ensuring we keep the best practices from both companies. The idea is to emerge as a combined company, stronger than either one was before."

"Meridian is a mission-driven, innovative culture that focuses on customer satisfaction and quality," said Kelly Munson, EVP Medicaid. "In this way, we are very much alike. What they also bring is a younger workforce and a more entrepreneurial culture with innovative practices in areas such as training, job rotation and hiring."

Sean Kendall, Meridian's plan president, continues to lead this business. Kendall explained, "Meridian's values were passion, quality, integrity and vision and WellCare's are partnership, accountability, integrity and one team. While the words are slightly different, what supports those values is foundationally the same, making for a smooth integration and an ability to really focus on creating enhanced value for our stakeholders."

MERIDIAN INTEGRATION

WellCare added a top-rated plan and so much more.

+1,073,000 Medicaid members added

into WellCare's network of care. A growth of nearly 40%.

+27,000 Medicare Advantage members added into WellCare's network of care



#1 in IL and MI

in membership market share; increased leading market position from four to six states.

OUR COMPANY

Headquartered in Tampa, Florida, **WellCare Health Plans, Inc.** (NYSE: WCG) focuses primarily on providing government-sponsored managed care through Medicaid, Medicare Advantage and Medicare Prescription Drug Plans, as well as individuals in the Health Insurance Marketplace. WellCare serves approximately 5.5 million members nationwide as of December 31, 2018.

	MEDICAID HEALTH PLANS	MEDICARE HEALTH PLANS	MEDICARE PDP
Membership:	3.9 million	0.5 million	1.1 million
2018 premium revenue:	\$13.0 billion	\$6.3 billion	\$835 million
Arizona	•	•	•
Arkansas		•	•
California		•	•
Connecticut		•	•
Florida	•	•	•
Georgia	•	•	•
Hawaii	•	•	•
Illinois	•	•	•
Indiana		•	•
Kentucky	•	•	•
Louisiana		•	•
Maine		•	•
Michigan	•	•	•
Mississippi		•	•
Missouri	•		•
Nebraska	•		•
New Jersey	•	•	•
New York	•	•	•
North Carolina		•	•
Ohio		•	•
South Carolina	•	•	•
Tennessee		•	•
Texas	•	•	•
27 states not listed above			•

2018 MEMBERSHIP



2018 TOTAL REVENUE



Includes states where the company receives Medicaid premium revenues associated with dually eligible special needs plans.
 Total membership does not include our Health Insurance Marketplace business, which accounted for approximately 5,000 members.
 Other revenue includes corporate, products and services, and investment and other income.

OUR VALUES

PARTNERSHIP

We deliver excellent service to our members, and provider and government partners. Members are the reason we are in business; providers are our partners in serving our members; and government partners are the stewards of the public's resources and trust.

INTEGRITY

We do the right thing to keep the trust of those we serve and with whom we work.

ACCOUNTABILITY

We are responsible for the commitments we make and the results we deliver both internally and externally.

ONE TEAM

We demonstrate a collaborative "One Team" approach across all areas and put members first in all we do.

2015–2018 STOCK PRICE

(As of December 31, 2018)



Closing price January 1, 2015 through December 31, 2018.

TO OUR STOCKHOLDERS, MEMBERS, GOVERNMENT AND **BUSINESS PARTNERS. AND ASSOCIATES:**

y the end of 2019, our company will almost double its revenue in just four short years. This growth is made possible because of our more than 12.000 associates, who never lose sight of our mission, vision and values. WellCare is a rare find – one where we take pride in our meaningful work, place great emphasis on teamwork and produce excellent results.

By comparison to many FORTUNE 500 companies, we are a very young organization. Established in 1985, WellCare grew both organically and through acquisitions. However, our hallmark remains our unwavering focus on our members and our ability to help them live better, healthier lives

Big Wins, Big Growth

This past year proved to be one of the most successful in WellCare's history. We remained diversified across three lines of business including Medicaid, Medicare Advantage and Medicare Prescription Drug Plans (PDP), and our 2018 growth reflects our strategy to focus on government-sponsored health plans.

Last year, we were awarded a new five-year contract in Florida to provide managed care to Medicaid-eligible beneficiaries and provide long-term services and supports in 10 of 11 regions – an increase of two regions. Leveraging WellCare's expertise in complex care, Florida also awarded the company a statewide contract to serve Serious Mental Illness specialty plan recipients. Separately, we were exclusively selected to provide managed care services covering approximately 60,000 children with complex physical and behavioral needs.

Also, last year, we welcomed Meridian to our WellCare family of companies. This acquisition grew our Medicaid membership by more than 40 percent, expanded our Medicare Advantage presence into new markets and added a proprietary pharmacy benefit management platform. Like WellCare,

Meridian associates share a strong commitment to quality – and we've leveraged the best talent across our collective companies to improve quality for all members.

We also executed an agreement to acquire Aetna's standalone Medicare Part D Prescription Drug plan business. We've already begun work to ensure a thoughtful transition of up to 2.4 million members at the beginning of 2020. Lastly, WellCare expanded our footprint in Arizona by opening a regional hub in Phoenix in conjunction with a new contract to provide physical and behavioral health services to Medicaid members in eight Arizona counties.

Our Business by the Numbers

WellCare's commitment to double our revenue from \$14 billion to \$28 billion by 2021 is well within reach. At the end of 2018, we reported over \$20 billion in total revenue and issued 2019 guidance of \$26.3 billion at the midpoint.

In Medicaid. WellCare now holds the fourth largest position in the United States, serving nearly 4 million members across 13 states, while holding the number one market share in six of those states. WellCare's Medicare Advantage plan is the sixth largest in the country with 545.000 members in 21 states. In addition. WellCare's Medicare PDP is the fifth largest U.S. plan with 1.1 million members nationwide

Our Opportunities and Differentiators

For Medicare Advantage, the opportunity continues to expand based on the aging population in the U.S. and the increasing popularity of the Medicare Advantage program. Spending in this segment is expected to nearly double from \$240 billion in 2017 to approximately \$460 billion in 2022. Medicaid spending is expected to follow a similar course from \$480 billion in 2017 to nearly \$800 billion in 2022, due to states opting to move more of their complex populations into managed Medicaid programs.

"We are pleased with our performance in 2018; however, we are even more enthusiastic about our future and what lies ahead."



Kenneth A. Burdick Chief Executive Officer WellCare Health Plans, Inc.

WellCare is uniquely positioned to serve these growing market segments. Our 2019 Medicaid win in North Carolina and expansion into other states underscore the value of our unique local approach to managed care combined with our high-touch, integrated care model. WellCare goes beyond healthcare to incorporate physical, behavioral, pharmaceutical and social needs of our members. For more than a decade, WellCare has integrated social determinants into our care model through our program called Community Connections. In 2018, we connected more than 51,000 people to approximately 194,000 social service resources providing more costeffective, community-based solutions.

For the past several years, WellCare has made significant investments in process improvements, quality programs and our people – all to ensure our members have access to high-quality, affordable healthcare. Our focus on quality is beginning to yield results. Approximately 42 percent of our Medicare Advantage members are now in a plan with 4.0 stars or higher. Among this year's highlights, Houston attained a 4.5-star rating; Florida, New York/Maine and California achieved an overall 4.0-star rating; and five plans achieved an overall 3.5-star rating. In Medicaid, seven of the nine WellCare markets that were rated by the National Committee for Quality Assurance (NCQA) received quality scores that ranked us first or second. While we've made significant progress, we remain focused on continued improvement in our quality performance.

A Mission-driven Company

For the second consecutive year, WellCare earned a spot in the Civic 50, an initiative by Points of Light, which recognizes the 50 most community-minded companies in the nation.

Year after year, our associates demonstrate a deep commitment to giving back to our communities and members. In 2018, 76 percent of our associates volunteered time through the WellCare Associate Volunteer Efforts (WAVE) and Day of Service (DOS) programs – this participation rate is more than double the national average. Our commitment to our communities and our passion for serving our members are cornerstones.

Lastly, we continued our pledge to diversity and inclusion where we engaged all leaders with in-person Conscious Inclusivity training. This training supports our intent to build a culture where our associates are empowered to bring their full selves to work each day. We also participated in the CEO Action for Diversity and Inclusions' Day of Understanding with 150 other U.S. companies, the nation's largest conversation to advance diversity and inclusion in the workplace. As chairman of our Diversity Council, we've strengthened oversight of diversity activities including expansion of our associate resource groups.

While we are proud of our diverse workforce and actions, we know that we must continue our focus and place our diversity and inclusion strategy at the center of our growth and innovation in the years ahead.

On behalf of the board of directors and the WellCare leadership team, I'm genuinely grateful for our associates, providers and community partners, who work with WellCare to serve our 5.5 million members. Also, we want to thank our stockholders for their continued support and investments. We are pleased with our performance in 2018; however, we are even more enthusiastic about our future and what lies ahead.

Km. CK

Kenneth A. Burdick Chief Executive Officer WellCare Health Plans, Inc.

CORPORATE SOCIAL RESPONSIBILITY

WellCare's focus on Corporate Social Responsibility (CSR) fuels our sustainable growth. TO LEARN MORE, GO TO WELLCARE.COM/CORPORATE/CSR-WEBSITE.

DEMOGRAPHICS	LEADERSHIP	DIVERSITY AND INCLUSION	ASSOCIATE WELL-BEING
72% Women 47% Self-report as other than white 42% Millennials 41% Generation X 16% Baby Boomers .4% Post Millennials .2% Traditionalists	36% of WellCare's Board of Directors are female and/or ethnic minority. 36% of WellCare's Executive Leadership Team (ELT) (CEO and EVPs) are female and/or ethnic minority.	Associates completed nearly 2,000 hours of Conscious Inclusivity education. 6 Associate Resource Groups: African American, Asian, Hispanic, LGBTQ+, Veteran, Women.	WellCare invested \$5 million in associate wellness activities. RECOGNITION Named by FORTUNE magazine as a
47% Extended management team (Sr. Directors and above) comprised of women.		₩011EH.	"World's Most Admired Company."

FINANCIAL HIGHLIGHTS

WellCare's relentless focus on financial and operational execution continues to drive our results and position the company for long-term success in the years to come.







RECONCILIATION TABLE

TOTAL REVENUE AND ADJUSTED TOTAL REVENUE

	2015	2016	2017	2018
Total revenue (GAAP)	\$ 13,890.2	\$ 14,237.1	\$ 17,007.2	\$ 20,414.1
Medicaid premium taxes	(94.7)	(110.0)	(119.8)	(126.8)
ACA industry fee reimbursement	(219.2)	(244.9)	_	(302.2)
Adjusted total revenue (non-GAAP)	13,576.3	13,882.2	16,887.4	19,985.1

EARNINGS PER SHARE AND ADJUSTED NET INCOME MARGIN

\$ millions (except per share data)	2015	r Diluted Share	2016	Diluted Share	2017	r Diluted Share	2018	Per Diluted Share
GAAP net income	\$ 118.6	\$ 2.67	\$ 242.1	\$ 5.43	\$ 373.7	\$ 8.31	\$ 439.8	\$9.29
Investigation costs	30.4	0.68	16.0	0.36	7.9	0.18	0.4	0.01
Transaction and integration costs	_	_	_	_	37.5	0.83	33.1	0.70
Sterling divestiture costs	2.0	0.05	1.7	0.04	_	_	_	_
PBM transitory costs	18.1	0.41	4.9	0.11	_	_	_	_
Iowa SG&A	11.9	0.27	5.2	0.12	_	_	_	_
Amortization expense	10.6	0.24	10.4	0.22	32.7	0.73	72.7	1.54
Gain on divestiture	(6.1)	(0.14)	_	_	_	_	_	_
Loss on extinguishment on debt	_	_	_	_	26.1	0.58	_	_
Tax benefit due to TCJA ¹	_	_	_	_	(56.1)	(1.25)	(1.0)	(0.02)
Tax effect of adjustments	(26.2)	(0.59)	(14.3)	(0.32)	(38.6)	(0.86)	(22.7)	(0.48)
Adjusted net income (non-GAAP)	\$ 159.3	\$ 3.59	\$ 266.0	\$ 5.96	\$ 383.2	\$ 8.52	\$ 522.3	\$11.03
GAAP net income margin	0.9%	 _	1.7%	 _	2.2%	 _	2.2%	_
Adjusted net income margin (non-GAAP) ²	1.2%	_	1.9%	_	2.3%	_	2.6%	-

Individual per share effects may not equal the total due to rounding.

GAAP is defined as generally accepted accounting principles.

¹ TCJA is defined as the Tax Cuts and Jobs Act of 2017.

² Adjusted net income margin (non-GAAP) is adjusted net income divided by adjusted total revenue.

Cautionary Statement Regarding Forward-Looking Statements

Cautionary Statement Regarding Forward-Looking Statements
This annual review contains "forward-looking" statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "will," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions are forward-looking statements. For example, statements regarding the company's financial outlook and new business contain forward-looking statements. For example, statements regarding the company's financial outlook and new business contain forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties include, but are not limited to, WellCare's actual future results to differ materially from those projected or contemplated in the forward-looking statements. These risks and uncertainties include, but are not limited to, WellCare's progress on top priorities such as integrating care management, advocating for our members, building advanced relationships with providers and government partners, ensuring a competitive cost position, and delivering prudent, profitable growth, WellCare's ability to effectively execute and integrate acquisitions, including the ability to achieve expected synergies within the expected time frames or at all, the ability to achieve accretion to WellCare's earnings, revenues or other benefits expected, disruption to business relationships, operating results, and business generally of WellCare and/or Meridian and the ability to retain Meridian employees, potential reductions in Medicaid and Medicare revenue, WellCare's ability to edited to Medicaid and manage emedical benefits expense effectively, including through its vendors, its ability to negotiate actuarially sound rates, especially in new programs with limited experience, WellCare's ability to meet the requirements of readiness reviews. Given

Additional information concerning these and other important risks and uncertainties can be found in the company's filings with the U.S. Securities and Exchange Commission, included under the captions "Forward-Looking Statements" and "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2018, which contain discussions of WellCare's business and the various factors that may affect it. Subsequent events and developments may cause actual results to differ, perhaps materially, from WellCare's forward-looking statements. WellCare's forward-looking statements are made. WellCare undertakes no duty, and expressly disclaims any obligation, to update these forward-looking statements to reflect any future events, developments or otherwise.

CORPORATE INFORMATION

BOARD OF DIRECTORS



EXECUTIVE OFFICERS

Kenneth A. Burdick Chief Executive Officer

Andrew L. Asher Executive Vice President and Chief Financial Officer

Darren W. Ghanayem Executive Vice President and Chief Information Officer

Anat Hakim Executive Vice President, General Counsel and Secretary

Mark Leenay, M.D. Executive Vice President and Chief Medical Officer Rhonda R. Mims Executive Vice President and Chief Public Affairs Officer

Kelly A. Munson Executive Vice President, Medicaid

Michael R. Polen Executive Vice President, Medicare and Operations

Michael P. Radu Executive Vice President, Clinical Operations and Business Development

Timothy N. Trodden Executive Vice President and Chief Human Resources Officer

Michael C. Yount Executive Vice President, Chief of Staff and Chief Compliance Officer

CORPORATE INFORMATION

Corporate Headquarters

WellCare Health Plans, Inc. 8725 Henderson Road Tampa, Florida 33634 813-290-6200 WWW.WELLCARE.COM

Common Stock

WellCare Health Plans, Inc.'s common stock is listed on the New York Stock Exchange under the trading symbol WCG. Matters regarding change of address and other stock issues should be directed to the stockholder relations department of the transfer agent. **Financial Information**

Investment community members seeking information about WellCare may contact Investor Relations by calling 813-206-6958, visiting www.wellcare.com on the Internet, or writing to WellCare Investor Relations at P.O. Box 31379, Tampa, Florida 33631-3379.

Transfer Agent Computershare Trust Company, N.A. P.O. Box 43078 Providence, Rhode Island 02940-3078 781-575-2879

WWW.COMPUTERSHARE.COM

Independent Registered Public Accounting Firm Deloitte & Touche LLP, Tampa, Florida

WellCare is committed to giving back

Our 2018 philanthropic contributions include:



WellCare recognized as one of the 50 most community-minded companies in the nation.

Volunteer

WellCare associates contributed nearly 40,000 volunteer hours.

76% of our associate base participated in volunteer activities.

TO LEARN MORE, GO TO WELLCARE.COM/CORPORATE/CSR-WEBSITE.



This book was printed on FSC® certified paper. FSC® (Forest Stewardship Council®) is an independent, international, non-governmental organization. Its aim is to support environmentally sustainable, socially and economically responsible global forest management.



WWW.WELLCARE.COM