

Game On

HealthSmart has grown significantly over the past three years. We've broadened our product lines and established a regional structure that will drive the expansion of our national presence (read more about this on page 2). We have a team of extremely talented people. Our challenge now is to consistently perform like the winning team we are.

Winning teams have the ability to communicate needed information quickly. It is essential for us to make significant, positive changes in the way we share information with each other. This was a hot topic with our Executive Management Team, which met recently to discuss HealthSmart's business goals for the next 12-24 months.

Other key objectives developed at the meeting that will maximize retention and sales include:

- ▶ Completing the scrubbing of our Provider/Network Management Database.
- ▶ Driving the integration of acquisitions to a unified platform across all of HealthSmart.
- ▶ Gaining a deeper understanding of our customers through surveys and an Executive Scorecard reporting mechanism.
- ▶ Developing complete operational integration for our Medical/FSA/HSA/HRA accounts.
- ▶ Creating robust training initiatives throughout the Company.
- ▶ Improving employee satisfaction by creating a workplace that cultivates creativity, teamwork and continuous improvement.
- ▶ Implementing an upgraded Customer Relationship Management (CRM) tool (SalesForce 2.0) to drive sales and marketing efforts.
- ▶ Leveraging the new phone system as part of our world-class customer experience.

In addition, we will be rolling out a refreshed mission and vision along with some exciting incentives to show appreciation for the great team we have here at HealthSmart. The graphic below is a sneak peak of this project. Stay tuned.

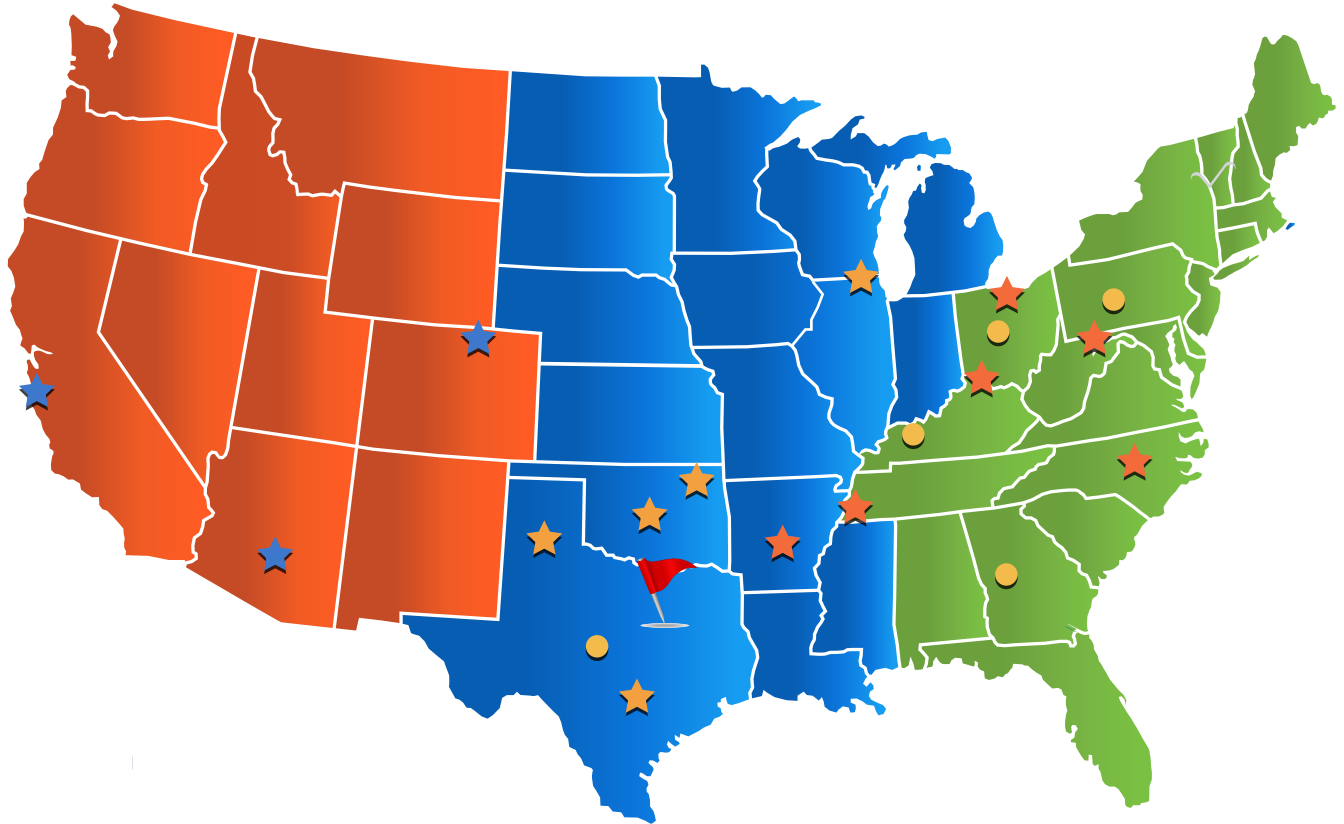


Jim Pennington,
President

“Talent wins games, but teamwork and intelligence win championships.”

{Michael Jordan}

HealthSmart's New Regional Structure Will Support Our National Expansion



Since 2011, HealthSmart has more than tripled in size. Although we've always had a national presence, our organic growth and strategic acquisitions have prompted the need for a change in structure. This new framework will allow us to be more nimble while still maintaining a cohesive strategy.

As you can see from the map, HealthSmart is now divided into three regions: West, Central and East. Each region has an Executive Vice President that will report directly to our President, Jim Pennington.

This is an exciting time for our Company, and we are poised for growth in many areas. As part of our ongoing commitment to improve communication throughout HealthSmart, you'll receive timely updates on the development of this initiative.

MEET OUR REGIONAL EXECUTIVE LEADERS

WEST



John Fischer has extensive experience in sales management, healthcare plan management and mergers and acquisitions.

He came to HealthSmart from Physician Services, LLC, d.b.a. 4MOST Health

Networks. As its President, he led the company to an average net profit of 27% over an eleven year period. He was also responsible for the successful expansion of its PPO networks and implemented an electronic records system for the operations platform. In addition, he engineered a growth plan that took the company from \$300k in annual revenues to approximately \$4 million in annual revenues during his tenure.

CENTRAL



Todd E. Archer is the President and CEO of our latest acquisition, MAA. He has served as a panelist for national conferences on Medical Stop Loss and Self-Insurance and is a board member of the Healthcare Administrator's

Association, as well as serving on the Government Relations Committee for the Self Insurance Institute of America (SIIA). Also very active in community service, he is the current president of Rebuilding Together OKC and is a member of the board of the Oklahoma City All-Sports Association.

Todd has over 32 years of experience in insurance and healthcare benefits. He has been with MAA since 2002.

EAST



Loren W. Claypool comes to HealthSmart from VCPI/ Extendicare Health Services, Inc. (EHSI) where he was Vice President, Managing Director and CIO, respectively. He was instrumental in creating

VCPI's product portfolio and leading its growth strategy to become the leading nationwide provider of outsourced technology solutions to the Long Term/Post-Acute Healthcare sector. He also drove VCPI's name recognition by implementing its branding and an integrated social media strategy.

In addition, Loren has a high level of expertise in strategy development, information technology and change management.

Acquisition Recap

HealthSmart has acquired six companies

this year, increasing our talent pool as well as our client base. We are thrilled to welcome them to the HealthSmart Family! Here's some information on these organizations:

January 2013

Mountain States Administrative Services (MSAS)

is a division of **Lovitt & Touché, Inc.**, one of the largest brokerage firms in the nation. It's based in **Tucson, Arizona**, and provides **partially self-funded employer benefits** administration through the development of customized plans designed to maximize cost savings while maintaining employee satisfaction. MSAS administers healthcare benefits to approximately **26,000 individuals across 46 states**.

March 2013

Employee Benefits Administrators (EBA)

EBA specializes in offering **consumer directed solutions to self-funded employers** and their employees. Their customized plans are designed to maximize cost savings while maintaining employee satisfaction. The company administers medical, dental and vision solutions to approximately **11,382 individuals across 25 states**.

June 2013

Wells Fargo Disability Management (WFDM)

Formerly a division of Wells Fargo Insurance Services, the new name for this division of HealthSmart is **HealthSmart Casualty Claims Solutions (HSCCS)**. It's headquartered in Charleston, West Virginia and has offices in Florida, Virginia, Pennsylvania, Kentucky, and Ohio. Specializing in **property, casualty, workers' compensation, international, personal lines, and life products**, they give us substantial product diversification and opportunities for growth in new markets.

Klais & Company

is in **Akron, Ohio** and currently administrates more than **150,000 student health plans**. This is another new market for HealthSmart and will provide additional avenues for product development and expansion.

August 2013

Health Service Review (HSR)

HSR is a medical care management company located in Franklin, Ohio that specializes in **reducing the healthcare cost trend** for its clients. Its team of certified case managers has helped its clients achieve a **significant ROI for disease and case management**.

October 2013

Mutual Assurance Administrators (MAA)

Founded in 1975, MAA is headquartered in Oklahoma City, Oklahoma. The Company currently **serves approximately 123,000 total covered lives** administered under medical plans targeting clients in the 150 to 1,500 employer range size. Mutual Assurance Administrators has developed a high touch customer service model and has **implemented exceptional cost controls**. In addition, it accesses multiple third-party networks on behalf of its clients. MAA is headquartered in Oklahoma City, OK with full service operations located in Bartlesville, OK; Springfield, MO; Little Rock, AR; Memphis, TN and Dallas, TX.

Thank you...

These acquisitions represent a tremendous amount of work across all departments. It's **the hard work and dedication of our entire Company** that enables us to continue moving forward. Keep up the great work!



Latest HealthSmart Heroes

Marcus Watkins

Marcus went above and beyond his duties by single-handedly orchestrating the resolution of a pending legal matter between Stanford Hospital, a network provider, and the City of Turlock, a client. He exhibited masterful knowledge of the region and the relationships affected by this issue while achieving an outstanding result for the organization.

Elli Basiliadis

Elli was nominated for her initiative in a situation that enabled HealthSmart to work efficiently and to allow a patient to be timely and appropriately discharged. If Elli had not taken this initiative, the patient would either have to change providers or stay in the hospital another day, adding unnecessary costs to our client's health plan.

Lori Burke

Lori's day to day, upbeat, hard-working attitude goes a long way in helping us deliver exceptional customer service to our clients. One of our customers said, "Anytime we have a question, she responds quickly and professionally. Her friendly personality makes her a joy to work with and she makes me feel like a valued client."

Cynthia Wyer

Cynthia was nominated for her teamwork and her strong work ethic. Michele Wilfer said "During the busiest times your team effort is appreciated and allows us to produce the files needed to test the feeds to vendors for our transition groups."

Elsa Villarreal

Elsa was recognized by one of our customers for her level of customer service. Elsa went the extra mile by doing everything she could to resolve the issue at hand and following up on the status. This made for a very positive experience for our client. Thank you for going the extra mile!

Steve Flores

One of our clients expressed their appreciation with the level of customer service provided by Steve when assisting them on a call. Steve went above and beyond by explaining and detailing all of the issues that had the member upset and confused.

Chris Oldham

Rene Carroll nominated Chris for her exemplary customer service she provided to a customer. The client said she always feels that Chris exceeds expectations in assisting her employees and answering their questions.

Kristyn Brown

Kristyn's contributions in the Humana delegated credentialing audit played a huge role in ensuring we remained in compliance in the NCQA states. Her strong work ethic and ongoing display of teamwork was an important factor in making this happen.

Donna Baker • Kim Ennis • Jim Grounds • Mark Lopinsky
Nancy McClain • Mark Miller • Mike Montgomery • Mike White

On July 2, 2013, an urgent request was made to migrate one of our high-profile clients, K-VA-T, to bulk payment. The requested completion date was July 17, 2013 — only 15 business days! Without hesitation, our MultiClaim IT Team leapt into action, analyzed the request, developed a plan of attack, and got to work. The request entailed more than just a move to bulk payment. Special programming had to be put into place to accommodate very unique client needs. The hard work by the MultiClaim IT Team assisted in the efforts to meet the client's goals during the busiest of times. This is what HealthSmart is all about!

More than Just Golf



The UFCW (United Food and Commercial Workers International Union) Local 880 Golf Classic is an annual event that HealthSmart sponsors. All proceeds go to the **Local 880 Scholarship Fund**, which is designed to help some of the Local 880's brightest young people reach their full potential. The fund was established in 1994 and **has raised more than \$416,243** to provide scholarships to deserving students. It has already helped 138 young men and women attend college. This year's event was held at the Barrington Country Club in Aurora, Ohio.

HealthSmart and the UFCW Local 880 have a relationship that **spans more than 20 years** and we continue to build and strengthen it through positive service and by supporting each other through events such as this Golf Classic. We are proud to contribute to it and the other communities in which we serve. Special thanks to **Amy Sunday** for her fantastic customer service as the Account Executive of UFCW!



Left to Right: Paul Jaros, Charles Busch, Jim Mendola and Aaron Means

Charleston Has Got It Goin' On!

The purpose of the **YMCA Corporate Cup** is to **promote health and physical fitness** to employees of business, industry and members of the community as a whole. This program offers events that appeal to all employees of the community, no matter their level of fitness. **Proceeds of the Corporate Cup go to the YMCA Strong Kids Fund** which provides funding for children in the community to take swim lessons, attend day camp and much more.

This is a yearly event for the folks in Charleston, and they represented HealthSmart well this past summer, placing 9th in the overall competition!



Andy Payne struts his stuff in the corporate hoop shoot.

Superstars!

From L to R: Leslie Lynch, John Whitley, Brian Myers, Melissa Miller, Joy Burns and Kim Brennan

Brian Myers swings for the fences.

The Healthy 15 ROCKS!!

The Healthy 15 Challenge is a fantastic HealthSmart perk and a fun way to set health and wellness goals, engage in friendly competition with your co-workers and much, much more. Whether you want to lose weight, increase your stamina or just maintain your current health status, there is something in this company-wide wellness challenge for everyone. Did we already mention the fantastic prizes? There are iPads, home gyms and mountain bikes awarded in these challenges, just to name a few!

“Spring into Summer” was the theme for the latest Healthy 15 Challenge. It kicked off on June 24 and concluded on September 16. Participants earned prizes by accumulating points (both individually and as a member of a team) in four main areas: exercise, nutrition, event participation and body measurements.

There were twenty teams in the challenge who had a lot of fun going head to head with each other on a weekly basis. In the end, though, only one team could win! Motivated to Move (MTM), led by Grant Nollmann, took the number one slot. Other MTM team members were Kathryn Barnett, Michael DiFilippo, Michelle Grayam, Kathy Hansen, Sherry Sosa and Tyresha Wright. They all won an Apple iPad 2!

The Gym Class Heroes took second place and won FitBit Wireless Activity + Sleep Wristbands. *Changing our Weighs* came in third and won GoFit Ultimate Pro Gyms. In the individual category, Jessica Munoz reached the Gold Level (>810 individual points) and won the drawing for an iPad Mini. Shelley Romig won a mountain bike in the mid-season drawing. The Challenge resulted in a **total loss of 487 pounds and a 103% reduction in body fat**. Congrats to all!

Meet Marty Sholder



Marty Sholder recently joined the HealthSmart team as our Executive Vice President of Network Solutions. He is based in the Irving, Texas office and will lead our national network operations, focusing on revenue growth, improving processes and bringing a whole new level of growth to HealthSmart's network division.

He comes to HealthSmart from CompNet America. As its President and cofounder, he led the company to significant national growth. Marty was also responsible for the successful expansion and business development of its workers' compensation PPO network. Strategic planning, network management and operational improvements are his primary areas of expertise. Marty's great leadership style and extensive experience will be a strong addition to HealthSmart's executive team.

On Deck at HealthSmart

▶ **New Website | November 2013**

HealthSmart will launch a refreshed website in November, giving visitors greater ease of navigation and a more interactive experience.

▶ **Greeting Card Contest | December 2013**

Do you have a child or grandchild between the ages of 7 and 12 who loves to draw? Our 5th Annual greeting card contest is coming soon!

▶ **HealthSmart Mobile App | January 2014**

HealthSmart is launching a new mobile application called “MyHealth at HealthSmart.” It will guide users to their claims, enrollment, eligibility and much more. My Health will put your health information at your fingertips.

▶ **5th Annual HealthSmart Forum | March 2014**

Our 5th Annual Healthcare Forum will be held at the Gaylord Texan from March 31- April 1st. Leaders in our industry from around the country will participate in a wide variety of panel discussions. The opening keynote speaker is Karl Rove. Mary Matalin and James Carville will be a thought-provoking finish to an event that gets better every year!