

**Continuicare** 

(NYSE AMEX: CNU)

# Safe Harbor Statement

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Our presentation today contains forward-looking statements including statements about our anticipated financial performance, business prospects, and expectations for growth. Forward-looking statements are subject to risks and uncertainties, and our actual results may differ materially from those discussed here. Additional information concerning factors that could cause such differences can be found in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to revise or update any forward-looking statements after the date hereof.

This presentation and the Q&A that follows may include non-GAAP financial information. A presentation of the most directly comparable GAAP financial information and the reconciliations between the non-GAAP financial information and GAAP financial information can be found at: <http://www.continucare.com/ir/reconciliations>.

# Agenda

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- Company Overview
- Business Model
- Growth Strategy
- Financial Performance
- Investment Highlights

# Company Overview

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- Continucare Corporation is a healthcare organization that provides:
  - Primary care focused medical services through a network of staff model medical centers, and
  - Medical utilization management services for independent private practice primary care physicians (IPAs)
- Operations located in Florida
  - 18 staff model medical centers
  - 21 IPA medical offices

# Company Overview *(continued)*

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- One of largest staff model medical providers in Florida
  - Strong managed care orientation
  - Leading Medicare provider with principal focus on Medicare Advantage Program
  - Significant presence in Medicaid market
- Work with leading HMOs

# Significant Patient Base

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- Revenue dominated by “risk” patients:

|            | <u>Patients</u> | <u>% Revenues</u> |
|------------|-----------------|-------------------|
| Medicare   | 19,584          | 90%               |
| Medicaid   | 5,560           | 7%                |
| Commercial | <u>466</u>      | <u>1%</u>         |
| Total      | 25,610          | 98%               |

- Balance of revenue derived from significant number of non-risk patients (both capitated and FFS)

# Business Model

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- Managed care orientation; fee-for-service (FFS) activities provide incremental opportunities
- Revenues largely derived from capitation payments
- Significant portion of business conducted on risk basis
  - Capitation payments typically set as percentage of HMO premium
  - Responsible for substantially all cost of patient care

# Business Model: *Keys to Success*

- Place primary care physician in charge; provide patient medical home
- Thoroughly assess patient's health and establish plan of care
  - Stress wellness and prevention
  - Monitor progress/compliance
- Aggressively manage health needs; coordinate care
  - Encourage frequent patient encounters with PCP
  - Closely monitor high risk patients
  - Work closely with limited network of highly skilled and responsive specialists
- Maintain high patient satisfaction

# Medicare Advantage: *An Explanation*

- HMO-type alternative to traditional Medicare fee-for-service (FFS) program
- HMOs contract with Centers for Medicare and Medicaid Services (CMS) to provide health insurance coverage in exchange for fixed monthly payment per member for Medicare eligible individuals
- Individuals who elect to participate in Medicare Advantage program receive additional benefits not covered by Medicare FFS program and are relieved of obligation to pay some or all deductible or coinsurance amounts otherwise due
- Individuals required to use exclusively HMO service

# Growth Strategy

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- Leverage existing infrastructure
  - Increase patient base at medical centers
    - Enhance marketing efforts
    - Expand non-Medicare new lines of business
  - Expand network of IPAs
- Complement organic efforts with strategic acquisitions
- Pursue other lines of business that take advantage of existing skills

# Seredor

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- Completed acquisition of Professional Sleep Diagnostics in August 2009
- Operates/manages 13 sleep diagnostic centers in six states
- Sleep diagnostic market large, highly fragmented and growing
  - Key driver: Obstructive Sleep Apnea
  - OSA afflicts 18 million adults in U.S
  - If untreated OSA represents significant health risk
- Goal: become leader in sleep diagnostic field

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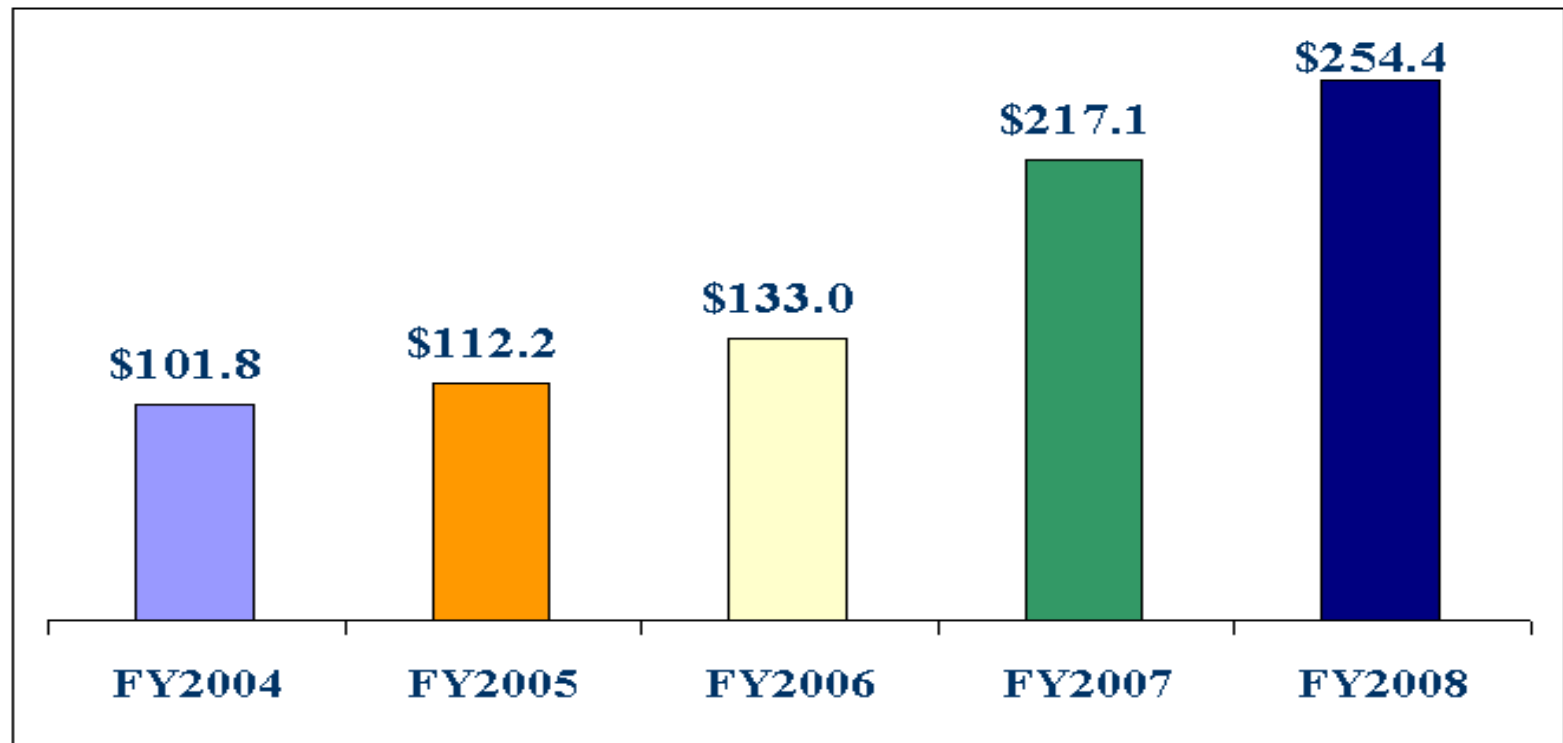
Financial  
Performance

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# Revenue *(in millions)*

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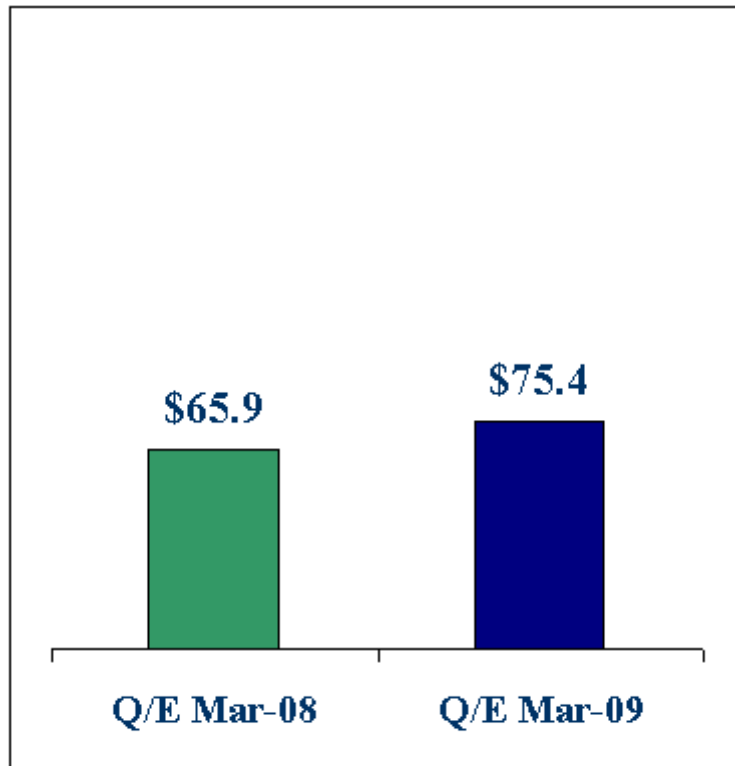
## Fiscal Year Results



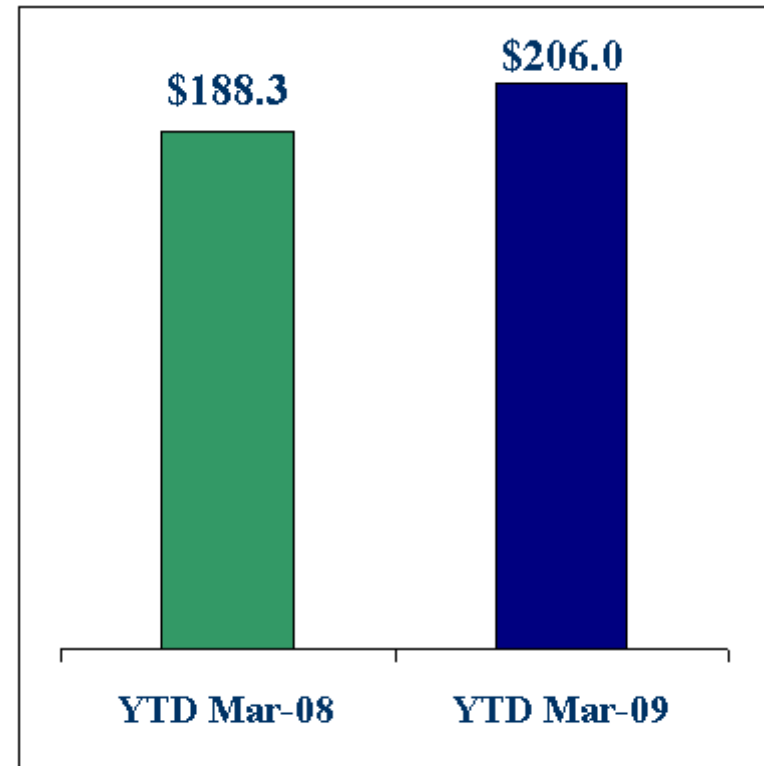
# Revenue *(in millions)*

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## Three Month Results

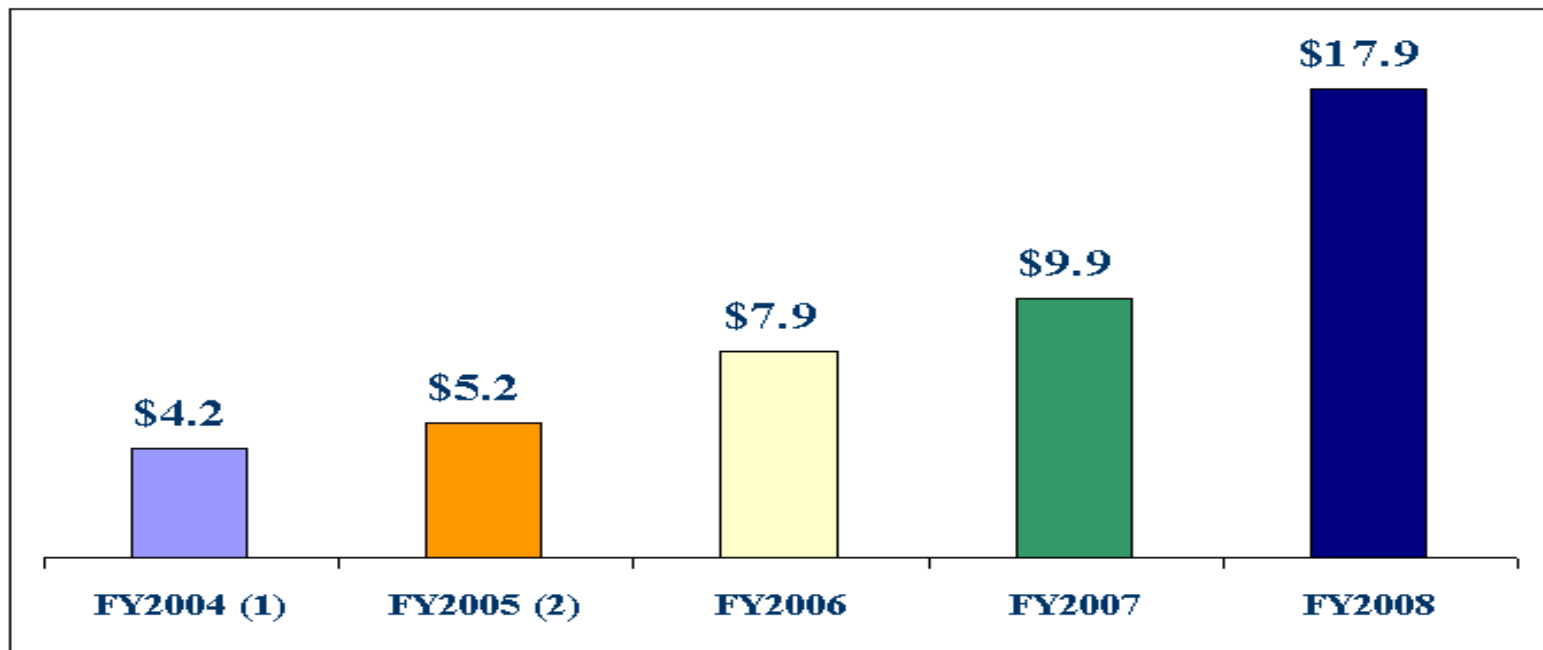


## Nine Month Results



# Adjusted Operating Income *(in millions)*

## Fiscal Year Results



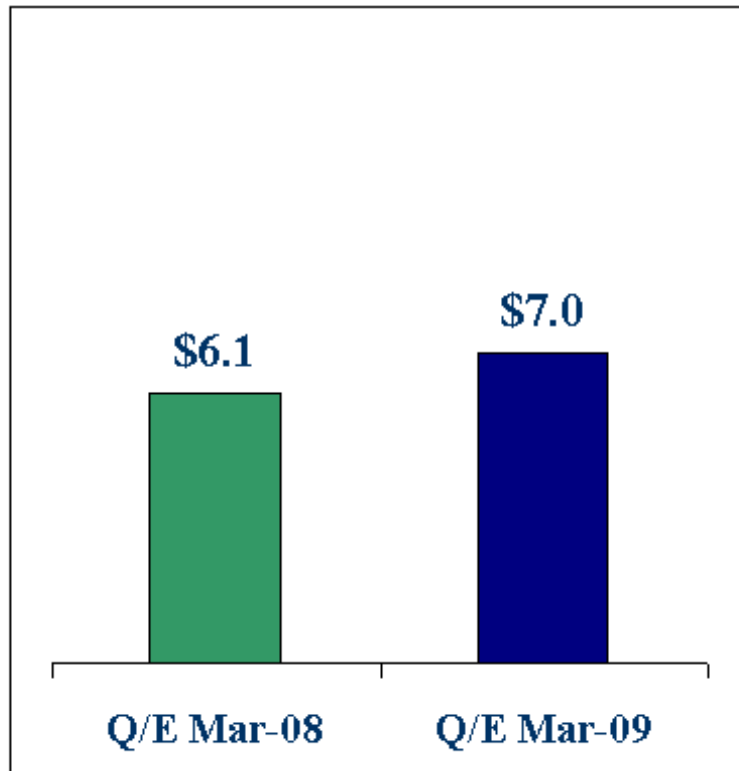
(1) Excludes gain on extinguishment of debt of \$0.9 million.

(2) Excludes one-time Medicare Advantage distribution of \$1.1 million and gain on extinguishment of debt of \$3.0 million.

# Operating Income *(in millions)*

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## Three Month Results

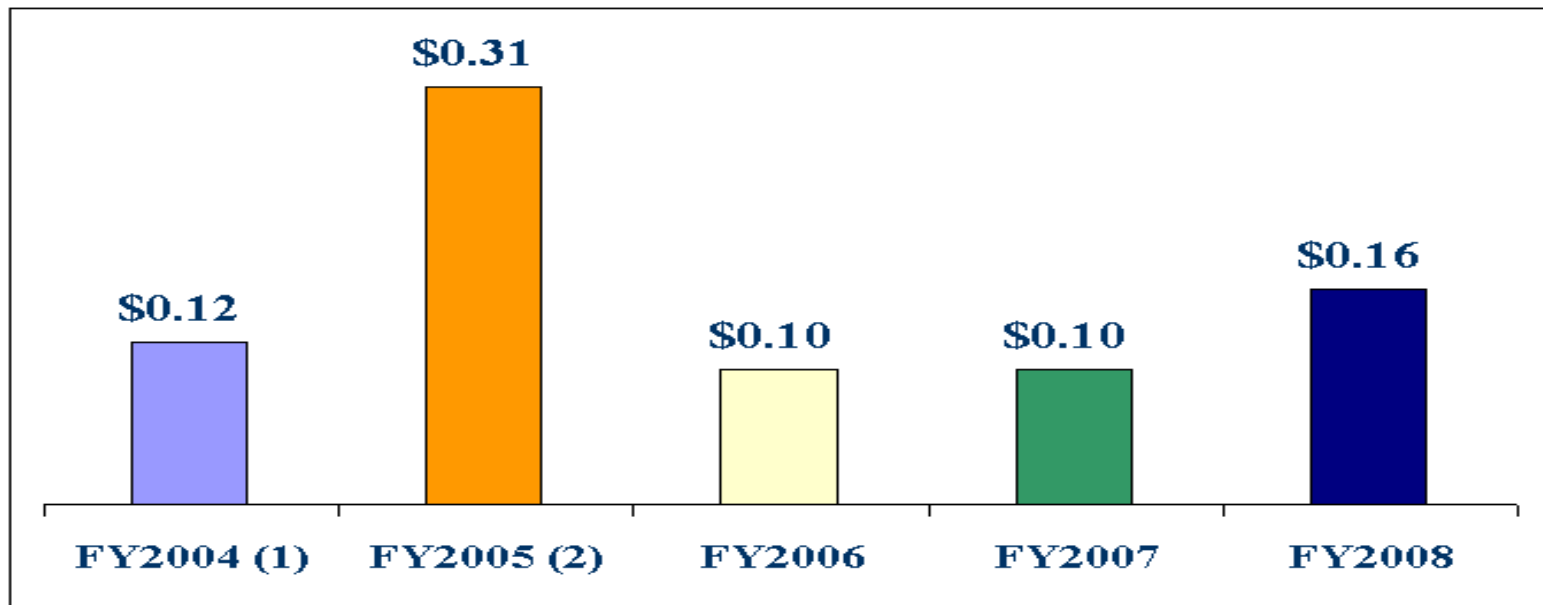


## Nine Month Results



# Diluted EPS From Continuing Operations

## Fiscal Year Results



(1) Includes gain on a medicare settlement of \$2.2 million related to terminated operations and gain on extinguishment of debt of \$0.9 million.

(2) Includes one-time Medicare Advantage distribution of \$1.1 million, gain on extinguishment of debt of \$3.0 million and income tax benefit of \$7.2 million.

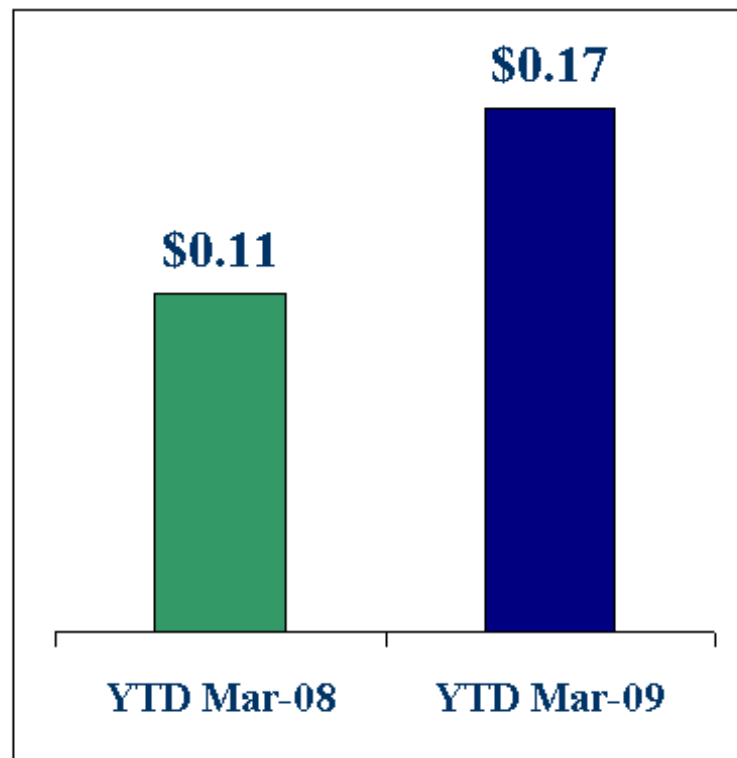
# Diluted EPS

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## Three Month Results



## Nine Month Results



# Other Financial Information

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- Strong cash flow from operations
- Strong working capital position
- Low debt
  - Approximately \$0.2 million of long-term debt as of 3/31/09
- Growing shareholders' equity position
  - \$106.0 million as of 3/31/09
- Repurchasing shares under stock repurchase program
  - Repurchased 11.9 million shares for \$25.0 million (as of 4/30/09)
  - Repurchased approximately 17% of shares outstanding

# Investment Highlights

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- Solid financials
  - Growing revenues
  - Significantly increasing profits
  - Strong cash flow
- Successful execution of growth strategy
- Significant future business opportunities