

Evolent Health, Inc.
Form DEF 14A
April 30, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 - Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material under § 240.14a-12
-

EVOLENT HEALTH, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(3) Filing Party:

(4) Date Filed:

2019 PROXY STATEMENT
AND
NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS

Tuesday, June 11, 2019
10:00 a.m.
800 N. Glebe Road, Suite 500
Arlington, VA 22203

EVOLENT HEALTH, INC.
800 N. Glebe Road, Suite 500
Arlington, VA 22203

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on June 11, 2019

Dear Stockholder:

You are invited to attend the 2019 annual meeting of stockholders (the “Annual Meeting”) of Evolent Health, Inc. (the “Company”), a Delaware corporation, which will be held on Tuesday, June 11, 2019, at 10:00 a.m., local time, at 800 N. Glebe Road, Suite 500, Arlington, VA 22203. The Annual Meeting will be held for the following purposes:

1. To elect two Class I director nominees named in the proxy statement to serve on our Board of Directors until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
3. To approve the compensation of our named executive officers for 2018 on an advisory basis.

In addition, stockholders may be asked to consider and vote upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned, or to which the Annual Meeting may be postponed.

Our Board of Directors has fixed the close of business on April 16, 2019, as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof.

We make proxy materials available to our stockholders on the Internet. You can access proxy materials at <http://ir.evolenthealth.com/Annual-Reports-Proxy-Statements>. You also may authorize your proxy via the Internet by following the instructions on that website. In order to authorize your proxy via the Internet you must have the stockholder identification number that appears on the enclosed proxy card.

By Order of our Board of Directors,

Jonathan D. Weinberg
General Counsel and Secretary

Important Notice Regarding the Availability of Proxy Materials for
the Stockholder Meeting to be Held on June 11, 2019

This proxy statement and our 2018 Annual Report to Stockholders are available at
<http://ir.evolenthealth.com/Annual-Reports-Proxy-Statements>

You may request and receive a paper or email copy of our proxy materials relating to the Annual Meeting and any future stockholder meetings free of charge by emailing proxymaterials@evolenthealth.com, calling 1-844-246-2928, or visiting <http://ir.evolenthealth.com/Annual-Reports-Proxy-Statements>

Arlington, VA
April 30, 2019

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EVOLENT HEALTH, INC.
800 N. Glebe Road, Suite 500
Arlington, VA 22203

PROXY STATEMENT

FOR OUR 2019 ANNUAL MEETING OF STOCKHOLDERS
to be held on June 11, 2019

These proxy materials are being made available in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Evolent Health, Inc., a Delaware corporation, for use at our 2019 annual meeting of stockholders (the “Annual Meeting”) to be held on Tuesday, June 11, 2019, at 10:00 a.m., local time, at 800 N. Glebe Road, Suite 500, Arlington, VA 22203, or at any postponement or adjournment of the Annual Meeting. References in this proxy statement to “we,” “us,” “our,” “ours,” and the “Company” refer to Evolent Health, Inc., unless the context otherwise requires. Distribution of this proxy statement and a proxy card to stockholders is scheduled to begin on or about April 30, 2019, which is also the date by which these materials will be posted.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Who is entitled to vote at the Annual Meeting?

Holders of record of our Class A common stock and Class B common stock at the close of business on April 16, 2019, the record date for the Annual Meeting, are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. If you are a holder of record of our Class A common stock or our Class B common stock as of the record date, you may vote the shares that you held on the record date even if you sell such shares after the record date. Each outstanding share as of the record date entitles its holder to cast one vote for each matter to be voted upon and, with respect to the election of directors, one vote for each director to be elected. Stockholders do not have the right to cumulate voting for the election of directors.

What is the purpose of the Annual Meeting?

At the Annual Meeting, you will be asked to vote on the following proposals:

• Proposal 1: the election of two Class I director nominees named in this proxy statement to serve on our Board until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;

• Proposal 2: the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and

• Proposal 3: the approval of the compensation of our named executive officers for 2018 on an advisory basis (also referred to as the “say-on-pay” vote).

You also may be asked to consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

What constitutes a quorum?

The presence, in person or by proxy, of holders of a majority of the total number of outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of any business at the Annual Meeting. As of April 16, 2019, the record date, there were 81,908,947 shares of our Class A common stock outstanding and entitled to vote and 713,517 shares of our Class B common stock outstanding and entitled to vote.

Each share of Class A common stock and Class B common stock outstanding on the record date is entitled to one vote on each matter properly submitted at the Annual Meeting and, with respect to the election of directors, one vote for each director to be elected. Abstentions and “broker non-votes” (i.e., shares represented at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which, on a particular matter, the broker does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting.

What vote is required to approve each proposal?

Each proposal requires the affirmative vote of a majority of votes cast by the holders of our Class A common stock and Class B common stock, voting together as one class, whether present in person or by proxy at our Annual Meeting and entitled to vote for the proposal to be approved.

What effect do abstentions and “broker non-votes” have on the proposals?

A broker non-vote occurs when shares held by a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the stockholder who beneficially owns the shares and (2) the broker lacks the authority to vote the shares at his/her discretion. Under current New York Stock Exchange (“NYSE”) interpretations that govern broker non-votes, Proposals 1 and 3 are considered non-discretionary matters, and a broker will lack the authority to vote uninstructed shares at his/her discretion on these proposals. Proposal 2 is considered a discretionary matter, and a broker will be permitted to exercise his/her discretion to vote uninstructed shares on this proposal.

An “abstention” will occur at the Annual Meeting if your shares of Class A common stock or Class B common stock are deemed to be present at the Annual Meeting, either because you attend the Annual Meeting or because you have properly completed and returned a proxy, but you do not vote on any proposal or other matter which is required to be voted on by our stockholders at the Annual Meeting. Abstentions and broker non-votes are not considered votes cast and will have no effect on the vote for any proposal.

Can I change my vote after I submit my proxy card?

If you cast a vote by proxy, you may revoke it at any time before it is voted by:

- filing a written notice revoking the proxy with our Secretary at our address;
- properly submitting to us a proxy with a later date;
- submitting a vote at a later time online before the closing of this voting facility at 11:59 p.m. EDT, June 10, 2019; or
- appearing in person and voting by ballot at the Annual Meeting.

If you attend the Annual Meeting, you may vote in person whether or not you previously have given a proxy, but your presence (without further action) at the Annual Meeting will not constitute revocation of a previously given proxy. Unless you have received a legal proxy to vote the shares, if you hold your shares through a bank, broker or other nominee, that is, in “street name,” only that bank, broker or other nominee can revoke your proxy on your behalf.

You may revoke a proxy for shares held by a bank, broker or other nominee by submitting new voting instructions to the bank, broker or other nominee or, if you have obtained a “legal proxy” from the bank, broker or other nominee giving you the right to vote the shares at the Annual Meeting, by attending the Annual Meeting and voting in person.

Who will count the votes?

We have retained American Stock Transfer & Trust Company, LLC to tabulate the votes for the Annual Meeting.

Where can I find the voting results of the Annual Meeting?

We will publish the final results of the voting in a Current Report on Form 8-K within four business days of the Annual Meeting.

How do I vote?

Voting in Person at the Annual Meeting. Only stockholders and persons holding proxies from stockholders may attend our Annual Meeting. All persons attending the Annual Meeting must bring a

form of identification. If you hold your shares in your own name as a holder of record with our transfer agent, American Stock Transfer & Trust Company, LLC, and attend the Annual Meeting, you may vote in person at the Annual Meeting. If your shares are held by a bank, broker or other nominee, that is, in “street name,” and you wish to vote in person at the Annual Meeting, you will need to obtain a “legal proxy” from the bank, broker or other nominee that holds your shares of record.

Voting by Proxy. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you have received a copy of proxy materials by mail. In that case, you may instruct the proxy holders named in the proxy card how to vote your shares of common stock in one of the following ways:

• **Vote online.** You can vote at www.voteproxy.com. To vote online, you must have the stockholder identification number provided in your proxy card.

• **Vote by regular mail.** If you received printed materials and would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and voting instructions have been forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee. If you request printed copies of the proxy materials by mail, you will receive a vote instruction form for this purpose.

If you sign and submit your proxy card without specifying how you would like your shares voted, your shares will be voted in accordance with the Board’s recommendations specified in the next question and in accordance with the discretion of the person named on the proxy card with respect to any other matters that may be voted upon at the Annual Meeting or at any adjournment or postponement of the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you submit a proxy to vote your shares in advance so that your vote will be counted if you later are unable to attend the Annual Meeting.

How does the Board recommend that I vote on each of the proposals?

The Board recommends that you vote:

• **FOR Proposal 1:** the election of Seth Blackley and David Farner as directors to serve on our Board until our 2022 annual meeting of stockholders and until their successors are duly elected and qualified;

• **FOR Proposal 2:** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and

• **FOR Proposal 3:** the approval of the compensation of our named executive officers for 2018 on an advisory basis (also referred to as the “say-on-pay” vote).

What other information should I review before voting?

Our 2018 Annual Report to stockholders, including our consolidated financial statements for the fiscal year ended December 31, 2018, is being made available to you along with this proxy statement. You

may obtain, free of charge, copies of our 2018 Annual Report to stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which contains additional information about the Company, on our website at www.evolenthealth.com or by directing your request in writing to Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203, Attention: Investor Relations. Our 2018 Annual Report to stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, however, are not part of the proxy solicitation materials, and the information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the Securities and Exchange Commission (the "SEC").

Who will pay for the cost of this proxy solicitation?

We will pay the cost of the solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies personally or by telephone. No arrangements or contracts have been made with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors if we deem them necessary. Such solicitations may be made by mail, telephone, facsimile, email or personal interviews.

Why didn't I automatically receive a paper copy of the proxy statement, proxy card and annual report?

Pursuant to rules adopted by the SEC, we have elected to provide certain beneficial owners of our shares held in "street name" access to our proxy materials via the Internet.

How can I receive electronic access to the proxy materials?

You may access our proxy materials over the Internet at <http://ir.evolenthealth.com/Annual-Reports-Proxy-Statements>. If you did not receive a paper copy of the proxy materials, the materials sent to you by your broker, nominee or other organization include instructions on how to request a printed set of the proxy materials by mail or an electronic set of materials by email. In addition, stockholders may request to receive future proxy materials in printed form, by mail or electronically by email on an ongoing basis. Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to you and will reduce the environmental impact of the Annual Meeting. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive future proxy materials by email will remain in effect until you terminate it.

No person is authorized on our behalf to give any information or to make any representations with respect to the proposals other than the information and the representations contained in this proxy statement, and, if given or made, such information and/or representations must not be relied upon as having been authorized.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board currently consists of eleven members and is divided into three staggered classes of directors, as nearly equal in number as possible. The current term of office of our Class I Directors expires at the Annual Meeting, while the term for our Class II Directors expires at the 2020 annual meeting and the term for our Class III Directors expires at the 2021 annual meeting. Upon unanimous recommendation by the Nominating and Governance Committee of the Board, the Board proposes that the following nominees, Seth Blackley and David Farner, each a current Class I Director, be elected for new terms of three years and until their successors are duly elected and qualified as Class I Directors. Each of the nominees has consented to serve if elected. All of our director nominees are current members of our Board. If any of them becomes unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxy holders will vote for the substitute nominee designated by the Board. There is no limit on the number of terms a director may serve on our Board. Norman Payson M.D., who currently serves on our Board as a Class I Director, will not stand for reelection upon the expiration of his term at the Annual Meeting. Dr. Payson has served on our Board since December 2013 and we wish to thank him for his years of service.

Pursuant to the stockholders agreement we entered with TPG Global, LLC and certain of its affiliates (“TPG”), University of Pittsburgh Medical Center (“UPMC”) and The Advisory Board Company (“The Advisory Board”) at the time of our initial public offering, for so long as each of TPG, UPMC and The Advisory Board owns or owned at least 40% of the shares of common stock held by it upon the completion of our initial public offering, such stockholder will be or was entitled to nominate two directors to serve on our Board. When such stockholder owns less than 40% but at least 5% of the shares of common stock held by it upon the completion of our initial public offering, such stockholder will be entitled to nominate one director to serve on our Board. As of April 16, 2019, TPG and The Advisory Board no longer held any of the shares of our common stock that they held upon completion of our initial public offering and UPMC owned more than 40% of the shares of our common stock it held upon the completion of our initial public offering. Upon ceasing to hold at least 40% of the shares of common stock held by it following the completion of our IPO, in accordance with the terms of the stockholders agreement, one of TPG’s designees offered to tender his resignation, but the Board did not accept this offer. Similarly, upon ceasing to hold at least 5% of the shares of common stock held by it following the completion of our IPO, TPG’s other designee offered to tender his resignation, but the Board did not accept this offer. One of The Advisory Board’s designees resigned from our Board in 2017, and upon The Advisory Board ceasing to hold at least 5% of the shares of common stock held by it following the completion of our IPO, The Advisory Board’s other designee offered to tender his resignation, but the Board did not accept this offer. Pursuant to these provisions, TPG had designated Matthew Hobart and Norman Payson, MD, The Advisory Board had designated Michael D’Amato, and UPMC has designated Diane Holder and David Farner. David Farner is up for reelection under this Proposal 1.

Information Regarding Director Nominees and Directors

Set forth below is biographical information about each of the directors and director nominees. In addition, we have described the experience, qualifications, attributes and skills of each director the Board considered in determining that such director should serve on our Board.

Directors Standing for Election

Class I Directors with Terms Expiring at the 2019 Annual Meeting

Seth Blackley, 40, Director

Seth Blackley, our co-founder, has served as our President since August 2011 and on our Board since April 2018. Prior to co-founding the Company, Mr. Blackley was the Executive Director of Corporate Development and Strategic Planning at The Advisory Board from June 2007 to August 2011. From 2014 to 2016, Mr. Blackley served on the board of directors of Advanced Practice Strategies. Mr. Blackley is currently a board member of Access Clinical Partners and Iodine Healthcare. Mr. Blackley began his career as an analyst in the Washington, D.C. office of McKinsey & Company. Mr. Blackley holds a bachelor of arts degree in business from The University of North Carolina at Chapel Hill, and a master of business administration from Harvard Business School. We believe that Mr. Blackley is qualified to serve on our Board because of his extensive experience in finance, strategy and operations, especially in the field of healthcare, and his extensive knowledge in all aspects of our business.

David Farner, 55, Director

David Farner has served on our Board since September 2014. Mr. Farner has been with UPMC for more than 30 years, holding various senior leadership positions for the last 25 years, including interim Chief Financial Officer. Since 2010, Mr. Farner has served as Executive Vice President and Chief Strategic and Transformation Officer of UPMC. Prior to UPMC, Mr. Farner worked as an auditor at Arthur Anderson & Company. Mr. Farner holds a bachelor of science in computer information systems from Westminster College. We believe that Mr. Farner is qualified to serve on our Board because of his extensive career in healthcare and finance.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE TWO DIRECTOR NOMINEES NAMED ABOVE.

Other Directors Not Standing for Election at this Annual Meeting

Directors who will continue to serve after the Annual Meeting are:

Class II Directors with Terms Expiring at the 2020 Annual Meeting

Bridget Duffy, MD, 60, Independent Director

Bridget Duffy, MD has served on our Board since September 2017. Dr. Duffy has served as the Chief Medical Officer at Vocera Communications, Inc. since January 2013. Prior to her appointment at Vocera, Dr. Duffy co-founded and served as Chief Executive Officer of ExperiaHealth from November 2010 to December 2012. Dr. Duffy also served as the Chief Experience Officer at the Cleveland Clinic. Dr. Duffy holds a bachelor of science degree from the University of Minnesota and received her doctorate in medicine from the University of Minnesota. She completed her residency in internal medicine at Abbott Northwestern Hospital in Minneapolis, Minnesota. We believe Dr. Duffy is qualified to serve on our Board because of her extensive experience in healthcare, including as Chief Medical Officer of Vocera.

Matthew Hobart, 48, Independent Director

Matthew Hobart has served on our Board since September 2013. Mr. Hobart leads the Healthcare and Financial Services investments for TPG Growth, the middle market and growth equity investment fund of TPG. Mr. Hobart is currently a board member of Northstar Anesthesia, Cancer Treatment Services International, Access Clinical Partners and Precision Medicine (among other boards) and his previous board service includes Greencross Limited, The Vincraft Group, Schiff Nutrition International, Inc., a public company, iMDSOFT, Wil Research and Agraquest. From 2001 until he joined TPG Growth in 2004, Mr. Hobart was the Vice President of Corporate Development for Critical Path. Previously, Mr. Hobart co-founded, and from 1999 to 2001 served as a Managing Director of, Vectis Group. From 1993 to 1997, Mr. Hobart made private equity investments in the United States and Europe for Morgan Stanley Capital Partners III L.P. and helped raise and invest funds for the Morgan Stanley Global Emerging Markets Fund. Mr. Hobart holds a bachelor of arts in economics from Miami University and a master in business administration from Stanford University Graduate School of Business. We believe that Mr. Hobart is qualified to serve on our Board because of his extensive experience in leadership, corporate governance and finance.

Diane Holder, 69, Director

Diane Holder has served on our Board since August 2011. Ms. Holder has been an Executive Vice President of UPMC since 2007, President of the UPMC Insurance Services Division and President and CEO of UPMC Health Plan since 2004. Ms. Holder holds a bachelor of arts in psychology from the University of Michigan and a master of science in social work from Columbia University. We believe that Ms. Holder is qualified to serve on our Board because of her extensive career in healthcare.

Michael D'Amato, 65, Independent Director

Michael D'Amato has served on our Board since April 2016. Since October 2016, Mr. D'Amato has served in various executive capacities in the finance and strategy functions of Optoro Inc., and since June 2011, Mr. D'Amato has served as Managing Partner of Sears Road Partners LLC, a private investment company. Prior to joining Sears Road Partners LLC, Mr. D'Amato served as Senior Advisor to Jeff Zients, the Federal Chief Performance Officer and Deputy Director for Management of the Office of Management and Budget from June 2009 to June 2011. From 2004 to 2009, he was a Founding Partner of Portfolio Logic LLC, an investment company focused on small-cap public and private companies, with particular emphasis on healthcare. From 1995 to 2004, he held various executive roles at The Advisory Board, including Chief Financial Officer (1996-1998) and Executive Vice President (1998-2001), and served as a Director from 2001 to 2004. Prior to joining The Advisory Board, Mr. D'Amato held various roles at the management consulting firm Bain & Company, including Senior Partner, where he focused on strategy and organizational development. Mr. D'Amato received a bachelor of science degree from The Massachusetts Institute of Technology and master's degree in business administration from Harvard Business School. We believe that Mr. D'Amato is qualified to serve on our Board because of his experience in healthcare, finance and consulting, including his roles as Chief Financial Officer and Director of The Advisory Board.

Class III Directors with Terms Expiring at the 2021 Annual Meeting

Bruce Felt, 61, Independent Director

Bruce Felt has served on our Board since June 2015. Since August 2014, Mr. Felt has served as Chief Financial Officer of Domo, Inc. From June 2012 to June 2014, Mr. Felt served as Chief Financial Officer of Ten-X (formerly Auction.com). From October 2006 to June 2012, Mr. Felt served as the Chief Financial Officer of SuccessFactors, Inc. From February 2005 through August 2006, Mr. Felt served as chief financial officer of LANDesk Software, Inc. Subsequent to LANDesk's acquisition by Avocent Corp. in August 2006, Mr. Felt was retained by Avocent through February 2007 on a transitional basis to manage certain matters. From April 1999 to February 2005, Mr. Felt served as Chief Financial Officer of Integral Development Corporation. Mr. Felt currently sits on the board of directors of Cambium Networks Corporation, Betterworks and Personal Capital Corporation and has been a member of various non-profit boards. Mr. Felt was a member of the board of directors of Yodlee, Inc., a public company, from April 2015 to December 2016. Mr. Felt holds a bachelor of science in accounting from the University of South Carolina and a master's degree in business administration from Stanford University Graduate School of Business. We believe that Mr. Felt is qualified to serve on our Board because of his financial and accounting background, as well as his experience serving as a senior executive for publicly traded technology companies.

Kenneth Samet, 61, Independent Director

Kenneth Samet has served on our Board since September 2015. Since January 2008, Mr. Samet has served as Chief Executive Officer of MedStar Health, Inc. He previously served as that organization's President from 2003 and as Chief Operating Officer from 1998. From 1990 to 2000, Mr. Samet served as President of MedStar Washington Hospital Center. From the mid-1980s to 1990, he held a variety of leadership positions with the Medlantic Healthcare Group. Mr. Samet served as a director of Catalyst Health Solutions, Inc., a public company, from April 2006 to July 2012, and served as a Director of Cogentix Medical, Inc., a public company, from July 2016 to May 2018. He has served on the board of Luminex Corporation, a public company, since December 2018. Mr. Samet received a bachelor's degree in business administration from the Old Dominion University and a master's degree in health services administration from the University of Michigan. We believe that Mr. Samet is qualified to serve on our Board because of his extensive career in healthcare, leadership and corporate governance.

Cheryl Scott, 69, Independent Director

Cheryl Scott has served on our Board since November 2015. Since July 2016, Ms. Scott has served as the Main Principal of the McClintock Scott Group. From June 2006 to July 2016, Ms. Scott served as Senior Advisor to the Bill & Melinda Gates Foundation. Before joining the foundation, Ms. Scott served for eight years as President and Chief Executive Officer of Group Health Cooperative. She previously served as that organization's Executive Vice President and Chief Operating Officer. Ms. Scott currently serves on a variety of private and not-for-profit boards. She was a member of the board of directors of Recreational Equipment Incorporated (REI) from 2005 to 2017. Ms. Scott received her bachelor's degree in communications and master's degree in health management from the University of Washington. We believe that Ms. Scott is qualified to serve on our Board because of her extensive career in healthcare, leadership and corporate governance, including as the Chief Executive Officer of Group Health Cooperative.

Frank Williams, 52, Director

Frank Williams, our co-founder, has served as our Chief Executive Officer since August 2011 and on our Board since August 2011. He served as the Chief Executive Officer of The Advisory Board from 2001 to 2008. Mr. Williams was a member of the board of directors of The Advisory Board, a public company, from 2001 to 2015. Prior to joining The Advisory Board, Mr. Williams served as President of MedAmerica OnCall from March 1999 to early 2001, President of Vivra Orthopedics from 1995 to 1999, and as a management consultant for Bain & Co. from June 1988 to June 1990. Mr. Williams holds a bachelor of arts degree in Political Economies of Industrial Societies from the University of California, Berkeley, and a master of business administration from Harvard Business School. We believe that Mr. Williams is qualified to serve on our Board because of his extensive knowledge and experience in all aspects of our business and his extensive experience in the healthcare and consulting services fields, including as Chief Executive Officer of The Advisory Board.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed the accounting firm of Deloitte & Touche LLP (“Deloitte”) to serve as our independent registered public accounting firm to audit the Company’s consolidated financial statements as of and for the fiscal year ending December 31, 2019 and its internal control over financial reporting as of December 31, 2019.

As we previously disclosed in a Current Report on Form 8-K filed with the SEC on April 10, 2019, the Audit Committee conducted a competitive process to determine the Company’s independent registered public accounting firm to provide audit services as of and for the 2019 fiscal year. Following review of proposals from the independent registered public accounting firms that participated in the process, the Audit Committee notified PricewaterhouseCoopers LLP (“PwC”) on April 8, 2019, that it was dismissed as the Company’s independent registered public accounting firm, effective immediately. On April 8, 2019, the Audit Committee approved the engagement of Deloitte as the Company’s independent registered public accounting firm to audit the Company’s consolidated financial statements as of and for the year ending December 31, 2019.

The audit reports of PwC on the Company’s consolidated financial statements as of and for the years ended December 31, 2018 and December 31, 2017, did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s two most recent years ended December 31, 2018 and 2017, and the subsequent interim period through April 8, 2019, there were no disagreements within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions between us and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction would have caused PwC to make reference in connection with their opinion to the subject matter of the disagreement. Also during this same period, there were no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K, except for a material weakness in internal control over financial reporting related to an insufficient complement of resources with an appropriate level of accounting knowledge, experience and training to address accounting for complex, non-routine transactions. This material weakness was remediated as described in Item 4 to our Quarterly Report on Form 10-Q for the period ended June 30, 2018. PwC has discussed this matter with the Audit Committee, and we have authorized PwC to fully respond to any inquiries of the successor independent registered accounting firm concerning this matter.

During the two most recent years ended December 31, 2018 and December 31, 2017, and the subsequent interim period through April 8, 2019, we have not consulted with Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and no written or oral advice was provided to us by Deloitte that it concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any matter that was subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K, or other reportable event of the types described in Item 304(a)(1)(v) of Regulation S-K.

Stockholder ratification of the appointment of Deloitte is not required by law, the NYSE or the Company’s organizational documents. However, as a matter of good corporate governance, the Board has elected to submit the appointment of Deloitte to the stockholders for ratification at the Annual Meeting. Even if the appointment is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time if the Audit Committee believes that such a change would be in the best interest of the Company and its stockholders. If stockholders do not ratify the appointment of Deloitte, the Audit Committee will take that fact into consideration,

together with such other factors it deems relevant, in determining its next selection of an independent registered public accounting firm. Deloitte is considered by our management to be well-qualified. Deloitte has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in the Company or any of our subsidiaries in any capacity.

A representative of Deloitte will be present at the Annual Meeting, will be given the opportunity to make a statement at the Annual Meeting if he or she so desires and will be available to respond to appropriate questions.

A majority of all of the votes cast at the Annual Meeting at which a quorum is present in person or represented by proxy is required for the ratification of the appointment of Deloitte as our independent registered public accounting firm for the fiscal year ending December 31, 2019. We will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence or absence of a quorum. Abstentions and broker non-votes will have no effect on this proposal.

Fee Disclosure

The following is a summary of the fees billed by PwC for professional services rendered for us for the fiscal years ended December 31, 2018 and 2017:

	2018	2017
Audit Fees	\$2,750,000	\$2,215,000
Audit-Related Fees	125,000	400,000
Tax Fees	—	—
All Other Fees	2,700	2,700
Total	\$2,877,700	\$2,617,700

Audit Fees

“Audit Fees” include fees associated with professional services rendered for the audit of the financial statements and services that are normally provided by PwC in connection with statutory and regulatory filings or engagements. For example, audit fees include fees for professional services rendered in connection with quarterly and annual reports, the issuance of consents by PwC to be named in our registration statements and to the use of their audit report in the registration statements and the issuance of an attestation of management’s report on internal controls over financial reporting, and fees associated with transactions and proposed transactions (including acquisitions and securities offerings).

Audit-Related Fees

“Audit-Related Fees” refers to fees for assurance services in connection with our securities offerings, as well as related services that are reasonably related to the performance of the audit or review of our financial statements.

Tax Fees

“Tax Fees” refers to fees and related expenses for professional services for tax compliance, tax advice and tax planning.

All Other Fees

“All Other Fees” refers to fees and related expenses for products and services other than services described above, including fees to the independent registered public accounting firm or its affiliates for annual subscriptions to online

accounting and tax research software applications and data.

Our Audit Committee considered whether the provision by PwC of any services that would be required to be described under “All Other Fees” would have been compatible with maintaining PwC’s independence from both management and the Company.

Pre-Approval Policies and Procedures of our Audit Committee

Consistent with SEC policies regarding auditor independence and the Audit Committee’s charter, the Audit Committee is directly responsible for the appointment, compensation, retention, removal and oversight of the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Our Audit Committee must pre-approve all audit, non-audit and any other services to be provided by the independent registered public accounting firm. All of the fees billed by PwC for the professional services rendered for us for the fiscal years ended December 31, 2017 and 2018, were pre-approved by our Audit Committee.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, (the “Securities Act”) or the Securities Exchange Act of 1934 (the “Exchange Act”), that might incorporate this proxy statement or future filing with the SEC, in whole or in part, the following report shall not be deemed incorporated by reference into any such filing.

The Audit Committee operates pursuant to a charter which is reviewed annually by the Audit Committee. Our management is responsible for the preparation, presentation and integrity of our financial statements, the application of accounting and financial reporting principles and our internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for auditing our financial statements, expressing an opinion as to their conformity with accounting principles generally accepted in the United States and auditing management’s assessment of the effectiveness of internal control over financial reporting.

The undersigned members of the Audit Committee of the Board of Directors of Evolent Health, Inc. submit this report in connection with the committee’s review of the financial reports for the fiscal year ended December 31, 2018 as follows:

1. the Audit Committee has reviewed and discussed with management the audited financial statements and internal control over financial reporting of Evolent Health, Inc. for the fiscal year ended December 31, 2018;
2. the Audit Committee has discussed with representatives of PricewaterhouseCoopers LLP the matters required to be discussed with them pursuant to Auditing Standard No. 1301, “Communications with Audit Committees,” as adopted by the Public Company Accounting Oversight Board; and
3. the Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP’s communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements of Evolent Health, Inc. be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for filing with the SEC.

Submitted by the Audit Committee

Bruce Felt (Chairman)
Kenneth Samet
Cheryl Scott

CORPORATE GOVERNANCE AND BOARD STRUCTURE

Board of Directors Meetings and Committees

The Board met 11 times during 2018. Each incumbent member of the Board attended 75% or more of the meetings of the Board and of the committees on which he or she served that were held during the period for which he or she was a director or committee member, respectively. We do not have a policy on director attendance at our Annual Meeting. None of our directors other than Mr. Williams attended our 2018 annual meeting of stockholders.

Standing committees of our Board include the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Compliance and Regulatory Affairs Committee. The principal functions of each of these committees are briefly described below. The Company's Audit Committee, Compensation Committee and Nominating and Governance Committee are fully independent under the applicable NYSE listing standards and rules of the SEC. The current charters for each of the Audit Committee, Compensation Committee, Nominating and Governance Committee and Compliance and Regulatory Affairs Committee are available on our website at www.evolenthealth.com.

Director	Audit	Compensation	Nominating and Corporate Governance	Compliance and Regulatory Affairs
Frank Williams				
Seth Blackley				
Michael D'Amato	x			
M. Bridget Duffy, MD			x	x
David M. Farner				
Bruce Felt	x*			
Matthew Hobart	x*		x*	
Diane Holder				x*
Norman Payson, MD**				x
Kenneth Samet	x		x	
Cheryl Scott	x	x		
Number of Meetings	4	4	2	3

x = Current Committee Member

* = Chair

** = Dr. Payson will not stand for reelection following the expiration of his term at the Annual Meeting

Audit Committee

Our Audit Committee currently consists of Bruce Felt (Chair), Cheryl Scott and Kenneth Samet. In 2018, the Audit Committee met four times. The Audit Committee, among other things:

- Oversees the quality and integrity of our financial statements and accounting practices;
- Selects and appoints an independent registered public accounting firm, such appointment to be ratified by stockholders at our Annual Meeting;
- Pre-approves all services to be provided to us by our independent registered public accounting firm;

- Reviews and evaluates the qualification, performance, fees and independence of our registered public accounting firm;
- Reviews with our independent registered public accounting firm and our management the plan and scope of the accounting firm's proposed annual financial audit and quarterly review, including the procedures to be utilized;
- Reviews with our independent registered public accounting firm and our management the accounting firm's significant findings and recommendations upon the completion of the annual financial audit and quarterly reviews;
- Oversees our internal audit function;
- Reviews our annual and interim financial statements, the report of our independent registered public accounting firm on our annual financial statements, Management's Report on Internal Control over Financial Reporting and the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations in our periodic reports and other filings with the SEC;
- Meets with our independent registered public accounting firm and our management regarding our internal controls, critical accounting policies and practices and other matters;
- Discusses earnings releases and reports to rating agencies with our management;
- Assists our board in the oversight of our financial structure, financial condition and capital strategy;
- Administers our policy governing related party transactions; and
- Oversees our compliance program, response to regulatory actions involving financial, accounting and internal control matters, internal controls and risk assessment policies.

The Board has determined that Bruce Felt qualifies as an "audit committee financial expert", as such term is defined in the rules of the SEC, and that Bruce Felt, Cheryl Scott and Kenneth Samet meet the standards of independence required by SEC rules and NYSE listing standards applicable to members of audit committees; the Company's Audit Committee is fully independent.

Compensation Committee

The Compensation Committee currently consists of Michael D'Amato, Matthew Hobart (Chair) and Cheryl Scott. The Compensation Committee met four times in 2018. The Compensation Committee, among other things:

- Sets and reviews our general policy regarding executive compensation;
- Determines the compensation (including salary, bonus, equity-based grants and any other long-term cash compensation) of our chief executive officer and our other senior executives;
- Oversees our disclosure regarding executive compensation;
- Administers our executive bonus and equity-based incentive plans;
- Reviews and makes recommendations to our board with respect to non-employee director compensation; and
- Assesses the independence of compensation consultants, legal counsel and other advisors to the Compensation Committee and hires, approves the fees and oversees the work of, and terminates the services of such advisors.

Except as prohibited by law, applicable regulations of the NYSE, our charter or our second amended and restated by-laws, the compensation committee may delegate its responsibilities to subcommittees or individuals.

The Board has determined that all members of the Compensation Committee meet the standards of independence required by SEC rules and NYSE listing standards applicable to service on compensation committees; the Company's Compensation Committee is fully independent.

Compensation Consultant

The Compensation Committee has the authority under its charter to retain outside consultants or advisors, as it deems necessary or advisable. In accordance with this authority, the Compensation Committee has directly engaged Exequity LLP (“Exequity”) as its independent compensation consultant to provide it with objective and expert analyses, advice and information with respect to executive compensation. All executive compensation services provided by Exequity were directed or approved by the Compensation Committee, and Exequity reports directly to the Compensation Committee on this assignment. Exequity attended a portion of each of the Compensation Committee meetings during 2018. The Compensation Committee has concluded that no conflict of interest exists with Exequity with respect to the services it provided to the Compensation Committee during 2018. Exequity did not provide any services to the Company or its management other than services to the Compensation Committee, and we do not currently expect Exequity to provide other services to the Company while serving as the Compensation Committee’s consultant.

In addition to Exequity, members of our human resources, legal and finance departments support the Compensation Committee in its work management by providing data, analysis and recommendations regarding the Company’s executive and director compensation practices and policies and individual pay recommendations.

Compensation Committee Interlocks and Insider Participation

Michael D’Amato, Matthew Hobart and Cheryl Scott served on our Compensation Committee during 2018. None of the members of our Compensation Committee has at any time been an officer or employee of the Company. As described above, Matthew Hobart is a partner with TPG. Michael D’Amato and Matthew Hobart were appointed to our Board by The Advisory Board and TPG, respectively, pursuant to the provisions of our stockholders agreement as described above. Certain transactions involving these parties are described under the heading “Certain Relationships and Related Party Transactions”. During 2018, none of our executive officers served as a member of the board of directors or a compensation committee of any entity for which a member of our Board or Compensation Committee served as an executive officer.

Nominating and Governance Committee

The Nominating and Governance Committee currently consists of Matthew Hobart (Chair), Kenneth Samet and Bridget Duffy, MD. The Board has determined that Matthew Hobart, Kenneth Samet and Bridget Duffy, MD meet the standards of independence required by SEC rules and NYSE listing standards; the Company’s Nominating and Governance Committee is fully independent.

The Nominating and Governance Committee met two times in 2018. The Nominating and Governance Committee, among other things:

- Oversees our corporate governance practices;
- Evaluates the composition, size and governance of our Board and its committees and makes recommendations regarding the appointment of directors to our committees;
- Considers stockholder nominees for election to our Board;
- Evaluates and recommends candidates for election to our Board;
- Leads the self-evaluation process of our Board;
- Reviews our corporate governance guidelines and provides recommendations to the board regarding possible changes; and
- Oversees and monitors general governance matters, including communications with stockholders and regulatory developments relating to corporate governance.

Compliance and Regulatory Affairs Committee

Our Compliance and Regulatory Affairs Committee currently consists of Diane Holder (Chair), Norman Payson, MD and Bridget Duffy, MD. The Compliance and Regulatory Affairs Committee met three times in 2018. The Compliance and Regulatory Affairs committee, among other things:

- Assists our Board in carrying out its responsibilities relating to regulatory compliance and ethics;
- Oversees our compliance program;
- Reviews and recommends for approval our code of business conduct and ethics;
- Oversees our response to regulatory actions, and privacy and security issues; and
- Reviews the processes and procedures for reporting concerns by our partners, our employees and our vendors.

GOVERNANCE OF THE COMPANY

We are committed to operating our business under strong and accountable corporate governance practices. Our committee charters, code of business conduct and ethics and corporate governance guidelines are available on our website at www.evolenthealth.com. Any stockholder also may request them in print, without charge, by contacting our Secretary at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203.

Code of Business Conduct and Ethics

Our Board has adopted a code of business conduct and ethics that applies to all of our directors, officers and other employees, including our principal executive officer, principal financial officer and principal accounting officer. Any waiver of the code for directors or executive officers and any amendment of the code may be made only by our Board. We intend to make disclosures of such waivers or amendments required by SEC rules and NYSE listing standards, if any, through publication on our website, www.evolenthealth.com.

Corporate Governance Guidelines

Our Board has adopted corporate governance guidelines that serve as a flexible framework within which our Board and its committees operate. These guidelines cover a number of areas, including the size and composition of the Board, Board membership criteria and director qualifications, director responsibilities, Board agenda, roles of the Chairman of the Board, Chief Executive Officer and presiding director, meetings of independent directors, committee composition, Board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning.

Board Leadership Structure

Our Board leadership structure consists of a Chairman of the Board who is also our Chief Executive Officer (“CEO”). Periodically, our Nominating and Governance Committee assesses these roles and the Board leadership structure to ensure the interests of the Company and its stockholders are best served.

Both the Chairman and CEO positions are currently held by Mr. Williams. We also have a Presiding Director selected by the Board in the manner it determines to be in the best interests of the Company’s stockholders. Mr. Felt currently serves as the Presiding Director.

The duties of the Presiding Director include:

- Presiding at meetings of the Board at which the Chairman is not present;
- Collaborating with the Nominating and Governance Committee and the Compensation Committee to organize and communicate performance evaluations of the Chairman/CEO;
- Serving as liaison between the chairman and the independent directors;
- Approving information, meeting agendas and meeting schedules sent to the Board;
- Calling meetings of the independent directors, as appropriate; and
- If requested by major stockholders, ensuring that he or she is available for consultation and direct communication, as appropriate.

Our Board has determined that its current structure, with combined Chairman and CEO roles and a Presiding Director is in the best interests of the Company and its stockholders at this time. A number of factors support the leadership structure chosen by the Board, including, among others:

- Mr. Williams has extensive knowledge of all aspects of the Company and its business and risks, its industry and its customers;
 - Mr. Williams is intimately involved in the day-to-day operations of the Company and is best positioned to elevate the most critical business issues for consideration by the Board;
 - The Board believes having Mr. Williams serve in both capacities allows him to more effectively execute the Company's strategic initiatives and business plans and confront its challenges;
 - A combined Chairman and CEO structure provides the Company with decisive and effective leadership with clearer accountability to our stockholders and customers;
 - This structure allows one person to speak for and lead the company and the Board;
 - The combined role is both counterbalanced and enhanced by the effective oversight and independence of our Board, and the independent leadership provided by our Presiding Director; and
- In our view, splitting the roles would potentially make our management and governance processes less effective through undesirable duplication of work and possibly lead to a blurring of clear lines of accountability and responsibility.

Board's Role in Risk Oversight

Our Board plays an active role in overseeing management of our risks. The committees of our Board assist our full Board in risk oversight by addressing specific matters within the purview of each committee. Our Audit Committee focuses on financial compliance (i.e., accounting and financial reporting), as well as internal controls and any audit steps taken in light of material control deficiencies. Our Audit Committee discusses our major financial and other risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. Our Compensation Committee focuses primarily on risks relating to executive compensation plans and policies. Our Nominating and Governance Committee focuses on reputational and corporate governance risks relating to our company including the independence of our Board. Our Compliance and Regulatory Affairs Committee focuses on our regulatory compliance and corporate ethics. While each of these committees is responsible for evaluating certain risks and overseeing the management of such risks, our full Board remains regularly informed regarding such risks through committee reports and otherwise. In addition, our Board and these committees receive regular reports from our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel and other members of senior management regarding areas of significant risk to us, including operational, strategic, legal and regulatory, financial and reputational risks. We believe the leadership structure of our Board supports and promotes effective risk management and oversight.

Director Independence

Our corporate governance guidelines provide that our Board shall consist of such number of directors who are independent as is required and determined in accordance with applicable laws and regulations and requirements of the NYSE and SEC rules. The Board has determined affirmatively, based upon its review of all relevant facts and circumstances and after considering all applicable relationships of which the Board had knowledge, between or among the directors and the Company or our management (some of such relationships are described in the section of this proxy statement entitled "Certain Relationships and Related Party Transactions"), that each of the following directors and director nominees has no direct or indirect material relationship with us and is independent under the listing standards of the NYSE and SEC rules: Michael D'Amato, Bruce Felt, Matthew Hobart, Kenneth

Samet, Cheryl Scott and Bridget Duffy, MD. In determining the independence of Mr. Hobart, who is a partner with TPG, our Board considered TPG's prior investment in the Company and related agreements, but did not view the relationship as materially impacting its independence determination. In determining the independence of Mr. Samet, who is the Chief Executive Officer of MedStar Health, Inc., one of our partners, our Board considered the relationship arising through the ordinary course of business between us and MedStar Health, Inc., but did not view the relationship as materially impacting its independence determination. Our corporate governance guidelines provide that the independent directors should hold an executive session at least once a year.

Communications with the Board

Stockholders and other interested parties who wish to communicate with our Board, our Presiding Director Bruce Felt, our independent or non-management directors as a group, any of the committees or any of the individual non-employee directors may do so by sending a letter to the intended recipient, in the care of our Secretary, at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203. Such correspondence will be relayed to the appropriate director or directors as appropriate. Stockholders may communicate with Mr. Williams and Mr. Blackley, the Board's employee-directors, by sending a letter addressed to the intended recipient at Evolent Health, Inc., 800 N. Glebe Road, Suite 500, Arlington, VA 22203.

Identification of Director Candidates

On an annual basis, our Board conducts a formal board self-evaluation led by our Nominating and Governance Committee to determine targeted focus areas. Our Board continually assesses and evaluates its composition, taking into account, among other things, the experience, skills, background and diversity of its members. The Nominating and Governance Committee evaluates director candidates in accordance with the director membership criteria described in our corporate governance guidelines and our policy statement regarding director nominations. In addition to satisfying relevant independence standards and the requirements of Section 8 of the Clayton Act, the following are the minimum qualifications that candidates for the Board must possess:

- Minimum of 21 years of age at the time they commence their term and will not be eligible for nomination or re-nomination to the Board if they are older than age 75;
- Demonstrated reputation for integrity, judgment, acumen, and high professional and personal ethics;
- Financial literacy and significant experience at the policy-making level in business, government or the non-profit sector;
- Time and ability to make a constructive contribution to the Board, and a clear commitment to fulfilling fiduciary duties and serving the interests of all the Company's stockholders; and
- An expectation of regularly attending meetings, staying informed about the Company and its businesses, participating in the discussions of the Board and its committees, complying with applicable Company policies, and taking an interest in the Company's businesses and providing advice and counsel to the Chairman and Chief Executive Officer.

The Nominating and Governance Committee reviews a candidate's qualifications to serve as a member of our Board based on the skills and characteristics of the individual as well as the overall composition of our Board in light of the Company's current and expected structure and business needs, regulatory requirements, the diversity of viewpoints represented on the Board and committee membership requirements. The Nominating and Governance Committee evaluates a candidate's professional skills and background, experience at the policy-making level in the business, government or non-profit sectors or as a director of a widely-held public corporation, financial literacy, age, independence and past performance (in the case of incumbent candidates), along with qualities

expected of all directors, including integrity, judgment, acumen, high professional and personal ethics, familiarity with our business and the time and ability to make a constructive contribution to our Board. The Nominating and Governance Committee believes it would be desirable for new candidates to contribute to the variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences. The Nominating and Governance Committee will consider director candidates recommended by stockholders. The Nominating and Governance Committee considers and reviews all candidates in the same manner regardless of the source of the recommendation. Our second amended and restated by-laws provide that any stockholder of record entitled to vote for the election of directors at the applicable meeting of stockholders may nominate persons for election to our Board, if such stockholder complies with the applicable notice procedures, which are discussed under the heading “Other matters - Stockholder Proposals” in this proxy statement.

Director/Nominee Skills Matrix

Director/Nominee	Healthcare	Finance/ Former CFO	Consulting	CEO/ Former CEO	Technology	Corporate Governance
Frank Williams	x		x	x		
Seth Blackley	x	x	x			
Michael D’Amato	x	x	x			
M. Bridget Duffy, MD	x		x	x		x
David M. Farner	x	x				
Bruce Felt		x			x	
Matthew Hobart	x	x				x
Diane Holder	x			x		
Norman Payson, MD*	x		x	x		
Kenneth Samet	x			x		x
Cheryl Scott	x			x		x

*Dr. Payson will not stand for reelection following the expiration of his term at the Annual Meeting

Executive Sessions of Non-Management Directors

Our corporate governance guidelines provide that the independent directors serving on the Board should hold an executive session at least once a year. In accordance with such guideline, the Board regularly schedules executive sessions. The executive sessions are chaired by our Presiding Director and facilitate candid discussion of the independent directors’ viewpoints regarding the performance of management and the Company.

Corporate Governance Policies Related to Compensation and Equity

Please refer to “Compensation Discussion and Analysis-Corporate Governance Policies” beginning on page 24 of this proxy statement for discussion of our policies with respect to prohibiting derivative trading, hedging and pledging and the tax deductibility of compensation.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Named Executive Officers (“NEOs”)

This Compensation Discussion and Analysis describes the compensation of our NEOs named in the Summary Compensation Table for 2018:

Name	Position
Frank Williams	Chairman of the Board and CEO
Seth Blackley	President
Nicholas McGrane	Chief Financial Officer
Thomas Peterson	Chief Operating Officer
Jonathan Weinberg	General Counsel

2018 Highlights

Below are highlights of our financial performance in 2018, including revenue and Adjusted EBITDA, which were the performance metrics used for the Company’s 2018 Annual Executive Bonus Plan (the “2018 Bonus Plan⁽¹⁾):

• Revenue of \$627.1 million, an increase of 44.2% compared to 2017; Adjusted Revenue of \$632.4 million, an increase of 44.9% compared to 2017

• Net income (loss) attributable to Evolent Health, Inc. of \$(52.7) million; Adjusted EBITDA of \$23.2 million

⁽¹⁾ See Appendix A to this proxy statement, entitled “Use of Non-GAAP Financial Metrics”, for the definitions of Adjusted Revenue and Adjusted EBITDA, and reconciliations to revenue and net income (loss) attributable to Evolent Health, Inc.

Year in Review

We achieved a number of important operational and clinical milestones in 2018 and met our financial objectives on both the top and bottom line while advancing our position as a leading partner for providers in their movement to value-based care. The successes of 2018 include:

- Won and launched our first Medicaid plan;
- Managed our first fully-owned health plan to a successful and profitable first year;
- Addition of approximately 800,000 lives on platform;
- Expanded our capabilities with the addition of specialty care management through our acquisition of New Century Health; and
- Improved our cost structure via automation and build-out of our Indian subsidiary.

Corporate Governance “Best Practices”

Below is a summary of best practices that we have implemented with respect to the compensation of our NEOs because we believe they support our compensation philosophy and are in the best interests of our Company and our stockholders.

• Our compensation is aligned with a pay-for-performance philosophy where a substantial portion of executive officer compensation is at-risk and tied to objective performance objectives.

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- The Compensation Committee engages an independent compensation consultant.
- We prohibit all executives and directors from hedging and pledging our securities, subject to limited exceptions.
- We do not typically provide our NEOs with any perquisites not generally available to our other associates.
- Since our initial public offering, we only grant equity awards with “double-trigger” vesting.
- Our executive officers do not have employment agreements and are not guaranteed salary increases or bonuses.

Our Board and the Compensation Committee greatly value the benefits of maintaining a dialogue with our stockholders to understand their views on our executive compensation program and practices. The Compensation Committee intends to consider the outcome of say-on-pay votes and is devoted to consistently reviewing and enhancing our compensation programs.

Our 2018 Executive Compensation Program and Practices

The Compensation Committee believes that our executive compensation program is appropriately designed to advance stockholder interests through effective performance-based incentives with retention features. The primary components and associated purposes of our compensation program are as follows:

Base Salary - Ongoing cash compensation based on the executive officer’s role and responsibilities, individual job performance and experience. We use base salary to provide the security of a competitive fixed cash payment for services rendered.

Annual Cash Incentives - Annual incentive with target award amounts for each executive officer. Actual cash payouts are linked to achievement of pre-established annual Company goals and individual performance. We use annual cash incentives to motivate exceptional annual performance and support our objectives by tying any award to performance against corporate and individual objectives.

Long-Term Equity Compensation - Restricted stock unit (“RSU”) and stock option awards that generally vest 25% annually over four years. We use RSUs and stock options to retain executives and align their interests with those of our long-term stockholders by motivating them to build stockholder value over the life of the grants and beyond.

Other Benefits - Provide other benefits that are competitive and consistent with the market. We offer general health and welfare benefits. We have not entered into any agreements with our executives that provide cash severance in the event of involuntary termination. Retirement benefits are generally limited to participation in a tax-qualified 401(k) plan, which includes a Company match.

Under our executive compensation program, performance-based incentive compensation comprises a substantial portion of target compensation, and our executive officers have a larger percentage of compensation at-risk than is fixed relative to total compensation. The Compensation Committee considers each component of compensation collectively with other components when establishing the various forms, components, and levels of compensation for our executive officers. In determining the appropriate mix of compensation elements for each executive officer, our compensation program seeks to provide a balance between the various components by rewarding performance through annual performance-based cash incentive compensation that encourages achieving and exceeding annual goals designed to advance our long-term growth strategy and also through long-term equity incentive compensation to align our executive officers’ interests with those of our stockholders.

Objectives of our Executive Compensation Program

Our compensation philosophy for executive officers aims to provide incentives to achieve both short- and long-term business objectives, align the interests of our executive officers and stockholders, and ensure that we can hire and retain talented individuals in a competitive marketplace.

Key objectives of our executive compensation program are as follows:

- Attract and retain highly qualified and productive executives.
- Motivate executives to enhance our overall performance and profitability through the successful execution of the Company's short- and long-term business strategies.
- Align the long-term interests of our executives and stockholders through the ownership of Company stock by executives and by rewarding stockholder value creation.
- Reflect our pay-for-performance philosophy.
- Ensure that compensation opportunities are competitive.

Role of the Compensation Committee and the CEO

The Board has delegated to the Compensation Committee the responsibility of overseeing the administration of the Company's compensation plans and the preparation of all reports and documents required by the rules and regulations of the SEC. The Compensation Committee annually reviews and approves the corporate goals and objectives upon which the executive compensation program is based. The Compensation Committee evaluates the CEO's performance in light of these goals and objectives. Furthermore, the Compensation Committee reviews and makes recommendations to the Board with respect to any incentive compensation plans, including equity-based plans, to be adopted or submitted to the Company's stockholders for approval.

The Compensation Committee meets at least quarterly throughout the year and may meet more often, as required to address ongoing events. In 2018, the Compensation Committee met four times. Meeting agendas are determined by the Chair of the Compensation Committee with the assistance of our CEO. Our CEO attended all four Compensation Committee meetings, and representatives from the Compensation Committee's independent compensation consultant, Exequity, attended all four meetings of the Compensation Committee. At the Compensation Committee meetings, our CEO made recommendations to the Compensation Committee regarding the annual base salary, annual cash incentive compensation, and equity compensation of our NEOs (other than our CEO).

Compensation Setting Process

The Compensation Committee makes compensation determinations for our CEO after consideration of individual and Company performance for the year, along with an examination of external market data of our industry peer group, based on the surveys described below under "Use of Peer Companies".

The Compensation Committee makes compensation determinations for our NEOs (other than our CEO) based on recommendations made by our CEO, taking into account each NEO's individual performance (with an assessment of the individual's accomplishments provided by our CEO) and Company performance, along with an examination of external market data, based on the surveys described below under "Use of Peer Companies".

Use of Peer Companies

To begin the compensation review process relating to 2018, the Compensation Committee reviewed the Company's peer group to determine if revisions were needed based on changes affecting either

the Company or any of the peer group companies. Our process focused on reviewing companies within related industries to develop a peer group that balances industry focus and revenue size, among other considerations. The listing of potential peers included companies identified as our peers by Institutional Shareholder Services and was further defined based on business scope and the competitive market for talent.

Based on key metrics for the current peer group and guidance from Exequity, the Compensation Committee determined to keep the peer group intact for 2018. All of the peer companies are publicly traded and demonstrate appropriate revenue size and industry focus or a level of complexity and business model similar to that of ours. At the time of the review, our market capitalization approximated the peer group 43rd percentile, and our revenues approximated the peer group 33rd percentile. The peer group consists of the following companies:

The Advisory Board Company ⁽¹⁾	Inovalon Holdings, Inc.
athenahealth, Inc.	Medidata Solutions, Inc.
Benefitfocus, Inc.	National Research Corporation
Castlight Health, Inc.	Navigant Consulting, Inc.
HealthEquity, Inc.	Premier, Inc.
HealthStream, Inc.	Quality Systems, Inc.
HMS Holdings Corp.	Tivity Health, Inc.
Huron Consulting Group Inc.	Veeva Systems Inc.

⁽¹⁾ The Advisory Board was acquired by OptumInsight, Inc., a division of UnitedHealth Group Incorporated, in November 2017. The Advisory Board filed a proxy on November 9, 2017 and the Compensation Committee determined that The Advisory Board could remain a viable peer for 2018 review.

Compensation data from public filings of companies in our peer group and from published surveys formed the basis of the competitive benchmarking analysis and pay mix comparison. The data provided a useful reference point in the Compensation Committee's efforts to align target total executive compensation at the median of our peers, which would afford our NEOs the opportunity to earn above-target level of compensation for exceptional performance that could be expected to increase value for stockholders, while providing that they would earn less than targeted compensation if the Company's performance failed to meet expectations.

In determining the structure of our executive compensation program, as well as the individual pay levels of our executive officers, the Compensation Committee reviewed competitive market data provided by Exequity, which compared the various elements of compensation provided to our executive officers, relative to compensation paid to individuals holding similar positions at companies in our executive compensation peer group. Exequity worked with management to assess the data and review our compensation practices.

Elements of our Compensation Program

Base Salary

The Compensation Committee reviews executive officer base salaries each year (or otherwise at the time of a new hire or promotion) and makes any adjustments it deems necessary. In setting base salaries, the Compensation Committee considers changes in responsibilities, individual performance, tenure in position, internal pay equity, Company performance, market data for individuals in similar positions and advice from our independent compensation consultant. The Compensation Committee

gives no specific weighting to any one factor in setting the level of base salary and the process ultimately relies on the subjective exercise of the Compensation Committee's judgment. As part of the annual review process, base salaries for Messrs. Williams, Blackley, McGrane and Peterson remained the same as compared to 2017 because the Compensation Committee determined that market conditions did not warrant any other adjustments while Mr. Weinberg's salary was increased in July 2018 to bring him more in line with the market median as reflected in the table below.

Name	2017 Base Salary	2018 Base Salary	\$ Increase	Rationale
Frank Williams	\$600,000	\$600,000	\$—	Market conditions did not warrant increase
Seth Blackley	\$400,000	\$400,000	\$—	Market conditions did not warrant increase
Nicholas McGrane	\$375,000	\$375,000	\$—	Market conditions did not warrant increase
Thomas Peterson	\$375,000	\$375,000	\$—	Market conditions did not warrant increase
Jonathan Weinberg	\$300,000	\$350,000	\$50,000	Increased in July 2018 to bring more in line with market median

Annual Cash Incentive Plan

We use our annual bonus program to encourage the achievement of specified strategic and operational objectives. Each of our NEOs was awarded a cash incentive opportunity pursuant to the 2018 Bonus Plan, with the opportunity to earn a cash bonus based on satisfaction of pre-established quantitative and qualitative performance metrics, as well as achievement of individual goals. The 2018 Bonus Plan is funded based on the Company's achievement of Company performance goals. Payments under the 2018 Bonus Plan to our NEOs are then determined by our Compensation Committee based, in the case of our NEOs other than Mr. Williams, on recommendations made by Mr. Williams, considering the executive's performance as rated on a five-point scale against predetermined individual performance goals. The Board selected the following individual performance goals for our NEOs and the Company performance goals for the 2018 Bonus Plan: (i) operational standardization and solution expansion; (ii) clinical and financial performance of our partners; (iii) financial metrics (revenue of \$610 million to \$630 million and Adjusted EBITDA of \$22 million to \$27 million); (iv) growth through new bookings and expanded partnerships; and (v) optimal and high-performing organization, measured by engagement, talent depth and retention. Each of our NEOs met or exceeded all the corporate goals under the 2018 Bonus Plan. The Committee retains discretion to adjust any payouts based on an assessment of the NEOs' cumulative performance against their objectives.

Each of our NEOs' baseline bonus opportunities, which corresponds to three out of five points, or a rating of "meets expectations," target bonus opportunities, which corresponds to four out of five points, or a rating of "exceeds expectations" and maximum bonus opportunities, which corresponds to five out of five points, or a rating of "exceptional performance," under the 2018 Bonus Plan are as follows:

Name	Baseline	Target	Maximum
Frank Williams	\$300,000	\$600,000	\$900,000
Seth Blackley	\$200,000	\$400,000	\$600,000
Nicholas McGrane	\$131,250	\$215,625	\$300,000
Thomas Peterson	\$131,250	\$215,625	\$300,000
Jonathan Weinberg	\$122,500	\$201,250	\$280,000

2018 Bonus Plan Payout Results

Our CEO, Mr. Williams, reviewed with the Compensation Committee the performance and impact as compared to the pre-established individual goals for our NEOs (which are described below in “Personal Leadership Assessment”) other than Mr. Williams. The review included a personal leadership assessment, which considered achievement by each officer against pre-determined goals, changes in responsibility levels, and input obtained from other members of the Company’s senior management. With respect to the annual compensation for the Company’s CEO, the Compensation Committee reviewed the quantitative and qualitative goals for the Company and considered information relating to Mr. Williams’ individual performance from other members of the Company’s senior management. Information about the factors considered when determining award payouts is presented below.

Evolent Health, Inc. Financial Performance

We value the link between performance and payout. In establishing the annual incentive program, the quantitative Company financial metrics against which our executives are measured included revenue and Adjusted EBITDA. The Compensation Committee utilized these quantitative Company performance metrics because it believes that they are key determinants of stockholder value and offer a comprehensive and clear measure of the Company’s performance.

Metric	Target	Actual
Revenue	\$610M - \$630M	\$627.1M
Adjusted EBITDA	\$22M - \$27M	\$23.2M

Personal Leadership Assessment

The personal leadership assessment included 360-degree feedback to take into account what was accomplished and how it was accomplished. Each NEO is measured against goals in the areas of Compelling Solutions, Client Value, Growth and Organization. Individual goals relating to the decisions for 2018 compensation for each NEO included the following:

Compelling Solutions

- Operational standardization driving effectiveness and efficiency.
- Solution expansion through clinical innovation, high-output platform development, and M&A.

Client Value

- Deliver on-target clinical, administrative and financial results.
- Drive partner success, resulting in high satisfaction, retention and growth.

Growth

- Set up 2019 topline through same store expansion and new partnerships.
- Achieve 2018 operating budget, on track to become cashflow positive in 2019.

Organization

- Build a high performing organization, with a focus on leadership, diversity and a differentiated employee experience.

After a thorough review of the Company's overall performance during 2018, our Compensation Committee, in consultation with our CEO, made the decision to reduce the funding of the 2018 Bonus Plan. While the Company hit baseline targets for revenue and Adjusted EBITDA for 2018, our performance fell short of our stretch targets and did not meet our goals for setting up 2019. As a result of the reduced funding, the Compensation Committee, in its discretion, made the decision to not award annual cash bonuses to our NEOs under the 2018 Bonus Plan.

Name	Baseline	Target	Bonus Payout
Frank Williams	\$ 300,000	\$ 600,000	\$ —
Seth Blackley	\$ 200,000	\$ 400,000	\$ —
Nicholas McGrane	\$ 131,250	\$ 215,625	\$ —
Thomas Peterson	\$ 131,250	\$ 215,625	\$ —
Jonathan Weinberg	\$ 122,500	\$ 201,250	\$ —

Long-Term Annual Equity Compensation

As part of our annual equity award grants, in January 2018, our Compensation Committee approved the grant of equity-based awards under the Evolent Health, Inc. 2015 Omnibus Incentive Compensation Plan (as amended, the "2015 Plan") to certain of our employees, including our NEOs, in the form of time-based RSUs and stock options. For our NEOs, 2018 grant amounts were determined and established to deliver the total target compensation opportunity within an acceptable range of the peer group median for each respective position. The Compensation Committee considers its long-term equity compensation program to be a key component of the executive officer compensation program in order to motivate and reward executive officers over the long term and further align the interests of our executives with those of our stockholders.

Restricted Stock Units

On February 1, 2018, Messrs. Williams, Blackley, McGrane, Peterson and Weinberg each received a grant of time-based RSUs. The amount of RSUs granted was equal to 50% of the targeted grant date value, divided by the closing price of our common stock on the grant date of \$13.95. The RSUs vest at a rate of 25% on each of the first four anniversaries of the grant date, subject to the individual's continued employment through such date. The RSUs are fair value awards that fluctuate with the upward and downward movement of the Company's stock price. These awards serve to align management's interest with those of stockholders, while at the same time creating more stability by providing an incentive for holders of RSUs to remain with the Company even if our stock price declines after the grant date.

Stock Options

On February 1, 2018, Messrs. Williams, Blackley, McGrane, Peterson and Weinberg each received a grant of time-based stock options. The amount of options granted was equal to 50% of the targeted grant date value, divided by the Black-Scholes value of the options on the grant date. The stock options vest at a rate of 25% on each of the first four anniversaries of the grant date, subject to the individual's continued employment through such date. The stock options provide the holder with a strong performance-based incentive, since the value of the stock option depends on an increase in our stock price from the grant date.

Grants of stock-based awards to our NEOs are generally made as part of the broad grant to other Company employees, which occurs annually, typically in the first quarter of the calendar year. The timing of annual grants generally is dictated by the timing of the completion of performance reviews

and the timing of decisions regarding other forms of direct compensation. We do not have any program, plan, or practice to time such awards in coordination with the release of material non-public information. Stock-based awards are made under the terms of the Company's 2015 Plan and, in the case of stock options, are granted with an exercise price equal to the closing price of our common stock on the grant date, as reported on the NYSE.

The Company calculates the fair value of the stock awards using the Black-Scholes model. The calculations were based on the grant date closing price of the Company's common stock of \$13.95, as reported on the NYSE.

Name	RSUs (#)	Stock Options (#)	Grant Date Value (\$)
Frank Williams	96,774	227,273	\$2,700,000
Seth Blackley	86,022	101,010	1,800,000
Nicholas McGrane	22,401	52,609	625,000
Thomas Peterson	25,090	58,923	700,000
Jonathan Weinberg	10,753	25,253	300,000

For further information regarding our RSU and stock option awards, see the "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" and "Potential Payments Upon Termination or Change of Control" sections of this proxy statement.

Other Benefits

Our NEOs are entitled to employee benefits generally available to all full-time employees of the Company, including health and welfare benefits. In designing these offerings, the Company seeks to provide an overall level of benefits that is competitive with the level of benefits offered by similar companies in the markets in which it operates.

Severance Benefits

Consistent with our policy, we have not entered into any employment or severance agreements with any of our NEOs. As such, we do not have any agreements with any of our NEOs that provide cash payments upon a termination of employment or a change in control of the Company.

Historically, our outstanding equity awards contained "single trigger" and "double trigger" provisions. Awards granted pursuant to the Evolent Health Holdings, Inc. 2011 Equity Incentive Plan (the "2011 Plan") contained "single trigger" provisions and would have vested upon a change of control of the Company. As of the date of this proxy statement, no "single trigger" awards granted to our NEOs remain unvested. Awards granted pursuant to the 2015 Plan contain "double trigger" provisions and only vest upon a qualifying termination of employment without cause or for good reason that occurs within 12 months following a change of control of the Company. If these provisions are triggered, they will cause certain of the outstanding stock options to become fully exercisable and RSUs to become fully vested, as described below in the "Potential Payments Upon Termination or Change of Control" section of this proxy statement.

Retirement Plans

The Company maintains a qualified defined contribution retirement plan (the "Evolent Health 401(k) Plan") to allow employees to save for retirement in a tax-efficient manner. The plan is broadly available to eligible employees and does not discriminate in favor of the NEOs or other members of senior

management. All our NEOs are eligible to participate in the Evolent Health 401(k) Plan in the same manner as all U.S. employees. Participants are eligible for a 100% match on 4% of eligible pay, subject to IRS-qualified plan compensation limits and highly compensated threshold limits, and may not receive 401(k) benefits in excess of these limits. None of the NEOs participate in any defined benefit pension plans, non-qualified deferred compensation plans or supplemental retirement or executive savings plans.

Corporate Governance Policies

Prohibition on Derivative Trading, Hedging and Pledging

Under our policies, no director, officer or employee may buy or sell puts, calls, other derivative securities of the Company or any derivative securities that provide the economic equivalent of ownership of any of the Company's securities at any time. We also have an anti-pledging policy whereby no director, officer or employee may pledge Company securities, unless the pledge has been approved by the Audit Committee.

Policy with Respect to Tax Deductibility of Compensation

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Section 162(m), as in effect prior to 2018, provided that we may not deduct compensation of more than \$1,000,000 paid in any year to the CEO or any of the three other most highly compensated officers (excluding the Chief Financial Officer), unless the compensation qualified as "performance-based compensation" under Section 162(m). In connection with granting incentive compensation to the NEOs, the Compensation Committee's historical practice has been to consider the implications under Section 162(m) while retaining flexibility to design programs that it believes are in the best interests of the Company and its stockholders and consistent with the objectives of our executive compensation programs, including the flexibility to authorize payments that might not be deductible, including payments under the 2018 Bonus Plan. The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, eliminated the exception for "performance-based" compensation under Section 162(m) with respect to compensation paid in fiscal year 2018 and in future years. As a result, compensation over \$1,000,000 paid in fiscal 2018 by the Company to any NEO will be nondeductible under Section 162(m). Beginning in 2019, following a one year transition period from the closing of the Company's acquisition of True Health New Mexico, Inc. in January 2018 as permitted under the applicable regulations, the Company expects to be subject to Section 162(m)(6) of the Code. This section limits the deductibility of compensation of more than \$500,000 paid in any year to any employee of a covered health insurance provider and its affiliates.

Compensation Program Risk Assessment

As part of its oversight role, the Compensation Committee considers the impact of our compensation program, policies and practices (both at the executive and below-executive levels), on the Company's overall risk profile. Specifically, the Compensation Committee, with assistance from our CEO, reviews the compensation plans, incentive plan design, incentive payouts and factors that may affect the likelihood of excessive risk taking to determine whether they present a significant risk to the Company. We believe that our pay program provides an effective balance in cash and equity mix and short- and longer-term performance periods, and also allows for the Compensation Committee's discretion. The Company also maintains policies to mitigate compensation-related risk such as vesting periods on equity, insider-trading prohibitions, and independent Compensation Committee oversight. Based on this review, the Compensation Committee determined that the risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with management. Based on its review and discussion with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by our Compensation Committee

Matthew Hobart, Chairman
Cheryl Scott
Michael D'Amato

ADDITIONAL EXECUTIVE COMPENSATION INFORMATION

Summary Compensation Table

The following table sets forth information concerning the compensation earned by our chief executive officer, our chief financial officer and our three other most highly compensated executive officers, who we refer to as our NEOs, during our fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016, except in the case of Mr. McGrane, who was not a NEO in 2016, and Mr. Weinberg, who was not a NEO in 2017 or 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock	Option	Non-Equity	Nonqualified	All Other Compensation (\$) ⁽³⁾	Total Compensation (\$)
				Awards (\$) ⁽¹⁾	Awards (\$) ⁽²⁾	Plan Compensation (\$)	Deferred Earnings (\$)		
Frank Williams (CEO) ⁽⁴⁾	2018	\$600,000	\$ —	\$1,350,000	\$1,350,000	\$ —	\$ —	\$11,000	\$3,311,000
	2017	600,000	300,000	1,125,000	1,125,000	—	—	10,800	3,160,800
	2016	500,000	600,000	600,000	1,250,000	—	—	10,600	2,860,600
Seth Blackley (President) ⁽⁴⁾	2018	400,000	—	1,200,000	600,000	—	—	11,000	2,211,000
	2017	400,000	200,000	750,000	750,000	—	—	10,800	2,110,800
	2016	325,000	400,000	25,000	812,500	—	—	10,600	1,873,100
Nicholas McGrane (CFO)	2018	375,000	—	312,500	312,500	—	—	7,700	1,007,700
	2017	375,000	131,250	12,500	312,500	—	—	10,800	1,142,050
Thomas Peterson (COO)	2018	375,000	—	350,000	350,000	—	—	11,000	1,086,000
	2017	375,000	131,250	250,000	250,000	—	—	10,800	1,017,050
	2016	300,000	135,000	25,000	225,000	—	—	10,600	895,600
Jonathan Weinberg (General Counsel)	2018	325,000	—	150,000	150,000	—	—	11,000	636,000

The amounts reported in this column represent the aggregate grant-date fair value of RSUs granted during 2018, 2017 and 2016, as computed in accordance with Accounting Standards Codification 718 “Compensation-Stock Compensation” (“ASC 718”). For a further discussion of the assumptions used in the calculation of the grant-date fair values for the RSUs pursuant to ASC 718, please see Note 11 of Notes to Consolidated Financial Statements

⁽¹⁾ contained in our Annual Report on Form 10-K for the fiscal years ended December 31, 2018 and 2017. For further discussion of RSUs granted in 2018, see the section entitled “Long-Term Annual Equity Compensation - Restricted Stock Units” in the “Compensation Discussion & Analysis” section of this proxy statement and the discussion and the “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” section of this proxy statement.

The amounts reported in this column represent the aggregate grant-date fair value of the stock options granted during 2018, 2017 and 2016, as computed in accordance with ASC 718. For a further discussion of the assumptions used in the calculation of the grant-date fair values for the stock options pursuant to ASC 718, please see Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal years ended December 31, 2018 and 2017. For further discussion of stock options granted in 2018, see the section entitled “Long-Term Annual Equity Compensation - Stock Options” in the “Compensation Discussion & Analysis” section of this proxy statement and the discussion and the “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” section of this proxy statement.

(3) Amounts reported in this column represent a 401(k) matching contribution provided by the Company to each NEO. The 401(k) matching contributions are made to each participant in the

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401(k) in an amount up to 4% of the participant's annual base salary, subject to certain limitations, and are fully vested when made. The amounts shown do not include life insurance premiums for coverage offered through programs available on a nondiscriminatory basis to all employees of the Company.

(4) Messrs. Williams and Blackley also serve as directors of the Company but did not receive any compensation for their role as a director.

Grants of Plan-Based Awards

The following table shows information with respect to each equity-based award granted to our NEOs during 2018.

Name	Grant Date	Approval Date	All other stock awards: Number of shares of stock or units (#)	All other option awards: Number of securities underlying options (#)	Exercise or base price of option awards (\$/share)	Grant date fair value of stock and option awards ⁽¹⁾
Frank Williams	2/1/2018	1/30/2018	—	227,273	\$ 13.95	\$ 1,350,000
	2/1/2018	1/30/2018	96,774	—	—	1,350,000
Seth Blackley	2/1/2018	1/30/2018	—	101,010	13.95	600,000
	2/1/2018	1/30/2018	86,022	—	—	1,200,000
Nicholas McGrane	2/1/2018	1/30/2018	—	52,609	13.95	312,500
	2/1/2018	1/30/2018	22,401	—	—	312,500
Thomas Peterson	2/1/2018	1/30/2018	—	58,923	13.95	350,000
	2/1/2018	1/30/2018	25,090	—	—	350,000
Jonathan Weinberg	2/1/2018	1/30/2018	—	25,253	13.95	150,000
	2/1/2018	1/30/2018	10,753	—	—	150,000

⁽¹⁾ The amounts reported in this column represent the aggregate grant-date fair value of RSUs and stock options granted during 2018, as computed in accordance with ASC 718. For a further discussion of the assumptions used in the calculation of these amounts, please see Note 11 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following describes material features of the compensation disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards table. Consistent with our policy, we have not entered into employment agreements with any of our NEOs. For further information on the material features of the 2018 Bonus Plan, see the section entitled "Annual Cash Incentive Plan" in the "Compensation Discussion & Analysis" section of this proxy statement.

Restricted Stock Unit Awards and Stock Options Under the 2015 Plan and 2011 Plan

In connection with our initial public offering, on June 4, 2015, our Compensation Committee approved the grant of equity-based awards under the 2015 Plan to certain of our employees, including Messrs.

McGrane and Weinberg, in the form of RSUs and stock options. These awards generally vest 25% on each of the first four anniversaries of the grant date. None of Messrs. Williams, Blackley or Peterson received equity-based awards at the time of our initial public offering, because each of them had received stock options on February 1, 2015 under the 2011 Plan, which vested in two equal installments on February 1, 2018 and February 1, 2019.

As part of our annual equity award grants, in March 2016 and in February 2017 and 2018, our Compensation Committee approved the grant of equity-based awards under the 2015 Plan to certain of our employees, including our NEOs, in the form of RSUs, time-based stock options and, only in March 2016, performance-based stock options. The RSUs and time-based stock options granted to our NEOs vest 25% on each of the first four anniversaries of the grant date. The performance-based stock options granted to Messrs. Williams and Blackley in March 2016 vest in two equal installments on March 1, 2019 and March 1, 2020. In addition to service-based vesting conditions, the performance-based stock options granted to Messrs. Williams and Blackley in March 2016 were subject to the achievement of performance hurdles, which required that, prior to the expiration date of the stock options, the average closing price of the Company's Class A common stock reach specified prices for at least 90-consecutive calendar days. One-third of the stock options were earned when the 90-day average was equal to at least \$13.35 per share, one-third of the stock options were earned when the 90-day average was equal to at least \$16.43 per share and the remaining one-third of the stock options were earned when the 90-day average was equal to at least \$19.51 per share. Although the performance-based vesting conditions were satisfied as of December 31, 2016, the stock options remain subject to each NEO's continued employment through the applicable vesting date. The award agreements under the 2015 Plan contain restrictive covenants, including confidentiality, non-competition and non-solicitation obligations.

Generally, upon a termination of employment, the unvested portion of any RSUs and stock options granted under the 2015 Plan or 2011 Plan is forfeited. If any of our NEOs is terminated without cause or terminates his employment for good reason, in each case, within 12 months following a change of control of the Company, any unvested RSUs and stock options granted under the 2015 Plan will automatically vest at the time of such termination, as described below in the "Potential Payments Upon Termination or Change of Control" section of this proxy statement. In addition, stock options granted under the 2011 Plan would have automatically vested in the event of a change of control of the Company, as described below in the "Potential Payments Upon Termination or Change of Control" section of this proxy statement. As of the date of this proxy statement, no awards to our NEOs under the 2011 Plan remain unvested.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity awards held by each of our NEOs as of December 31, 2018:

Option Awards	Stock Awards	Equity Incentive Plan Awards: Market or Payout
Equity	Equity Incentive Plan	
Incentive	Awards:	
Plan	Number of	