

Insight.



In Touch.

2007 Annual Report and Form 10K

# The Year in Review

Some years are more exciting than others and certainly fiscal 2007 was one of those exciting years. CorVel achieved record savings for customers, expanded claims management solutions, launched a new case management system and had record earnings per share. We are carrying this momentum into the New Year and have an attractive backlog of additional projects.

Workers' compensation claims have declined substantially over the last five years. This has led to a consolidation within our industry. Coupled with ongoing regulatory change, the environment has required CorVel to be nimble and to constantly seek new solutions for our customers. The Company's long term strategy of investment in information systems and local customer service has positioned CorVel to succeed where a number of its competitors have failed or have been assimilated into larger organizations. We expect the pace of change to remain high in the current year.

For a number of years we returned excess cash inflows to shareholders through our stock repurchase program. In recent months, though, the Company has again been investing capital in the execution of our strategy to further expand our service offerings. These additions to the Company broaden our range of claims management services and open segments of the market previously closed to us.

Integrating the separate information streams in an episode of care offers the vision of timely healthcare decisions and shared knowledge. Disability management includes the separate interests of injured workers, the medical community, medical professionals and claims administration. Inevitably, the complexity of healthcare involves a great deal of information and regulatory compliance. CorVel's Care<sup>MC</sup> web portal, in continuous development since 1999, is the foundation for a new solution in healthcare administration. Care<sup>MC</sup>'s workflow management software increasingly brings new productivity and improved outcomes. Similar capabilities first added to CorVel's medical review systems produced much improved outcomes for our customers and improved Company results.

Technological developments which had been progressively implemented over the prior five years, came together in the last twelve months. While the most significant change year-to-year may have occurred in 2007, the Company is well positioned in the next generation of workflow management and faces opportunities to continue advancing its service capabilities.

## Insight. In Touch.

## Healthcare Management

CorVel Corporation is a national provider of healthcare management solutions to employers, third party administrators, insurance companies and government agencies. CorVel specializes in applying advanced communication and information technology to improve healthcare management in the workers' compensation, group health and auto insurance markets. From early intervention through claim resolution, our solutions offer comprehensive programs for our customers.

## Network Solutions

CorVel offers proactive medical savings solution for all medical bills, including a preferred provider organization, network management, repricing, line-item review, expert fee negotiations, professional review, automated adjudication and electronic reimbursement. Each feature of Network Solutions focuses on maximizing savings opportunities and increasing efficiencies for our customers.



## Enterprise Comp

CorVel has combined traditional claims management and managed care practices with rules-based technology to create a completely integrated solution. By combining medical management delivery with the claims management process, our clients receive an unprecedented level of efficiency that translates to lower claims costs and reduced claims administration expenses.

## Patient Management

CorVel's patient management solutions are designed to combine quality care with new technologies to offer the most comprehensive capabilities for patients. We offer early intervention, utilization management and vocational rehabilitation through local branch offices and case managers in local communities. Our case managers work side by side with patients to assist them through their episode of care and return to work.

## Portfolio Analytics

CorVel's portfolio analytics solutions facilitate detailed healthcare data analysis, reporting and benchmarking, allowing decision makers to identify and understand trends in real time and institute corrective actions. We provide sophisticated performance and customer interaction analytics to proactively assess risk and assist our customers in reducing program costs.

## Knowledge Based Outcomes

CorVel has captured over 20 years of healthcare management experience to develop and organize the structure, processing and delivery of information. CorVel's automated workflow and protocol-based smart routing to centers of excellence has created a technology platform that is producing superior results for customers. New information management tools are continually being added to our solutions, further expanding the Company's capabilities to deliver improved, knowledge based outcomes.



## Healthcare Portal

CorVel's healthcare management portal, caremc.com, offers industry leading information management tools to help consolidate and coordinate healthcare and claims management activities. Care<sup>MC</sup> is the platform for all of CorVel services, offering our customers immediate, real time access to important information necessary to achieve superior program results.



Smart routing and workflow management processes now allow medical review to be performed by people specialized in each step of a larger process. Where one person often performed all of the separate tasks in a service, now each task segment is assigned to different person specializing in that function. Healthcare administration can now be routed based upon the unique needs of each episode of care.

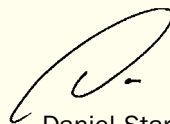
Most sectors of the healthcare system in our Country have been pressured by increasing volumes of uninsured patients. Resolving who should pay for the needs of patients in the US system is a pressing national issue. CorVel's medical review systems automate increasing portions of the healthcare financing process. We expect continued regulatory pressure for the private sector to improve the administration of healthcare, and believe CorVel possesses the important tools required. Reimbursing healthcare transactions electronically is one part of the solution. Additionally, the initial phases of each episode of care can be restructured to ease patient access and to facilitate improved outcomes.

The complexities in healthcare have made the analysis of outcomes and processes complex. CorVel has been expanding its investment in analytic services and their presentation within Care<sup>MC</sup>. Toward the end of fiscal 2007 the Company began presenting such analyses in an improved dashboard within Care<sup>MC</sup>. This effort will be expanded in the current year. Measuring outcomes is critical to the effort to identify the most effective providers and prescriptions for care. Developing and reporting meaningful outcomes metrics and the related predictive modeling algorithms are the keys to achieving improved healthcare administration.

We would like to thank our customers and associates for another year of productive partnership. We are excited by the prospects for our future and committed to the ongoing investments necessary to ongoing innovation. The early results of our refined strategic direction have been encouraging and we look forward to the challenges of the coming year.

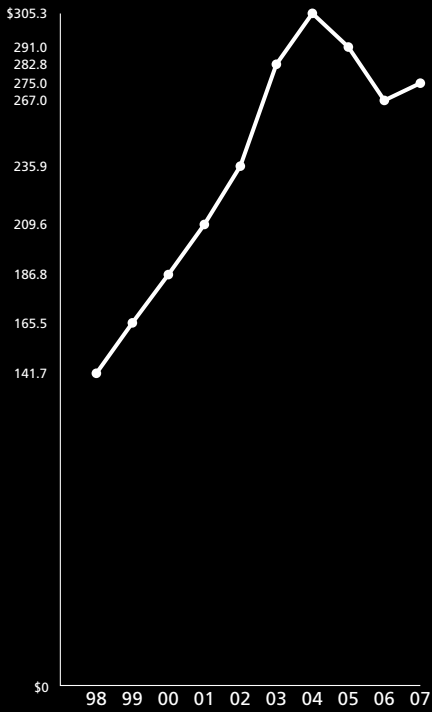


Gordon Clemons  
*Chairman*

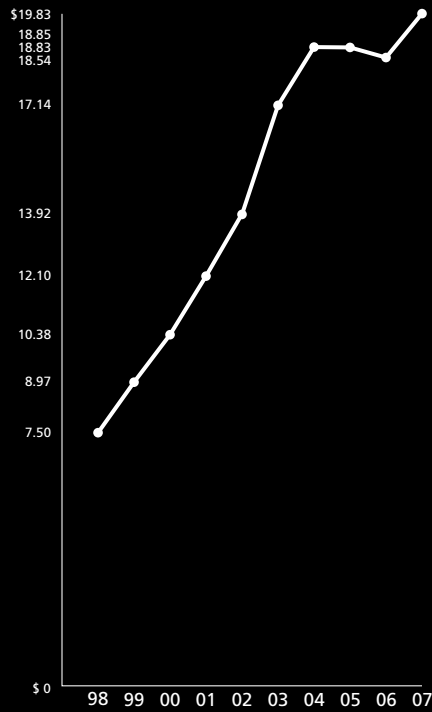


Daniel Starck  
*President*

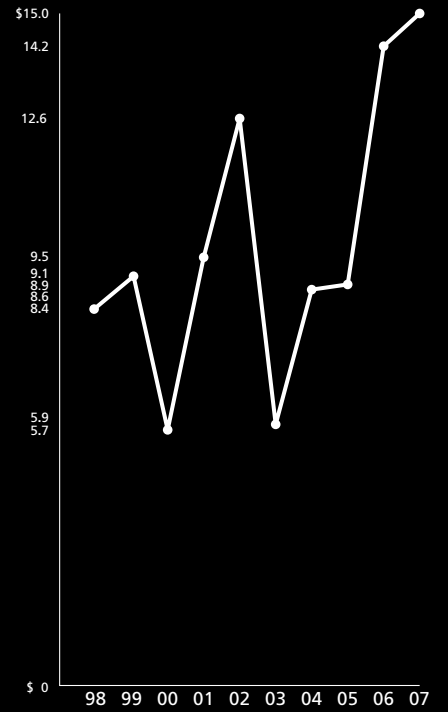
Revenue (in millions)



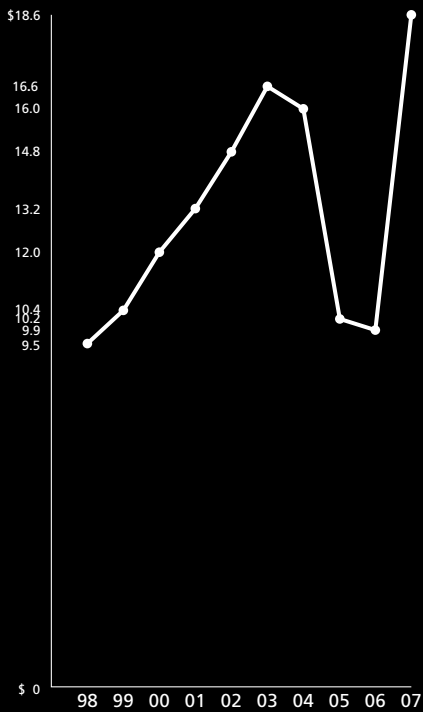
Annual Revenue Per Q4 Weighted Shares



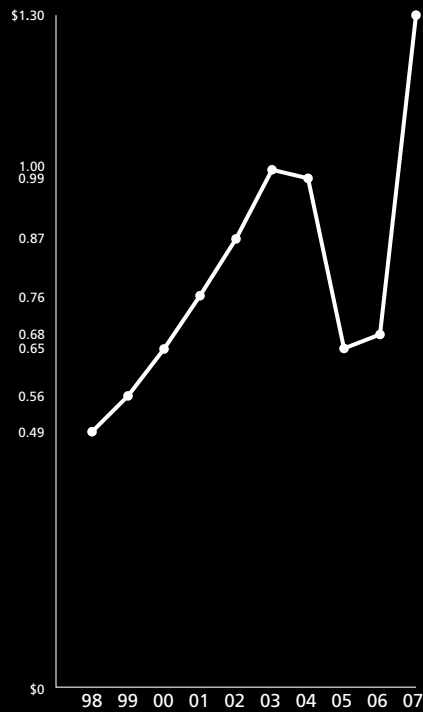
Cash (in millions)



Net Income (in millions)



Earnings Per Share (in dollars)



Q4 Weighted Shares (in millions)



# About Care<sup>MC</sup>

The Care<sup>MC</sup> healthcare management website is the application platform for all of CorVel's primary services and delivers immediate access to our customers, allowing for electronic communication and reporting between payors, employers, providers and patients.

The Care<sup>MC</sup> Dashboard assists customers to organize important information in the manner they need it. Workflow preferences are displayed on the desktop to keep users up to date on claims activities. The Care<sup>MC</sup> Dashboard results in more efficiency, less paperwork and improved claims outcomes.

Alerts	Count	Action
Open Lost Time Cases	27	
New Case Notes	38	
Catastrophic Cases	3	
Medical Bills Exceeding Threshold	32	
Claims Exceeding Threshold	35	
Cases Exceeding Disability Threshold	12	

Alerts	Count	Action
Medical Bills Exceeding Threshold	96	
Claims Exceeding Threshold	22	
Cases Exceeding Disability Threshold	10	
Open Lost Time Cases	35	

02/21/03

Amount: \$261,507.00

USA by Billed Amount Legend:

- 223,000 to 228,000
- \$1,000 to \$1,000
- 24,000 to \$1,000
- 3,000 to 3,000
- 0 to 1,000

Service Status	Referral Date	Opened Date	Closed Date	Reason	Case Workers	Case Diary	Notes	Documents
CLS	06/14/2002	4/14/2007	4/23/2007	Assignment Completed	5			
ACT	06/14/2002	4/14/2007	4/23/2007		1			
CLS	06/14/2002	4/14/2007	4/23/2007		2			
ACT	06/14/2002	4/14/2007	4/23/2007		2			
CLS	06/14/2002	4/14/2007	4/23/2007		2			
ACT	06/14/2002	4/14/2007	4/23/2007		5			

The Bill Review center assures accountability and timeliness by tracking bills from the beginning of a claim until closure. The website provides direct access to eRoster, where customers can review and approve bill payment, print EORs, and view associated documentation in real time.

Claims Browser is the entry point to find all information associated with a claim. Care<sup>MC</sup> captures, organizes, and processes claims information in accordance with document type. Customers can access real time case notes, claims details, medical bill images and the Treatment Calendar.

The Reporting Center collects real time claims information from multiple sources and manages the data for easy viewing and analysis. With instant access to critical and comprehensive claims information, customers can leverage information to make informed decisions.

## **Officers and Directors**

### **Board of Directors**

Gordon Clemons  
*Chairman*

Steven J. Hamerslag  
*Director*

Alan R. Hoops  
*Director*

R. Judd Jessup  
*Director*

Jeffrey J. Michael  
*Director*

### **Corporate Officers**

Gordon Clemons  
*Chairman and Chief Executive Officer*

Scott McCloud  
*Chief Financial Officer*

Don McFarlane  
*Chief Information Officer*

Sharon O'Connor  
*Director, Legal Services*

Richard Schweppe  
*Secretary and Director of Finance*

Daniel Starck  
*President and Chief Operating Officer*



## Corporate Information

### Corporate Address

**CorVel Corporation**  
2010 Main Street  
Suite 600  
Irvine, California 92614  
Telephone: 888.7.CORVEL

### Transfer Agent and Registrar

U.S. Stock Transfer Corporation  
Glendale, California

### Counsel

Dorsey & Whitney, LLP  
Irvine, California

### Independent Auditors

Haskell & White LLP  
Irvine, CA

### Stock Symbol

The common stock of CorVel Corporation is traded on the NASDAQ National Market System under the stock symbol CRVL.

### Form 10K

CorVel Corporation Annual Report on Form 10K filed with the Securities and Exchange Commission may be obtained without charge by contacting:

### Investor Relations

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Suite 600  
Irvine, California 92614

Telephone: 888.7.CORVEL

[www.corvel.com/ar2007](http://www.corvel.com/ar2007)

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